

PAC-WEST TELECOMM INC

Form DEF 14A

April 29, 2005

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SCHEDULE 14A INFORMATION

**Proxy Statement Pursuant to Section 14(a) of the Securities
Exchange Act of 1934**

Filed by the Registrant x

Filed by a Party other than the Registrant o

Check the appropriate box:

- o Preliminary Proxy Statement
- o Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- x Definitive Proxy Statement
- o Definitive Additional Materials
- o Soliciting Material Pursuant to §240.14a-12

PAC-WEST TELECOMM, INC.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

- x No fee required.
- o Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

(2) Aggregate number of securities to which transaction applies:

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(4) Proposed maximum aggregate value of transaction:

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- o Fee paid previously with preliminary materials.

o Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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**1776 W. March Lane, Suite 250
Stockton, California 95207**

April 29, 2005

Dear Shareholder:

You are cordially invited to attend the annual meeting of shareholders of Pac-West Telecomm, Inc., which will be held on June 21, 2005, at 8:00 a.m., Pacific time, at the Founders Conference Room located at 4210 Coronado Avenue, Stockton, California, 95204. A Notice of Meeting, Proxy Statement, Proxy Form and our 2004 Annual Report are included with this letter.

At this year's annual meeting, you will be asked to consider and take action with respect to the election of eight directors to our board of directors, the approval of an amendment to our bylaws authorizing our board of directors to establish the size of the board and to divide the board members into either two or three classes if and when we are qualified as a listed company under California law, and any other business properly presented at the annual meeting. These matters are described more fully in the enclosed Notice of Meeting and Proxy Statement.

It is important that your shares are represented and voted at the annual meeting regardless of the size of your share holdings or whether or not you plan to attend the annual meeting in person. Accordingly, please complete, sign and date the enclosed Proxy Form and return it promptly in the enclosed envelope. If you attend the annual meeting, you may, of course, withdraw your proxy should you wish to vote in person.

We hope that you will be able to attend the annual meeting and we look forward to seeing you.

Sincerely,

Henry R. Carabelli
President and Chief Executive Officer

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**1776 W. March Lane, Suite 250
Stockton, California 95207
NOTICE OF MEETING**

The annual meeting of shareholders of Pac-West Telecomm, Inc. will be held on June 21, 2005, at 8:00 a.m., Pacific time, at the Founders Conference Room located at 4210 Coronado Avenue, Stockton, California, 95204, to consider and take action with respect to the following matters:

1. the election of eight directors to our board of directors;

2. the approval of an amendment to our bylaws authorizing our board of directors (a) to establish the size of the board and (b) to divide the board members into either two or three classes if and when we are qualified as a listed company under California law; and

3. the transaction of such other business as may properly come before the annual meeting and any adjournments or postponements thereof.

These matters are described more fully in the Proxy Statement that accompanies this Notice of Meeting and the enclosed Proxy Form and Annual Report.

Holders of record of our common shares at the close of business on April 25, 2005 are entitled to receive notice of and to vote on all matters presented at the annual meeting and at any adjournments or postponements thereof. A list of such shareholders will be available for examination by any shareholder for any purpose germane to the annual meeting during normal business hours at our principal executive offices at the address above.

By Order of the Board of Directors

Robert C. Morrison
Secretary

April 29, 2005

Your vote is important whether or not you plan to attend the annual meeting in person and regardless of the number of common shares you own, please complete, sign and date the enclosed Proxy Form and mail it promptly in the envelope provided to help ensure that your common shares will be represented at the annual meeting. If you attend the annual meeting, you may, of course, withdraw your proxy and vote in person. In addition, you may revoke your proxy before it is voted by delivering written notice to our Corporate Secretary at our principal executive offices at the address above or by submission of a later-dated Proxy Form.

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SUBMISSION OF SHAREHOLDER PROPOSALS FOR THE 2006 ANNUAL MEETING

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**1776 W. March Lane, Suite 250
Stockton, California 95207
PROXY STATEMENT
ANNUAL MEETING OF SHAREHOLDERS
TO BE HELD ON JUNE 21, 2005**

This Proxy Statement is being furnished to the holders of common shares, par value \$0.001 per share, of Pac-West Telecomm, Inc., which we sometimes refer to in this Proxy Statement as Pac-West or the Company, in connection with the solicitation of proxies by and on behalf of our board of directors for use at the annual meeting of shareholders to be held on June 21, 2005, at 8:00 a.m., Pacific time, and at any adjournments or postponements thereof. The purpose of the annual meeting is to consider and take action with respect to the following matters:

(1) the election of eight directors to our board of directors; and

(2) the approval of an amendment to our bylaws authorizing our board of directors to (a) establish the size of the board and (b) divide the board members into either two or three classes if and when we are qualified as a listed company under California law.

This Proxy Statement, the Notice of Meeting, the Proxy Form and our 2004 Annual Report are being mailed on or about May 3, 2005 to holders of record of our common shares at the close of business on the record date, April 25, 2005.

If the enclosed Proxy Form is properly signed, dated and returned to us, the individuals identified as proxies thereon will vote the shares represented by the Proxy Form in accordance with the directions noted thereon. If no direction is indicated, the proxies will vote **FOR** the nominees identified in this Proxy Statement as directors and **FOR** the amendment to our bylaws authorizing our board of directors to establish the size of the board and to divide the board members into either two or three classes if and when we are qualified as a listed company under California law. At this time, we are not aware of any matters other than those discussed in this Proxy Statement that will be presented for consideration by the shareholders at the annual meeting. If other matters are properly presented for consideration by the shareholders, all shares represented by the Proxy Forms will be voted in accordance with the recommendations of our management.

Returning your completed Proxy Form will not prevent you from voting in person at the annual meeting if you are present and wish to vote. In addition, you may revoke your Proxy Form before it is voted by delivering written notice to our Corporate Secretary prior to the beginning of the annual meeting at our principal executive offices at the address above or by submission of a later-dated Proxy Form.

Voting Generally

Only record holders of our common shares at the close of business on the record date, April 25, 2005, will be entitled to vote at the annual meeting. Each outstanding common share entitles the holder thereof to one vote on Proposition 2. As described more fully below, shareholders may cumulate votes with respect to the director nominees set forth in Proposition 1. As of the record date, we had 36,849,052 common shares outstanding.

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Cumulative Voting for Directors

Cumulative voting is authorized for all shareholders if any shareholder gives notice prior to the voting of the shareholder's intention to cumulate such shareholder's votes. Cumulative voting means that each shareholder, when electing directors, has the right to cumulate votes and give to one nominee a number of votes equal to the number of directors to be elected (eight at this meeting) multiplied by the number of votes to which such shareholder's shares are entitled, or may distribute such number of votes among any or all of the nominees at the shareholder's discretion. Shareholders may exercise their right to cumulative voting by attaching to their Proxy Form their instructions indicating how many votes their proxy should give to each candidate.

Quorum

The presence in person or by proxy of the holders of a majority of our common shares outstanding as of the record date will constitute a quorum for the purpose of transacting business at the annual meeting.

Abstentions; Broker Non-Votes

Abstentions will be treated as present and entitled to vote, and therefore will be counted in determining the existence of a quorum and will have the effect of a vote against Proposition 2, which requires the affirmative vote of a majority of our issued and outstanding common shares in order to be approved or adopted. Broker non-votes will be considered present but not entitled to vote, and thus will be counted in determining the existence of a quorum and will have the effect of a vote against Proposition 2. Broker non-votes occur when shares held by brokers or nominees that are present in person or represented by proxy are not voted on a particular matter because instructions have not been received from the beneficial owner.

Solicitation of Proxies

We will bear the entire cost of this solicitation, including the preparation, assembly, printing and mailing of this Proxy Statement, the Notice of Meeting, the Proxy Form, and our 2004 Annual Report. We intend to provide copies of such solicitation materials to brokerage houses, fiduciaries, custodians and other persons or entities holding our common shares on behalf of the beneficial owner so that the solicitation materials may be forwarded to such beneficial owners. This solicitation, which is being conducted by mail, may be supplemented by a solicitation by telephone, e-mail, telegram, or other permissible means by our directors, officers or employees. No additional compensation will be paid to these individuals for conducting such a solicitation.

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**PROPOSITION 1
ELECTION OF DIRECTORS**

In accordance with our bylaws, our board of directors currently consists of nine members. As described in greater detail below, on March 28, 2005, Melinda Guzman Moore, a current member of our board of directors, informed the Company that she does not intend to stand for re-election at the annual meeting of shareholders, and thus we did not have sufficient time to consider, interview and select a suitable candidate to nominate in Ms. Guzman Moore's stead. Accordingly, you are being asked to consider and vote for eight persons nominated by us to serve on our board of directors; all of whom are currently serving as members of our board of directors and one of whom has not previously been elected by shareholders at an annual meeting.

Following are the eight current members of our board of directors standing for re-election at the annual meeting:

Wallace W. Griffin was appointed President, CEO, and a Director of Pac-West in September 1998 when an investor group he was part of purchased and recapitalized the Company. As part of a succession plan, in June 2001 he transferred the title of President to Henry R. Carabelli, and in July 2003 he transferred the title of CEO to Mr. Carabelli and transitioned to a non-executive Chairman role. Mr. Griffin has over 40 years experience in telecommunications, cable television, publishing and advertising. Prior to joining Pac-West, Mr. Griffin served as a Group President for a number of Jones International companies from 1994 to 1997, including Jones Lightwave, Ltd., a Competitive Local Exchange Carrier, and Jones Education Company, a leader in using technology to deliver education. Concurrently with his employment with these entities, Mr. Griffin was co-owner of a consulting and business development company, Griffin Enterprises, Inc. From 1987 through 1992, he served as the President and CEO of U S West Marketing Resources Group, where he managed the \$1 billion publishing, media software and advertising services division. Mr. Griffin currently serves on the Board of Directors of DDx, Inc., the Advisory Board for the University of the Pacific Eberhardt School of Business, the Board of Trustees for the University of California, Merced and the Board of Trustees for the Delta College Foundation in Stockton.

Henry R. Carabelli joined Pac-West as President and COO in June 2001. Effective January 1, 2003, Mr. Carabelli became a Director of Pac-West, and in July 2003 he also became CEO. Mr. Carabelli has overall responsibility for the operations of the Company. Formerly the COO of ICG, a Colorado-based CLEC, and President of @Link Networks, a broadband service provider, Mr. Carabelli brings over 28 years of telecom experience to Pac-West. He joined ICG in 1996 as Executive Vice President of network operations, and served as COO from 1998 to 1999 with responsibility over network engineering, customer care, sales, and installation. Prior to ICG, Mr. Carabelli spent 19 years in management with Ameritech and Michigan Bell. He is also a Director on the San Joaquin Business Council as well as the University of San Francisco Telecommunications Advisory Board.

David G. Chandler has served as a Director of Pac-West since September 1998. Mr. Chandler has served as a Managing Director of William Blair Capital Partners (and predecessor entities), a private equity firm, since December 1988. Since September 2004 Mr. Chandler has also served as a Managing Director of Chicago Growth Partners, a private equity investment firm recently co-founded by Mr. Chandler. Mr. Chandler serves as a director of a number of privately held companies. Mr. Chandler holds an M.B.A. from The Amos Tuck School at Dartmouth College and a B.A. from Princeton University.

Jerry L. Johnson served as Chairman of Pac-West's Board of Directors from September 1998 to June 2001. From August 2002 until present, Mr. Johnson has served as President of eMoney Advisor, Inc. From 1995 until December 2001, Mr. Johnson was employed by Safeguard Scientifics Inc., where he was the Executive Vice President overseeing the partner companies in the E-Communications group. From 1985 to 1995, he worked at U S West in various positions, including Vice President, Network and Technology Services, which included managing U S West's largest division, and supervising 21,000 management, engineering, technical and clerical employees. From 1983 to 1985, Mr. Johnson was President and CEO of Northwestern Bell Information Technologies. Mr. Johnson holds a Masters in Management from the Sloan School at MIT, a Masters in Psychology from Northern Illinois University and a B.S. in Psychology from

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Northeastern Missouri. He serves on the boards of Axum Financial LLC, Decis, Inc., Education Management Corporation and Pac-West Telecomm, as well as the boards of directors of the Philadelphia Orchestra, the Episcopal Academy and Penn Liberty Bank.

John K. La Rue founded the Company's predecessor (also known as Pac-West Telecomm, Inc.) in 1980 and served as its President until September 1998. From September 1998 until July 2001, Mr. La Rue served as Pac-West's Executive Vice President. Currently, Mr. La Rue is semi-retired and employed on a part-time basis serving as an advisor to Mr. Carabelli, Pac-West's President and CEO. Mr. La Rue has over 39 years of experience in the telecommunications industry.

Thomas A. Munro has served as a director since April 2003 and has over 22 years of financial and technology experience. Mr. Munro currently serves as CEO of Verimatrix, Inc. In January 2003, he retired from Wireless Facilities, Inc. (Nasdaq: WFII), a global leader in the design, deployment, and management of wireless mobility and broadband wireless networks. He served as CFO from 1997 to 2000, and President from September 2000 until his retirement. Prior to WFI, he was founder and CEO of @Market, a retail sporting goods website. From 1994 to 1995, he served as CFO for Precision Digital Images, Inc. From 1981 to 1994, he was employed with MetLife Capital Corporation, where he served as CFO and a Director on the company's Board from 1992 to 1994. He holds a bachelor's degree in business administration and an MBA from the University of Washington and has co-authored two college level text books on computer programming. Mr. Munro also serves as a director of Airgain, Inc, BioFortis, Inc., Concerto Networks, Inc., Kineticom, Inc. and the San Diego Telecom Council.

Samuel A. Plum has served as a Director of Pac-West since September 1998. Mr. Plum has been a Managing General Partner of the general partner of SCP Private Equity Partners, L.P. since its commencement in August 1996, and was employed by Safeguard Scientifics from 1993 to 1996. From February 1989 to January 1993, Mr. Plum served as President of Charterhouse, Inc. and Charterhouse North American Securities, Inc., the U.S. investment banking and broker-dealer divisions of Charterhouse PLC, a merchant bank located in the United Kingdom. From 1973 to 1989, Mr. Plum served in various capacities at the investment banking divisions of PaineWebber, Inc. and Blyth Eastman Dillon & Co., Inc. Mr. Plum has 22 years of investment banking, mergers and acquisitions, and private equity investment experience. Mr. Plum also serves as a director of Index Stock Imagery, Inc., Inc., Metallurg Holdings, Inc., Mobility Technologies, Inc. and Pentech Financial Services Inc.

Timothy A. Samples has served as a Director of Pac-West since January 2005. Mr. Samples has over 20 years experience in the communications industry. Since January of 2003, he has been the Principal in Sapience LLC, in Scottsdale, Arizona, where he does consulting work and serves as a non-executive Director for two telecommunications companies. From February 2001 to June 2002, he served as CEO, President, and Chairman of the Board of Management for Completel N.V. in London, England and Paris, France, a Dutch registered CLEC. From February 2000 to February 2001, Mr. Samples served as CEO and President of Firstmark Communications, a Pan-European broadband company with operations in seven Western European countries. From September 1997 to February 2000, he was CEO of One2One, a GSM service operator created through a joint venture between MediaOne group and Cable and Wireless. From July 1995 to May 1996, Mr. Samples served as Vice President and General Manager for US West Cellular/ Airtouch in Phoenix, Arizona. Prior to 1995, Mr. Samples held various management, sales, and marketing positions with US West/ MediaOne Group.

On March 28, 2005, Melinda Guzman Moore, a current member of our board of directors, informed the Company that she does not intend to stand for re-election at the annual meeting of shareholders. Because our Nominating and Corporate Governance Committee has not had sufficient time to consider, interview and select a qualified replacement nominee to our board, shareholders are being asked to elect eight persons nominated by us to serve on our board of directors, and one directorship will go unfilled at this time. With respect to this vacancy, our board may vote to designate a substitute nominee prior to the annual meeting of shareholders. However, if a nominee is so designated, proxies may not be voted for more than eight (8) director nominees. If no substitute nominee is designated prior to the annual meeting of shareholders, our board may appoint a person to fill this vacancy after the annual meeting to serve for the remainder of such

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director's term. Alternatively, if the shareholders approve Proposition 2 below amending our bylaws to authorize our board to, among other things, establish the size of the board at not less than five (5) members and not more than nine (9) members, our board may thereafter elect to reduce the size of our board of directors from its current size of nine (9), resulting in the elimination of this vacant seat.

Under California law, listed companies are authorized to implement a classified board of directors, for which directors may be divided into two or three classes and serve terms of two or three years, respectively. A listed company under the California Corporations Code is one whose shares are listed on the New York Stock Exchange or American Stock Exchange, or quoted on the Nasdaq National Market System. Our common shares were quoted on the Nasdaq National Market System from November 4, 1999, when we completed our initial public offering, until May 28, 2002, when our common shares ceased being quoted on the Nasdaq National Market and began being quoted on the Nasdaq SmallCap Market. Accordingly, although our articles of incorporation and bylaws provide for a classified board of directors, we are currently ineligible to continue utilizing a classified board of directors until such time as we may qualify as a listed company under the California Corporations Code. If our shareholders approve Proposition 2 resulting in amendment of our bylaws to authorize our board to, among other things, divide the board into two (2) or three (3) classes if and when we again qualify as a listed company under the California Corporations Code, our board may at any time thereafter adopt a resolution adopting such a classified board of directors.

Directors elected at this annual meeting will serve until the 2006 annual meeting of shareholders or until a successor has been elected or appointed and qualified except in the case of the death, removal or resignation of such director with all continuing directors eligible to serve out the remainder of their original terms.

We believe that each of the eight nominees identified above is willing to be elected and to serve on our board of directors. In the event that any nominee is unable to serve or is otherwise unavailable for election, which is not now contemplated, the incumbent directors may or may not select a substitute nominee. However, if a nominee is so designated, proxies may not be voted for more than eight (8) director nominees.

Directors will be elected at the annual meeting by a plurality of the votes cast at the annual meeting by the holders of shares represented in person or by proxy. Cumulative voting is authorized for all shareholders if any shareholder gives notice prior to the voting of the shareholder's intention to cumulate such shareholder's votes. Cumulative voting means that each shareholder, when electing directors, has the right to cumulate votes and give to one nominee a number of votes equal to the number of directors to be elected (eight (8) at this meeting) multiplied by the number of votes to which such shareholder's shares are entitled, or may distribute such number among any or all of the nominees at the shareholder's discretion.

Shareholders may exercise their right to cumulative voting by attaching to the Proxy Form their instructions indicating how many votes their proxy should give to each candidate.

Our board of directors has carefully considered and approved the nominees and recommends that you vote *FOR* all of the nominees listed above.

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The table below sets forth certain information as of April 12, 2005 with respect to our current directors and executive officers:

Name	Age	Position(s)
Executive Officers:		
Henry R. Carabelli	49	President and Chief Executive Officer
H. Ravi Brar	36	Chief Financial Officer
Todd M. Putnam	41	Chief Information Officer
Michael B. Hawm	41	Vice President Customer Network Services
Wayne Bell		Vice President Marketing and Business Development
	33	
Eric E. Jacobs		Vice President, General Manager Service Provider Sales
	34	
Peggy Mc Gaw	46	Vice President Finance
John F. Sumpter	57	Vice President Regulatory
Robert C. Morrison	58	Vice President and General Counsel
Directors:		
Wallace W. Griffin	66	Chairman of the Board of Directors
Henry R. Carabelli	49	President and Chief Executive Officer
David G. Chandler	47	Director
Jerry L. Johnson	57	Director
John K. La Rue	55	Founder and Director
Thomas A. Munro	48	Director
Samuel A. Plum	60	Director
Melinda Guzman-Moore	41	Director
Timothy A. Samples	47	Director

The present principal occupations and recent employment history of each of our executive officers listed above, other than those officers also serving as a director, are set forth below.

Executive Officers

H. Ravi Brar joined Pac-West in July 1999 as Vice President of Business Development. He was appointed Vice President of Customer Operations in October 2000, Vice President of Finance and Treasurer in August of 2001, Acting Chief Financial Officer in February of 2002, and Chief Financial Officer in September 2002. Mr. Brar has responsibility for the Company's financial and accounting operations, evaluating strategic growth opportunities, and human resources. Prior to joining Pac-West, Mr. Brar was employed with Xerox Corporation from 1991 to August 1999, where he held several senior level business development and financial management positions, including Business Development Manager of Developing Markets Operations in China and Russia, and Area General Manager and Controller of Xerox's Business Services division in Pittsburgh, PA.

Todd M. Putnam joined Pac-West in October 2003 as Chief Information Officer. Mr. Putnam has responsibility over the Company's information systems including its Information Technology strategic plan and infrastructure, including operating support systems, software development, database administration, security, system integration, internal and external web sites, and supplier partnerships. Prior to joining Pac-West, he completed a consulting assignment with TechNexus, LLC (a subsidiary of Mintz Levin Cohn Ferris Glovsky and Popeo PC) in Washington D.C. From October 1989 to March 2002, he was employed with Global Crossing LTD (Frontier Communications, ConferTech International, and T1 Systems), where he was responsible for building, operating, and maintaining the global information systems infrastructure for the entire

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company. He held a variety of senior level IT positions, including Vice President of Global IS Operations, Vice President of North American Systems and Infrastructure, Vice President of Systems Development, and CIO of the ConferTech division.

Michael B. Hawn joined Pac-West as Vice President of Customer Network Services in August 2001. Mr. Hawn has end-to-end responsibility over service delivery, maintenance, planning, engineering, billing operations and reliability. He has over 18 years of telecommunications management experience, including network planning, engineering, service delivery, provisioning, and software development. His former positions include Vice President of National Operations from October 2000 to April 2001 and Vice President of Program Management from February 2000 to September 2000 for @Link Networks, Inc. in Louisville, CO, Vice President of Planning and Engineering and Vice President Engineering from March 1999 to February 2000, and Senior Director of Quality from June 1997 to August 1998 for ICG Communications, Inc. in Englewood, CO. Mr. Hawn also served as Technical Manager for Lucent Technologies Regional Technical Assistance Center (RTAC) in Lisle, IL and Cockeysville, MD from May 1995 to June 1997, and as a Member of Technical Staff from May 1989 to May 1995 and Senior Technical Associate from June 1986 to March 1989 for AT&T Bell Laboratories in Naperville, IL.

Wayne Bell joined Pac-West as Vice President of Marketing in August 2001. He assumed additional responsibility as Vice President of Service Provider Markets in February 2003, and SME Markets in October 2003. In January 2005, after Pac-West entered into an agreement with U.S. TelePacific Corp. to sell its SME line of business, Mr. Bell retained responsibility over Marketing and assumed additional responsibility over Business Development. Mr. Bell currently has responsibility for product marketing and development, business analysis, corporate communications, business development, corporate development, and partnerships. Mr. Bell has over 12 years of telecommunications management experience, including product marketing, product and process development, network planning, engineering, sales, customer service, and operations. His former positions include Vice President of Marketing and Channel Development for @Link Networks, Inc. in Louisville, CO and Senior Director of Product and Process Development for ICG Communications, Inc. in Englewood, CO. He also served in a Director capacity in the Program Office for U S WEST Communications, Inc. in Englewood, CO.

Eric E. Jacobs joined Pac-West in March of 2003 and was promoted to Vice President, General Manager of Service Provider Markets in December 2003. He has over ten years of sales management experience in the communications industry. Prior to joining Pac-West, he held positions as Director of Sales for Metromedia Fiber Network from May 2000 to March 2003, and for Nextel Communications, Inc. from June 1995 to May 2000. Mr. Jacobs has leadership over the Company's sales, channel marketing and customer relations teams.

Peggy Mc Gaw joined Pac-West in June 2002 as Executive Director of Accounting and Finance and was promoted to Vice President Finance in December 2003. Ms. Mc Gaw has responsibility over accounting, risk management, financial reporting and compliance, and tax and treasury activities. Prior to joining Pac-West she served as CFO of theDial.com from September 1999 to May 2002. Prior positions included in her 20 years of finance experience are Vice President of Finance and Acting CFO of Intracel Corporation and Business Assurance Manager for PricewaterhouseCoopers, LLP. Her extensive experience with technology-based companies includes numerous capital raising and M&A transactions. Ms. Mc Gaw is a member of the American Institute of Certified Public Accountants, Financial Executives International and the Forum for Women Entrepreneurs.

Robert C. Morrison joined Pac-West as Vice President and General Counsel in January 2003. He served on Pac-West's Board of Directors from June 2001 through December 2002. He has served as our Corporate Secretary since February 2001. Mr. Morrison has responsibility over corporate governance, record keeping, documentation and legal administration of contractual relationships, and managing the Company's relationships with outside law firms. Prior to joining Pac-West, Mr. Morrison was an attorney with Neumiller and Beardslee, P.C. in Stockton, California from 1972 to December 2002. He served as Managing Director from 1983 to 1990. In July 2002, he completed a term on the Board of Regents of the University of California. He is a past president of the Greater Stockton Chamber of Commerce, the San Joaquin County Economic

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Development Association, and the alumni association for UC Davis, and is a former member of the Board of Directors and Executive Committee of the Lassen Volcanic National Park Foundation.

John F. Sumpter joined Pac-West as Vice President of Regulatory in July 1999. He is responsible for Pac-West's relations with government regulatory agencies, regulatory compliance, and intercarrier relations. Mr. Sumpter has over 30 years of experience in the telecommunications industry. Prior to Pac-West, he was employed with AT&T from 1984 to July 1999, where he held several executive level regulatory and marketing positions, including Division Manager of Law and Government Affairs, District Manager of Switched Services Product Management, and District Manager of Marketing. He currently serves as Chairman of the Board of CALTEL, the California Association of Competitive Telecommunications Companies and of CACE, the California Alliance for Consumer Education.

Information About Our Board of Directors

General

Our board of directors met ten (10) times during the fiscal year ended December 31, 2004. Our board of directors has standing audit, compensation, executive, nominating and corporate governance, and risk management committees. With the exception of Melinda Guzman Moore, who is not standing for reelection at the annual meeting, each of our incumbent directors attended 75% or more of the aggregate number of meetings of the board of directors and any committees on which such director served during the fiscal year ended December 31, 2004. Our executive officers are elected by and serve at the discretion of our board of directors.

Our board of directors assesses the independence of the directors of the Company, and examines the nature and extent of any relationships between the Company and its directors, their facilities and their affiliates. Based on this assessment, our board of directors has concluded that five of the eight nominees for election to the board of directors, Messrs. Chandler, Johnson, Munro, Plum and Samples, qualify as independent directors in accordance with the listing requirements of the Nasdaq Stock Market.

Compensation of Directors

Directors who are employed by us, including Mr. Carabelli and Mr. La Rue, are not currently entitled to receive any compensation for serving on our board of directors. Our independent directors are entitled to receive \$5,000 per quarter as compensation for serving on our board of directors, and an additional \$500 for each committee meeting they attend that is held other than on a board meeting date. However, two of our independent directors, Messrs. Chandler and Plum, have declined to accept compensation for service on our board or its committees. Mr. Griffin receives \$5,000 per quarter as compensation for serving on our board of directors and \$12,500 per quarter for performing the duties of chairman of the board.

In June 2004, we granted to Mr. Johnson and Ms. Guzman Moore options to purchase 12,000 of our common shares, and to Mr. Munro options to purchase 1,000 of our common shares. These options vest in one year from the date of grant and have an exercise price of \$1.14 per share.

In addition, we pay for the reasonable out-of-pocket expenses incurred by each director in connection with attending board and committee meetings.

Board Member Nominations

The nominating and corporate governance committee identifies nominees for director from various sources. At times, the committee may retain search firms at our expense to identify potential nominees. In assessing potential nominees, the committee considers the character, background and professional experience of candidates. All nominees should possess unquestioned personal integrity and sound business ethics, loyalty to us and concern for our success and welfare, the ability to exercise sound and independent judgment and an awareness of a director's vital role in our good corporate citizenship. In addition, all director nominees must be willing to assume broad, fiduciary responsibility on behalf of all shareholders for the management of the enterprise. The committee will also carefully consider any potential conflicts of interest. In addition, to be a

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qualified nominee as an independent member of the board of directors, such nominee must meet the definition of an independent director pursuant to applicable law, Securities and Exchange Commission regulations, our Corporate Governance Standards and the listing requirements of the Nasdaq Stock Market.

The nominating and corporate governance committee will consider nominees recommended by shareholders who beneficially own and have owned for one year prior to the date of the recommendation, individually or in the aggregate, more than five percent of our issued and outstanding common shares. Recommendations for nominees may be submitted by shareholders by accessing the investor relations page of the company website <http://www.pacwest.com> and clicking the appropriate hyperlink, or via regular mail or overnight delivery service addressed to: nominating and corporate governance committee, Pac-West Telecomm, Inc., 1776 W. March Lane, Suite 250, Stockton, CA 95207. Nominations for the 2006 annual meeting must be received by us no earlier than October 1, 2005 and no later than December 30, 2005. Recommendations received after December 30, 2005 will be retained for consideration in the event of a board vacancy occurring after the date of the 2006 annual meeting. Each recommendation must contain (i) the legal name and address of the person making the recommendation, and in the case of shareholders, the number of shares owned and the length of ownership thereof, (ii) as to each candidate, the legal name and contact information of that candidate, a resume or biographical description of the candidate sufficient to evaluate his or her personal qualifications and experience, (iii) the legal names and contact information of three personal and business references with respect to the character and business background and experience of the candidate and (iv) a statement that the candidate is aware that he or she has been recommended and has expressed willingness and ability to serve if nominated and elected.

The nominating and corporate governance committee will consider and evaluate persons recommended by shareholders meeting the above requirements in the same manner as potential nominees identified for nomination by us. The committee will rank the candidates it receives, conduct interviews of an appropriate number of candidates at the top of the ranking, cause further investigation to be performed on those candidates it intends to recommend for nomination and, subject to successful completion of such investigation, will recommend to the board of directors a slate of nominees to be considered for election at the annual meeting. These procedures are described in greater detail in the Corporate Governance Standards set forth in the Corporate Governance section of our website at <http://www.pacwest.com>.

Shareholder Communications with the Board and Annual Meeting Attendance

Any shareholder or other interested party who has a concern or inquiry regarding our conduct may communicate directly with either our independent directors or the full board of directors. Our lead independent director will receive all such communications on behalf of our independent directors and the full board of directors. Communications may be confidential or anonymous, and may be submitted in writing to: lead independent director, c/o Corporate Secretary Pac-West Telecomm, Inc., 1776 W. March Lane, Stockton, California 95207 or by accessing our investor relations page at <http://www.pacwest.com>. Our lead independent director will receive all such communications on behalf of our independent directors and the full board of directors. All such communications will be reviewed and, if necessary, investigated and/or addressed by the lead independent director, and the status of such communications will be reported to our independent directors or the full board of directors on a quarterly basis. These matters are described in more detail in our Code of Business Conduct and Ethics, which is available in the Corporate Governance section of our website at <http://www.pacwest.com>.

Directors are encouraged to attend annual meetings of our shareholders. At our 2004 annual meeting of shareholders, all directors then standing for reelection were in attendance.

Code of Ethics

The Company maintains a Code of Business Conduct and Ethics that is applicable to all employees of the Company. The Code of Ethics for Financial Professionals is intended to supplement the Code of Business Conduct and Ethics and applies to the Company's chief executive officer, chief financial officer, controller and any person performing similar functions for the Company. The Code of Business Conduct and Ethics

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embodies the commitment of the board to manage the business of the Company in accordance with the highest standards of ethical conduct. Copies of the foregoing are available at <http://www.pacwest.com> or in print to any shareholder upon request and without charge. The Company intends to disclose on its website any amendments to, or waivers from, its Code of Business Conduct and Ethics and Code of Ethics for Financial Professionals, on behalf of any executive officer, financial professional or director of the Company.

Committees of the Board of Directors

Our board of directors has standing audit, compensation, executive, nominating and corporate governance, and risk management committees, as follows:

Audit Committee. The audit committee is composed of three independent directors, Messrs. Munro (Chair), Johnson and Chandler. Among other functions, the purpose of the audit committee is to assist our board of directors generally in its oversight of the integrity of our financial reporting process and systems of internal controls regarding finance, accounting and legal compliance, the independence and performance of our independent accountants, the engagement and termination of our independent accountants and any non-audit work performed by our independent accountants and our legal compliance and ethics policies and procedures. Our board of directors has determined that all members of the audit committee are independent, within the meaning of the listing requirements of the Nasdaq Stock Market and the rules of the Securities Exchange Commission, and that Mr. Munro qualifies as an audit committee finance expert within the meaning of the rules of the Securities and Exchange Commission. The audit committee met 11 times during the fiscal year ended December 31, 2004.

The audit committee has adopted an amended and restated charter. A copy of the amended and restated audit committee charter was filed with the Securities and Exchange Commission on April 28, 2003 as part of our 2003 Proxy Statement, and is available in the Corporate Governance section of our website at <http://www.pacwest.com>.

Compensation Committee. The compensation committee is composed of three independent directors, Messrs. Plum (Chair) and Johnson and Ms. Guzman Moore. Among other functions, the compensation committee makes recommendations to our board of directors regarding the compensation of our Chief Executive Officer and other senior executive officers, awards under our compensation and benefit plans and compensation policies and practices. In particular, the compensation committee reviews and approves the goals and objectives related to the Chief Executive Officer's compensation, and evaluates the Chief Executive Officer's performance in light of those goals and objectives. In addition, the compensation committee reviews employment agreements, severance agreements and change of control agreements with our senior executive officers. Our board of directors has determined that each of the directors serving on the compensation committee is independent within the meaning of the listing requirements of the Nasdaq Stock Market. The compensation committee met seven (7) times during the fiscal year ended December 31, 2004.

The compensation committee's charter is available in the Corporate Governance section of our website at <http://www.pacwest.com>.

Executive Committee. The executive committee is composed of Messrs. Griffin (Chair), Munro and Plum, in addition to Mr. Carabelli who serves in an ex officio non-voting capacity. Among other functions, the executive committee makes recommendations to our board of directors regarding matters that arise when the full board is unable to meet. The executive committee met seventeen (17) times during the fiscal year ended December 31, 2004, which is an unusually large number of meetings for this committee, primarily resulting from the committee's work in overseeing the sale of our enterprise customers and assets, which received board approval in December 2004.

Nominating and Corporate Governance Committee. The nominating and corporate governance committee is composed of three independent directors, Messrs. Johnson (Chair), Chandler and Samples. Among other functions, the nominating and corporate governance committee establishes criteria for selecting new directors and senior executive officers, identifies individuals qualified to become members of our board of directors and senior executive officers, recommends to our board of directors such individuals as nominees and

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makes recommendations to the board with respect to committee assignments and committee chairs. In addition, this committee periodically reviews and makes recommendations to the board of directors regarding modifications to our Corporate Governance Standards. Our board of directors has determined that each of the directors serving on the nominating and corporate governance committee is independent within the meaning of the listing requirements of the Nasdaq Stock Market. The nominating and corporate governance committee met two (2) times during the fiscal year ended December 31, 2004.

The nominating and corporate governance committee's charter is available in the Corporate Governance section of our website at <http://www.pacwest.com>.

Risk Management Committee. The risk management committee is composed of three directors, Messrs. Carabelli, La Rue and Samples. Among other functions, the risk management committee reviews and consults with management regarding proposals for insurance coverage for the Company and as oversees the development of procedures and policies to assess the risk profile of the Company, vulnerabilities of operating systems and capital facilities to risk of damage or destruction and or service interruptions and preventative and remedial plans. The risk management committee met four (4) times during the fiscal year ended December 31, 2004.

Reports by Board Committees

The following report of the audit committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement or any portion hereof into any filing under the Securities Act of 1933 (Securities Act), as amended, or the Securities Exchange Act of 1934, as amended (the Exchange Act), and shall not otherwise be deemed filed under such Acts.

Report of the Audit Committee

The audit committee of our board of directors consists entirely of directors who our board of directors has determined to be independent, within the meaning of the listing requirements of the Nasdaq Stock Market and the rules of the Securities and Exchange Commission. The members of the audit committee are Messrs. Munro, Johnson and Chandler. In addition, our board has determined Mr. Munro is an audit committee financial expert within the meaning of the rules of the Securities and Exchange Commission. The audit committee operates under a written charter adopted by the board of directors, which charter is reviewed by the audit committee on an annual basis.

The audit committee oversees the financial reporting process, the systems of internal accounting and financial controls, the performance and independence of the independent auditor, the annual audit of Pac-West's financial statements, and related matters. Management is responsible for our financial reporting processes including the Company's system of internal control and for the preparation of consolidated financial statements in accordance with generally accepted accounting principles. Pac-West's independent accountants are responsible for auditing those financial statements. Our responsibility is to monitor and review these processes. Therefore, we have relied, without independent verification, on management's representation that the financial statements have been prepared with integrity and objectivity and in conformity with generally accepted accounting principles, and on the representations of the independent accountants included in their report on our financial statements.

In addition, the audit committee approves the fees and terms of all audit engagements and pre-approves all auditing services and permitted non-audit services to be performed for Pac-West by the independent auditors (subject to *de minimis* exceptions described in Section 10A(i)(1)(B) of the Exchange Act that are approved by the audit committee prior to completion of the audit). The audit committee may, from time to time, delegate its authority to pre-approve non-audit services on a preliminary basis to one or more audit committee members, provided that such designees present any such approvals to the full committee at the next committee meeting.

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On August 16, 2004, the audit committee dismissed the Company's independent accountants, KPMG LLP (KPMG) and engaged the services of BDO Seidman LLP (BDO Seidman) as the Company's new independent accountants for the remainder of 2004. The audit committee has also engaged BDO Seidman as the Company's independent accountants for 2005.

KPMG's reports on the Company's consolidated financial statements for the years ended December 31, 2002 and 2003 did not contain an adverse opinion or disclaimer of opinion, nor were such reports qualified or modified as to uncertainty, audit scope or accounting principles. During 2002 and 2003 and through the date of KPMG's dismissal, there were: (i) no disagreements with KPMG on any matter of accounting principle or practice, financial statement disclosure, or auditing scope or procedure which, if not resolved to KPMG's satisfaction, would have caused it to make reference to the subject matter of the disagreement in connection with its report on Pac-West's consolidated financial statements for such years; and (ii) there were no reportable events (as such term is defined in the regulations to the Securities Act of 1933 and the Exchange Act).

During 2002 and 2003 and through the date of KPMG's dismissal, we did not consult BDO Seidman with respect to the application of accounting principles to a specified transaction, either completed or proposed, or the type of audit opinion that might be rendered on the Company's consolidated financial statements, or any matter that was the subject of a disagreement or reportable event as described above.

The audit committee has reviewed and discussed with management and BDO Seidman the audited financial statements contained in Pac-West's Annual Report on Form 10-K for the year ended December 31, 2004. The audit committee reviewed BDO Seidman's independence and, as part of that review, received the written disclosures and letter required by the Independence Standards Board No. 1 (Independence Discussions with Audit Committees), as may be modified or supplemented, relating to BDO Seidman's independence from us. The audit committee also discussed with BDO Seidman the matters required to be discussed by Statement on Auditing Standards No. 61 (Communications with Audit Committees), as may be modified or supplemented, and had the opportunity to ask BDO Seidman questions relating to such matters.

In reliance on the reviews and discussions referred to above, the audit committee recommended to the board of directors, and the board of directors has approved, a resolution that the audited financial statements be included in Pac-West's Annual Report on Form 10-K for the fiscal year ended December 31, 2004, for filing with the Securities and Exchange Commission.

As recently as the 2003 annual meeting we submitted to a vote of our shareholders the matter of ratification of the appointment of our independent auditors for the year. This vote was only advisory because historically our board of directors (and now the audit committee) has the sole responsibility and authority under applicable law to engage and terminate our independent auditors. Because of the legal responsibility of the audit committee related to the retention and oversight of the independent auditors as set forth in the Sarbanes-Oxley Act of 2002 and related Securities and Exchange Commission rules, we dispensed with the formality of seeking ratification of the appointment of our independent auditors in 2004 and will not seek such ratification for 2005.

AUDIT COMMITTEE

Thomas A. Munro

Jerry L. Johnson

David G. Chandler

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The following summarizes the aggregate fees billed by our current independent accountants, BDO Seidman, as well as our former independent accountants, KPMG.

	2004	2003
Audit Fees(a)	\$ 673,043	\$ 288,136
Audit-Related Fees(b)	36,373	43,899
Tax Fees(c)		
All Other Fees(d)	23,403	
Total Fees	\$ 732,819	\$ 332,035

- (a) Audit Fees are fees for professional services performed by the principal auditor for the audit of the Company's consolidated annual financial statements and review of consolidated financial statements included in the Company's Forms 10-K and 10-Q filings, and services that are normally provided in connection with statutory and regulatory filings or engagements. BDO Seidman billed the Company \$268,000 for 2004 for professional services rendered for the annual financial statement audit and a quarterly financial statement review. In addition, KPMG billed the Company \$405,043 and \$288,136 in 2004 and 2003, respectively, for professional services rendered for the annual financial statement audit and quarterly financial statement reviews.
- (b) Audit-Related Fees are fees for the assurance and related services that are reasonably related to the performance of the audit or review of the Company's consolidated financial statements. These fees consisted primarily of fees for professional services provided to assist the company with the review of certain documents and the issuance of a debt compliance report. In addition, in 2003 these fees included work performed in connection with the filing of a proxy statement. For 2004, \$30,973 of this amount is attributable to KPMG and \$5,400 is attributable to BDO Seidman.
- (c) The Company uses Deloitte Tax LLP for all tax advisory services.
- (d) All Other Fees are fees for permissible professional services performed by BDO Seidman that are not encompassed in the above categories.

The audit committee has considered whether the provision of the services described above is compatible with maintaining the independence of BDO Seidman and has concluded that such services are compatible with maintaining the independence of our principal auditor. Representatives of BDO Seidman are expected to be present at the annual meeting, will have the opportunity to make a statement if they desire to do so and will be available to respond to appropriate questions.

The following report of the compensation committee shall not be deemed incorporated by reference by any general statement incorporating by reference this Proxy Statement or any portion hereof into any filing under the Securities Act, or the Exchange Act, and shall not otherwise be deemed filed under such Acts.

Compensation Committee Report on Executive Compensation

The compensation committee of the board of directors is composed entirely of independent directors within the meaning of the listing requirements of the Nasdaq Stock Market. No member of the compensation committee is a former or current officer of the Company. The compensation committee sets and administers the policies governing annual compensation of executive officers, including cash compensation, incentive compensation and stock ownership programs.

Pac-West's compensation program for executive officers is administered and reviewed by the compensation committee. The key elements of the total annual compensation for executive officers consist of fixed compensation in the form of base salary and variable compensation in the form of annual and quarterly incentive compensation. It is the compensation committee's objective to help ensure that a significant portion of an executive's total annual compensation be contingent upon the attainment of one or more performance objectives. Payments of variable incentive compensation for corporate performance are made quarterly, and incentive payments for individual performance are made semi-annually (except for the chief executive officer who is paid annually).

Incentive compensation payments are based upon various factors, including corporate, operating unit and individual performance during the preceding calendar year. An operating plan is established annually which

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sets goals for overall corporate performance relating to earnings (before interest and taxes). The chief executive officer's annual incentive compensation is based on the overall corporate performance plus specific milestones set by the board of directors for markets in operation, access lines in service and capital raising.

The variable pay program for executive officers for 2004 was comprised of two elements based on corporate performance and individual performance. The corporate performance equated to approximately fifty percent of the total variable pay target and was paid out as earned each quarter as determined by the compensation committee. The corporate performance goals were based on two primary financial measurements, including earnings before interest, taxes, depreciation and amortization (EBITDA) as a percentage of expenses, and business growth as measured by sales revenue. In addition, corporate performance takes into account customer satisfaction as measured by customer churn. The individual performance equated to approximately 50% of the annual target and was based on each executive's performance and success in meeting the business imperatives.

The chief executive officer's compensation in 2004 consisted of fixed compensation in the form of base salary as specified in his employment contract with the Company. In addition, the chief executive officer is entitled to an annual bonus as determined based on the Company's overall performance. In setting the amount of the annual bonus, the compensation committee establishes, with the assistance of the chief executive officer, a set of financial, operating and regulatory objectives and, where appropriate, specific performance metrics based upon the annual budget or industry comparables to serve as a guideline. These metrics include revenue, operating income, cash flow, plant performance, balance sheet, business growth and relative industry performance measurements. The compensation committee reviews the performance of the chief executive officer with him or her annually and based thereon determines the appropriate bonus amount. Based on the foregoing review, the compensation committee established the 2004 base salary of our chief executive officer at \$358,000 and awarded him incentive compensation in the amount of \$143,200 for the year ended December 31, 2004.

COMPENSATION COMMITTEE

Samuel A. Plum

Jerry L. Johnson

Melinda Guzman Moore

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The table below provides information regarding securities authorized for issuance under our equity compensation plans as of December 31, 2004.

Plan Category	Number of Securities to be Issued Upon Exercise of Outstanding Options, Warrants and Rights	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans(1)
Approved Plans			
1999 Stock Incentive Plan	5,119,352	\$ 1.75	369,340
2000 Employee Stock Purchase Plan(2)			579,695
Non-Approved Plans			
1998 Griffin Non-Qualified Stock Incentive	350,000	\$ 0.48	

(1) Excludes securities reflected in the first column.

(2) Amounts withheld from employees to purchase stock at June 30, 2005 are not included.

Compensation Committee Interlocks and Insider Participation

There are no family relationships between any of our directors or executive officers and there are no director interlocking relationships.

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EXECUTIVE COMPENSATION

The following table summarizes the compensation we paid in the fiscal years ended December 31, 2004, 2003 and 2002 to our named executive officers, consisting of our chief executive officer and each of our next four most highly compensated executive officers for the year ended December 31, 2004.

Annual Compensation		Long-term Compensation
Regular	All Other	