



Transaction Overview

TelePacific Communications and O1 Communications have entered into a definitive agreement, subject to regulatory approvals, under which TelePacific will purchase O1's small-to-medium business ("SMB") customer base.

TelePacific is purchasing assets of O1 consisting of:

- All active SMB accounts;
- All assets primarily associated with serving this customer base; and
- A SAS 70 Type II certified data center located in Sacramento.

The companies also agreed to enter into a Transition Services Agreement beginning with the closing of the definitive agreement.

TelePacific will be paying a combination of cash and TelePacific stock for the purchase. Closing is expected in the third or fourth quarter of 2010, subject to regulatory approval.

O1 will continue to operate its wholesale business.

Transaction Benefits

Financial Benefits

- Expands TelePacific's SMB market share and network switch footprint in a geographic area of California historically underserved by TelePacific.
- The SAS 70 certified data center is a significant asset TelePacific did not have prior to this deal and will enable TelePacific to expand its managed services and product offerings.
- Continues TelePacific's track record of consolidating in-market CLECs that will further leverage TelePacific's operating structure.

Customers

- TelePacific and O1 have customers with very similar profiles and both companies deliver on a consistent value proposition of providing best-in-class customer care and service from a California-based provider.
- TelePacific's customers will benefit from the addition of the SAS 70 Type II certified, class A data and collocation center, allowing TelePacific to provide additional services to customers and penetrate new vertical markets.
- O1 customers will benefit from TelePacific's enhanced business services to improve employee productivity from wireless connectivity, redundancy solutions for both voice and data and high bandwidth Ethernet access services to customer portals that allow customers to pay their bills online, monitor their network and submit and track trouble tickets. Additionally O1 customers can benefit from TelePacific's ability to provide Wide Area Networking globally.

Network

- TelePacific will gain significant network synergies including two new switches with one in Sacramento where TelePacific has no switch.
- New network assets will allow TelePacific to deliver more products and better service to present and future customers in its markets.
- The SAS 70 Type II certified data center is a technically advanced and secure 18,500 square-foot facility. It features multiple redundancy and backup systems and is carrier neutral.
- O1's IP focus will compliment and extend TelePacific's IP strategy and capabilities.

Company Description

TelePacific Communications is a competitive carrier that serves customers throughout California and Nevada. Headquartered in Los Angeles, the Company is the leading competitive carrier in its footprint, with customer care centers in Los Angeles and Stockton in California and Las Vegas in Nevada. In business since 1998, TelePacific provides services through a combination of TelePacific-owned switches and network infrastructure, including its own and leased robust fiber-optic network assets. Offering local and long distance voice, dedicated Internet access, private networking and data transport services as well as bundled voice and Internet solutions and wholesale services, TelePacific manages more than 39,000 customer accounts with more than 1.1 million access lines in service. For more information, visit www.telepacific.com.