

disbursements of counsel and accountants for SouthernNet in connection with a Piggyback Registration.

(c) If a Piggyback Registration is an underwritten offering, the Registrable Shares requested to be included thereunder must be included in such underwriting. If the managing underwriters of a Piggyback Registration advise SouthernNet in writing that in their opinion the number of shares of SouthernNet Common Stock requested to be included in such Registration exceeds the number which can be sold in such offering or will have a material adverse effect on the price of the shares to be sold, SouthernNet will include in such Registration (i) first, shares that SouthernNet proposes to sell, shares that Langstone Investment Corporation N.V. ("Langstone") proposes to sell in accordance with rights, if any, under the Registration Agreement dated as of December 3, 1986 between Langstone and SouthernNet, and shares issued or issuable in connection with a SouthernNet Acquisition, and (ii) second, Registrable Shares to the extent permitted by such underwriter, selected pro rata among the former shareholders of TSI who have requested inclusion pursuant hereto in proportion to the number of Registrable Shares such former shareholders propose to include in the Piggyback Registration.

(d) SouthernNet will deliver to the former shareholders of TSI participating in a Piggyback Registration such reasonable number of copies of a definitive prospectus included in such Piggyback Registration and of any revised or supplemental prospectus filed as such former shareholders of TSI may from time to time reasonably request during the period in which SouthernNet is required to keep such registration statement effective. SouthernNet shall file post-effective amendments or supplements to each such registration statement for a period of up to but not more than 90 days or such shorter period as is necessary for the distribution described in such registration statement to be completed in order that the registration statement may be effective at all times during such period and at all times during such period comply with various applicable federal and state securities laws, after which time SouthernNet may withdraw such Registrable Shares from registration to the extent not sold.

(e) If SouthernNet shall withdraw from registration any unsold Registrable Shares included in the Piggyback Registration as provided in Section 8.2(d) ("Withdrawn Shares"), on the first occasion after such withdrawal that SouthernNet proposes to sell any shares of SouthernNet Common Stock under the Act (other than for an offering primarily or exclusively to employees or in connection

with a SouthernNet Acquisition) and the registration form to be used may also be used for the registration of the Withdrawn Shares, SouthernNet shall notify the former shareholders of TSI who hold the Withdrawn Shares at least 30 days prior to the filing of any such registration form with the Securities and Exchange Commission, and will use its best efforts to include in such registration all Withdrawn Shares with respect to which SouthernNet has received written request for inclusion within 10 days after receipt of such notice (a "Second Piggyback Registration"). The rights and obligations of SouthernNet and such holders of Withdrawn Shares in a Second Piggyback Registration shall be as set forth in Sections 8.2(a), 8.2(b), 8.2(c) and 8.2(d) and in other provisions of Article VIII with respect to a Piggyback Registration, and Withdrawn Shares shall be treated as Registrable Shares thereunder; provided, however, that in no event shall SouthernNet be obligated to include Registrable Shares in more than two registration statements of SouthernNet filed after the Effective Time pursuant to this Section 8.2.

8.3 Other Approvals

If the Registrable Shares issued pursuant to this Agreement which are to be included in a Piggyback Registration or a TSI Registration require registration or qualification with or approval of any federal or state governmental official or authority other than registration under the Act before such Registrable Shares may be sold, SouthernNet will take all actions reasonably required in connection with such registration or qualification and will use its best efforts to cause any such Registrable Shares to be duly registered, qualified or approved as may be required; provided, however, that SouthernNet shall not be required to do so if such registration, qualification or approval would require SouthernNet (i) to qualify as a foreign corporation in any jurisdiction, (ii) to subject itself to taxation in any jurisdiction, (iii) to register as a securities broker or dealer in any jurisdiction, or (iv) to modify in any material respect any business policy or practice (including with respect to the payment of compensation or other benefits).

8.4 Lock-up Period

It shall be a condition of SouthernNet's obligations under this Article VIII that each former shareholder of TSI whose shares are to be included in a TSI Registration or a Piggyback Registration agree in writing with SouthernNet not to sell or offer for sale any of such shareholder's Registrable Shares for a period of 90 days after the effective date of any

TSI Registration or of any Piggyback Registration (except as part of such registration).

8.5 Registration Indemnification

(a) SouthernNet agrees to indemnify, to the extent permitted by law, each former shareholder of TSI participating in a Piggyback Registration or in a TSI Registration pursuant to this Article VIII, the officers and directors of such former shareholder of TSI and each individual or entity that controls such former shareholder of TSI (within the meaning of the Act) against any and all losses, claims, damages, liabilities and expenses, including reasonable attorneys' fees and expenses, resulting from any untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same result from or are contained in any information furnished in writing to SouthernNet by such former shareholder of TSI for use therein or by such shareholder's failure to deliver a copy of the registration statement, prospectus or preliminary prospectus or any amendments thereof or supplements thereto after SouthernNet has furnished such former shareholder of TSI with a sufficient number of copies of the same in accordance with this Article VIII.

(b) In connection with any Piggyback Registration or TSI Registration pursuant to this Article VIII, it shall be a further condition of SouthernNet's obligations under this Article VIII that each former shareholder of TSI participating in such registration agree in writing with SouthernNet to indemnify, to the extent permitted by law, SouthernNet, its directors and officers and each individual or entity that controls SouthernNet (within the meaning of the Act) against any and all losses, claims, damages, liabilities and expenses, including reasonable attorneys' fees and expenses, resulting from any untrue statement of a material fact contained in any registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in any information furnished to SouthernNet in writing by such former shareholder of TSI.

(c) In connection with an underwritten offering,

SouthernNet, and (as a further condition of SouthernNet's obligations under this Article VIII) each former shareholder of TSI participating in a Piggyback Registration or in a TSI Registration, will indemnify the underwriter(s), their officers and directors and each individual or entity which controls such underwriter(s) (within the meaning of the Act) to the same extent as provided above.

ARTICLE IX

CONDITIONS TO OBLIGATION TO CLOSE

9.1 Conditions Precedent to Obligations of TSI and the TSI Signing Shareholders

The obligations of TSI and the TSI Signing Shareholders under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) The representations and warranties made by SouthernNet in this Agreement shall be true and correct when made and on and as of the Closing Date as though such representations and warranties were made on and as of such date, except as otherwise permitted by the terms of this Agreement or consented to in writing by TSI.

(b) SouthernNet shall have performed and complied with and be in compliance with all covenants, agreements and undertakings required to be performed or complied with by SouthernNet, except as otherwise permitted by the terms of this Agreement or consented to in writing by TSI.

(c) SouthernNet shall have delivered to TSI a certificate, dated as of the Closing Date and executed by officers of SouthernNet, certifying to the fulfillment of the conditions specified in Sections 9.1(a) and 9.1(b) of this Agreement.

(d) SouthernNet shall have delivered to TSI the releases referred to in Section 7.5.

(e) TSI shall have received from Hogan & Hartson, counsel to SouthernNet, an opinion, dated as of the Closing Date, as to the matters and substantially in the form set forth as Exhibit D hereto.

(f) The opinion required under Section 9.2(f)

shall have been delivered to the TSI Signing Shareholders.

9.2 Conditions Precedent to Obligations of SouthernNet

The obligations of SouthernNet under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) The representations and warranties made by TSI and the TSI Signing Shareholders in this Agreement shall be true and correct when made and on and as of the Closing Date as though such representations and warranties were made on and as of such date, except as otherwise permitted by the terms of this Agreement or consented to in writing by SouthernNet.

(b) TSI and the TSI Signing Shareholders shall have performed and complied with and be in compliance with all covenants, agreements and undertakings required to be performed or complied with by TSI or the TSI Signing Shareholders, except as otherwise permitted by the terms of this Agreement or consented to in writing by SouthernNet.

(c) There shall have been no material adverse change in the business, operations, prospects, condition (financial or otherwise), properties, assets or liabilities of TSI, except as contemplated by Section 3.6 of this Agreement.

(d) TSI and the TSI Signing Shareholders shall have delivered to SouthernNet a certificate, dated as of the Closing Date and executed by officers of TSI and by the TSI Signing Shareholders, certifying to the fulfillment of the conditions specified in Sections 9.2(a), 9.2(b) and 9.2(c) of this Agreement.

(e) SouthernNet shall have completed a review of the assets and business of TSI without the occurrence of any event or the discovery of any information (except for any event or information which affects the long distance telephone industry generally) which has or is reasonably likely to have, or indicates, a material adverse effect on the assets or business of TSI or the financial, business or legal aspects of the provision of service to customers of TSI or on the transactions contemplated hereby, as determined by SouthernNet in good faith. It is agreed that if SouthernNet determines that an event has occurred or information has been discovered which has or is reasonably likely to have, or indicates, a material adverse effect on the assets or business of TSI or the financial, business or legal aspects of the provision of service to customers of TSI or on the transactions contemplated

hereby, then this condition to SouthernNet's obligations hereunder shall not be satisfied.

(f) SouthernNet shall have obtained an opinion of Peat Marwick Main & Co., independent public accountants, that the Exchange will be accounted for as a pooling of interests, which opinion shall also be addressed and delivered to the TSI Signing Shareholders.

(g) TSI shall have caused all TSI Warrants described on Schedule 1 hereto to be delivered to SouthernNet for cancellation in accordance with the provisions of Article II hereof.

(h) TSI shall take all actions necessary pursuant to the Telecommunications Systems, Inc. 1985 Incentive Career Stock Plan and the Telecommunications Systems, Inc. 1983 Incentive Career Stock Plan in order to vest in recipients of shares of TSI Common Stock under such plans all rights of ownership with respect to such shares.

(i) TSI's total liabilities as of the Closing Date (net of current assets and adjusted to reflect termination of certain agreements between TSI and Rockwell and the purchase of certain equipment covered thereby, pursuant to the Purchase and Termination Agreement (the "Rockwell Agreement"), dated as of March 18, 1987 by and among SouthernNet, TSI and Rockwell) shall not exceed \$34,300,000 (after payment of or provision for any transfer expenses and taxes relating to the Rockwell Agreement, and after excluding termination charges not exceeding \$500,000 payable to Southern Bell Telephone Company), and TSI shall have, as of the Closing Date, a net worth of not less than negative \$15,000,000; provided, however, that in the event that the Closing occurs after April 30, 1987 solely because of the failure to obtain necessary governmental approvals and as a result this condition is measured against TSI's financial condition as of a date later than April 30, 1987, such total liabilities would not exceed \$35,300,000 and such net worth would not be less than negative \$16,000,000 (no such changes to be made if TSI's financial condition is measured as of a date later than April 30, 1987 for any other reason). Specifically, total liabilities or negative working capital by category would be:

Bank Debt	\$15,200,000
Rockwell Lease Obligations	13,000,000
Negative Working Capital	<u>6,100,000</u>
TOTAL	34,300,000

(j) SouthernNet shall have received from Wyche, Burgess, Freeman & Parham, P.A., counsel to TSI, an opinion, dated as of the Closing Date, as to the matters and substantially in the form set forth as Exhibit E hereto.

(k) SouthernNet shall have received (i) on or before April 23, 1987 an Investor Questionnaire, in the form attached hereto as Exhibit F (the "Investor Questionnaire"), executed by or on behalf of each of the shareholders of TSI, and (ii) at the Closing an Investment Agreement, in the form attached hereto as Exhibit G (the "Investment Agreement"), executed by or on behalf of each of the shareholders of TSI; and SouthernNet shall have determined that all applicable requirements have been satisfied for exemption of the issuance of SouthernNet Common Stock in the Exchange from registration under the Act pursuant to Section 4(2) of the Act and/or Regulation D thereunder. Notwithstanding the foregoing, no Investment Agreement need be provided with respect to a Dissenting Shareholder.

(l) SouthernNet shall have received the Interim Financial Statements and Year-End Financial Statements referred to in Section 6.3.

(m)(i) At least 90% of the outstanding shares of TSI Common Stock must be exchanged for SouthernNet Common Stock as required by Accounting Principles Board Opinion No. 16; and

(ii) The aggregate of:

the number of shares of TSI Common Stock with respect to which dissenting shareholder rights are exercised,

plus the number of shares of TSI Common Stock with respect to which cash is paid in lieu of fractional shares of SouthernNet Common Stock pursuant to Article II,

plus the number of shares of TSI Common Stock redeemed or repurchased by TSI during the two years prior to the Closing Date,

divided by the exchange ratio applicable at the Closing, as set forth in Article II,

must not exceed 10% of the total number of shares of SouthernNet Common Stock outstanding as of the Closing Date.

9.3 Mutual Conditions to Closing

The obligations of SouthernNet, TSI and the TSI Signing Shareholders under this Agreement are subject to the fulfillment, prior to or at the Closing, of each of the following conditions:

(a) The Exchange, this Agreement and the Articles of Exchange shall have been approved and adopted by the shareholders of TSI in accordance with applicable law.

(b) All permits, approvals and consents of any governmental body or agency or other person or entity necessary or appropriate for consummation of the Exchange shall have been obtained and there shall not be any action or proceeding commenced by or before any court or governmental agency or authority that challenges the issuance of such permits, approvals or consents. All applicable waiting periods under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 shall have expired.

(c) There shall not be in effect any order or decision of a court of competent jurisdiction which prevents the Exchange.

(d) SouthernNet and TSI shall have received an opinion of counsel acceptable to each to the effect that any approval of the Federal Communications Commission necessary in connection with the exchange has been obtained, or that no such approval is required.

(e) SouthernNet and TSI shall have received opinions of counsel acceptable to each from counsel in each state in which TSI has a certificate of authority to the effect that approval of or consent to the Exchange by regulatory authorities is not required under the laws of the respective state, or that any required approval or consent has been obtained.

(f) SouthernNet shall have delivered to TSI and the shareholders of TSI a disclosure document, setting forth information about SouthernNet and its business, and no TSI Signing Shareholder shall have elected, by written notice delivered to SouthernNet within five days after the initial receipt of such disclosure document (the "Review Period"), to cancel this Agreement. SouthernNet shall be entitled to update, amend or supplement such disclosure document at any time during the Review Period, and the TSI Shareholders shall have until the meeting of shareholders of TSI held to consider

the Exchange in which to review such update, amendment or supplement. The right of the TSI Signing Shareholders to so cancel this Agreement shall irrevocably terminate after the expiration of the Review Period.

ARTICLE X

CLOSING; DELIVERIES; FILINGS; POST-CLOSING ACTIONS

10.1 Closing

The closing of the transactions contemplated by this Agreement (the "Closing") shall be held at the executive offices of TSI in Columbia, South Carolina, at 10:00 a.m. on the date designated as the closing date (the "Closing Date") by mutual agreement of SouthernNet and TSI, which date shall be not later than May 15, 1987, unless the delay in Closing is due solely to the necessity of obtaining governmental approvals of the Exchange, in which event such date shall be not later than July 15, 1987.

10.2 Deliveries

(a) On the Closing Date, SouthernNet shall deliver to TSI and the TSI Signing Shareholders the following:

- (i) duly executed Articles of Exchange;
- (ii) the certificate required by Section 9.1(c) hereof;
- (iii) the releases referred to in Section 9.1(d) hereof; and
- (iv) the opinion of counsel referred to in Section 9.1(e) hereof.

(b) On the Closing Date, TSI and the TSI Signing Shareholders shall deliver to SouthernNet the following:

- (i) duly executed Articles of Exchange;
- (ii) the certificate required by Section 9.2(d) hereof;
- (iii) a certificate, signed by the Chief Financial Officer of TSI, certifying as to the fulfillment of the condition set forth in Section 9.2(i);

(iv) the opinion of counsel required by Section 9.2(j);

(v) the Investor Questionnaires and Investment Agreements required by Section 9.2(k); and

(vi) the Interim Financial Statements and Year-End Financial Statements (if not previously delivered) required by Section 6.3.

10.3 Filing of Articles of Exchange

On the Closing Date, SouthernNet and TSI shall cause the Articles of Exchange to be filed with the appropriate authorities in the State of South Carolina as required by the South Carolina Business Corporation Act.

10.4 Post-Closing Actions

If, at any time or from time to time after the Effective Time, SouthernNet shall determine that any further conveyance, assignment or other document or any further action is necessary or desirable to vest in SouthernNet full title to all the shares of TSI Common Stock or otherwise to carry out the purposes of this Agreement, the officers and directors of TSI and the shareholders of TSI shall execute and deliver all such instruments and take all such actions as SouthernNet may reasonably determine to be necessary in order to vest in SouthernNet title to and possession of all such shares of TSI Common Stock, and otherwise to carry out the purposes of this Agreement. If, at any time or from time to time after the Effective Time, any former shareholder of TSI shall reasonably determine that any further conveyance, assignment or other document or any further action is necessary or desirable to vest in such former shareholder of TSI full title to all the shares of SouthernNet Common Stock or otherwise to carry out the purposes of this Agreement, SouthernNet shall execute and deliver all such instruments and take all such actions as SouthernNet may reasonably determine to be necessary in order to vest in such former shareholder of TSI title to and possession of all such shares of SouthernNet Common Stock, and otherwise to carry out the purposes of this Agreement.

ARTICLE XI

TERMINATION AND ABANDONMENT; REMEDIES

11.1 Termination and Abandonment

This Agreement may be terminated and the Exchange abandoned at any time before the Effective Time, whether before or after adoption or approval of this Agreement by the Boards of Directors of SouthernNet and TSI and the shareholders of TSI, under any one or more of the following circumstances:

(a) by the mutual consent of the Boards of Directors of SouthernNet and TSI;

(b) by SouthernNet if any of the conditions set forth in Sections 9.2 or 9.3 have not been fulfilled by May 15, 1987, and such failure to fulfill conditions is not the result solely of the necessity of obtaining government approvals;

(c) by TSI if any of the conditions set forth in Sections 9.1 or 9.3 have not been fulfilled by May 15, 1987, and such failure to fulfill conditions is not the result solely of the necessity of obtaining government approvals; or

(d) by SouthernNet or by TSI if (i) the Exchange shall not have been consummated by July 15, 1987, or (ii) if any TSI Signing Shareholder elects to cancel this Agreement as permitted by Section 9.3(f) hereof.

11.2 Effect of Abandonment and Termination

In the event this Agreement is terminated and the Exchange abandoned as provided in this Article XI, this Agreement shall forthwith become wholly void and of no effect, and the parties shall be released from all further obligations hereunder; provided, however, that the obligations of TSI and the TSI Signing Shareholders with respect to the Restricted Information (as provided in Section 7.9 of this Agreement) and the obligations of SouthernNet as to confidentiality provided in Section 6.1 of this Agreement shall not be extinguished but shall survive such termination and abandonment, and the parties hereto shall have any and all remedies to enforce such obligations provided at law or in equity (including specific performance). Notwithstanding the foregoing, promptly following the termination of this Agreement, any party whose willful default shall have caused the conditions to the obligations of the other party hereto not to have been fulfilled, or which shall have refused to satisfy its

APR 02 1997

obligations hereunder, shall reimburse such other party for its reasonable out-of-pocket costs incurred in connection with this Agreement, including, without limitation, attorneys' and accountants' fees and expenses. Notwithstanding the foregoing, upon any such termination, (a) TSI and the shareholders of TSI shall indemnify and hold harmless SouthernNet from and against any and all liabilities to and claims by third parties (including stockholders), and related expenses, including without limitation, attorneys' and accountants' fees and expenses ("Liabilities"), incurred by SouthernNet and resulting from or relating to disclosures resulting from any breach by TSI or the shareholders of TSI of representations and obligations with respect to providing information as set forth in Section 7.11 hereof, provided however that with respect to financial information TSI and the shareholders of TSI shall be responsible only for such financial information provided directly to SouthernNet or provided to accountants for use in preparation of TSI financial statements, (b) SouthernNet shall indemnify and hold harmless TSI and the shareholders of TSI from and against any Liabilities incurred by TSI or the shareholders of TSI and resulting from or relating to any disclosure by SouthernNet of information concerning TSI in public disclosure documents of SouthernNet to the extent (but only to the extent) not based on TSI financial statements or on information provided pursuant to Section 7.11 hereof, and (c) the indemnification obligations set forth in this sentence shall survive the termination of this Agreement without limitation as to time.

11.3 Specific Performance

If (a) pursuant to Section 11.1(b) SouthernNet has the right to terminate this Agreement and abandon the Exchange at a time when TSI does not have the right to terminate this Agreement and abandon the Exchange pursuant to Section 11.1(c), or (b) pursuant to Section 11.1(d)(i), SouthernNet has the right to terminate this Agreement and abandon the Exchange because TSI has failed to satisfy a condition to SouthernNet's obligations hereunder (but SouthernNet has satisfied all conditions to TSI's obligations hereunder), then in lieu of such termination and abandonment, SouthernNet shall have the right to have all obligations, undertakings, agreements and other provisions of this Agreement specifically performed by TSI and the TSI Signing Shareholders, and SouthernNet shall have the right to obtain an order of such specific performance in any of the courts of the United States or any state or other political subdivision thereof.

If (a) pursuant to Section 11.1(c) TSI has the right

to terminate this Agreement and abandon the Exchange at a time when SouthernNet does not have the right to terminate this Agreement and abandon the Exchange pursuant to Section 11.1(b), or (b) pursuant to Section 11.1(d)(i), TSI has the right to terminate this Agreement and abandon the Exchange because SouthernNet has failed to satisfy a condition to TSI's obligations hereunder (but TSI has satisfied all conditions to SouthernNet's obligations hereunder), then in lieu of such termination and abandonment, TSI shall have the right to have all obligations, undertakings, agreements and other provisions of this Agreement specifically performed by SouthernNet, and TSI shall have the right to obtain an order of such specific performance in any of the courts of the United States or any state or other political subdivision thereof.

ARTICLE XII

MISCELLANEOUS PROVISIONS

12.1 Entire Agreement; Amendment

This Agreement (including the Exhibits and Schedules hereto), the Articles of Exchange and certain confidentiality agreements previously executed by TSI and SouthernNet contain the entire agreement among the parties hereto and supersede all prior oral or written agreements, commitments or understandings with respect to the matters provided for herein, and no amendment or modification of this Agreement shall be valid or binding unless set forth in writing and duly executed by all of the parties hereto.

12.2 Assignment and Binding Effect

This Agreement and the rights and obligations of any party hereunder may not be assigned by any party without the prior written consent of the other parties hereto. All covenants, agreements, representations, warranties and indemnities in this Agreement by and on behalf of any of the parties hereto shall bind and inure to the benefit of their respective successors and permitted assigns.

12.3 Survival

It is the express intention and agreement of the parties to this Agreement that all covenants, agreements, statements, representations, warranties and indemnities made by TSI and the TSI Signing Shareholders in this Agreement (including the annexed Exhibits and Schedules), or in any

document or instrument delivered by TSI or the TSI Signing Shareholders pursuant to the provisions of this Agreement or at or in connection with the Closing, shall survive this Agreement, and the Closing, to and including the date of issuance of the report of independent certified public accountants with respect to the financial statements as of December 31, 1987 of SouthernNet (including TSI), and shall also survive any investigation, audit, or inspection at any time made by or on behalf of SouthernNet, it being understood that such covenants, agreements, statements, representations and warranties may only be modified in a writing signed by SouthernNet and TSI and the TSI Signing Shareholders as provided in Section 12.1.

12.4 Waivers

No waiver by any party of, or consent by such party to, a variation from or breach of or default under any provision of this Agreement shall be effective unless made in a written instrument duly executed by or on behalf of such party, and any such waiver or consent shall be limited solely to those rights or conditions expressly so waived or consented to. No failure or delay on the part of any party in exercising any power, right or privilege under this Agreement shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise thereof, or the exercise of any other right or power under this Agreement. No other actions taken by any party, including, without limitation, any investigation by or on behalf of such party, and no failure to take action, shall be deemed to constitute a waiver or an extension by such party of compliance with any representation, warranty, condition, agreement or indemnification set forth in this Agreement. A waiver of or consent to a variation from or breach of or default under any provision of this Agreement by both The Robert L. Parker Trust and Resouce Holdings Inc. shall be deemed to be a waiver or consent by all of the TSI Signing Shareholders, without further action by any of the TSI Signing Shareholders.

12.5 Notices

All notices, demands, requests, or other communications which may be or are required to be given, served, or sent by any party to any other party pursuant to this Agreement shall be in writing and shall be mailed by first-class, registered or certified mail, return receipt requested, postage prepaid, or transmitted by hand delivery,

overnight express, telegram or telex, addressed as follows:

(i) if to SouthernNet:

SouthernNet, Inc.
61 Perimeter Park, N.E.
Atlanta, Georgia 30341
Attn: Richard E. Ingram
President

with a copy (which shall not constitute notice) to:

Anthony S. Harrington, Esq.
Hogan & Hartson
815 Connecticut Avenue, N.W.
Washington, D.C. 20006

(ii) if to TSI or the TSI Signing Shareholders:

Telecommunications Systems, Inc.
1401 Main Street
Columbia, South Carolina 29201
Attn: Walter R. Pettiss
President

John M. Rivers, Jr.
WCSC, Inc.
485 East Bay Street
Charleston, South Carolina 29403

David F. Sampsell
Resource Holdings, Inc.
4304 Harding Road
Nashville, Tennessee 37205

R. Michael Still
Positive Placement Partnership and
The Robert L. Parker Trust
c/o Parker Drilling Company
8 East Third Street
Tulsa, Oklahoma 74103

with a copy (which shall not constitute notice) to:

James M. Shoemaker, Jr., Esq.
Wyche, Burgess, Freeman & Parham, P.A.
P.O. Box 10207
Greenville, South Carolina 29603

or

44 East Camperdown Way
Greenville, South Carolina 29601

Each party may designate by notice in writing a new address to which any notice, demand, request or communication may thereafter be so given, served or sent. Each notice, demand, request, or communication which shall be mailed, delivered or transmitted in the manner described above shall be deemed sufficiently given, served, sent and received for all purposes at such time as it is delivered to the addressee (with the return receipt, the delivery receipt, or the affidavit of messenger being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

12.6 Governing Law

This Agreement shall be construed and enforced in accordance with and the rights of the parties shall be governed by the laws of the State of South Carolina (but not including the choice-of-law rules thereof).

12.7 Headings

The descriptive headings of the several Articles and Sections of this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

12.8 Counterparts

To facilitate execution, this Agreement may be executed in as many counterparts as may be required; and it shall not be necessary that the signatures of, or on behalf of, each party, or that the signatures of all persons required to bind any party, appear on each counterpart; but it shall be sufficient that the signature of, or on behalf of, each party, or that the signatures of the persons required to bind any party, appear on one or more of the counterparts. All counterparts shall collectively constitute a single agreement. It shall not be necessary in making proof of this Agreement to

produce or account for more than a number of counterparts containing the respective signatures of, or on behalf of, all of the parties hereto.

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement, or caused this Agreement to be executed on its behalf, as of the date first above written.

SOUTHERNNET, INC.

By: _____
Richard E. Ingram
President

TELECOMMUNICATIONS SYSTEMS, INC.

By: _____
Walter R. Pettiss
President

THE ROBERT L. PARKER TRUST

By: _____
Trustee

POSITIVE PLACEMENT PARTNERSHIP

By: _____
a General Partner

RESOURCE HOLDINGS INC.

By: _____

[Title]

WCSC, INC.

By: _____

[Title]

TALMADGE M. CREWS

JAMES B. EDWARDS

WALTER R. PETTISS

3372F
42787

RESTATED ARTICLES OF INCORPORATION
OF

John T. Campbell
SECRETARY OF STATE
FILED
JUN 14 1983
AM PM
8 9 10 11 12 1 2 3 4 5 6

D 46900
\$305.00 (3309 CR)

TELECOMMUNICATIONS SYSTEMS, INC.

(ORIGINAL ARTICLES OF INCORPORATION FILED JANUARY 20, 1981)

R.N.

16559

6-14-83

PURSUANT to unanimous consent in writing of the Board of Directors and the unanimous written consent of the Shareholders of Telecommunications Systems, Inc., its Articles of Incorporation are restated as follows:

1. The name of the corporation is:
TELECOMMUNICATIONS SYSTEMS, INC.

2. The registered office of the corporation is Suite 875, First National Bank Building, Main at Washington, Columbia, South Carolina 29202, and the name of its registered agent at such address is Walter R. Pettiss.

3. The duration of the corporation shall be perpetual.

4. The corporation is authorized to issue shares of stock as follows:

<u>Class of Shares</u>	<u>Authorized No. of Each Class</u>	<u>Par Value</u>
Common	10,000,000	1c
Series A Preferred	25,000	\$30.00

The designations, preferences and rights of such preferred stock are set forth on Exhibit A attached hereto and incorporated herein by reference.

5. The total authorized capital stock is \$850,000. (The stated capital stock in the original Articles of Incorporation was \$100,000. There was paid into the corporation before it began business the minimum consideration of at least \$1,000 in cash.)

6. The general nature of business for which the corporation is organized is to engage in the business of providing radio and telephone common carrier service for compensation either singularly or jointly to the general public, including, without in any way limiting the generality of the foregoing, individuals, businesses, professionals, schools, municipalities, governmental agencies, and charitable organizations; to enter into leases of land and/or equipment; to enter into guaranty agreements;

CONFIRMED TO BE A TRUE AND CORRECT COPY
AS FILED IN THE OFFICE OF THE SECRETARY OF STATE
ORIGINAL ON FILE IN THIS OFFICE.

APR 02 1997

SECRETARY OF STATE
COLUMBIA, SOUTH CAROLINA

and to do any act and engage in any business in this state and elsewhere not prohibited by law.

6. The number of directors shall be fixed by or in the manner provided in the By-laws. The Board of Directors shall be five (5) comprised of:

James B. Edwards
100 Venning Street, Mt. Pleasant, S. C. 29646

Walter R. Pettiss
301 Mansfield Drive, Spartanburg, S. C. 29302

Talmadge N. Crews
Route 2, Box 619, Laurens, S. C. 29360

Robert L. Parker
3 East Third Street, Tulsa, Oklahoma 74103

R. Michael Still
8 East Third Street, Tulsa, Oklahoma 74103

7. (a) No holder of shares of the corporation of any class, now or hereafter authorized, shall have any preferential or preemptive right to subscribe for, purchase or receive any shares of the corporation of any class, now or hereafter authorized, or any options or warrants for such shares, or any rights to subscribe to, or to purchase such shares, or any securities convertible into or exchangeable for such shares, which may at any time be issued, sold or offered for sale by the corporation.

(b) No shareholder of the corporation shall have the right to cumulate such shareholder's votes in connection with the election of Directors of the corporation.

8. The foregoing Amended and Restated Articles of Incorporation shall constitute the Articles of Incorporation, in accordance with the provisions of Section 33-15-80, Code of Laws of South Carolina, 1976.

Dated: May 31, 1983

TELECOMMUNICATIONS SYSTEMS, INC.

BY Walter R. Pettiss
President

James M. Crews
Secretary

STATE OF SOUTH CAROLINA)
COUNTY OF GREENVILLE)

The undersigned Walter R. Pettiss and Talmadge M. Crews do hereby certify that they are the duly elected and acting President and Secretary, respectfully, of TELECOMMUNICATIONS SYSTEMS, INC., and are authorized to execute this document; that each of the undersigned for himself does hereby further certify that he has read the foregoing document, understands the meaning and purport of the statements therein contained and the same are true to the best of his information and belief.

Dated at Greenville, S. C., this 31st day of May, 1983.

Walter R. Pettiss

Talmadge M. Crews

EXHIBIT A

DESIGNATIONS, PREFERENCES AND RIGHTS OF SERIES A PREFERRED STOCK
OF
TELECOMMUNICATION SYSTEMS, INC.

* * * * *

1. Title. This series of Preferred Stock is designated "Series A Preferred Stock."

2. Number. The number of shares constituting the Series A Preferred Stock shall be 25,000.

3. Voting Rights.

3.1 General Provisions. The holders of Series A Preferred Stock shall be entitled to vote on all matters on which the holders of Common Stock of the Company are entitled to vote and shall be entitled to one vote for each share. Except as otherwise specifically provided in this resolution, or required by law, the Series A Preferred Stock shall vote with the Common Stock for all voting purposes, without distinction as to class.

3.2 Increased Voting Rights. If, at any time after the issuance of the Series A Preferred Stock, one (1) more annual sinking fund deposit (paragraph 8.1), on the Preferred Shares shall be in arrears, or if the Company shall have failed to call for redemption (within 90 days after the making of any sinking fund deposit required by paragraph 8.1) the number of shares allowed by paragraph 8.3, or the Company shall have breached any of the terms or conditions in that certain Stock Purchase Agreement dated as of ~~June~~^{May} 3, 1983, between certain specified purchasers and the Company, and such breach shall not be cured within 30 days, then, at the next meeting of stockholders to be held (unless at the time of such meeting all sinking fund deposits in arrears shall have been paid and all such failures remedied) and at each meeting thereafter, until all arrears in sinking fund deposits on the Preferred Shares shall have been paid and all such other failures remedied, the holders of the Preferred Shares shall be entitled to one hundred (100) votes for each such share in the election of directors. In the event that the holders of the Preferred Shares are entitled to the additional votes pursuant hereto, they shall also be entitled to have the Company call a special meeting of shareholders within 20 days of a written request. When all sinking fund deposits in arrears on the Preferred Shares shall have been paid and all such failures to call have been remedied, the rights of the holders of Preferred

Shares to one hundred (100) votes per share as provided in this paragraph 3.2 shall cease, subject to renewal from time to time upon the same terms and conditions.

3.3 Actions Requiring Class Vote of Series A Preferred Stock. The following provisions shall be in addition to the provisions of South Carolina law requiring approval of a specified percentage of the shares of Series A Preferred Stock for certain actions. Without the affirmative vote or written consent of the holders of at least two-thirds of the outstanding shares of Series A Preferred Stock, voting as a class, the Company shall not:

(1) amend or repeal any provision of or add any provision to the Company's Articles of Incorporation, or in any other manner modify any class of capital stock, if such action would alter or change the rights, preferences, privileges or powers of, or the restrictions provided for the benefit of Series A Preferred Stock so as to affect adversely Series A Preferred Stock; or

(2) authorize or create shares of any class of capital stock having any preference or priority as to dividends or assets equal or superior to the Series A Preferred Stock.

3.4 Shares Held By The Company. Any Preferred Shares purchased, redeemed or held by the Company shall not be eligible to vote or be utilized to ascertain the requirement of a majority or percentage in any matter requiring a vote or consent of the holders of the Preferred Shares.

4. Dividend Rights.

4.1 Preferred Stock. The holders of the outstanding Series A Preferred Stock shall not be entitled to receive dividends thereon.

4.2 Common Stock. So long as any shares of Series A Preferred Stock are outstanding, no dividend shall be paid on the Company's common stock.

5. Liquidation Rights.

In the event of a voluntary or involuntary liquidation dissolution or winding up of the Company, the holders of Series A Preferred Stock shall be entitled to receive out of the assets of the Company, whether such assets are capital or surplus of any nature, an amount equal to \$30.00 per share plus \$6.00 for each year or part thereof that such share has been outstanding before any payment shall be made or any assets distributed with respect

to the Company's Common Stock or any other class of capital stock of the Company ranking junior to the Series A Preferred Stock in respect of distributions upon liquidation, dissolution or winding up; if the assets thus distributed among the holders of the Series A Preferred Stock shall be insufficient to permit the payment to such stockholders of the full preferential amount aforesaid, then the entire assets of the Company to be distributed shall be distributed ratably among the holders of such shares. The holders of shares of Common Stock, subject to all of the preferential rights of the holders of Preferred Shares, shall be entitled to receive, ratably, all remaining assets of the Company. A consolidation or merger of the Company with or into any other corporation or corporations shall not be deemed to be a liquidation, dissolution or winding up within the meaning of this paragraph 5.

6. Conversion Into Common Stock.

6.1 Conversion. Each holder of Series A Preferred Stock, may, upon surrender of the certificates therefor, convert any or all of such holder's shares of Series A Preferred Stock into fully paid and nonassessable shares of Common Stock of the Company, at the rate of one and four tenths share (1.4) of Common Stock for each share of Series A Preferred Stock so surrendered for conversion. Such option to convert shall be exercised by surrendering for such purpose to the Company, at any place where it shall maintain a transfer agent for its Common Stock or Preferred Stock, or at the principal office of the Company in South Carolina, certificates representing the shares to be converted, with the conversion notice (in the form provided on the certificate for Series A Preferred Stock) duly executed and, in case of any simultaneous transfer, accompanied by proper instruments of transfer with signature guaranteed, and at the time of such surrender, the person exercising such option to convert shall be deemed to be the holder or record of the shares of Common Stock issuable upon such conversion, notwithstanding that the certificates representing such shares of Common Stock shall not then be actually delivered to such person.

6.2 Adjustment of Conversion Rate. The number of shares of Common Stock into which each share of Series A Preferred Stock may be converted shall be subject to adjustment from time to time as follows:

(A) In case the Company shall be at any time (i) declare a dividend on its Common Stock in shares of its capital stock, (ii) subdivide its outstanding Common Stock, (iii) combine its outstanding Common Stock into a smaller number of shares, or (iv) issue any shares of its capital stock by reclassification of

its Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing corporation), the number and kind of shares into which each share of Series A Preferred Stock may be converted shall be adjusted so that the holder of any share of Series A Preferred Stock thereafter surrendered for conversion shall be entitled to receive the aggregate number and kind of shares which, if such share of Series A Preferred Stock had been converted immediately prior to such time, such holder would have owned upon such conversion and been entitled to receive by virtue of such dividend, subdivision, combination or reclassification.

(B) If the Company shall fix a record date for issuance of rights or warrants to any holder of its Common Stock entitled them (for a period expiring within 90 days after such record date) to subscribe for or purchase Common Stock (or conversion price) per share of Common Stock less than the current market price per share of Common Stock, as defined below, on such record date, the number of shares of Common Stock deliverable upon conversion of each share of Series A Preferred Stock shall be adjusted in proportion to the ratio which (a) the sum of the number of shares of Common Stock outstanding on such record date plus the number of shares of Common Stock so offered bears to (b) the sum of the number of shares of Common Stock outstanding on such record date plus the number of shares of Common Stock which the aggregate subscription price would purchase at the current market price. If, following such record date such rights or warrants are not so issued, the foregoing adjustments shall be eliminated. If fewer than all of such rights or warrants are exercised, then at the close of business on the expiration date thereof, such adjustment shall be revised to take into account such warrants and rights as shall have been exercised.

(C) If the Company shall fix a record date for the making of a distribution to any holder of its Common Stock (including any such distribution made in connection with a consolidation or merger in which the Company is the continuing corporation) of evidences of its indebtedness or assets (excluding dividends paid from surplus in cash) or subscription rights or warrants (excluding those referred to in the immediately preceding paragraph), the number of shares of Common Stock deliverable upon the conversion of each share of Series A Preferred Stock shall be adjusted in proportion to the ratio which the current market price per share of Common Stock bears to the amount determined by subtracting from the current market price per share of Common Stock on such record date the fair market value (as determined in good faith by the Board of Directors of the Company), of that portion of the assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants applicable