DEUTSCHE BANK AKTIENGESELLSCHAFT
Form 424B2
November 14, 2014

Pricing Supplement
To product supplement AE dated September 28, 2012,
prospectus supplement dated September 28, 2012 and
prospectus dated September 28, 2012

Pricing Supplement No. 2275AE
Registration Statement No. 333-184193
Dated November 12, 2014; Rule 424(b)(2)

Deutsche Bank

Structured Investments

Deutsche Bank AG
$2,125,000 Absolute Return Review Notes Linked to the Performance of WTI Crude Oil Futures Contracts due December 3, 2015

General

- The notes are designed for investors who seek an early exit prior to maturity at a premium based on the performance of the nearby month's WTI crude oil futures contract (the "Underlying"). The notes will be automatically called if on any of the Review Dates the Closing Price of the Underlying (in the case of the first, second or third Review Date) or the Final Price (in the case of the final Review Date) is greater than or equal to the Initial Price. If the notes are automatically called, investors will be entitled to receive on the applicable Call Settlement Date a return on the notes equal to the applicable call premium. If the notes are not automatically called and the Final Price is greater than or equal to the Trigger Price (85.00% of the Initial Price), investors will receive a return on the notes equal to the absolute value of the negative Underlying Return. However, if the notes are not automatically called and the Final Price is less than the Trigger Price, investors will be fully exposed to the negative Underlying Return and, for each $1,000 Face Amount of notes, will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. The notes do not pay any coupons, and investors should be willing to lose a significant portion or all of their initial investment if the notes are not automatically called and the Final Price is less than the Trigger Price. Any payment on the notes is subject to the credit of the Issuer.
- The first Review Date, and therefore the earliest date on which an Automatic Call may be initiated, is February 12, 2015.
- Senior unsecured obligations of Deutsche Bank AG due December 3, 2015††
- Minimum purchase of $10,000. Minimum denominations of $1,000 (the "Face Amount") and integral multiples thereof.
- The notes priced on November 12, 2014 (the "Trade Date") and are expected to settle on November 17, 2014 (the "Settlement Date").

Key Terms

Issuer:	Deutsche Bank AG, London Branch
Issue Price:	100% of the Face Amount
Underlying:	The nearby month's West Texas Intermediate ("WTI") crude oil futures contract traded on the New York Mercantile Exchange ("NYMEX") (Bloomberg Page: CL1 <Comdty>)
Automatic Call:	The notes will be automatically called if on any of the Review Dates the Closing Price of the Underlying (in the case of the first, second or third Review Date) or the Final Price (in the case of the final Review Date) is greater than or equal to the Initial Price. If the notes are automatically called, we will pay you on the applicable Call Settlement Date a cash payment per $1,000 Face Amount of notes equal to the Face Amount plus the product of the Face Amount and the applicable call premium, calculated as follows: $1,000 + ($1,000 x 2.625%) if called on the first Review Date

$1,000 + ($1,000 x 5.250%) if called on the second Review Date
$1,000 + ($1,000 x 7.875%) if called on the third Review Date
$1,000 + ($1,000 x 10.500%) if called on the final Review Date

(Key Terms continued on next page)

Investing in the notes involves a number of risks. See “Risk Factors” beginning on page 7 of the accompanying product supplement and “Selected Risk Considerations” beginning on page 7 of this pricing supplement.

The Issuer’s estimated value of the notes on the Trade Date is $977.00 per $1,000 Face Amount of notes, which is less than the Issue Price. Please see “Issuer’s Estimated Value of the Notes” on page 3 of this pricing supplement for additional information.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of the notes or passed upon the accuracy or the adequacy of this pricing supplement or the accompanying product supplement, the prospectus supplement or the prospectus. Any representation to the contrary is a criminal offense.

	Price to Public	Fees(1)	Proceeds to Issuer
Per Note	$1,000.00	$10.00	$990.00
Total	$2,125,000.00	$21,250.00	$2,103,750.00

(1) JPMorgan Chase Bank, N.A. and J.P. Morgan Securities LLC, which we refer to as JPMS LLC, or one of its affiliates will act as placement agents for the notes. Please see “Supplemental Plan of Distribution” in this pricing supplement for more information about fees.

The notes are not bank deposits and are not insured or guaranteed by the Federal Deposit Insurance Corporation or any other governmental agency.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities Offered	Maximum Aggregate Offering Price	Amount of Registration Fee
Notes	$2,125,000.00	$246.93

JPMorgan
Placement Agent

November 12, 2014

Payment at Maturity:	If the notes are not automatically called, the payment you will receive at maturity will depend on the performance of the Underlying on the Averaging Dates: · If the Final Price is greater than or equal to the Trigger Price, you will be entitled to receive at maturity a cash payment per $1,000 Face Amount of notes calculated as follows: $1,000 + ($1,000 x Absolute Return) · If the Final Price is less than the Trigger Price, you will be entitled to receive at maturity a cash payment per $1,000 Face Amount of notes calculated as follows: $1,000 + ($1,000 x Underlying Return) If the notes are not automatically called and the Final Price is less than the Trigger Price, you will be fully exposed to the negative Underlying Return and, for each $1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. In this circumstance, you will lose a significant portion or all of your investment at maturity. Any payment at maturity is subject to the credit of the Issuer.
Trigger Price:	$65.60, equal to 85.00% of the Initial Price
Underlying Return:	The performance of the Underlying from the Initial Price to the Final Price, calculated as follows: $\frac{\text{Final Price} - \text{Initial Price}}{\text{Initial Price}}$ If the notes have not been automatically called, the Underlying Return will be negative.
Absolute Return:	The absolute value of the Underlying Return. For example, if the Underlying Return is -5.00%, the Absolute Return will equal 5.00%.
Initial Price:	$77.18, equal to the Closing Price of the Underlying on the Trade Date, determined by reference to the December 2014 WTI crude oil futures contract
Final Price:	The arithmetic average of the Closing Prices of the Underlying on each of the five Averaging Dates, determined by reference to the January 2016 WTI crude oil futures contract
Closing Price†:	On any day of calculation, the official settlement price per barrel of WTI crude oil on NYMEX of the futures contract set to expire in the applicable nearby month, stated in U.S. dollars, as made public by NYMEX (Bloomberg: CL1 <Comdty>) on such day. Without limitation and in addition to any provisions in the accompanying product supplement, if the price source for the Underlying identified herein as the Closing Price is modified or amended, ceases to exist or is unavailable (or is published in error), the calculation agent may determine the Closing Price in good faith and in a commercially reasonable manner and/or postpone the Review Dates and/or the Averaging Dates by up to five trading days.

Review Date	WTI Crude Oil Futures Contract
February 12, 2015	March 2015
May 12, 2015	June 2015
August 12, 2015	September 2015
November 30, 2015	January 2016

Review Dates:	February 12, 2015 (first Review Date), May 12, 2015 (second Review Date), August 12, 2015 (third Review Date) and November 30, 2015 (final Review Date)
Call Settlement Dates:	The third business day after the applicable Review Date. For the final Review Date, the Call Settlement Date will be the Maturity Date.
Trade Date:	November 12, 2014
Settlement Date:	November 17, 2014
Averaging Dates:	November 23, 2015, November 24, 2015, November 25, 2015, November 27, 2015 and November 30, 2015
Maturity Date††:	December 3, 2015
Listing:	The notes will not be listed on any securities exchange.
CUSIP/ISIN:	25152RSV6 / US25152RSV68

† Subject to adjustment as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” in the accompanying product supplement.
†† Subject to postponement as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates” and acceleration as described under “Description of Securities — Adjustments to Valuation Dates and Payment Dates — Commodity Hedging Disruption Events for Commodity Based Underlyings or Basket Components” in the accompanying product supplement.

Issuer's Estimated Value of the Notes

The Issuer's estimated value of the notes is equal to the sum of our valuations of the following two components of the notes: (i) a bond and (ii) an embedded derivative(s). The value of the bond component of the notes is calculated based on the present value of the stream of cash payments associated with a conventional bond with a principal amount equal to the Face Amount of notes, discounted at an internal funding rate, which is determined primarily based on our market-based yield curve, adjusted to account for our funding needs and objectives for the period matching the term of the notes. The internal funding rate is typically lower than the rate we would pay when we issue conventional debt securities on equivalent terms. This difference in funding rate, as well as the agent's commissions, if any, and the estimated cost of hedging our obligations under the notes, reduces the economic terms of the notes to you and is expected to adversely affect the price at which you may be able to sell the notes in any secondary market. The value of the embedded derivative(s) is calculated based on our internal pricing models using relevant parameter inputs such as expected interest rates and mid-market levels of price and volatility of the assets underlying the notes or any futures, options or swaps related to such underlying assets. Our internal pricing models are proprietary and rely in part on certain assumptions about future events, which may prove to be incorrect.

The Issuer's estimated value of the notes on the Trade Date (as disclosed on the cover of this pricing supplement) is less than the Issue Price of the notes. The difference between the Issue Price and the Issuer's estimated value of the notes on the Trade Date is due to the inclusion in the Issue Price of the agent's commissions, if any, and the cost of hedging our obligations under the notes through one or more of our affiliates. Such hedging cost includes our or our affiliates' expected cost of providing such hedge, as well as the profit we or our affiliates expect to realize in consideration for assuming the risks inherent in providing such hedge.

The Issuer's estimated value of the notes on the Trade Date does not represent the price at which we or any of our affiliates would be willing to purchase your notes in the secondary market at any time. Assuming no changes in market conditions or our creditworthiness and other relevant factors, the price, if any, at which we or our affiliates would be willing to purchase the notes from you in secondary market transactions, if at all, would generally be lower than both the Issue Price and the Issuer's estimated value of the notes on the Trade Date. Our purchase price, if any, in secondary market transactions will be based on the estimated value of the notes determined by reference to (i) the then-prevailing internal funding rate (adjusted by a spread) or another appropriate measure of our cost of funds and (ii) our pricing models at that time, less a bid spread determined after taking into account the size of the repurchase, the nature of the assets underlying the notes and then-prevailing market conditions. The price we report to financial reporting services and to distributors of our notes for use on customer account statements would generally be determined on the same basis. However, during the period of approximately two months beginning from the Trade Date, we or our affiliates may, in our sole discretion, increase the purchase price determined as described above by an amount equal to the declining differential between (a) the Issue Price minus the discounts and commissions and (b) the Issuer's estimated value of the notes on the Trade Date, prorated over such period on a straight-line basis, for transactions that are individually and in the aggregate of the expected size for ordinary secondary market repurchases.

Additional Terms Specific to the Notes

You should read this pricing supplement together with product supplement AE dated September 28, 2012, the prospectus supplement dated September 28, 2012 relating to our Series A global notes of which these notes are a part and the prospectus dated September 28, 2012. You may access these documents on the website of the Securities and Exchange Commission (the "SEC") at.www.sec.gov as follows (or if such address has changed, by reviewing our filings for the relevant date on the SEC website):

Product supplement AE dated September 28, 2012:
http://www.sec.gov/Archives/edgar/data/1159508/000095010312005083/crt_dp33011-424b2.pdf

Prospectus supplement dated September 28, 2012:
http://www.sec.gov/Archives/edgar/data/1159508/000119312512409437/d414995d424b21.pdf

Prospectus dated September 28, 2012:
http://www.sec.gov/Archives/edgar/data/1159508/000119312512409372/d413728d424b21.pdf

Our Central Index Key, or CIK, on the SEC website is 0001159508. As used in this pricing supplement, "we," "us" or "our" refers to Deutsche Bank AG, including, as the context requires, acting through one of its branches.

The trustee has appointed Deutsche Bank Trust Company Americas as its authenticating agent with respect to our Series A global notes.

This pricing supplement, together with the documents listed above, contains the terms of the notes and supersedes all other prior or contemporaneous oral statements as well as any other written materials including preliminary or indicative pricing terms, correspondence, trade ideas, structures for implementation, sample structures, brochures or other educational materials of ours. You should carefully consider, among other things, the matters set forth in this pricing supplement and in "Risk Factors" in the accompanying product supplement, as the notes involve risks not associated with conventional debt securities. We urge you to consult your investment, legal, tax, accounting and other advisers before deciding to invest in the notes.

For purposes of this pricing supplement, each reference to "Exchange Traded Instrument" in the accompanying product supplement shall be deemed to include the Underlying, when applicable.

Deutsche Bank AG has filed a registration statement (including a prospectus) with the Securities and Exchange Commission for the offering to which this pricing supplement relates. Before you invest, you should read the prospectus in that registration statement and the other documents relating to this offering that Deutsche Bank AG has filed with the SEC for more complete information about Deutsche Bank AG and this offering. You may obtain these documents without cost by visiting EDGAR on the SEC website at.www.sec.gov. Alternatively, Deutsche Bank AG, any agent or any dealer participating in this offering will arrange to send you the prospectus, prospectus supplement, product supplement and this pricing supplement if you so request by calling toll-free 1-800-311-4409.

You may revoke your offer to purchase the notes at any time prior to the time at which we accept such offer by notifying the applicable agent. We reserve the right to change the terms of, or reject any offer to purchase, the notes prior to their issuance. We will notify you in the event of any changes to the terms of the notes, and you will be asked to accept such changes in connection with your purchase of any notes. You may also choose to reject such changes, in which case we may reject your offer to purchase the notes.

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Hypothetical Examples of Amounts Payable upon an Automatic Call or at Maturity

The following table illustrates the hypothetical payments on the notes upon an Automatic Call or at maturity. The table below reflects the following terms:

Trigger Price*:	85.00% of the Initial Price
Call premiums:	2.625%, 5.250%, 7.875% and 10.500% for the first, second, third and final Review Dates, respectively

* The actual Initial Price and Trigger Price are set forth on the cover of this pricing supplement.

There will be only one payment on the notes, either at maturity or, due to an Automatic Call, on a Call Settlement Date. An entry of "N/A" indicates that the notes would not be called on the applicable Review Date and no payment would be made on the corresponding Call Settlement Date. The hypothetical returns set forth below are for illustrative purposes only. The actual return will be based on the Closing Price of the Underlying on the first, second and third Review Dates and the Final Price on the final Review Date. The numbers appearing in the table and the examples below may have been rounded for ease of analysis.

Hypothetical Increase / Decrease in the Price of the Underlying on Each Review Date (%)	Return at First Review Date (%)**	Return at Second Review Date (%)**	Return at Third Review Date (%)**	Return at Final Review Date (%)**
100.00%	2.625%	5.250%	7.875%	10.500%
90.00%	2.625%	5.250%	7.875%	10.500%
80.00%	2.625%	5.250%	7.875%	10.500%
70.00%	2.625%	5.250%	7.875%	10.500%
60.00%	2.625%	5.250%	7.875%	10.500%
50.00%	2.625%	5.250%	7.875%	10.500%
40.00%	2.625%	5.250%	7.875%	10.500%
30.00%	2.625%	5.250%	7.875%	10.500%
20.00%	2.625%	5.250%	7.875%	10.500%
10.00%	2.625%	5.250%	7.875%	10.500%
0.00%	2.625%	5.250%	7.875%	10.500%
-5.00%	N/A	N/A	N/A	5.000%
-10.00%	N/A	N/A	N/A	10.000%
-15.00%	N/A	N/A	N/A	15.000%
-20.00%	N/A	N/A	N/A	-20.000%
-30.00%	N/A	N/A	N/A	-30.000%
-40.00%	N/A	N/A	N/A	-40.000%
-50.00%	N/A	N/A	N/A	-50.000%

-60.00%	N/A	N/A	N/A	-60.000%
-70.00%	N/A	N/A	N/A	-70.000%
-80.00%	N/A	N/A	N/A	-80.000%
-90.00%	N/A	N/A	N/A	-90.000%
-100.00%	N/A	N/A	N/A	-100.000%

** If the notes are automatically called, payable on the corresponding Call Settlement Date. If the notes are not automatically called, payable on the Maturity Date.

The following hypothetical examples illustrate how the returns set forth in the table above are calculated.

Example 1: The Closing Price of the Underlying is 110.00% of the Initial Price on the first Review Date. Because the Closing Price on the first Review Date is greater than the Initial Price, the notes are automatically called and the investor will receive a single payment of $1,026.25 per $1,000 Face Amount of notes on the corresponding Call Settlement Date. There will be no further payments on the notes.

Example 2: The Closing Prices of the Underlying are 95.00% and 105.00% of the Initial Price on the first and second Review Dates. Because the Closing Price on the first Review Date is less than the Initial Price, the notes are not automatically called on the first Review Date. Because the Closing Price on the second Review Date is greater than the Initial Price, the notes are automatically called and the investor will receive a single payment of $1,052.50 per $1,000 Face Amount of notes on the corresponding Call Settlement Date. There will be no further payments on the notes.

Example 3: The Closing Prices of the Underlying are 70.00%, 80.00% and 95.00% of the Initial Price on the first, second and third Review Dates and the Final Price of the Underlying is 130.00% of the Initial Price on the final Review Date. Because the Closing Prices on the first, second and third Review Dates are less than the Initial Price, the notes are not automatically called on the first, second and third Review Dates. Because the Final Price is greater than the Initial Price on the final Review Date, the notes are automatically called. The investor will receive a single payment of $1,105.00 per $1,000 Face Amount of notes on the corresponding Call Settlement Date despite the significant increase of the Final Price from the Initial Price. There will be no further payments on the notes.

Example 4: The Closing Prices of the Underlying are 70.00%, 80.00% and 95.00% of the Initial Price on the first, second and third Review Dates and the Final Price of the Underlying is 95.00% of the Initial Price on the final Review Date, resulting in an Underlying Return of -5.00%. Because the Closing Prices on the first, second and third Review Dates and the Final Price on the final Review Date are less than the Initial Price, the notes are not automatically called. Because the Final Price is greater than the Trigger Price (85.00% of the Initial Price), the investor will receive a single payment of $1,050.00 per $1,000 Face Amount of notes on the Maturity Date, reflecting a return on the notes equal to the absolute value of the negative Underlying Return, calculated as follows:

$1,000 + ($1,000 x Absolute Return)
$1,000 + ($1,000 x |-5.00%|) = $1,050.00

Example 5: The Closing Prices of the Underlying are 70.00%, 80.00% and 95.00% of the Initial Price on the first, second and third Review Dates and the Final Price of the Underlying is 70.00% of the Initial Price on the final Review Date, resulting in an Underlying Return of -30.00%. Because the Closing Prices on the first, second and third Review Dates and the Final Price on the final Review Date are less than the Initial Price, the notes are not automatically called. Because the Final Price is less than the Trigger Price, the investor will receive a single payment that is less than $1,000.00 per $1,000 Face Amount of notes on the Maturity Date, calculated as follows:

$1,000 + ($1,000 x Underlying Return)
$1,000 + ($1,000 x -30.00%) = $700.00

Selected Purchase Considerations

- STEP-UP APPRECIATION POTENTIAL IF THE NOTES ARE AUTOMATICALLY CALLED — If the Closing Price of the Underlying on the first, second or third Review Date or the Final Price on the final Review Date is greater than or equal to the Initial Price, the notes will be automatically called and you will receive a return on the notes equal to the call premium applicable to such Review Date. The call premiums applicable to the first, second, third and final Review Dates are 2.625%, 5.250%, 7.875% and 10.500%, respectively. Any payment on the notes is subject to our ability to satisfy our obligations as they become due.

- POTENTIAL TO RECEIVE THE ABSOLUTE RETURN OF THE UNDERLYING IF THE NOTES ARE NOT AUTOMATICALLY CALLED; LIMITED PROTECTION AGAINST LOSS — If the notes are not automatically called and the Final Price is greater than or equal to the Trigger Price, you will be entitled to receive a return on the notes equal to the absolute value of the negative Underlying Return, up to a return on the notes of 15.00%, which is equal to the percentage difference from the Initial Price to the Trigger Price. However, if the Final Price is less than the Trigger Price, you will be fully exposed to the negative Underlying Return and, for each $1,000 Face Amount of notes, you will lose 1.00% of the Face Amount for every 1.00% by which the Final Price is less than the Initial Price. In this circumstance, you will lose a significant portion or all of your investment.

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POTENTIAL EARLY EXIT WITH APPRECIATION AS A RESULT OF THE AUTOMATIC CALL FEATURE — While the original term of the notes is approximately twelve months and two weeks, the notes will be automatically called before maturity if the Closing Price of the Underlying on any Review Date prior to the final Review Date is greater than or equal to the Initial Price, and you will be entitled to receive the applicable payment corresponding to that Review Date, as set forth on the cover of this pricing supplement.

- A COMMODITY HEDGING DISRUPTION EVENT MAY RESULT IN ACCELERATION OF THE NOTES — If a Commodity Hedging Disruption Event (as defined under “Description of Securities — Adjustments to Valuation Dates and Payment Dates — Commodity Hedging Disruption Events for Commodity Based Underlyings or Basket Components” in the accompanying product supplement) occurs, we will have the right, but not the obligation, to accelerate the payment on the notes. The amount due and payable per $1,000 Face Amount of notes upon such early acceleration will be determined by the calculation agent in good faith and in a commercially reasonable manner on the date on which we deliver notice of such acceleration and will be payable on the fifth business day following the day on which the calculation agent delivers notice of such acceleration. Please see the risk factors entitled “A Commodity Hedging Disruption Event May Result in Acceleration of the Notes” and “Commodity Futures Contracts are Subject to Uncertain Legal and Regulatory Regimes, Which May Adversely Affect the Price of the Underlying and the Value of the Notes” in this pricing supplement for more information.

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• TAX CONSEQUENCES — In the opinion of our special tax counsel, Davis Polk & Wardwell LLP, which is based on prevailing market conditions, it is more likely than not that the notes will be treated for U.S. federal income tax purposes as prepaid financial contracts that are not debt. Generally, if this treatment is respected, (i) you should not recognize taxable income or loss prior to the taxable disposition of your notes (including at maturity or pursuant to a call) and (ii) the gain or loss on your notes should be short-term capital gain or loss unless you have held the notes for more than one year, in which case the gain or loss should be long-term capital gain or loss. The Internal Revenue Service (the "IRS") or a court might not agree with this treatment, however, in which case the timing and character of income or loss on your notes could be materially and adversely affected.

In 2007, the U.S. Treasury Department and the IRS released a notice requesting commnqualified warrant to purchase 200,000 F-23 9278 Communications, Inc. and Subsidiaries NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) December 31, 2002, 2001 and 2000 NOTE J - STOCK OPTION PLANS AND WARRANTS (CONTINUED) shares of the Company's common stock at an exercise price of $1.625 per share (which represented the fair market value of the underlying common stock at the time of grant). The warrant, which vested immediately, is exercisable through June 2010 (Note H). On June 1, 2000, pursuant to an employment agreement between the Company and an officer, the Company issued nonqualified options to purchase 10,000 shares of common stock, at an exercise price of $4.00 per share. The options vested 100% upon grant and are exercisable for three years from the date of grant. On March 15, 2000, the Company issued ten-year nonqualified options to purchase 25,000 shares of common stock, at an exercise price of $4.00 per share to a director of the Company. The options vested as to 50% of the underlying shares on September 15, 2000 and the balance vested on March 15, 2001. The following is a summary of activity with respect to stock options and warrants: Weighted-average Shares Price per share price per share ------ ---------------- --------------- Outstanding at January 1, 2000 23,000 $5.25 $5.25 Granted 235,000 1.63 to 4.00 1.98 Expired (23,000) 5.25 5.25 ------- Outstanding at December 31, 2000 235,000 1.63 to 4.00 1.98 Forfeited (25,000) 4.00 4.00 ------- Outstanding at December 31, 2001 210,000 1.63 to 4.00 1.16 ======= Balance exercisable at December 31, 2002 210,000 1.63 to 4.00 1.16 ======= The following table summarizes significant ranges of outstanding and exercisable options and warrants at December 31, 2002: Options and warrants outstanding Options and warrants exercisable -- ------------------------------- Weighted- Weighted- Weighted- average average average Ranges of remaining exercise exercise exercise prices Shares life in years price Shares price -------------- -------- ------------ --------- -------- --------- $1.63 200,000 7.45 $1.63 200,000 $1.63 $4.00 10,000 0.42 4.00 10,000 4.00 F-24 9278 Communications, Inc. and Subsidiaries NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) December 31, 2002, 2001 and 2000 NOTE J - STOCK OPTION PLANS AND WARRANTS (CONTINUED) The weighted-average fair value on the grant date was $1.96 for options and warrants issued during the year ended December 31, 2000. No options or warrants were granted during the year ended December 31, 2002 and 2001. NOTE K - RELATED PARTY TRANSACTIONS Sales of inventory to a customer who is related to an officer of the Company were approximately $29,032,000 and $21,125,000 and $4,390,000 for the years ended December 31, 2002, 2001 and 2000, respectively. The Company also purchased inventory from this customer in the amount of $4,058,000, $11,151,000 and $6,323,000 during the years ended December 31, 2002, 2001 and 2000, respectively. Sales to this related party represented 12%, 11% and 12% of total sales during the years ended December 31, 2002, 2001 and 2000, respectively. No other single customer represented greater than 10% of total sales during each of the three years in the period ended December 31, 2002. NOTE L - CONCENTRATIONS The Company made purchases from one prepaid telephone calling card supplier which aggregated approximately 61%, 43% and 16% of total purchases during the years ended December 31, 2002, 2001 and 2000, respectively. Additionally, liabilities to this supplier aggregated approximately 70%, 59% and 31% of total accounts payable and accrued expenses at December 31, 2002, 2001 and 2000. The Company made purchases from two separate prepaid telephone card suppliers which aggregated approximately 13% and 15% of total purchases during the years ended December 31, 2001 and 2000, respectively. NOTE M - COMMITMENTS AND CONTINGENCIES Litigation For the year ended December 31, 1999, purchases from one telephone card supplier were approximately 55% of total purchases. In

November 1999, the Company commenced an action against this supplier to recover damages resulting from cancellation of the telephone card purchases by the Company. The supplier subsequently countersued. In the Company's opinion, with which its legal counsel concurs, no material liability will result from the countersuit. The Company incurred a loss of $553,547, which was reflected in the fourth quarter of 1999. The Company subsequently mitigated, in substantial part, its reliance on this supplier by increasing its purchases from other vendors. On September 30, 2001, in F-25 9278 Communications, Inc. and Subsidiaries NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) December 31, 2002, 2001 and 2000 NOTE M - COMMITMENTS AND CONTINGENCIES (CONTINUED) order to avoid protracted litigation and mounting legal fees, the Company decided to settle the case, wherein it agreed to pay $250,000 to the supplier over a period of four years beginning in August 2001, pursuant to a nonnegotiable, convertible promissory note (the "Convertible Note"). This amount is payable in four monthly installments of $7,500 and 44 subsequent monthly installments of $5,000, each exclusive of interest. The Company has recorded a $203,000 charge representing the net present value of the settlement amount. The Convertible Note contains conditions, whereby, upon occurrence of an event of default, as defined, the supplier shall have the right to convert 100% of the unpaid principal balance, plus an additional $200,000 (the "Default Amount") into fully paid nonassessable shares of the Company's common stock at a conversion price equal to the greater of the fair market value of the common stock on the date of default ($0.04 at December 31, 2002) or $1.00 per share. Aggregate annual maturities of the Convertible Note are summarized as follows: Year ending December 31, ----------------------- 2003 $ 50,020 2004 55,258 2005 34,868 -------- $140,146 -------- The Company from time to time is subject to other certain legal proceedings and claims which have arisen in the ordinary course of its business. These actions when ultimately concluded will not, in the opinion of management, have a material adverse effect upon the financial position, results of operations or liquidity of the Company. Employment Agreements On December 10, 1999, the Company entered into a three-year employment agreement with its chief executive officer. Base salary for each of the three years will be $200,000, $225,000 and $250,000, respectively. At the end of the three-year period, the employment agreement will automatically be extended for an additional year without any action by the Company or the chief executive officer, unless there is a submitted written notice four months prior to expiration of the agreement by either party. In addition to the base salary, the Company will compensate the chief executive officer with cash bonuses and stock option grants based on the Company's economic performance. F-26 9278 Communications, Inc. and Subsidiaries NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) December 31, 2002, 2001 and 2000 NOTE M COMMITMENTS AND CONTINGENCIES (CONTINUED) Employment Agreements (continued) On March 22, 2001, in consideration for this officer's agreement to further amend the repayment terms of a $2,000,000 promissory note (Note H), the Company amended the officer's employment agreement whereby the officer shall receive an additional bonus equal to 5% of the gross profit of the Company, as defined. Such bonus shall be paid in cash, or, at the discretion of the officer, in shares of the Company's common stock, based upon a per share price equal to 75% of fair market value of the common stock. Approximately $356,000 is payable to the officer and is included in accounts payable and accrued expenses on the consolidated balance sheet at December 31, 2002. Lease Commitments The Company leases its main office and sales office facilities and certain equipment pursuant to noncancellable operating and capital leases expiring through November 2008. The minimum rental commitments under these noncancellable leases, at December 31, 2001, are summarized as follows: Operating Capitalized leases leases ------------ ----------- Year ending December 31, 2003 $ 440,178 $53,268 2004 389,754 41,449 2005 322,412 2,075 2006 309,624 2007 322,703 Thereafter 381,227 ---------- ------- 2,165,898 96,792 Less amount representing interest - 10,807 ---------- ------- Total minimum lease payments $2,165,898 85,985 ========== Less current maturities 44,934 ------- Long-term capitalized lease obligations $41,051 ======= Rent expense for all operating leases was $559,569, $234,080 and $128,067 in 2002, 2001 and 2000, respectively. F-27 9278 Communications, Inc. and Subsidiaries NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED) December 31, 2002, 2001 and 2000 NOTE N - SUBSEQUENT EVENTS On January 31, 2003, the Company announced the execution of a Merger Agreement with NTSE Holding Corp., a corporation wholly owned by the Chairman, Chief Executive Officer and the principal stockholder, which will result in 9278 Communications becoming a privately held corporation, owned by the Company's Chairman. Pursuant to this agreement, all of the outstanding shares of 9278 Communications will be cancelled and our existing stockholders will receive a cash payment of $0.10 per share. The transaction is subject to numerous conditions, including the approval by our public stockholders. It is expected that a stockholder's meeting to approve the transaction will be held in May, and that the closing of the transaction, if approved, will occur immediately thereafter. F-28 9278 Communications, Inc. and Subsidiaries SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS Years Ended December 31, 2002, 2001 and 2000 Column A Column B Column C Column D Column E -------- -------- ----------------------------- -------- -------- Additions ------------------------------ (1) (2) Charged to Balance at Charged to other Balance beginning costs and accounts - Deductions - at end of Description of period expenses describe describe period ----------- ------------- ----------- --------------- ---------- ---------- Allowance for doubtful accounts Year ended December 31, 2002 $ 760,000 $ 790,402 $ - $ 790,402(a) $ 760,000 ============= =========== =============== ========== ========== Year ended December 31, 2001 $ 675,000 $ 885,282 $ $ 800,282(a) $ 760,000 ============= =========== =============== ========== ========== Year ended December 31, 2000 $ 125,000 $ 598,474 $ - $ 48,474(a) $ 675,000 ============= =========== =============== ========== ========== Valuation allowance-Deferred tax asset YEAR ENDED DECEMBER 31, 2002 $ 1,146,150 $ 2,850,850 $ - $ - $3,997,000 ============= =========== =============== ========== ========== YEAR ENDED DECEMBER 31, 2001 $ 1,512,180 $ - $ - $ 366,030(b) $1,146,150 ============= =========== =============== ========== ========== Year ended December 31, 2000 $ - $ 1,512,180 $ - $ - $1,512,180 ============= =========== =============== ========== ========== (a) Accounts receivable written off (b) Tax benefit recognized and adjustment of net operating loss carry forward F-29 ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE. None 21 PART III ITEM 10. Directors and Executive Officers of The Registrant. The following persons are our executive officers and directors as of the date hereof: NAME AGE OFFICES HELD ---------- --- ------------ Sajid Kapadia 29 Chairman, Chief Executive Officer and Director Haris Syed 28 President, Secretary and Director Hanif Bhagat 29 Director SAJID KAPADIA. Mr. Kapadia has been our Chairman, Chief Executive Officer and a director of ours since December 1999. In April 1997, Mr. Kapadia founded 9278 Distributor Inc. and served as its President from inception through its merger with iLink Telecom, Inc., our predecessor. Prior to this, Mr. Kapadia was involved in several short-term telemarketing positions. Mr. Kapadia has a degree in mechanical engineering from Gandhi Engineering College in Gujarat, India. HARIS SYED. Mr. Syed has been our President since March 2001 and has been our Secretary and a director of ours since December 1999. Prior to being named President, he served as our Chief Operating Officer beginning June 2000. Before being appointed as our Chief Operating Officer, he was a Vice President of ours, beginning December 1999. Prior to this, from November 1996 through December 1999, he was the Vice President of TCI Telecom of NY, a telecom switching and voice over Internet protocol integrator. HANIF BHAGAT. Mr. Bhagat has been a director of ours since March 2001. He has provided consulting services to us since January 2001. Prior to this he was a student at Dawson College in Montreal, Quebec, where he received a Bachelor of Arts degree in communications. Board of Directors All of our directors hold office until the next annual meeting of stockholders and the election and qualification of their successors. Our executive officers are elected annually by the Board of Directors to hold office until the first meeting of the Board following the next annual meeting of stockholders and until their successors are chosen and qualified. 22 Directors' Compensation We reimburse our directors for expenses incurred in connection with attending Board meetings but we do not pay director's fees or other cash compensation for services rendered as a director. Item 11. Executive Compensation. Summary Compensation Set forth below is the aggregate compensation for services rendered in all capacities to us during our fiscal years ended December 31, 2002, 2001 and 2000 by our Chief Executive Officer and each other executive officer of ours who received compensation in excess of $100,000 during such fiscal years. SUMMARY COMPENSATION TABLE -- ANNUAL COMPENSATION LONG-TERM COMPENSATION -- ANNUAL NAME AND PRINCIPAL SALARY BONUS POSITION YEAR ($) ($) -- Sajid Kapadia, 2002 $250,000 $675,000 Chairman and Chief 2001 $200,000 $475,000 Executive Officer 2000 $200,000 -- -- Haris Syed, President 2002 $150,000 -- 2001 $150,000 -- -- We did not grant any stock options to the named executive officers. EMPLOYMENT AGREEMENTS Contract with Sajid Kapadia On December 10, 1999, we entered into an Employment Agreement with Sajid Kapadia. Under the terms of this agreement, Mr. Kapadia will serve as our Chairman of the Board and Chief Executive Officer for an initial term of three years, which term will be automatically extended for additional one 23 year periods unless either party submits a notice of non-extension to the other not less than four months prior to the end of the existing term. Pursuant to the agreement, Mr. Kapadia receives a base salary of $200,000, $225,000 and $250,000 during his first, second and third years of employment, respectively. In addition, during each year of employment Mr. Kapadia shall receive cash bonuses and stock option grants in amounts to be determined by our Board of Directors. We also lease an automobile for Mr. Kapadia's exclusive use. Mr. Kapadia is also entitled to participate in all plans adopted for the general benefit of our employees and executive employees. In March 2001, in consideration for his agreement to extend the payment terms of a promissory note which we made to him and other consideration, we amended Mr. Kapadia's employment agreement to provide that he will receive additional bonus compensation equal to five (5%) percent of our gross profit. This bonus compensation may be paid in cash, or with restricted shares of our common stock based upon a price per share 75% of the fair market value of the shares, at Mr. Kapadia's sole discretion. The agreement with Mr. Kapadia automatically terminates upon his death. In addition, we can terminate the agreement based on Mr. Kapadia's continued disability, for due cause or without due cause. Mr. Kapadia can terminate his employment for good reason. If the agreement is terminated for death, disability, or due cause, we will pay Mr. Kapadia any unpaid base salary and bonus through the date of termination. If we terminate Mr. Kapadia's employment for any other reason, or if he terminates it for good reason, we will pay him his base salary for the remaining term of the agreement, but in no event less than 24, nor more than 35 months. Mr. Kapadia's agreement contains standard provisions regarding confidentiality and non-competition during the term of his employment. Compensation Plans iLink Telecom, Inc. Non-Qualified Stock Option Plan Effective June 1, 1999, iLink Telecom, Inc., our predecessor, adopted the iLink Telecom, Inc. Non-Qualified Stock Option Plan (the "iLink Plan"). Options granted under the iLink Plan are not intended to be incentive stock options as defined in Section 422 of the Internal Revenue Code of 1954, as amended. Our employees, directors, officers, consultants and advisors are eligible to be granted options pursuant to the iLink Plan. The exercise price of the options is determined by our Board of Directors. Options granted pursuant to the iLink Plan terminate on the date established by the Board of Directors when the options are granted. The iLink Plan is administered by our Board of Directors. The Board of Directors has the authority to interpret the provisions of the iLink Plan and supervise the administration of the iLink Plan. In addition, our Board of Directors is empowered to select those persons to whom options are to be granted, to determine the number of shares subject to each grant of an option and to determine when, and upon what conditions or options granted under the iLink Plan will vest or otherwise be subject to forfeiture and cancellation. 24 In the discretion of our Board of Directors, any option granted pursuant to the iLink Plan may include installment exercise terms so that the option becomes fully exercisable in a series of cumulating portions. The Board of Directors may also accelerate the date upon which any options, or any part of any options, are first exercisable. In the discretion of the Board of Directors payment for shares of common stock underlying options may be paid through the delivery of shares of our common stock having an aggregate fair market value equal to the option price, provided that such shares have been owned by the option holder for at least one year prior to the exercise. A combination of cash and shares of common stock may also be permitted at the discretion of the Board of Directors. Options are generally non-transferable except upon death of the option holder. Our Board of Directors may at any time, and from time to time, amend, terminate, or suspend the iLink Plan in any manner it deems appropriate, provided that the amendment, termination or suspension cannot adversely affect rights or obligations with respect to shares or options previously granted. The iLink Plan is not qualified under Section 401(a) of the Internal Revenue Code, and is not subject to any provisions of the Employee Retirement Income Security Act of 1974. The maximum number of shares of our common stock for which options may be granted under the iLink Plan is 500,000. If any option expires or is canceled without having been fully exercised we may regrant that option. Options are not exercisable after ten years after the date we grant them. Options we grant under the iLink Plan generally are not transferable and terminate upon severance of employment. As of the date hereof, no options were outstanding under the iLink Plan. 2001 Stock Option Plan In March 2001, we adopted our 2001 Stock Option Plan (the "2001 Plan"). The purpose of the 2001 Plan is to further our growth, development and financial success by providing additional incentives and personal interest in our company by those responsible for securing our continued growth and success. The 2001 Plan is administered by our Board of Directors, and provides for the grant to our employees of both incentive options, intended to qualify under Section 422 of the Internal Revenue Code, and non-qualified options to purchase our common stock. The compensation committee, or Board of Directors if there is no compensation committee, will grant options subject to a vesting schedule, conditions, restrictions and other provisions. The price of the shares subject to each option will be equal to the fair market value of the shares on the date we grant them. However, if we grant incentive stock options to an individual owning more than 10% of the total combined voting power of all classes of our stock, the exercise price of the options will not be less than 110% of the fair market value of the underlying shares on the date of grant, as required by Section 162(m) of the Internal Revenue Code. If the aggregate fair market value of our shares with respect to which incentive stock options are exercisable by any person for the first time during any calendar year exceeds $100,000, the options will be treated as non-qualified options. 25 A holder of options to purchase our common stock under the 2001 Plan may exercise the options by delivery to us of cash equal to the exercise price, or with approval of the board of directors, shares of our common stock equal to the exercise price, a promissory note equal to the exercise price, or a combination of these forms of payment. If the outstanding shares of our common stock are changed into or exchanged for a different number or kind of shares or other securities by reason of reorganization, merger, consolidation, reclassification or combination of shares, we will make adjustments in the number and kind of shares for the purchase of which options may be granted. The holders of options under our 2001 Plan will not be considered shareholders of ours unless and until certificates representing shares of our common stock have been issued by us to such holders. The maximum number of shares of our common stock for which options may be granted under the 2001 Plan is 5,000,000. If any option expires or is canceled without having been fully exercised we may regrant that option. Options are not exercisable after ten years after the date we grant them. Options we grant under the 2001 Plan generally are not transferable and terminate upon severance of employment. As of the date hereof, no options are outstanding under the 2001 Plan. Compensation Committee Interlocks and Insider Participation Each member of our Board of Directors participates in the determination of the level of compensation of our executive officers. Two of such directors, Sajid Kapadia and Haris Syed, are officers of ours. Hanif Bhagat, the third director is the brother-in-law of Sajid Kapadia and an employee of ours. Limitation of Liability and Indemnification Matters Article nine of our certificate of incorporation provides that the personal liability of our directors will be eliminated to the fullest extent permitted by the provisions of paragraph (7) of subsection (b) of ss.102 of the General Corporation Law of the State of Delaware, as the same may be amended and supplemented. Article ten of our certificate of incorporation provides that we will, to the fullest extent permitted by the provisions of the General Corporation Law of the State of Delaware, as now or hereafter in effect, indemnify all persons whom we may indemnify under such provisions. The indemnification provided by this section shall not limit or exclude any rights, indemnities or limitations of liability to which any person may be entitled, whether as a matter of law, under our bylaws, by agreement, vote of our stockholders or disinterested directors, or otherwise. Except as specifically required by the General Corporation Law of the State of Delaware, as the same exists or may be amended; none of our directors of will be liable to us or our stockholders for monetary damages for breach of his or her fiduciary duty as a director. No amendment to or repeal of this provision of our certificate of incorporation will apply to or have any effect on the liability or alleged liability of any director for or with respect to any acts or omissions of that director occurring prior to the amendment or repeal. 26 Under Section 145 of the Delaware General Corporation Law, we have the power, under certain circumstances, to indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or contemplated action, suit or proceeding, whether civil, criminal, administrative or investigative, by reason of the fact that he is or was a director, officer, employee or agent of ours, or is or was serving at our request as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, and judgments against, fines and amounts paid in settlement actually and reasonably incurred by him in connection with the action, suit or proceeding. Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers, or persons controlling us pursuant to the foregoing provisions, we have been informed that, in the opinion of the SEC, that type of indemnification is against public policy as expressed in the Act and is therefore unenforceable. ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS. The following table sets forth information as of the date hereof, based on information obtained from the persons named below, with respect to the beneficial ownership of shares of our common stock by (i) each of our directors, (ii) our named executive officer, (iii) each person known by us to be the owner of more than 5% of our outstanding shares of common stock and (iv) all executive officers and directors as a group. Unless otherwise indicated, we believe that all persons named in the table have sole voting and investment power with respect to all shares of common stock beneficially owned by them.

A person is deemed to be the beneficial owner or securities that can be acquired by such person within 60 days from the date of this prospectus upon exercise of options, warrants or convertible securities. Each beneficial owner's percentage ownership is determined by assuming that all options, warrants or convertible securities that are held by that person, but not those held by any other person, and which are exercisable within 60 days of the date of this prospectus have been exercised and converted. This table assumes a base of 23,593,173 shares of common stock outstanding as of the date hereof, before any consideration is given to outstanding options, warrants or convertible securities. Unless otherwise noted, the address for each of the persons listed below is: c/o 9278 Communications, Inc., 1942 Williamsbridge Road, Bronx, New York 10461. 27 NAME OF NUMBER OF SHARES PERCENTAGE BENEFICIAL OWNER BENEFICIALLY OWNED OF CLASS ---------------- ------------------ -------- Sajid Kapadia 12,465,215(1) 52.1% Haris Syed 256,000(2) 1.0% Hanif Bhagat 0 * Honest Holdings Inc. 2,000,000 8.4% 9229 Queens Blvd 17H Rego Park, NY 11374 All executive officers 12,721,215(1)(2) 53.2% and directors as a Group (4 persons) (1) Represents shares held by NTSE. Does not includes warrants to purchase 200,000 shares of our Common Stock currently held by Mr. Kapadia, which expire on June 13, 2010. (2) Represents shares of common stock held by KAPH Groups, Inc., a company 100% owned by Mr. Syed. * Equals a percentage less than 1% of the outstanding shares of the Company's Stock. ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS. In March 2001, Sajid Kapadia, an officer and director of ours, agreed to amend the repayment terms of a $2.0 million promissory note made to him by us at the time of the merger between iLink Telecom, Inc., our predecessor, and 9278 Distributor Inc., in December 1999. As amended, the terms provide for principal repayments by us of (i) $1.0 million on March 31, 2002, and (ii) $1.0 million on December 31, 2002. In consideration for his agreement to extend the payment terms of the note and other consideration, we amended Mr. Kapadia's employment agreement to provide that he will receive an annual bonus equal to five (5%) percent of our gross profit. This bonus compensation may be paid in cash, or with restricted shares of our common stock based upon a price per share 75% of the fair market value of the shares, at Mr. Kapadia's sole discretion. Mr. Kapadia had previously extended the payment terms of this promissory note, in June 2000. At that time, in consideration for his agreement to extend the repayment terms of the note, we issued him a warrant to purchase 200,000 shares of our common stock at an exercise price of $1.625 per share. The warrant vested immediately as to 100% of the shares of common stock underlying the warrant and is exercisable for ten years from the date of the grant. In December 1999, iLink Telecom, Inc., our predecessor, agreed to purchase 9278 Distributor Inc., a company controlled by Sajid Kapadia, an officer and director of ours. Mr. Kapadia was not an officer or director of iLink. In connection with that merger, the shareholders of 9278 Distributor were issued an aggregate of 14,900,000 shares of our common stock, as well as a dividend of $3.0 million, of which $1.0 million was paid in December 1999 and the balance of $2.0 million was in the form of a two-year promissory note. Of these shares, 13,205,125 were issued to Mr. Kapadia. In addition to such 28 shares, Mr. Kapadia was granted proxies to vote an aggregate of 2,150,000 additional shares of our common stock. In December 1999, we entered into a sublease agreement with Sajid Kapadia, an officer and director of ours, pursuant to which we sublease the entire premises at 1942 Williamsbridge Road, Bronx, New York as our corporate offices, at an annual rent of $63,000. The rental terms of the sublease agreement are substantially the same as the terms under which Mr. Kapadia leases the space. ITEM 14. CONTROLS AND PROCEDURES. Based on their evaluation of the Company's disclosure controls and procedures as of a date within 90 days of the filing of this Annual Report on Form 10-K, the Chief Executive Officer and the Principal Accounting Officer have concluded that such controls and procedures are effective. There were no significant changes in the Company's internal controls or in other factors that could significantly affect such controls subsequent to the date of their evaluation. 29 PART IV ITEM 15. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K. (a) The following documents are filed as part of this report: (1) Financial Statements. See Index to Consolidated Financial Statements in Item 8 hereof. (2) Financial Statement Schedules. None (3) Exhibits. Exhibit Number Description of Exhibit -------------- ---------------------- 2.1 Agreement and Plan of Merger, dated December 17, 1999, among iLink Telecom, Inc., 9278 Distributors Acquisition Corp. and 9278 Distributor Inc. (3) 2.2 Agreement and Plan of Merger, dated April 24, 2000, between the Company and 9278 Communications, Inc., a Nevada corporation (5) 2.3 Agreement and Plan of Merger, dated December 8, 2000, among Reliable Networks, Inc., Nasir Ghesani, Reliable Acquisition Corp. and the Company (6) 3.1 Certificate of Incorporation of the Company (5) 3.2 Bylaws of the Company (5) 4.1 Specimen Common Stock Certificate of the Company (2) 4.2 Non-Qualified Stock Option Plan of the Company (4) 4.3 2001 Stock Option Plan of the Company (7) 4.4 Amended and Restated Promissory Note, in the Amount of $2.0 million, made by the Company to Sajid Kapadia, dated December 10, 1999 (7) 30 4.5 Promissory Note, in the amount of $400,000, made by the Company to Nasir Ghesani, dated December 8, 2000 (6) 4.6 Promissory Note, in the amount of $100,000, made by the Company to Nasir Ghesani, dated December 8, 2000 (6) 4.7 Promissory Note, in the amount of $500,000, made by the Company to Nasir Ghesani, dated December 8, 2000 (6) 10.1 Employment Agreement, dated December 10, 1999, between the Company and Sajid Kapadia (4) 10.2 Employment Agreement, dated December 8, 2000, between the Company, Reliable Acquisition Corp. and Nasir Ghesani (6) 10.3 Amendment, dated March 22, 2000, to Employment Agreement between the Company and Sajid Kapadia (7) 21.1 Subsidiaries of the Company (1) 99.1 Certificate of 9278 Communications, Inc. CEO pursuant to Sec 906 of the Sarbanes-Oxley Act of 2002 99.2 Certificate of 9278 Communications, Inc., CEO and Principal Accounting Officer pursuant to Sec 906 of the Sarbanes-Oxley Act of 2002. (1) Filed herewith (2) Incorporated by reference from the Company's registration statement on Form SB-2 (Registration No. 333-84845) (3) Incorporated by reference from the Company's report on Form 8-K, dated December 10, 1999 (4) Incorporated by reference from the Company's report on Form 10-KSB for the year ended December 31, 1999 (5) Incorporated by reference from the Company's report on Form 10-QSB for the three-month period ended March 31, 2000 (6) Incorporated by reference from the Company's report on Form 8-K, dated December 8, 2000 (7) Incorporated by reference from the Company's report on Form 10KSB for the year ended December 31, 2000 (b) Reports on Form 8-K. We filed the following Current Reports on Form 8-K during the fiscal year ended December 31, 2002: None 31 SIGNATURES Pursuant to the requirements of the Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized. 9278 COMMUNICATIONS, INC. Date: May 1, 2003 By: /s/ Sajid Kapadia ----------------------------- Sajid Kapadia, Chairman, Chief Operating Officer and Director (Principal Executive Officer) Pursuant to the requirements of the Securities Exchange Act of 1934, this Report on Form 10-K has been signed below by the following persons in the capacities and on the dates indicated: Signature Title Date -- /s/ Sajid Kapadia Chairman, Chief Executive Officer, May 1, 2003 -------------------- (Principal Executive Officer and Director) Sajid Kapadia /s/ Haris Syed President and Director May 1, 2003 -------------------- Haris Syed CERTIFICATION I, Sajid B. Kapadia, certify that: 1. I have reviewed this annual report on Form 10-K of 9278 Communications, Inc. (the "registrant"); 2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; 3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report. 4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have: a) designed such disclosure controls and procedures to ensure that material information relating to the a registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. I have disclosed, based on my most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions): a) all significant deficiencies in the design or operation of internal controls which could adversely affect a the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of my most recent evaluations, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: May 1, 2003 /s/ SAJID B. KAPADIA ---------------------- SAJID B. KAPADIA CHIEF EXECUTIVE OFFICER I, Sajid B. Kapadia, certify that: 1. I have reviewed this annual report on Form 10-K of 9278 Communications, Inc. (the "registrant"); 2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; 3. Based on my knowledge, the financial statements and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report. 4. I am responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and have: a) designed such disclosure controls and procedures to ensure that material information relating to the a registrant, including its consolidated subsidiaries, is made known to me by others within those entities, particularly during the period in which this annual report is being prepared; b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date; 5. I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent functions): a) all significant deficiencies in the design or operation of internal controls which could adversely affect a the registrant's ability to record, process, summarize, and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and 6. I have indicated in this annual report whether there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluations, including any corrective actions with regard to significant deficiencies and material weaknesses. Date: May 1, 2003 /s/ SAJID B. KAPADIA ---------------------- SAJID B. KAPADIA CHIEF EXECUTIVE OFFICER AND PRINCIPAL ACCOUNTING OFFICER