

**THOMAS F. LENNON
U. S. DISTRICT COURT RECEIVER
FOR ALPHA TELCOM, INC.
AND RELATED ENTITIES
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March 25, 2002

Investors

Re: Securities and Exchange Commission v. Alpha Telcom, Inc.,
an Oregon corporation; American Telecommunications Company, Inc.
et al. United States District Court of Oregon, Civil Action
No. CV 01 1283PA

Dear Investor:

Status Report:

The following is a brief status report regarding the receivership and bankruptcy of Alpha Telcom. First, the Receiver has recently determined that it would be in the best interest of the receivership estate for the assets of Alpha to be liquidated in an orderly fashion. As such, the Receiver applied and obtained approval from the United States District Court to proceed with a sale of property through the Bankruptcy Court. To that end, the Receiver has been involved in an extensive marketing program to generate interest in the pay telephone routes that are located throughout the country. It is anticipated that the Receiver will file a motion in the Bankruptcy Court setting forth the procedures for an auction to take place in approximately 30 to 45 days.

In the meantime, the Receiver has continued to operate the network of payphones in order to enable the pay telephone routes to be sold as a going concern. The payphone network continues to generate significant losses such that the sale of assets is a necessity.

Finally, as for the amount of return to investors, the Receiver believes that the sale of the payphone routes will generate only a nominal return to investors, if any. Additional sums could be distributed if the Securities and Exchange Commission is successful in disgorging assets from the individual Defendants in this case. To date, the Receiver has no information that would suggest that such payments will be forthcoming.

1099 Reporting for Payments Received in 2001

In prior years, as an Alpha Telcom "Payphone Program Investor", you may have received a form 1099 from Alpha Telcom, Inc., which reported monthly payments to you by Alpha Telcom, Inc. These forms were issued to some investors who received distributions of purported profits from payphone operations in accordance with the so-called "Level 4 Service Agreement" between a given investor and Alpha Telcom, Inc.

Alpha Telcom, Inc. does not plan to issue form 1099's for any monthly distributions investors may have received in 2001. The purpose of this letter is to explain to Alpha Telcom Payphone Program Investors the background surrounding this decision.

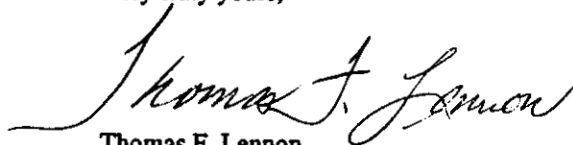
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As you know, in August 2001, the Securities and Exchange Commission brought an action against Alpha Telcom, Inc. in the United States District Court, District of Oregon (Case No. CV 01-1283 PA) ("District Court Case"). On February 7, 2002 the judge in the District Court Case issued a ruling determining that the payphone sales program constituted the sale or offer to sell of unregistered securities in violation of the Securities Act of 1933. In making its rulings in the District Court Case, the court also found that the Alpha Telcom, Inc.'s pay telephone operations resulted in losses and that Alpha Telcom, Inc. used money from new investors to make payments to existing investors.

For purposes of determining the amount of a creditor's claim in the Alpha Telcom, Inc. bankruptcy case, Alpha Telcom, Inc. presently plans to treat investor claims as equal to the difference between the verified amount each investor paid to Alpha Telcom, Inc. and/or American Telecommunications and the amount that Alpha Telcom, Inc. and/or American Telecommunications paid to each investor, regardless of how Alpha or American characterized the payment. Thus, any monthly payments to investors by Alpha Telcom, Inc. for purported profit distributions, will be characterized not as income but instead as a return of each investor's capital.

Accordingly, in light of the above facts and circumstances, Alpha Telcom, Inc., will not issue forms 1099 for payments made in 2001 to payphone program investors, but instead characterize such payments as a return of the investor's capital. You should consult your personal tax advisor concerning the tax treatment of your transactions with Alpha Telcom, Inc. and/or American Telecommunications, Inc., including amounts reported in prior years.

Very truly yours,

A handwritten signature in cursive script that reads "Thomas F. Lennon". The signature is written in black ink and is positioned above the printed name and title.

Thomas F. Lennon
Receiver