

IN THE COURT OF CHANCERY OF THE STATE OF DELAWARE

| | | |
|--|---|------------------|
| MICHAEL D. JUDY |) | C.A. No. 4662-CC |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | |
| |) | |
| PREFERRED COMMUNICATION |) | |
| SYSTEMS, INC., a Delaware corporation, |) | |
| |) | |
| Defendant. |) | |
| <hr style="border: 0.5px solid black;"/> | | |
| MICHAEL D. JUDY |) | C.A. No. 4720-CC |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | |
| |) | |
| PREFERRED COMMUNICATION |) | |
| SYSTEMS, INC., a Delaware corporation, |) | |
| |) | |
| Defendant. |) | |
| <hr style="border: 0.5px solid black;"/> | | |
| MICHAEL D. JUDY |) | C.A. No. 4721-CC |
| |) | |
| Plaintiff, |) | |
| |) | |
| v. |) | |
| |) | |
| PREFERRED COMMUNICATION |) | |
| SYSTEMS, INC., and CHARLES M. AUSTIN, |) | |
| |) | |
| Defendants. |) | |

**[PROPOSED] ORDER GRANTING PLAINTIFF’S
CONSOLIDATED MOTION FOR SUMMARY JUDGMENT**

WHEREAS Plaintiff Michael D. Judy (“Judy”) commenced an action pursuant to 8 *Del. C.* § 220 to compel inspection of the books and records of Defendant Preferred Communication Systems, Inc. (the “Company”), C.A. No. 4662-CC;

WHEREAS Judy also commenced an action pursuant to 8 *Del. C.* § 211 to compel the Company to hold an annual meeting of the Company’s stockholders for the election of directors, C.A. No. 4720-CC;

WHEREAS Judy also commenced an action against the Company and Defendant Charles M. Austin for declaratory relief, C.A. No. 4721-CC;

WHEREAS Judy has moved for summary judgment with respect to the §220 Action, the §211 Action, and his request for declaratory relief (the “Consolidated Motion for Summary Judgment”); and

WHEREAS the Court has considered such motion and briefing relating thereto, and has heard argument on the motion.

NOW, THEREFORE, IT IS HEREBY ORDERED, this ___ day of _____, 2009:

1. Plaintiff’s Consolidated Motion for Summary Judgment is granted.
2. **§ 220 Relief:** The Company shall produce the following books and records, dating from January 1, 2006, unless otherwise noted, for inspection and copying by Plaintiff and/or Plaintiff’s representatives within ten (10) business days of the date hereof:
 - a. The Company’s stock ledger and a list of the Company’s stockholders, including any and all information reflecting (i) how many shares of stock are held by each stockholder (voting or non-voting), (ii) the particular series or class of stock held by each stockholder, and (iii) each stockholders’ address and other contact information recorded by the Company;
 - b. The current Bylaws of the Company and Bylaws of Preferred Acquisitions, Inc. (“PAI”);
 - c. All amendments to the Bylaws of the Company or Bylaws of PAI;
 - d. Any stockholder agreements, voting trusts, and/or similar agreements among stockholders and/or between the Company or PAI and any stockholders; and
 - e. Copies of all records of any and all options, warrants, or other securities or holdings that are exchangeable for voting stock in the Company, including an indication as to (i)

how many instruments are held by each holder, (ii) the conditions under which such instruments may be convertible to voting stock and at what rate, and (iii) each instrument holder's address and other contact information recorded by the Company.

3. The Company shall produce the following books and records, dating from January 1, 2006, unless otherwise noted, for inspection and copying by Plaintiff and/or Plaintiff's representatives within twenty (20) business days of the date of this Order:

a. All corporate minute books of each of the Company and PAI, including minute books relating to the boards of directors of the Company and PAI, or any committee thereof, as well as minute books relating to stockholder meetings of each of the Company and PAI;

b. All contracts between each of the Company and PAI and their respective officers and directors, including, but not limited to, employment contracts and compensation agreements;

c. All contracts or agreements between each of the Company and PAI and any and all consultants;

d. All records reflecting any statement or submissions made by the Company or PAI to the FCC;

e. Any agreement or other document that reflects, contains the terms of, or summarizes (a) compensation, benefits, or any other remuneration provided by each of the Company and PAI to any officer, director, agent, or consultant of the Company or PAI, (b) any loans made by the Company or PAI to any officer or director of the Company or PAI, and/or (c) any investments by the Company or PAI in any outside business ventures in which any director or officer of the Company or PAI is engaged;

f. All quarterly, annual, and any other financial statements or reports of the Company and/or PAI, whether audited or not; and

g. All business plans and/or financial projections of the Company and/or PAI, including any amendments thereto.

4. **§ 211 Relief:** The Company shall notice and shall hold an annual meeting of stockholders in accordance with the following (the "Annual Meeting"), notwithstanding any provision(s) of the certificate of incorporation or bylaws of the Company to the contrary:

a. The Annual Meeting shall be held on or about December 9, 2009 at 11:00 a.m. EST;

b. Plaintiff shall cause to be mailed the Notice of Annual Meeting of Stockholders ("Notice"), a form of which is attached hereto as Exhibit A, and distribute a proxy in the form attached hereto as Exhibit B, to all known stockholders not less than thirty (30) days prior to the date of the Annual Meeting;

c. The purpose of the Annual Meeting will be for the election of four (4) directors to the Company's board of directors, of which three (3) directors are to be elected by the holders of Common Stock of the Company ("Common Stock Directors") and one (1) is to be elected by the holders of the Series A 6% Cumulative Convertible Preferred Stock of the Company ("Series A Preferred Director");

d. The Annual Meeting shall not be adjourned, continued, or postponed prior to the election of directors absent further order of the Court;

e. The record date for purposes of determining the stockholders entitled to vote at the Annual Meeting shall be the date of this Order;

f. [] is hereby appointed to serve as the Master of the Annual Meeting of stockholders of the Company and is empowered and directed to (i) collect executed

proxies from the stockholders of the Company, (ii) chair and oversee the Annual Meeting of stockholders of the Company for the election of directors and any other business that may properly come before the Company at the Annual Meeting and (iii) act as inspector of elections to determine the votes received for the election of directors and any other matters voted on at the Annual Meeting;

g. The shares represented at such Annual Meeting, either in person or by proxy, and entitled to vote thereof, shall constitute a quorum for the purpose of such Annual Meeting, with the Series A and Series B Common Stock of the Company constituting the quorum for purposes of the election of the Common Stock Directors (“Common Stock Quorum”) and the Series A Preferred Stock constituting the quorum for purposes of the election of the Series A Preferred Director (“Series A Preferred Stock Quorum”);

h. In connection with the election of the Common Stock Directors, the holders of the Series A Common Stock of the Company shall receive ten (10) votes per share, while the holders of the Series B Common Stock of the Company shall receive one (1) vote per share. In connection with the election of the Series A Preferred Director, the holders of the Series A Preferred Stock of the Company shall receive one (1) vote per share, and the holders of the Series B Preferred Stock of the Company shall not have any voting rights; and

i. The affirmative vote of a plurality of the Common Stock Quorum shall be the act of the Common Stockholders and result in the election of the Common Stock Directors. The affirmative vote of the majority of the Series A Preferred Stock Quorum shall be the act of the Series A Preferred Stock and result in the election of the Series A Preferred Director.

5. Until a board of directors is properly elected in accordance with the foregoing provisions for the meeting of stockholders, Austin shall not hold himself out as constituting the board of directors of the Company.

Chancellor William B. Chandler III

EXHIBIT A

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS OF PREFERRED COMMUNICATION SYSTEMS, INC.

NOTICE IS HEREBY GIVEN to all stockholders of Preferred Communication Systems, Inc. (the "Corporation") that: The Annual Meeting of Stockholders will be held on December 9, 2009 at 11:00 a.m. EST, at the Hotel DuPont, 11th and Market Streets, Wilmington, DE 19801 to consider and act upon the following matters:

1. To elect three (3) stockholders by vote of the holders of Class A Common Stock and Class B Common Stock of the Corporation to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. The names of the nominees for election as directors at the meeting are as follows:

Management Nominees:

Michael D. Judy Nomnees:

2. To elect one stockholder by vote of the holders of Series A 6% Cumulative Convertible Preferred Stock of the Corporation to serve until the next annual meeting of stockholders or until their successors are duly elected and qualified. The names of the nominees for election as directors at the meeting are as follows:

Management Nominee:

Michael D. Judy Nominee:

As determined by the Court of Chancery of the State of Delaware, the record date for determination of stockholders entitled to notice of, and to vote at, the annual meeting or any adjournment thereof is _____, 2009.

Every stockholder is invited to attend the meeting in person. The stockholder list shall be available for inspection ten (10) days before the meeting [on an electronic network accessible through the Company's website, <http://precomsys.com/index.html>]. Stockholders who do not plan to attend the meeting in person are requested to complete, sign, date and return the enclosed proxy as soon as possible in the postage paid envelope enclosed. Please note that failure to sign the proxy will result in the proxy being declared invalid. Any stockholder attending the meeting may vote in person even if such stockholder has previously returned a proxy.

Date: _____, 2009

[Name]
Master of the Annual Meeting of Stockholders
of Preferred Communication Systems, Inc.

EXHIBIT B

Preferred Communication Systems, Inc. Annual Meeting of Stockholders Proxy

The undersigned stockholder of Preferred Communication Systems, Inc., a Delaware corporation (the "Corporation"), hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders, dated _____, 2009, and hereby appoints _____ and _____, and each of them, proxies and attorney-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the Annual Meeting of Stockholders to be held on **December 9, 2009 at 11:00 a.m. EST** at the Hotel DuPont, 11th and Market Streets, Wilmington, DE 19801, and at any adjournments or postponements of that meeting, and to vote all shares of Class A Common Stock of the Corporation ("Class A Common Stock"), Class B Common Stock of the Corporation ("Class B Common Stock"), and Series A 6% Cumulative Convertible Preferred Stock ("Series A Preferred Stock") that the undersigned would be entitled to vote if personally present, on the matters and in accordance with any instructions set forth below.

The proxy holder shall be entitled to cast the number of votes the undersigned would be entitled to cast if personally present, for or against any proposal, including the election of members of the Board of Directors, and any and all other business that may come before the meeting.

STOCKHOLDER: IF YOU WISH TO INSTRUCT THE PROXY HOLDER REGARDING THE VOTING OF YOUR SHARES, PLEASE CHECK THE APPROPRIATE BOXES BELOW AND COMPLETE THIS FORM. YOUR SHARES WILL BE VOTED IN ACCORDANCE WITH YOUR INSTRUCTIONS.

ANY STOCKHOLDER COMPLETING THIS PROXY WHO FAILS TO CHECK ANY BOXES OR OTHERWISE MARK THE PROXY FORM WILL BE DEEMED TO HAVE GIVEN THE PROXY HOLDER COMPLETE DISCRETION IN VOTING WITH RESPECT TO THE MATTERS LISTED BELOW.

- 1. Election of Three (3) Directors by holders of the Class A Common Stock and Class B Common Stock. (Vote only if you hold shares of Class A Common Stock or Class B Common Stock. Select three (3) nominees only.)**

| <i>Management Nominees</i> : | FOR | WITHHOLD |
|------------------------------|--------------------------|--------------------------|
| | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> |

| | | |
|----------------------------------|--------------------------|--------------------------|
| <i>Michael D. Judy Nominees:</i> | | |
| | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> |
| | <input type="checkbox"/> | <input type="checkbox"/> |

- 2. Election of One (1) Director by holders of the Series A Preferred Stock. (Vote only if you hold shares of Series A 6% Cumulative Convertible Preferred Stock. Select one (1) nominee only.)**

| <i>Management Nominee</i> : | FOR | WITHHOLD |
|-----------------------------|--------------------------|--------------------------|
| | <input type="checkbox"/> | <input type="checkbox"/> |

| | | |
|---------------------------------|--------------------------|--------------------------|
| <i>Michael D. Judy Nominee:</i> | | |
| | <input type="checkbox"/> | <input type="checkbox"/> |

Dated: _____

Signed: _____

 Typed or Printed Name of Stockholder

Title, if applicable

Address

No. Shares of Class A Common Stock: _____

No. Shares of Class B Common Stock: _____

No. Shares of Series A 6% Cumulative Convertible Preferred Stock _____

THIS PROXY SHOULD BE MARKED, DATED, AND SIGNED BY THE STOCKHOLDER(S) EXACTLY AS HIS OR HER NAME APPEARS ON THE SHARE CERTIFICATE(S), AND RETURNED PROMPTLY IN THE ENCLOSED ENVELOPE. IF SHARES ARE HELD IN TWO NAMES (*e.g.*, JOINT TENANTS OR COMMUNITY PROPERTY), BOTH PERSONS SHOULD SIGN. WHEN SIGNING AS AN ATTORNEY-IN-FACT, EXECUTOR, ADMINISTRATOR, TRUSTEE OR GUARDIAN, PLEASE GIVE FULL TITLE AS SUCH. IF SHARES ARE HELD BY A CORPORATION, PARTNERSHIP, LIMITED LIABILITY COMPANY OR OTHER ENTITY, THE DULY AUTHORIZED REPRESENTATIVE SHOULD SIGN ON BEHALF OF THE ENTITY AND INDICATE HIS OR HER FULL TITLE.

931238