

DINSMORE & SHOHL LLP

Attorneys at Law

1900 Chemed Center
255 East Fifth Street
Cincinnati, Ohio 45202
(513) 977-8200
Fax (513) 977-8141

Maria Hinkel
(513) 977-8606

Columbus
(614) 628-6880
Fax (614) 628-6890

Covington
(606) 292-2502
Fax (513) 977-8141

Dayton
(937) 449-6400
Fax (937) 449-6405

Lexington
(606) 425-1000
Fax (606) 425-1099

Louisville
(502) 540-2300
Fax (502) 585-2207

www.dinslaw.com

P00000004387

February 18, 2001

VIA OVERNIGHT SERVICE

Florida Department of State
Division of Corporations
409 E. Gaines Street
Tallahassee, FL 32399

600003790756--9
-03/01/01--01034--004
*****78.75 *****78.75

Re: Articles of Merger

Dear Sir or Madam:

Enclosed please find Articles of Merger merging Promo-Travel International, Inc., a Florida corporation with and into The Lottery Channel, Inc., a Delaware corporation.

I would appreciate it if you would see that this is filed immediately upon receipt, returning a certified copy of the approved articles to our office in the enclosed envelope.

Also enclosed is a check in the amount of \$78.75 to cover the filing fee and certified copy.

Should you have any questions, please do not hesitate to contact our office.

Very truly yours,

Maria L. Hinkel

Maria L. Hinkel
Paralegal

Merger
3-6-01
MKS

Enclosure

cc: Charles F. Hertlein, Esq.
Shannon M. Kuhl, Esq.

FILED
01 MAR - 1 PM 12:47
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
Merger Sheet

MERGING:

PROMO-TRAVEL INTERNATIONAL, INC., a Florida corporation,
P00000004387

INTO

THE LOTTERY CHANNEL, INC., a Delaware corporation not qualified in Florida

File date: March 1, 2001

Corporate Specialist: Doug Spitler

ARTICLES OF MERGER
(Profit Corporations)

The following articles of merger are submitted in accordance with the Florida Business Corporation Act, pursuant to section 607.1105, F.S.

First: The name and jurisdiction of the surviving corporation:

<u>Name</u>	<u>Jurisdiction</u>
The Lottery Channel, Inc.	Delaware

Second: The name and jurisdiction of each merging corporation:

<u>Name</u>	<u>Jurisdiction</u>
Promo-Travel International, Inc.	Florida
_____	_____
_____	_____
_____	_____
_____	_____

FILED
01 MAR - 1 PM 12:47
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Third: The Plan of Merger is attached.

Fourth: The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

Fifth: Adoption of Merger by surviving corporation:

The Plan of Merger was adopted by the board of directors of the surviving corporation on December 29, 2000 and shareholder approval was not required.

Sixth: Adoption of Merger by merging corporation(s):

The Plan of Merger was adopted by the shareholders of the merging corporation(s) on December 29, 2000. The Plan of Merger was adopted by the board of directors of the merging corporation(s) on December 29, 2000.

(Attach additional sheets if necessary)

Seventh: SIGNATURES FOR EACH CORPORATION

Name of Corporation

Signature

Typed or Printed Name of Individual & Title

The Lottery Channel, Inc.

Robert W. Adair Robert W. Adair Chairman

Promo-Travel
International, Inc.

David A. Port OS President

AGREEMENT AND PLAN OF MERGER

among

THE LOTTERY CHANNEL, INC.,

PROMO-TRAVEL INTERNATIONAL, INC.,

and

SHIP 'N SHORE CRUISES, INC.

December 29, 2000

AGREEMENT AND PLAN OF MERGER

This Agreement and Plan of Merger (hereinafter referred to as the "Agreement") is made this 29th day of December, 2000 by and among The Lottery Channel, Inc., a Delaware corporation with principal offices at 425 Walnut Street, Cincinnati, Ohio 45202 ("Lottery"); Promo-Travel International, Inc., a Florida corporation with principal offices at 555 Sun Valley Drive, Suite E-6, Roswell, Georgia 30076 ("PTI"); Ship 'n Shore Cruises, Inc., a Georgia corporation with principal offices at 555 Sun Valley Drive, Suite E-6, Roswell, Georgia 30076 ("Ship") (PTI and Ship collectively referred to as the "Targets"); and Charles S. Mintz and David Alpert, who are the sole stockholders of each of the Targets (the "Stockholders").

WITNESSETH:

WHEREAS, the parties wish to effect a transaction under the authority and provisions of the corporation laws of Delaware, Florida and Georgia, pursuant to which at the effective date, as defined herein, the PTI and Ship will be merged with and into Lottery, which will become the Surviving Corporation (such merger is referred to herein as the "Merger"); and

WHEREAS, for federal income tax purposes, the parties intend the Merger to qualify as a reorganization within the meaning of Sections 368(a) of the Internal Revenue Code of 1986, as amended.

NOW, THEREFORE, and in consideration of the mutual promises and covenants contained herein, the parties agree as follows:

ARTICLE I DEFINITIONS

Section 1.1 Certain General Definitions. In addition to all other terms defined elsewhere in this Agreement, the following terms shall have the meanings set forth below:

1.1.1 "actual knowledge", "have no actual knowledge of", "do not actually know of" and similar phrases shall mean (i) in the case of a natural person, the actual conscious awareness, or not, as the context requires, of the particular fact by such person, and (ii) in the case of an entity, the actual conscious awareness, or not, as the context requires, of the particular fact by any director or executive officer of such entity.

1.1.2 "Affiliate" with respect to any person shall mean a person that directly or indirectly through one or more intermediaries, controls, or is controlled by or is under common control with, such person.

1.1.3 "best knowledge", "have no knowledge of", "do not know of" or "to the knowledge of" and similar phrases shall mean (i) in the case of a natural person, the particular fact was known, or not known, as the context requires, and (ii) in the case of an entity, the particular fact was known, or not known, as the context requires, to any director or executive officer of such entity.

1.1.4 "Confidential Information" shall mean all trade secrets and other confidential and/or proprietary information of the particular person, including information derived from reports, investigations, research, work in progress, codes, marketing and sales programs, financial projections, cost summaries, pricing formulae, contract analyses, financial information, projections, confidential filings with any state or federal agency, and all other confidential concepts, methods of doing business, ideas, materials or information prepared or performed for, by or on behalf of such person by its employees, officers, directors, agents, representatives, or consultants.

1.1.5 "Intellectual Property" shall be defined as (a) all know-how, show-how, confidential or proprietary information, trade secrets, designs, processes, computer software or databases, research in progress, inventions or invention disclosures (whether patentable or unpatentable) and drawings, schematics, blueprints, flow sheets, designs and models ("Trade Secrets"); (b) all copyrights, copyright registrations, copyrights mask works and

copyright applications (the "Copyrights"); (c) all patents, patent applications, patents pending, patent disclosures on inventions and all patents issued upon said patent applications or based upon such disclosures (the "Patents"); and (d) all registered and unregistered trade names, trademarks, service marks, product designations, corporate names, trade dress, logos, slogans, designs and general intangibles of like nature, together with all registrations and recordings and all applications for registration therefor and all translations, adaptations, derivatives and combinations thereof (the "Trademarks").

1.1.6 "Internal Revenue Code" shall mean the Internal Revenue Code of 1986, as amended.

1.1.7 "IRS" shall mean the Internal Revenue Service of the United States Department of the Treasury.

1.1.8 "Material Adverse Effect" shall mean a material adverse effect on the applicable party's business, operations, condition (financial or otherwise) or results of operations, taken as a whole, in consideration of all relevant facts and circumstances.

1.1.9 "ordinary course of business" shall mean the usual and customary way in which the applicable party has conducted its business in the past.

1.1.10 "person" shall mean any natural person, corporation, partnership, joint venture, limited liability company, association, group, organization or other entity.

1.1.11 "Targets' Disclosure Schedules" means the factual disclosures delivered by the Targets to Lottery which are numbered to correspond with the numbers of the earliest relevant sections of this Agreement.

1.1.12 "Tax Returns" shall include all federal, state, local or foreign income, excise, corporate, franchise, property, sales, use, payroll, withholding, provider, environmental, duties, value added and other tax returns (including information returns).

1.1.13 "Then-current market value", when referring to Lottery Common Stock, means (i) if at the time of the valuation, Lottery Common Stock (or the stock of a successor entity) is then publicly-traded, the average of the closing price thereof for the 20 trading days preceding the date of valuation, weighted to reflect daily trading volumes, or (ii) if Lottery Common Stock is not then publicly-traded, the appraised value thereof as determined by a qualified, nationally-recognized professional valuation firm.

ARTICLE II THE MERGER

Section 2.1 Surviving Corporation. Upon the effective Date (as defined below) of the Merger, the separate existence of PTI and of Ship shall cease; all of the outstanding shares of PTI Capital Stock and of Ship Capital Stock shall be exchanged for and converted into the Lottery Preferred Stock, as hereinafter provided; and upon the filing of the appropriate certificates of merger with the Secretary of State of Delaware, the Secretary of State of Florida and the Secretary of State of Georgia, Lottery, as the surviving corporation (the "Surviving Corporation") shall possess all of the rights, privileges, immunities, powers and purposes, and all of the property, real and personal, causes of action and every other asset of each of the Targets, and shall assume and be liable for all of the liabilities, obligations and penalties of the Targets, in accordance with applicable corporate law.

Section 2.2 Rights of Surviving Corporation. Following the Merger, the existence of Lottery shall continue unaffected and unimpaired by the Merger, with all the rights, privileges, immunities and powers, subject to all of the duties and liabilities of a corporation organized under the laws of the State of Delaware. The officers and directors of Lottery immediately prior to the Effective Date shall be the officers and directors of the Surviving Corporation. The Certificate of Incorporation and By-Laws of Lottery shall be the Certificate of Incorporation and By-Laws of the Surviving Corporation from and after the Effective Date.

Section 2.3 Principal Office. Following the Effective Date, the principal office of the Surviving Corporation shall be located in Cincinnati, Hamilton County, Ohio.

Section 2.4 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger (the "Closing") shall take place (a) at the offices of Dinsmore & Shohl LLP, 1900 Chemed Center, 255 East Fifth Street, Cincinnati, Ohio 45202, at 10:00 a.m. on the first business day after all the conditions set forth throughout this Agreement (other than those that are waived by the party or parties for whose benefit such conditions exist) are satisfied; or (b) at such other place, time, and/or date upon which the parties hereto may otherwise agree. The date upon which the Closing shall occur is referred to herein as the "Closing Date."

Section 2.5 Effective Date. As soon as practical after all the conditions to the Merger set forth in this Agreement have been fulfilled or waived and if this Agreement shall not have been terminated as provided herein, the parties hereto shall cause a certificate of merger to be properly executed and filed in accordance with the laws of the States of Delaware, Georgia and Florida and the terms of this Agreement. The parties hereto shall also take such further actions as may be required under the laws of such states in connection with the consummation of the Merger. The Merger shall become effective at such time as the certificate of merger is duly filed with the Secretary of State of the State of Delaware or at such later time as is specified in the certificate of merger (the "Effective Date"). From and after the Effective Date, Lottery shall hold and possess all the property, rights and interests and be subject to all the debts, liabilities and obligations of PTI and Ship, all as provided under applicable law.

ARTICLE III MERGER CONSIDERATION

Section 3.1 Installment Consideration. All of the shares of PTI Capital Stock issued and outstanding as of the close of business on the business date immediately prior to the Effective Date and all of the shares of Ship Capital Stock issued and outstanding as of the close of business on the business date immediately prior to the Effective Date shall, in the aggregate, without any action on the part of the parties or any holder of such shares, be converted by the Merger into a total of \$3,000,000 worth of consideration in the form of shares of Lottery Common Stock valued at then-current market value shares of Lottery Common Stock which shall be allocated to the Stockholders 50% to Charles S. Mintz and 50% to David Alpert. The number of any shares of Lottery Common Stock to be allocated to each Stockholder shall be a whole number.

Section 3.2 Cash Consideration. In addition to the installment consideration referenced above, at the Effective Date, the Stockholders shall each receive \$100,000 in cash, or \$200,000 in the aggregate.

Section 3.3 Contingent Notes. In addition to the Shares and the cash consideration referenced above, each of the Stockholders shall receive a contingent promissory note issued by Lottery in the amount of \$200,000 with an annual interest rate of 5%, which notes shall be due and payable 30 days after the first anniversary of the Effective Date unless as of the close of business on the first anniversary date of the Effective Date the class of Lottery Common Stock (or successor entity stock into which the Lottery Common Stock has been converted) is registered under the Securities Exchange Act of 1934 (i.e. Lottery or its successor entity is then a publicly traded company), in which case each of the contingent notes shall be deemed void *ab initio*.

Section 3.4 Exchange of Shares. After the Effective Date, each holder of a certificate or certificates for shares of PTI Capital Stock and of Ship Capital Stock, upon surrender of the same to Lottery (or in lieu of surrendering such certificates in the case of lost, stolen, destroyed or mislaid certificates, upon execution of such documentation as may be reasonably required by Lottery), shall be entitled to receive in exchange therefor a certificate or certificates representing the number of whole shares of Lottery Common Stock into which such holder's shares of PTI Capital Stock and Ship Capital Stock shall have been converted by the Merger as provided in Section 3.1 above, if any. Until so surrendered, each outstanding certificate that prior to the time the Merger becomes effective represented shares of PTI Capital Stock or Ship Capital Stock shall be deemed for all corporate purposes to evidence ownership of the number of full shares of Lottery Common Stock (if any) into which the same shall have then been converted; provided, however, that dividends or distributions otherwise payable with respect to

shares of Lottery Common Stock into which the PTI Capital Stock and the Ship Capital Stock shall have been so converted shall be paid with respect to such shares only when the certificate or certificates evidencing any such shares of capital stock shall have been so surrendered (or in lieu of surrendering such certificates in the case of lost, stolen, destroyed or mislaid certificates, upon execution of such documentation as may be reasonably required by Lottery), and, thereupon, any such dividends and distributions shall be paid, without interest, to the holder entitled thereto, subject however to the operation of any applicable escheat or similar laws relating to unclaimed funds.

Section 3.5 Stock True-Up. Lottery shall obtain a final written appraisal of its fair market value from Grant Thornton on or before January 31, 2001. If the value per share of Lottery Common Stock reflected therein is less than \$2.35 per share, then Lottery shall issue to Stockholders additional shares of Lottery Common Stock in the number necessary, at the actual appraisal value per share, to make up the shortfall under \$3,000,000 in value of the Lottery Common Stock issued under Section 3.1 above.

Section 3.6 Contingent Consideration Adjustment. Within 30 days following the first anniversary of the Effective Date, Lottery shall determine the then-current fair market value of one-fifth of the shares of Lottery Common Stock issued in the Merger (or the stock of any successor entity to Lottery into which such number of shares of Lottery Common Stock were converted). If such then-current fair market value of such one-fifth of such shares is less than \$600,000, then Lottery or its successor-in-interest shall issue to the Stockholders that number of shares of Lottery Common Stock having a fair market value equal to the shortfall in value under \$600,000.

ARTICLE IV REPRESENTATIONS AND WARRANTIES

PTI, Ship and the Stockholders each hereby jointly and severally represent and warrant to Lottery that, except as may be set forth in the Targets' Disclosure Schedules, the following are true and correct as of the date hereof.

Section 4.1 Targets' Business. Targets conducts Targets' Business solely by using those assets, tangible and intangible are listed in Targets' Disclosure Schedules, and there are no other material assets or other components or elements of Targets' Business whatsoever that are not included therein.

Section 4.2 Corporate Power and Authorization.

4.2.1 The Board of Directors of PTI, by resolution adopted by a vote of the directors at a meeting duly called and held in accordance with applicable law, has duly authorized the transactions contemplated by this Agreement, all in accordance with and to the extent required by law and in accordance with the Articles of Incorporation and By-laws of the shareholders of PTI, by resolution adopted by a vote of the shareholders at a meeting duly called and held in accordance with applicable law, have duly authorized the transactions contemplated by this Agreement, all in accordance with and to the extent required by law and in accordance with the Articles of Incorporation and By-laws of PTI. The execution, delivery and performance by PTI of this Agreement and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by PTI. This Agreement has been duly executed and delivered by PTI and constitutes the legal, valid and binding obligation of PTI enforceable against PTI in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

4.2.2 The Board of Directors of Ship, by resolution adopted by a vote of the directors at a meeting duly called and held in accordance with applicable law, has duly authorized the transactions contemplated by this Agreement, all in accordance with and to the extent required by law and in accordance with the Articles of Incorporation and By-laws of the shareholders of Ship, by resolution adopted by a vote of the shareholders at a meeting duly called and held in accordance with applicable law, have duly authorized the transactions contemplated by this Agreement, all in accordance with and to the extent required by law and in accordance with the Articles of Incorporation and By-laws of Ship. The execution, delivery and performance by Ship of this Agreement and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby,

have been duly authorized by Ship. This Agreement has been duly executed and delivered by Ship and constitutes the legal, valid and binding obligation of Ship enforceable against Ship in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

Section 4.3 No Violation. Neither the execution, delivery or performance of this Agreement or the other agreements contemplated hereby nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a violation or breach of the terms, conditions or provisions of, or constitute a default under, the Articles of Incorporation or Bylaws of PTI or of Ship, (b) conflict with, or result in a violation or breach of the terms, conditions or provisions of, or constitute a default under, any agreement, indenture, right of first refusal, or constitute a default under, any agreement, indenture, right of first refusal, non-competition agreement or other instrument under which PTI or Ship is bound or to which any of the assets of PTI or of Ship are subject, in a manner that will adversely affect the ability of PTI or of Ship to consummate the transactions contemplated hereby, or (c) violate or conflict with any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body.

Section 4.4 Organization and Good Standing; Qualification. PTI is a corporation duly organized, validly existing and, with respect to the entities organized in the United States, in good standing under the laws of Florida, with all requisite corporate power and authority to carry on the business in which it is engaged, to own the properties it owns, and each is duly qualified and licensed to do business in any other jurisdiction where failure to be so qualified would have a Material Adverse Effect on the Targets' Business. Ship is a corporation duly organized, validly existing and, with respect to the entities organized in the United States, in good standing under the laws of Georgia, with all requisite corporate power and authority to carry on the business in which it is engaged, to own the properties it owns, and each is duly qualified and licensed to do business in any other jurisdiction where failure to be so qualified would have a Material Adverse Effect on the Targets' Business. Targets' Disclosure Schedules contain a complete list of all states or other jurisdictions in which PTI or Ship is qualified and licensed to do business.

Section 4.5 Capitalization. A full and complete description of the authorized, issued and outstanding equity capitalization of Seller is set forth in the Seller's Disclosure Schedules. There are no outstanding options, warrants, convertible debt or other instruments or any other rights of any kind whatsoever granting any person or entity the right or ability to acquire, directly or indirectly any capital stock or other equity securities of PTI or Ship. Each outstanding share of capital stock of PTI and of Ship has been legally and validly issued and is fully paid and nonassessable. None of such shares of capital stock has been issued or disposed of in violation of the preemptive rights, rights of first refusal or similar rights of any third party.

Section 4.6 Continuity of Business Enterprise. There has not been any sale, distribution or spin-off of significant assets of PTI or Ship relating to the Targets' Business other than in the ordinary course of business.

Section 4.7 Corporate Records. The copies of the Articles of Incorporation and Bylaws, and all amendments thereto, of PTI and of Ship that have been delivered or made available to Lottery are true, correct and complete copies thereof, as in effect on the date hereof. Except to the extent set forth on the Targets' Disclosure Schedules, the minute book of PTI and the minute book Ship, a copy of which has been delivered or made available to Lottery, contain accurate minutes of all meetings of, and accurate consents to all actions taken without meetings by, the Board of Directors (and any committees thereof) and the stockholders thereof.

Section 4.8 Governmental Authorities; Third Party Consents. Neither PTI nor Ship is required to submit any notice, report or other filing with any governmental authority in connection with the execution or delivery by it of this Agreement or the consummation of the transactions contemplated hereby or thereby, and no approval or authorization of any governmental or regulatory authority or any other party or person is required to be obtained by any of them in connection with the execution, delivery and performance of this Agreement or the transactions contemplated hereby.

Section 4.9 Financial Statements. PTI has delivered to Lottery: (a) balance sheets of PTI as at December 31 in each of the years 1998 and 1999, and the related statements of income, changes in stockholders'

equity and cash flow for each of the fiscal years then ended, together with the report thereon of its independent certified public accountants and (b) a consolidated balance sheet of PTI as at November 30, 2000, and the related statements of income, changes in stockholders' equity, and cash flow for the 11 months then ended, including in each case the notes thereto. Such financial statements and notes fairly present the financial condition and the results of operations, changes in stockholders' equity, and cash flow of PTI as at the respective dates of and for the periods referred to in such financial statements. The financial statements referred to in this Section 4.9 reflect the consistent application of sound accounting principles throughout the periods involved."

Section 4.10 Employee Matters.

4.10.1 Cash Compensation. The Targets' Disclosure Schedules contain a complete and accurate list of the names, titles and annual cash compensation as of December 31, 2000, including without limitation wages, salaries, bonuses (discretionary and formula) and other cash compensation (the "Cash Compensation") of all employees of Targets, and the amounts paid to each independent contractor of Targets, together with a description of the material terms of any such independent contractor's agreement or relationship, during the last twelve months. In addition, the Targets' Disclosure Schedules reflect (i) all increases in Cash Compensation of such employees and/or independent contractors during the current fiscal year and (ii) any promised increases in Cash Compensation of such employees and/or independent contractors that have not yet been effected.

4.10.2 Employment Agreements. Except as set forth in Targets' Disclosure Schedules, Targets are not a party to any employment agreement ("Employment Agreements") with respect to any of the employees described in Section 4.10.1 above. Employment Agreements include without limitation employee leasing agreements, employee services agreements and noncompetition agreements.

4.10.3 Employee Stability. No key employee and no group of employees has any plans to terminate employment with PTI or Ship.

Section 4.11 Absence of Certain Changes. Since the date of the financial statements delivered to Lottery on December 20, 2000, except as set forth on the Targets' Disclosure Schedules, Targets have not:

- 4.11.1** contracted for the purchase of any capital asset;
- 4.11.2** incurred any indebtedness or issued or sold any debt securities;
- 4.11.3** incurred or discharged any material liabilities or obligations except in the ordinary course of business;
- 4.11.4** or released or waived any rights or claims except in the ordinary course of business;
- 4.11.5** mortgaged, pledged or subjected to any security interest, lien, lease or other charge or encumbrance any of its properties or assets (other than statutory liens arising in the ordinary course of business or other liens that do not materially detract from the value or interfere with the use of such properties or assets);
- 4.11.6** lost or terminated any employee, customer or supplier that has, individually or in the aggregate, resulted in a Material Adverse Effect;
- 4.11.7** increased the compensation of any director, officer, key employee or consultant;
- 4.11.8** increased the compensation of any employee (except for increases in the ordinary course of business consistent with past practice) or hired any new employee who is expected to receive annualized compensation of at least \$15,000;
- 4.11.9** made any payments to or loaned any money to any employee, officer, director or stockholder;

4.11.10 entered into any agreement providing for total payments by them in excess of \$10,000 in any 12 month period with any person or group, or modified or amended in any material respect the terms of any such existing agreement, except in the ordinary course of business;

4.11.11 entered into any other commitment or transaction or experienced any other event that would individually or in the aggregate, result in a Material Adverse Effect.

Section 4.12 Title; Leased Assets.

4.12.1 Real Property. Targets do not own any interest (other than leasehold interests described in Targets' Disclosure Schedules) in real property. The leased real property described in Targets' Disclosure Schedules constitutes the only real property necessary for the conduct of Targets' business.

4.12.2 Personal Property. The Targets have good, valid and marketable title to all the assets, property necessary for the conduct of Targets' business. On the Closing Date, Targets' interest in these assets shall be free and clear of all security interests, liens, claims and encumbrances, other than statutory liens arising in the ordinary course of business or other liens that do not materially detract from the value or interfere with the use of such properties or assets.

4.12.3 Leases. Targets' Disclosure Schedules set forth a list and brief description of (i) all leases of real property and (ii) leases of personal property. All such leases are valid and enforceable in accordance with their respective terms except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

Section 4.13 Commitments.

4.13.1 Commitments; Defaults. Any of the following to which PTI or Ship is a party or is bound by or are subject to, or by which the assets or the business of PTI or Ship are bound, whether or not in writing, are listed in Targets' Disclosure Schedules (collectively "Commitments"):

4.13.1.1 any partnership or joint venture agreement;

4.13.1.2 any guaranty or suretyship, indemnification or contribution agreement or performance bond;

4.13.1.3 any debt instrument, loan agreement or other obligation relating to indebtedness for borrowed money or money lent or to be lent to another;

4.13.1.4 any contract to purchase real property;

4.13.1.5 any agreement with dealers or sales or commission agents, public relations or advertising agencies, accountants or attorneys (other than in connection with this Agreement and the transactions contemplated hereby) involving total payments within any 12 month period in excess of \$10,000 and which is not terminable on 30 days' notice or without penalty;

4.13.1.6 any agreement relating to any material matter or transaction in which an interest is held by a person or entity that is an Affiliate of Seller;

4.13.1.7 any powers of attorney;

4.13.1.8 any contracts containing noncompetition covenants;

4.13.1.9 any agreement providing for the purchase from a supplier of all or substantially all of the requirements of Seller of a particular product or service; or

4.13.1.10 any other agreement or commitment not made in the ordinary course of business or that is material to the business, operations, condition (financial or otherwise) or results of operations of Seller.

True, correct and complete copies of all written Commitments, and true, correct and complete written descriptions of all oral Commitments, have heretofore been delivered or made available to Lottery. Except as set forth on the Targets' Disclosure Schedules, (i) there are no existing or asserted defaults, events of default or events, occurrences, acts or omissions that, with the giving of notice or lapse of time or both, would constitute defaults by PTI or Ship or, to PTIs or Ship's knowledge, any other party to a Commitment, and no penalties have been incurred nor are amendments pending with respect to the Commitments, and (ii) the Commitments are in full force and effect and are valid and enforceable obligations of PTI or Ship and, to Targets' knowledge, the other parties thereto, in accordance with their respective terms, and no defenses, off-sets or counterclaims have been asserted or, to Targets' knowledge, may be made by any party thereto (other than by PTI or Ship, as the case may be), nor have any of them waived any rights thereunder.

4.13.2 No Cancellation or Termination of Commitment. Except as set forth on the Targets' Disclosure Schedules, no notice of any plan or intention of any other party to any Commitment to exercise any right to cancel or terminate any Commitment has been received. Except as set forth on the Seller's Disclosure Schedules, no customer of Seller's Business has notified that such customer intends to terminate or discontinue use of Seller's services.

Section 4.14 Intellectual Property.

4.14.1 Targets' Business as currently conducted does not in any way conflict with, misappropriate or infringe on, any intellectual property right of any third party that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Targets' Business. There are no claims, suits, actions or proceedings pending or, to the knowledge of PTI or Ship, threatened against PTI or Ship, (i) alleging that the use or license of any Intellectual Property conflicts or infringes in any way with any third party's intellectual property rights, (ii) challenging their ownership of or right to use any Intellectual Property owned or used by them, or (iii) challenging the validity of any of the Intellectual Property. There are no conflicts, misappropriations, infringements or other violations by any third party of any of the Intellectual Property owned by, used by or licensed by or to PTI or Ship.

Section 4.15 Taxes.

4.15.1 Filing of Tax Returns. Except as set forth in Targets' Disclosure Schedules, PTI and Ship have duly and timely filed (in accordance with any extensions duly granted by the appropriate governmental agency, if applicable) with the appropriate governmental agencies all Tax Returns and reports required to be filed by the United States or any state or any political subdivision thereof or any foreign jurisdiction. All such Tax Returns or reports are complete and accurate in all material respects and properly reflect the taxes of the respective entities for the periods covered thereby.

4.15.2 Payment of Taxes. Except for such items as may be subject to good faith disputes in proceedings in compliance with applicable law, each of which is described in Targets' Disclosure Schedules, (i) PTI and Ship have paid all taxes, penalties, assessments and interest that have become due with respect to any Tax Returns that it has filed and (ii) neither PTI nor Ship is delinquent in the payment of any tax, assessment or governmental charge.

4.15.3 No Pending Deficiencies, Delinquencies, Assessments or Audits. Neither PTI or Ship has received any notice that any tax deficiency or delinquency has been asserted against it. There is no taxing authority audit of any of them pending or, to Targets' knowledge, threatened, and the results of any completed audits are properly reflected in the financial statements of PTI and Ship previously delivered to Lottery. To Targets'

knowledge, no such entity has violated any federal, state, local or foreign tax law, except where failure to so comply would not, individually or in the aggregate, have a Material Adverse Effect.

4.15.4 Withholding Requirements Satisfied. All monies required to be withheld by PTI or Ship and paid by it to governmental agencies for all income, social security, unemployment insurance, sales, excise, use, and other taxes have been collected or withheld and paid to the respective governmental agencies.

4.15.5 Collapsible Corporation. Neither PTI nor Ship has at any time consented, and will not elect, to have the provisions of Section 341(f)(2) of the Internal Revenue Code apply to it.

Section 4.16 Compliance with Laws. Targets have to the best of Targets' and Stockholders' knowledge complied with all applicable laws, and regulations and has filed with the proper authorities all necessary statements and reports except where the failure to so comply or file would not, individually or in the aggregate, result in a Material Adverse Effect. There are to the best of Targets' and Stockholders' knowledge no existing violations by any of them of any federal, state or local law or regulation that could reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. Targets possess all necessary licenses, franchises, permits and governmental authorizations for the conduct of Targets' Business as now conducted, all of which are listed (with expiration dates, if applicable) in the Targets' Disclosure Schedules to the best of Targets' and Stockholders' knowledge.

Section 4.17 Litigation. Except as set forth on the Targets' Disclosure Schedules, there are no legal actions or administrative proceedings or investigations instituted or, in Targets' knowledge, threatened against PTI or Ship either affecting or that could affect the assets of PTI or Ship, or the operation, business, condition (financial or otherwise), or results of operations of any aspect of Targets' Business which (i) if successful, could, individually or in the aggregate, have a Material Adverse Effect or (ii) could adversely affect the ability of Targets to effect the transactions contemplated hereby. Targets are not (a) subject to any continuing court or administrative order, judgment, writ, injunction or decree applicable specifically to any aspect of Targets Business or (b) in default with respect to any such order, judgment, writ, injunction or decree. Targets have no knowledge of any valid basis for any such action, proceeding or investigation.

Section 4.18 Certain Payments. Neither PTI nor Ship, or any director, officer or employee thereof acting for or on behalf of any of them or Targets' Business, has paid or caused to be paid, directly or indirectly, in connection with Targets' Business:

4.18.1 to any government or agency thereof or any agent of any supplier or customer any bribe, kick-back or other similar payment; or

4.18.2 any contribution to any political party or candidate (other than from personal funds of directors, officers or employees not reimbursed by their respective employers or as otherwise permitted by applicable law).

Section 4.19 Full Disclosure. No representation or warranty made by Targets in this Agreement or any Schedule or Exhibit hereto and no statement or certificate or memorandum furnished or to be furnished by Targets pursuant hereto or in connection with the transactions covered hereby contains or will contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Section 4.20 Approvals of Third Parties. Targets' have secured all necessary approvals and consents of third parties to the consummation of the transactions contemplated hereby, including, without limitation, all necessary approvals and consents required under any real property and personal property leases. Targets have obtained all necessary government approvals and consents.

ARTICLE V

REPRESENTATIONS AND WARRANTIES OF LOTTERY

Lottery represents and warrants to Seller that except as may be set forth in the Lottery Disclosure Schedule (which Lottery shall deliver to the Stockholders within 30 days of the date hereof) the following are true and correct as of the date hereof:

Section 5.1 Corporate Power and Authorization. The Board of Directors of Lottery, by resolution adopted by a vote of the directors at a meeting duly called and held in accordance with applicable law, has duly approved this Agreement, all in accordance with and as required by law and in accordance with the Certificate of Incorporation and Bylaws of Lottery. The execution, delivery and performance by Lottery of this Agreement and the other agreements contemplated hereby, and the consummation of the transactions contemplated hereby and thereby, have been duly authorized by Lottery. This Agreement has been duly executed and delivered by Lottery and constitutes the legal, valid and binding obligation of Lottery enforceable against Lottery in accordance with its terms, except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

Section 5.2 Organization and Good Standing; Qualification. Lottery is a corporation duly organized, validly existing and in good standing under the laws of Delaware, with all requisite corporate power and authority to carry on the business in which it is engaged, to own the properties it owns, and each is duly qualified and licensed to do business in any other jurisdiction where failure to be so qualified would have a Material Adverse Effect on Lottery's business.

Section 5.3 Capitalization. As of the date hereof, there were 10,805,101 shares of Common Stock outstanding. As of the date hereof, options, warrants and debentures to acquire approximately 6,400,000 shares of Common Stock were outstanding. Except for those options, warrants, convertible preferred stock, and debentures, there are no options, warrants, calls or other rights, agreements or commitments outstanding obligating Lottery to issue, deliver or sell shares of its capital stock or debt securities, or obligating Lottery to grant, extend or enter into any such option, warrant, call or other such right, agreement or commitment. All issued and outstanding shares of Lottery Common Stock are duly authorized, validly issued, fully paid and non-assessable."

Section 5.4 Financial Statements. Lottery has delivered to the Stockholders: (a) balance sheets of Lottery as at December 31 in each of the years 1998 and 1999, and the related statements of income, changes in stockholders' equity and cash flow for each of the fiscal years then ended, together with the report thereon of its independent certified public accountants and (b) a consolidated balance sheet of Lottery as at October 31, 2000, and the related statements of income, changes in stockholders' equity, and cash flow for the ten months then ended, including in each case the notes thereto. Such financial statements and notes fairly present the financial condition and the results of operations, changes in stockholders' equity, and cash flow of Lottery as at the respective dates of and for the periods referred to in such financial statements. The financial statements referred to in this Section 5.4 reflect the consistent application of sound accounting principles throughout the periods involved."

Section 5.5 No Violation. Neither the execution, delivery or performance of this Agreement or the other agreements contemplated hereby nor the consummation of the transactions contemplated hereby or thereby will (a) conflict with, or result in a violation or breach of the terms, conditions or provisions of, or constitute a default under, the Certificate of Incorporation or Bylaws of Lottery, (b) conflict with, or result in a violation or breach of the terms, conditions or provisions of, or constitute a default under, any agreement, indenture, right of first refusal, non-competition agreement or other instrument under which Lottery is bound or to which any of the assets of Lottery are subject, or result in the creation or imposition of any security interest, lien, charge or encumbrance upon any of the assets of Lottery or (c) violate or conflict with any judgment, decree, order, statute, rule or regulation of any court or any public, governmental or regulatory agency or body.

Section 5.6 Continuity of Business Enterprise. There has not been any sale, distribution or spin-off of significant assets of Lottery other than in the ordinary course of business.

Section 5.7 Corporate Records. The copies of the Certificate of Incorporation and By laws, and all amendments thereto, of Lottery that have been delivered or made available to PII and Ship are true, correct and complete copies thereof, as in effect on the date hereof. Except to the extent set forth on the Lottery Disclosure Schedules, the minute book of Lottery, a copy of which has been delivered or made available to PII and Ship, contain accurate minutes of all meetings of, and accurate consents to all actions taken without meetings by, the Board of Directors (and any committees thereof) and the stockholders thereof.

Section 5.8 Governmental Authorities; Third Party Consents. Lottery is not required to submit any notice, report or other filing with any governmental authority in connection with the execution or delivery by it of this Agreement or the consummation of the transactions contemplated hereby or thereby, and no approval or authorization of any governmental or regulatory authority or any other party or person is required to be obtained by any of them in connection with the execution, delivery and performance of this Agreement or the transactions contemplated hereby.

Section 5.9 Title; Leased Assets.

5.9.1 Real Property. Lottery does not own any interest (other than leasehold interests described in Lottery's Disclosure Schedule) in real property. The leased real property described in Lottery's Disclosure Schedule constitutes the only real property necessary for the conduct of Lottery's business.

5.9.2 Personal Property. Lottery has good, valid and marketable title to all the assets, property necessary for the conduct of Lottery's business. On the Closing Date, Lottery's interest in these assets shall be free and clear of all security interests, liens, claims and encumbrances, other than statutory liens arising in the ordinary course of business or other liens that do not materially detract from the value or interfere with the use of such properties or assets.

5.9.3 Leases. All of Lottery's leases of real property and leases of personal property are valid and enforceable in accordance with their respective terms except as may be limited by applicable bankruptcy, insolvency or similar laws affecting creditors' rights generally or the availability of equitable remedies.

Section 5.10 Intellectual Property.

5.10.1 Lottery's Business as currently conducted does not in any way conflict with, misappropriate or infringe on, any intellectual property right of any third party that, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect on Lottery's Business. There are no claims, suits, actions or proceedings pending or, to the knowledge of Lottery, threatened against Lottery, (i) alleging that the use or license of any Intellectual Property conflicts or infringes in any way with any third party's intellectual property rights, (ii) challenging their ownership of or right to use any Intellectual Property owned or used by them, or (iii) challenging the validity of any of the Intellectual Property. There are no conflicts, misappropriations, infringements or other violations by any third party of any of the Intellectual Property owned by, used by or licensed by or to Lottery.

Section 5.11 Taxes.

5.11.1 Filing of Tax Returns. Except as set forth in Lottery's Disclosure Schedules, Lottery has duly and timely filed (in accordance with any extensions duly granted by the appropriate governmental agency, if applicable) with the appropriate governmental agencies all Tax Returns and reports required to be filed by the United States or any state or any political subdivision thereof or any foreign jurisdiction. All such Tax Returns or reports are complete and accurate in all material respects and properly reflect the taxes of the respective entities for the periods covered thereby.

5.11.2 Payment of Taxes. Except for such items as may be subject to good faith disputes in proceedings in compliance with applicable law, each of which is described in Lottery's Disclosure Schedules, (i)

Lottery has paid all taxes, penalties, assessments and interest that have become due with respect to any Tax Returns that it has filed and (ii) Lottery is not delinquent in the payment of any tax, assessment or governmental charge.

5.11.3 No Pending Deficiencies, Delinquencies, Assessments or Audits. Lottery has not received any notice that any tax deficiency or delinquency has been asserted against it. There is no taxing authority audit of any of them pending or, to Lottery's knowledge, threatened, and the results of any completed audits are properly reflected in the financial statements of Lottery previously delivered to PTI and Ship. To Lottery's knowledge, Lottery has not violated any federal, state, local or foreign tax law, except where failure to so comply would not, individually or in the aggregate, have a Material Adverse Effect.

5.11.4 Withholding Requirements Satisfied. All monies required to be withheld by Lottery and paid by it to governmental agencies for all income, social security, unemployment insurance, sales, excise, use, and other taxes have been collected or withheld and paid to the respective governmental agencies.

5.11.5 Collapsible Corporation. Lottery has not at any time consented, and will not elect, to have the provisions of Section 341(f)(2) of the Internal Revenue Code apply to it.

Section 5.12 Compliance with Laws. Lottery has to its best knowledge complied with all applicable laws, and regulations and has filed with the proper authorities all necessary statements and reports except where the failure to so comply or file would not, individually or in the aggregate, result in a Material Adverse Effect. There are to Lottery's best knowledge no existing violations by any of them of any federal, state or local law or regulation that could reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect. Lottery possesses all necessary licenses, franchises, permits and governmental authorizations for the conduct of Targets' Business as now conducted, all of which are listed (with expiration dates, if applicable) in the Lottery's Disclosure Schedules to Lottery's best knowledge.

Section 5.13 Litigation. Except as set forth on the Lottery's Disclosure Schedules, there are no legal actions or administrative proceedings or investigations instituted or, to Lottery's knowledge, threatened against Lottery or Ship either affecting or that could affect the assets of Lottery, or the operation, business, condition (financial or otherwise), or results of operations of any aspect of Lottery's Business which (i) if, successful, could, individually or in the aggregate, have a Material Adverse Effect or (ii) could adversely affect the ability of Lottery to effect the transactions contemplated hereby. Lottery is not (a) subject to any continuing court or administrative order, judgment, writ, injunction or decree applicable specifically to any aspect of Lottery's Business or (b) in default with respect to any such order, judgment, writ, injunction or decree. Lottery has no knowledge of any valid basis for any such action, proceeding or investigation.

Section 5.14 Certain Payments. Neither Lottery nor any director, officer or employee thereof acting for or on behalf of any of them or Lottery's Business, has paid or caused to be paid, directly or indirectly, in connection with Lottery's Business:

5.14.1 to any government or agency thereof or any agent of any supplier or customer any bribe, kick-back or other similar payment; or

5.14.2 any contribution to any political party or candidate (other than from personal funds of directors, officers or employees not reimbursed by their respective employers or as otherwise permitted by applicable law).

Section 5.15 Full Disclosure. No representation or warranty made by Lottery in this Agreement or any Schedule or Exhibit hereto and no statement or certificate or memorandum furnished or to be furnished by Lottery pursuant hereto or in connection with the transactions covered hereby contains or will contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

Section 5.16 Governmental Authorities; Third Party Consents. Lottery is not required to submit any notice, report or other filing with any governmental authority in connection with the execution or delivery by it of this Agreement or the consummation of the transactions contemplated hereby or thereby, and no approval or authorization of any governmental or regulatory authority or any other party or person is required to be obtained by Lottery in connection with its execution, delivery and performance of this Agreement or the transactions contemplated hereby or thereby.

Section 5.17 Full Disclosure. No representation or warranty made by Lottery in this Agreement or any exhibit hereto and no statement or certificate or memorandum furnished or to be furnished by Lottery pursuant hereto or in connection with the transactions covered hereby contains or will contain any untrue statement of a material fact, or omit to state any material fact necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

ARTICLE VI COVENANTS OF PTI AND SHIP

PTI and Ship agree that between the date hereof and the Effective Date:

Contracts. Except with Lottery's prior written consent, neither PTI nor Ship shall assume or enter into any contract, lease, license, obligation, indebtedness, commitment, purchase or sale, nor will it waive any material right or cancel any material contract, debt or claim.

Section 6.1 Mortgages, Liens and Guaranties. Neither PTI nor Ship shall, without the prior written approval of Lottery, enter into or assume any mortgage, pledge, conditional sale or other title retention agreement, permit any security interest, lien, encumbrance or claim of any kind to attach to any of its assets (other than statutory liens arising in the ordinary course of business and other liens that do not materially detract from the value or interfere with the use of such assets), whether now owned or hereafter acquired, or guarantee or otherwise become contingently liable for any obligation of another, except obligations arising by reason of endorsement for collection and other similar transactions in the ordinary course of business, or make any capital contribution or investment in any person.

Section 6.2 Requirements to Effect the Merger. PTI and Ship shall use best efforts to take, or cause to be taken, all actions necessary to effect the Merger under applicable law, including without limitation the filing with the appropriate government officials of all necessary documents in form approved by counsel for the parties to this Agreement.

Section 6.3 Stockholder Approval. The Stockholders each hereby approve the Merger and agree to execute any and all actions by written consent or other instruments necessary to document such approval by them.

ARTICLE VII COVENANTS OF LOTTERY

Section 7.1 Requirements to Effect Merger. Lottery agrees that between the date hereof and the Closing, Lottery will use its best efforts to take, or cause to be taken, all actions necessary to effect the Merger under applicable law, including without limitation the filing with the appropriate government officials all necessary documents in form approved by counsel for the parties to this Agreement.

Section 7.2 Registration Rights. Targets and Stockholders acknowledge that Lottery is planning to effect a reverse merger with Bingo.com, Inc., a publicly traded corporation, in which Lottery's stockholders (which will then include the Stockholders) will receive restricted stock of the surviving corporation to be called "Lottery.com." The Lottery stockholders are expected to receive certain registration rights with respect to such shares. Lottery hereby covenants to secure registration rights for Stockholders at least equal to any registration rights secured for Roger W. Ach II.

ARTICLE VIII COVENANTS OF ALL PARTIES

Section 8.1 Tax Treatment. Lottery, PTI and Ship agree that each shall use reasonable efforts, including restructuring the form of the transaction, to cause the merger to qualify, and shall not take any actions which could prevent the Merger from qualifying, as a "reorganization" pursuant to Sections 368(a) of the Code.

ARTICLE IX CLOSING DELIVERIES

Section 9.1 Deliveries of Targets. At or prior to the Closing Date, Targets shall each deliver to Lottery, the following, all of which shall be in a form satisfactory to Lottery and its counsel:

9.1.1 a certificate of the President, dated the Closing Date, to the knowledge of such officer, as to the truth and correctness in all material respects of the representations and warranties of PTI and of Ship contained herein on and as of the Closing Date;

9.1.2 a certificate of the President of PTI and of Ship, dated the Closing Date, (i) as to the performance of and compliance in all material respects by PTI and by Ship with all covenants contained herein to the knowledge of such officer on and as of the Closing Date, and (ii) certifying that all conditions precedent of PTI and of Ship to the Closing have been satisfied to the knowledge of such officer;

9.1.3 the minute books, stock transfer records, corporate seal and other materials related to the corporate administration of PTI and Ship.

9.1.4 a copy of each of (i) the resolutions adopted by the board of directors of PTI and the board of directors of Ship authorizing the execution, delivery and performance of this Agreement, (ii) the resolutions adopted by the stockholders of PTI and of Ship approving the transaction contemplated herein authorizing the execution, delivery and performance of this Agreement; (iii) the Articles of Incorporation, and (iv) the By-laws of Seller along with certificates executed by appropriate corporate officers certifying to Lottery that such copies are true, correct and complete copies of these documents respectively, and that such resolutions were duly adopted and have not been amended or rescinded;

9.1.5 all necessary authorizations, consents, approvals, permits and licenses;

9.1.6 Stock certificates representing the shares of PTI stock and the shares of Ship stock to be delivered to Lottery;

9.1.7 such other instruments or documents as Lottery or its counsel shall reasonably request to carry out and effect the purpose and intent of this Agreement.

Section 9.2 Deliveries of Lottery. At or prior to the Closing Date, Lottery shall deliver to Seller, the following, all of which shall be in a form satisfactory to Seller and its counsel:

9.2.1 a certificate of an officer of Lottery dated the Closing Date as to the truth and correctness in all material respects of the representations and warranties of Lottery contained herein on and as of the Closing Date;

9.2.2 the promissory notes referenced in Section 3.3 above;

9.2.3 a certificate of an officer of Lottery dated the Closing Date, (i) as to the performance and compliance by Lottery with all covenants contained herein on and as of the Closing Date and (ii) certifying that all conditions precedent of Lottery to the Closing have been satisfied;

9.2.4 a copy of the text of the resolutions adopted by the board of directors of Lottery authorizing the execution, delivery and performance of this Agreement and the consummation of all of the transactions contemplated by this Agreement duly certified by Lottery's corporate secretary;

9.2.5 the Closing Payment,

9.2.6 such other instruments or documents as PTI and Ship and their counsel may reasonably request to carry out the purpose and intent of this Agreement.

ARTICLE X POST-CLOSING MATTERS

Section 10.1 Organization of Subsidiary. Within a reasonable time following the Effective Date, Lottery shall organize a corporate subsidiary for the purpose of holding the assets and liabilities of PTI and of Ship acquired pursuant to this Agreement and for the purpose of continuing the current business of Targets.

Section 10.2 Employment Agreements. Within 30 days of the Effective Date, Lottery and each of the Stockholders shall enter into employment agreements which shall include those terms as set forth in Exhibit 10.2 appended hereto, and such other terms as are mutually acceptable to the Stockholders and Lottery.

ARTICLE XI FEDERAL SECURITIES LAW RESTRICTIONS ON LOTTERY PREFERRED STOCK

Section 11.1 Investment Representation. Each stockholder of Targets acknowledges that the shares of Lottery Preferred Stock to be delivered to such stockholder pursuant to this Agreement have not been and will not be registered under the Securities Act and may not be resold without compliance with the Securities Act. The Lottery Preferred Stock to be acquired by such stockholder pursuant to this Agreement is being acquired solely for his own account, for investment purposes only and with no present intention of distributing, selling or otherwise disposing of it in connection with a distribution.

Section 11.2 Compliance with Law. Each stockholder of Targets covenants, warrants and represents that none of the shares of Lottery Preferred Stock issued to such stockholder will be offered, sold, assigned, pledged, hypothecated, transferred or otherwise disposed of except after full compliance with all of the applicable provisions of the Securities Act and the rules and regulations of the SEC and applicable state securities laws and regulations. All certificates evidencing shares of Lottery Preferred Stock shall bear a legend having substantially the same effect as the following legend:

The shares represented by this Certificate have not been registered under the Securities Act of 1933 or any other applicable state securities laws (collectively, the "Securities Laws"). Such shares may not be offered, sold, transferred or pledged, with or without consideration, in the absence of registration under the Securities Laws or submission to the Corporation of a favorable opinion of counsel satisfactory to the Corporation or of such other evidence as may be satisfactory to the Corporation to the effect that an exemption from registration under the Securities Laws is available.

Section 11.3 Sophistication. Each stockholder of Targets has such knowledge and experience in financial and business matters that he, she or it is capable of evaluating the merits and risks of the proposed investment and therefore have the capacity to protect his, her or its own interests in connection with the acquisition of the Lottery Preferred Stock. Each such stockholder or its purchaser representatives have had an adequate opportunity to ask questions and receive answers from the officers of Lottery concerning any and all matters relating to the their investment in Lottery, including, without limitation, the background and experience of the officers and

directors of Lottery and the plans for the operations of the business of Lottery. Each such stockholder or its purchaser representatives have asked any and all questions in the nature described in the preceding sentence and all questions have been answered to their satisfaction.

Section 11.4 Accredited Investor Status. Each stockholder hereby represents and warrants that he is an accredited investor as such term is defined by the rules of the Securities and Exchange Commission promulgated under the Securities Act by virtue of the fact that he has individual net worth, or joint net worth with spouse, which exceeds \$1,000,000 as of the date hereof or that he had individual income in excess of \$200,000 in each of the two most recent years or joint income with a spouse in excess of \$300,000 in each of those years and has a reasonable expectation of reaching the same income level in the current year.

ARTICLE XII NONDISCLOSURE OF CONFIDENTIAL INFORMATION

Section 12.1 Nondisclosure. PTI and Ship and Lottery recognize and acknowledge that they had in the past, currently have, and in the future may possibly have, access to certain Confidential Information (in such capacity, the "Receiving Party") of one or more other parties (in such capacity, the "Disclosing Party") that is valuable, special and unique assets of the Disclosing Party or its businesses. Each Receiving Party agrees that it will keep all Confidential Information it receives from a Disclosing Party confidential and will not permit any of its directors, officers employees, agents and representatives, including without limitation attorneys, accountants, consultants and financial advisors (collectively, "Advisors") to, without in each case the prior written consent of the Disclosing Party, disclose the Confidential Information in any manner whatsoever, in whole or in part. Each Receiving Party further agrees that all Confidential Information which it receives from any Disclosing Party will not be used by the Receiving Party or its Advisors directly or indirectly for any purpose other than evaluating the transactions contemplated by this Agreement and agrees to transmit the Confidential Information only to those Advisors who need to know the Confidential Information for the purpose of evaluating such transactions; who are informed by the Receiving Party of the confidential nature of the Confidential Information and who are provided with a copy of, and agree to be bound by, the provisions of this Article XII. The Receiving Party shall be responsible for any breach of the provisions of this Article XII by any of its Advisors, and will indemnify and hold harmless the Disclosing Party for any losses, damages, charges, fees or expenses, including reasonable attorney's fees arising out of or resulting from such breach.

Section 12.2 Limitations. The provisions of this Article XII shall be inoperative as to such portions of the Confidential Information which (i) are or become generally available to the public other than as a result of a disclosure by the Receiving Party or any of its Advisors; (ii) become available to the Receiving Party on a nonconfidential basis from a source (other than the Disclosing Party or one of its Advisors) which has represented to the Receiving Party that such source is entitled to disclose it; or (iii) were known to the Receiving Party on a nonconfidential basis prior to its disclosure to the Receiving Party by the Disclosing Party or one of its Advisors; or (iv) is independently developed by the Receiving Party without misappropriating Confidential Information of the Disclosing Party.

Section 12.3 Remedies. Each Receiving Party agrees that a Disclosing Party shall be entitled to equitable relief, including temporary restraining orders, injunctions and specific performance, in the event of any breach of the provisions of this Article XII. Such remedies shall not be deemed to be the exclusive remedies for a breach of this Article XII by a Receiving Party or its Advisors but shall be in addition to all other remedies available at law or equity.

ARTICLE XIII MISCELLANEOUS

Section 13.1 Entire Agreement, Modification and Waiver. This Agreement constitutes the entire agreement between the parties pertaining to its subject matter and supersedes all prior and contemporaneous agreements, representations and understandings of the parties. No supplement, modification or amendment of this Agreement shall be binding unless executed in writing by all the parties. No waiver of any of the provisions of this

Agreement shall be deemed or shall constitute, a waiver of any other provision, whether or not similar, nor shall any waiver constitute a continuing waiver. No waiver shall be binding unless executed in writing by the party making the waiver.

Section 13.2 Assignment. Neither this Agreement nor any right created hereby or in any agreement entered into in connection with the transactions contemplated hereby shall be assignable by any party hereto, except by Lottery; provided that any such assignment shall not relieve Lottery of its obligations hereunder.

Section 13.3 Severability. If any provision of this Agreement is held to be illegal, invalid or unenforceable under present or future laws effective during the term hereof, such provision shall be fully severable and this Agreement shall be construed and enforced as if such illegal, invalid or unenforceable provision never comprised a part hereof; and the remaining provisions hereof shall remain in full force and effect and shall not be affected by the illegal, invalid or unenforceable provision or by its severance herefrom. Furthermore, in lieu of such illegal, invalid or unenforceable provision, there shall be added automatically as part of this Agreement a provision as similar in its terms to such illegal, invalid or unenforceable provision as may be possible and be legal, valid and enforceable.

Section 13.4 Survival of Representations, Warranties and Covenants. The representations, warranties and covenants contained herein shall survive the Closing Date and all statements contained in any certificate, exhibit or other instrument delivered by or on behalf of PTI, Ship or Lottery pursuant to this Agreement shall be deemed to have been representations and warranties by PTI, Ship or Lottery, as applicable, and, notwithstanding any provision in this Agreement to the contrary, the representations and warranties contained herein shall survive until the first anniversary of the Closing Date except that the representations and warranties set forth in this Agreement with respect to tax matters shall survive until the expiration of any applicable limitations period.

Section 13.5 Governing Law. This agreement and the rights and obligations of the parties hereto shall be governed by and construed and enforced in accordance with the substantive laws (but not the rules governing conflicts of laws) of the State of Delaware.

Section 13.6 Captions. The captions in this Agreement are for convenience of reference only and shall not limit or otherwise affect any of the terms or provisions hereof.

Section 13.7 Notice. Whenever this Agreement requires or permits any notice, request, or demand from one party to another, the notice, request, or demand must be in writing to be effective and shall be deemed to be delivered and received (i) if personally delivered or if delivered by telex, telegram, facsimile or courier service, when actually received by the party to whom notice is sent or (ii) if delivered by mail (whether actually received or not), at the close of business on the third business day next following the day when placed in the mail, postage prepaid, certified or registered, addressed to the appropriate party or parties, at the address of such party set forth below (or at such other address as such party may designate by written notice to all other parties in accordance herewith):

If to Lottery:	The Lottery Channel, Inc. 425 Walnut Street Cincinnati, OH 45202 Attn: Roger W. Ach
with a copy to:	Dinsmore & Shohl LLP 1900 Chemed Center 255 East Fifth Street Cincinnati, Ohio 45202 Attn: Charles F. Hertlein, Jr., Esq.

If to Targets
or Stockholders:

Promo-Travel International, Inc.
Ship 'N Shore Cruises, Inc.
555 Sun Valley Drive, Suite E-6
Roswell, GA 30076
Attn: Charles S. Mintz and David Alpert

with a copy to:

Johnson, Blakely, Pope, Bokor
Ruppel & Burns
911 Chestnut Street
Clearwater, FL 33756
Attn: Charlie Neal

Section 13.8 Counterparts. This Agreement may be executed in multiple counterparts, each of which shall be deemed an original, and all of which together shall constitute one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement as of the date first written above.

SHIP 'N SHORE CRUISES, INC.

By: _____
Name: _____
Title: _____

PROMO-TRAVEL INTERNATIONAL, INC.

By: _____
Name: _____
Title: _____

THE LOTTERY CHANNEL, INC.

By: _____
Name: _____
Title: _____

Charles S. Mintz

David Alpert