

HELEIN & ASSOCIATES, P. C.

ATTORNEYS AT LAW

8180 GREENSBORO DRIVE
SUITE 700
MCLEAN, VA 22102

(703) 714-1300 (TELEPHONE)
(703) 714-1330 (FACSIMILE)

WRITER'S DIRECT DIAL NUMBER:

(703) 714-1305

April 28, 1997

970516-TJ

VIA OVERNIGHT DELIVERY

Florida Public Service Commission
2540 Shumard Oak Boulevard
Gerald Gunter Building
Tallahassee, Florida 32399-0850

Re: Strategic Alliances, Inc.
Application for Approval of Transfer of Ownership

Ladies and Gentleman:

On behalf of Strategic Alliances, Inc. ("SAI"), a nondominant carrier certified in the State of Florida on December 24, 1992 by Order of this Commission in Docket No. 920952-TI, we write to obtain approval from the Florida Public Service Commission ("FPSC") for a transfer of the ownership of Strategic Alliances, Inc. to London Telecom Network, Corp. ("LTN"). SAI intends to continue providing service under its existing tariff, as amended, but will use London Telecom Network, Corp. as its d/b/a. What follows is a description of the transaction and the provision of relevant information.

SAI and LTN have entered into a stock purchase agreement wherein LTN will purchase 100% of SAI's stock. Upon completion of the sale, SAI will continue to exist as a wholly-owned subsidiary of LTN and use London Telecom Network, Corp. as its d/b/a. SAI will continue to provide service under its existing tariff, as amended.

SAI is a Minnesota corporation with its principal place of business at 1959 Sloan Place, Suite 200, St. Paul, Minnesota 55117. A copy of SAI's Certificate of Good Standing issued by the Secretary of State in Minnesota is attached as Exhibit 1.

LTN is a Georgia corporation with its principal place of business at 210 Interstate North Parkway, Suite 520, Atlanta, Georgia 30339. A copy LTN's Certificate of Existence issued by the Georgia Secretary of State is attached as Exhibit 2.

DOCUMENT NUMBER-DATE

04318 MAR 30 1997

FPSC-RECORDS/REPORTING

97 MAR 30 11 00 AM '97

April 28, 1997
Page 2

An executed copy of the stock purchase agreement is attached as Exhibit 3. The stock purchase agreement was executed on April 21, 1997. The date for closing the sale is conditioned on and will occur only after the issuance of necessary approval of this application by the FPSC and other state regulatory agencies. The transaction is a 100% stock purchase of SAI by LTN. SAI will become a wholly-owned subsidiary of LTN. SAI's customer service and billing methods will remain unchanged after the transfer in ownership occurs.

SAI's and LTN's current financial statements are attached as Exhibit 4. A corporate organizational chart, reflecting the corporate structure after the transfer of ownership, is attached as Exhibit 5.

LTN is able to finance the proposed transaction and SAI's operations. LTN and its future subsidiary, SAI, will operate in compliance with all of the Commission's rules. Moreover, the proposed transaction is clearly in the public interest. The transaction will make additional financial resources available to the Company thereby ensuring the continuance of current interexchange service offerings, facilitating the expansion of service offerings to existing and new customers, and strengthening LTN's ability to compete in the telecommunications industry in the state of Florida. Moreover, the acquisition may provide smaller and medium-sized business customers with access to many of the types of interexchange offerings typically available to only the largest business users.

In addition, LTN will maintain SAI's current management personnel after the transfer in ownership. This experienced management team will be complemented by the addition of LTN management personnel who bring over 20 years of combined experience in competitive telecommunications corporate operations. The resumes of petitioner's management team is attached as Exhibit 6.

Finally, to ensure that SAI's customers are not confused by the stock purchase and new d/b/a, SAI, as the new LTN subsidiary, will notify all of SAI's customers of the transaction and "name change" via a bill insert or a direct mailing.

All communications and correspondence regarding the instant Petition should be addressed to:

Brian A. Cute, Esq.
Helein & Associates, P.C.
8180 Greensboro Drive
Suite 700
McLean, Virginia 22102
Telephone: (703) 714-1300

April 28, 1997
Page 3

The contacts for SAI and LTN are as follows:

Erin Ostler
Strategic Alliances, Inc.
1959 Sloan Place
Suite 200
St. Paul, Minnesota 55117
(612) 778-9093

Robert Belliveau
Vice President, Regulatory Affairs
London Telecom Network, Corp.
210 Interstate North Parkway
Suite 700
Atlanta, Georgia 30339
(770) 618-0867

LTN's and SAI's agent for service of process in the state of Florida shall be:

The Corporation Company, Inc.
1200 South Pine Island Road
Plantation, Florida 33324

For the reasons stated above, SAI and LTN respectfully request that the Commission approve the transfer of ownership.

An extra copy of this letter and enclosure is also enclosed to be date-stamped and returned to the undersigned in the pre-addressed, postage-paid envelope provided. Should any questions arise, kindly contact the undersigned.

Respectfully submitted,



Brian A. Cute
Regulatory Counsel

Enclosures
bac\710\letter.fl

EXHIBIT 1

SAI's Certificate of Good Standing

State of Minnesota

SECRETARY OF STATE

Certificate of Good Standing

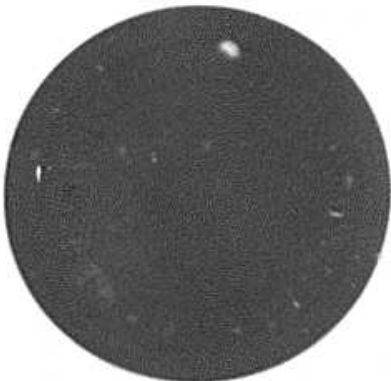
I, Joan Anderson Growe, Secretary of State of Minnesota, do certify that: The corporation listed below is a corporation formed under the laws of Minnesota; that the corporation was formed by the filing of Articles of Incorporation with the Office of the Secretary of State on the date listed below; that the corporation is governed by the chapter of Minnesota Statutes listed below; and that this corporation is authorized to do business as a corporation at the time this certificate is issued.

Name: STRATEGIC ALLIANCES INC.

Date Formed: 12/21/1988

Chapter Governed By: 302A

This certificate has been issued on 03/27/97.



Joan Anderson Growe
Secretary of State.

EXHIBIT 2

LTN's Certificate of Existence

Secretary of State
Corporations Division
Suite 315, West Tower
2 Martin Luther King Jr. Dr.
Atlanta, Georgia 30334-1530

DOCKET NUMBER : 970860713
CONTROL NUMBER : 9629024
DATE INC/AUTH/FILED: 09/19/1996
JURISDICTION : GEORGIA
PRINT DATE : 03/27/1997
FORM NUMBER : 211

MORRIS, MANNING & MARTIN
JUDY NAVE
3343 PEACHTREE ROAD, N.E.
ATLANTA, GA 303261044

CERTIFICATE OF EXISTENCE

I, Lewis A. Massey, the Secretary of State of the State of Georgia, do hereby certify under the seal of my office that

**LONDON TELECOM NETWORK, CORP.
A DOMESTIC PROFIT CORPORATION**

was formed in the jurisdiction stated above or was authorized to transact business in Georgia on the above date. Said entity is in compliance with the applicable filing and annual registration provisions of Title 14 of the Official Code of Georgia Annotated and has not filed articles of dissolution, certificate of cancellation or any other similar document with the office of the Secretary of State.

This certificate relates only to the legal existence of the above-named entity as of the date issued. It does not certify whether or not a notice of intent to dissolve, an application for withdrawal, a statement of commencement of winding up or any other similar document has been filed or is pending with the Secretary of State.

This certificate is issued pursuant to Title 14 of the Official Code of Georgia Annotated and is prima-facie evidence that said entity is in existence or is authorized to transact business in this state.



Lewis A. Massey

Lewis A. Massey
Secretary of State

EXHIBIT 3

Stock Purchase Agreement

SHARE PURCHASE AGREEMENT made this 11th day of June, 1997.

B E T W E E N:

LONDON TELECOM NETWORK, CORP., a corporation
incorporated under the laws of the State of Georgia,

(hereinafter called the "Purchaser")

- and -

STRATEGIC ALLIANCES, INC. (a.k.a. **STRATEGIC
ALLIANCES INC.**), a corporation incorporated under the laws
of the State of Minnesota,

(hereinafter called "Alliances")

- and -

STRATEGIC SERVICES INC. (a.k.a. **STRATEGIC
SERVICES, INC.**), a corporation incorporated under the laws
of the State of Minnesota,

(hereinafter called "Services")

(hereinafter Alliances and Services are individually and collectively called
"Strategic")

- and -

LESTER DAVIDSON, of the City of Lake Elmo, in the State of
Minnesota,

(hereinafter called "Davidson")

- and -

ERIN OSTLER, of the City of Lake Elmo, in the State of
Minnesota,

(hereinafter called "Ostler")

- and -

BILL TORREY, (personally and on behalf of Telephone
Associates Long Distance Inc.) of the City of Superior, in the

State of Wisconsin, and M. JOANNE TORREY, of the City of Superior, in the State of Wisconsin,

(hereinafter individually and collectively called "Torrey")

THIS AGREEMENT WITNESSETH that in consideration of the covenants, agreements, warranties and payments herein set out and provided for, the parties hereto covenant and agree as follows:

1. **DEFINED TERMS**

Where used herein or in any amendment hereto, the following terms shall have the following meanings respectively:

1.1 The "Purchaser" means London Telecom Network, Corp.

1.2 The "Vendors" means Davidson, Ostler, Bill Torrey and M. Joanne Torrey, individually and collectively.

1.3 The "Corporation" means each of Alliances and Services being corporations incorporated under the laws of Minnesota.

1.4 "Financial Statements of the Corporation" or "Financial Statements" means the balance sheet of the Corporation as at March 31, 1997, and the accompanying statements of earnings, retained earnings and changes in financial position and schedule of expenses for the fiscal year ended on such date (a copy of which balance sheet and accompanying statements are attached as Schedule 1.4 and initialled for identification on behalf of the Vendors and on behalf of the Purchaser).

1.5 The "Business" means the business presently and heretofore carried on by the Corporation including, without limitation, acting as a provider of telecommunications and related services and products.

1.6 "Effective Date" means March 31, 1997.

1.7 "Closing Date" or "Closing" means the date mutually agreed to by Purchaser and Vendors following satisfaction of all conditions to this transaction, which date shall be within 5 business days of the date on which the last condition is satisfied or waived for purposes of Closing.

1.8 "Time of Closing" means by 5:00 p.m. on the Closing Date.

1.9 "Purchase Price" means the amount required to be paid for the purchase of the Purchased Shares as provided for in clause 3.1 after giving effect to adjustment, if any, as provided for in this agreement.

1.10 "Purchased Shares" means all of the issued and outstanding shares in the capital of each Corporation.

1.11 "Shareholders" means Davidson, Ostler and Torrey, individually and collectively, jointly and severally.

1.12 "Transaction Documents" means this agreement and the other agreements, documents and instruments contemplated by this agreement (including without limitation, those agreements executed and delivered at the Closing in conformity with a Schedule hereto).

2. PURCHASED SHARES AND PURCHASE PRICE

2.1 Subject to the terms and conditions hereof, the Vendors covenant and agree to sell, assign, transfer to the Purchaser and the Purchaser covenants and agrees to purchase the Purchased Shares for an aggregate purchase price of \$500,000.00, being \$100,000.00 for the shares of Services and \$400,000.00 for the shares in Alliances.

2.2 The Financial Statements of the Corporation shall be prepared, in accordance with generally accepted accounting principles (unless otherwise noted thereon) applied on a basis consistent with prior periods and provided to the Purchaser.

2.3 In the event that any difference shall arise between the parties hereto in relation to the Financial Statements, the Purchase Price or any term of this Agreement, the parties agree to negotiate in good faith towards a speedy resolution of such dispute. Any dispute, controversy or claim arising out of or in connection with, or relating to, this Agreement or any breach or alleged breach hereof shall, upon the request of any party involved, be submitted to, and settled by, arbitration in St. Paul, Minnesota, pursuant to the commercial arbitration rules then in effect of the American Arbitration Association (or at any time or at any other place or under any other form of arbitration mutually acceptable to the parties so involved). Any award rendered shall be final and conclusive upon the parties and a judgment thereon may be entered in the highest court of the forum, state or federal, having jurisdiction. The expenses of the arbitration shall be borne equally the parties to the arbitration, provided that each party shall pay for and bear the cost of its own experts, evidence and counsel's fees, except that in the discretion of the arbitrator, any awards may include the cost of a party's counsel if the arbitrator expressly determines that the party against whom such award is entered has caused the dispute, controversy or claim to be submitted to arbitration as a dilatory tactic. Notwithstanding the foregoing, the parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary, without breach of this paragraph and without any abridgment of the powers of the arbitrators.

3. PAYMENT

3.1 The payment for the Purchased Shares shall be satisfied as follows:

- (a) as to \$425,000.00 such amount shall be paid at Time of Closing by certified cheque, bank draft or wire transfer at the instruction of Vendor's counsel;
- (b) as to \$75,000 on the one year anniversary of Closing, to provide a holdback fund as security for the fulfillment of the representations and warranties of the Vendors herein. The holdback shall be placed in an interest bearing trust account with Harrison, Elwood, Barristers and Solicitors and monies released only upon the joint instructions of the representative of the Purchaser and the representative of the Vendors, or by Court order. The Purchaser representative shall be Colin Wood unless Vendors are notified otherwise in writing by the Purchaser. The Vendors representative shall be Erin Ostler unless Purchaser is otherwise notified in writing by the Vendors.

3.2 For the period commencing from the date hereof to and including Closing Date, the Vendors and the Corporation covenant and agree not to cause the Corporation to make any significant purchases or carry on business out of the normal or usual course without the prior consent of the Purchaser.

3.3 The shareholder loans reflected in the Financial Statements shall be repaid within 10 days of the Closing Date.

3.4 Notwithstanding the indemnity provisions herein, the parties confirm the cap of \$75,000.00 shall apply to those claims which do not relate to taxes, or to fraud or fraudulent misrepresentation, error or omission. The Purchaser agrees that any claim to be made against the Vendors hereunder shall first be directed to the holdback account described in 3.1(b) above.

3.5 The Vendors shall have no indemnification obligation to the Purchaser hereunder unless and until the aggregate amount of claims for indemnification by the Purchaser exceeds a threshold of \$25,000.00. Claims aggregating in excess of \$25,000.00 shall be payable from the first dollar.

4. ALLOCATION OF PURCHASE PRICE

4.1 The Vendors and Purchaser agree that the Purchase Price for the Purchased Shares shall be allocated as set forth herein. The Vendors agree to cause Services to file (and to provide Purchaser with proof of such filing) its federal and state income tax returns for the short period ending on the Closing Date within 6 months of closing, failing which the

Purchaser is authorized to file on behalf of the Vendors and the holdback fund shall be immediately forfeited.

5. REPRESENTATIONS AND WARRANTIES OF THE VENDORS

The Vendors, by their acceptance hereof jointly and severally represent and warrant as follows (and hereby acknowledge and confirm that the Purchaser is relying on such representations and warranties in connection with the purchase by the Purchaser of the Purchased Shares) that with respect to each Corporation:

5.1 The Corporation has been duly incorporated and organized and is validly subsisting in good standing under the laws of the State of Minnesota; it has the corporate power to own or lease its property and to carry on its Business as now being conducted by it and is duly qualified as a corporation to do business and is in good standing under the laws of each jurisdiction in which the nature of its Business conducted by it or the property owned or leased by it makes such qualification necessary;

5.2 The authorized capital of Alliances now consists of 25,000 common shares of which 126 common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable. The authorized capital of Services now consists of 6,000 common shares of which 900 common shares (and no more) have been duly issued and are outstanding as fully paid and non-assessable;

5.3 On Closing, all of the Purchased Shares shall be owned by the Vendors as the beneficial owners of record, with good title thereto, free and clear of all mortgages, pledges, liens, charges, security interests, adverse claims, demands and encumbrances whatsoever as set forth below:

<u>Alliances</u>	<u>Number of Common Shares</u>
Davidson	42
Ostler	42
M.J. Torrey	42

<u>Services</u>	<u>Number of Common Shares</u>
Davidson	300
Ostler	300
R. Torrey	300

5.4 No person, firm or corporation has any agreement or option or any right or privilege (whether by law, preemptive or contractual) capable of becoming an agreement or option for the purchase from the Vendors (or any of them) of any of the Purchased Shares other than as provided by this agreement;

5.5 No person, firm or corporation has any agreement or option or any right or privilege (whether by law, preemptive or contractual) capable of becoming an agreement, including convertible securities, warrants or convertible obligations of any nature, for the purchase, subscription, allotment or issuance of any of the unissued shares in the Corporation or of any securities of the Corporation;

5.6 The Corporation has no subsidiaries or agreements of any nature to acquire any subsidiary or to acquire or lease any other business operations and will not prior to the Time of Closing acquire, or agree to acquire, any subsidiary or business without the prior written consent of the Purchaser;

5.7 The Corporation is not a party to or bound by any agreement of guarantee, indemnification, assumption or endorsement or any other like commitment of the obligations, liabilities (contingent or otherwise) or indebtedness of any other person, firm or corporation;

5.8 The books and records of the Corporation fairly and correctly set out and disclose in all material respects, in accordance with generally accepted accounting principles, the financial position of the Corporation as at the date hereof and all material financial transactions of the Corporation relating to the Business have been accurately recorded in all material respects in such books and records;

5.9 There are no liabilities of the Corporation of any kind whatsoever, whether accrued or not accrued, and whether or not determined or determinable, in respect of which the Corporation or the Purchaser may become liable on or after the consummation of the transaction contemplated by this agreement other than:

- (a) liabilities disclosed on the Financial Statements of the Corporation,
- (b) liabilities disclosed in or referred to in this agreement, and
- (c) liabilities incurred in the ordinary course of business and attributable to the period since the Financial Statements to Closing Date, none of which has been materially adverse to the nature of the business, results of operations, assets, financial condition or the manner of conducting the Business;

5.10 Without limiting the generality of the foregoing, there has been no material change in method or timing of revenue recognition of sales of the Corporation during the current fiscal period with respect to prior periods;

5.11 The Financial Statements have been prepared in accordance with generally accepted accounting principles on a basis consistent with those of previous years and present fairly, in all material respects, (i) the assets, liabilities (whether accrued, absolute, contingent or otherwise) and the financial condition of the Corporation as at March 31, 1997 (or such

other date as the Vendors and the Purchaser may agree upon) and (ii) the sales, earnings and results of the operations of the Corporation during the period covered by the Financial Statements; provided, however, that the Financial Statements are interim, unaudited Financial Statements that do not contain any notes, bad debt reserves or normal year end adjustments and accruals, none of which are material for the fair presentation of the financial condition and results of operation of the Corporation. The Financial Statements reflect the operations of the Corporation in materially as good a financial position as any financial statements of the Corporation previously provided to the Purchaser;

5.12 The Financial Statements have been prepared, without limiting the generality of the foregoing provisions on the following basis:

- (i) all fixed assets and equipment have been valued at actual cost less accumulated depreciation taken at the rates disclosed financial statements of the Corporation;
- (ii) inventory has been valued at the lower of cost or net realizable value and full allowance has been made for items of obsolescence or below standard quality; and

5.13 The corporate records and minute books of the Corporation contain complete and accurate minutes of all meetings of the directors and shareholders of the Corporation held since the incorporation of the Corporation, all such meetings were duly called and held, the share certificate books, register of shareholders, register of transfers, and register of directors of the Corporation are complete and accurate and all exigible security transfer tax payable in connection with the transfer of any securities of the Corporation has been duly paid; the corporate records contain a complete record of all share issuances and transfers.

5.14 Since the Financial Statements, there shall have been no material change in the business, operations, affairs or condition of the Corporation, financial or otherwise, or arising as a result of any legislative or regulatory change, revocation of any license or right to do business, fire, explosion, accident, casualty, labour trouble, flood, drought, riot, storm, condemnation, act of God or otherwise, except change; occurring in the ordinary course of business, which changes have not materially adversely affected and will not to the best of the knowledge of the Vendors materially adversely affect the organization, business, properties, prospects and financial condition of the Corporation;

5.15 (a) The entering into of this agreement and the transactions contemplated hereby will not result in the violation of any of the terms and provisions of the constating documents or by-laws of the Corporation, and shareholders' agreement, or of any indenture or other agreement, written or oral, to which the Corporation or the Vendors may be a party; nor will the sale and purchase to the best of the knowledge of the Vendors constitute a violation

or result in the suspension, revocation or termination of any licences, privileges, permits or franchises held by the Corporation and the Corporation at Time of Closing will be entitled to all benefits to be derived therefrom;

- (b) The entering into of this agreement and the transactions contemplated hereby will not to the best of the knowledge of the Vendors result in the violation of any applicable law or regulation of any jurisdiction in which the Corporation conducts business;
- (c) This agreement has been duly executed and delivered by the Vendors and is a valid and binding obligation of each of them enforceable in accordance with its terms;

5.16 The Business has been carried on in the ordinary and normal course since the Financial Statements and will be carried on in the ordinary and normal course after the date hereof and up to the Time of Closing;

5.17 No material capital expenditures have been made or authorized by the Corporation since the Financial Statements and no capital expenditures will be made or authorized by the Corporation after the date hereof and up to the Time of Closing without the prior written consent of the Purchaser;

5.18 At the Time of Closing the Corporation will not be a party to any lease or agreement in the nature of a lease, whether as lessor or lessee other than as disclosed in Schedule 5.18 attached hereto;

5.19 At the Time of Closing the Corporation will not be the owner of or under any agreement to own or lease any real property other than as set forth in Schedule 5.19;

5.20 The Corporation is not a party to any conditional sales contract, hire-purchase agreement or other title retention agreement or consignment arrangement or agreement other than as disclosed in the Financial Statements of the Corporation;

5.21 The Corporation now owns and will at Time of Closing have good and marketable title to its undertaking, property and assets, free and clear of any and all mortgages, liens, pledges, charges, security interests, encumbrances, actions, claims or demands of any nature whatsoever or howsoever arising, except as specifically set forth in Schedule 5.21 attached hereto; and all buildings, vehicles and equipment of the Corporation (whether owned or leased) are now and will at Time of Closing be in good repair and operating condition (ordinary wear and tear accepted) and adequate for the Business;

5.22 The Corporation has insured its property against loss or damage by all insurable hazards or risks on a replacement cost basis and such insurance coverage is as disclosed in Schedule 5.22 attached hereto and will be continued in full force and effect to and including

the Closing Date. The Corporation is not in default with respect to any of the provisions contained in any such insurance policy and has not failed to give any notice or present any claim under any such insurance policy in due and timely fashion;

5.23 The Corporation does not have any outstanding agreements (including employment agreements), contracts or commitments, whether written or oral of any nature or kind whatsoever except the contracts and agreements described in Schedule 5.23 hereto;

5.24 The Corporation does not now have or will have outstanding at Time of Closing any bonds, debentures or other indebtedness maturing more than one year after the date of its creation or issue and the Corporation is not now and will not be at Time of Closing under any obligations to create or issue any bonds, debentures or other evidences of indebtedness other than as disclosed on Schedule 4.24;

5.25 There are no actions, suits or proceedings (whether or not purportedly on behalf of the Corporation), pending or to the knowledge of the Vendors, threatened against or affecting the Corporation or the Business or the Corporate Vendors or any of their respective officers or directors, at law or in equity, or before or by any federal, provincial, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign. The Vendors are not now aware of any existing ground on which any such action, suit or proceeding might be commenced with any reasonable likelihood of success;

5.26 The Corporation is not in default or breach of any contracts, agreements, written or oral, indentures or other instruments to which it is a party and to the best of the knowledge of the Vendors, there exists no state of facts which after notice or lapse of time or both would constitute such a default or breach, and all such contracts, agreements, indentures or other instruments are now in good standing and the Corporation is entitled to all benefits thereunder;

5.27 Neither the Corporation nor the Vendors has received any notice to the effect that the service marks and trade names used in whole or in part or required in carrying on the Business, are owned by or claimed by another firm, person or corporation and so far as the Vendors are aware, the Corporation is entitled to use such service marks and trade marks;

5.28 To the best of the knowledge of the Vendors, the conduct of Business does not infringe upon the patents, trade marks, trade names or copyrights, domestic or foreign of any other person, firm or corporation;

5.29 The Corporation is conducting the Business in compliance in all material respects with all applicable laws, rules and regulations of each jurisdiction in which the Business is carried on, is not in breach of any such laws, rules or regulations and is duly licensed, registered or qualified in each jurisdiction in which the Corporation owns or leases property or carries on the Business, to enable the Business to be carried on as now conducted and

all such licenses, registration and qualifications are valid and subsisting and in good standing;

5.30 The Corporation has duly and timely filed all tax returns required to be filed by it and has paid all taxes, whether federal, provincial or municipal, which are due and payable, and has paid all assessments and reassessments, and all other taxes, governmental charges, penalties, interest and fines due and payable by it on or before the date hereof and all corporate reports which up to the date hereof are required to be filed by it, and will, up to Time of Closing reserve for payment as required all estimated future income and corporate tax for the current fiscal year and no proceeding or other action has been taken or, to the knowledge of the Vendors is about to be taken against the Corporation for reassessment or collection of additional taxes for any completed fiscal periods;

5.31 The Vendors will use commercially reasonable efforts to preserve and maintain the goodwill of the Corporation and the present relationship with persons having business dealings with the Corporation;

5.32 All bonuses, commissions, other emoluments and remittances required pursuant to any legislation, regulation or other legal requirement are current and other required source deductions are reflected and have been accrued in the books of account of the Corporation. Vacation allowances and employment particulars (term, job description, salary, employment benefits, vacation owed) for each Employee are attached at Schedule 5.33;

5.33 There shall be no employees of the Corporation (other than those approved in writing by the Purchaser and attached as Schedule 5.33) at the Time of Closing. Purchaser shall continue employment for substantially all of the Employees detailed on Schedule 5.33 at terms comparable to the period immediately before Closing.

5.34 All amounts or deposits received from customers as down payments or deposits of any other type in connection with the purchase of goods from the Corporation have been disclosed or shown on the Financial Statements of the Corporation and have been recorded in individual customer accounts.

5.35 Annexed hereto as Schedule 5.35 is a true and complete list showing

- (a) the name of each bank, trust company or other similar institution in which the Corporation has an account or a safety deposit box and the name of all persons authorized to draw cheques on such account or who have access to the box;
- (b) the name of each person, firm, corporation or business organization holding a general or special power of attorney from the Corporation and the summary of the terms thereof;

- (c) the significant assets of the Corporation and the location of same;

5.36 All bonuses, commissions and other remuneration paid to or payable to the date hereof during the current fiscal period to officers, directors, employees, shareholders, agents and representatives of the Corporation are reflected in the books of account of the Corporation and will be accrued in the books of account of the Corporation from date hereof to Time of Closing;

5.37 All receivables recorded in the books of the Corporation to best knowledge and belief of the Vendors (after due inquiry) are bona fide and good and, subject to uncollectible receivables in an amount consistent with prior practice, collectible without setoff or counterclaim and same are as attached at Schedule 5.37;

5.38 All assets located at the places of business referred to in Schedule 5.35 are owned by the Corporation and are reflected in and are subject to what is disclosed in the Financial Statements of the Corporation and all such assets will be at such locations at Time of Closing;

5.39 There are no undisclosed loans or indebtedness outstanding which have been made by the Corporation to directors, former directors, officers, shareholders and/or employees of the Corporation or to a person not dealing at arm's length with any of the Vendors other than as disclosed on Schedule 5.39;

5.40 Since the Financial Statements, the Corporation has not made or authorized or will make or authorize any payments to officers, directors, shareholders or employees of the Corporation except in the ordinary course of business and at the regular rates of salary or other remuneration payable to them and no bonuses have been paid or authorized or will be paid or authorized after the date hereof and prior to Time of Closing, except in the case of Services for the distribution described on Schedule 5.41 that arose by virtue of Services' status as an S corporation for U.S. federal income tax purposes.

5.41 Since the Financial Statements, the Corporation has not declared or paid or authorized or will declare, pay or authorize any dividends or other distributions on or payments in respect of any shares or securities of the Corporation and has not redeemed, purchased or otherwise acquired any of its shares or agreed to do so, except in the case of Services for the distributions described on Schedule 5.41 that arose by virtue of Services' status as an S corporation for U.S. federal income tax purposes.

5.42 Included in the Corporation's assets on Closing shall be good and valid certificates of Public Good in the States as listed on Schedule 5.42. The Switch and other U.S. assets shall be as indicated by the Vendors to the Purchaser on Closing. Any required licensing and regulatory approvals and/or transfers, continuances or refiling of certificates of public good to Purchaser shall be anticipated within 120 days of Closing and all parties to this Agreement shall use their best efforts to expedite such actions consistent with the letter of

instruction provided to Helein & Associates, P.C. with the full knowledge that the Purchaser is a foreign controlled entity;

5.43 Except as set forth on Schedule 5.43 all regulatory and licensing approvals shall be valid on the Closing Date and survive the share transfer herein.

6. **REPRESENTATIONS AND WARRANTIES OF PURCHASER**

Purchaser hereby represents and warrants:

6.1 Purchaser is a corporation duly incorporated, validly existing and in good standing under the laws of Georgia with the requisite corporate power and authority to enter into this agreement and the other Transaction Documents and perform its obligations hereunder and thereunder.

6.2 The execution, delivery and performance of this agreement and the other Transaction Documents by Purchaser and consummation of the transaction contemplated hereby and thereby have been duly and validly authorized by all requisite action, and no other proceedings on the part of Purchaser are necessary to authorize the execution, delivery or performance of this agreement or other Transaction Documents. This agreement has been, and the other Transaction Documents will be, duly executed and delivered by Purchaser and this agreement constitutes, and the other Transaction Documents will constitute, the valid and binding obligation of Purchaser enforceable in accordance with their respective terms.

6.3 The execution, delivery and performance of this agreement and the other Transaction Documents by Purchaser and the consummation by Purchaser of the transactions contemplated hereby and thereby do not and will not conflict with or result in any breach of any of the provisions or, constitute a default under, result in a violation of, result in the creation of a right of termination or acceleration or any lien, security interest, charge or encumbrance upon any assets of the Purchaser, or require any authorization, consent, approval, exemption or other action by or notice to any court or other governmental body, under the provisions of the Articles of Incorporation or Bylaws of Purchaser or any indenture, mortgage, lease, loan agreement or other agreement or instrument by which Purchaser is bound or affected, or any law, statute, rule or regulation or order, judgment or decree to which Purchaser is subject.

6.4 There are no actions, suits, proceedings, orders or investigations pending or, to the knowledge of Purchaser threatened against Purchaser at law or in equity, or before or by any arbitrator or any federal, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign that would have a material adverse effect on the transactions contemplated by this agreement.

7. COVENANTS OF THE VENDORS

The Vendors, by their acceptance hereof, jointly and severally, covenant and agree with the Purchaser that on or before the Closing Date they will do or will cause to be done the following:

7.1 Permit the Purchaser, prior to the Closing Date, through its representatives, to make such investigation of the properties and assets of the Corporation and of its financial and legal condition as the Purchaser deems necessary or advisable to familiarize itself with such properties, assets and other matters; such investigation shall not, however, affect or mitigate the Vendors' covenants, representations and warranties hereunder which shall continue in full force and effect as provided in this agreement. The Vendors agree to permit the Purchaser and its representatives to have, after the date of execution hereof, full access to the Business premises and agree to produce the following documents of the Corporation for inspection by the Purchaser's representatives:

all leases, licences, contracts, title documents, insurance policies, pension plans, guarantees, lists of salaries (management and others), management contracts, all insurance coverages, books, accounts and records and other financial and accounting data of the Corporation (including working papers of its existing accountants if obtainable), documents relating to pending law suits, if any, deeds and title papers, all minute books, share certificate books, share registers and other corporate documents, including the constating documents of the Corporation, and all books, records, accounts, financial statements and all other data which, in the opinion of the Purchaser's representatives, are required to make an examination of the Corporation and the Business;

7.2 Execute and deliver to the Purchaser at the Time of Closing employment agreements of Davidson and Ostler in the form of the unexecuted agreements attached hereto as Schedule 7.2;

7.3 Deliver to the Purchaser at the Time of Closing a favourable opinion of the Corporation's counsel, in form satisfactory to counsel for the Purchaser that:

- (i) the Corporations are each Corporations duly incorporated, validly existing and in good standing under the laws of Minnesota; the Corporation has the corporate power to own or lease its property and to carry on the Business as now being conducted and to enter into this Agreement and the other Transaction Documents;
- (ii) no consent, authorization, approval or order of , and no notice to or filing with, any court or governmental agency or regulatory body is required to be made or obtained by the Corporation for the transaction contemplated herein, other than any federal or state regulatory approvals for certification to provide telecommunication services, on which we render no opinion;

7.4 Furnish the Purchaser with evidence (including affidavits or statutory declarations of the Purchaser) reasonably satisfactory to the Purchaser that the facts with respect to each of the matters dealt with in each of the subclauses of Article 5 are true and correct as set out therein, provided that the receipt of such evidence and the closing of the transaction herein provided for shall not be a waiver of the covenants, representations and warranties contained in Article 5, which covenants, representations and warranties shall continue in full force and effect as provided herein;

7.5 Cause the Corporation to continue to maintain in full force and effect all policies of insurance now in effect and to give all notices and present all claims under all policies of insurance in due and timely fashion;

7.6 Take all necessary steps and proceedings required by law to complete the transaction contemplated by this agreement;

7.7 Cause such directors and officers of the Corporation as the Purchaser may specify to resign in favour of nominees of the Purchaser such resignations to be effective as at the Time of Closing;

7.8 Execute and deliver, and cause such officers and directors of the Corporation as the Purchaser may specify to execute and deliver, at the Time of Closing a full release of the Corporation;

7.9 Execute and deliver to the Purchaser at Time of Closing an agreement in the form of the unexecuted agreement attached hereto as Schedule 7.9 providing for the non-competition arrangements related to each of the Vendors;

COVENANTS OF PURCHASER

7.10 Purchaser shall execute and deliver to Davidson and Ostler at the Time of Closing employment agreements of Davidson and Ostler in the form of the unexecuted agreement attached hereto;

7.11 Purchaser shall furnish the Vendors with evidence (including affidavits or statutory declarations of the Purchaser) reasonably satisfactory to the Vendors that the facts with respect to each of the matters dealt with in each of the subclauses of Article 6 are true and correct as set out therein, provided that the receipt of such evidence and the closing of the transaction herein provided for shall not be a waiver of the covenants, representations and warranties contained in Article 6, which covenants, representations and warranties shall continue in full force and effect as provided herein in regard to Purchasers covenants, representations and warranties;

7.12 Purchaser shall take all necessary steps and proceedings required by law to complete the transaction contemplated by this agreement;

7.13 Purchaser shall execute and deliver to the Vendors at Time of Closing the agreements in the form of the unexecuted agreements attached hereto as Schedules.

7.14 Purchaser covenants to abide by the terms of this agreement regarding or otherwise provide:

- (i) the treatment of employees of the Corporation;
- (ii) reasonable disclosure of information to the Vendors after the Closing date for valid business purposes (example tax returns and litigation); and
- (iii) funding the Corporation to enable repayment of the shareholder loans as per this agreement.

7.15 Assist Vendors in obtaining the release of any guarantees as far as reasonably possible.

8. SURVIVAL OF COVENANTS, REPRESENTATIONS AND WARRANTIES

The covenants, representations and warranties of the Vendors contained in this agreement and contained in any documents or certificate given pursuant hereto shall be true and correct as of the Closing Date with the same force and effect as though such covenants, representations and warranties had been made on and as of the Closing Date and such covenants, representations and warranties shall survive the closing of the purchase and sale of the Purchased Shares herein provided for and, notwithstanding such closing, or any investigation made by or on behalf of the Purchaser, shall continue in full force and effect for the benefit of the Purchaser provided, however, that:

- (a) the covenants, representations and warranties of the Vendors, except those relating to tax liability shall terminate upon the expiration of 24 complete months immediately following Closing Date unless the Purchaser shall have notified the Vendors of a claim within such 24 month period;
- (b) those covenants, representations and warranties of the Vendors relating to tax liability of the Corporation shall, unless resulting from any misrepresentations made or fraud committed in filing a return or supplying information for the purposes of Internal Revenue Code of 1986 as amended, or any other legislation imposing tax, terminate at expiration of the last of the limitation periods contained in such legislation imposing tax on the Corporation subsequent to the expiration of which an assessment, reassessment or other form of recognized document assessing liability for tax, interest and/or penalties thereunder cannot be issued to the Corporation; and
- (c) there shall be no limit on the covenants, representations and warranties of the Corporation based upon any misrepresentations made or fraud committed in

filing a return or in supplying information for the purposes of the income taxes imposed on the Corporation.

9. **CONDITIONS OF CLOSING FOR THE BENEFIT OF THE PURCHASER**

The completion of the transaction contemplated herein is subject to the following terms and conditions for the exclusive benefit of the Purchaser to be fulfilled and/or performed at or prior to the Time of Closing:

9.1 The covenants, representations and warranties of the Vendors contained in Article 5 hereof shall be true and correct in all material respects as of the date hereof, each and every one of which is hereby deemed to be a condition;

9.2 The covenants, representations and warranties of the Vendors contained in this agreement or in any Schedule hereto or certificate or other document delivered to the Purchaser pursuant hereto shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such covenants, representations and warranties had been made on and as of such date, regardless of the date as of which the information in this agreement or any such Schedule or certificate or document is given, and the Purchaser shall have received at the Time of Closing on the Closing Date a certificate dated the Closing Date, in form satisfactory to counsel for the Purchaser, signed by the Vendors to the effect that such covenants, representations and warranties referred to above are in all material respects true and correct on and as of the Closing Date with the same force and effect as though made on and as of such date; provided that the acceptance of such certificate and the closing of the transaction herein provided for shall not be a waiver of the covenants, representations and warranties contained in Article 5 or in any Schedule hereto or in any certificate or document given pursuant to this agreement or in the certificate under this clause which covenants, representations and warranties shall continue in full force and effect as provided herein;

9.3 The Vendors shall have complied in all material respects with all covenants and agreements herein agreed to be performed or caused to be performed by them;

9.4 The regulatory approval of the Minnesota Public Utilities Commission shall have been obtained with respect to the continued full operations of the Corporation.

9.5 The title of the Corporation to its assets and undertaking, the legality of the incorporation and organization of the Corporation, the due creation and issuance as fully paid of all the outstanding shares of the Corporation and all corporate proceedings of the Corporation, its shareholders and directors and all other matters which are material in connection with the transaction herein contemplated shall be subject to the favourable opinion of such counsel and all relevant records and information shall be supplied to such counsel for that purpose;

9.6 No substantial damage by fire or other hazard to the physical assets of the Corporation shall have occurred prior to the time of Closing;

9.7 No action or proceeding by law or in equity shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency to enjoin or prohibit:

- (i) the completion of the transaction contemplated hereby or the right of the Purchaser to own the Purchased Shares; or
- (ii) the right of the Corporation to conduct its operations and carry on the Business in the normal course;

9.8 No legislation (whether by statute, by-law, regulation or otherwise) shall have been enacted or introduced which, in the reasonable opinion of the Purchaser, materially adversely affects or may materially adversely affect the operations and Business of the Corporation;

9.9 In case any of the foregoing conditions shall not be fulfilled and/or performed at or before the Closing Date to the satisfaction of the Purchaser, the Purchaser may rescind this agreement by notice to the Vendors and in such event, the Purchaser shall be released from all obligations hereunder and the Vendors shall also be released from all obligations hereunder; provided that any of the said conditions may be waived in whole or in part by the Purchaser without prejudice to its rights of rescission in the event of the non-fulfillment of any other condition or conditions and any such waiver to be binding on the Purchaser only if the same is in writing.

10. CONDITIONS OF CLOSING FOR THE BENEFIT OF THE VENDORS

10.1A The Covenants, representations and warranties of the Purchaser contained in Article 6 hereof shall be true and correct in all material respects as of the date hereof, each and every one of which is hereby deemed to be a condition;

10.1B The covenants, representations and warranties of the Purchaser contained in this agreement or in any Schedule hereto or certificate or other document delivered to the Vendors pursuant hereto shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such covenants, representations and warranties had been made on and as of such date, regardless of the date as of which the information in this agreement or any such Schedule or certificate or document is given, and the Vendors shall have received at the Time of Closing on the Closing Date a certificate dated the Closing Date, in form satisfactory to counsel for the Vendors, signed under seal by the Purchaser to the effect that such covenants, representations and warranties referred to above are in all material respects true and correct on and as of the Closing Date with the same force and effect as though made on and as of such date; provided that the acceptance

of such certificate and the closing of the transaction herein provided for shall not be a waiver of the covenants, representations and warranties contained in Article 6 or in any Schedule hereto or in any certificate or document given pursuant to this agreement or in the certificate under this clause which covenants, representations and warranties shall continue in full force and effect as provided herein;

10.2 The Vendors shall have complied in all material respects with all covenants and agreements herein agreed to be performed or caused to be performed by them;

10.3 All regulatory approvals and licensing approvals shall exist with respect to the continued full operations of the Corporation.

10.4 No action or proceeding by law or in equity shall be pending or threatened by any person, company, firm, governmental authority, regulatory body or agency to enjoin or prohibit:

- (i) the completion of the transaction contemplated hereby or the right of the Purchaser to own the Purchased Shares; or
- (ii) the right of the Purchaser to conduct its operations and carry on the Business in the normal course;

10.5 In case any of the foregoing conditions shall not be fulfilled and/or performed at or before the Closing Date to the satisfaction of the Vendors, the Vendors may rescind this Agreement by notice to the Purchaser and in such event, the Vendors shall be released from all obligations hereunder and the Purchaser shall also be released from all obligations hereunder; provided that any of the said conditions may be waived in whole or in part by the Vendors without prejudice to their rights of rescission in the event of the non-fulfillment of any other condition or conditions and any such waiver to be binding on the Vendors only if the same is in writing.

11. INDEMNIFICATION

11.1 The Vendors, jointly and severally covenant and agree to indemnify and save harmless the Purchaser and the Corporation of and from any loss whatsoever arising out of, under or pursuant to:

- (a) all material debts, liabilities, contracts or engagements whatsoever, including any liabilities for federal, state, sales, excise, income, corporate or any other taxes of the Corporation, existing or accruing up to the Time of Closing and not disclosed on or included in the Financial Statements of the Corporation or in this Agreement or in the schedules attached hereto;

- (b) all contingent liabilities which the Corporation becomes obligated to pay, existing at the Time of Closing, and not disclosed or reflected in the Financial Statements of the Corporation;
- (c) any reassessment for income or corporate tax, interest and/or penalties for any period up to the Closing Date for which no adequate reserve has been provided and disclosed on the Financial Statements of the Corporation;
- (d) any loss suffered by the Purchaser or the Corporation directly as a result of any breach of a representation, warranty or covenant contained in this agreement including any costs on a solicitor and client basis;

11.2 The Purchaser covenants and agrees to indemnify and save harmless the Vendors of and from any loss whatsoever arising out of, under or pursuant to any loss suffered by the Vendors directly as a result of any breach of a representation, warranty or covenant contained in this agreement including any costs on a solicitor and client basis.

11.3 Method of Asserting Claims. As used herein, an "Indemnified Party" shall refer to the party hereto entitled to indemnification hereunder, and the "Indemnifying Party" shall refer to the party hereto obligated to indemnify the Indemnified Party.

(a) In the event that any of the Indemnified Parties is made a defendant in or party to any action or proceeding, judicial or administrative instituted by any third party for the liability or the costs of expenses of which are Losses (any such third party action or proceeding being referred to as a "Claim"), the Indemnified Party shall give the Indemnifying Party prompt notice thereof. The failure to give such notice shall not affect any Indemnified Party's ability to seek reimbursement unless such failure has materially and adversely affected the Indemnifying Party's ability to demand successfully a Claim. The Indemnifying Party shall be entitled to contest and defend such Claim; provided, that the Indemnifying Party (i) has a reasonable basis for concluding that such defense may be successful and (ii) diligently contests and defends such Claim. Notice of the intention so to contest and defend shall be given by the Indemnifying Party to the Indemnified Party within 20 business days after the Indemnified Party's notice of such Claim (but, in no events, at least five business days prior to the date that an answer to such Claim is due to be filed). Such contest and defense shall be conducted by reputable attorneys employed by the Indemnifying Party. If the Indemnifying Party fails to give such notice or assume such defense, then the Indemnified Party shall be entitled to undertake such defense and its reasonable costs and expenses (including, without limitation, attorney fees and expenses) shall be included in the Loss to be indemnified by the Indemnifying Party. If the Indemnifying Party elects to contest and defend a Claim, the Indemnified Party shall be entitled at any time, at its own costs and expense which expense shall not constitute a Loss unless the Indemnified Party reasonably determines that the Indemnifying Party is not adequately representing or, because of a conflict of interest,

may not adequately represent, any interests of the Indemnified Parties, and only to the extent that such expenses are reasonable), to participate in such contest and defense and to be represented by attorneys of its or their own choosing. If the Indemnified Party elects to participate in such defense, the Indemnified party will cooperate with the Indemnifying Party in the conduct of such defense. Neither the Indemnified Party nor the Indemnifying Party may concede, settle or compromise any Claim within the consent of the other party, which consents will not be unreasonably withheld or delayed. Notwithstanding the foregoing, (i) if a claim seeks equitable relief or (ii) if the subject matter of a Claim relates to the ongoing business of any of the Indemnified Parties, which Claim, if desired against any of the Indemnified Parties, would materially adversely affect the ongoing business or reputation of any of the Indemnified Parties, then, in each such case, the Indemnified Parties alone shall be entitled to contest, defend and settle such Claim in the first instance and, if the Indemnified Parties do not contest, defend or settle such claim, the Indemnifying party shall then have the right to contest and defend (did not settle) such Claim.

(b) In the event any Indemnified Party should have a claim for indemnification against any Indemnifying Party (whether such claim does not involve a Claim or involves a settled or resolved Claim which the Indemnifying Party has not defended for any reason, or a Claim from which an Indemnified Party has suffered Losses by reason of the Indemnifying Party's failure to adequately represent an Indemnified Party's interests or otherwise to indemnify the Indemnified Party), the Indemnified Party shall deliver a notice of such claim to the Indemnifying Party, setting forth in reasonable detail the identity, nature and estimated amount of Losses (if reasonably determinable) related to such claim or claims, with reasonable promptness and in all events prior to the expiration of the Indemnifying Party's indemnification obligation hereunder. If the Indemnifying Party notifies the Indemnified Party that it does not dispute the claim described in such notice or fails to notify the Indemnified Party within 30 days after delivery of such notice by the Indemnified Party whether the Indemnifying Party disputes the claim described in such notice the Loss in the amount specified in the Indemnified Party's notice will be conclusively deemed a liability of the Indemnifying Party and the Indemnifying Party shall pay the amount of such Loss to the Indemnified Party on demand. If the Indemnifying party has timely disputed its liability with respect to such claim, any Vice President of Purchaser and the Agent of Fibresin will proceed in good faith to negotiate a resolution of such dispute for a period of at least 30 days.

(c) After the Closing, the rights set forth in this Article IX shall be each party's sole and exclusive remedies against the other party hereto for misrepresentations or breaches of covenants contained in this agreement and the Transaction Documents. Notwithstanding the foregoing, nothing herein shall prevent any of the Indemnified Parties from bringing an action based upon allegations of fraud of an obligation of or with respect to either party in connection with this agreement and the Transaction

Documents. In the event such action is brought, the prevailing party's attorneys' fees and costs shall be paid by the nonprevailing party.

12. CLOSING ARRANGEMENTS

12.1 The closing shall take place by fax (original to follow) or couriered original copies at the Time of Closing on the Closing Date at the offices of Messrs. Harrison, Elwood, counsel for the Purchaser, London, Ontario.

12.2 At the Time of Closing on the Closing Date, upon fulfillment of all the conditions set out herein which have not been waived in writing by the Purchaser or the Vendors, as the case may be, the Vendors shall deliver to the Purchaser certificates representing all of the Purchased Shares, duly endorsed in blank for transfer (with signatures guaranteed) and will cause the transferred shares to be duly recorded in the books of the Corporation in the name of the Purchaser's nominee, whereupon, subject to all other terms and conditions hereof being complied with, payment of the Purchase Price shall be paid and satisfied in the manner provided herein.

13. COMMISSIONS, ETC.

The Purchaser covenants and agrees with the Vendors to pay the fee and all other amounts due and payable pursuant to that certain Seller's Authorization and Exclusive Fee Agreement between Strategic Alliances, Inc. (a.k.a. Strategic Alliances Inc.) and International Mergers and Acquisition, Inc. ("IMAI") dated October 21, 1996 a copy of which is attached hereto and to indemnify and save harmless the Vendors from and against any claims whatsoever for such payment. The parties confirm no other broker or agent was involved in this transaction.

14. ANNOUNCEMENTS

No announcement with respect to this agreement shall be made by the Corporation, the Vendors or the Purchaser without the prior approval of the parties.

15. NOTICES

Any notice, direction or other instrument required or permitted to be given to the Vendors hereunder shall be in writing and may be given by mailing the same postage prepaid or delivering the same addressed to them:

Les Davidson and Erin Ostler: 200-1959 Sloan Place
St. Paul, MN, USA 55117

Bill Torrey (personally 801 7th Avenue East
and corporately) and M. Joanne Torrey: Superior, WI 54880

with a copy to Phillip H. Martin, Esq., Dorsey & Whitney LLP, 220 S. Sixth Street, Minneapolis, Minn. 55402

Any notice, direction or other instrument required or permitted to be given to the Purchaser hereunder shall be in writing and may be given by mailing the same postage prepaid or delivering the same addressed to it c/o Harrison, Elwood, 450 Talbot Street, London, Ontario, N6A 4K3, Attention: L. Michele Mannering.

Any notice, direction or other instrument aforesaid if delivered shall be deemed to have been given or made on the date on which it was delivered or if mailed shall be deemed to have been given or made on the (second) business day following the day on which it was mailed.

The Purchaser and the Vendors may change their address for service from time to time by notice given in accordance with the foregoing.

16. **TIME OF THE ESSENCE**

Time shall be of the essence of this agreement.

17. **EXECUTION IN COUNTERPARTS AND BY FAX**

This agreement may be executed in one or more counterparts, each of which so executed shall constitute an original and all of which together shall constitute one and the same agreement. This Agreement and related documents may be executed by fax with originals to be supplied promptly in due course.

18. **CURRENCY**

All sums expressed in this agreement and the other Transaction Documents shall be in U.S. dollars.

19. **ENTIRE AGREEMENT**

This agreement, including the Schedules hereto, constitutes the entire agreement between the parties hereto. There are not and shall not be any verbal statements, representations, warranties, undertakings or agreements between the parties and this agreement may not be amended or modified in any respect except by written instrument signed by the parties hereto.

20. PROPER LAW OF CONTRACT

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 Minnesota. Each of the parties hereto hereby knowingly attorns to the jurisdiction of the courts of the State of Minnesota.

21. BENEFIT AND BINDING NATURE OF THE AGREEMENT

This agreement shall come to the benefit of and be binding upon the parties hereto and their respective heirs, legal personal representatives, successors and assigns (but shall not be assignable by either of the parties hereto prior to the Time of Closing without the written consent of the other party hereto).

IN WITNESS WHEREOF this agreement has been executed by the parties hereto.

LONDON TELECOM NETWORK CORP.

For: [Signature]

STRATEGIC ALLIANCES, INC.

For: [Signature]

STRATEGIC SERVICES INC.

For: [Signature]

[Signature]
LEE DAVIDSON

[Signature]
EDWIN OSTLER

[Signature]
BILL TORREY

[Signature]
M. JOANNE TORREY

EXHIBIT 4

Financial Statements

STRATEGIC ALLIANCES INC
Income Statement
For the Two Months Ending February 28, 1997

	Current Month		Year to Date	
Revenues				
1+ Billings	295,993.35	88.49	518,672.63	89.26
Billable Work	7,971.30	2.38	8,428.80	1.45
MCI	60.36	0.02	60.60	0.01
Opticom	6,177.80	1.85	16,923.22	2.91
US Link	0.00	0.00	2,687.37	0.46
Telecom	1,844.50	0.55	4,447.81	0.77
TransAction Networks Inc	58.40	0.02	250.45	0.04
Debit Cards	97.80	0.03	185.30	0.03
Local Service DT	370.00	0.11	740.00	0.13
ZPDI	12,279.26	3.67	18,514.83	3.19
NORLIGHT	2,538.95	0.76	2,448.78	0.42
Frontier Carrier	5,112.62	1.53	5,743.37	0.99
Other Income	1,989.48	0.59	1,989.48	0.34
Total Revenues	334,493.82	100.00	581,092.64	100.00
Cost of Sales				
Local Service DT	3,368.64	1.01	6,510.73	1.12
Commissions	<3,934.83>	<1.18>	156.10	0.03
Frontier Carrier Costs	5,112.62	1.53	5,743.37	0.99
Carrier	212,774.74	63.61	340,256.89	58.55
Docu-Voice	332.42	0.10	451.12	0.08
Sales Discounts	2,576.03	0.77	4,585.88	0.79
Adjustments	3,409.15	1.02	13,290.75	2.29
Sales Tax Expense	19.63	0.01	19.63	0.00
Rent - Switch Location	675.00	0.20	1,392.57	0.24
T-1 Cost Allnet	227.70	0.07	455.40	0.08
T-1 Cost Radisson Centerplace	270.00	0.08	270.00	0.05
T-1 Cost CTS 1+	220.00	0.07	440.00	0.08
T-1 Cost Radisson Plaza	230.00	0.07	452.68	0.08
Other Cost of Goods Sold	923.96	0.28	3,486.96	0.60
Total Cost of Sales	226,205.06	67.63	377,512.08	64.97
Gross Profit	108,288.76	32.37	203,580.56	35.03
Expenses				
Surcharges	47.73	0.01	47.73	0.01
BAD DEBT	<24.50>	<0.01>	10,566.40	1.82
Auto Expenses	194.73	0.06	412.66	0.07
Loaded Expenses/Mileage	2,650.06	0.79	5,428.92	0.93
Insurance	1,348.03	0.40	2,696.06	0.46
Health Insurance	1,111.18	0.33	2,987.42	0.51
Officers Life Insurance	543.15	0.16	1,118.25	0.19
Legal & Compliance	2,757.78	0.82	5,277.41	0.91
Accounting	0.00	0.00	534.35	0.09
Maintenance & Repairs	144.00	0.04	384.00	0.07
Office Supplies	632.03	0.19	2,293.19	0.39
Advertising & Promotion	27.62	0.01	54.52	0.01
Telemarketing Dept.	0.00	0.00	535.00	0.09
Freight	511.08	0.15	827.10	0.14
Printing Costs - Marketing	0.00	0.00	1,872.64	0.32
Bank Charges	15.00	0.00	775.41	0.13
Interest	1,531.17	0.46	2,127.20	0.37
Postage	500.00	0.15	1,486.24	0.26
Sub Contract	120.00	0.04	277.50	0.05
Tech Supplies	0.00	0.00	32.35	0.01
Leasing - Automobiles	1,388.22	0.42	2,751.44	0.47
Maintenance Agreement	411.87	0.12	4,395.27	0.76
Internet Access	15.23	0.00	35.18	0.01
Programming Fees	1,225.00	0.37	2,300.00	0.40
Telephone	1,827.58	0.55	3,843.70	0.66
Telephone Nite Answering	184.50	0.06	364.20	0.06
Dues & Subscriptions	0.00	0.00	50.00	0.01
Travel	333.10	0.10	333.10	0.06

For Management Purposes Only

STRATEGIC ALLIANCES INC
Income Statement
For the Two Months Ending February 28, 1997

Entertainment - Meals	333.38	0.10	333.38	0.06
Wages Expense	55,541.63	16.60	107,439.98	18.49
Employer FICA Tax Expense	4,112.81	1.23	8,091.39	1.39
Employer FUTA Tax Expense	275.06	0.08	672.69	0.12
Employer SUTA Tax Expense	1,211.92	0.36	2,450.54	0.42
	<hr/>		<hr/>	
Total Expenses	78,969.36	23.61	172,795.22	29.74
	<hr/>		<hr/>	
Net Income	\$ 29,319.40	8.77	\$ 30,785.34	5.30
	<hr/>		<hr/>	

STRATEGIC ALLIANCES INC
Balance Sheet
February 28, 1997

ASSETS

Current Assets		
Checking - Roseville	\$	1,452.34
Checking - F & M		10,027.83
Checking - Norwest		31,835.93
Petty Cash		400.00
Accounts Receivable		21,271.22
1+ Billings		282,919.09
CA - Est Corp Tax		200.00
Note Rec. EEO		13,601.40
Note Rec. LJD		13,601.40
US West Switch Deposit		6,000.00
		<hr/>
Total Current Assets		381,309.21
Property and Equipment		
Office Furniture		10,803.14
Office Equipment		144,104.89
Field Equipment		406,361.29
Accum Depr - Office Furniture		<7,869.34>
Accum Depr - Office Equipment		<84,485.36>
Accum Depr - Field Equipment		<247,315.55>
		<hr/>
Total Property and Equipment		221,599.07
Other Assets		
Certification Costs		132,792.23
Loan Costs		5,000.00
Accum Amort - Certif Costs		<28,139.93>
Accum Amort - Loan Costs		<4,999.67>
Oklahoma Surety Bond Deposit		500.00
		<hr/>
Total Other Assets		105,152.63
Total Assets	\$	<u>708,060.91</u>

LIABILITIES AND CAPITAL

Current Liabilities		
Accounts Payable	\$	891,480.49
Other Current Liabilities		7,223.63
Sales Tax Payable - WI		103.94
Wages Payable		<28,219.33>
SAR - SEP Payable		<630.37>
Medical-Out-Of-Pocket		31.43
Dependent Care-Payable		<0.02>
FUTA Payable		<2.87>
Other Current Liabilities		35,000.00
SSI N/P		96,426.36
		<hr/>
Total Current Liabilities		1,001,413.26
Long-Term Liabilities		
National Bank Commerce Note		27,241.30
Note Payable B. Torrey		10,852.80
Note Payable Bill Torrey		40,052.48
B. Torrey N/P		34,000.00
L. Davidson N/P		33,000.00
E. Ostler N/P		33,000.00
		<hr/>
Total Long-Term Liabilities		178,146.58
Total Liabilities		1,179,559.84
Capital		
Common Stock		16,200.00

Unaudited - For Management Purposes Only

STRATEGIC ALLIANCES INC
Balance Sheet
February 28, 1997

Retained Earnings
Net Income

<518,484.27>
30,785.34

Total Capital

<471,498.93>

Total Liabilities & Capital

\$ 708,060.91

LONDON TELECOM NETWORK, CORP.

BALANCE SHEET

AS AT MARCH 31, 1997

ASSETS

CURRENT ASSETS

SHARE SUBSCRIPTION RECEIVABLE	<u>\$1,000,000</u>
	1,000,000

CAPITAL ASSETS

TELECOMMUNICATIONS EQUIPMENT	<u>100,000</u>
	<u>\$1,100,000</u>

SHAREHOLDERS EQUITY

STATED CAPITAL

AUTHORIZED

1,000,000 COMMON VOTING SHARES
HAVING A PAR VALUE OF \$0.01 PER SHARE

1,000,000 PREFERRED NON-VOTING SHARES
HAVING A PAR VALUE OF \$100. PER SHARE

ISSUED

1,000,000 COMMON VOTING SHARES WITH A PAR VALUE OF \$0.01 EACH	\$10,000
---	----------

10,900 PREFERRED NON-VOTING SHARES WITH A PAR VALUE OF \$100 EACH	<u>1,090,000</u>
--	------------------

\$1,100,000

IMDC/3144/B/266497

INTERNATIONAL OPERATIONS, CENTRAL
234 BINCOC STREET, 3RD FLOOR
TORONTO, ONTARIO
M5T 1T1
TELEX: MCI 62960
SWIFT: BOMFCAT2
PHONE: 416-867-6739
FAX: 416-867-7162

DATE OF ISSUE: MARCH 31, 1997
IRREVOCABLE STANDBY LETTER OF CREDIT

IMDC/3144/S/266497

APPLICANT:
CSM GROUP INC.
LONDON TELECOM NETWORK INC.
710 DORVAL DRIVE
DARVILLE, ONTARIO, L6K 3V7

BENEFICIARY:
LTN CORP.
210 INTERSTATE NORTH PARKWAY
SUITE 700
ATLANTA, GEORGIA, 30339

AMOUNT: 1,000,000.00 USD
MAXIMUM ONE MILLION AND 00/100'S U.S.
DOLLARS

WE HEREBY AUTHORIZE YOU TO DRAW ON BANK OF MONTREAL, INTERNATIONAL OPERATIONS, CENTRAL, 234 BINCOC STREET, 3RD FLOOR, TORONTO, ONTARIO, CANADA M5T 1T1, FOR THE ACCOUNT OF CSM GROUP INC., UP TO AN AGGREGATE AMOUNT OF ONE MILLION AND 00/100'S UNITED STATES DOLLARS (USD1,000,000.00).

PURSUANT TO THE REQUEST OF OUR CUSTOMER, THE SAID CSM GROUP INC., WE, BANK OF MONTREAL, INTERNATIONAL OPERATIONS, CENTRAL, HEREBY ESTABLISH AND GIVE YOU AN IRREVOCABLE STANDBY LETTER OF CREDIT (THE "CREDIT") IN YOUR FAVOUR IN THE TOTAL AMOUNT OF ONE MILLION AND 00/100'S UNITED STATES DOLLARS (USD1,000,000.00), WHICH MAY BE DRAWN ON BY YOU AT ANY TIME AND FROM TIME TO TIME, UPON WRITTEN DEMAND FOR PAYMENT MADE UPON US BY YOU, WHICH DEMAND WE SHALL HONOUR WITHOUT INQUIRING WHETHER YOU HAVE THE RIGHT AS BETWEEN YOURSELF AND THE SAID CUSTOMER TO MAKE SUCH DEMAND, AND WITHOUT RECOGNIZING ANY CLAIM OF OUR SAID CUSTOMER, OR OBJECTION BY IT TO PAYMENT BY US.

THE TOTAL AMOUNT OF THIS CREDIT SHALL BE REDUCED FROM TIME TO TIME, AS ADVISED BY NOTICE IN WRITING GIVEN TO US FROM TIME TO TIME BY YOU.

THIS CREDIT WE UNDERSTAND RELATES TO THE PURCHASE OF 1,000,000 SHARES.

THIS CREDIT WILL CONTINUE UP TO THE 31ST DAY OF MAY, 1997, AND WILL EXPIRE AT OUR COUNTERS ON THAT DATE AND YOU MAY CALL FOR PAYMENT OF THE FULL AMOUNT OUTSTANDING UNDER THIS CREDIT UP TO THE CLOSE OF BUSINESS ON THAT DATE.

PARTIAL DRAWINGS ARE PERMITTED.

DRAWING(S) UNDER THIS CREDIT MUST STATE ON THEIR FACE THAT THEY ARE DRAWN UNDER BANK OF MONTREAL, INTERNATIONAL OPERATIONS, CENTRAL, 234 BINCOC STREET, 3RD FLOOR, TORONTO, ONTARIO, CANADA M5T 1T1.

THIS CREDIT IS SUBJECT TO THE UNIFORM CUSTOMS AND PRACTICE FOR DOCUMENTARY CREDITS (1993 REVISION, INTERNATIONAL CHAMBER OF COMMERCE, PARIS, FRANCE, PUBLICATION NO. 500).

IMDC/3144/S/266497

[Handwritten signature]

SIGNING OFFICER (NGIR)

[Handwritten signature]

AUTHORIZED SIGNING OFFICER

THIS DOCUMENT CONSISTS OF 2 PAGE(S)
IMDC/3144/S/266497

Alice Garabedian
Page 76

1. Copy for:
Beneficiary/Telex/First Mailing
Beneficiary/Telex/Premier envoi

** TOTAL PAGE.003 **

EXHIBIT 5

Corporate Organizational Chart

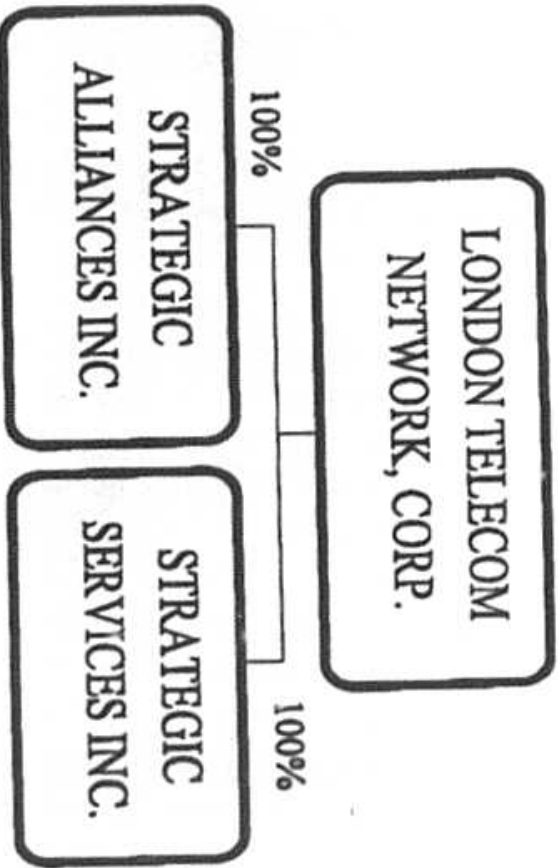


EXHIBIT 6

Management Resumes

LONDON TELECOM NETWORK CORP.

210 International North Parkway

Suite 520

Atlanta, Georgia 30339

(770) 618 - 0867

Key Personnel Resumes

Chief Operations Officer

Mr. James Weisz

Mr. Weisz is President and Chief Operating Officer of London Telecom Network Corp. Mr. Weisz has over seventeen years experience in telecommunications and has been instrumental in leading London Telecom through several years of extraordinary growth. Mr. Weisz is the recipient of the prestigious Canadian Chamber of Commerce Business Achievement Award.

Chief Financial Officer

Mr. Colin D. Wood

Mr. Wood is Chief Financial Officer of London Telecom Network Corp. and holds a designation as a Chartered Accountant. Mr. Wood has held various financial positions with London Telecom for over four years and has participated in structuring the Corporation to successfully accommodate growth and change.

Executive Vice President

Mr. Lester Davidson

Mr. Davidson is President of Strategic Alliances Inc., a long distance carrier currently serving 33 states. Mr. Davidson has been responsible and instrumental in building the network and operational structure of Strategic Alliances. Mr. Davidson has over ten years experience in the telecommunications industry.

Vice President, Sales & Marketing

Ms. Erin Ostler

Ms. Ostler is co-founder of an installation, service and maintenance company for telephone equipment, hardware and software throughout the United States and Canada. Ms. Ostler assisted in direction of a \$5MM company through network management, sales evaluations and customer retention programs. Ms. Ostler marketed Executone Telephone System products in a two state area. Products included PBX, Key System, Paging and Call Accounting. Included developing new sales product plan for emerging markets in Voice Mail, Fax and other peripheral equipment not previously available. Ms. Ostler advanced to Senior Sales executive as a result of maintaining the highest sales in a company of 45.

Vice President of Network Services

Mr. Randy Patrick

Mr. Patrick has served as a Network Operations Manager for several large telephone networks in Canada. Mr. Patrick has been instrumental in building a network which is of extraordinary high quality that currently delivers Canadian originating traffic to all of Canada and the lower 48 states.