

Visiology, Inc.

TC99-014

Todd H. Lowe (205) 330-1701
Barbara L. Lowe (205) 330-1702
Bobbi Ferguson (205) 330-1703
FAX (205) 330-1705

January 28, 1999

RECEIVED

FEB 09 1999

Mr. William Bulard, Jr.
Executive Director
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501-5070

SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Application To Transfer the Certificate of Authority From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc., Notice of the Transfer of Assets From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc., and Notice of Transfer of Control of Speer Communications Virtual Media, Inc. to Precision Systems, Inc. Pursuant to South Dakota Codified Law 49-31-3

Dear Sir:

Pursuant to South Dakota Codified Law 49-31-3, enclosed are the original and eight (8) copies of the Joint Application of Speer Virtual Media, Ltd., and Speer Communications Virtual Media, Inc. its wholly owned subsidiary, for an order granting approval of:

1. the transfer of the Certificate of Authority ("Certificate") to provide telecommunications services within the State of South Dakota from Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc. and
2. the adoption of the tariff of Speer Virtual Media, Ltd. by Speer Communications Virtual Media, Inc.

Because of operational constraints, the Applicants request that the South Dakota Public Utilities Commission's ("Commission") approval of the transfer of the Certificate from SVM to SCVM be effective only on the first day of the month after Commission approval. The Applicants herewith also inform the Commission that, upon transfer of the certificate to SCVM, the assets of SVM will be transferred to SCVM and control of SCVM will be transferred to Precision Systems, Inc. The timing of the transfer of control is dependent on approvals by various regulatory agencies.

Also enclosed is a check for \$250 for the filing fee. If there are any questions regarding this Joint Application, please contact the undersigned at (205) 330-1703. So that our records will be complete, I would appreciate it if you would please date-stamp the extra copy of this transmittal letter and mail it to me in the envelope provided. Thank you for your assistance in this matter.

Sincerely,



Bobbi Ferguson
Regulatory Consultant to
Speer Communications Virtual Media, Inc.
Speer Virtual Media, Ltd.
Precision Systems, Inc.

Enclosures

BEFORE THE SOUTH DAKOTA PUBLIC UTILITIES COMMISSION

In the Matter of the Application To Transfer the Certificate of Authority From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc., Notice of the Transfer of Assets From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc., and Notice of Transfer of Control of Speer Communications Virtual Media, Inc. to Precision Systems, Inc. Pursuant to South Dakota Codified Law 49-31-3

Docket No. _____

APPLICATIONFORAPPROVAL OF TRANSFER OF CERTIFICATE OF AUTHORITY AND JOINT
NOTIFICATION OF TRANSFER OF ASSETS AND TRANSFER OF CONTROL

Speer Virtual Media, Ltd. ("SVM") and Speer Communications Virtual Media, Inc. ("SCVM") (collectively the "Applicants"), pursuant to South Dakota Codified Law 49-31-3, respectfully request the South Dakota Public Utilities Commission ("Commission") grant approval of this Joint Application to transfer the Certificate of Authority ("Certificate") from SVM to SCVM and approval of the adoption of SVM's tariff by SCVM. SVM, SCVM, and Precision Systems, Inc. ("PSI") hereby notify the Commission that, upon the transfer of the Certificate to SCVM, the assets of SVM will be transferred to SCVM. Control of SCVM will be transferred to PSI upon consummation of an agreement between privately-held companies, including SVM, that are controlled by Roy M. Speer, and PSI, a public corporation. (collectively the "Transactions").

Roy M. Speer companies currently control SVM, and through it control SCVM. After the proposed Agreement is consummated, PSI will control SCVM but Roy M. Speer, through

the various Speer companies, will control PSI. Therefore, while these transactions contemplate a technical change of control of SCVM from SVM to PSI, there will not be a change in control in any practical sense. Since companies controlled by Roy M. Speer will hold the majority of PSI's common stock upon consummation of the Agreement, the ultimate control of SCVM will still reside with Roy M. Speer. SVM, SCVM, and PSI therefore notify the Commission of the proposed Transactions described in detail herein. SVM and PSI currently are not affiliated with each other. The Applicants expect to consummate the transfer of control subject to approval of the PSI shareholders, the Securities and Exchange Commission, approval of various state authorities, and satisfaction of other customary conditions.

The Applicants submit the following information in support of this Application:

I. The Companies

SVM is a limited partnership with its principal offices located at 3201 Dickerson Pike, Nashville, Tennessee 37207. SVM received authority to provide intrastate interexchange service on October 3, 1997 in Docket No. TC97-072.

SCVM is a corporation organized under the laws of Delaware with its principal place of business at 3201 Dickerson Pike, Nashville, Tennessee 37207. SCVM, a wholly owned subsidiary of SVM, will become the telecommunications arm of SVM assuming full responsibility for all existing communications assets, customers, and services.

PSI is a Delaware corporation with its principal place of business at 11800 30th Court North, St. Petersburg, Florida 33716. PSI's stock is publicly traded on the NASDAQ Exchange. PSI is a global company that, together with its subsidiaries, Vicorp N.V. ("Vicorp") and BFD Productions, Inc. ("BFD") delivers telecommunications solutions to service providers and corporations. Vicorp's software and hardware products support enhanced calling and prepaid services, toll-free services, and advanced call center applications. BFD is a service bureau specializing in audiotext and Internet applications. PSI has customers in more than thirty (30) countries.

II. Designated Contacts

The designated contacts for questions concerning this Joint Application are:

Bobbi Ferguson
Visiology, Inc.
16061 Carmel Bay Drive
Northport, Alabama 35475
Telephone: (205) 330-1703
Fax: (205) 330-1705

Copies of any correspondence should also be sent to the following designated representatives:

For the Speer Companies

Rachael E. Schwartz
Baker & McKenzie
815 Connecticut Ave., N.W.
Washington, D.C. 20006

Telephone: (202) 452-7000

Fax: (202) 452-7074

For Precision Systems, Inc.

Jennifer I. Oswald

Troutman and Sanders

600 Peachtree Street, N.E. Suite 5200

Atlanta, Georgia 30208

Telephone: (404) 885-3516

Fax: (404) 885-3995

III. Transfer of Certificate from SVM to SCVM

Speer Communications Virtual Media, Inc., a Delaware corporation, represents that it is its intention to engage in the business of a reseller of telecommunications services in the State of South Dakota under the business name of Speer Communications Virtual Media, Inc. Said SCVM for purposes of verification and in evidence of its fitness to operate, offers the information included at Attachment 1 in support of this request to transfer the Certificate of SVM to its wholly owned subsidiary, SCVM.

SCVM possesses the financial ability necessary to offer and maintain its proposed services. Attachment 2 contains SCVM's proforma financial information post-transfer of control to PSI. As a wholly owned subsidiary, SCVM will be able to draw on the resources of its parent companies if necessary.

IV. Notification of Transfer of Assets to SCVM

SVM hereby notifies the Commission of its intent to transfer its assets including its South Dakota customers to its wholly owned subsidiary, SCVM. Upon consummation of the transaction, SCVM will provide service to customers under SCVM's name. SCVM's tariff will mirror that of SVM currently on file with the Commission.

SCVM will provide high quality, affordable telecommunications services to the public. As such, this asset transfer will not in any way disrupt service nor cause inconvenience or confusion to SVM's customers. Indeed, the transaction will be virtually seamless to customers in terms of the services they receive since there is no change in underlying carrier, tariffs, services, rates, charges, or customer service numbers. Notice of the proposed transfer to SCVM has been provided to SVM's customers. A copy of the notice is attached at Attachment 3.

V. Notification of the Transfer of Control of SCVM to PSI

The Speer companies and PSI have determined that they will realize significant revenue enhancements and operating synergies by combining. Accordingly, the Speer companies and PSI have executed the Agreement, whereby the Speer companies will contribute cash and other selected assets including telecommunications assets to PSI in exchange for the majority of PSI common stock. After the proposed transaction is consummated, Mr. Roy M. Speer, through the Speer companies, will control the majority of the outstanding stock of PSI. A copy of SEC

Schedule 13 D/A summarizing the Agreement and related financial information is attached at Exhibit F. PSI will control SCVM but Roy M. Speer, through the various Speer companies, will control PSI. For the Commission's reference, the pre-transfer and the post-transfer organizational charts are attached at Attachment 4.

Upon consummation of the transfer of control described herein, the Joint Applicants expect that for the foreseeable future SCVM, as a member of the Speer companies, will continue to provide high quality, affordable telecommunications services to the public. As such, the Transactions will not in any way disrupt service or cause inconvenience or confusion to the customers. Indeed, the Transactions will be virtually seamless to customers in terms of the services they currently receive, but it will make additional products and services available to both Speer's and PSI's customers throughout the country, including customers in South Dakota.

VI. Proposed Tariff

SCVM's tariff mirrors SVM's tariff currently on file with the Commission and any subsequent amendments thereto. Therefore, there will be no changes in the services, rates, and charges for customers. A copy of the proposed tariff is included at Exhibit I in Attachment 1.

VII. Public Interest Considerations

Neither SCVM or PSI has any pending or final decisions or judgements against it from the Commission or any other state or federal agency involving service to customers or rate charges.

Consummation of the proposed Transactions will serve the public interest in promoting competition in the telecommunications market by providing the Speer companies, including SVM, SCVM, and PSI, the opportunity to strengthen their competitive positions by combining their financial resources and complementary services, facilities, and expertise. Bringing PSI into the Speer companies will allow the combined company to offer a broad array of new products and services. These new products and services include information solutions that integrate voice, data and full motion video provided across private networks and the Internet to homes, businesses, carriers, and Internet service providers throughout the United States.

The proposed Transactions will also exploit the cultural and synergistic fit of the management teams of the Speer companies and PSI. Accordingly, the proposed Transactions will benefit customers through improved services and an increased diversity of products, thereby promoting competition in South Dakota.

Verifications by the Applicants are enclosed at Attachment 5.

WHEREFORE, the Applicants respectfully requests the Commission authorize the Transactions contained in this Joint Application and approve:

1. the transfer of SVM's Certificate to SCVM to be effective on the first day of the month after Commission approval due to operational constraints and the necessity to ensure a seamless customer transition

2. approve the adoption of SVM's tariff by SCVM.

Respectfully submitted,
Speer Virtual Media, Ltd.
Speer Communications Virtual Media, Inc.
Precision Systems, Inc.

By: Bobbi Ferguson
Bobbi Ferguson
Consultant for the Applicants

January 28, 1999

ATTACHMENTS**ATTACHMENT**

SCVM'S CERTIFICATION INFORMATION	1
SCVM'S PROFORMA FINANCIAL INFORMATION	2
CUSTOMER NOTICE	3
PRE-TRANSFER & POST-TRANSFER ORGANIZATIONAL CHARTS	4
VERIFICATIONS	5

ATTACHMENT 1

SCVM'S CERTIFICATION INFORMATION

SCVM CERTIFICATION INFORMATION

In furtherance thereof, Applicant respectfully submits the following as required by Telecommunications Services Rules 20:10:24:02.

- (1) The name, address, and telephone number:

Speer Communications Virtual Media, Inc.
3201 Dickerson Pike
Nashville, Tennessee 37207
(615) 650-6600

(2) Contact Person, Address, and Telephone Number: Correspondence, communications, and orders and decisions of the Commission on an ongoing basis should be directed to Bobbi Ferguson, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475. The customer service toll free number is (800) 854-6000.

(3) The name under which service will be provided if different than in subdivision (1) of this section: N/A

- (3) If the applicant is a corporation:

(a) The state in which it is incorporated, the date of incorporation, and a copy of its certificate of incorporation or, if it is an out-of-state corporation, a copy of its certificate of authority to transact business in South Dakota from the Secretary of State: SCVM was incorporated in the State of Delaware on July 15, 1998. A copy of SCVM's certificate of authority to transact business in South Dakota is

SCVM CERTIFICATION INFORMATION

attached at Exhibit A.

- (b) The location of its principal office, if any, in this state and the name and address of its current registered agent: SCVM does not maintain an office in South Dakota. Its registered agent in south Dakota is National Registered Agents, Inc., 310 South First Street, Sioux Falls, SD 57102.
 - (c) The names and addresses of any corporation, association, partnership, c.operative, or individual holding a twenty (20) percent or greater ownership management interest in the application corporation and the amount and character the ownership of management interest: SCVM is a wholly owned subsidiary of Speer Communications Virtual Media, Inc., 3201 Dickerson Pike, Nashville, Tennessee 37207.
 - (d) The names and addresses of subsidiaries owned or controlled by the applicant: SCVM does not own or control subsidiaries.
- (4) If the applicant is a partnership, the name, title, and business address of each partner, both general and limited: N/A Applicant is a corporation.
- (5) A specific description of the telecommunications services to be offered: SCVM will

SCVM CERTIFICATION INFORMATION

offer outbound and inbound telecommunications services, directory assistance service, calling card service, and prepaid calling card services. A detailed service description is provided in the proposed tariff attached at Exhibit I.

(6) A detailed statement of the means by which services will be provided, including the type and quantity of equipment to be used in the operation, the capacity, and the expected use of the equipment: SCVM is a switched-based reseller of telecommunication services provided by Sprint. Customers may use switched or dedicated access. Switched access is provided by the LEC. The customer may purchase dedicated access from the LEC or any other certified access provider. Representative access diagrams are shown at Exhibit D.

Calling card services will be provided using the Sprint network and SCVM's platform. SCVM's call processing platform consists of an IBM RS 6000 combined with a Harris LX 20-20 switch. The Harris LX 20-20, utilized by SCVM, has end-to-end digital transmission, excellent voice quality, and data capability. Each subsystem within the system is redundant, and the switch has internal testing capabilities that monitor quality influencing factors. The Harris Corporation has over twenty years experience of PBX, private network, and interexchange carrier experience. In the unlikely event that a problem should arise with the Harris LX 20-20 discussed above, SCVM's customer service representatives, technicians, and engineers are available seven days per week, twenty-four hours per day.

SCVM CERTIFICATION INFORMATION

(7) The geographic areas in which the services will be offered, including a map describing the service area: Service will be offered throughout the State of South Dakota. See Exhibit E.

(8) Current financial statements; a copy of the applicant's latest annual report; a copy of the applicant's report to stockholders; and a copy of the applicant's tariff with the terms and conditions of service: As a new company, Speer Communications Virtual Media, Inc. does not have a balance sheet and income statement. Speer Communications Virtual Media, Inc. is a wholly owned subsidiary of Speer Virtual Media, Ltd. which was granted a certificate of public convenience and necessity by the Commission on October 3, 1997 in Docket No. TC97-072. Therefore, SCVM requests that the financial information regarding SVM that was provided in Docket No. TC 97-072 be incorporated herein by reference.

* SCVM's proposed tariff is attached at Exhibit I.

(9) The names and addresses of the applicant's representatives to whom all inquiries should be made regarding complaints and regulatory matters and a description of how customer billings and customer service matters will be handled: Questions should be directed to Bobbi Ferguson, Sr. Consultant, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475, who can be reached at (205) 330-1703. Questions regarding the on-going operations of the Company (complaints and regulatory matters) should be directed to Bobbi Ferguson, Sr. Consultant, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475, who can be reached at

SCVM CERTIFICATION INFORMATION

(205) 330-1703. A description of how SCVM handles customer billings and complaints may be found in the Tariff at Exhibit I Sections 2.9.1, 2.9.2, and 2.9.3.

(10) A list of the states in which SCVM is registered or certified to do business and if the company has ever been denied registration or certification in any state and the reason for the denial. SCVM is currently in the process of filing in all fifty states for either certification as a switched-based reseller or for transfer of the certificate of its parent company, Speer Virtual Media, Ltd. to SCVM. SCVM has not been denied registration or certification in any state. SCVM has been granted certification or registered in Idaho, Iowa, Massachusetts, Michigan, Montana, New Hampshire, New Jersey, Oregon, Rhode Island, Texas, Utah, Virginia, and Wyoming.

(11) A detailed description of how the applicant intends to market its services, the qualifications of its marketing sales personnel, its target market, whether the applicant engages in multilevel marketing, and copies of any company brochures used to assist in the sale of services. SCVM's services will be sold by company representatives and independent sales agents selected and trained by the company. These agents will earn sales commissions. From time-to-time, the Company may offer its sales staff or agents contests or other award programs. SCVM does not engage in multilevel marketing. SCVM's primary target market is the business customer although service is available to residential customers. Each customer will be required to enter into a written service agreement. SCVM has not yet developed any brochures or

SCVM CERTIFICATION INFORMATION

marketing materials,

(12) Initially, SCVM does not plan to offer noncompetitive services.

SCVM furnishes the following additional information in support of this Application.

(13) SCVM possesses the necessary managerial capability to provide the proposed service. Mr. Lee Provow is President of Speer Communications Virtual Media, Inc. He is responsible for the overall operations of the company including worldwide sales and marketing. In 1995, Mr. Provow was a co-founder of GridNet International ("GridNet") which built and marketed a wholesale Internet access backbone network for Worldcom. GridNet specialized in value added intranet solutions for major corporations. While with GridNet, he served as Executive Vice President/Chief Operating Officer responsible for operations including sales and marketing. Prior to working for GridNet, Mr. Provow was with AT&T GIS, formerly NCR. He held increasingly responsible positions and was promoted to Assistant Vice President of Product Management and Strategic Planning. In 1992, he was named Vice President of Self Service Systems Division, Product Marketing. Prior to leaving AT&T GIS in 1995, he held the position of Vice President and Company Officer of Retail Products and Systems Marketing Product Management and Product Marketing and Support.

Mr. Frank Gruber is Vice President of Speer Communications Virtual Media, Inc. He is

SCVM CERTIFICATION INFORMATION

responsible for technical services and software development. Mr. Gruber has over thirty (30) years experience in data processing and communications and was formally the co-founder of Enhanced Software Communications, Inc. ("ESC") which builds enhanced communication software products such as prepaid calling card and post-paid billing systems for communication companies including Internet Service Providers. At ESC, Mr. Gruber directed product planning and sales and marketing. Mr. Gruber was involved in the formation of GridNet International. Prior to GridNet International being sold to WorldCom, Mr. Gruber was responsible for network software development and billing systems. In 1992, Mr. Gruber formed Teledata International, a prepaid international calling card company. Mr. Gruber was responsible for building the MCI corporate "Phone Cash" card which led to a multi-year contract to provide all services to MCI. During this period, Teledata International won the United Nations contract to provide telephony services within Bosnia and Haiti building sixty (60) remote call locations utilizing compressed satellite technology. Mr. Gruber founded his first company, US Teledata ("USTD"), and built an operator service company utilizing a unique concept of automated and live operators. USTD also supplied the engineering talent to MCI and M.C.C. to provide the first remote military call center on site in Kuwait and Saudi Arabia during the Desert Storm operation. USTD was sold to Electronic Data Services in 1992. Mr. Gruber's early telecommunications career was spent with National Data Corporation where he rose through the ranks to Group Vice President in charge of all technical services, programming systems, and operations.

- (14) SCVM possesses the necessary technical capability to provide the proposed service.

SCVM CERTIFICATION INFORMATION

Because SCVM is a non-facilities-based (switchless) reseller for all services other than calling card services, the facilities of the underlying carrier are to be used. Therefore, the technical ability of the underlying carrier to provide service is more germane than the technical ability of SCVM. That ability has already been demonstrated by the underlying carrier's prior operations in the State of South Dakota. SCVM will only resell services of underlying carriers that are approved by the Commission to provide service in the state. Also see information provided in paragraph (6) above.

(15) That the public interest will be served by the granting of this Application. SCVM submits that the grant of this Application would serve the public convenience and necessity. Grant of SCVM' Application would increase competition in the long distance telecommunication market in South Dakota, present greater price and service options for telephone users, and promote technological innovation. In addition, by lowering the costs of telecommunications, small and medium sized businesses are able to maintain their all important communications costs at levels that are closer to those available to larger users. All of this SCVM believes, improves the competitive environment not only in telecommunications but also generally. It will allow South Dakota companies to compete on a more equal basis with their outstate competitors who may already be benefiting from lower telecommunications costs.

EXHIBITS TO ATTACHMENT 1

Exhibit

South Dakota Certificate of Authority	A
20 Percent Ownership Management Interest	B
Management Agreements	C
Access Diagrams	D
Service Area	E
Current Balance Sheet	F
Current Income Statement	G
Annual Report and Report to Stockholders	H
Tariff	I

EXHIBIT A
SOUTH DAKOTA CERTIFICATE OF AUTHORITY

PREPARED FOR
SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

State of South Dakota



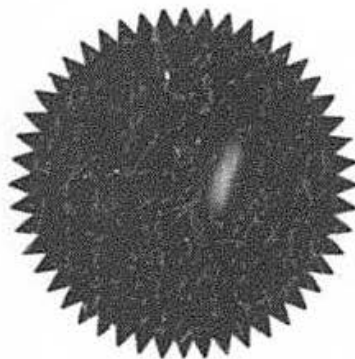
OFFICE OF THE SECRETARY OF STATE

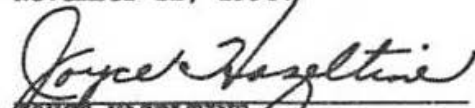
CERTIFICATE OF AUTHORITY

I, JOYCE HAZELTINE, Secretary of State of the State of South Dakota, hereby certify that duplicate of the Application for a Certificate of Authority of SPEER COMMUNICATIONS VIRTUAL MEDIA, INC. (DE) to transact business in this state duly signed and verified pursuant to the provisions of the South Dakota Corporation Acts, have been received in this office and are found to conform to law.

ACCORDINGLY and by virtue of the authority vested in me by law, I hereby issue this Certificate of Authority and attach hereto a duplicate of the application to transact business in this state.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of South Dakota, at Pierre, the Capital, this November 12, 1998.




JOYCE HAZELTINE
Secretary of State

SECRETARY OF STATE
STATE CAPITOL
500 E. CAPITOL
PIERRE, S.D. 57501-8079
605-773-8345
(605) 773-8550

FILE NO. _____
RECEIPT NO. _____

RECEIVED

OCT 19 1998

S.D. SEC. OF STATE
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NOV 12 1998

S.D. SEC. OF STATE

APPLICATION FOR CERTIFICATE OF AUTHORITY

Pursuant to the provisions of SDCL 47-8-7, the undersigned corporation hereby applies for a Certificate of Authority to transact business in the State of South Dakota and for that purpose submits the following statement:

(1) The name of the corporation is SPEER COMMUNICATIONS VIRTUAL MEDIA, INC.
(Exact corporate name)

(2) If the name of the corporation does not contain the word "corporation", "company", "incorporated" or "limited" or does not contain an abbreviation of one of such words, then the name of the corporation with the word or abbreviation which it elects to add thereto for use in this state is _____

(3) State where incorporated Delaware Federal Taxpayer ID# _____

(4) The date of its incorporation is 7-15-98 and the period of its duration, which may be perpetual, is Perpetual

(5) The address of its principal office in the state or country under the laws of which it is incorporated is 9 East Lookerman Street, Dover, DE Zip Code 19901

mailing address if different from above is: _____
3201 Dickerson Pike, Nashville, TN Zip Code 37207

(6) The street address, or statement that there is no street address, of its proposed registered office in the State of South Dakota is 300 South Phillips Ave., Ste 300, Sioux Falls Zip 57102
and the name of its proposed registered agent in the State of South Dakota at that address is National Registered Agents, Inc.

(7) The purposes which it proposes to pursue in the transaction of business in the State of South Dakota are: (state specific purpose) Telecommunication Services

(8) The names and respective addresses of its directors and officers are:

Name	Officer Title	Street Address	City	State	Zip
SEE ATTACHED ADDENDUM					

(9) The aggregate number of shares which it has authority to issue, itemized by classes, per value of shares, shares without par value, and series, if any, within a class is:

Number of shares	Class	Series	Par value per share or statement that shares are without par value
10,000	Common		.01

(10) The aggregate number of its issued shares, itemized by classes, per value of shares, shares without par value, and series, if any, within a class, is:

Number of shares	Class	Series	Per value per share or statement that shares are without par value
10,000	Common		.01

(11) The amount of its stated capital is \$ 100

Shares issued times per value equals stated capital. In the case of no par value stock, stated capital is the consideration received for the issued shares.

(12) This application is accompanied by a CERTIFICATE OF FACT or a CERTIFICATE OF GOOD STANDING duly acknowledged by the secretary of state or other officer having custody of corporate records in the state or country under whose laws it is incorporated.

(13) That such corporation shall not directly or indirectly combine or make any contract with any incorporated company, foreign or domestic, through their stockholders or the trustees or assigns of such stockholders, or with any copartnership or association of persons, or in any manner whatever to fix the prices, limit the production or regulate the transportation of any product or commodity so as to prevent competition in such prices, production or transportation or to establish excessive prices therefor.

(14) That such corporation, as a consideration of its being permitted to begin or continue doing business within the State of South Dakota, will comply with all the laws of the said State with regard to foreign corporations.

The application must be signed, in the presence of a notary public, by the chairman of the board of directors, or by the president or by another officer.

I DECLARE AND AFFIRM UNDER THE PENALTY OF PERJURY THAT THIS APPLICATION IS IN ALL THINGS, TRUE AND CORRECT.

Dated 10-12 19 98

[Signature]
(Signature)

President

(Title)

State of TENNESSEE
County of DAVIDSON

On this 12th day of OCTOBER, 19 98, before me VICKIE McLUTCHEN personally appeared Lee Provov, known to me, or proved to me, to be the President of the corporation that is described in and that executed the within instrument and acknowledged to me that such corporation executed same.

My Commission Expires MAY 28, 2000

Vickie McLutchen
(Notary Public)

Notarial Seal

The Consent of Appointment below must be signed by the registered agent listed in number six.

CONSENT OF APPOINTMENT BY THE REGISTERED AGENT

I, National Registered Agents, Inc., hereby give my consent to serve as the
(name of registered agent)

registered agent for SPEED COMMUNICATIONS VIRTUAL MEDIA, INC.
(corporate name)

Dated 10-16 19 98

[Signature]
(signature of registered agent) Asst. Sec.

Addendum

SPEER COMMUNICATIONS VIRTUAL MEDIA, INC.

Officers and Directors List

Officers:

President:	Lee Provow, 3201 Dickerson Pike, Nashville, TN 37207
Vice President:	Frank Gruber, 3201 Dickerson Pike, Nashville, TN 37207
Secretary:	Frank Gruber, 3201 Dickerson Pike, Nashville, TN 37207

Directors:

Lee Provow	3201 Dickerson Pike, Nashville, TN 37207
Frank Gruber	3201 Dickerson Pike, Nashville, TN 37207

Secretary of State

State Capitol, Ste 204
500 East Capitol Avenue
Pierre, South Dakota
57501-6070
sdsos@sos.state.sd.us



JOYCE HAZELTINE

Secretary of State

TOM LOCKEY
Deputy

FROM: Joyce Hazeltine, Secretary of State
Corporations

RE: FOREIGN CORPORATION

The application for certificate of authority has been received and filed on behalf of the name enclosed.

Enclosed is the Certificate attached to the duplicate application along with a receipt for the filing fee.

SDCL: 47-9-3 requires the filing of a corporate annual report with our office between the anniversary date of qualification and prior to the first day of the second month following. The report is due the year following qualification. An annual report form will be mailed to the corporate address listed in number five on the application for timely filing. Please contact our office if the corporate address changes or if the form is not received.

Thank you.

EXHIBIT B

20 PERCENT OWNERSHIP MANAGEMENT INTEREST

Applicant is a wholly owned subsidiary of Speer Virtual Media, Ltd.

OFFICERS & DIRECTORS

Officers & Directors	
Name/Title	Address
Lee Provow President	3201 Dickerson Pike Nashville, Tennessee 37207 (615) 650-6600
Frank Gruber Vice President	

PREPARED FOR

**SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

EXHIBIT C
MANAGEMENT AGREEMENTS

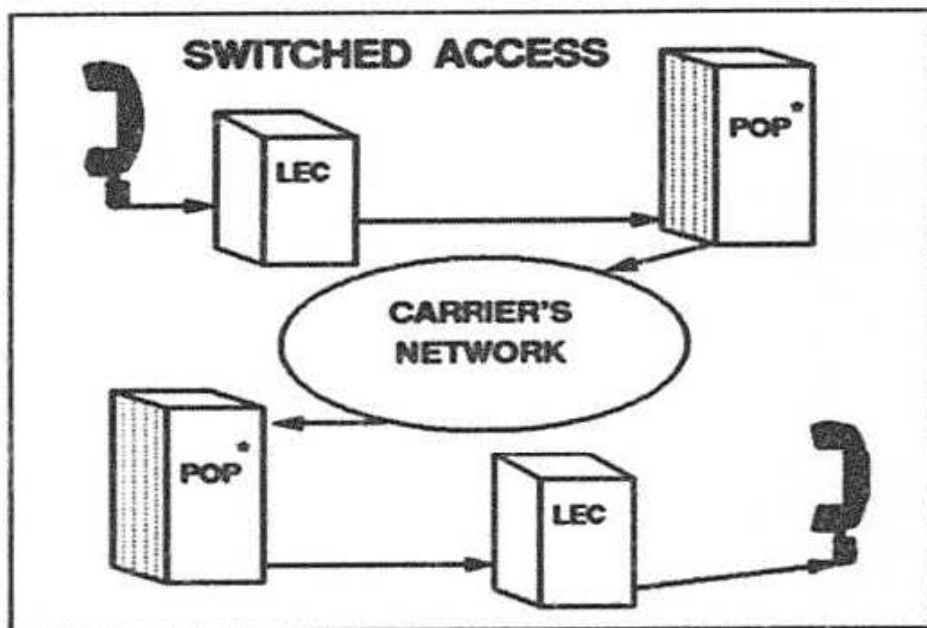
Speer Communications Virtual Media, Inc. does not have any management agreements.

PREPARED FOR
SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

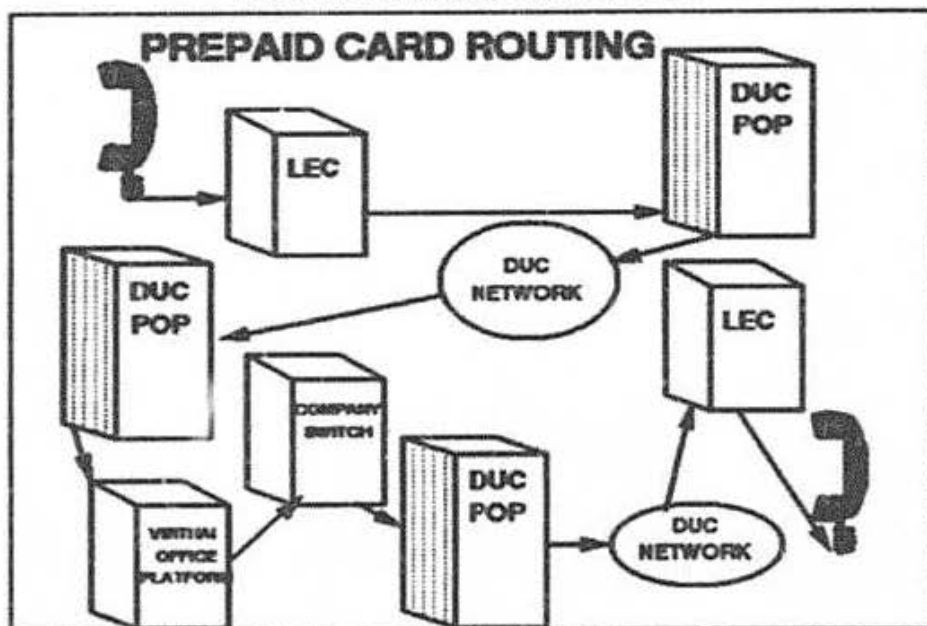
EXHIBIT D
ACCESS DIAGRAMS

PREPARED FOR
SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

REPRESENTATIVE ACCESS DIAGRAMS

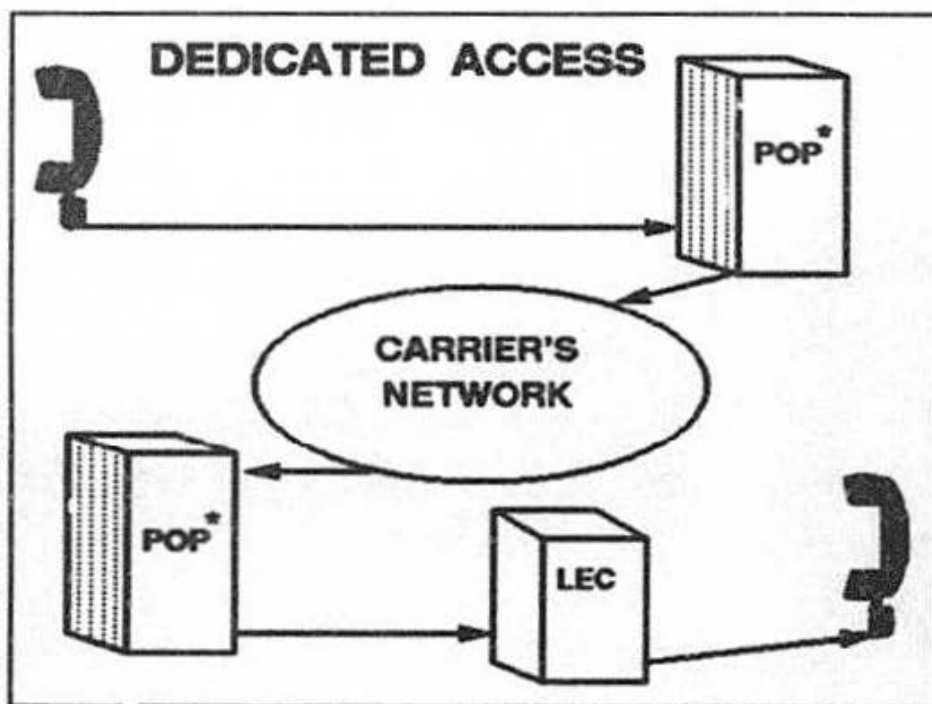


ROUTING FOR PREPAID CALLING CARDS AND VIRTUAL OFFICE SERVICES



* POP - CARRIER'S POINT-OF-PRESENCE

REPRESENTATIVE ACCESS DIAGRAMS



POP - CARRIER'S POINT-OF-PRESENCE

EXHIBIT E
SERVICE AREA

PREPARED FOR
SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION

SERVICE AREA

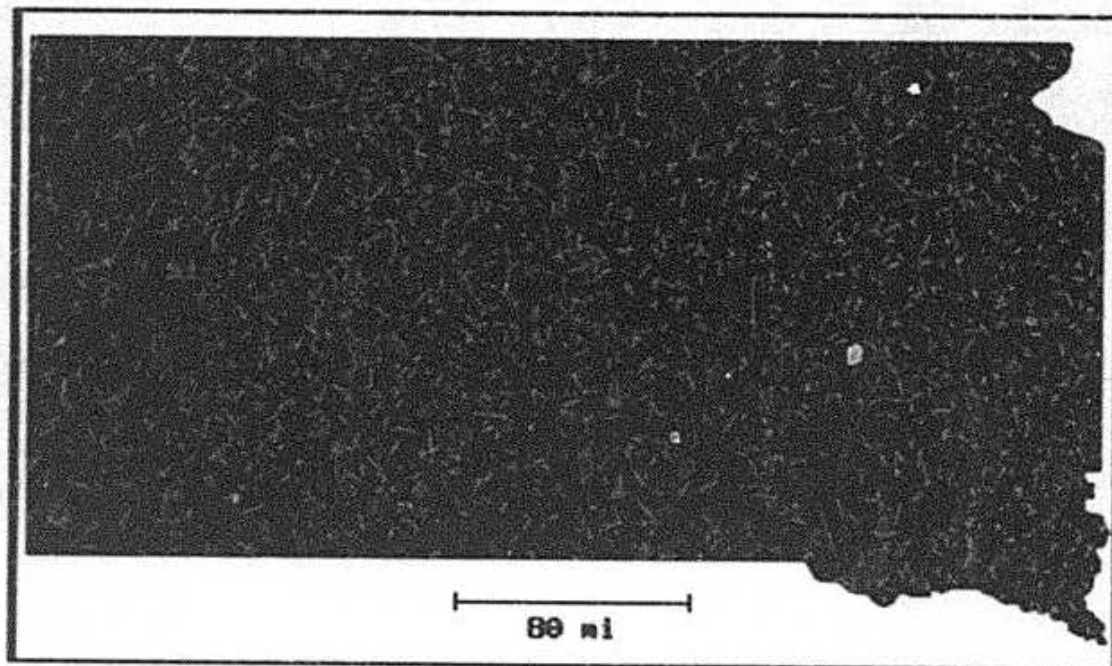


EXHIBIT F

CURRENT BALANCE SHEET

As a new company, Speer Communications Virtual Media, Inc. does not have a balance sheet and income statement. Speer Communications Virtual Media, Inc. is a wholly owned subsidiary of Speer Virtual Media, Ltd. which was granted a Certificate on October 3, 1997 in Docket No. TC97-072. Therefore, SCVM requests that the financial information regarding SVM that was provided in Docket No. TC97-072 be incorporated herein by reference.

PREPARED FOR

SOUTH DAKOTA

PUBLIC UTILITIES COMMISSION

EXHIBIT G

CURRENT INCOME STATEMENT

As a new company, Speer Communications Virtual Media, Inc. does not have a balance sheet and income statement. Speer Communications Virtual Media, Inc. is a wholly owned subsidiary of Speer Virtual Media, Ltd. which was granted a Certificate on October 3, 1997 in Docket No. TC97-072. Therefore, SCVM requests that the financial information regarding SVM that was provided in Docket No. TC97-072 be incorporated herein by reference.

PREPARED FOR

SOUTH DAKOTA

PUBLIC UTILITIES COMMISSION

EXHIBIT H

**ANNUAL REPORT AND REPORT TO
STOCKHOLDERS**

Speer Communications Virtual Media, Inc. does not prepare an Annual Report or Report to Stockholders.

PREPARED FOR

**SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

EXHIBIT I

TARIFF

PREPARED FOR

**SOUTH DAKOTA
PUBLIC UTILITIES COMMISSION**

Speer Communications Virtual Media, Inc.
Lee Provow, President
3201 Dickerson Pike
Nashville, Tennessee 37207

South Dakota P.U.C. No. 1
Original Page 1

Issued: January 28, 1999
Effective:

SPEER COMMUNICATIONS VIRTUAL MEDIA, INC.

THIS TARIFF CONTAINS THE

REGULATIONS AND RATES APPLICABLE TO THE PROVISION

OF INTEREXCHANGE TELECOMMUNICATIONS SERVICES

WITHIN THE STATE OF SOUTH DAKOTA

Speer Communications Virtual Media, Inc.
Lee Provow, President
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Nashville, Tennessee 37207

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CHECK PAGE

Each page of this Tariff is effective as of the date shown at the top of the page. Original and revised pages as named below comprise all changes from the original Tariff.

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CONCURRING, CONNECTING OR
OTHER PARTICIPATING CARRIERS

None

SYMBOLS

The following are the only symbols used for the purposes indicated below:

- C - Changed regulation
- D - Discontinued rate or regulation
- I - Increase
- M - Matter relocated without change
- N - New rate or regulation
- R - Reduction
- S - Reissued matter
- T - Change in text, but no change in rate or regulation
- Z - Correction

TARIFF FORMAT

- A. Page Numbering - Page numbers appear in the upper right corner of the page. Pages are numbered sequentially. However, new pages are occasionally added to the Tariff. When a new page is added between pages already in effect, a decimal is added. For example, a new page added between pages 14 and 15 would be 14.1.
- B. Page Revision Numbers - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current page version on file with the Commission. For example, the 4th Revised Page 14 cancels the 3rd Revised Page 14.
- C. Paragraph Numbering Sequence - There are seven levels of paragraph coding. Each level of coding is subservient to its next higher level:
- 2.
 - 2.1
 - 2.1.1
 - 2.1.1 (A)
 - 2.1.1 (A).1
 - 2.1.1 (A).1.a
 - 2.1.1 (A).1.a.i
- D. Check Pages - When a Tariff filing is made with the Commission, an updated check page accompanies the Tariff filing. The check page lists the pages contained in the Tariff, with a cross-reference to the current revision number. When new pages are added, the check page is changed to reflect the revision.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Applicant: Applicant is any entity or individual who applies for Service under this Tariff.

ANI: ANI stands for Automatic Number Identification.

Blocking: Blocking is a temporary condition that may be initiated by the Company or the DUC so that the Customer cannot complete a telephone call.

Business Customer: A Business Customer is a Customer who subscribes to the Company's service(s) in the name of business, trade, or profession.

CAP: CAP is an acronym for Competitive Access Provider which is any provider of local access service other than the Local Exchange Carrier.

Cardholder: Cardholder is the associate, member, Customer, or other individual that uses the Company's Prepaid Calling Card Service.

CLEC: CLEC stands for Competitive Local Exchange Carrier and is any carrier or reseller offering local exchange telecommunications services other than the incumbent LEC.

Clip Rate: Clip Rate is the unit rate used to decrement a Prepaid Calling Card account balance.

Company: Company refers to Speer Communications Virtual Media, Inc.

Commission: Commission refers to the South Dakota Public Utilities or any succeeding agency.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Conference Bridge: Conference Bridge is equipment which allows for four or more participants on the same call.

Coordinator: Coordinator is a term used in conjunction with the Conference Service and is the operator responsible for a given conference call.

Credit Card: Credit Card refers to Amex®, Discover®, MasterCard®, Visa® or other Credit Card companies as appropriate.

Customer: The Customer is a person or legal entity which subscribes to Service from the Company and thereby assumes responsibility for the payment of charges and compliance with the Company's Tariff regulations.

DUC: DUC stands for Designated Underlying Carrier.

Employees: The term Employees refers to the active and retired employees of the Company and all subsidiaries, affiliates, and any other groups designated by the Company.

End User: End User is the person or legal entity which uses the Service provided by the Company.

F.C.C.: F.C.C. stands for Federal Communications Commission or any succeeding agency.

Host: The term Host is used in conjunction with Conference Service and refers to the Customer's coordinator of a conference call.

ICB: ICB stands for Individual Case Basis.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Inbound Service: Inbound Service(s) permit calls to be completed to the Customer's location without charge to the calling party. Access to Inbound Service is gained by dialing a ten-digit telephone number, (800/888) NXX-XXXX, which terminates at the Customer's requested location.

InterLATA Call: An interLATA call is any call that originates in one LATA and terminates in a different LATA.

IntraLATA Call: An intraLATA call is any call that originates and terminates within the same LATA.

IXC: IXC stands for Interexchange Carrier.

LATA: LATA stands for Local Access Transport Area, which is a geographic area established for the provision and administration of communications service as provided for in the Modification of Final Judgment and any further modification thereto.

LEC: LEC stands for Local Exchange Carrier.

LOA: LOA stands for Letter of Agency.

Modification of Final Judgment: Modification of Final Judgment refers to the judicial opinion set forth at United States vs. American Telephone & Telegraph Company, 552 F. Supp. 131 (D.D.C. 1982).

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

NPA: NPA literally stands for Numbering Plan Area but is more commonly referred to as an area code.

NXX: NXX is the first three digits of the Customer's telephone number. N is a number between 2 and 9. X is a number between 0 and 9.

PBX: PBX stands for Private Branch Exchange.

PIC: PIC stands for Primary Interexchange Carrier.

PIN: PIN is an acronym for Personal Identification Number which is a unique number assigned to each calling card or Prepaid Calling Card for the purpose of accessing Service.

Platform: Platform refers to the Company's proprietary computer technology that provides Calling Card Service, Prepaid Calling Card Service and a voice mail service which includes unregulated features such as fax mailbox, e-mail, information services, and broadcast fax, and regulated features which include the ability to place inbound, outbound, and calling card long distance calls.

Point-of-Sale: Point-of-Sale is the location at which the Cardholder purchases the Prepaid Calling Card.

Prepaid Calling Card: Prepaid Calling Card Service allows a Customer to purchase a predetermined amount of access to the Company's long distance and directory assistance Services prior to the use of Service(s).

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

P.U.C.: P.U.C. stands for Public Utilities Commission.

Rate Center: A Rate Center is a specified geographical location used for determining mileage measurements.

Residential Customer: A Residential Customer is a Customer who subscribes to a Service for a non-business, non-trade, or non-professional purpose.

Site: Site is a term used in connection with Conference and refers to the telephone line connected to the Conference Bridge.

Service: Service consists of any telecommunications Service provided by the Company pursuant to this Tariff.

State: State refers to the State of South Dakota.

Switched Access: If the Customer's location has a transmission line that is switched through the LEC, CLEC or CAP to reach the long distance network, the access is Switched Access.

Underlying Carrier: Underlying Carrier refers to any interexchange carrier that provides long distance Service resold by the Company pursuant to this Tariff.

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SECTION 2 - RULES AND REGULATIONS

2.1 Undertaking of the Company

2.1.1 This Tariff contains the description, regulations, and rates applicable to intrastate IntraLATA and intrastate InterLATA telecommunications Service offered by the Company with principal offices located at 3201 Dickerson Pike, Nashville, Tennessee 37207. Service is furnished for communications originating and terminating at points within the State under terms of this Tariff. Service is provisioned via the Company's switch, or by the DUC, or both. Unless otherwise stated in the Tariff, the method of provisioning a specific Service is determined by the Company, and the selection of the DUC is made by the Company.

2.1.2 The Company shall not be deemed to have waived or impaired any right, power, requirement or option reserved by this Tariff (including, without limitation, the right to demand exact compliance with every term and condition herein), by virtue of any custom or practice of the Company at variance with the terms hereof, or any failure, refusal or neglect of Company to exercise any right under this Tariff or to insist upon exact compliance with its terms, or any waiver, forbearance, delay, failure or omission by Company to exercise any right, power or option hereunder.

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SECTION 2 - RULES AND REGULATIONS

2.2 Limitations On Service

- 2.2.1 Service is offered subject to the availability of facilities, the Company's ability to provision the order, and the provisions of this Tariff. The Company reserves the right, without incurring liability, to refuse to provide Service, to or from any location where the necessary facilities, equipment, systems, and/or switch software are not available. Initial and continuing Service is offered subject to the availability of necessary facilities and/or equipment, including those to be provided by the DUC(s), the Company, CLECs, CAPs or the LEC.
- 2.2.2 All Services provided according to this Tariff are intrastate add-on Services available from the Company only if the Customer subscribes to the Company's comparable interstate Service offering or interstate promotional offering. Intrastate Service is not sold on a stand-alone basis. All Switched Access services are only available in equal access areas. Calling card and Prepaid Calling Card calls may originate anywhere in the State.
- 2.2.3 Without incurring liability, the Company reserves the right to discontinue Service or to limit the use of Service, when necessitated by conditions beyond the Company's control, or when the Customer or End User is using Service in violation of the law or in violation of the provisions of this Tariff.

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SECTION 2 - RULES AND REGULATIONS

2.2 Limitations on Service (continued)

2.2.4 Conditions under which the Company may, without notice, suspend Service without liability include, but are not limited to:

- (A) Customer's or End User's use of the Service which constitutes a violation of any laws, government rules, regulations, or policies; or
- (B) Any order or decision of a court or other governmental authority prohibits the Company from offering such Service; or
- (C) The Company deems termination necessary to protect the Company or third parties against unauthorized, fraudulent, or unlawful use of any Company Services, or to otherwise protect the Company's personnel, agents, or Service; or
- (D) Customer's or End User's misuse of the Company's switch or DUC's network; or
- (E) Customer's or End User's use of the DUC's network for any fraudulent or unlawful purpose; or
- (F) Emergency, threatened, or actual disruption of Service to other Customers; or
- (G) Unauthorized or fraudulent procurement of Service, including a misrepresentation of fact relevant to the conditions under which the applicant or Customer obtains or continues to receive Service; or
- (H) Fraudulent billing information; or

SECTION 2 - RULES AND REGULATIONS

2.2 Limitations On Service (continued)

2.2.4 (continued)

- (I) Customer's check or draft is returned unpaid for any reason, after one attempt at collection; or
- (J) Refusal by the Customer to allow the Company or representatives of the Company reasonable access to the Customer's facilities as required to provision Service.

2.2.5 In the event the Company or the DUC learn of actual or possible unauthorized, fraudulent, or unlawful use of any Service(s), the Company will make an effort to contact the Customer, but Service may be suspended without notice and without liability to the Company. Service may be suspended by the Company without incurring liability by Blocking all calls or by Blocking calls to or from certain NPA-NXXs, Area Codes, LATAs, RBOC territory, cities, or individual telephone stations for any Service offered under this Tariff. Service will be restored as soon as it can be provided without undue risk.

2.2.6 If the Company is notified by the DUC or otherwise reasonably concludes that Customer-provided equipment does not pass back appropriate answer supervision to the long distance network, the Company will notify the Customer. If the Customer cannot correct the problem and if Customer-provided equipment continues to provide inappropriate answer supervisor to the long distance network, the Company reserves the right to suspend or terminate the Customer's Service. The Company will give the Customer five (5) days written notice of its intent to suspend Service.

SECTION 2 - RULES AND REGULATIONS

2.2 Limitations On Service (continued)

2.2.7 Conditions under which the Company may, with notice, terminate Service without liability include, but are not limited to:

- (A) Failure to pay for or provide assurances of, or security for, the payment of the Company's charges as per Section 2.7.2 and 2.7.3 of this Tariff; or
- (B) Customer's or End User's use of the Service constitutes a violation of the provisions of this Tariff; or
- (C) Rejection of charge authorization by the Customer's designated Credit Card company; or
- (D) Abandonment of the premises served; or
- (E) Insufficient billing information; or
- (F) Customer fails to correct any condition listed in Sections 2.2.5 or 2.2.6 of this Tariff.
- (G) Failure to pay for Service pursuant to Section 2.8.2 (B) of this Tariff.

2.2.8 Calls that may not be completed using Prepaid Calling Card Service include long distance operator services such as person-to-person or collect calls, busy line verification service, interruption service, calls requiring time and charges, air-to-ground calls, marine/satellite calls, directory assistance, and calls placed via dialing a 500, 700, or 900 number.

2.2.9 The Company reserves the right to change DUCs at any time.

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SECTION 2 - RULES AND REGULATIONS

2.2 Limitations On Service (continued)

- 2.2.10 Recording of telephone conversations provided pursuant to Service under this Tariff is prohibited except as authorized by applicable federal, state, and local laws.
- 2.2.11 Service may not be transferred or assigned without Company's written consent. All regulations and conditions contained in this Tariff and all other applicable Service conditions shall apply to all such permitted assignees or transferees.
- 2.2.12 The Company reserves the right to refuse to process a Third Party Call when the Company cannot confirm acceptance of charges at the third number.
- 2.2.13 The Company's failure to give notice of default, to enforce or insist upon compliance with any of the terms or conditions herein, to grant a waiver of any term or conditions herein, or to grant the Customer an extension of time for performance, will not constitute the permanent waiver of any such term or condition herein. Each of the provisions of this Tariff will remain, at all times, in full force and in effect until modified in writing, signed by the Company and Customer.

SECTION 2 - RULES AND REGULATIONS

2.2 Limitations On Service (continued)

- 2.2.14 Service is furnished subject to the condition that there will be no abuse or fraudulent use of the Service. Abuse or fraudulent use of Service includes, but is not limited to:
- (A) Service that is used by the Customer or End User to frighten, abuse, torment, or harass another; or
 - (B) Service that is used by the Customer or End User in a manner which interferes with the use of Service by one or more other Customers; or
 - (C) Service that is used by the Customer or End User to place calls by means of illegal equipment, service, or device; or
 - (D) Service that is used by the Customer or End User to transmit a message or to locate a person or otherwise to give or obtain information, without payment of the applicable charge.
- 2.2.15 For Inbound Services, the Customer may select to receive calls from the (1) U.S. Mainland; (2) United States; (3) United States and Canada; (4) U.S. Mainland and Canada; and (5) United States, Canada, Puerto Rico, and Virgin Islands. The Customer may further restrict the receipt of inbound calls from within the United States by area code, LATA, NPA-NXX, or by RBOC territory.
- 2.2.16 For Customer's that preset the limit of the amount of charges that may be billed to their calling card, if a Credit Card company denies authorization for recharging a Customer's calling card, Service will be suspended when the Customer's account balance reaches zero unless the Customer provides the Company an alternate Credit Card number that will authorize the charge.
- 2.2.17 To help control fraud, only one call at a time will be processed for a Prepaid Calling Card.

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SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability

2.3.1 The Company will not be liable for:

- (A) Any act or omission of any other company or companies furnishing a portion of the Service or facilities, equipment or service associated with such Service.
- (B) Any defacement of, or damage to, the equipment or premises of a Customer resulting from the provision of Service when such defacement or damage is not the result of the Company's negligence.
- (C) Damages caused by the negligence or willful misconduct of the Customer.
- (D) Any failure to provide or maintain Service under this Tariff due to circumstances beyond the Company's reasonable control.
- (E) Failure or delay in the delivery of Calling Cards or Prepaid Calling Cards.
- (F) Any special or consequential damages or any lost revenues or lost profits of any kind or nature arising out of the furnishing of or interruption in Service contained in this Tariff, even if Company is advised of the possibility of the same.
- (G) The use or abuse of any Service described herein by any party including, but not limited to, the Customer's employees or members of the public. "Use or abuse" includes, but is not limited to, any calls placed by means of PBX-reorigination or any other legal or illegal equipment, service or device. In the case of Inbound Service, this also applies to third parties who dial the Customer's 800/888 number by mistake.

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

2.3.1 (continued)

(H) Any action, such as Blocking or refusal to accept certain calls, that Company deems necessary in order to prevent unlawful use of its Service. Compensation for any injury the Customer may suffer due to the fault of parties other than the Company must be sought from such other parties. The liability provided for above, will, in each case, be in addition to any amounts that may otherwise be due the Customer under this Tariff as a credit allowance for the interruption of Service.

(I) Any claim where the Customer indemnifies the Company pursuant to Section 2.5 of this Tariff.

2.3.2 The Company will use its best efforts to provide Services consistent with industry standards. The Company will have no liability to the Customer for any loss of revenue or any other direct, special, incidental, consequential, or other damages the Customer may sustain resulting from the failure or inability of the Company to provide or maintain Service to its Customers; negligent or defective Services to Customers; equipment, computer, network, or electrical malfunctions or any kind, breakdowns, or outages; or any other cause, whether or not within the control of the Company.

2.3.3 The Company does not undertake to transmit messages but furnishes the use of its Services to its Customers for telecommunications. The Company is not liable for the content of the Customer's messages.

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SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

2.3.4 The liability of the Company for damages arising out of mistakes, omissions, interruptions, delays, errors or defects occurring in the course of providing Service hereunder, where such damages were not caused by the Company's willful misconduct, shall in no event exceed an amount equivalent to the initial period charge to the Customer according to this Tariff for the call during which such mistake, omission, interruption, delay, error or defect occurred. The Company shall not be liable for damages caused by the negligence or willful misconduct of the Customer.

2.3.5 The Company's will not be liable for any failure of performance hereunder due to causes beyond its control including, but not limited to:

- (A) Unavoidable interruption in the working of transmission facilities; or
- (B) Natural disasters such as storms, fire, flood, or other catastrophes; or
- (C) Any law, order, regulation, direction, action or request of the United States Government, or any other governmental entity having jurisdiction over the Company or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of such governmental entity, or of any civil or military authority; or
- (D) National emergencies, insurrections, riots, rebellions, wars, strikes, lockouts, work stoppages, or other labor difficulties; or
- (E) Notwithstanding anything in this Tariff to the contrary, the unlawful acts of individuals, including acts of the Company's agents and employees if committed beyond the scope of their employment.

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

- 2.3.6 Interruptions, delays, errors, or defects caused by or contributed to, directly or indirectly, by act or omission of Customer or its customers, affiliates, agents, contractors, representatives, invitees, licensees, successors, or assignees or which arise from, or are caused by, the use of facilities or equipment of Customer or related parties, will not result in the imposition of any liability whatsoever upon the Company. In addition, a portion or all of the Service may be provided over facilities of third parties, and the Company will not be liable to Customer or any other person, firm, or entity in any respect whatsoever arising out of defects caused by such third parties.
- 2.3.7 With respect to Service provided hereunder, the Company hereby expressly disclaims, without limitation, all warranties not stated in this Tariff, whether express, implied or statutory, and in particular disclaims all implied warranties of merchantability and of fitness for a particular purpose.
- 2.3.8 Without liability, the Company may rely on CLECs, LECs, DUCs, or other third parties to provide a portion of the Company's Service.
- 2.3.9 No contractors, agents or employees of connecting, concurring or other participating carriers or companies will be deemed to be contractors, agents or employees of the Company without the Company's written authorization.
- 2.3.10 Under no circumstances whatsoever will the Company's officers, agents, or employees be liable for any damages, including but not limited to direct, indirect, actual, consequential, special, or punitive damages, or lost profits.

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SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

- 2.3.6 Interruptions, delays, errors, or defects caused by or contributed to, directly or indirectly, by act or omission of Customer or its customers, affiliates, agents, contractors, representatives, invitees, licensees, successors, or assignees or which arise from, or are caused by, the use of facilities or equipment of Customer or related parties, will not result in the imposition of any liability whatsoever upon the Company. In addition, a portion or all of the Service may be provided over facilities of third parties, and the Company will not be liable to Customer or any other person, firm, or entity in any respect whatsoever arising out of defects caused by such third parties.
- 2.3.7 With respect to Service provided hereunder, the Company hereby expressly disclaims, without limitation, all warranties not stated in this Tariff, whether express, implied or statutory, and in particular disclaims all implied warranties of merchantability and of fitness for a particular purpose.
- 2.3.8 Without liability, the Company may rely on CLECs, LECs, DUCs, or other third parties to provide a portion of the Company's Service.
- 2.3.9 No contractors, agents or employees of connecting, concurring or other participating carriers or companies will be deemed to be contractors, agents or employees of the Company without the Company's written authorization.
- 2.3.10 Under no circumstances whatsoever will the Company's officers, agents, or employees be liable for any damages, including but not limited to direct, indirect, actual, consequential, special, or punitive damages, or lost profits.

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2.3 Limitation of Liability (continued)

- 2.3.11 If Company chooses to subcontract the printing of Prepaid Calling Cards, the Company cannot be held liable for delays of delivery or any other problem(s) that are directly related to the subcontractor.
- 2.3.12 If the Company issues Prepaid Calling Cards and the PINs that will not access Service, the Company's sole liability will be the manufacturing and shipping costs associated with replacing such cards. This obligation is exclusive and is in lieu of all other warranties, express or implied, including but not limited to, any warranty of merchantability or fitness for a particular purpose. In no event will the Company be liable for special or consequential damages arising from the relationship or the conduct of business contemplated herein.
- 2.3.13 The Company's liability shall be limited to that expressly assumed in Section 2.3 of this Tariff. The Company shall not be liable for any other direct, indirect, consequential, special, actual, or punitive damages, or for any lost revenues or lost profits of any kind or nature whatsoever arising out of any furnishing of, or interruption in, Service provided hereunder, absent a determination of willful misconduct by the Company through judicial or administrative proceedings. With respect to Service provided hereunder, the Company hereby expressly disclaims, without limitation, all warranties not stated in this Tariff, whether express, implied or statutory, and in particular disclaims all implied warranties of merchantability and of fitness for a particular purpose.

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2.4 Use of Service

- 2.4.1 The Company's Services are available for use twenty-four hours per day, seven days per week.
- 2.4.2 The Service offered herein may be used for any lawful purpose, including business, governmental, or other use. The Customer is liable for all obligations under this Tariff notwithstanding any sharing or resale of Services and regardless of the Company's knowledge of same. The Company will have no liability to any person or entity other than the Customer and only as set forth herein. The Customer will not use nor permit others to use the Service in a manner that could interfere with Service provided to others or that could harm the switching facilities of the Company or the transmission/switching facilities of the DUC or others.
- 2.4.3 Service furnished by the Company will not be used for any unlawful or fraudulent purposes including but not limited to use of electronic devices, invalid numbers, and false credit devices to avoid payment for Service contained in this Tariff either in whole or in part. Service furnished by the Company may not be used to make calls which might reasonably be expected to frighten, abuse, torment, or harass another. The Service may not be used for any purpose for which any payment or other compensation is received by the Customer except when the Customer is a communications common carrier, a resale common carrier, or an enhanced or electronic service provider who has subscribed to Service. However, this provision does not preclude an agreement between the Customer, authorized user, or Joint User to share the cost of the Service as long as this arrangement generates no profit for anyone participating in a joint use or authorized use arrangement.

SECTION 2 - RULES AND REGULATIONS

2.4 Use of Service (continued)

2.4.4 Service furnished by the Company may be arranged for joint use or authorized use. The Joint User or authorized user will be permitted to use such Service in the same manner as the Customer, but subject to the following conditions:

- (A) The Customer must complete and provide to the Company all Service agreements and/or other documentation required by the Company to initiate Service.
- (B) One Joint User or authorized user must be designated as the Customer. The designated Customer does not necessarily have to have communications requirements of its own. The Customer must specifically name all Joint Users or authorized users in the application for Service. Service orders which involve the start, rearrangement or discontinuance of joint use or authorized use Service will be accepted by the Company only from that Customer and will be subject to all requirements of this Tariff.
- (C) All charges for the Service will be computed as if the Service were to be billed to one Customer. The Joint User or authorized user which has been designated as the Customer will be billed for all components of the Service and will be responsible for all payments to the Company. If designated Customer fails to pay the Company, each Joint User or authorized user will be liable to the Company for all charges incurred as a result of its use of Service. Each joint or authorized user must submit to the designated Customer a letter guaranteeing payment for the joint or authorized user's portion of all charges billed by the Company to the designated Customer. This letter must also specify that the joint or authorized user understands that the Company will receive a copy of the guaranty from the designated Customer. The designated Customer will be responsible for allocating charges to each Joint User or authorized user.

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2.4 Use of Service (continued)

2.4.4 (continued)

- (D) Joint use is a Service/billing allocation arrangement and not a resale arrangement. Neither the Customer nor any Joint User nor any third party engaged by either of them in connection with a joint use agreement or arrangement may mark up Service or otherwise profit from the joint use agreement or arrangement.

2.5 Obligations of the Customer

2.5.1 The Customer will indemnify, defend, and hold the Company harmless from and against:

- (A) Any claim asserted against the Company (and all attorney fees and expenses incurred by the Company with respect thereto) arising out of or relating to the failure of the Company to provide Service to the Customer.
- (B) Any and all liabilities, costs, damages, and expenses (including attorney's fees), resulting from Customer's (or its employees', agent's or independent contractor's) actions hereunder, including, but not limited to breach of any provision in this Tariff, misrepresentation of Services or rates, or unauthorized or illegal acts of the Customer, its employees, agents, or independent contractors.

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2.5 Obligations of the Customer (continued)

2.5.1 (continued)

- (C) Claims for libel, slander, infringement of patent or copyright, or unauthorized use of any trademark, trade name, or service mark arising out of Customer's or End User's material, data, information, or other content transmitted via Service.
- (D) Violation by Customer or End User of any other literary, intellectual, artistic, dramatic, or musical right.
- (E) Violations by Customer or End User of the right to privacy.
- (F) Any other claims whatsoever relating to or arising from message content or the transmission thereof.
- (G) All other claims arising out of any act or omission of the Customer or End User in connection with Service provided by the Company.
- (H) Any loss, claim, demand, suit, or other action, or any liability whatsoever, whether suffered, made, instituted or asserted by the Customer or by any other party or persons, for any personal injury to, or death of, any person or persons, and for any loss, damage or destruction of any property, whether owned by the Customer or others, caused or claimed to have been caused directly or indirectly by the provision of Service, whatever the cause and whether negligent or otherwise.

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2.5 Obligations of the Customer (continued)

2.5.1 (continued)

- (I) Any and all liabilities, costs, damages, and expenses (including attorney's fees), resulting (1) from Customer (or its employees's agent's or independent contractor's) actions hereunder, including, but not limited to breach of any provision in this Tariff, misrepresentation of Company services or prices, or unauthorized or illegal acts of the Customer, its employees, agents, or independent contractor or (2) from claims by third parties that any Prepaid Calling Cards or PINs have been lost, stolen, or fraudulently issued or used; provided, however, that the Company will have no liability hereunder for special or consequential damages incurred by the Company; or (3) in the event that the Company chooses to have another company print their Prepaid Calling Cards, Company cannot be held liable for delays of delivery or any other problem that are directly to the third party. In no event will the Company be obligated to restore any Prepaid Calling Card account or otherwise reimburse any Cardholder for any calls charged to the Prepaid Calling Card account which such Cardholder denies having made.
- (J) All claims related to lost or stolen Prepaid Calling Cards.
- (K) Claims related to lost or stolen calling cards, except as described in Section 2.21.3 of this Tariff.

The Customer will indemnify and save the Company harmless from any and all liability not expressly assumed by the Company in Section 2.3 of this Tariff and arising in connection with the provision of Service to the Customer, and will protect and defend the Company from any suits or claims alleging such liability, and will pay all expenses (including attorneys' fees) and satisfy all judgements which may be incurred by or rendered against the Company in connection therewith.

SECTION 2 - RULES AND REGULATIONS

2.5 Obligations of the Customer (continued)

- 2.5.2 The Customer shall be responsible for the payment of all charges for Service provided to Customer under this Tariff and for the payment of all excise, sales, use or other similar taxes that may be levied by a governing body or bodies in conjunction with or as a result of Service furnished to Customer under this Tariff. Also see Section 2.12.3 of this Tariff for additional information regarding the Customer's obligations concerning taxes.
- 2.5.3 The Customer is responsible for payment of all charges for Service provided by the Company and originating at Customer's number; accepted at Customer's number; billed to Customer's Calling Card or Prepaid Calling Card; or rendered at Customer's specific request, regardless of whether the Customer's facilities were fraudulently used or used without Customer's knowledge in full or in part.
- 2.5.4 The Company shall not be required to consider any Customer claim for damages or statutory penalties, or adjustments, refunds, credits or cancellation of charges, unless the Customer has notified the Company of any dispute concerning charges, or the basis of any claim for damages, within sixty (60) calendar days after an invoice is rendered or a debit is effected by the Company for the call giving rise to such dispute or claim. Any such notice must set forth sufficient facts to provide the Company with a reasonable basis upon which to evaluate the Customer's claim or demand. If the Customer is not satisfied with the Company's resolution of any dispute, the Customer may make application to the Commission for review and disposition of the matter. The Commission's address and telephone number are South Dakota Public Utilities Commission, 500 East Capitol Avenue, Pierre, SD 57501-5070, 605-773-3201 or 1-800-332-1782.
- 2.5.5 Upon the Customer's receipt of Company Prepaid Calling Cards, the Customer will assume all risk of loss or misuse of such cards.

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2.5 Obligations of the Customer (continued)

- 2.5.6 For Customers subscribing to the Speer Private Label Prepaid Calling Card Service all customized designs are subject to the Company's review and approval. The Company will deliver to the Customer a prototype of the customized card. Prior to the Company's fulfillment of the Customer's order, the Customer will advise the Company, in writing, of its approval of, or request for revisions of, such prototype. Any such requested revisions to the customized design will be subject to the Company's approval.
- 2.5.7 The Customer will be liable for reimbursing the Company for damages to facilities or equipment caused by the negligence or wilful acts of the Customer's officers, employees, agents, contractors, or End User(s).
- 2.5.8 If a Customer directly or indirectly authorizes third parties to use the Service, the Customer will indemnify and hold the Company harmless against any and all claims asserted by said party, demands, suits, actions, losses, damages, assessments or payments which may be asserted or demanded by said parties or by others as a result of said parties' actions or omissions.
- 2.5.9 The Company's failure to or maintain Service under this Tariff will be excused by the Customer for all circumstances beyond the Company's reasonable control.
- 2.5.10 The termination or disconnection of Service(s) by the Company pursuant to Sections 2.2 or 2.11 of this Tariff does not relieve the Customer of any obligations to pay the Company for charges due and owing for Service(s) furnished up to the time of termination or disconnection. The remedies set forth herein will not be exclusive and the Company will at all times be entitled to all rights available to it under either law or equity.

SECTION 2 - RULES AND REGULATIONS

2.5 Obligations of the Customer (continued)

2.5.11 If Service is terminated pursuant to Section 2.2 or Section 2.11 of this Tariff or if the Customer cancels Service pursuant to Section 2.10 of this Tariff, the Customer will be deemed to have cancelled Service as of the date of such termination or cancellation and will be liable for any cancellation charges set forth in this Tariff.

2.5.12 The Customer is responsible for taking all necessary legal steps for interconnecting Customer-provided terminal equipment with the long distance network. The Customer will ensure that the signals emitted into the long distance network of the do not damage equipment, injure personnel, or degrade Service to other Customers or other users of the network. The Customer is responsible for securing all licenses, permits, rights-of-way, and other arrangements necessary for such interconnection. In addition, the Customer will comply with applicable LEC or CLEC signal power limitations.

2.5.13 A Customer of any of the Company's Inbound Services must provide not less than ten (10) business days notice prior to implementation of special advertising or other new promotions likely to stimulate usage.

2.6 Establishment of Credit

The Company reserves the right to require all Applicants to establish credit worthiness to the reasonable satisfaction of the Company. Upon receipt of a signed application for service, the Applicant will be deemed to have authorized the Company to obtain such routine credit information and verification as the Company requires. If the conditions of services or the basis on which credit was originally established have materially changed, an existing Customer may be required to establish additional credit. The Company reserves the right to examine the credit record and check the references of any Customer at any time. The Company shall determine the credit standing of an Applicant for Service based on the information about the Applicant's prior telecommunications bill payment history if the Applicant has had Service before. Such information shall be the major factor in decisions regarding satisfactory or unsatisfactory credit and deposit amounts.

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2.7 Obtaining Service

2.7.1 Application For Service

Acceptance or use of Service by the Customer shall be deemed an agreement by the Customer to subscribe to, use, and pay for such Service in accordance with the applicable Tariffs of the Company. All applicable provisions in the Company's Tariff, as amended from time-to-time, become the agreement for Service between the Company and the Customer.

(A) Speer Long Distance Services

.1 Speer 1+ and Speer 800

To obtain Service, the Applicant must submit an application to the Company in the form of a completed service agreement, an LOA, and authorization for billing monthly charges to the Customer's Credit Card.

.2 Speer Prepaid Calling Card

The Speer Prepaid Calling Card does not require an application for Service.

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2.7 Obtaining Service (continued)

2.7.1 Application For Service (continued)

(A) Speer Long Distance Services

.3 Speer Corporate Calling Card

To obtain Service, the Applicant must submit an application to the Company in the form of a completed service agreement. As part of the application, the Applicant must select from the direct billing option or the Credit Card billing option. If the Credit Card billing option is selected, the Applicant must establish a preset limit on the dollar amount that may be charged to the calling card without additional authorization by the Applicant. The Applicant must also provide the Company with authorization to charge the Applicant's Credit Card each month to restore the account balance to the preset limit. If the direct billing option is selected, the Applicant must also establish credit satisfactory to the Company as provided in Section 2.6 of this Tariff. If the Customer does not establish credit pursuant to Section 2.6 of this Tariff, Credit Card billing will be utilized.

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2.7 Obtaining Service (continued)

2.7.1 Application For Service (continued)

(A) Virtual Office Long Distance Services

.1 Virtual Office Calling Card

To obtain Service, the Applicant must submit an application to the Company in the form of a completed service agreement. As part of the application, the Applicant must establish a preset limit on the dollar amount that may be charged to the calling card without additional authorization by the Applicant. The Applicant must also provide the Company with authorization to charge the Applicant's Credit Card each month to restore the account balance to the preset limit.

.2 Virtual Office 1+ and Virtual Office 800

To obtain Service, the Applicant must submit an application to the Company in the form of a completed service agreement, an LOA, and authorization for billing monthly charges to the Customer's Credit Card.

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2.7 Obtaining Service (continued)

2.7.2 Advance Payments

Customers and Applicants who, in the Company's judgment, present an undue risk of non-payment may be required at any time to provide the Company such other assurances of, or security for, the payment of the Company's charges for its Services as the Company may deem necessary, including, without limitation, advance payments for Service, third party guarantees of payment, pledges or other grants of security interests in the Customers' assets, and similar arrangements. The required advance payments or other security may be increased or decreased by the Company as it deems appropriate in the light of changing conditions. In determining whether a Customer presents an undue risk of nonpayment, the Company shall consider the following factors: (A) the Customer's payment history (if any) with the Company and its affiliates, (B) Customer's ability to demonstrate adequate ability to pay for the Service, (C) credit and related information provided by Customer, lawfully obtained from third parties or publicly available, (D) information relating to Customer's management, owners, and affiliates (if any), and (E) the Applicant's or Customer's actual long distance usage.

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2.7 Obtaining Service (continued)

2.7.3 Customer Deposits

(A) General

Any Applicant whose credit is not acceptable to the Company as provided in Section 2.6 of this Tariff may be required to make a deposit to be held by Company as a guarantee of payment for Service provided under this Tariff. In addition, an existing Customer may be required to make a deposit or to increase a deposit presently held by the Company if the conditions of Service or the basis on which credit was originally established have materially changed.

(B) Amount of Deposit

.1 Business Customer

The amount of any deposit shall not exceed the estimated charges for two months' Service. The Company shall determine the amount of the deposit.

.2 Residential Customer

The Company may require a deposit based on the average cost of Service for two months or \$130, whichever is less, payable in up to three monthly installments.

(C) Interest on Deposits

The Company will pay 7% interest on deposits.

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2.7 Obtaining Service (continued)

2.7.3 Deposits (continued)

(D) Return of Deposit

A deposit will be returned:

- When an application for Service has been canceled prior to the establishment of Service.
- At the end of one year of satisfactory payments for Service.
- Upon discontinuance of Service.

Notwithstanding the foregoing, prior to the return, deposits will be applied to any outstanding charges to the Customer for Service, and only the excess, if any, will be returned.

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2.8 Rendering and Payment of Bills

2.8.1 Payment For Prepaid Calling Card Services

(A) Speer Best Rate Prepaid Calling Card

When the Customer initially orders Prepaid Calling Card Service, the Customer must prepay the charges for Service according to the rates included in Section 4.5 of this Tariff. No Prepaid Calling Card PIN will be activated until payment, in U. S. Dollars and in full, has been received by the Company. If the Customer pays via check, the PIN is activated after the check clears the bank.

(B) Speer Private Label Prepaid Calling Card

Upon establishing credit pursuant to Section 2.6 of this Tariff, payment in full is due within thirty (30) days of the invoice date on the bill. Charges are payable only in United States currency. Payment may be made by cash, check, money order, cashier's check, electronic wire transfer, or by automatic withdrawal from Customer's checking or savings account. Checks should be made payable as named on the bill and should be sent to the address as listed on the bill.

SECTION 2 - RULES AND REGULATIONS

2.8 Rendering and Payment of Bills

2.8.2 Payment For All Other Services

(A) Billing Period

The Company uses cycle billing. The billing period is one month. Except for fraud, charges may be assessed for unbilled traffic up to two years in arrears.

(B) Direct Billing By Company Or Authorized Billing Agent

- .1 Bills are sent to the current billing address no later than thirty (30) days following the close of billing. Billing detail and special reporting is forwarded monthly based on the Customer's billing cycle. The due date is disclosed shown on the bill. Payment in full is due within thirty (30) days of the invoice date on the bill. Charges are payable only in United States currency. Payment may be made by cash, check, money order, cashier's check, electronic wire transfer, or by automatic withdrawal from Customer's checking or savings account. Checks should be made payable as named on the bill and should be sent to the address as listed on the bill.
- .2 If the bill is not paid within thirty (30) days from the invoice date, the Company may impose a late charge of 1.5% per month on the delinquent amount. A late charge applies to any past due balance. In the event the Company incurs fees or expenses, including attorney's fees, in collecting, or attempting to collect, any charges owed the Company, the Customer will be liable to the Company for the payment of all such fees and expenses reasonably incurred.

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2.8 Rendering and Payment of Bills (continued)

2.8.2 Payment For All Other Services (continued)

(B) Direct Billing By Company Or Authorized Billing Agent (continued)

- .3 For Customers subscribing to the Speer Corporate Calling Card that choose the direct bill option, bills are sent to the Customer's current billing address when the calling card is activated or recharged.

(C) Credit Card Billing

With Credit Card billing, the charges for Services provided by the Company are billed on the Customer's designated and approved Credit Card bill. Charges are billed in accordance with the terms and conditions between the Customer and the Customer's designated Credit Card company. Call detail will be provided separately via United States mail, express mail service, fax, or e-mail. For calling card Services billed to a Credit Card, charges for Service are sent to the Customer's Credit Card company when the card is activated or recharged. When calling card Service is billed via Credit Card billing, each calling card has a preset dollar limit established by the Customer. During the billing month, limits may be increased at the Customer's request.

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2.9 Customer Service

2.9.1 General

Customer Service may be contacted in writing at 3201 Dickerson Pike, Nashville, Tennessee 37207. Customers may also contact Customer Service by dialing a toll-free number (800) 854-6000. Customer Service representatives are available twenty-four hours per day, seven days per week, 365 days per year. For Cardholders subscribing to Prepaid Calling Card Service, the 800/888 number is printed on the card.

2.9.2 Billing Inquiries

Billing inquiries may be referred to the Company's Customer Service organization as indicated in Section 2.9.1 of this Tariff. If the Customer is not satisfied with the Company's resolution of a billing inquiry, the Customer may make application to the Commission for review and disposition of the matter. The Commission's address and telephone number are South Dakota Public Utilities Commission, 500 East Capitol Avenue, Pierre, SD 57501-5070, 605-773-3201 or 1-800-332-1782.

2.9.3 Service Difficulties

Service difficulties may be referred to the Company's Customer Service organization, as indicated in Section 2.9.1 of this Tariff.

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2.10 Cancellation of Service By Customer

2.10.1 General

Except for Prepaid Calling Card Service, a Customer may cancel Service by giving thirty (30) days written notice to the Company. Such notice should be addressed to the Company's Customer Service organization at the address specified in Section 2.9.1 of this Tariff. Cancellation of the Customer's Service will be effective when the LEC or CLEC changes the PIC code, or when the DUC moves the Service to another long distance company. Services offered under term plans are subject to early termination penalties pursuant to the Company's Tariff F.C.C. No. 1.

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2.11 Termination of Service By Company

- 2.11.1 The Company may terminate Service to the Customer upon five (5) days written notice to the Customer for any condition listed in Section 2.2.7 of this Tariff. If the Company delivers the notice to the Customer's premises, it will be left in a conspicuous place. When notice is mailed, the notice will be addressed to the Customer's last known billing address and mailed first class United States Mail, express overnight delivery, fax, or e-mail. The selection of the method of delivery of the notice is made by the Company.
- 2.11.2 The termination of Service(s) by the Company pursuant to this section does not relieve the Customer of any obligations to pay the Company for charges due and owing for Service(s) furnished up to the time of termination. The remedies set forth herein will not be exclusive and the Company will at all times be entitled to all rights available to it under either law or equity.

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2.12 Taxes

2.12.1 Speer Prepaid Calling Card and Speer Private Label Prepaid Calling Card.

The usage rates in Section 4 of this Tariff are inclusive of all surcharges, taxes, and fees except for point-of-sales ("sales") taxes.

2.12.2 All Other Services

- (A) For all Services other than the Speer Prepaid Calling Card and Speer Private Label Prepaid Calling Card, the usage rates in Section 4 of this Tariff are exclusive of all surcharges, taxes, and fees.
- (B) In addition to the charges specifically pertaining to Services, certain federal, state, and local surcharges, taxes, and fees apply to Services. These taxes, surcharges, and fees are calculated based upon the point of origination of the call, the point of termination of the call, the length of each call, and the taxing jurisdiction's rules and regulations.
- (C) All federal, state, and local taxes, surcharges, and fees (i.e., sales tax, gross receipts tax, municipal utilities tax, etc.) are listed on the Customer's invoices or are provided with call detail, and unless otherwise specified herein, are not included in the rates listed in Section 4 of this Tariff.

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2.12 Taxes (continued)

2.12.3 Tax Exempt Status

In order to be granted tax exempt status, a Customer claiming tax exempt status must provide the Company with copies of all tax exemption certificates and documents required by the Company at the time Service is ordered. Failure to provide the required documentation at the time Service is ordered will result in all taxes as noted herein being levied by the Company on the Customer's Service, and the Customer will be responsible for the payment of all such charges. At the Company's option, the Company may accord the Customer tax exempt status upon receipt of the required documentation after Service is ordered. However, the Customer will be billed for all applicable taxes and responsible for the payment of same until such time as the Company has ceased billing the applicable taxes. The Company is not liable for refunding the amount of the taxes paid by the Customer. The Customer is responsible for seeking refunds for such taxes from the appropriate taxing authority. Failure to pay the appropriate taxes prior to tax exempt status being accorded by the Company will result in termination of Service.

SECTION 2 - RULES AND REGULATIONS

2.13 Transfer or Assignment

After obtaining the Company's written consent, the Customer of record may assign or transfer the use of Service where there is no interruption or physical relocation. All terms and provisions contained in this Tariff will apply to any assignee or transferee. Services provided by the Company may not be transferred or assigned to a new Customer unless the following conditions have been met:

- (1) The Customer of record (assignor Customer) requests such assignment or transfer in writing at least forty-five (45) days prior to the effective date of any requested assignment or transfer; and
- (2) Prior written consent of the Company is secured. The Company agrees to respond to a request to assign or transfer to another Customer within thirty (30) days of receipt of notification; and
- (3) New Customer's (assignee Customer) credit is approved by the Company; and
- (4) The new Customer (assignee Customer) notifies the Company in writing that it agrees to assume all outstanding obligations of the former Customer for use of the Company's Services. These obligations include all outstanding indebtedness for the use of the Company's Service. Consent to such assignment or transfer will not be unreasonably withheld.
- (5) Any permitted assignment or transfer of Service will not relieve or discharge any Customer from remaining jointly and severally liable with the new Customer for any obligations existing at the time of transfer or assignment.

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2.14 Timing of Calls

2.14.1 Speer Audioconferencing

For calls billed under the standard rate option or the premium rate option, timing begins at the start of the call as initiated by the Coordinator. Timing ends when either the last party disconnects or the Coordinator terminates the call. For calls billed under the automated rate option, timing begins when the first party enters the Conference Bridge. Timing ends when the last party disconnects from the call.

2.14.2 Prepaid Calling Cards

- (A) Timing begins when the called station answers and the Company's switch detects hardware answer supervision. Timing ends when the calling party hangs up. If the calling party elects to use the sequential calling feature, the party is prompted to enter (X) and place another call without re-dialing the 800 number and re-entering the PIN. Timing ends with the completion of the last call.
- (B) If the Cardholder of Prepaid Calling Card uses the conference calling feature, each leg of the call is timed separately. Timing of the each leg of the call begins when the called station answer and terminates when the called station hangs up or when the calling station hangs up.

2.14.3 Calling Card Calls

Calling card calls are timed according to Section 2.14.2 this Tariff.

2.14.4 All Other Usage Sensitive Services

Calls are timed by the DUC that carries the call. Conversation time is defined as when two way communications between the calling and called party is possible.

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2.15 Rate Period

2.15.1 General

Different rates may be applicable to a call at a different time of the day and on certain days of the week, as specified in the appropriate rate schedule for that call. The rate periods shown below apply. All times shown are local time at the calling station in case of an outbound call and at the called station in case of an inbound call.

2.15.2 Day, Evening, and Night Rate Periods

Rate Period	Times Applicable		Days Applicable
	From	To, But Not Including	
Day	8:00 AM	5:00 PM	Mon - Fri
Evening	5:00 PM	11:00 PM	Sun - Fri
Night	11:00 PM	8:00 AM	All days
	8:00 AM	11:00 PM	Saturday
	8:00 AM	5:00 PM	Sunday

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2.16 Determining Rate In Effect

2.16.1 General

For outbound Services that are time-of-day sensitive, the time of day at the central office or POP associated with the calling station determines the rate in effect. For inbound Services that are time-of-day sensitive, the time of day at the central office or POP associated with the called station determines the rate in effect. Time of day shall be determined in accordance with Section 2.15 of this Tariff. The time at the beginning of each minute of connection determines the applicable rate period. When a message spans more than one rate period, total charges for the minutes in each rate period are calculated and the results for each rate period are totaled to obtain the total message charge.

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2.17 Interruption of Service

2.17.1 Prepaid Calling Card

Credits will be issued for cut-off and poor transmission by adding time to the Customer's Prepaid Calling Card account balance. To receive credit, the Customer must contact the Company's Customer Service group as per Section 2.9.1 of this Tariff.

2.17.2 All Other Usage Sensitive Services

- (A) Without incurring liability, the Company may interrupt the provision of Services at any time in order for tests and inspections to be performed to assure compliance with Tariff regulations and the proper installation and operation of Customer's equipment and facilities and may continue such interruption until any items of non-compliance or improper equipment operation so identified are rectified.
- (B) To prevent possible unauthorized, fraudulent, or unlawful use of Service, the Company may initiate Blocking all calls or Blocking calls to or from certain NPA-NXXs, cities, or individual telephone stations for any Service offered under this Tariff. Service will be restored as soon as it can be provided without undue risk and only after accounts have been brought current.
- (C) No credit for recurring monthly charges will be issued for outages less than twenty-four consecutive hours in duration. For Customers with Service subject to a monthly recurring charge, Service interruptions of greater than twenty-four (24) consecutive hours duration will receive a credit equal to the number of hours of Service interruption divided by 720 hours times the monthly recurring charge for the Service.

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2.17 Interruption of Service (continued)

2.17.2 All Other Usage Sensitive Services (continued)

- (D) Credit allowances for cutoff, wrong number, or poor transmission are subject to the general liability provisions set forth in Section 2.3.4 of this Tariff. It shall be the obligation of the Customer to notify the Company immediately of any interruption in Service for which a credit allowance is desired. Before giving such notice, the Customer shall ascertain that the trouble is not being caused by any action or omission by the Customer within his control, or is not in wiring or equipment, if any, furnished by the Customer.

2.18 Restoration of Service

The use and restoration of Service in emergencies shall be in accordance with the priority system specified in Part 64, Subpart D of the Rules and Regulations of the Federal Communications Commission.

SECTION 2 - RULES AND REGULATIONS

2.19 Calculation of Usage Charges

2.19.1 Audioconferencing

For Audioconferencing, usage charges are calculated based on the sum of actual, not reserved, individual line usage. For example, if three people conduct a conference call for an hour and one conference participant hangs up ten minutes early, the conference charges are 170 minutes (60 + 60 + 50).

2.19.2 Prepaid Calling Card Service

For Prepaid Calling Card Service that are unit based, a unit is equal to one (1) minute. The Prepaid Calling Card balance will be decremented by one unit for each minute or fractional part of minute.

2.19.3 Rounding

(A) Billing Increments

Each usage sensitive Service has its own specific initial period and additional period (collectively referred to as billing increments) as specified in Section 3 of this Tariff. For all Services, fractions of a billing increment are rounded up to the next higher increment for billing purposes.

(B) Per Call Charge

The usage charges for each completed call during a billing month will be computed. If the charge for the call includes a fraction of a cent, the fraction of such charge is rounded up to the next higher whole cent. Rounding for charges for Service(s) is on a call-by-call basis.

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SECTION 2 - RULES AND REGULATIONS

2.20 Lost Or Stolen Calling Cards, Prepaid Calling Card, Or PIN

2.20.1 General

Upon knowledge of facts which would alert a reasonable person to the possibility of unauthorized use of the Customer's calling card, Prepaid Calling Card, or PIN, the Customer will alert and give notice to the Company of such facts. Upon receipt of notice, the Company will deactivate the PIN associated with the card.

2.20.2 Calling Card Service

If requested by the Customer, a new calling card number and PIN will be issued to the Customer. The Customer will be excused from liability only with respect to unauthorized calls placed after receipt of such notice by the Company.

2.20.3 Prepaid Calling Card Service

The Company will have no liability to the Customer or any third party for any claims that a Prepaid Calling Card, or its PIN, has been lost, stolen, or fraudulently used. In no event will the Company be obligated to restore any Prepaid Calling Card account usage or otherwise reimburse any Cardholder for any calls charged to the Prepaid Calling Card account which such Cardholder denies having made.

SECTION 2 - RULES AND REGULATIONS

2.21 Terminal Equipment

Service(s) may be used with or terminated in Customer-provide terminal equipment or Customer-provided communications systems such as a telephone set, PBX or key system. Such terminal equipment shall be furnished and maintained at the expense of the Customer. The Customer is responsible for all costs at the Customer's premises, including personnel, wiring, electrical power, and the like, incurred in the use of the Company's Service. When such terminal equipment is used, the equipment shall comply with applicable rules and regulations of the Federal Communications Commission, including but not limited to, Part 68. In addition, equipment must comply with generally accepted minimum protective criteria standards and engineering requirements of the telecommunications industry which are not barred by the Federal Communications Commission.

2.22 Notices

Any notices provided by Company pursuant to this Tariff are deemed given and effective upon the earlier of (a) actual receipt by Customer or (b) three days after mailing if sent by mail, the day after express overnight delivery, or the day the notice is left at the Customer's premises or delivered via fax or e-mail.

2.23 Changes to Service Offerings

The Company reserves the right to add, change, or delete DUCs at any time.

SECTION 2 - RULES AND REGULATIONS

2.24 Mileage Measurements

The distance is measured using the V&H coordinates associated with either the Rate Centers of the originating and terminating stations, or the V&H coordinates associated with the originating and terminating POP. The type of access determines which V&H coordinates are used.

If a call is originated or terminated via Switched Access, the distance is measured using the V&H coordinates associated with the Rate Centers of the originating or terminating station. If the call is originated or terminated via Dedicated Access, the distance is measured using the V&H coordinates associated with the originating or terminating POP.

The rate for a call between access lines associated with stations that use the same central office is the rate for zero miles.

2.25 Determination of Airline Mileage

Calculation of distance is in accordance with the V&H coordinate system. The airline mileage between Rate Centers is determined by applying the formula below to the V&H coordinates associated with the Rate Centers involved. The Company uses the Rate Centers and associated V&H coordinates that are produced by Bell Communications Research in its NPA-NXX V&H Coordinates Tape and in NECA Tariff No. 4.

FORMULA:

$$\sqrt{\frac{(V1-V2)^2+(H1-H2)^2}{10}}$$

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2.26 Promotions

From time-to-time, the Company may offer special promotions to its Customers waiving certain charges, offering Service(s) at special rates, and/or offering promotional discounts. Promotional discounts include but are not limited to reduced monthly rates or charges for an existing Service, incentive subscription bonuses, free Service periods, full or partial waivers of installation charges or optional feature charges, full or partial waivers of PIC charges, or any combination thereof. Terms and conditions of promotions may be limited to certain dates, times, market segments, and/or locations. The Company may engage in national and/or intrastate special promotional offerings or trial Service offerings designed to attract new customers, retain existing customers, win back former customers, or stimulate customer usage. The terms of national promotional offerings are set forth in the applicable interstate tariffs governing such programs. To the extent these programs may extend to intrastate Services, the terms of these national offerings are incorporated by reference herein. The Company may require an advance payment as a condition of a promotional offering. The Company will notify the Commission of the rates, charges, and terms and conditions of any promotion in this Tariff.

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 Speer Long Distance Services

3.1.1 Speer 1+

Speer 1+ is an outbound only, postalized, long distance pricing plan available to Business Customers that utilize Switch Access to reach the long distance network of the DUC. The initial period and additional periods are one (1) minute or fraction thereof. Charges for Services are billed pursuant to Section 2.8.2 (C) of this Tariff.

3.1.2 Speer 800

Speer 800 is an inbound only, postalized, long distance pricing plan. Calls may originate from any point in the State on any type of access but terminate via Switched Access lines between the Customer's premises and the long distance network. Speer 800 is available to Business Customers that utilize Switched Access to reach the long distance network of the DUC. The initial period and additional periods are one (1) minute or fraction thereof. Charges for Services are billed pursuant to Section 2.8.2 (C) of this Tariff.

SECTION 3 - DESCRIPTION OF SERVICES

3.1 Speer Long Distance Services (continued)

3.1.3 Calling Card Services

(A) General

Calling card Service is available to Customers for use when Customers or End Users are away from their established primary Service location. Calling card rates and charges apply to all calling card calls originating and terminating in the State regardless of the billing location of the Customer account. The initial period and additional periods are one (1) minute or fraction thereof.

Access to the long distance network for the purpose of billing a call to the Customer's calling card may be from tone-generating or rotary-dial instruments. The Customer or End User may access the long distance network and bill a call to their calling card by dialing 1 plus an 800/888 number plus the called telephone number, the calling card number, and a valid PIN. In some location, the Customer may place a calling card call by dialing a local access number. When available, the Company will provide the Customer the local access number.

(B) Speer Corporate Calling Card

The Speer Corporate Calling Card is available to Business Customers. For all calls, the initial period and additional period are one (1) minute or fraction thereof. Special reporting and telecommunications analysis are available on an ICB agreement. Charges for Services may be billed pursuant to Section 2.8.2 (B) of this Tariff or Section 2.8.2 (C) of this Tariff. The selection of the billing method is determined by the Customer. To help control fraud, the Customer may restrict the use of the card by area code, LATA, NPA-NXX or RBOC territory.

SECTION 3 - DESCRIPTION OF SERVICES

3.2 Prepaid Calling Card Service

3.2.1 Description of Service

- (A) Prepaid Calling Card Service is a prepaid long distance Service that allows Customers to obtain a predetermined amount of access to the Company's long distance or directory assistance Services. The Company offers unit based Prepaid Calling Cards meaning there is a fixed amount of units (i.e., 5, 10, 20, 50, or some other denomination) or dollar based cards, meaning there is a fixed amount of dollars (i.e. 10, 20, 50, 100 or some other denomination) available to the Customer who purchases a card. The card is valid for six (6) months from the date of first use or until the expiration date printed on the card whichever comes first. After expiration, the card is debited an account maintenance fee of \$2.00 per month.
- (B) Prepaid Calling Card Service is offered via "800/888" access numbers and is available to a Cardholder from a touchtone or rotary phone. The Cardholder may access the Platform from anywhere in the State by dialing a universal "800/888" number plus a PIN and the called telephone number. In some locations, the Customer may place a Prepaid Calling Card call by dialing a local access number. Where available, the Company will provide the Customer the local access number. The Cardholder hears recorded messages that guide the Cardholder through the Platform. The Platform validates the Cardholder's PIN and determines whether time remains on the card. If time is available on the Cardholder's account, the call is completed to the called telephone number dialed by the Cardholder. The Cardholder is verbally informed of the available balance in the Cardholder's Prepaid Calling Card account.

SECTION 3 - DESCRIPTION OF SERVICES

3.2 Prepaid Calling Card Service (continued)

3.2.1 Description of Service (continued)

- (C) Calls are real-time rated during call progression. The total price of each call, including applicable taxes, is calculated on the basis of units or dollars and is deducted from the available account balance associated with each card. Each time the Cardholder is informed of the account balance, the Cardholder will be given the opportunity to recharge the card. Prepaid Calling Cards may be recharged (1) via the Platform, (2) by calling the Company's toll-free Customer Service number, or (3) by purchasing a chit at selected retail stores. The Platform debits the Cardholder's account balance as the Cardholders places a call. The Cardholder receives warning tones at three minutes and again at one minute before the Cardholder's account balance reaches zero. Calls in progress will be terminated when the balance reaches zero if the card has not been recharged.

- (D) The features available with Prepaid Calling Card Services include sequential calling capability, automatic misdial correction, single user access, information services, as well as limited conference calling capability. The calling party may add additional called numbers to the call up to a total of three called numbers. The initial period and additional periods are one (1) minute or fraction thereof.

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SECTION 3 - DESCRIPTION OF SERVICES

3.2 Speer Prepaid Calling Card Service (continued)

3.2.2 Service Offerings

(A) Speer Best Rate Prepaid Calling Card

The Company determines the content, design, and production of the card. The Company is responsible for all costs associated with production and distribution of the Prepaid Calling Card to the Customer. The rate per unit varies based on the estimated annual volume of the Customer

.1 Option U

Option U is a unit based Prepaid Calling Card available to Residential Customers and Business Customers. The card is available in denominations of 5 units, 10 units, 15 units, 20 units, or in a denomination that is mutually agreed to by the Company and the Customer.

.2 Option D

Option D is a dollar based Prepaid Calling Card available to Residential Customers and Business Customers. The card is available in denominations of \$5, \$10, \$15, and \$20 or in a denomination that is mutually agreed to by the Company and the Customer.

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SECTION 3 - DESCRIPTION OF SERVICES

3.2 Speer Prepaid Calling Card Service (continued)

3.2.2 Service Offerings (continued)

(B) Speer Private Label Prepaid Calling Card

The Speer Private Label Prepaid Calling Card is available to Business Customers. The card is available as a unit based card or as a dollar based card in denominations that are mutually agreed to by the Company and the Customer. The Customer determines whether the card is printed as a unit based or dollar based card. The Customer may select card stock, card design (subject to approval by the Company), the content and length of the audio billboard message (subject to approval by the Company), and the print process. The telecommunications rate for long distance Service is shown in Section 4.5.5 of this Tariff. The costs for card design, production, and development of the card and the costs of production and transmission of audio billboards are established by the Company on an ICB agreement. The Clip Rate to be printed on the Prepaid Calling Card is established by the Customer.

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SECTION 3 - DESCRIPTION OF SERVICES

3.3 Speer Audioconferencing Service

3.3.1 General

Speer Audioconferencing is a Service furnishing long distance voice telecommunications between a calling station and two or more called stations located within the State. The Service requires a teleconferencing bridge port for each called station. At any time prior to the conference call, a conference call is initiated by calling the 800/888 reservation number provided by the Company. The initial period and additional periods are one minute or fraction thereof for each call participant. Charges for Services are billed pursuant to Section 2.8.2 (C) of this Tariff.

3.3.2 Conference Entry Options

- (A) Call-In is a conference entry option which allows conference call participants to dial a prearranged telephone number to reach the Conference Bridge and join the conference call. Each conference call participant furnishes its own long distance to reach the Conference Bridge. The Call-In conference entry option is available on all Speer Audioconferencing Services.
- (B) 800/888 Call-In is a conference entry option which enables conference call participants to reach the Conference Bridge and join the conference call by calling a toll-free 800/888 number provided by the Company. The 800/888 Call-In conference entry option is available on all Speer Audioconferencing Services.
- (C) Call-Out is a conference entry option where the Coordinator calls the conference call participants to connect them into the conference call. The Call-Out conference entry option is available to Customers subscribing to the standard option as described in Section 3.3.3 of this Tariff

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3.3 Speer Audioconferencing Service (continued)

3.3.3 Rate Options

(A) Automated

Conference call participants are admitted to the conference call by using a predetermined code. Entry and exit tones announce arrival/departure. The Service provides the capability to connect a multiple number of conference call participants in a single call. The conference entry options available are call-in and 800/888 call-in.

(B) Standard

The Coordinator announces each conference call participant and scans the call during the conference. For further assistance, a conference call participant can recall the Coordinator by signaling with the key pad. The Service provides the capability for multiple call participants in a single call.

(C) Premium

The Coordinator greets conference call participants, takes roll call, and calls back disconnected conference call participants, and is on-line throughout the entire call from set-up through completion. Constant monitoring is provided by multiple Coordinators assigned by the Company based on the number of participants on the call. The Service provides the capability to connect a multiple number of conference call participants in a single call.

SECTION 3 - DESCRIPTION OF SERVICES

3.4 Directory Assistance

3.4.1 General

Intrastate Directory Assistance involves the supplying of assistance to a calling party in the State in determining or attempting to determine the telephone number of a party who is outside the calling party's area code, but within the State. Calls for Directory Assistance within the calling party's area code are routed to and handled by the LEC or CLEC. If a Customer calls directory assistance for a call within the State but outside of the calling party's area code, the call is routed to and handled by the DUC. Person-to-Person and collect calls to Directory Assistance are not allowed.

3.4.2 Availability of Service

Intrastate directory assistance is available if the Customer subscribes to any outbound Service or the Virtual Office Calling Card.

3.4.3 Application of Charges

The Directory Assistance charge applies whether or not the directory assistance bureau furnished the requested telephone number(s) (e.g., where the requested telephone number is unlisted, non-published or no record can be found).

SECTION 3 - DESCRIPTION OF SERVICES

3.5 Virtual Office Long Distance Services

Virtual Office Long Distance Services are combination inbound, outbound, and calling card long distance telecommunications Services available to Business Customers. Virtual Office Long Distance Services are only available to Customers that subscribe to the Company's comparable interstate Virtual Office Long Distance Service offering and have access to the Platform.

3.5.1 Virtual Office Prepaid Calling Card

Virtual Office Prepaid Calling Card is available for use when Customers or End Users are away from their established primary service location. Rates and charges apply to all calls originating and terminating in the State regardless of the billing location of the Customer account. The initial period and additional periods are one (1) minute or fraction thereof. The Virtual Office Calling Card allows the Customer or End User to place outbound calls via the Platform by dialing a toll-free 800/888 number. In some locations, the Customer may place a Calling Card call by dialing a local access number. Where available, the Company will provide the Customer the local access number. Calls may be dialed, speed dialed via the Customer's Virtual Office speed dial list, or returned via captured ANI information in stored messages. Up to three simultaneous calls may be placed via the Platform. If more than three connections are required, the calls are directed to the Conference Bridge.

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SECTION 3 - DESCRIPTION OF SERVICES

3.5 Virtual Office Services (continued)

3.5.2 Virtual Office 1+

Virtual Office 1+ is an outbound only long distance telecommunications Services for Business Customers that utilized Switched Access to reach the long distance network. Virtual Office 1+ Service is only available to Customers that utilize Switched Access to reach the long distance network and that subscribe to Virtual Office Prepaid Calling Card. The initial period and additional periods are one (1) minute or fraction thereof.

3.5.3 Virtual Office 800

Virtual Office 800 is an inbound only, postalized, long distance pricing plan. Calls may originate from any point in the state on any type of access but terminate via Switched Access lines between the Business Customer's premises and the long distance network. Virtual Office 800 is available to Customers that utilize Switched Access to reach the long distance network and that subscribe to the Virtual Office Calling Card. The initial period and additional periods are one minute or fraction thereof.

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SECTION 4 - RATES AND CHARGES

4.1 Speer Long Distance Services

4.1.1 Speer 1+

The rate per minute is \$.25.

4.1.2 Speer 800

The rate per minute is \$.30.

4.1.3 Speer Corporate Calling Card

The rate per minute is \$.25.

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SECTION 4 - RATES AND CHARGES

4.2 Prepaid Calling Cards

4.2.1 Speer Best Rate Prepaid Calling Card 1

(A) Option D

The rate per minute is as follows:

Annual Usage Commitment	Rate Per Minute
less than 250,000 minutes	\$0.40
250,000 to less than 500,000 minutes	\$0.33
500,000 to less than 1,000,000 minutes	\$0.30
1,000,000 to less than 5,000,000 minutes	\$0.28
more than 5,000,000 minutes	\$0.25

(B) Option U

The rate per unit is as follows:

Annual Usage Commitment	Rate Per Unit
less than 250,000 Units	\$0.40
250,000 to less than 500,000 units	\$0.33
500,000 to less than 1,000,000 units	\$0.30
1,000,000 to 5,000,000 units	\$0.28
more than 5,000,000 units	\$0.25

4.2.2 Speer Private Label Prepaid Calling Card

The rate is \$.25 per minute.

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SECTION 4 - RATES AND CHARGES

4.3 Speer Audioconferencing Service

4.3.1 Application of Charges

There are two rate elements for Speer Audioconferencing Service. They are usage rates and set-up charges. The per minute usage rates set forth in Section 4.6.2 of this Tariff apply when all legs of a conference call originate and terminate within the State. The usage rates are per minute per Site.

4.3.2 Usage Rates

(A) Automated

	Initial 1 Minute or Fraction	Additional 1 Minute or Fraction
Call-In	\$.45	\$.45
800/888 Call-In	\$.65	\$.65

(B) Standard

	Initial 1 Minute or Fraction	Additional 1 Minute or Fraction
Call-In	\$.45	\$.45
800/888 Call-In	\$.65	\$.65
Call-Out	\$.65	\$.65

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SECTION 4 - RATES AND CHARGES

4.5 Virtual Office Services

4.5.1 Virtual Office Prepaid Calling Card

The rate is \$0.149 per minute. For Conference Calling, the rate is \$0.149 per minute per leg for up to three participants. Beyond three Participants, a Conference bridge must be employed and the rates are the same as shown in Section 4.3 of this Tariff.

4.5.2 Virtual Office 1+

The rate is \$0.150 per minute.

4.5.3 Virtual Office 800

The rate is \$0.150 per minute.

4.6 Miscellaneous Charges

4.6.1 Payphone Surcharge

Pursuant to the FCC's Order in CC Docket 96-128, this surcharge applies only to dial-around calls, i.e., calls originating using a carrier's access code, a Customer's 800 and other toll-free numbers and debit card calls, from payphone instruments. This surcharge does not apply for 0+ call for which the payphone provider would otherwise receive compensation. The Customer shall pay the Company a per call surcharge of \$0.35 per call for all such traffic.

ATTACHMENT 2

SCVM'S PROFORMA FINANCIAL INFORMATION

Sales - South Dakota	\$ 16,875.
Cost of Goods Sold	<u>\$ 10,462.</u>
Gross Margin	\$ 6,413.

Operations	
Billing & Collection	\$ 500.
Customer Service	\$2,000.
Administration	\$2,000.
Total Operations	<u>\$4,500.</u>
Net Profit (BIT)	\$1,913.

ATTACHMENT 3

CUSTOMER NOTICE



SPEER VIRTUAL MEDIA, LTD.

CUSTOMER NOTICE

November 30, 1998

RE: Speer Virtual Media, Ltd.
Corporate Restructuring

Dear Customer:

Speer Virtual Media, Ltd. is pleased to announce the formation of a subsidiary corporation named Speer Communications Virtual Media, Inc. This new corporation will become the telecommunications arm of Speer Virtual Media, Ltd. assuming full responsibility for all existing long distance communications customers and services.

Speer Virtual Media, Ltd. wants to assure you, as one of our valued customers, that this restructuring will be as seamless a process as possible. The only difference you will notice will be a change in the name on your invoice to Speer Communications which will be phased in beginning with your January 1999 invoice. There will be no change in your rates, charges, services, or contact numbers.

If you have any questions, we would like to hear from you so please call your customer service representative at 1 (888) 283-2010.

Tom Weekly
Vice President
Speer Virtual Media, Ltd

Frank Gruber
Vice President
Speer Communications Virtual Media, Inc.

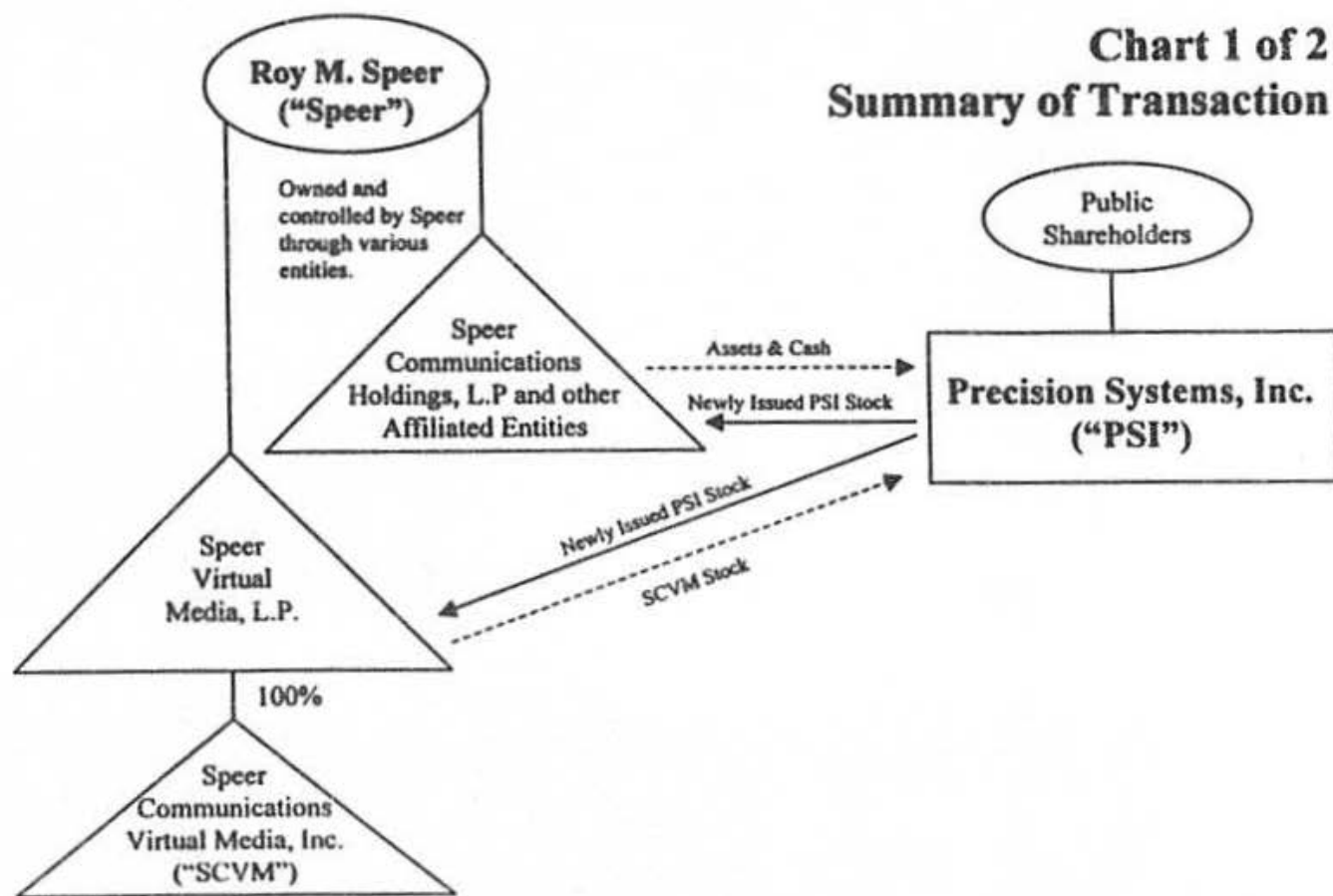
ATTACHMENT 4

PRE-TRANSFER & POST-TRANSFER

ORGANIZATIONAL CHARTS

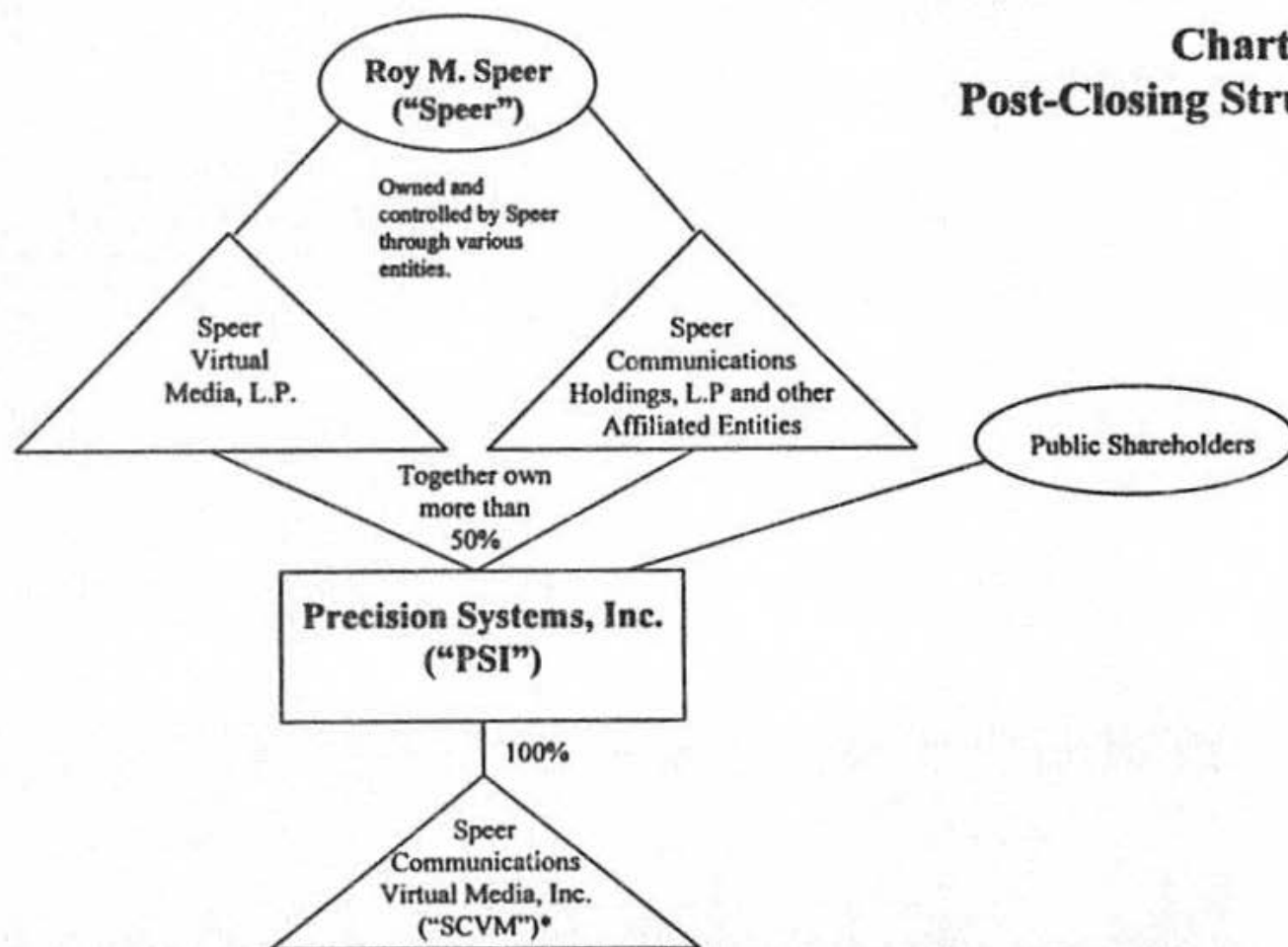
Proposed Acquisition of Precision Systems, Inc. by Certain Entities Owned and Controlled by Roy M. Speer

Chart 1 of 2
Summary of Transaction



Proposed Acquisition of Precision Systems, Inc. by Certain Entities Owned and Controlled by Roy M. Speer

**Chart 2 of 2
Post-Closing Structure**



* Thus, both before and after the transaction, the state certifications will be held by a Speer entity owned and controlled by Speer.

ATTACHMENT 5

VERIFICATIONS

VERIFICATION OF APPLICANT

STATE OF TENNESSEE)
) ss.
COUNTY OF DAVIDSON)

I, Frank Gruber, upon being duly sworn, depose, and state as follows:

1. I am currently Vice President of Speer Communications Virtual Media, Inc. ("SCVM"), 3201 Dickerson Pike, Nashville, Tennessee 37207.
2. I am familiar with the contents of this Joint Application filed with the Commission herein.
3. I, as Vice President, have the authority to file this Application on behalf of Speer Virtual Media, Inc. as its official act & deed.
4. I hereby attest to and adopt all filings submitted with this Application, the contents of which are true and correct to the best of my knowledge, information, and belief.

Executed this 18 day of JAN, 1999.

Speer Communications Virtual Media, Inc.

By

Frank J. Gruber

Frank Gruber
Vice President

SUBSCRIBED AND SWORN TO before me on this 18th day of
Jan, 1999.

Rickie McCutchen
Notary Public

My commission expires:

My Commission Expires MAY 28 2000

VERIFICATION OF APPLICANT

STATE OF TENNESSEE)
) ss.
COUNTY OF DAVIDSON)

I, Thomas D. Weekly, upon being duly sworn, depose, and state as follows:

1. I am currently Vice President of Speer Virtual Media, Ltd. ("SVM"), 3201 Dickerson Pike, Nashville, Tennessee 37207.
2. I am familiar with the contents of this Joint Application filed with the Commission herein.
3. I, as ^{Vice} President, have the authority to file this Application on behalf of Speer Virtual Media, Ltd. as its official act & deed.
4. I hereby attest to and adopt all filings submitted with this Application, the contents of which are true and correct to the best of my knowledge, information, and belief.

Executed this 26th day of June, 1999.

Speer Virtual Media, Ltd.

By [Signature]
Thomas D. Weekly
Vice President

SUBSCRIBED AND SWORN TO before me on this 26th day of June, 1999.

Vickie McLetchen
Notary Public
My commission expires:
My Commission Expires MAY 28, 2000

1-800-AMSOUTH

4448

01-01-83

250.00

DOLLARS

Barbara L. Lane

02338187

South Dakota Public Utilities Commission
WEEKLY FILINGS
For the Period of February 4, 1999 through February 10, 1999

If you need a complete copy of a filing faxed, overnight expressed, or mailed to you, please contact Delaine Kolbo within five business days of this filing.
Phone: 605-773-3705. Fax: 605-773-3809.

GAS & ELECTRIC

- GE99-001** In the Matter of the Application of MidAmerican Energy For Approval Of Revisions To Sample Forms Tariffs.

Application by MidAmerican Energy for approval of revised electric and natural gas sample forms including regular customer bill, deposit receipt and disconnect notice.

Staff Analyst: Leni Healy
Staff Attorney: Karen Cremer
Date Filed: 02/9/99
Intervention Deadline: NA

TELECOMMUNICATIONS

- TC96-184** In the Matter of the Interconnection Contract Negotiations Between AT&T Communications of the Midwest, Inc. and U S West Communications, Inc. Pursuant to 47 U.S.C. Section 252.

ARBITRATED/NEGOTIATED INTERCONNECTION AGREEMENT FILED

AT&T Communications of the Midwest, Inc. and U S WEST Communications, Inc. submitted copies of their Agreement for Local Wireline Network Interconnection and Service Resale. Any person wishing to comment on the parties' request for approval may do so by filing written comments with the Commission and the parties to the agreement no later than February 18, 1999. Parties to the agreement may file written responses to the comments within five business days of service of the comments.

- TC99-014** In the Matter of the Application to Transfer the Certificate of Authority from Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc.

The Commission has received a request to transfer the Certificate of Authority from Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc. and to approve of the adoption of Speer Virtual Media, Ltd.'s

tariff by Speer Communications Virtual Media, Inc. Control of Speer Communications Virtual Media, Inc. will be transferred to Precision Systems, Inc. upon consummation of an agreement between privately-held companies, including Speer Virtual Media, Ltd., that are controlled by Roy M. Speer, and Precision Systems, Inc., a public corporation.

Staff Attorney: Camron Hoseck

Staff Analyst: Harlan Best

Date Filed: 02/09/99

Intervention Deadline: 02/26/99

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You may subscribe to the PUC mailing list at <http://www.state.sd.us/puc/>

Visiology, Inc.

TC99-014

Todd H. Lowe (206) 330-1701
Barbara L. Lowe (206) 330-1702
Bobbi Ferguson (206) 330-1703
FAX (206) 330-1706

February 22, 1999

Mr. William Bulard, Jr.
Executive Director
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501-5070

RECEIVED
FEB 22 1999
SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION

Re: Transfer of Assets and Operating Authority of Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc.,

Dear Sir:

Enclosed are the original and ten (10) copies of the responses of Speer Virtual Media, Ltd. and Speer Communications Virtual Media, Inc. to staff's data request in the above referenced matter.

- | Item No. | Topic and Response |
|----------|--|
| 1. | Financials of Speer Virtual Media, Ltd.
This information is being provided under separate cover. |
| 2-4. | Tariff Revisions Requested by staff
Revisions are enclosed at Attachment A. |
| 5. | Provide the guidelines used in determining "the reasonable satisfaction of the company" to establish credit. Tariff at 2.6
This information is being provided under separate cover. |
| 6. | Provide the guidelines used in determining "in the Company's judgement" when requiring advance payments. Tariff at 2.7
This information is being provided under separate cover. |
| 7. | ARSD 20:10:24:02(10) A statement as to whether or not the applicant is in good standing with the appropriate regulatory agency in the states where it is registered or certified, and a detailed explanation of why the applicant is not in good standing in a given state, if applicable. |

Neither SCVM or PSI has any pending or final decisions or judgements against it from the Commission or any other state or federal agency involving service to customers or rate charges.

8. ARSD 20:10:24:02(13) Applicant's federal tax identification number.
SCVM's federal tax identification number is 62-1753920.
9. ARSD 20:10:24:02(14) The number and nature of complaints filed against the applicant with any state or federal regulatory commission regarding the unauthorized switching of a customer's telecommunication's provider and the act of charging customers for services that have not been ordered.
None. The applicants are not currently providing presubscribed 1+ long distance service.
10. SEC Schedule 13 DA is enclosed at Attachment B.

If there are any questions regarding this filing, please contact the undersigned at (205) 330-1703. So that our records will be complete, I would appreciate it if you would please date-stamp the extra copy of this transmittal letter and mail it to me in the envelope provided. Thank you for your assistance in this matter.

Sincerely,



Bobbi Ferguson
Regulatory Consultant to
Speer Communications Virtual Media, Inc.
Speer Virtual Media, Ltd.

Enclosures

ATTACHMENT 1

TARIFF REPLACEMENT SHEETS

These tariff sheets replace in their entirety those submitted in the proposed tariff contained in the application.

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability

2.3.1 The Company will not be liable for:

- (A) Any act or omission of any other company or companies furnishing a portion of the Service or facilities, equipment or service associated with such Service.
- (B) Any defacement of, or damage to, the equipment or premises of a Customer resulting from the provision of Service when such defacement or damage is not the result of the Company's negligence.
- (C) Damages caused by the negligence or willful misconduct of the Customer.
- (D) Any failure to provide or maintain Service under this Tariff due to circumstances beyond the Company's reasonable control.
- (E) Failure or delay in the delivery of Calling Cards or Prepaid Calling Cards.
- (F) The use or abuse of any Service described herein by any party including, but not limited to, the Customer's employees or members of the public. "Use or abuse" includes, but is not limited to, any calls placed by means of PBX-reorigination or any other legal or illegal equipment, service or device. In the case of Inbound Service, this also applies to third parties who dial the Customer's 800/888 number by mistake.

Speer Communications Virtual Media, Inc.
Lee Provow, President
3201 Dickerson Pike
Nashville, Tennessee 37207

South Dakota P.U.C. No. 1
Original Page 22

Issued: January 28, 1999
Effective:

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

2.3.1 (continued)

- (G) Any action, such as Blocking or refusal to accept certain calls, that Company deems necessary in order to prevent unlawful use of its Service. Compensation for any injury the Customer may suffer due to the fault of parties other than the Company must be sought from such other parties. The liability provided for above, will, in each case, be in addition to any amounts that may otherwise be due the Customer under this Tariff as a credit allowance for the interruption of Service.

2.3.2 Reserved for future use

- 2.3.3** The Company does not undertake to transmit messages but furnishes the use of its Services to its Customers for telecommunications. The Company is not liable for the content of the Customer's messages.

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

2.3.4 Reserved for future use.

2.3.5 The Company's will not be liable for any failure of performance hereunder due to causes beyond its control including, but not limited to:

- (A) Unavoidable interruption in the working of transmission facilities; or
- (B) Natural disasters such as storms, fire, flood, or other catastrophes; or
- (C) Any law, order, regulation, direction, action or request of the United States Government, or any other governmental entity having jurisdiction over the Company or of any department, agency, commission, bureau, corporation or other instrumentality of any one or more of such governmental entity, or of any civil or military authority; or
- (D) National emergencies, insurrections, riots, rebellions, wars, strikes, lockouts, work stoppages, or other labor difficulties; or
- (E) Notwithstanding anything in this Tariff to the contrary, the unlawful acts of individuals, including acts of the Company's agents and employees if committed beyond the scope of their employment.

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

2.3.6 Interruptions, delays, errors, or defects caused by or contributed to, directly or indirectly, by act or omission of Customer or its customers, affiliates, agents, contractors, representatives, invitees, licensees, successors, or assignees or which arise from, or are caused by, the use of facilities or equipment of Customer or related parties, will not result in the imposition of any liability whatsoever upon the Company. In addition, a portion or all of the Service may be provided over facilities of third parties, and the Company will not be liable to Customer or any other person, firm, or entity in any respect whatsoever arising out of defects caused by such third parties.

2.3.7 With respect to Service provided hereunder, the Company hereby expressly disclaims, without limitation, all warranties not stated in this Tariff, whether express, implied or statutory, and in particular disclaims all implied warranties of merchantability and of fitness for a particular purpose.

2.3.8 Reserved for future use

2.3.9 No contractors, agents or employees of connecting, concurring or other participating carriers or companies will be deemed to be contractors, agents or employees of the Company without the Company's written authorization.

2.3.10 Reserved for future use.

Speer Communications Virtual Media, Inc.
Lee Provow, President
3201 Dickerson Pike
Nashville, Tennessee 37207

South Dakota P.U.C. No. 1
Original Page 25

Issued: January 28, 1999
Effective:

SECTION 2 - RULES AND REGULATIONS

2.3 Limitation of Liability (continued)

2.3.11 Reserved for future use.

2.3.12 If the Company issues Prepaid Calling Cards and the PINs that will not access Service, the Company's sole liability will be the manufacturing and shipping costs associated with replacing such cards. This obligation is exclusive and is in lieu of all other warranties, express or implied, including but not limited to, any warranty of merchantability or fitness for a particular purpose. In no event will the Company be liable for special or consequential damages arising from the relationship or the conduct of business contemplated herein.

2.3.13 Reserved for future use.

SECTION 2 - RULES AND REGULATIONS

2.4 Use of Service (continued)

2.4.4 (continued)

- (D) Joint use is a Service/billing allocation arrangement and not a resale arrangement. Neither the Customer nor any Joint User nor any third party engaged by either of them in connection with a joint use agreement or arrangement may mark up Service or otherwise profit from the joint use agreement or arrangement.

2.5 Obligations of the Customer

2.5.1 The Customer will indemnify, defend, and hold the Company harmless from and against:

- (A) Reserved for future use
- (B) Any and all liabilities, costs, damages, and expenses (including attorney's fees), resulting from Customer's (or its employees', agent's or independent contractor's) actions hereunder, including, but not limited to breach of any provision in this Tariff, misrepresentation of Services or rates, or unauthorized or illegal acts of the Customer, its employees, agents, or independent contractors.

Speer Communications Virtual Media, Inc.
Lee Provow, President
3201 Dickerson Pike
Nashville, Tennessee 37207

South Dakota P.U.C. No. 1
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SECTION 2 - RULES AND REGULATIONS

2.5 Obligations of the Customer (continued)

2.5.1 (continued)

- (C) Claims for libel, slander, infringement of patent or copyright, or unauthorized use of any trademark, trade name, or service mark arising out of Customer's or End User's material, data, information, or other content transmitted via Service.
- (D) Violation by Customer or End User of any other literary, intellectual, artistic, dramatic, or musical right.
- (E) Violations by Customer or End User of the right to privacy.
- (F) Any other claims whatsoever relating to or arising from message content or the transmission thereof.
- (G) All other claims arising out of any act or omission of the Customer or End User in connection with Service provided by the Company.
- (H) Reserved for future use

SECTION 2 - RULES AND REGULATIONS

2.5 Obligations of the Customer (continued)

2.5.1 (continued)

- (I) Any and all liabilities, costs, damages, and expenses (including attorney's fees), resulting (1) from Customer (or its employees's agent's or independent contractor's) actions hereunder, including, but not limited to breach of any provision in this Tariff, misrepresentation of Company services or prices, or unauthorized or illegal acts of the Customer, its employees, agents, or independent contractor or (2) from claims by third parties that any Prepaid Calling Cards or PINs have been lost, stolen, or fraudulently issued or used; provided, however, that the Company will have no liability hereunder for special or consequential damages incurred by the Company; or (3) in the event that the Company chooses to have another company print their Prepaid Calling Cards, Company cannot be held liable for delays of delivery or any other problem that are directly to the third party. In no event will the Company be obligated to restore any Prepaid Calling Card account or otherwise reimburse any Cardholder for any calls charged to the Prepaid Calling Card account which such Cardholder denies having made.
- (J) All claims related to lost or stolen Prepaid Calling Cards.
- (K) Claims related to lost or stolen calling cards, except as described in Section 2.21.3 of this Tariff.

SECTION 2 - RULES AND REGULATIONS

2.5 Obligations of the Customer (continued)

- 2.5.2 The Customer shall be responsible for the payment of all charges for Service provided to Customer under this Tariff and for the payment of all excise, sales, use or other similar taxes that may be levied by a governing body or bodies in conjunction with or as a result of Service furnished to Customer under this Tariff. Also see Section 2.12.3 of this Tariff for additional information regarding the Customer's obligations concerning taxes.
- 2.5.3 The Customer is responsible for payment of all charges for Service provided by the Company and originating at Customer's number; accepted at Customer's number; billed to Customer's Calling Card or Prepaid Calling Card; or rendered at Customer's specific request, regardless of whether the Customer's facilities were fraudulently used or used without Customer's knowledge in full or in part.
- 2.5.4 The Company shall not be required to consider any Customer claim for damages or statutory penalties, or adjustments, refunds, credits or cancellation of charges, unless the Customer has notified the Company of any dispute concerning charges, or the basis of any claim for damages, within 180 calendar days after an invoice is rendered or a debit is effected by the Company for the call giving rise to such dispute or claim. Any such notice must set forth sufficient facts to provide the Company with a reasonable basis upon which to evaluate the Customer's claim or demand. If the Customer is not satisfied with the Company's resolution of any dispute, the Customer may make application to the Commission for review and disposition of the matter. The Commission's address and telephone number are South Dakota Public Utilities Commission, 500 East Capitol Avenue, Pierre, SD 57501-5070, 605-773-3201 or 1-800-332-1782.
- 2.5.5 Upon the Customer's receipt of Company Prepaid Calling Cards, the Customer will assume all risk of loss or misuse of such cards.

ATTACHMENT 2

SEC SCHEDULE 13 DA

<SEC-DOCUMENT>0000950133-98-001543.txt: 19980427
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ACCESSION NUMBER: 0000950133-98-001543
CONFORMED SUBMISSION TYPE: SC 13D/A
PUBLIC DOCUMENT COUNT: 5
FILED AS OF DATE: 19980424
SRO: NONE
GROUP MEMBERS: CRYSTAL DIAMOND, INC.
GROUP MEMBERS: RMS LIMITED PARTNERSHIP
GROUP MEMBERS: ROY M. SPEER

SUBJECT COMPANY:

COMPANY DATA:
COMPANY CONFORMED NAME: PRECISION SYSTEMS INC
CENTRAL INDEX KEY: 0000886074
STANDARD INDUSTRIAL CLASSIFICATION: TELEPHONE & TELEGRAPH
APPARATUS [3661]
IRS NUMBER: 411425909
STATE OF INCORPORATION: DE
FISCAL YEAR END: 1231

FILING VALUES:
FORM TYPE: SC 13D/A
SEC ACT:
SEC FILE NUMBER: 005-46131
FILM NUMBER: 98601084

BUSINESS ADDRESS:
STREET 1: 11800 30TH COURT NO
CITY: ST PETERSBURG
STATE: FL
ZIP: 33716
BUSINESS PHONE: 8135729300

FILED BY:

COMPANY DATA:
COMPANY CONFORMED NAME: RMS LIMITED PARTNERSHIP
CENTRAL INDEX KEY: 0001016666
STANDARD INDUSTRIAL CLASSIFICATION: []

FILING VALUES:
FORM TYPE: SC 13D/A

BUSINESS ADDRESS:
STREET 1: BARTLETT & GLOGOVAC
STREET 2: 50 W LIBERTY STREET SU TE 650
CITY: RENO
STATE: NV
ZIP: 89501

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 13D/A

Under the Securities Exchange Act of 1934

Amendment No. 9

PRECISION SYSTEMS, INC.

(Name of Issuer)

Common Stock (\$.01 par value)

(Title of Class of Securities)

740329-10-7

(CUSIP Number)

Thomas J. Egan, Jr., Esq.
Baker & McKenzie
815 Connecticut Avenue, N.W.
Washington, D.C. 20006-4078
(202) 452-7000

(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications)

April 22, 1998

(Date of Event which Requires
Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition which is the subject of this Schedule 13D, and is filing this schedule because of Rule 13d-1(b)(3) or (4), check the following box ☐.

Check the following box if a fee is being paid with the statement ☐.

(A fee is not required only if the reporting person: (1) has a previous statement on file reporting beneficial ownership of more than five percent of the class of securities described in Item 1; and (2) has filed no amendment subsequent thereto reporting beneficial ownership of five percent or less of such class.) (See Rule 13d-7.)

- (1) Name of Reporting Persons
S.S. or I.R.S. Identification No. of Above Persons

RMS Limited Partnership 88-0224372	Crystal Diamond, Inc. 88-0223159	Roy M. Speer 262-38-9666
--	-------------------------------------	-----------------------------

- (2) Check the Appropriate Box if a Member
of a Group (See Instructions) (a) ☒ (b) ☐

- (3) SEC Use Only

- (4) Source of Funds

PF

- (5) Check Box if Disclosure of Legal Proceedings
is Required Pursuant to Items 2(d) or 2(e) ☐
N/A

- (6) Citizenship or Place of Organization

RMS Limited Partnership -- Nevada limited partnership
Crystal Diamond, Inc. -- Nevada corporation
Roy M. Speer -- individual citizen of the United States

Number of Shares
Beneficially Owned
by Each Reporting
Person With

(7) Sole Voting Power
0

(8) Shared Voting Power
3,634,432 by each person

(9) Sole Dispositive Power
0

(10) Shared Dispositive Power
3,634,432 by each person

- (11) Aggregate Amount Beneficially Owned by Each Reporting Person

RMS Limited Partnership -- 3,634,432 shares
Crystal Diamond, Inc. -- 3,634,432 shares
Roy M. Speer -- 3,634,432 shares

- (12) Check Box if the Aggregate Amount in Row (11)
Excludes Certain Shares ☒

- (13) Percent of Class Represented by Amount in Row (11)

RMS Limited Partnership -- 19.84%
Crystal Diamond, Inc. -- 19.84%
Roy M. Speer -- 19.84%

- (14) Type of Reporting Person

RMS Limited Partnership -- PN
Crystal Diamond, Inc. -- CO
Roy M. Speer -- IN

RMS Limited Partnership, a Nevada limited partnership ("RMS"), Crystal Diamond, Inc., a Nevada corporation, and Roy M. Speer hereby amend their Schedule 13D as filed on July 31, 1992 and as amended by that Amendment No. 1 to the Schedule 13D dated December 17, 1993, by that Amendment No. 2 to the Schedule 13D dated January 5, 1995, by that Amendment No. 3 to the Schedule 13D dated April 5, 1995, by that Amendment No. 4 to the Schedule 13D dated June 10, 1996 and by that Amendment No. 5 to the Schedule 13D dated June 27, 1996 and by that Amendment No. 6 to the Schedule 13D dated April 7, 1997 and by that Amendment No. 7 to the Schedule 13D dated September 30, 1997 and by that Amendment No. 8 to the Schedule 13D dated March 4, 1998 (as amended the "Schedule 13D"), with respect to the Common Stock, par value \$.01 per share (the "Common Stock"), of Precision Systems, Inc., a Delaware corporation.

ITEM 3. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION.

Item 3 of the Schedule 13D is amended by adding the following to the disclosure contained therein:

Pursuant to a Contribution and Share Exchange Agreement ("Agreement") dated April 22, 1998 between Speer Communications Holdings Limited Partnership; Speer World Wide Digital Transmission & Vaulting Limited Partnership; Speer Productions Limited Partnership; and Speer Virtual Media Limited Partnership (collectively "Speer") and Precision Systems, Inc., a Delaware corporation (the "Company" or "PSI"), Speer agreed to exchange certain assets, \$15 million in cash and the capital stock of Professional Video Services Corporation in exchange for 101,508,343 shares (the "Exchange Consideration") of Common Stock of PSI (the "Contribution and Exchange Transaction"). In addition, pursuant to the terms of a Real Estate Transfer Agreement (the "Real Estate Agreement") RMS agreed to contribute certain real estate to PSI in exchange for 3,789,393 shares (the "Real Estate Consideration") of Common Stock of PSI (the "Real Estate Transaction"). Pursuant to the terms of a Plan of Recapitalization between RMS and the Company, RMS also agreed to deliver to PSI shares of Series A Preferred Stock and Series B Preferred Stock held by RMS, as well as a promissory note by and between PSI and RMS dated September 30, 1997, in exchange for shares of PSI Common Stock to be issued by PSI to RMS at a price of \$1.00 per share (the "Recapitalization Plan"). Finally, Speer agreed

<PAGE> 4

to provide PSI a line of credit of up to \$3 million prior to the closing of the transactions.

The source of the assets, securities and real estate to be used in the Contribution and Exchange Transaction and the Real Estate Transaction is the business and operations of Speer, its controlled limited partnerships and RMS; the source of the funds to be used in the Contribution and Exchange Transaction is the working capital of Speer and its controlled limited partnerships. The source of funds for the \$3 million line of credit to PSI is the working capital of Speer.

ITEM 4. PURPOSE OF TRANSACTION

Item 4(a) of the Schedule 13D is amended as follows:

On April 22, 1998, Speer and PSI executed the Agreement, a copy of which is attached hereto as Exhibit A, whereby Speer agreed to exchange certain assets, cash and securities held by Speer for common stock of PSI. As a result of the Agreement, Speer agreed, subject to the satisfaction of certain customary conditions, including shareholder approval, to contribute certain assets, \$15 million in cash and the capital stock of Professional Video Services Corporation in exchange for 101,508,343 shares of Common Stock of PSI. In addition, pursuant to the Real Estate Agreement RMS agreed to contribute certain real estate to PSI in exchange for 3,789,393 shares of Common Stock. Pursuant to the Recapitalization Plan RMS also agreed to deliver to PSI shares of Series A Preferred Stock and Series B Preferred Stock held by RMS, as well as a promissory note by and between PSI and RMS dated September 30, 1997, in exchange for shares of PSI Common Stock to be issued by PSI to RMS at a price of \$1.00 per share.

Prior to the closing date, Speer is entitled, upon not less than 20 days prior written notice, to elect not to close the Contribution and Exchange Transaction and the Real Estate Transaction. In lieu of these transactions and subject to the terms and conditions of the Agreement, Speer Communications and Speer Virtual Media ("SVM") would transfer to PSI certain assets of SVM and \$60 million in cash (the "Alternative Transaction"). In consideration for the assets of SVM and the \$60 million in cash, PSI, in lieu of delivering the Share Exchange Consideration and the

<PAGE> 5

Real Estate Consideration, would issue and deliver 65,000,000 newly issued shares of PSI Common Stock to Speer Communications and SVM.

Item 4(d) of the 13D is amended as follows:

Pursuant to the terms of the Agreement, PSI has agreed to increase the number of members of its Board of Directors from five to eight persons. Upon consummation of the Agreement, three nominees of Speer will be elected to fill vacancies on the PSI Board of Directors. At the closing date, PSI will appoint a nominee of Speer to serve as President and Chief Executive Officer of PSI.

Upon consummation of the Contribution and Exchange Transaction, the Recapitalization Plan and Real Estate Transaction, Speer will control approximately 84% of the Common Stock of PSI.

Item 4(e) of the 13D is amended as follows:

Concurrently with the execution of the Agreement, Speer Communications entered into voting agreements with Alta Investissements S.A., Vulcan Ventures Incorporated and certain other entities and persons whereby each of the voting parties agreed to not sell any of the shares of capital stock of PSI owned by such parties between the date of the voting agreement and the closing date; and each of the parties agreed to vote all shares of PSI Common Stock held by each party in favor of the Contribution and Exchange Transaction and the Real Estate Transaction or the Alternative Transaction and the Recapitalization Plan, and an amendment of the Certificate of Incorporation of PSI increasing the number of authorized shares of PSI Common Stock to not less than 200,000,000 shares, or such other number as the parties may agree.

ITEM 5. INTEREST IN SECURITIES OF THE ISSUER

Item 5 of Schedule 13D is amended by adding the following paragraph thereto:

Mr. Speer indirectly controls and is the beneficial owner of substantially all of the partnership interests in each of the Speer entities. In the event of the consummation of the Contribution and Exchange Transaction and the Real Estate Transaction, or the Alternative Transaction, and the Recapitalization Plan, Mr. Speer

<PAGE> 6

will be the beneficial owner of the consideration received by the Speer entities involved in those transactions.

ITEM 6. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO SECURITIES OF THE ISSUER.

Item 6 of the Schedule 13D is amended by adding the following paragraph thereto:

On April 22, 1998, Speer and certain affiliates entered into the Agreement with PSI, whereby Speer, agreed, subject to the satisfaction of certain conditions, to transfer to PSI all right, title and interest in certain assets, tangible and intangible, held by Speer and used in certain businesses a. conducted by Speer, including: resale of long distance telecommunications services; provision of remotely accessed virtual office information services; provision of audiovisual production and post-production facilities and services; provision of digital information storage services; and provision of satellite uplink and downlink information transmission services. The assets to be contributed by Speer also include the issued and outstanding capital stock of Professional Video Services Corporation, a District of Columbia corporation, and \$15 million in cash. In consideration for the foregoing, PSI has agreed to deliver 101,508,343 newly issued shares of PSI Common Stock, par value \$0.01 to Speer.

Pursuant to a Real Estate Transfer Agreement between PSI and RMS ("Real Estate Agreement"), a copy of which is attached hereto as Exhibit B, RMS has agreed, subject to the closing of the Contribution and Exchange Transaction, to transfer certain real estate holdings to PSI in exchange for 3,789,393 shares of PSI Common Stock. In addition, pursuant to the Recapitalization Plan between PSI and RMS, a copy of which is attached hereto as Exhibit C, RMS has agreed to deliver to PSI for cancellation (i) all of the shares of PSI Series A Preferred Stock and the shares of PSI Series B Preferred Stock held by RMS, and (ii) the promissory note by and between PSI and RMS dated September 30, 1997 (the "Note") in exchange for shares of PSI Common Stock to be issued by PSI to RMS at a price of \$1.00 per share. The shares of PSI Series A Stock and PSI Series B Stock held by RMS will be exchanged for a number of shares of PSI Common Stock equal to the quotient realized by dividing the sum of the aggregate liquidation preference for the shares of PSI Series A Stock and PSI Series B Stock held by RMS plus the accumulated and unpaid dividends on such shares as of the

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closing date by the exchange rate and rounding any fraction resulting from such calculation to the next largest whole number. The Note will be converted into a number of shares of PSI Common Stock equal to the quotient realized by dividing the principal balance and accrued interest on the RMS Note as of the closing date by the Exchange Rate and rounding any fraction resulting from such calculation to the next largest whole number.

Prior to the closing date, Speer will be entitled, upon not less than twenty days prior written notice, to elect not to close the Contribution and Exchange Transaction and the Real Estate Transaction. In lieu of such transactions and subject to the terms and conditions of the Agreement, Speer Communications and SVM would transfer to PSI certain assets of SVM and \$60 million in cash. In consideration for the contribution of the assets of SVM and the cash, and in lieu of PSI's obligation to deliver the Share Exchange Consideration and the Real Estate Consideration, PSI would issue and deliver 65,000,000 newly issued shares of PSI Common Stock to Speer Communications and SVM.

ITEM 7. MATERIAL TO BE FILED AS EXHIBITS.

- Exhibit A - Contribution and Share Exchange Agreement dated as of April 22, 1998, by and among Speer Communications Holdings Limited Partnership, Speer World Wide Digital Transmission & Vaulting Limited partnership, Speer productions Limited partnership, Speer Virtual media Limited Partnership and Precision Systems, Inc.
- Exhibit B - Real Estate Transfer Agreement dated as of April 22, 1998, by and between Precision System, Inc., and RMS Limited Partnership
- Exhibit C - Plan of Recapitalization dated as of April 22, 1998, by and between Precision Systems, Inc., and RMS Limited Partnership
- Exhibit D - Voting Agreements

SIGNATURES

After reasonable inquiry and to the best of my knowledge and belief, I certify that the information set forth in this statement is true, complete and correct.

April 22, 1996

/s/ Roy M. SPEER

ROY M. Speer

RMS LIMITED PARTNERSHIP,
a Nevada limited partnership

/s/ C. Thomas Burton

C. Thomas Burton
President
of Crystal Diamond, Inc.,
the Managing General Partner of
RMS Limited Partnership

CRYSTAL DIAMOND, INC.,
a Nevada corporation

/s/ C. Thomas Burton

C. Thomas Burton
President

EXHIBIT A

CONTRIBUTION AND SHARE EXCHANGE AGREEMENT
BY AND AMONG

SPEER COMMUNICATIONS HOLDINGS LIMITED PARTNERSHIP,
A NEVADA LIMITED PARTNERSHIP

SPEER WORLD WIDE DIGITAL TRANSMISSION & VAULTING
LIMITED PARTNERSHIP,
A NEVADA LIMITED PARTNERSHIP

SPEER PRODUCTIONS LIMITED PARTNERSHIP,
A NEVADA LIMITED PARTNERSHIP

SPEER VIRTUAL MEDIA LIMITED PARTNERSHIP,
A NEVADA LIMITED PARTNERSHIP

AND

PRECISION SYSTEMS, INC.,
A DELAWARE CORPORATION

APRIL 22, 1998

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CONTRIBUTION AND SHARE EXCHANGE AGREEMENT

This CONTRIBUTION AND SHARE EXCHANGE AGREEMENT (the "Agreement") is executed this 22nd day of April, 1998 by and among Speer Communications Holdings Limited Partnership, a Nevada limited partnership ("Speer Communications"), Speer World Wide Digital Transmission & Vaulting Limited Partnership, a Nevada limited partnership ("Speer World Wide"), Speer Productions Limited Partnership, a Nevada limited partnership ("Speer Productions"), Speer Virtual Media Limited Partnership, a Nevada limited partnership ("SVM") and Precision Systems, Inc., a Delaware corporation ("PSI").

WHEREAS, Speer Communications, Speer World Wide, SVM and Speer Productions (collectively, "Speer" or the "Speer Entities") intend to contribute certain of their assets to PSI together with \$15 million in cash in exchange for newly issued shares of common stock of PSI (the "Contribution and Exchange Transaction") and RMS Limited Partnership, a Nevada limited partnership ("RMS") intends to transfer certain real property to PSI and to exchange certain securities and a debt obligation of PSI for newly issued shares of common stock of PSI (together with the Contribution and Exchange Transaction, the "Transaction"); and

WHEREAS, the general and limited partners of Speer and the Board of Directors of PSI have determined that the Transaction or the Alternative Transaction (as hereinafter defined) is in the best interests of Speer, PSI and the shareholders of PSI; and

WHEREAS, for United States federal income tax purposes, it is intended that the transfer of the Speer Assets, as defined below, by Speer to PSI together with the transfer of real property by RMS to PSI qualify as a transfer subject to Section 351(a) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Internal Revenue Code");

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows.

ARTICLE I

CONTRIBUTION AND SHARE EXCHANGE

1.1. Speer Contribution.

(a) Subject to the terms and conditions of this Agreement, at the Closing Date, as hereinafter defined, Speer agrees to grant, contribute, convey, assign, transfer and deliver to PSI (the "Contribution") pursuant to an Assignment and Assumption Agreement substantially in the form attached as Exhibit 1.1 hereto (the "Assignment and Assumption Agreement") all right, title and interest in all of the assets, tangible or intangible, along with all contractual and leasehold rights Speer holds necessary for PSI to operate the Businesses (as hereinafter defined) as Speer operates them as of the date hereof (the "Speer Assets") in exchange for the consideration set forth in Section 1.2. The Speer Assets include, without limitation, those assets set forth in Schedule 1.1(a)(i), together with all of the issued and outstanding capital stock of Professional Video Services Corporation, a Delaware corporation ("PVS") (the "Equity Interests") and \$15 million in cash (the "Cash"), but do not include those assets set forth in Schedule 1.1(a) (the "Excluded Assets").

(b) The Speer Assets, the Equity Interests and the Cash shall be contributed and transferred to PSI free and clear of all liabilities, liens, charges, encumbrances and obligations of Speer, fixed, contingent or unmatured, disclosed or undisclosed (the "Excluded Liabilities"), except for the specific liabilities, licenses, charges, encumbrances and obligations of Speer set forth on Schedule 1.1(b) which shall be transferred to and assumed by PSI as of the Closing Date (the "Assumed Liabilities").

1.2. Share Exchange. In consideration for the Contribution specifically set forth in Section 1.1, at the Closing Date PSI shall issue and deliver 101,508,343 newly issued shares of common stock, par value \$0.01, of PSI ("PSI Common Stock") to Speer (the "Share Exchange Consideration").

1.3. Real Estate Transfer. Pursuant to a Real Estate Transfer Agreement between PSI and RMS, an executed copy of which is attached as Exhibit 1.3 hereto, at the Closing Date RMS will transfer certain real estate holdings (the "Real Property") to PSI in exchange for 3,789,393 shares (the "Real Estate Consideration") of PSI Common Stock (the "Real Estate Transaction").

1.4. Alternative Transaction. Prior to the Closing Date, Speer shall be entitled in its sole discretion and upon not less than twenty (20) days prior written notice to elect not to close

the Contribution and Exchange Transaction and the Real Estate Transaction. In lieu of such transactions and subject to the terms and conditions of this Agreement, Speer Communications and SVM would grant, contribute, convey, assign, transfer and deliver to PSI all of the assets of SVM identified as SVM assets in Schedule 1.1(a)(i) (subject only to the Assumed Liabilities of SVM identified on Schedule 1.1(b)) and Sixty Million Dollars (\$60,000,000) in cash (the "Alternative Transaction"). In consideration for the contribution of the assets of SVM and cash referred to in the preceding sentence, and in lieu of PSI's obligation to deliver the Share Exchange Consideration and the Real Estate Consideration, PSI shall issue and deliver 65,000,000 newly issued shares of PSI Common Stock (the "Alternative Consideration") to Speer Communications and SVM. Speer shall not have any obligation or liability to PSI with respect to the Contribution and Exchange Transaction or the Real Estate Transaction, and PSI shall have no right to conclude the Contribution and Exchange Transaction or the Real Estate Transaction in the event Speer elects to pursue the Alternative Transaction.

ARTICLE II

RECAPITALIZATION

2.1. Recapitalization. Pursuant to the Plan of Recapitalization between PSI and RMS, an executed copy of which is attached as Exhibit 2.1 hereto, on the Closing Date RMS will deliver to PSI for cancellation (i) all of the shares of PSI Series A Preferred Stock (the "PSI Series A Stock") and documents of transfer with respect to all of the shares of PSI Series B Preferred Stock (the "PSI Series B Stock") held by RMS and (ii) that certain promissory note by and between PSI and RMS dated September 30, 1997 (the "RMS Note") in exchange for shares of PSI Common Stock to be issued by PSI to RMS at a price of \$1.00 per share (the "Exchange Rate") as more specifically set forth below (the "Recapitalization"). The shares of PSI Series A Stock and PSI Series B Stock held by RMS shall be exchanged for a number of shares of PSI Common Stock equal to the quotient realized by dividing the sum of the aggregate liquidation preference for the shares of PSI Series A Stock and PSI Series B Stock held by RMS plus the accumulated and unpaid dividends on such shares as of the Closing Date by the Exchange Rate and rounding any fraction resulting from such calculation to the next largest whole number. The Note shall be converted into a number of shares of PSI Common Stock equal to the quotient realized by dividing the principal balance and accrued interest on the RMS Note as of the Closing Date by the Exchange Rate and rounding any fraction resulting from such calculation to the next largest whole number. Shares of PSI Common Stock issuable in the Recapitalization shall be referred to as the "Recapitalization Consideration." The Share Exchange Consideration, the Real Estate Consideration, and the Recapitalization Consideration, or if the Alternative Transaction is elected, the Alternative Consideration and the Recapitalization Consideration, shall be collectively referred to as the "PSI Consideration."

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF PSI

Unless otherwise required by the context in which it is used, the term "PSI" as used in this Article III includes PSI and all corporations, partnerships and other entities owned by it entirely or in part, all of which are listed on Schedule 3 attached hereto. PSI represents and warrants the following as of the date hereof and as of the Closing Date. The representations and warranties of PSI are qualified in their entirety by the disclosures included in the Disclosure Letter from PSI to Speer of even date herewith and as such letter may be supplemented or amended from time to time prior to the Closing Date with the consent of Speer (the "PSI Disclosure Letter").

3.1. Corporate Standing. PSI is duly organized, validly existing, and in good standing under the laws of its jurisdiction of incorporation. PSI has full corporate authority to own, lease and operate its properties and businesses, and is in good standing and is qualified to transact business as a foreign corporation in all states in which the nature of its business or the properties owned by it require it to qualify to transact business.

3.2. Authority. PSI has the full corporate power and authority to enter into, execute, deliver, and perform this Agreement and all Exhibits to which it is a party. The execution, delivery and performance of this Agreement and such Exhibits, and the consummation of all transactions contemplated herein and therein, have been duly authorized by all necessary corporate and other actions of PSI, except that the Transaction and the Alternative Transaction are subject to approval by the stockholders of PSI. This Agreement and such Exhibits, when executed and delivered by PSI, shall be valid and binding obligations of PSI, enforceable against PSI in accordance with their terms, subject to bankruptcy, insolvency and other similar laws affecting the rights of creditors generally and except that the remedies of specific performance, injunction and other forms of mandatory equitable relief may not be available. Except for approvals of governmental authorities described in Section 6.8 and approval of the stockholders of PSI described in Section 8.9 and except as set forth in Section 3.2 of the PSI Disclosure Letter, neither the execution and delivery of this Agreement nor the execution and delivery of the certificates and documents set forth as Exhibits hereto nor the consummation of the transactions contemplated hereby or thereby will (i) conflict with or violate any provision of the Articles or Certificate of Incorporation or By-Laws of PSI, (ii) conflict with or violate in any material respect any law, rule, regulation, ordinance, order, writ, injunction, judgment or decree applicable to PSI or its businesses or by which any of its assets is affected, or (iii) conflict with or result in any breach of or constitute a default (or an event which with notice or lapse of time or both would become

a default) in any material respect under, or give to others any rights of termination or cancellation of, or accelerate the performance required by or maturity of, or result in the creation of any security interest, lien, charge or encumbrance on any of PSI's assets pursuant to any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, permit, license, franchise, lease, contract, or other instrument or obligation to which PSI is a party or by which any of its assets is affected. Except as set forth in Section 3.2 of the PSI Disclosure Letter, PSI is not required to submit any notice, declaration, report or other filing or registration with any governmental or regulatory authority or instrumentality, and no approvals or non-objections are required to be obtained or made by PSI in connection with the execution, delivery or performance by PSI of this Agreement or any Exhibit or the consummation of the transactions contemplated hereby or thereby.

3.3. Capitalization. PSI is a Delaware corporation having authorized capital stock consisting of: 30,000,000 shares of common stock, \$0.01 par value per share, of which 17,916,144 are issued and outstanding; 50,000 shares of preferred stock, \$0.01 par value per share, of which 14,500 are issued and outstanding; and options to acquire 2,264,357 shares of common stock, at exercise prices ranging from \$0.01 to \$15.75 per share. Section 3.3(A) of the PSI Disclosure Letter lists all persons or entities holding options or warrants to acquire any of PSI's capital stock, as well the amount of stock covered by each such option or warrant and the exercise price therefor. All of the outstanding shares of PSI stock are, and all of the shares issued as the PSI Consideration will be, validly issued, fully paid and nonassessable. Except as described in Section 3.3(B) of the PSI Disclosure Letter, there are no agreements, arrangements, warrants, calls, options, convertible rights or other rights (vested or contingent) to acquire any capital stock of PSI, and no such agreements, arrangements, warrants, calls, options, convertible rights or other rights (vested or contingent) to acquire any capital stock of PSI will be issued, entered into, or granted prior to the Closing Date without the prior written consent of Speer.

3.4. Operation of PSI's Business. Except as disclosed in Section 3.4 of the PSI Disclosure Letter, PSI owns and retains all such assets, tangible or intangible, contractual, license and leasehold rights necessary (i) to operate the business of PSI as PSI operates it on the date hereof, and (ii) to utilize the assets and contractual, license and leasehold rights in the same manner as they were used on the date of this Agreement. With the exception of those assets used in the business of PSI pursuant to license and leasehold rights in favor of PSI, all of the assets used in the business of PSI are owned by PSI, and none are owned by any other party.

3.5. No Material Change. Except as set forth in Section 3.5 of the PSI Disclosure Letter, there has been no material adverse change since the date of the 1997 Balance Sheet (as hereinafter defined) in the business or condition (financial or otherwise) of PSI, or in its properties, assets, liabilities (actual or contingent), operations, or the manner of conducting its business, other than changes in the ordinary course of business which in the aggregate are not material and adverse.

Except as set forth in Section 3.5 of the PSI Disclosure Letter, since December 31, 1997, there has been no event or condition of any character which, either individually or in the aggregate, might reasonably be expected to affect in a materially adverse manner the business, operations, properties, assets, liabilities, earnings or financial condition of PSI. Except as set forth in Section 3.5 of the Disclosure Letter, since December 31, 1997 PSI has not (i) declared or, directly or indirectly, paid any dividends or made any other distributions or payments of any kind to its shareholders or partners, (ii) incurred any indebtedness for borrowed money, (iii) created or permitted to be created any liens, encumbrances, or adverse charges of any nature on any of the assets of PSI, (iv) discharged, satisfied or paid, in whole or in part, or permitted to be discharged, satisfied or paid, in whole or in part, any obligation or liability (contingent or absolute) relating to the business or the properties of PSI, other than in the ordinary course of business, or (v) waived or permitted to be waived any material right or claim of PSI.

3.6. Assets. PSI has good and marketable title to all of its assets (except for leased property and Third Party Software, for which PSI has valid and enforceable leases or licenses as the case may be), free and clear of all mortgages, options, leases, covenants, conditions, agreements, liens, security interests, adverse claims, restrictions, charges, encumbrances or rights of others. There exists no material restriction on the use or transfer of any of PSI's assets. Section 3.6A of the PSI Disclosure Letter sets forth a list of (i) all machinery or equipment, including without limitation, computer hardware, used to conduct the business of PSI with an original market value in excess of \$25,000 (the "Equipment"), together with the date of acquisition of each piece of Equipment, and the location of each piece of Equipment and (ii) all "Company Software," which shall include all of PSI's material software and computer programs used in its business, including any software or computer programs not wholly-owned by PSI ("Third Party Software") embedded therein, in machine readable source code forms and in machine executable object code forms and all related specifications (including, without limitation, all logic architectures, algorithms and logic flows and all physical, functional, operating and design parameters), operating systems and procedures (including development methodology), designs, design revisions, related applications software in any language, concepts, ideas, processes, techniques, software design and test tools, third party software interfaces, methods of implementation and packaging, all associated know-how and show-how and all related programmer and user manuals, which are used by PSI to install, operate, maintain, correct, test, repair, enhance, extend, modify, prepare derivative works based upon, design, develop, reproduce and package such software and computer programs. Except as set forth in Section 3.6B of the PSI Disclosure Letter, the tangible assets of PSI are in good operating condition and repair, ordinary wear and tear excepted, and are satisfactory for the purposes for which such assets are being used in PSI's business. PSI does not, and has not since the date of its formation, own or have any interest in real estate except as described in Section 3.6C of the PSI Disclosure Letter.

3.7. Compliance with Laws. Except as listed in Section 3.7 of the PSI Disclosure Letter, the operation of PSI's business and the use of its assets comply in all material respects with all applicable laws, ordinances, rules and regulations, including but not limited to Federal, state, local and foreign environmental, work place safety and employee benefits laws and rules (collectively the "Laws"). PSI has all requisite licenses, permits and certificates from federal, state and local governmental authorities as may be necessary to conduct its business and own and operate its assets, except where the failure to have such license, permit or certificate would not have a material adverse effect on PSI, and such permits are valid and in full force and effect and will not be terminated or adversely affected by the consummation of the transactions contemplated hereby. Except as disclosed in Section 3.7 of the PSI Disclosure Letter, PSI has not received any notice alleging any violations by PSI of any Laws, or of investigations of PSI initiated by administrative agencies, and, to the knowledge of PSI, no allegations or investigations are pending or have been threatened.

3.8. Employee Benefit Plans.

(a) Except as set forth in Section 3.8.1(A) of the PSI Disclosure Letter, with respect to all employees and former employees of PSI, neither PSI nor any ERISA Affiliate of PSI presently maintains, contributes to or has any liability under:

(1) any bonus, incentive compensation, profit sharing, retirement, pension, group insurance, death benefit, group health, medical expense reimbursement, cafeteria, dependent care, stock option, stock purchase, stock appreciation rights, savings, deferred compensation, consulting, severance pay or termination pay, vacation pay, life insurance, welfare or other employee benefit or fringe benefit plan, program or arrangement;

(2) any plan, program or arrangement which is an "employee pension benefit plan" as such term is defined in Section 3(2) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), or an "employee welfare benefit plan" as defined in Section 3(1) of ERISA.

For purposes of this Agreement, "ERISA Affiliate" shall mean each person (as defined in section 3(9) of ERISA) that, together with PSI (or any person whose liabilities PSI has assumed or is otherwise subject to), currently or in the past would be treated as a single employer under Section 4001(b) of ERISA or that would be deemed to be a member of the same "controlled group" within the meaning of Section 414(b) and (c) of the Internal Revenue Code. The plans, programs and arrangements set forth in Section 3.8.1(A) of the PSI Disclosure Letter are herein referred to as the "Employee Benefit Plans."

(b) With respect to all employees and former employees of PSI, neither PSI nor any ERISA Affiliate of PSI presently maintains, contributes to or has any liability under any funded or unfunded medical, health or life insurance plan or arrangement for present or future retirees or present or future terminated employees except as required by the Consolidated Omnibus Budget Reconciliation Act of 1985, as amended ("COBRA"). Neither PSI nor any ERISA Affiliate of PSI maintains or contributes to a trust, organization or association described in any of Sections 501(c)(9), 501(c)(17) or 501(c)(20) of the Internal Revenue Code.

(c) Favorable determination letters have been received from the Internal Revenue Service with respect to each Employee Benefit Plan which is intended to comply with the provisions of Section 401(a) of the Internal Revenue Code, evidencing compliance with the relevant provisions of the Tax Equity and Fiscal Responsibility Act of 1982, the Tax Reform Act of 1984 and the Retirement Equity Act of 1984. Each such Employee Benefit Plan complies in form and to the knowledge of PSI, has been operated, in all materials respects, in compliance with the requirements of the Internal Revenue Code and meets the requirements of a "qualified plan" under Section 401(a) of the Internal Revenue Code. Additionally, amendments have been made to each such Employee Benefit Plan for the Tax Reform Act of 1986 and subsequent legislation and regulations to the extent they are required. A proper and timely application for a favorable determination letter with respect to each such Employee Benefit Plan, as amended, has been made with the Internal Revenue Service, and no unfavorable responses have been received with respect to any such application from the Internal Revenue Service.

(d) To the knowledge of PSI, with respect to each Employee Benefit Plan which is subject to Title 1 of ERISA, neither PSI nor any ERISA Affiliate of PSI has failed in any material respect to comply with any of the applicable reporting, disclosure or other requirements of ERISA and the Internal Revenue Code, and there has been no "prohibited transaction" as described in Section 4975 of the Internal Revenue Code or Section 406 of ERISA.

(e) To the knowledge of PSI, neither PSI nor any ERISA Affiliate of PSI, nor any of their respective directors, officers, employees or any other "fiduciary," as such term is defined in Section 3(21) of ERISA, has any material liability for failure to comply with ERISA or the Internal Revenue Code for any action or failure to act in connection with the administration or investment of the Employee Benefit Plans.

(f) Neither PSI nor any ERISA Affiliate of PSI presently maintains, contributes to or has any liability (including current or potential withdrawal liability) with respect to any "multiemployer plan" as such term is defined in Section 3(37) of ERISA.

(g) There is no pending or to PSI's knowledge threatened legal action, proceeding or investigation against or involving any Employee Benefit Plan maintained by PSI or any

ERISA Affiliate of PSI (other than routine claims for benefits) and, to PSI's knowledge, there is no basis for or fact which could give rise to any such legal action, proceeding or investigation. Any bonding required with respect to the Employee Benefit Plans in accordance with applicable provisions of ERISA has been obtained and is in full force and effect.

(h) Except as set forth in Section 3.8.11 of the PSI Disclosure Letter,

(1) PSI is not a party to any employment agreement, whether written or oral, or agreement with change in control or similar provisions, or collective bargaining agreement or contract with any labor union relating to any employees or former employees of PSI;

(2) PSI does not have outstanding any loan or loans to any current or former employees of PSI, nor has PSI guaranteed such loans;

(3) No amount payable to an employee or former employee of PSI will be an "excess parachute payment" which is non-deductible under Section 280G of the Internal Revenue Code.

(i) There has been no act or acts with respect to PSI which would result in a disallowance of a deduction or the imposition of a tax pursuant to Section 4930B, or with regard to plan years beginning before December 31, 1988, Section 162(i) of the Internal Revenue Code as in effect immediately prior to the enactment of the Technical and Miscellaneous Revenue Act of 1988, or any regulations promulgated thereunder, whether final, temporary or proposed. No event has occurred with respect to which PSI or any ERISA Affiliate of PSI could be liable for a tax imposed by any of Sections 4972, 4976, 4977, 4979, or 4980 of the Internal Revenue Code, or for a civil penalty under Section 502(c) of ERISA.

(j) With respect to each of the Employee Benefit Plans, PSI has made available to Speer true and complete copies of: (i) the plan documents, including any related trust agreements, insurance contracts or other funding arrangements, or a written summary of the terms and conditions of the plan if there is no written plan document; (ii) the most recent determination letter received from the Internal Revenue Service; (iii) the most recent IRS Form 5500; (iv) the most recent actuarial valuation; (v) the most recent financial statement; (vi) all correspondence with the Internal Revenue Service, the Department of Labor and the Pension Benefit Guaranty Corporation with respect to the past three plan years other than IRS Form 5500 filings and PBGC premium payments; and (vii) the most recent summary plan description.

3.9. SEC Filings; Financial Statement.

(a) PSI has made available to Speer a correct and complete copy of each report, schedule, registration statement and definitive proxy statement filed by PSI with the Securities and Exchange Commission ("SEC") on or after January 1, 1995 and prior to the date of this Agreement (the "Company SEC Reports"), which are all the forms, reports and documents required to be filed by the Company with the SEC since such date. As of their respective dates, the Company SEC Reports and any forms, reports and other documents filed by PSI with the SEC after the date of this Agreement (i) complied or will comply in all material respects with the requirements of the Securities Act of 1933, as amended (the "Securities Act"), or the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as the case may be, and the rules and regulations of the SEC thereunder applicable thereto, and (ii) did not at the time they were filed (or if amended or superseded by a filing prior to the date of this Agreement then on the date of such filing) or will not at the time they are filed contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading. None of PSI's subsidiaries is required to file any reports or other documents with the SEC.

(b) Each of the consolidated financial statements (including, in each case, any related notes thereto) contained in the Company SEC Reports complied as to form in all material respects with applicable accounting requirements and with the published rules and regulations of the SEC with respect thereto, had been prepared in accordance with generally accepted accounting principles ("GAAP") applied on a consistent basis throughout the period involved (except as may be indicated in the notes thereto or, in the case of the unaudited statement, as permitted by Form 10-Q of the SEC), and each fairly presented the consolidated financial position of PSI and its consolidated subsidiaries in all material respects as at the respective dates thereof and the consolidated results of its operations and cash flows for the periods indicated (subject, in the case of the unaudited interim financial statements, to normal audit adjustments which were not and are not expected, individually or in the aggregate, to be material in amount).

(c) Neither PSI nor any of its subsidiaries has any liabilities (absolute, accrued, contingent or otherwise) of a nature required to be disclosed on a balance sheet or in the related notes to the consolidated financial statements prepared in accordance with GAAP which are, individually or in the aggregate, material to the business, results of operations or financial condition of PSI and its subsidiaries taken as a whole, except liabilities (i) set forth in Section 3.9 of the PSI Disclosure Letter or the Company SEC Reports filed with the SEC prior to the date of this Agreement or provided for in PSI's balance sheet (and related notes thereto) as of December 31, 1997 filed in the Company SEC Reports, or (ii) incurred since December 31, 1997 in the ordinary course of business, none of which are material to the business, results of operations or financial condition of PSI and its subsidiaries, taken as a whole.

3.10. Proxy Statement. None of the information supplied or to be supplied by PSI for inclusion or incorporation by reference in the proxy statement to be disseminated to the stockholders of PSI in connection with a stockholders meeting to vote upon the Transaction or the Alternative Transaction, as the case may be, ("Proxy Statement") will, at the date the Proxy Statement is mailed to the stockholders of PSI and at the time of the stockholders meeting of PSI required pursuant to Section 6.2 hereof, contain any untrue statement of a material fact or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they are made, not misleading. The Proxy Statement will comply as to form in all material respects with the provisions of the Exchange Act and the rules and regulations promulgated by the SEC thereunder.

3.11. Litigation. Other than as listed in Section 3.11 of the PSI Disclosure Letter, there is no claim, counterclaim, suit, order, proceeding, action, or investigation pending, notice of which has been received, or, to the knowledge of PSI, threatened against PSI, including but not limited to product liability claims. PSI is not a plaintiff or petitioner in any litigation or proceeding other than as listed in Section 3.11 of the PSI Disclosure Letter.

3.12. Environmental and Health and Safety Matters.

(a) Set forth in Section 3.12.1 of the PSI Disclosure Letter is a true, accurate and complete list of all real property, owned, leased and/or otherwise used or occupied by PSI (the "Property").

(b) Except as set forth in Section 3.12.2 of the PSI Disclosure Letter, PSI and the Property have been at all times and are in all material respects in compliance with the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Superfund Amendments and Reauthorization Act, the Federal Water Control Act, the Occupational Safety and Health Act, and all other federal, state and local laws, regulations and ordinances relating to pollution, safety, health or protection of the environment, including, without limitation, those relating to containment, emissions, discharges, releases or threatened releases of industrial, toxic or hazardous substances, materials or wastes or other pollutants, contaminants, petroleum products, asbestos, polychlorinated biphenyls ("PCBs"), or chemicals (collectively, "Hazardous Substances") into the environment (including without limitation, ambient air, surface water, ground water, land surface or subsurface strata) or otherwise relating to the manufacturing, processing, distribution, use, treatment, labeling, storage, disposal, abatement, transport or handling of Hazardous Substances (the "Environmental Laws").

(c) PSI has obtained and is in material compliance with all permits, licenses and other consents or authorizations which are required with respect to the operation of its business under the Environmental Laws, including without limitation those that are required to (a) operate

or install any equipment or facilities and (b) generate, manufacture, formulate, store, treat, handle, transport, discharge, emit or dispose of Hazardous Substances generated by its business, a true and complete list of which is included in Section 3.12.3 of the PSI Disclosure Letter.

(d) Except as listed in Section 3.12.4(a) of the PSI Disclosure Letter, PSI has not generated, used, treated, stored, maintained, disposed of, or otherwise deposited PCBs, TCE, PCE, or asbestos containing materials and, to the knowledge of PSI, such chemicals are not otherwise located, at the Property, or any premises at which the business of PSI was or is located. Additionally, except as described in Section 3.12.4(b) of the PSI Disclosure Letter, there are and were no underground storage tanks used, stored, maintained, located on or otherwise related to the Property, the business of PSI, or any premises at which the business of PSI is located. PSI has removed and properly disposed of all used or other obsolete materials regulated by environmental, health and safety laws, including chemical or other hazardous substances or wastes, that are not used by PSI's business. With respect to underground storage tanks, Section 3.12.4(b) of the PSI Disclosure Letter sets forth the size, location, construction, installation date, use and testing history of all such underground storage tanks (whether or not excluded from regulation under Environmental Laws), including all underground storage tanks in use, out of service, closed, abandoned or decommissioned.

(e) To the knowledge of PSI, there has been no "release" as defined in 42 U.S.C. Section 9601(22) or, to the knowledge of PSI, threat of a "release" of any Hazardous Substance on, from or under any premises from which the operations of PSI have been or are being conducted which would require removal or remediation under Environmental Laws.

(f) PSI has not received notice that it has any potential liability with respect to the contamination, investigation, or cleanup of any site at which Hazardous Substances have been or have alleged to have been generated, treated, stored, released, discharged, emitted or disposed of, and, to the knowledge of PSI, there are no past or present events, facts, conditions or circumstances which may interfere with or prevent compliance by the business of PSI in accordance with Environmental Laws, or with any order, decree, judgment, injunction, notice or demand issued, entered, promulgated or approved thereunder, or which may give rise to any common law or other legal liability, including, without limitation, liability under any Environmental Laws, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, notice of violation, study or investigation, based on or related to the manufacture, process, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment of Hazardous Substances by PSI, as a result of any act or omission of PSI.

(g) To the knowledge of PSI, Section 3.12.7 of the PSI Disclosure Letter contains a true, correct and complete listing of all Hazardous Substances (other than Hazardous

Substances comprising an ingredient or component of a mixture or product or included in equipment) used by the business of PSI in the conduct of its operations since January 1, 1990, and a list of the methods used by PSI (including, but not limited to, a list of past and present disposal or recycling sites, waste haulers, and manifest numbers) since January 1, 1990 to dispose of or recycle Hazardous Substances (other than Hazardous Substances comprising an ingredient or component of a mixture or product or included in equipment) generated by PSI's operations and by the activities of PSI Entities.

(h) Except as disclosed in Section 3.12.8 of the PSI Disclosure Letter, all of PSI's disposal and recycling practices relating to Hazardous Substances have been accomplished in all material respects in accordance with all applicable Environmental Laws.

3.13. Intellectual Property. Section 3.13 of the PSI Disclosure Letter lists all material patents, trademarks, service marks, trade names and copyrights and that are used in the business of PSI (the "Intellectual Property"), all of which are owned or lawfully used by PSI. None of the Intellectual Property has been held or stipulated to be invalid in any litigation or proceeding. Except as disclosed in Section 3.13 of the PSI Disclosure Letter, the validity of the Intellectual Property, and of PSI's rights to the Intellectual Property, has not been questioned in any litigation or proceeding currently pending or which, to the knowledge of PSI, has been threatened, and there exists no basis for a claim against PSI for infringement of any third party's intellectual property. PSI has not received any notice to the effect that any product it makes or sells, or the distribution or use by it or another of any such product, or any services it performs in the course of its business, may infringe any trademark, service mark, trade name, copyright, patent, trade secret, or similar legally protectable right of another. All patentable inventions utilized or first reduced to practice in connection with the business or activities of PSI or the employment by same of individuals, are the property of PSI and no other party. Except as set forth in Section 3.13 of the PSI Disclosure Letter or another section of the PSI Disclosure Letter, PSI has not entered into and is not a party to any material development, work for hire, license or other agreement pursuant to which PSI has secured the right or obligation to use, or granted others the right or obligation to use, any trademarks, service marks, trade names, copyrights, patents or know-how.

3.14. Related Party Transactions. Since January 1, 1997, no officer or director of PSI or any affiliate thereof has, directly or indirectly, entered into any transaction with PSI, except for any arrangements which are either (i) disclosed on the 1997 Balance Sheet or (ii) listed in Section 3.14 of the PSI Disclosure Letter. For purposes of this Section 3.14 only, the term "affiliate" of PSI shall mean and include any officer or director or shareholder of PSI or any person related to any officer, director or shareholder of PSI by blood or by marriage, or any corporation, partnership, proprietorship, trust or other entity in which such officer or director or shareholder of PSI (or any spouse, ancestor or descendant of the same) has more than a five percent (5%) legal

or beneficial interest, or any corporation, partnership, proprietorship, trust or other entity which controls, is controlled by or is under common control with PSI.

3.15. Taxes. As to any tax imposed by the Federal government, or any state government or any subdivision or municipality thereof, or the government of any other country or political subdivision thereof, including, without limitation, (i) taxes imposed on or measured by income, (ii) taxes based on employment (including amounts withheld from employees' compensation), and (iii) any property, franchise or sales tax, which, in each case, relates to or could cause a lien or encumbrance upon any of the assets or the business of PSI, PSI has timely, properly and lawfully filed all returns and elections necessary to be filed and has paid in full the applicable taxes shown to be due on such returns; to the best knowledge of PSI, no taxes are due which were not reported on such returns; no claims for any unpaid taxes, interest or penalties are being asserted by any governmental authority, for any period, against PSI or any assets of PSI. PSI has not paid and is not required to pay any material income taxes to any country other than those listed in Section 3.15A of the PSI Disclosure Letter, or to any state other than those listed in Section 3.15B of the PSI Disclosure Letter. PSI pays personal property and/or franchise taxes with respect to its business and properties only in those countries, states or political subdivisions listed in Section 3.15C of the PSI Disclosure Letter. PSI has timely filed and paid all material estimated taxes due on or prior to the Closing Date. PSI has made available to Speer true and complete copies of each of the Federal, state, local and foreign income and excise tax returns, and franchise tax returns, and any amendments thereto, as they relate to taxable periods since January 1, 1995, and PSI has made available to Speer all material reports of and communications from Internal Revenue Service agents and the corresponding agents of other state, local and foreign governmental agencies who have examined the books and records of PSI at any time including and since the last Internal Revenue Service audit. Except as disclosed in Section 3.15D of the PSI Disclosure Letter, no audit or examination of PSI by any taxing authority or agency is now pending or currently in progress, nor has PSI received from any taxing authority or agency any notice of such an audit or examination. No waiver of any statute of limitations has been given and is in effect in respect to the assessment of any taxes against PSI.

3.16. Insurance. PSI maintains in effect, and since January 1, 1993, has maintained in effect, product liability insurance, motor vehicle and comprehensive general liability insurance and workers' compensation insurance covering the business of PSI and fire and extended coverage insurance with respect to the properties and assets of PSI. Section 3.16 of the PSI Disclosure Letter is a complete list of all insurance policies (including the amount of coverage thereunder) in effect at present. All such insurance policies are owned solely and exclusively by PSI. No event has occurred that may enable an insurer to rescind any such policies.

3.17. Customer and Supplier Relationships; Warranty Claims. Except as set forth in Section 3.17 of the PSI Disclosure Letter, PSI has not received any notice that any customer or

supplier of PSI intends to discontinue or alter the prices or terms of, or substantially diminish, its relationship with PSI. Other than as set forth in Section 3.17 of the PSI Disclosure Letter, since December 31, 1997, there are no outstanding warranty claims against PSI by any of its customers with respect to products sold or services rendered by PSI.

3.18. Bonds; Guarantees. Other than as listed in Section 3.18 of the PSI Disclosure Letter, there are no bonds, guarantees, notes, sureties, letters of credit, or other similar credit agreements or debt obligations that exist with respect to PSI, its business or any of its assets. PSI is not in default on the payment of any principal or interest on any indebtedness for borrowed money, nor is PSI otherwise in default under any indemnity, fidelity or contract bond or letter of credit, note, guarantee or other credit agreement or debt obligation or instrument.

3.19. Absence of Undisclosed Liabilities. Except as specifically reserved against or reflected in the 1997 Balance Sheet, or described in Section 3.19 or another Section of the PSI Disclosure Letter, PSI is not subject to any material liability or financial obligation (known or unknown, direct or indirect, absolute, contingent, accrued or otherwise), other than liabilities or financial obligations arising in the ordinary course of business since the date of the 1997 Balance Sheet. Except as disclosed in Section 3.19 of the PSI Disclosure Letter, PSI is not in default with respect to any term or condition of any material indebtedness or liability (including any current or deferred trade payable). PSI does not know of any facts or circumstances which might reasonably serve as the basis for any material liabilities or financial obligations with respect to PSI which are not disclosed in the PSI Disclosure Letter. For purposes of this Section 3.19, any individual liability, or all such liabilities in the aggregate, should be deemed to be material if the individual or aggregate value is greater than \$50,000.

3.20. Charter Documents. PSI has delivered or made available to Speer certified copies of its Articles or Certificate of Incorporation as amended to date (the "Certificate of Incorporation") and By-laws, as amended to date, as well as copies of its minute books covering the period from January 1, 1995 to the date hereof. Such Articles or Certificate of Incorporation and By-laws are complete, correct and current. The minute books of PSI contain a complete, correct and current record of all meetings and other corporate actions of the stockholders and Board of Directors of PSI from January 1, 1995 through March 31, 1998.

3.21. Subsidiaries and Affiliates. Schedule 3.28 lists all subsidiaries and Affiliates of PSI. For the purposes of this Agreement (except for Section 3.15), the term "Affiliate" of a person shall mean any person or entity that, directly or indirectly, controls, is controlled by or is under common control with such person.

3.22. No Misrepresentations or Nondisclosures. Neither this Agreement nor any Exhibit or Schedule attached hereto contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

3.23. Opinion of Financial Advisor. PSI's Board of Directors has received the written opinion of William Blair & Company that, as of the date of this Agreement, the Transaction and the Alternative Transaction are fair to the stockholders of PSI from a financial point of view, a copy of which opinion will be delivered to Speer, and such opinion has not been withdrawn or modified in any material respect.

3.24. Board Approval. The Board of Directors of PSI based on the recommendation of the Special Committee of independent directors (the "Special Committee") has, prior to this Agreement, (a) approved this Agreement and all related agreements and exhibits and the transactions contemplated hereby and thereby (including for purposes of Section 203 of the Delaware General Corporation Law), (b) determined that the Transaction and the Alternative Transaction are fair to and in the best interests of the stockholders of PSI and (c) recommended that the stockholders of PSI approve the Transaction or the Alternative Transaction and the Share Increase (as hereinafter defined).

3.25. Absence of Questionable Payments. No director, officer, agent, employee, or other person acting on behalf of PSI has used any of PSI's funds for improper or unlawful contributions, payment, gifts or entertainment, or made any improper or unlawful expenditures relating to political activity to governmental officials or others. Neither PSI nor any director, officer, agent, employee or other person acting on behalf of PSI has accepted or received any improper or unlawful contributions, payments, gifts or entertainment expenditures. PSI has adequate financial controls to prevent the making or receiving of such improper or unlawful contributions, payments, gifts, entertainment or expenditures. PSI has not made sales of products, either directly or indirectly, into embargoed countries in contravention of applicable law.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF SPEER

Unless otherwise required by the context in which it is used, the term "Speer" as used in this Article IV and Article VII, includes the Speer Entities and PVS. All representations and warranties contained herein are qualified in their entirety by reference to the Disclosure Letter of even date herewith delivered to PSI by Speer and as such letter may be supplemented or amended

from time to time prior to the Closing Date with the consent of PSI (the "Speer Disclosure Letter"). Speer represents and warrants to PSI as follows:

4.1. Due Organization and Qualification. Each of the Speer Entities which is a partnership is a partnership duly organized and validly existing under the laws of the State of Nevada and has the requisite power and lawful authority to own, lease and operate its assets, properties and business and to carry on its business as now conducted. PVS is a corporation duly organized, validly existing and in good standing under the laws of the District of Columbia. PVS has full corporate authority to own, lease and operate its properties and businesses, and is in good standing and is qualified to transact business as a corporation in all states in which the nature of its business or the properties owned by it require it to qualify to transact business.

4.2. Authority to Execute and Perform Agreements. Each of the Speer Entities which is a partnership has the full legal right and power and all authority and approval required to enter into, execute and deliver this Agreement and each agreement contemplated hereby to which it is a party, and each such agreement has been duly authorized by all general partners and limited partners of each of the Speer Entities which is a party to such agreement in accordance with the respective limited partnership agreement of such partnership, and each of the Speer Entities which is a partnership has full legal right and power and all authority and approval required to perform fully the respective obligations of such entity under this Agreement and all agreements referred to as exhibits hereto to which it is a party. This Agreement has been duly executed and delivered and is the valid and binding obligation of each of the Speer Entities which is a partnership enforceable in accordance with its terms, except as may be limited by bankruptcy, moratorium, reorganization, insolvency or other similar laws now or hereafter in effect generally affecting the enforcement of creditors' rights. No approval or consent of any foreign, federal, state, county, local or other governmental or regulatory body, and (except as otherwise specified in this Agreement or the Speer Disclosure Letter) no approval or consent of any other person is required in connection with the execution and delivery by Speer of this Agreement and the consummation and performance by any of the partnerships included in Speer of the transactions contemplated herein. Neither the execution and delivery of this Agreement nor the execution and delivery of any agreement referred to as an exhibit hereto will (i) conflict with any provision of any partnership agreement of any partnership included in Speer, or (ii) conflict with or violate in any material respect any law, rule or regulation, ordinance, order, writ, injunction, judgment or decree applicable to Speer or to any of its Businesses or by which any of its assets are affected. Except as set forth in Section 4.2 of the Speer Disclosure Letter, Speer is not required to submit any notice, declaration, report or other filing or registration with any governmental or regulatory or instrumentality, and no approval or non-objections are required to be obtained or made by Speer in connection with the execution, delivery or performance by Speer of this Agreement or any agreement referred to as an exhibit hereto or the consummation of the transactions contemplated hereby or thereby.

4.3. **Agreements.** Section 4.3 of the Speer Disclosure Letter sets forth all customer and supplier contracts and other agreements relating to the Speer Assets or the business of PVS (whether written or oral) to which Speer or PVS is a party, or by or to which it or its assets or properties are bound or subject, which relate to or which do or might affect the Speer Assets. All of the contracts and agreements set forth in Section 4.3 of the Speer Disclosure Letter have been made available to PSI and are valid, subsisting agreements, in full force and effect and binding upon the parties thereto in accordance with their terms, and Speer is not in default under any of them, nor to the knowledge of Speer is any other party to any such contract or other agreement in default thereunder, nor does any condition exist which with notice or lapse of time or both would constitute a material default thereunder. Except as set forth in Section 4.3 of the Speer Disclosure Letter no approval or consent of any person is needed in order that the contracts or other agreements set forth in Section 4.3 of the Speer Disclosure Letter continue in full force and effect with PSI following the consummation of the transactions contemplated by this Agreement.

4.4 **Contributed Businesses.**

(a) At Closing, by completing the transactions contemplated in Section 1.1 hereof (provided the Alternative Transaction is not selected by Speer), Speer will contribute to PSI (or cause the contribution to PSI of) all right, title and interest in the following businesses as conducted by Speer as of the date hereof (the "Businesses"):

- (1) resale of long distance telecommunications services;
- (2) provision of remotely accessed virtual office information services;
- (3) provision of audiovisual production and post-production facilities and services;
- (4) provision of digital information storage services; and
- (5) provision of satellite uplink and downlink information transmission services.

In the event the Alternative Transaction is selected by Speer, the Businesses shall include only the businesses of SVM as conducted as of the date hereof and identified in clauses (1) and (2) above.

(b) Other than the Real Property, Speer owns and retains all such assets, tangible or intangible and contractual, license and leasehold rights necessary for Speer (i) to operate the Businesses as each such entity operates its business on the date hereof, and (ii) to

utilize the assets and contractual, license and leasehold rights in the same manner as they were used on the date of this Agreement. With the exception of the Real Property and those assets used in the Businesses pursuant to license and leasehold rights in favor of Speer, all of the assets used in the Businesses are owned by Speer and none are owned by any other party.

4.5 Assets. Speer has good and marketable title to all of its assets (except for any leased property and Third Party Software for which Speer has valid and enforceable leases or licenses, as the case may be), free and clear of all mortgages, options, leases, covenants, conditions, agreements, liens, security interests, adverse claims, restrictions, charges, encumbrances or rights of others. No material restrictions exist on the use or transfer of the Speer Assets. The Speer Assets, as identified on Schedule 1.1(a)(i) or Section 4.5 of the Speer Disclosure Letter and the assets owned by PVS include (i) all machinery or equipment, including without limitation, computer hardware, with an original market value in excess of \$25,000 used to conduct the Business (the "Equipment"), together with the date of acquisition of each piece of Equipment and the location of each piece of Equipment (other than Equipment owned by PVS) and (ii) all "Speer Software," which shall include all of Speer's material software and computer programs used in the Businesses, including any software computer programs not wholly owned by Speer ("Speer Third Party Software") imbedded therein, in machine readable source code forms and in machine executable object code forms and all related specifications (included, without limitation, all logic architectures, algorithms and logic flows and all physical, functional, operating and design parameters, operation systems and procedures (including developmental methodology), designs, design revisions, related application software in any language, concepts, ideas, processes, techniques, software design and test tools, Third Party Software interfaces, methods of implementation and packaging, all associated know-how and show-how and all related programmer and user manuals, which are used by Speer to install, operate, maintain, correct, test, repair, enhance, extend, modify, prepare derivative works based upon design, develop, reproduce and package software and computer programs. Except as set forth in Section 4.5 of the Speer Disclosure Letter, the intangible assets included in the Speer Assets and the tangible assets of PVS are in good operating condition and repair, ordinary wear and tear excepted, and are satisfactory for the purposes of which such assets are being used in Speer's business. Speer does not and has not owned or have any interest in real estate except as described in Section 4.5 of the Speer Disclosure Letter.

4.6 Employees.

(a) Except as set forth in Section 4.6 of the Speer Disclosure Letter, (i) PVS is not a party to any employment agreement, whether written or oral, or agreement with change in control or similar provisions, or collective bargaining agreement or contract with any labor union relating to any employees or former employees of PVS or SVM, as the case may be; (ii) PVS has no outstanding loan or loans to any current or former employees of PVS, nor has PVS

guaranteed any such loans; and (iii) no amount payable to an employee or former employee of PVS will be an "excess parachute payment" which is nondeductible under Section 280(g) of the Internal Revenue Code.

(b) Section 4.6 of the Speer Disclosure Letter sets forth (i) the total amount of compensation paid to all employees of Speer during 1997; (ii) the names and total 1997 compensation paid to each employee of Speer whose W-2 earnings in 1997 exceeded \$25,000; and (iii) any bonus, incentive compensation, profit sharing, retirement, pension, group insurance, death benefit, group health, medical expense reimbursement, cafeteria, dependent care, stock option, stock purchase, stock appreciation right, savings, deferred compensation, consulting, severance payment or termination pay, vacation pay, life insurance, welfare or other employee benefit or fringe benefit plan, program or arrangement with respect to any employee or former employee of PVS (the "Speer Employee Benefit Plans"). Favorable determination letters have been received from the Internal Revenue Service with respect to each Speer Employee Benefit Plan which is intended to comply with the provisions of Section 401(a) of the Internal Revenue Code, evidencing compliance with the relevant provisions of the Tax Equity and Fiscal Responsibility Act of 1982, the Tax Reform Act of 1984 and the Retirement Equity Act of 1984. Each Speer Employee Benefit Plan complies in form and, to the knowledge of Speer, operates in compliance in all material respects with the requirements of the Internal Revenue Code and meets the requirements of a "qualified plan" under Section 401(a) of the Internal Revenue Code. Additionally, amendments have been made to each such Speer Employee Benefit Plan of the Tax Reform Act of 1986 and subsequent legislation and regulations as they are required. With respect to each Speer Employee Benefit Plan which is the subject to Title I of ERISA, PVS has not failed in any material respect to comply with any of the applicable reporting, disclosure or other requirements of ERISA and the Internal Revenue Code, and there has been no "prohibited transaction" as described in Section 4975 of the Internal Revenue Code or Section 406 of ERISA. Neither PVS nor any of its directors, officers, employees, partners or any other "fiduciary" as such term is defined in Section 3(21) of ERISA, has any material liability for failure to comply with ERISA or the Internal Revenue Code for any action or failure to act in connection with the administration or investment of the Speer Employee Benefit Plans. PVS does not presently maintain, contribute to or have any liability (including current or potential withdrawal liability) with respect to any "defined benefit plan," as such term is defined in Section 3(35) of ERISA, or any "multi-employer plan," as such term is defined in Section 3(37) of ERISA. There is no pending or, to Speer's knowledge, threatened legal action, proceeding or investigation against or involving any Speer Employee Benefit Plan (other than routine claims for benefits) and to Speer's knowledge, there is no basis for or fact which could give rise to any such legal action, proceeding or investigation. Any bonding required with respect to any Speer Employee Benefit Plan in accordance with applicable provisions of ERISA has been obtained and is in full force and effect.

4.7. Intellectual Property. Section 4.7 of the Speer Disclosure Letter sets forth all patents, copyrights, trademarks, service marks and trade names relating to the Businesses, all of which are owned or lawfully used by Speer, all applications for any of the foregoing, all data bases and all permits, grants and licenses of such rights running to or from Speer relating to any of the foregoing. The rights of Speer in the property set forth in Section 4.7 of the Speer Disclosure Letter are free and clear of any liens or other encumbrances. Speer does not have any notice of any adversely held copyright, trademark, service mark or trade name of any other person or notice of any claim of any other person relating to any of the property set forth in Section 4.7 of the Speer Disclosure Letter, and Speer does not know of any basis for any such charge or claim. To the knowledge of Speer, no person has possession of any copies of or use of Speer's customer lists and/or data bases.

4.8. Financial Statements. Speer has provided to PSI combined balance sheets of Speer Communications Holdings Limited Partnership and Speer Communications Holdings I Limited Partnership as of December 31, 1997 (the "Speer Balance Sheet") and 1996, and the related combined statements of operations and owners' equity and cash flows for the years then ended (the "Speer Financial Statements"). The Speer Financial Statements have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the period involved (except as may be indicated in the notes thereto), and each fairly presents the financial position of Speer in all material respects as at the respective dates thereof and the results of operations and cash flows of Speer for the periods indicated (except for the fact that the Speer Financial Statements include the assets and operations of Speer Communications Holdings I Limited Partnership, MOR Music TV, Inc., The Ritz Limited Partnership, PVS Speer-Atlanta Limited Partnership, Speer Transmission Services Limited Partnership and Speer PVS Limited Partnership, which are not included in Speer as that term is defined for purposes of this Article IV).

4.9. Liabilities. Except as set forth in Section 4.9 of the Speer Disclosure Letter or Schedule 1.1(b) and except for liabilities incurred in the ordinary course of business since December 31, 1997, none of which is material, Speer does not have any direct or indirect indebtedness, liability, claim, loss, damage, deficiency, obligation or responsibility, known or unknown, fixed or unfixed, choate or inchoate, liquidated, secured or unsecured, accrued, absolute, contingent or otherwise, relating to the Businesses, including, but not limited to, liabilities on account of taxes, other governmental charges or law-suits brought, whether or not of a kind required by generally accepted accounting principles to be set forth on a financial statement ("Liabilities"), which are not set forth on or disclosed in the Speer Balance Sheet.

4.10. Accounts Receivable. All trade accounts receivable of Speer on the date of this Agreement have arisen in the ordinary course of business and represent valid obligations to Speer.

Collection of accounts receivable by Speer through the date hereof has been and is consistent with past business practices of Speer.

4.11. No Material Adverse Change. Since December 31, 1997 there has been no material adverse change in the assets, properties, business, operations, liabilities or condition of the Speer Assets and Speer does not know of any such change which is threatened, nor has there been any damage, destruction or loss materially affecting the assets, properties, business, operations or condition of the Speer Assets, whether or not covered by insurance.

4.12. Operations of Speer. Except as set forth in Section 4.12 of the Speer Disclosure Letter, from December 31, 1997 through the date hereof, Speer has not:

- (a) Waived, or agreed to waive, any right of material value to the Speer Assets;
- (b) Materially changed, or agreed to materially change, any of its business policies or practices relating to or affecting the Speer Assets including, without limitation, production, advertising, marketing, pricing, purchasing, accounting, sales, returns, budget or product acquisition policies or practices;
- (c) Except in the ordinary course of business relating to the Speer Assets, other than for fair market value, sold, abandoned or made, or agreed to sell, abandon or make, any other disposition of any of its assets or properties; or granted or suffered, or agreed to grant or suffer, any lien or other encumbrance on any of its assets or properties;
- (d) Except for inventory or equipment acquired in the ordinary course of business of the Speer Assets, made any acquisition of all or any part of the assets, properties, capital stock or business of any other persons or made any commitments to do any of the foregoing relating to the Business;
- (e) Suffered or incurred any damage, destruction or loss (whether or not covered by insurance) materially adversely affecting the assets, properties, business, operations or conditions relating to the Speer Assets; or
- (f) Entered into, or agreed to enter into, any other material contract or other agreement or other material transaction relating to the Speer Assets.

4.13. Compliance with Laws. Speer has complied in all material respects with all federal, state, county, local and foreign laws, ordinances, regulations, orders, judgments, injunctions, awards or decrees applicable to the Speer Assets and has not received any notice of violation of any of the foregoing. Speer has all requisite licenses, permits and certificates from federal, state

and local governmental authorities as may be necessary to conduct the Businesses and to own and operate its assets except to the extent that the failure to obtain such licenses, permits and certificates would not have a material adverse effect on the Businesses taken as a whole, and such permits are valid, in full force and effect and will not be terminated or adversely affected by the consummation of the transactions contemplated hereby. Except as disclosed in Section 4.13 of the Speer Disclosure Letter, Speer has not received any notice alleging any violation by Speer of any laws, or any investigation by administrative agencies.

4.14. Tax Matters. PSI will not assume or otherwise become liable for any income, excise, sales, use, gross receipts, franchise, employment, payroll related, property or any other tax of any sort relating to the assets, business or property of Speer with respect to any period commenced prior to the Closing Date or arising out of the transactions contemplated hereby. Speer has filed all income tax, excise tax, sales tax, use tax, gross receipts tax, franchise tax, employment and payroll related tax, property tax, and all other tax returns which Speer is required to file and has paid or provided for all taxes shown on such returns, and all deficiencies or other assessments of tax, interest or penalties owed by Speer.

4.15. Litigation. Other than as listed in Section 4.15 of the Speer Disclosure Letter, there is no claim, counterclaim, suit, order, proceeding, action, or investigation pending, notice of which has been received, or, to the knowledge of Speer, threatened against Speer, including but not limited to product liability claims. Speer is not a plaintiff or petitioner in any litigation or proceeding other than as listed in Section 4.15 of the Speer Disclosure Letter.

4.16. Environmental and Health and Safety Matters.

(a) Set forth in Section 4.16(a) of the Speer Disclosure Letter is a true, accurate and complete list of all real property leased and/or otherwise used or occupied by Speer (the "Speer Property").

(b) Except as set forth in Section 4.16(b) of the Speer Disclosure Letter, Speer and the Speer Property have been at all times and are in all material respects in compliance with the Environmental Laws.

(c) Speer has obtained and is in full compliance with all permits, licenses and other consents or authorizations which are required with respect to the operation of its business under the Environmental Laws, including without limitation those that are required to (a) operate or install any equipment or facilities and (b) generate, manufacture, formulate, store, treat, handle, transport, discharge, emit or dispose of Hazardous Substances generated by the Businesses, a true and complete list of which is included in Section 4.16(c) of the Speer Disclosure Letter.

(d) Except as listed in Section 4.16(d) of the Speer Disclosure Letter, Speer has not generated, used, treated, stored, maintained, disposed of, or otherwise deposited PCBs, TCE, PCE, or asbestos containing materials in, on, or related to the Speer Property, the Businesses, or any premises at which the Businesses were or are located. Additionally, except as described in Section 4.16(d) of the Speer Disclosure Letter, there are and were no underground storage tanks used, stored, maintained, located on or otherwise related to the Speer Property, the Businesses, or any premises at which the Businesses were or are located. Speer has removed and properly disposed of all used or other obsolete materials regulated by environmental, health and safety laws, including chemical or other hazardous substances or wastes, that are not used by Speer's business. With respect to underground storage tanks, Section 4.16(d) of the Speer Disclosure Letter sets forth the size, location, construction, installation date, use and testing history of all such underground storage tanks (whether or not excluded from regulation under Environmental Laws), including all underground storage tanks in use, out of service, closed, abandoned or decommissioned.

(e) To the knowledge of Speer, there has been no "release" as defined in 42 U.S.C. Section 9601(22) or threat of a "release" of any Hazardous Substance in, from or under any premises from which the operations of Speer have been or are being conducted.

(f) Speer has not received notice that it has any potential liability with respect to the contamination, investigation, or cleanup of any site at which Hazardous Substances have been or have alleged to have been generated, treated, stored, released, discharged, emitted or disposed of, and, to the knowledge of Speer, there are no past or present events, facts, conditions or circumstances which may interfere with or prevent compliance by the Businesses in accordance with Environmental Laws, or with any order, decree, judgment, injunction, notice or demand issue, entered, promulgated or approved thereunder, or which may give rise to any common law or other legal liability, including, without limitation, liability under any Environmental Laws, or otherwise form the basis of any claim, action, demand, suit, proceeding, hearing, notice of violation, study or investigation, based on or related to the manufacture, process, distribution, use, treatment, storage, disposal, transport or handling, or the emission, discharge, release or threatened release into the environment of Hazardous Substances by Speer as a result of any act or omission of Speer.

(g) To the knowledge of Speer, Section 4.16(g) of the Speer Disclosure Letter contains a true, correct and complete listing of all Hazardous Substances (other than Hazardous Substances comprising an ingredient or component of a mixture or product or included in equipment) used in the Businesses in the conduct of its operations since the commencement of its operations, and a list of the methods used by Speer (including, but not limited to, a list of past and present disposal or recycling sites, waste haulers, and manifest numbers) since commencement of its operations to dispose of or recycle Hazardous Substances (other than Hazardous Substances

comprising an ingredient or component of a mixture or product or included in equipment) generated by Speer's operations and by the activities of Speer.

(h) Except as disclosed in Section 4.16(h) of the Speer Disclosure Letter, all of Speer's disposal and recycling practices relating to Hazardous Substances have been accomplished in all material respects in accordance with all applicable Environmental Laws.

4.17 Insurance. Except as to PVS which has maintained the referenced policies in effect since January 1, 1996, Speer maintains in effect, and since commencement of its operations, has maintained in effect, motor vehicle and comprehensive general liability insurance and workers' compensation insurance covering the Businesses and fire and extended coverage insurance with respect to the properties and assets of Speer. Section 4.17 of the Speer Disclosure Letter contains a complete list of all insurance policies (including the amount of coverage thereunder) in effect at present. All such insurance policies are owned solely and exclusively by Speer. No event has occurred that may enable an insurer to rescind any such policies.

4.18. Customer and Supplier Relationships; Warranty Claims. Except as set forth in Section 4.18 of the Speer Disclosure Letter, Speer has not received any notice that any customer or supplier of Speer intends to discontinue or alter the prices or terms of, or substantially diminish its relationship with Speer. Other than as set forth in Section 4.18 of the Speer Disclosure Letter, there are no outstanding warranty claims against Speer by any of its customer with respect to products sold or services rendered by Speer.

4.19 Investment. Speer is acquiring the PSI Common Stock for investment only and not with a view to the public distribution or resale thereof or any interest therein in violation of the Securities Act or any other applicable federal or state securities laws or regulations. Speer is familiar with the meaning of such representation and fully understands the restrictions and limitations that are imposed thereby. PSI has disclosed to Speer that Speer must bear the economic risk of the investment in the PSI Common Stock for an indefinite period of time because the PSI Common Stock has not been registered under the Securities Act or any state blue sky law and therefore, the PSI Common Stock cannot be sold unless it is subsequently registered under the Securities Act and applicable state blue sky laws or an exemption from such registration is available. Speer is able and prepared to bear the economic risks of investing in and holding the PSI Common Stock for an indefinite period of time. At all times during the Transaction and at the date of this Agreement, Speer has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of the investment in the PSI Common Stock. Speer has had access to such financial and other information and has been afforded the opportunity to ask such question of PSI and its representatives and has received answers thereto, as it deems necessary in connection with its decision to acquire the PSI Common Stock.

ARTICLE V
COVENANTS OF PSI

Between the date of this Agreement and the Closing Date, PSI shall:

5.1. **Management of PSI.** Operate the business of PSI in a prudent manner consistent with past practices, and in the usual and ordinary course, and use its reasonable best efforts to preserve the goodwill of suppliers, distributors, sales representatives, customers, creditors and others having business relationships with PSI, and shall safeguard and preserve the confidentiality of all books, records and information relating to PSI in a prudent manner consistent with past practices.

5.2. **Accounting Practices.** Refrain from making any change in the accounting practices or procedures governing PSI.

5.3. **No Distribution of Dividends.** Except as otherwise contemplated by this Agreement, including the Recapitalizations referred to in Sections 2.1 and 6.3, refrain from paying or declaring any dividend, or making any distribution on account of, any of the outstanding shares of capital stock of PSI, or redeeming, purchasing or otherwise acquiring any of the capital stock of PSI, or issuing any shares of capital stock of PSI, or granting, issuing, selling or disposing of any option, warrant or right to acquire any shares of capital stock of PSI.

5.4. **No New Stock Rights.** Except as otherwise contemplated by this Agreement, including the Recapitalizations referred to in Sections 2.1 and 6.3, not enter into, issue, or grant any agreements, arrangements, warrants, calls, options, convertible rights or other rights (vested or contingent) to acquire any capital stock of PSI.

5.5. **Purchases and Sales.** Maintain the fixed assets of PSI in good condition, repair and working order, normal wear and tear excepted; and refrain from (a) making or permitting any sales, transfers or dispositions of any asset of the business of PSI (other than inventory in the ordinary course of business); (b) entering into any contracts, leases, or commitments, or any amendments or modifications to contracts, leases or commitments existing at the date of the execution of this Agreement, involving the business or assets of PSI, other than those in the ordinary course of business involving consideration or other expenditure of less than \$50,000, and other than those that can be terminated without obligation or penalty at the Closing; and (c) taking or permitting any action or entering into or permitting any contract or agreement prohibited by Section 3.5.

5.6. Compensation of PSI's Employees. Refrain from making or permitting any change in the compensation or benefits payable or to become payable to any of the employees or agents of the business of PSI, or making any new bonus payment or arrangement or benefit to or with any of them, or hiring any additional employees, except in accordance with compensation and hiring practices previously followed by PSI.

5.7. Insurance. Use its reasonable best efforts to have in effect and maintain at all times all insurance now in force relating to PSI and the business and assets of PSI.

5.8. Preserve Organization. Preserve the business organization of PSI intact and keep available the services of the present officers and employees of PSI.

5.9. Access to the Records of PSI. Allow Speer, its representatives, attorneys and accountants to continue to have reasonable access to the records and files, audits and properties of PSI relating to PSI, the business and assets of PSI, as well as all information relating to taxes, commitments, contracts, titles and financial condition of, or otherwise pertaining to, PSI. PSI agrees to use its reasonable best efforts to cause its accountants to cooperate with Speer and its accountants in making available all financial information concerning PSI as is requested, and Speer and its accountants shall have the right to examine all working papers pertaining to examinations of PSI relating to PSI and its business and assets, provided that such examinations shall be designed to cause minimal disruption to PSI and its business and work force, and in any event, shall be undertaken with reasonable prior notice and during normal business hours of PSI.

5.10. Consents and Authorizations. Use its reasonable best efforts to obtain all government authorizations and contractual and leasehold consents and permits necessary to enable the consummation of all transactions contemplated hereby without causing the discontinuation or termination of any permits or of any contractual relationships maintained by PSI.

5.11. Fulfill Closing Conditions. Use its reasonable best efforts to take, or to cause to be taken, all action reasonably necessary or appropriate to cause each of the conditions set forth in Article VIII to be fulfilled on or prior to the Closing Date.

5.12. Taxes. Pay when due all federal, state, local and foreign income, franchise and other taxes of PSI, other than any taxes on or arising out of the Transaction.

5.13. Financial Reports. Provide Speer with (i) copies of any financial statements prepared by PSI in the course of its business, to be provided promptly after they become available, and (ii) cumulative and monthly management reports of PSI's business (including statements of revenues and expenses), to be provided within 15 days following the end of each month.

5.14. Certificate of Incorporation and By-Laws. Refrain from amending the Certificate of Incorporation or By-Laws of PSI other than amending the Certificate of Incorporation to effect the Share Increase (as hereinafter defined).

5.15. Damage or Destruction of Assets. Notify Speer immediately in the event of any material damage to or material destruction of any of the material assets of PSI.

5.16. No Shop. Refrain, and cause PSI's officers, directors, employees, agents and Affiliates to refrain, except as required by its or their fiduciary duties under Delaware law or as contemplated by this Agreement, including the Recapitalizations referred to in Sections 2.1 and 6.3, from initiating any negotiations or soliciting or encouraging (including by way of furnishing non-public information) any offer or proposal regarding the sale, direct or indirect, of any of the outstanding shares of capital stock of PSI; the sale, direct or indirect, of any of the assets of PSI (other than inventory in the ordinary course of business); the issuance of any capital stock of PSI or any options, warrants, or rights to acquire capital stock of PSI; or any merger, consolidation or similar transaction involving the Shares or any of the assets of PSI; with any party other than Speer or an Affiliate of Speer. PSI shall promptly notify Speer of any such proposal or offer, or any inquiry or contact with any person with respect thereto, and the terms thereof.

5.17. Confidentiality.

(a) Not disclose, and cause PSI's officers, directors, employees, agents and Affiliates not to disclose, any terms of the Transaction or the Alternative Transaction, or to make any public statement regarding the Transaction or the Alternative Transaction prior to the Closing, without the prior written consent of Speer except as may be required by law; provided, however, that the parties understand and agree that certain disclosures regarding the Transaction or the Alternative Transaction may be made to third parties whose consent or approval may be required in connection with the Transaction or the Alternative Transaction or as may be required by law, and that in each case such disclosures may be made by PSI, without Speer's prior written consent, but only to the extent such disclosures are so required.

(b) Continue, and cause PSI's officers, directors, employees, agents and Affiliates to continue, to observe, perform, and comply with that certain confidentiality agreement dated March 17, 1998, between PSI and Speer.

5.18. Tax Treatment. Refrain from taking any action which would cause the Transaction to fail to qualify as transfer pursuant to Section 351(a) of the Internal Revenue Code.

5.19 NASDAQ Quotation. Use its reasonable best efforts to cause the shares of PSI Common Stock constituting the PSI Consideration to be eligible for listing on the NASDAQ Small Cap Market and the Boston Stock Exchange upon official notification of issuance.

ARTICLE VI

ADDITIONAL AGREEMENTS

6.1. Voting Agreement. Concurrently with the execution of this Agreement, Speer Communications shall have entered into Voting Agreements with Alta Investissements S.A. ("Alta"), Vulcan Ventures Incorporated ("Vulcan") and certain other entities and persons (the "Voting Parties"), in the form attached as Exhibit 6.1 hereto, whereby each of the Voting Parties agrees to (i) not sell any of the shares of capital stock of PSI owned by such persons between the date of the Voting Agreement and the Closing Date, and (ii) vote all of the shares of PSI Common Stock held by such person in favor of approval of the Transaction or the Alternative Transaction and the amendment of the Certificate of Incorporation increasing the number of authorized Shares of PSI Common Stock to not less than 200,000,000 shares or such other number of authorized shares as the parties may agree upon (the "Share Increase") in connection with the Stockholders Meeting, as defined below.

6.2. Stockholders Meeting. PSI shall call a meeting of stockholders to be held as soon as reasonably practicable for the purpose of voting upon the required stockholder approvals requested in connection with this Agreement (the "Stockholders Meeting"). Except as otherwise required by the fiduciary duties of the directors of PSI, the Board of Directors of PSI shall recommend to the stockholders of PSI a vote in favor of approval of the Transaction or the Alternative Transaction if selected by Speer and the Share Increase.

6.3. Recapitalization. No later than 20 days from the date hereof, PSI shall enter into agreement with each of Dicker Primal ("Primal"), Primwest Holding N.V. ("Primwest") and Vulcan to convert (i) the PSI Series A Stock and PSI Series B Stock and (ii) the promissory notes between each of Primal and Vulcan with PSI into shares of PSI Common Stock at terms no less favorable to PSI than that of the Recapitalization set forth in Section 2.1.

6.4. Board of Directors. Prior to the Closing Date, PSI shall adopt a resolution fixing the number of Board members of its Board of Directors to eight (8) members.

6.5. Employees. At the Closing Date all employees of Speer shall become employees of PSI under the terms of such employees' employment with Speer and shall be provided with benefits not less favorable than employees of PSI with similar tenure.

6.6. President and Chief Executive Officer. At the Closing Date, PSI shall appoint a nominee of Speer to serve as President and Chief Executive Officer of PSI.

6.7. Interim Loan. Within two (2) days of the date hereof and following execution and delivery by PSI of a promissory note in the form of Exhibit 6.7 (the "Promissory Note"), Speer shall provide PSI a line of credit of up to \$3,000,000 on the terms and conditions set forth in the Promissory Note. The principal amount and the accrued interest of such loan shall become due and payable on the earlier of Closing Date and September 1, 1998; provided, however, that at Speer's sole discretion the repayment of such loan may be forgiven and the amount of the cash required to be delivered by Speer at Closing shall be reduced by an amount equal to the principal balance and unpaid interest on the Promissory Note so forgiven.

6.8. Preparation of Proxy Statement; Other Filings. As promptly as practicable after the date of this Agreement, PSI shall prepare and file with the SEC a preliminary Proxy Statement reasonably satisfactory to each of PSI and Speer. Each of PSI and Speer shall use its reasonable best efforts to respond to any comments of the SEC and to cause the Proxy Statement to be mailed to its respective stockholders at the earliest practicable time. As promptly as practicable after the date of this Agreement, PSI shall prepare and file any other filings required under the Exchange Act, the Securities Act or any other federal or Blue Sky Laws relating to the Transaction and the other transactions contemplated by this Agreement including, without limitation, under state takeover laws (the "Other Filings"). PSI and Speer will notify the other parties promptly of the receipt of any comments from the SEC or its staff and of any request by the SEC or its staff or any other government officials for amendments or supplements to the Proxy Statement or any Other Filing or for additional information and will supply the other with copies of all correspondence between it or any of its representatives, on the one hand, and the SEC, or its staff or any other government officials, on the other hand, with respect to the Proxy Statement or any Other Filing. The Proxy Statement and Other Filings shall comply in all material respects with all applicable requirements of law. Whenever any event occurs which is required to be set forth in an amendment or supplement to the Proxy Statement or any Other Filing, PSI and Speer, as the case may be, shall promptly inform the other parties of such occurrence and cooperate in filing with the SEC or its staff or any other government officials, and/or mailing to stockholders of PSI, such amendment or supplement. Except as otherwise required by the fiduciary duties of the directors of PSI, the Proxy Statement shall include the recommendations of the Board of Directors of PSI in favor of the Transaction or the Alternative Transaction, as the case may be. PSI and Speer each shall promptly provide the other (or its counsel) copies of all filings made by it with any Governmental Entity in connection with this Agreement and the transactions contemplated

hereby. The covenants in this Section shall apply to the filing by PSI and Speer, if applicable, of a pre-merger notification report under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), and responding to any further informational requests in connection with the receipt of termination of expiration of the applicable waiting period under the HSR Act.

6.9. Defense of Litigation. Each of PSI and Speer agrees to vigorously defend against all actions, suits or proceedings in which such party is named as a defendant which seek to enjoin, restrain or prohibit the transactions contemplated hereby or seek damages with respect to such transactions. Neither PSI nor Speer shall settle any such action, suit or proceeding or fail to perfect on a timely basis any right to appeal any judgment rendered or order entered against such party therein without the consent of the other party (which consent shall not be withheld unreasonably). Each of PSI and Speer shall notify the other party of any such initiated actions, suits or proceedings.

ARTICLE VII

COVENANTS OF SPEER

Between the date of this Agreement and the Closing Date, Speer shall undertake to do or refrain from doing, as the case may be, the following: provided, however, that in the event that Speer elects to proceed with the Alternative Transaction, the following covenants shall apply only to SVM and not to any other Speer Entity. The following covenants shall not in any way preclude, restrict or limit Speer's ability to enter into an agreement and to close a transaction relating to the sale of all or substantially all of the Speer Assets (other than SVM) to a party other than PSI provided Speer has given PSI notice of its election to pursue the Alternative Transaction:

7.1. Management of Speer. Operate the Businesses in a prudent manner consistent with past practices, and in the usual and ordinary course, and use its reasonable best efforts to preserve the goodwill of suppliers, distributors, sales representatives, customers, creditors and others having business relationships with Speer, and shall safeguard and preserve the confidentiality of all books, records and information relating to Speer in a prudent manner consistent with past practices.

7.2. No Distribution of Dividends. Refrain from paying or declaring any dividend, or making any distribution on account of shares of capital stock of PVS, or redeeming, purchasing or otherwise acquiring any of the shares of PVS, or issuing any shares of capital stock of PVS, or granting, issuing, selling or disposing of any option, warrant or right to acquire any shares of capital stock of PVS.

7.3 No New Stock Rights. Not enter into, issue, or grant any agreements, arrangements, warrants, calls, options, convertible rights or other rights (vested or contingent) to acquire any capital stock of PVS.

7.4 Purchases and Sales. Maintain the Speer Assets and the fixed assets of PVS in good condition, repair and working order, normal wear and tear excepted; and refrain from (a) making or permitting any sales, transfers or disposition of any of the Speer Assets; and (b) entering into any contracts, leases, or commitments, or any amendments or modifications to contracts, leases or commitments existing at the date of the execution of this Agreement, involving the Businesses or the Speer Assets, other than those in the ordinary course of business involving consideration or other expenditure of less than \$50,000, and other than those that can be terminated without obligation or penalty at the Closing and other than those expected or scheduled expenditures identified in Section 7.4 of the Speer Disclosure Letter.

7.5 Compensation of Speer's Employees. Refrain from making or permitting any change in the compensation or benefits payable or to become payable to any of the employees or agents of the Businesses of Speer, or making any new bonus payment or arrangement or benefit to or with any of them.

7.6 Insurance. Use reasonable best efforts to have in effect and maintain at all times all insurance now in force relating to Speer, the Businesses and the Speer Assets.

7.7 Preserve Organization. Preserve the business organizations of Speer intact and keep available the services of the present officers and employees of Speer.

7.8 Access to Records of Speer. Allow PSI, its representatives, attorneys and accountants to continue to have reasonable access to the records and files, audits and properties of Speer relating to Speer, the Businesses and the Speer Assets, as well as all information relating to taxes, commitments, contracts, titles and financial condition of, or otherwise pertaining to, Speer. Speer agrees to use its reasonable best efforts to cause its accountants to cooperate with PSI and its accountants in making available all financial information concerning Speer as is requested, and PSI and its accountants shall have the right to examine all working papers pertaining to examinations of Speer relating to Speer, the Businesses and Speer Assets, provided that such examinations shall be designed to cause minimal disruption to Speer, the Businesses and the Speer work force, and in any event, shall be undertaken with reasonable prior notice and during normal business hours of Speer.

7.9 Consents and Authorizations. Use its reasonable best efforts to obtain all government authorizations and contractual and leasehold consents and permits necessary to enable

the consummation of all transactions contemplated hereby without causing the discontinuation or termination of any permits or of any contractual relationships maintained by Speer.

7.10. Taxes. Pay when due all federal, state, local and foreign income, franchise and other taxes of Speer, including any taxes on or arising out of the Transaction.

7.11. Certificate of Incorporation, By-Laws and Limited Partnership Agreements. Refrain from amending the articles or certificate of incorporation or By-Laws of PVS and any limited partnership agreements of Speer other than as may be necessary to complete the Transaction or the Alternative Transaction, as the case may be.

7.12. Damage or Destruction of Assets. Notify PSI immediately in the event of any material damage to or material destruction of any of the Speer Assets or Assets of the Businesses.

7.13. Fulfill Closing Conditions. Use its best efforts to take, or cause to be taken, all action reasonably necessary or appropriate to cause each of the conditions set forth in Article IX to be fulfilled on or prior to the Closing Date.

7.14. Third Parties and Government Approvals. Use its best efforts to file and obtain approval of all necessary documentation, and to obtain all necessary approvals of third parties and of appropriate regulatory authorities, with respect to the transactions contemplated by this Agreement.

7.15. Confidentiality.

(a) Not disclose, and cause Speer's officers, directors, employees, agents and Affiliates not to disclose, any terms of the Transaction or the Alternative Transaction, or to make any public statement regarding the Transaction or the Alternative Transaction prior to the Closing, without the prior written consent of PSI, provided, however, that the parties understand and agree that certain disclosures regarding the Transaction or the Alternative Transaction may be to be made to third parties whose consent or approval may be required in connection with the Transaction or the Alternative Transaction, and that in each case such disclosures may be made by Speer, without PSI's prior written consent, but only to the extent such disclosures are so required.

(b) Continue, and cause Speer's officers, directors, employees, agents and Affiliates to continue, to discover, perform, and comply with that certain confidentiality agreement dated March 17, 1999, between PSI and Speer.

ARTICLE VIII

CONDITIONS PRECEDENT TO CLOSING BY SPEER

Speer shall not be required to proceed on the Closing Date with the transactions contemplated by this Agreement unless the following conditions precedent shall have been fulfilled and satisfied, or shall have been waived in writing by Speer:

8.1. Representations and Warranties. Each of the warranties and representations of PSI contained herein shall be true and correct as of the date of this Agreement, and shall also be true and correct as of the Closing Date as if then originally made.

8.2. Covenants. PSI shall have complied in all material respects with each of the covenants required of it on or prior to Closing;

8.3. Officers Certificate. PSI shall have delivered to Speer a certificate of the Chief Executive Officer and Chief Financial Officer of PSI, dated the Closing Date, certifying to the best of the knowledge and belief of such officers and in such detail as Speer reasonably requests to the accuracy of the representations and warranties contained herein, and to the fulfillment of the covenants and to the conditions precedent to Speer's obligations to consummate the transactions contemplated by this Agreement;

8.4. Good Standing. PSI shall have delivered to Speer certificates of good standing in the state or country of incorporation for PSI and each of its Affiliates;

8.5. Legal Opinion. PSI shall have delivered to Speer a legal opinion, in form and substance satisfactory to Speer, from Troutman Sanders LLP or Foley & Lardner, counsel to PSI;

8.6. Governmental Approvals. PSI or Speer shall have received all governmental and regulatory consents, non-objections or permits from all Federal, state, local and foreign governmental authorities, or shall have made reasonably satisfactory alternative arrangements pursuant to the last sentence of Section 12.4, necessary to permit PSI to consummate the transactions contemplated by this Agreement, and to enable PSI to conduct its business after the Closing Date in all material respects as PSI conducted such businesses on the date of this Agreement, and specifically including the following: any necessary approvals of the Department of Justice, Federal Communications Commission, or any state communications commissions.

8.7. Material Adverse Change. There shall have been no material adverse change (or changes which in the aggregate are materially adverse) since the date hereof in the financial

condition, results of operations, properties, business, or products and services provided by PSI, whether by reason of change in government regulation or action or otherwise;

8.8. Bankruptcy. PSI shall not be the subject of a petition for reorganization or liquidation under the Federal bankruptcy laws, or under state or foreign insolvency laws, nor shall an assignment for the benefit of creditors or any similar protective proceeding or act or event of bankruptcy have occurred;

8.9. Corporate and Third Party Authorizations. There shall have been obtained, by means in conformity with all applicable provisions of federal and Delaware law approval of the Transaction or the Alternative Transaction if such is elected by Speer and the Share Increase from the shareholders who hold at least a majority of the voting capital stock of PSI;

8.10. Employment of Speer Employees. PSI shall have offered employment to each of the full-time employees of Speer and PVS or, in the case the Alternative Transaction is elected by Speer, the employees of SVM on the same terms as such individuals are employed by Speer, PVS or SVM, as the case may be, subject only to the Closing of the Transaction;

8.11. Lawsuits. No action, suit or proceeding shall have been instituted or threatened by the federal or any state government before a court, arbitration panel or governmental body with respect to the transactions contemplated hereby, and no regulatory enforcement proceeding shall be pending before any governmental agency or body with respect to the transactions contemplated hereby;

8.12. Recapitalization. PSI shall have completed and closed prior to or simultaneous with the Closing the Recapitalization pursuant to Section 2.1 hereof and the recapitalization transactions and with respect to Primat, Primvest and Vulcan pursuant to Section 6.3;

8.13. Tax Opinion. Speer shall have received a tax opinion from Baker & McKenzie with respect to the tax free nature of the Transaction in form and substance satisfactory to Speer; provided, however that in the event Speer elects the Alternative Transaction, such condition shall be deemed to be waived by Speer;

8.14. Confirmation of Other Transactions. The following transactions shall have been completed and closed before or simultaneously with the Closing: (i) the transfer of real estate from RMS to PSI pursuant to the Real Estate Transfer Agreement referred to in Section 1.3 hereof; and (ii) execution and delivery of lease and/or service agreements with WNAB and MOR Galleria in form and substance satisfactory to PSI; provided, however that such conditions shall be deemed to have been waived or satisfied in the event Speer elects the Alternative Transaction;

8.15. Listing of PSI Common Stock. The shares of PSI Common Stock representing the PSI Consideration shall have been accepted for listing on the NASDAQ Small Cap Market and the Boston Stock Exchange upon official notification of issuance.

8.16 Election of Directors. Three nominees of Speer shall have been elected to fill vacancies on the PSI Board of Directors.

8.17. Non-Fulfillment Date. In the event that one or more of the foregoing conditions in this Article VIII is not fulfilled as of August 31, 1998, Speer may, upon notice to PSI and on or prior to the Closing Date, elect not to consummate the transactions provided for herein, or may waive the condition and proceed to Closing, but any breach of condition, warranty, representation or covenant known to Speer at the Closing Date as to which Speer does not make a claim by the Closing Date shall be deemed to have been waived.

ARTICLE IX

CONDITIONS PRECEDENT TO CLOSING BY PSI

PSI shall not be required to proceed on the Closing Date with the transactions contemplated by this Agreement unless the following conditions precedent shall have been fulfilled and satisfied, or shall have been waived in writing by PSI:

9.1. Representations and Warranties. Each of the representations and warranties of Speer contained herein shall be true and correct as of the date of this Agreement and shall be true and correct as of the Closing Date as if then originally made; provided, however that in the event that Speer elects the Alternative Transaction, the representations and warranties set forth in Article IV hereof shall be deemed to include only the representations and warranties of SVM set forth in such Article IV and the representations and warranties of Speer Communications in Sections 4.1, 4.2 and 4.19 and only those representations and warranties shall be true and correct as of the Closing Date;

9.2. Covenants. Speer, or in the event of the Alternative Transaction, SVM and Speer Communications shall have complied with each of the covenants required of it on or prior to Closing;

9.3. Officers Certificate. Speer shall have delivered to PSI a certificate of an officer or authorized person of its general partner, and of the President and Chief Financial Officer of PVS or in the case the Alternative Transaction is elected, only an officer or authorized person of the general partner of SVM, dated the Closing Date, certifying to the best of the knowledge and belief

of each such person and in such detail as PSI reasonably requests to the accuracy of Speer's representations and warranties, and to the fulfillment of Speer's covenants and of the conditions precedent to PSI's obligations to consummate the transactions contemplated by this Agreement;

9.4. Governmental Approvals. Speer and PSI shall have received all governmental and regulatory consents, non-objections or permits, from all Federal, state, local and foreign governmental authorities, or shall have made reasonably satisfactory alternative arrangements pursuant to the last sentence of Section 12.4, necessary to permit Speer to consummate the transactions contemplated by this Agreement and to enable PSI to conduct the Businesses after the Closing Date in all material respects as Speer conducted the Businesses as of the date of this Agreement including: any necessary approvals of the Department of Justice, Federal Communications Commission or any state communications commissions;

9.5. Bankruptcy. Speer shall not be the subject of a petition for reorganization or liquidation under the Federal bankruptcy laws, or under state insolvency laws, nor shall an assignment for the benefit of creditors or any similar protective proceeding or act or event of bankruptcy have occurred;

9.6. Lawsuits. No action, suit or proceeding shall have been instituted or threatened by the federal or any state government before a court, arbitration panel or governmental body with respect to the transactions contemplated hereby, and no regulatory enforcement proceeding shall be pending before any governmental agency or body with respect to the transactions contemplated hereby;

9.7. Legal Opinion. Speer shall have delivered to PSI a legal opinion, in form and substance satisfactory to PSI, from Baker & McKenzie, counsel to Speer, except that with respect to matters of Nevada State law such opinion shall be provided by Burton, Bartlett & Glogovac;

9.8. Corporate Authorizations. There shall have been obtained, by means in conformity with all applicable provisions of the partnership agreements of each of the partnerships included in Speer, or in the case of the Alternative Transaction, of SVM and Speer Communications, and of federal and Nevada law, the approval of such entities' partners to the transactions contemplated by this Agreement;

9.9. Confirmation of Recapitalizations. The following transactions shall have been completed and closed before or simultaneously with the Closing: (i) the recapitalization transaction between PSI and RMS pursuant to Section 2.1 hereof; and (ii) the recapitalization transaction between PSI, Primat, Primwest and Vulcan pursuant to Section 6.3 hereof;

9.10 Other Transactions. The following transaction shall have been completed and closed before or simultaneously with the Closing: (i) the transfer of real estate from RMS to PSI pursuant to the Real Estate Transfer Agreement referred to in Section 1.3 hereof; and (ii) execution and delivery of lease and/or service agreements with WNAB and MOR Galleria in form and substance satisfactory to PSI; provided, however that such conditions shall be deemed to have been waived or satisfied in the event Speer elects the Alternative Transaction.

9.11. Non-Fulfillment Date. In the event that one or more of the foregoing conditions in this Article VIII is not fulfilled as of August 31, 1998, PSI may, upon notice to Speer and on or prior to the Closing Date, elect not to consummate the transactions provided for herein, or may waive the condition and proceed to Closing, but any breach of condition, warranty, representation or covenant known to PSI at the Closing Date as to which PSI does not make a claim by the Closing Date shall be deemed to have been waived.

ARTICLE X

CLOSING

The actual consummation of the transactions contemplated by this Agreement (the "Closing") shall take place on the fifth business day following the last to occur of the conditions set forth in Articles VIII and IX (the "Closing Date") at the offices of Baker & McKenzie in Washington, D.C. The Closing Date may be set at such other date or at such other place as shall be fixed by agreement of the parties hereto.

ARTICLE XI

OBLIGATIONS AT THE CLOSING

11.1. PSI's Obligations. At the Closing, PSI shall deliver to Speer or Speer Communications in the event of the Alternative Transaction:

(a) Certificates signed by the Chief Executive Officer and Chief Financial Officer of PSI, to the effect that, to the actual knowledge of such officers, each of the representations and warranties made by PSI hereunder is true and correct in all material respects as of the Closing Date (or, if any such representation or warranty is untrue or incorrect in any

material respect, specifying the respect in which it is untrue or incorrect), and that PSI has fulfilled its covenants hereunder in all material respects as of the Closing Date (or, if any such covenant is unfulfilled in any material respect, specifying the respect in which it is unfulfilled), and that PSI has fulfilled the conditions precedent to Speer's obligations to consummate the purchase contemplated by this Agreement in all material respects (or, if any such condition is unfulfilled in any material respect, specifying the respect in which it is unfulfilled);

(b) A copy of resolutions adopted by the Board of Directors and stockholders of PSI, certified by the Secretary of PSI, approving and authorizing or ratifying the execution and delivery of this Agreement, and the performance by PSI of its obligations hereunder and thereunder;

(c) An opinion of Troutman & Sanders or Foley & Lardner, counsel for PSI, addressed to Speer, in form and substance satisfactory to Speer;

(d) [Intentionally Omitted];

(e) Certificates representing all of the shares of PSI Common Stock in the PSI Consideration in the amounts and in the names of such Speer Entities as designated prior to the Closing by Speer Communications; and

(f) The Registration Rights Agreement set forth as Exhibit 11.1.5 executed by an authorized officer of PSI.

11.2. **Speer's Obligations.** At the Closing Speer or, in the event of the Alternative Transaction, Speer Communications shall deliver to PSI:

(a) Certificates signed by the Chief Operating Officer and Chief Financial Officer of the general partner of each Speer Entity to the effect that, to the best of the knowledge of such officers, each of the representations and warranties made by Speer or in the case of the Alternative Transaction, Speer Communications and SVM hereunder are true and correct in all material respects as of the Closing Date (or, if any such representation or warranty is untrue or incorrect in any material respect, specifying the respect in which it is untrue or incorrect), and that Speer or in the case of the Alternative Transaction, Speer Communications and SVM has fulfilled its covenants hereunder in all material respects as of the Closing Date (or, if any such covenant is unfulfilled in any material respect, specifying the respect in which it is unfulfilled), and that Speer or in the case of the Alternative Transaction, Speer Communications and SVM has fulfilled the conditions precedent to PSI's obligations to consummate the purchase contemplated by this Agreement (or, if any such condition is unfulfilled in any material respect specifying the respect in which it is unfulfilled);

(b) A copy of resolutions adopted by each limited partnership included in Speer or in the case of the Alternative Transaction, Speer Communications and SVM, certified by an officer or authorized person of, their respective general partner, authorizing or ratifying the execution and delivery of this Agreement and the performance by Speer of its respective obligations hereunder;

(c) An opinion of Baker & McKenzie or Burton, Bartlett & Glogovac, counsel for Speer, addressed to PSI, in form and substance satisfactory to PSI; and

(d) Current funds in the amount specified in Article 2 (subject to adjustment pursuant to Section 6.7).

(e) In the event the Alternative Transaction is not elected, the Assignment and Assumption Agreement referred to in Article 1 and such bills of sale, deeds, assignments and other transaction documents as shall be required to effectuate the transfer of the Speer Assets to PSI.

(f) In the event the Alternative Transaction is not elected, documents satisfactory to PSI evidencing transfer and conveyance of title to the real estate contemplated in the Real Estate Transfer Agreement referred to Section 1.3.

(g) In the event the Alternative Transaction is not elected, certificates representing all of the shares of capital stock of PVS to be transferred to PSI pursuant to Article 1, duly endorsed for transfer to or accompanied by appropriate instruments of transfer to PSI.

(h) Certificates representing all of the outstanding partnership interests in SVM duly endorsed for transfer to or accompanied by appropriate instruments transferring to PSI.

ARTICLE XII

FURTHER COVENANTS OF PSI AND SPEER

PSI and Speer or, in the event of the Alternative Transaction, Speer Communications and SVM shall, as described below, each perform the indicated tasks designated to be performed by them:

12.1. Joint Notice. After the Closing, PSI and Speer shall cooperate, to the extent practicable and reasonable, in giving joint notice of the consummated transactions to each customer, creditor, distributor, sales representative and supplier of the business of PSI.

12.2. Further Assurances. PSI agrees that, from time to time and without further consideration, it will execute and deliver such further documents and take such other action as Speer may require more effectively to transfer to and vest in Speer and put Speer in possession of the shares included in the Share Exchange Consideration and all right and interest in the shares included in the Share Exchange Consideration. Speer agrees that, from time to time and without further consideration, it will execute and deliver such further documents and take such other action as PSI may require more effectively to transfer to and invest in PSI and put PSI in possession of the Speer Assets and all right, title and interests in the Speer Assets, including, without limitation, the Equity Interests and the Cash or in the event the Alternative Transaction is elected, possession of the assets of SVM and the cash to be contributed in the Alternative Transaction.

12.3. Registration Rights. PSI will grant registration rights to Speer and its Affiliates pursuant to the Registration Rights Agreement set forth as Exhibit 11.1.5 hereto.

12.4. Further Arrangements. Work together diligently to have all appropriate federal, state, local and foreign authorizations, permits and approvals necessary to the operation of the Businesses (as Speer operates them as of the date of this Agreement, or as operated by SVM in the case of the Alternative Transaction), transferred, reassigned or issued to PSI. If PSI and Speer are unable by Closing to secure in PSI's name all government permits necessary to conduct the Businesses in PSI's name after Closing, then Speer (through the entity which previously conducted the relevant Business) or SVM in the case of the Alternative Transaction will cooperate with PSI so that PSI can conduct such Business after Closing in such Speer entity's name (but with PSI retaining and being solely responsible for all economic benefits and burdens of such Business) until such time as PSI secures all such government permits.

12.5. Bulk Sales Law. As an inducement to PSI to waive compliance with the provisions of any applicable bulk sales or transfer laws, Speer hereby agrees that all of its debts, obligations and liabilities of Speer which are not expressly assumed by PSI under this Agreement will be paid and discharged by Speer as and when they become due and payable in the ordinary course of business. In the event the Alternative Transaction is not elected, Speer further agrees to indemnify and hold PSI harmless from any and all liabilities incurred by PSI by reason of or arising out of claims made by creditors with respect to any non-compliance with any applicable bulk sales or transfer laws (except to the extent such claims constitute Assumed Liabilities).

ARTICLE XIII

EXPENSES WITH RESPECT TO TRANSACTION

PSI agrees that it will pay all fees, costs and expenses incurred by it in connection with this transaction, including, without limitation, the fees and expenses of its attorneys, accountants and other persons, and no portion thereof shall be paid by Speer. Speer agrees that it will pay all fees, costs and expenses incurred by it in connection with this transaction, including, without limitation, the fees and expenses of its attorneys, accountants and other persons, and no portion thereof shall be paid by PSI. Notwithstanding the foregoing, PSI and Speer shall share equally any fees accompanying filings required to be made to governmental agencies in connection with the transactions contemplated by this Agreement.

ARTICLE XIV

BROKERS

Each party hereby agrees to indemnify and save and hold harmless the other parties, their shareholders, directors and officers from and against any and all claims, losses, damages, costs or expenses of any kind or character (including attorneys' fees) arising out of or resulting from any agreement, arrangement or understanding alleged to have been made by such party with any broker or finder in connection with this Agreement or the transactions contemplated hereby, and to supply at Closing a letter releasing the other parties to this Agreement from the claims of any such broker and finder.

ARTICLE XV

INDEMNIFICATION

15.1. Indemnification by Speer.

(a) From and after the Closing of the Transaction and subject to the limitations set forth in Section 15.2(a) and (c), Speer shall indemnify and hold harmless PSI and its officers, directors, employees, shareholders, Affiliates, successors and permitted assigns from all Losses resulting from (i) a breach by Speer of any representation or warranty under this Agreement (after

giving effect to any supplement or amendment to the Speer Disclosure Letter agreed to or accepted in writing by PSI); (ii) a breach by Speer of a covenant or agreement under this Agreement; (iii) any liabilities arising after the Closing Date and relating to the Speer Assets or the conduct of the Businesses prior to the Closing Date other than those assumed by PSI pursuant to the Assignment and Assumption Agreement referred to in Section 1.1 or disclosed in Section 4.9 of the Speer Disclosure Letter and other than liabilities of PVS set forth in Schedule 1.1(b), or (iv) any liabilities resulting from any applicable bulk sales or transfer laws as set forth in Section 12.5. The foregoing obligation of Speer shall not arise and will not be enforceable against Speer in the event the Alternative Transaction is closed.

(b) From and after the Closing of the Alternative Transaction and subject to the limitations set forth in Section 15.2(b) and (c), Speer Communications shall indemnify and hold harmless PSI and its officers, directors, employees, shareholders, Affiliates, successors and permitted assigns from all Losses resulting from (i) a breach by Speer Communications or SVM of any representation or warranty by such entities under this Agreement (after giving effect to any supplement or amendment to the Speer Disclosure Letter agreed to or accepted in writing by PSI) or (ii) a breach of Speer Communications or SVM of a covenant or agreement under this Agreement. The foregoing obligation of Speer Communications and SVM shall not arise and will not be enforceable against Speer Communications and SVM in the event the Transaction is closed and is in lieu of, and not in addition to, the obligations of Speer set forth in Section 15.1(a).

15.2 Limitations.

(a) Unless and until the Losses incurred by PSI exceed \$500,000, PSI shall not be entitled to indemnification under Section 15.1(a); provided, however, that once the damages exceed \$500,000, PSI shall be entitled to indemnification for the full amount of such Losses. The maximum liability of Speer pursuant to clause (i) of Section 15.1(a) shall be the amount of \$10,000,000; provided, however there shall be no limitations on Losses resulting from a breach by Speer of a representation or warranty which is the result of fraud or willful misrepresentation on the part of Speer. Any claim for Losses under clause (i) of Section 15.1(a) may be satisfied by an exchange of shares of PSI Common Stock valued at the greater of the fair market value of such stock as of the Closing Date or as of the date such claim is asserted against Speer or in cash or a combination of both cash and stock at the sole discretion of Speer.

(b) Unless and until the Losses incurred by PSI exceed \$100,000, PSI shall not be entitled to indemnification under Section 15.1(b); provided, however, that once the damages exceed \$100,000, PSI shall be entitled to indemnification for the full amount of such Losses. The maximum liability of Speer pursuant to clause (i) of Section 15.1(b) shall be the amount of \$1 million; provided, however, there shall be no limitation on Losses resulting from a breach by

Speer Communications or SVM which is the result of fraud or wilful misrepresentation on the part of Speer Communications or SVM.

(c) The agreements, representations and warranties and covenants of Speer or Speer Communications and SVM, as the case may be, contained in this Agreement shall survive the Closing until the one (1) year anniversary of the Closing Date. Notwithstanding the preceding sentence, any covenant, agreement, representation or warranty in respect of which indemnity may be sought under Section 15.1 shall survive the time at which it would otherwise terminate pursuant to the preceding sentences, if notice of the inaccuracy or breach thereof giving rise to such right to indemnity shall have been given to the party against whom such indemnity may be sought prior to such time.

15.3. Notice. The Indemnified Party (as hereinafter defined) shall give prompt written notice to the Indemnifying Party of any claim or event known to it which does or may give rise to a claim by the Indemnified Party against the Indemnifying Party based on this Agreement, stating the nature and basis of said claims or events and the amounts thereof, to the extent known. Such notice shall be given in accordance with Article XVI hereof. Such notice shall be a condition precedent to any liability of the Indemnifying Party hereunder. Notwithstanding the foregoing, the failure to give reasonably prompt written notice by the Indemnified Party shall not defeat a claim made pursuant hereto except to the extent that the Indemnifying Party can establish that it has been injured by such delay.

15.4. Defense of Claims. In the event of any claim, action, suit or proceeding made or brought by third parties against the Indemnified Party, the Indemnified Party shall give written notice of such claim, action, suit or proceeding as described in Section 15.4 above, with a copy of the claim, process and all legal pleadings with respect thereto. After notification, the Indemnifying Party shall participate in, and jointly with any other Indemnifying Party similarly notified, assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party at the time of such assumption. The Indemnified Party shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, when and as incurred, unless (i) the employment of counsel by such Indemnified Party has been authorized by the Indemnifying Party, or (ii) the Indemnifying Party shall not in fact have employed counsel to assume the defense of such action reasonably satisfactory to the Indemnified Party at the time of the Indemnifying Party's assumption of the defense. If clause (ii) of the preceding sentence shall be applicable, then counsel for the Indemnified Party shall have the right to direct the defense of such claim, action, suit or proceeding on behalf of the Indemnified Party. The Indemnified Party and the Indemnifying Party, as the case may be, shall be kept fully informed of such claim, action, suit or proceeding at all stages thereof whether or not such party is represented by its own counsel.

15.5. Definitions.

(i) As used herein, the term "Losses" means any and all claims, demands, costs, losses, damages and liabilities, net of any insurance proceeds received. The term "Losses" includes reasonable attorneys' fees and costs incurred in the investigation and defense of a claim, demand, cost, loss or liability.

(ii) As used herein, the term "Indemnifying Party" shall mean the person or persons against whom a party (the "Indemnified Party") makes a claim for indemnification hereunder.

ARTICLE XVI

NOTICES

16.1. Notice. All notices required to be given under the terms of this Agreement or which any of the parties may desire to give hereunder shall be in writing and delivered personally or sent by express delivery, or by facsimile, or by registered or certified mail, with proof of receipt, postage and expenses prepaid, return receipt requested, addressed as follows:

(a) As to Speer, addressed to:

Speer Communications Holdings
Limited Partnership
3201 Dickerson Pike
Nashville, Tennessee 37207
Facsimile: (615) 650-6292
Attention: Roy M. Speer

with a copy thereof addressed to:

Baker & McKenzie
815 Connecticut Avenue, N.W.
Washington, D.C. 20006-4078
Facsimile (202) 452-7074
Attention: Thomas J. Egan, Jr., Esq.

or to such other address or addresses and to the attention of such other person or persons as Speer may from time to time designate in writing to PSI; and

- (b) As to PSI, addressed to:

Precision Systems, Inc.
11800 30th Court North
St. Petersburg, Florida 33716-1846
Facsimile: (813) 573-9193
Attention: Kenneth M. Clinebell

with a copy thereof addressed to:

Troutman Sanders LLP
NationsBank Plaza
600 Peachtree Street, N.E.
Suite 5200
Atlanta, Georgia 30308-2216
Facsimile: (404) 885-3995
Attention: James L. Smith, III, Esq.

and

Foley & Lardner
100 North Tampa Street
Suite 2700
Tampa, Florida 33602
Facsimile: (813) 221-4210
Attention: David L. Robbins, Esq.

or to such other address or addresses and to the attention of such other person or persons as PSI may from time to time designate in writing to Speer.

16.2. Receipt of Notice. Any notice given in accordance with this Article XVII shall be deemed to have been given when delivered personally, or when received if sent via express delivery; facsimile; or registered or certified mail, postage prepaid and return receipt requested.

ARTICLE XVII

EFFECTIVENESS AND ASSIGNABILITY OF AGREEMENT

This Agreement shall become effective when executed and delivered by Speer and PSI, and shall be binding in all respects upon the respective successors and permitted assigns of each of the parties hereto. No party hereto may assign this Agreement in whole or in part without first obtaining the written consent of the other parties, except that Speer may assign its rights and obligations under this Agreement to one or more Affiliates so long as Speer remains responsible for its performance hereunder.

ARTICLE XVIII

ANNOUNCEMENT OF TRANSACTION

Subject to the provisions of Section 12.1, no party hereto shall make a public announcement of any of the transactions contemplated by this Agreement without approval of the other parties, unless required by law or by applicable stock exchange requirements, and in any event such person shall provide notice accompanied by a copy of all proposed announcements to the other parties.

ARTICLE XIX

COMPLETENESS OF AGREEMENT

This Agreement and the Schedules and Exhibits hereto and Closing documents represent the entire contract between the parties with respect to the subject matter hereof and supersede all offers, proposals, statements, representations and agreements with respect to the subject matter hereof. The Exhibits and Schedules hereto and Closing documents are incorporated herein by reference, and shall be deemed to be included in any reference to this Agreement. This Agreement may not be amended except by action of each of the parties hereto set forth in an instrument in writing signed on behalf of each of the parties hereto.

ARTICLE XX

CAPTIONS

The captions to the Articles and Sections contained in this Agreement are for reference only, do not form a substantive part of this Agreement and shall not restrict nor enlarge any substantive provision of this Agreement.

ARTICLE XXI

APPLICABLE LAW

This Agreement, the Schedules and Exhibits, and all other documents given in connection herewith, shall be construed in accordance with the laws of the State of Florida, without regard to the principles of conflicts of laws.

ARTICLE XXII

CHOICE OF FORUM; VENUE; SERVICE OF PROCESS

Any suit, action, or proceeding among any or all of Speer and PSI relating to this Agreement, to any document, instrument, or agreement delivered pursuant hereto, referred to herein, or contemplated hereby, or in any other manner arising out of or relating to the transactions contemplated by or referenced in this Agreement, shall be commenced and maintained exclusively in the United States District Court for the Middle District of Tampa, Florida Division, or, if that Court lacks jurisdiction over the subject matter, in a state court of competent subject-matter jurisdiction sitting in Pinellas County, Florida. Speer and PSI hereby submit themselves unconditionally and irrevocably to the personal jurisdiction of such courts. Speer and PSI further agree that venue shall be in Pinellas County, Florida. Speer and PSI irrevocably waive any objection to such personal jurisdiction or venue including, but not limited to, the objection that any suit, action, or proceeding brought in Pinellas County, Florida, has been brought in an inconvenient forum. Speer and PSI irrevocably agree that process issuing from such courts may be served on them, either personally or by certified mail, return receipt requested, at the addresses given in Article XVII hereof; and Speer and PSI further irrevocably waive any objection to service of process made in such manner and at such addresses, including without limitation any objection

that service in such manner and at such addresses is not authorized by the local or procedural laws of Florida.

ARTICLE XXIII

COUNTERPARTS

This Agreement may be executed in any number of counterparts, each of which shall be considered an original but all of which shall constitute but one and the same Agreement by and among the parties.

ARTICLE XXIV

NO THIRD PARTY BENEFICIARY

This Agreement is intended to inure to the benefit of Speer and PSI only; and no third party shall have any rights, express or implied, by reason of this Agreement.

ARTICLE XXV

UNILATERAL RIGHT TO WAIVE FAILURES OF OTHER PARTIES

25.1. Waiver. Any of the parties may:

(a) Extend in writing the time for the performance of any of the obligations herein contained to be performed for the benefit of such party;

(b) Waive in writing any inaccuracies in the representations and warranties made to it contained in this Agreement or any Exhibit or Schedule hereto or any certificate or certificates delivered by another party to this Agreement;

(c) Waive in writing the failure in performance of any of the conditions herein expressed for its benefit; and

(d) Waive in writing compliance with any of the covenants herein contained for its benefit.

25.2. Effect of Waiver. No such waiver or extension shall be valid unless in writing and signed by the party granting the waiver or extension, and no such waiver or extension shall be construed to excuse or mitigate any subsequent breach or violation of this Agreement not specifically covered by such waiver.

ARTICLE XXVI

SEVERABILITY

The invalidity or unenforceability of any provision of this Agreement shall not affect the other provisions hereof, and the Agreement shall be construed in all respects as if such invalid or unenforceable provisions were omitted. Furthermore, upon the request of any party hereto, the parties to this Agreement shall add, in lieu of such invalid or unenforceable provisions, provisions as similar in terms to such invalid or unenforceable provisions as may be possible and legal, valid and enforceable.

ARTICLE XXVII

TERMINATION

27.1. Termination Events. This Agreement may be terminated at any time prior to the Closing Date as follows:

- (a) By mutual written consent of Speer and PSI; or
- (b) By PSI, upon written notice to Speer:

(1) if the Closing shall not have occurred on or before August 31, 1998, due to a failure of any of the conditions precedent set forth in Article IX; or

(2) if Speer fails to perform in any material respect any of its respective obligations under this Agreement;

(3) if, after a bona fide proposal is made by a third party to PSI or its stockholders to engage in an "acquisition transaction", as hereinafter defined, PSI's Board of Directors shall have determined, upon the basis of advice of outside counsel, that such action is necessary in order for the Board of Directors to act in the manner consistent with its fiduciary obligation under applicable law; or

(4) if the Assets, properties and rights of Speer are damaged or destroyed by reason of fire or other casualty to such an extent that the operations of the Businesses are substantially impaired.

(c) By Speer, upon written notice to PSI:

(1) if the Closing shall not have occurred on or before August 31, 1998, due to a failure of any of the conditions precedent set forth in Article VII; or

(2) if PSI fails to perform in any material respect any of its obligations under this Agreement; or

(3) if the assets, properties and rights of PSI are damaged or destroyed by reason of fire or other casualty to such an extent that the operations of the business of PSI are substantially impaired.

27.2. Effect of Termination. In the event of the termination of this Agreement as provided in Section 27.1, this Agreement shall forthwith become void, and there shall be no liability on the part of Speer or PSI, except as set forth in Section 27.3 or Articles XIII and XIV hereof; provided that the foregoing shall not relieve any party for liability for damages actually incurred as a result of any breach of this Agreement.

27.3 Third Party Termination. In recognition of the efforts, expenses and other opportunities foregone by Speer while structuring the Transaction, the parties agree that PSI shall pay to Speer the termination fee of One Million Dollars (\$1,000,000) in cash on demand if, during a period of eighteen (18) months after the date hereof but prior to the earlier of (i) the Closing Date or (ii) termination of this Agreement in accordance with its terms (other than a termination by PSI pursuant to Section 27.1(b)(3)) any of the following occurs:

(a) the acquisition by any person other than Speer or an Affiliate of Speer of beneficial ownership of 20% or more of the then outstanding voting power of PSI;

(b) PSI, without having received Speer's prior written consent, shall have entered into an agreement to engage in an Acquisition Transaction (as defined herein) with any

person (the term "person" for purposes of this Section 27.2 having the meaning assigned thereto in Sections 3(a)(9) and 3(d)(3) of the Exchange Act and the rules and regulations thereunder) other than Speer or its Affiliates or the Board of Directors of PSI shall have recommended that the stockholders of PSI approve or accept any Acquisition Transaction with any person other than Speer or an Affiliate of Speer. For purposes of this Agreement, "Acquisition Transaction" shall mean (x) a merger or consolidation, or any similar transaction, involving PSI, (y) a purchase, lease or other acquisition of all or substantially all of the assets of PSI or (z) a purchase or other acquisition (including by way of merger, consolidation, share exchange or otherwise) of securities representing 20% or more of the voting power of PSI; or

(c) after a bona fide proposal is made by a third party to PSI or its stockholders to engage in an Acquisition Transaction, (i) PSI shall have willfully breached any covenant or obligation contained in the Agreement and such breach would entitle Speer to terminate the Agreement or (ii) the holders of PSI Common Stock shall not have approved the Transaction or the Alternative Transaction at the Stockholder Meeting, or the Stockholder Meeting shall not have been held or shall have been canceled prior to termination of the Agreement or (iii) PSI's board of directors shall have withdrawn or modified in a manner adverse to Speer the recommendation of PSI's board of directors with respect to the Agreement or (iv) PSI shall have terminated this Agreement pursuant to Section 27.1.(b)(3).

[Remainder Of This Page Intentionally Left Blank]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

SPEER COMMUNICATIONS HOLDINGS
LIMITED PARTNERSHIP,
a Nevada Limited partnership

By: /s/ Roy M. Speer

Roy M. Speer
President, Holdings Investments, Inc.
General Partner of Speer Communications
Holdings Limited Partnership

SPEER VIRTUAL MEDIA LIMITED PARTNERSHIP,
a Nevada limited partnership

By: /s/ Roy M. Speer

Roy M. Speer
President, Magnatone Entertainment
Group, Inc.
General Partner of Speer Virtual Media
Limited Partnership

SPEER WORLD WIDE DIGITAL TRANSMISSION &
VAULTING LIMITED PARTNERSHIP,
a Nevada limited partnership

By: /s/ Roy M. Speer

Roy M. Speer
President, Speer World Wide, Inc.
General Partner of Speer World Wide
Digital Transmission & Vaulting
Limited Partnership

SPEER PRODUCTIONS LIMITED PARTNERSHIP,
a Nevada limited partnership

By: /s/ Roy M. Speer

Roy M. Speer
President, Dickerson Communications, Inc.
General Partner of Speer Productions
Limited Partnership

PRECISION SYSTEMS, INC.,
a Delaware corporation

By: /s/ Roy M. Speer

Willem Huisman
CEO and President

SCHEDULE 1.1(a)(i)
SPEER ASSETS

The Speer Assets shall include the assets listed in Section 4.5 of the Speer Disclosure Letter and the intellectual property rights identified in Section 4.7 of the Disclosure Letter.

SCHEDULE 1.1(a)
EXCLUDED ASSETS

1. Cash held by the Speer Entities as of the Closing Date
2. Accounts Receivable of the Speer Entities as of the Closing Date
3. Notes receivable from related parties held by Speer Communications (other than obligations of PVS to Speer Communications which will be forgiven at Closing)
4. Amounts due from affiliates totaling: \$128,652 (Speer Communications), \$112,644 (Speer World Wide), and \$271,695 (Speer Productions)
5. The partnership interests in the Speer Entities, the Ritz Limited Partnership, PVS Speer-Atlanta Limited Partnership, Speer Transmission Services Limited Partnership, Speer World Wide Digital Consulting Limited Partnership and the capital stock of MOR Music TV, Inc. held by Speer Communications and the capital stock of Entertainment Made Convenient (EmC(3)) International Holding, B.V. held by Speer World Wide
6. All rights relating to that certain senior secured interim loan and security agreement by and between intouch Group, Inc., a California corporation, and Speer Communications and any related litigation

SCHEDULE 1.1(b)
ASSUMED LIABILITIES

- Liabilities owed by SVM and PVS and identified in Schedule 4.9 of the Speer Disclosure Letter which amount is exclusive of notes payable by PVS and SVM to affiliates of Speer and interest accrued on such notes
- The agreements identified in Section 4.3 of the Speer Disclosure Letter

SCHEDULE 3

LIST OF SUBSIDIARIES OF PRECISION SYSTEMS, INC. AS OF DECEMBER 31, 1997

<TABLE><CAPTION>

Name of Subsidiary

State or Country of Incorporation

<S>

BFD Productions, Inc.

<C>

Nevada

Vicorp Canada Incorporated

Canada

Vicorp Systems Espana, S.A.

Spain

Vicorp Italia, r.l.

Italy

Interactive Services, Inc.

Delaware

The Renaissance Group

California

Vicorp, N.V.

The Netherlands Antilles

Vicorp Europe Holding B.V.

The Netherlands

Vicorp Nederland B.V.

The Netherlands

Vicorp International Services Nederland B.V.

The Netherlands

Vicorp International Services, Belux

Belgium

Vicorp France S.A.

France

Vicorp Denmark A/S

Denmark

Vicorp Sweden A/B

Sweden

Vicorp U. K. Holding

England

Vicorp U. K. Limited

England

Vicorp Finland OY

Finland

Vicorp Interactive Systems, Inc.

Massachusetts

Vicorp Deutschland GmbH

Germany

Vicorp Asia Holding Limited

Hong Kong

Vicorp Asia-Pacific Services Pte Ltd.

Singapore

Vicorp Geminus GmbH

Germany

Belle System Networking ApS

Denmark

</TABLE>

REAL ESTATE TRANSFER AGREEMENT

THIS AGREEMENT made and entered into as of the 22nd day of April, 1998, by and between RMS LIMITED PARTNERSHIP, a Nevada limited partnership (hereinafter referred to as "Seller") and PRECISION SYSTEMS, INC., a Delaware corporation (hereinafter referred to as "Purchaser").

RECITALS:

WHEREAS, Seller desires to sell the hereinafter described property and Purchaser desires to purchase the same on the terms and conditions hereinafter set forth.

NOW, THEREFORE, for and in consideration of the mutual covenants and agreement herein contained, the parties covenant and agree as follows:

1. Purchase and Sale. Seller hereby agrees to sell and convey to Purchaser and Purchaser hereby agrees to purchase from Seller, subject to the terms and conditions hereinafter set forth, all that certain parcel of land (the "Land") lying and being situated in Nashville, Davidson County, Tennessee, and being more particularly described on Exhibit "A," attached hereto and made a part hereof for all purposes, together with the following:

- (a) All buildings and other improvements situated thereon.
- (b) All the rights and appurtenances pertaining thereto, including any right, title and interest of Seller in and to adjacent streets, roads, alleys, and rights-of-way;
- (c) All fixtures, equipment and machinery owned by Seller and located on, attached to, or used in connection with the buildings and other improvements situated on the Land; and
- (d) Such other rights, interests and properties as may be specified in this Agreement to be sold, transferred, assigned, or conveyed by Seller to Purchaser.

The Land together with the buildings and other improvements, rights, interests, fixtures, and other properties described above, are collectively called the "Property."

2. Consideration. The consideration for the transfer of the Property shall be 3,789,393 shares of the common stock of Purchaser (the "Purchaser Common Stock") which shall be issued and delivered to Seller at Closing pursuant to the terms and conditions of that certain Contribution and Share Exchange Agreement (the "Contribution Agreement") dated as of April 22, 1998, by and among Purchaser and Speer Communications Holdings Limited Partnership, a Nevada limited partnership, Speer World Wide Digital Transmission & Vaulting Limited Partnership, a Nevada limited partnership, Speer Productions Limited Partnership, a Nevada limited partnership and Speer

<PAGE> 2

Virtual Media Limited Partnership, a Nevada limited partnership (collectively "Seller's Related Entities").

3. Title to the Property. Title to the Property shall be good and marketable and free of all leases, liens and other encumbrances except for the following (hereinafter referred to as the "Permitted Exceptions"):

- (a) Taxes for the current year, which shall be pro-rated as of the Closing Date and assumed by Purchaser;
- (b) All applicable zoning ordinances of the Metropolitan Government of Nashville and Davidson County, Tennessee and other governmental regulations, laws and ordinances governing the use of the Property; and
- (c) Those matters set forth on Exhibit "B" hereto.

4. Title Insurance. Within ten (10) days following the final execution of this Agreement, Seller shall apply for and furnish Purchaser a standard ALTA commitment with any documents of record affecting title of the Property attached thereto, for owner's title insurance covering the Property issued by a reputable title insurance company selected by Seller and approved by Purchaser and doing business in Tennessee. Within fifteen (15) days after the delivery of such commitment to Purchaser, Purchaser shall advise Seller of its objections to any defect or limitation in title shown thereon (other than the Permitted Exceptions), and Seller shall then have a reasonable time in which to cure or remove any such defect. If Seller shall fail to cure or remove any such defect in title, then, at the election of Purchaser, as evidenced by written notice to Seller, the sale shall be closed subject to said matters, or in the alternative, Purchaser may elect to terminate this Agreement in which event neither party shall have any further claim or rights against the other; provided that Purchaser shall advise Seller of its election to either so close this transaction (at the time and otherwise in the manner as herein provided), or to terminate this Agreement within ten (10) days following notice from Seller to Purchaser as to any such defect in title that will not be cured or removed. Notwithstanding anything to the contrary, any defect or limitation in title created after the date of this Agreement shall be deemed a default of this Agreement, and at the election of Purchaser, as evidenced by written notice to Seller, Purchaser may terminate this Agreement, or in the alternative, may cure any such defect or limitation and deduct such costs of cure from the consideration to be provided on the Closing Date.

Upon closing of this transaction, Seller, at its expense, shall provide for the furnishing to Purchaser of an owner's title insurance policy in the amount of the purchase price covering the Property on standard ALTA Form B in accordance with the above commitment subject only to the Permitted Exceptions, such other matters as may be disclosed in the above commitment which are not objected to by Purchaser as above provided. Seller agrees to furnish any affidavits or guaranties that may be required by the title insurer to remove the exception for mechanics' and materialmen's liens or rights of parties in possession.

5. Representations and Warranties and Covenants of Seller.

Seller represents and warrants and covenants to Purchaser as follows:

- (a) Seller is a limited partnership (i) duly formed and validly existing under the laws of the State of Nevada and its partnership agreement, (ii) fully qualified to do business in Tennessee, to the extent such qualification is required to consummate the transactions contemplated by this Agreement, (iii) having the power, authority and legal right to carry on the business conducted by it and to engage in the transactions contemplated by this Agreement, and (iv) having authorized by all necessary actions of the partners of Seller the execution and delivery of this Agreement.
- (b) Marketable Title. Seller has good, marketable and insurable title to the Property, free and clear of all mortgages, liens, encumbrances, leases, tenancies, security interests, covenants, conditions, restrictions, rights-of-way, easements, judgments, and other matters affecting title except the Permitted Exceptions.
- (c) No Condemnation Pending or Threatened. There is no pending or threatened condemnation or similar proceeding affecting the Property or any portion thereof, nor has Seller knowledge that any such action is presently contemplated.
- (d) Adverse Information. Seller has no information or knowledge of any change contemplated in any applicable laws, ordinances, or restrictions, or any judicial or administrative action, or any action by adjacent landowners, or natural or artificial conditions upon the Property, which would prevent, limit, impede, or render more costly Purchaser's contemplated use of the Property.
- (e) Compliance with Laws. Seller has complied in all material respects with all applicable laws, ordinances, regulations, statutes, rules, and restrictions pertaining to and affecting the Property. Performance of this Agreement will not result in any breach of, or constitute any default under, or result in the imposition of, any lien or encumbrance under the Property under any agreement or other instrument to which Seller is a party or by which Seller or the Property might be bound.
- (f) Pending Litigation. There are no legal actions, suits, or other legal or administrative proceedings, including condemnation cases and matters of applications before any governmental authority having zoning jurisdiction of the Property, pending or threatened, against the Property, and Seller is not aware of any facts which might result in any such action, suit or other proceedings.
- (g) Zoning. The Property is zoned under a CS, Commercial Services zoning classification of the Metropolitan Government of Nashville and Davidson County, Tennessee. Seller has no knowledge of any fact, action or proceeding, whether actual, pending or threatened, which would result in a modification or the termination of such zoning.

- (h) No Special Assessments. No portion of the Property is affected by any special assessments, whether or not constituting a lien thereon.
- (i) Access to Highways and Roads. The Property has full, free, and adequate access to and from public highways and roads, and Seller has no knowledge of any fact or condition which would result in the termination of such access.
- (j) Parties in Possession. There are no parties in possession of any portion of the Property as lessees, tenants at sufferance or trespassers, except as expressly set forth herein.
- (k) Special Flood Hazard Area. To the best of Seller's knowledge, none of the Property is located within a special flood hazard area.
- (l) Existing Improvements. All buildings and improvements (including all streets, curbs, sidewalks, sewers and other utilities) have been completed and installed in accordance with the plans and specifications approved by the various governmental authorities having jurisdiction. Permanent certificates of occupancy, all licenses, permits, authorizations, approvals required by all governmental authorities having jurisdiction have been issued for the buildings and improvements and have been paid for, and, as of the Closing, all of the same will be in full force and effect.
- (m) No Violations of Zoning Laws, Etc. No zoning, building, or similar law, ordinance, or regulation is, or as of the Closing will be, violated by the continued maintenance, operation, or use of any buildings, improvements, or structures presently erected on the Property or by the continued maintenance, operation, or use of the parking areas. There are not, and as of the Closing there will not be, any uncured violations of federal, state, or municipal laws, ordinances, orders, regulations, or requirements affecting any portions of the Property. No heating equipment, incinerators, or other burning devices violate, or as of the Closing will violate, any applicable federal, state, or municipal laws, ordinances, orders, regulations or requirements.
- (n) Maintenance of Property. Subsequent to the execution of this Agreement and until the Closing, the Property will be kept in sound order and all repairs and replacements, structural and nonstructural, ordinary and extraordinary, required with respect to any portion of the Property will be made. There are not, and as of the Closing there will not be any structural defects in any of the buildings or other improvements erected on the Property. The heating, air conditioning, electrical, plumbing, and other building equipment, including the roof, are, and as of the Closing will be, in good condition and working order and adequate in quantity and quality for normal operations.
- (o) Environmental Matters. Except as disclosed in Section 4.16 of the Spær Disclosure Letter of the Contribution Agreement, to the best of Seller's knowledge, the Property and the use thereof is not in direct or indirect violation of any local, state or federal

law, rule or regulation pertaining to environmental regulation, contamination, or cleanup (collectively, "Environmental Laws"), including without limitation the Resource Conservation and Recovery Act, the Comprehensive Environmental Response, Compensation, and Liability Act, the Superfund Amendments and Reauthorization Act, the Federal Water Control Act, the Occupational Safety and Health Act, state and federal super-lien and environmental cleanup statutes, and that the Property does not contain asbestos or any underground storage tank and is not subject to any private or governmental claims, liens or judicial or administrative notices or actions relating to hazardous and/or toxic substances, waste, materials, pollutants or contaminants, or any other substances or materials which are included under or regulated by Environmental Laws (said materials, together with asbestos, petroleum and petroleum-derived products, the "Hazardous Substances", and the Property has not been by the Seller used for the storage, processing, treatment or disposal of Hazardous Substances and to the best of Seller's knowledge no Hazardous Substances have been released, introduced, spilled, discharged or disposed of on the Property.

- (p) **Survival of Representations and Warranties.** The representations and warranties set forth in this Article 5 shall be continuing and shall be true and correct on and as of the Closing Date with the same force and effect as if made at the time, and all of such representations and warranties shall survive the Closing for a period of one (1) year after the Closing Date.
- (q) **Investment.** Seller is acquiring the Purchaser Common Stock under this Agreement for investment only and not with a view to the public distribution or resale thereof or any interest therein in violation of the Securities Act of 1933, as amended (the "Securities Act") or any other applicable federal or state securities laws or regulations. Seller is familiar with the meaning of such representation and fully understands the restrictions and limitations that are imposed thereby. Purchaser has disclosed to Seller that Seller must bear the economic risk of the investment in the Purchaser Common Stock for an indefinite period of time because the Purchaser Common Stock has not been registered under the Securities Act or any state blue sky law and therefore, the Purchaser Common Stock cannot be sold unless it is subsequently registered under the Securities Act and applicable state blue sky laws or an exemption for such registration is available. Seller is able and prepared to bear the economic risks of investing in and holding the Purchaser Common Stock for an indefinite period of time. At all times during the negotiation of this Agreement and at the date hereof, Seller has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risk of the investment in the Purchaser Common Stock. Seller has had access to such financial and other information and has been afforded the opportunity to ask such questions of Purchaser and its representative and has received answers thereto, as it deems necessary in connection with its decision to acquire the Purchaser Common Stock.

6. Representation and Warranties of Purchaser. The warranties and representations of Purchaser contained in Article III of the Contribution Agreement are incorporated herein and all such representations and warranties are hereby made to Seller as if copied in full.

7. Indemnification.

- (a) Indemnification from Seller. From and after the Closing through and until the first anniversary thereof, Seller shall indemnify and hold harmless Purchaser and its officers, directors, employees, shareholders, affiliates, successors and permitted assigns from all Losses (as hereinafter defined) resulting from a breach by Seller of any representation, warranty, covenant or agreement under this Agreement, provided that written notice of Losses (or any event known to Purchaser which does not or may give rise to Losses) has been given by Purchaser to Seller on or prior to the first anniversary of the Closing Date.
- (b) Notice. The Indemnified Party (as hereinafter defined) shall give prompt written notice to the Indemnifying Party of any claim or event known to it which does or may give rise to a claim by the Indemnified Party against the Indemnifying Party based on this Agreement, stating the nature and basis of said claims or event and the amounts thereof, to the extent known. Such notice shall be given in accordance with Section 12 herein. Such notice shall be a condition precedent to any liability of the Indemnifying Party hereunder. Notwithstanding the foregoing, the failure to give reasonably prompt written notice by the Indemnified Party shall not defeat a claim made pursuant hereto except to the extent that the Indemnifying Party can establish that it has been injured by such delay.
- (c) Defense of Claims. In the event of any claim, action, suit or proceeding made or brought by third parties against the Indemnified Party, the Indemnified Party shall give written notice of such claim, action, suit or proceeding as described in Section 12 herein, with a copy of the claim, process and all legal pleadings with respect thereto. After notification, the Indemnifying Party shall participate in, and jointly with any other Indemnifying Party similarly notified, assume the defense thereof, with counsel reasonably satisfactory to such Indemnified Party at the time of such assumption. The Indemnified Party shall have the right to employ its own counsel and such counsel may participate in such action, but the fees and expenses of such counsel shall be at the expense of the Indemnified Party, when and as incurred, unless (i) the employment of counsel by such Indemnified Party has been authorized by the Indemnifying Party, or (ii) the Indemnifying Party shall not in fact have employed counsel to assume the defense of such action reasonably satisfactory to the Indemnified Party at the time of the Indemnifying Party's assumption of the defense. If clause (ii) of the preceding sentence shall be applicable, then counsel for the Indemnified Party shall have the right to direct the defense of such claim, action, suit or proceeding on behalf of the Indemnified Party. The Indemnified Party and the Indemnifying Party, as the case may be, shall be kept fully informed of such claim,

action, suit or proceeding at all stages thereof whether or not such party is represented by its own counsel.

(d) Definitions

- (i) As used herein, the term "Losses" means any and all claims, demands, costs, losses, damages and liabilities, net of any insurance proceeds received. The term "Losses" includes reasonable attorneys' fees and costs incurred in the investigation and defense of a claim, demand, cost, loss or liability notwithstanding anything herein contained to the contrary, in no event shall the Indemnifying Party be liable for Losses in an amount less than \$100,000 or more than \$1,000,000.
- (ii) As used herein, the term "Indemnifying Party" shall mean the person or persons against whom a party (the "Indemnified Party") makes a claim for indemnification hereunder.

8. Closing.

- (a) Closing Date. The consummation of the transactions contemplated by this Agreement (the "Closing") shall take place pursuant to the provisions of Article X of the Contribution Agreement on the date set forth therein (the "Closing Date").
- (b) Conditions to Purchaser's Obligations. The obligations of Purchaser to consummate the transactions contemplated by this Agreement are subject to the satisfaction of each of the following conditions as of the Closing Date, except to the extent any such condition is waived in whole or in part by Purchaser in writing at or prior to the Closing:
 - (i) Satisfaction. The representations and warranties of Seller contained in this Agreement shall have been true on the date of this Agreement and on Closing (as if made as of the Closing Date without limitation to the "knowledge" or awareness of Seller). Seller shall have performed all obligations and complied with all covenants required by this Agreement.
 - (ii) Satisfaction of Conditions in Contribution Agreement. All conditions precedent to Closing contained in Article IX of the Contribution Agreement shall have been fulfilled, satisfied or waived by Purchaser.
 - (iii) No Adverse Change. No material and adverse change shall have occurred, without Purchaser's written consent, in the state or condition of the Property.
- (c) Conditions to Seller's Obligations. The obligations of Seller to consummate the transactions contemplated by this Agreement are subject to the satisfaction of each

of the following conditions as of the Closing Date, except to the extent any such condition is waived in whole or in part by Seller in writing at or prior to the Closing.

- (i) Satisfaction. The representations and warranties of Purchaser contained in this Agreement shall have been true on the date of this Agreement and on Closing. Purchaser shall have performed all obligations and complied with all covenants required by this Agreement.
 - (ii) Satisfaction of Conditions in Contribution Agreement. All conditions precedent to Closing contained in Article VIII of the Contribution Agreement shall have been fulfilled, satisfied or waived by Seller and/or Seller's Related Entities.
- (d) Seller's Obligations at Closing. At the Closing, Seller shall do the following:
- (i) Execute, acknowledge, and deliver to Purchaser a General Warranty Deed in a form suitable for recording conveying the Property to Purchaser subject only to the Permitted Exceptions.
 - (ii) Execute and deliver to Purchaser a blanket assignment and bill of sale assigning and conveying to Purchaser title to any personal property covered by this Agreement, free and clear of all liens and encumbrances, other than the Permitted Exceptions.
 - (iii) Execute and deliver to Purchaser an assignment or assignments assigning to Purchaser all existing assignable guarantees and warranties issued or made in connection with the construction, improvement, alteration, and repair of any improvements comprising a part of the Property, together with the original of each such guaranty and warranty, if any.
 - (iv) Deliver to Purchaser plans and specifications of the property and of any improvements thereon, and copies of all certificates of occupancy, license, permits, authorizations, and approvals required by law and issued by all governmental authorities having jurisdiction and copies of all certificates issued by the local board of fire underwriters (or other body exercising similar functions), if any, and the original of each bill for current real estate and personal property taxes, together with proof of payment thereof (if any of the same have been paid).
- (e) Purchaser's Obligations at Closing. Subject to the terms, conditions, and provisions hereof, and contemporaneously with the performance by Seller of its obligations set forth in Section (d) above, Purchaser shall do the following at Closing:
- (i) Deliver to Seller the consideration pursuant to the terms of the Contribution Agreement and this Agreement.

- (f) Closing Costs. Seller shall pay the following costs and expenses in connection with the Closing:
- (i) The costs of the preparation of the Warranty Deed.
 - (ii) The premium payable for the Owner's Policy of Title Insurance to be furnished to Purchaser; and
 - (iii) Its attorney's fees.

Purchaser shall pay the following costs in connection with the Closing:

- (i) The costs of recording of the Warranty Deed and the transfer taxes assessed thereon pursuant to T.C.A. Section 67-4-409; and
 - (ii) Its attorney's fees.
- (g) Proration of Taxes, Utilities, Rents, Interest and Insurance. Taxes, utilities and insurance premiums of the year of the Closing shall be prorated to the date of Closing. If the Closing shall occur before the tax rate is fixed for the then current year, the apportionment of taxes shall be upon the basis of the tax rate for the preceding year applied to the latest assessed valuation. Subsequent to the Closing, when the tax rate is fixed for the year in which the Closing occurs, Seller and Purchaser agree to adjust the proration of taxes and, if necessary, to refund or pay (as the case may be) such sums as shall be necessary to effect such adjustment. In the event that Purchaser shall elect not to continue present insurance coverage on the Property, such coverage shall be terminated as of the Closing Date and there shall be no proration of insurance premiums.

9. Casualty Loss. Seller represents to Purchaser that the improvements located on the Property are presently insured by a policy of fire and extended coverage insurance in an amount at least equal to the full insurable value. In the event such improvements are materially damaged or destroyed by fire or other casualty prior to the Closing of this Agreement, Purchaser, at its election, may terminate this Agreement, and neither party shall have any further claim or rights against the other, or Purchaser may elect to proceed to close the purchase of the Property, in which event the amount of any insurance proceeds payable by reason of such damage or destruction, or any claim therefor, shall be assigned or paid to Purchaser. Except as otherwise provided herein, all risk of loss to any improvements located on the Property prior to the Closing of this transaction shall be borne by the Seller.

10. Condemnation. If, during the term of this Agreement, all or any material portion of the Property shall be condemned or otherwise taken by power of eminent domain, Purchaser may elect to terminate this Agreement, and there shall be no further rights, duties or obligations on the part of either party hereunder, and Purchaser shall promptly release whatever claim, if any, it may have in or to the condemnation award. If there shall be any such condemnation or taking and if this

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Agreement is not terminated as a result thereof, then any condemnation award or other amount to be paid for the value of the Property taken shall, be assigned or paid to Purchaser, and the transaction shall close with no abatement of the purchase price.

11. Remedies. In the event of a default under this Agreement by either party, the non-defaulting party shall be entitled to exercise all remedies available to it under the terms of the Contribution Agreement.

12. Notice. Any notice request or other communication which may be required or desired to be given hereunder by any party to any other party shall be in writing and shall be personally delivered or sent by United States registered or certified mail, with postage prepaid, or sent by Federal Express or other widely used overnight courier service, or sent by facsimile transmission, and addressed as follows:

To Seller:

RMS Limited Partnership
50 West Liberty Street
Suite 650
Reno, Nevada 89501
Facsimile: (702) 333-0412
Attn: C. Thomas Burton, Jr., Esq.

with a copies thereof addressed to:

Baker & McKenzie
815 Connecticut Avenue, N.W.
Washington, D.C. 20006-4078
Facsimile: (202) 452-7074
Attn: Thomas J. Egan, Jr., Esq.

and

George E. Mudler, Jr., Esq.
2000 Richard Jones Road, Suite 110
Nashville, TN 37215
Facsimile: (615) 383-2605

or to such other address or addresses and to the attention of such other person or persons as Seller may from time to time designate in writing; and

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To Purchaser:

Precision Systems, Inc.
11800 30th Court North
St. Petersburg, FL 33716-1846
Facsimile: (813) 573-9193
Attn: Kenneth M. Clinsbell

with copies thereof addressed to:

Troutman Sanders LLP
NationsBank Plaza
600 Peachtree Street, N.E.
Suite 5200
Atlanta, GA 30308-2216
Facsimile: (404) 885-3995
Attn: James L. Smith, III, Esq.

and

Foley & Lardner
100 North Tampa Street
Suite 2700
Tampa, FL 33602
Facsimile: (813) 221-4210
Attn: David L. Robbins, Esq.

or to such other address or addresses and to the attention of such other person or persons as Purchaser may from time to time designate in writing.

A party may designate by such notice a new address or fax number to which any notice, request or other communication to it shall thereafter be sent. A notice shall be deemed received on the date that is three (3) calendar days after the date that the notice is deposited in the United States mail if sent by registered or certified mail, or, if personally delivered, on the date such personal delivery is made. If notice is given by Federal Express or other widely used overnight courier service, the notice shall be deemed received on the next business day following the date that the notice is deposited with Federal Express or such other overnight courier service. If notice is given by facsimile transmission, the notice shall be deemed received when electronic confirmation of receipt is obtained.

12. **Brokerage.** Each party represents to the other that no broker has been involved in this transaction. It is agreed that if any claims for brokerage commissions or fees are ever made against Seller or Purchaser in connection with this transaction, all such claims shall be handled and paid by the party whose actions or alleged commitments form the basis of such claim. It is further agreed that each party agrees to indemnify and hold harmless the other from and against any and all such

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claims or demands with respect to any brokerage fees or agents' commissions or other compensation asserted by any person, firm, or corporation in connection with this Agreement or the transactions contemplated hereby.

13. **Non-Foreign Seller.** Seller represents and warrants that no part of the transfer of the Property constitutes a disposition of "United States Real Property Interest by a 'Foreign' Person", as those terms are defined in Sections 897 and 1445, respectively of the Internal Revenue Code of 1986, as amended (the "Code"). In the event that it is determined that withholding tax is required under the Code, Seller hereby consents to the deduction, withholding and deposit by Purchaser with the Internal Revenue Service of ten percent (10%), or such other amount as required by law, of the amount realized pursuant to this agreement if Seller is deemed to be a "foreign person," and further agrees to full compliance by Purchaser with the requirements of said Code. Seller agrees to execute, at the Closing, under oath, an affidavit in form acceptable to Purchaser swearing that Seller's disposition of the Property does not constitute the disposition of a "United States Real Property Interest By a Foreign Person" as above defined, but only if the same is required by and conforms to the Code and any regulations adopted pursuant thereto.

14. **Miscellaneous.**

- (a) **Assignment.** Neither Purchaser nor Seller may assign this Agreement in whole or in part without first obtaining the written consent of the other party, except that Seller may assign its rights and obligations under this Agreement to one or more of Seller's Related Entities so long as Seller remains responsible for its performance thereunder.
- (b) **Entire Agreement.** This Agreement constitutes the sole and entire agreement between the parties with reference to the Property and no modification hereof shall be binding unless signed by all the parties to this Agreement. No representations, promises or inducements other than as are set forth in this Agreement shall be binding upon either of the parties hereto.
- (c) **Construction and Effect.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, representatives, successors and assigns. This Agreement shall be construed in accordance with the laws of the state of Tennessee. As herein used, the singular number shall be applicable to all genders, except where the context would fairly require a different construction. **TIME IS OF THE ESSENCE OF THIS AGREEMENT AND ALL THE PROVISIONS HEREOF.**
- (d) **Counterparts.** This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original and all of which together shall comprise one and the same instrument.

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written; provided, however, that for the purpose of determining "the date hereof" or "the date of final execution hereof," as used in this Agreement, such date shall be the last date any of the parties hereto execute this Agreement.

PURCHASER:

SELLER:

PRECISION SYSTEMS, INC.

RMS LIMITED PARTNERSHIP

By: /s/ Willem Huisman

By: /s/ C. Thomas Burton, Jr.

Willem Huisman
CEO and President

C. Thomas Burton, Jr.
President, Crystal Diamond, Inc.
General Partner of RMS Limited
Partnership

Date of Execution:

Date of Execution:

April 22, 1998

April 22, 1998

TRACT I:

Beginning at an iron pipe in the East right-of-way line of Dickerson Pike, said point also being a Southwest corner of the property more particularly described as follows:

Thence with the East right-of-way line of Dickerson Pike North 05 degrees 14'28" East, a distance of 655.11' to an iron pipe; thence South 16 degrees 14'03" East, a distance of 42.82' to an iron pin; thence South 84 degrees 53'56" East, a distance of 234.98' to an iron pin; thence North 05 degrees 04'18" East, a distance of 184.63' to an iron pipe; thence South 85 degrees 58'44" East, a distance of 678.20' to an iron pin; thence South 09 degrees 38'26" West, a distance of 566.41' to an iron pipe; thence South 13 degrees 25'30" West, a distance of 301.68' to an iron pipe in the North right-of-way line of M. plewood Lane; thence with said right-of-way line North 83 degrees 06'14" West, a distance of 817.71' to an iron pipe, said point being the beginning of a curve to the right; thence with the arc of a curve to the right, with a radius of 25.00' and a chord bearing and distance of North 39 degrees 15'46" West, 34.79' an arc distance of 38.48' to the point of beginning and containing 16.18 acres or 704,799 square feet.

Being the same property conveyed to RMS Limited Partnership, a Nevada limited partnership by quitclaim deed from WNAB Channel 58 Nashville, Inc., a Tennessee corporation for record in Book 10121, page 507, Register's Office for Davidson county, Tennessee.

Exhibit "B"

TRACT I

1. 1998 real property taxes, a lien, but not yet due and payable.
2. Easements for sanitary sewers and/or storm drainage/detention of record in Book 5713, page 763 and Book 6549, page 793, Register's Office for Davidson County, Tennessee.
3. Non-exclusive easement for ingress and egress over and driveways, exits and entrances of the shopping center property to Burger King Limited Partnership III, of record in Book 6690, page 494, Register's Office for Davidson County, Tennessee.
4. Driveway easement to Burger King Limited Partnership II, of record in Book 6690, page 494, Register's Office for Davidson County, Tennessee.

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EXHIBIT C

PLAN OF RECAPITALIZATION

This PLAN OF RECAPITALIZATION (the "Agreement") is executed this 22nd day of April, 1998 by and between RMS Limited Partnership, a Nevada limited partnership ("RMS") and Precision Systems, Inc., a Delaware corporation ("PSI").

WHEREAS, pursuant to that certain Contribution and Share Exchange Agreement of even date herewith to which this Agreement is attached as Exhibit 2.1 (the "Contribution Agreement"), Speer (as that term is defined in the Contribution Agreement) intends to conclude the Transaction or the Alternative Transaction (as such terms are defined in the Contribution Agreement); and

WHEREAS, the closing of the transactions contemplated in the Contribution Agreement are contingent upon the prior closing of the transaction contemplated by this Agreement; and

WHEREAS, in reliance on the representation and warranties of PSI set forth in the Contribution Agreement, RMS is willing to enter into this Agreement and to consummate the transactions specified herein; and

WHEREAS, RMS is the holder of an aggregate of 10,000 shares of Series A Preferred Stock of PSI, 1,500 shares of Series B Preferred Stock of PSI, and the RMS Note (as hereinafter defined); and

WHEREAS, the general and limited partners of RMS and the Board of Directors of PSI have determined that the execution, delivery and performance of this Agreement is in the best interests of RMS and PSI, respectively; and

WHEREAS, it is the intention of the parties that the recapitalization under this Agreement qualifies as a reorganization within the meaning of Section 368(a)(1)(E) of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the foregoing, and of the representations, warranties, covenants and agreements contained herein, the parties hereto agree as follows:

ARTICLE I

DEFINITIONS

1.1 Definitions. Capitalized words and phrases used in this Agreement which are not otherwise defined herein have the following meanings:

- (a) "Closing Date" shall have the meaning set forth in Article X of the Contribution Agreement;
- (b) "Closing" shall have the meaning set forth in Article X of the Contribution Agreement;
- (c) "Exchange Rate" shall have the meaning set forth in Section 2.1 of the Contribution Agreement; and
- (d) "PSI Common Stock" shall have the meaning set forth in Section 1.2 of the Contribution Agreement.
- (e) "Recapitalization" shall have the meaning set forth in Section 2.1 below.
- (f) "Registration Rights Agreement" shall mean that certain agreement in the form of Exhibit 11.1.5 to the Contribution Agreement.

ARTICLE II

RECAPITALIZATION

2.1. Recapitalization. At the Closing, RMS will surrender to PSI for cancellation (i) all of the PSI Series A Preferred Stock (the "PSI Series A Stock") and all of the PSI Series B Preferred Stock (the "PSI Series B Stock") held by RMS and (ii) the outstanding principal balance and accrued interest as of the Closing Date on that certain promissory note by and between PSI and RMS dated September 30, 1997 (the "RMS Note"), and PSI will deliver to RMS in exchange therefor shares of PSI Common Stock at a price equal to the Exchange Rate as more specifically set forth below. The PSI Series A Stock and PSI Series B Stock shall be exchanged for that number of shares of PSI Common Stock equal to the quotient realized by dividing the sum of the aggregate liquidation preference for the PSI Series A Stock and PSI Series B Stock held by RMS plus the accumulated and unpaid dividends on such shares as of the Closing Date by the Exchange Rate. The Note shall be exchanged for that number of shares of PSI Common Stock equal to the quotient realized by dividing the sum of principal balance and accrued interest on the RMS Note as of the Closing Date by the Exchange Rate. In the event that the foregoing calculations yield a number of shares including a fractional interest, the number of shares issuable by PSI shall be rounded up to the next whole number of shares. The exchange of PSI Common Stock for the PSI Series A Stock, the PSI Series B Stock and the RMS Note held by RMS is referred to herein as the "Recapitalization."

2.2 Third Party Recapitalization. Not later than 20 days from the date hereof, PSI shall enter into agreement with each of Didier Primat ("Primat"), Primwest Holding, N.V. ("Primwest") and Vulcan Ventures Incorporated ("Vulcan") to convert (the "Conversion") (i) the PSI Series B

Stock held by Primwest and Vulcan and (ii) the promissory notes between each of Primat and Vulcan with PSI into shares of PSI Common Stock on terms no less favorable to PSI than that of the Recapitalization set forth in Section 2.1. The closing of the Conversion shall occur no later than the Closing Date.

2.3 Stockholder Approval. PSI's obligations hereunder with respect to the Recapitalization are conditioned upon the approval by the holders of a majority of the shares of PSI capital stock entitled to vote thereon of an amendment to PSI's Certificate of Incorporation increasing the number of authorized shares of PSI Common Stock thereunder to an amount sufficient to cover the shares to be issued pursuant to this Agreement and the Contribution Agreement. PSI agrees to use its reasonable best efforts to obtain such stockholder approval as soon as reasonably practicable.

ARTICLE III

REPRESENTATIONS AND WARRANTIES

3.1 Representations of PSI

PSI hereby represents to RMS, that the following are true and accurate as of the date first written above:

(a) Subject to obtaining stockholder approval of the amendment to its Certificate of Incorporation referred to in Section 2.3, PSI has the full right, power, and authority to execute and deliver this Agreement and to perform its terms. This Agreement is a valid and binding agreement of PSI enforceable against it in accordance with its terms, subject as to enforcement to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(b) The execution and delivery of this Agreement by PSI and the consummation of the transactions required hereunder does not and will not violate or conflict with any statute, regulation, judgment, order, writ, decree, or injunction, currently applicable to PSI or any of its property or assets.

(c) No consent or approval of any third party is required to be obtained by PSI in connection with the execution and delivery of this Agreement or the performance of the transactions contemplated hereunder other than those approvals identified in this Agreement and in the Contribution Agreement. No contract or agreement to which PSI is a party restricts the ability of PSI to fulfill its obligations and responsibilities under this Agreement or any related agreement or to carry out the activities contemplated herein.

(d) All of the representations and warranties of PSI set forth in the Contribution Agreement are true and accurate in all material respects as of the date hereof and shall be true and

accurate as of the Closing and RMS shall be entitled to rely on such representations and warranties which are incorporated herein by this reference.

(e) Subject to obtaining stockholder approval of the amendment to its Certificate of Incorporation referred to in Section 2.3, all of the shares of Common Stock to be issued by PSI pursuant to this Agreement shall be validly issued, fully paid and nonassessable shares, not subject to any preemptive rights, of free and clear of any liens, claims, options, encumbrances or restrictions of any nature whatsoever.

3.2 Representations of RMS.

RMS hereby represents to PSI that the following are true and accurate as of the date first written above.

(a) RMS is a limited partnership, duly organized, validly existing and in good standing in the State of Nevada with the requisite power to enter into and perform its obligations under this Agreement in accordance with its terms.

(b) RMS has the full right, power and authority to execute and deliver this Agreement and to perform its terms. All required actions to approve and adopt this Agreement have been taken. This Agreement is a duly authorized, valid and binding agreement of RMS enforceable against it in accordance with its terms, subject as to enforcement to bankruptcy, insolvency and other laws of general applicability relating to or affecting creditors' rights and to general equity principles.

(c) No consent or approval of any third party is required to be obtained by RMS in connection with the execution and delivery of this Agreement or the performance of the transactions contemplated hereunder other than those approvals identified in the Contribution Agreement. No contract or agreement to which RMS is a party restricts the ability of RMS to fulfill its obligations and responsibilities under this Agreement or any related agreement or to carry out the activities contemplated herein.

(d) RMS owns and will own as of the Closing Date the Series A Preferred Stock, Series B Preferred Stock and the RMS Note free and clear of any liens, claims, options encumbrances or restrictions of any nature whatsoever.

ARTICLE IV

CLOSING

4.1 Delivery of Securities. The actual consummation of the transactions contemplated by this Agreement shall take place on the Closing Date. The Closing shall occur only in the event that the conditions to closing set forth in the Contribution Agreement have been satisfied or waived by the party or parties entitled to the benefit of such conditions and stockholder approval of the

amendment to the PSI Certificate of Incorporation has been obtained as contemplated by Section 2.3. At the Closing, Speer shall deliver to PSI for cancellation of the RMS Note, the share certificates representing the Series A Preferred Stock and such transfer instructions relating to the exchange of the Series A Preferred Stock and Series B Preferred Stock as PSI may reasonably request. At the Closing, PSI shall deliver to RMS certificates representing the number of shares of Common Stock as determined in accordance with Section 2.1 hereof and a copy of the Registration Rights Agreement executed by PSI. The Closing shall be conditioned upon the Closing of the Contribution and Exchange Transaction. The obligation of each of RMS and PSI to Close, shall be conditioned upon the representations and warranties of the other being true and accurate in all material respects as of the Closing Date.

ARTICLE V

MISCELLANEOUS

5.1 Term and Termination.

(a) **Effective Date.** This Agreement shall be effective from and after the date first set forth above until its termination pursuant to this Section 5.1.

(b) **Termination.** This Agreement shall terminate automatically without notice or any further action by any of the parties hereto in the event of the termination of the Contribution Agreement in accordance with its terms.

5.2 **Notice.** All notices required to be given under the terms of this Agreement or which any of the parties may desire to give hereunder shall be in writing and delivered personally or sent by express delivery, or by facsimile, or by registered or certified mail, with proof of receipt, postage and expenses prepaid, return receipt requested, addressed as follows:

(a) As to RMS, addressed to:

50 West Liberty Street
Suite 650
Reno, Nevada 89501
Facsimile: (702) 333-0412
Attention: C. Thomas Burton, Jr., Esq.

with a copy thereof addressed to:

Baker & McKenzie
815 Connecticut Avenue, N.W.
Washington, D.C.
Facsimile (202) 452-7074
Attention: Thomas J. Egan, Jr., Esq.

- (b) As to PSI, addressed to:

11800 30th Court North
St. Petersburg, Florida 33716
Facsimile: (813) 573-9193
Attention: Chief Financial Officer

with a copy thereof addressed to:

Troutman Sanders LLP
90 Peachtree Street, N.W.
Suite 5200
Atlanta, Georgia 30308
Facsimile: (404) 885-3995
Attention: James L. Smith, III, Esq.

and

Foley & Lardner
100 North Tampa Street
Suite 2700
Tampa, Florida 33602
Facsimile: (813) 221-4210
Attention: David L. Robbins, Esq.

5.3 Assignment. This Agreement shall not be assignable by either Party, except with the written consent of the other Party.

5.4 Binding Effect. Every covenant, term, and provision of this Agreement shall be binding upon and inure to the benefit of the Parties and their respective legal representatives, successors and permitted assigns.

5.5 Headings. Section and other headings contained in this Agreement are for reference purposes only and are not intended to describe, interpret, define, or limit the scope, extent, or intent of this Agreement or any provision hereof.

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5.6 Further Action. Each Party agrees to perform all further acts and to execute, acknowledge, and deliver any documents which may be reasonably necessary, appropriate, or desirable to carry out the provisions of this Agreement.

5.7 Applicable Law. The laws of the State of Florida (excluding the rules on conflict of laws or choice of law) shall govern the validity of this Agreement, the construction of its terms, and the interpretation of the rights and duties of the Parties.

5.8 Choice of Forum; Venue; Service of Process. Any suit, action, or proceeding among any or all of RMS and PSI relating to this Agreement, to any document, instrument, or agreement delivered pursuant hereto, referred to herein, or contemplated hereby, or in any other manner arising out of or relating to the transactions contemplated by or referenced in this Agreement, shall be commenced and maintained exclusively in the United States District Court for the Middle District of Florida, or, if that Court lacks jurisdiction over the subject matter, in a state court of competent subject-matter jurisdiction sitting in Pinellas County, Florida. RMS and PSI hereby submit themselves unconditionally and irrevocably to the personal jurisdiction of such courts. RMS and PSI further agree that venue shall be in Pinellas County, Florida. RMS and PSI irrevocably waive any objection to such personal jurisdiction or venue including, but not limited to, the objection that any suit, action, or proceeding brought in Pinellas County, Florida, has been brought in an inconvenient forum. RMS and PSI irrevocably agree that process issuing from such courts may be served on them, either personally or by certified mail, return receipt requested, at the addresses given in Section 5.2 hereof; and RMS and PSI further irrevocably waive any objection to service of process made in such manner and at such addresses, including without limitation any objection that service in such manner and at such addresses is not authorized by the local or procedural laws of Florida.

5.9 Entire Agreement. This Agreement constitutes the entire understanding of and agreement between the Parties with respect to the subject matter hereof and supersedes all prior representations, understandings, and agreements.

5.10 Waiver. No waiver by any party of any term of this Agreement or of any breach of any term of this Agreement shall constitute a waiver of any such term or any such breach in any other case, whether prior or subsequent.

5.11 Counterpart Execution. This Agreement may be executed in several counterparts, each of which shall be an original, and such counterparts shall together constitute but one and the same instrument.

5.12 Amendments. This Agreement may be amended or modified only by a written agreement signed by both of the Parties.

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IN WITNESS WHEREOF, the Parties have executed this Agreement as of the day first above set forth.

Precision Systems, Inc.,
A Delaware corporation

By: /s/ Willem Huisman

Willem Huisman
CEO and President

RMS Limited Partnership,
a Nevada limited partnership

By: /s/ C. Thomas Burton Jr.

C. Thomas Burton, Jr.
President
Crystal Diamond, Inc.
General Partner of
RMS Limited Partnership

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<TYPE>EX-99.1
<SEQUENCE>5
<DESCRIPTION>AGREEMENTS
</TEXT>

April 22, 1998

Speer Communications Holdings
Limited Partnership
50 West Liberty Street, Suite 650
Reno, Nevada 89501

Ladies and Gentlemen:

The Board of Directors of Precision Systems, Inc., a Delaware corporation (the "Company"), has approved, and concurrently herewith, Speer Communications Holdings Limited Partnership, a Nevada limited partnership ("Speer Communications"), Speer Virtual Media Limited Partnership, a Nevada limited partnership, Speer World Wide Digital Transmission & Vaulting Limited Partnership, a Nevada limited partnership, Speer Productions Limited Partnership, a Nevada limited partnership, and the Company are entering into a Contribution and Share Exchange Agreement of even date herewith (the "Contribution Agreement") (all capitalized terms used but not defined herein shall have the meanings set forth in the Contribution Agreement) and the Company and RMS Limited Partnership, a Nevada limited partnership ("RMS") are entering into a Plan of Recapitalization (the "Recapitalization Plan") and a Real Estate Transfer Agreement (the "Real Estate Agreement") of even date herewith. Each of the undersigned owns, beneficially and of record, the number of shares (the "Shares") of the common stock, par value \$.01 per share, of the Company (the "Company Stock"), set forth opposite the undersigned's name on Exhibit A hereto, which are all the shares of the Company Stock so owned by such person.

The entering into of this letter agreement is a condition to the willingness of Speer to enter into the Contribution Agreement and to consummate the transactions identified in such agreement and a condition to the willingness of RMS to enter into the Recapitalization Plan and the Real Estate Agreement and consummate the transactions identified therein (collectively, the "Transactions").

Each of the undersigned agrees that at any meeting of the stockholders of the Company, however called, it shall (a) vote the Shares in favor of the Transactions, to the extent that such holder's voting of such Shares is in accordance with the stockholder approval requirement specified in the Contribution Agreement; (b) vote the Shares in favor of an amendment to the Certificate of Incorporation of the Company increasing the number of authorized shares of common stock of the Company; and (c) vote the Shares against any action or agreement (other than the Contribution Agreement or the transactions contemplated thereby) that would impede, interfere with, delay, postpone or attempt to discourage any of the Transactions, including, but not limited to: (i) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company; (ii) a sale or transfer of all or substantially all of the assets of the Company and its subsidiaries or a reorganization, recapitalization or liquidation of the Company and its subsidiaries; (iii) any material change in the present capitalization or dividend policy of the Company; or (iv) any other material change in the Company's corporate structure or business.

This Agreement shall terminate on the first to occur of (i) the Closing Date, (ii) the day after the termination of the Contribution Agreement in accordance with its terms, and (iii) written notice of termination of this Agreement by Speer Communications to the undersigned. Each of the undersigned represents and warrants that as of the date hereof, (i) it has due authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby, (ii) it is the owner of record and beneficially owns the Shares set forth opposite its name on Exhibit A, and such Shares constitute all of the shares owned of record or beneficially by it; (iii) the undersigned has sole voting power and sole power of disposition with respect to all of the Shares, with no restrictions, on its rights of disposition pertaining thereto, subject to applicable securities laws; (iv) the transactions contemplated by this Agreement will not affect the voting rights of any of the Shares except as provided in this Agreement; and (v) neither the execution and delivery of this Agreement by it nor the consummation of the transactions contemplated hereby will (x) require any consent, approval, authorization or permit of, or filing with or notification to, any governmental or regulatory authority (except filings under the Securities Exchange Act of 1934, as amended, or where the failure to obtain such consent, approval, authorization or permit, or to make such filing or notification, would not prevent or delay consummation of the transactions contemplated by this Agreement or would not otherwise prevent the undersigned from performing its obligations under this Agreement), (y) result in a default (or give rise to any right of termination, cancellation or acceleration) under any of the terms, conditions or provisions of any note, license, agreement or other instrument or

obligation to which the undersigned is a party, except for such defaults (or rights of termination cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not adversely affect the performance of the obligations of the undersigned hereunder or (z) violate any order, writ, injunction or decree applicable to it.

Each of the undersigned further covenants and agrees, while this Agreement is in effect, and except as contemplated hereby or by the Contribution Agreement, not to (i) sell, transfer, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, pledge, encumbrance, assignment or other disposition of, any of the Shares; provided, that the undersigned shall be permitted to pledge or grant a security interest in the Shares, provided that any such pledge or grant of security interest shall provide that the pledgee or secured party hereunder shall take any pledge or interest subject to the pledgor's voting obligations hereunder; (ii) grant any proxies, deposit the Shares into a voting trust or enter into a voting agreement with respect to the Shares; or (iii) take any action that would make any representation or warranty made by it herein untrue or incorrect in any material respect or have the effect of preventing or disabling it from performing its obligations under this letter agreement.

The undersigned agrees to promptly notify Speer Communications of the number of any new shares of Company Stock acquired by it (whether by purchase or conversion or exercise of options, warrants or other securities convertible into Company Stock), if any, after the date hereof. Any such Shares acquired shall become additional Shares subject to the terms of this Agreement.

This Agreement (i) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof, and (ii) shall not be assigned by operation of law or otherwise, provided that Speer may assign any of its rights and obligations to any affiliate of Speer, but no such assignment shall relieve Speer of its obligations hereunder. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties affected by such amendment.

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific

terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any federal or state court located in the State of Delaware (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they are entitled at law or in equity.

This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware regardless of the laws that might otherwise govern under principles of conflicts of laws applicable thereto. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. Speer Communications and the undersigned acknowledge and agree that this Agreement is being entered into by the undersigned solely in its capacity as a stockholder of the Company and that none of the obligations contained herein is intended to, and such obligations do not, limit, restrict or otherwise affect the obligations and duties of the undersigned (or its affiliates or associates) in any capacity it may have as an officer and/or director of the Company. The obligations of each undersigned are several and not joint.

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This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

ALTA INVESTISSEMENTS SA

By: /s/ Ian M. Dalziel

Name: Ian M. Dalziel
Title: Chairman

PRIMWEST HOLDINGS N.V.

By: _____

Name:
Title:

By: /s/ Didier Primat

Name: Didier Primat
Title: President, Managing Director

SPEER COMMUNICATIONS HOLDINGS
LIMITED PARTNERSHIP

By: /s/ Roy M. Speer

Roy M. Speer
President, Holdings Investments, Inc.
General Partner of Speer Communications
Holdings Limited Partnership

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Exhibit A
Company Share Ownership

Name	No. of Shares of Common Stock
Alta Investissements S.A. Primwest Holdings N.V.	

April 22, 1998

Speer Communications Holdings
Limited Partnership
50 West Liberty Street, Suite 650
Reno, Nevada 89501

Ladies and Gentlemen:

The Board of Directors of Precision Systems, Inc., a Delaware corporation (the "Company"), has approved, and concurrently herewith, Speer Communications Holdings Limited Partnership, a Nevada limited partnership ("Speer Communications"), Speer Virtual Media Limited Partnership, a Nevada limited partnership, Speer World Wide Digital Transmission & Vaulting Limited Partnership, a Nevada limited partnership, Speer Productions Limited Partnership, a Nevada limited partnership, and the Company are entering into a Contribution and Share Exchange Agreement of even date herewith (the "Contribution Agreement") (all capitalized terms used but not defined herein shall have the meanings set forth in the Contribution Agreement) and the Company and RMS Limited Partnership, a Nevada limited partnership ("RMS") are entering into a Plan of Recapitalization (the "Recapitalization Plan") and a Real Estate Transfer Agreement (the "Real Estate Agreement") of even date herewith. Each of the undersigned owns, beneficially and of record, the number of shares (the "Shares") of the common stock, par value \$.01 per share, of the Company (the "Company Stock"), set forth opposite the undersigned's name on Exhibit A hereto, which are all the shares of the Company Stock so owned by such person.

The entering into of this letter agreement is a condition to the willingness of Speer to enter into the Contribution Agreement and to consummate the transactions identified in such agreement and a condition to the willingness of RMS to enter into the Recapitalization Plan and the Real Estate Agreement and consummate the transactions identified therein (collectively the "Transactions").

The undersigned agrees that at any meeting of the stockholders of the Company, however called, it shall (a) vote the Shares in favor of the Transactions, to the extent that such holder's voting of such Shares is in accordance with the stockholder approval requirement specified in the Contribution Agreement; (b) vote the Shares in favor of an amendment to the Certificate of Incorporation of the Company increasing the number of authorized shares of common stock of the Company; and (c) vote the Shares against any action or agreement (other than the Contribution Agreement or the transactions contemplated thereby) that would impede, interfere with, delay, postpone or attempt to discourage any of the Transactions, including, but not limited to: (i) any extraordinary corporate transaction, such as a merger, consolidation or other business combination involving the Company; (ii) a sale or transfer of all or substantially all of the assets of the Company and its subsidiaries or a reorganization, recapitalization or liquidation of the Company and its subsidiaries; (iii) any material change in the present capitalization or dividend policy of the Company; or (iv) any other material change in the Company's corporate structure or business.

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obligation to which the undersigned is a party, except for such defaults (or rights of termination cancellation or acceleration) as to which requisite waivers or consents have been obtained or which would not adversely affect the performance of the obligations of the undersigned hereunder or (z) violate any order, writ, injunction, decree or statute applicable to it.

The undersigned further covenants and agrees, while this Agreement is in effect, and except as contemplated hereby or by the Contribution Agreement, not to (i) sell, transfer, pledge, encumber, assign or otherwise dispose of, or enter into any contract, option or other arrangement or understanding with respect to the sale, transfer, pledge, encumbrance, assignment or other disposition of, any of the Shares; provided, that the undersigned shall be permitted to pledge or grant a security interest in the Shares, provided that any such pledge or grant of security interest shall provide that the pledgee or secured party hereunder shall take any pledge or interest subject to the pledgor's voting obligations hereunder; (ii) grant any proxies, deposit the Shares into a voting trust or enter into a voting agreement with respect to the Shares; or (iii) take any action that would make any representation or warranty made by it herein untrue or incorrect in any material respect or have the effect of preventing or disabling it from performing its obligations under this letter agreement.

The undersigned agrees to promptly notify Speer Communications of the number of any new shares of Company Stock acquired by it (whether by purchase or conversion or exercise of options, warrants or other securities convertible into Company Stock), if any, after the date hereof. Any such Shares acquired shall become additional Shares subject to the terms of this Agreement.

This Agreement (i) constitutes the entire agreement between the parties with respect to the subject matter hereof and supersedes all other prior agreements and understandings, both written and oral, among the parties or any of them with respect to the subject matter hereof, and (ii) shall not be assigned by operation of law or otherwise, provided that Speer may assign any of its rights and obligations to any affiliate of Speer, but no such assignment shall relieve Speer of its obligations hereunder. This Agreement may not be amended except by an instrument in writing signed on behalf of all the parties affected by such amendment.

The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific

terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any federal or state court located in the State of Delaware (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they are entitled at law or in equity.

This Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware regardless of the laws that might otherwise govern under principles of conflicts of laws applicable thereto. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. Speer Communications and the undersigned acknowledge and agree that this Agreement is being entered into by the undersigned solely in its capacity as a stockholder of the Company and that none of the obligations contained herein is intended to, and such obligations do not, limit, restrict or otherwise affect the obligations and duties of the undersigned (or its affiliates or associates) in any capacity it may have as an officer and/or director of the Company. The obligations of each undersigned are several and not joint.

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This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

VULCAN VENTURES INCORPORATED

By: /s/ William D. Savoy

Name: William D. Savoy
Title: Vice President

SPEER COMMUNICATIONS HOLDINGS
LIMITED PARTNERSHIP

By: /s/ Roy M. Speer

Roy M. Speer
President, Holdings Investments, Inc.
General Partner of Speer Communications
Holdings Limited Partnership

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Exhibit A
Company Share Ownership

Name	No. of Shares of Common Stock
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Vulcan Ventures Incorporated

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—END PRIVACY-ENHANCEDMESSAGE—

Visiology, Inc.

Todd H. Lowe (205) 330-1701
Barbara L. Lowe (205) 330-1702
Bobbi Ferguson (205) 330-1703
FAX (205) 330-1706

April 15, 1999

Mr. William Bulard, Jr.
Executive Director
South Dakota Public Utilities Commission
State Capitol
Pierre, South Dakota 57501-5070

RECEIVED

APR 16 1999

**SOUTH DAKOTA PUBLIC
UTILITIES COMMISSION**

Re: Docket No. TC99-014

Application To Transfer the Certificate of Authority From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc., Notice of the Transfer of Assets From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc., and Notice of Transfer of Control of Speer Communications Virtual Media, Inc. to Precision Systems, Inc. Pursuant to South Dakota Codified Law 49-31-3

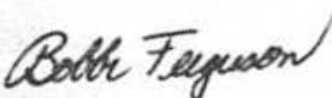
Dear Mr. Bulard:

Speer Virtual Media, Ltd., Speer Communications Virtual Media, Inc. and Precision Systems, Inc. respectfully request to be allowed to withdraw the Application To Transfer the Certificate of Authority From Speer Virtual Media, Ltd. to Speer Communications Virtual Media, Inc. filed on February 9, 1999 and assigned Docket No. TC99-014 without prejudice.

The Speer companies have withdrawn their offer for acquisition of Precision Systems, Inc. This action coupled with other corporate endeavors require the withdrawal of the application in this docket.

If there are any questions regarding this filing, please contact the undersigned at (205) 330-1703. So that our records will be complete, I would appreciate it if you would please date-stamp the extra copy of this transmittal letter and mail it to me in the envelope provided. An original and three copies are enclosed.

Sincerely,



Bobbi Ferguson
Regulatory Consultant to
Speer Communications Virtual Media, Inc.
Speer Virtual Media, Ltd.

Enclosures

**BEFORE THE PUBLIC UTILITIES COMMISSION
OF THE STATE OF SOUTH DAKOTA**

IN THE MATTER OF THE APPLICATION TO)	ORDER PERMITTING
TRANSFER THE CERTIFICATE OF)	WITHDRAWAL OF
AUTHORITY FROM SPEER VIRTUAL MEDIA,)	APPLICATION AND
LTD. TO SPEER COMMUNICATIONS VIRTUAL)	CLOSING DOCKET
MEDIA, INC.)	TC99-014

On February 9, 1999, Speer Virtual Media, Ltd. filed an application with the Public Utilities Commission (Commission) to transfer its certificate of authority to operate as a telecommunications company within the state of South Dakota to Speer Communications Virtual Media, Inc.

On April 16, 1999, Speer Virtual Media, Ltd. requested that its application to transfer the certificate of authority be withdrawn, without prejudice.

At its regularly scheduled April 26, 1999, meeting, the Commission considered this matter. The Commission has jurisdiction over this matter pursuant to SDCL 49-31-3 and ARSD Chapter 20:10:24. The Commission found that the request of Speer Virtual Media, Ltd. to withdraw its application to transfer a certificate of authority, without prejudice, is reasonable and closed the docket. It is therefore

ORDERED, that Speer Virtual Media, Ltd. may withdraw its application, without prejudice, and that this docket is closed.

Dated at Pierre, South Dakota, this 5th day of May, 1999.

CERTIFICATE OF SERVICE
The undersigned hereby certifies that this document has been served today upon all parties of record in this docket, as listed on the docket service list, by facsimile or by first class mail, in properly addressed envelopes, with charges prepaid thereon.
By: <u>Nellie Kaelo</u>
Date: <u>5/6/99</u>
(OFFICIAL SEAL)

BY ORDER OF THE COMMISSION:

 JAMES A. BURG, Chairman
 PAM NELSON, Commissioner
 LASKA SCHOENFELDER, Commissioner