TC00-079

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DOCKET NO.

In the Matter of IN THE MATTER OF THE APPLICATION OF WORLDWIDE FIBER NETWORKS, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA

Public Utilities Commission of the State of South Dakota

DATE			MEMORANDA
5	11	00	Filed and Docketed;
5	18	00	Weekly Filings;
6	20	00	Amended Application;
7	26	00	Amended Application;
8	25	00	Order Granting COA;
8	25	00	Docket Closed.

TC00-079

LAWYERS

Davis Wright Tremaine LLP

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May 10, 2000

RECEIVED
MAY 11 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

VIA FEDERAL EXPRESS

Mr. Harlan Best
Public Utilities Commission
500 E. Capitol Avenue
Pierre, South Dakota 57501-5070

Re: **Application of Worldwide Fiber Networks, Inc. for a Certificate of Authority to Offer Interexchange Telecommunications Services**

Dear Mr. Best:

Worldwide Fiber Networks, Inc., by its attorneys, presents an original and ten (10) copies of the enclosed Application for a Certificate of Authority to Offer Interexchange Telecommunications Services in South Dakota. A check for the $250 filing fee also is included with this application.

Worldwide Fiber Networks, Inc. intends to operate as a provider of facilities-based and resold long distance services throughout the entire state of South Dakota. A grant of Authority to Provide Telecommunications Services in South Dakota to Worldwide Fiber Network, Inc. will benefit the citizens of South Dakota and the public interest generally by giving customers a source from which to obtain competitive, reliable, and efficient telecommunications services.

An extra copy of this filing is enclosed to be date-stamped and returned to us in the self-addressed, postage paid envelope enclosed. If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

DAVIS WRIGHT TREMAINE LLP

Patrick L. Watts
Legal Assistant For
Michael van Eckhardt, Esq.

cc: Julie R. Hawkins, Esq. (Worldwide Fiber Networks, Inc.)

TC00-079

BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF SOUTH DAKOTA

RECEIVED
MAY 11 2000
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

In the Matter of the **Application of Worldwide Fiber Networks, Inc. for a Certificate of Public Convenience and Necessity to Provide Facilities–Based and Resold Interexchange Telecommunications Services in the State of South Dakota**	)))))))))	**Docket No.**

APPLICATION OF WORLDWIDE FIBER NETWORKS, INC.
FOR A CERTIFICATE OF AUTHORITY

Worldwide Fiber Networks, Inc. ("Applicant"), a Nevada corporation, hereby submits this Application to the South Dakota Public Utilities Commission ("Commission") pursuant to South Dakota Codified Law § 49-31-3 and South Dakota Administrative Rule 20:10:24:02 for a Certificate of Authority to operate as a Telecommunications Services Provider offering facilities-based and resold interexchange services throughout the State of South Dakota. In support of this Application, the following information is provided:

1. CONTACTS

Inquiries regarding this Application should be directed to Applicant's Counsel:

Julie R. Hawkins, Esq.
Assistant General Counsel
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, Colorado 80228
T: (303) 854-5026
F: (303) 854-5100

Copies of any correspondence should also be sent to the following designated representative of the Applicant:

Julie R. Hawkins, Esq.
Assistant General Counsel
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, Colorado 80228

Ms. Hawkins will also serve as the contact person responsible for and knowledgeable about the Applicant's operations.

The toll free number to call for customer care once service is commenced in South Dakota is the nationwide number: 1-877-735-7366.

2. ORGANIZATION AND OWNERSHIP OF APPLICANT

Applicant is a telecommunications company incorporated in 1998 to provide local, long distance and enhanced communications services.[1] Applicant maintains its principal place of business at 143 Union Blvd., Suite 300, Lakewood, Colorado 80228.

Applicant is currently in the process of obtaining its Certificate of Authority to transact business as a foreign corporation in South Dakota and will forward documentation to the Commission upon receipt.

3. DESCRIPTION OF SERVICES

Applicant will operate as a facilities-based provider of technologically advanced dark fiber and related infrastructure as well as high bandwidth, fiber optic transmission capacity. Applicant offers broadband network and co-location services to telecommunications companies, Internet service providers, application service providers and data-centric enterprises. Worldwide Fiber

[1] A Copy of Worldwide Fiber Networks, Inc. Articles of Incorporation is attached as Exhibit A.

Networks, Inc. is completing a technologically advanced 90,300 kilometer (56,100 mile) network linking 90 major cities, including a fiber optic terrestrial network in North America and Europe, and undersea cables linking North America, South America and Europe. The Applicant and its predecessors have been developing communications networks since 1988.

Applicant's network will utilize state-of-the-art fiber optic strands which allow for the high speed, high quality transmission of data, video and voice communications. Applicant plans to install an average of 144 fiber optic strands on major builds throughout the network, and Applicant may install as many as 264 fibers or more in high demand areas. The advanced technical operating characteristics of the network will enable Applicant to provide technologically advanced dark fiber to customers at low cost by permitting higher capacity transmission over longer distances between regeneration and amplifier facilities. The network is currently compatible with the highest commercially available transmission capacity (OC-192) and can accommodate advanced capacity-intensive data applications such as Frame Relay, ATM, multimedia and Internet related applications.

4. MANAGERIAL AND TECHNICAL QUALIFICATIONS

Applicant possesses the technical and managerial qualifications required to provide telecommunications services throughout the state of South Dakota. Applicant is managed by an able team of officers who have many years of combined experience in the telephony field.[2] This successful operational experience is evidence of Applicant's technical and managerial capability to deliver the services discussed above in a fashion that is satisfactory to consumers.

---

[2] Brief Biographies of the officers of Worldwide Fiber Networks, Inc. are attached as Exhibit B.

5. **FINANCIAL QUALIFICATIONS**

Applicant also possesses adequate financial resources to provide the proposed services. The company is well financed and has sufficient assets.[3] As a subsidiary of 360networks inc. the subsidiary will have available to it all of the assets of the parent company. The consolidated financials are attached as Exhibit C.

6. **CUSTOMER SERVICE/MARKETING**

Applicant will bill its customers directly. Customer service and complaints will be handled through the toll-free number provided above in Section I. Applicant's target market will be other telecommunications providers, internet service providers and commercial customers. Applicant's marketing brochure is attached as Exhibit D.

7. **INITIAL TARIFF**

Applicant's initial tariff is attached as Exhibit E.

8. **STATES WHERE CERTIFIED/REGULATORY COMPLAINTS**

The Applicant is certified to provide telecommunications services in Alabama, California, Colorado, Florida, Illinois, Indiana, Iowa, Kentucky, Michigan, Mississippi, Missouri, Nebraska, Nevada, New York, Ohio, Oregon, Tennessee, Vermont, Virginia, South Carolina, Massachusetts, Rhode Island, Ohio, Texas, Washington, and Wisconsin and has applications pending in several other states. The Applicant has not been denied registration or certification in any state.

[3] 360networks inc. consolidated financial statements as of December 31, 1999 are attached as Exhibit C.

9. CONCLUSION

In light of the foregoing, Applicant respectfully submits that the public interest, convenience and necessity would be served by a grant of this Application for a Certificate of Authority to operate as a Telecommunications Service Provider throughout the State of South Dakota. Applicant respectfully requests that the Commission grant the Certificate of Authority without hearing.

DATED this 10 day of May, 2000.

Respectfully submitted,

WORLDWIDE FIBER NETWORKS, INC.

BY: ______________________

Michael van Eckhardt, Esq.
2600 Century Square
1501 Fourth Avenue
Seattle, Washington 98101-1688

Counsel for Worldwide Fiber Networks, Inc.

STATE OF COLORADO)
) ss.
COUNTY OF JEFFERSON)

VERIFICATION

Patrick F. Summers, being first duly sworn under oath, states that he is Vice President, General Counsel of Worldwide Fiber Networks, Inc., that he has read the foregoing Application and that the matters stated therein are true to the best of his knowledge and belief.

Patrick F. Summers
Vice President, General Counsel

SUBSCRIBED and SWORN
to before me this 9th day
of May, 2000

Notary Public

PENNY STANLEY
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 10/04/2003

NEXT

DOCUMENT (S)

BEST IMAGE

POSSIBLE

FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

JUN 12 1990

NO. C13871-98

DEAN HELLER, SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

PACIFIC FIBER LINK POR-SAC, INC.

That I, the undersigned, have this day voluntarily acted for the purpose of forming a corporation under the laws of the State of Nevada, and to that end, I do hereby certify:

I. NAME

The name of the corporation is PACIFIC FIBER LINK POR-SAC, INC.

II. AGENT FOR SERVICE OF PROCESS

The name and address of the Initial Resident Agent and location of the Registered Office in this state is Beckley, Singleton, Jemison, Cobeaga & List, 1575 Delucchi Lane, Suite 224, Reno, Nevada 89502.

III. PURPOSE

The purpose of the corporation, and the nature of the business and objects proposed to be transacted and carried on by it are:

> To engage in any lawful act or activity for which a corporation may be organized under the laws of the State of Nevada other than the banking business, the trust company business or the practice of a profession permitted to be incorporated under the laws of the State of Nevada.

IV. STOCK

The corporation is authorized to issue one class of shares, which shall be designated "common shares," having a total number of 25,000 shares. Each such share, when issued, shall have one (1) vote.

V. NUMBER OF DIRECTORS

The members of the governing board of the corporation shall be styled "Directors," and the Initial Board of Directors shall be one (1) in number.

The number of directors may, at any time or times, be increased or decreased by a duly adopted amendment to these Articles of Incorporation, or in such manner as shall be provided in the By-Laws of the corporation or by an amendment to the By-Laws of the corporation duly adopted by either the Board of Directors or the shareholders.

VI. INITIAL DIRECTORS

The name and address of the First Board of Directors is as follows:

David Lede
#1000 - 1066 West Hastings Street
Vancouver, British Columbia
Canada V6E 3X1

VII. INCORPORATOR

The name and post office address of the incorporator signing these Articles of Incorporation is as follows:

Lance P. Maiss
Beckley, Singleton, Jemison, Cobeaga & List
1575 Delucchi Lane, Suite 224
Reno, Nevada 89502

VIII. ASSESSABILITY OF SHARES

The capital stock of this corporation, after the amount of the subscription price has been paid, shall not be subject to assessment to pay the debts of the corporation, and no stock issued as fully paid shall be assessable or assessed, nor shall the private property of the stockholders, directors or officers of this corporation be subject to the payment of any corporate debts to any extent whatsoever, and in this particular, the Articles of Incorporation shall not be subject to amendment.

IX. INDEMNIFICATION AND LIMITATION ON LIABILITY

Every person who was or is a party, or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the laws of the State of Nevada, as amended, against all expenses, liability and loss (including attorneys' fees), judgments, fines and amounts paid in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire, and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any By-Law, agreement, vote of stockholders, provision of law, or otherwise, as well as their rights under this Article.

The personal liability of a director or officer of the corporation or its stockholders, shall be limited to the fullest extent provided by Nevada law, as amended, for damages for breach of fiduciary duty as an officer or director. This provision shall not eliminate the liability of a director or officer for acts or omissions which involved intentional misconduct, fraud, a knowing violation of the law or the payment of dividends in violation of NRS 78.300.

Expenses of directors and officers incurred in defending a civil or criminal action, suit or proceeding, must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of and undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the corporation. This does not affect the rights to advancement of expenses which corporate personnel, other than directors or officers, may be entitled to under any contract or otherwise by law.

Without limiting the application of the foregoing, the Board of Directors may adopt By-Laws from time to time with respect to indemnification, to provide at all times the fullest indemnification permitted by the laws of the State of Nevada, and may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

X. RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS

Unless otherwise determined by the Board of Directors, no holder of stock of the corporation shall be entitled as such, as a matter of right, to purchase or subscribe for any stock of any class which the corporation may issue or sell, whether or not exchangeable for any stock of the corporation of unissued shares authorized by the Articles of Incorporation of the corporation as originally filed or by any amendment thereof, or out of shares of stock of the corporation acquired by it after the issue thereof, and whether issued for cash, labor performed, personal property, real property, or leases thereof, nor shall he be entitled to any right of subscription to any thereof; nor, unless otherwise determined by the Board of Directors, shall any holder of any shares be entitled as such, as a matter of right, to purchase or subscribe for any obligation which the corporation may issue or sell that shall be convertible into or exchangeable for any shares of the stock of its capital stock of any class or classes.

IN WITNESS WHEREOF, I have hereunto set my hand this 11th day of June, 1998, hereby declaring and certifying that the facts stated hereinabove are true.

LANCE P. MAISS

State of Nevada)
)ss:
County of Washoe)

On June 1st, 1998, personally appeared before me, a Notary Public, Lance P. Maiss, who knowledged that he executed the above instrument.

NANCY D. WILLIAMS
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 87-3711-2 - Expires October 6, 2001

NOTARY

04/07/99 10:51
FILED 15:18
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

APR 01 1999

No. C13871-98

Dean Heller
DEAN HELLER, SECRETARY OF STATE

ARTICLES OF MERGER

These Articles of Merger are made this 23rd day of March, 1999, between Pacific Fiber Link Por-Sac, Inc., a Nevada corporation (sometimes referred to herein as the "Nevada Corporation" or the "Surviving Corporation") and Pacific Fiber Link, LLC, a Washington limited liability company (sometimes referred to herein as the "Washington LLC" or the "Merged Company").

RECITALS

A. The Nevada Corporation is a corporation duly organized and existing under the laws of the State of [illegible] its registered office located at 1575 Delucchi Lane, Ste. 224, Reno, Nevada 89502.

B. The Washington LLC is a limited liability company duly organized and existing under the laws of the State of Washington with its registered office located at 1420 Fifth Avenue, Ste. 3510, Seattle, Washington 98101-4031.

C. The Nevada Corporation and the Washington LLC deem it desirable and in their best interests that the Washington LLC be merged into the Nevada Corporation in accordance with the provisions of Chapter 92A of the Nevada Revised Statutes.

I.

An agreement and plan of merger has been approved and adopted by the Nevada Corporation, through its board of directors, and submitted and approved by its stockholders pursuant to Chapter 92A of the Nevada Revised Statutes as set forth below:

Designation of Shares:	Common
Number of Votes Entitled to be Cast:	100
Number of Votes for Plan:	100
Number of Votes Against Plan:	0

The number of votes of the stockholders for the plan was sufficient for approval.

II.

An agreement and plan of merger has been approved and adopted by the Washington LLC, through its managing member and management committee, and submitted and approved unanimously by its sole member possessing a 100% membership interest, pursuant to the laws of the State of Washington.

III.

The Articles of Incorporation of the Surviving Corporation shall continue to be its Articles of Incorporation, except that according to the agreement and plan of merger Article I is amended to read:

I. NAME

The name of the corporation is WORLDWIDE FIBER NETWORKS, INC.

IV.

The complete executed agreement and plan of merger is on file at the registered office of the Surviving Corporation, 1575 Delucchi Lane, Ste. 224, Reno, Nevada 89502.

V.

On the effective date of the merger, the separate existence of the Merged Company shall cease, and the Surviving Corporation shall succeed to all the rights, privileges, immunities, and franchises, and all the property, real, personal, and mixed, of the Merged Company, without the necessity for any separate transfer. The Surviving Corporation shall thereafter be responsible and liable for all liabilities and obligations of the Merged Company, and neither the rights of creditors nor any liens on the property of the Merged Company shall be impaired by the merger.

VI.

The merger takes effect upon the filing of these Articles of Merger.

PACIFIC FIBER LINK POR-SAC, INC.

By: ______________________
Jerry Tharp, President

By: ______________________
Ron Stevenson, Secretary

STATE OF Colorado)
) ss.
COUNTY OF Adams)

On this 26 day of March, 1999, personally appeared before me, a Notary Public, JERRY THARP, who acknowledged to me that he executed the foregoing ARTICLES OF MERGER.

NOTARY PUBLIC

PROVINCE
~~STATE~~ OF British Columbia)
) ss.
COUNTY OF Vancouver)

On this 23rd day of March, 1999, personally appeared before me, a Notary Public, RON STEVENSON, who acknowledged to me that he executed the foregoing ARTICLES OF MERGER.

NOTARY PUBLIC

BRUCE TATTRIE
BARRISTER & SOLICITOR
... & MURPHY
P.O. BOX ...
... 1111 WEST GEORGIA STREET
VANCOUVER, B.C. CANADA ...

MANAGERIAL STAFF

Worldwide Fiber's management team is comprised of individuals with extensive technical and telecommunications experience and expertise. For example, Gregg B. Maffei has joined Worldwide Fiber as its Chief Executive Officer. Mr. Maffei comes to Worldwide Fiber from Microsoft where he served as Chief Financial Officer, finance and administration and oversaw that Company's corporate development and its $35 million dollar US Cash and strategic planning portfolio. In that role, he led Microsoft's strategic partnerships and investments with AT&T, Nextel, Asia Global Crossing, Comcast, NTL, UPC and Telewest. Prior to joining Microsoft, Mr. Maffei served as Vice President at Citicorp Venture Capital and has been named one of *Business Week's* "Rising Stars of Finance" and named a "Corporate Finance Superstar" by *Global Finance*.

David R. Love has joined Worldwide Fiber as Senior Vice President. Mr. Love has 28 years experience in the telecommunications industry and will oversee the Company's network rollout. Prior to joining Worldwide Fiber, Mr. Love served as Executive Director of MediaOne International, and as Executive Director and General Manager with US WEST Communications, Inc. Mike Horton has joined Worldwide Fiber as General Manager of Bandwidth Engineering. Mr. Horton has 18 years of telecommunications experience. He worked for US WEST Communications, Inc. and most recently oversaw the installation and activation of the Qwest Communications, Inc. fiber optic network. In addition, William Sumner has recently joined Worldwide Fiber as Senior Vice President of Carrier Services. Mr. Sumner has 18 years experience in the telecommunications industry having served as Vice President of Operations at MediaOne and Vice President of Telephony with Continental Cable.

AUDITORS' REPORT

To the Directors and Shareholders of
***360networks Inc.* (formerly Worldwide Fiber Inc.)**

We have audited the consolidated balance sheets of *360networks inc.* (formerly Worldwide Fiber Inc.) as at December 31, 1999 and 1998 and the consolidated income statements and statements of changes in shareholders' equity and cash flows for the year ended December 31, 1999 and for the period from February 5, 1998 (date of incorporation) to December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the year ended December 31, 1999 and for the period from February 5, 1998 (date of incorporation) to December 31, 1998 in accordance with generally accepted accounting principles in the United States.

On February 25, 2000 except for Note 16 which is as of March 20, 2000, we reported separately to the Directors of *360networks inc.* on consolidated financial statements for the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998 prepared in accordance with generally accepted accounting principles in Canada.

PricewaterhouseCoopers LLP

Vancouver, Canada
February 25, 2000 except for Note 15 which is
as of March 20, 2000

360networks Inc.
(formerly Worldwide Fiber Inc.)
Consolidated Balance Sheets
As at December 31, 1999 and 1998
(tabular amounts expressed in thousands of U.S. dollars)

	1999	1998
Assets		
Current assets		
Cash and cash equivalents	$ 521,362	$ 156,366
Short term investments	21,167	—
Accounts receivable (note 4)	35,351	3,272
Unbilled revenue (note 4)	115,661	10,582
Inventory (note 4)	196,959	29,230
Due from parent-net (note 6)	—	13,412
Deferred tax asset (note 11)	8,838	—
	899,338	212,862
Property and equipment—net (note 4)	77,009	4,014
Assets under construction	300,403	11,461
Deferred tax asset (note 11)	12,040	1,273
Deferred financing costs—net	22,199	6,650
	$1,310,989	$ 236,260
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 4 and 6)	$ 191,178	$ 20,296
Deferred revenue	18,831	13,651
Income taxes payable	34,343	7,609
	244,352	41,556
Deferred tax liability (note 11)	3,073	—
Senior notes (note 7)	675,000	175,000
	922,425	216,556
Minority interest	8,876	1,443
Redeemable Convertible Preferred Stock		
Authorized:		
100,000,000,000 Series A Non-Voting Redeemable Convertible Preferred Shares		
100,000,000,000 Series B Subordinate Voting Redeemable Convertible Preferred Shares		
45,000,000 Series C Redeemable Preferred Shares, no par value		
Issued and outstanding:		
150,951,312 (1998—nil) Series A Non-Voting Redeemable Convertible Preferred Shares (including accretion of discount from redemption value of $6,465,000 and net of issuance costs of $1,638,000) (note 8)	349,827	—
Shareholders' Equity		
Capital stock (note 9)		
Authorized:		
Unlimited number of Class A Non-Voting, Class B Subordinate Voting and Class C Multiple Voting Shares, no par value		
Issued and outstanding:		
353,426,400 (1998—nil) Class A Non-Voting Shares	236,436	—
82,629,600 (1998—80,004,800) Class B Subordinate Voting Shares	10,455	7,400
81,840,000 (1998—nil) Class C Multiple Voting Shares	45,232	—
Other capital accounts	(221,387)	1,841
(Deficit) retained earnings	(40,875)	9,020
	29,861	18,261
	$1,310,989	$ 236,260

Commitments (note 14)
Subsequent events (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

360networks Inc.
(formerly Worldwide Fiber Inc.)

Consolidated Income Statements

For the year ended December 31, 1999 and period from February 5, 1998 (date of Incorporation) to December 31, 1998. The Company's operations commenced on June 1, 1998

(tabular amounts expressed in thousands of U.S. Dollars except per share amounts)

	1999	1998
Revenue	$ 359,746	$ 164,319
Costs	250,612	147,621
Gross profit	109,134	16,698
Expenses		
Selling, general and administrative	21,846	2,274
Stock-based compensation	7,116	—
Depreciation	2,998	464
	31,960	2,738
	77,174	13,960
Interest expense	33,908	492
Interest income	18,122	267
Income before equity income, income taxes and minority interest	61,388	13,735
Equity income (note 5)	—	928
Income before income taxes and minority interest	61,388	14,663
Provision for income taxes (note 11)		
Current	40,338	5,643
Deferred	(10,024)	—
	30,314	5,643
	31,074	9,020
Minority interest	7,434	—
Net income for the period	$ 23,640	$ 9,020
Basic and fully diluted (loss) earnings per share (note 2)	$ (0.03)	$ 0.43
Weighted average number of shares used to compute basic and fully diluted (loss) earnings per share	327,313,808	20,964,178

The accompanying notes are an integral part of these consolidated financial statements.

360networks inc.

(formerly Worldwide Fiber Inc.)

Consolidated Statements of Changes in Shareholders' Equity

For the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998

(tabular amounts expressed in thousands of U.S. dollars)

	Class A Non-Voting Shares		Class B Subordinate Voting Shares (formerly Class A common shares)		Class C Multiple Voting Shares		Other Capital Accounts					
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Note receivable	Additional paid in capital	Deferred compensation	Accumulated other comprehensive income	(Deficit) retained earnings	Total shareholders' equity
Balance, February 5, 1998	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Incorporation shares issued, February 5, 1998			1,600	—								—
Issuance of shares for certain Ledcor assets with deferred tax asset (note 5)			3,200	7,400				1,068				8,468
Issuance of shares for investments (note 5)			80,000,000	—								—
Excess of proceeds over cost on fiber optic strands to be reacquired from parent company (note 1)								1,154				1,154
Comprehensive income												
Net earnings for the period											9,020	
Accumulated other comprehensive income-foreign currency translation										(401)		
Total comprehensive income												8,619
Balance, December 31, 1998	—	—	80,004,800	7,400	—	—	—	2,242	—	(401)	9,020	18,261
Issuance of shares for certain Ledcor assets with deferred tax asset (note 1)			319,995,200	25,019								25,019
Repurchase of Class B Subordinate Voting Shares in exchange for Class B Subordinate Voting Shares and Series C Redeemable Preferred Shares(note 9)			(400,000,000)	(32,419)								(32,419)
			381,496,000	32,419								32,419
Issuance of shares for cash (note 9)			2,400,000	5,832					(2,832)			3,000
Redemption of Series C Redeemable Preferred Shares and stock dividend (note 9)											(45,000)	(45,000)
Issuance of shares for certain Ledcor assets with deferred tax asset (note 1)					72,000,000	5,872		(2,242)				3,630
Issuance of shares (note 9)	52,160,000	208,640			9,840,000	39,360	(77,500)		(170,800)			—
Conversion of Class B Subordinate Voting Shares to Class A Non-Voting Shares (note 9)	301,266,400	27,796	(301,266,400)	(27,796)								—
Accretion of Preferred Stock to redemption value											(6,465)	(6,465)
Purchase price adjustment to Preferred Shares								22,070			(22,070)	—
Employee option grants								22,337	(22,337)			—
Amortization of deferred compensation expense									7,116			7,116
Comprehensive income												
Net income for the period											23,840	
Accumulated other comprehensive income-foreign currency translation										660		
Total comprehensive income												24,300
Balance, December 31, 1999	353,426,400	$236,436	82,629,600	$ 10,455	81,840,000	$45,232	$(77,500)	$ 44,407	$(186,553)	$ 259	$(40,875)	$ 29,861

The accompanying notes are an integral part of these consolidated financial statements.

—

360networks Inc.
(formerly Worldwide Fiber Inc.)

Consolidated Statements of Cash Flows

For the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998

(tabular amounts expressed in thousands of U.S. dollars)

	1999	1998
Cash flows used in operating activities		
Net income for the year	$ 23,640	$ 9,020
Adjustments to reconcile net income to net cash used for operating activities		
Depreciation	2,998	464
Amortization of deferred financing costs	1,732	—
Equity income	—	(928)
Stock-based compensation	7,116	—
Changes in operating working capital items		
Accounts receivable	(31,887)	(196)
Unbilled revenue	(103,597)	(992)
Inventory	(164,713)	(5,517)
Due from parent	13,841	(16,230)
Accounts payable and accrued liabilities	151,420	2,904
Deferred revenue	(14,008)	13,708
Income taxes payable	26,405	6,491
Advances to WFI USA	—	(21,783)
Deferred income taxes	(10,024)	—
	(97,077)	(13,059)
Cash flows (used in) from investing activities		
Additions to assets under construction	(283,598)	—
Additions to property and equipment	(16,518)	(1,065)
Purchase of short-term investments	(21,167)	—
Cash acquired on acquisition of WFI USA	—	2,242
	(321,283)	1,177
Cash flows from financing activities		
Proceeds from issuance of capital stock	348,000	—
Proceeds from issuance of notes	500,000	175,000
Deferred financing costs	(17,281)	(6,650)
Redemption of Series C Redeemable Preferred Shares	(45,000)	—
	785,719	168,350
Effect of exchange rate changes on cash	(2,363)	(102)
Net increase in cash and cash equivalents	364,996	156,366
Cash and cash equivalents, beginning of period	156,366	—
Cash and cash equivalents, end of period	$ 521,362	$156,366

The accompanying notes are an integral part of these consolidated financial statements.

1. *The Company*

360networks inc. (formerly Worldwide Fiber Inc.) (the "Company") was incorporated on February 5, 1998 and is indirectly a subsidiary of Ledcor Inc. On May 31, 1998 the Company began its operations after certain assets of the Telecommunications Division ("Division") of Ledcor Industries Limited ("Ledcor"), a Ledcor Inc. subsidiary were transferred to the Company. Prior to May 31, 1998, the operations were carried out by the Division.

The Company's operations consist of designing, engineering, constructing and installing terrestrial and marine fiber optic systems for sale or lease to third parties or for its own use. For the period ended December 31, 1998, the Company's revenues related primarily to the Construction Services Agreements with Ledcor (see note 1(b)). For the year ended December 31, 1999, the Company's revenue is derived primarily from the construction of fibre optic network assets for telecommunications companies in North America.

Transactions with Ledcor and its affiliates

a) On May 31, 1998, the Company entered into undertaking agreements whereby certain fiber optic network assets, located in Canada and the U.S. would be transferred to the Company by Ledcor in exchange for 319,995,200 Class A Non-Voting Shares. The Company constructed these assets for Ledcor under the Construction Services Agreements noted below. Construction of the assets was substantially complete at December 31, 1998 and the Company completed the exchange on March 31, 1999. This transaction was accounted for using the carrying values reported in the accounts of Ledcor as a transaction between a parent and a wholly owned subsidiary and accordingly, the fixed assets acquired by the Company are recorded at the carrying amount of the assets in the accounts of Ledcor. The cost of property and equipment acquired at March 31, 1999 amounted to $21,883,000. As a result of the transaction, the Company also received a deferred tax benefit of $3,136,000 which is reflected as a deferred tax asset.

On May 28, 1999, the Company entered into an agreement with affiliates of Ledcor, whereby the Company would acquire certain fiber optic network assets. Closing occurred on September 27, 1999. As consideration, the Company issued 72,000,000 Class C Multiple Voting Shares to affiliates of Ledcor. In addition, the Company assumed certain rights and obligations under build agreements with a third party including obligations relating to the completion of those builds and certain support structure, maintenance, license and access, and underlying rights obligations. The cost of the property and equipment acquired amounted to $25,289,000, the cost of the assets in the accounts of Ledcor. The Company also received a deferred tax benefit of $3,341,000, as a result of a higher tax cost versus accounting cost of fixed assets. The Company also recorded deferred revenue of $25,000,000 relating to a build commitment assumed from Ledcor.

b) Construction Services Agreements entered into May 31, 1998, to provide construction services to Ledcor to complete various projects including completion of the fiber optic network assets to be transferred to the Company. As the Company is required to obtain the fiber optic network assets from Ledcor, the revenues and costs associated with this portion of the agreement have not been reflected in the income statement for the period ended December 31, 1998. The costs to construct the network were reflected on completion of construction and the issuance of the shares. As at December 31, 1998, the Company had billed Ledcor $18,138,000 for the services related to construction of the fiber optic network assets which exceeds their costs by $2,099,000. This excess, net of income taxes of $945,000, had been excluded from the consolidated income statement and had been reported as additional paid in capital.

c) A Management Services Agreement was entered into May 31, 1998 whereby Ledcor provides the Company with management staff, administrative and other support services. The Company reimburses Ledcor for direct costs and pays Cdn. $200,000 per month for the Company's share of corporate overheads.

d) Employee Services Agreements were entered into May 31, 1998 whereby the Company obtains the services of certain employees from Ledcor on a cost reimbursement basis.

e) The Company has entered into an agreement with Ledcor, whereby personnel of Ledcor who were involved in the designing and planning of the transatlantic *360atlantic* cable stations will oversee management and supervision of construction of these facilities for a fee to Ledcor of approximately $1,700,000.

2. *Summary of significant accounting policies*

Basis of presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States and include the accounts of the Company, its wholly owned subsidiaries and its 75% interests in Worldwide Fiber (USA), Inc. ("WFI USA"), WFI-CN Fiber Inc. and Worldwide Fiber IC LLC. All significant intercompany transactions and balances have been eliminated on consolidation. For investments where the Company exercises significant influence, the investment is accounted for using the equity method.

On December 31, 1998, the Company increased its interest in WFI USA from 50% to 75% (note 5). The 1998 consolidated income statement and statement of cash flows accounted for the Company's initial 50% interest in WFI USA using the equity method for the period May 31, 1998 to December 31, 1998. The Company's consolidated balance sheets include WFI USA's assets and liabilities, and minority interest therein.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit and highly liquid short-term interest bearing securities with maturity at the date of purchase of three months or less.

Short term investments

Short term investments consist of highly liquid short term interest bearing securities with maturities at the date of purchase greater than three months. Interest earned is recognized immediately in the income statement.

Property and equipment

Fiber optic network assets constructed for the Company's own use are recorded as property and equipment when the asset is fully constructed. Fiber optic network assets, construction equipment and other property and equipment are recorded at cost. Property and equipment are depreciated using the following rates and methods:

(a) Fiber optic network assets—straight-line method over 25 years.

(b) Equipment—hourly usage rates, estimated to depreciate the equipment over the estimated useful lives of the equipment.

Assets under construction

Assets under construction include fiber optic network assets constructed for the Company's own use and include direct expenditures of materials and labour, indirect costs attributable to the projects and interest.

Long-lived assets

The company reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of any impairment would include a comparison of estimated future operating cash flows anticipated to be generated during the remaining life of the asset to the net carrying value of the asset.

Inventory

Inventory consists of fiber optic network assets to be sold or leased under sales-type leases, construction supplies and small tools.

Fiber optic network assets are recorded at the lower of cost and market. Cost includes direct materials and subcontractor charges, labour, and interest (see "capitalization of interest") determined on an average cost basis.

Construction supplies and small tools inventory are recorded at the lower of cost and replacement value.

Revenue recognition

Revenue for services provided to Ledcor for construction projects is recognized in the period the construction services are performed based on the costs incurred.

Revenue and income from construction contracts to develop fiber optic network assets are determined on the percentage-of-completion basis using the cost-to-cost method. Provision is made for all anticipated losses as soon as they become evident. Claims for additional contract compensation are not recognized until resolved.

Unbilled revenue

Revenue recognized using the percentage-of-completion basis (see "Revenue recognition") less billings to date is recorded as unbilled revenue. Unbilled revenue classified as current represent billings expected to be collected within the following fiscal year. Billings are rendered on the achievement of certain construction milestones.

Capitalization of interest

Interest is capitalized as part of the cost of constructing fiber optic network assets. Interest capitalized during the construction period is computed by determining the average accumulated expenditures for each interim capitalization period and applying the interest rate related to the specific borrowings associated with each construction project. The total interest capitalized in the year ended December 31, 1999 was $17,467,000 (December 31, 1998—$Nil).

Deferred financing costs

Costs incurred in connection with obtaining the senior notes financing are deferred and amortized, using the effective interest method, to interest expense over the term of the senior notes.

Deferred revenue

Cash received from customers pursuant to contracts where construction has not commenced is recorded as deferred revenue.

Foreign currency translation and transactions

The functional currency of the Company's operations located in countries other than the U.S. is generally the domestic currency. The consolidated financial statements are translated to U.S. dollars using the period-end exchange rate for assets and liabilities and weighted-average exchange rates for the period for revenues and expenses. Translation gains and losses are deferred and accumulated as a component of other comprehensive income in shareholders' equity. Net gains and losses resulting from foreign exchange transactions are included in the consolidated income statement.

(tabular amounts expressed in thousands of U.S. dollars)

Comprehensive income

Comprehensive income consists of currency translation adjustments and net income.

Income taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current period and deferred tax liabilities and assets for future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance, where, based on available evidence, the probability of realization of the deferred tax asset does not meet a more likely than not criteria.

Fair value of financial instruments

The fair value of the Company's financial instruments, consisting of cash and cash equivalents, short-term investments, accounts receivable, unbilled revenue, due from parent, accounts payable and accrued liabilities, and income taxes payable approximate their carrying values due to their short-term nature. As at December 31, 1999, the fair value of the $500,000,000 12% Senior Notes was $515,000,000 and the fair value of the $175,000,000 12.5% Senior Notes ("1998 Notes") was $182,000,000. The fair value of the 1998 Notes at December 31, 1998 approximated its carrying value. Fair value is based on a quoted market price.

Earnings per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares (including Class A Non-Voting Shares, Class B Subordinate Voting Shares and Class C Multiple Voting Shares) outstanding for the period. Diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including stock options and redeemable convertible preferred shares, in the weighted average number of common shares outstanding for a period, if dilutive.

The following table sets forth the computation of (loss) earnings per share:

	1999 $	1998 $
Net income	23,640	9,020
Less:		
Stock dividend	5,000	—
Preferred stock accretion	6,465	—
Purchase price adjustment to preferred shares	22,070	—
Net (loss) income available to common stockholders	(9,895)	9,020

(tabular amounts expressed in thousands of U.S. dollars)

The Redeemable Convertible Preferred Shares and stock options are not included in the computation of fully diluted earnings per share as their effect is anti-dilutive.

Recent accounting pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. The Company does not expect the adoption of SFAS No. 133 to have a material impact on its consolidated financial statements.

In June 1999, the Financial Accounting Standards Boards (FASB) issued Interpretation No. 43, "Real Estate Sales, an interpretation of FASB Statement No. 66." The interpretation is effective for sales of real estate with property improvements or integral equipment entered into after June 30, 1999. Under this interpretation, title must transfer to a lessee in order for a lease transaction to be accounted for as a sales-type lease. The accounting for indefeasible rights of use of fiber optic network assets is evolving and currently being considered by accounting standard setters in the U.S. These changes may have a significant effect on the Company, however it is not possible to determine the consequences of such changes until further accounting guidance has been developed.

Comparative financial information

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. *Supplemental cash flow information*

	1999 $	1998 $
Cash paid for income taxes	13,944	—
Cash paid for interest	21,391	—
Supplemental non-cash investing and financing activities:		
Issuance of common shares for		
Certain Ledcor assets	47,172	8,488
Deferred revenue	25,000	—
Additional 25% investment in WFI USA in exchange for surrender of note receivable	—	3,915
Series C Redeemable Preferred stock dividend	5,000	—
Accretion of Preferred Stock to redemption value	6,465	—

(tabular amounts expressed in thousands of U.S. dollars)

4. *Balance Sheet components*

	1999 $	1998 $
Accounts receivable		
Trade accounts receivable	34,736	3,107
Interest receivable and other	615	165
	35,351	3,272
Unbilled revenue		
Revenue earned on uncompleted contracts	333,116	22,236
Less: Billings to date	217,455	11,654
	115,661	10,582
Inventory		
Fiber optic network assets	188,013	28,085
Construction supplies and small tools	8,946	1,145
	196,959	29,230
Property and equipment		
Land	5,891	—
Fiber optic network assets	64,079	—
Equipment	10,501	4,478
	80,471	4,478
Less: Accumulated depreciation	3,462	464
Property and equipment—net	77,009	4,014
Accounts payable and accrued liabilities		
Subcontractor and supplier costs	100,461	13,468
Subcontractor holdbacks payable	25,676	4,843
Other accrued liabilities	36,474	1,493
Interest payable	28,567	492
	191,178	20,296

5. *Acquisitions*

Telecommunications Division assets

Effective May 31, 1998, the Company entered into a series of agreements whereby equipment, fiber optic network assets and other assets related to the business of the Telecommunications Division of Ledcor were transferred to the Company. In addition, the Company was granted a license to use Ledcor's patented rail plow technology. This license agreement was for an initial term of ten years, renewable annually upon completion of the initial term. As part of this transaction, Ledcor retained all existing construction contracts related to the business. This transaction was between entities under common control and has been accounted for using the carrying amounts recorded in Ledcor's accounts. The tax basis of substantially all the Canadian assets transferred to the Company was Ledcor's carrying values whereas the tax basis of the U.S. assets transferred was their fair value. The deferred tax balances were adjusted for the change in the tax basis of the U.S. assets with the adjustment being reflected as additional paid in capital. As consideration for the transaction, the Company issued 3,200 Class A Common Shares to Ledcor.

(tabular amounts expressed in thousands of U.S. dollars)

The assets transferred and consideration given, in connection with this transaction, were as follows:

	$
Assets	
Construction equipment	2,830
Fiber optic network assets	4,424
Deferred income taxes	1,088
Other	146
	8,488
Consideration given	
Class A common Shares and additional paid in capital	8,488

Ledcom Holdings Ltd.

On December 1, 1998 the Company acquired 50 Class A common Shares representing a 50% interest of Ledcom Holdings Ltd. ("Ledcom") from Worldwide Fiber Holdings Ltd. ("WFHL"), the Company's parent. As consideration, the Company issued 32,000,000 Class A Non-Voting Shares. Ledcom holds the patent to Ledcor's rail plow technology, and in conjunction with this acquisition Ledcor has committed to grant to the Company a worldwide exclusive license for the use of the rail plow technology. The license will become non-exclusive six months after a change of control of the Company. This transaction was between entities under common control and has been accounted for using the carrying value of the investment recorded in WFHL's accounts which was $nil.

Investment in WFI USA

On August 31, 1998, the Company purchased Ledcor's 50% interest in, and a promissory note of $3,915,000 from WFI USA, in exchange for 48,000,000 Class A Non-Voting Shares of the Company and the issuance of a promissory note by the Company. WFI USA was a joint venture with Mi-Tech Communications LLC ("Mi-Tech") which held the remaining 50% interest in WFI USA. WFI USA's operations consist primarily of developing fiber optic network assets in the United States.

As this transaction was between entities under common control, it was accounted for in a manner similar to a pooling of interests. These financial statements reflect the equity interest in the income of WFI USA from May 31, 1998 to December 31, 1998 in the amount of $928,000. Prior to May 31, 1998, the equity interest was reported as part of the Telecommunications Division of Ledcor.

(tabular amounts expressed in thousands of U.S. dollars)

On December 31, 1998 the Company increased its interest in WFI USA to 75% by surrendering its note receivable from WFI USA of $3,915,000 for 100 non-voting common shares and 100 Class A Voting Preferred Shares of WFI USA. The acquisition has been accounted for using the purchase method effective December 31, 1998. The purchase price of the additional 25% has been allocated to assets and liabilities based on their fair values. As a result, the net assets acquired were as follows:

	$
Current assets	3,742
Inventory	6,048
Fiber optic network assets	1,795
Current liabilities	10,052

On December 31, 1998, the Company entered into a Shareholders' Agreement ("Agreement") with Ledcor, Mi-Tech and Michels Pipeline Construction, Inc. ("Michels") (an affiliate of Mi-Tech). Pursuant to this agreement, Mi-Tech will have the option to convert all of its 25% interest in WFI USA into Shares of the Company should the Company complete a public offering of Shares with an aggregate value of at least $20,000,000 or there is a change of control of WFI USA. In connection with the conversion, Mi-Tech will be granted certain registration rights in accordance with the Agreement. In addition, after the tenth anniversary of this agreement, Mi-Tech has the option to require WFI USA to purchase all of the Shares owned by Mi-Tech and its affiliates at fair market value. If Mi-Tech exercises this option, the Company can elect to sell all the Shares or assets of WFI USA in which case it will not be required to purchase Mi-Tech's Shares in WFI USA. In the event of a proposed sale of the Shares of WFI USA held by the Company, Mi-Tech will have certain tag-along rights.

Also as part of the Agreement the Company:

a) Agreed not to participate in any projects or business nor provide advice or assistance to any business which undertakes projects within WFI USA's scope of business, as defined in the Agreement, for a period of four years from the date of the Agreement.

b) Is restricted from selling, transferring, encumbering or divesting its ownership or control of WFI USA.

c) WFI USA has an option to purchase from Mi-Tech 24 fiber optic strands along certain existing routes owned by Mi-Tech and its affiliates at fair market value.

6. *Due from parent*

The amounts due to and from parent are non-interest bearing, have no stated terms of repayment and are due on demand. Contract amounts billed to parent and costs charged by parent exceed revenues and costs as reported in the income statement, for the period ended December 31, 1998, due to fiber optic network assets to be transferred to the Company as described in note 1(b). The balance as at December 31, 1999 of $7,297,000, is included in accounts payable.

7. *Senior notes*

On July 28, 1999 the Company issued $500,000,000 12% senior notes (the "Notes"). The Notes are unsecured obligations of the Company bearing interest at 12% payable semi-annually. The Notes are due August 1, 2009 and may be redeemed by the Company on or after August 1, 2004 at certain specified redemption prices ranging up to 106.00%. Up to 35% of the Notes may be redeemed by the Company prior to August 1, 2002 at a redemption price of 112% of the principal amount with the net proceeds from certain sales of the Company's common stock. If a change in control occurs, as defined in the Notes indentures, the holders of the Notes can require the Company to repurchase all or part of the Notes at 101% of the principal amount. Where excess proceeds from certain asset sales, as defined in the Notes indentures, exceeds $10,000,000 the Company is required to make an offer to repurchase the maximum amount of Notes that can be repurchased with such excess proceeds at an offer price equal to 100% of the principal amount.

On December 23, 1998, the Company issued $175,000,000 12.5% senior notes (the "1998 Notes"). The 1998 Notes are unsecured obligations of the Company bearing interest at 12.5% payable semi-annually. The 1998 Notes are due December 15, 2005 and may be redeemed by the Company on or after December 31, 2003 at certain specified redemption prices ranging up to 106.25% of the principal amount. Up to 35% of the 1998 Notes may be redeemed by the Company prior to December 15, 2001, at a redemption price of 112.5% of the principal amount with the net proceeds from certain sales of the company's common equity to the public. If a change of control occurs, as defined in the 1998 Notes Indenture, the holders of the 1998 Notes can require the Company to repurchase all or part of the 1998 Notes at 101% of the principal amount. If at the end of December 31, 2000 and semi-annually thereafter, the Company's Accumulated Excess Cash Flow, as defined in the 1998 Notes Indenture, exceeds $10,000,000, the Company is required to make an offer to repurchase the maximum principal amounts of 1998 Notes that may be purchased by such Accumulated Excess Cash Flow Amount at an offer price equal to 110% of the principal amount of the 1998 Notes. Under this Excess Cash Flow provision, the Company is not required to repurchase more than 25% of the original principal amount of the 1998 Notes prior to December 31, 2003.

The Notes and 1998 Notes contain certain covenants that restrict the ability of the Company and its subsidiaries to incur additional indebtedness and issue certain preferred stock, pay dividends or make other distributions, repurchase equity interests or subordinated indebtedness, engage in sale and leaseback transactions, create certain liens, enter into certain transactions with affiliates, sell assets of the Company or its subsidiaries, issue or sell equity interests of the Company's subsidiaries or enter into certain mergers and consolidations.

8. *Redeemable Convertible Preferred Stock*

On September 9, 1999 the Company authorized various classes of preferred shares.

Series A Non-Voting Convertible Preferred Shares

On September 9, 1999, the Company issued 141,868,928 Series A Non-Voting Convertible Preferred Shares ("Series A Preferred Shares") for $345,000,000. On December 22, 1999, the Company issued an additional 9,082,384 Series A Preferred Shares to the holders of such shares pursuant to the terms of their original purchase agreement dated September 7, 1999.

The Series A Preferred Shares are entitled to dividends on an equivalent basis to the Class A Non-Voting Shares into which the Series A Preferred Shares can be converted. The Series A Preferred Shares rank senior to all classes of capital stock upon liquidation, dissolution and wind-up and are junior in right of payment of all indebtedness of the Company and its subsidiaries.

The Series A Preferred Shares have a mandatory redemption on November 2, 2009 at a liquidation value consisting of the original purchase price of $2.43 per share plus an adjustment equal to 6% per annum of the purchase price, plus declared and unpaid dividends and the excess of the market value of the Class A Non-Voting Shares over the liquidation value.

Upon a qualified underwritten public offering of at least $150,000,000 with a share price of at least 300% of the purchase price of the Series A Preferred Shares, each Series A Preferred Share may, at the option of the Company, be converted into Class A Non-Voting Shares at a ratio equal to one plus 6% per annum. If a qualified underwritten public offering occurs by September 9, 2000 the conversion will be on a one for one basis.

The Series A Preferred Shares may be converted by the holders into Class A Non-Voting Shares, at any time, on the same basis as the Company's conversion right and may be converted into Series B Non-Voting Convertible Preferred Shares on a one for one basis. In addition, the holders of the Series A Preferred Shares have anti-dilution protection.

Series B Subordinate Voting Convertible Preferred Shares

The Series B Subordinate Voting Convertible Preferred Shares ("Series B Preferred Shares) are entitled to dividends on an equivalent basis to any dividends declared or paid on Class B Subordinate Voting Shares into which the Series B Preferred Shares can be converted. The Series B Preferred Shares rank senior to all classes of capital stock upon liquidation, dissolution and wind-up and are junior in right of payment of all indebtedness of the Company and its subsidiaries. The Series B Preferred Shares are entitled to one vote per share.

The Series B Preferred Shares are mandatorily redeemable on November 2, 2009 at a liquidation value of $2.43 per share plus an adjustment equal to 6% per annum of the purchase price, plus declared and unpaid dividends and the excess of the market value of the Class B Subordinate Voting Shares over the liquidation value.

Upon a qualified underwritten public offering of at least $150,000,000 with a share price of at least 300% of the purchase price of the Series B Preferred Shares, each Series B Preferred Share, may at the option of the Company, be converted into Class B Subordinate Voting Shares at a ratio equal to one plus 6% per annum. If a qualified underwritten public offering occurs by September 9, 2000 the conversion will be on a one for one basis.

The Series B Preferred Shares may be converted into Class B Subordinate Voting Shares, at any time on the same basis as the Company's conversion right and may be converted into Series A Preferred Shares on a one for one basis. In addition, the holders of the Series B Preferred Shares have anti-dilution protection

Series C Redeemable Preferred Shares

On September 9, 1999, 80,000,000 Series C Redeemable Preferred Shares ("Series C Preferred Shares") were issued pursuant to a stock dividend and 640,000,000 Series C Preferred Shares were issued pursuant to a share re-organization. Subsequently, the Company repurchased the 720,000,000 issued Series C Preferred Shares for $45,000,000 (note 9). The holders of Series C Preferred Shares are not entitled to dividends or voting rights and may redeem the Series C Preferred Shares at $1 per share after November 2, 2009.

9. *Capital stock*

On September 9, 1999 the Company authorized various classes of capital stock (see "Share capital transactions").

The holders of the Class A Non-Voting Shares, Class B Subordinate Voting Shares, and Class C Multiple Voting Shares participate equally in dividends declared subject to any preference priority on other classes of shares.

The holders of the Class A Non-Voting Shares are not entitled to voting rights. The holders of Class B Subordinate Voting Shares are entitled to one vote per share, and the holders of Class C Multiple Voting Shares are entitled to 20 votes per share.

In the event of liquidation, dissolution, or wind-up of the Company, any payment or distribution of assets will be paid or distributed equally share for share to the holders of the three classes of capital stock.

The holders of Class A Non-Voting Shares are entitled to convert their Shares to Class B Subordinate Voting Shares on a one for one basis. The holders of Class B Subordinate Voting Shares are entitled to convert their Shares to Class A Non-Voting Shares on a one for one basis at any time prior to September 9, 2000 and into Series A Preferred Shares on a one for one basis. The holders of Class C Multiple Voting Shares are entitled to convert their Shares into Class A Non-Voting Shares or Class B Subordinate Voting Shares on a one for one basis.

Share capital transactions

On September 9, 1999, the Company amended its share capital by re-designating 400,000,000 Class A Voting Shares to Class B Subordinate Voting Shares, cancelling its remaining classes of Shares and creating Class A Non-Voting Shares, Class C Multiple Voting Shares, Series A and B Convertible Preferred Shares and Series C Redeemable Preferred Shares. Subsequently, the Company declared a stock dividend of 80,000,000 Series C Redeemable Preferred Shares for $5,000,000. Concurrently, the Company repurchased the 400,000,000 outstanding Class B Subordinate Voting Shares from its parent in exchange for the issuance of 381,496,000 Class B Subordinate Voting Shares and 640,000,000 Series C Redeemable Preferred Shares. The Company then redeemed the 720,000,000 outstanding Series C Redeemable Preferred Shares for $45,000,000 cash resulting in a charge to retained earnings of $40,000,000.

On August 31, 1999 the Company issued 2,400,000 Class B Subordinate Voting Shares for $3,000,000.

On November 24, 1999, a shareholder converted 301,266,400 Class B Subordinate Voting Shares into 301,266,400 Class A Non-Voting Shares. On December 22, 1999, the Company issued 52,160,000 Class A Non-Voting Shares and 9,840,000 Class C Multiple Voting Shares under an employment agreement to an executive officer for $77,500,000. The Company also received a promissory note of $77,500,000 from the executive officer.

On November 24, 1999, the Board of Directors approved an eight-for-one share split of all classes of the Company's stock. All share amounts in 1998 and 1999 have been presented on a post stock split basis.

10. Stock Based Compensation

Stock Option Plan

The Company has a Long Term Incentive and Share Award Plan that permits the grant of non-qualified stock options, incentive stock options, share appreciation rights, restricted shares, restricted share units, performance shares, performance units, dividend equivalents and other share-based awards to employees and directors. A maximum of 7,133,008 Class A Non-Voting shares may be subject to awards under the plan, which generally have a vesting period of four years. The stock options have terms expiring on or before November 15, 2009.

(tabular amounts expressed in thousands of U.S. dollars)

Stock option transactions during 1999 were as follows:

	Number of options	Weighted average exercise price $
Balance—December 31, 1998	—	—
Options granted	43,412,480	0.77
Options cancelled	—	—
Options exercised	—	—
Balance—December 31, 1999	43,412,480	0.77

The weighted average fair value of options granted in 1999 was $1.29.

The following table summarizes information about stock options outstanding at December 31, 1999:

Exercise price$	Number outstanding at December 31, 1999	Weighted average remaining contractual life (years)	Options exercisable at December 31, 1999
0.63	33,786,880	9.0	8,822,080
1.25	9,625,600	9.5	—
0.63-1.25	43,412,480	9.2	8,822,080

The Company accounts for stock option grants in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") as permitted by SFAS No. 123 "Accounting for Stock Based Compensation" ("SFAS 123"), and, accordingly, recognizes compensation expense for stock option grants to the extent that the estimated fair value of the stock exceeds the exercise price of the option at the measurement date. The compensation expense is charged against operations ratably over the vesting period of the options and was $4,284,000 in 1999 (1998—$nil). Under the method prescribed by SFAS 123, the weighted average fair value of the stock options granted in 1999 is $28,083,000 (to be amortized over the employee service period) and the Company's 1999 net income and loss per share under this method would have been as follows:

Net income for the year	$23,640
Additional compensation expense	(1,425)
Pro forma net income for the year	22,215
Pro forma basic and fully diluted loss per share	$ .04

(tabular amounts expressed in thousands of U.S. dollars)

The pro forma compensation expense is estimated using the Black Scholes option-pricing model assuming no dividend yield and the following weighted average assumptions for options granted during the year ended December 31, 1999:

Expected volatility (private company)	0.0%
Risk free interest rate	5.2%
Expected life (in years)	4.0

Restricted stock and other stock issuances

During the year, the Company issued stock to certain directors and officers of the Company. To the extent that these stock issuances are considered to be below fair value, stock based compensation is recognized and amortized over the appropriate periods. The Company recognized $176,164,000 of deferred stock-based compensation related to stock issued to these officers and directors in 1999 of which $2,832,000 was expensed in the year.

The shares issued to the executive officer are subject to a repurchase by the Company at the lesser of fair market value of the shares and the original purchase price of the shares plus interest. The restriction lapsed with respect to 15,500,000 shares immediately on commencement of employment and lapses for 12,400,000 shares in 2000, 13,639,968 shares in 2001 and 2002 and the remainder in 2003. Under certain conditions, the executive officer may put back a certain number of shares to the Company, or at the option of the Company to Worldwide Fiber Holdings Ltd., at fair market value to repay the promissory note. Deferred compensation related to these shares will be amortized over the periods covered by the repurchase restriction.

11. *Income taxes*

Income before equity income, income taxes and minority interest.

The components of income before equity income, income taxes and minority interest are as follows:

	1999 $	1998 $
Canadian	46,881	5,683
U.S.	14,507	8,052
	61,388	13,735

(tabular amounts expressed in thousands of U.S. dollars)

Current income taxes

The provision for current income taxes consists of the following:

	1999 $	1998 $
Canadian	25,742	2,599
U.S. federal	11,775	2,563
U.S. state and local	2,821	481
	40,338	5,643

The provision for income taxes differs from the amount computed by applying the statutory income tax rate to net income before taxes as follows:

	1999 %	1998 %
Canadian statutory rate	45.6	45.6
Foreign tax at other than Canadian statutory rate	(5.0)	(4.5)
Stock based compensation	5.8	—
Investment income	1.6	—
Other	1.3	—
	49.3	41.1

(tabular amounts expressed in thousands of U.S. dollars)

Deferred income taxes

Significant components of the Company's deferred tax asset and liability are as follows:

	1999 $	1998 $
Deferred tax asset		
Expenses not deductible in current period	8,838	—
Tax loss carryforwards	4,259	—
Property and equipment	7,596	1,088
Other	185	185
	20,878	1,273
Valuation allowance	—	—
Net deferred tax asset	20,878	1,273
Deferred tax liability		
Property and equipment	1,760	—
Financing costs	1,313	—
	3,073	—

Management believes that, based on a number of factors, it is more likely than not that the deferred tax asset will be fully utilized, such that no valuation allowance has been recorded.

12. Concentration of credit risk

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, unbilled revenue and due from parent which are not collateralized. The Company limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments with high credit quality financial institutions. Concentrations of credit risk with respect to accounts receivable and unbilled revenue are considered to be limited due to the credit quality of the customers comprising the Company's customer base.

The Company performs ongoing credit evaluations of its customers' financial condition to determine the need for an allowance for doubtful accounts. The Company has not experienced significant credit losses to date. Accounts receivable was comprised of 22 customers at December 31, 1999 and 12 customers at December 31, 1998.

The concentration of credit risk relating to the amount due from the parent is considered limited due to the credit quality of the Company's parent. The Company's three largest customers represented 22%, 15% and 10% of the Company's total revenue for 1999. As described in Note 1, substantially all of the Company's revenues during the period ended December 31, 1998 were earned from construction services provided to Ledcor.

(tabular amounts expressed in thousands of U.S. dollars)

13. *Segmented Information*

The Company operates within a single operating segment being the construction and installation of fiber optic network assets. These fiber optic network assets are being constructed in Canada, the U.S. and Europe including a transatlantic link. A significant portion of the transatlantic link will be owned by a subsidiary in Barbados. Revenues, property and equipment, assets under construction, and deferred financing costs are located as follows:

	Revenues		Property and equipment—net		Assets under construction		Deferred financing costs—net	
	1999 $	1998 $	1999 $	1998 $	1999 $	1998 $	1999 $	1998 $
Canada	170,705	84,534	38,206	3,794	46,683	4,424	22,199	6,650
U.S.	189,041	79,785	33,669	220	53,221	7,037	—	—
Barbados	—	—	—	—	169,648	—	—	
Europe	—	—	5,134	—	30,851	—	—	
	359,746	164,319	77,009	4,014	300,403	11,461	22,199	6,650

The revenues are based on the location of the construction activities.

14. *Commitments*

Network developments

The Company has, in the normal course of business, entered into agreements to provide construction services and fiber optic network assets to third parties in Canada and the United States.

Right of way access agreements

The Company has, in the normal course of business, entered into various agreements to secure the rights of ways along its network routes. In general, most agreements have an option renewal clause stating that grantors cannot unjustly withhold their acceptance of a renewal. Future minimum payments on significant rights of ways are as follows:

2000	$25,051
2001	$17,051
2002	$17,051

(tabular amounts expressed in thousands of U.S. dollars)

Operating leases

The Company leases certain facilities and equipment used in its operations under operating leases. Future minimum lease payments under these lease agreements at December 31, 1999 are as follows:

2000	$7,489
2001	$6,244
2002	$3,349
2003	$1,153
2004	$ 671

The Company pays Ledcor approximately $825,000 per year in connection with its lease of the Toronto facilities. The lease expires in 2009.

Supply Agreements

On June 18, 1999, a subsidiary of the Company entered into a supply agreement, with Tyco Submarine Systems Ltd. ("Tyco") whereby Tyco will serve as the primary contractor for the Company's trans-Atlantic cable project called *"360atlantic"*. The initial contract price is approximately $607 million. The Company paid $214 million in the year ended December 31, 1999 on this contract. (1998—$NIL)

The Company has placed purchase orders of $27 million with suppliers of bandwidth equipment.

CN/IC Agreements

On May 28, 1999, the Company entered into agreements with Canadian National Railway Company ("CN") and Illinois Central Railroad Company ("IC") to license rights-of-way along certain of their respective rail transportation systems (the "Routes"). In connection with these license agreements, the Company formed subsidiary companies with CN (WFI-CN Fibre Inc.) and IC (Worldwide Fiber LLC) (the Company having a 75% interest and CN or IC having the remaining 25% interest) for the purpose of licensing the rights-of-way from CN and IC and developing the projects along the Routes.

15. *Subsequent events*

Share Capital Reorganization

Concurrent with the closing of a public offering, the Company will reorganize the share capital as follows: the holders of existing Class B Subordinate Voting Shares will convert or exchange their shares into Class A Non-Voting Shares and all authorized but unissued Class B Subordinate Voting Shares will be cancelled; the Series A Non-Voting Preferred Shares will be converted or exchanged into our Class A Non-Voting Shares and all of the authorized but unissued Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares will be cancelled; the existing

Class A Non-Voting Shares will be redesignated as Subordinate Voting Shares and the terms shall be amended to provide the holders with one vote per share; the existing Class C Multiple Voting Shares will be amended to provide the holders with 10 votes per share and the Class C Multiple Voting Shares will be redesignated as Multiple Voting Shares; and a class of unlimited Preferred Shares, issuable in series will be created.

GlobeNet Acquisition

The Company has entered into a definitive agreement to acquire 100% of the outstanding shares of GlobeNet Communications Group Limited for 43,210,786 newly created Subordinate Voting Shares. The number of Subordinate Voting Shares will be adjusted based on an initial public offering price.

Acquisition of remaining 25% of WFI-USA

The Company has entered into a commitment with Mi-Tech to acquire its 25% interest in WFI-USA in exchange for $312 million worth of Class A Non-Voting Shares of the Company. The number of shares to be issued by the Company will be determined based on an initial public offering price.

CN/IC

On March 6, 2000, the Company entered into an agreement with CN and IC to acquire their respective 25% interests in WFI-CN Fibre Inc. and Worldwide Fiber IC LLC in exchange for 9,411,765 Class A Non-Voting Shares of the Company. The number of Class A Non-Voting Shares issued by the Company may be adjusted on an initial public offering in accordance with a formula specified in the agreement. Pursuant to this agreement, payment terms for right-of-way fees were amended requiring the right-of-way fees to be paid over a three year term.

Canadian telecommunications arrangement

The Company has entered into an arrangement to transfer certain Canadian telecommunications equipment and related facilities to a subsidiary of Ledcor which will be held 66⅔% by Ledcor and 33⅓% by the Company in exchange for 51% of the non-voting participating shares of the subsidiary.

Acquisition of colocation facilities

The Company has agreed, subject to execution of definitive agreements to acquire colocation facilities in a number of North American and European cities. The aggregate purchase price for these acquisitions is $439 million payable in a combination of cash and newly created Subordinate Voting Shares, of which $113 million is contingent upon the achievement of certain milestones.

360atlantic credit facility

The Company has entered into a credit agreement with certain lenders pursuant to which the lenders have provided a credit facility totalling U.S. $565,000,000.

Share split

On March 20, 2000, the Board of Directors approved a two-for-one share split of all classes of the Company's stock. All share amounts in 1998 and 1999 have been presented on a post-stock split basis.

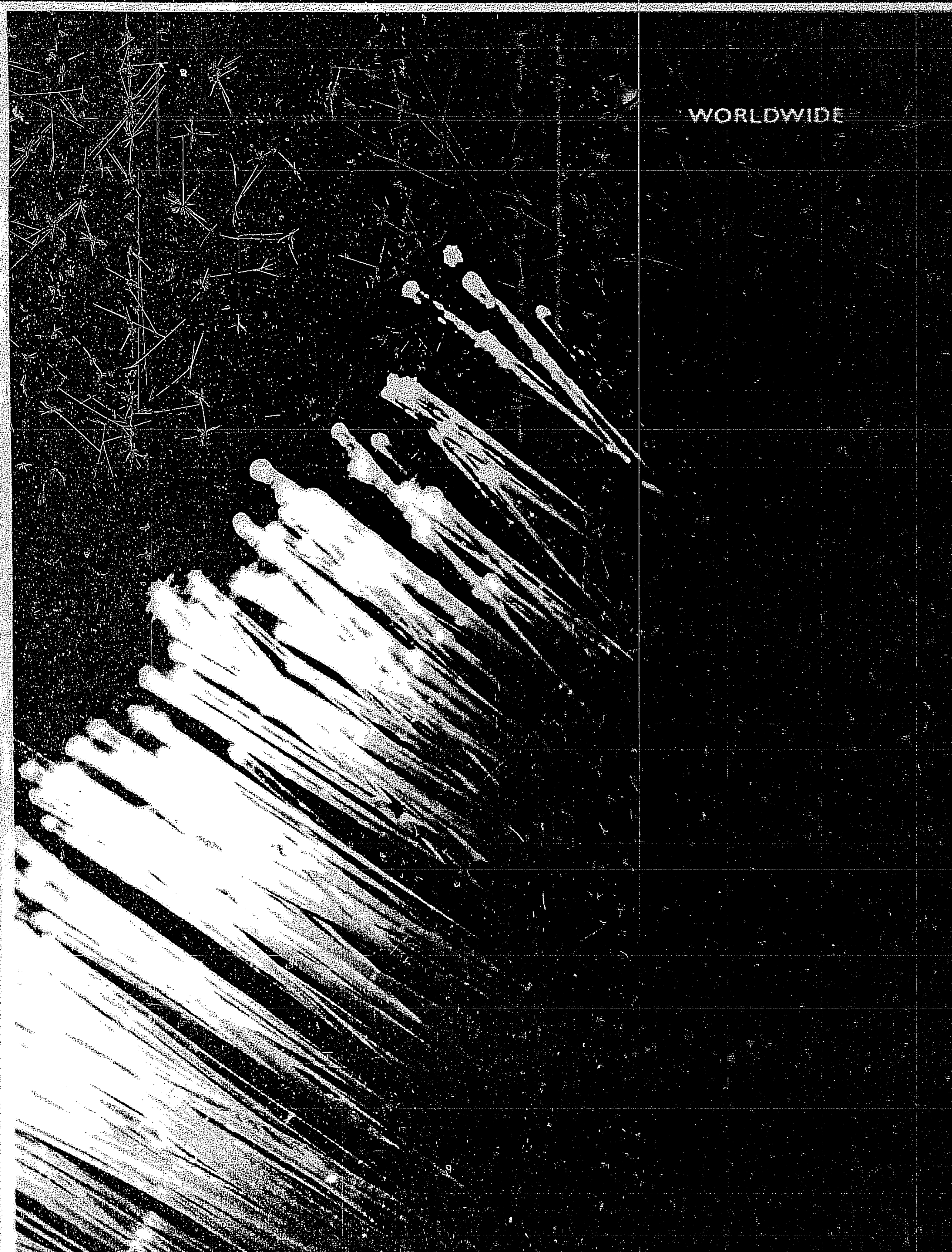
Share Issuances

Subsequent to December 31, 1999, the Company issued 411,214 Class A Non-Voting Shares to a consultant of the Company. In addition, the Company will issue additional Series A Preferred Shares in connection with the purchase price adjustment provisions of a subscription agreement.

Name change

On March 14, 2000, the Company changed its name from Worldwide Fiber Inc. to 360networks Inc.

WORLDWIDE



WORLDWIDE FIBER

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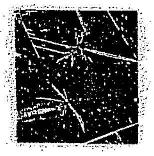
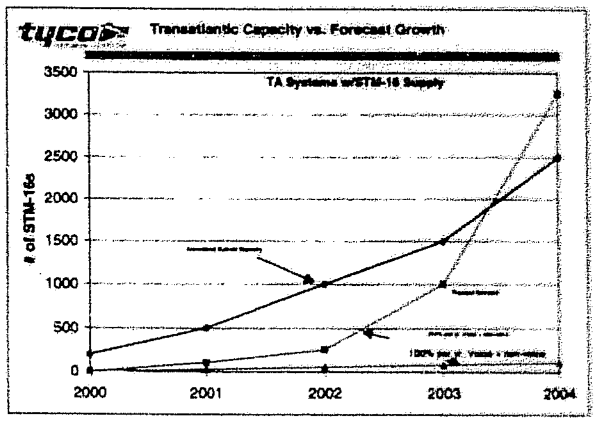


The Hibernia Project

The Hibernia Project: A submarine fiber optic cable system link in Boston, Massachusetts to Halifax, Nova Scotia to Dublin, Ireland to Liverpool in a self healing ring configuration.

The system will enter service with terrestrial back haul in place, for both North America and Europe, serviced and controlled by partners in the submarine system.

The most highly advanced system technology at 1.2 Tbits/sec capacity with 160 GBits/sec at initial RFS and upgradable as required.



Demand Forecast

By Hibernia's RFCS date, the demand for trans-Atlantic capacity will exceed supply.

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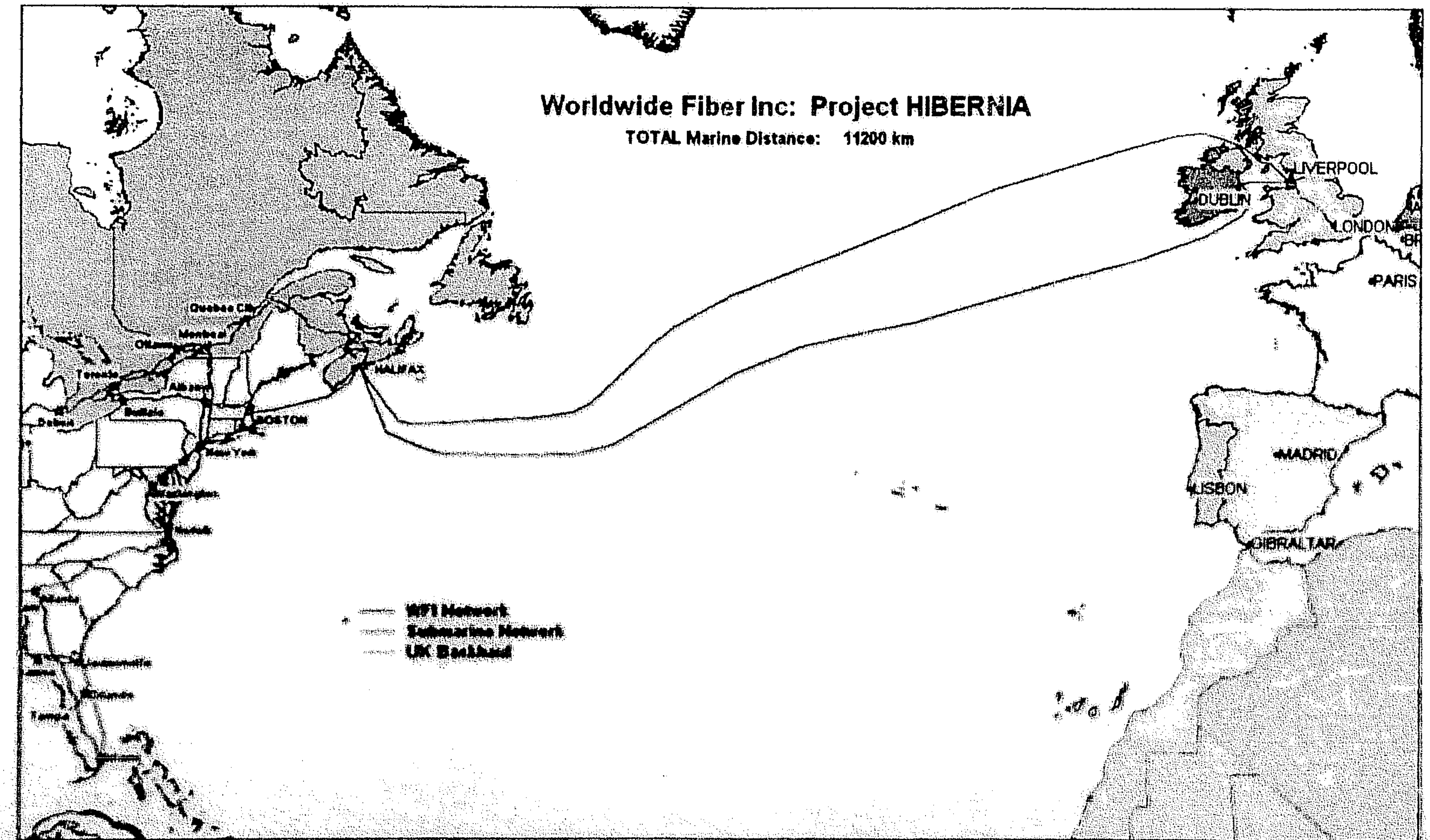

WORLDWIDE FIBER

Schedule

Pre-feasibility activity	June 1999
Debt/equity financing	August 1999
Supply Contract	July 1999
RFCS Southern Leg	March 2001

Aggressive fast track schedule

Project Implementation Strategy

- Worldwide Fiber to be the exclusive manager of the Hibernia Project.
- A single supplier – Tyco Submarine Systems Limited – will be contracted on a performance based EPIC (engineer, procure, install and commission) contract for the submarine system.
- At RFCS Tyco Submarine Systems Limited will assume the lead role for Operations, Administration & Maintenance.
- Focus on highest level of technology available, lowest cost facilities, best-managed risk process.

Worldwide Fiber has the *project management* skills to take Hibernia to RFS.

Marketing Strategy

- Competitive advantage on both cost and differentiated fronts.
- Providing Cable Station to Cable Station, International Gateway to International Gateway and Region to Region pricing from facilities controlled by the Hibernia participants.
- Focus on Wholesale Carrier's supply and the needs of the Project participants.

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System Technology

- Initial plans for a 640 Gbit/sec system upgradable to 1.2 Tbit/sec system.	**PROVEN TECHNOLOGY**
- Network development and the role out in Europe and North America are concurrent allowing the choice of transmission technology to be homogenous across the system.	**PROVEN SUPPLIERS**
- System performance and availability at maximum in industry utilizing a self-healing ring configuration.	**PROVEN METHODS**

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WORLDWIDE FIBER

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news as it happens

WORLDWIDE FIBER NEWS

February 3, 2000	WORLDWIDE FIBER ANNOUNCES EUROPEAN FIBER OPTIC NETWORK AGREEMENT WITH CARRIER1
January 26, 2000	WORLDWIDE FIBER ANNOUNCES INTENTION TO ISSUE SHARES THROUGH INITIAL PUBLIC OFFERING
January 24, 2000	WORLDWIDE FIBER AND TELIA ANNOUNCE LANDMARK AGREEMENT TO SWAP FIBER OPTICS IN EUROPE AND NORTH AMERICA
January 20, 2000	WORLDWIDE FIBER AND TELEWEST TO BUILD MAJOR FIBER OPTIC NETWORK IN ENGLAND
January 20, 2000	WORLDWIDE FIBER AND CAPROCK COMMUNICATIONS ENTER JOINT BUILD AGREEMENT
January 19, 2000	WORLDWIDE FIBER SUBSIDIARY CHOOSES HALIFAX AS LANDING SITE OF TRANS-ATLANTIC FIBER NETWORK
January 12,2000	WORLDWIDE FIBER SWAPS NORTHWEST NETWORK AND $30 MILLION FOR GST TELECOMMUNICATIONS CALIFORNIA CONDUIT
December 22, 1999	GREG MAFFEI, MICROSOFT'S CHIEF FINANCIAL OFFICER, JOINS WORLDWIDE FIBER AS CHIEF EXECUTIVE OFFICER
December 20, 1999	WORLDWIDE FIBER ANNOUNCES NETWORK INFRASTRUCTURE ACQUISITION AND EXPANSION THROUGH THE SOUTHWEST AND SOUTHEAST US WITH QWEST COMMUNICATIONS
December 16, 1999	WORLDWIDE FIBER EXTENDS FIBER-OPTIC NETWORK IN NORTHEAST USA $26.5 MILLION PURCHASE AGREEMENT SIGNED WITH WILLIAMS COMMUNICATIONS
December 7, 1999	WORLDWIDE FIBER COMPLETES LONG-HAUL NETWORK BASED ON NORTEL NETWORKS' MARKET LEADING OPTICAL SOLUTIONS
November 16, 1999	WORLDWIDE TELECOM NAMES JOEL M. ALLEN SENIOR VICE PRESIDENT GLOBAL MARKETING & SALES
November 9, 1999	WORLDWIDE FIBER INC. ANNOUNCES THIRD QUARTER RESULTS
November 1, 1999	WORLDWIDE TELECOM AND TYCO SUBMARINE SYSTEMS ANNOUNCE TRANS-ATLANTIC CAPACITY INCREASING FROM 1.2 TO 1.92 TERABITS PER SECOND
October 27, 1999	WORLDWIDE FIBER NETWORKS APPOINTS TELECOMMUNICATIONS VETERAN AND FORMER US WEST EXECUTIVE DAVID LOVE AS SENIOR VICE PRESIDENT
September 14, 1999	WORLDWIDE FIBER INC. EXPANDS NETWORK FOOTPRINT WITH MFS NETWORK TECHNOLOGIES INC.

September 13, 1999	Worldwide Fiber Inc. Completes $345 Million Private Equity Placements. Project Hibernia $600 Million Debt Funding Committed
August 13, 1999	Worldwide Fiber Inc. Announces Second Quarter Results
July 23, 1999	Worldwide Fiber Completes Debt Offering
July 14, 1999	Worldwide Fiber Inc. Signs $630 Million Dollar Contract With Tyco Submarine Systems Ltd. As Supplier For Undersea Cable System Network
June 29, 1999	Worldwide Fiber Appoints Former Nextlink Communications Inc. President Jim Voelker To Board Of Directors
June 28, 1999	Worldwide Fiber Appoints Vice President And Chief Technology Officer
June 7, 1999	Worldwide Fiber Announces Entry Into Carrier's Carrier Service Market
June 1, 1999	Worldwide Fiber Announces Fiber Optic Joint Ventures With Canadian National And Illinois Central
June 1, 1999	Worldwide Fiber Announces First Quarter Results, 3-Months Ended March 31, 1999
May 26, 1999	Worldwide Fiber To Link Long Haul Fiber Optic Backbone With Expansion Of 5 Canadian City Ring Developments
April 19, 1999	Worldwide Fiber Selects Tyco Submarine Systems As Supplier For Undersea Cable System Network
April 14, 1999	Worldwide Fiber Extends California Long Haul Network With GST Telecommunications. Partnership Increases WFI's Network Route From Los Angeles To San Diego
April 13, 1999	Worldwide Fiber Continues To Expand USA Fiber-Optic Footprint Planning Co-Development Of 1,100 Mile Network From Chicago To Denver With Pathnet
April 6, 1999	Worldwide Fiber Inc. Announces Year End Results, 7-Months December 31, 1998
March 23, 1999	Worldwide Fiber Announces Network Infrastructure Sale To Metromedia
March 22, 1999	Worldwide Fiber Announces Network Facilities Sale To Qwest Communications
February 8, 1999	Worldwide Fiber Announces East Coast Build Between Buffalo And Montreal
February 5, 1999	Worldwide Fiber Completes Successful Debt Offering
February 2, 1999	Submarine Fiber Optic Cable Project Completed In Pacific Northwest

WORLDWIDE FIBER

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FOR IMMEDIATE RELEASE

WORLDWIDE FIBER AND CAPROCK COMMUNICATIONS ENTER JOINT BUILD AGREEMENT

Partnership increases Worldwide Fibers' southwestern U.S. network by 1,300 miles

VANCOUVER, B.C. . . . . January 20, 2000, Worldwide Fiber Inc., today announced that it has entered into an agreement with CapRock Communications Corp., (Nasdaq: CPRK) to co-develop approximately 1,300-miles of long-haul multi-conduit fiber optic backbone network through Texas, New Mexico and Arizona. This marks the first agreement between Worldwide Fiber and CapRock, a regional facilities-based integrated communications provider based in Dallas, Texas, and represents further progress in WFI's North American network expansion. The projected budget for this development is in excess of $100 million.

Under the terms of the agreement WFI will lay fiber west of El Paso, Texas through Tucson, and into Phoenix, Arizona while CapRock will construct a fiber route from El Paso, east through Temple and to Austin, Texas. Worldwide Fiber and CapRock will each own one conduit and will jointly own those remaining in the multi-conduit segment. Development will commence in the first quarter of this year and is scheduled to be complete by the end of the fourth Quarter of 2000.

"This partnership is a logical extension of the existing phase of our fiber-optic deployment plan," stated Ron Stevenson, president of Worldwide Fiber. "Our current construction rollout is meeting all financial and implementation milestones and with this expansion, the rapidly growing southwestern markets will be able to take advantage of connecting to the WFI Network. Securing this joint development agreement with CapRock provides a more time and capital efficient means of expanding in this U.S. geographic area."

"With this agreement, CapRock will facilitate the deployment of the western-most portions of our planned 6,100-mile network," said Tim Terrell, CapRock executive vice president of carrier services. "These type of partnerships are a successful component of our business strategy. CapRock has been able to fulfill more than half of its planned network through co-build ventures such as this."

Based in Vancouver, British Columbia, Worldwide Fiber designs, builds, operates and maintains high-speed fiber-optic networks for communications carriers, Internet service providers and corporations with high-bandwidth network needs. Worldwide Fiber is currently completing a 22,000-mile fiber-optic network in the United States and Canada, and constructing a transatlantic network connecting Boston and Halifax with Liverpool and Dublin. Worldwide Fiber was established in May 1998 and includes the telecommunications division of Ledcor Industries Limited, which has been constructing communications networks since 1987. Visit Worldwide Fiber's web site at www.worldwidefiber.com

About CapRock
CapRock is a southwestern U.S. facilities-based integrated communications provider (ICP) offering local, long-distance, Internet, data and private line services to business customers. The company also provides switched and dedicated access, regional and international long-distance, private lines, dark fiber and capacity to carrier customers. The company is building a 6,100-mile fiber network, as well as voice and data networks, throughout Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona. For more information, visit CapRock's web site at http://www.caprock.com.

This release may contain forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from the projections made here. Additional factors, which may affect actual results, are contained in the Company's filings with the SEC, including the report on Form 10-K for the period ended December 31, 1998. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

For more information, please contact:
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(604) 681-1994 ext. 188
For more information on Worldwide Fiber, please visit: http://www.worldwidefiber.com

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FOR IMMEDIATE RELEASE

WORLDWIDE FIBER AND TELEWEST TO BUILD MAJOR FIBER OPTIC NETWORK IN ENGLAND

VANCOUVER, B.C, CANADA AND LONDON, ENGLAND. . . . . January 20, 2000. Telewest Communications and Worldwide Fiber Inc. today announced they will build a high-capacity fiber optic network linking Liverpool and London via two separate routes.

Telewest will build the 1,150-kilometer network connecting Worldwide Fiber's trans-Atlantic cable station in Southport (near Liverpool) with Worldwide Fiber's point of presence in the Docklands (London) via Manchester, Sheffield, Birmingham, Bristol, Nottingham and Cambridge.

This multi-duct network will be an expansion of parts of Telewest's existing 3,500-kilometer fiber optic network that links all major cities in the United Kingdom and interconnects Telewest's regional broadband networks, carrying digital TV and Internet services as well as national and international telephony traffic.

"We are developing one of the largest and most advanced fiber optic networks in England," said Greg Maffei, Chief Executive Officer of Worldwide Fiber. "This infrastructure will be at the heart of our network that connects our trans-Atlantic cable to Europe via our gateway in London. It represents a critical leg of our growing international network."

"This is a significant network transaction for Telewest that will enhance our position in the market for carrier network services," said Tony Illsley, Chief Executive Officer of Telewest. "The immediate benefits of increased capacity on our national network are coupled with the opportunity to develop a long-term relationship with a major international operator."

The value of the initial phase of the contract is £40 million or $66 million US.

Worldwide Fiber designs, builds and operates high-speed fiber optic networks for communications carriers, Internet service providers and corporations with high-bandwidth network needs. Worldwide Fiber is currently completing a 38,600-kilometer (24,000-mile) fiber-optic network in North America and Europe, and constructing a trans-Atlantic network connecting Boston and Halifax with Liverpool and Dublin. Worldwide Fiber was established in May 1998, and includes the telecommunications division of Ledcor Industries Limited, which has been constructing communications networks since 1988. Additional information about Worldwide Fiber is available at www.worldwidefiber.com.

Telewest Communications is a leading broadband cable communications operator, currently providing multi-channel television, telephone and Internet services to more than 1.4 million UK households; and voice and data telecommunications services to over 48,000 business customers.

Forward looking statements: This document may contain statements about expected future events and financial results that are forward looking in nature, and, as a result, are subject to certain risks and certainties. Actual results may differ materially from those project by management. For such statements, we claim the safe harbour for "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

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Tim Brill or Stephen Powers
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For more information on Worldwide Fiber, please visit: http://www.worldwidefiber.com

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FOR IMMEDIATE RELEASE

WORLDWIDE FIBER ANNOUNCES EUROPEAN FIBER OPTIC NETWORK AGREEMENT WITH CARRIER1

VANCOUVER, B.C., ... February 3rd, 2000, Worldwide Fiber Inc. today announced an agreement with Carrier1 GmbH to purchase and potentially swap capacity on networks in Europe and across the Atlantic.

This agreement enables Worldwide Fiber to purchase capacity to meet its wholesale network needs between London and 18 major European cities on Carrier1's pan-European fiber optic network. This diversely-routed network supplements Worldwide Fiber's current back-haul network in Europe to be used by its trans-Atlantic network customers.

Once Worldwide Fiber reaches a specified level of traffic, it also has the option to exchange capacity on its trans-Atlantic network for a combination of dark fiber on Carrier1's network in Germany and capacity on its network in France.

"Our agreement with Carrier1 enhances our network connectivity from London to the rest of Europe," said Ron Stevenson, President of Worldwide Fiber. "And it provides us a valuable extension to our bandwidth business as we implement our strategy to light up our trans-Atlantic, European and North American networks."

Worldwide Fiber designs, builds and operates high-speed fiber-optic networks and offers broadband capacity to telecommunications companies, Internet service providers, application service providers and large organizations with enterprise network needs. Worldwide Fiber is currently completing a 60,500-kilometer (37,800-mile) network in North America and Europe, including a trans-Atlantic network. Worldwide Fiber and its predecessors have been constructing communications networks since 1988.

Additional information about Worldwide Fiber is available at: www.worldwidefiber.com.

Carrier1, Europe's long distance carrier, provides international carrier services on a global basis to telecommunications operators, Internet service providers, content providers, hosting companies and multi-national corporations in Europe and North America. The Carrier1 network currently has customers connected in London, Amsterdam, Brussels, Paris, Frankfurt, Berlin, Hamburg, Hanover, Munich, Dusseldorf, Vienna, Zurich, Geneva, Milan, Copenhagen, Stockholm, Manchester and New York.

Carrier1 is on schedule to complete its pan-German fiber network build, and is rolling out additional points of presence in 13 French cities, 9 German cities as well as Madrid, Oslo, Gothenburg, Malmo and Helsinki. Carrier1 is currently planning to build local area fiber networks in Europe's 20 largest cities with two projects already underway. Carrier1 will also be able to deliver full service telehousing through its strategic stake in Hubco, which is deploying facilities in over 20 cities in Europe. More information is available at www.carrier1.com. The e-mail address is: info@carrier1.com.

Forward looking statements: This document may contain statements about expected future events and financial results that are forward looking in nature, and, as a result, are subject to certain risks and uncertainties. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbor for "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

For further information:

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For more information on Worldwide Fiber, please visit: http://www.worldwidefiber.com

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FOR IMMEDIATE RELEASE

WORLDWIDE FIBER AND TELIA ANNOUNCE LANDMARK AGREEMENT TO SWAPFIBER OPTICS IN EUROPE AND NORTH AMERICA

Vancouver, Canada and Stockholm, Sweden, January 24, 2000 . . . Worldwide Fiber Inc. and Telia AB today announced they will swap fiber optic network infrastructure and assets in Europe and North America.

Vancouver-based Worldwide Fiber, which is building an advanced global IP fiber optic network, will provide Sweden's Telia, one of Europe's leading telecommunications carriers, with a fiber optic network spanning 14,000 kilometers (8,700 miles) throughout North America and connecting 17 major U.S. cities. Worldwide Fiber will also provide Telia with equipment space in all of its major switching facilities in these cities, including New York, Atlanta, Dallas, Los Angeles, Chicago and Boston. The network will be delivered to Telia starting in the second quarter of 2000, and will be completed by the end of the year.

In return, Telia will provide Worldwide Fiber with fiber optic facilities spanning a distance of 6,400 kilometers (4,000 miles) in the United Kingdom, France, Germany, Holland, Sweden, Norway and Denmark, connecting 11 major European cities, including London, Paris and Frankfurt. Telia will also provide Worldwide Fiber with equipment space in all of its major switching sites in these European cities. The network will be delivered to Worldwide Fiber starting in the first quarter of 2000, and will also be completed by year end.

"This network acquisition now enables us to provide point-to-point service between North America and Europe via our trans-Atlantic network and capitalize on the explosive growth of the Internet in Europe," said Greg Maffei, Chief Executive Officer of Worldwide Fiber. "It is a critical step in providing low-cost, seamless, distance indifferent service for our customers around the globe."

Ron Stevenson, President of Worldwide Fiber, added: "The opportunity to reach an international agreement of this magnitude with a prominent company like Telia is an extraordinary achievement."

For Telia, the transaction represents one of many projects it is undertaking to establish a major presence in the U.S. market, and to offer its wholesale clients global connectivity. The deal means that Telia can transfer its rapidly growing capacity and IP business into a fully-owned cost-efficient fiber-based network in the U.S. The U.S. and European telecommunication markets combined represent roughly 80 per cent of global traffic.

Marianne Nivert, President, Telia Network Services AB stated: "Telia's reputation as a quality network provider in Europe has now expanded globally. Our arrangement with Worldwide Fiber to expand our U.S. presence will afford us the opportunity to offer fiber optic services to both the European and U.S. wholesale market. We feel confident that our arrangement with Worldwide Fiber will help us to maintain our reputation as a provider of quality services as Telia builds its global network."

Magnus Kjell, President of Telia North America, added: "Telia North America plans a major expansion in the U.S. to serve the U.S. telecom and IP markets with competitive wholesale offerings, not only in the U.S. but also on a global basis. The deal with Worldwide Fiber represents one step in our strategic direction to effectively compete in this arena."

Worldwide Fiber designs, builds and operates high-speed fiber-optic networks for communications carriers, Internet service providers and corporations with high-bandwidth network needs. Worldwide Fiber is currently completing a 57,000 kilometer (34,000-mile) terrestrial network in North America and Europe and a trans-Atlantic network. Worldwide Fiber and its predecessors have been constructing communications networks since 1988. Additional information about Worldwide Fiber is available at www.worldwidefiber.com

Telia is the leading supplier of telecom-based information services in the Nordic/Baltic region. The Telia strategy on the international carrier market is to immediately establish themselves as a carrier for IP-transit with a capacity for low network production costs. This entails large-scale network building and fiber sales. In addition, infra-structural investments will be made in own networks in Europe. Customer examples include Service Providers, Internet Service Providers, cell-phone service operators, fixed-net operators, cable televisions operators and those working with capacities. Annual turnover in 1998 reached 51 240 MSEK with 30 600 employees.

Forward looking statements: This document may contain statements about expected future events and financial results that are forward looking in nature, and, as a result, are subject to certain risks and uncertainties. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbor for "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

For more information, please contact:

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Telia North America
(703) 288-1330

WORLDWIDE FIBER

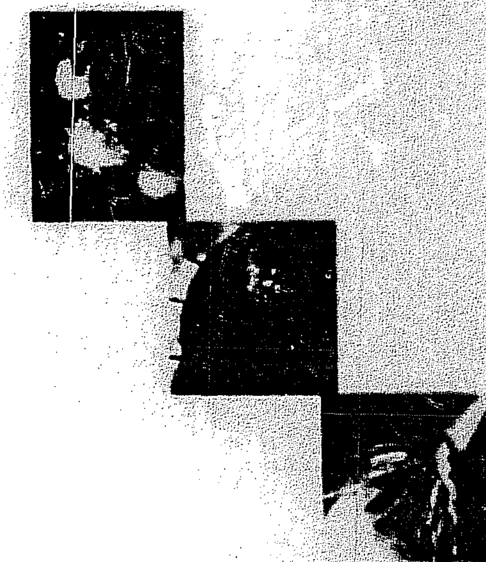
Fiber Optics: A Worldwide Vision

We are a provider of technologically advanced fiber optic communications infrastructure in North America using our state-of-the-art fiber optic network. We recently have begun marketing bandwidth services and intend to provide services by the end of the year.

Worldwide Fiber was established in May 1998 to incorporate the Telecommunications Division of Ledcor Industries Limited, which had designed, engineered, developed, constructed, and maintained telecommunications networks for more than twelve years. The Company is currently completing a 22,000-mile North American fiber optic network. This terrestrial network will be connected to Europe by a 7,600 mile, wholly-owned trans-Atlantic fiber optic cable system known as "Hibernia" which will be Ready-For-Commercial-Service during the first quarter of 2001.

Our condominium strategy of development lowers your costs by allowing multiple participants to purchase, IRU or lease fiber or conduit on a route by route basis or throughout our entire Network.

Our Carrier's carrier services provide our clients and partners with Optical Services, IP and ATM Services, Private Line Services and Virtual Switching Services anywhere on the Worldwide Fiber Network.

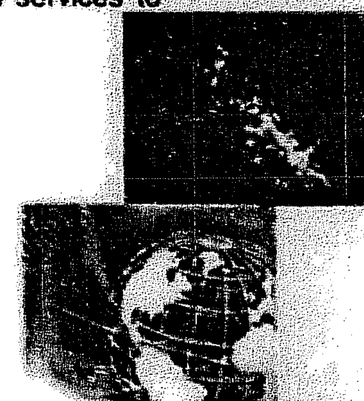


Contents

WORLDWIDE FIBER

Customers

With the increasing demands for fiber optic transmission facilities, we have focused on providing broadband fiber optic network and bandwidth services to companies such as:



- ILEC's ("Incumbent and Competitive Local Exchange Carriers")
- CLEC's ("Competitive Local Exchange Carriers")
- ISP's ("Internet Service Providers")
- Long distance companies ("North American and International")
- RBOC's ("Regional Bell Operating Companies")
- IXC's ("Interexchange Carriers")
- Multi-Service Operators Local multipoint distribution service providers
- Large corporations with enterprise network needs

The Worldwide Fiber Network will allow service providers an opportunity to augment their existing fiber optic capacity, add critical route diversity, or upgrade older systems. Customers can buy or lease fiber optic capacity with which they develop their own communications networks or satisfy a need for redundant capacity. Our network provides such customers with a low-cost alternative to building their own infrastructure or purchasing metered services from communications carriers. Worldwide Fiber's customers can buy or lease fiber optic capacity on a segmented basis or along our entire network.

Flexibility

We listen to our customers. Our development is based on a route by route evaluation. Through this approach we have established many long-term and strategic relationships to complete our builds. Flexibility in purchase, IRU, leasing options and new opportunities including co-development and joint venture partnerships are why we have become industry leaders. Worldwide Fiber offers network participation on a local, regional, national and / or international basis.

Our technologically advanced network which allows for the high speed, high quality transmission of data, video, and voice communications is designed to provide our customers with secure, independent transmissions facilities and sufficient capacity on a local, regional or national basis to accommodate their increasing demand and plans for expansion.

WORLDWIDE FIBER

Our Network

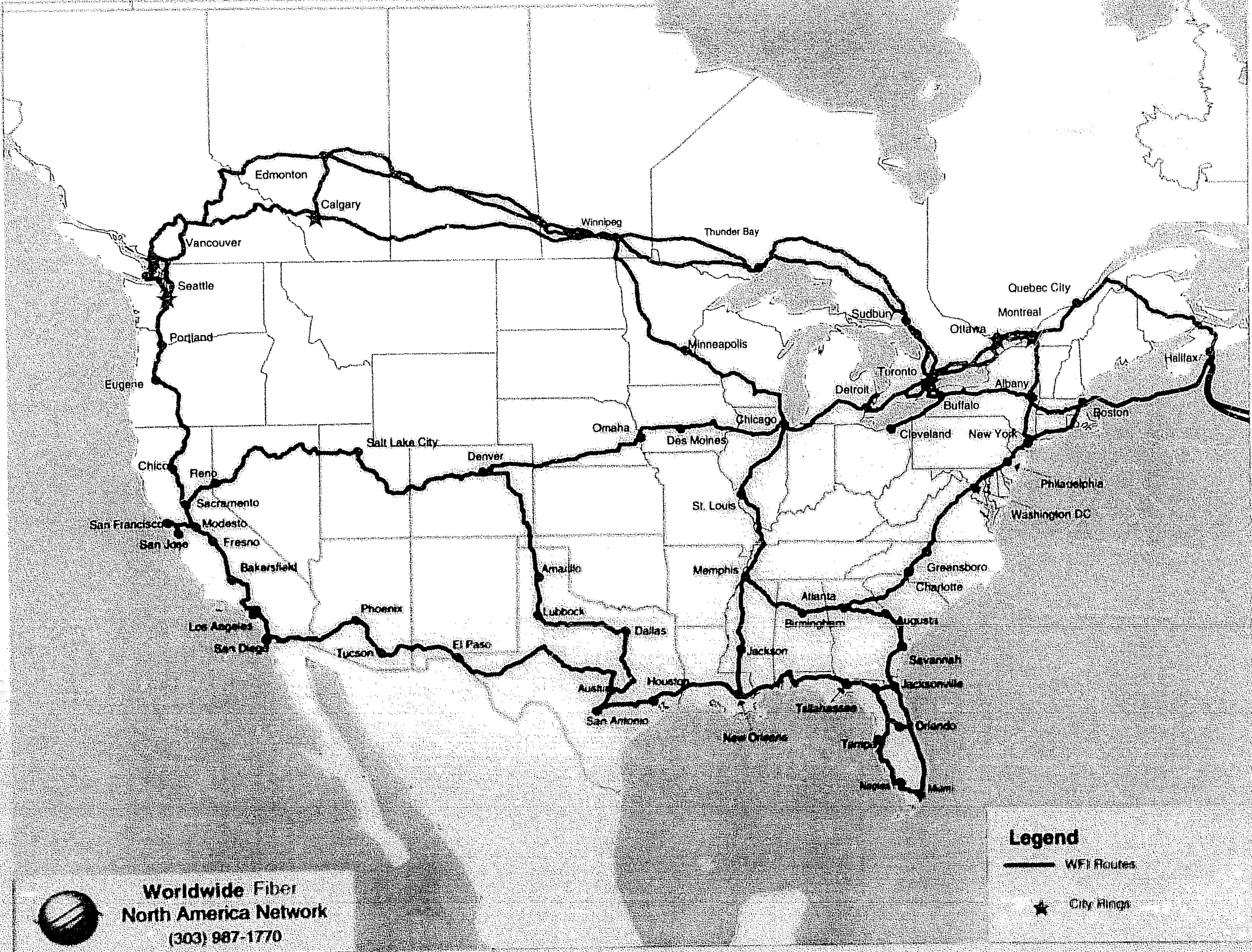
Our Network links major urban centers in Canada and the United States. The Worldwide Fiber system also provides our North American market with international connectivity.

In North America, Worldwide Fiber's footprint covers diverse routes totalling in excess of one million fiber miles. Our long haul strategy will be supplemented by our announced intra-city builds in Toronto, Montreal, Vancouver, Ottawa and Calgary, adding further value to our network.

Internationally, Worldwide Fiber will connect North American networks to Ireland, the United Kingdom and continental Europe.

Leaders in the development, design and installation of networks, at Worldwide Fiber, we are building the future of fiber optic telecommunications, *now.*

See the Worldwide Fiber Network Map


Edmonton
Calgary
Vancouver
Seattle
Portland
Eugene
Winnipeg
Thunder Bay
Sudbury
Quebec City
Montreal
Ottawa
Halifax
Toronto
Minneapolis
Detroit
Albany
Buffalo
Boston
Chicago
Cleveland
New York
Omaha
Des Moines
Salt Lake City
Denver
Chico
Reno
Sacramento
San Francisco
Modesto
San Jose
Fresno
Bakersfield
Los Angeles
San Diego
Phoenix
Tucson
El Paso
Amarillo
Lubbock
Dallas
Austin
San Antonio
Houston
St. Louis
Philadelphia
Washington DC
Memphis
Greensboro
Charlotte
Atlanta
Birmingham
Augusta
Savannah
Jackson
Jacksonville
Tallahassee
New Orleans
Orlando
Tampa
Naples
Miami
Legend
WFI Routes
City Rings
Worldwide Fiber
North America Network
(303) 987-1770

WORLDWIDE FIBER

PRODUCTS

Inter city dark fiber and conduit	*Purchase, IRU or lease options on our North American network with over 22,000 route miles and international connectivity*
Carrier's carrier services	*Optical, packet-switching IP and ATM, private line and virtual switching services*
City rings	*Long haul network to be supported by intra-city developments*
Communication Shelters	*Dedicated & co-located space, signal regeneration*
Last mile connectivity	*Last mile connections into North America's major markets*

SERVICES

Project Development	*Overall project services, turnkey approach provides financing, ROW negotiation, construction, maintenance and network management*
Engineering and Design	*Engineering and design services*
Project Management and Construction	*Construction and management expertise as Worldwide Fiber self performs the majority of network construction*
Network Management	*Short and long-term maintenance programs with 24/7 operations to manage fiber optic routes. Emergency response teams are readily available to create immediate solutions.*
Railway Services	*The Railway Services group supports Worldwide Fiber's rail developments and provides value-added options to railroad companies.*
Maintenance	*Worldwide Services provides maintenance to fiber systems and the Worldwide Fiber Network.*

WORLDWIDE FIBER

Advantages of the Worldwide Fiber Network

- *22,000 mile North American fiber optic network that is further supported by city rings and last mile connections and international connectivity*
- *Optical services, IP and ATM packet-switching services, private line services and virtual switching services*
- *Diverse routes provide NEW network solutions*
- *The Worldwide Fiber network is significantly complete with network completion by Q4/01*
- *Condominium development strategy allows multiple participants on each route and lowers per fiber mile costs*
- *Produce cost savings for our clients*
- *Over 12 years of telecommunications experience, 52 years in business*
- *Worldwide Fiber provides all services, from identifying opportunities to testing and network management*
- *Network architecture is fully upgradable*
- *Patented construction equipment provides unique construction solutions*
- *Opportunities from leased bandwidth to dark fiber*
- *Worldwide Fiber is receptive to all business proposals including leases, sales, joint ventures and co-developments*

network

carriers carrier strategy

diversity

ready for service

condominium development strategy

strategic supplier relationships

experience

turnkey service

upgradable architecture

innovative solutions

cost efficient

flexibility

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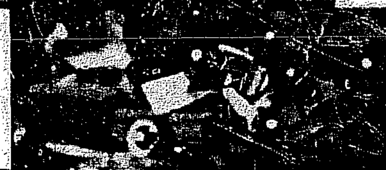
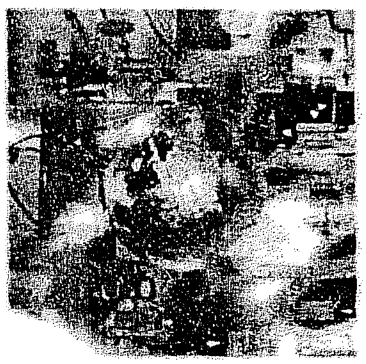


Network Technology

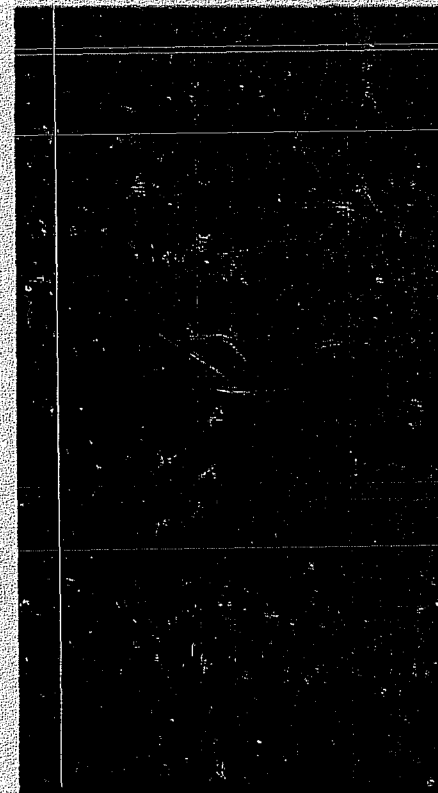
Worldwide Fiber's network is designed to access areas of significant end user telecommunications traffic, as well as the POP's of most IXC's and the principal ILEC central offices in each city on the network, in a cost-efficient manner.



Our network will utilize state-of-the-art fiber optic strands which allow for the high speed, high quality transmission of data, video and voice communications. Fiber optic systems use laser-generated light waves to transmit data, video and voice in digital formats through ultra-thin strands of glass. Fiber optic systems are generally characterized by large circuit capacity, good sound quality, and resistance to external signal interference and direct interface to digital switching equipment or digital microwave systems. We plan to install an average of 144 fiber optic strands on major builds throughout the network. In high demand areas, we may install as many as 264 fibers or more in order to meet anticipated demand.

Each fiber optic strand is capable of transmitting significantly greater bandwidth than traditional copper cables or older fibers. The advanced technical operating characteristics of our network will enable us to provide technologically advanced dark fiber to our customers at low cost by permitting higher capacity transmission over longer distances between regeneration and amplifier facilities than can be provided by less advanced fiber systems. Using current Dense Wave Division Multiplexing ("DWDM") fiber optic transmission technology, a single pair of fiber optic strands used in the network can transmit up to 320 gigabits of data per second ("gbps"), the equivalent of approximately 4.2 million simultaneous voice conversations. Advances in technology continue at a rapid pace and it is expected that 96x DWDM will be available in the future.

At Worldwide Fiber, we anticipate that continuing developments in compression technology and multiplexing equipment will increase the capacity of each fiber optic strand, providing more bandwidth carrying capacity at relatively low incremental cost. Our network is compatible with the highest commercially available transmission capacity (OC-192) and can accommodate advanced capacity-intensive data applications such as Frame Relay, ATM, multimedia and Internet-related applications.

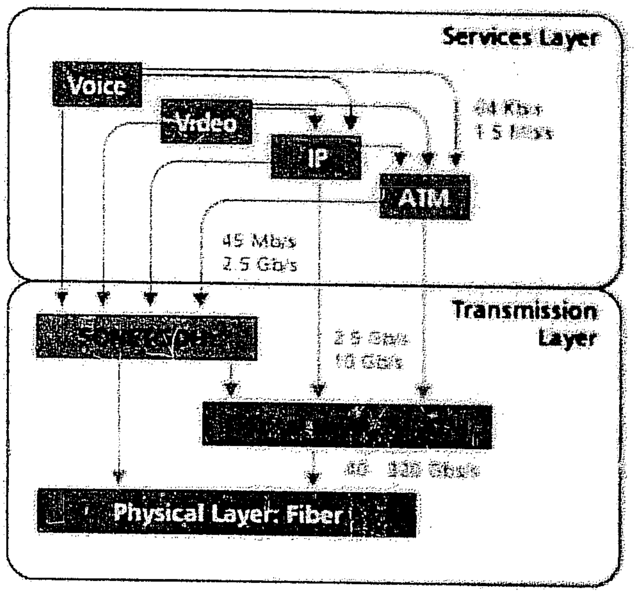


The Worldwide Fiber Network will offer end-to-end fiber optic capacity compatible with SONET ring architecture. These design routes customer traffic in either direction around its ring design, assuring that fiber cuts do not interrupt service to network customers. Our network is also capable of supporting DWDM.

Bandwidth Services Diagram

Network Technology
Bandwidth Services Diagram
Optical Network Diagram
ATM Diagram
DWDM Diagram
Leased Wavelengths Diagram
Network Layers & Services

Bandwidth Services



Optical Services

- OC 48
- OC 192
- IRU or Lease

ATM Transport Services

- OC 1 - OC 48 Access
- Near zero cell loss
- SPVC Support
- PVC Billed by SCR increment
- Usage billing per Terabyte at egress

Voice Services

- DS1 - DS3

Private Line

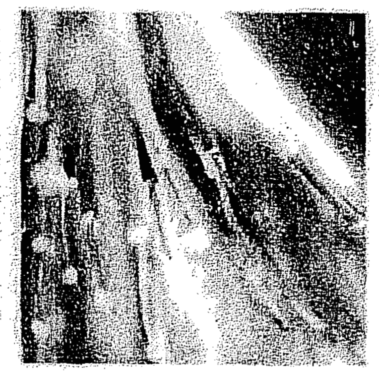
- DS3 - OC3
- Point to point

WORLDWIDE

Corporate | Investor Relations | News | Network Services | Technology

Bandwidth Services

At Worldwide Fiber we have commenced the process of adding the necessary transmission equipment to enable us to utilize the fiber installed on the existing installed fiber routes to provide bandwidth services to carriers, other service providers and large corporations with enterprise network needs along our FOTS. We intend to install the necessary transmission equipment to provide the services along multiple segments of our network in North America.



The services we intend to offer through our sale of bandwidth capacity include:

- Optical Transmission Services
- Private line Services
- Virtual Switching Solutions
- Packet-based Data Services (IP Transport and ATM)

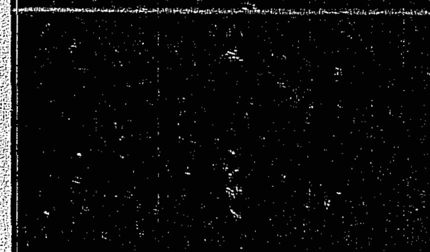
The Network

Fiber Development Services

Bandwidth Services

- The New Millennium
- Bandwidth Services Technology
- Optical Technology
- ATM-Packet Switching Technology
- Dense Wavelength Division Multiplexing
- Service Technologies

Worldwide Telecom



Worldwide Fiber Networks, Inc.

Regulations, Descriptions and Rates

Applicable to Furnishing

Interexchange Services

Within the State of South Dakota

This tariff contains the descriptions, regulations and rates applicable to the furnishing of service and facilities for telecommunications services within the State of South Dakota by Worldwide Fiber Networks, Inc. ("Company"). This tariff is on file with the South Dakota Public Utilities Commission, and copies may also be inspected, during normal business hours, at the following location: Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070.

Jim Cox
Vice President of Operations
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Lakewood, CO 80228

TARIFF FORMAT

A. **Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between Page 14 and 15 would be 14.1.

B. **Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14.

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

2
2.1
2.1.1
2.1.1.1

D. **Check Sheets** - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. An asterisk designates all revisions made in a given filing (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

CHECK SHEET

Sheets 1 through 31 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

Page	Number of Revision
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
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10	Original
11	Original
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CHECK SHEET (CONT'D)

Page	Number of Revision
28	Original
29	Original
30	Original
31	Original

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Table of Contents

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1. GENERAL

1.1 Explanation of Symbols, Reference Marks, and Abbreviations of Technical Terms used in this tariff:

Revisions of this tariff are coded through the use of symbols. These symbols appear in the right margin of the sheet. The symbols and their meanings are:

(C) To signify changed conditions or regulations.

(D) To signify discontinued rate, regulation, or condition.

(I) To signify increase.

(K) To signify that material has been transferred to another sheet or place in the tariff.

(M) To signify that material has been transferred from another sheet or place in the tariff.

(N) To signify a new rate, regulation, condition, or sheet.

(O) To signify no change.

(R) To signify reduction.

(T) To signify a change in text for clarification.

APPLICATION OF TARIFF

1.2 Application of the Tariff

1.2.1 This tariff governs the Carrier's services that originate and terminate in South Dakota.

1.2.2 The Company's services are available to Business customers.

1.2.3 The Company's service territory is Statewide

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CONCURRING CARRIERS

No Concurring Carriers

CONNECTING CARRIERS

No Connecting Carriers

OTHER PARTICIPATING CARRIERS

No Other Participating Carriers

1.3 DEFINITIONS

Advance Payment: Part or all of a payment required before the start of service.

Asynchronous Transfer Mode: ATM is a high bandwidth, low-delay connection-oriented, packet-like switching and mutiplexing technique. Usable capacity is segmented into 53-byte fixed-size cells consistent of header and information fields, allocated to services on demand. The term "asynchronous" applies, as each cell is presented to the network on a "start-stop" basis.

Authorized User: A person, firm or corporation which is authorized by the Customer or joint user to be connected to the service of the Customer or joint user.

Central Office (CO): Telephone company facility where subscribers' lines are joined to switching equipment for connecting other subscribers to each other, locally and long distance.

Carrier/Company/Utility: refers to **Worldwide Fiber Networks, Inc.,** the issuer of this tariff, which is a Nevada corporation, or any of its affiliates which concur in this tariff.

Company Calling Card: A telephone calling card issued by the Company at the Customer's request which enables the Customer or User(s) authorized by the Customer to place telephone calls and to have the charges for such calls billed to the Customer's account.

Commission: The South Dakota Public Utilities Commission.

Completed Call: is a call which the Company's network has determined has been answered by a person, answering machine, fax machine, computer modem device, or other answering device

Customer: The person, firm, or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Individual Case Basis (ICB): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

1.3 DEFINITIONS (CONT'D)

Internet Protocol Transfer: Transfer of information through the use of software that tracks the Internet address nodes, routes outgoing messages, and recognizes incoming messages. Used in gateways to connect networks at OSI network Level 3 and above.

IntraLATA Service: Service which originates and terminates within the same Local Access and Transport Area (LATA).

InterLATA Service: Service which originates in one Local Access and Transport Area (LATA) and terminates in a different LATA.

M/M: Month to month.

MOU: Minutes of use.

Non-recurring Charges: The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees for which the Customer becomes liable at the time the Service Order is executed.

Originating Off-net: A call originating on and placed via non-company owned facilities or a combination of non-company owned and leased facilities

OC-48: Optical Carrier Speed of 2.488 Gbps.

Originating Off-net: A call originating on and placed via non-company owned facilities or a combination of non-company owned and leased facilities

Packet Based Data Services: Data services sent in packets through a network to some remote location. The data to be sent is assembled by the Packet Assembler/Disassembler into individual packets of data, involving a process of segmentation or subdivision of large sets of data as specified by the native protocol of the transmitting device.

Primary InterLATA Carrier ("PIC"): Long distance carrier designated by a telephone subscriber to provide the Customer with interLATA service without having to dial a special access code

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1.3 DEFINITIONS (CONT'D)

Private Line Transmission: A dedicated nonswitchable link from one or more customer specified locations to one or more customer-specified locations.

Residential Customer: is a customer who has telephone service at a dwelling and who uses the service primarily for domestic or social purposes. All other customers are non-residential customers.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Service Order: The written request for communications services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and the acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Service: Service means any telecommunications service(s) provided by the Carrier/Company/Utility under this tariff.

Station: means a telephone instrument consisting of a connected transmitter, reciever, and associated apparatus to permit sending or receiving telephone messages.

Station-to-Station: Service where the person originating the call from other than a public or semi-public coin telephone dials the telephone desired and the call is completed without the assistance of a Company operator and the call is not billed to a number other than the originating number.

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1.3 DEFINITIONS (CONT'D)

Time Period: means the interval of hours that distinguish day, evening, night, and weekend rate periods as indicated below:

Rate Periods	From	To, but not Including	Days
Weekdays	8:00 a.m.	5:00 p.m.	Monday-Friday
Evenings	5:00 p.m.	11:00 p.m.	Monday-Friday
	5:00 p.m.	11:00 p.m.	Sunday
Night/Weekends	11:00 p.m.	8:00 p.m.	Monday-Sunday
	8:00 a.m.	5:00 p.m.	Saturday-Sunday
	5:00 p.m.	11:00 p.m.	Saturday

Two Point Message Toll Service: Furnishing of facilities for telecommunications between different local calling areas in accordance with the regulations and schedule of rates specified in this tariff. The rates specified in this tariff are for payment for all services furnished between the calling and called stations.

United States: The 48 contiguous states and the District of Columbia, Hawaii, Alaska, Puerto Rico, the U.S. Virgin Islands, as well as the off-shore areas outside the boundaries of the coastal states of the 48 contiguous states to the extent that such areas appertain to and are subject to the jurisdiction and control of the United States.

User or End User: Any person or entity that obtains the Company's services provided under this tariff, regardless of whether such person or entity is so authorized by the Customer.

Virtual Voice Trunking: Virtual communications channel between two points. Large bandwidth telephone channels between switching center that handle many simultaneous voice and data services.

2. RULES AND REGULATIONS

2.1 Undertaking of the Company

2.2 Obligations of the Customer

2.2.1 The customer shall be responsible for:

2.2.1.1 The payment of all applicable charges pursuant to this tariff;

2.2.1.2 Reimbursing the company for damage to, or loss of, the company's facilities or equipment caused by the acts or omissions of the customer; or the noncompliance by the customer, with these regulations, or by fire or theft or other casualty on the customer's premises unless caused by the negligence or willful misconduct of the employees or agents of the Company.

2.2.1.3 Providing at no charge, as specified from time to time by the Company, any needed space and power to operate the company's facilities and equipment installed on the customer's premises.

2.2.1.4 Complying with all laws and regulations regarding the working conditions on the premises at which the Company's employees and agents shall be installing or maintaining the Company's facilities and equipment. The customer may be required to install and maintain the Company's facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material prior to any construction or installation work.

2. RULES AND REGULATIONS (Cont'd)

2.2.1.5 Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of the Company's facilities and equipment in any customer premises for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.

2.2.1.6 Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2.2.2 With respect to any service or facility provided by the Company, the customer shall indemnify, defend and hold harmless the Company from all claims, actions, damages, liabilities, costs and expenses for:

2.2.2.1 Any loss, destruction or damage to property of the Company or any third party, or injury to persons, including, but not limited to, employees or invitees of either the Company or the customer, to the extent caused by or resulting from the negligent or intentional act or omission of the customer, its employees, agents, representatives or invitees; or

2.2.2.2 Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the customer.

2.2.3 The customer is responsible for ensuring that customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The connection, operation, testing, or maintenance of such equipment shall be such as

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2. RULES AND REGULATIONS (Cont'd)

2.2.3 (cont'd)

not to cause damage to the Company-provided equipment and facilities or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the customer's expense.

2.2.4 The Company's services (as detailed in this tariff) may be connected to the services or facilities or other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs or contracts which are applicable to such connections.

2.2.5 Upon reasonable notification to the customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer is complying with the requirements set forth in this tariff for the installation, operation, and maintenance of customer-provided facilities and equipment that is connected to Company-owned facilities and equipment.

2.3 Liability of the Company

2.3.1 In view of the fact that the customer has exclusive control over the use of service and facilities furnished by the Company, and because certain errors incident to the services and to the use of such facilities of the Company are unavoidable, services and facilities are furnished by the Company subject to the terms, conditions and limitations herein specified:

2.3.2 Service Irregularities

2.3.2.1 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the proportionate charge to the customer for the service or facilities affected during the period such mistake, omission,

2. RULES AND REGULATIONS (Cont'd)

2.3.2.1 interruption, delay, error or defect in transmission, or failure or defect in facilities continues after notice and demand to Company.

2.3.2.2 The Company shall not be liable for any act or omission of any connecting carrier, underlying carrier or local exchange company except where Company contracts the other carrier; for acts or omission of any other providers of connections, facilities, or service; or for culpable conduct of the customer or failure of equipment, facilities or connection provided by the customer.

2.3.3 Claims of Misuse of Service

2.3.3.1 The Company shall be indemnified and saved harmless by the customer against claims for libel, slander, fraudulent or misleading advertisements or infringement of copyright arising directly or indirectly from material transmitted over its facilities or the use thereof; against claims for infringement of patents arising from combining or using apparatus and systems of the customer with facilities of the Company; and against all other claims arising out of any act or omission of the customer in connection with the services and facilities provided by the Company.

2.3.4 Defacement of Premises

2.3.4.1 The Company is not liable for any defacement of, or damage to, the customer's premises resulting from the furnishing of service or the attachment of equipment and facilities furnished by the Company on such premises or by the installation or removal thereof, when such defacement or damage is not the result of negligence of the Company. For the purpose of this paragraph, no agents or employees of the other participating carriers shall be deemed to be agents or employees of the Company except where contracted by the Company.

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2. RULES AND REGULATIONS (Cont'd)

2.3.5 Facilities and Equipment in Explosive Atmosphere, Hazardous or Inaccessible Locations

2.3.5.1 The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere. Company shall be indemnified, defended and held harmless by the customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service and not due to the negligence or willful misconduct of the Company.

2.3.6 Service at Outdoor Locations

2.3.6.1 The Company reserves the right to refuse to provide, maintain or restore service at outdoor locations unless the customer agrees in writing to indemnify and save the Company harmless from and against any and all loss or damage that may result to equipment and facilities furnished by the Company at such locations. The customer shall likewise indemnify and save the Company harmless from and against injury to or death of any person which may result from the location and use of such equipment and facilities.

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2. RULES AND REGULATIONS (Cont'd)

2.3.7 Warranties

2.3.7.1 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.3.7.2 Acceptance of the provisions of Section 2.3 by the Commission does not constitute its determination that any limitation of liability imposed by the Company should be upheld in a court of law.

2.3.7.3 Y2K: The Company will operate as specified in its agreement with Customer during the 20th and 21st centuries. The Company will make reasonable efforts to cure any material failure to provide Services caused solely by Year 2000 defects in the Company's hardware, software or systems. Due to the interdependence among telecommunications companies and the interrelationship with non-Company processes, equipment and systems, the Company is not responsible for failures caused by circumstances beyond its control including, but not limited to, failures caused by: (1) a local exchange carrier; (2) customer premise equipment; or (3) Customer. In addition, the Company does not ensure compatibility between Company services and non-Company services used by Customer.

2. RULES AND REGULATIONS (Cont'd)

2.4 Application for Service

2.4.1 Cancellation of Service:

2.4.1.1 Where the applicant cancels an order for service prior to the start of the installation or special construction of facilities, no charge shall apply, except to the extent the Company incurs a service order or similar charge from a supplying carrier, if any, prior to the construction.

2.4.1.2 Where the installation of facilities, other than those provided by special construction, has been started prior to cancellation, the lower of the following charge applies;

(a) The total costs of installing and removing such facilities; or

(b) The monthly charges for the entire initial contract period of the service ordered by the customer as provided in this tariff plus the amount of any applicable installation and termination charges.

2.4.1.3 Where special construction of facilities has been started prior to the cancellation, and the Company has another requirement for the specially constructed facilities, no charge applies.

2.5 Payment for Service

2.5.1 Service will be billed pursuant to the customer contract.

2.5.2 The customer is responsible for payment of all charges for service furnished to the customer.

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2. RULES AND REGULATIONS (Cont'd)

2.6 Customer Deposits

2.6.1 The Carrier agrees to abide by the regulations associated with nonresidential customer deposits.

2.6.2 In order to establish credit, the carrier may require an applicant for nonresidential service to demonstrate good paying habits by showing that the applicant:

2.6.2.1 Was a customer of a South Dakota utility for at least 12 months within the preceding 2 years;

2.6.2.2 Does not currently owe any outstanding bills for utility service to a utility doing business in South Dakota;

2.6.2.3 Did not have service discontinued for nonpayment of a utility bill during the last 12 months that service was provided; and

2.6.2.4 Did not fail, on more than two occasions during the last 12 months that service was provided, to pay a utility bill when it became due.

2.6.3 The Carrier agrees to abide by the regulations associated with residential customer deposits.

2.6.4 Deposits for establishment or reestablishment of credit will not be more than the estimated charge for service for 2 consecutive billing periods or 90 days, whichever is less.

2.6.5 Advanced payments for installation costs or special construction will credited on the first bill in their entirety.

2.6.6 Customer deposits shall be maintained in a bank located in South Dakota. Customers who make a deposit for service will receive interest, at a rate set on such deposit not less than the rate calculated by the method set forth in COMAR 20.30.01.04 (for non-residential customers) or COMAR 20.30.02.04 (for residential customers) as appropriate.

2. RULES AND REGULATIONS (Cont'd)

2.7 Late Payment Charges

2.7.1 The Carrier agrees to abide by the regulations governing late payment charges as specified by COMAR 20.30.03. as amended from time to time.

2.7.2 Any charges that are disputed by a customer shall not be subject to late payment charges regardless of the outcome of the dispute.

2.7.3 The company will consider delinquent and apply late payment charges on bills not paid within 20 days of the billing invoice date in the case of residential or customers or within 15 days of the billing invoice date in the case of all non-residential customers in accordance with COMAR Sections 20.30.03.01A and 20.30.03.01 B. respectively.

2.7.4 Late payment fees will be computed at a rate not to exceed 1.5% per month, for the two, nominal billing intervals and may not exceed 5% of the total original unpaid charges in compliance with COMAR 20.30.03.01.A(1).

2.8 Customer Complaints and Billing Disputes

2.8.1 Customers may notify the carrier of billing or other disputes either orally or in writing. There is no time limit for submitting disputes.

2.8.2 Customer complaints and billing disputes that are not satisfactorily resolved may be presented by the customer to:

South Dakota Public Utilities Commission
Capital Building, 1st Floor
500 East Capital Avenue
Pierre, SD 57501-5070

2.8.3 The company provides the following toll free number (1-877-735-7366) for customers to contact the carrier in accordance with COMAR 20.45.04.02.B.

2.8.4 The company will not collect attorney fees or court costs from customers.

2.9 Allowance for Interruptions in Service

2. RULES AND REGULATIONS (Cont'd)

2.9.1 Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided, and billed for, by the Company. The Carrier agrees to abide by the regulations associated with interruptions in service.

2.10 Taxes and Fees

2.10.1 All state and local taxes and fees shall be listed as separate line items on the customer's bill.

2.10.2 If a municipality, other political subdivision or local agency of government, or the Commission imposes and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, as allowed by law, be billed pro rata to the customer receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.10.3 Service shall not be subject to taxes for a given taxing jurisdiction if the customer provides the company with written verification, acceptable to the company and to the relevant taxing jurisdiction, that the customer has been granted a tax exemption.

2.11 Returned Check Charge

The charge for a returned check is $25.00.

2.12 Special Customer Arrangements

In cases where a customer requests special or unique arrangements which may include but are not limited to engineering, conditioning, installation, construction, facilities, assembly, purchase or lease of facilities and/or other special services not offered under this tariff, the company, may provide the requested services. Appropriate recurring charges and/or nonrecurring charges and other terms and conditions will be developed for the customer for the provisioning of such arrangements.

2. RULES AND REGULATIONS (Cont'd)

2.13 Termination of Service:

2.13.1 Denial of Service Without Notice

The Company may discontinue service without notice for any of the following reasons:

2.13.1.1 Hazardous Condition. For a condition on the customer's premises determined by the Company to be hazardous.

2.13.1.2 Adverse Effect on Service. Customer's use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

2.13.1.3 Tampering With Company Property. Customer's tampering with equipment furnished and owned by the Company.

2.13.1.4 Unauthorized Use of Service. Customer's unauthorized use of service by any method which causes hazardous signals over the Company's network.

2.13.1.5 Illegal use of Service. Customer's use of service or equipment in a manner to violate the law.

2.13.2 Denial of Service Requiring Notice

2.13.2.1 The Company may deny service for any of the following reasons provided it has notified the customer of its intent, in writing, to deny service and has allowed the customer a reasonable time of not less than 10 days, or as otherwise specified in this tariff, in which to remove the cause for denial:

2.13.2.1.A Non-compliance with Regulations. For violation of or non-compliance with regulations, or for violation of or non-compliance with the Company's tariffs on file with the Commission.

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2. RULES AND REGULATIONS (Cont'd)

2.13.2.1.B Failure on Contractual Obligations. For failure of the customer to fulfill his contractual obligations for service or facilities subject to regulation by the South Dakota Public Utilities Commission.

2.13.2.1.C Refusal of Access. For failure of the customer to permit the Company to have reasonable access to its equipment.

2.13.2.1.D Non-payment of Bill.

2.13.2.1.D.1 For non-payment of a bill for service, provided that the Company has made a reasonable attempt to effect collection and has given the customer written notice of its intent to deny service if settlement of his account is not made and provided the customer has at least 5 days, excluding Sundays and holidays in which to make settlement before his service is denied.

2.13.2.1.D.2 In cases of bankruptcy, receivership, abandonment of service, or abnormal toll usage not covered adequately by a security deposit, less than 5 days notice may be given if necessary to protect the Company's revenues.

2. RULES AND REGULATIONS (Cont'd)

2.13.2.1.D.3 Except in cases where a prior promise to pay has not been kept or bankruptcy, receivership, abandoned service, or abnormal toll usage is involved, the Company may not deny service on the day preceding any day on which it is not prepared to accept payment of the amount due and to reconnect service.

2.13.2.1.D.4 Failure to Comply with Service Conditions. For failure of the customer to furnish the service equipment, permits, certificates, or rights-of-way, specified by the Company as a condition to obtaining service, or if the equipment or permissions are withdrawn or terminated.

2.13.2.1.D.5 Failure to Comply with Municipal Ordinances. For failure to comply with municipal ordinances or other laws pertaining to telephone service.

2.13.2.1.D.6 Failure to Pay Increased Deposit Required. For failure of the customer to pay an increased security deposit when warranted by the Company to protect its revenue.

2. RULES AND REGULATIONS (Cont'd)

2.13.3 Insufficient Reasons for Denial of Service

2.13.3.1 The following may not constitute cause for refusal of service to a present or prospective customer:

2.13.3.1.A Failure of a prior customer to pay for service at the premises to be serviced;

2.13.3.1.B Failure to pay for a different class of service for a different entity;

2.13.3.1.C Failure to pay the bill of another customer as guarantor of that bill;

2.13.3.1.D Failure to pay directory advertising charges;

2.13.3.1.E Failure to pay an undercharge; or

2.13.3.1.F Failure to pay an outstanding bill that is over 7 years old, unless the:

2.13.3.1.F.1 Customer signed an agreement to pay the outstanding bill before the expiration of this period.

2.13.3.1.F.2 Outstanding bill is for service obtained by the customer by means of tampering with equipment furnished and owned by the Company or by unauthorized use of service by any method; or

2. RULES AND REGULATIONS (Cont'd)

2.13.3.1.F.3 Outstanding bill is for service obtained by the customer by means of an application made:

(i) In a fictitious name.

(ii) In the name of an individual who is not an occupant of the dwelling unit, without disclosure of the individual's actual address.

(iii) In the name of a third party without disclosing that fact or without bona fide authority from the third party, or

(iv) Without disclosure of a material fact or by misrepresentations of a material fact.

2.13.3.2 This regulation applies to both residential and nonresidential classes of service.

2. RULES AND REGULATIONS (Cont'd)

PROVISION OF SERVICE AND FACILITIES

2.14 Unlawful Use of Service

2.14.1 Service shall not be used for any purpose in violation of law or for any use as to which the customer has not obtained all required governmental approvals, authorizations, licenses, consents, and permits. The company shall refuse to furnish service to an applicant or shall disconnect the service without notice of a customer when:

2.14.1.1 An order shall be issued, signed by a judge finding that probable cause exists to believe that the use made or to be made of the service is prohibited by law, or

2.14.1.2 The Company is notified in writing by a law enforcement agency acting within its jurisdiction that any facility furnished by the Company is being used or will be used for the purpose of transmitting or receiving gambling information in interstate or foreign commerce in violation of the law.

2.14.2 If service has been physically disconnected by law enforcement officials at the customer's premises and if there is not presented to the Company the written finding of a judge, then upon written or verbal request of the subscriber, and agreement to pay restoral of service charges and other applicable service charges, the Company shall promptly restore such service.

2.15 Interference with or Impairment of Service

Service shall not be used in any manner which interferes with other persons in the use of their service!, prevents other persons from using their service, or otherwise impairs the quality of service to other customers. The company may require a customer to immediately shut down its transmission of signals if said transmission is causing interference to others or impairing the service of others.

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2. RULES AND REGULATIONS (Cont'd)

2.16 Telephone Solicitation by Use of Recorded Messages

2.16.1 Service shall not be used for the purpose of solicitation by recorded messages when such solicitation occurs as a result of unrequested or unsolicited calls initiated by the solicitor by means of automatic dialing devices. Such devices, with storage capability of numbers to be called or a random or sequential number generator that produces numbers to be called and having the capability, working alone or in conjunction with other equipment, of disseminating a prerecorded message to the number called and which are calling party or called party controlled, are expressly prohibited.

2.17 Incomplete Calls

2.17.1 There shall be no charge for incomplete calls. No charge will be levied for unanswered calls. Customers will receive credit for calls placed to a wrong number if the customer notifies the Company of the error.

2.18 Overcharge/Undercharge

2.18.1 Overcharge/undercharge provisions will be in accordance with COMAR 20.45.04.01.

2.18.2 When a customer has been overcharged, the amount shall be refunded or credited to the customer.

3. DESCRIPTION OF SERVICES, LOCATION, PRICES AND CHARGES

3.1 Trial Services

3.1.1 The Company may offer new services, not otherwise tariffed, from time to time on a trial basis subject to Commission approval. Such trials are limited to a maximum of six months at which time the trial offering must be either withdrawn or made available on permanent basis.

3.2 Promotional Offerings

3.2.1 The Company may offer existing services on a promotional basis, subject to Commission approval, that provides special rates, terms, or conditions of service. Promotional offerings are limited to a maximum of six months at which time the promotional offering must be either withdrawn or made available on a permanent basis. All promotions, regardless of whether services are given away for free, are subject to Commission approval.

3.3 Standard Offering

Worldwide Fiber Networks will provide high capacity transport on a leased long-term basis. Services initially offered shall be (1) Private Line Transmission; (2) Packet-Based Data Services; (3) Internet Protocol Transfer; (4) Asynchronous Transfer Mode and (5) Virtual Voice Trunking.

3.4 Location of Service

Worldwide Fiber Network's intent in the United States is to design, install and maintain a national fiber optic cable route consisting of two primary east-west routes and three primary north-south routes. Segments of this planned fiber optic cable route will run through South Dakota.

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3 DESCRIPTION OF SERVICES, LOCATION, PRICES AND CHARGES (Cont'd)

3.5 Rates for Service

There will be no standard offering as all contracts for high capacity transport will be negotiated and performed on an individual case basis.

Description	Rate
High capacity transport at OC-48	ICB
Private Line Transmission	ICB
Packet-Based Data Services	ICB
Internet Protocol Transfer	ICB
Asynchronous Transfer Mode	ICB
Virtual Voice Trunking	ICB

3.6 Application for Service

Application for service must be made in writing. The name(s) of the customer(s) desiring to use the service must be set forth in the application for service.

3.7 Deposits

Deposits and/or advanced payments are not required.

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Asheville, North Carolina

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TO THE ORDER OF
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500 EAST CAPITAL AVENUE
PIERRE, SD 57501-5070

DAVIS WRIGHT TREMAINE LLP

BY

Checks Exceeding $50,000 Require Two Signatures

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Wattp/Phe DESCRIPTION	TOTAL AMOUNT	G/L ACCT #		NET AMOUNT
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South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of May 11, 2000 through May 17, 2000

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705 Fax: 605-773-3809

CONSUMER COMPLAINT

CT00-072 In the Matter of the Complaint filed by Judy M. Nelson, Piedmont, South Dakota, against U S WEST Communications, Inc. Regarding Wrongful Billings and Billing Practices for Long Distance Telephone Services as a Result of "Slamming" by Various Telephone Companies.

The complainant, on behalf of her company, Nelson Supergraphics, alleges repeated difficulties with various telephone companies over the past several years as a result of "slamming." Through extensive expenditures of time and effort, the company and the complainant have managed to resolve some of the issues, however serious matters remain unresolved. The most significant matter involves U S WEST withholding over $5000.00 in credits obtained from the "slamming" phone companies. The bills were resolved long ago and have recently resurfaced. The complainant alleges that U S WEST refuses to work with her to release the credits she is due. The complainant is seeking the assistance of the PUC in moving the matter forward to a satisfactory resolution.

Staff Analyst: Charlene Lund
Staff Attorney: Camron Hoseck
Date Docketed: 05/12/00
Intervention Deadline: NA

CT00-073 In the Matter of the Complaint filed by Lynn and Larry Meiners, Rapid City, South Dakota, against Minimum Rate Pricing Regarding Unauthorized Switching of Long Distance Provider.

The complainants allege that they began to receive unauthorized billings for carrier line charges and long distance services by Minimum Rate Pricing, Inc. at the same time that an account was being established for services with MCI. The complainants request $1000.00 compensation and any fine against the company that the commission believes appropriate.

Staff Analyst: Charlene Lund
Staff Attorney: Karen E. Cremer
Date Docketed: 05/15/00
Intervention Deadline: NA

CT00-074 In the Matter of the Complaint filed by Leon L. Lengkeek, Brookings, South Dakota, against Crusade Communications and Business Options, Inc. Regarding Unauthorized Switching of Services.

The Complainant states that his long distance service was switched without authorization. After several contacts to multiple companies, the Complainant was unable to reach an informal resolution with the companies. The Complainant is seeking $1000 plus credit of all charges.

Staff Analyst: Leni Healy
Staff Attorney: Karen E. Cremer
Date Docketed: 05/17/00
Intervention Deadline: NA

ELECTRIC

EL00-017 In the Matter of the Filing by MidAmerican Energy Company for Approval of Tariff Revisions.

MidAmerican Energy Company (MidAmerican) is proposing to add a provision to the South Dakota Electric Tariff No. I. This new provision will allow MidAmerican to interrupt and thereby purchase energy from its large customers who reduce their load by at least two Megawatts. This option can be used upon mutual agreement of both MidAmerican and the eligible customer, whenever MidAmerican is purchasing high price energy in the wholesale markets, or has the opportunity to make sales in these markets.

Staff Analyst: Keith Senger
Staff Attorney: Camron Hoseck
Date Docketed: 5/11/00
Intervention Deadline: 6/2/00

EL00-018 In the Matter of the Petition of Otter Tail Power Company for Approval of a Released Energy Tariff.

Otter Tail Power Company (OTP) is proposing to add a provision to the South Dakota Electric Rate Schedule. This new provision will allow OTP to "purchase" energy from its large customers who curtail their load by at least one Megawatt. This option can be used upon mutual agreement of both OTP and the eligible customer, whenever OTP is purchasing high price energy in the wholesale markets to serve its native load, or has the opportunity to make sales in these markets.

Staff Analyst: Keith Senger
Staff Attorney: Camron Hoseck
Date Docketed: 5/12/00
Intervention Deadline: 6/2/00

TELECOMMUNICATIONS

TC00-079 In the Matter of the Application of Worldwide Fiber Networks, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

On May 11, 2000, Worldwide Fiber Networks, Inc. filed for a Certificate of Authority to provide interexchange telecommunications services throughout South Dakota. The Applicant intends to provide broadband network and co-location services to telecommunications companies, internet service providers, application service providers and data-centric enterprises.

Staff Analyst: Heather Forney
Staff Attorney: Camron Hoseck
Date Docketed: 05/11/00
Intervention Deadline: 06/02/00

TC00-080 In the Matter of the Filing for Approval of a Resale Agreement between U S WEST Communications, Inc. and HJN Telecom, Inc.

On May 12, 2000, the Public Utitilties Commission received an agreement between HJN Telecom, Inc and U S WEST Communications, Inc. for approval by the Commission pursuant to 47 U.S.C. Section 252(e). The agreement allows HJN Telecom, Inc. and U S WEST Communications, Inc to provide, within the geographical areas where U S WEST is the incumbent Local Exchange Carrier, the resale of local Telecommunications Services.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than June 9, 2000. Parties to the agreement may file written responses to the comments no later than June 19, 2000.

Staff Attorney: Camron Hoseck
Date Docketed: 05/12/00
Comments Due: 06/09/00

TC00-081 In the Matter of the Establishment of Switched Access Revenue Requirement for Baltic Telecom Cooperative.

Baltic Telecom Cooperative filed a switched access cost study developing a revenue requirement that is included in the revenue requirement used to determine the switched access rates for the Local Exchange Carrier Association.

Staff Analyst: Harlan Best
Staff Attorney: Karen E. Cremer
Date Docketed: 05/15/00
Intervention Deadline: 06/02/00

TC00-082 In the Matter of the Application of LD Exchange.com, Inc. for a Certificate of Authority to Provide Telecommunications Services in South Dakota.

On May 16, 2000, the Commission received a filing from LD Exchange.com for a Certificate of Authority to provide telecommunications services in South Dakota. The applicant is a switch-based reseller that intends to offer 1+ and 101XXXX direct outbound dialing, 800/888 toll-free inbound dialing, travel card service, and prepaid calling card service throughout South Dakota.

Staff Analyst: Michele Farris
Staff Attorney: Karen E. Cremer
Date Docketed: 05/16/00
Intervention Deadline: 06/02/00

TC00-083 In the Matter of the Filing for Approval of an Agreement for Local Wireline Network Interconnection and Service Resale between Avera Communication, L.L.C. and U S WEST Communications, Inc.

On May 17, 2000, the Public Utilities Commission received an agreement between Avera Communication, L.L.C. and U S WEST Communications, Inc for approval by the Commission pursuant to 47 U.S.C. Section 252(e). The agreement allows Avera Communication to provide (a) services for resale, (b) certain unbundled network elements, ancillary functions and additional features to Avera (collectively referred to as "Network Elements") for Avera's offering and provisioning of telecommunications services. The agreement also sets forth the terms, conditions and prices under which the parties agree to interconnect and pay reciprocal compensation for the exchange of local traffic.

Any party wishing to comment on the agreement may do so by filing written comments with the Commission and the parties to the agreement no later than June 14, 2000. Parties to the agreement may file written responses ot the comments no later than June 24, 2000.

Staff Attorney: Camron Hoseck
Date Docketed: 05/17/00
Comments Due: 06/14/00

You may receive this listing and other PUC publications via our website or via internet e-mail. You may subscribe or unsubscribe to the PUC mailing lists at http://www.state.sd.us/puc/

TC00-079

June 19, 2000

RECEIVED

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

360networks

Bill Bullard
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

Re: **Additional Information for the Application for Registration of Worldwide Fiber Networks, Inc. filed with the South Dakota Public Utilities Commission**

Dear Mr. Bullard:

Here is the resubmittal of the Application you requested to be in accordance with ARSD 20:10:24:02(15). Enclosed is an original of the Application and ten (10) copies. An extra copy of this Application is enclosed to be date-stamped and returned to us in the self-addressed, postage paid envelope enclosed.

If you have any questions regarding the Application please contact the undersigned at (303) 854-5000.

Sincerely,

Julie R. Hawkins
Assistant General Counsel

APPLICATION FOR REGISTRATION
OF WORLDWIDE FIBER NETWORKS, INC.
FILED WITH THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF WORLDWIDE FIBER NETWORKS, INC., FOR AN ORDER AUTHORIZING THE REGISTRATION OF APPLICANT AS A TELECOMMUNICATIONS COMPANY,	Docket No.

APPLICATION

Application is hereby made to the South Dakota Public Utilities Commission for an Order authorizing Worldwide Fiber Networks, Inc. ("Applicant") to register as a telecommunications company within the State of South Dakota. The following information is furnished in support thereof:

1. Name, Address and Telephone Number of Applicant:

Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, Colorado 80228

2. The Name Under Which the Applicant Will Provide These Services If Different Than in 1. Above:

N/A

3. Applicant's Corporate Information:

Applicant was organized in the State of Nevada on June 10, 1998. A copy of the Applicant's Articles of Organization is attached hereto as **Exhibit A**. A copy of Applicant's Certificate of Authority to transact business as a foreign corporation in the State of South Dakota is attached hereto as **Exhibit B.**

The Applicant has no principal office in South Dakota. The name and address of the Applicant's registered agent is:

CT Corporation System
300 North 6th Street,
Boise, Idaho 83702

The names and address of each corporation, association, partnership, cooperative, or individual holding a 20% or greater ownership or management interest in the Applicant corporation and the amount and character of the ownership or management interest are as follows:

Name and Address	Shares Owned	Percentage of All Shares Issued and Outstanding and Voting Control
Worldwide Fiber Networks (USA) Inc.		100%

All of the above can be reached through the company as set forth in Section 1 herein.

4. Partnership Information:

Not Applicable.

5. Description of Services Applicant Intends to Offer:

Applicant will operate as a facilities-based provider of technologically advanced dark fiber and related infrastructure as well as high bandwidth, fiber optic transmission capacity. Applicant offers broadband network and co-location services to telecommunications companies, Internet service providers, application service providers and data-centric enterprises. Worldwide Fiber Networks, Inc. is completing a technologically advanced 90,300 kilometer (56,100 mile) network linking 90 major cities, including a fiber optic terrestrial network in North America and Europe, and undersea cables linking North America, South America and Europe. The Applicant and its predecessors have been developing communications networks since 1988.

6. Means by Which the Applicant Intends to Provide Services:

Applicant's network will utilize state-of-the-art fiber optic strands which allow for the high speed, high quality transmission of data, video and voice communications. Applicant plans to install an average of 144 fiber optic strands on major builds throughout the network, and Applicant may install as many as 264 fibers or more in high demand areas. The advanced technical operating characteristics of the network will enable Applicant to provide technologically advanced dark fiber to customers at low cost by permitting higher capacity transmission over longer distances between regeneration and amplifier facilities. The network is currently compatible with the highest commercially available transmission capacity (OC-192) and can accommodate advanced capacity-intensive data applications such as Frame Relay, ATM, multimedia and Internet related applications.

7. Geographic Areas in Which Services Will Be Offered:

Applicant intends to provide services on a statewide basis.

8. Financial Qualifications:

Applicant also possesses adequate financial resources to provide the proposed services. The company is well financed and has sufficient assets. The Applicant does not have financial documents separate from the parent company 360networks inc., (formerly Worldwide Fiber, Inc.) As a subsidiary of 360networks inc. the subsidiary will have available to it all of the assets of the parent company. The consolidated financials are attached as **Exhibit C.**

9. Applicant's Complaints and Regulatory Matters Contact and How Applicant Handles Customer Billings and Customer Service Matters.

All inquiries regarding regulatory matters should be addressed to:

Julie R. Hawkins, Esq.
Assistant General Counsel
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, Colorado 80228

All inquiries regarding complaints should be addressed to:

Julie R. Hawkins, Esq.
Assistant General Counsel
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, Colorado 80228

The toll free number to call for customer care once service is commenced in North Dakota is the nationwide number: 1-877-735-7366. Applicant's toll-free number will be on all invoices and customer service will be provided by the Applicant.

10. Regulatory Status:

The Applicant is certified to provide telecommunications services in Alabama, California, Colorado, Florida, Illinois, Indiana, Iowa, Kentucky, Michigan, Mississippi, Missouri, Nebraska, Nevada, New York, Oregon, Tennessee, Vermont, South Carolina, Massachusetts, Rhode Island, Ohio, Texas, Washington, and Wisconsin and has applications pending in several other states. The Applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified. The Applicant has never been denied registration or certification nor withdrawn its request for registration or certification in any state.

11. <u>Description of Marketing</u>

Applicant's target market will be other telecommunications providers, internet service providers and commercial customers. Applicant's marketing brochure is attached as **Exhibit D.**

12. <u>Cost Support</u>:

Applicant intends to provide services at a price above its cost.

13. <u>Federal Tax Identification Number</u>:

84-1496451

14. <u>The Number and Nature of Complaints Filed Against the Applicant with Any State or Federal Regulatory Commission Regarding the Unauthorized Switching of a Customer's Telecommunications Provider and the Act of Charging Customers for Services that Have Not been Ordered</u>:

None.

15. <u>Tariff</u>

A copy of Applicant's proposed tariff is attached hereto as **Exhibit E.**

16. <u>Conclusion</u>

In light of the foregoing, Applicant respectfully submits that the public interest, convenience and necessity would be served by a grant of this Application for a Certificate of Authority to operate as a Telecommunications Service Provider throughout the State of South Dakota. Applicant respectfully requests that the Commission grant the Certificate of Authority without hearing.

DATED this 19th day of June 2000.

Respectfully submitted,

WORLDWIDE FIBER NETWORKS, INC.

BY: ______________________

Julie R. Hawkins
Assistant General Counsel
Worldwide Fiber Networks, Inc.
143 Union Boulevard, Ste. 300
Lakewood, Colorado 80228

STATE OF COLORADO)
)
COUNTY OF JEFFERSON)
)

VERIFICATION

Dave Love, being first duly sworn under oath, states that he is Senior Vice President, of Worldwide Fiber Networks, Inc., that he has read the foregoing Application and that the matters stated therein are true to the best of his knowledge and belief.

Dave Love

SUBSCRIBED and SWORN
to before me this 19th day
of June ,2000.

Penny Stanley
Notary Public

PENNY STANLEY
NOTARY PUBLIC
STATE OF COLORADO

My Commission Expires 10/04/2003

FILED
IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

JUN 12 1990

No. C13871-98

DEAN HELLER, SECRETARY OF STATE

ARTICLES OF INCORPORATION

OF

PACIFIC FIBER LINK POR-SAC, INC.

That I, the undersigned, have this day voluntarily acted for the purpose of forming a corporation under the laws of the State of Nevada, and to that end, I do hereby certify:

I. NAME

The name of the corporation is PACIFIC FIBER LINK POR-SAC, INC.

II. AGENT FOR SERVICE OF PROCESS

The name and address of the Initial Resident Agent and location of the Registered Office in this state is Beckley, Singleton, Jemison, Cobeaga & List, 1575 Delucchi Lane, Suite 224, Reno, Nevada 89502.

III. PURPOSE

The purpose of the corporation, and the nature of the business and objects proposed to be transacted and carried on by it are:

> To engage in any lawful act or activity for which a corporation may be organized under the laws of the State of Nevada other than the banking business, the trust company business or the practice of a profession permitted to be incorporated under the laws of the State of Nevada.

IV. STOCK

The corporation is authorized to issue one class of shares, which shall be designated "common shares," having a total number of 25,000 shares. Each such share, when issued, shall have one (1) vote.

V. NUMBER OF DIRECTORS

The members of the governing board of the corporation shall be styled "Directors," and the initial Board of Directors shall be one (1) in number.

The number of directors may, at any time or times, be increased or decreased by a duly adopted amendment to these Articles of Incorporation, or in such manner as shall be provided in the By-Laws of the corporation or by an amendment to the By-Laws of the corporation duly adopted by either the Board of Directors or the shareholders.

VI. INITIAL DIRECTORS

The name and address of the First Board of Directors is as follows:

David Lede
#1000 - 1066 West Hastings Street
Vancouver, British Columbia
Canada V6E 3X1

VII. INCORPORATOR

The name and post office address of the Incorporator signing these Articles of Incorporation is as follows:

Lance P. Maiss
Beckley, Singleton, Jemison, Cobeaga & List
1575 Delucchi Lane, Suite 224
Reno, Nevada 89502

VIII. ASSESSABILITY OF SHARES

The capital stock of this corporation, after the amount of the subscription price has been paid, shall not be subject to assessment to pay the debts of the corporation, and no stock issued as fully paid shall be assessable or assessed, nor shall the private property of the stockholders, directors or officers of this corporation be subject to the payment of any corporate debts to any extent whatsoever, and in this particular, the Articles of Incorporation shall not be subject to amendment.

IX. INDEMNIFICATION AND LIMITATION ON LIABILITY

Every person who was or is a party, or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he or she or a person of whom he or she is the legal representative, is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise, shall be indemnified and held harmless to the fullest extent legally permissible under the laws of the State of Nevada, as amended, against all expenses, liability and loss (including attorneys' fees), judgments, fines and amounts paid in connection therewith. Such right of indemnification shall be a contract right which may be enforced in any manner desired by such person. Such right of indemnification shall not be exclusive of any other right which such directors, officers or representatives may have or hereafter acquire, and, without limiting the generality of such statement, they shall be entitled to their respective rights of indemnification under any By-Law, agreement, vote of stockholders, provision of law, or otherwise, as well as their rights under this Article.

The personal liability of a director or officer of the corporation or its stockholders, shall be limited to the fullest extent provided by Nevada law, as amended, for damages for breach of fiduciary duty as an officer or director. This provision shall not eliminate the liability of a director or officer for acts or omissions which involved intentional misconduct, fraud, a knowing violation of the law or the payment of dividends in violation of NRS 78.300.

Expenses of directors and officers incurred in defending a civil or criminal action, suit or proceeding, must be paid by the corporation as they are incurred and in advance of the final disposition of the action, suit or proceeding, upon receipt of and undertaking by or on behalf of the director or officer to repay the amount if it is ultimately determined by a court of competent jurisdiction that he or she is not entitled to be indemnified by the corporation. This does not affect the rights to advancement of expenses which corporate personnel, other than directors or officers, may be entitled to under any contract or otherwise by law.

Without limiting the application of the foregoing, the Board of Directors may adopt By-Laws from time to time with respect to indemnification, to provide at all times the fullest indemnification permitted by the laws of the State of Nevada, and may cause the corporation to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, or as its representative in a partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred in any such capacity or arising out of such status, whether or not the corporation would have the power to indemnify such person.

X. RIGHTS, PREFERENCES, PRIVILEGES AND RESTRICTIONS

Unless otherwise determined by the Board of Directors, no holder of stock of the corporation shall be entitled as such, as a matter of right, to purchase or subscribe for any stock of any class which the corporation may issue or sell, whether or not exchangeable for any stock of the corporation of unissued shares authorized by the Articles of Incorporation of the corporation as originally filed or by any amendment thereof, or out of shares of stock of the corporation acquired by it after the issue thereof, and whether issued for cash, labor performed, personal property, real property, or leases thereof, nor shall he be entitled to any right of subscription to any thereof; nor, unless otherwise determined by the Board of Directors, shall any holder of any shares be entitled as such, as a matter of right, to purchase or subscribe for any obligation which the corporation may issue or sell that shall be convertible into or exchangeable for any shares of the stock of its capital stock of any class or classes.

IN WITNESS WHEREOF, I have hereunto set my hand this 16th day of June, 1998, hereby declaring and certifying that the facts stated hereinabove are true.

LANCE P. MAISS

State of Nevada)
)ss:
County of Washoe)

On June 1st, 1998, personally appeared before me, a Notary Public, Lance P. Maiss, who knowledged that he executed the above instrument.

NANCY D. WILLIAMS
Notary Public - State of Nevada
Appointment Recorded in Washoe County
No: 87-3711-2 - Expires October 8, 2001

NOTARY

04/07/99 10:51

FILED ... 15:18

IN THE OFFICE OF THE
SECRETARY OF STATE OF THE
STATE OF NEVADA

APR 01 1999

No. C13871-98

Dean Heller

DEAN HELLER, SECRETARY OF STATE

ARTICLES OF MERGER

These Articles of Merger are made this 23rd day of March, 1999, between Pacific Fiber Link Por-Sac, Inc., a Nevada corporation (sometimes referred to herein as the "Nevada Corporation" or the "Surviving Corporation") and Pacific Fiber Link, LLC, a Washington limited liability company (sometimes referred to herein as the "Washington LLC" or the "Merged Company").

RECITALS

A. The Nevada Corporation is a corporation duly organized and existing under the laws of the State of [illegible] its registered office located at 1575 Delucchi Lane, Ste. 224, Reno, Nevada 89502.

B. The Washington LLC is a limited liability company duly organized and existing under the laws of the State of Washington with its registered office located at 1420 Fifth Avenue, Ste. 3510, Seattle, Washington 98101-4031.

C. The Nevada Corporation and the Washington LLC deem it desirable and in their best interests that the Washington LLC be merged into the Nevada Corporation in accordance with the provisions of Chapter 92A of the Novada Revised Statutes.

I.

An agreement and plan of merger has been approved and adopted by the Nevada Corporation, through its board of directors, and submitted and approved by its stockholders pursuant to Chapter 92A of the Nevada Revised Statutes as set forth below:

Designation of Shares:	Common
Number of Votes Entitled to be Cast:	100
Number of Votes for Plan:	100
Number of Votes Against Plan:	0

The number of votes of the stockholders for the plan was sufficient for approval.

II.

An agreement and plan of merger has been approved and adopted by the Washington LLC, through its managing member and management committee, and submitted and approved unanimously by its sole member possessing a 100% membership interest, pursuant to the laws of the State of Washington.

III.

The Articles of Incorporation of the Surviving Corporation shall continue to be its Articles of Incorporation, except that according to the agreement and plan of merger Article I is amended to read:

I. NAME

The name of the corporation is WORLDWIDE FIBER NETWORKS, INC.

IV.

The complete executed agreement and plan of merger is on file at the registered office of the Surviving Corporation, 1575 Delucchi Lane, Ste. 224, Reno, Nevada 89502.

V.

On the effective date of the merger, the separate existence of the Merged Company shall cease, and the Surviving Corporation shall succeed to all the rights, privileges, immunities, and franchises, and all the property, real, personal, and mixed, of the Merged Company, without the necessity for any separate transfer. The Surviving Corporation shall thereafter be responsible and liable for all liabilities and obligations of the Merged Company, and neither the rights of creditors nor any liens on the property of the Merged Company shall be impaired by the merger.

VI.

The merger takes effect upon the filing of these Articles of Merger.

PACIFIC FIBER LINK POR-SAC, INC.

By: ______________________
Jerry Tharp, President

By: ______________________
Ron Stevenson, Secretary

STATE OF Colorado)
) ss.
COUNTY OF Adams)

On this 26 day of March, 1999, personally appeared before me, a Notary Public, JERRY THARP, who acknowledged to me that he executed the foregoing ARTICLES OF MERGER.

NOTARY PUBLIC

~~STATE~~ PROVINCE OF [illegible])
) ss.
COUNTY OF Vancouver)

On this 23rd day of March, 1999, personally appeared before me, a Notary Public, RON STEVENSON, who acknowledged to me that he executed the foregoing ARTICLES OF MERGER.

NOTARY PUBLIC

[illegible] TATTRIE
[illegible]
[illegible] & MURPHY
P.O. [illegible]
1111 [illegible]
Vancouver, B.C. Canada [illegible]

State of South Dakota

OFFICE OF THE SECRETARY OF STATE

Certificate of Authority

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that the Application for a Certificate of Authority of **WORLDWIDE FIBER NETWORKS, INC. (NV)** to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

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

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this May 25, 2000.

Joyce Hazeltine

Joyce Hazeltine
Secretary of State

RECEIVED

MAY 25 2000

SD SEC. OF STATE

Secretary of State
State Capitol
500 E. Capitol Ave.
Pierre SD 57501
Phone 605-773-4845
Fax 605-773-4550

FILE NO. ______

RECEIPT NO. ______

Application for Certificate of Authority

Filed this 25th day of May 2000

Pursuant to the provisions of SDCL 47-8-7, the undersigned corporation hereby applies for a Certificate of Authority to transact business in the State of South Dakota and for that purpose submits the following statement:

(1) The name of the corporation is ______ (exact corporate name)
WORLDWIDE FIBER NETWORKS, INC.

(2) If the name of the corporation does not contain the word "corporation", "company", "incorporated" or "limited", or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state is ______

(3) State where incorporated Nevada Federal Taxpayer ID# 84-1496451

(4) The date of its incorporation is June 12, 1998 and the period of its duration, which may be perpetual, is perpetual.

(5) The address of its principal office in the state or country under the laws of which it is incorporated is
1575 Delucchi Lane, Suite 24, Reno, NV Zip Code 89502
mailing address if different from above is:
______ Zip Code ______

(6) The street address, or a statement that there is no street address, of its proposed registered office in the State of South Dakota is
c/o C T Corporation System, 319 S. Coteau Street, Pierre, South Dakota Zip Code 57501
and the name of its proposed registered agent in the State of South Dakota at that address is C T Corporation System

(7) The purposes which it proposes to pursue in the transaction of business in the State of South Dakota are: (state specific purpose)

Activities relating to the telecommunications industry

(8) The names and respective addresses of its directors and officers are:

Name	Officer Title	Street Address	City	State	Zip
Please see attached sheet.					

(9) The aggregate number of shares which it has authority to issue, itemized by classes, par value of shares, shares without par value, and series, if any, within a class is:

Number of shares	Class	Series	Par value per share or statement that shares are without par value
25,000	common	(no series)	No par value

(10) The aggregate number of its issued shares, itemized by classes, par value of shares, shares without par value, and series, if any, within a class, is:

Number of shares	Class	Series	Par value per share or statement that shares are without par value
100	common	(no series)	No par value

(11) The amount of its stated capital is $ 1.00
Shares issued times par value equals stated capital. In the case of no par value stock, stated capital is the consideration received for the issued shares.

(12) This application is accompanied by a CERTIFICATE OF FACT or a CERTIFICATE OF GOOD STANDING duly acknowledged by the Secretary of State or other officer having custody of corporate records in the state or country under whose laws it is incorporated.

(13) That such corporation shall not directly or indirectly combine or make any contract with any incorporated company, foreign or domestic, through their stockholders or the trustees or assigns of such stockholders, or with any copartnership or association of persons, or in any manner whatever to fix the prices, limit the production or regulate the transportation of any product or commodity so as to prevent competition in such prices, production or transportation or to establish excessive prices therefor.

(14) That such corporation, as a consideration of its being permitted to begin or continue doing business within the State of South Dakota, will comply with all the laws of the said State with regard to foreign corporations.

The application must be signed, in the presence of a notary public, by the chairman of the board of directors, or by the president or by another officer.

I DECLARE AND AFFIRM UNDER THE PENALTY OF PERJURY THAT THIS APPLICATION IS IN ALL THINGS, TRUE AND CORRECT.

Dated May 1, 2000

Jerry Tharp
(Signature) Jerry Tharp
President
(Title)

STATE OF Colorado
COUNTY OF Jefferson
I, Penny Stanley, a notary public, do hereby certify that on this 1st day of May 2000, personally appeared before me Jerry Tharp who, being by me first duly sworn, declared that he/she is the President of Worlwide Fiber Networks, Inc. that he/she signed the foregoing document as officer of the corporation, and the statements therein contained are true.

Colorado
My Commission Expires

Penny Stanley
(Notary Public)

Notarial Seal

PENNY STANLEY NOTARY PUBLIC STATE OF COLORADO

The Consent of Appointment below must be signed by the registered agent listed in number six.

My Commission Expires 10/04/2003

Consent of Appointment by the Registered Agent

I, C T Corporation System, hereby give my consent to serve as the registered
(name of registered agent)

agent for Worlwdie Fiber Networks, Inc.
(corporate name)

Dated 5-9 19 00

C T Corporation System
Kathleen C. Dillig
(signature of registered agent)

The proper filing fee must accompany the application. Make checks payable to the Secretary of State.

FEE SCHEDULE

Authorized capital stock of	25,000	or less	$ 90
Over $25,000 and not exceeding	100,000		110
Over $100,000 and not exceeding	500,000		130
Over $500,000 and not exceeding	1,000,000		150
Over $1,000,000 and not exceeding	1,500,000		200
Over $1,500,000 and not exceeding	2,000,000		250
Over $2,000,000 and not exceeding	2,500,000		300
Over $2,500,000 and not exceeding	3,000,000		350
Over $3,000,000 and not exceeding	3,500,000		400
Over $3,500,000 and not exceeding	4,000,000		450
Over $4,000,000 and not exceeding	4,500,000		500
Over $4,500,000 and not exceeding	5,000,000		550

For each additional $500,000, $40 in addition to $550.
For purposes only of computing fees under this section, the dollar value of each authorized share having a par value shall be equal to par value and the value of each authorized share having no par value shall be equal to one hundred dollars per share. The maximum amount charged under this subdivision may not exceed sixteen thousand dollars.

FILING INSTRUCTIONS:

The application must be signed, in the presence of a notary public, by the chairman of the board of directors, or its president, or any other officer. **One original and one photocopy of the application must be submitted.**

The application must be accompanied by an **original, currently dated, CERTIFICATE OF FACT** or a **CERTIFICATE OF GOOD STANDING** from the Secretary of State in the state where incorporated. A photocopy of a certificate is not acceptable. It should be dated within ninety (90) days of submitting it to our office.

South Dakota law requires every corporation to continuously maintain a resident of this state as the registered agent (number six on the application). The registered agent's address is considered the registered office address of the corporation in South Dakota. A complete street address must be listed for service of process.

The Consent of Registered Agent portion must be signed by the South Dakota registered agent.

Mail the application, certificate, and filing fee to the Secretary of State, Corporate Division, 500 E. Capitol Avenue, Pierre, SD 57501-5070. The duplicate and a Certificate of Authority will be returned for your records.

DIRECTORS OF
WORLDWIDE FIBER NETWORKS, INC.

---

1. Jerry Tharp
   1333 W 120th Avenue, Suite 216
   Westminster, CO 80234

2. Ron Stevenson
   1510, 1066 West Hastings Street
   Vancouver, British Columbia
   Canada V6E 3X1

3. Larry Olsen
   1260, 1015 Fourth Street SW
   Calgary, Alberta T2R 1J4

4. Lionel Desmarais
   300, 3930 Nashua Drive
   Mississauga, Ontario L4V 1M5

5. David Lede
   1510, 1066 West Hastings Street
   Vancouver, British Columbia
   Canada V6E 3X1

6. Pat Michels
   1215 Central Avenue S., Suite 123
   Kent, Washington 98032

7. Brian Johnson
   9910 39th Avenue
   Edmonton, Alberta T6E 5H8

8. Clifford Lede
   1510, 1066 West Hastings Street
   Vancouver, British Columbia
   Canada V6E 3X1

9. Stephen Stow
   1510, 1066 West Hastings Street
   Vancouver, British Columbia
   Canada V6E 3X1

OFFICERS OF
WORLDWIDE FIBER NETWORKS, INC.

1. Jerry Tharp, President
1333 W 120th Avenue, Suite 216
Westminster, CO 80234

2. Ron Stevenson, Executive Vice President/Secretary
1510, 1066 West Hastings Street
Vancouver, British Columbia
Canada V6E 3X1

3. James Cox, Vice President, Planning and Development
215 Marine Drive
Blaine, Washington 98230

4. Carmen Drollinger, Financial Controller
1333 W 120th Avenue, Suite 216
Westminister, CO 80234

AUDITORS' REPORT

To the Directors and Shareholders of
***360networks Inc.* (formerly Worldwide Fiber Inc.)**

We have audited the consolidated balance sheets of *360networks inc.* (formerly Worldwide Fiber Inc.) as at December 31, 1999 and 1998 and the consolidated income statements and statements of changes in shareholders' equity and cash flows for the year ended December 31, 1999 and for the period from February 5, 1998 (date of incorporation) to December 31, 1998. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards in the United States. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 1999 and 1998 and the results of its operations and its cash flows for the year ended December 31, 1999 and for the period from February 5, 1998 (date of incorporation) to December 31, 1998 in accordance with generally accepted accounting principles in the United States.

On February 25, 2000 except for Note 16 which is as of March 20, 2000, we reported separately to the Directors of *360networks inc.* on consolidated financial statements for the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998 prepared in accordance with generally accepted accounting principles in Canada.

PricewaterhouseCoopers LLP

Vancouver, Canada
February 25, 2000 except for Note 15 which is
as of March 20, 2000

360networks Inc.
(formerly Worldwide Fiber Inc.)

Consolidated Balance Sheets

As at December 31, 1999 and 1998

(tabular amounts expressed in thousands of U.S. dollars)

	1999	1998
Assets		
Current assets		
Cash and cash equivalents	$ 521,362	$ 156,366
Short term investments	21,167	—
Accounts receivable (note 4)	35,351	3,272
Unbilled revenue (note 4)	115,661	10,582
Inventory (note 4)	196,959	29,230
Due from parent-net (note 6)	—	13,412
Deferred tax asset (note 11)	8,838	—
	899,338	212,862
Property and equipment—net (note 4)	77,009	4,014
Assets under construction	300,403	11,461
Deferred tax asset (note 11)	12,040	1,273
Deferred financing costs—net	22,199	6,650
	$1,310,989	$ 236,260
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (notes 4 and 6)	$ 191,178	$ 20,296
Deferred revenue	18,831	13,651
Income taxes payable	34,343	7,609
	244,352	41,556
Deferred tax liability (note 11)	3,073	—
Senior notes (note 7)	675,000	175,000
	922,425	216,556
Minority interest	8,876	1,443
Redeemable Convertible Preferred Stock		
Authorized:		
100,000,000,000 Series A Non-Voting Redeemable Convertible Preferred Shares		
100,000,000,000 Series B Subordinate Voting Redeemable Convertible Preferred Shares		
45,000,000 Series C Redeemable Preferred Shares, no par value		
Issued and outstanding:		
150,951,312 (1998—nil) Series A Non-Voting Redeemable Convertible Preferred Shares (including accretion of discount from redemption value of $6,465,000 and net of issuance costs of $1,638,000) (note 8)	349,827	—
Shareholders' Equity		
Capital stock (note 9)		
Authorized:		
Unlimited number of Class A Non-Voting, Class B Subordinate Voting and Class C Multiple Voting Shares, no par value		
Issued and outstanding:		
353,426,400 (1998—nil) Class A Non-Voting Shares	236,436	—
82,629,600 (1998—80,004,800) Class B Subordinate Voting Shares	10,455	7,400
81,840,000 (1998—nil) Class C Multiple Voting Shares	45,232	—
Other capital accounts	(221,367)	1,841
(Deficit) retained earnings	(40,875)	9,020
	29,861	18,261
	$1,310,989	$ 236,260

Commitments (note 14)
Subsequent events (note 15)

The accompanying notes are an integral part of these consolidated financial statements.

350networks Inc.
(formerly Worldwide Fiber Inc.)

Consolidated Income Statements

For the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998. The Company's operations commenced on June 1, 1998

(tabular amounts expressed in thousands of U.S. Dollars except per share amounts)

	1999	1998
Revenue	$ 359,746	$ 164,319
Costs	250,612	147,621
Gross profit	109,134	16,698
Expenses		
Selling, general and administrative	21,846	2,274
Stock-based compensation	7,116	—
Depreciation	2,998	464
	31,960	2,738
	77,174	13,960
Interest expense	33,908	492
Interest income	18,122	267
Income before equity income, income taxes and minority interest	61,388	13,735
Equity income (note 5)	—	928
Income before income taxes and minority interest	61,388	14,663
Provision for income taxes (note 11)		
Current	40,338	5,643
Deferred	(10,024)	—
	30,314	5,643
	31,074	9,020
Minority interest	7,434	—
Net income for the period	$ 23,640	$ 9,020
Basic and fully diluted (loss) earnings per share (note 2)	$ (0.03)	$ 0.43
Weighted average number of shares used to compute basic and fully diluted (loss) earnings per share	327,313,808	20,964,178

The accompanying notes are an integral part of these consolidated financial statements.

360networks Inc.

(formerly Worldwide Fiber Inc.)

Consolidated Statements of Changes in Shareholders' Equity

For the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998

(tabular amounts expressed in thousands of U.S. dollars)

	Class A Non-Voting Shares		Class B Subordinate Voting Shares (formerly Class A common shares)		Class C Multiple Voting Shares		Other Capital Accounts					
	Number of shares	Amount	Number of shares	Amount	Number of shares	Amount	Note receivable	Additional paid-in capital	Deferred compensation	Accumulated other comprehensive income	(Deficit) Retained earnings	Total shareholders' equity
Balance, February 5, 1998	—	$ —	—	$ —	—	$ —	$ —	$ —	$ —	$ —	$ —	$ —
Incorporation shares issued, February 5, 1998			1,600	—								—
Issuance of shares for certain Ledcor assets with deferred tax asset (note 5)			3,200	7,400				1,088				8,488
Issuance of shares for investments (note 5)			80,000,000	—								—
Excess of proceeds over cost on fiber optic strands to be reacquired from parent company (note 1)								1,154				1,154
Comprehensive income												
Net earnings for the period											9,020	
Accumulated other comprehensive income-foreign currency translation										(401)		
Total comprehensive income												8,619
Balance, December 31, 1998	—	—	80,004,800	7,400	—	—	—	2,242	—	(401)	9,020	18,261
Issuance of shares for certain Ledcor assets with deferred tax asset (note 1)			319,995,200	25,019								25,019
Repurchase of Class B Subordinate Voting Shares in exchange for Class B Subordinate Voting Shares and Series C Redeemable Preferred Shares (note 9)			(400,000,000)	(32,419)								(32,419)
			381,496,000	32,419								32,419
Issuance of shares for cash (note 9)			2,400,000	5,602					(2,602)			3,000
Redemption of Series C Redeemable Preferred Shares and stock dividend (note 9)											(45,000)	(45,000)
Issuance of shares for certain Ledcor assets with deferred tax asset (note 1)					72,000,000	5,872		(2,242)				3,630
Issuance of shares (note 9)	52,160,000	208,640			9,840,000	39,360	(77,500)		(170,500)			—
Conversion of Class B Subordinate Voting Shares to Class A Non-Voting Shares (note 9)	301,266,400	27,796	(301,266,400)	(27,796)								—
Accretion of Preferred Stock to redemption value											(6,465)	(6,465)
Purchase price adjustment to Preferred Shares								22,070			(22,070)	—
Employee option grants								22,337	(22,337)			—
Amortization of deferred compensation expense									7,118			7,118
Comprehensive income												
Net income for the period											23,640	
Accumulated other comprehensive income-foreign currency translation										660		
Total comprehensive income												24,300
Balance, December 31, 1999	353,426,400	$236,436	82,629,600	$ 10,455	81,840,000	$45,232	$(77,500)	$ 44,407	$(188,553)	$ 259	$(40,875)	$ 29,881

The accompanying notes are an integral part of these consolidated financial statements.

360networks inc.
(formerly Worldwide Fiber Inc.)

Consolidated Statements of Cash Flows

For the year ended December 31, 1999 and period from February 5, 1998 (date of incorporation) to December 31, 1998

(tabular amounts expressed in thousands of U.S. dollars)

	1999	1998
Cash flows used in operating activities		
Net income for the year	$ 23,640	$ 9,020
Adjustments to reconcile net income to net cash used for operating activities		
Depreciation	2,998	464
Amortization of deferred financing costs	1,732	—
Equity income	—	(928)
Stock-based compensation	7,116	—
Changes in operating working capital items		
Accounts receivable	(31,887)	(196)
Unbilled revenue	(103,597)	(992)
Inventory	(164,713)	(5,517)
Due from parent	13,841	(16,230)
Accounts payable and accrued liabilities	151,420	2,904
Deferred revenue	(14,008)	13,706
Income taxes payable	26,405	6,491
Advances to WFI USA	—	(21,783)
Deferred income taxes	(10,024)	—
	(97,077)	(13,059)
Cash flows (used in) from investing activities		
Additions to assets under construction	(283,598)	—
Additions to property and equipment	(16,518)	(1,065)
Purchase of short-term investments	(21,167)	—
Cash acquired on acquisition of WFI USA	—	2,242
	(321,283)	1,177
Cash flows from financing activities		
Proceeds from issuance of capital stock	348,000	—
Proceeds from issuance of notes	500,000	175,000
Deferred financing costs	(17,281)	(6,650)
Redemption of Series C Redeemable Preferred Shares	(45,000)	—
	785,719	168,350
Effect of exchange rate changes on cash	(2,363)	(102)
Net increase in cash and cash equivalents	364,996	156,366
Cash and cash equivalents, beginning of period	156,366	—
Cash and cash equivalents, end of period	$ 521,362	$156,366

The accompanying notes are an integral part of these consolidated financial statements.

1. The Company

360networks inc. (formerly Worldwide Fiber Inc.) (the "Company") was incorporated on February 5, 1998 and is indirectly a subsidiary of Ledcor Inc. On May 31, 1998 the Company began its operations after certain assets of the Telecommunications Division ("Division") of Ledcor Industries Limited ("Ledcor"), a Ledcor Inc. subsidiary were transferred to the Company. Prior to May 31, 1998, the operations were carried out by the Division.

The Company's operations consist of designing, engineering, constructing and installing terrestrial and marine fiber optic systems for sale or lease to third parties or for its own use. For the period ended December 31, 1998, the Company's revenues related primarily to the Construction Services Agreements with Ledcor (see note 1(b)). For the year ended December 31, 1999, the Company's revenue is derived primarily from the construction of fibre optic network assets for telecommunications companies in North America.

Transactions with Ledcor and its affiliates

a) On May 31, 1998, the Company entered into undertaking agreements whereby certain fiber optic network assets, located in Canada and the U.S. would be transferred to the Company by Ledcor in exchange for 319,995,200 Class A Non-Voting Shares. The Company constructed these assets for Ledcor under the Construction Services Agreements noted below. Construction of the assets was substantially complete at December 31, 1998 and the Company completed the exchange on March 31, 1999. This transaction was accounted for using the carrying values reported in the accounts of Ledcor as a transaction between a parent and a wholly owned subsidiary and accordingly, the fixed assets acquired by the Company are recorded at the carrying amount of the assets in the accounts of Ledcor. The cost of property and equipment acquired at March 31, 1999 amounted to $21,883,000. As a result of the transaction, the Company also received a deferred tax benefit of $3,136,000 which is reflected as a deferred tax asset.

On May 28, 1999, the Company entered into an agreement with affiliates of Ledcor, whereby the Company would acquire certain fiber optic network assets. Closing occurred on September 27, 1999. As consideration, the Company issued 72,000,000 Class C Multiple Voting Shares to affiliates of Ledcor. In addition, the Company assumed certain rights and obligations under build agreements with a third party including obligations relating to the completion of those builds and certain support structure, maintenance, license and access, and underlying rights obligations. The cost of the property and equipment acquired amounted to $25,289,000, the cost of the assets in the accounts of Ledcor. The Company also received a deferred tax benefit of $3,341,000, as a result of a higher tax cost versus accounting cost of fixed assets. The Company also recorded deferred revenue of $25,000,000 relating to a build commitment assumed from Ledcor.

b) Construction Services Agreements entered into May 31, 1998, to provide construction services to Ledcor to complete various projects including completion of the fiber optic network assets to be transferred to the Company. As the Company is required to obtain the fiber optic network assets from Ledcor, the revenues and costs associated with this portion of the agreement have not been reflected in the income statement for the period ended December 31, 1998. The costs to construct the network were reflected on completion of construction and the issuance of the shares. As at December 31, 1998, the Company had billed Ledcor $18,138,000 for the services related to construction of the fiber optic network assets which exceeds their costs by $2,099,000. This excess, net of income taxes of $945,000, had been excluded from the consolidated income statement and had been reported as additional paid in capital.

c) A Management Services Agreement was entered into May 31, 1998 whereby Ledcor provides the Company with management staff, administrative and other support services. The Company reimburses Ledcor for direct costs and pays Cdn. $200,000 per month for the Company's share of corporate overheads.

d) Employee Services Agreements were entered into May 31, 1998 whereby the Company obtains the services of certain employees from Ledcor on a cost reimbursement basis.

e) The Company has entered into an agreement with Ledcor, whereby personnel of Ledcor who were involved in the designing and planning of the transatlantic *360atlantic* cable stations will oversee management and supervision of construction of these facilities for a fee to Ledcor of approximately $1,700,000.

2. *Summary of significant accounting policies*

Basis of presentation

These consolidated financial statements have been prepared in accordance with generally accepted accounting principles in the United States and include the accounts of the Company, its wholly owned subsidiaries and its 75% interests in Worldwide Fiber (USA), Inc. ("WFI USA"), WFI-CN Fiber Inc. and Worldwide Fiber IC LLC. All significant intercompany transactions and balances have been eliminated on consolidation. For investments where the Company exercises significant influence, the investment is accounted for using the equity method.

On December 31, 1998, the Company increased its interest in WFI USA from 50% to 75% (note 5). The 1998 consolidated income statement and statement of cash flows accounted for the Company's initial 50% interest in WFI USA using the equity method for the period May 31, 1998 to December 31, 1998. The Company's consolidated balance sheets include WFI USA's assets and liabilities, and minority interest therein.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions which affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenses for the period reported. Actual results could differ from those estimates.

Cash and cash equivalents

Cash and cash equivalents consists of cash on deposit and highly liquid short-term interest bearing securities with maturity at the date of purchase of three months or less.

Short term investments

Short term investments consist of highly liquid short term interest bearing securities with maturities at the date of purchase greater than three months. Interest earned is recognized immediately in the income statement.

Property and equipment

Fiber optic network assets constructed for the Company's own use are recorded as property and equipment when the asset is fully constructed. Fiber optic network assets, construction equipment and other property and equipment are recorded at cost. Property and equipment are depreciated using the following rates and methods:

(a) Fiber optic network assets—straight-line method over 25 years.

(b) Equipment—hourly usage rates, estimated to depreciate the equipment over the estimated useful lives of the equipment.

Assets under construction

Assets under construction include fiber optic network assets constructed for the Company's own use and include direct expenditures of materials and labour, indirect costs attributable to the projects and interest.

Long-lived assets

The company reviews the carrying amount of long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The determination of any impairment would include a comparison of estimated future operating cash flows anticipated to be generated during the remaining life of the asset to the net carrying value of the asset.

Inventory

Inventory consists of fiber optic network assets to be sold or leased under sales-type leases, construction supplies and small tools.

Fiber optic network assets are recorded at the lower of cost and market. Cost includes direct materials and subcontractor charges, labour, and interest (see "capitalization of interest") determined on an average cost basis.

Construction supplies and small tools inventory are recorded at the lower of cost and replacement value.

Revenue recognition

Revenue for services provided to Ledcor for construction projects is recognized in the period the construction services are performed based on the costs incurred.

Revenue and income from construction contracts to develop fiber optic network assets are determined on the percentage-of-completion basis using the cost-to-cost method. Provision is made for all anticipated losses as soon as they become evident. Claims for additional contract compensation are not recognized until resolved.

Unbilled revenue

Revenue recognized using the percentage-of-completion basis (see "Revenue recognition") less billings to date is recorded as unbilled revenue. Unbilled revenue classified as current represent billings expected to be collected within the following fiscal year. Billings are rendered on the achievement of certain construction milestones.

Capitalization of interest

Interest is capitalized as part of the cost of constructing fiber optic network assets. Interest capitalized during the construction period is computed by determining the average accumulated expenditures for each interim capitalization period and applying the interest rate related to the specific borrowings associated with each construction project. The total interest capitalized in the year ended December 31, 1999 was $17,467,000 (December 31, 1998—$Nil).

Deferred financing costs

Costs incurred in connection with obtaining the senior notes financing are deferred and amortized, using the effective interest method, to interest expense over the term of the senior notes.

Deferred revenue

Cash received from customers pursuant to contracts where construction has not commenced is recorded as deferred revenue.

Foreign currency translation and transactions

The functional currency of the Company's operations located in countries other than the U.S. is generally the domestic currency. The consolidated financial statements are translated to U.S. dollars using the period-end exchange rate for assets and liabilities and weighted-average exchange rates for the period for revenues and expenses. Translation gains and losses are deferred and accumulated as a component of other comprehensive income in shareholders' equity. Net gains and losses resulting from foreign exchange transactions are included in the consolidated income statement.

(tabular amounts expressed in thousands of U.S. dollars)

Comprehensive Income

Comprehensive income consists of currency translation adjustments and net income.

Income taxes

Income taxes are accounted for using an asset and liability approach, which requires the recognition of taxes payable or refundable for the current period and deferred tax liabilities and assets for future tax consequences of events that have been recognized in the Company's financial statements or tax returns. The measurement of current and deferred tax liabilities and assets is based on provisions of enacted tax laws; the effects of future changes in tax laws or rates are not anticipated. The measurement of deferred tax assets is reduced, if necessary, by a valuation allowance, where, based on available evidence, the probability of realization of the deferred tax asset does not meet a more likely than not criteria.

Fair value of financial instruments

The fair value of the Company's financial instruments, consisting of cash and cash equivalents, short-term investments, accounts receivable, unbilled revenue, due from parent, accounts payable and accrued liabilities, and income taxes payable approximate their carrying values due to their short-term nature. As at December 31, 1999, the fair value of the $500,000,000 12% Senior Notes was $515,000,000 and the fair value of the $175,000,000 12.5% Senior Notes ("1998 Notes") was $182,000,000. The fair value of the 1998 Notes at December 31, 1998 approximated its carrying value. Fair value is based on a quoted market price.

Earnings per Share

Basic earnings per share is computed by dividing net income available to common stockholders by the weighted average number of common shares (including Class A Non-Voting Shares, Class B Subordinate Voting Shares and Class C Multiple Voting Shares) outstanding for the period. Diluted earnings per share reflects the potential dilution of securities by including other potential common stock, including stock options and redeemable convertible preferred shares, in the weighted average number of common shares outstanding for a period, if dilutive.

The following table sets forth the computation of (loss) earnings per share:

	1999 $	1998 $
Net income	23,640	9,020
Less:		
Stock dividend	5,000	—
Preferred stock accretion	6,465	—
Purchase price adjustment to preferred shares	22,070	—
Net (loss) income available to common stockholders	(9,895)	9,020

(tabular amounts expressed in thousands of U.S. dollars)

The Redeemable Convertible Preferred Shares and stock options are not included in the computation of fully diluted earnings per share as their effect is anti-dilutive.

Recent accounting pronouncements

In June 1998, the Financial Accounting Standards Board issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities." This statement establishes accounting and reporting standards for derivative instruments, including certain derivative instruments embedded in other contracts and for hedging activities. The Company does not expect the adoption of SFAS No. 133 to have a material impact on its consolidated financial statements.

In June 1999, the Financial Accounting Standards Boards (FASB) issued Interpretation No. 43, "Real Estate Sales, an interpretation of FASB Statement No. 66." The interpretation is effective for sales of real estate with property improvements or integral equipment entered into after June 30, 1999. Under this interpretation, title must transfer to a lessee in order for a lease transaction to be accounted for as a sales-type lease. The accounting for indefeasible rights of use of fiber optic network assets is evolving and currently being considered by accounting standard setters in the U.S. These changes may have a significant effect on the Company, however it is not possible to determine the consequences of such changes until further accounting guidance has been developed.

Comparative financial information

Certain prior year amounts have been reclassified to conform to the current year presentation.

3. *Supplemental cash flow information*

	1999 $	1998 $
Cash paid for income taxes	13,944	—
Cash paid for interest	21,391	—
Supplemental non-cash investing and financing activities:		
Issuance of common shares for		
Certain Ledcor assets	47,172	8,488
Deferred revenue	25,000	—
Additional 25% investment in WFI USA in exchange for surrender of note receivable	—	3,915
Series C Redeemable Preferred stock dividend	5,000	—
Accretion of Preferred Stock to redemption value	6,465	—

360networks Inc.

(formerly Worldwide Fiber Inc.)

Notes to Consolidated Financial Statements (Continued)

December 31, 1999 and 1998

(tabular amounts expressed in thousands of U.S. dollars)

4. *Balance Sheet components*

	1999 $	1998 $
Accounts receivable		
Trade accounts receivable	34,736	3,107
Interest receivable and other	615	165
	35,351	3,272
Unbilled revenue		
Revenue earned on uncompleted contracts	333,116	22,236
Less: Billings to date	217,455	11,654
	115,661	10,582
Inventory		
Fiber optic network assets	188,013	28,085
Construction supplies and small tools	8,946	1,145
	196,959	29,230
Property and equipment		
Land	5,891	—
Fiber optic network assets	64,079	—
Equipment	10,501	4,478
	80,471	4,478
Less: Accumulated depreciation	3,462	464
Property and equipment—net	77,009	4,014
Accounts payable and accrued liabilities		
Subcontractor and supplier costs	100,461	13,468
Subcontractor holdbacks payable	25,676	4,843
Other accrued liabilities	36,474	1,493
Interest payable	28,567	492
	191,178	20,296

5. *Acquisitions*

Telecommunications Division assets

Effective May 31, 1998, the Company entered into a series of agreements whereby equipment, fiber optic network assets and other assets related to the business of the Telecommunications Division of Ledcor were transferred to the Company. In addition, the Company was granted a license to use Ledcor's patented rail plow technology. This license agreement was for an initial term of ten years, renewable annually upon completion of the initial term. As part of this transaction, Ledcor retained all existing construction contracts related to the business. This transaction was between entities under common control and has been accounted for using the carrying amounts recorded in Ledcor's accounts. The tax basis of substantially all the Canadian assets transferred to the Company was Ledcor's carrying values whereas the tax basis of the U.S. assets transferred was their fair value. The deferred tax balances were adjusted for the change in the tax basis of the U.S. assets with the adjustment being reflected as additional paid in capital. As consideration for the transaction, the Company issued 3,200 Class A Common Shares to Ledcor.

(tabular amounts expressed in thousands of U.S. dollars)

The assets transferred and consideration given, in connection with this transaction, were as follows:

	$
Assets	
Construction equipment	2,830
Fiber optic network assets	4,424
Deferred income taxes	1,088
Other	146
	8,488
Consideration given	
Class A common Shares and additional paid in capital	8,488

Ledcom Holdings Ltd.

On December 1, 1998 the Company acquired 50 Class A common Shares representing a 50% interest of Ledcom Holdings Ltd. ("Ledcom") from Worldwide Fiber Holdings Ltd. ("WFHL"), the Company's parent. As consideration, the Company issued 32,000,000 Class A Non-Voting Shares. Ledcom holds the patent to Ledcor's rail plow technology, and in conjunction with this acquisition Ledcor has committed to grant to the Company a worldwide exclusive license for the use of the rail plow technology. The license will become non-exclusive six months after a change of control of the Company. This transaction was between entities under common control and has been accounted for using the carrying value of the investment recorded in WFHL's accounts which was $nil.

Investment in WFI USA

On August 31, 1998, the Company purchased Ledcor's 50% interest in, and a promissory note of $3,915,000 from WFI USA, in exchange for 48,000,000 Class A Non-Voting Shares of the Company and the issuance of a promissory note by the Company. WFI USA was a joint venture with Mi-Tech Communications LLC ("Mi-Tech") which held the remaining 50% interest in WFI USA. WFI USA's operations consist primarily of developing fiber optic network assets in the United States.

As this transaction was between entities under common control, it was accounted for in a manner similar to a pooling of interests. These financial statements reflect the equity interest in the income of WFI USA from May 31, 1998 to December 31, 1998 in the amount of $928,000. Prior to May 31, 1998, the equity interest was reported as part of the Telecommunications Division of Ledcor.

(tabular amounts expressed in thousands of U.S. dollars)

On December 31, 1998 the Company increased its interest in WFI USA to 75% by surrendering its note receivable from WFI USA of $3,915,000 for 100 non-voting common shares and 100 Class A Voting Preferred Shares of WFI USA. The acquisition has been accounted for using the purchase method effective December 31, 1998. The purchase price of the additional 25% has been allocated to assets and liabilities based on their fair values. As a result, the net assets acquired were as follows:

	$
Current assets	3,742
Inventory	6,048
Fiber optic network assets	1,795
Current liabilities	10,052

On December 31, 1998, the Company entered into a Shareholders' Agreement ("Agreement") with Ledcor, Mi-Tech and Michels Pipeline Construction, Inc. ("Michels") (an affiliate of Mi-Tech). Pursuant to this agreement, Mi-Tech will have the option to convert all of its 25% interest in WFI USA into Shares of the Company should the Company complete a public offering of Shares with an aggregate value of at least $20,000,000 or there is a change of control of WFI USA. In connection with the conversion, Mi-Tech will be granted certain registration rights in accordance with the Agreement. In addition, after the tenth anniversary of this agreement, Mi-Tech has the option to require WFI USA to purchase all of the Shares owned by Mi-Tech and its affiliates at fair market value. If Mi-Tech exercises this option, the Company can elect to sell all the Shares or assets of WFI USA in which case it will not be required to purchase Mi-Tech's Shares in WFI USA. In the event of a proposed sale of the Shares of WFI USA held by the Company, Mi-Tech will have certain tag-along rights.

Also as part of the Agreement the Company:

a) Agreed not to participate in any projects or business nor provide advice or assistance to any business which undertakes projects within WFI USA's scope of business, as defined in the Agreement, for a period of four years from the date of the Agreement.

b) Is restricted from selling, transferring, encumbering or divesting its ownership or control of WFI USA.

c) WFI USA has an option to purchase from Mi-Tech 24 fiber optic strands along certain existing routes owned by Mi-Tech and its affiliates at fair market value.

6. *Due from parent*

The amounts due to and from parent are non-interest bearing, have no stated terms of repayment and are due on demand. Contract amounts billed to parent and costs charged by parent exceed revenues and costs as reported in the income statement, for the period ended December 31, 1998, due to fiber optic network assets to be transferred to the Company as described in note 1(b). The balance as at December 31, 1999 of $7,297,000, is included in accounts payable.

7. *Senior notes*

On July 28, 1999 the Company issued $500,000,000 12% senior notes (the "Notes"). The Notes are unsecured obligations of the Company bearing interest at 12% payable semi-annually. The Notes are due August 1, 2009 and may be redeemed by the Company on or after August 1, 2004 at certain specified redemption prices ranging up to 106.00%. Up to 35% of the Notes may be redeemed by the Company prior to August 1, 2002 at a redemption price of 112% of the principal amount with the net proceeds from certain sales of the Company's common stock. If a change in control occurs, as defined in the Notes indentures, the holders of the Notes can require the Company to repurchase all or part of the Notes at 101% of the principal amount. Where excess proceeds from certain asset sales, as defined in the Notes indentures, exceeds $10,000,000 the Company is required to make an offer to repurchase the maximum amount of Notes that can be repurchased with such excess proceeds at an offer price equal to 100% of the principal amount.

On December 23, 1998, the Company issued $175,000,000 12.5% senior notes (the "1998 Notes"). The 1998 Notes are unsecured obligations of the Company bearing interest at 12.5% payable semi-annually. The 1998 Notes are due December 15, 2005 and may be redeemed by the Company on or after December 31, 2003 at certain specified redemption prices ranging up to 106.25% of the principal amount. Up to 35% of the 1998 Notes may be redeemed by the Company prior to December 15, 2001, at a redemption price of 112.5% of the principal amount with the net proceeds from certain sales of the company's common equity to the public. If a change of control occurs, as defined in the 1998 Notes Indenture, the holders of the 1998 Notes can require the Company to repurchase all or part of the 1998 Notes at 101% of the principal amount. If at the end of December 31, 2000 and semi-annually thereafter, the Company's Accumulated Excess Cash Flow, as defined in the 1998 Notes Indenture, exceeds $10,000,000, the Company is required to make an offer to repurchase the maximum principal amounts of 1998 Notes that may be purchased by such Accumulated Excess Cash Flow Amount at an offer price equal to 110% of the principal amount of the 1998 Notes. Under this Excess Cash Flow provision, the Company is not required to repurchase more than 25% of the original principal amount of the 1998 Notes prior to December 31, 2003.

The Notes and 1998 Notes contain certain covenants that restrict the ability of the Company and its subsidiaries to incur additional indebtedness and issue certain preferred stock, pay dividends or make other distributions, repurchase equity interests or subordinated indebtedness, engage in sale and leaseback transactions, create certain liens, enter into certain transactions with affiliates, sell assets of the Company or its subsidiaries, issue or sell equity interests of the Company's subsidiaries or enter into certain mergers and consolidations.

8. Redeemable Convertible Preferred Stock

On September 9, 1999 the Company authorized various classes of preferred shares.

Series A Non-Voting Convertible Preferred Shares

On September 9, 1999, the Company issued 141,868,928 Series A Non-Voting Convertible Preferred Shares ("Series A Preferred Shares") for $345,000,000. On December 22, 1999, the Company issued an additional 9,082,384 Series A Preferred Shares to the holders of such shares pursuant to the terms of their original purchase agreement dated September 7, 1999.

The Series A Preferred Shares are entitled to dividends on an equivalent basis to the Class A Non-Voting Shares into which the Series A Preferred Shares can be converted. The Series A Preferred Shares rank senior to all classes of capital stock upon liquidation, dissolution and wind-up and are junior in right of payment of all indebtedness of the Company and its subsidiaries.

The Series A Preferred Shares have a mandatory redemption on November 2, 2009 at a liquidation value consisting of the original purchase price of $2.43 per share plus an adjustment equal to 6% per annum of the purchase price, plus declared and unpaid dividends and the excess of the market value of the Class A Non-Voting Shares over the liquidation value.

Upon a qualified underwritten public offering of at least $150,000,000 with a share price of at least 300% of the purchase price of the Series A Preferred Shares, each Series A Preferred Share may, at the option of the Company, be converted into Class A Non-Voting Shares at a ratio equal to one plus 6% per annum. If a qualified underwritten public offering occurs by September 9, 2000 the conversion will be on a one for one basis.

The Series A Preferred Shares may be converted by the holders into Class A Non-Voting Shares, at any time, on the same basis as the Company's conversion right and may be converted into Series B Non-Voting Convertible Preferred Shares on a one for one basis. In addition, the holders of the Series A Preferred Shares have anti-dilution protection.

Series B Subordinate Voting Convertible Preferred Shares

The Series B Subordinate Voting Convertible Preferred Shares ("Series B Preferred Shares) are entitled to dividends on an equivalent basis to any dividends declared or paid on Class B Subordinate Voting Shares into which the Series B Preferred Shares can be converted. The Series B Preferred Shares rank senior to all classes of capital stock upon liquidation, dissolution and wind-up and are junior in right of payment of all indebtedness of the Company and its subsidiaries. The Series B Preferred Shares are entitled to one vote per share.

The Series B Preferred Shares are mandatorily redeemable on November 2, 2009 at a liquidation value of $2.43 per share plus an adjustment equal to 6% per annum of the purchase price, plus declared and unpaid dividends and the excess of the market value of the Class B Subordinate Voting Shares over the liquidation value.

Upon a qualified underwritten public offering of at least $150,000,000 with a share price of at least 300% of the purchase price of the Series B Preferred Shares, each Series B Preferred Share, may at the option of the Company, be converted into Class B Subordinate Voting Shares at a ratio equal to one plus 6% per annum. If a qualified underwritten public offering occurs by September 9, 2000 the conversion will be on a one for one basis.

The Series B Preferred Shares may be converted into Class B Subordinate Voting Shares, at any time on the same basis as the Company's conversion right and may be converted into Series A Preferred Shares on a one for one basis. In addition, the holders of the Series B Preferred Shares have anti-dilution protection

Series C Redeemable Preferred Shares

On September 9, 1999, 80,000,000 Series C Redeemable Preferred Shares ("Series C Preferred Shares") were issued pursuant to a stock dividend and 640,000,000 Series C Preferred Shares were issued pursuant to a share re-organization. Subsequently, the Company repurchased the 720,000,000 issued Series C Preferred Shares for $45,000,000 (note 9). The holders of Series C Preferred Shares are not entitled to dividends or voting rights and may redeem the Series C Preferred Shares at $1 per share after November 2, 2009.

9. *Capital stock*

On September 9, 1999 the Company authorized various classes of capital stock (see "Share capital transactions").

The holders of the Class A Non-Voting Shares, Class B Subordinate Voting Shares, and Class C Multiple Voting Shares participate equally in dividends declared subject to any preference priority on other classes of shares.

The holders of the Class A Non-Voting Shares are not entitled to voting rights. The holders of Class B Subordinate Voting Shares are entitled to one vote per share, and the holders of Class C Multiple Voting Shares are entitled to 20 votes per share.

In the event of liquidation, dissolution, or wind-up of the Company, any payment or distribution of assets will be paid or distributed equally share for share to the holders of the three classes of capital stock.

The holders of Class A Non-Voting Shares are entitled to convert their Shares to Class B Subordinate Voting Shares on a one for one basis. The holders of Class B Subordinate Voting Shares are entitled to convert their Shares to Class A Non-Voting Shares on a one for one basis at any time prior to September 9, 2000 and into Series A Preferred Shares on a one for one basis. The holders of Class C Multiple Voting Shares are entitled to convert their Shares into Class A Non-Voting Shares or Class B Subordinate Voting Shares on a one for one basis.

Share capital transactions

On September 9, 1999, the Company amended its share capital by re-designating 400,000,000 Class A Voting Shares to Class B Subordinate Voting Shares, cancelling its remaining classes of Shares and creating Class A Non-Voting Shares, Class C Multiple Voting Shares, Series A and B Convertible Preferred Shares and Series C Redeemable Preferred Shares. Subsequently, the Company declared a stock dividend of 80,000,000 Series C Redeemable Preferred Shares for $5,000,000. Concurrently, the Company repurchased the 400,000,000 outstanding Class B Subordinate Voting Shares from its parent in exchange for the issuance of 381,496,000 Class B Subordinate Voting Shares and 640,000,000 Series C Redeemable Preferred Shares. The Company then redeemed the 720,000,000 outstanding Series C Redeemable Preferred Shares for $45,000,000 cash resulting in a charge to retained earnings of $40,000,000.

On August 31, 1999 the Company issued 2,400,000 Class B Subordinate Voting Shares for $3,000,000.

On November 24, 1999, a shareholder converted 301,266,400 Class B Subordinate Voting Shares into 301,266,400 Class A Non-Voting Shares. On December 22, 1999, the Company issued 52,160,000 Class A Non-Voting Shares and 9,840,000 Class C Multiple Voting Shares under an employment agreement to an executive officer for $77,500,000. The Company also received a promissory note of $77,500,000 from the executive officer.

On November 24, 1999, the Board of Directors approved an eight-for-one share split of all classes of the Company's stock. All share amounts in 1998 and 1999 have been presented on a post stock split basis.

10. ***Stock Based Compensation***

Stock Option Plan

The Company has a Long Term Incentive and Share Award Plan that permits the grant of non-qualified stock options, incentive stock options, share appreciation rights, restricted shares, restricted share units, performance shares, performance units, dividend equivalents and other share-based awards to employees and directors. A maximum of 7,153,008 Class A Non-Voting shares may be subject to awards under the plan, which generally have a vesting period of four years. The stock options have terms expiring on or before November 15, 2009.

(tabular amounts expressed in thousands of U.S. dollars)

Stock option transactions during 1999 were as follows:

	Number of options	Weighted average exercise price $
Balance—December 31, 1998	—	—
Options granted	43,412,480	0.77
Options cancelled	—	—
Options exercised	—	—
Balance—December 31, 1999	43,412,480	0.77

The weighted average fair value of options granted in 1999 was $1.29.

The following table summarizes information about stock options outstanding at December 31, 1999:

Exercise price$	Number outstanding at December 31, 1999	Weighted average remaining contractual life (years)	Options exercisable at December 31, 1999
0.63	33,786,880	9.0	8,822,080
1.25	9,625,600	9.5	—
0.63-1.25	43,412,480	9.2	8,822,080

The Company accounts for stock option grants in accordance with Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees" ("APB 25") as permitted by SFAS No. 123 "Accounting for Stock Based Compensation" ("SFAS 123"), and, accordingly, recognizes compensation expense for stock option grants to the extent that the estimated fair value of the stock exceeds the exercise price of the option at the measurement date. The compensation expense is charged against operations ratably over the vesting period of the options and was $4,284,000 in 1999 (1998—$nil). Under the method prescribed by SFAS 123, the weighted average fair value of the stock options granted in 1999 is $28,083,000 (to be amortized over the employee service period) and the Company's 1999 net income and loss per share under this method would have been as follows:

Net income for the year	$23,640
Additional compensation expense	(1,425)
Pro forma net income for the year	22,215
Pro forma basic and fully diluted loss per share	$ .04

360networks inc.

(formerly Worldwide Fiber Inc.)

Notes to Consolidated Financial Statements (Continued)

December 31, 1999 and 1998

(tabular amounts expressed in thousands of U.S. dollars)

The pro forma compensation expense is estimated using the Black Scholes option-pricing model assuming no dividend yield and the following weighted average assumptions for options granted during the year ended December 31, 1999:

Expected volatility (private company)	0.0%
Risk free interest rate	5.2%
Expected life (in years)	4.6

Restricted stock and other stock issuances

During the year, the Company issued stock to certain directors and officers of the Company. To the extent that these stock issuances are considered to be below fair value, stock based compensation is recognized and amortized over the appropriate periods. The Company recognized $176,164,000 of deferred stock-based compensation related to stock issued to these officers and directors in 1999 of which $2,832,000 was expensed in the year.

The shares issued to the executive officer are subject to a repurchase by the Company at the lesser of fair market value of the shares and the original purchase price of the shares plus interest. The restriction lapsed with respect to 15,500,000 shares immediately on commencement of employment and lapses for 12,400,000 shares in 2000, 13,539,968 shares in 2001 and 2002 and the remainder in 2003. Under certain conditions, the executive officer may put back a certain number of shares to the Company, or at the option of the Company to Worldwide Fiber Holdings Ltd., at fair market value to repay the promissory note. Deferred compensation related to these shares will be amortized over the periods covered by the repurchase restriction.

11. Income taxes

Income before equity income, income taxes and minority interest

The components of income before equity income, income taxes and minority interest are as follows:

	1999 $	1998 $
Canadian	46,881	5,683
U.S.	14,507	8,052
	61,388	13,735

360networks inc.

(formerly Worldwide Fiber Inc.)

Notes to Consolidated Financial Statements (Continued)

December 31, 1999 and 1998

(tabular amounts expressed in thousands of U.S. dollars)

Current income taxes

The provision for current income taxes consists of the following:

	1999 $	1998 $
Canadian	25,712	2,589
U.S. federal	11,775	2,563
U.S. state and local	2,621	491
	40,108	5,643

The provision for income taxes differs from the amount computed by applying the statutory income tax rate to net income before taxes as follows:

	1999 %	1998 %
Canadian statutory rate	45.6	45.6
Foreign tax at other than Canadian statutory rate	(5.9)	(4.5)
Stock based compensation	2.8	—
Investment income	1.6	—
Other	1.3	—
	45.3	41.1

(tabular amounts expressed in thousands of U.S. dollars)

Deferred income taxes

Significant components of the Company's deferred tax asset and liability are as follows:

	1999 $	1998 $
Deferred tax asset		
Expenses not deductible in current period	8,536	—
Tax loss carryforwards	4,259	—
Property and equipment	7,595	1,088
Other	185	185
	20,575	1,273
Valuation allowance	—	—
Net deferred tax asset	20,575	1,273
Deferred tax liability		
Property and equipment	1,760	—
Financing costs	1,313	—
	3,073	—

Management believes that, based on a number of factors, it is more likely than not that the deferred tax asset will be fully utilized, such that no valuation allowance has been recorded.

12. *Concentration of credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and cash equivalents, short-term investments, accounts receivable, unbilled revenue and due from parent which are not collateralized. The Company limits its exposure to credit loss by placing its cash and cash equivalents and short-term investments with high credit quality financial institutions. Concentrations of credit risk with respect to accounts receivable and unbilled revenue are considered to be limited due to the credit quality of the customers comprising the Company's customer base.

The Company performs ongoing credit evaluations of its customers' financial condition to determine the need for an allowance for doubtful accounts. The Company has not experienced significant credit losses to date. Accounts receivable was comprised of 22 customers at December 31, 1999 and 12 customers at December 31, 1998.

The concentration of credit risk relating to the amount due from the parent is considered limited due to the credit quality of the Company's parent. The Company's three largest customers represented 22%, 15% and 10% of the Company's total revenue for 1999. As described in Note 1, substantially all of the Company's revenues during the period ended December 31, 1998 were earned from construction services provided to Ledcor.

360networks Inc.
(formerly Worldwide Fiber Inc.)
Notes to Consolidated Financial Statements (Continued)
December 31, 1999 and 1998
(tabular amounts expressed in thousands of U.S. dollars)

13. *Segmented Information*

The Company operates within a single operating segment being the construction and installation of fiber optic network assets. These fiber optic network assets are being constructed in Canada, the U.S. and Europe including a transatlantic link. A significant portion of the transatlantic link will be owned by a subsidiary in Barbados. Revenues, property and equipment, assets under construction, and deferred financing costs are located as follows:

	Revenues		Property and equipment—net		Assets under construction		Deferred financing costs—net	
	1999 $	1998 $	1999 $	1998 $	1999 $	1998 $	1999 $	1998 $
Canada	170,705	84,534	38,206	3,794	46,683	4,424	22,199	6,650
U.S.	189,041	79,785	33,669	220	53,211	7,037	—	—
Barbados	—	—	—	—	169,648	—	—	
Europe	—	—	5,134	—	30,851	—	—	
	359,746	164,319	77,009	4,014	300,400	11,461	22,199	6,650

The revenues are based on the location of the construction activities.

14. *Commitments*

Network developments

The Company has, in the normal course of business, entered into agreements to provide construction services and fiber optic network assets to third parties in Canada and the United States.

Right of way access agreements

The Company has, in the normal course of business, entered into various agreements to secure the rights of ways along its network routes. In general, most agreements have an option renewal clause stating that grantors cannot unjustly withhold their acceptance of a renewal. Future minimum payments on significant rights of ways are as follows:

2000	$25,061
2001	$17,061
2002	$17,061

(tabular amounts expressed in thousands of U.S. dollars)

Operating leases

The Company leases certain facilities and equipment used in its operations under operating leases. Future minimum lease payments under these lease agreements at December 31, 1999 are as follows:

2000	$7,489
2001	$6,244
2002	$3,349
2003	$1,153
2004	$ 671

The Company pays Ledcor approximately $825,000 per year in connection with its lease of the Toronto facilities. The lease expires in 2009.

Supply Agreements

On June 18, 1999, a subsidiary of the Company entered into a supply agreement, with Tyco Submarine Systems Ltd. ("Tyco") whereby Tyco will serve as the primary contractor for the Company's trans-Atlantic cable project called "360atlantic". The initial contract price is approximately $607 million. The Company paid $214 million in the year ended December 31, 1999 on this contract. (1998—$NIL)

The Company has placed purchase orders of $27 million with suppliers of bandwidth equipment.

CN/IC Agreements

On May 28, 1999, the Company entered into agreements with Canadian National Railway Company ("CN") and Illinois Central Railroad Company ("IC") to license rights-of-way along certain of their respective rail transportation systems (the "Routes"). In connection with these license agreements, the Company formed subsidiary companies with CN (WFI-CN Fibre Inc.) and IC (Worldwide Fiber LLC) (the Company having a 75% interest and CN or IC having the remaining 25% interest) for the purpose of licensing the rights-of-way from CN and IC and developing the projects along the Routes.

15. Subsequent events

Share Capital Reorganization

Concurrent with the closing of a public offering, the Company will reorganize the share capital as follows: the holders of existing Class B Subordinate Voting Shares will convert or exchange their shares into Class A Non-Voting Shares and all authorized but unissued Class B Subordinate Voting Shares will be cancelled; the Series A Non-Voting Preferred Shares will be converted or exchanged into our Class A Non-Voting Shares and all of the authorized but unissued Series A Preferred Shares, Series B Preferred Shares and Series C Preferred Shares will be cancelled; the existing

Class A Non-Voting Shares will be redesignated as Subordinate Voting Shares and the terms shall be amended to provide the holders with one vote per share; the existing Class C Multiple Voting Shares will be amended to provide the holders with 10 votes per share and the Class C Multiple Voting Shares will be redesignated as Multiple Voting Shares, and a class of unlimited Preferred Shares, issuable in series will be created.

GlobeNet Acquisition

The Company has entered into a definitive agreement to acquire 100% of the outstanding shares of GlobeNet Communications Group Limited for 43,210,786 newly created Subordinate Voting Shares. The number of Subordinate Voting Shares will be adjusted based on an initial public offering price.

Acquisition of remaining 25% of WFI-USA

The Company has entered into a commitment with Mi-Tech to acquire its 25% interest in WFI-USA in exchange for $312 million worth of Class A Non-Voting Shares of the Company. The number of shares to be issued by the Company will be determined based on an initial public offering price.

CN/IC

On March 6, 2000, the Company entered into an agreement with CN and IC to acquire their respective 25% interests in WFI-CN Fibre Inc. and Worldwide Fiber IC LLC in exchange for 9,411,765 Class A Non-Voting Shares of the Company. The number of Class A Non-Voting Shares issued by the Company may be adjusted on an initial public offering in accordance with a formula specified in the agreement. Pursuant to this agreement, payment terms for right-of-way fees were amended requiring the right-of-way fees to be paid over a three year term.

Canadian telecommunications arrangement

The Company has entered into an arrangement to transfer certain Canadian telecommunications equipment and related facilities to a subsidiary of Ledcor which will be held 66⅔% by Ledcor and 33⅓% by the Company in exchange for 51% of the non-voting participating shares of the subsidiary.

Acquisition of colocation facilities

The Company has agreed, subject to execution of definitive agreements to acquire colocation facilities in a number of North American and European cities. The aggregate purchase price for these acquisitions is $439 million payable in a combination of cash and newly created Subordinate Voting Shares, of which $113 million is contingent upon the achievement of certain milestones.

360atlantic credit facility

The Company has entered into a credit agreement with certain lenders pursuant to which the lenders have provided a credit facility totalling U.S. $565,000,000.

Share split

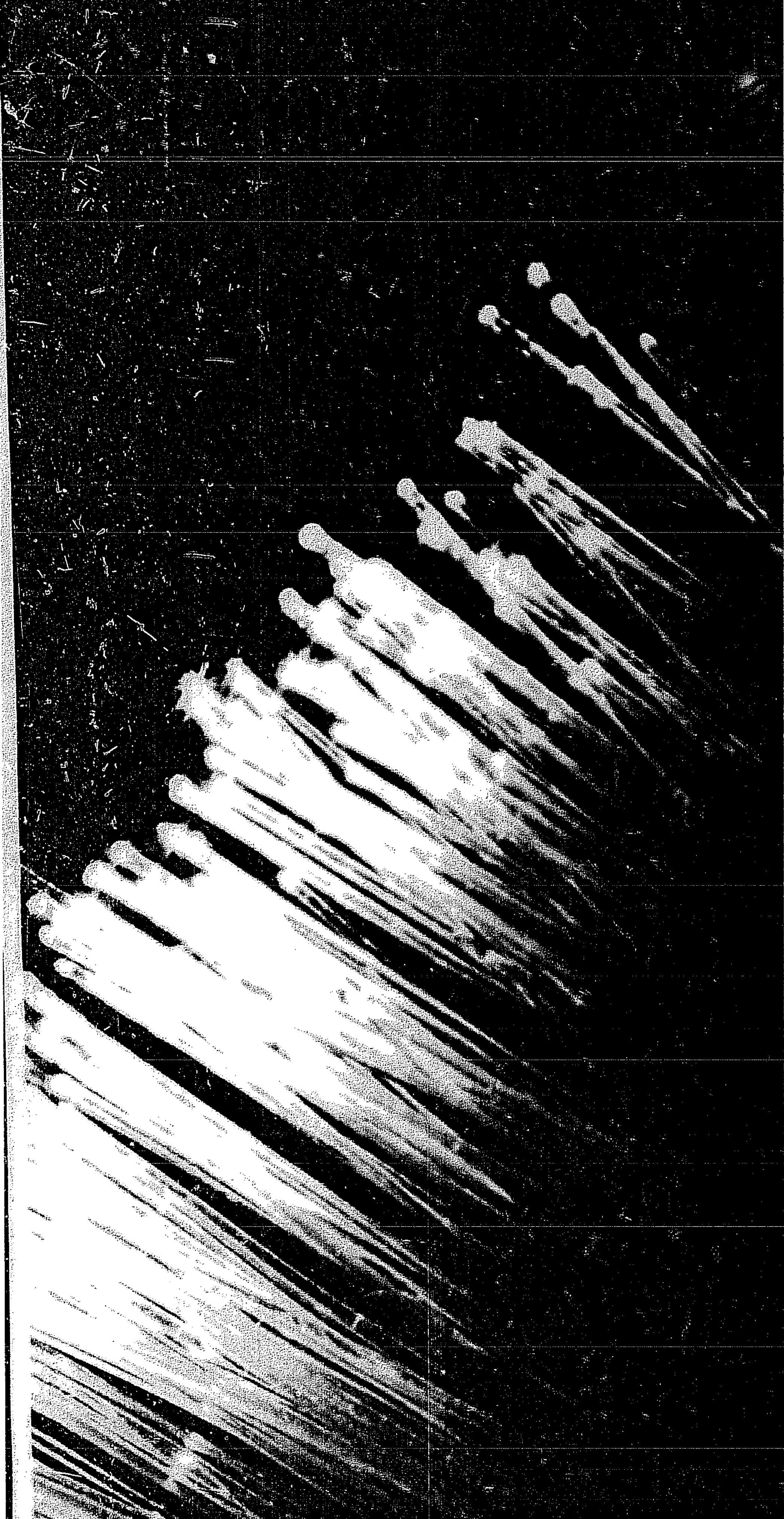
On March 20, 2000, the Board of Directors approved a two-for-one share split of all classes of the Company's stock. All share amounts in 1998 and 1999 have been presented on a post-stock split basis.

Share Issuances

Subsequent to December 31, 1999, the Company issued 411,214 Class A Non-Voting Shares to a consultant of the Company. In addition, the Company will issue additional Series A Preferred Shares in connection with the purchase price adjustment provisions of a subscription agreement.

Name change

On March 14, 2000, the Company changed its name from Worldwide Fiber Inc. to *360networks inc.*



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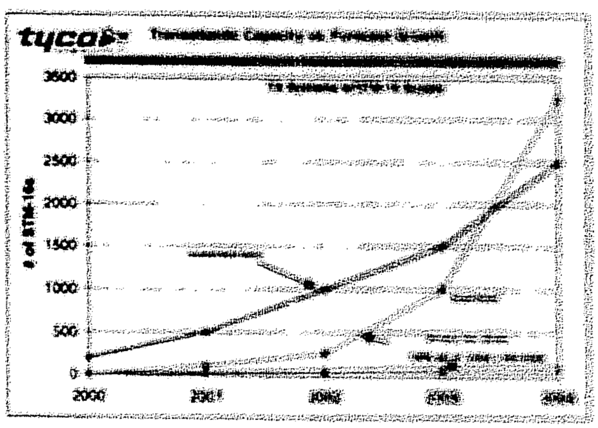
WORLDWIDE FIBER

The Hibernia Project

The Hibernia Project: A submarine fiber optic cable system link in Boston, Massachusetts to Halifax, Nova Scotia to Dublin, Ireland to Liverpool in a self healing ring configuration.

The system will enter service with terrestrial back haul in place, for both North America and Europe, serviced and controlled by partners in the submarine system.

The most highly advanced system technology at 1.2 Tbits/sec capacity with 160 GBits/sec at initial RFS and upgradable as required.



Demand Forecast

By Hibernia's RFCS date, the demand for trans-Atlantic capacity will exceed supply.

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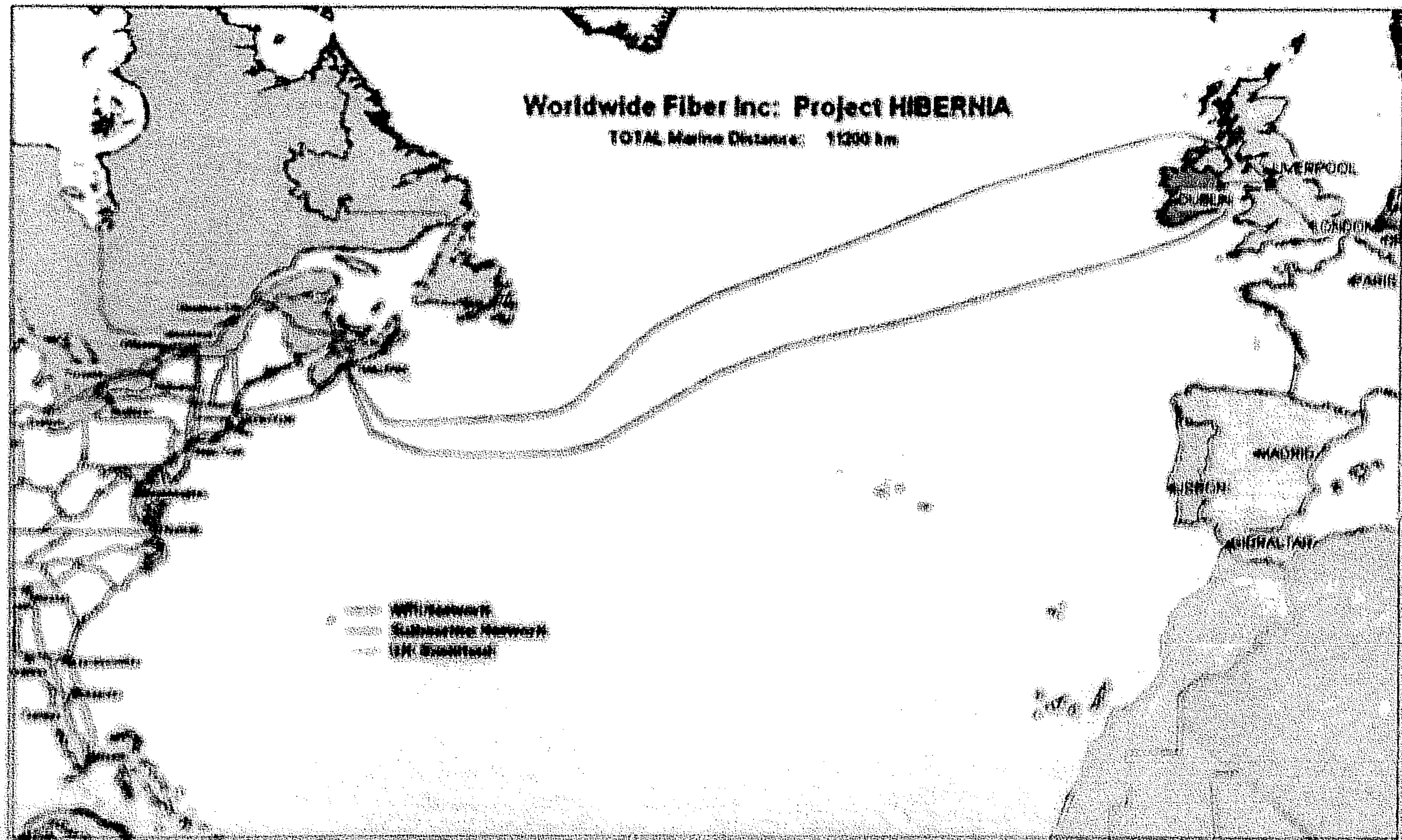

WORLDWIDE FIBER

Schedule

Pre-feasibility activity	June 1999
Debt/equity financing	August 1999
Supply Contract	July 1999
RFCS Southern Leg	March 2001

Aggressive fast track schedule

Project Implementation Strategy

- Worldwide Fiber to be the exclusive manager of the Hibernia Project.
- A single supplier – Tyco Submarine Systems Limited – will be contracted on a performance based EPIC (engineer, procure, install and commission) contract for the submarine system.
- At RFCS Tyco Submarine Systems Limited will assume the lead role for Operations, Administration & Maintenance.
- Focus on highest level of technology available, lowest cost facilities, best-managed risk process.

Worldwide Fiber has the project management skills to take Hibernia to RFS.

Marketing Strategy

- Competitive advantage on both cost and differentiated fronts.
- Providing Cable Station to Cable Station, International Gateway to International Gateway and Region to Region pricing from facilities controlled by the Hibernia participants.
- Focus on Wholesale Carrier's supply and the needs of the Project participants.

WORLDWIDE FIBER

System Technology

- Initial plans for a 640 Gbit/sec system upgradable to 1.2 Tbit/sec system.	PROVEN TECHNOLOGY
- Network development and the role out in Europe and North America are concurrent allowing the choice of transmission technology to be homogenous across the system.	PROVEN SUPPLIERS
- System performance and availability at maximum in industry utilizing a self-healing ring configuration.	PROVEN METHODS

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WORLDWIDE FIBER

Sign up at www.wwfiber.com and receive all the news as it happens

WORLDWIDE FIBER NEWS

February 3, 2000	Worldwide Fiber Announces European Fiber Optic Network Agreement with Carrier1
January 26, 2000	Worldwide Fiber Announces Intention To Issue Shares Through Initial Public Offering
January 24, 2000	Worldwide Fiber And Telia Announce Landmark Agreement To Swap Fiber Optics In Europe And North America
January 20, 2000	Worldwide Fiber And Telewest To Build Major Fiber Optic Network In England
January 20, 2000	Worldwide Fiber and Caprock Communications Enter Joint Build Agreement
January 19, 2000	Worldwide Fiber Subsidiary Chooses Halifax as Landing Site of Trans-Atlantic Fiber Network
January 12,2000	Worldwide Fiber Swaps Northwest Network And $30 Million For GST Telecommunications California Conduit
December 22, 1999	Greg Maffei, Microsoft's Chief Financial Officer, Joins Worldwide Fiber As Chief Executive Officer
December 20, 1999	Worldwide Fiber Announces Network Infrastructure Acquisition And Expansion Through The Southwest And Southeast Us With Qwest Communications
December 16, 1999	Worldwide Fiber Extends Fiber-Optic Network In Northeast USA $26.5 Million Purchase Agreement Signed With Williams Communications
December 7, 1999	Worldwide Fiber Completes Long-Haul Network Based On Nortel Networks' Market Leading Optical Solutions
November 16, 1999	Worldwide Telecom Names Joel M. Allen Senior Vice President Global Marketing & Sales
November 9, 1999	Worldwide Fiber Inc. Announces Third Quarter Results
November 1, 1999	Worldwide Telecom And Tyco Submarine Systems Announce Trans-Atlantic Capacity Increasing From 1.2 To 1.92 Terabits Per Second
October 27, 1999	Worldwide Fiber Networks Appoints Telecommunications Veteran And Former Us West Executive David Love As Senior Vice President
September 14, 1999	Worldwide Fiber Inc. Expands Network Footprint With MFS Network Technologies Inc.

September 13, 1999	WORLDWIDE FIBER INC. COMPLETES $345 MILLION PRIVATE EQUITY PLACEMENTS. PROJECT HIBERNIA $600 MILLION DEBT FUNDING COMMITTED
August 13, 1999	WORLDWIDE FIBER INC. ANNOUNCES SECOND QUARTER RESULTS
July 23, 1999	WORLDWIDE FIBER COMPLETES DEBT OFFERING
July 14, 1999	WORLDWIDE FIBER INC. SIGNS $630 MILLION DOLLAR CONTRACT WITH TYCO SUBMARINE SYSTEMS LTD. AS SUPPLIER FOR UNDERSEA CABLE SYSTEM NETWORK
June 29, 1999	WORLDWIDE FIBER APPOINTS FORMER NEXTLINK COMMUNICATIONS INC. PRESIDENT JIM VOELKER TO BOARD OF DIRECTORS
June 28, 1999	WORLDWIDE FIBER APPOINTS VICE PRESIDENT AND CHIEF TECHNOLOGY OFFICER
June 7, 1999	WORLDWIDE FIBER ANNOUNCES ENTRY INTO CARRIER'S CARRIER SERVICE MARKET
June 1, 1999	WORLDWIDE FIBER ANNOUNCES FIBER OPTIC JOINT VENTURES WITH CANADIAN NATIONAL AND ILLINOIS CENTRAL
June 1, 1999	WORLDWIDE FIBER ANNOUNCES FIRST QUARTER RESULTS, 3 MONTHS ENDED MARCH 31, 1999
May 26, 1999	WORLDWIDE FIBER TO LINK LONG HAUL FIBER OPTIC BACKBONE WITH EXPANSION OF 5 CANADIAN CITY RING DEVELOPMENTS
April 19, 1999	WORLDWIDE FIBER SELECTS TYCO SUBMARINE SYSTEMS AS SUPPLIER FOR UNDERSEA CABLE SYSTEM NETWORK
April 14, 1999	WORLDWIDE FIBER EXTENDS CALIFORNIA LONG HAUL NETWORK WITH GST TELECOMMUNICATIONS. PARTNERSHIP INCREASES WFI'S NETWORK ROUTE FROM LOS ANGELES TO SAN DIEGO
April 13, 1999	WORLDWIDE FIBER CONTINUES TO EXPAND USA FIBER OPTIC FOOTPRINT PLANNING CO-DEVELOPMENT OF 1,100 MILE NETWORK FROM CHICAGO TO DENVER WITH PATHNET
April 6, 1999	WORLDWIDE FIBER INC. ANNOUNCES YEAR END RESULTS, 7 MONTHS DECEMBER 31, 1998
March 23, 1999	WORLDWIDE FIBER ANNOUNCES NETWORK INFRASTRUCTURE SALE TO METROMEDIA
March 22, 1999	WORLDWIDE FIBER ANNOUNCES NETWORK FACILITIES SALE TO QWEST COMMUNICATIONS
February 8, 1999	WORLDWIDE FIBER ANNOUNCES EAST COAST BUILD BETWEEN BUFFALO AND MONTREAL
February 5, 1999	WORLDWIDE FIBER COMPLETES SUCCESSFUL DEBT OFFERING
February 2, 1999	SUBMARINE FIBER OPTIC CABLE PROJECT COMPLETED IN PACIFIC NORTHWEST

WORLDWIDE FIBER

FOR IMMEDIATE RELEASE

WORLDWIDE FIBER AND CAPROCK COMMUNICATIONS ENTER JOINT BUILD AGREEMENT

Partnership increases Worldwide Fibers' southwestern U.S. network by 1,300 miles

VANCOUVER, B.C. . . . . January 20, 2000. Worldwide Fiber Inc., today announced that it has entered into an agreement with CapRock Communications Corp., (Nasdaq: CPRK) to co-develop approximately 1,300-miles of long-haul multi-conduit fiber optic backbone network through Texas, New Mexico and Arizona. This marks the first agreement between Worldwide Fiber and CapRock, a regional facilities-based integrated communications provider based in Dallas, Texas, and represents further progress in WFI's North American network expansion. The projected budget for this development is in excess of $100 million.

Under the terms of the agreement WFI will lay fiber west of El Paso, Texas through Tucson, and into Phoenix, Arizona while CapRock will construct a fiber route from El Paso, east through Temple and to Austin, Texas. Worldwide Fiber and CapRock will each own one conduit and will jointly own those remaining in the multi-conduit segment. Development will commence in the first quarter of this year and is scheduled to be complete by the end of the fourth Quarter of 2000.

"This partnership is a logical extension of the existing phase of our fiber-optic deployment plan," stated Ron Stevenson, president of Worldwide Fiber. "Our current construction rollout is meeting all financial and implementation milestones and with this expansion, the rapidly growing southwestern markets will be able to take advantage of connecting to the WFI Network. Securing this joint development agreement with CapRock provides a more time and capital efficient means of expanding in this U.S. geographic area."

"With this agreement, CapRock will facilitate the deployment of the western-most portions of our planned 6,100-mile network," said Tim Terrell, CapRock executive vice president of carrier services. "These type of partnerships are a successful component of our business strategy. CapRock has been able to fulfill more than half of its planned network through co-build ventures such as this."

Based in Vancouver, British Columbia, Worldwide Fiber designs, builds, operates and maintains high-speed fiber optic networks for communications carriers, Internet service providers and corporations with high-bandwidth network needs. Worldwide Fiber is currently completing a 22,000-mile fiber-optic network in the United States and Canada, and constructing a transatlantic network connecting Boston and Halifax with Liverpool and Dublin. Worldwide Fiber was established in May 1998 and includes the telecommunications division of Ledcor Industries Limited, which has been constructing communications networks since 1987. Visit Worldwide Fiber's web site at www.worldwidefiber.com

About CapRock

CapRock is a southwestern U.S. facilities-based integrated communications provider (ICP) offering local, long-distance, Internet, data and private line services to business customers. The company also provides switched and dedicated access, regional and international long-distance, private lines, dark fiber and capacity to carrier customers. The company is building a 6,100-mile fiber network, as well as voice and data networks, throughout Texas, Louisiana, Arkansas, Oklahoma, New Mexico and Arizona. For more information, visit CapRock's web site at http://www.caprock.com.

This release may contain forward-looking statements, which involve risks and uncertainties. Our actual results may differ materially from the projections made here. Additional factors, which may affect actual results, are contained in the Company's filings with the SEC, including the report on Form 10-K for the period ended December 31, 1998. Forward-looking statements in this release are made pursuant to the safe harbor provisions contained in the Private Securities Litigation Reform Act of 1995.

For more information, please contact:
Worldwide Fiber, Ron Stevenson or Marlon Marcial
(604) 681-1994 ext. 188

For more information on Worldwide Fiber, please visit: http://www.worldwidefiber.com

WORLDWIDE FIBER

FOR IMMEDIATE RELEASE

WORLDWIDE FIBER AND TELEWEST TO BUILD MAJOR FIBER OPTIC NETWORK IN ENGLAND

VANCOUVER, B.C. CANADA AND LONDON, ENGLAND.......... January 20, 2000, Telewest Communications and Worldwide Fiber Inc. today announced they will build a high-capacity fiber optic network linking Liverpool and London via two separate routes.

Telewest will build the 1,150-kilometer network connecting Worldwide Fiber's trans-Atlantic cable station in Southport (near Liverpool) with Worldwide Fiber's point of presence in the Docklands (London) via Manchester, Sheffield, Birmingham, Bristol, Nottingham and Cambridge.

This multi-duct network will be an expansion of parts of Telewest's existing 3,500-kilometer fiber optic network that links all major cities in the United Kingdom and interconnects Telewest's regional broadband networks, carrying digital TV and Internet services as well as national and international telephony traffic.

"We are developing one of the largest and most advanced fiber optic networks in England," said Greg Maffei, Chief Executive Officer of Worldwide Fiber. "This infrastructure will be at the heart of our network that connects our trans-Atlantic cable to Europe via our gateway in London. It represents a critical leg of our growing international network."

"This is a significant network transaction for Telewest that will enhance our position in the market for carrier network services," said Tony Illsley, Chief Executive Officer of Telewest. "The immediate benefits of increased capacity on our national network are coupled with the opportunity to develop a long-term relationship with a major international operator."

The value of the initial phase of the contract is £40 million or $66 million US.

Worldwide Fiber designs, builds and operates high-speed fiber optic networks for communications carriers, Internet service providers and corporations with high-bandwidth network needs. Worldwide Fiber is currently completing a 38,600-kilometer (24,000-mile) fiber-optic network in North America and Europe, and constructing a trans-Atlantic network connecting Boston and Halifax with Liverpool and Dublin. Worldwide Fiber was established in May 1998, and includes the telecommunications division of Ledcor Industries Limited, which has been constructing communications networks since 1988. Additional information about Worldwide Fiber is available at www.worldwidefiber.com.

Telewest Communications is a leading broadband cable communications operator, currently providing multi-channel television, telephone and Internet services to more than 1.4 million UK households, and voice and data telecommunications services to over 48,000 business customers.

Forward looking statements: This document may contain statements about expected future events and financial results that are forward looking in nature, and, as a result, are subject to certain risks and uncertainties. Actual results may differ materially from those project by management. For such statements, we claim the safe harbour for "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

For more information, please contact:
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michelle.gagne@wwfiber.com (e-mail address)

Tim Brill or Stephen Powers
Telewest Communications (01483) 750900

For more information on Worldwide Fiber, please visit: http://www.worldwidefiber.com

WORLDWIDE FIBER

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Vancouver, British Columbia
Canada [illegible]
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Facsimile: [illegible]

FOR IMMEDIATE RELEASE

WORLDWIDE FIBER ANNOUNCES EUROPEAN FIBER OPTIC NETWORK AGREEMENT WITH CARRIER1

VANCOUVER, B.C., ... February 3rd, 2000, Worldwide Fiber Inc. today announced an agreement with Carrier1 GmbH to purchase and potentially swap capacity on networks in Europe and across the Atlantic.

This agreement enables Worldwide Fiber to purchase capacity to meet its wholesale network needs between London and 18 major European cities on Carrier1's pan-European fiber optic network. This diversely-routed network supplements Worldwide Fiber's current back-haul network in Europe to be used by its trans-Atlantic network customers.

Once Worldwide Fiber reaches a specified level of traffic, it also has the option to exchange capacity on its trans-Atlantic network for a combination of dark fiber on Carrier1's network in Germany and capacity on its network in France.

"Our agreement with Carrier1 enhances our network connectivity from London to the rest of Europe," said Ron Stevenson, President of Worldwide Fiber. "And it provides us a valuable extension to our bandwidth business as we implement our strategy to light up our trans-Atlantic, European and North American networks."

Worldwide Fiber designs, builds and operates high-speed fiber-optic networks and offers broadband capacity to telecommunications companies, Internet service providers, application service providers and large organizations with enterprise network needs. Worldwide Fiber is currently completing a 60,500-kilometer (37,800-mile) network in North America and Europe, including a trans-Atlantic network. Worldwide Fiber and its predecessors have been constructing communications networks since 1988.

Additional information about Worldwide Fiber is available at: www.worldwidefiber.com

Carrier1, Europe's long distance carrier, provides international carrier services on a global basis to telecommunications operators, Internet service providers, content providers, hosting companies and multi-national corporations in Europe and North America. The Carrier1 network currently has customers connected in London, Amsterdam, Brussels, Paris, Frankfurt, Berlin, Hamburg, Hanover, Munich, Dusseldorf, Vienna, Zurich, Geneva, Milan, Copenhagen, Stockholm, Manchester and New York.

Carrier1 is on schedule to complete its pan-German fiber network build, and is rolling out additional points of presence in 13 French cities, 9 German cities as well as Madrid, Oslo, Gothenburg, Malmo and Helsinki. Carrier1 is currently planning to build local area fiber networks in Europe's 20 largest cities with two projects already underway. Carrier1 will also be able to deliver full service telehousing through its strategic stake in Hubco, which is deploying facilities in over 20 cities in Europe. More information is available at www.carrier1.com. The e-mail address is info@carrier1.com.

Forward looking statements: This document may contain statements about expected future events and financial results that are forward looking in nature, and, as a result, are subject to certain risks and uncertainties. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbor for "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

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For more information on Worldwide Fiber, please visit: http://www.worldwidefiber.com

WORLDWIDE FIBER

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Vancouver, British Columbia
Canada [illegible]
Telephone [illegible]
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FOR IMMEDIATE RELEASE

WORLDWIDE FIBER AND TELIA ANNOUNCE LANDMARK AGREEMENT TO SWAPFIBER OPTICS IN EUROPE AND NORTH AMERICA

Vancouver, Canada and Stockholm, Sweden, January 24, 2000 . . . Worldwide Fiber Inc. and Telia AB today announced they will swap fiber optic network infrastructure and assets in Europe and North America.

Vancouver-based Worldwide Fiber, which is building an advanced global IP fiber optic network, will provide Sweden's Telia, one of Europe's leading telecommunications carriers, with a fiber optic network spanning 14,000 kilometers (8,700 miles) throughout North America and connecting 17 major U.S. cities. Worldwide Fiber will also provide Telia with equipment space in all of its major switching facilities in these cities, including New York, Atlanta, Dallas, Los Angeles, Chicago and Boston. The network will be delivered to Telia starting in the second quarter of 2000, and will be completed by the end of the year.

In return, Telia will provide Worldwide Fiber with fiber optic facilities spanning a distance of 6,400 kilometers (4,000 miles) in the United Kingdom, France, Germany, Holland, Sweden, Norway and Denmark, connecting 11 major European cities, including London, Paris and Frankfurt. Telia will also provide Worldwide Fiber with equipment space in all of its major switching sites in these European cities. The network will be delivered to Worldwide Fiber starting in the first quarter of 2000, and will also be completed by year end.

"This network acquisition now enables us to provide point-to-point service between North America and Europe via our trans-Atlantic network and capitalize on the explosive growth of the Internet in Europe," said Greg Maffei, Chief Executive Officer of Worldwide Fiber. "It is a critical step in providing low-cost, seamless, distance indifferent service for our customers around the globe."

Ron Stevenson, President of Worldwide Fiber, added: "The opportunity to reach an international agreement of this magnitude with a prominent company like Telia is an extraordinary achievement."

For Telia, the transaction represents one of many projects it is undertaking to establish a major presence in the U.S. market, and to offer its wholesale clients global connectivity. The deal means that Telia can transfer its rapidly growing capacity and IP business into a fully owned cost-efficient fiber-based network in the U.S. The U.S. and European telecommunication markets combined represent roughly 80 per cent of global traffic.

Marianne Nivert, President, Telia Network Services AB stated: "Telia's reputation as a quality network provider in Europe has now expanded globally. Our arrangement with Worldwide Fiber to expand our U.S. presence will afford us the opportunity to offer fiber optic services to both the European and U.S. wholesale market. We feel confident that our arrangement with Worldwide Fiber will help us to maintain our reputation as a provider of quality services as Telia builds its global network."

Magnus Kjell, President of Telia North America, added: "Telia North America plans a major expansion in the U.S. to serve the U.S. telecom and IP markets with competitive wholesale offerings, not only in the U.S. but also on a global basis. The deal with Worldwide Fiber represents one step in our strategic direction to effectively compete in this arena."

Worldwide Fiber designs, builds and operates high-speed fiber optic networks for communications carriers, Internet service providers and corporations with high-bandwidth network needs. Worldwide Fiber is currently completing a 57,000 kilometer (36,000-mile) terrestrial network in North America and Europe and a trans-Atlantic network. Worldwide Fiber and its predecessors have been constructing communications networks since 1988. Additional information about Worldwide Fiber is available at www.worldwidefiber.com.

Telia is the leading supplier of telecom-based information services in the Nordic/Baltic region. The Telia strategy on the international carrier market is to immediately establish themselves as a carrier for IP-transit with a capacity for low network production costs. This entails large-scale network building and fiber sales. In addition, infra-structural investments will be
made in own networks in Europe. Customer examples include Service Providers, Internet Service Providers, cell-phone service operators, fixed-net operators, cable televisions operators and those working with capacities. Annual turnover in 1998 reached 51 540 MSEK with 30 600 employees.

Forward looking statements: This document may contain statements about expected future events and financial results that are forward-looking in nature, and, as a result, are subject to certain risks and uncertainties. Actual results may differ materially from those projected by management. For such statements, we claim the safe harbor for "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

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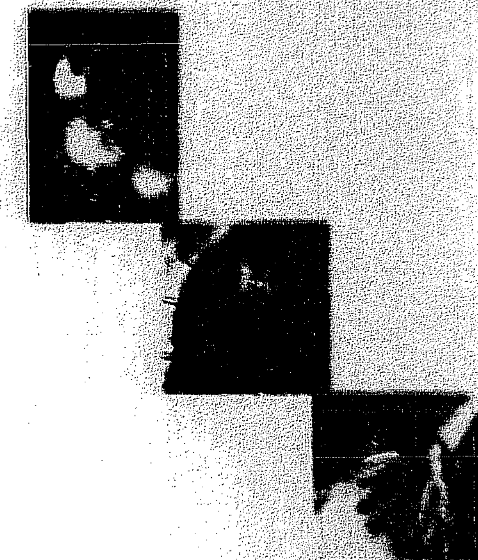


Fiber Optics: A Worldwide Vision

We are a provider of technologically advanced fiber optic communications infrastructure in North America using our state-of-the-art fiber optic network. We recently have begun marketing bandwidth services and intend to provide services by the end of the year.

Worldwide Fiber was established in May 1998 to incorporate the Telecommunications Division of Ledcor Industries Limited, which had designed, engineered, developed, constructed, and maintained telecommunications networks for more than twelve years. The Company is currently completing a 22,000-mile North American fiber optic network. This terrestrial network will be connected to Europe by a 7,600 mile, wholly-owned trans-Atlantic fiber optic cable system known as "Hibernia" which will be Ready-For-Commercial-Service during the first quarter of 2001.

Our condominium strategy of development lowers your costs by allowing multiple participants to purchase, IRU or lease fiber or conduit on a route by route basis or throughout our entire Network.

Our Carrier's carrier services provide our clients and partners with Optical Services, IP and ATM Services, Private Line Services and Virtual Switching Services anywhere on the Worldwide Fiber Network.

Contents

Customers

With the increasing demands for fiber optic transmission facilities, we have focused on providing broadband fiber optic network and bandwidth services to companies such as:

- ILEC's ("Incumbent and Competitive Local Exchange Carriers")
- CLEC's ("Competitive Local Exchange Carriers")
- ISP's ("Internet Service Providers")
- Long distance companies ("North American and International")
- RBOC's ("Regional Bell Operating Companies")
- IXC's ("Interexchange Carriers")
- Multi-Service Operators Local multipoint distribution service providers
- Large corporations with enterprise network needs

The Worldwide Fiber Network will allow service providers an opportunity to augment their existing fiber optic capacity, add critical route diversity, or upgrade older systems. Customers can buy or lease fiber optic capacity with which they develop their own communications networks or satisfy a need for redundant capacity. Our network provides such customers with a low-cost alternative to building their own infrastructure or purchasing metered services from communications carriers. Worldwide Fiber's customers can buy or lease fiber optic capacity on a segmented basis or along our entire network.

Flexibility

We listen to our customers. Our development is based on a route by route evaluation. Through this approach we have established many long-term and strategic relationships to complete our builds. Flexibility in purchase, IRU, leasing options and new opportunities including co-development and joint venture partnerships are why we have become industry leaders. Worldwide Fiber offers network participation on a local, regional, national and / or international basis.

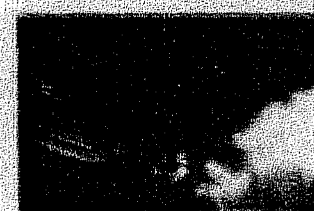
Our technologically advanced network which allows for the high speed, high quality transmission of data, video, and voice communications is designed to provide our customers with secure, independent transmissions facilities and sufficient capacity on a local, regional or national basis to accommodate their increasing demand and plans for expansion.

WORLDWIDE FIBER

Our Network

Our Network links major urban centers in Canada and the United States. The Worldwide Fiber system also provides our North American market with international connectivity.

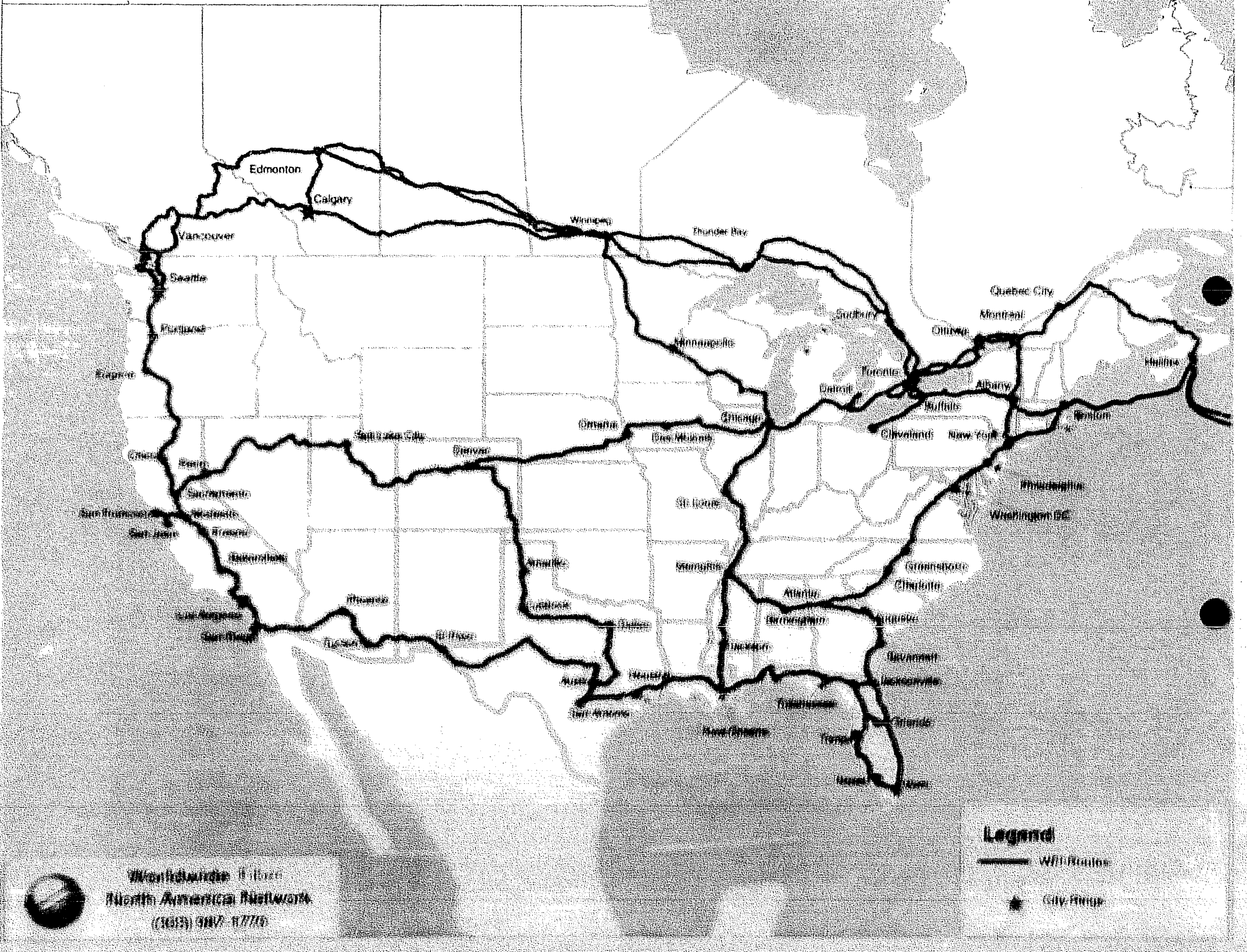
In North America, Worldwide Fiber's footprint covers diverse routes totalling in excess of one million fiber miles. Our long haul strategy will be supplemented by our announced intra-city builds in Toronto, Montreal, Vancouver, Ottawa and Calgary, adding further value to our network.



Internationally, Worldwide Fiber will connect North American networks to Ireland, the United Kingdom and continental Europe.

Leaders in the development, design and installation of networks, at Worldwide Fiber, we are building the future of fiber optic telecommunications, now.

See the Worldwide Fiber Network Map



Edmonton
Calgary
Vancouver
Winnipeg
Thunder Bay
Seattle
Quebec City
Montreal
Sudbury
Minneapolis
Toronto
Detroit
Buffalo
Albany
Cleveland
New York
Chicago
Omaha
Denver
Salt Lake City
St. Louis
Philadelphia
Washington DC
Atlanta
Charlotte
Jacksonville
Orlando
Legend
North America Network

PRODUCTS

Inter city dark fiber and conduit	*Purchase, IRU or lease options on our North American network with over 22,000 route miles and international connectivity*
Carrier's carrier services	*Optical, packet-switching IP and ATM, private line and virtual switching services*
City rings	*Long haul network to be supported by intra-city developments*
Communication Shelters	*Dedicated & co-located space, signal regeneration*
Last mile connectivity	*Last mile connections into North America's major markets*

SERVICES

Project Development	*Overall project services, turnkey approach provides financing, ROW negotiation, construction, maintenance and network management*
Engineering and Design	*Engineering and design services*
Project Management and Construction	*Construction and management expertise as Worldwide Fiber self performs the majority of network construction*
Network Management	*Short and long-term maintenance programs with 24/7 operations to manage fiber optic routes. Emergency response teams are readily available to create immediate solutions.*
Railway Services	*The Railway Services group supports Worldwide Fiber's rail developments and provides value-added options to railroad companies.*
Maintenance	*Worldwide Services provides maintenance to fiber systems and the Worldwide Fiber Network.*

Advantages of the Worldwide Fiber Network

- *22,000 mile North American fiber optic network that is further supported by city rings and last mile connections and international connectivity*
- *Optical services, IP and ATM packet-switching services, private line services and virtual switching services*
- *Diverse routes provide NEW network solutions*
- *The Worldwide Fiber network is significantly complete with network completion by Q4/01*
- *Condominium development strategy allows multiple participants on each route and lowers per fiber mile costs*
- *Produce cost savings for our clients*
- *Over 12 years of telecommunications experience, 52 years in business*
- *Worldwide Fiber provides all services, from identifying opportunities to testing and network management*
- *Network architecture is fully upgradable*
- *Patented construction equipment provides unique construction solutions*
- *Opportunities from leased bandwidth to dark fiber*
- *Worldwide Fiber is receptive to all business proposals including leases, sales, joint ventures and co-developments*

network

carriers carrier strategy

diversity

ready for service

condominium development strategy

strategic supplier relationships

experience

turnkey service

upgradable architecture

innovative solutions

cost efficient

flexibility

WORLDWIDE FIBER

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WORLDWIDE

Network Technology

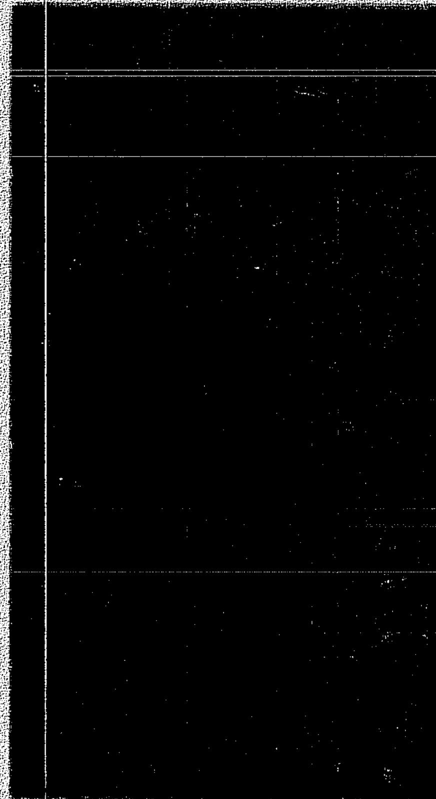
Worldwide Fiber's network is designed to access areas of significant end user telecommunications traffic, as well as the POP's of most IXC's and the principal ILEC central offices in each city on the network, in a cost-efficient manner.

Our network will utilize state-of-the-art fiber optic strands which allow for the high speed, high quality transmission of data, video and voice communications. Fiber optic systems use laser-generated light waves to transmit data, video and voice in digital formats through ultra-thin strands of glass. Fiber optic systems are generally characterized by large circuit capacity, good sound quality, and resistance to external signal interference and direct interface to digital switching equipment or digital microwave systems. We plan to install an average of 144 fiber optic strands on major builds throughout the network. In high demand areas, we may install as many as 264 fibers or more in order to meet anticipated demand.

Each fiber optic strand is capable of transmitting significantly greater bandwidth than traditional copper cables or older fibers. The advanced technical operating characteristics of our network will enable us to provide technologically advanced dark fiber to our customers at low cost by permitting higher capacity transmission over longer distances between regeneration and amplifier facilities than can be provided by less advanced fiber systems. Using current Dense Wave Division Multiplexing ("DWDM") fiber optic transmission technology, a single pair of fiber optic strands used in the network can transmit up to 320 gigabits of data per second ("gbps"), the equivalent of approximately 4.2 million simultaneous voice conversations. Advances in technology continue at a rapid pace and it is expected that 96x DWDM will be available in the future.

Network Technology
Bandwidth Services Diagram
Optical Network Diagram
ATM Diagram
DWDM Diagram
Leased Wavelengths Diagram
Network Layers & Services

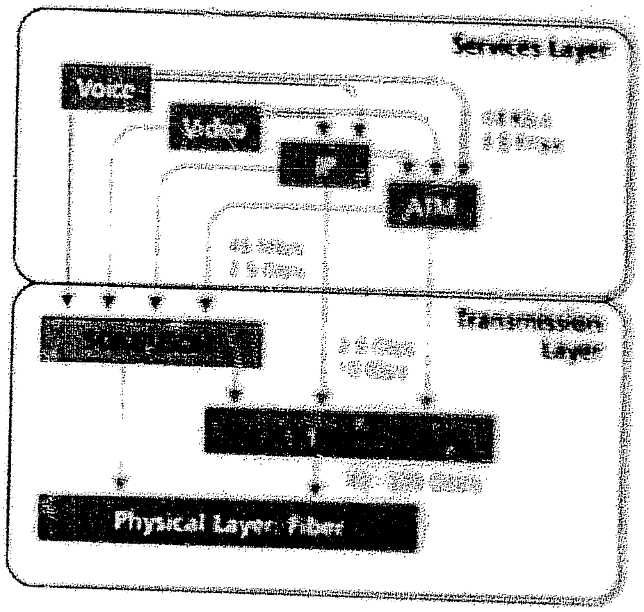
At Worldwide Fiber, we anticipate that continuing developments in compression technology and multiplexing equipment will increase the capacity of each fiber optic strand, providing more bandwidth carrying capacity at relatively low incremental cost. Our network is compatible with the highest commercially available transmission capacity (OC-192) and can accommodate advanced capacity-intensive data applications such as Frame Relay, ATM, multimedia and Internet-related applications.



The Worldwide Fiber Network will offer end-to-end fiber optic capacity compatible with SONET ring architecture. These design routes customer traffic in either direction around its ring design, assuring that fiber cuts do not interrupt service to network customers. Our network is also capable of supporting DWDM.

Bandwidth Services Diagram

Bandwidth Services



Optical Services

- OC 48
- OC 192
- IRU or Lease

ATM Transport Services

- OC 1 - OC 48 Access
- Near zero cell loss
- SPVC Support
- PVC Billed by SCR increment
- Usage billing per Terabyte at egress

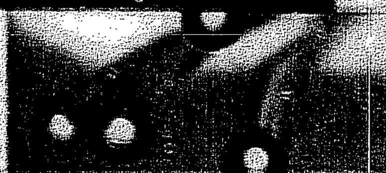
Voice Services

- DS1 - DS3

Private Line

- DS3 - OC3
- Point to point

Network Technology
Optical Network Diagram
ATM Diagram
DWDM Diagram
Leased Wavelengths Diagram
Network Layers & Services



Bandwidth Services

At Worldwide Fiber we have commenced the process of adding the necessary transmission equipment to enable us to utilize the fiber installed on the existing installed fiber routes to provide bandwidth services to carriers, other service providers and large corporations with enterprise network needs along our FOTS. We intend to install the necessary transmission equipment to provide the services along multiple segments of our network in North America.

The services we intend to offer through our sale of bandwidth capacity include:

- Optical Transmission Services
- Private line Services
- Virtual Switching Solutions
- Packet-based Data Services (IP Transport and ATM)

The Network

Fiber Development Services

Bandwidth Services

- The New Millennium
- Bandwidth Services Technology
- Optical Technology
- ATM Packet Switching Technology
- Dense Wavelength Division Multiplexing
- Service Technologies

Worldwide Telecom

Worldwide Fiber Networks, Inc.

Regulations, Descriptions and Rates

Applicable to Furnishing

Interexchange Services

Within the State of South Dakota

This tariff contains the descriptions, regulations and rates applicable to the furnishing of service and facilities for telecommunications services within the State of South Dakota by Worldwide Fiber Networks, Inc. ("Company"). This tariff is on file with the South Dakota Public Utilities Commission, and copies may also be inspected, during normal business hours, at the following location: Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070.

Jim Cox
Vice President of Operations
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, CO 80228

TARIFF FORMAT

A. **Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between Page 14 and 15 would be 14.1.

B. **Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14.

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

2
2.1
2.1.1
2.1.1.1

D. **Check Sheets** - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. An asterisk designates all revisions made in a given filing (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

CHECK SHEET

Sheets 1 through 31 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

Page	Number of Revision
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original
19	Original
20	Original
21	Original
22	Original
23	Original
24	Original
25	Original
26	Original
27	Original

CHECK SHEET (CONT'D)

Page	Number of Revision
28	Original
29	Original
30	Original
31	Original

Jim Cox
Vice President of Operations
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, CO 80228

Table of Contents

1. GENERAL

1.1 Explanation of Symbols, Reference Marks, and Abbreviations of Technical Terms used in this tariff:

Revisions of this tariff are coded through the use of symbols. These symbols appear in the right margin of the sheet. The symbols and their meanings are:

(C) To signify changed conditions or regulations.

(D) To signify discontinued rate, regulation, or condition.

(I) To signify increase.

(K) To signify that material has been transferred to another sheet or place in the tariff.

(M) To signify that material has been transferred from another sheet or place in the tariff.

(N) To signify a new rate, regulation, condition, or sheet.

(O) To signify no change.

(R) To signify reduction.

(T) To signify a change in text for clarification.

APPLICATION OF TARIFF

1.2 Application of the Tariff

1.2.1 This tariff governs the Carrier's services that originate and terminate in South Dakota.

1.2.2 The Company's services are available to Business customers.

1.2.3 The Company's service territory is Statewide

Jim Cox
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Lakewood, CO 80228

CONCURRING CARRIERS

No Concurring Carriers

CONNECTING CARRIERS

No Connecting Carriers

OTHER PARTICIPATING CARRIERS

No Other Participating Carriers

Jim Cox
Vice President of Operations
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, CO 80228

1.3 DEFINITIONS

Advance Payment: Part or all of a payment required before the start of service.

Asynchronous Transfer Mode: ATM is a high bandwidth, low-delay connection-oriented, packet-like switching and multiplexing technique. Usable capacity is segmented into 53-byte fixed-size cells consistent of header and information fields, allocated to services on demand. The term "asynchronous" applies, as each cell is presented to the network on a "start-stop" basis.

Authorized User: A person, firm or corporation which is authorized by the Customer or joint user to be connected to the service of the Customer or joint user.

Central Office (CO): Telephone company facility where subscribers' lines are joined to switching equipment for connecting other subscribers to each other, locally and long distance.

Carrier/Company/Utility: refers to **Worldwide Fiber Networks, Inc.**, the issuer of this tariff, which is a Nevada corporation, or any of its affiliates which concur in this tariff.

Company Calling Card: A telephone calling card issued by the Company at the Customer's request which enables the Customer or User(s) authorized by the Customer to place telephone calls and to have the charges for such calls billed to the Customer's account.

Commission: The South Dakota Public Utilities Commission.

Completed Call: is a call which the Company's network has determined has been answered by a person, answering machine, fax machine, computer modem device, or other answering device.

Customer: The person, firm, or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Individual Case Basis (ICB): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

1.3 DEFINITIONS (CONT'D)

Internet Protocol Transfer: Transfer of information through the use of software that tracks the Internet address nodes, routes outgoing messages, and recognizes incoming messages. Used in gateways to connect networks at OSI network Level 3 and above.

IntraLATA Service: Service which originates and terminates within the same Local Access and Transport Area (LATA).

InterLATA Service: Service which originates in one Local Access and Transport Area (LATA) and terminates in a different LATA.

M/M: Month to month.

MOU: Minutes of use.

Non-recurring Charges: The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees for which the Customer becomes liable at the time the Service Order is executed.

Originating Off-net: A call originating on and placed via non-company owned facilities or a combination of non-company owned and leased facilities

OC-48: Optical Carrier Speed of 2.488 Gbps.

Originating Off-net: A call originating on and placed via non-company owned facilities or a combination of non-company owned and leased facilities

Packet Based Data Services: Data services sent in packets through a network to some remote location. The data to be sent is assembled by the Packet Assembler/Disassembler into individual packets of data, involving a process of segmentation or subdivision of large sets of data as specified by the native protocol of the transmitting device.

Primary InterLATA Carrier ("PIC"): Long distance carrier designated by a telephone subscriber to provide the Customer with interLATA service without having to dial a special access code

1.3 DEFINITIONS (CONT'D)

Private Line Transmission: A dedicated nonswitchable link from one or more customer specified locations to one or more customer-specified locations.

Residential Customer: is a customer who has telephone service at a dwelling and who uses the service primarily for domestic or social purposes. All other customers are non-residential customers.

..

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Service Order: The written request for communications services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and the acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Service: Service means any telecommunications service(s) provided by the Carrier/Company/Utility under this tariff.

Station: means a telephone instrument consisting of a connected transmitter, reciever, and associated apparatus to permit sending or receiving telephone messages.

Station-to-Station: Service where the person originating the call from other than a public or semi-public coin telephone dials the telephone desired and the call is completed without the assistance of a Company operator and the call is not billed to a number other than the originating number.

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1.3 DEFINITIONS (CONT'D)

Time Period: means the interval of hours that distinguish day, evening, night, and weekend rate periods as indicated below:

Rate Periods	From	To, but not Including	Days
Weekdays	8:00 a.m.	5:00 p.m.	Monday-Friday
Evenings	5:00 p.m.	11:00 p.m.	Monday-Friday
	5:00 p.m.	11:00 p.m.	Sunday
Night/Weekends	11:00 p.m.	8:00 p.m.	Monday-Sunday
	8:00 a.m.	5:00 p.m.	Saturday-Sunday
	5:00 p.m.	11:00 p.m.	Saturday

Two Point Message Toll Service: Furnishing of facilities for telecommunications between different local calling areas in accordance with the regulations and schedule of rates specified in this tariff. The rates specified in this tariff are for payment for all services furnished between the calling and called stations.

United States: The 48 contiguous states and the District of Columbia, Hawaii, Alaska, Puerto Rico, the U.S. Virgin Islands, as well as the off-shore areas outside the boundaries of the coastal states of the 48 contiguous states to the extent that such areas appertain to and are subject to the jurisdiction and control of the United States.

User or End User: Any person or entity that obtains the Company's services provided under this tariff, regardless of whether such person or entity is so authorized by the Customer.

Virtual Voice Trunking: Virtual communications channel between two points. Large bandwidth telephone channels between switching center that handle many simultaneous voice and data services.

2. RULES AND REGULATIONS

2.1 Undertaking of the Company

2.2 Obligations of the Customer

2.2.1 The customer shall be responsible for:

2.2.1.1 The payment of all applicable charges pursuant to this tariff.

2.2.1.2 Reimbursing the company for damage to, or loss of, the company's facilities or equipment caused by the acts or omissions of the customer; or the noncompliance by the customer, with these regulations, or by fire or theft or other casualty on the customer's premises unless caused by the negligence or willful misconduct of the employees or agents of the Company.

2.2.1.3 Providing at no charge, as specified from time to time by the Company, any needed space and power to operate the company's facilities and equipment installed on the customer's premises.

2.2.1.4 Complying with all laws and regulations regarding the working conditions on the premises at which the Company's employees and agents shall be installing or maintaining the Company's facilities and equipment. The customer may be required to install and maintain the Company's facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material prior to any construction or installation work.

2. RULES AND REGULATIONS (Cont'd)

2.2.1.5 Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of the Company's facilities and equipment in any customer premises for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.

2.2.1.6 Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2.2.2 With respect to any service or facility provided by the Company, the customer shall indemnify, defend and hold harmless the Company from all claims, actions, damages, liabilities, costs and expenses for:

2.2.2.1 Any loss, destruction or damage to property of the Company or any third party, or injury to persons, including, but not limited to, employees or invitees of either the Company or the customer, to the extent caused by or resulting from the negligent or intentional act or omission of the customer, its employees, agents, representatives or invitees, or

2.2.2.2 Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the customer.

2.2.3 The customer is responsible for ensuring that customer provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The connection, operation, testing, or maintenance of such equipment shall be such as

2. RULES AND REGULATIONS (Cont'd)

2.2.3 (cont'd)

not to cause damage to the Company-provided equipment and facilities or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the customer's expense.

2.2.4 The Company's services (as detailed in this tariff) may be connected to the services or facilities or other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs or contracts which are applicable to such connections.

2.2.5 Upon reasonable notification to the customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer is complying with the requirements set forth in this tariff for the installation, operation, and maintenance of customer-provided facilities and equipment that is connected to Company-owned facilities and equipment.

2.3 Liability of the Company

2.3.1 In view of the fact that the customer has exclusive control over the use of service and facilities furnished by the Company, and because certain errors incident to the services and to the use of such facilities of the Company are unavoidable, services and facilities are furnished by the Company subject to the terms, conditions and limitations herein specified.

2.3.2 Service Irregularities

2.3.2.1 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects in transmission, or failures or defects in facilities furnished by the Company, occurring in the course of furnishing service or other facilities and not caused by the negligence of the customer, shall in no event exceed an amount equivalent to the proportionate charge to the customer for the service or facilities affected during the period such mistake, omission,

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2. RULES AND REGULATIONS (Cont'd)

2.3.2.1 interruption, delay, error or defect in transmission, or failure or defect in facilities continues after notice and demand to Company.

2.3.2.2 The Company shall not be liable for any act or omission of any connecting carrier, underlying carrier or local exchange company except where Company contracts the other carrier, for acts or omission of any other providers of connections, facilities, or service, or for culpable conduct of the customer or failure of equipment, facilities or connection provided by the customer.

2.3.3 Claims of Misuse of Service

2.3.3.1 The Company shall be indemnified and saved harmless by the customer against claims for libel, slander, fraudulent or misleading advertisements or infringement of copyright arising directly or indirectly from material transmitted over its facilities or the use thereof; against claims for infringement of patents arising from combining or using apparatus and systems of the customer with facilities of the Company; and against all other claims arising out of any act or omission of the customer in connection with the services and facilities provided by the Company.

2.3.4 Defacement of Premises

2.3.4.1 The Company is not liable for any defacement of, or damage to, the customer's premises resulting from the furnishing of service or the attachment of equipment and facilities furnished by the Company on such premises or by the installation or removal thereof, when such defacement or damage is not the result of negligence of the Company. For the purpose of this paragraph, no agents or employees of the other participating carriers shall be deemed to be agents or employees of the Company except where contracted by the Company.

2. RULES AND REGULATIONS (Cont'd)

2.3.5 Facilities and Equipment in Explosive Atmosphere, Hazardous or Inaccessible Locations

2.3.5.1 The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere. Company shall be indemnified, defended and held harmless by the customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service and not due to the negligence or willful misconduct of the Company.

2.3.6 Service at Outdoor Locations

2.3.6.1 The Company reserves the right to refuse to provide, maintain or restore service at outdoor locations unless the customer agrees in writing to indemnify and save the Company harmless from and against any and all loss or damage that may result to equipment and facilities furnished by the Company at such locations. The customer shall likewise indemnify and save the Company harmless from and against injury to or death of any person which may result from the location and use of such equipment and facilities.

2. RULES AND REGULATIONS (Cont'd)

2.3.7 Warranties

2.3.7.1 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.3.7.2 Acceptance of the provisions of Section 2.3 by the Commission does not constitute its determination that any limitation of liability imposed by the Company should be upheld in a court of law.

2.3.7.3 Y2K. The Company will operate as specified in its agreement with Customer during the 20th and 21st centuries. The Company will make reasonable efforts to cure any material failure to provide Services caused solely by Year 2000 defects in the Company's hardware, software or systems. Due to the interdependence among telecommunications companies and the interrelationship with non-Company processes, equipment and systems, the Company is not responsible for failures caused by circumstances beyond its control including, but not limited to, failures caused by (1) a local exchange carrier; (2) customer premise equipment, or (3) Customer. In addition, the Company does not ensure compatibility between Company services and non-Company services used by Customer.

2. RULES AND REGULATIONS (Cont'd)

2.4 Application for Service

2.4.1 Cancellation of Service:

2.4.1.1 Where the applicant cancels an order for service prior to the start of the installation or special construction of facilities, no charge shall apply, except to the extent the Company incurs a service order or similar charge from a supplying carrier, if any, prior to the construction.

2.4.1.2 Where the installation of facilities, other than those provided by special construction, has been started prior to cancellation, the lower of the following charge applies:

(a) The total costs of installing and removing such facilities; or

(b) The monthly charges for the entire initial contract period of the service ordered by the customer as provided in this tariff plus the amount of any applicable installation and termination charges.

2.4.1.3 Where special construction of facilities has been started prior to the cancellation, and the Company has another requirement for the specially constructed facilities, no charge applies.

2.5 Payment for Service

2.5.1 Service will be billed pursuant to the customer contract.

2.5.2 The customer is responsible for payment of all charges for service furnished to the customer.

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2. RULES AND REGULATIONS (Cont'd)

2.6 Customer Deposits

2.6.1 The Carrier agrees to abide by the regulations associated with nonresidential customer deposits.

2.6.2 In order to establish credit, the carrier may require an applicant for nonresidential service to demonstrate good paying habits by showing that the applicant:

2.6.2.1 Was a customer of a South Dakota utility for at least 12 months within the preceding 2 years;

2.6.2.2 Does not currently owe any outstanding bills for utility service to a utility doing business in South Dakota;

2.6.2.3 Did not have service discontinued for nonpayment of a utility bill during the last 12 months that service was provided; and

2.6.2.4 Did not fail, on more than two occasions during the last 12 months that service was provided, to pay a utility bill when it became due.

2.6.3 The Carrier agrees to abide by the regulations associated with residential customer deposits.

2.6.4 Deposits for establishment or reestablishment of credit will not be more than the estimated charge for service for 2 consecutive billing periods or 90 days, whichever is less.

2.6.5 Advanced payments for installation costs or special construction will credited on the first bill in their entirety.

2.6.6 Customer deposits shall be maintained in a bank located in South Dakota. Customers who make a deposit for service will receive interest, at a rate set on such deposit not less than the rate calculated by the method set forth in COMAR 20.30.01.04 (for non-residential customers) or COMAR 20.30.02.04 (for residential customers) as appropriate.

2. RULES AND REGULATIONS (Cont'd)

2.7 Late Payment Charges

2.7.1 The Carrier agrees to abide by the regulations governing late payment charges as specified by COMAR 20.30.03, as amended from time to time.

2.7.2 Any charges that are disputed by a customer shall not be subject to late payment charges regardless of the outcome of the dispute.

2.7.3 The company will consider delinquent and apply late payment charges on bills not paid within 20 days of the billing invoice date in the case of residential or customers or within 15 days of the billing invoice date in the case of all non-residential customers in accordance with COMAR Sections 20.30.03.01A and 20.30.03.01 B. respectively.

2.7.4 Late payment fees will be computed at a rate not to exceed 1.5% per month, for the two, nominal billing intervals and may not exceed 5% of the total original unpaid charges in compliance with COMAR 20.30.03.01 A(1).

2.8 Customer Complaints and Billing Disputes

2.8.1 Customers may notify the carrier of billing or other disputes either orally or in writing. There is no time limit for submitting disputes.

2.8.2 Customer complaints and billing disputes that are not satisfactorily resolved may be presented by the customer to:

South Dakota Public Utilities Commission
Capital Building, 1st Floor
500 East Capital Avenue
Pierre, SD 57501-5070

2.8.3 The company provides the following toll free number (1-877-735-7366) for customers to contact the carrier in accordance with COMAR 20.45.04.02 B.

2.8.4 The company will not collect attorney fees or court costs from customers.

2.9 Allowance for Interruptions in Service

2. RULES AND REGULATIONS (Cont'd)

2.9.1 Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided, and billed for, by the Company. The Carrier agrees to abide by the regulations associated with interruptions in service.

2.10 Taxes and Fees

2.10.1 All state and local taxes and fees shall be listed as separate line items on the customer's bill.

2.10.2 If a municipality, other political subdivision or local agency of government, or the Commission imposes and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such taxes and fees shall, as allowed by law, be billed pro rata to the customer receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.10.3 Service shall not be subject to taxes for a given taxing jurisdiction if the customer provides the company with written verification, acceptable to the company and to the relevant taxing jurisdiction, that the customer has been granted a tax exemption.

2.11 Returned Check Charge

The charge for a returned check is $25.00.

2.12 Special Customer Arrangements

In cases where a customer requests special or unique arrangements which may include but are not limited to engineering, conditioning, installation, construction, facilities, assembly, purchase or lease of facilities and/or other special services not offered under this tariff, the company, may provide the requested services. Appropriate recurring charges and/or nonrecurring charges and other terms and conditions will be developed for the customer for the provisioning of such arrangements.

2. RULES AND REGULATIONS (Cont'd)

2.13 Termination of Service.

2.13.1 Denial of Service Without Notice

The Company may discontinue service without notice for any of the following reasons:

2.13.1.1 Hazardous Condition. For a condition on the customer's premises determined by the Company to be hazardous.

2.13.1.2 Adverse Effect on Service. Customer's use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

2.13.1.3 Tampering With Company Property. Customer's tampering with equipment furnished and owned by the Company.

2.13.1.4 Unauthorized Use of Service. Customer's unauthorized use of service by any method which causes hazardous signals over the Company's network.

2.13.1.5 Illegal use of Service. Customer's use of service or equipment in a manner to violate the law.

2.13.2 Denial of Service Requiring Notice

2.13.2.1 The Company may deny service for any of the following reasons provided it has notified the customer of its intent, in writing, to deny service and has allowed the customer a reasonable time of not less than 10 days, or as otherwise specified in this tariff, in which to remove the cause for denial.

2.13.2.1.A Non-compliance with Regulations. For violation of or non-compliance with regulations, or for violation of or non-compliance with the Company's tariffs on file with the Commission.

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2. RULES AND REGULATIONS (Cont'd)

2.13.2.1.B Failure on Contractual Obligations. For failure of the customer to fulfill his contractual obligations for service or facilities subject to regulation by the South Dakota Public Utilities Commission.

2.13.2.1.C Refusal of Access. For failure of the customer to permit the Company to have reasonable access to its equipment.

2.13.2.1.D Non-payment of Bill.

2.13.2.1.D.1 For non-payment of a bill for service, provided that the Company has made a reasonable attempt to effect collection and has given the customer written notice of its intent to deny service if settlement of his account is not made and provided the customer has at least 5 days, excluding Sundays and holidays in which to make settlement before his service is denied.

2.13.2.1.D.2 In cases of bankruptcy, receivership, abandonment of service, or abnormal toll usage not covered adequately by a security deposit, less than 5 days notice may be given if necessary to protect the Company's revenues.

2. RULES AND REGULATIONS (Cont'd)

2.13.2.1.D.3 Except in cases where a prior promise to pay has not been kept or bankruptcy, receivership, abandoned service, or abnormal toll usage is involved, the Company may not deny service on the day preceding any day on which it is not prepared to accept payment of the amount due and to reconnect service.

2.13.2.1.D.4 Failure to Comply with Service Conditions. For failure of the customer to furnish the service equipment, permits, certificates, or rights-of-way, specified by the Company as a condition to obtaining service, or if the equipment or permissions are withdrawn or terminated.

2.13.2.1.D.5 Failure to Comply with Municipal Ordinances. For failure to comply with municipal ordinances or other laws pertaining to telephone service.

2.13.2.1.D.6 Failure to Pay Increased Deposit Required. For failure of the customer to pay an increased security deposit when warranted by the Company to protect its revenue.

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2. RULES AND REGULATIONS (Cont'd)

2.13.3 Insufficient Reasons for Denial of Service

2.13.3.1 The following may not constitute cause for refusal of service to a present or prospective customer:

2.13.3.1.A Failure of a prior customer to pay for service at the premises to be serviced;

2.13.3.1.B Failure to pay for a different class of service for a different entity;

2.13.3.1.C Failure to pay the bill of another customer as guarantor of that bill;

2.13.3.1.D Failure to pay directory advertising charges;

2.13.3.1.E Failure to pay an undercharge; or

2.13.3.1.F Failure to pay an outstanding bill that is over 7 years old, unless the:

2.13.3.1.F.1 Customer signed an agreement to pay the outstanding bill before the expiration of this period.

2.13.3.1.F.2 Outstanding bill is for service obtained by the customer by means of tampering with equipment furnished and owned by the Company or by unauthorized use of service by any method; or

2. RULES AND REGULATIONS (Cont'd)

2.13.3.1.F.3 Outstanding bill is for service obtained by the customer by means of an application made:

(i) In a fictitious name.

(ii) In the name of an individual who is not an occupant of the dwelling unit, without disclosure of the individual's actual address.

(iii) In the name of a third party without disclosing that fact or without bona fide authority from the third party, or

(iv) Without disclosure of a material fact or by misrepresentations of a material fact.

2.13.3.2 This regulation applies to both residential and nonresidential classes of service.

2. RULES AND REGULATIONS (Cont'd)

PROVISION OF SERVICE AND FACILITIES

2.14 Unlawful Use of Service

2.14.1 Service shall not be used for any purpose in violation of law or for any use as to which the customer has not obtained all required governmental approvals, authorizations, licenses, consents, and permits. The company shall refuse to furnish service to an applicant or shall disconnect the service without notice of a customer when:

2.14.1.1 An order shall be issued, signed by a judge finding that probable cause exists to believe that the use made or to be made of the service is prohibited by law, or

2.14.1.2 The Company is notified in writing by a law enforcement agency acting within its jurisdiction that any facility furnished by the Company is being used or will be used for the purpose of transmitting or receiving gambling information in interstate or foreign commerce in violation of the law.

2.14.2 If service has been physically disconnected by law enforcement officials at the customer's premises and if there is not presented to the Company the written finding of a judge, then upon written or verbal request of the subscriber, and agreement to pay restoral of service charges and other applicable service charges, the Company shall promptly restore such service.

2.15 Interference with or Impairment of Service

Service shall not be used in any manner which interferes with other persons in the use of their service!, prevents other persons from using their service, or otherwise impairs the quality of service to other customers. The company may require a customer to immediately shut down its transmission of signals if said transmission is causing interference to others or impairing the service of others.

2. RULES AND REGULATIONS (Cont'd)

2.16 Telephone Solicitation by Use of Recorded Messages

2.16.1 Service shall not be used for the purpose of solicitation by recorded messages when such solicitation occurs as a result of unrequested or unsolicited calls initiated by the solicitor by means of automatic dialing devices. Such devices, with storage capability of numbers to be called or a random or sequential number generator that produces numbers to be called and having the capability, working alone or in conjunction with other equipment, of disseminating a prerecorded message to the number called and which are calling party or called party controlled, are expressly prohibited.

2.17 Incomplete Calls

2.17.1 There shall be no charge for incomplete calls. No charge will be levied for unanswered calls. Customers will receive credit for calls placed to a wrong number if the customer notifies the Company of the error.

2.18 Overcharge/Undercharge

2.18.1 Overcharge/undercharge provisions will be in accordance with COMAR 20.45.04.01.

2.18.2 When a customer has been overcharged, the amount shall be refunded or credited to the customer.

3. DESCRIPTION OF SERVICES, LOCATION, PRICES AND CHARGES

3.1 Trial Services

3.1.1 The Company may offer new services, not otherwise tariffed, from time to time on a trial basis subject to Commission approval. Such trials are limited to a maximum of six months at which time the trial offering must be either withdrawn or made available on permanent basis.

3.2 Promotional Offerings

3.2.1 The Company may offer existing services on a promotional basis, subject to Commission approval, that provides special rates, terms, or conditions of service. Promotional offerings are limited to a maximum of six months at which time the promotional offering must be either withdrawn or made available on a permanent basis. All promotions, regardless of whether service are given away for free, are subject to Commission approval.

3.3 Standard Offering

Worldwide Fiber Networks will provide high capacity transport on a leased long-term basis. Services initially offered shall be (1) Private Line Transmission; (2) Packet-Based Data Services; (3) Internet Protocol Transfer; (4) Asynchronous Transfer Mode and (5) Virtual Voice Trunking.

3.4 Location of Service

Worldwide Fiber Network's intent in the United States is to design, install and maintain a national fiber optic cable route consisting of two primary east-west routes and three primary north-south routes. Segments of this planned fiber optic cable route will run through South Dakota.

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3 DESCRIPTION OF SERVICES, LOCATION, PRICES AND CHARGES (Cont'd)

3.5 Rates for Service

There will be no standard offering as all contracts for high capacity transport will be negotiated and performed on an individual case basis.

Description	Rate
High capacity transport at OC-48	ICB
Private Line Transmission	ICB
Packet-Based Data Services	ICB
Internet Protocol Transfer	ICB
Asynchronous Transfer Mode	ICB
Virtual Voice Trunking	ICB

3.6 Application for Service

Application for service must be made in writing. The name(s) of the customer(s) desiring to use the service must be set forth in the application for service.

3.7 Deposits

Deposits and/or advanced payments are not required.

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July 24, 2000

360networks

Heather K. Forney
Utility Analyst
South Dakota Public Utilities Commission
State Capitol Building
500 East Capitol Avenue
Pierre, SD 57501

RECEIVED

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

RE: Additional information and suggested changes for the Application of Worldwide Fiber Networks, Inc. for a Certificate of Authority to Provide Facilities-Based Interexchange Services in South Dakota

Dear Ms. Forney:

Pursuant to your request, Worldwide Fiber Networks, Inc. presents an original and ten (10) copies of the enclosed Amended Application. Also enclosed, is an original and ten (10) copies of the Amended Tariff.

An extra copy of this filing is enclosed to be date-stamped and returned to us in the self-addressed, postage paid envelope enclosed. If you have any questions regarding this filing, please contact the undersigned.

Respectfully submitted,

Julie R. Hawkins
Assistant General Counsel
Worldwide Fiber Networks, Inc.

APPLICATION FOR REGISTRATION
OF WORLDWIDE FIBER NETWORKS, INC.
FILED WITH THE
SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

IN THE MATTER OF THE APPLICATION OF WORLDWIDE FIBER NETWORKS, INC., FOR CERTIFICATE OF AUTHORITY TO PROVIDE FACILITIES-BASED INTEREXCHANGE TELECOMMUNICATION SERVICES IN SOUTH DAKOTA	)))))))	Docket No.________

APPLICATION AMENDMENT

Application is hereby made to the South Dakota Public Utilities Commission for a Certificate of Authority to Provide Facilities-Based Interexchange Telecommunication Services in South Dakota. The following information is furnished in support thereof.

1. Telephone Number of Applicant

   (303) 854-5000

2. Financial Qualifications

   Pursuant to ARSD 20:10:24:02(15), Applicant requests a waiver of ARSD 20:10:24:02(8) requiring a financial demonstration of stability as a stand-alone company. The Applicant will agree to temporary restrictions on its ability to offer prepaid services and from collecting customer deposits or advanced payments until its financial capability can be determined.

3. Customer Complaints

   Terry Bate
   Director of Client Services
   (303) 854-5000 Telephone
   (303) 987-1471 Fax

   360networks has established a toll free Customer Care number, 1-877-735-7366, to handle service complaints and/or billing questions once service commences. Mr. Terry Bate, Director of Client Services will oversee 360networks' Customer Care department and his staff will promptly respond to any customer complaints or concerns that may arise. Mr. Bate may be contacted through the Applicant's corporate offices at 143 Union Blvd., Suite 300, Lakewood, Colorado 80228, telephone (303) 854-5000. 360networks will also maintain a 24-hour Network Operation Center (NOC) to address operational issues. The NOC will be equipped with state-of-the-art monitoring equipment to allow for immediate response to any and all operational problems, which may arise. Mr. Gary Anderson, Vice President of Operations, 143 Union Blvd., Suite 300, Lakewood, Colorado 80228, telephone (303) 854-5000, will oversee all of the Applicant's operational departments.

<u>Regulatory Contact</u>

Julie R. Hawkins
Assistant General Counsel
(303) 854-5000 Telephone
(303) 854-5100 Fax
julie.hawkins@360.net

4. <u>Multilevel Marketing</u>

Applicant does not intend to engage in multilevel marketing at this time.

5. <u>Revised Tariff Page 23</u>

See Exhibit A

6. <u>Revised Tariff Pages 16 & 17</u>

See Exhibit A

(Revised pursuant to consultation with Karen Cremer, staff attorney)

7. <u>Conclusion</u>

In light of the foregoing, Applicant respectfully requests the Commission to grant a Certificate of Authority to Provide Facilities-Based Interexchange Services in South Dakota.

DATED this 27th day of July 2000.

Respectfully submitted,

Julie R. Hawkins
Assistant General Counsel
Worldwide Fiber Networks, Inc.

EXHIBIT A

Worldwide Fiber Networks, Inc.

Regulations, Descriptions and Rates

Applicable to Furnishing

Interexchange Services

Within the State of South Dakota

This tariff contains the descriptions, regulations and rates applicable to the furnishing of service and facilities for telecommunications services within the State of South Dakota by Worldwide Fiber Networks, Inc. ("Company"). This tariff is on file with the South Dakota Public Utilities Commission, and copies may also be inspected, during normal business hours, at the following location: Capitol Building, 1st floor, 500 East Capitol Avenue, Pierre, SD 57501-5070.

TARIFF FORMAT

A. **Page Numbering** - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between Page 14 and 15 would be 14.1.

B. **Page Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th revised Page 14 cancels the 3rd revised Page 14.

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

2
2.1
2.1.1
2.1.1.1

D. **Check Sheets** - When a tariff filing is made with the Commission, an updated Check Sheet accompanies the tariff filing. The Check Sheet lists the pages contained in the tariff, with a cross-reference to the current revision number. When new pages are added, the Check Sheet is changed to reflect the revision. An asterisk designates all revisions made in a given filing (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remain the same, just revised revision levels on some pages.) The tariff user should refer to the latest Check Sheet to find out if a particular page is the most current on file with the Commission.

Jim Cox
Vice President of Operations
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, CO 80228

CHECK SHEET

Sheets 1 through 32 inclusive of this tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date on the bottom of this sheet.

Page	Number of Revision
1	Original
2	Original
3	Original
4	Original
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Lakewood, CO 80228

CHECK SHEET (CONT'D)

Page	Number of Revision
28	Original
29	Original
30	Original
31	Original
32	Original

Jim Cox
Vice President of Operations
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, CO 80228

Table of Contents

1. GENERAL

1.1 Explanation of Symbols, Reference Marks, and Abbreviations of Technical Terms used in this tariff:

Revisions of this tariff are coded through the use of symbols. These symbols appear in the right margin of the sheet. The symbols and their meanings are:

(C) To signify changed conditions or regulations.

(D) To signify discontinued rate, regulation, or condition.

(I) To signify increase.

(K) To signify that material has been transferred to another sheet or place in the tariff.

(M) To signify that material has been transferred from another sheet or place in the tariff.

(N) To signify a new rate, regulation, condition, or sheet.

(O) To signify no change.

(R) To signify reduction.

(T) To signify a change in text for clarification.

APPLICATION OF TARIFF

1.2 Application of the Tariff

1.2.1 This tariff governs the Carrier's services that originate and terminate in South Dakota. Specific services and rates are described elsewhere in this tariff.

1.2.2 The Company's services are available to Business customers.

1.2.3 The Company's service territory is Statewide.

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Lakewood, CO 80228

CONCURRING CARRIERS

No Concurring Carriers

CONNECTING CARRIERS

No Connecting Carriers

OTHER PARTICIPATING CARRIERS

No Other Participating Carriers

1.3 DEFINITIONS

Advance Payment: Part or all of a payment required before the start of service.

Authorized User: A person, firm or corporation which is authorized by the Customer or joint user to be connected to the service of the Customer or joint user.

Central Office (CO): Telephone company facility where subscribers' lines are joined to switching equipment for connecting other subscribers to each other, locally and long distance.

Carrier/Company/Utility: refers to **Worldwide Fiber Networks, Inc.**, the issuer of this tariff, which is a Nevada corporation, or any of its affiliates which concur in this tariff.

Company Calling Card: A telephone calling card issued by the Company at the Customer's request which enables the Customer or User(s) authorized by the Customer to place telephone calls and to have the charges for such calls billed to the Customer's account.

Commission: means the South Dakota Public Utilities Commission.

Completed Call: is a call which the Company's network has determined has been answered by a person, answering machine, fax machine, computer modem device, or other answering device.

Customer: The person, firm, or corporation which orders service and is responsible for the payment of charges and compliance with the Company's regulations.

Individual Case Basis (ICB): A service arrangement in which the regulations, rates and charges are developed based on the specific circumstances of the Customer's situation.

IntraLATA Service: Service which originates and terminates within the same Local Access and Transport Area (LATA).

1.3 DEFINITIONS (CONT'D)

InterLATA Service: Service which originates in one Local Access and Transport Area (LATA) and terminates in a different LATA.

M/M: Month to month.

MOU: Minutes of use.

Residential Customer: is a customer who has telephone service at a dwelling and who uses the service primarily for domestic or social purposes. All other customers are non-residential customers.

Non-recurring Charges: The one-time initial charges for services or facilities, including but not limited to charges for construction, installation, or special fees for which the Customer becomes liable at the time the Service Order is executed.

Originating Off-net: A call originating on and placed via non-company owned facilities or a combination of non-company owned and leased facilities

Primary InterLATA Carrier ("PIC"): Long distance carrier designated by a telephone subscriber to provide the Customer with interLATA service without having to dial a special access code.

Recurring Charges: The monthly charges to the Customer for services, facilities and equipment which continue for the agreed upon duration of the service.

Service Order: The written request for communications services executed by the Customer and the Company in the format devised by the Company. The signing of a Service Order by the Customer and the acceptance by the Company initiates the respective obligations of the parties as set forth therein and pursuant to this tariff.

Service: Service means any telecommunications service(s) provided by the Carrier/Company/Utility under this tariff.

1.3 DEFINITIONS (CONT'D)

Station: means a telephone instrument consisting of a connected transmitter, reciever, and associated apparatus to permit sending or receiving telephone messages.

Station-to-Station: Service where the person originating the call from other than a public or semi-public coin telephone dials the telephone desired and the call is completed without the assistance of a Company operator and the call is not billed to a number other than the originating number.

Time Period: means the interval of hours that distinguish day, evening, night, and weekend rate periods as indicated below:

Rate Periods	From	To, but not Including	Days
Weekdays	8:00 a.m.	5:00 p.m.	Monday-Friday
Evenings	5:00 p.m.	11:00 p.m.	Monday-Friday
	5:00 p.m.	11:00 p.m.	Sunday
Night/Weekends	11:00 p.m.	8:00 a.m.	Monday-Sunday
	8:00 a.m.	5:00 p.m.	Saturday-Sunday
	5:00 p.m.	11:00 p.m.	Saturday

Two Point Message Toll Service: Furnishing of facilities for telecommunications between different local calling areas in accordance with the regulations and schedule of rates specified in this tariff. The rates specified in this tariff are for payment for all services furnished between the calling and called stations.

United States: The 48 contiguous states and the District of Columbia, Hawaii, Alaska, Puerto Rico, the U.S. Virgin Islands, as well as the off-shore areas outside the boundaries of the coastal states of the 48 contiguous states to the extent that such areas appertain to and are subject to the jurisdiction and control of the United States.

User or End User: Any person or entity that obtains the Company's services provided under this tariff, regardless of whether such person or entity is so authorized by the Customer.

(Definitions may be added as necessary to explain terms used in the remainder of this tariff.)

2. RULES AND REGULATIONS

2.1 Undertaking of the Company

2.2 Obligations of the Customer

2.2.1 The customer shall be responsible for:

2.2.1.1 The payment of all applicable charges pursuant to this tariff.

2.2.1.2 Reimbursing the company for damage to, or loss of, the company's facilities or equipment caused by the acts or omissions of the customer; or the noncompliance by the customer, with these regulations, or by fire or theft or other casualty on the customer's premises unless caused by the negligence or willful misconduct of the employees or agents of the Company.

2.2.1.3 Providing at no charge, as specified from time to time by the Company, any needed space and power to operate the company's facilities and equipment installed on the customer's premises.

2.2.1.4 Complying with all laws and regulations regarding the working conditions on the premises at which the Company's employees and agents shall be installing or maintaining the Company's facilities and equipment. The customer may be required to install and maintain the Company's facilities and equipment within a hazardous area if, in the Company's opinion, injury or damage to the Company's employees or property might result from installation or maintenance by the Company. The customer shall be responsible for identifying, monitoring, removing and disposing of any hazardous material prior to any construction or installation work.

2.2.1.5 Complying with all laws and regulations applicable to, and obtaining all consents, approvals, licenses and permits as may be required with respect to, the location of the Company's facilities and equipment in any customer premises for the purpose of installing, inspecting, maintaining, repairing, or upon termination of service as stated herein, removing the facilities or equipment of the Company.

2. RULES AND REGULATIONS (Cont'd)

2.2.1.6 Making Company facilities and equipment available periodically for maintenance purposes at a time agreeable to both the Company and the customer. No allowance for interruptions in service will be made for the period during which service is interrupted for such purposes.

2.2.2 With respect to any service or facility provided by the Company, the customer shall indemnify, defend and hold harmless the Company from all claims, actions, damages, liabilities, costs and expenses for:

2.2.2.1 Any loss, destruction or damage to property of the Company or any third party, or injury to persons, including, but not limited to, employees or invitees of either the Company or the customer, to the extent caused by or resulting from the negligent or intentional act or omission of the customer, its employees, agents, representatives or invitees; or

2.2.2.2 Any claim, loss, damage, expense or liability for infringement of any copyright, patent, trade secret, or any proprietary infringement of any copyright, patent, trade secret, or any proprietary or intellectual property right of any third party, arising from any act or omission by the customer.

2.2.3 The customer is responsible for ensuring that customer-provided equipment connected to Company equipment and facilities is compatible with such equipment and facilities. The connection, operation, testing, or maintenance of such equipment shall be such as not to cause damage to the Company-provided equipment and facilities or injury to the Company's employees or other persons. Any additional protective equipment required to prevent such damage or injury shall be provided by the Company at the customer's expense.

2.2.4 The Company's services (as detailed in this tariff) may be connected to the services or facilities or other communications carriers only when authorized by, and in accordance with, the terms and conditions of the tariffs or contracts which are applicable to such connections.

2. RULES AND REGULATIONS (Cont'd)

2.2.5 Upon reasonable notification to the customer, and at a reasonable time, the Company may make such tests and inspections as may be necessary to determine that the customer is complying with the requirements set forth in this tariff for the installation, operation, and maintenance of customer-provided facilities and equipment that is connected to Company-owned facilities and equipment.

2.3 Liability of Carrier

2.3.1 Carrier shall not be liable for any claims for loss or damages involving:

2.3.1.1 Any act or omission of: (1) the Customer, (2) any other entity furnishing service, equipment or facilities for use in conjunction with services or facilities provided by Carrier, or (3) common carriers or warehousemen;

2.3.1.2 Any delay or failure of performance or equipment due to causes beyond Carrier's control, including but not limited to, acts of God, fires, floods, earthquakes, hurricanes, or other catastrophes; national emergencies, insurrections, riots, wars or other civil commotions; strikes, lockouts, work stoppages or other labor difficulties; criminal actions taken against Carrier; unavailability, failure or malfunction of equipment or facilities provided by the Customer or third parties; and any law, order, regulation or other action of any governing authority or agency thereof;

2.3.1.3 Any unlawful or unauthorized use of Carrier's facilities and services;

2.3.1.4 Libel, slander, invasion of privacy or infringement of patents, trade secrets, or copyrights arising from or in connection with the transmission of communications by means of Carrier-provided facilities or services; or by means of the combination of Carrier-

2. RULES AND REGULATIONS (Cont'd)

provided facilities or services with Customer-provided facilities or services;

2.3.1.5 Breach in the privacy or security of communications transmitted over Carrier's facilities;

2.3.1.6 Changes in any of the facilities, operations or procedures of Carrier that render any equipment, facilities or services provided by the Customer obsolete, or require modification or alteration of such equipment, facilities or services, or otherwise affect their use or performance, except where reasonable notice is required by Carrier and is not provided to the Customer, in which event Carrier's liability is limited as set forth in subsection 2.3.1 of this Section 2.3.

2.3.1.7 Defacement of or damage to Customer premises resulting from the furnishing of services or equipment on such premises or the installation or removal thereof;

2.3.1.8 Injury to property or injury or death to persons, including claims for payments made under Workers' Compensation law or under any plan for employee disability or death benefits, arising out of, or caused by any act or omission of the Customer, or the construction, installation, maintenance, presence, use or removal of the Customer's facilities or equipment connected, or to be connected to Carrier's facilities;

2.3.1.9 Any intentional, wrongful act of a Carrier employee when such act is not within the scope of the employee's responsibilities for Carrier and/or is not authorized by Carrier;

2.3.1.10 Any representations made by Carrier employees that do not comport, or that are inconsistent, with the provisions of this tariff;

2. RULES AND REGULATIONS (Cont'd)

2.3 Liability of Carrier (Cont'd)

2.3.1.11 Any act or omission in connection with the provision of 911, E911, or similar services involving emergencies;

2.3.1.12 Any noncompletion of calls due to network busy conditions;

2.3.1.13 Any calls not actually attempted to be completed during any period that service is unavailable.

2.3.2 Carrier shall be indemnified, defended and held harmless by the Customer or end user from and against any and all claims, loss, demands, suits, expense, or other action or any liability whatsoever, including attorney fees, whether suffered, made, instituted, or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any Carrier or Customer equipment or facilities or service provided by Carrier.

2.3.3 Carrier does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere. Carrier shall be indemnified, defended and held harmless by the Customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, including attorney fees, whether suffered, made, instituted or asserted by the Customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of property, including environmental contamination, whether owned by the Customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation,

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2. RULES AND REGULATIONS (Cont'd)

failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service.

2.3.5 Carrier assumes no responsibility for the availability or performance of any cable or satellite systems or related facilities under the control of other entities, or for other facilities provided by other entities used for service to the Customer, even if Carrier has acted as the Customer's agent in arranging for such facilities or services. Such

2.3.6 facilities are provided subject to such degree of protection or nonpreemptibility as may be provided by the other entities.

2.3.7 Notwithstanding any other provision of this tariff and pursuant to S.D. Codified Laws §§ 49-13-1 and 49-13-1.1, any person claiming to be damaged by Carrier may either make complaint to the Commission or may bring suit on his own behalf for the recovery of damages in any court of competent jurisdiction in South Dakota, but no reason may pursue both remedies at the same time.

2.3.8 CARRIER MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED, EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.3.9 Claims of Misuse of Service

2.3.9.1 The Company shall be indemnified and saved harmless by the customer against claims for libel, slander, fraudulent or misleading advertisements or infringement of copyright arising directly or indirectly from material transmitted over its facilities or the use thereof; against claims for infringement of patents arising from combining or using apparatus and systems of the customer with facilities of the Company; and against all other claims arising out of

2. RULES AND REGULATIONS (Cont'd)

any act or omission of the customer in connection with the services and facilities provided by the Company.

2.3.10 Defacement of Premises

2.3.10.1 The Company is not liable for any defacement of, or damage to, the customer's premises resulting from the furnishing of service or the attachment of equipment and facilities furnished by the Company on such premises or by the installation or removal thereof, when such defacement or damage is not the result of negligence of the Company. For the purpose of this paragraph, no agents or employees of the other participating carriers shall be deemed to be agents or employees of the Company except where contracted by the Company.

2.3.11 Facilities and Equipment in Outdoor Locations, Explosive Atmosphere, Hazardous or Inaccessible Locations

2.3.11.1 The Company does not guarantee nor make any warranty with respect to installations provided by it for use in an explosive atmosphere. Company shall be indemnified, defended and held harmless by the customer from and against any and all claims, loss, demands, suits, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the customer or by any other party, for any personal injury to or death of any person or persons, and for any loss, damage or destruction of any property, including environmental contamination, whether owned by the customer or by any other party, caused or claimed to have been caused directly or indirectly by the installation, operation, failure to operate, maintenance, presence, condition, location, use or removal of any equipment or facilities or the service and not due to the negligence or willful misconduct of the Company.

2.3.12 Warranties

2.3.12.1 THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN

2. RULES AND REGULATIONS (Cont'd)

FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR USE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

2.3.12.2 Acceptance of the provisions of Section 2.3 by the Commission does not constitute its determination that any limitation of liability imposed by the Company should be upheld in a court of law.

2.3.12.3 Y2K: The Company will operate as specified in its agreement with Customer during the 20th and 21st centuries. The Company will make reasonable efforts to cure any material failure to provide Services caused solely by Year 2000 defects in the Company's hardware, software or systems. Due to the interdependence among telecommunications companies and the interrelationship with non-Company processes, equipment and systems, the Company is not responsible for failures caused by circumstances beyond its control including, but not limited to, failures caused by: (1) a local exchange carrier, (2) customer premise equipment, or (3) Customer. In addition, the Company does not ensure compatibility between Company services and non-Company services used by Customer.

2.4 Application for Service

2.4.1 Minimum Contract Period.

2.4.1.1 Except as otherwise provided, the minimum contract period is one month for all services furnished. However, if a new residential or single line business customer notifies the Company within twenty days after receipt of the first bill that certain services or equipment are not desired, the Company will delete such services or equipment from the customer's account without a record keeping or service ordering charge. The customer nonetheless shall be responsible for all monthly usage and installation charges incurred for the use of such service and equipment.

2. RULES AND REGULATIONS (Cont'd)

2.4.1.2 Except as provided in 2.4.2.1 preceding, the length of minimum contract period for directory listings, and for joint user service where the listing actually appears in the directory, is the directory period. The directory period is from the day on which the directory is first distributed to customers to the day the succeeding directory is first distributed to customers.

2.4.1.3 The Company may require a minimum contract period longer than one month in connection with special, non-standard types or arrangements of equipment, or for unusual construction, necessary to meet special demands for service.

2.4.2 Cancellation of Service

2.4.2.1 Where the applicant cancels an order for service prior to the start of the installation or special construction of facilities, no charge shall apply, except to the extent the Company incurs a service order or similar charge from a supplying carrier, if any, prior to the construction.

2.4.2.2 Where the installation of facilities, other than those provided by special construction, has been started prior to cancellation, the lower of the following charge applies.

(a) The total costs of installing and removing such facilities; or

(b) The monthly charges for the entire initial contract period of the service ordered by the customer as provided in this tariff plus the full amount of any applicable installation and termination charges.

2.4.2.3 Where special construction of facilities has been started prior to the cancellation, and the Company has another requirement for the specially constructed facilities, no charge applies.

2. RULES AND REGULATIONS (Cont'd)

2.5 Payment for Service

2.5.1 Service will be billed on a monthly basis and is due and payable upon receipt or as specified on the customer's bill. Service will continue to be provided until canceled by the customer or discontinued by the Company as set forth in Section 2.15 of this tariff.

2.5.2 The customer is responsible for payment of all charges for service furnished to the customer. Charges based on actual usage during a month will be billed monthly in the month following the month in which the service was used. All fixed monthly and nonrecurring charges for services ordered will be billed monthly in advance.

2.6 Customer Deposits

2.6.1 The Carrier agrees to abide by the regulations associated with nonresidential customer deposits.

2.6.2 In order to establish credit, the carrier may require an applicant for nonresidential service to demonstrate good paying habits by showing that the applicant:

2.6.2.1 Was a customer of a South Dakota utility for at least 12 months within the preceding 2 years;

2.6.2.2 Does not currently owe any outstanding bills for utility service to a utility doing business in South Dakota;

2.6.2.3 Did not have service discontinued for nonpayment of a utility bill during the last 12 months that service was provided; and

2.6.2.4 Did not fail, on more than two occasions during the last 12 months that service was provided, to pay a utility bill when it became due.

2.6.3 The Carrier agrees to abide by the regulations associated with residential customer deposits.

2.6.4 In order to establish credit, a utility may require an applicant for residential service to demonstrate good paying habits by showing that the applicant:

2. RULES AND REGULATIONS (Cont'd)

2.6.4.1 Was a customer of a South Dakota utility within the preceding 2 years;

2.6.4.2 Does not currently owe any outstanding bills for utility service to a utility doing business in South Dakota;

2.6.4.3 Did not have service discontinued for non-payment of a utility bill during the last 12 months that service was provided; and

2.6.4.4 Did not on more than two occasions during the last 12 months that service was provided, fail to pay a utility bill when it became due.

2.6.5 Deposits for establishment or reestablishment of credit will not be more than the estimated charge for service for 2 consecutive billing periods or 90 days, whichever is less.

2.6.6 Advanced payments for installation costs or special construction will credited on the first bill in their entirety.

2.6.7 Customer deposits shall be maintained in a bank located in South Dakota. Customers who make a deposit for service will receive interest, at a rate set on such deposit not less than the rate calculated by the method set forth in COMAR 20.30.01.04 (for non-residential customers) or COMAR 20.30.02.04 (for residential customers) as appropriate.

2.7 Late Payment Charges

2.7.1 The Carrier agrees to abide by the regulations governing late payment charges as specified by COMAR 20.30.03, as amended from time to time.

2.7.2 Any charges that are disputed by a customer shall not be subject to late payment charges regardless of the outcome of the dispute.

2.7.3 The company will consider delinquent and apply late payment charges on bills not paid within 20 days of the billing invoice date in the case of residential customers and within 15 days of the billing invoice date in the case of all non-residential customers in accordance with COMAR Sections 20.30.03.01 A and 20.30.03.01 B, respectively.

2. RULES AND REGULATIONS (Cont'd)

2.7.4 Late payment fees will be computed at a rate not to exceed 1.5% per month, for the two, nominal billing intervals and may not exceed 5% of the total original unpaid charges in compliance with COMAR 20.30.03.01 A(1).

2.8 Customer Complaints and Billing Disputes

2.8.1 Customers may notify the carrier of billing or other disputes either orally or in writing. There is no time limit for submitting disputes.

2.8.2 Customer complaints and billing disputes that are not satisfactorily resolved may be presented by the customer to:

South Dakota Public Utilities Commission
Capital Building, 1st Floor
500 East Capital Avenue
Pierre, SD 57501-5070

Public Utility Commission's Toll Free Number (1-800-877-1113)

TTY Through Relay South Dakota Number (1-800-877-1113)

2.8.3 The company provides the following toll free number (1-800-735-7366) for customers to contact the carrier in accordance with COMAR 20.45.04.02.B.

2.8.4 The company will not collect attorney fees or court costs from customers.

2.9 Allowance for Interruptions in Service

2.9.1 Credit for failure of service or equipment will be allowed only when failure is caused by or occurs in equipment owned, provided, and billed for, by the Company. The Carrier agrees to abide by the regulations associated with interruptions in service.

2.10 Taxes and Fees

2.10.1 All state and local taxes and fees shall be listed as separate line items on the customer's bill.

2.10.2 If a municipality, other political subdivision or local agency of government, or the Commission imposes and collects from the Company a gross receipts tax, occupation tax, license tax, permit fee, franchise fee, or regulatory fee, such

2. RULES AND REGULATIONS (Cont'd)

taxes and fees shall, as allowed by law, be billed pro rata to the customer receiving service from the Company within the territorial limits of such municipality, other political subdivision or local agency of government.

2.10.3 Service shall not be subject to taxes for a given taxing jurisdiction if the customer provides the company with written verification, acceptable to the company and to the relevant taxing jurisdiction, that the customer has been granted a tax exemption.

2.11 Returned Check Charge

The charge for a returned check is $25.00.

2.12 Directory Assistance Call Allowance

Residential customers shall receive six free directory assistance calls per month with two requests per call. Charges will not be levied for Directory Assistance on an individual who suffers from a physical or visual disability that precludes the use of a telephone directory.

2.13 Special Customer Arrangements

In cases where a customer requests special or unique arrangements which may include but are not limited to engineering, conditioning, installation, construction, facilities, assembly, purchase or lease of facilities and/or other special services not offered under this tariff, the company, may provide the requested services. Appropriate recurring charges and/or nonrecurring charges and other terms and conditions will be developed for the customer for the provisioning of such arrangements.

2.14 Termination of Service:

2.14.1 Denial of Service Without Notice

The Company may discontinue service without notice for any of the following reasons:

2.14.1.1 Hazardous Condition. For a condition on the customer's premises determined by the Company to be hazardous.

2. RULES AND REGULATIONS (Cont'd)

2.14.1.2 Adverse Effect on Service. Customer's use of equipment in such a manner as to adversely affect the Company's equipment or the Company's service to others.

2.14.1.3 Tampering With Company Property. Customer's tampering with equipment furnished and owned by the Company.

2.14.1.4 Unauthorized Use of Service. Customer's unauthorized use of service by any method which causes hazardous signals over the Company's network.

2.14.1.5 Illegal use of Service. Customer's use of service or equipment in a manner to violate the law.

2.14.2 Denial of Service Requiring Notice

2.14.2.1 The Company may deny service for any of the following reasons provided it has notified the customer of its intent, in writing, to deny service and has allowed the customer a reasonable time of not less than 10 days, or as otherwise specified in this tariff, in which to remove the cause for denial:

2.14.2.1.1 Non-compliance with Regulations. For violation of or non-compliance with regulations, or for violation of or non-compliance with the Company's tariffs on file with the Commission.

2.14.2.1.2 Failure on Contractual Obligations. For failure of the customer to fulfill his contractual obligations for service or facilities subject to regulation by the South Dakota Public Utilities Commission.

2.14.2.1.3 Refusal of Access. For failure of the customer to permit the Company to have reasonable access to its equipment.

2. RULES AND REGULATIONS (Cont'd)

2.14.2.1.4 Non-payment of Bill.

2.14.2.1.4.1 For non-payment of a bill for service, provided that the Company has made a reasonable attempt to effect collection and has given the customer written notice of its intent to deny service if settlement of his account is not made and provided the customer has at least 5 days, excluding Sundays and holidays in

2.14.2.1.4.2 which to make settlement before his service is denied.

2.14.2.1.4.3 In cases of bankruptcy, receivership, abandonment of service, or abnormal toll usage not covered adequately by a security deposit, less than 5 days notice may be given if necessary to protect the Company's revenues.

2.14.2.1.4.4 Except in cases where a prior promise to pay has not been kept or bankruptcy, receivership, abandoned service, or abnormal toll usage is involved, the Company may not deny service on the day preceding any day on which it is not prepared to accept payment of the amount due and to reconnect service.

2.14.2.1.4.5 Failure to Comply with Service Conditions. For failure of the customer to furnish the service equipment, permits, certificates, or rights-of-way, specified by the Company as a condition

2. RULES AND REGULATIONS (Cont'd)

to obtaining service, or if the equipment or permissions are withdrawn or terminated.

2.14.2.1.4.6 Failure to Comply with Municipal Ordinances. For failure to comply with municipal ordinances or other laws pertaining to telephone service.

2.14.2.1.4.7 Failure to Pay Increased Deposit Required. For failure of the customer to pay an increased security deposit when warranted by the Company to protect its revenue.

2.14.3 Insufficient Reasons for Denial of Service

2.14.3.1 The following may not constitute cause for refusal of service to a present or prospective customer:

2.14.3.1.1 Failure of a prior customer to pay for service at the premises to be serviced.

2.14.3.1.2 Failure to pay for a different class of service for a different entity.

2.14.3.1.3 Failure to pay the bill of another customer as guarantor of that bill.

2.14.3.1.4 Failure to pay directory advertising charges.

2.14.3.1.5 Failure to pay an undercharge, or

2.14.3.1.6 Failure to pay an outstanding bill that is over 7 years old, unless the:

2.14.3.1.6.1 Customer signed an agreement to pay the outstanding bill before the expiration of this period.

2. RULES AND REGULATIONS (Cont'd)

2.14.3.1.6.2 Outstanding bill is for service obtained by the customer by means of tampering with equipment furnished and owned by the Company or by unauthorized use of service by any method; or Outstanding bill is for service obtained by the customer by means of an application made:

(i) In a fictitious name.

(ii) In the name of an individual who is not an occupant of the dwelling unit, without disclosure of the individual's actual address.

(iii) In the name of a third party without disclosing that fact or without bona fide authority from the third party, or

(iv) Without disclosure of a material fact or by misrepresentations of a material fact.

2.14.3.2 This regulation applies to both residential and nonresidential classes of service.

2. RULES AND REGULATIONS (Cont'd)

PROVISION OF SERVICE AND FACILITIES

2.15 Unlawful Use of Service

2.15.1 Service shall not be used for any purpose in violation of law or for any use as to which the customer has not obtained all required governmental approvals, authorizations, licenses, consents, and permits. The company shall refuse to furnish service to an applicant or shall disconnect the service without notice of a customer when:

2.15.1.1 An order shall be issued, signed by a judge finding that probable cause exists to believe that the use made or to be made of the service is prohibited by law, or

2.15.1.2 The Company is notified in writing by a law enforcement agency acting within its jurisdiction that any facility furnished by the Company is being used or will be used for the purpose of transmitting or receiving gambling information in interstate or foreign commerce in violation of the law.

2.15.2 If service has been physically disconnected by law enforcement officials at the customer's premises and if there is not presented to the Company the written finding of a judge, then upon written or verbal request of the subscriber, and agreement to pay restoral of service charges and other applicable service charges, the Company shall promptly restore such service.

2.16 Interference with or Impairment of Service

Service shall not be used in any manner which interferes with other persons in the use of their service!, prevents other persons from using their service, or otherwise impairs the quality of service to other customers. The company may require a customer to immediately shut down its transmission of signals if said transmission is causing interference to others or impairing the service of others.

2. RULES AND REGULATIONS (Cont'd)

2.17 Telephone Solicitation by Use of Recorded Messages

2.17.1 Service shall not be used for the purpose of solicitation by recorded messages when such solicitation occurs as a result of unrequested or unsolicited calls initiated by the solicitor by means of automatic dialing devices. Such devices, with storage capability of numbers to be called or a random or sequential number generator that produces numbers to be called and having the capability, working alone or in conjunction with other equipment, of disseminating a prerecorded message to the number called and which are calling party or called party controlled, are expressly prohibited.

2.18 Incomplete Calls

2.18.1 There shall be no charge for incomplete calls. No charge will be levied for unanswered calls. Customers will receive credit for calls placed to a wrong number if the customer notifies the Company of the error.

2.19 Overcharge/Undercharge

2.19.1 Overcharge/undercharge provisions will be in accordance with COMAR 20.45.04.01.

2.19.2 When a customer has been overcharged, the amount shall be refunded or credited to the customer.

3 DESCRIPTION OF SERVICES, LOCATION, PRICES AND CHARGES

3.4 Trial Services

3.4.1 The Company may offer new services, not otherwise tariffed, from time to time on a trial basis subject to Commission approval. Such trials are limited to a maximum of six months at which time the trial offering must be either withdrawn or made available on permanent basis.

3.5 Promotional Offerings

3.5.1 The Company may offer existing services on a promotional basis, subject to Commission approval, that provides special rates, terms, or conditions of service. Promotional offerings are limited to a maximum of six months at which time the promotional offering must be either withdrawn or made available on a permanent basis. All promotions, regardless of whether services are given away for free, are subject to Commission approval.

3.3 Standard Offering

Worldwide Fiber Networks will provide high capacity transport on a leased long-term basis. Services initially offered shall be (1) Private Line Transmission; (2) Packet-Based Data Services; (3) Internet Protocol Transfer; (4) Asynchronous Transfer Mode and (5) Virtual Voice Trunking.

3.4 Location of Service

Worldwide Fiber Network's intent is to design, install and maintain a national fiber optic cable route consisting of two primary east-west routes and three primary north-south routes. Segments of this fiber optic cable route run through South Dakota.

Jim Cox
Vice President of Operations
Worldwide Fiber Networks, Inc.
143 Union Blvd., Suite 300
Lakewood, CO 80228

3 DESCRIPTION OF SERVICES, LOCATION, PRICES AND CHARGES (Cont'd)

3.5 Rates for Service

There will be no standard offering as all contracts for high capacity transport will be negotiated and performed on an individual case basis.

Description	Rate
High capacity transport at OC-48	ICB
Private Line Transmission	ICB
Packet-Based Data Services	ICB
Internet Protocol Transfer	ICB
Asynchronous Transfer Mode	ICB
Virtual Voice Trunking	ICB

3.6 Application for Service

Application for service must be made in writing. The name(s) of the customer(s) desiring to use the service must be set forth in the application for service.

3.7 Deposits

Deposits and/or advanced payments are not required.

TC00-079

Davis Wright Tremaine LLP

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July 31, 2000

RECEIVED

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

William Bullard
Executive Director
South Dakota Public Utilities Commission
500 East Capitol Avenue
Pierre, SD 57501

Re: Proposed Credit Agreement of 360networks holdings (USA) inc., Parent Company to Telecommunications Services Certification Applicant, 360networks (USA) inc.

Dear Mr. Bullard:

This letter serves to notify the South Dakota Public Utilities Commission ("Commission") of the pending execution of a Credit Agreement between 360networks holdings (USA) inc. ("360networks"), parent company to 360networks (USA) inc. (the "Company"), and certain financial institutions. The Company has a pending application for a certificate of authority to provide telecommunications services in the state of South Dakota.

Pursuant to discussion with Mr. Harlan Best of the Commission Staff, we understand that the Commission requests a letter of notification to update its Application and to inform the Commission of the issuance of debt instruments. This letter is intended to fully satisfy this regulatory request.

360networks will enter into a Credit Agreement with certain financial institutions as principally arranged by The Chase Manhattan Bank, the Administrative Agent and Collateral Agent to the Credit Agreement. The Chase Manhattan Bank has committed to be the principal arranger of participants to constitute the lenders. Other arrangers and agents who have similarly committed Chase Securities, Inc., the Joint Book Manager and Co-Lead Arranger, DLJ Capital Funding, Inc., the Joint Book Manager, Co-Lead Arranger and Documentation Agent, and Goldman Sachs Credit Partners L.P., as Arranger and Syndication Agent. The Credit Agreement will provide for a loan of up to $1.2 billion. The proceeds of the loan will be used primarily to fund the development and improvement of the telecommunications network assets of 360networks and the Company and to refinance prior debt. This financial transaction will improve the overall financial resources of 360networks and its parent company.

Please acknowledge receipt of this filing by date stamping and returning the extra copy of this letter of notice in the self-addressed, stamped envelope provided for this purpose. If you have any questions, please do not hesitate to call me. Thank you for your attention to this matter.

Very truly yours,

Davis Wright Tremaine LLP

Traci A. Grundon

Traci A. Grundon
Counsel to 360networks (USA) inc.

TAG/jan

cc: Julie R. Hawkins, Assistant General Counsel, 360networks (USA) inc.

BEFORE THE PUBLIC UTILITIES COMMISSION OF THE STATE OF SOUTH DAKOTA

IN THE MATTER OF THE APPLICATION OF WORLDWIDE FIBER NETWORKS, INC. FOR A CERTIFICATE OF AUTHORITY TO PROVIDE TELECOMMUNICATIONS SERVICES IN SOUTH DAKOTA	)	**ORDER GRANTING CERTIFICATE OF AUTHORITY** **TC00-079**

On May 11, 2000, the Public Utilities Commission (Commission), in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, received an application for a certificate of authority from Worldwide Fiber Networks, Inc. (Worldwide).

Worldwide proposes to provide interexchange telecommunications services throughout South Dakota. A proposed tariff was filed by Worldwide. The Commission has classified long distance service as fully competitive.

On May 18, 2000, the Commission electronically transmitted notice of the filing and the intervention deadline of June 2, 2000, to interested individuals and entities. No petitions to intervene or comments were filed and at its August 22, 2000, meeting, the Commission considered Worldwide's request for a certificate of authority. Commission Staff recommended granting a certificate of authority, subject to the condition that Worldwide not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. Commission Staff further recommended a waiver of ARSD 20:10:24:02(8).

The Commission finds that it has jurisdiction over this matter pursuant to SDCL Chapter 49-31, specifically 49-31-3 and ARSD 20:10:24:02 and 20:10:24:03. The Commission finds that Worldwide has met the legal requirements established for the granting of a certificate of authority. Worldwide has, in accordance with SDCL 49-31-3, demonstrated sufficient technical, financial and managerial capabilities to offer telecommunications services in South Dakota. Further, the Commission finds that there is good cause to waive ARSD 20:10:24:02(8). The Commission approves Worldwide's application for a certificate of authority, subject to the condition that Worldwide not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. As the Commission's final decision in this matter, it is therefore

ORDERED, that Worldwide's application for a certificate of authority is hereby granted, subject to the condition that Worldwide not offer a prepaid calling card or require deposits or advance payments without prior approval of the Commission. It is

FURTHER ORDERED, that the Commission finds good cause to waive ARSD 20:10:24:02(8). It is further

FURTHER ORDERED, that Worldwide shall file informational copies of tariff changes with the Commission as the changes occur.

Dated at Pierre, South Dakota, this 25th day of August, 2000.

CERTIFICATE OF SERVICE

The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by first class mail, in properly addressed envelopes, with charges prepaid thereon.

By: Delaine Kolbo

Date: 8/29/00

(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION

James A. Burg

JAMES A. BURG, Chairman

Laska Schoenfelder

LASKA SCHOENFELDER, Commissioner

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

CERTIFICATE OF AUTHORITY

To Conduct Business As A Telecommunications Company
Within The State Of South Dakota

Authority was Granted August 22, 2000
Docket No. TC00-079

This is to certify that

WORLDWIDE FIBER NETWORKS, INC.

is authorized to provide telecommunications services in South Dakota.

This certificate is issued in accordance with SDCL 49-31-3 and ARSD 20:10:24:02, and is subject to all of the conditions and limitations contained in the rules and statutes governing its conduct of offering telecommunications services.

Dated at Pierre, South Dakota, this 25th day of August, 2000

SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

JAMES A. BURG, Chairman

LASKA SCHOENFELDER, Commissioner