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TO: DIVISION OF CORPORATIONS

FAX #: (904)922-4000

FROM: BARNETT, BOLT, KIRKWOOD & LONG
CONTACT: NORMA P DEGUENTHER
PHONE: (813)253-2020

ACCT#: 072731001155

FAX #: (813)251-6711

NAME: FAIRWAY MARKETING GROUP, INC.

AUDIT NUMBER.....H96000017992

DOC TYPE.....BASIC AMENDMENT

CERT. OF STATUS..1

PAGES..... 4

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Rest. Articles

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TALLAHASSEE, FLORIDA

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ARTICLES OF RESTATEMENT
OF
PMT FLORIDA ACQUISITION CORPORATION,
Formerly Known As
FAIRWAY MARKETING GROUP, INC.

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TALLAHASSEE, FLORIDA

In accordance with Section 607.1007 of the Florida Statutes, 1995, Eugene C. Barker, the president of PMT Florida Acquisition Corporation, formerly known as Fairway Marketing Group, Inc., (the "Corporation"), hereby certifies as follows:

1. The name of this Corporation is PMT Florida Acquisition Corporation, formerly known as Fairway Marketing Group, Inc.

2. Pursuant to that certain Agreement and Plan of Merger dated December 20, 1996 (the "Plan") among PMT Services, Inc., PMT Florida Acquisition Corporation ("Merger Sub"), this Corporation, Eugene C. Barker, Charles A. Osborn, Jr., and Charles H. Schontz, Merger Sub was merged into this Corporation, and this Corporation became the surviving corporation.

3. Pursuant to Section 2.1 of the Plan, the Articles of Incorporation of this Corporation were amended in their entirety. As so amended, the restated Articles of Incorporation of this Corporation are set forth in Exhibit "A," which is attached hereto and incorporated herein by this reference.

4. The Plan, and the amendments to the Articles of Incorporation set forth in the Plan, were duly adopted by the shareholders of this Corporation on December 20, 1996. The holders of common stock of this Corporation were entitled to vote as a single voting group on the foregoing amendments, and the number of votes cast for the amendments by such voting group was sufficient for approval.

H96000017992
Leslie Wager Hudock, Esq.
Barnett, Bolt, Kirkwood & Long
601 Bayshore Blvd., Suite 700
Tampa, FL 33606 FLA. BAR NO. 650706

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IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Restatement to be executed by its duly authorized officer this 24th day of December, 1996.

PMT FLORIDA ACQUISITION
CORPORATION, formerly known as
FAIRWAY MARKETING GROUP, INC.

By 
Eugene C. Barker, President

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RESTATED ARTICLES OF INCORPORATION
OF
PMT FLORIDA ACQUISITION CORPORATION,
Formerly Known As
FAIRWAY MARKETING GROUP, INC.

The undersigned hereby restates the Articles of Incorporation, as amended to date, of PMT Florida Acquisition Corporation, formerly known as Fairway Marketing Group, Inc. (the "Corporation"), a Florida corporation, pursuant to the following Restated Articles of Incorporation:

1. Name. The name of the Corporation is PMT Florida Acquisition Corporation.

2. Principal Office. The address of the principal office of the Corporation is 2 Maryland Farms, Suite 200, Nashville, Tennessee 37027.

3. Authorized Shares. The Corporation shall have authority, acting by its board of directors, to issue not more than One Thousand (1,000) shares of common stock, each with no par value ("Common Stock"). All shares of Common Stock shall be one and the same class and when issued shall have equal rights of participation in dividends and assets of the Corporation and shall be non-assessable. Each outstanding share of Common Stock shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

4. Registered Office and Registered Agent. The address of the registered office of the Corporation in Florida is 1201 Hays Street, Tallahassee, Florida 32301. The Corporation's registered agent at the registered office is Corporation Service Company.

5. Indemnification. The Corporation shall, to the fullest extent permitted by Section 607.0850 of the Florida Business Corporation Act, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to or covered by said section, and indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his official vote of stockholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

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EXHIBIT "A"

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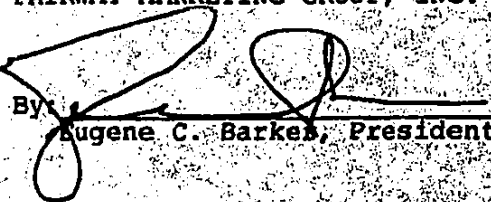
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IN WITNESS WHEREOF, the undersigned Corporation has caused these Restated Articles of Incorporation to be executed by its duly authorized officer this 24th day of December, 1996.

PMT FLORIDA ACQUISITION
CORPORATION, formerly known as
FAIRWAY MARKETING GROUP, INC.

By: 

Eugene C. Barker, President

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STATE OF FLORIDA
DEPARTMENT OF STATE

ACCEPTANCE AS REGISTERED AGENT

The following is submitted in compliance with Section 607.0501(3) of the Florida Statutes:

1. The name of the corporation is FMT Florida Acquisition Corporation, f/k/a Fairway Marketing Group, Inc.
2. The registered office is located at 1201 Hays Street, Tallahassee, Florida 32301.
3. The name of the registered agent is Corporation Service Company.

I hereby acknowledge that I am familiar with and accept the obligations provided for in Section 607.0503 of the Florida Statutes and hereby accept appointment as Registered Agent for FMT Florida Acquisition Corporation, f/k/a Fairway Marketing Group, Inc.

CORPORATION SERVICE COMPANY

By: Lori E. Dunlap
LORE E. DUNLAP,
Its authorized agent

"Registered Agent"

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ARTICLES OF MERGER
Merger Sheet

MERGING:

PMT FLORIDA ACQUISITION CORPORATION, a Florida corporation,
P96000102451

INTO

FAIRWAY MARKETING GROUP, INC. which changed its name to
PMT FLORIDA ACQUISITION CORPORATION, a Florida corporation, H15974

File date: December 23, 1996

Corporate Specialist: Linda Stitt

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12/23/96

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FROM: BARNETT, BOLT, KIRKWOOD & LONG
CONTACT: NORMA P DEGUENTHER
PHONE: (813) 253-2020

ACCT#: 072731001155

FAX #: (813) 251-6711

NAME: FAIRWAY MARKETING GROUP, INC.

AUDIT NUMBER.....H96000017943

DOC TYPE.....MERGER OR SHARE EXCHANGE

CERT. OF STATUS..1

PAGES..... 50

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

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**ARTICLES OF MERGER
MERGING PMT FLORIDA ACQUISITION CORPORATION
INTO FAIRWAY MARKETING GROUP, INC.**

Pursuant to the provisions of the Florida Business Corporation Act, Section 607.1105 of the Florida Statutes, 1995, the undersigned corporations adopt the following Articles of Merger for the purpose of merging PMT FLORIDA ACQUISITION CORPORATION, a Florida corporation ("Merger Sub"), into FAIRWAY MARKETING GROUP, INC., a Florida corporation ("Fairway"), pursuant to which Fairway will be the surviving corporation.

1. A copy of the Agreement and Plan of Merger dated as of December 20, 1996 (the "Plan of Merger") among PMT Services, Inc., Merger Sub, Fairway, Eugene C. Barker, Charles A. Osborn, Jr., and Charles H. Schontz is attached hereto as Exhibit "A" and incorporated fully herein by this reference.

2. This merger shall become effective on the later of December 20, 1996, or the date these Articles of Merger are filed with the Florida Department of State.

3. The Plan of Merger was adopted by the sole shareholder of Merger Sub on December 20, 1996 and by the shareholders of Fairway on December 20, 1996.

IN WITNESS WHEREOF, the constituent corporations have executed these Articles of Merger this 20th day of December, 1996.

Leslie Wager Hudock, Esquire
BARNEIT, BOLT, KIRKWOOD & LONG
601 Bayshore Blvd., Suite 700
Tampa, FL 33606
813-253-2020
Fla. Bar No. 650706

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TALLAHASSEE, FLORIDA

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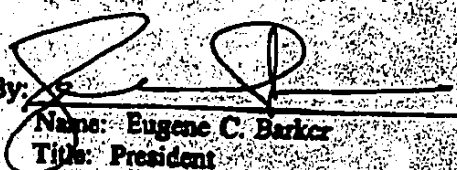
PMT FLORIDA ACQUISITION CORPORATION

By: 

Name: Gregory S. Daily

Title: President

FAIRWAY MARKETING GROUP, INC.

By: 

Name: Eugene C. Barker

Title: President

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AGREEMENT AND PLAN OF MERGER
AMONG
PMT SERVICES, INC.,
PMT FLORIDA ACQUISITION CORPORATION,
FAIRWAY MARKETING GROUP, INC.

And

EUGENE C. BARKER, CHARLES A. OSBORN, JR.
AND CHARLES H. SHONTZ, as Stockholders
of Fairway Marketing Group, Inc.

Dated: December 20, 1996

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EXHIBIT "A"

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AGREEMENT AND PLAN OF MERGER

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TALLAHASSEE, FLORIDA

This AGREEMENT AND PLAN OF MERGER (the "Agreement"), is executed as of the 20th day of December, 1996, by and among PMT Services, Inc., a Tennessee corporation ("PMT"), PMT Florida Acquisition Corporation, a newly formed Florida corporation and wholly owned subsidiary of PMT ("Merger Sub"), Fairway Marketing Group, Inc., a Florida corporation ("Fairway") and Eugene C. Barker, Charles A. Osborn, Jr. and Charles H. Shontz, stockholders of Fairway (collectively, the "Controlling Fairway Stockholders").

RECITALS

A. The Boards of Directors of PMT and Fairway each have determined that a business combination between PMT and Fairway is in the best interests of their respective companies and shareholders and presents an opportunity for their respective companies to enhance the service provided to consumers and achieve long-term strategic and financial benefits, and, accordingly, have agreed to effect the merger provided for herein upon the terms and subject to the conditions set forth herein.

B. For federal income tax purposes, it is intended that the merger provided for herein shall qualify as a reorganization within the meaning of Section 368(a)(2)(E) of the Internal Revenue Code of 1986, as amended (the "Code"), and for financial accounting purposes shall be accounted for as a "pooling of interests."

C. PMT, Merger Sub, Fairway and the Controlling Fairway Stockholders desire to make certain representations, warranties and agreements in connection with the merger.

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

ARTICLE 1

THE MERGER

1.1 The Merger

Subject to the terms and conditions of this Agreement, at the Effective Time (as defined in Section 1.3), Merger Sub shall be merged with and into Fairway in accordance with this Agreement and the separate corporate existence of Merger Sub shall thereupon cease (the "Merger"). Fairway shall be the surviving corporation in the Merger (sometimes hereinafter

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referred to as the "Surviving Corporation") and shall be a wholly owned subsidiary of PMT. The Merger shall have the effects specified in Section 607.1106 of the Florida Business Corporations Act ("FBCA").

1.2 *The Closing.* Subject to the terms and conditions of this Agreement, the closing of the Merger (the "Closing") shall take place (a) at the offices of Waller Lansden Dortch & Davis, a Professional Limited Liability Company, 511 Union Street, Suite 2100, Nashville, Tennessee, at 10:00 a.m., local time, on the first business day immediately following the day on which the last to be fulfilled or waived of the conditions set forth in Article 7 shall be fulfilled or waived in accordance herewith or (b) at such other time, date or place as PMT and Fairway may agree. The date on which the Closing occurs is hereinafter referred to as the "Closing Date."

1.3 *Effective Time.* If all the conditions to the Merger set forth in Article 7 shall have been fulfilled or waived in accordance herewith and this Agreement shall not have been terminated as provided in Article 8, the parties hereto shall cause Articles of Merger meeting the requirements of Section 607.1105 of the FBCA to be properly executed and filed in accordance with such Section on the Closing Date. The Merger shall become effective at the time of filing of the Articles of Merger or at such later time which the parties hereto shall have agreed upon and designated in such filing as the effective time of the Merger (the "Effective Time").

ARTICLE 2

ARTICLES OF INCORPORATION AND BYLAWS AND OFFICERS AND DIRECTORS OF THE SURVIVING CORPORATION

2.1 *Articles of Incorporation.* The Articles of Incorporation of Merger Sub in effect immediately prior to the Effective Time shall be the Articles of Incorporation of the Surviving Corporation, until duly amended in accordance with applicable law.

2.2 *Bylaws.* The Bylaws of Merger Sub in effect immediately prior to the Effective Time shall be the Bylaws of the Surviving Corporation, until duly amended in accordance with applicable law.

2.3 *Directors.* The directors of Merger Sub immediately prior to the Effective Time shall be the directors of the Surviving Corporation as of the Effective Time.

2.4 *Officers.* The officers of Merger Sub immediately prior to the Effective Time shall be the officers of the Surviving Corporation as of the Effective Time.

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ARTICLE 3

CONVERSION OF FAIRWAY STOCK

3.1 Conversion of Shares. At the Effective Time, each of the outstanding Fairway Shares (as defined below) shall be converted into the number of shares, \$.01 par value per share, of PMT (the "PMT Common Stock") determined by dividing the Aggregate Issuable PMT Shares by the Outstanding Fairway Shares. For purposes of this section, the capitalized terms shall have the definitions set forth:

(a) "Aggregate Issuable PMT Shares" shall mean the PMT Base Shares multiplied by a fraction, the numerator of which is the Outstanding Fairway Shares and the denominator of which is the sum of Outstanding Fairway Shares and the Dissenting Fairway Shares.

(b) "PMT Base Shares" shall mean 424,999 shares.

(c) "Outstanding Fairway Shares" shall mean all of the issued and outstanding shares of each series of Fairway Common Stock immediately prior to the Effective Time (including any shares which may have been issued upon exercise of currently outstanding options or warrants) less Dissenting Fairway Shares.

(d) The "Average Price" of PMT Common Stock shall mean the average of the daily highest and lowest sale price of PMT Common Stock as traded on the Nasdaq National Market ("NASDAQ") for the twenty (20) trading days which end ten (10) calendar days prior to the Closing Date.

(e) "Dissenting Fairway Shares" shall mean outstanding shares of Fairway Common Stock, the holders of which have perfected their rights to dissent to the Merger under the FBCA.

3.2 Fractional Shares. In lieu of the issuance of fractional shares of PMT Common Stock, each shareholder of Fairway, upon surrender of a certificate which immediately prior to the Effective Time represented Fairway Common Stock, shall be entitled to receive a cash payment (without interest) equal to the fair market value of any fraction of a share of PMT Common Stock to which such holder would be entitled but for this provision. For purposes of calculating such payment, the fair market value of a fraction of a share of PMT Common Stock shall be such fraction multiplied by the Average Price, as determined in Section 3.1(d).

3.3 Exchange of Certificates. At the Effective Time, each holder of an outstanding certificate or certificates theretofore representing Outstanding Fairway Shares (other than shares as to which dissenters rights have been perfected and not withdrawn or otherwise forfeited under the FBCA) upon surrender thereof, together with a completed letter of transmittal, to Waller Lansden Dortch & Davis, A Professional Limited Liability Company (the "Exchange Agent"),

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as exchange agent for PMT, shall receive in exchange therefor any payment due in lieu of fractional shares and a certificate or certificates representing the number of whole shares of PMT Common Stock into which such holders' Outstanding Fairway Shares were converted in a manner reasonably satisfactory to Fairway. Until so surrendered, each outstanding certificate representing Outstanding Fairway Shares shall be deemed for all purposes to represent the number of whole shares of PMT Common Stock into which the Outstanding Fairway Shares theretofore represented shall have been converted. PMT may, at its option, refuse to pay any dividend or other distribution, if any, payable to the holders of shares of PMT Common Stock to the holders of certificates representing Outstanding Fairway Shares until such certificates are surrendered for exchange, provided, however, that, subject to the rights of PMT under its charter, upon surrender and exchange of such Fairway certificates there shall be paid to the record holders of the PMT stock certificate or certificates issued in exchange therefor the amount, without interest, of dividends and other distributions, if any, which have become payable with respect to the number of whole shares of PMT Common Stock into which the Outstanding Fairway Shares theretofore represented thereby shall have been converted and which have not previously been paid. Under the terms of its credit agreements, PMT has agreed not to pay any cash dividends.

3.4 Stock Splits, Etc. of PMT Common Stock. In the event PMT changes the number of shares of PMT Common Stock issued and outstanding prior to the Effective Time as a result of a stock split, stock dividend, recapitalization, reorganization or any other transaction in which any security of PMT or any other entity or cash is issued or paid in respect of the outstanding shares of PMT Common Stock and the record date therefor is after the date of this Agreement and prior to the Effective Time, the conversion ratio, as well as the dollar amounts set forth in Sections 3.1(d) and 8.2, shall be proportionately adjusted.

3.5 Conversion of Merger Sub Stock. At and as of the Effective Time, each share of common stock, \$.01 par value per share, of Merger Sub shall be converted into one share of common stock, \$.01 par value per share of Fairway.

3.6 Outstanding Options or Warrants. Immediately prior to the Closing, all outstanding options or warrants to purchase Fairway Common Stock will be exercised to the extent exercisable and cancelled to the extent not exercisable.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF FAIRWAY AND THE CONTROLLING FAIRWAY STOCKHOLDERS

EXCEPT AS SET FORTH IN THE DISCLOSURE LETTER DELIVERED AT OR PRIOR TO THE EXECUTION HEREOF TO PMT (THE "FAIRWAY DISCLOSURE LETTER"), Fairway and each of the Controlling Fairway Stockholders severally represents and

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warrants to PMT that the statements contained in this Article 4 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date.

4.1 Existence; Good Standing; Corporate Authority; Compliance With Law. Fairway is a corporation duly incorporated, validly existing and in good standing under the laws of the State of Florida. Fairway is duly licensed or qualified to do business as a foreign corporation and is in good standing under the laws of any other state of the United States in which the character of the properties owned or leased by it therein or in which the transaction of its business makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the business, results of operations or financial condition of Fairway (a "Fairway Material Adverse Effect"). Fairway has all requisite corporate power and authority to own, operate and lease its properties and carry on its business as now conducted. Fairway is not in violation of any order of any court, governmental authority or arbitration board or tribunal, or any law, ordinance, governmental rule or regulation to which Fairway or any of its properties or assets is subject, where such violation would have a Fairway Material Adverse Effect. Fairway has obtained all licenses, permits and other authorizations and has taken all actions required by applicable law or governmental regulations in connection with its business as now conducted, except where such failure to obtain the same would not have a Fairway Material Adverse Effect.

4.2 Authorization, Validity and Effect of Agreements. Fairway has the full corporate power and authority to execute and deliver this Agreement and all agreements and documents contemplated hereby. The consummation by Fairway of the transactions contemplated hereby has been duly authorized by all requisite corporate action, including the required approvals by the Board of Directors of Fairway and the holders of the outstanding shares of Fairway Common Stock. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto for value received) will constitute, the valid and legally binding obligations of Fairway, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

4.3 Capitalization. The authorized capital stock of Fairway consists of 25,000 shares of common stock, \$1.00 par value (the "Fairway Common Stock"). As of the date hereof, there are issued and outstanding 12,245 shares of Fairway Common Stock. Fairway has no outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of Fairway on any matter. All issued and outstanding shares of Fairway Common Stock are duly authorized, validly issued, fully paid, nonassessable. All issued and outstanding shares of Fairway Common Stock were issued in compliance with the preemptive rights set forth in Fairway's Articles of Incorporation and there are no preemptive rights relating to such shares that have not been fulfilled. There are no options, warrants, calls subscriptions, convertible securities, or other rights, agreements or commitments which obligate Fairway to issue, transfer or sell any shares of capital stock of Fairway.

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4.4 Prior Sales of Securities. All offers and sales of Fairway Common Stock prior to the date hereof were at all relevant times exempt from the registration requirements of the Securities Act of 1933, as amended (the "1933 Act"), and were duly registered or the subject of an available exemption from the registration requirements of the applicable state securities or Blue Sky laws, or the relevant statutes of limitations have expired, or civil liability therefor has been eliminated by an offer to rescind.

4.5 Subsidiaries. Fairway has no subsidiaries.

4.6 Other Interests. Except for Southern DataComm, Fairway does not own directly or indirectly any interest or investment in any corporation, partnership, joint venture, business, trust or other entity.

4.7 No Violation. After approval by requisite shareholder vote, neither the execution and delivery by Fairway of this Agreement nor the consummation by Fairway of the transactions contemplated hereby in accordance with the terms hereof, will: (i) conflict with or result in a breach of any provisions of the Articles of Incorporation or Bylaws of Fairway; (ii) conflict with, result in a breach of any provision of or the modification or termination of, constitute a default under, or result in the creation or imposition of any lien, security interest, charge or encumbrance upon any of the assets of Fairway pursuant to any material commitment, lease, contract, or other material agreement or instrument to which Fairway is a party; or (iii) violate any order, arbitration award, judgment, writ, injunction, decree, statute, rule or regulation applicable to Fairway, the violation of which would have a Fairway Material Adverse Effect.

4.8 Financial Statements. Fairway has delivered its unaudited but reviewed financial statements for the years ended July 31, 1996, July 31, 1995, and July 31, 1994, and unaudited interim financial statements for each of the months ended August 31, 1996, September 30, 1996, and October 31, 1996. Each of the balance sheets provided to PMT (including any related notes and schedules) fairly presents the financial position of Fairway as of its date and each of the statements of income, retained earnings and cash flows provided to PMT (including any related notes and schedules) fairly presents the results of operations, retained earnings or cash flows of Fairway for the periods set forth therein (subject, in the case of unaudited statements, to the omission of footnotes and to normal year end audit adjustments which would not be material in amount or effect) in each case in accordance with generally accepted accounting principles consistently applied during the periods involved, except as may be noted therein. Such financial statements have been prepared from the books and records of the Company which in all material respects accurately and fairly reflect the transactions and dispositions of the assets of the Company. As of July 31, 1996 or any subsequent date for which a balance sheet is provided, Fairway did not have material liabilities, contingent or otherwise, whether due or to become due, other than as indicated on the balance sheet of such date or the notes thereto. Fairway has adequately funded all accrued employee benefit costs and such funding (to the date thereof) is reflected in the balance sheets forming a part of the Fairway financial statements.

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4.9 *Contracts.* Schedule 4.9 lists all material contracts and other agreements to which Fairway is a party including:

(a) any Independent Service Organizations ("ISO's") Agreements and any Independent Training Organization ("ITO") Agreements (collectively known as ISO/ITO Agreements);

(b) any agreements with authorization network vendors ("Vendor Agreements");

(c) all agreements with processing banks; or

(d) any agreements that limit the right of Fairway prior to the Closing Date, or PMT, or its subsidiaries, after the Closing Date, to engage in or to compete with any person in any business, including the method by which any business may be conducted by Fairway prior to the Closing Date, or by PMT, or its subsidiaries, after the Closing Date.

Each contract listed in Schedule 4.9 is in full force and effect, each is a legal, valid and binding contract, and there is no material default (or any event which, with the giving of notice or lapse of time or both, would be a material default) by Fairway, in the timely performance or any material obligation to be performed or paid under such contract.

4.10 *No Material Adverse Changes.* Since July 31, 1996, there has not been (i) any material adverse change in the financial condition, results of operations, business, prospects, assets or liabilities (contingent or otherwise, whether due or to become due, known or unknown), of Fairway, except for changes in the ordinary course of business consistent with historical experience resulting from the seasonal nature of Fairway's business; (ii) any extraordinary dividend declared or paid or distribution made on the capital stock of Fairway, or any capital stock thereof redeemed or repurchased; (iii) any incurrence of long term debt in excess of \$50,000; (iv) any salary, bonus or compensation increases to any officers, employees or agents of Fairway, other than customary increases; (v) to Fairway's knowledge, any pending or threatened labor disputes or other labor problems against or potentially affecting Fairway; or (vi) any other transaction entered into by Fairway, except in the ordinary course of business and consistent with past practice.

4.11 *Tax Matters.* Fairway has duly paid all Taxes and other charges (whether or not shown on any Tax return) currently due or claimed to be due from it by federal, foreign, state or local taxing authorities; and true and correct copies of all Tax reports and returns relating to such Taxes and other charges for the fiscal years from 1991 through 1996 have been heretofore delivered to PMT. The reserves for Taxes contained in the financial statements and carried on the books of Fairway (other than any reserve for deferred taxes established to reflect timing differences between book and tax income) Fairway believes are adequate to cover all Tax liabilities as of the date of this Agreement. Since July 31, 1996, Fairway has not incurred any

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Tax liabilities other than in the ordinary course of business; there are no Tax liens (other than liens for current Taxes not yet due) upon any properties or assets of Fairway (whether real, personal or mixed, tangible or intangible), and, except as reflected in the financial statements, to Fairway's knowledge, there are no pending or threatened questions or examinations relating to, or claims asserted for, Taxes or assessments against Fairway. Fairway has not granted or been requested to grant any extension of the limitation period applicable to any claim for Taxes or assessments with respect to Taxes. Fairway is not a party to any Tax allocation or sharing agreement. If Fairway has ever been a member of an affiliated group within the meaning of Section 1504 of the Code filing a consolidated federal income tax return (an "Affiliated Group"), each such Affiliated Group has filed all Tax returns that it was required to file for each taxable period during which Fairway was a member of the Affiliated Group, and has paid all taxes owed by the Affiliated Group (whether or not shown on the Tax return) for each taxable period during which Fairway was a member of the Affiliated Group. Fairway has no liability for the Taxes of any Affiliated Group under Treasury Regulation 1.1502-6 (or any similar provision of state, local or foreign law). Fairway has withheld and paid all Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee, independent contractor, creditor or shareholder. For purposes of this Agreement, "Tax" means any federal, state, local, or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code, customs duties, capital stock, franchise, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, registration, value added, alternative or addition minimum, estimated, or other tax of any kind whatsoever, including any interest, penalty, or addition thereto, whether disputed or not.

4.12 *Employees and Fringe Benefit Plans.*

(a) The Fairway Disclosure Letter sets forth the names, ages and titles of all members of the Board of Directors and officers of Fairway and all employees of Fairway earning in excess of \$50,000 per annum, and the annual rate of compensation (including bonuses) being paid to each such member of the Board of Directors, officer and employee as of the most recent practicable date.

(b) The Fairway Disclosure Letter lists each employment, bonus, deferred compensation, pension, stock option, stock appreciation right, profit-sharing or retirement plan, arrangement or practice, each medical, vacation, retiree medical, severance pay plan, and each other agreement or fringe benefit plan, arrangement or practice, of Fairway, whether legally binding or not, which affects one or more of its employees, including all "employee benefit plans" as defined by Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (collectively, the "Plans"). All Plans which are subject to Title IV of ERISA or the minimum funding standards of Section 412 of the Code shall be referred to as the "Pension Plans."

(c) For each Plan which is an "employee benefit plan" under Section 3(3) of ERISA, Fairway has delivered to the Buyer correct and complete copies of the plan

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documents and summary plan descriptions, the most recent determination letter received from the Internal Revenue Service, the most recent Form 5500 Annual Report, and all related trust agreements, insurance contracts and funding agreements which implement each such Plan.

(d) Fairway does not have any commitment, whether formal or informal and whether legally binding or not, (i) to create any additional such Plan; (ii) to modify or change any such Plan; or (iii) to maintain for any period of time any such Plan. The Fairway Disclosure Letter contains an accurate and complete description of the funding policies (and commitments, if any) of Fairway with respect to each such existing Plan.

(e) Fairway has no unfunded past service liability in respect of any of its Plans; the actuarially computed value of vested benefits under any Pension Plan of Fairway (determined in accordance with methods and assumptions utilized by the Pension Benefit Guaranty Corporation ("PBGC") applicable to a plan terminating on the date of determination) does not exceed the fair market value of the fund assets relating to such Pension Plan; neither Fairway nor the sponsor of any Plan, nor to the knowledge of Fairway, has any trustee, administrator or fiduciary of any Plan caused any Plan to engage in any prohibited transactions as defined in Section 406 of ERISA or Section 4975 of the Code for which there is no statutory exemption in Section 408 of ERISA or Section 4975 of the Code; all filings, reports and descriptions as to such Plans (including Form 5500 Annual Reports, Summary Plan Descriptions, PBGC-1's and Summary Annual Reports) required to have been made or distributed to participants, the Internal Revenue Service, the United States Department of Labor and other governmental agencies have been made in a timely manner or will be made on or prior to the Closing Date; there is no material litigation, disputed claim, governmental proceeding or investigation pending or threatened with respect to any of such Plans, the related trusts, or any fiduciary, trustee, administrator or sponsor of such Plans; such Plans have been established, maintained and administered in all material respects in accordance with their governing documents and applicable provisions of ERISA and the Code and Treasury Regulations promulgated thereunder; there has been no "Reportable Event" as defined in Section 4043 of ERISA with respect to any Pension Plan that has not been waived by the PBGC; and each Pension Plan and each Plan which is intended to be a qualified plan under Section 401(a) of the Code has received, within the last three years, a favorable determination letter from the Internal Revenue Service.

(f) Fairway has complied in all material respects with all applicable federal, state and local laws, rules and regulations relating to employees' employment and/or employment relationships, including, without limitation, wage related laws, anti-discrimination laws, employee safety laws and COBRA (defined herein to mean the requirements of Code Section 4980B, Proposed Treasury Regulation Section 1.162-26 and Part 6 of Subtitle B of Title I of ERISA).

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(g) The consummation of the transactions contemplated by this Agreement will not (i) result in the payment or series of payments by Fairway to any employee or other person of an "excess parachute payment" within the meaning of Section 280G of the Code, (ii) entitle any employee or former employee of Fairway to severance pay, unemployment compensation or any other payment, and (iii) accelerate the time of payment or vesting of any stock option, stock appreciation right, deferred compensation or other employee benefits under any Plan (including vacation and sick pay).

(h) None of the Plans which are "welfare benefit plans," within the meaning of Section 3(1) of ERISA, provide for continuing benefits or coverage after termination or retirement from employment, except for COBRA rights under a "group health plan" as defined in Code Section 4980B(g) and ERISA Section 607.

(i) Neither Fairway nor any "affiliate" of Fairway (as defined in ERISA) has ever participated in or withdrawn from a multi-employer plan as defined in Section 4001(a)(3) of Title IV of ERISA, and Fairway has not incurred and does not owe any liability as a result of any partial or complete withdrawal by any employer from such a multi-employer plan as described under Sections 4201, 4203, or 4205 of ERISA.

(j) No Pension Plan has been completely or partially terminated, nor has any plan been instituted by the PBGC to terminate any such Pension Plan. Fairway has not incurred, and does not presently owe, any liability to the PBGC or the Internal Revenue Service with respect to any Pension Plan including, but not by way of limitation, any liability for PBGC premiums or excise taxes under Code Section 4971.

4.13 *Assets; Leaseholds.*

(a) Fairway owns the assets reflected on the July 31, 1996 Fairway balance sheet (including any patents, copyrights, trade names, service marks and other names and marks used in connection with its business), with good and marketable title, free and clear of any and all claims, liens, mortgages, options, charges, conditional sale or title retention agreements, security interests, restrictions, easements, or encumbrances whatsoever and free and clear of any rights or privileges capable of becoming claims, liens, mortgages, options, charges, security interests, restrictions, easements or encumbrances, except (i) for certain of the assets which are encumbered by liens that Fairway has the means to remove prior to the Effective Time, (ii) as shown on the title insurance policies previously furnished to PMT, (iii) real property taxes not yet due and payable, (iv) utility easements for utilities serving the Property, and (v) minor imperfections of title which do not materially affect the value and use of such assets.

(b) Fairway owns good and marketable leasehold title to the premises leased by Fairway, free and clear of any and all claims, liens, mortgages, options, charges, conditional sale or title retention agreements, security interests, restrictions, easements, or encumbrances whatsoever and free and clear of any rights or privileges capable of

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becoming claims, liens, mortgages, options, charges, security interests, restrictions, easements or encumbrances, except to the extent expressly set forth in the leases. Following the Merger, Fairway will continue to have all its rights under such leases for the premises now leased by Fairway free and clear of any claims, liens, mortgages, options, charges, security interests, restrictions, easements, rights, privileges and encumbrances and the Merger will not result in any increase in rents or charges under any lease.

(c) Fairway does not own any real property.

4.14 *Lawfully Operating.* To the knowledge of Fairway, Fairway has been and currently is conducting and each of the premises leased or owned have been and now are being used and operated, in compliance with all statutes, regulations, bylaws, orders, covenants, restrictions or plans of federal, state, regional, county or municipal authorities, agencies or board applicable to the same.

4.15 *No Subleases or Licenses.* There are no subleases or licenses to use all or any portion of the premises leased by Fairway, except as set forth in the leases. The leases are valid, binding and enforceable in accordance with the terms of each, and are in good standing. Fairway is not in default in payment of rent, or in the performance of any of its material obligations under the leases and, to Fairway's knowledge, no ground lessor to any such landlord or lessors is in default of any ground lease. To the knowledge of Fairway, the landlords or lessors under the leases are not in breach of any of their obligations under the leases and no ground lessor to any such landlord or lessor is in default of any ground lease. No state of facts exists which, after notice or lapse of time or both, would result in a breach or default under the leases by Fairway. The copies of the leases which Fairway has delivered to PMT are true, correct and complete copies of the leases and Fairway has delivered to PMT all amendments, modifications, letter agreements and instruments of whatever form which relate to such leases (except correspondence sent or received in the ordinary course of business, including percentage rent reports, which do not alter the terms of the leases).

4.16 *Power of Attorney.* There are no outstanding powers of attorney executed on behalf of Fairway.

4.17 *Cash Flow of Merchant Accounts.* Attached hereto as Schedule 4.17 is Fairway's most recent Visa/Mastercard Settlement Report (the "Settlement Report"). Since the date of the Settlement Report, there has not been any material adverse change in the cash flow of the merchant accounts with respect to which Fairway receives residual payments from Fairway's processing banks (the "Merchant Accounts") taken as a whole.

4.18 *No Litigation.* There are currently no pending, and to the knowledge of Fairway, Fairway is not aware of any threatened, lawsuits or administrative proceedings or investigations against Fairway or to which its assets are subject, which, if adversely determined, could have a material adverse effect on the financial condition, results of operations, business, prospects,

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assets, or liabilities of Fairway. Fairway is not subject to any currently existing order, writ, injunction, or decree relating to its operations.

4.19 *Corporate Records.* True and correct copies of the Articles of Incorporation and bylaws of Fairway have been delivered to PMT. The corporate minute books of Fairway submitted to PMT for review correctly reflect all corporate action taken at all the meetings (or by written consent in lieu thereof) of its directors and shareholders and correctly record all resolutions thereof.

4.20 *No Defaults.* Fairway has in all material respects performed all material obligations to be performed by it under all contracts, agreements, and commitments to which it is a party, and there is not under any such contracts, agreements, or commitments any existing default or event of default or event which with notice or lapse of time or both would constitute a default.

4.21 *Inventory.* The inventories of Fairway consist solely of items of quality and quantity useable and saleable in the ordinary course of business and will be maintained at normal levels continuously until the Closing Date.

4.22 *Hazardous Substances.* For purposes of this Agreement, the following terms shall have the following meanings:

"CERCLA" means the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §§ 9601 et seq.;

"Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, investigations or proceedings relating in any way to any Environmental Law (for purposes of (i) and (ii) below, "Claims") or any permit issued under any such Environmental Law, including without limitation:

(i) any and all Claims by governmental or regulatory authorities for investigation, oversight, enforcement, cleanup, removal, response, remedial or other actions or damages pursuant to any applicable Environmental Law; and

(ii) any and all Claims by any third party seeking damages, response, costs, contribution, indemnification, cost recovery, compensation or injunctive relief resulting from Hazardous Materials or arising from alleged injury or threat of injury to health, safety or the environment;

"Environmental Law" means any federal, state or local statute, law, rule, regulation, ordinance, code, policy or rule of common law now in effect and as amended, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent, decree or judgment, relating to the environment, health, or safety of hazardous, toxic or

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dangerous materials, substances or wastes, including without limitation CERCLA; the Toxic Substances Control Act, as amended, 15 U.S.C. §§ 2601 et seq.; the Clean Air Act, as amended, 42 U.S.C. §§ 7401 et seq.; the Federal Water Pollution Control Act, as amended, 33 U.S.C. §§ 1251 et seq.; the Federal Insecticide, Fungicide, and Rodenticide Act, as amended, 7 U.S.C. §§ 136, et seq.; the Hazardous Materials Transportation Act, as amended, 49 U.S.C. §§ 1801 et seq.; the Resource Conservation and Recovery Act, as amended, 42 U.S.C. §§ 6901 et seq.; the Safe Drinking Water Act, 42 U.S.C. §§ 300f et seq.; the Clean Water Act, as amended, 33 U.S.C. §§ 1251, et seq.; and any similar state or local law;

"Hazardous Materials" shall mean those materials listed in Section 101(14) of CERCLA, as hereinafter defined, and any other substance defined as toxic or hazardous under any federal, state or local law, rules, regulation, ordinance code or policy, including, but not limited to:

(i) any petroleum or petroleum products, flammable explosives, radioactive materials, asbestos, asbestos products, urea formaldehyde foam insulation, polychlorinated biphenyls, including transformers or other equipment that contain dielectric fluid containing detectable levels of polychlorinated biphenyls, and radon gas;

(ii) any hazardous, toxic or dangerous waste, substance or material defined as such in (or for purposes of) any current Environmental Law or currently listed as such pursuant to any Environmental Law; and

(iii) any other chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority;

"Improperly" means done in any manner that poses a threat to human health, safety or the environment;

"Fairway Property" shall mean (i) any real property and improvements presently owned, leased, used, operated or occupied by Fairway, and (ii) any other real property and improvements at any previous time owned, leased, used, operated or occupied by Fairway;

"Release" means disposing, depositing, discharging, injecting, spilling, leaking, leaching, dumping, emitting, escaping, emptying, seeping, placing and the like, into or upon any land or water or air, or otherwise entering into the environment.

(a) During Fairway's ownership or control of the Fairway Property, and to the knowledge of Fairway prior to Fairway's ownership or control of the Fairway Property, Hazardous Materials have not been illegally or Improperly generated, used, treated or stored on, or transported to or from, any Fairway Property;

(b) No asbestos containing materials or other Hazardous Materials have been installed in or affixed to structures that require remediation on any Fairway Property;

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(c) Hazardous Materials have not at any time been disposed of or otherwise Released on any Fairway Property;

(d) Fairway is currently, and to the knowledge of Fairway has at all times in the past been, in compliance with all applicable Environmental Laws and the requirements of any permits issued under such Environmental Laws with respect to any Fairway Property;

(e) There are no past, pending or, to the knowledge of Fairway, threatened Environmental Claims against Fairway or any Fairway Property;

(f) To the knowledge of Fairway, there are no facts or circumstances, conditions or occurrences on any Fairway Property or otherwise that could reasonably be anticipated by Fairway:

(i) to form the basis of an Environmental Claim against Fairway or any Fairway Property; or

(ii) to cause such Fairway Property to be subject to any restrictions on the ownership, occupancy, use or transferability of such Fairway Property under any Environmental Law; and

(g) There are not now, nor have there been at any time, any aboveground or underground storage tanks located on any Fairway Property.

4.23 *Labor Matters.* Fairway is not a party to any collective bargaining agreement and, to Fairway's knowledge, has not been the subject of any union activity or labor dispute, and, to Fairway's knowledge, there have not been any strike of any kind called or threatened to be called against Fairway. To the knowledge of Fairway, Fairway has not violated any applicable federal or state law or regulation relating to labor or labor practices. Fairway has no liability to any of its employees, agents, or consultants in connection with grievances by, or the termination of, such employees, agents, or consultants.

4.24 *Pooling of Interests.* The representations, warranties and covenants of Fairway and the Controlling Fairway Stockholders set forth in the draft letter of even date herewith from Fairway and the Controlling Fairway Stockholders to Coopers & Lybrand, L.L.P. are true and correct in all material respects and will be true and correct in all material respects as of the Closing Date (except as such matters may be subject to the control of PMT or its affiliates). Fairway and the Controlling Stockholders shall execute such letter at the Closing.

4.25 *No Brokers.* Fairway has not entered into any contract, arrangement or understanding with any person or firm which may result in the obligation of Fairway or PMT to pay any Finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions

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contemplated hereby. Fairway is not aware of any claim for payment of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

4.26 PMT Stock Ownership. Fairway does not own any shares of PMT Common Stock or other securities convertible into PMT Common Stock.

4.27 Investment. Each Controlling Fairway Stockholder (a) understands that the shares of PMT Common Stock have not been, and will not be, except as contemplated herein, registered under the 1933 Act, or under any state securities laws, and are being offered and sold in reliance upon federal and state exemptions for transactions not involving any public offering, (b) is acquiring the shares of PMT Common Stock solely for his own account for investment purposes, and not with a view to the distribution thereof, (c) is a sophisticated investor with knowledge and experience in business and financial matters, (d) has received certain information concerning PMT and has had the opportunity to obtain additional information as desired in order to evaluate the merits and the risks inherent in holding the shares of PMT Common Stock, (e) is able to bear the economic risk and lack of liquidity inherent in holding the shares of PMT Common Stock except as set forth in the Fairway Disclosure Letter, and (f) is an Accredited Investor (as such term is defined under Rule 501(a) promulgated under the 1933 Act) except as set forth in the Fairway Disclosure Letter.

4.28 Acknowledgment. Each Controlling Fairway Stockholder acknowledges receipt from PMT of the Confidential Agreement and Plan of Merger and Disclosure Memorandum dated December 16, 1996.

4.29 Full Disclosure. All of the information provided by Fairway and its representatives herein or in the Fairway Disclosure Letter are true, correct, and complete in all material respects and no representation, warranty, or statement made by Fairway in or pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation, warranty, or statement not misleading to PMT.

ARTICLE 5

REPRESENTATIONS AND WARRANTIES OF PMT AND MERGER SUB

EXCEPT AS SET FORTH IN THE DISCLOSURE LETTER DELIVERED AT OR PRIOR TO THE EXECUTION HEREOF TO FAIRWAY AND THE CONTROLLING FAIRWAY STOCKHOLDERS (THE "PMT DISCLOSURE LETTER"), PMT and Merger Sub jointly represents and warrants to Fairway and the Controlling Fairway Stockholders that the statements contained in this Article 5 are correct and complete as of the date of this Agreement and will be correct and complete as of the Closing Date.

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5.1 Existence; Good Standing; Corporate Authority; Compliance With Law. Each of PMT and Merger Sub is a corporation duly incorporated and validly existing under the laws of the state of its incorporation. PMT is duly licensed or qualified to do business as a foreign corporation and is in good standing under the laws of any other state of the United States in which the character of the properties owned or leased by it therein or in which the transaction of its business makes such qualification necessary, except where the failure to be so qualified would not have a material adverse effect on the business, results of operations or financial condition of PMT (a "PMT Material Adverse Effect"). PMT has all requisite corporate power and authority to own, operate and lease its properties and carry on its business as now conducted. PMT nor any of its properties or assets is in violation of any order of any court, governmental authority or arbitration board or tribunal, or any law, ordinance, governmental rule or regulation to which PMT is subject, where such violation would have a PMT Material Adverse Effect. PMT has all licenses, permits and other authorizations and has taken all actions required by applicable law or governmental regulations in connection with its business as now conducted, where the failure to obtain an such item or to take any such action would have a PMT Material Adverse Effect.

5.2 Authorization, Validity and Effect of Agreements. Each of PMT and Merger Sub has the requisite corporate power and authority to execute and deliver this Agreement and all agreements and documents contemplated hereby. The consummation by PMT and Merger Sub of the transactions contemplated hereby has been duly authorized by all requisite corporate action. This Agreement constitutes, and all agreements and documents contemplated hereby (when executed and delivered pursuant hereto for value received) will constitute, the valid and legally binding obligations of PMT and Merger Sub, enforceable in accordance with their respective terms, subject to applicable bankruptcy, insolvency, moratorium or other similar laws relating to creditors' rights and general principles of equity.

5.3 Capitalization. The authorized capital stock of PMT consists of 100,000,000 shares of PMT Common Stock and 10,000,000 shares of preferred stock, \$.01 par value (the "PMT Preferred Stock"). As of December 10, 1996, there were 33,120,227 shares of PMT Common Stock issued and outstanding, and no shares of PMT Preferred Stock issued and outstanding. PMT has no outstanding bonds, debentures, notes or other obligations the holders of which have the right to vote (or which are convertible into or exercisable for securities having the right to vote) with the shareholders of PMT on any matter. All issued and outstanding shares of PMT Common Stock are duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Other than as provided for in the PMT Disclosure Letter, there are no options, warrants, calls, subscriptions, convertible securities, or other rights, agreements or commitments which obligates PMT to issue, transfer or sell any shares of capital stock of PMT.

5.4 Subsidiaries. PMT has no subsidiaries except as listed on Schedule 5.4 of the PMT Disclosure Letter. Merger Sub has been formed to effect the transactions contemplated by this Agreement. The authorized capital stock of Merger Sub consists of 1,000 shares of Common Stock, \$.01 par value. Each of the outstanding shares of capital stock of Merger Sub is duly authorized, validly issued, fully paid and nonassessable, and is owned by PMT free and

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clear of all liens, pledges, security interests, claims or other encumbrances. Merger Sub has not engaged in any activities other than in connection with the transactions contemplated by this Agreement.

5.5 Other Interests. Neither PMT nor Merger Sub owns directly or indirectly any interest or investment (whether equity or debt) in any corporation, partnership, joint venture, business, trust or entity.

5.6 No Violation. Neither the execution and delivery by PMT and Merger Sub of this Agreement, nor the consummation by PMT and Merger Sub of the transactions contemplated hereby in accordance with the terms hereof, will: (i) conflict with or result in a breach of any provisions of the Charter or Bylaws of PMT or Merger Sub; (ii) conflict with, result in a breach of any provision of or the modification or termination of, constitute a default under, or result in the creation or imposition of any lien, security interest, charge, or encumbrance upon any of the assets of PMT or Merger Sub pursuant to any material commitment, lease, contract, or other material agreement or instrument to which PMT or Merger Sub is a party; or (iii) violate any order, arbitration award, judgment, writ, injunction, decree, statute, rule, or regulation applicable to PMT or Merger Sub.

5.7 SEC Documents. Prior to the date hereof, PMT has delivered to Fairway copies of all of PMT's Annual Reports on Forms 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K, as filed with the Securities and Exchange Commission ("SEC") since July 31, 1996 (the "PMT Reports"). The PMT Reports (i) were prepared in all material respects in accordance with the applicable requirements of the Securities Exchange Act of 1934, as amended (the "1934 Act") and the rules and regulations promulgated thereunder, and (ii) as of their respective dates, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in the light of the circumstances under which they were made, not misleading. Each of the consolidated balance sheets included in or incorporated by reference into the PMT Reports (including the related notes and schedules) fairly presents the consolidated financial position of PMT as of its date and each of the consolidated statements of income, retained earnings and cash flows included in or incorporated by reference into the PMT Reports (including any related notes and schedules) fairly presents the results of operations, retained earnings or cash flows of PMT for the periods set forth therein (subject, in the case of unaudited statements, to normal year-end audit adjustments which would not be material in amount or effect) in each case in accordance with generally accepted accounting principles consistently applied during the periods involved, except as may be noted therein. These representations shall be deemed to be made with respect to PMT Reports filed subsequent to the date hereof at the time of their filing.

5.8 Litigation. There are no actions, suits or proceedings pending against PMT or, to the knowledge of PMT, overtly threatened in writing against PMT, at law or in equity, or before or by any federal or state commission, board, bureau, agency or instrumentality, that are reasonably likely to have a PMT Material Adverse Effect except as set forth in the PMT Disclosure Letter.

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5.9 *Taxes.* The provisions for taxes shown on the PMT financial statements for the year ended October 31, 1996 are adequate to cover the liability of PMT for all taxes (including employer income tax withholding, social security and unemployment taxes) to the date thereof.

5.10 *Absence of Certain Changes.* Since October 31, 1996, there has not been any material adverse change in the financial condition, results of operations, business, prospects, assets or liabilities (contingent or otherwise, whether due or to become due, known or unknown), of PMT, except for changes in the ordinary course of business consistent with historical experience resulting from the seasonal nature of PMT's business.

5.11 *No Brokers.* PMT has not entered into any contract, arrangement or understanding with any person or firm which may result in the obligation of Fairway or PMT to pay any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby. PMT is not aware of any claim for payment of any finder's fees, brokerage or agent's commissions or other like payments in connection with the negotiations leading to this Agreement or the consummation of the transactions contemplated hereby.

5.12 *Fairway Stock Ownership.* Neither PMT nor Merger Sub owns any shares of capital stock of Fairway or other securities convertible into capital stock of Fairway.

5.13 *PMT Common Stock.* The issuance and delivery by PMT of shares of PMT Common Stock in connection with the Merger and this Agreement have been duly and validly authorized by all necessary corporate action on the part of PMT. The shares of PMT Common Stock to be issued in connection with the Merger and this Agreement, when issued in accordance with the terms of this Agreement, will be validly issued, fully paid and nonassessable.

5.14 *Pooling of Interests.* The representations, warranties and covenants of PMT, set forth in the draft letter of even date herewith from PMT to Price Waterhouse LLP, are true and correct in all material respects and will be true and correct in all material respects as of the Closing Date (except as such matters maybe subject to the control of Fairway, its affiliates or the Controlling Fairway Stockholders). PMT shall execute such letter at the Closing.

5.15 *Tax Matters.* In the Merger Agreement, PMT has made the following representations:

(1) Prior to the consummation of the Merger, PMT will own 100% of the outstanding stock of Merger Sub.

(2) Merger Sub will have no liabilities prior to the Merger which will be assumed by Fairway in the Merger.

(3) PMT has no plan or intention to reacquire any PMT Common Stock to be issued in the Merger.

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(4) PMT has no plan or intention to liquidate Fairway, to merge Fairway with or into another corporation, to sell or otherwise dispose of the Fairway shares except for transfers of Fairway Stock to corporations controlled by PMT, or to cause Fairway to sell or otherwise dispose of any of its assets or any of the assets acquired from Merger Sub, except for dispositions made in the ordinary course of business or transfer of assets to a corporation controlled by Fairway.

(5) Following the Merger, Fairway will continue its historic business or use a significant portion of its historic business assets in a business within the meaning of Treas. Reg. § 1.368-1(d).

(6) PMT has no plan or intention after the Merger to cause Fairway to issue additional Fairway Shares that would result in PMT losing control of Fairway within the meaning of Section 368(c) of the Code.

(7) Neither PMT nor Merger Sub is an "investment company" within the meaning of Sections 386(a)(v)(F)(iii) and 368(a)(2)(F)(iv) of the Code.

(8) Each share of PMT Common Stock is entitled to vote.

5.16 *Full Disclosure.* All of the information provided by PMT and its representatives herein or in the PMT Disclosure Letter are true, correct and complete in all material respects and no representation, warranty, or statement made by PMT in or pursuant to this Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state any material fact necessary to make such representation, warranty, or statement not misleading to Fairway.

ARTICLE 6

COVENANTS

6.1 *Covenants of PMT, Fairway and the Fairway Controlling Stockholders.* During the period from the date hereof and continuing until the Effective Time (except as expressly contemplated or permitted hereby, or to the extent that the other parties shall otherwise consent in writing) each of PMT and Fairway covenants with the other that insofar as the obligations relate to it:

(a) Each of PMT and Fairway shall carry on their respective businesses in the usual, regular and ordinary course in substantially the same manner as heretofore conducted and shall use all reasonable efforts to preserve intact their present business organizations, maintain their rights and franchises and preserve their relationships with customers, suppliers and others having business dealings with them to the end that their

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good will and ongoing businesses shall not be impaired in any material respect at the Effective Time.

(b) From the date hereof to the Effective Time, each of Fairway and PMT shall allow all designated officers, attorneys, accountants and other representatives of the other access at all reasonable times during regular business hours to the records and files, correspondence, audits and properties, as well as to all information relating to commitments, contracts, titles and financial position, or otherwise pertaining to the business and affairs, of Fairway and PMT. Notwithstanding anything to the contrary, Fairway shall make a distribution to the Controlling Fairway Stockholders prior to the Closing that amount of cash which is sufficient to pay the Controlling Fairway Stockholders' estimated taxes relating to their ownership in Fairway and distribution shall be consistent with Fairway's past practices.

(c) PMT and the Controlling Fairway Stockholders shall cooperate and promptly prepare and PMT shall, at PMT's expense, file with the SEC, within ten (10) business days after the Closing Date, a Registration Statement on Form S-3 (the "Form S-3") under the 1933 Act, with respect to the resale of the PMT Common Stock issuable in the Merger. A draft of the Form S-3 substantially in the form to be filed with the SEC shall be delivered to the Controlling Fairway Stockholders at closing. The respective parties will cause the Form S-3 to comply as to form in all material respects with the applicable provisions of the 1933 Act, and the rules and regulations thereunder. PMT shall use all reasonable best efforts, and the Controlling Fairway Stockholders will cooperate with PMT, to have the Form S-3 declared effective by the SEC by March 17, 1997, or as promptly as practicable thereafter. PMT agrees to use its best efforts to keep the Form S-3 effective for a period of 198 days (plus the number of days constituting any Blackout Period (as hereinafter defined)) after the effective date or through September 30, 1997, whichever is later, and to promptly file amendments to the Form S-3 or promptly file such reports and/or statements, required by the 1934 Act, to the extent necessary, so that such Form S-3, including the 1934 Act reports and/or statements incorporated therein, will not include an untrue statement of material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. PMT shall use its best efforts and at its expense to obtain prior to the effective date of the Form S-3, all necessary state securities law or "Blue Sky" permits or approvals required to carry out the transactions contemplated by this Agreement. PMT agrees that the Form S-3 and each amendment or supplement thereto, at the time it is filed or becomes effective, will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading; provided, however, that the foregoing shall not apply to the extent that any such untrue statement of a material fact or omission to state a material fact was made by PMT in reliance upon and in conformity with information concerning Fairway furnished to PMT by the Controlling Fairway Stockholders for use in the Form S-3. Each of

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Fairway and the Controlling Fairway Stockholders agrees that the information provided by it for inclusion in the Form S-3 and each amendment or supplement thereto, at the time it is filed or becomes effective, will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. No amendment or supplement to the Form S-3 will be made by PMT or the Controlling Fairway Stockholders without the approval of the other party. PMT will advise the Controlling Fairway Stockholders, promptly after it receives notice thereof, of the time when the Form S-3 has become effective or any supplement or amendment has been filed, the issuance of any stop order, the suspension of the qualification of the PMT Common Stock issued in connection with the Merger for offering or sale in any jurisdiction, or any request by the SEC for amendment of the Form S-3 or comments thereon and responses thereto or requests by the SEC for additional information. PMT will notify each Controlling Fairway Stockholder when the Form S-3 is declared effective and when such shareholders may begin to sell their shares of PMT Common Stock pursuant to such registration statement. PMT will cause opinions of counsel to be delivered to PMT's transfer agent as are necessary to effect sales under the Form S-3 assuming the SEC has issued no stop orders (which orders continue to be in effect) with respect to the use of the Form S-3, the prospective purchasers of the shares have received the prospectus forming a part of the Form S-3, PMT has received evidence that the sales have been effected in compliance with the terms of the "Plan of Offering" contained in such prospectus, and that PMT has not exercised its black-out rights set forth in Section 6.3 hereof.

(d) Except as and to the extent required by law, PMT and Fairway hereby agree not to disclose or use, and each shall cause its representatives not to disclose or use, any confidential information with respect to the other party hereto furnished, or to be furnished, by such other party or their representatives in connection herewith at any time or in any manner other than in connection with its evaluation of the Merger. Except as required by law, and as set forth in this subparagraph (e), neither Fairway nor its representatives shall make any public statements regarding the Merger or this Agreement without the prior written approval of PMT and Fairway. After reasonable prior notice to the Controlling Fairway Stockholders, PMT may make such statements, disclosures and filings as it is advised by its counsel are necessary or appropriate for a public company. In the event the Merger is not effective for any reason, the confidentiality letter agreement between PMT and Fairway shall remain in full force and effect.

6.2 Registration.

(a) Beginning after March 17, 1997, PMT and the Controlling Fairway Stockholders agree that if at any time thereafter PMT shall propose to file a registration statement with respect to any Common Stock on a form suitable for a secondary offering, it will give notice in writing to such effect to the registered holders of the shares of PMT

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Common Stock to be issued in the Merger (the "PMT Shares"), at least 30 days prior to such filing, and, at the written request of any such registered holder, made within 10 days after the receipt of such notice, will include therein at PMT's cost and expense (except for the fees and expenses of counsel to such holders and underwriting discounts and commissions, attributable to the PMT Shares included therein) such of the PMT Shares as such holders shall request; provided, however, that if the offering being registered by PMT is underwritten and if no other outstanding PMT Common Stock of any selling shareholder of PMT is included therein and if the representative of the underwriters certifies in writing that the inclusion therein of the PMT Shares would materially and adversely affect the sale of the securities to be sold by PMT thereunder, the public offering of the PMT Shares included in such registration statement shall be delayed for a period of 90 days in PMT's sole discretion after the commencement of the underwritten public offering, provided that the representative of the underwriters certifies in writing that such delayed offering would not materially and adversely affect the sale of the securities to be sold by PMT or, if the representative of the underwriters will not so certify, the Controlling Fairway Stockholders shall not be permitted to participate in the registration. PMT, at its own expense, will cause the prospectus included in such registration statement to meet the requirements of the 1933 Act until the earlier of the date that is 270 days after the effective date of such registration statement (or 365 days after such date if such offering of the PMT Shares is delayed as set forth in this Section 6.2(a)) or until all shares included therein have been sold.

(b) At the time any registration statement filed in accordance with the provisions of Section 6.1(c) or 6.2(a) becomes effective, and at the effective date of any post-effective amendment thereto, PMT will, at its own expense, furnish to the holders of the PMT Shares included in such registration statement pursuant to Section 6.1(c) or 6.2, an opinion of PMT's counsel to the effect that the registration statement and the prospectus contained therein, and each amendment or supplement thereto, as of their respective effective or issue dates, comply as to form in all material respects with the requirements of the 1933 Act and the rules and regulations thereunder. Such counsel shall also state that no facts have come to the attention of such counsel that cause them to believe that such registration statement, the prospectus contained therein, or any amendment or supplement thereto, as of their respective effective or issue dates, contains any untrue statement of any material fact or omits to state any material fact necessary to make the statements therein not misleading (except that no statement need be made with respect to any financial statements, notes thereto or other financial or statistical data or other expertized material contained therein). If for any reason PMT's counsel is unable to make such statement, PMT shall so notify the Controlling Fairway Stockholders and shall use its best efforts to remove expeditiously all impediments to the rendering of such opinion.

(c) PMT shall promptly notify the participating holders of the PMT Shares of the occurrence of any event as a result of which any current prospectus included in a registration statement filed pursuant to this Section 6.2 includes any misstatement of a

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material fact or omits to state any material fact to be stated therein or necessary to make the statements therein not misleading in light of the circumstances then existing, and shall promptly file amendments to the Registration Statement or promptly file such reports and/or statements required by the 1934 Act to the extent necessary so that such registration statement, including the 1934 Act reports and/or statements incorporated therein, will not include an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of circumstances under which they were made, not misleading.

(d) PMT's obligations under Sections 6.1(c) and 6.2(a) with respect to each holder of PMT Shares are expressly conditioned upon such holder's furnishing to PMT in writing such information concerning such holder and the terms of such holder's proposed offering as PMT shall reasonably request for inclusion in the registration statement. In the case of each registration effected pursuant to this Agreement, PMT shall indemnify each holder thereof (and each underwriter for such holder and each person, if any, who controls such underwriter within the meaning of the 1933 Act) from any loss, claim, damage or liability arising out of or based upon any untrue statement of a material fact contained in such registration statement or any omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, except for any such statement or omission based on information furnished in writing by such holder of PMT Shares expressly for use in connection with such registration statement; and such holder shall indemnify PMT (and each of its officers and directors who has signed such registration statement, each director, each person, if any, who controls PMT within the meaning of the 1933 Act, each underwriter for PMT and each person, if any, who controls such underwriter within the meaning of the 1933 Act) and each other such holder against any loss, claim, damage or liability arising from any such statement or omission which was made in reliance upon information furnished in writing to PMT by such holder of PMT Shares expressly for use in connection with such registration statement.

(e) PMT shall furnish to each holder of PMT Shares such number of copies of any prospectus (including any preliminary prospectus and any amended or supplemented prospectus) in conformity with the requirements of the 1933 Act, and such other documents, as such holder of PMT Shares may reasonably request in order to effect the offering and sale of the PMT Shares to be offered and sold, but only while PMT shall be required under the provisions hereof to cause the registration statement to remain current.

(f) PMT shall not be required to effect a registration under this Agreement if in the written opinion of counsel to PMT, which counsel and the opinion so rendered shall be reasonably acceptable to the holders of PMT Shares requesting registration, such holders may sell without registration under the 1933 Act all PMT Shares for which they requested registration under the provisions of the 1933 Act and in the quantity in which

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the PMT Shares were proposed to be sold, or if PMT shall have obtained from the SEC a "no-action" letter to that effect.

6.3 *Blackout Period.* PMT shall be entitled, once per registration statement, to (i) postpone the filing or effectiveness of any Registration Statement contemplated under Section 6.1(c) and Section 6.2 hereof; or (ii) if effective, elect that any registration statement not be useable and require the Controlling Fairway Stockholders to suspend sales pursuant to the prospectus contained therein, for a reasonable period of time, but not in excess of 90 days (a "Blackout Period"), if PMT determines in good faith that the registration and distribution of the shares of PMT Common Stock (or the use of the registration statement or related prospectus) would interfere with any pending material acquisition, material corporation reorganization or any other premature disclosure thereof. PMT shall promptly give the Controlling Fairway Stockholders written notice of such termination, containing a general statement of the reasons for such postponement or restriction of use and an approximation of the anticipated delay.

6.4 *Covenants of Fairway.* Fairway covenants and agrees that between the date hereof and continuing until the Effective Time (except as expressly contemplated or permitted hereby, or to the extent that PMT shall otherwise consent in writing):

(a) [Intentionally omitted]

(b) Fairway will make all normal and customary repairs, replacements, and improvements to its facilities, will not dispose of any material assets other than at fair market value and with the prior written consent of PMT, and without limiting the generality of the foregoing or the covenants set forth in 6.1(a), Fairway will not, without the prior written consent of PMT which consent shall not be unreasonably withheld with respect to the matters set forth in (ix):

(i) change its Articles of Incorporation or bylaws or merge and consolidate with or into any entity or obligate itself to do so;

(ii) other than a dividend in customary amounts payable prior to Closing, declare, set aside or pay any cash dividend or other distribution on or in respect of shares of its capital stock, or any redemption, retirement or purchase with respect to its capital stock or issue any additional shares of its capital stock. Fairway may pay reasonable fees and expenses related to the transaction in accordance with a schedule of estimated fees and expenses approved by PMT;

(iii) other than normal payments on loans for borrowed money, discharge or satisfy any lien, charge, encumbrance or indebtedness outside the ordinary course of business, except those required to be discharged or satisfied;

(iv) authorize, guarantee or incur indebtedness aggregating in excess of \$50,000;

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- (v) make any capital expenditures or capital additions or betterments, or commitments therefor, aggregating in excess of \$50,000;
 - (vi) loan funds to any person;
 - (vii) institute, settle or agree to settle any litigation, action or proceeding before any court or governmental body;
 - (viii) mortgage, pledge or subject to any other encumbrance any of its property or assets, tangible or intangible;
 - (ix) other than ordinary and customary raises for employees authorize any compensation increases of any kind whatsoever for any employee, provided Fairway shall pay owing or accrued deferred compensation;
 - (x) enter into any material contract including leases and real estate agreements; or
 - (xi) enter into any transaction outside the ordinary course of business.
- (c) Each Controlling Fairway Stockholder agrees that he will not sell any shares of PMT Common Stock in any event unless financial results covering at least 30 days of post-merger combined operations have been published, and PMT shall be entitled to place the legends set forth below on the certificates to be delivered to the Controlling Fairway Stockholders and issue stop transfer instructions to PMT's Transfer Agent similar to the limitations referenced in such legends:

THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE BEEN ISSUED AND SOLD IN RELIANCE UPON AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") AND MAY NOT BE SOLD, OFFERED FOR SALE OR OTHERWISE DISPOSED OF OTHER THAN (i) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT OR AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT OR (ii) AN OPINION OF COUNSEL ACCEPTABLE TO THE COMPANY REGARDING COMPLIANCE WITH THE SECURITIES ACT AND APPLICABLE SECURITIES LAWS OF ANY OTHER JURISDICTION. THE COMPANY SHALL BE ENTITLED TO REQUIRE AN OPINION OF COUNSEL SATISFACTORY TO IT WITH RESPECT TO COMPLIANCE WITH THE ABOVE LAWS.

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IN ADDITION TO THE ABOVE RESTRICTIONS, IN NO EVENT MAY THE SHARES REPRESENTED BY THIS CERTIFICATE BE SOLD, OFFERED FOR SALE OR OTHERWISE DISPOSED OF BEFORE MARCH 17, 1997.

(d) Without the prior written consent of PMT, Fairway shall not take any action which would cause or tend to cause the conditions upon the obligations of the parties hereto to effect the transactions contemplated hereby not to be fulfilled unless required by law; including without limitation, taking, causing to be taken, or permitting or suffering to be taken or to exist any action, condition or thing which would cause the representations and warranties made by Fairway herein not to be true, correct and accurate as of the Closing Date.

(e) Fairway shall not take any action that will result, directly or indirectly, in a material adverse change in the value of the Merchant Accounts taken as a whole since July 31, 1996.

(f) [Intentionally omitted]

(g) Fairway, prior to the Closing Date, shall have arranged for the cancellation or exercise of the outstanding options or warrants to purchase Fairway Common Stock.

(h) From and after the date hereof and until the Effective Time, Fairway shall not (i) knowingly take any action, or knowingly fail to take any action, that would jeopardize the treatment of the Merger as a "pooling of interests" for accounting purposes; (ii) knowingly take any action, or knowingly fail to take any action, that would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a)(2)(E) of the Code; or (iii) enter into any contract, agreement, commitment or arrangement with respect to either of the foregoing.

(i) Fairway shall complete and file its federal and state income tax returns for the calendar 1996 periods up to the Closing Date. PMT shall provide reasonable assistance and financial information necessary for Fairway or its agents to complete and file such income tax returns.

(j) Fairway shall accrue a liability, prior to Closing, for distributions to its shareholders on a basis consistent with periodic distributions declared and paid by the Controlling Fairway Stockholders in the historical financial statements referenced herein. These distributions shall be in an amount and form reasonably intended to allow the Controlling Fairway shareholders to pay estimated income tax deposits attributable to the income flowing through to the personal income tax returns of the Controlling Fairway Stockholders as a result of S-corporation status.

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6.5 *Covenants of PMT.* PMT covenants and agrees that between the date hereof and continuing until the Effective Time (except as expressly contemplated or permitted hereby, or to the extent that Fairway shall otherwise consent in writing):

(a) PMT shall not later than March 17, 1997 promptly prepare and submit to the Nasdaq National Market ("NASDAQ") a listing application covering the shares of PMT Common Stock issuable in the Merger, and shall use its best efforts to obtain, prior to the Effective Time, approval for the listing of such PMT Common Stock, subject to official notice of issuance. PMT shall file financial results covering at least 30 days of post-merger combined operations no later than March 17, 1997; *provided, however,* that Fairway and the Controlling Fairway Stockholders have adequately facilitated providing PMT the same.

(b) PMT will use its reasonable efforts to send copies of all SEC filings to the Controlling Fairway Stockholders while the Form S-3 is effective, *provided, however,* that in no event shall the failure by PMT to deliver any such documents constitute a breach of this Agreement by PMT.

(c) Without the prior written consent of Fairway, PMT shall not take any action which would cause or tend to cause the conditions upon the obligations of the parties hereto to effect the transactions contemplated hereby not to be fulfilled; including without limitation, taking, causing to be taken, or permitting or suffering to be taken or to exist any action, condition or thing which would cause the representations and warranties made by PMT herein not to be true, correct and accurate as of the Closing Date.

(d) From and after the date hereof and until the Effective Time, PMT shall not (i) knowingly take any action, or knowingly fail to take any action, that would jeopardize the treatment of the Merger as a "pooling of interests" for accounting purposes; (ii) knowingly take any action, or knowingly fail to take any action, that would jeopardize qualification of the Merger as a reorganization within the meaning of Section 368(a)(2)(E) of the Code; or (iii) enter into any contract, agreement, commitment or arrangement with respect to either of the foregoing.

(e) To the extent PMT elects, for whatever reason or no reason, not to retain any Fairway employees, for one year following the Closing Date, PMT will not oppose such person's claim for unemployment benefits, and PMT shall complete all appropriate questionnaires or claim forms required by state officials in this regard. As of the date hereof, PMT has made no representation regarding PMT's intent to retain any Fairway employee, other than in good faith.

(f) PMT agrees that after the Effective Time, it will indemnify any person who has rights to indemnification from Fairway to the same extent and on the same

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conditions as such person is entitled to indemnification pursuant to Fairway's Articles of Incorporation or Bylaws as in effect on the date of this Agreement.

(g) PMT shall report post-Merger combined results of Fairway and PMT in a Current Report on Form 8-K or 10-Q no later than 45 days after the end of the First full calendar month following the Effective Time if the requirement for publication of 30 days post-Merger combined results shall not have been satisfied in some other manner by such time in compliance with applicable rules.

ARTICLE 7

CONDITIONS

7.1 *Conditions to Each Party's Obligation to Effect the Merger.* The respective obligation of each party to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) No action or proceeding shall have been instituted before a court or other governmental body by any governmental agency or public authority to restrain or prohibit the transactions contemplated by this Agreement or to obtain an amount of damages or other material relief in connection with the execution of the Agreement or the related agreements or the consummation of the Merger; and no governmental agency shall have given notice to any party hereto to the effect that consummation of the transactions contemplated by this Agreement would constitute a violation of any law or that it intends to commence proceedings to restrain consummation of the Merger.

(b) The PMT Common Stock to be issued in the Merger shall have been listed on the NASDAQ, and all necessary state securities law permits or approvals shall have been obtained.

(c) Fairway shall have received an opinion of its own counsel satisfactory to it, generally to the effects that (i) the Merger qualifies as a reorganization under Section 368(a)(2)(E) of the Code, (ii) no material gain or loss will be recognized by Fairway as a result of the Merger and (iii) shareholders of Fairway who receive in the Merger solely either PMT Common Stock or PMT Common Stock and cash in lieu of fractional shares will recognize no gain or loss for federal income tax purposes with respect to the PMT Common Stock received in the Merger.

(d) All consents, authorizations, orders and approvals of (or filings or registrations with) any governmental commission, board or other regulatory body required in connection with the execution, delivery and performance of this Agreement, including those required under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, shall have been obtained or made, and paid for by PMT, except for filings in connection with the Merger and any other documents required to be filed after the

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Effective Time and except where the failure to have obtained or made any such consent, authorization, order, approval, filing or registration would not have a material adverse effect on the business of PMT and Fairway, taken as a whole, following the Effective Time.

(e) PMT shall have received from Fairway copies of all resolutions adopted by the Board of Directors and shareholders of Fairway in connection with this Agreement and the transactions contemplated hereby. Fairway shall have received from PMT and Merger Sub copies of all resolutions adopted by the Board of Directors of each respective company and the shareholders of Merger Sub in connection with this Agreement and the transactions contemplated hereby.

7.2 *Conditions to Obligation of Fairway to Effect the Merger.* The obligation of Fairway to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) PMT shall have performed its agreements contained in this Agreement required to be performed on or prior to the Closing Date and the representations and warranties of PMT and Merger Sub contained in this Agreement and in any document delivered in connection herewith shall be true and correct as of the Closing Date, and Fairway shall have received a certificate of the President or the Chief Financial Officer, dated the Closing Date, certifying to such effect.

(b) From the date of this Agreement through the Effective Time, there shall not have occurred any material change in the financial condition, business, operations or prospects of PMT, that would have or would be reasonably likely to have a PMT Material Adverse Effect other than any such change that affects both Fairway and PMT in a substantially similar manner; provided, however, that no representation is made as to conditions or statements of facts or circumstances relating to (i) regional, state or local economic conditions, (ii) general service industry developments relating to companies, which provide services similar to Fairway, (iii) Fairway's competition or presentation and future, federal, state local laws, regulations, ordinances, rules or orders which affect Fairway's line of business in general (whether executive, judicial, legislative or administrative).

(c) Fairway shall have received a written opinion, dated as of the Closing Date, from the legal counsel of PMT, in form and substance satisfactory to it, as to certain matters agreed upon by legal counsel of PMT and Fairway.

(d) Prior to December 20, 1996, Fairway shall not have notified PMT in writing that Fairway's review of PMT's business, operations, and the matters disclosed in the PMT Disclosure Letter has revealed matters (described in reasonable detail) which in Fairway's reasonable business judgment would materially adversely affect the business or operations of PMT.

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7.3 *Conditions to Obligation of PMT and Merger Sub to Effect the Merger.* The obligations of PMT and Merger Sub to effect the Merger shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

- (a) Fairway shall have performed its agreements contained in this Agreement required to be performed on or prior to the Closing Date and the representations and warranties of Fairway contained in this Agreement and in any document delivered in connection herewith shall be true and correct as of the Closing Date, and PMT shall have received a certificate of the Chief Executive Officer of Fairway, dated the Closing Date, certifying to such effect.
- (b) PMT shall be satisfied that the Merger will qualify for accounting by PMT as a pooling of interests under generally accepted accounting principles and under applicable rules and regulations of the SEC. In connection therewith, PMT shall have received, on or before the Closing Date, a letter from Price Waterhouse LLP (or any other accountants of PMT's choosing) dated as of the Closing Date to the effect that the transactions contemplated by this Agreement may be treated by PMT as a "pooling of interests" for accounting purposes.
- (c) PMT shall have received from Price Waterhouse LLP "comfort" letters, in form and substance satisfactory to it, of the kind contemplated by the Statement of Auditing Standards with respect to letters to Underwriters promulgated by the American Institute of Certified Public Accountants (the "AICPA Statement") with respect to the procedures undertaken by them relating to the financial statements of Fairway contained in the S-3 and the other matters contemplated by the AICPA statement and customarily included in comfort letters relating to transactions similar to the Merger, (i) dated immediately prior to the date of mailing of the Prospectus, and (ii) dated immediately prior to the Closing Date, a bring down of the letter provided in subparagraph (i).
- (d) From the date of this Agreement through the Effective Time, there shall not have occurred any material change in the financial condition, business, operations or prospects of Fairway, other than any such change that affects both Fairway and PMT in a substantially similar manner.
- (e) By or before the Closing Date, Eugene Barker, Chief Executive Officer of Fairway, will have executed a valid employment agreement, including a non-competition agreement, with Fairway.
- (f) PMT shall have received a written opinion, dated as of the Closing Date, from the legal counsel of Fairway, in form and substance satisfactory to it, as to certain matters agreed upon by legal counsel of PMT and Fairway.

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(g) Prior to the later of December 20, 1996, or the date of completion of the review of Fairway's financial statements, PMT shall not have notified Fairway in writing that PMT's review of Fairway's business, operations, and the matters disclosed in the Fairway Disclosure Letter has revealed matters (described in reasonable detail) which in PMT's reasonable business judgment would materially adversely affect the business or operations of Fairway.

(h) The Dissenting Fairway Shares shall not exceed 10% of the total number of outstanding shares of Fairway Common Stock.

ARTICLE 8

TERMINATION

8.1 *Termination by Mutual Consent.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, before or after the approval of this Agreement by the shareholders of Fairway, by the mutual written consent of PMT and Fairway.

8.2 *Termination by Either PMT or Fairway.* This Agreement may be terminated and the Merger may be abandoned by action of the Board of Directors of either PMT or Fairway if (a) the Merger shall not have been consummated by December 31, 1996, or (b) a United States federal or state court of competent jurisdiction or United States federal or state governmental, regulatory or administrative agency or commission shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and non-appealable; provided, that the party seeking to terminate this Agreement pursuant to this clause (b) shall have used its reasonable best efforts to remove such injunction, order or decree, or (c) pursuant to Section 3.1(f) hereof.

8.3 *Termination by Fairway.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, before or after the adoption and approval by the shareholders of Fairway, by action of the Board of Directors of Fairway, if (a) there has been a breach by PMT or Merger Sub of any representation or warranty contained in this Agreement which would have or would be reasonably likely to have a PMT Material Adverse Effect, which breach is not curable or if curable, is not cured within 30 days after written notice of such breach is given by Fairway to PMT, or (b) there has been a material breach of any of the covenants or agreements set forth in this Agreement on the part of PMT, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by Fairway to PMT, or (c) Fairway has paid PMT the Reimbursement Fee.

8.4 *Termination by PMT.* This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, by action of the Board of Directors of

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PMT, if (a) there has been a breach by Fairway of any representation or warranty contained in this Agreement which would have or would be reasonably likely to have an Fairway Material Adverse Effect, which breach is not curable or if curable, is not cured within 30 days after written notice of such breach is given by Fairway to PMT, (b) there has been a material breach of any of the covenants or agreements set forth in this Agreement on the part of Fairway, which breach is not curable or, if curable, is not cured within 30 days after written notice of such breach is given by PMT to Fairway, or (c) the Merger will not qualify for accounting by PMT as a pooling of interests under generally accepted accounting principles and under applicable rules and regulations of the SEC.

8.5 Effect of Termination and Abandonment. Upon termination of this Agreement pursuant to this Article, this Agreement shall be void and of no other effect, and there shall be no liability by reason of this Agreement or the termination thereof on the part of any party hereto, or on the part of the respective directors, officers, employees, agents or shareholders of any of them, except for the obligation to pay the Reimbursement Fee as set forth in Section 6.4(a).

8.6 Extension; Waiver. At any time prior to the Effective Time, any party hereto, by action taken by its Board of Directors, may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties made to such party contained herein or in any document delivered pursuant hereto and (c) waive compliance with any of the agreements or conditions for the benefit of such party contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in an instrument in writing signed on behalf of such party.

ARTICLE 9

INDEMNIFICATION

(a) **Indemnification by Controlling Fairway Stockholders.** Subject to the provisions of Sections 9(b) hereof, the Controlling Fairway Stockholders shall severally indemnify, save and hold PMT (including Fairway following the Merger) and its affiliates, successors and permitted assigns (the "PMT Indemnitees"), harmless against and from, and will reimburse the PMT Indemnitees on demand for, any liability, demands, claims, actions or causes of action, assessments, losses, fines, penalties, costs, damages and expenses, including reasonable attorneys' fees, disbursements and expenses (collectively, "Damages"), sustained or incurred by any of the PMT Indemnitees at any time after the Closing Date as a result of, arising out of or by virtue of, (i) any misrepresentation, breach of any warranty or representation in any material respect, or nonfulfillment of any agreement or covenant on the part of Fairway or the Controlling Fairway Stockholders in any material respect, whether contained in this Agreement or any Exhibit or Schedule hereto or thereto or any written statement or certificate furnished or to be furnished to PMT pursuant hereto or in any closing document delivered by Fairway or the

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Controlling Fairway Stockholders to PMT in connection herewith, or (ii) any final resolution, by settlement, adjudication, arbitration or otherwise, of any litigation or other adversarial proceeding pending or threatened against Fairway on the Closing Date as indicated in the Fairway Disclosure Letter.

(b) *Controlling Fairway Stockholders' Liability.* In no event shall the obligation of the Controlling Fairway Stockholders to indemnify PMT Indemnitees pursuant to Section 9(a) hereof exceed \$1.2 million. The obligations of the Controlling Fairway Stockholders to indemnify PMT in respect to any Damages shall be several and not joint. Subject to the immediately preceding proviso, each Controlling Fairway Stockholder shall be liable for his pro rata percentage (based on the number of shares of PMT Common Stock received pursuant to Section 3.1 hereof) of Damages.

(c) *Indemnification by PMT.* Upon the terms and subject to the conditions set forth in Section 9(d) hereof and this Section 9(c), PMT agrees to indemnify, save and hold the Controlling Fairway Stockholders (the "Stockholder Indemnitees") harmless against and from, and will reimburse the Stockholder Indemnitees on demand for, any Damages sustained or incurred by any of the Controlling Fairway Stockholder Indemnitees at any time after the Closing Date as a result of, arising out of or by virtue of any misrepresentation, breach of any warranty or representation in any material respect, or nonfulfillment of any agreement or covenant on the part of PMT in any material respect, whether contained in this Agreement or any Exhibit or Schedule hereto or thereto, or any written statement or certificate furnished or to be furnished to the Controlling Fairway Stockholders pursuant hereto or in any closing document delivered by PMT to Fairway or the Controlling Fairway Stockholders in connection herewith.

(d) *Conditions of Indemnification Pursuant to Sections 9(a) and 9(c).*

(i) Promptly following the receipt by an PMT Indemnitee or a Stockholder Indemnitee (as defined in Section 9(c) hereof) as the case may be, of written notice of a demand, claim, action, assessment or proceeding made or brought by a third party, including a governmental agency (a "Third Party Claim"), the PMT Indemnitee or Stockholder Indemnitee receiving such notice of the Third Party Claim (A) shall promptly notify the Controlling Fairway Stockholders or PMT, as the case may be, of its existence, setting forth the facts and circumstances of which such PMT Indemnitee or Stockholder Indemnitee has received notice, and (B) if the PMT Indemnitee or Stockholder Indemnitee giving such notice is a person entitled to indemnification under this Section 9 (an "Indemnified Party"), such Indemnified Party shall specify in such notice the basis hereunder upon which the Indemnified Party's claim for indemnification is asserted.

(ii) The Indemnified Party shall, upon reasonable notice by the Controlling Fairway Stockholders or PMT, as the case may be, tender the defense of a Third Party Claim to the Controlling Fairway Stockholders or PMT, as the case may be (the "Indemnifying Party"). If the Indemnifying Party accepts responsibility for the defense

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of a Third Party Claim, then the Indemnifying Party shall have the exclusive right to contest, defend and litigate the Third Party Claim and shall have the exclusive right, in its discretion exercised in good faith and upon the advice of counsel, to settle any such matter, either before or after the initiation of litigation, at such time and upon such terms as it deems fair and reasonable, provided that at least ten days prior to any such settlement, it shall give written notice of its intention to settle to the Indemnified Party. The Indemnified Party shall have the right to be represented by counsel at its own expense in any defense conducted by the Indemnifying Party.

(iii) If, in accordance with the foregoing provisions of this Section 9(d), an Indemnified Party shall be entitled to indemnification against a Third Party Claim, and if the Indemnifying Party shall fail to accept the defense of a Third Party Claim that has been tendered in accordance with this Section 9(d), the Indemnified Party shall have the right, without prejudice to its right of indemnification hereunder, in its discretion exercised in good faith and upon the advice of counsel, to contest, defend and litigate such Third Party Claim, and may settle such Third Party Claim (as long as such settlement does not constitute an admission of or result in any liability on the part of any such Controlling Fairway Stockholder other than such cash indemnification as provided for in this Agreement), either before or after the initiation of litigation, at such time and upon such terms as the Indemnified Party deems fair and reasonable, provided at least ten days prior to any such settlement, written notice of its intention to settle is given to the Indemnifying Party. If, pursuant to this Section 9(d) the Indemnified Party so defends or settles a Third Party Claim for which it is entitled to indemnification hereunder, as hereinabove provided, the Indemnified Party shall be reimbursed by the Indemnifying Party for the reasonable attorneys' fees and other expenses of defending the Third Party Claim that is incurred from time to time, immediately following the presentation to the Indemnifying Party of itemized bills for said attorneys' fees and other expenses. No failure by the Indemnifying Party to acknowledge in writing its indemnification obligations under this Section 9 shall relieve it of such obligations to the extent they exist.

(iv) Notwithstanding the foregoing, in connection with any settlement negotiated by the Indemnifying Party, no Indemnified Party shall be required to (A) enter into any settlement (I) that does not include the delivery by the claimant or plaintiff to the Indemnified Party of a release from all liability in respect of such claim or litigation, or (II) if the Indemnified Party shall, in writing to the Indemnifying Party within the ten day period prior to such proposed settlement, disapprove of such settlement proposal (which settlement proposal will not be unreasonably disapproved) and desire to have the Indemnifying Party tender the defense of such matter back to the Indemnified Party, or (B) consent to the entry of any judgment that does not include a full dismissal of the litigation or proceeds against the Indemnified Party with prejudice; provided, however, that should the Indemnified Party disapprove of a settlement proposal pursuant to Clause (II) above, the Indemnified Party shall thereafter have all of the responsibility for defending, contesting and settling such Third Party Claim but shall not be entitled to indemnification by the Indemnifying Party to the extent that, upon final resolution of such

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Third Party Claim, the Indemnifying Party's liability to the Indemnified Party but for this proviso exceeds what the Indemnifying Party's liability to the Indemnified Party would have been if the Indemnifying Party were permitted to settle such Third Party Claim in the absence of the Indemnified Party exercising its right under Clause (II) above.

(v) Notwithstanding the foregoing, in connection with any settlement negotiated by the Indemnified Party, if the Indemnifying Party shall, in writing to the Indemnified Party within the ten day period prior to such proposed settlement, disapprove of such settlement proposal (which settlement proposal will not be unreasonably disapproved), the Indemnifying Party shall thereafter have all of the responsibility for defending, contesting and settling such Third Party Claim.

(c) *Release by the Controlling Fairway Stockholders.* Effective upon the Closing, the Controlling Fairway Stockholders hereby release and discharge PMT and its subsidiaries and each of its officers and directors from, and agree and covenant that in no event will the Controlling Fairway Stockholders commence any litigation or other legal or administrative proceeding against, PMT, its Subsidiaries or any of their officers or directors, whether in law or equity, relating to any and all claims and demands, known and unknown, suspected and unsuspected, disclosed and undisclosed, for damages, suspected or consequential, past, present and future, arising out of or in any way connected with their ownership of the Fairway Shares prior to the Effective Time, other than claims or demands arising out of or in any way connected with this Agreement and the agreements and other documents contemplated hereby and the transaction contemplated hereby and thereby; provided, however, that nothing contained herein shall relieve any obligations of PMT to indemnify the Controlling Fairway Stockholders pursuant to Section 9 hereof.

(f) *Survival.* All of the terms and conditions of this Agreement, together with the representations, warranties and covenants contained herein or in any instrument or document delivered or to be delivered pursuant to this Agreement, shall survive the execution of this Agreement and the Closing Date notwithstanding any investigation heretofore or hereafter made by or on behalf of any party hereto; provided, however, that all representations and warranties, and the agreements of the Controlling Fairway Stockholders and PMT to indemnify each other set forth in this Section 9, shall survive and continue for, and all claims with respect thereto shall be made prior to the earlier of issuance of post-combination audited financial statements or 12 months from the Closing Date, except for any indemnification claim which shall be pending as of the end of the applicable period referred to above, in which event such Indemnities shall, as to the extent asserted, survive with respect to such claim until the final disposition thereof.

(g) *Limitation.* Notwithstanding the foregoing, no Indemnifying Party shall have any obligation to indemnify an Indemnified Party for any claim or related series of claims involving, in the aggregate, less than \$25,000.

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10.1 *Survival of Representations and Warranties.* The representations and warranties of the parties and the Controlling Fairway Stockholders as set forth in this Agreement or in any instrument delivered pursuant to this Agreement shall survive until the earlier of issuance of post-combination audited financial statements or 12 months from the Closing Date.

10.2 *Limitation on Liability.* Notwithstanding anything contained to the contrary herein, in no event shall the Controlling Fairway Stockholders in the aggregate be liable for any and all damages, including but not limited to legal fees and defense costs, sustained or incurred by PMT Merger Sub or PMT Indemnities at any time after the Closing Date or as a result of, arising out of or by virtue of the matters referenced in Section 9(a) hereof or in connection with this Agreement (except for that certain Non-Competition Agreement between PMT and Eugene C. Barker dated as of the Closing Date) in an amount in excess of \$1.2 million. Notwithstanding the foregoing, no party herein shall have any obligation to indemnify an indemnitee for any claim or related series of claims involving, in the aggregate, less than 25,000.

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10.3 *Notices.* Any notice required to be given hereunder shall be sufficient if in writing, by courier service (with proof of service), hand delivery or certified or registered mail (return receipt requested and first-class postage prepaid), addressed as follows:

If to PMT or Merger Sub:

Gregory S. Dally
President
PMT Services, Inc.

with a copy to:

Howard W. Herndon
Waller Lansden Dortch & Davis
511 Union Street, Suite 2100
Nashville, Tennessee 37219-1760

If to Fairway:

Fairway Marketing Group, Inc.
13902 N. Dale Mabry Highway
No. 285
Tampa, FL 33618
Attn: Eugene C. Barker

with a copy to:

S. Howard Gibbons
President
Osborn Enterprises
1230 Liberty Bank Lane
Suite 230
Louisville, Kentucky 40222

and

Michael G. Shaikun
Greenebaum, Doll & McDonald,
PLLC
3400 National City Tower
101 South Fifth Street
Louisville, Kentucky 40202

If to any of the Fairway Controlling
Stockholders:

Charles H. Shontz
1022 Burning Springs Circle
Louisville, Kentucky 40223

Eugene C. Barker
4305 North Park Drive
Tampa, Florida 33624

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Charles A. Osborn, Jr.
1230 Liberty Bank Lane
Suite 230
Louisville, Kentucky 40222

With a copy to:

S. Howard Gibbons
President
Osborn Enterprises
1230 Liberty Bank Lane
Suite 230
Louisville, Kentucky 40222

and

Michael G. Shalkun
Greenebaum, Doll & McDonald,
P.L.L.C.
3400 National City Tower
101 South Fifth Street
Louisville, Kentucky 40202

or to such other address as any party shall specify by written notice so given, and such notice shall be deemed to have been delivered as of the date so telecommunicated, personally delivered or mailed.

10.4 Assignment, Binding Effect; Benefit. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

10.5 Entire Agreement. This Agreement, the Exhibits, the Fairway Disclosure Letter, the PMT Disclosure Letter, the confidentiality letter and any documents delivered by the parties in connection herewith constitute the entire agreement among the parties with respect to the subject matter hereof and supersede all prior agreements, discussions, negotiations, inducements and understandings among the parties with respect thereto. No addition to or modification of any provision of this Agreement shall be binding upon any party hereto unless made in writing and signed by all parties hereto.

10.6 Amendment. Prior to the Closing, this Agreement may be amended by the parties hereto, by action taken by their respective Boards of Directors, at any time before or after approval of matters presented in connection with the Merger by the shareholders of Fairway and PMT, but after any such stockholder approval, no amendment shall be made which by law

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requires the further approval of shareholders without obtaining such further approval. Prior to the Closing, this Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. After the Closing this Agreement may only be amended by an instrument in writing signed on behalf of PMT and the shareholders of Fairway immediately before the Closing.

10.7 Governing Law. The validity of this Agreement, the construction of its terms and the determination of the rights and duties of the parties hereto shall be governed by and construed in accordance with the laws of the United States and those of the State of Tennessee applicable to contracts made and to be performed wholly within such state.

10.8 Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

10.9 Headings. Headings of the Articles and Sections of this Agreement are for the convenience of the parties only, and shall be given no substantive or interpretive effect whatsoever.

10.10 Interpretation. In this Agreement, unless the context otherwise requires, words describing the singular number shall include the plural and vice versa, and words denoting any gender shall include all genders and words denoting natural persons shall include corporations and partnerships and vice versa.

10.11 Waivers. Except as provided in this Agreement, no action taken pursuant to this Agreement, including, without limitation, any investigation by or on behalf of any party, shall be deemed to constitute a waiver by the party taking such action of compliance with any representations, warranties, covenants or agreements contained in this Agreement. The waiver by any party hereto of a breach of any provision hereunder shall not operate or be construed as a waiver of any prior or subsequent breach of the same or any other provision hereunder.

10.12 Incorporation of Exhibits. The Fairway Disclosure Letter, the PMT Disclosure Letter and the Exhibits attached hereto and referred to herein are hereby incorporated herein and made a part hereof for all purposes as if fully set forth herein.

10.13 Severability. Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

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10.14 Expenses. Each party to this Agreement shall bear its own expenses in connection with the Merger and the transactions contemplated hereby; provided, however, that if the Merger is not consummated for any reason other than (a) a willful breach of this Agreement by Fairway; (b) the failure by Fairway to satisfy the covenant set forth in Section 6.4(e); (c) Fairway's taking or causing to be taken any action which it knows, after reasonable inquiry to its independent accountants, would disqualify the transaction as a pooling of interests; or (d) the failure of Fairway's shareholders to approve the Merger, then PMT shall promptly reimburse Fairway for its reasonable expenses incurred in connection with the preparation and audit of Fairway's audited financial statements.

10.15 Enforcement of Agreement. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any court of competent jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

10.16 Press Releases. All press releases issued by PMT or Fairway with respect to these transactions shall be in form reasonably approved by PMT and Fairway in writing.

10.17 Knowledge. "Knowledge" or a similar phrase means the actual knowledge of the party referred to and in the case of PMT it means PMT's executive officers and in the case of Fairway it means the executive officers of Fairway and the Controlling Fairway Stockholders.

10.18 No Third Party Beneficiaries. The terms and provisions of this Agreement are intended solely for the benefit of the parties hereto and their respective successors or assigns, and it is not the intention of the parties to confer third-party beneficiary rights upon any other person.

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IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year first written above.

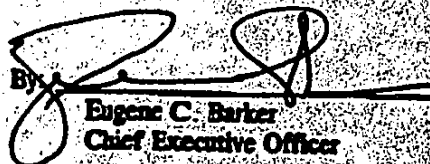
PMT SERVICES, INC.

By: 
Gregory S. Daily
President

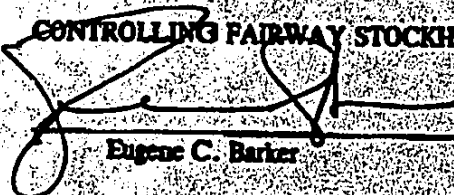
PMT FLORIDA ACQUISITION CORPORATION

By: 
Gregory S. Daily
President

FAIRWAY MARKETING GROUP, INC.

By: 
Eugene C. Barker
Chief Executive Officer

CONTROLLING FAIRWAY STOCKHOLDERS:


Eugene C. Barker

Charles A. Osborn, Jr.

Charles H. Shontz

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DEC-19-1998 20:21 FROM WALTER LUGDAH

RE: SCARFOLD-021208 P.02

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IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year first written above.

PMT SERVICES, INC.

By: _____

Gregory S. Dally
President

PMT FLORIDA ACQUISITION CORPORATION

By: _____

Gregory S. Dally
President

FAIRWAY MARKETING GROUP, INC.

By: _____

Eugene C. Barker
Chief Executive Officer

CONTROLLING FAIRWAY STOCKHOLDERS:

Eugene C. Barker

Charles A. O'Brien, Jr.

CHAS. H. SHORTS

Charles H. Shorts

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12/23/98 MON 15:52 FAX 813 251 6711

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IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf as of the day and year first written above.

FMT SERVICES, INC.

By: _____

Gregory S. Dally
President

FMT FLORIDA ACQUISITION CORPORATION

By: _____

Gregory S. Dally
President

FAIRWAY MARKETING GROUP, INC.

By: _____

Reggie C. Barker
Chief Executive Officer

CONTROLLING FAIRWAY STOCKHOLDERS:

Reggie C. Barker


Charles A. O'Brien, Jr.

Charles H. Shotts

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ARTICLES OF RESTATEMENT
OF
PMT FLORIDA ACQUISITION CORPORATION,
Formerly Known As
FAIRWAY MARKETING GROUP, INC.

In accordance with Section 607.1007 of the Florida Statutes, 1995, Eugene C. Barker, the president of PMT Florida Acquisition Corporation, formerly known as Fairway Marketing Group, Inc. (the "Corporation"), hereby certifies as follows:

1. The name of this Corporation is PMT Florida Acquisition Corporation, formerly known as Fairway Marketing Group, Inc.

2. Pursuant to that certain Agreement and Plan of Merger dated December 20, 1996 (the "Plan") among PMT Services, Inc., PMT Florida Acquisition Corporation ("Merger Sub"), this Corporation, Eugene C. Barker, Charles A. Osborn, Jr., and Charles H. Schontz, Merger Sub was merged into this Corporation, and this Corporation became the surviving corporation.

3. Pursuant to Section 2.1 of the Plan, the Articles of Incorporation of this Corporation were amended in their entirety. As so amended, the restated Articles of Incorporation of this Corporation are set forth in Exhibit "A," which is attached hereto and incorporated herein by this reference.

4. The Plan, and the amendments to the Articles of Incorporation set forth in the Plan, were duly adopted by the shareholders of this Corporation on December 20, 1996. The holders of common stock of this Corporation were entitled to vote as a single voting group on the foregoing amendments, and the number of votes cast for the amendments by such voting group was sufficient

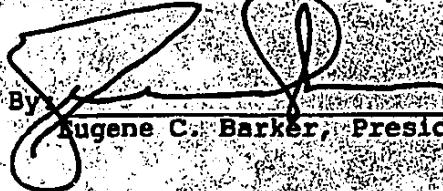
for approval.

LESLIE WAGER HUDOCK
BARNETT, BOLT, KIRKWOOD & LONG
801 Bayshore Blvd., Suite 700
Tampa, FL 33606
Fla. Bar No. 850706
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IN WITNESS WHEREOF, the undersigned corporation has caused these Articles of Restatement to be executed by its duly authorized officer this 24th day of December, 1996.

PMT FLORIDA ACQUISITION
CORPORATION, formerly known as
FAIRWAY MARKETING GROUP, INC.

By 
Eugene C. Barker, President

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RESTATED ARTICLES OF INCORPORATION
OF
PMT FLORIDA ACQUISITION CORPORATION,
Formerly Known As
FAIRWAY MARKETING GROUP, INC.

The undersigned hereby restates the Articles of Incorporation, as amended to date, of PMT Florida Acquisition Corporation, formerly known as Fairway Marketing Group, Inc. (the "Corporation"), a Florida corporation, pursuant to the following Restated Articles of Incorporation:

1. Name. The name of the Corporation is PMT Florida Acquisition Corporation.

2. Principal Office. The address of the principal office of the Corporation is 2 Maryland Farms, Suite 200, Nashville, Tennessee 37027.

3. Authorized Shares. The Corporation shall have authority, acting by its board of directors, to issue not more than One Thousand (1,000) shares of common stock, each with no par value ("Common Stock"). All shares of Common Stock shall be one and the same class and when issued shall have equal rights of participation in dividends and assets of the Corporation and shall be non-assessable. Each outstanding share of Common Stock shall be entitled to one vote on each matter submitted to a vote at a meeting of shareholders.

4. Registered Office and Registered Agent. The address of the registered office of the Corporation in Florida is 1201 Hays Street, Tallahassee, Florida 32301. The Corporation's registered agent at the registered office is Corporation Service Company.

5. Indemnification. The Corporation shall, to the fullest extent permitted by Section 607.0850 of the Florida Business Corporation Act, as the same may be amended and supplemented, indemnify any and all persons whom it shall have power to indemnify under said section from and against any and all of the expenses, liabilities or other matters referred to or covered by said section, and indemnification provided for herein shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any by-law, agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in his official vote of stockholders or disinterested directors, or otherwise, both as to action in his official capacity and as to action in another capacity while holding office, and shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the heirs, executors and administrators of such a person.

EXHIBIT "A"

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12/24/96 TUE 12:28 FAX 813 251 6711

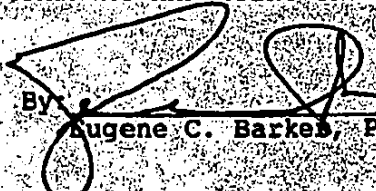
B.B.KAL

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IN WITNESS WHEREOF, the undersigned Corporation has caused these Restated Articles of Incorporation to be executed by its duly authorized officer this 24th day of December, 1996.

PMT FLORIDA ACQUISITION
CORPORATION, formerly known as
FAIRWAY MARKETING GROUP, INC.

By: 
Eugene C. Barker, President

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PMT FLORIDA ACQUISITION CORPORATION,
FORMERLY KNOWN AS FAIRWAY MARKETING GROUP, INC.
13902 N. DALE MABRY HWY.
TAMPA, FL 33618

December 24, 1996

State of Florida
Office of the Secretary of State
Division of Corporations
Tallahassee, Florida
Attention: Linda Stitt

Re: PMT Florida Acquisition Corporation, formerly known as
Fairway Marketing Group, Inc. (the "Corporation")

Ladies and Gentlemen:

Pursuant to that certain Agreement and Plan of Merger dated December 20, 1996 (the "Plan") among PMT Services, Inc., PMT Florida Acquisition Corporation ("Merger Sub"), this Corporation, Eugene C. Barker, Charles A. Osborn, Jr., and Charles H. Schontz, Merger Sub was merged into this Corporation, and this Corporation became the surviving corporation. Pursuant to Sections 2.3 and 2.4 of the Plan, the directors and officers of Merger Sub became the directors and officers of this Corporation.

Please be advised that, effective as of December 23, 1996, the officers and directors of the Corporation and their respective addresses are as follows:

Directors:

Richardson M. Roberts	Gregory S. Daily
2 Maryland Farms	2 Maryland Farms
Suite 200	Suite 200
Nashville, TN 37027	Nashville, TN 37027

Officers:

Chief Executive Officer: Gregory S. Daily
2 Maryland Farms
Suite 200
Nashville, TN 37027

President: Eugene C. Barker
13902 N. Dale Mabry
Tampa, FL 33618

Secretary: Vickie G. Johnson

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12/24/96 TUE 12:29 FAX 613 251 0711

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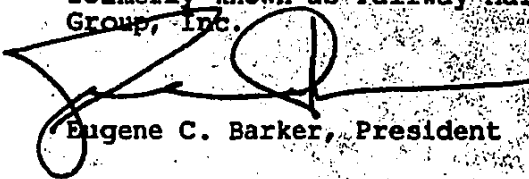
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Florida Secretary of State
Division of Corporations
December 24, 1996
Page 2

2 Maryland Farms
Suite 200
Nashville, TN 37027

Sincerely,

PMT Florida Acquisition Corporation,
formerly known as Fairway Marketing
Group, Inc.



Eugene C. Barker, President

13/AD1/FAIRWAY-DIRECTORS AND OFFICERS

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12/24/98 TUE 00:34 FAX 813 251 8711

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**STATE OF FLORIDA
DEPARTMENT OF STATE
ACCEPTANCE AS REGISTERED AGENT**

The following is submitted in compliance with Section 607.0501(3) of the Florida Statutes:

1. The name of the corporation is TNT Florida Acquisition Corporation, f/k/a Fairway Marketing Group, Inc.
2. The registered office is located at 1201 Nays Street, Tallahassee, Florida 32301.
3. The name of the registered agent is Corporation Service Company.

I hereby acknowledge that I am familiar with and accept the obligations provided for in Section 607.0505 of the Florida Statutes and hereby accept appointment as Registered Agent for TNT Florida Acquisition Corporation, f/k/a Fairway Marketing Group, Inc.

CORPORATION SERVICE COMPANY

By: Louie E. Dunlap
LOUIE E. DUNLAP,
Its authorized agent
"Registered Agent"

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