APPENDIX A

FINANCIAL HIGHLIGHTS FOR FIRST CLASS TELECOMMUNICATIONS INC.

Balance Sheet as of 12/31/12	**12/31/2012 in 000's**
Cash and short-term investments	$240,000
Net accounts receivable	250,000
Inventories	100,000
Other current assets	70,000
Total current assets	660,000
Net property, plant, and equipment	430,000
Long-term investments	150,000
Intangible assets	100,000
Goodwill	230,000
Investment in joint venture	7,000
Other assets	23,000
Total long-term assets	940,000
Total assets	$1,600,000
Accounts payable	$190,000
Income taxes payable	100,000
Short-term debt	200,000
Other current liabilities	150,000
Total current liabilities	640,000
Other long-term liabilities	-
Total long-term liabilities	-
Total liabilities	640,000
Preferred stock	-
Common equity	960,000
Total shareholders' equity	960,000
Total liabilities and shareholders' equity	$1,600,000

Income Statement for the Y/E	**12/31/12 in 000's**
Revenue	$1,605,000
Operating expenses	1,450,000
Operating income	155,000
Less: depreciation and amortization	34,000
Earnings before interest and taxes	121,000
Less: loss on investment in joint venture	3,000
Less: interest expense	16,000
Earnings before taxes	102,000
Less: income taxes	40,800
Net income	$61,200

Other Information

- In May 2010, the Company formed a 50-50 joint venture, Randall Development LLC (the JV), with TPAC, the Company's JV partner (collectively, the JV Partners), with each party contributing $14 million to develop and market a specialty cell phone.
- TPAC is a public enterprise.
- Because of a downturn in the JV's operations, during 2012, the Company recorded an impairment of 50 percent of its original investment in the JV.

FIRST CLASS TELECOMMUNICATIONS INC. FORM 10-K NOTES EXCERPT

NOTE: INCLUDED BELOW IS AN EXCERPT FROM ITEM 1A — RISK FACTORS OF FIRST CLASS COMMUNICATIONS INC.'S DRAFT FORM 10-K FOR THE YEAR ENDED DECEMBER 31, 2012.

Item 1A. ***Risk Factors***

Investors in our securities should carefully consider the risks described below and other information included in this report. Our business, financial condition, or consolidated results of operations could be materially adversely affected by any of these risks, and the trading price of our securities could decline because of any of these risks. Investors in our securities could lose all or part of their investment as a result of any such decline. This report also contains forward-looking statements that involve risks and uncertainties; see "Cautionary Statement for Purposes of the 'Safe Harbor' Provisions of the Private Securities Litigation Reform Act of 1995." Our actual results could *differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described below*:

Risks Relating to Our Business and Our Industry

- The prolonged effects of the recession in the United States and prolonged downturn in the economy, including the effects on unemployment, consumer confidence, consumer debt levels, consumer spending, and other macroeconomic conditions, which could affect the demand for the products and services we provide and our customers' ability to pay for them.

- The effects of vigorous competition in our markets, which may make it difficult for us to attract and retain customers and to grow our customer base and revenue, which may increase churn, which could reduce our revenue and increase our costs.

- The fact that many of our competitors are larger than we are, have greater financial resources than we do, are less leveraged than we are, have more extensive coverage areas than we do, and may offer less expensive and more technologically advanced products and services than we do.

- Our ability to gain access to the latest technology handsets in a time frame and at a cost similar to our competitors.

- The effects of adding new subscribers (i.e., customers) with lower credit ratings.

- Market prices for the products and services we offer may decline in the future.

- Changes and developments in technology, including our ability to upgrade our networks to remain competitive and our ability to anticipate and react to frequent and significant technological changes, which may render certain technologies used by us obsolete.

- The effects of consolidation in the telecommunications industry.

- The effects of governmental regulation of the telecommunications industry.

- Our ability to attract and retain qualified personnel.

- We heavily rely on two significant suppliers of cell phones, Phone Builder Inc. and Electronics Today Inc. The current economic conditions could negatively affect these suppliers, which could negatively affect our ability to market, distribute, and sell our products and services.

- The supplier contracts with Phone Builder Inc. and Electronics Today Inc. are set to expire on May 31, 2013, and July 1, 2014, respectively, which may affect our ability to obtain products timely and at reasonable prices.

- The effects of network disruptions and system failures.

- The results of litigation filed or which may be filed against us or our vendors, including litigation relating to wireless billing, using wireless telephones while operating an automobile, and litigation relating to infringement of patents.

Risks Related to Our Capital Structure

- Our substantial debt obligations, including restrictive covenants, which place limitations on how we conduct business.

- The potential occurrence of an event that triggers the material adverse change clause in the debt agreement.

- Our ability to generate cash and the availability and cost of additional capital to fund our operations and our significant planned capital expenditures.