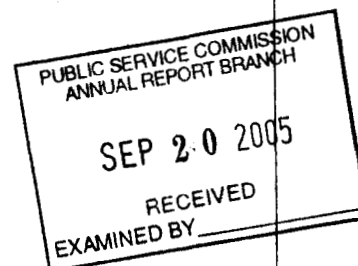




## COMPETITIVE COMPANIES, INC.



September 13, 2005

Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Blvd.  
Frankfort, KY 40602-0615

Attention: Brent Kirtley

Dear Brent,

Enclosed you will find notification of C A Networks, Inc. CLEC # 05052800, merger with Competitive Companies, Inc. At this time we would like to transfer our dba '*The Telephone Company*', all certificates and Approvals to Competitive Companies, Inc. as we intend to discard C A Networks, Inc.

I have enclosed the merger documents, Competitive Companies, Inc.'s certificate of authority, and the local and long distance tariffs for your review.

If there is any further documentation that you need please let me know. Feel free to call me at 270-769-0070.

As always you have been so kind and helpful. It is always a pleasure talking with you. I greatly appreciate all the help you have given me.

Thank you,

Annette DeWitt  
Competitive Companies, Inc.  
Regulatory Manager  
270-769-0070



## COMPETITIVE COMPANIES, INC.

*September 12, 2005*

*Telecommunications Division  
Kentucky Public Service Commission  
P.O. Box 615  
211 Sower Blvd.  
Frankfort, KY 40602-0615*

*Re: C A Networks, Inc. dba The Telephone Company  
CLEC No. 05052800*

*Competitive Companies, Inc. has acquired C A Networks, Inc. in a merger (agreement attached) as of May 5, 2005. The entire operating entity name has been changed to Competitive Companies, Inc., 111 South Mulberry St., Suite 201, Elizabethtown, KY 42701 (telephone 270-769-0070).*

*Tariffs currently filed for C A Networks, Inc. will remain in effect.*

*Attached are the merger agreement, Articles of Incorporation and a copy of the Kentucky State Tax ID.*

*We ask your approval for the change of name and assumption of the CLEC approval.*

*Thank you*

*Russell Preston CEO*



*COMPETITIVE COMPANIES, INC.*

TO: Kentucky Public Service Commission  
P. O. Box 615  
211 Sower Blvd.  
Frankfort, KY 40602-0615

FROM: Russell E. Preston  
CEO

I, Russell E. Preston, hereby certify that Competitive Companies, Inc. has not offered or collected funds for any intrastate telecommunications prior to this date and shall not provide services or collect funds for such services prior to approval of tariffs by the Kentucky Public Service Commission.



Russell E. Preston  
CEO

Date:

9/12/05



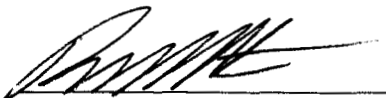
## COMPETITIVE COMPANIES, INC.

### STATEMENT

TO: Kentucky Public Service Commission  
P. O. Box 615  
211 Sower Blvd.  
Frankfort, KY 40602-0615

FROM: Russell E. Preston  
CEO

*Competitive Companies, Inc.* hereby states that it will not provide Operator-Assisted Services to traffic aggregators as defined in *Administrative Case No. 330*.

  
\_\_\_\_\_  
Russell E. Preston  
CEO

Date: 9/12/05

COMMONWEALTH OF KENTUCKY  
TREY GRAYSON  
SECRETARY OF STATE

0618744.09

PBlevins  
P101

Trey Grayson  
Secretary of State  
Received and Filed  
08/02/2005 2:58:47 PM  
Fee Receipt: \$90.00

RECEIVED  
8/2/05



APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of KRS Chapter 271B, 273 or 274, the undersigned hereby applies for authority to transact business in Kentucky on behalf of the corporation named below and for that purpose submits the following statements:

1. The corporation is  a business corporation (KRS 271B).  a nonprofit corporation (KRS 273).  
 a professional service corporation (KRS 274).

2. The name of the corporation is  
Competitive Companies, Inc.

3. The name of the corporation to be used in Kentucky is  
Competitive Companies, Inc.

4. Nevada is the state or country under whose law the corporation is incorporated.

5. October 22, 2001 is the date of incorporation and the period of duration is perpetual

6. The street address of the corporation's principal office is  
111 S. Mulberry St., Suite 201 Elizabethtown, KY 42701

7. The street address of the corporation's registered office in Kentucky is  
111 Mulberry Street Elizabethtown, KY 42701

and the name of the registered agent at that office is  
Russell E. Preston

8. The names and usual business addresses of the corporation's current officers and directors are as follows:

President Russell E. Preston, CEO / Pres

Vice President \_\_\_\_\_

Secretary \_\_\_\_\_

Treasurer \_\_\_\_\_

Directors David Hewitt Jerald L. Woods  
David Redina Henri Hornby

(Attach a continuation sheet, if necessary)

9. If a professional service corporation, all the individual shareholders, not less than one half of the directors, and all of the officers other than the secretary and treasurer are licensed in one or more states or territories of the United States or District of Columbia to render a professional service described in the statement of purposes of the corporation.

10. A certificate of existence duly authenticated by the Secretary of State accompanies this application.

11. This application will be effective upon filing, unless a delayed effective date and/or time is specified: \_\_\_\_\_  
(Delayed effective date and/or time)

Signature

Russell E. Preston CEO / President

Type of Print Name & Title

Date: July 26 20 05

I, Russell E. Preston

Type or print name of registered agent

consent to serve as the registered agent on behalf of the corporation.

Signature of Registered Agent

Russell E. Preston, CEO / President

Type or Print Name & Title



KY Agencies | KY Services | Search  for



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- [Kentucky Secretary of State Home](#) > **Online Business Data Base**

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  - [PAC Annual Report](#)
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  - [Validate Certificate](#)
  - [Prepaid Account Status](#)
- [Online UCC Services](#)

Printable Version of this page

<b>Organization Number</b>	0618744
<b>Name</b>	COMPETITIVE COMPANIES, INC.
<b>Profit or Non-Profit</b>	P - Profit
<b>Company Type</b>	FCO - Foreign Corporation
<b>Status</b>	A - Active
<b>Standing</b>	G - Good
<b>State</b>	NV
<b>File Date</b>	8/2/2005
<b>Authority Date</b>	8/2/2005
<b>Last Annual Report</b>	N/A
<b>Principal Office</b>	111 S MULBERRY ST SUITE 201 ELIZABETHTOWN, KY 42701
<b>Registered Agent</b>	RUSSELL E PRESTON 111 S MULBERRY STREET ELIZABETHTOWN, KY 42701

**This organization has no assumed names**

- Certificates Available**
- [Certificate of Authorization](#)
  - [Certificate of Registered Agent \(Domestic and Foreign\)](#)



# COMMONWEALTH OF KENTUCKY

## DEPARTMENT OF REVENUE SALES AND USE TAX PERMIT

<b>COMPETITIVE COMPANIES INC</b> 111 S MULBERRY ST ELIZABETHTOWN KY 42701	ACCOUNT NUMBER	PROCESSING DATA			ISSUE DATE		
	176788	BRANCH	COUNTY	BUSINESS	MONTH	DAY	YEAR
NAME & ADDRESS	↑ REFER TO THIS NUMBER IN ALL CORRESPONDENCE	047	086	09	06	2005	

**THIS GENERAL BUSINESS LICENSE IS ISSUED PURSUANT TO KRS 152.957.**

POST IN A CONSPICUOUS PLACE

THIS PERMIT IS NOT TRANSFERABLE

THIS PERMIT IS ISSUED PURSUANT  
TO AUTHORITY OF CHAPTER 139 OF  
THE KENTUCKY REVISED STATUTES  
AND IS VALID UNTIL CANCELLED OR  
REVOKED.



DEAN HELLER  
*Secretary of State*

RENEE L. PARKER  
*Chief Deputy  
Secretary of State*

PAMELA RUCKEL  
*Deputy Secretary  
for Southern Nevada*

STATE OF NEVADA



OFFICE OF THE  
SECRETARY OF STATE

CHARLES E. MOORE  
*Securities Administrator*

SCOTT W. ANDERSON  
*Deputy Secretary  
for Commercial Recordings*

ELLYCK HSU  
*Deputy Secretary  
for Elections*

**Certified Copy**

May 10, 2005

**Job Number:** C20050509-0784

**Reference Number:** 00000182150-57

**Expedite:**

**Through Date:**

The undersigned filing officer hereby certifies that the attached copies are true and exact copies of all requested statements and related subsequent documentation filed with the Secretary of State's Office, Commercial Recordings Division listed on the attached report.

<b>Document Number(s)</b>	<b>Description</b>	<b>Number of Pages</b>
C28368-2001-001	Articles of Incorporation	2 Pages/1 Copies



Respectfully,

A handwritten signature in cursive script that reads "Dean Heller".

DEAN HELLER  
Secretary of State

By

Certification Clerk

**Commercial Recording Division**  
202 N. Carson Street  
Carson City, Nevada 89701-4069  
Telephone (775) 684-5708  
Fax (775) 684-7138



Articles of Incorporation  
(PURSUANT TO NRS 78)  
STATE OF NEVADA

Filing fee:  
Receipt #:

FILED # C22368-2001

OCT 22 2001



STATE OF NEVADA  
Secretary of State

IN THE OFFICE OF  
DEAN HELLER, SECRETARY OF STATE  
(For filing office use)

(For filing office use)

NAME OF CORPORATION: COMPETITIVE COMPANIES HOLDINGS, INC.

RESIDENT AGENT: (designated resident agent and STREET ADDRESS in Nevada where process may be served)

Name of Resident Agent: Corporate Creations Network Inc.

Street Address: 8275 South Eastern Avenue, Suite 200 Las Vegas NV 89123  
Street No. Street Name City State Zip

Mailing Address (if different): 941 Fourth Street #200, Miami Beach, FL 33139

AUTHORIZED SHARES: (number of shares the corporation is authorized to issue)

Number of shares with par value 70,000,000 Par value: \$ .001 Number of shares without par value: \_\_\_\_\_

GOVERNING BOARD: shall be styled as (check one): X Directors \_\_\_\_\_ Trustees

The FIRST BOARD OF DIRECTORS shall consist of one members and the names and addresses are as follows:

Larry Halstead 4350 West Cypress, Suite 275 Tampa FL 33607

PURPOSE: The purpose of the corporation is to conduct or promote any lawful business or purposes.

NRS 78.037: States that the articles of incorporation may also contain a provision eliminating or limiting the personal liability of a director or officer of the corporation or its stockholders for damages for breach of fiduciary duty as a director or officer except acts or omissions which include misconduct or fraud. Do you want this provision to be part of your articles? Please check one of the following: YES X NO \_\_\_\_\_

OTHER MATTERS: This form includes the minimal statutory requirements to incorporate under NRS 78. You may attach additional information noted on separate pages. But, if any of the additional information is contradictory to this form it cannot be filed and will be returned to you for correction. NUMBER OF PAGES ATTACHED 1

SIGNATURES OF INCORPORATORS: The names and addresses of each of the incorporators signing the articles:

Corporate Creations International Inc.

Name (print)

941 Fourth Street #200 Miami Beach FL 33139

Address City/State/Zip

CORPORATE CREATIONS INTERNATIONAL INC.

Julie A. Pine Vice President

CERTIFICATE OF ACCEPTANCE OF APPOINTMENT OF RESIDENT AGENT

Corporate Creations Network Inc.

corporation

hereby accepts appointment as Resident Agent for the above named

Julie A. Pine as Assistant Secretary  
CORPORATE CREATIONS NETWORK INC.

Date: 10/22/2001

18/22/2001 03:01P NR345 FV82-000-26438

**Articles of Incorporation**  
(PURSUANT TO NRS 78)  
STATE OF NEVADA

Filing fee:  
Receipt #:



STATE OF NEVADA  
*Secretary of State*

(For filing office use)

(For filing office use)

**Attachment #1**

**3. SHARES: Continued**

In addition, the Corporation shall have the authority to issue 10,000,000 shares of preferred stock, par value \$.001 per share, which may be divided into series and with the preferences, limitations and relative rights determined by the Board of Directors.

*DEAN HELLER*  
*Secretary of State*

*RENEE L. PARKER*  
*Chief Deputy*  
*Secretary of State*

*PAMELA RUCKEL*  
*Deputy Secretary*  
*for Southern Nevada*

STATE OF NEVADA



OFFICE OF THE  
SECRETARY OF STATE

*CHARLES E. MOORE*  
*Securities Administrator*

*SCOTT W. ANDERSON*  
*Deputy Secretary*  
*for Commercial Recordings*

*ELLYCK HSU*  
*Deputy Secretary*  
*for Elections*

COMPETITIVE COMPANIES INC  
111 SOUTH MULBERRY  
ELIZABETHTOWN, KY 42701

June 8, 2005

**Job** C20050606-1311  
**Number:**

**Job Contents:**  
**Certificate of Good Standing Short(s):** 1

**Special Handling Instructions:**

6/8 PM JL  
REGULAR MAIL

ANNETTE DE WITT

COMPETITIVE COMPANIES INC  
111 SOUTH MULBERRY  
ELIZABETHTOWN, KY 42701

SECRETARY OF STATE

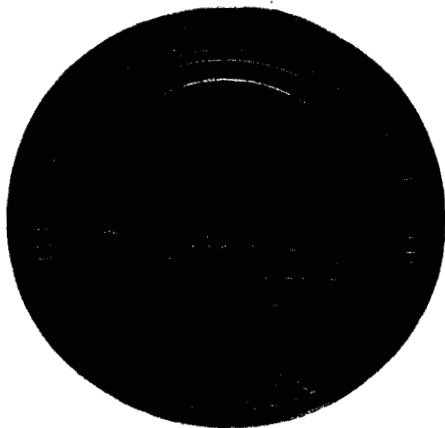


**CERTIFICATE OF EXISTENCE  
WITH STATUS IN GOOD STANDING**

I, DEAN HELLER, the duly elected and qualified Nevada Secretary of State, do hereby certify that I am, by the laws of said State, the custodian of the records relating to filings by corporations, non-profit corporations, corporation soles, limited-liability companies, limited partnerships, limited-liability partnerships and business trusts pursuant to Title 7 of the Nevada Revised Statutes which are either presently in a status of good standing or were in good standing for a time period subsequent of 1976 and am the proper officer to execute this certificate.

I further certify that the records of the Nevada Secretary of State, at the date of this certificate, evidence, **COMPETITIVE COMPANIES, INC.**, as a corporation duly organized under the laws of Nevada and existing under and by virtue of the laws of the State of Nevada since October 22, 2001, and is in good standing in this state.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the Great Seal of State, at my office on June 8, 2005.



Handwritten signature of Dean Heller in cursive.

DEAN HELLER  
Secretary of State

By Handwritten signature of the Certification Clerk in cursive.  
Certification Clerk

**BY-LAWS OF  
COMPETITIVE COMPANIES, INC.**

**ARTICLE I**

**PLACE OF BUSINESS**

The principal office for the transaction of the business of the corporation in the State of California shall be initially established and maintained at 11731 Sterling Avenue, Suite F, Riverside, in the County of Riverside, California. The corporation may locate its principal offices at other location as the Board of Directors shall from time to time determine. The corporation also may have such other offices, either within or without the state of incorporation at such place or places as the Board of Directors from time to time appoint or the business of the corporation may require.

**ARTICLE II**

**SHAREHOLDERS' MEETINGS**

**Section 1. PLACE OF MEETINGS.** Meetings of the Shareholders shall be held at the principal executive office of the corporation, in the State of California, unless some other appropriate and convenient location be designated for that purpose from time to time by the Board of Directors.

**Section 2. ANNUAL MEETINGS.** The annual meetings of the Shareholders shall be held, each year, at the principal executive office of the corporation, in the State of California, on the last Saturday of March at 6:00 PM, unless some other time and location is designated for that purpose from time to time by resolution by the Board of Directors. If this day shall be a legal holiday, then the meeting shall be held on the next succeeding Saturday, at the same hour. At the annual meeting, the Shareholders entitled to vote shall elect by plurality vote a Board of Directors, consider reports of the affairs of the corporation and transact such other business as may be properly brought before the meeting.

**Section 3. OTHER MEETINGS.** Meetings of the Shareholders, for any purpose or purposes other than the election of Directors may be held at such time and place, within or without the state, as shall be stated in the notice of the meeting.

**Section 4. NOTICE OF MEETINGS---REPORTS.** Notice of meetings, annual, other or special, shall be given in writing not less than ten (10) or more than sixty (60) days before the date of the meeting to Shareholders entitled to vote thereat

by the Secretary or the Assistant Secretary, or if there be no such Officer, or in the case of his neglect or refusal, by any Director or Shareholder.

Such notices or any reports shall be given personally or by mail or other means of written communication as provided in the Corporations Code and shall be sent to the Shareholders' address appearing on the books of the corporation, or supplied by him to the corporation for the purpose of notice, and in the absence thereof, as provided in the Corporations Code.

Notice of any meeting of Shareholders shall specify the place, the day and the hour of meeting, and (1) in case of a special/other meeting, the general nature of the business to be transacted and no other business may be transacted, or (2) in the case of an annual meeting, those matters which the Board at date of mailing, intends to present for action by the Shareholders and such business unanimously consented to by all of the Shareholders entitled to vote thereat. At any meetings where Directors are to be elected, notice shall include the names of the nominees, if any, intended at date of Notice to be presented by management for election.

If a Shareholder supplies no address, notice shall be deemed to have been given to him if mailed to the place where the principal executive office of the corporation, in California is situated, or published at least once in some newspaper of general circulation in the County of said principal office.

Notice shall be deemed given at the time it is delivered personally or deposited in the mail or sent by other means of written communication. The Officer giving such notice or report shall prepare and file an affidavit or declaration thereof through the Secretary to be included in the corporate minute records.

When a meeting is adjourned for forty-five (45) days or more, notice of the adjourned meeting shall be given as in case of an original meeting. Save, as aforesaid, it shall not be necessary to give any notice of adjournment or of the business to be transacted at an adjourned meeting other than by announcement at the meeting at which such adjournment is taken.

**Section 5. VOTING.** Each Shareholder entitled to vote in accordance with the terms and provisions of the Certificate of Incorporation and these By-Laws shall be entitled to one vote, in person or by proxy, for each share of stock entitled to vote held by such Shareholder, but no proxy shall be voted after three years from its date unless such proxy provides for a longer period. Upon the demand of any Shareholder, the vote for Directors and upon any questions before the meeting shall be by ballot. All elections for Directors shall be decided by plurality vote; all other questions shall be decided by majority vote except as otherwise provided by the Certificate of Incorporation or and laws of the State of California.

Shareholders entitled to vote at any election shall not vote cumulatively. No Shareholder shall be able to cast his votes and give one candidate a number of votes equal to the number of Directors to be elected multiplied by the number of votes to which his shares are entitled. Each Shareholder shall only be allowed to vote his total shares for each candidate which he thinks fit, up to the number of Directors authorized for the corporation. The candidates receiving the highest number of votes up to the number of Directors to be elected are elected.

**Section 6. SHAREHOLDER LIST.** The Officer who has charge of the stock ledger of the corporation shall at least ten (10) days before each meeting of Shareholders prepare a complete alphabetically addressed list of the Shareholders entitled to vote at the ensuing election, with the number of shares held by each. Said list shall be open to the examination of any Shareholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten (10) days prior to the meeting. At the discretion of the Chairman of the Board, said list shall be either at the principal office of the corporation or at the place where the meeting is to be held. The list shall be available for inspection at the meeting.

**Section 7. QUORUM.** The holders of a majority of the share entitled to vote thereat, present in person, or represented by proxy, shall constitute a quorum at all meetings of the Shareholders for transaction of business except as otherwise provided by law, by the Articles of Incorporation, or by these By-Laws. If, however, such majority shall not be present or represented at any meeting of the Shareholders, the Shareholders entitled to vote thereat, present in person, or by proxy, shall have the power to adjourn the meeting from time to time, until the requisite number of voting shares shall be present. At such adjourned meeting at which the requisite number of voting shares shall be represented, any business may be transacted which might have been transacted at a meeting as originally notified.

If a quorum be initially present, the Shareholders may continue to transact business until adjournment, notwithstanding the withdrawal of enough Shareholders to leave less than a quorum, if any action taken is approved by a majority of the Shareholders required to initially constitute a quorum.

**Section 8. SPECIAL MEETINGS.** Special meeting of Shareholders, for any purpose, unless otherwise prescribed by statute or by the Certificate of Incorporation, may be called by the Chief Executive Officer or the President and shall be called by the Chief Executive Officer or the President or the Secretary at the request in writing of a majority of the Directors or Shareholders entitled to vote. Such request shall state the purpose of the proposed meeting and be

called in accordance with time frames specified in these By-Laws for Shareholder meetings.

**Section 9. VOTING RIGHTS.** In accordance with Article V, Section 5, hereof, the Board of Directors may fix a time in the future preceding the date of any meeting of Shareholders or the date fixed for the payment of any dividend or distribution, or for the allotment of rights, or when any change or conversion or exchange of shares shall go into effect, as a record date for the determination of the Shareholders entitled to notice of and to vote at any such meeting, or entitled to receive any such dividend or distribution, or any allotment of rights, or to exercise the rights in respect to any such change, conversion or exchange of shares. In such case only Shareholders of record on the date so fixed shall be entitled to notice of and to vote at such meeting, or to exercise such rights, as the case may be, notwithstanding any transfer of any share on the books of the corporation after any record date fixed as aforesaid. The Board of Directors may close the books of the corporation against transfers of shares during the whole or any part of such period.

**Section 10. PROXIES.** Every Shareholder entitled to vote, or to execute consents, may do so, either in person or by written proxy, executed in accordance with the provisions of the Corporations Code and filed with the Secretary of the corporation.

**Section 11. ORGANIZATION.** The Chief Executive Officer, or in the absence of the President, or in the absence of both, any Vice President shall act as chairman of the meeting. In the absence of the Chief Executive Officer, the President, and all Vice Presidents, Shareholders shall appoint a chairman for such meeting. The Secretary of the corporation shall act as Secretary of all meetings of the Shareholders, but in the absence of the Secretary at any meeting of the Shareholders, the presiding Officer may appoint any person to act as Secretary of the meeting.

**Section 12. INSPECTORS OF ELECTION.** In advance of any meeting of Shareholders the Board of Directors may, if they so elect, appoint inspectors of election to act at such meeting or any adjournments thereof. If inspectors of election be not so appointed, the chairman of any such meeting may, and on the request of any Shareholder or his proxy shall, make such appointment at the meeting in which case the number of inspectors shall be either one or three as determined by a majority of the Shareholders represented at the meeting.

**Section 13. ACTION WITHOUT MEETING.** Except as otherwise provided by the Certificate of Incorporation, whenever the vote of Shareholders at a meeting thereof is required or permitted to be taken in connection with any corporate action by any provisions of the statutes or the Certificate of Incorporation or of these By-Laws, the meeting and vote of Shareholders may be dispensed with, if



all the Shareholders who would have been entitled to vote upon the action if such meeting were held shall consent in writing to such corporate action being taken.

### ARTICLE III

#### DIRECTORS - MANAGEMENT

**Section 1. POWERS.** Subject to the limitation of the Articles of Incorporation, of the By-Laws, or of the Laws of the State of Nevada as to actions to be authorized or approved by the Shareholders, all corporate powers shall be exercised by or under authority of, and the business and affairs of this corporation shall be controlled by, a Board of Directors.

**Section 2. NUMBER OF DIRECTORS AND QUALIFICATIONS.** The authorized number of Directors of the corporation shall be five (5) until changed by amendment to the Articles of Incorporation or by an amendment to this Section 2, Article III of these By-Laws, adopted by the majority of the voting power of the corporation.

**Section 3. ELECTION AND TENURE OF OFFICE.** The Directors shall be elected by ballot at the annual meeting of the Board of Directors, to serve for one year and until their successors are elected and have qualified. Their term of office shall begin immediately after election.

**Section 4. VACANCIES.** Vacancies in the Board of Directors may be filled by a majority of the remaining Directors, though less than a quorum, or by a sole Director, and each Director so elected shall hold office until his successor is elected at an annual meeting of Shareholders or at a special meeting called for that purpose.

The Shareholders may at any time elect a Director to fill any vacancy not filled by the Board of Directors within thirty (30) days of the vacancy's occurrence, and may elect additional Directors at the meeting at which an amendment of the By-Laws is voted authorizing an increase in the number of Directors.

A vacancy or vacancies shall be deemed to exist in case of the death, resignation or removal of any Director, or if the Shareholders shall increase the authorized number of Directors but shall fail at the meeting at which such increase is authorized, or at an adjournment thereof, to elect the additional Director so provided for, or in case the Shareholders fail at any time to elect the full number of authorized Directors.

If the Board of Directors accepts the resignation of a Director tendered to take effect at a future time, the Board as specified above, shall have the power to elect a successor to take office when the resignation shall become effective. In such case that the Board of Directors fails to fill the vacancy within the thirty (30) days, as specified above, then the Shareholders may duly elect, as specified above, a Director to fill such vacancy.

No reduction of the number of Directors shall have the effect of removing any Director prior to the expiration of his term of office.

The entire Board of Directors or any individual Director may be removed from office as provided in the Corporations Code. In such case and in accordance with provisions herein, the remaining Board members may elect a successor Director to fill such vacancy for the remaining unexpired term of the Director so removed.

**Section 5. RESIGNATIONS.** Any Director, member of a committee or other Officer may resign at any time. Such resignation shall be made in writing, and shall take effect at the time specified therein, and if no time be specified, at the time of its receipt by the Chairman of the Board/Chief Executive Officer, the President, or the Secretary. The acceptance of a resignation shall not be necessary to make it effective.

**Section 6. REMOVAL.** Any Director or Directors may be removed either for or without cause at any time by the affirmative vote of the holders of majority of all the shares of stock outstanding and entitled to vote, at a special meeting of the Shareholders called for the purpose and the vacancies thus created may be filled, at the meeting held for the purpose of removal, by the affirmative vote of a majority in interest of the Shareholders entitled to vote.

**Section 7. NOTICE, PLACE AND MANNER OF MEETINGS—WAIVERS.** Meetings of the Board of Directors may be called by the Chairman of the Board/Chief Executive Officer, the President, or any Vice President, or the Secretary, or any two (2) Directors and shall be held at the principal executive office of the corporation in the State of California, unless some other place is designated in the notice of the meeting. Members of the Board may participate in a meeting through use of a conference telephone or similar communications equipment so long as all members participating in such meeting can hear one another. Accurate minutes of any meeting of the Board of Directors or any committee thereof, shall be maintained as required by the Corporations Code by the Secretary or other Officer designated for that purpose.

At least forty eight (48) hours notice of the time and place of special meetings shall be delivered personally to the Directors or personally communicated to them by a corporate Officer by telephone or e-mail. If the

notice is sent to a Director by letter, it shall be addressed to him at his address as it is shown upon the records of the corporation, (or if it is not so shown on such records or is not readily ascertainable at the place in which the meetings of the Directors are regularly held). In case such notice is mailed, it shall be deposited in the United States mail, postage prepaid, in the place in which the principal executive office of the corporation is located at least four (4) days prior to the time of the holding of the meeting. Such mailing, e-mailing, telephoning or delivery as above provided shall be due, legal and personal notice to such Director.

When all of the Directors are present at a Directors' meeting, however, called or noticed, and either (i) sign a written consent thereto on the records of such meeting, or (ii) if a majority of the Directors are present and if those not present sign a waiver of notice of such meeting or a consent to holding the meeting or an approval of the minutes thereof, whether prior to or after the holding of such meeting, which said waiver, consent or approval shall be filed with the Secretary of the corporation or (iii) if a Director attends a meeting without notice, but without protesting prior thereto or at its commencement the lack of notice to him, then the transactions thereof are as valid as if had at a meeting regularly called and noticed.

**Section 8. ORGANIZATION MEETINGS.** The organization meetings of the Board of Directors shall be held immediately following the adjournment of the annual meetings of the Shareholders.

**Section 9. ACTING BY UNANIMOUS WRITTEN CONSENT.** Any action required or permitted to be taken by the Board of Directors, or of any committee thereof, may be taken without a meeting and with the same force and effect as if taken by a unanimous vote of Directors or such committee, if authorized by a writing signed individually or collectively by all members of the Board or such committee. Such consent shall be filed with the regular minutes of the Board.

**Section 10. MAJORITY QUORUM.** A majority of the number of Directors as fixed by the Articles of Incorporation or By-Laws shall be necessary to constitute a quorum for the transaction of business, and the action of a majority of the Directors present at any meeting at which there is a quorum, when duly assembled, is valid as a corporate act; provided that a minority of the Directors, in the absence of a quorum, may adjourn from time to time, but may not transact any business. A meeting at which a quorum is initially present may continue to transact business, notwithstanding the withdrawal of Directors, if any action taken is approved by a majority of the required quorum for such meeting.

**Section 11. NOTICE OF ADJOURNMENT.** Notice of the time and place of holding an adjourned meeting need not be given to absent Directors if the time and place be fixed at the meeting adjourned and held within twenty-four (24)

hours, but if adjourned more than twenty-four (24) hours, notice shall be given to all Directors not present at the time of the adjournment.

**Section 12. COMPENSATION OF DIRECTORS.** Directors, as such, shall not receive any stated salary for their services as Directors or as members of committees, but by resolution of the Board a fixed sum and expense of attendance, if any, may be allowed for attendance at each regular and special meeting of the Board; provided that nothing herein contained shall be construed to preclude any Director from serving the corporation in any other capacity as an Officer, agent or otherwise, and receiving compensation therefor.

**Section 13. COMMITTEES.** Committees of the Board may be appointed by resolution passed by a majority of the whole Board and shall have such powers of the Board as may be expressly delegated to it by resolution of the Board of Directors, except those powers expressly made non-delegable by the Corporations Code. Each committee shall consist of at least one Director of the corporation, which, to the extent provided in the resolution, shall have and may exercise the powers of the Board of Directors in the management of the business and affairs of the corporation, and may have power to authorize the seal of the corporation to be affixed to all papers which may require it. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the Board of Directors. The Board of Directors may appoint natural persons who are not Directors to serve on committees. The committees shall keep regular minutes of their proceedings and report the same to the board when required.

**Section 14. ADVISORY DIRECTORS.** The Board of Directors from time to time may elect one or more persons to be Advisory Directors who shall not by such appointment be members of the Board of Directors. Advisory Directors shall be available from time to time to perform special assignments specified by the Chairman of the Board/Chief Executive Officer or the President to attend meetings of the Board of Directors upon invitation and to furnish consultation to the Board. The period during which the title shall be held may be prescribed by the Board of Directors. If no period is prescribed, the title shall be held at the pleasure of the Board.

## ARTICLE IV

### OFFICERS

**Section 1. OFFICERS.** The Officers of the corporation shall be a Chairman of the Board/Chief Executive Officer, a President-Chief Operating Officer or both, and a Secretary-Treasurer/Chief Financial Officer or both. The corporation may also have, at the discretion of the Board of Directors, one or more Vice Presidents, one or more Assistant Secretaries and such other Officers as may be

appointed in accordance with the provisions of Section 3 of this Article. One person may hold two or more offices.

**Section 2. ELECTION.** The Officers of the corporation, except such Officers as may be appointed in accordance with the provisions of Section 3 or Section 5 of this Article shall be chosen annually by the Board of Directors, and each shall hold his office until he shall resign or shall be removed or otherwise disqualified to serve, or his successor shall be elected and qualified.

**Section 3. SUBORDINATE OFFICERS, ETC.** The Board of Directors may appoint such other Officers as the business of the corporation may require, each of whom shall hold office for such period, have such authority and perform such duties as are provided in the By-Laws or as the Board of Directors may from time to time determine.

**Section 4. REMOVAL AND RESIGNATION.** Any Officer may be removed, either with or without cause, by a majority vote of the Directors at the time in office, at any regular or special meeting of the Board, or, except in case of an Officer chosen by the Board of Directors, by any Officer upon whom such power of removal may be conferred by the Board of Directors.

Any Officer may resign at any time by giving written notice to the Board of Directors, or the Chairman of the Board/Chief Executive Officer, or the President/Chief Operating Officer, or to the Secretary/Treasurer/Chief Financial Officer of the corporation. Any such resignation shall take effect at the date of the receipt of such notice or at any later time specified therein; and, unless otherwise specified therein, the acceptance of such resignation shall not be necessary to make it effective.

**Section 5. VACANCIES.** A vacancy in any office because of death, resignation, removal, disqualification or any other cause shall be filled in the manner prescribed in the By-Laws for regular appointments to such office.

**Section 6. CHAIRMAN OF THE BOARD/CHIEF EXECUTIVE OFFICER.** The Chairman of the Board shall if present, preside at all meetings of the Board of Directors, and exercise and perform such other powers and duties as may be from time to time assigned to him by the Board of Directors or prescribed by the By-Laws. The Chairman of the Board shall be the Chief Executive Officer of the corporation and shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business of the corporation through the President/Chief Operating Officer and the Chief Financial Officer who report to him directly. He shall be a member of the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of Chief Executive Officer of a corporation, and shall have

such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

**Section 7. PRESIDENT/CHIEF OPERATING OFFICER.** Subject to such supervisory powers, if any, as may be given by the Board of Directors to the Chairman of the Board/Chief Executive Officer, if there be such an Officer, the President shall be the Chief Operating Officer of the corporation and have direct management and supervision, direction and control of the business and Officers of the corporation sans the Chief Financial Officer and those reporting to him. He shall preside at all meetings of the Shareholders and in the absence of the Chairman of the Board/Chief Executive Officer, or if there be none, at all meetings of the Board of Directors. He shall be ex officio a member of all the standing committees, including the Executive Committee, if any, and shall have the general powers and duties of management usually vested in the office of President of a corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or the By-Laws.

**Section 8. VICE PRESIDENT.** In the absence or disability of the President/Chief Operating Officer, the Vice Presidents, in order of their rank as fixed by the Board of Directors, or if not ranked, the Vice President designated by the Board of Directors, shall perform all the duties of the President/Chief Operating Officer, and when so acting shall have all the powers of, and be subject to, all the restrictions upon, the President/Chief Operating Officer. The Vice Presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the Board of Directors or the By-Laws.

**Section 9. SECRETARY.** The Secretary shall keep, or cause to be kept, a book of minutes at the principal office or such other place as the board of Directors may order, of all meetings of Directors and Shareholders, at the time and place of holding, whether regular or special, and if special, how authorized, the notice thereof given, the names of those present at Shareholders' meetings and the proceedings thereof.

The Secretary shall keep, or cause to be kept, at the principal office or at the office of the corporation's transfer agent, a share register, or duplicate share register, showing the names of the Shareholders and their addresses; the number and classes of shares held by each; the number and date of certificates issued for the same; and the number and date of cancellation of every certificate surrendered for cancellation.

The Secretary shall give, or cause to be given, notice of all the meetings of the Shareholders and of the Board of Directors required by the By-Laws or by law to be given, and he shall keep the seal of the corporation in safe custody,

and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or by the By-Laws.

**Section 10. TREASURER/CHIEF FINANCIAL OFFICER.** This Officer shall keep and maintain, or cause to be kept and maintained in accordance with generally accepted accounting principles, adequate and correct accounts of the properties and business transactions of the corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, earnings (or surplus) and shares. The books of account shall at all reasonable times be open to inspection by any Director.

This Officer shall deposit all moneys and other valuables in the name and to the credit of the corporation with such depositories as may be designated by the Board of Directors. He shall disburse the funds of the corporation as may be ordered by the Board of Directors, shall render to the President and Directors, whenever they request it, an account of all of his transactions and of the financial conditions of the corporation, and shall have such other powers and perform such other duties as may be prescribed by the Board of Directors or the By-Laws.

## ARTICLE V

### CERTIFICATES AND TRANSFER OF SHARES

**Section 1. CERTIFICATES FOR SHARES.** Certificates for shares shall be of such form and device as the Board of Directors may designate and shall state the name of the record holder of the shares represented thereby; its number; date of issuance, the number of shares for which it is issued; a statement of the rights, privileges, preferences and restrictions, if any; if the shares be assessable or, if assessments are collectible by personal action, a plain statement of such facts.

Every certificate for shares must be signed by the President or a Vice President and the Secretary or an Assistant Secretary or must be authenticated by facsimiles of the signatures of the President and Secretary or by a facsimile of the signature of its President and the written signature of its Secretary or an Assistant Secretary and affixed with the seal of the corporation.

**Section 2. TRANSFER ON THE BOOKS.** Upon surrender to the Secretary or transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

**Section 3. LOST OR DESTROYED CERTIFICATES.** Any person claiming a certificate of stock to be lost or destroyed shall make an affidavit or affirmation of that fact and shall if the Directors so require give the corporation a bond of indemnity, in form and with one or more sureties satisfactory to the Board, in at least double the value of the stock represented by said certificate, whereupon a new certificate may be issued in the same tenor and for the same number of shares as the one alleged to be lost or destroyed.

**Section 4. TRANSFER AGENTS AND REGISTRARS.** The Board of Directors may appoint one or more transfer agents or transfer clerks, and one or more registrars, which shall be an incorporated bank or trust company—either domestic or foreign, who shall be appointed at such times and places as the requirements of the corporation may necessitate and the Board of Directors may designate.

**Section 5. CLOSING STOCK TRANSFER BOOKS—RECORD DATE.** In order that the corporation may determine the Shareholders entitled to notice of any meeting or to vote or entitled to receive payment of any dividend or other distribution or allotment of any rights or entitled to exercise any rights in respect of any other lawful action, the Board may fix, in advance, a record date, which shall not be more than sixty (60) or less than ten (10) days prior to the date of such meeting or more than sixty (60) days prior to any other action. If no record date is fixed:

(1) The record date determining Shareholders entitled to notice of or to vote at a meeting of Shareholders shall be at the close of business on the business day next preceding the day on which notice is given or, if notice is waived, at the close of business on the business day next preceding the day on which the meeting is held.

(2) The record date for determining Shareholders entitled to give consent to corporate action in writing without a meeting, when no prior action by the Board is necessary, shall be the day on which the first written consent is given.

(3) The record date for determining Shareholders for any other purpose shall be at the close of business on the day on which the Board adopts the resolution relating thereto, or the sixtieth (60th) day prior to the date of such other action, whichever is later.

**Section 6. LEGEND CONDITION.** In the event any shares of this corporation are issued pursuant to a permit or exemption there from requiring the imposition of a legend condition, the person or persons issuing or transferring said shares shall make sure said legend appears on the certificate and on the stub relating thereto in the stock record book and shall not be required to transfer any shares



free of such legend unless an amendment to such permit or a new permit be first issued so authorizing such a deletion.

## ARTICLE VI

### CORPORATE RECORDS AND REPORTS--INSPECTIONS

**Section 1. RECORDS.** The corporation shall maintain, in accordance with generally accepted accounting principles, adequate and correct accounts, books and records of its business and properties. All of such books, records and accounts shall be kept at its principal executive office in the State of California, as fixed by the Board of Directors from time to time.

**Section 2. INSPECTION OF BOOKS AND RECORDS.** All books and records provided for in the Corporations Code shall be open to inspection of the Directors and Shareholders from time to time and in the manner provided in said Corporations Code.

**Section 3. CERTIFICATION AND INSPECTION OF BY-LAWS.** The original or a copy of these By-Laws, as amended or otherwise altered to date, certified by the Secretary, shall be kept at the corporation's principal executive office and shall be open to inspection by the Shareholders of the corporation, at all reasonable times during office hours, as provided in the Corporations Code.

**Section 4. CHECKS, DRAFTS, ETC.** All checks, drafts or other orders for payment of money, notes or other evidences of indebtedness, issued in the name of or payable to the corporation, shall be signed or endorsed by such person or persons and in such manner as shall be determined from time to time by resolution of the Board of Directors.

**Section 5. CONTRACTS, ETC.--HOW EXECUTED.** The Board of Directors, except as in the By-Laws otherwise provided, may authorize any Officer or Officers, agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the corporation. Such authority may be general or confined to specific instances. Unless so authorized by the Board of Directors, no Officer, agent or employee shall have any power or authority to bind the corporation by any contract or agreement, or to pledge its credit, or to render it liable for any purpose or to any amount, except as provided in the Corporations Code.

## ARTICLE VII

### ANNUAL REPORTS

**Section 1. DUE DATE, CONTENTS.** The Board of Directors shall cause an annual report or statement to be sent to the Shareholders of this corporation not later than ninety (90) days after the close of the fiscal or calendar year in accordance with the provisions of the Corporations Code. Such report shall be sent to Shareholders at least fifteen (15) days prior to the annual meeting of Shareholders. Such report shall contain a balance sheet as of the end of the fiscal year, an income statement and a statement of report thereon of independent accountant, or if there is no such report, a certificate of the Chief Financial Officer or President that such statements were prepared without audit from the books and records of the corporation.

**Section 2. WAIVER.** The foregoing requirement of an annual report may be waived by the Board of Directors so long as this corporation shall have less than 100 outside Shareholders.

## ARTICLE VIII

### AMENDMENTS TO BY-LAWS

**Section 1. BY SHAREHOLDERS.** New By-Laws may be adopted or these By-Laws may be repealed or amended at their annual meeting, or at any other meeting of the Shareholders called for that purpose, by a vote of Shareholders entitled to exercise a majority of the voting power of the corporation, or by written assent of such Shareholders.

**Section 2. POWER OF DIRECTORS.** Subject to the right of the Shareholders to adopt, amend or repeal By-Laws, as provided in Section 1 of this Article VIII, and the limitations of the Corporations Code, the Board of Directors may adopt, amend or repeal any of these By-Laws other than a By-Law or amendment thereof changing the authorized number of Directors.

**Section 3. RECORD OF AMENDMENTS.** Whenever an amendment or new By-Law is adopted, it shall be copied in the book of By-Laws with the original By-Laws, in the appropriate place. If any By-Law is repealed, the fact of repeal with the date of the meeting at which the repeal was enacted or written assent was filed and the effective date of such repeal shall be stated in said book.

## ARTICLE IX

### SEAL

The corporation shall adopt and use a corporate seal setting forth the name of the corporation and showing the State and date of incorporation.

**KNOW ALL MEN BY THESE PRESENTS:**

That we, the undersigned, being all the Directors of COMPETITIVE COMPANIES, INC., a corporation incorporated, organized and existing under the laws of the State of Nevada, do hereby certify that the foregoing By-Laws, were duly adopted as the By-Laws of the said corporation.

IN WITNESS WHEREOF, we have hereunto subscribed our names this 23rd day of May, 1998.

DAVID H. [Signature]

[Signature]

D. L. [Signature]

Jerald L. Woods

Michael Godfree

COMMONWEALTH OF KENTUCKY  
TREY GRAYSON  
SECRETARY OF STATE



APPLICATION FOR REGISTRATION OR RENEWAL OF CORPORATE NAME

Pursuant to the provisions of KRS Chapter 271B or 273, the undersigned hereby applies for registration or renewal of corporate name on behalf of the corporation named below and for that purpose submits the following statements:

1.  Registration (CHECK ONE)  Renewal

2. The name of the corporation is  
Competitive Companies, Inc.

3. The state or country of incorporation is  
Nevada

4. The date of incorporation is  
October 22, 2001

5. The nature of the business of the corporation is  
Telecommunications - Local and long distance telecommunications services.  
(Brief Description)

6. A certificate of existence duly authenticated by the Secretary of State accompanies this application.

Signature

Russell E. Preston CEO / President

Type or Print Name & Title

111 S. Mulberry Street

Street Address

Elizabethtown, KY 42701

City

State

Zip Code

Date: July 26, 2005

## MERGER AGREEMENT AND PLAN OF REORGANIZATION

This Merger Agreement and Plan of Reorganization (the "Agreement"), is entered into this ~~11~~<sup>14</sup> day of ~~April~~<sup>April</sup>, 2005, by and among Competitive Companies, Inc., a corporation organized and existing under the laws of the State of Nevada ("CCI"), CCI Acquisition Corp., a corporation organized and existing under the laws of the State of Nevada ("CAC"), and C A Networks, Inc., a corporation organized and existing under the laws of the State of Wyoming ("CAN").

### RECITALS:

WHEREAS, CAC is a wholly owned subsidiary of CCI;

WHEREAS, CAN desires to merge with and into CAC, and CAC desires to merge with CAN, so that CAC will be the surviving corporation, all upon the terms and subject to the conditions of this Merger Agreement and in accordance with the laws of the State of Nevada ("Merger");

WHEREAS, the terms and conditions of the Merger, the mode of carrying the same into effect, the manner of converting the capital stock of CAN into the right to receive common stock of CCI and such other terms and conditions as may be required or permitted to be stated in this Merger Agreement are set forth below; and

WHEREAS, for federal income tax purposes, it is intended by the parties hereto that the Merger shall qualify as a reorganization within the meaning of Sections 368(a)(1)(A) and (a)(2)(D) of the Internal Revenue Code of 1986, as amended (the "Code"), and that this Merger Agreement shall constitute a "Plan of Reorganization" for purposes of Section 368 of the Code;

NOW, THEREFORE, based upon the stated premises, which are incorporated herein by reference, and for and in consideration of the mutual covenants and agreements set forth herein, the mutual benefits to the parties to be derived herefrom, and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, CCI, CAC, and CAN approve and adopt this Agreement and Plan of Reorganization and mutually covenant and agree with each other as follows:

### 1. Merger of CAN into CAC.

1.1 Shares of the Constituent and Surviving Corporations. The manner and basis of converting the shares of CAN Stock into shares of CCI Stock shall be as follows:

At the Effective Date, by virtue of the Merger and without any action on the part of any holder of any capital stock of either CAC, CCI or CAN, and subject to all the terms and conditions of this Agreement, at the Closing, the CAN shareholders agree to receive from CAC, and CAC agrees to issue to the shareholders of CAN (a "Shareholder") 40,559,999 Shares of Common Stock of CCI ("CCI Shares") (the "Share Consideration")

in exchange for 40,559,999 Shares of Common Stock of CAN ("CAN's Shares"). Each of CAN's Shares that is issued and outstanding immediately before the Closing, other than shares with respect to which the right to dissent has been exercised, shall entitle the holder thereof to receive one CCI Common Share.

1.2 Effect of the Merger. As of the Effective Date, all of the following shall occur:

(a) The separate existence and corporate organization of CAN shall cease (except insofar as it may be continued by statute), and CAC shall exist as a surviving corporation.

(b) Except as otherwise specifically set forth herein, the corporate identity, existence, purposes, powers, franchises, rights and immunities of CAC shall continue unaffected and unimpaired by the Merger, and the corporate identity, existence, purposes, powers, franchises and immunities of CAN shall be merged with and into CAC as the surviving corporation, shall be fully vested therewith.

(c) Neither the rights of creditors nor any liens upon or security interests in the property of CAN shall be impaired by the Merger.

(d) All corporate acts, plans, policies, agreements approvals and authorizations of the shareholders and Board of Directors of CAN and of its respective officers, directors and agents, which were valid and effective immediately prior to the Effective Date, shall be the acts, plans, policies, agreements, approvals and authorizations of CAC and shall be as effective and binding on CAC as the same were on CAN.

(e) CAC shall be liable for all of the obligations and liabilities of CAN.

(f) The rights, privileges, goodwill, inchoate rights, franchises and property, real, personal and mixed, and debts due on whatever account and all other things in action belonging to CAN, shall be, and they hereby are, bargained, conveyed, granted, confirmed, transferred, assigned and set over to and vested in CAC, without further act or deed.

(g) No claim pending at the Effective Date by or against CAN, or any stockholder, officer or director thereof, shall abate or be discontinued by the Merger, but may be enforced, prosecuted, settled or compromised as if the Merger had not occurred.

(h) All rights of employees and creditors and all liens upon the property of CAN shall be preserved unimpaired, limited in lien to the property affected by such liens at the Effective Date, and all the debts, liabilities and duties of CAN shall attach to CAC and shall be enforceable against CAC to the same extent as if all such debts, liabilities and duties had been incurred or contracted by CAN.

(i) The Articles of Incorporation of CAC, as in effect on the Effective Date, shall continue to be the Articles of Incorporation of CAC without change or amendment.

(j) The Bylaws of CAC, as in effect on the Effective Date, shall continue to be the Bylaws of CAC without change or amendment until such time, if ever, as it is amended thereafter in accordance with the provisions thereof and applicable laws.

(k) Upon the Effective Date, the Board of Directors of CAC shall consist of those persons set forth in Schedule 1.4.k, and the officers of CAC shall be the officers specified in Schedule 1.4.k.

1.3 Registration Rights. As soon as practicable after the closing date, and within sixty (60) days thereafter, CAN shall, at its sole expense, including all legal and accounting fees, file and prosecute through to S.E.C. "effective date" a Form SB-2 with the S.E.C. to register the shares of restricted Common Stock issued to the CAN shareholders in connection with this transaction who own less than 5% of the total outstanding shares of CCI, post-merger. The holders of such shares shall cooperate fully in the preparation and prosecution of said Form SB-2.

## **2.0 Representations and Warranties of CAN**

CAN represents and warrants to CCI and CAC as set forth below. These representations and warranties are made as an inducement for CCI and CAC to enter into this Agreement and, but for the making of such representations and warranties and their accuracy, such entities would not be parties hereto.

2.1 Organization and Authority. CAN is a corporation duly organized, validly existing and in good standing under the laws of Wyoming with full power and authority to enter into and perform the transactions contemplated by this Agreement. CAN further warrants that its total authorized capital consists of an unlimited number of common shares, with a total of 40,559,999 issued and outstanding common shares, par value \$.001 per share, and has no commitments to issue additional shares, warrants or options.

2.2 Capitalization. As of the date of the closing, CAN will have a total of no more than 40,559,999 shares of common stock issued and outstanding. All of the shares will have been duly authorized and validly issued and will be fully paid and non-assessable. There are no options, warrants, conversion privileges, or other rights presently outstanding for the purchase of any authorized but unissued stock of CAN. The total authorized capital of CAN consists of an unlimited number of shares of Common Stock, par value \$.001 per share.

2.3 Performance of This Agreement. The execution and performance of this Agreement and the transaction contemplated hereby have been authorized by the board of directors of CAN.

2.4 Financials. The financial statements of CAN, consisting of the balance sheets as of the period ended 12-31-2004, and statements of operations and cash flow for the period ended 12-31-2004, and statement of changes in stockholder's equity from inception to 12-31-2004, have been prepared and will be delivered by CAN to CCI and CAC at Closing. CAN recognizes CCI's need to make timely filings under Form 8-K, as

well as other applicable laws rules and regulations promulgated under the Securities Act of 1933, as amended, and the Securities Exchange Act of 1934, as amended. Said financial statements will be true and correct in all material respects and present an accurate and complete disclosure of the financial condition of CAN as of 12-31-2004, and the earnings for the periods covered, in accordance with generally accepted accounting principles applied on a consistent basis. CCI has had an opportunity to review the subject financial information for CAN.

2.5 Liabilities. There are no material liabilities of CAN, whether accrued, absolute, contingent or otherwise, which arose or relate to any transaction of CAN, its agents or servants occurring prior to 12-31-2004, which will not be disclosed by or reflected in said financial statements. As of the date hereof, there are no known circumstances, conditions, happenings, events or arrangements, contractual or otherwise, which may hereafter give rise to liabilities, except in the normal course of business of CAN.

2.6 Absence of Certain Changes or Events. Except as set forth in this Agreement, since inception of CAN, there has not been (i) any material adverse change in the business, operations, properties, assets, or condition of CAN, or (ii) any damage, destruction, or loss to CAN (whether or not covered by insurance) materially and adversely affecting the business, operations, properties, assets, or conditions of CAN.

2.7 Litigation. There are no legal, administrative or other proceedings, investigations or inquiries, product liability or other claims, judgments, injunctions or restrictions, either threatened, pending, or outstanding against or involving CAN or its subsidiaries, if any, or their assets, properties, or business, nor does CAN or its subsidiaries know, or have reasonable grounds to know, of any basis for any such proceedings, investigations or inquiries, product liability or other claims, judgments, injunctions or restrictions. In addition, there are no material proceedings existing, pending or reasonably contemplated to which any officer, director, or affiliate of CAN is a party adverse to CAN or any of its subsidiaries or has a material interest adverse to CAN or any of its subsidiaries.

2.8 Taxes. All federal, state, foreign, county and local income, profits, franchise, occupation, property, sales, use, gross receipts and other taxes (including any interest or penalties relating thereto) and assessments which are due and payable have been duly reported, fully paid and discharged as reported by CAN, and there are no unpaid taxes which are, or could become a lien on the properties and assets of CAN, except as provided for in the financial statements of CAN. All tax returns of any kind required to be filed have been filed and the taxes paid or accrued.

2.9 Accuracy of All Statements Made by CAN. No representation or warranty by CAN in this Agreement, nor any statement, certificate, schedule, or exhibit hereto furnished or to be furnished by or on behalf of CAN pursuant to this Agreement, nor any document or certificate delivered to CCI and CAC by CAN pursuant to this Agreement or in connection with actions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to



make the statement contained therein not misleading.

### **3. Representations and Warranties of CCI and CAC**

CCI and CAC, jointly and severally, represent and warrant to CAN as set forth below. These representations and warranties are made as an inducement for CAN to enter into this Agreement and, but for the making of such representations and warranties and their accuracy, CAN would not be a party hereto.

#### **3.1 Organization and Good Standing.**

a. CCI is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada with full power and authority to enter into and perform the transactions contemplated by this Agreement.

b. CAC is a corporation duly organized, validly existing and in good standing under the laws of the State of Nevada with full power and authority to enter into and perform the transactions contemplated by this Agreement.

#### **3.2 Capitalization.**

a. The authorized capital stock of CCI is 70,000,000 shares of Common Stock and 10,000,000 shares of Preferred Stock. A total of 5,912,061 Shares of Common Stock, 1,495,436 Shares of Class B Preferred Stock, 1,000,000 Shares of Class C Preferred Stock shares are issued and outstanding. All of such shares of capital stock are duly authorized, validly issued and outstanding, fully paid and nonassessable, and were not issued in violation of the preemptive rights of any person. There are no subscriptions, options, warrants, rights or calls or other commitments or agreements to which CCI is a party or by which it is bound, calling for any issuance, transfer, sale or other disposition of any class of securities of CCI, except as set forth in Schedule 5.5. There are no outstanding securities convertible or exchangeable, actually or contingently, into shares of common stock or any other securities of CCI. CCI has no subsidiaries except as set forth in Schedule 3.2. All Class A Preferred Stock of CCI shall be returned to CCI treasury prior to Closing and shall not be the subject of this Agreement.

b. The authorized capital stock of CAC consists of 70,000,000 shares of common stock, \$0.001 per share par value, and 5,000,000 shares of Preferred Stock, \$0.001 per share par value. As of the date of this Agreement, CAC has a total of 10 shares of common stock outstanding, all of which is owned by CCI. All of the outstanding shares have been duly authorized and validly issued and are fully paid and non-assessable. There are no options, warrants, conversion privileges, or other rights presently outstanding for the purchase of any authorized but unissued stock of CAC.

3.3 Performance of This Agreement. The execution and performance of this Agreement and the transaction contemplated hereby have been authorized by the boards

of directors of CCI and CAC.

3.4 Financials. True copies of the financial statements of CCI consisting of the balance sheets as of the fiscal years ended 12-31, 2004, have been delivered by CCI to CAN. The financial statements have been examined and certified by Kingery and Crouse, P.A., Certified Public Accountants. Said financial statements are true and correct in all material respects and present an accurate and complete disclosure of the financial condition of CCI as of September 30, 2004, and the earnings for the periods covered, in accordance with generally accepted accounting principles applied on a consistent basis.

### 3.5 Liabilities.

a. There are no material liabilities of CCI, whether accrued, absolute, contingent or otherwise, which arose or relate to any transaction of CCI, its agents or servants which are not disclosed by or reflected in said financial statements, save and except that its liabilities, as of the date hereof, are in the approximate amount of US\$550,000. As of the date hereof, there are no known circumstances, conditions, happenings, events or arrangements, contractual or otherwise, which may hereafter give rise to liabilities, except in the normal course of business of CCI.

b. CAC has no liabilities in the aggregate in excess of \$500.00.

3.6 Litigation. There are no legal, administrative or other proceedings, investigations or inquiries, product liability or other claims, judgments, injunctions or restrictions, either threatened, pending, or outstanding against or involving CCI or CAC, or their subsidiaries, if any, or their assets, properties, or business, nor does CCI or CAC or their subsidiaries know, or have reasonable grounds to know, of any basis for any such proceedings, investigations or inquiries, product liability or other claims, judgments, injunctions or restrictions. In addition, there are no material proceedings existing, pending or reasonably contemplated to which any officer, director, or affiliate of CCI or CAC is a party adverse to either entity or any of their subsidiaries or has a material interest adverse to such entities or any of their subsidiaries.

3.7 Taxes. All federal, state, foreign, county and local income, profits, franchise, occupation, property, sales, use, gross receipts and other taxes (including any interest or penalties relating thereto) and assessments which are due and payable have been duly reported, fully paid and discharged as reported by CCI and CAC, and there are no unpaid taxes which are, or could become a lien on the properties and assets of CCI or CAC, except as provided for in the financial statements of CCI, or have been incurred in the normal course of business of CCI or CAC since that date. All tax returns of any kind required to be filed have been filed and the taxes paid or accrued.

3.8 Legality of Shares to be Issued. The shares of common stock of CCI to be issued by CCI pursuant to this Agreement, when so issued and delivered, will have been duly and validly authorized and issued by CCI and will be fully paid and non-assessable.

3.9 Accuracy of All Statements Made by CCI and CAC. No representation or warranty by CCI or CAC in this Agreement, nor any statement, certificate, schedule, or exhibit hereto furnished or to be furnished by CCI or CAC pursuant to this Agreement, nor any document or certificate delivered to CAN pursuant to this Agreement or in connection with actions contemplated hereby, contains or shall contain any untrue statement of material fact or omits to state or shall omit to state a material fact necessary to make the statement contained therein not misleading. However, all statements are subject to disclosures in SEC filings of CCI, which shall take precedence over any representations or warranties made in this Agreement.

#### **4. Covenants of the Parties.**

##### **4.1 Corporate Records.**

a. Simultaneous with the execution of this Agreement by CAN, such entity shall deliver to CCI and CAC copies of the articles of incorporation, as amended, and the current by-laws of CAN, and copies of the resolutions duly adopted by the board of directors of CAN approving this Agreement and the transactions herein contemplated.

b. Simultaneous with the execution of this Agreement by CCI and CAC, such entities shall deliver to CAN copies of the articles of incorporation, as amended, and the current by-laws of CCI and CAC, and copies of the resolutions duly adopted by the boards of directors of CCI and CAC approving this Agreement and the transactions herein contemplated.

##### **4.2 Access to Information.**

a. CCI and CAC and their authorized representatives shall have full access during normal business hours to all properties, books, records, contracts, and documents of CAN, and CAN shall furnish or cause to be furnished to CCI and CCI Acquisitions and their authorized representatives all information with respect to its affairs and business as CCI and CAC may reasonably request. CCI and CAC shall hold, and shall cause their representatives to hold confidential, all such information and documents, other than information that (i) is in the public domain at the time of its disclosure to CCI and CAC; (ii) becomes part of the public domain after disclosure through no fault of CCI or CAC; (iii) is known to CCI or CAC or any of its officers or directors prior to disclosure; or (iv) is disclosed in accordance with the written consent of CAN. In the event this Agreement is terminated prior to closing, CCI and CAC shall, upon the written request of CAN, promptly return all copies of all documentation and information provided by CAN hereunder.

b. CAN and its authorized representatives shall have full access during normal business hours to all properties, books, records, contracts, and documents of CCI and CAC, and CCI and CAC shall furnish or cause to be furnished to CAN and its authorized representatives all information with respect to their affairs and business as

CAN may reasonably request. CAN shall hold, and shall cause its representatives to hold confidential, all such information and documents, other than information that (i) is in the public domain at the time of its disclosure to CAN; (ii) becomes part of the public domain after disclosure through no fault of CAN; (iii) is known to CAN or any of its officers or directors prior to disclosure; or (iv) is disclosed in accordance with the written consent of CCI and CAC. In the event this Agreement is terminated prior to closing, CAN shall, upon the written request of CCI or CAC, promptly return all copies of all documentation and information provided by CCI or CAC hereunder.

4.3 Actions Prior to Closing. From and after the date of this Agreement and until the closing date:

a. CCI and CAC and CAN shall each carry on its business diligently and substantially in the same manner as heretofore, and neither party shall make or institute any unusual or novel methods of purchase, sale, management, accounting or operation.

b. Neither CCI or CAC nor CAN shall enter into any contract or commitment, or engage in any transaction not in the usual and ordinary course of business and consistent with its business practices.

c. Neither CCI or CAC nor CAN shall amend its articles of incorporation and by-laws or make any changes in authorized or issued capital stock, except as provided in this Agreement.

d. CCI and CAC and CAN shall each use its best efforts (without making any commitments on behalf of the company) to preserve its business organization intact.

e. Neither CCI or CAC nor CAN shall do any act or omit to do any act, or permit any act or omission to act, which will cause a material breach of any material contract, commitment, or obligation of such party.

f. CCI and CAC and CAN shall each duly comply with all applicable laws as may be required for the valid and effective issuance or transfer of stock contemplated by this Agreement.

g. Neither CCI or CAC nor CAN shall sell or dispose of any property or assets, except products sold in the ordinary course of business.

h. CCI and CAC and CAN shall each promptly notify the other of any lawsuits, claims, proceedings, or investigations that may be threatened, brought, asserted, or commenced against it, its officers or directors involving in any way the business, properties, or assets of such party.

4.4 Shareholders' Consent. CAC and CAN shall promptly submit this Agreement and the transactions contemplated hereby for the approval of their respective stockholders by written consent and, subject to the fiduciary duties of the Boards of Directors of CAC and

CAN under applicable law, shall use their best efforts to obtain stockholder approval and adoption of this Agreement and the transactions contemplated hereby.

4.5 No Covenant as to Tax or Accounting Consequences. It is expressly understood and agreed that neither CCI or CAC nor its officers or agents has made any warranty or agreement, expressed or implied, as to the tax or accounting consequences of the transactions contemplated by this Agreement or the tax or accounting consequences of any action pursuant to or growing out of this Agreement.

4.6 Indemnification. CAN shall indemnify CCI and CAC for any loss, cost, expense, or other damage (including, without limitation, attorneys' fees and expenses) suffered by CCI and CAC resulting from, arising out of, or incurred with respect to the falsity or the breach of any representation, warranty, or covenant made by CAN herein, and any claims arising from the operations of CAN prior to the closing date. CCI and CAC, jointly and severally, shall indemnify and hold CAN harmless from and against any loss, cost, expense, or other damage (including, without limitation, attorneys' fees and expenses) resulting from, arising out of, or incurred with respect to, or alleged to result from, arise out of or have been incurred with respect to, the falsity or the breach of any representation, covenant, warranty, or agreement made by CCI or CAC herein, and any claims arising from the operations of CCI or CAC prior to the closing date. The indemnity agreement contained herein shall remain operative and in full force and effect, regardless of any investigation made by or on behalf of any party and shall survive the consummation of the transactions contemplated by this Agreement.

4.7 Publicity. The parties agree that no publicity, release, or other public announcement concerning this Agreement or the transactions contemplated by this Agreement shall be issued by any party hereto without the advance approval of both the form and substance of the same by the other parties and their counsel, which approval, in the case of any publicity, release, or other public announcement required by applicable law, shall not be unreasonably withheld or delayed.

4.8 Expenses. Except as otherwise expressly provided herein, CAN shall bear the expenses incurred in connection with the negotiation and preparation of this Agreement, the consummation of the transactions contemplated hereby, and in connection with all duties and obligations required to be performed by each of the parties under this Agreement.

4.9 Further Actions. Each of the parties hereto shall take all such further action, and execute and deliver such further documents, as may be necessary to carry out the transactions contemplated by this Agreement.

4.10 Change of Domicile. Prior to the closing date, CCI shall not change the domicile of CCI from the State of Nevada.

#### **5. Conditions Precedent to CCI and CAC's Obligations**

Each and every obligation of CCI and CAC to be performed on the closing date shall

be subject to the satisfaction prior thereto of the following conditions:

5.1 Truth of Representations and Warranties. The representations and warranties made by CAN in this Agreement or given on its behalf hereunder shall be substantially accurate in all material respects on and as of the closing date with the same effect as though such representations and warranties had been made or given on and as of the closing date.

5.2 Performance of Obligations and Covenants. CAN shall have performed and complied with all obligations and covenants required by this Agreement to be performed or complied with by it prior to or at the closing.

5.3 Officer's Certificate. CCI and CAC shall have been furnished with a certificate (dated as of the closing date and in form and substance reasonably satisfactory to CCI and CAC), executed by an executive officer of CAN, certifying to the fulfillment of the conditions specified in subsections 5.1 and 5.2 hereof.

5.4 No Litigation or Proceedings. There shall be no litigation or any proceeding by or before any governmental agency or instrumentality pending or threatened against any party hereto that seeks to restrain or enjoin or otherwise questions the legality or validity of the transactions contemplated by this Agreement or which seeks substantial damages in respect thereof.

5.5 No Material Adverse Change. As of the closing date there shall not have occurred any material adverse change, financially or otherwise, which materially impairs the ability of CAN to conduct its business or the earning power thereof on the same basis as in the past.

#### **6. Conditions Precedent to Obligations of CAN.**

Each and every obligation of CAN to be performed on the closing date shall be subject to the satisfaction prior thereto of the following conditions:

6.1 Truth of Representations and Warranties. The representations and warranties made by CCI and CAC in this Agreement or given on their behalf hereunder shall be substantially accurate in all material respects on and as of the closing date with the same effect as though such representations and warranties had been made or given on and as of the closing date.

6.2 Performance of Obligations and Covenants. CCI and CAC shall have performed and complied with all obligations and covenants required by this Agreement to be performed or complied with by them prior to or at the closing.

6.3 Officer's Certificate. CAN shall have been furnished with a certificate (dated as of the closing date and in form and substance reasonably satisfactory to CAN), executed by an executive officer of CCI and CAC, certifying to the fulfillment of the

conditions specified in subsections 6.1 and 6.2 hereof

6.4 No Litigation or Other Legal Proceedings. There shall be no litigation or any other legal proceeding by or before any governmental agency or instrumentality pending or threatened against any party hereto that seeks to restrain or enjoin or otherwise questions the legality or validity of the transactions contemplated by this Agreement or which seeks substantial damages in respect thereof.

6.5 No Material Adverse Change. As of the closing date there shall not have occurred any material adverse change, financially or otherwise, which materially impairs the ability of CCI or CAC to conduct its business.

### **7. Securities Law Provisions.**

At closing, CAN shall deliver to CCI a representation form signed by the shareholders of CAN (the "Shareholders"), in the form of Exhibit "A" hereto, providing representations essentially as follows:

7.1 Restricted Securities. Each of the Shareholders represents that he/she is aware that the shares issued to him/her will not have been registered pursuant to the Securities Act of 1933, as amended (the "1933 Act"), or any state securities act, and, thus, will be "restricted" securities as defined in Rule 144 promulgated by the Securities and Exchange Commission (the "SEC"). Therefore, under current interpretations and applicable rules, he/she will probably have to retain such shares for a period of at least one year and at the expiration of such one year period his/her sales may be confined to brokerage transactions of limited amounts requiring certain notification filings with the SEC and such disposition may be available only if the issuer is current in its filings with the SEC under the Securities Exchange Act of 1934, as amended, or other public disclosure requirements.

7.2 Non-distributive Intent. Each of the Shareholders covenants and warrants that the shares received are acquired for his/her own account and not with the present view towards the distribution thereof and he/she will not dispose of such shares except (i) pursuant to an effective registration statement under the 1933 Act, or (ii) in any other transaction which, in the opinion of counsel acceptable to the issuer, is exempt from registration under the 1933 Act, or the rules and regulations of the SEC thereunder. In order to effectuate the covenants of this subsection 7.2, an appropriate legend will be placed upon each of the certificates of common stock of issued pursuant to this Agreement, and stop transfer instructions shall be placed with the transfer agent for the securities.

Each Shareholder understands that each certificate for CCI Shares issued to the Shareholder, or to any subsequent transferee, shall be stamped or otherwise imprinted with the legend set forth below summarizing the restrictions described in this Section 7 and that CCI shall refuse to transfer the CCI Shares except in accordance with such restrictions:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT"). THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF A CURRENT AND EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT WITH RESPECT TO SUCH SHARES, OR AN OPINION OF THE ISSUER'S COUNSEL TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT.

The Shareholders acknowledge they have respectively had an opportunity to receive and review CCI's Quarterly Report on Form 10-QSB for the period ended September 30, 2004 (the "SEC Report") through and including the date of this Agreement, and the financial books and records of CAN. The Shareholders further respectively acknowledge that CCI has given to the Shareholders, and their respective counsel, accountants and other advisors, agents, consultants and representatives, if any, full access to all of the properties, books, contracts, commitments and records of CCI and has furnished or will furnish all such information concerning CCI (including its operations, financial condition and business plan) as the Shareholders have requested or may request.

7.3 Evidence of Compliance with Private Offering Exemption. Each of the Shareholders hereby represents and warrants that he/she, either individually or together with his/her representative, has such knowledge and experience in business and financial matters that he/she is capable of evaluating the risks of this Agreement and the transactions contemplated hereby, and that the financial capacity of such party is of such proportion that the total cost of such person's commitment in the shares would not be material when compared with his/her total financial capacity. Upon the written request of the issuer of the securities issued or transferred pursuant to this Agreement, and upon exercise of any option, the Shareholder shall provide such issuer with evidence of compliance with the requirements of any federal or state exemption from registration. CCI, CAC and CAN shall each file, with the assistance of the other and its respective legal counsel, such notices, applications, reports, or other instruments as may be deemed by each of them to be necessary or appropriate in an effort to document reliance on such exemptions, unless an exemption requiring no filing is available in the particular jurisdiction, all to the extent and in the manner as may be deemed by such parties to be appropriate.

#### **8. Change of Management.**

Upon and as a condition of closing this Agreement:



8.1 Concurrent with the merger, the Directors and Officers of CCI shall resign their respective positions and CCI shall appoint the Officers and Directors of CCI and CAN, which shall include David Hewitt as a Director of both corporations. Prior to closing, CAN will furnish material information regarding such Directors for filing with applicable regulatory authorities.

8.2 CAN reserves the right to terminate this Agreement if the nominee(s) selected by it are not elected or appointed as set forth above.

8.3 CAN and CCI shall have offices located in Elizabethtown, KY, Riverside, CA and other such locations as the Boards of CCI and CAN, post-merger, may determine.

8.4 CCI agrees that CAN shall have the right to engage the CAN attorney for all details of the definitive agreement, and as the attorney of record for CCI, post-merger.

8.5 CCI shall, post-merger, change its name to C A Networks, Inc.

8.6 CCI shall retain all current employees of CCI, including management personnel, on the same terms and condition as such employees are current employed, up to a term of one (1) year from Closing, specifically including Judy Kline, David Bower and Thanh Bower.

## 9. Closing

9.1 Time and Place. The closing of this transaction ("closing") shall take place at 1495 Ridgeview Drive, Suite 220, Reno, Nevada, at 1:00 p.m., April 30, 2005, or at such other time and place as the parties hereto shall agree upon. Such date is referred to in this Agreement as the "closing date".

9.2 Documents to Be Delivered by CAN. At the closing, CAN shall deliver to CCI and CAC the following documents:

- a. A duly executed copy of this Agreement.
- b. The representation forms of the Shareholders described in Section 7 hereof.
- c. The certificate required pursuant to subsection 5.3 hereof.
- d. A signature page from the CAN shareholders authorizing this Agreement and the transactions contemplated hereby, in the form of Exhibit "B" hereto.
- e. Certificates for 40,559,999 shares of Common Stock of CAN.
- f. A check payable to Judy Kline in the amount of \$40,000.00 as full consideration for surrender and cancellation of the 4,000,000 shares of Class A Preferred Stock held by

her.

f. Such other documents of transfer, certificates of authority, and other documents as CCI and CAC may reasonably request.

9.3 Documents to be Delivered by CCI and CAC. At the closing, CCI and CAC shall deliver to CAN the following documents:

a. A duly executed copy of this Agreement.

b. Certificates representing all 10,000,000 authorized shares of Class A Convertible Preferred Stock, including the currently issued and outstanding share certificate for 4,000,000 shares marked "Cancelled".

d. Such other documents of transfer, certificates of authority, and other documents as CAN may reasonably request.

#### **10. Termination**

This Agreement may be terminated by CCI and CAC or CAN by notice to the other if, (i) at any time prior to the closing date any event shall have occurred or any state of facts shall exist that renders any of the conditions to its or their obligations to consummate the transactions contemplated by this Agreement incapable of fulfillment, or (ii) on April 30, 2005, if the Closing shall not have occurred. Following termination of this Agreement no party shall have liability to another party relating to such termination, other than any liability resulting from the breach of this Agreement by a party prior to the date of termination.

#### **11. Miscellaneous.**

11.1 Notices. All communications provided for herein shall be in writing and shall be deemed to be given or made when served personally or when deposited in the United States mail, certified return receipt requested, addressed as follows, or at such other address as shall be designated by any party hereto in written notice to the other party hereto delivered pursuant to this subsection:

CCI and CAC: Competitive Companies, Inc.  
3751 Merced Drive, Suite C  
Riverside, CA 92501  
Attn: President

CAN: C A Networks, Inc.  
111 S. Mulberry St., Suite 201  
Elizabethtown, KY 42701

Attn: President

with copy to: Michael J. Morrison, Esq.  
1495 Ridgeview Drive, Suite 220  
Reno, NV 89509

11.2 Default. Should any party to this Agreement default in any of the covenants, conditions, or promises contained herein, the defaulting party shall pay all costs and expenses, including a reasonable attorney's fee, which may arise or accrue from enforcing this Agreement, or in pursuing any remedy provided hereunder or by the statutes of the State of Nevada.

11.3 Assignment. This Agreement may not be assigned in whole or in part by the parties hereto without the prior written consent of the other party or parties, which consent shall not be unreasonably withheld.

11.4 Successors and Assigns. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto, their heirs, executors, administrators, successors and assigns.

11.5 Partial Invalidity. If any term, covenant, condition, or provision of this Agreement or the application thereof to any person or circumstance shall to any extent be invalid or unenforceable, the remainder of this Agreement or application of such term or provision to persons or circumstances other than those as to which it is held to be invalid or unenforceable shall not be affected thereby and each term, covenant, condition, or provision of this Agreement shall be valid and shall be enforceable to the fullest extent permitted by law.

11.6 Entire Agreement. This Agreement constitutes the entire understanding between the parties hereto with respect to the subject matter hereof and supersedes all negotiations, representations, prior discussions, and preliminary agreements between the parties hereto relating to the subject matter of this Agreement.

11.7 Interpretation of Agreement. This Agreement shall be interpreted and construed as if equally drafted by all parties hereto.

11.8 Survival of Covenants, Etc. All covenants, representations, and warranties made herein to any party, or in any statement or document delivered to any party hereto, shall survive the making of this Agreement and shall remain in full force and effect until the obligations of such party hereunder have been fully satisfied.

11.9 Further Action. The parties hereto agree to execute and deliver such additional documents and to take such other and further action as may be required to carry out fully the transactions contemplated herein.

11.10 Amendment. This Agreement or any provision hereof may not be changed, waived, terminated, or discharged except by means of a written supplemental

instrument signed by the party or parties against whom enforcement of the change, waiver, termination, or discharge is sought.

11.11 Full Knowledge. By their signatures, the parties acknowledge that they have carefully read and fully understand the terms and conditions of this Agreement, that each party has had the benefit of counsel, or has been advised to obtain counsel, and that each party has freely agreed to be bound by the terms and conditions of this Agreement.

11.12 Headings. The descriptive headings of the various sections or parts of this Agreement are for convenience only and shall not affect the meaning or construction of any of the provisions hereof.

11.13 Counterparts. This Agreement may be executed in two or more partially or fully executed counterparts, each of which shall be deemed an original and shall bind the signatory, but all of which together shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto executed the foregoing Agreement and Plan of Reorganization as of the day and year first above written.

**CCI:** Competitive Companies, Inc.

By: Judy Klina  
President

**CAC:** CCI Acquisition Corp.

By: [Signature]  
President

**CAN:** C A Networks, Inc.

By: [Signature]  
President

SCHEDULE 1.4.k

**EXHIBIT "A"**

**REPRESENTATIONS OF C A NETWORKS, INC., SHAREHOLDERS**

Pursuant to Section 7 of the Merger Agreement and Plan of Reorganization (the

"Agreement"), entered into by and among Competitive Companies, Inc., a corporation organized and existing under the laws of the State of Nevada ("CCP"), CCI Acquisition Corp., a corporation organized and existing under the laws of the State of Nevada ("CAC"), and C A Networks, Inc., a corporation organized and existing under the laws of the State of Wyoming ("CAN"), the CAN Shareholders ("Shareholders") jointly and severally expressly and unconditionally represent as follows:

Restricted Securities. Each of the Shareholders represents that he/she is aware that the shares/options issued to him/her will not have been registered pursuant to the Securities Act of 1933, as amended (the "1933 Act"), or any state securities act, and thus will be "restricted" securities, as defined in Rule 144 promulgated by the Securities and Exchange Commission (the "SEC"). Therefore, under current interpretations and applicable rules, he/she will probably have to retain such shares, and any shares issued upon exercise of any option(s) for a period of at least one year and at the expiration of such one year period his/her sales may be confined to brokerage transactions of limited amounts requiring certain notification filings with the SEC and such disposition may be available only if the issuer is current in its filings with the SEC under the Securities Exchange Act of 1934, as amended, or other public disclosure requirements.

Non-distributive Intent. Each of the Shareholders and Option Holders covenants and warrants that the shares/options received are acquired for his/her own account and not with the present view towards the distribution thereof and he/she will not dispose of such shares/options except (i) pursuant to an effective registration statement under the 1933 Act, or (ii) in any other transaction which, in the opinion of counsel acceptable to the issuer, is exempt from registration under the 1933 Act, or the rules and regulations of the SEC thereunder. In order to effectuate these covenants, an appropriate legend will be placed upon each of the certificates of common stock of issued pursuant to this Agreement, and upon shares issued on the exercise of any option, and stop transfer instructions shall be placed with the transfer agent for the securities.

Each Shareholder understands that each certificate for CCI Shares issued to the Shareholder or to any subsequent transferee shall be stamped or otherwise imprinted with the legend set forth below summarizing the restrictions described herein and that CCI shall refuse to transfer the CCI Shares except in accordance with such restrictions:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933 (THE "1933 ACT"). THE SHARES HAVE BEEN ACQUIRED FOR INVESTMENT AND MAY NOT BE SOLD, TRANSFERRED, ASSIGNED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF A CURRENT AND EFFECTIVE REGISTRATION STATEMENT UNDER THE 1933 ACT WITH RESPECT TO SUCH SHARES, OR AN OPINION OF THE ISSUER'S COUNSEL TO THE EFFECT THAT REGISTRATION IS NOT REQUIRED UNDER THE 1933 ACT.

The Shareholders acknowledge they have respectively had an opportunity to receive and review CCI's Quarterly Report on Form 10-QSB for the Period ended September 30, 2004 (the "SEC Report") through and including the date of this Agreement, and the financial books and records of CAN. The Shareholders further respectively acknowledge that CCI has given to the Shareholders, and their respective counsel, accountants and other advisors, agents, consultants and representatives, if any, full access to all of the properties, books, contracts, commitments and records of CCI and has furnished or will furnish all such information concerning CCI (including its operations, financial condition and business plan) as the Shareholders have requested or may request.

Evidence of Compliance with Private Offering Exemption. Each of the Shareholders hereby represents and warrants that he/she, either individually or together with his/her representative, has such knowledge and experience in business and financial matters that he/she is capable of evaluating the risks of this Agreement and the transactions contemplated hereby, and that the financial capacity of such party is of such proportion that the total cost of such person's commitment in the shares/options would not be material when compared with his/her total financial capacity. Upon the written request of the issuer of the securities issued or transferred pursuant to this Agreement, and upon exercise of any option, the Shareholder shall provide such issuer with evidence of compliance with the requirements of any federal or state exemption from registration. CCI, CAC and CAN shall each file, with the assistance of the other and its respective legal counsel, such notices, applications, reports, or other instruments as may be deemed by each of them to be necessary or appropriate in an effort to document reliance on such exemptions, unless an exemption requiring no filing is available in the particular jurisdiction, all to the extent and in the manner as may be deemed by such parties to be appropriate.

The signature of each CAN Shareholder is set forth on the attached page(s), which may be signed in counterpart.

The signature of each Shareholder further constitutes a consent resolution by the CAN Shareholders, pursuant to NRS 78.320, approving the merger, as proposed in the Agreement. Any Shareholder who does not approve the merger and agree to exchange his/her shares, as provided in the Agreement, may exercise dissenter's rights, as set forth in NRS Ch. 92A, and obtain payment for his/her shares, all pursuant to the protocol set forth in NRS 92A.380-92A.500. A copy of the Nevada statutes in this regard (NRS 92A.300-500) are being separately provided to each Shareholder.

**END OF EXHIBIT "A"**  
**EXHIBIT "B"**

**SIGNATURES OF SELLING SHAREHOLDERS**

Number of CAN

Name of  
Selling Shareholder

Consent/  
Dissent (1)


Shares Owned by Selling  
Shareholder

Signature

Common

Russ Preston

*Consent*



Footnote 1

Please write either consent or dissent on the line in this column next to your name.