

09-08-1998



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TRADEMARKS ONLY

U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks. Please record the attached original document or copy thereof.

MRP 8-31-98

<p>1. Name of Party(ies) conveying an interest:</p> <p>World Travel &amp; Incentives, Inc. 701 Fourth Avenue South, Suite 1500 Minneapolis, Minnesota 55415</p> <p><input type="checkbox"/> Individual(s)                      <input type="checkbox"/> Association  <input type="checkbox"/> General Partnership              <input type="checkbox"/> Limited Partnership  <input checked="" type="checkbox"/> Corporation <u>Minnesota</u>  <input type="checkbox"/> Other</p> <p>Additional name(s) of conveying party(ies) attached?   <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p>	<p>2. Name and Address of Party(ies) receiving an interest:</p> <p>Name: <u>Professional Travel Corporation</u></p> <p>Street Address: <u>84 Inverness Circle East</u></p> <p>Internal Address: _____ <u>31</u></p> <p>City: <u>Englewood</u>      State: <u>Colorado</u>      Zip: <u>80155-6604</u></p> <p><input type="checkbox"/> Individual(s) citizenship _____  <input type="checkbox"/> Association _____  <input type="checkbox"/> General Partnership _____  <input type="checkbox"/> Limited Partnership _____  <input checked="" type="checkbox"/> Corporation _____ <u>Colorado</u>  <input type="checkbox"/> Other _____</p> <p>Additional name(s) &amp; address(es) attached?   <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p>
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<p>3. Nature of Conveyance:</p> <p><input checked="" type="checkbox"/> Assignment                      <input type="checkbox"/> Merger  <input type="checkbox"/> Security Agreement              <input type="checkbox"/> Change of Name  <input type="checkbox"/> Other</p> <p>Execution Date: <u>December 21, 1996</u></p>	
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<p>4. Application number(s) or registration number(s):</p> <p>A. Trademark Application No (s): <u>N/A</u></p>	<p>B. Trademark Registration No.(s): <u>1,274,579</u></p> <p>Additional numbers attached?   <input type="checkbox"/> Yes   <input checked="" type="checkbox"/> No</p>
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<p>5. Name and address of party to whom correspondence concerning document should be mailed:</p> <p>Name: <u>Mark H. Webbink, Esq.</u></p> <p>Internal Address: <u>Moore &amp; Van Allen, PLLC</u></p> <p>Street Address: <u>2200 West Main Street, Suite 800</u></p> <p>City: <u>Durham</u>      State: <u>NC</u>      ZIP: <u>27705</u></p>	<p>6. Total number of applications and registrations involved: <u>1</u></p> <p>7. Total fee (37 CFR 3.4): ..... \$ <u>40.00</u> <b>E</b></p> <p><input checked="" type="checkbox"/> Enclosed  <input checked="" type="checkbox"/> Authorized to be charged to deposit account  (Any Deficiency)</p> <p>8. Deposit account number:  <u>13-4365</u>  (Attach duplicate copy of this form if paying by deposit account):</p>
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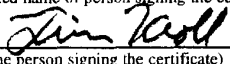
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9. Statement and signature.

*To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.*

Mark H. Webbink, Esq.            8/25/98  
Name of Person Signing                      Signature                      Date

Total number of pages including cover sheet, attachments and document: 34

<p>Mail documents to be recorded with required cover sheet information to:</p> <p>Commissioner of Patents and Trademarks Box Assignments Washington, D.C. 20231</p>	<p>CERTIFICATE OF MAILING</p> <p>I hereby certify that this paper is being deposited with the United States Postal Service as first class mail in an envelope addressed to the Commissioner Of Patent And Trademarks, Washington, DC 20231, BOX ASSIGNMENTS.</p> <p><u>TIM KROLL</u>  (Typed or printed name of person signing the certificate)</p> <p>  (Signature of the person signing the certificate)</p> <p><u>8/25/98</u>  (Date of Signature)</p>
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ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (hereinafter referred to as "Agreement"), made this 21st day of December 1996, between WORLD TRAVEL & INCENTIVES, INC., a Minnesota corporation (hereinafter referred to as the "Corporation" and/or "Seller") whose address is 701 Fourth Avenue South, Suite 1500, Minneapolis, Minnesota 55415; Robert L. Cox (hereinafter referred to as "Cox"); and PROFESSIONAL TRAVEL CORPORATION, a Colorado corporation (hereinafter referred to as "Buyer") whose address is 84 Inverness Circle East, Englewood, Colorado 80155-6604.

RECITALS

1. Corporation is engaged in the travel business at the address referred to above ("Premises").

2. Cox owns 51% of the issued and outstanding stock of the Corporation.

3. The remaining 49% of the Corporation's stock is owned by the Corporation's Employee Stock Ownership Plan (hereinafter referred to as "ESOP"), with Carole L. Perfetti, Robert L. Cox and Dana X. Marshall serving as Trustees of the ESOP. Cox and the ESOP shall jointly be referred to herein as "Shareholders".

4. Buyer desires to purchase the business and assets of the Corporation on the terms stated herein.

5. Definitions

(a) Purchased Assets. The Assets listed under the heading "Purchased Assets" in Exhibit A, referred to herein as "Assets" or "Purchased Assets", attached hereto and made a part hereof.

(b) Purchased Liabilities. The liabilities listed under the heading "Purchased Liabilities" in Exhibit A.

(c) Net Purchased Assets. The Purchased Assets less the Purchased Liabilities, as listed in Exhibit A.

(d) Closing Balance Sheet. The Corporation's Balance Sheet as of December 27, 1996, to be set forth in Exhibit A-1.

(e) Final Balance Sheet. The Corporation's Balance Sheet as of December 31, 1996.

6. The parties have executed a Letter of Intent, dated December 4, 1996. This Agreement shall supersede said Letter of Intent and in the event of any conflict this Agreement shall control.

NOW, THEREFORE, in consideration of the Recitals, the mutual promises, covenants and conditions hereinafter set forth and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I.

PURCHASE AND SALE

Section 1. Sale of Assets. The Corporation shall sell, and the Buyer shall purchase the Purchased Assets. The Corporation shall assign, and the Buyer shall assume the Purchased Liabilities. The Purchase Price shall be \$1,350,000 and is based upon the Net Purchased Assets being greater than or equal to zero. The Closing Balance Sheet will be made available to the Buyer by the Corporation at least two days prior to the Closing Date and attached hereto as Exhibit A-1. Until completion of the Final Balance Sheet, Seller shall cooperate with Buyer's requests for Seller to provide information of Seller's financial status. The adjustments to be shown on the Final Balance Sheet shall follow the format, eliminations and adjustments which were followed on the Closing Balance Sheet, but the amounts shall reflect the financial condition of the Corporation as of December 31, 1996. The Parties will use the Final Balance Sheet for the purpose of calculating adjustments to the Purchase Price. Any changes in value will be adjusted as set forth in Article II, Section 2, Paragraph ~~D~~ <sup>113</sup> <sub>R.I.C.</sub> hereinbelow. The following Assets owned by the Corporation are specifically subject to this Agreement:

A. Furniture, Fixtures, Equipment and Supplies. All tangible assets of the Corporation of every kind and description owned or used in the operation of the business, including, without limitation, all machinery, equipment, leasehold improvements, fixtures, furniture, vehicles, computer, supplies, packaging materials, marketing and sales literature and brochures, consumable

materials and other miscellaneous items of similar character relating to the Corporation's business, wherever located, including, without limitation, those items listed in Exhibit B attached hereto and made a part hereof.

B. Accounts Receivable. All accounts receivable existing as of the Closing Date (net of the bad debt reserve contained in the most recent financial statement). The accounts receivable shall be marked Exhibit C, attached hereto and made a part hereof.

C. Customer Lists. The Corporation will deliver to Buyer a list of its current customers as of the Closing Date. Said list shall be marked Exhibit D, attached hereto and made a part hereof. In addition, the Corporation will deliver to Buyer whatever information it has on past and prospective customers.

D. Material Commitments. Subject to prior review by Buyer, Buyer shall purchase and assume all Material Commitments as defined in Article IV, Section 8 relating to the business of Seller and shall complete such commitments without further liability to Seller and without any liability to Buyer for actions taken or failed to be taken by Seller prior to such assumption. Said commitments shall be stated on Exhibit E, attached hereto and made a part hereof.

E. Pre-Paid Expenses and Deposits. All pre-paid expenses and existing deposits, if any, relating to the operation of the business of Seller or the Assets of Seller which are being acquired hereunder.

F. Proprietary Rights. All product information, tradenames (including, without limitation all of Seller's right, title and interest, in and to the name "World Travel & Incentives"), trademarks, trademark registrations and any applications therefor, copyrights, copyright registrations and applications therefor, whether issued or pending, relating to the Corporation's business, including, without limitation, those items listed on Exhibit F attached hereto and made a part hereof and all trade secrets and technical knowledge and all other similar

interests relating to the business to which Seller has any right of ownership, use or otherwise.

G. Covenants Not to Compete. Seller and Cox will execute the Covenants Not To Compete referred to in Article VII hereinafter.

H. Intangible Assets. The goodwill, if any, of the business and all intangible assets, if any, owned by the Corporation.

## ARTICLE II.

### PURCHASE PRICE

Section 1. Purchase Price. The purchase price shall be \$1,350,000.00 subject to adjustments as provided for herein. Said purchase price shall be allocated among the Assets, by the mutual agreement of the parties, subject to adjustments based upon the Final Balance Sheet and will be set forth on Exhibit G, attached hereto and made a part hereof. The parties agree to timely file Form 8594 with the Internal Revenue Service reflecting such allocation.

### Section 2. Payment of Purchase Price.

A. Assumption of Current Liabilities. The purchase price will be paid, in part, by Buyer assuming, at Closing, the Purchased Liabilities reflected on the Corporation's Final Balance Sheet.

B. Cash. At the Closing Date, Buyer shall pay Seller \$800,000 in cash or certified funds.

C. Promissory Note. The balance of the purchase price, \$550,000, shall be represented by Buyer's Promissory Note to the Corporation in the form set forth in Exhibit H, attached hereto and made a part hereof. Said Note shall bear interest at the prime commercial lending rate being charged on the day of Closing by Colorado National Bank. Said interest rate shall be adjusted on the first banking day of each calendar quarter thereafter. The Promissory Note shall be payable over two years in equal installments of principal and accrued interest. Payments of principal and accrued interest will be made on the last day of each

quarter. The first payment will be due March 31, 1997. However, in the event that Closing is postponed, then the first payment will be due beginning at the end of the month following the 90th day after the Closing Date. The Buyer shall have the right to prepay said Promissory Note at any time without penalty. Seller shall be entitled to receive quarterly balance sheet statements of Buyer until the Note has been paid in full.

D. Adjustments.

1. Balance Sheet Errors or Adjustments. On or before January 15, 1997, the parties will prepare a Final Balance Sheet. If there is any error in or adjustments to (including but not limited to airline recall commissions, airline debit memos, unreported sales, etc.) the Final Balance Sheet subsequently discovered by Buyer then Buyer shall bill Seller for said error subject to the Basket (as defined in Article VI, Section 3.). If Seller does not reimburse Buyer within three (3) business days of the date of said bill, then Buyer shall have the right to offset said amount against the next payments due on the Promissory Note as well as any other remedies available at law.

2. Uncollected Accounts Receivable. Seller hereby guarantees the collection of the Accounts Receivable shown on the Final Balance Sheet which are ninety (90) days or more past due, less the stated reserves. Subject to the Basket (as defined in Article VI, Section 3.), uncollected accounts receivable ninety (90) days or older in excess of the allowance for doubtful accounts shall be offset against the Promissory Note after Buyer has attempted to collect such accounts receivable in a manner consistent with Buyer's ordinary course of operation. Buyer hereby agrees that on any account receivable which Buyer claims indemnification (including those within the Basket), Buyer will give Seller the option to collect said account receivable before making a claim for indemnification under this Agreement.

Section 3. Closing. The Closing will occur on December 31, 1996. Closing will take place at the office of Buyer's attorney, NED A. MINOR, MINOR & BROWN, P.C., 650 S. CHERRY STREET, SUITE 1100, DENVER, COLORADO 80222, at a time to be mutually agreed upon by the parties.

A. At Closing, Seller shall deliver to Buyer:

1. Bills of sale with covenants of warranty, assignments and such other instruments and documents as may be necessary to effectively transfer good and marketable title of the Assets being sold hereunder and all other documents required by this Agreement to Buyer.

2. Possession of the Premises and Assets;

3. All books, records, documents, licenses, permits, leases and contracts necessary in the normal conduct of the business, specifically excluding the corporate record book.

4. Covenant Not To Compete Agreements, duly executed by Seller and Cox.

5. A Certificate from the Chief Executive Officer of Seller, in a form satisfactory to Buyer and Buyer's counsel, setting forth the resolutions adopted by the Board of Directors of Seller and its Shareholders authorizing the execution of this Agreement and all documents to be executed in connection herewith and the taking of any and all actions deemed necessary and advisable to consummate the sale of the Assets.

6. Appropriate executed original copies of an Amendment to Seller's Articles of Incorporation changing Seller's corporate name to eliminate the words "World Travel & Incentives" therefrom, which executed documents shall be in such number and in such form as are required for filing with the appropriate Secretary of State.

7. Opinion letter signed by Seller's counsel, in the form attached hereto and made a part hereof as Schedule 1.

8. Such other instruments, documents and certificates as Buyer may reasonably request.

B. At Closing, Buyer shall deliver to Seller:

1. The cash amount of the Purchase Price and the Promissory Note for the remaining amount of the Purchase Price, duly executed by Buyer.

2. A certificate from the Chief Executive Officer of Buyer, in a form satisfactory to Seller and Seller's counsel, setting forth the resolutions adopted by the Board of Directors of Buyer authorizing the execution of this Agreement and all documents to be executed in connection herewith and the taking of any and all actions deemed necessary and advisable to consummate the purchase of the Purchased Assets.

3. Assumption agreement for the Material Commitments and Purchased Liabilities, duly executed by Buyer.

4. Opinion letter signed by Buyer's counsel, in the form attached hereto and made a part hereof as Schedule 2.

#### ARTICLE III.

#### CONDITIONS PRECEDENT

#### BUYER AND SELLER

Section 1. The consummation of the transactions described herein are expressly conditioned upon Buyer being able to satisfy the following conditions precedent to Buyer's sole discretion. In the event Buyer is unable to satisfy the conditions precedent or any one of them by the Closing Date or by the extended Closing Date as hereinafter provided, then and in such event this contract shall be deemed null and void. Each party shall pay its own expenses.

A. Real Property Lease. It is a condition of the Closing that Buyer shall have reached an agreement satisfactory to Buyer in Buyer's sole discretion with the Lessor of the Premises concerning either Buyer's ability to retain possession thereof until the current lease expires or enter into a new lease

B. Financial Information. It is a condition of Closing that Corporation will furnish and Buyer will review copies of all state and federal tax returns of the Corporation for the past three



years; collection and sales records and supporting documents thereto for the past five years and financial statements with respect to the past three years. All data will be consistent with information previously provided to Buyer. Buyer and Buyer's representatives will also have access to review any and all additional business records and information relating to the Corporation. Buyer will use its reasonable best efforts to complete its inspection of information as promptly as possible.

C. Inventory. It is a condition of Closing that commencing at the end of the business day three days prior to the Closing Date that a physical inventory be taken of the Assets and that Buyer be satisfied to Buyer's sole satisfaction that said Assets are present or accounted for and in good working condition.

D. Material Commitments. It is a condition of Closing that Buyer review all Material Commitments as defined in Article IV, Section 8 to be assumed hereunder, all of which will be satisfactory to Buyer in its sole discretion.

E. Employees/Customers. It is a condition of Closing that Buyer be permitted to communicate with the employees of the Corporation and satisfy itself that such employees will continue their employment relationship with Buyer on terms acceptable to Buyer in its sole discretion, and Buyer may talk to the Corporation's major customers to verify the likelihood of their continuing to do business with Buyer. Seller shall have the right to have a representative be a part of any discussions that Buyer may have with Seller's major customers.

F. Director/Shareholder Approval. It is a condition of Closing that Seller shall deliver at Closing resolutions from the Board of Directors and Shareholders in a form satisfactory to Buyer's counsel approving this contract and the sale contemplated herein.

G. Material Adverse Changes. It is a condition of Closing that Buyer shall have verified the absence of any material adverse change in the business and Assets of the Corporation from the November 30, 1996 financial statement to the Closing Date.

H. Closing Balance Sheet. It is a condition of Closing that Buyer review the Closing Balance Sheet and that it be mutually satisfactory to the parties.

I. Attorney Opinion Letter. It is a condition of Closing that Seller's counsel execute the attorney opinion letter attached hereto in the form of Schedule 1.

J. Employment Agreement with Carole L. Perfetti. It is a condition of Closing that Carole L. Perfetti and Buyer have entered into a mutually agreeable Employment Agreement containing a non-solicitation clause pertaining to employees and customers of Seller.

K. Non-Solicitation Agreement with Craig Black. It is a condition of Closing that Craig Black and Buyer have entered into a mutually agreeable Non-Solicitation Agreement pertaining to the employees and customers of Seller.

L. Update Exhibit and Schedules. It is a condition of Closing that Seller provide Buyer with any updates to the attached Exhibits and Schedules on the Closing Date.

M. Extended Closing. In the event that any one or more of the conditions precedent set forth in this Article III is not met by Closing, then and in such event Buyer and Seller shall mutually agree upon the terms and conditions to extend the Closing Date. If any one or more of the conditions precedent are not met by such extended date and the parties do not mutually agree to further extend the Closing Date, then this Agreement shall be null and void ab initio.

N. Consents Obtained. It is a condition of Closing that Seller has obtained all required consent to transfer the Purchased Assets and all contracts to be assumed by Buyer or that Buyer has waived such consent requirement and agrees to hold Seller harmless from all liability which arises in connection with such contracts to be assumed by Buyer.

Section 2. The consummation of the transactions described herein are expressly conditioned upon Seller being able to satisfy the following conditions precedent to Seller's sole discretion. In

the event Seller is unable to satisfy the conditions precedent or any one of them by the Closing Date or by the extended Closing Date as hereinafter provided, then and in such event this contract shall be deemed null and void.

A. Closing Balance Sheet. It is a condition of Closing that Seller review the Closing Balance Sheet and that it be mutually satisfactory to the parties.

B. Shareholder's Dissenters Rights. It is a condition of closing that less than 10% of the shareholders of Seller dissent and that Seller has no knowledge of any pending or threatened action which may be brought against Seller.

C. Consulting Agreement with Robert L. Cox. It is a condition of Closing that Cox and Buyer have entered into a mutually agreeable Consulting Agreement whereby, among other things, Cox is entitled to purchase the life insurance maintained by Seller on Cox for an amount equal to the surrender value of the policies.

D. Consents Obtained. It is a condition of Closing that Seller has obtained all required consent to transfer the Purchased Assets and all contracts to be assumed by Buyer or that Buyer has waived such consent requirement and agrees to hold Seller harmless from all liability which arises in connection with such contracts to be assumed by Buyer.

E. Shareholder Consent. It is a condition of Closing that Seller's shareholders approve the transaction by the required shareholder vote.

#### ARTICLE IV.

##### REPRESENTATIONS AND WARRANTIES

##### OF THE CORPORATION AND PRINCIPAL SHAREHOLDERS

In addition to the other representations and warranties contained in this Agreement, as of the Closing Date, the Seller and Cox (jointly referred to herein as "Sellers") further jointly and severally, represent and warrant to Buyer the following:

Section 1. The Corporation is a corporation duly organized, validly existing and in good standing under the laws of the State

of Minnesota with full corporate power to own its properties and to carry on its business as presently conducted. Corporation is qualified to do business and is in good standing in each jurisdiction in which the nature of its business or its properties require such qualification, if the absence of such qualification would have a material adverse effect on the Seller's business or its properties.

Section 2. The Sellers have full right and power to execute and deliver this Agreement and all other agreements, documents and instruments that are or may be required hereunder and to perform their obligations hereunder or thereunder and each has taken all corporate and other action necessary to enter into and perform this Agreement, the agreements hereunder and all transactions contemplated herein. This Agreement constitutes the valid and binding obligation of Sellers in accordance with its terms. No consent or approval of any other party or parties hereto is required for the consummation of the transactions contemplated by this Agreement. Neither the execution, delivery nor performance of this Agreement or any agreement required hereunder by the Corporation will, with or without the giving of notice or the passage of time, or both, violate, conflict with, result in a default, termination, or loss of rights under, or result in the creation of any lien, charge or encumbrance pursuant to any law, rule or regulation applicable to the Corporation or any provision of any of the Corporation's Articles of Incorporation, as amended, or Bylaws as amended, or any mortgage, lease, license, agreement, understanding, order, judgment, decree or restriction of any kind to which the Corporation is a party or is subject or by which any of its properties are bound.

Section 3. The Corporation has heretofore delivered to Buyer complete copies of the financial documents (hereinafter called "Financial Documents") described in Exhibit I, attached hereto and made a part hereof. The Financial Documents taken in the aggregate: (i) are complete and present fairly on a cumulative aggregate basis, the financial position of the Corporation with

respect to the periods covered, and the results of its operations and changes in its financial position, in conformity with generally accepted accounting principles and historical practices applied on a consistent basis for audited financial statements; and (ii) contain and reflect adequate reserves for all liabilities and obligations of the type ordinarily required to be reflected in financial statements on a cumulative aggregate basis, consistent with historical practices of the Corporation.

Section 4. The Corporation as of the Closing Date has no liabilities, debts, obligations or claims against it of a material nature of the type ordinarily required to be reflected in financial statements prepared in accordance with generally accepted accounting principles and historical practices for audited financial statements, except as and to the extent fully and properly reflected in the Closing Balance Sheet.

Section 5. Except as shown on Exhibit J, since the November 30, 1996 Balance Sheet, the Corporation has not, except as otherwise disclosed herein or on any Exhibit or Schedule to this Agreement:

A. incurred any obligations or liabilities (fixed or contingent) except ordinary trade or business obligations incurred, consistent with past practices in the ordinary course of business.

B. discharged or satisfied any lien or encumbrance or paid any obligation or liability (fixed or contingent), except current liabilities included in the November 30, 1996 Balance Sheet, current liabilities incurred since the November 30, 1996 Balance Sheet consistent with past practice, in the ordinary course of business, and obligations and liabilities under contracts, agreements, leases or documents referred to in the Exhibits and Schedules to this Agreement;

C. mortgaged, pledged or subjected to lien, charge, security interest or to any other encumbrance any of its Assets or properties except in the ordinary course of the conduct of its business;

D. sold, assigned, transferred or leased any of its Assets or properties, except in the ordinary course of business;

E. canceled or compromised any debt or claim, except for adjustments made with respect to contracts for the purchase of supplies or for the sale of products and services in the ordinary course of business and which are not material;

F. waived or released any rights;

G. made or granted any general wage, salary or compensation increase or entered into any employment contract or consulting arrangement with any officer, employee or agent;

H. entered into any transaction other than in the ordinary course of business;

I. suffered any casualty loss, destruction or damage (including without limitation, any caused by fire, accident, or other casualty), whether or not such loss or damage was insured against;

J. suffered any material adverse change in its business and in the prospects for its business, results of operations, assets, financial condition or manner of conducting its business, other than changes in the ordinary course of business, none of which have had a material adverse effect on such business, results or operations, assets or financial condition or manner of conducting such business. In addition, the Sellers have no reason not to believe that all of the Corporation's customers and suppliers will continue to do business with Buyer following the Closing and there has been no loss or threatened loss of Corporation's customers;

K. made or entered into any contracts or commitments to make any capital expenditures, in excess of \$1,000 in any individual instance or \$10,000 in the aggregate;

L. made any amendment or termination before normal termination date of any material contract, agreement or license to which it is a party;

M. except as previously noted herein, agreed to do any of the foregoing.

The Corporation warrants that changes from and after November 30, 1996 will be in the ordinary course of business and will not be materially adverse.

Section 6. Except as set forth in Exhibit C, all accounts receivable referred to in Article I, Section 1.B. have arisen from bona fide transactions in the ordinary course of business, are good and collectible within 90 days of Closing, subject to the reserve for bad debt shown on the Corporation's Final Balance Sheet.

Section 7. The Corporation has marketable title to all of the Assets to be sold to Buyer. As of the Closing Date, none of the Assets are subject to (i) any contract of sale or (ii) mortgages, pledges, liens, security interests, charges or encumbrances of any kind or character, whether fixed or contingent. The Assets are in good operating condition, maintenance thereon has been current and not deferred and are adequate and suitable for the purpose for which they are presently being used; and such properties and Assets, conform in all material respects to all applicable laws, ordinances and regulations, and the Corporation has not received any notice to the contrary.

Section 8. Exhibit E contains a complete list and summary description, as of the Closing Date of all Material Commitments (hereinafter defined), including, but not limited to, contracts, agreements, leases (whether of real or personal property), license and franchise agreements, arrangements and undertakings, written or oral, to which the Corporation is a party. Except as expressly stated in Exhibit E, (i) all such Material Commitments are in full force and effect and valid and binding in accordance with their respective terms; (ii) to the best knowledge of the Corporation, neither the Corporation nor any party thereto, is in default under any such Material Commitment, and, to the best knowledge of the Corporation, no event, occurrence, condition or act exists which, with the giving of notice or the passage of time or both, would give rise to such a default; (iii) there has been no threatened cancellation of any such Material Commitment and there are not any outstanding disputes thereunder; and (iv) the Corporation is not

bound by any Material Commitment not made in the ordinary course of business for the purchase of materials, equipment, supplies or service. For the purposes of this Section, "Material Commitments" shall mean (i) those not terminable without penalty, or other material adverse effect, solely at the option of the Corporation upon notice of 30 days or less, (ii) those not in the ordinary course of business, (iii) those, whether or not in the ordinary course of business, which involve future payments, performance of services of \$5,000 in the aggregate or more to or by the Corporation, and (iv) those which by their terms cannot, or in reasonable probability will not, be fully performed within a period of less than six months from the date thereof.

Section 9. Except as set forth in Exhibit K, the Corporation is not bound by or required to make any contributions under, any deferred compensation scheme or plan. Except as set forth in Exhibit K, none of the employees of the Corporation are covered by any collective bargaining agreement. Exhibit K contains a complete and correct list and summary description of all written and oral employment contracts with employees of the Corporation (including annual bonuses), incentive arrangements, employee invention, confidential information and secrecy agreements, and other employee compensation, insurance or benefit plans, arrangements or understandings of the Corporation to which it is a party or otherwise bound. Exhibit K also sets forth the name, position and present rate of compensation (including the last date compensation was adjusted), direct and indirect in the form of corporation provided perquisites, of each of its other employees. Except as described in Exhibit K, there are no material controversies pending or threatened between the Corporation and any of its supervisory personnel or any group of its employees. During the past two years the Corporation has not suffered or sustained any labor disputes resulting in any work stoppage and there are no attempts being made to organize any of its employees. There are no existing collective bargaining agreements relating to the Corporation's employees nor any liabilities for accrued vacation pay, sick leave or other



employment agreements, profit sharing plans or compensation programs covering or effecting such employees which will continue beyond Closing, except as shown on Exhibit K.

Seller acknowledges the following:

A. Buyer is not assuming the liabilities of any employee benefit plan of the Corporation, including any pension or 401K plan, health and welfare plan, any insured plan, or any other employee benefit.

B. Corporation agrees to provide any and all notices of rights of conversion to individual coverage and continuation of coverage rights (COBRA) as required by any applicable law or regulation to all terminated employees. Subject to the Basket (as defined in Article VI, Section 3), Sellers further agree to indemnify and hold harmless Buyer for liability or damages Buyer may incur, including attorneys' fees, on account of Seller's failure as required by any applicable law or regulation to notify terminated employees of their rights under any employee benefit plan of Corporation, including, but not limited to, notice of any conversion rights, notice of COBRA rights, notice of termination of employment, and notice of termination of any employee benefit.

C. Buyer does not assume, adopt or maintain any plan of employee benefits of the Corporation; all employees who are hired by Buyer who are former employees of Corporation are subject to the same terms and conditions as any other new employee of Buyer including, but not limited to, the 90 day waiting period and pre-existing condition provisions of The Professional Travel Employee Health and Welfare Plan.

Section 10. Except as set forth in Exhibit L, the Corporation is not presently engaged in or a party to or, to its knowledge threatened with, any claim, dispute, suit, action or legal, administrative, arbitration or other proceeding or governmental investigation which could have a material adverse effect on the business or financial condition or prospects of the Corporation, and they do not know of any basis for any such action.

Section 11. Exhibit M contains a complete and correct list of all policies of insurance which are in force, including the amounts thereof, maintained by the Corporation or in which it is a named insured. Such policies are in full force and effect. Buyer shall have the option of assuming those policies which are assumable.

Section 12. Except as set forth in Exhibit N, and except for liabilities to be retained by the Corporation, there are no loans or other obligations payable or owing to any officers, directors or employees of the Corporation except salaries and wages and reimbursement of expenses incurred and accrued in the ordinary course of business, nor are any loans or debts payable or owing by any such persons to the Corporation, nor has the Corporation guaranteed any of their loans or obligations.

Section 13. The Corporation has all material licenses, permits and other authorizations as are necessary in order to enable it to conduct its business and has not received any notice to the contrary, and has complied in all material respects with applicable foreign, federal, state and local laws, statutes, regulations, including but not limited to all environmental, occupational, safety, health, toxic substances and similar laws and regulations. The premises from which the Corporation operates is properly zoned for the Corporation's operations and to the best of Sellers' knowledge there are no changes being anticipated for said zoning.

Section 14. There are no suits, actions, claims, investigations, inquiries or proceedings threatened or pending against the Corporation in respect of taxes, government charges, duties or assessments, or any claims for additional taxes, governmental charges, duties or assessments asserted by any such authority that have or would be the basis for filing a lien against any of the Assets being purchased hereunder.

Section 15. No person, firm or corporation acting for and on behalf of the Corporation is entitled to or has any claim for brokerage or finder's fees or other commissions with respect to the transactions contemplated by this Agreement.

Section 16. The parties will comply with the Bulk Sales Act of the State of Minnesota, if applicable.

Section 17. The representations and warranties of Sellers and information contained herein or in any Exhibit, Schedule, certificate or other document required to be delivered pursuant to this Agreement are true and complete and do not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements contained therein not misleading.

Section 18. That all representations and warranties shall be true and accurate as of Closing, shall survive the Closing regardless of any investigation at any time made by or on behalf of Buyer or of any information Buyer may have with respect thereto.

#### ARTICLE V.

##### ACTION BY THE CORPORATION PRIOR TO CLOSING

Section 1. Between the date of this Agreement and the Closing, the Corporation will permit Buyer and its representatives full access to any and all of its premises, properties, contracts, books, records including transferrable licenses and permits and affairs and will cause the officers and employees of the Corporation to furnish Buyer any and all data and information pertaining to the business of the Corporation as Buyer shall from time to time reasonably request.

Section 2. The Corporation shall maintain and preserve its assets and properties in good condition and repair, reasonable wear and tear excepted, and will use its best efforts to carry on its business diligently and substantially in the same manner as heretofore carried on, to preserve its business organization, to keep available the present services of its officers and employees and to preserve the good will of its suppliers, customers, landlord and others having business relationship with it, and to comply with all laws applicable to it and its business in such a manner so as at Closing, the representations and warranties contained in this Agreement shall be true as though made on and as of Closing.

Section 3. So long as Buyer is attempting in good faith to adhere to the timetable set forth herein, Seller shall not pursue negotiations or discussions with any other firm or individual for the sale (including, without limitation, by merger) or other disposition of any assets or capital stock of Corporation.

#### ARTICLE VI.

##### INDEMNIFICATION

Section 1. It is understood that in connection with and/or as a result of the consummation of the transactions described hereto, Buyer assumes no liability or liabilities or obligation or obligations of Seller of whatsoever kind or nature, except those Purchased Liabilities stated on the Final Balance Sheet and the Material Commitments stated on Exhibit E. Furthermore, the value of the Purchased Liabilities shall not exceed the value of the Purchased Assets as of the Closing Date. For two (2) years from the Closing Date, Sellers agree to indemnify Buyer and hold Buyer harmless of and from any and all losses incurred by the Buyer arising from a breach of any warranty or representation by Sellers contained in this Agreement, any Exhibit, Schedule, or other document delivered in connection with this Agreement, or the operation and transfer of the business or any of the Assets being acquired hereunder due to claims resulting from any act or conduct of Sellers or contract to which any of the Sellers are a party or subject, which contract was not otherwise expressly assumed by Buyer hereunder. This indemnification shall include reimbursement to Buyer of reasonable attorneys' fees which may be incurred in defending any such claims or incurred in connection with enforcing Sellers' indemnification of Buyer set forth herein. Buyer agrees to indemnify and hold harmless the Corporation from losses incurred by the Corporation by virtue of the operation of the acquired business or any act of Buyer after the Closing, or by virtue of any loss or liability incurred by the Corporation as a result of any breach by Buyer contained in this Agreement or any Exhibit, Schedule or other document delivered in connection with this

Agreement. This indemnification shall include reimbursement to the Corporation of reasonable attorneys' fees which may be incurred in defending any such claims or enforcing the indemnification set forth herein.

Section 2. If a claim by a third party is made against the Buyer and Buyer intends to seek indemnity with respect to such claim under this Article, Buyer shall promptly notify the indemnifying party of such claim. The indemnifying party shall have thirty (30) days after receipt of the above-mentioned notice to undertake, conduct and control, through counsel of such party's own choosing (subject to the consent of the Buyer, such consent not to be unreasonably withheld) and at such party's expense, the settlement or defense of it, and Buyer shall cooperate with the indemnifying party in connection with such efforts; provided that: (i) the indemnifying party shall not by this Agreement permit to exist any lien, encumbrance or other adverse charge upon any asset of Buyer, (ii) the indemnifying party shall permit Buyer to participate in such settlement or defense through counsel chosen by Buyer, provided that the fees and expenses of such counsel shall be borne by Buyer, and (iii) the indemnifying party shall agree promptly to reimburse Buyer for the full amount of any loss resulting from such claim and all related expense incurred by Buyer pursuant to this Article. So long as the indemnifying party is reasonably contesting any such claim in good faith, Buyer shall not pay or settle any such claim. If the indemnifying party does not notify Buyer within thirty (30) days after receipt of Buyer's notice of a claim of indemnity under this Article that such party elects to undertake the defense of such claim, Buyer shall have the right to contest, settle or compromise the claim in the exercise of Buyer's reasonable discretion. Buyer shall have the right to offset any amounts owed to Buyer under this Article by Seller against the next payments due on the Promissory Note as well as any other remedies available at law.

Section 3. Except with respect to intentional misrepresentations, Sellers shall not be required to indemnify

Buyer hereunder until the Buyer has suffered an aggregate amount of indemnifiable losses in excess of \$10,000 ("Basket"), after which point the Sellers shall be obligated to indemnify the Buyer from and against further such losses until the losses the Buyer has suffered by reason of all such breaches reaches a \$550,000 aggregate ceiling, after which point the Sellers will have no further obligation to indemnify the Buyer.

ARTICLE VII.

COVENANT NOT TO COMPETE

At Closing, Sellers will enter into as Covenant Not To Compete in form and substance providing as follows:

A. Confidential Information. Sellers will not disclose to any third party or utilize, in any way adverse to the Buyer, any of the "confidential" or "proprietary information" transferred to the Buyer under this Agreement. "Confidential or Proprietary Information" means information known by Sellers as a consequence of or through ownership or employment with Corporation, or acquired by them after Closing, not generally known in the industry which Corporation is or may become engaged, about Corporation's services or processes including but not limited to trade secrets, pricing information, customer lists, marketing technique and financial information, the disclosure or use of which would be materially detrimental to the business of the Corporation.

B. Competitive Activities. For a period of two years following the Closing Date, Sellers or any successor or affiliate thereof or any party related thereto, will not, directly or "indirectly", either as owner, officer, employee, stockholder, agent, consultant or otherwise, without the written consent of Buyer, have any business or employment relationships (that are competitive with the business of Corporation as is more fully defined herein) with any present or past customer or competitor of Corporation within the United States or engage within said area in the business the Corporation is conducting at the time of Closing and/or has been conducting for the five years immediately preceding the Closing. The term "indirectly" refers to the actions taken by

Sellers to help third parties compete and not to the nature of the business being conducted by them. More specifically, Sellers will not engage in activities during said two year period which are the same as or competitive with the travel agency or travel related industries. Notwithstanding the foregoing, Sellers will be entitled to own stock in customers or competitors if said customers or competitors are publicly traded companies and said ownership does not exceed 5% of any said publicly traded company.

C. Inducement of Employees. Sellers covenant that for a period of two years following Closing, they will not induce any other employee of Corporation to leave their employment with Buyer in order to accept employment in a business or enterprise to which Sellers have, directly or indirectly, become affiliated in violation of the covenants of Paragraph B above. Said covenant shall provide that a violation of its provisions will give Buyer the right to obtain injunctive relief and/or specific performance as well as seeking any other remedies available to Buyer.

It is hereby acknowledged between Sellers and the Buyer that the Covenant Not To Compete described herein is an undertaking independent of any other provision of this Agreement and has been separately bargained for. It is further agreed that the existence of any claim or other cause of action of the Sellers against Buyer, whether predicated on this Agreement or otherwise, shall not constitute a defense to the enforcement by Buyer of the Covenant Not to Compete.

#### ARTICLE VIII.

##### MISCELLANEOUS

Section 1. Colorado Law. This Agreement and all documents executed and delivered hereunder shall be deemed to be contracts under the laws of Colorado, and for all purposes shall be construed in accordance with such laws.

Section 2. Headings. The headings in this Agreement are for the purpose of reference only and shall not limit, enlarge or otherwise affect any terms or provisions of this Agreement.

Section 3. Delivery of Possessions. Seller shall deliver possession of the Assets described throughout this Agreement to Buyer at the time of Closing.

Section 4. Severability. If any provisions of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not, in any way, be affected or impaired thereby.

Section 5. Entire Agreement. This instrument and the Exhibits and Schedules attached hereto set forth the entire Agreement between the parties. All negotiations relative to the matters contemplated by this Agreement are merged herein and there are no other understandings or agreements relating to the matters and things herein set forth, other than those incorporated in this Agreement. No provision of this Agreement shall be altered, amended, revoked or waived, except by an instrument in writing signed by the parties sought to be charged with such amendment, revocation or waiver. This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, personal representatives, successors and assigns.

Section 6. Remedies for Breach of Agreement. Time is of the essence hereof, and if any payment or any other condition hereof is not made, tendered or performed as herein provided between the date of this Agreement is executed and the Closing Date, there shall be the following remedies. In the event a payment or any other condition hereof is not made, tendered or performed by the Buyer, after all of the conditions precedent have been satisfied to Buyer's satisfaction as described in Article III, then this contract shall be null and void and of no effect, and both parties hereto released from all obligations hereunder, and all payments made hereon shall be retained on behalf of the Seller as liquidated damages. In the event that the Seller fails to perform any condition hereof as provided herein, then the Buyer may, at Buyer's election, treat the contract as terminated, and all payments made hereunder shall be returned to the Buyer or Buyer may enforce specific performance or pursue any other remedies including damages



available at law or equity. In the event that either party breaches this Agreement in any manner after Closing, including but not limited to breach of warranties, the injured party will be entitled to all remedies available at law or equity.

Section 7. Notice. Any notice required or permitted to be given with respect to this Agreement shall be in writing and shall be deemed delivered when deposited in the United States mail, registered or certified, addressed to the party as set forth below, or to such other address as that party may have specified by prior notice to the other:

TO BUYER: Professional Travel Corporation  
Robert C. Griffith  
84 Inverness Circle East  
P.O. Box 6604  
Denver, CO 80155-66004

WITH COPY TO: Ned A. Minor  
Minor & Brown, P.C.  
650 South Cherry Street  
Suite 1100  
Denver, CO 80222

TO SELLER: World Travel & Incentives, Inc.  
Attn: Carole L. Perfetti  
701 Fourth Avenue South, Suite 1500  
Minneapolis, Minnesota 55415

WITH COPY TO: Tom Archbold  
Fredrikson & Byron, P.A.  
1100 International Center  
900 Second Avenue South  
Minneapolis, Minnesota 55402-3397

Section 8. Payment and Allocation of Expenses. The Buyer and Seller are individually responsible for their own accountants' and attorneys' fees incurred in connection with the preparation of this Agreement and all other documents needed to consummate the transaction as described herein.

Section 9. Attorneys' Fees. In the event suit or action is instituted on account of the breach of this Agreement by either party, the losing party shall pay the prevailing party such

additional sum as the court may adjudge reasonable as attorney's fees in such suit or action, including any appeal thereon.

Section 10. Confidentiality. All information provided prior to closing by Corporation to Buyer is confidential. The Buyer will not disclose any of such information to any third parties, except its professional advisors and lenders. Such information will be used only for the purpose of evaluating the proposed transaction herein, and in no event will such information be communicated to any competitor or used in any way competitive with or adverse to the Corporation. If this Agreement terminates without closing, then all such information shall promptly be returned to the Seller and Buyer hereby agrees that it will not solicit any employees of Seller or use any information in competition with Seller which was provided by Seller to Buyer, including, without limitation, customer lists, prospective customer lists, pricing information, sales and recruiting strategies, marketing plans and other information provided by Seller to Buyer. If this transaction closes, then this paragraph will no longer be applicable or binding upon Buyer.

Section 11. Airline Reporting Corporation ("ARC"). The parties agree to use their best efforts post-closing to obtain ARC approval of Buyer's application for change of ownership of Corporation's agency.

Section 12. Counterparts. This Agreement may be executed in multiple counterparts, any of which need not contain the signatures of more than one party, but all such counterparts taken together shall constitute one and the same instrument.

Section 13. Facsimile. This Agreement may be executed by facsimile, with original signature pages delivered to each party immediately thereafter.

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

SELLER:

BUYER:

WORLD TRAVEL & INCENTIVES, INC.

PROFESSIONAL TRAVEL CORPORATION

BY: Robert L. Cox  
Its: Chairman of Board

BY: Robert C. Griffith  
Robert C. Griffith,  
Vice President of Finance  
and Administration

Robert L. Cox  
Robert L. Cox

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

SELLER:

BUYER:

WORLD TRAVEL & INCENTIVES, INC.

PROFESSIONAL TRAVEL CORPORATION

BY: Robert L. Cox  
Its: Chairman of Board

BY: Robert C. Griffith  
Robert C. Griffith,  
Vice President of Finance  
and Administration

Robert L. Cox  
Robert L. Cox

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

SELLER: \_\_\_\_\_  
WORLD TRAVEL & INCENTIVES, INC.

BUYER: \_\_\_\_\_  
PROFESSIONAL TRAVEL CORPORATION

BY: \_\_\_\_\_

Its: \_\_\_\_\_

BY: *Robert C. Griffith*  
Robert C. Griffith,  
Vice President of Finance  
and Administration

\_\_\_\_\_  
Robert L. Cox

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

SELLER:

BUYER:

WORLD TRAVEL & INCENTIVES, INC.

PROFESSIONAL TRAVEL CORPORATION

BY: \_\_\_\_\_

BY: *Robert C. Griffith*

Its: \_\_\_\_\_

Robert C. Griffith,  
Vice President of Finance  
and Administration

\_\_\_\_\_  
Robert L. Cox

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

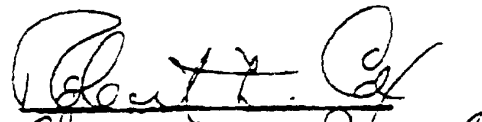
SELLER:

BUYER:

WORLD TRAVEL & INCENTIVES, INC.

PROFESSIONAL TRAVEL CORPORATION

BY:



BY:

Robert C. Griffith,  
Vice President of Finance  
and Administration

Its:

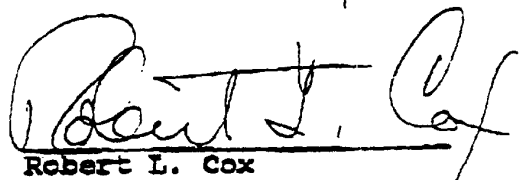
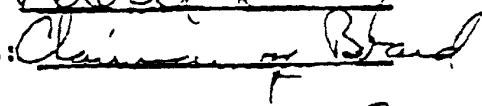
  
Robert L. Cox

EXHIBIT A

PURCHASED ASSETS AND LIABILITIES

Purchased Assets:

Cash in Bank.  
Investments/Short Term.  
Accounts Receivable.  
Allowance for Doubtful Accounts.  
Accrued Commission and Interest.  
Expense/Salary Advances.  
Inventory (See Exhibit B. for list).  
Prepaid Expenses  
Equipment and Furniture (See Exhibit B for list)  
Leasehold Improvements (See Exhibit B for list).  
Cash Value of Life Insurance.  
Notes Receivable - Stockholder.

Purchased Liabilities:

Accounts Payable.  
ARC Clearing Accounts.  
Accrued Payroll/Comp./Taxes.  
Income Tax Payable.  
Liab./Tours Customer Deposit.  
Accrued Expenses.  
Notes Payable/Long Term.



**Schedule A**

**Trademarks of  
World Travel & Incentives, Inc.**

**U.S. Registered Trademarks**

<b>Mark</b>	<b>Registration No.</b>	<b>Registration Date</b>
WORLD TRAVEL & INCENTIVES, INC.	1,274,579	4/17/84

EXHIBIT F

PROPRIETARY RIGHTS

Seller exercises common law trademark rights in the name "World Travel & Incentives, Inc." and their related logo. Seller warrants only that it has not received notice nor has any knowledge that its trademark or logo is infringing that of any other party in the areas where used by Seller.