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To the Honorable Commissioner of Pa

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ached original documents or copy thereof.

1. Name of conveying party(ies):
INTERNATIONAL AMBASSADOR PROGRAMS, INC.

2. Name and address of receiving party(ies)
Name: AMBASSADOR PROGRAMS, INC.

Internal Address: _____
Street Address: 110 S. Ferrall St.
City: Spokane State: WA ZIP: 99202

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Delaware
 Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State - Washington
 Other _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution Date: December 7, 2001

4. Application number(s) or patent number(s):

A. Trademark Application No.(s)

Service Mark
B. Trademark Registration No.(s)
1,322,573
1,322,574
1,478,027

Additional numbers attached? Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Thomas I. Rozsa, Esq.
ROZSA & CHEN LLP
Internal Address: Suite 1601

Street Address: 15910 Ventura Blvd.

City: Encino State: CA ZIP: 91436

6. Total number of applications and registrations involved: 3

7. Total fee (37 CFR 3.41).....\$ 90.00

Enclosed
 Authorized to be charged to deposit account

For Deficiencies:
8. Deposit account number:
18-2222

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

1/24/2002 TDINZ: 00000205 1322573

1 P:481 40.00 OP
2 P:481 50.00 OP

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.

Thomas I. Rozsa
Name of Person Signing

Thomas I. Rozsa
Signature

12/11/01
Date

Total number of pages including cover sheet, attachments, and document: 24

ASSIGNMENT OF SERVICE MARK REGISTRATIONS

WHEREAS, INTERNATIONAL AMBASSADOR PROGRAMS, INC., a Washington corporation, is the owner on the records of the United States Patent and trademark Office of the following three service mark registrations: (1) "CITIZEN AMBASSADOR PROGRAM", Registration No. 1,322,573 registered on February 26, 1985; (2) "AMERICAN AMBASSADOR PROGRAM", Registration No. 1,322,574 registered on February 26, 1985; and (3) "INITIATIVE FOR UNDERSTANDING", Registration No. 1,478,027 registered on February 23, 1988 (hereafter jointly "Service Mark Registrations"); and

WHEREAS, INTERNATIONAL AMBASSADOR PROGRAMS, INC. was merged into AMBASSADORS INTERNATIONAL, INC., a Delaware corporation, whose principal business address is 110 South Ferrall Street, Spokane, Washington, 99202, and as a result, the assets of INTERNATIONAL AMBASSADOR PROGRAMS, INC. were succeeded to be AMBASSADORS INTERNATIONAL, INC. At the same time, AMBASSADORS INTERNATIONAL, INC. transferred to AMBASSADOR PROGRAMS, INC., a Delaware corporation whose principal business address is 110 South Ferrall Street, Spokane, Washington, 99202, all of the assets of AMBASSADORS INTERNATIONAL, INC., including but not limited to, all of the service marks and trade names. Attached hereto as Exhibit "1" is a copy of the merger paperwork showing the merger of INTERNATIONAL AMBASSADOR PROGRAMS, INC. into AMBASSADORS INTERNATIONAL, INC. and attached hereto as Exhibit "2" is a copy of the transfer to AMBASSADOR PROGRAMS, INC. of all of the assets of AMBASSADORS INTERNATIONAL, INC.; and

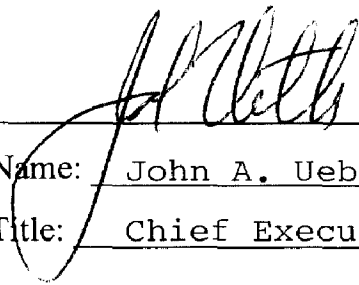
WHEREAS, AMBASSADOR PROGRAMS, INC. is desirous of acquiring all of said Service Mark Registrations;

NOW, THEREFORE, for good and valuable consideration, receipt of which is hereby acknowledged, said AMBASSADORS INTERNATIONAL, INC. does hereby assign unto said AMBASSADOR PROGRAMS, INC. all right, title and interest in an to the said Service Mark Registrations, together with the goodwill of the business symbolized by the Service Mark Registrations.

IN WITNESS WHEREOF, an officer of AMBASSADORS INTERNATIONAL, INC. has executed this Assignment of Service Mark Registrations on the date set forth adjacent the signature.

Dated: December 7, 2001

AMBASSADORS INTERNATIONAL, INC.
a Delaware Corporation

By: 
Name: John A. Ueberroth
Title: Chief Executive Officer

AGREEMENT AND PLAN OF MERGER

OF

INTERNATIONAL AMBASSADOR PROGRAMS, INC.
a Washington Corporation

AND

AMBASSADORS INTERNATIONAL, INC.
a Delaware Corporation

AGREEMENT AND PLAN OF MERGER (the "Agreement") entered into on August 1, 1995 by International Ambassador Programs, Inc., a Washington corporation (the "Merging Corporation"), and approved by resolution adopted by its Board of Directors on said date, and entered into on August 1, 1995 by Ambassadors International, Inc., a Delaware corporation (the "Surviving Corporation") and approved by resolution adopted by its Board of Directors on said date.

WHEREAS, the Merging Corporation has an authorized capital of 50,000 shares, all of which are designated "Common Stock," par value \$1.00 per share. As of August 1, 1995, 6,636 shares of Common Stock were issued and outstanding.

WHEREAS, the Surviving Corporation has an authorized capital of 22,000,000 shares, 20,000,000 of which are designated "Common Stock," par value \$0.01 per share, and 2,000,000 of which are designated "Preferred Stock," par value \$0.01 per share. As of August 1, 1995, 100 shares of Common Stock and no shares of Preferred Stock were issued and outstanding.

WHEREAS, the Washington Business Corporation Act permits a merger of a business corporation of the State of Washington with and into a business corporation of another jurisdiction.

WHEREAS, Section 252 of the General Corporation Law of the State of Delaware permits the merger of a business corporation of another jurisdiction with and into a business corporation of the State of Delaware.

WHEREAS, the Merging Corporation and the Surviving Corporation and the respective Boards of Directors thereof deem it advisable and to the advantage, welfare, and best interests of said corporations and their respective stockholders to merge the Merging Corporation with and into the Surviving Corporation pursuant to the provisions of the Washington Business Corporation Act and pursuant to the provisions of the General

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Corporation Law of the State of Delaware upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, the parties hereto agree as follows:

ARTICLE I
TERMS

Section 1.1 Upon the Effective Time (as defined below), the Merging Corporation shall be merged with and into the Surviving Corporation pursuant to the provisions of the Washington Business Corporation Act and the provisions of the General Corporation Law of the State of Delaware, with the Surviving Corporation as the surviving corporation. The Surviving Corporation shall continue to exist under its present name pursuant to the provisions of the General Corporation Law of the State of Delaware. The separate existence of the Merging Corporation shall cease at the Effective Time in accordance with the provisions of the Washington Business Corporation Act, and the Surviving Corporation shall succeed, without other transfer, to all of the rights and property of the Merging Corporation and shall assume all of the liabilities and obligations of the Merging Corporation.

Section 1.2 Upon the Effective Time:

(a) Each share of Common Stock, par value \$1.00 per share, of the Merging Corporation issued and outstanding immediately prior to the Effective Time shall by virtue of the merger and without any action on the part of the holders thereof, be automatically converted into 1310 shares of Common Stock, par value \$0.01 per share, of the Surviving Corporation.

(b) Each share of Common Stock, par value \$0.01 per share, of the Surviving Corporation issued and outstanding immediately prior to the Effective Time shall, by virtue of the merger and without any action on the part of the Merging Corporation or the Surviving Corporation, cease to be outstanding, be cancelled and retired without payment of any consideration therefor and cease to exist.

Section 1.3 Each holder of a stock certificate or certificates representing outstanding shares of the Merging Corporation Common Stock immediately prior to the Effective Time, upon surrender of such certificate or certificates to the Surviving Corporation after the Effective Time, shall be entitled to receive a stock certificate or certificates representing such number of shares of the Surviving Corporation Common Stock as converted in accordance with Section 1.2(a) hereof. Until so surrendered, each such stock certificate shall, by virtue of the merger, be deemed for all purposes to evidence ownership of such number of shares of the Surviving Corporation Common Stock as converted in accordance with Section 1.2(a) hereof.

ARTICLE II EFFECTIVE TIME

Section 2.1 If this Agreement is duly adopted by the requisite vote or written consent of the stockholders entitled to vote thereon of each of the Merging Corporation and the Surviving Corporation, as provided by the applicable laws of the State of Washington and the State of Delaware, this Agreement, executed in accordance with the law of the State of Delaware and with the law of the State of Washington, shall be filed with the Secretary of State of the State of Delaware, and pursuant to RCW 23B.11.050 of the Washington Business Corporation Act, Articles of Merger shall be filed with the Secretary of State of the State of Washington. The merger shall become effective at 12:01 p.m., eastern standard time, on August 9, 1995 (the "Effective Time"), unless this Agreement is amended or terminated by the Board of Directors of either the Merging Corporation or the Surviving Corporation, notwithstanding approval of this Agreement by the stockholders of either or both of the Merging Corporation or the Surviving Corporation, pursuant to the terms of Article V hereof.

ARTICLE III CERTIFICATE OF INCORPORATION AND BYLAWS

Section 3.1 The Certificate of Incorporation of the Surviving Corporation in effect at the Effective Time shall be the Certificate of Incorporation of Surviving Corporation and shall continue in full force and effect until changed, altered or amended as therein provided and in the manner prescribed by the provisions of the General Corporation Law of the State of Delaware.

Section 3.2 The Bylaws of the Surviving Corporation in effect at the Effective Time shall be the Bylaws of Surviving Corporation and shall continue in full force and effect until changed, altered or amended as therein provided and in the manner prescribed by the provisions of the General Corporation Law of the State of Delaware.

ARTICLE IV OFFICERS AND DIRECTORS

Section 4.1 The directors and officers of the Surviving Corporation in office immediately prior to the Effective Time shall be the members of the first Board of Directors and the first officers of the Surviving Corporation, respectively, all of whom shall hold their directorships and offices until the election and qualification of their respective successors or until their tenure is otherwise terminated in accordance with the Bylaws of the Surviving Corporation.

ARTICLE V
TERMINATION AND AMENDMENT

Section 5.1 At any time prior to the Effective Time, this Agreement may be amended by the Boards of Directors of the Merging Corporation and the Surviving Corporation to the extent permitted by the laws of the State of Washington and by the laws of the State of Delaware, notwithstanding favorable action on the merger by the stockholders of either or both of the Merging Corporation and the Surviving Corporation.

Section 5.2 At any time prior to the Effective Time, this Agreement may be terminated and abandoned by the Board of Directors of either the Merging Corporation or the Surviving Corporation, notwithstanding favorable action on the merger by the stockholders of either or both of the Merging Corporation or the Surviving Corporation.

ARTICLE VI
MISCELLANEOUS

Section 6.1 In the event that this Agreement shall have been fully approved and adopted upon behalf of the Merging Corporation in accordance with the provisions of the Washington Business Corporation Act and upon behalf of the Surviving Corporation in accordance with the provisions of the General Corporation Law of the State of Delaware, the Merging Corporation and the Surviving Corporation agree that they will cause to be executed and filed and recorded any document or documents prescribed by the laws of the State of Washington and by the laws of the State of Delaware, and that they will cause to be performed all necessary acts within the State of Washington and the State of Delaware and elsewhere to effectuate the merger herein provided for.

Section 6.2 The Board of Directors and the proper officers of the Merging Corporation and of the Surviving Corporation are hereby authorized, empowered, and directed to do any and all acts and things, and to make, execute, deliver, file, and record any and all instruments, papers, and documents which shall be or become necessary, proper, or convenient to carry out or put into effect any of the provisions of this Agreement or of the merger herein provided for.

Section 6.3 This Agreement has been duly approved by the unanimous written consent of the Board of Directors of the Merging Corporation and by the unanimous written consent of the Board of Directors of the Surviving Corporation.

Section 6.4 This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement and Plan of Merger to be executed by duly authorized officers this 1st day of August, 1995.

AMBASSADORS INTERNATIONAL, INC.

By: 

Name: John A. Ueberroth
Title: President

INTERNATIONAL AMBASSADOR PROGRAMS,
INC.

By: _____

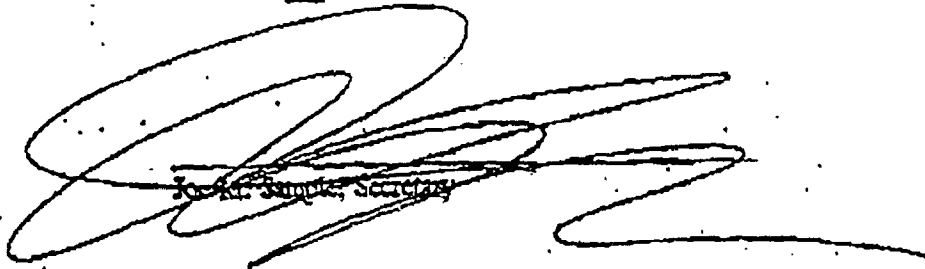
Name: John T. Tatham
Title: President

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CERTIFICATE OF SECRETARY
OF
AMBASSADORS INTERNATIONAL, INC.

The undersigned, Joe M. Sample, Secretary of Ambassadors International, Inc., a Delaware corporation (the "Corporation"), does hereby certify that the foregoing Agreement and Plan of Merger was duly adopted by resolutions adopted by written consent of all of the stockholders of said Corporation in accordance with Section 228 of the General Corporation Law of the State of Delaware as of July 31, 1995.



Joe M. Sample, Secretary

CERTIFICATE OF SECRETARY

OF

INTERNATIONAL AMBASSADOR PROGRAMS, INC.

The undersigned, Trudy K. Tritum, Secretary of International Ambassador Programs, Inc., a Washington corporation (the "Corporation"), does hereby certify that the foregoing Agreement and Plan of Merger was duly adopted by resolutions adopted by written consent of all of the stockholders of said Corporation in accordance with RCW 23B.07.040 of the Washington Business Corporation Act as of August 1, 1995.


Trudy K. Tritum, Secretary

I, EDWARD J. FREEL, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF AMENDMENT OF "AMBASSADORS INTERNATIONAL, INC." FILED IN THIS OFFICE ON THE FOURTH DAY OF AUGUST, A.D. 1995, AT 2 O'CLOCK P.M.



A handwritten signature in cursive script that reads "Edward J. Freel".

Edward J. Freel, Secretary of State

2514044 8100

981155729

AUTHENTICATION: 9043523

DATE: 04-23-98

TRADEMARK
REEL: 002430 FRAME: 0190

CERTIFICATE OF AMENDMENT
OF
MERGER OF
INTERNATIONAL AMBASSADORS PROGRAMS, INC.
AND
AMBASSADORS INTERNATIONAL, INC.

The undersigned do hereby certify:

FIRST: That an Agreement (the "Agreement") and Plan of Merger of International Ambassadors Programs, Inc., a Washington corporation (the "Merging Corporation"), and Ambassadors International, Inc., a Delaware corporation (the "Surviving Corporation"), providing for the merger (the "Merger") of the Merging Corporation with and into the Surviving Corporation was duly filed with the Secretary of State of the State of Delaware on August 4, 1995.

SECOND: That the Agreement presently provides that the Merger contemplated by the Agreement shall become effective at 12:01 p.m., eastern standard time, on August 9, 1995.

THIRD: That pursuant to the terms of the Agreement, the Board of Directors of each of the Merging Corporation and the Surviving Corporation has duly approved an amendment to the Agreement so as to provide an effective time of 9:01 a.m., eastern standard time, on August 9, 1995.

FOURTH: That the Agreement is hereby amended by amending the second sentence of Section 2.1 of the Agreement to read in its entirety as follows:

The merger shall become effective at 9:01 a.m., eastern standard time, on August 9, 1995 (the "Effective Time"), unless this Agreement is amended or terminated by the Board of Directors of either the Merging Corporation or the Surviving Corporation, notwithstanding approval of this Agreement by the stockholders of either or both of the Merging Corporation or the Surviving Corporation, pursuant to the terms of Article V hereof.

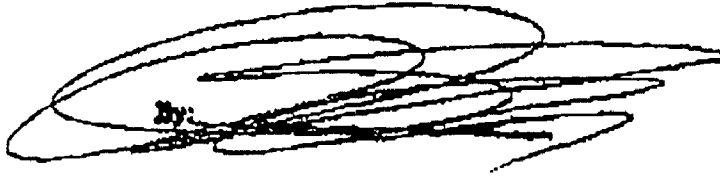
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08/04/95 FRI 14:19 FAX 302 658 8548
RICHARDS LAYTON & FINER
302 658 8548

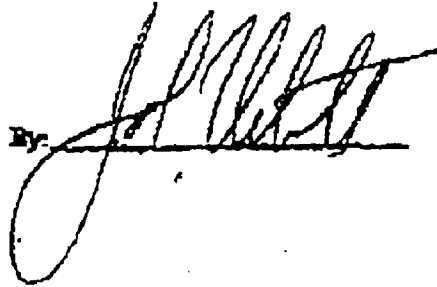
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IN WITNESS WHEREOF, International Ambassadors Programs, Inc. and Ambassadors International, Inc. have caused this Certificate to be signed by their duly authorized officers on this 4th day of August, 1995.

INTERNATIONAL AMBASSADORS PROGRAMS, INC.

By: 

AMBASSADORS INTERNATIONAL, INC.

By: 

302 739 8483: 2

3025586548 : 8-4-95 : 3:03PM : RICHARDS LAYTON FING- SENT BY: R L & F 10th #CD

CONTRIBUTION AGREEMENT

This Contribution Agreement dated as of August 9, 1995 is by and between Ambassadors International, Inc., a Delaware corporation ("Ambassadors"), and Ambassador Programs, Inc., a Delaware corporation and a wholly owned subsidiary of Ambassadors ("AP").

RECITAL

A. Ambassadors desires to contribute all of its right, title and interest in substantially all of its assets to AP and to assign to AP substantially all of its liabilities, and AP desires to acquire such assets and assume such liabilities.

AGREEMENT

NOW, THEREFORE, in consideration of the mutual covenants and promises contained herein, the receipt and adequacy of which are hereby acknowledged, the parties hereto agree as follows.

ARTICLE 1 - DEFINITIONS

1.1 Defined Terms. As used herein, the terms below shall have the following meanings:

"Action" shall mean any action, order, writ, injunction, judgment or decree outstanding or any claim, suit, litigation, proceeding, labor dispute, arbitral action, governmental audit or investigation pending, threatened or anticipated against, related to or affecting (a) Ambassadors or the Contributed Property, or (b) any officer of Ambassadors in his or her capacity as such.

"affiliate" shall have the meaning set forth in the Securities Exchange Act of 1934, as amended, and the rules and regulations thereunder.

"Assumed Liabilities" shall mean all Liabilities of Ambassadors associated with the Contributed Property as of the Closing Date other than the Retained Liabilities.

"Books and Records" shall mean all books, ledgers, files, reports, plans, drawings and operating records of every kind maintained by Ambassadors pertaining to the Contributed Property and the Assumed Liabilities.

"Closing Date" shall mean August 9, 1995, or such other date as Ambassadors and AP shall mutually agree upon.

"Contract" shall mean any agreement, contract, note, loan, evidence of indebtedness, purchase order, letter of credit, undertaking, covenant not to compete, employment agreement, employee pension and welfare benefit plan, policy or agreement, compensation plan, policy or agreement, license, instrument, obligation or commitment to which Ambassadors is a party or is bound, other than the Leases.

"Contributed Property" shall mean all of the business, goodwill, personal property, assets and rights of any kind, whether tangible or intangible, of Ambassadors, other than the Retained Property, including without limitation the following:

(a) all accounts and notes receivable (whether current or noncurrent), refunds, deposits, prepayments or prepaid expenses (including without limitation any prepaid insurance premiums) of Ambassadors;

(b) all cash and cash equivalents held by Ambassadors as of the Closing Date;

(c) all Contracts;

(d) all Leases

(e) all Leasehold Estates;

(f) all Leasehold Improvements;

(g) all Fixtures and Equipment;

(h) all Books and Records;

(i) all Proprietary Rights;

(j) all Permits;

(k) all computers and software;

(l) all Insurance Policies to the extent related to the Contributed Property;

(m) all available supplies, sales literature, promotional literature, supplier, distributor and client and potential client lists, art work, display units, telephone and fax numbers and purchasing records of Ambassadors;

(n) all rights under or pursuant to all warranties, representations and guarantees made by suppliers or services furnished to Ambassadors;

Date; (o) all deposits and prepaid expenses of Ambassadors as of the Closing

(p) all working capital of Ambassadors as of the Closing Date; and

(q) all claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind, against any person or entity, of Ambassadors on or prior to the Closing Date.

"Facilities" shall mean all offices, improvements, administration buildings, and all real property and related facilities located on the Leased Real Property.

"Fixtures and Equipment" shall mean all of the furniture, fixtures, furnishings, machinery, automobiles, trucks, spare parts, supplies, equipment and other tangible personal property owned by Ambassadors.

"Insurance Policies" shall mean all insurance policies related to the Contributed Property.

"Leased Real Property" shall mean all leased real property described in the Leases.

"Leasehold Estates" shall mean all of Ambassadors's rights and obligations as lessee under the Leases.

"Leasehold Improvements" shall mean all leasehold improvements situated in or on the Leased Real Property.

"Leases" shall mean all of the existing leases with respect to the personal or real property of Ambassadors.

"Liabilities" shall mean all liabilities, obligations, commitments, claims, demands, losses, damages, costs and expenses of any nature, absolute, accrued, contingent or otherwise, known or unknown, whether matured or unmatured.

"Offering" shall mean the proposed initial public offering of the common stock of Ambassadors.

"Permits" shall mean all of Ambassadors' transferable licenses, permits, franchises, approvals, authorizations, consents or orders of, or filings with, any governmental authority, whether foreign, federal, state or local, or any other person.

"Proprietary Rights" shall mean all of Ambassadors' domestic or foreign federal and state registrations of trademarks and of other marks, trade names or other

trade rights, and all pending applications for any such registrations and all of Ambassadors' copyrights, registered or unregistered, and all pending applications therefor, all other trademarks and other marks, trade names and other trade rights or in which Ambassadors has any interest whatsoever, and all other trade secrets, designs, plans, specifications, technical information and other proprietary rights, whether or not registered, created or used by or on behalf of Ambassadors.

"Registration Rights Agreements" shall mean those certain Registration Rights Agreements dated as of August 9, 1995 between Ambassadors and Peter Ueberroth, John Ueberroth and certain other stockholders and between Ambassadors and John Tatham, Trudy Tatham, Emanuele Portolese and Joe Sample.

"Retained Liabilities" shall mean all Liabilities relating to or arising out of the D&O Policy, the Equity Participation Plan, and the Registration Rights Agreements.

"Retained Property" shall mean the following assets of Ambassadors which are not to be acquired by AP hereunder:

- (a) all of the capital stock of AP;
- (b) the 1995 Equity Participation Plan of Ambassadors (the "Equity Participation Plan");
- (c) the Directors and Officers Insurance Policy of Ambassadors (the "D&O Policy");
- (d) books, files, reports and records relating to the management, governance and finances of Ambassadors, including Ambassadors' minute books, tax returns, correspondence with Ambassadors' stockholders and related items; and
- (e) the Registration Rights Agreements.

1.2 Other Defined Terms. The following terms shall have the meanings defined for such terms in the Sections set forth below:

<u>Term</u>	<u>Section</u>
Ambassadors	Preamble
AP	Preamble
Closing	3.1

ARTICLE 2 - CONTRIBUTION OF ASSETS

2.1 Transfer of Contributed Property. Upon the terms and subject to the conditions contained herein, at the Closing, Ambassadors will contribute, convey, transfer, assign, and deliver to AP, and AP will acquire from Ambassadors, all of Ambassadors's right, title and interest in and to the Contributed Property.

2.2 Assumption of Liabilities. Upon the terms and subject to the conditions contained herein, at the Closing, AP shall assume the Assumed Liabilities.

ARTICLE 3 - CLOSING

3.1 Closing. The Closing of the transactions contemplated herein (the "Closing") shall occur on the Closing Date immediately subsequent to the merger of International Ambassador Programs, Inc. with and into Ambassadors at the offices of Latham & Watkins, 505 Montgomery Street, San Francisco, California 94111, unless the parties hereto otherwise agree.

3.2 Conveyances at Closing.

(a) By Ambassadors. To effect the contribution and transfer referred to in Section 2.1 hereof, Ambassadors will, at the Closing, execute and deliver to AP:

(i) One or more assignments of Leases conveying all of Ambassadors' interest in the Leases;

(ii) One or more assignments of Contracts conveying all of Ambassadors' interest in the Contracts;

(iii) One or more assignments (including an assignment of all of Ambassadors' right, title and interest to the name People to People, and all variations thereof), conveying all of Ambassadors' interest in the Proprietary Rights in recordable form to the extent necessary to assign such rights;

(iv) such other instruments as shall be requested by AP to vest in AP title in and to the Contributed Property in accordance with the provisions hereof.

(b) By AP. Upon the terms and subject to the conditions contained herein, at Closing AP shall deliver to Ambassadors:

(i) one or more assumptions assuming all of Ambassadors' interest in the Leases;

(ii) one or more assumptions assuming all of the Assumed Liabilities;

(iii) such other documents as shall be requested by Ambassadors to evidence AP's assumption of the Assumed Liabilities in accordance with the provisions hereof.

(c) Consents. Ambassadors shall deliver all Permits and any other third party consents required for the valid transfer of the Contributed Property as contemplated by this Agreement.

ARTICLE 4 - CONDITIONS TO AMBASSADORS' OBLIGATIONS

4.1 The obligations of Ambassadors to consummate the transactions provided for hereby are subject, in the discretion of Ambassadors, to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by Ambassadors:

(a) Covenants. AP shall have performed and satisfied all agreements and covenants required hereby to be performed by it prior to or on the Closing Date.

(b) No Proceedings, Litigation or Laws. No Action by any governmental authority or other person shall have been instituted or threatened which questions the validity or legality of the transactions contemplated hereby and which could reasonably be expected to (a) materially affect the right or ability of AP to own, operate, possess or transfer the Contributed Property after the Closing, or (b) materially damage Ambassadors if the transactions contemplated hereunder are consummated.

(c) Registration Statement Effective. Ambassadors' Registration Statement on Form S-1 (Registration No. 33-93586) shall have been declared effective by the Securities and Exchange Commission.

(d) Merger Effective. The merger of International Ambassadors, Inc., a Washington corporation, with and into Ambassadors shall be effective.

(e) Conveyancing Documents. Each of Ambassadors and AP shall have executed and delivered all documents and other items under Section 3 hereof.

4.2 Condition Subsequent. The obligations of Ambassadors to consummate the transactions provided for hereby are subject, in the discretion of Ambassadors, to the satisfaction, on or prior to one day following the Closing Date, of the following condition which may be waived by Ambassadors;

(a) Offering. The Offering shall have closed.

ARTICLE 5 - CONDITIONS TO AP'S OBLIGATIONS

5.1 The obligations of AP to consummate the transactions provided for hereby are subject, in the discretion of AP, to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived by AP:

(a) Covenants. Ambassadors shall have performed and satisfied all agreements and covenants required hereby to be performed by it prior to or on the Closing Date.

(b) No Proceedings, Litigation or Laws. No Action by any governmental authority or other person shall have been instituted or threatened which questions the validity or legality of the transactions contemplated hereby and which could reasonably be expected to (a) materially affect the right or ability of AP to own, operate, possess or transfer the Contributed Property after the Closing, or (b) materially damage AP if the transactions contemplated hereunder are consummated.

(c) Registration Statement Effective. Ambassadors' Registration Statement on Form S-1 (Registration No. 33-93586) shall have been declared effective by the Securities and Exchange Commission.

(d) Merger Effective. The merger of International Ambassadors, Inc., a Washington corporation, with and into Ambassadors shall be effective.

(e) Conveyancing Documents. Each of Ambassadors and AP shall have executed and delivered all documents and other items under Section 3 hereof.

5.2 Condition Subsequent. The obligations of AP to consummate the transactions provided for hereby are subject, in the discretion of AP, to the satisfaction, on or prior to one day following the Closing Date, of the following condition which may be waived by AP;

(a) Offering. The Offering shall have closed.

ARTICLE 6 - MISCELLANEOUS

6.1 Termination.

(a) Failure of Condition. If any condition precedent to Ambassadors' obligations hereunder is not satisfied by the Closing Date and such condition is not waived by Ambassadors, Ambassadors may terminate this Agreement at its option by written notice to AP. If any condition precedent to AP's obligations hereunder is not satisfied by the Closing Date and such condition is not waived by AP, AP may terminate this

Agreement at its option by written notice to Ambassadors. In the event that a condition precedent to its obligations is not satisfied, nothing contained herein shall be deemed to require either party to terminate this Agreement rather than to waive such condition precedent and proceed with the Closing.

(b) Effect of Termination. In the event of a termination of this Agreement by either party as provided in subparagraph (a) above, this Agreement shall thereafter become void and have no effect and neither party shall have any liability hereunder to the other party, except that nothing herein shall relieve either party from liability for any breach of this Agreement which occurs prior to such termination.

6.2 Entire Agreement; Amendments and Waivers. This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties. This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto. No amendment, supplement, modification or waiver of this Agreement shall be binding unless executed in writing by the party to be bound thereby. No waiver of any of the provisions of this Agreement shall be deemed or shall constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

6.3 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns.

6.4 Governing Law. This Agreement shall be construed, interpreted and the rights of the parties determined in accordance with the laws of the State of Delaware (without reference to its choice of law provisions).

6.5 Multiple Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.


6.6 Captions and References. The captions or headings of the Articles and Sections herein are inserted for convenience of reference only and are not intended to be a part of or to affect the meaning or interpretation of this Agreement.

6.7 Invalidity. In the event that any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision of this Agreement or any other such instrument.

6.8 Indemnification. AP shall indemnify and save and hold harmless Ambassadors and its affiliates, and their respective employees, agents and other representatives, from and against any and all claims, demands, obligations, losses, Liabilities, damages, costs, taxes, lawsuits, attorneys fees and expenses, and all amounts paid in investigation , defense or settlement of any other foregoing, incurred in connection with, arising out of, resulting from or incident to any Assumed Liability.

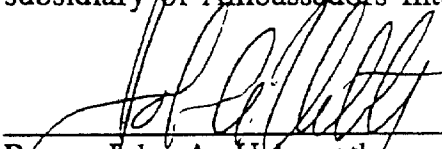
IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed on their respective behalf, by their respective officers thereunto duly authorized, all as of the day and year first above written.

Ambassadors International, Inc., a Delaware corporation



By John A. Ueberroth
Its President

Ambassador Programs, a wholly-owned subsidiary of Ambassadors International, Inc.



By John A. Ueberroth
Its President