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From: Eric.Delangis@Level3.com
Sent: Wednesday, January 31, 2001 6:23 PM
To: barkell@hollandhart.com; dglivar@hollandhart.com
Subject: Executive Summary
Attachments: CAS Executive Summary CopperJet VIP Home Gateway.doc

Betty and Dan,

Thanks for taking the time to talk with me a couple weeks ago about my new venture. As promised, I've attached the Executive Summary for your review and comments. Feel free to contact me at any time to discuss this or to provide feedback.

I will contact you in a few days to get your responses, or to schedule a follow-up discussion if you think that one is needed. I am hopeful that you will be able to put me together with appropriate parties that could help with my financing needs.

Feel free to contact me at work, 720-888-7656 or by cell phone, 970-310-3576 or by email at eric@corpbuilders.com.

Thank you.

Eric deLangis
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No virus found in this incoming message.
Checked by AVG Free Edition.
Version: 7.1.361 / Virus Database: 267.12.5/149 - Release Date: 10/25/2005

CopperJet™ VIP Home Gateway

(Voice over IP Access Device for Residential Communications Services)

Executive Summary

Competitive Access Systems, Inc.
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970-532-7213

Eric DeLangis
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Executive Summary

The Business

Competitive Access Systems (CAS) will combine all of a typical home user's voice and data services into a single unified Voice over IP ("VoIP") service. Using VoIP technology, CAS can provide multi-line services with enhanced calling features, including data, over a single POTS (Plain Old Telephone Service) line.

By converging home users' voice and data services, CopperJet™ opens up a new era of communications while unlocking the local and long distance telephone markets for third generation communications carriers. These new VoIP services are market enablers as well as revenue generators for the carriers.

Industry Overview

Many companies are currently trying to provide VoIP services to end users over high-speed or broadband backbones such as DSL and cable modems. These high-speed services require expensive infrastructure enhancements at the Local telephone company facilities and cable plants, as well as expensive modems at the customer's end. These services are also difficult to deploy and too complicated for the average user. Because of these problems, VoIP services are primarily targeted at the corporate market place. As technology progresses and as costs fall, these technologies will become more prevalent in the home market. But today, DSL and cable modems reach only about 3% of the population, and growth has failed to live up to initial expectations.

The POTS line cannot possibly offer the high data rates that these other technologies can, but it is good enough to support VoIP technology and services today to the vast home market with sufficient quality to be widely accepted.

Strategy

CAS intends to partner with third generation communications companies such as Level 3 Communications, 360 Networks, Williams Communications, and others, for broadband carrier services to carry CAS customer traffic. Third generation companies are particularly well suited for carrying VoIP traffic over their low cost fiber optic networks.

CAS plans to aggressively pursue channel agreements with companies such as AT&T, MCI and Sprint to leverage their direct marketing channels, as well as to obtain access to their networks.

CAS plans to develop relationships with electronic retailers such as Radio Shack, CompUSA, Best Buy, and others, to market CopperJet™ directly to the home users.

CAS will be the leading provider of VoIP services to the home market by:

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1. being first to market with VoIP technology to the home.
2. providing high quality reliable services.
3. creating new calling features for the home market.
4. eliminating long distance charges.
5. providing simple flat rate billing.
6. providing Internet access services via backbone carriers.
7. developing new products and services quickly.
8. private labeling CopperJet™ for service partners.
9. generating royalties from license agreements with service partners.

Tremendous opportunities exist to provide the new communications services to the residential customer market. CAS will explore the many business cases for future communications services opened up by CopperJet™.

Product and Services:

The Product:

The CopperJet™ VIP Home Gateway is a small modem-like device that is installed in the home by simply plugging it into an existing telephone jack. CopperJet™ connects to the POTS line on one side, while the computer (for Internet access) and standard telephones are plugged into the other side. Up to four telephones can be connected to CopperJet™ to provide up to four separate telephone calls simultaneously, each with their own unique telephone number.

CopperJet™ moves the intelligence of the voice and data switching worlds into the home so that the POTS line can be used as efficiently as possible. By performing the compression, packetization, signaling and routing functions at the customer premises, more efficient use of the POTS line can be obtained.

CopperJet™ is designed to enhance, not replace, the existing telephone line, enabling it to provide new combined packetized voice and data services. Meanwhile, all existing telecommunications infrastructure and equipment will continue to work seamlessly with CopperJet™. Aside from simply installing the low cost CopperJet™ device in the home telephone wiring, no other equipment needs to be purchased by either the home owner or telephone companies. This eliminates the tremendously expensive infrastructure costs for communications companies that are trying to provide voice services using DSL or cable modems.

The CopperJet™ VIP Home Gateway features:

1. up to four additional telephone lines *(that can be used with any standard telephone).*
2. ethernet and USB computer interfaces.
3. a FAX interface.
4. Home PNA and Bluetooth interfaces for home networking over home telephone wires or RF. *(These interfaces allow smart devices to communicate to other devices within the home, or over the Internet through CopperJet™.)*

5. flexibility, ease of use, simple setup.
6. Automated, remote upgradability and configuration. *(Requires the customer to do nothing.)*
7. transparent user operation. *(User doesn't have to know that any new technology is being employed)*
8. 100% compatible with existing public telephone system.

The Services:

With CAS's packet switching VoIP services, users gain:

1. no long distance usage charges.
2. no Internet access fees.
3. up to four new telephone numbers serviced over their existing POTS line. *(No additional Local Telephone Company charges.)*
4. lower monthly communication costs.
5. a host of new feature rich services such as:
   a. multiple telephone calls at the same time.
   b. voice messaging, follow me features, call forwarding.
   c. automatic call back, conferencing, custom call routing.
   d. home networking capabilities, and many others.

All of these features are available even while surfing the Internet.

Competitive Advantages

1. Very low cost of entry into the market, especially as compared to broadband alternatives.
2. Low cost for CopperJet™ hardware (less than $100.00 retail).
3. Many carriers exist to handle traffic at a low cost.
4. Substantial cost savings to end users.
5. New calling features that are not currently available to home users.

Company History

Competitive Access Systems (CAS) was formed as a corporation in 1997 in Longmont, Colorado, by Eric DeLangis in response to market opportunities that exist in the new world of voice and data communications.

In his work as the inventor and developer of an SDSL (Synchronous Digital Subscriber Line) system that provides multiple voice channels and high speed data over a single existing telephone line, Mr. DeLangis has identified VoIP as a significant enabling technology for enhanced voice services in the home.

Mr. DeLangis has over 20 years in the telecommunications industry designing and developing telecommunications equipment and systems. Over the past few

years Mr. DeLangis has spent much time studying ways to provide low cost voice services to the home using VoIP technology. His solution, the CopperJet™ VIP Home Gateway will provide true universal access and new services based upon VoIP technology over the existing telephone lines.

Current Status

A substantial amount of developmental work has been completed on the CopperJet™ VIP Home Gateway system.

The next steps of this plan are:

1. Complete, build and test the initial version of CopperJet™ with the basic interfaces (i.e. POTS, Ethernet and USB).
2. Obtain strong patent protection.
3. Negotiate strategic technology agreements with key Next Generation Telephone companies, the direct channel marketers, and the consumer products retailers.
4. Perform interoperation testing with selected carriers.
5. Implement aggressive market driving practices that will allow CAS to be the dominant player in the home gateway products and services industry.
6. Continue to develop compatible signaling interfaces for CopperJet™ in order to work with all of the Next Generation Telecommunications companies.

Financial Forecast

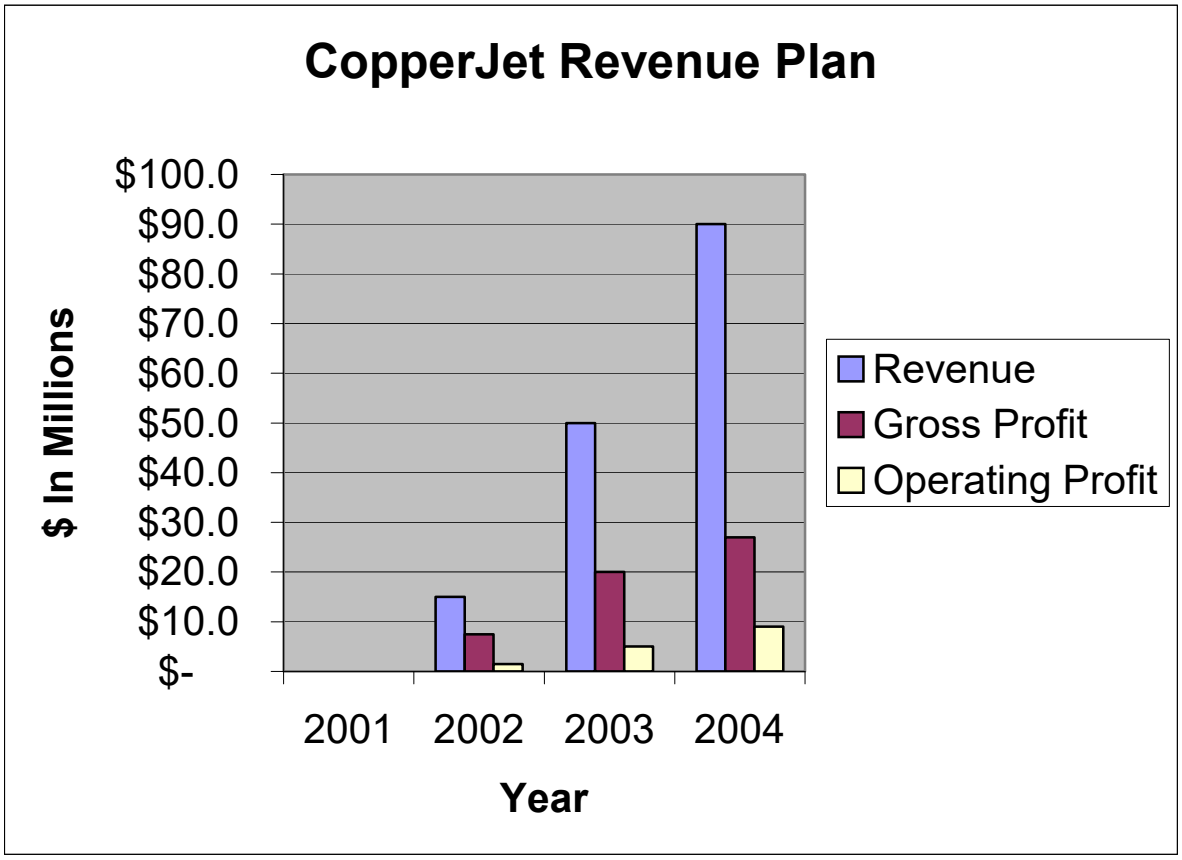
The VoIP market is projected to be a $91 billion market by 2006 (Frost & Sullivan).

International Data Corp. (IDC, Framingham, Mass.), "*live voice communications on the Internet are growing on demand. While still a burgeoning technology, IDC estimates that Web-talk users and Web-talk services providers revenue will soar over the next five years, generating revenue of $16.5 billion by 2004*".

Paul Shore, product line manager at Broadcom, states that the VoIP equipment market is set to grow from $500 million in 2001, to $2 to $4 billion in 2002, while the IP telephony market is set to grow from $3.8 billion in 2001 to $6.6 billion in 2002.

And Cahners In-Stat group predicts the number of home phone line networked nodes to reach 10 million by 2004.

Revenue Plan



	2001	2002	2003	2004
Revenue ($)	$0K	$15Mil	$50 Mil	$90 Mil *
C.O.S. (%)	NA	50%	60%	70%
Gross Profit (%)	NA	50%	40%	30%
Op. Expense(%)	100%	40% ($6 M)	30% ($15M)	20% ($18M)
Op. Profit ($) (Before Taxes)	<$500K>	$1.5M (10%)	$5 Mil (10%)	$9 Mil (10%)

Key Assumptions: CopperJet™ Gross Margins erode 35pts from '02 to '04 due to aggressive pricing measures.
Significant hiring and promotion begin in 2002 (20-25 technical staff + 5-10 sales/mktg) Assume ~100 technical staff and ~ 40 sales/marketing by end of "03
Note: $4 Mil R&D investment in 2001!

CAS needs investment from private individuals and/or companies to move the CopperJet™ VIP Home Gateway into the marketplace. Initial seed capital of $4 million dollars is needed for completion of the design and development, working

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capital, plant and equipment needs, as well as marketing and sales efforts through 2001. It is anticipated that an additional $10 million will need to be raised in 2002 for growth through 2003. The company is incorporated in the State of Colorado as an S corporation.

For a complete copy of Competitive Access Systems' business plan, contact Eric DeLangis at eric@corpbuilders.com or call 970-310-3576.