

CAPITAL CONNECTION, INC.

417 E. Virginia Street, Suite 1 • Tallahassee, Florida 32302
(850) 224-8870 • 1-800-342-8062 • Fax (850) 222-1222

PA7000067620

into

Pre-Paid Solutions, Inc.

100003199951--8

-04/07/00--01059--026
*****78.75 *****78.75

Merger

- ___ Art of Inc. File
- ___ LTD Partnership File
- ___ Foreign Corp. File
- ___ L.C. File
- ___ Fictitious Name File
- ___ Trade/Service Mark
- ☒ Merger File
- ___ Art. of Amend. File
- ___ RA Resignation
- ___ Dissolution / Withdrawal
- ___ Annual Report / Reinstatement
- ☒ Cert. Copy
- ___ Photo Copy
- ___ Certificate of Good Standing
- ___ Certificate of Status
- ___ Certificate of Fictitious
- ___ Corp Record Search
- ___ Officer Search
- ___ Fictitious Search
- ___ Fictitious Owner Search
- ___ Vehicle Search
- ___ Driving Record
- ___ UCC 1 or 3 File
- ___ UCC 11 Search
- ___ UCC 11 Retrieval
- ___ Courier

FILED
00 APR 11 PM 2:36
TALLAHASSEE, FLORIDA
SECRETARY OF STATE

RECEIVED
00 APR -7 AM 11:35
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA
DEPT. OF REVENUE & STATE

*00789 00524, 02575, 00672

Signature

Requested by:

RS

4/7/00

10:05

Name

Date

Time

Walk-In

Will Pick Up

ARTICLES OF MERGER
Merger Sheet

MERGING:

PRE-PAID ACQUISITIONS CORP., a Florida corporation P00000030957

,

INTO

PRE-PAID SOLUTIONS, INC., a Florida entity, P97000067620

File date: April 11, 2000

Corporate Specialist: Annette Ramsey



FLORIDA DEPARTMENT OF STATE

Katherine Harris
Secretary of State

April 10, 2000

Capital Connection, Inc.
417 E. Virginia St.
Suite 1
Tallahassee, FL 32302

SUBJECT: PRE-PAID SOLUTIONS, INC.
Ref. Number: P97000067620

We have received your document for PRE-PAID SOLUTIONS, INC. and your check(s) totaling \$78.75. However, the enclosed document has not been filed and is being returned for the following correction(s):

Please fill in the date the parties have executed the merger. (see last paragraph, first page).

The name of the person signing the document must be typed or printed beneath or opposite the signature.

If you have any questions concerning the filing of your document, please call (850) 487-6907.

Annette Ramsey
Corporate Specialist

Letter Number: 700A00019472

Corrected

A hand-drawn smiley face with a wide, open-mouthed grin and large, round eyes, enclosed within an oval border.

RECEIVED
00 APR 11 AM 9:57
DIVISION OF CORPORATIONS
TALLAHASSEE, FLORIDA

ARTICLES OF MERGER
OF
PRE-PAID ACQUISITIONS CORP., a Florida Corporation,
With And Into
PRE-PAID SOLUTIONS, INC., a Florida Corporation

FILED
00 APR 11 PM 2:36
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

THESE ARTICLES OF MERGER between Pre-Paid Acquisitions Corp., a Florida corporation ("Merger Corp.") and Pre-Paid Solutions, Inc., a Florida corporation ("Surviving Corporation")

Under Section 607.1105 of the Florida Business Corporation Act (the "Act"), Merger Corp. and Surviving Corp. hereby adopt the following Articles of Merger:

1. The Merger And Reorganization Agreement dated April 4, 2000 ("Plan of Merger"), between Merger Corp., Surviving Corp., Pre-Cell Solutions, Inc. (Pre-Cell) and Thomas E. Biddix was approved and adopted by the shareholders of Surviving Corp. on March 30, 2000 and was adopted by the shareholder of Merger Corp. on April 4, 2000.

2. Under the Plan of Merger, all issued and outstanding shares of Surviving Corp.'s stock will be acquired by means of a merger of Merger Corp. with and into Surviving Corp. with Surviving Corp. the surviving corporation ("Merger"). The Articles of Incorporation and By-laws of Merger Corp. shall be the Articles of Incorporation and By-laws, respectively of Surviving Corp. In exchange for their shares in Surviving Corp. each of Surviving Corp.'s shareholders will receive their pro rata portion of the Merger Consideration. Upon consummation of the Merger, Surviving Corporation will become a wholly owned subsidiary of Pre-Cell.

3. The Merger And Reorganization Agreement is attached as Exhibit A and incorporated by reference as if fully set forth.

4. Under Section 607.1105(1)(b) of the Act, the date and time of the effectiveness of the Merger shall be on the filing of these Articles of Merger with the Secretary of State of Florida.

IN WITNESS WHEREOF, the parties have executed these Articles of Merger this 4th day of April, 2000.

ATTEST:

PRE-PAID ACQUISITIONS CORP.,
a Florida corporation

By: TS (Corporate Seal)
President
Thomas E. Biddix

ATTEST:

PRE-PAID SOLUTIONS, INC.,
a Florida corporation

By: TS (Corporate Seal)
President
Thomas E. Biddix

EXHIBIT "A" TO ARTICLES OF MERGER
MERGER AND REORGANIZATION AGREEMENT

MERGER AND REORGANIZATION AGREEMENT

THIS MERGER AND REORGANIZATION AGREEMENT dated as of April 4th, 2000, is entered into among **PRE-CELL SOLUTIONS, INC.**, a Colorado corporation ("Pre-Cell"), **PRE-PAID ACQUISITIONS CORP.**, a Florida corporation and wholly-owned subsidiary of Pre-Cell ("Merger Subsidiary"), **PRE-PAID SOLUTIONS, INC.**, a Florida corporation ("Pre-Paid"), Thomas E. Biddix ("Biddix") and each of the other stockholders of Pre-Paid listed on **Exhibit A** (Biddix and such other stockholders being referred to collectively herein as, the "Stockholders").

WHEREAS, the Stockholders are the owners of all of the outstanding capital stock of Pre-Paid in the respective amounts set forth in **Exhibit A**;

WHEREAS, subject to the terms and conditions of this Merger and Reorganization Agreement ("Agreement"), the Parties desire to consummate a merger, as contemplated herein, pursuant to which the Merger Subsidiary shall be merged with and into Pre-Paid so that Pre-Paid becomes a wholly-owned subsidiary of Pre-Cell; and

WHEREAS, for Federal income tax purposes, the parties intend that such merger qualify as a reorganization under the provisions of Section 368(a) of the United States Internal Revenue Code of 1986, as amended (the "Code").

IT IS AGREED:

ARTICLE I

THE MERGER

Section 1.1 The Merger. Upon the terms and subject to the conditions hereof, and in accordance with the relevant provisions of the Florida Business Corporation Act (the "BCA"), the Merger Subsidiary and Pre-Paid shall consummate a merger (the "Merger") of the Merger Subsidiary with and into Pre-Paid at the Effective Time (as hereinafter defined) in accordance with the provisions of this Agreement. Following the Merger, Pre-Paid shall continue as the surviving corporation (the "Surviving Corporation") and shall continue its existence under the laws of the State of Florida and the separate corporate existence of Merger Subsidiary shall cease.

Section 1.2 Effective Time. At the Closing, Pre-Paid and the Merger Subsidiary shall file with the Florida Secretary of State in accordance with the BCA an executed copy of the Articles of Merger in the form of **Exhibit B** hereto (the "Articles of Merger") reflecting the Merger. The Merger shall become effective at such time as the Articles of Merger are so filed with the Florida Secretary of State (the "Effective Time"). To the extent permitted under law, the Stockholders hereby waive publication of the Articles of Merger. The

Stockholders hereby agree to the adoption and filing of this Agreement and the Plan of Merger as required under the BCA, and acknowledge and agree that their respective signatures hereto shall constitute their written consent for purposes of authorizing the foregoing by unanimous written consent of stockholders as provided under the BCA.

Section 1.3 Effects of the Merger. The Merger shall have the effects set forth in Section 607.1106 of the BCA.

Section 1.4 Certificate of Incorporation and By-Laws. The Articles of Incorporation and the By-Laws of Merger Subsidiary shall be the Articles of Incorporation and By-Laws of the Surviving Corporation at the Effective Time.

Section 1.5 Directors and Officers of the Surviving Corporation. At the Effective Time, the Board of Directors and Officers of the Surviving Corporation shall consist of the persons listed in Schedule 1.5, each to serve until his or her successor is elected and qualified.

ARTICLE II

CONVERSION OF SHARES AND RELATED MATTERS

Section 2.1 Conversion of Outstanding Stock of the Merger Subsidiary and Exchange for Stock of Surviving Corporation. Upon consummation of the Merger, all 100 shares of the common stock, no par value, of the Merger Subsidiary ("Merger Subsidiary Stock") outstanding immediately prior to the Effective Time shall, by virtue of the Merger and without any action on the part of the holder thereof, be converted into and exchanged for 100 shares of the common stock, no par value, of Pre-Paid ("Surviving Corporation Stock"), which shall represent all of the issued and outstanding shares of capital stock of the Surviving Corporation immediately after the Effective Time. All shares of Surviving Corporation Stock shall be fully paid and non-assessable. Promptly after the Effective Time, the Surviving Corporation shall issue to Pre-Cell a stock certificate representing the 100 shares of Surviving Corporation Stock in exchange for the certificate or certificates which formerly represented 100 shares of Merger Subsidiary Stock, which stock certificates shall be immediately canceled.

Section 2.2 Conversion of Pre-Paid Shares. Subject to the provisions of Section 1.2, all of the outstanding shares of common stock, no par value, of Pre-Paid that are outstanding immediately prior to the Effective Time (the "Pre-Paid Shares") shall be converted into the right to receive, at or after the Closing, an aggregate of 20,219,145 shares (the "Stock Consideration") of Pre-Cell's common stock, par value \$.01 per share ("Pre-Cell Stock"),

Section 2.3 Pre-Cell Stock. The Pre-Cell Stock, upon issuance under Section 2.2 shall be subject to the restrictions of Rule 144 promulgated by the United States of America Securities and Exchange

Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act"), until properly disposed of in accordance with the terms and conditions of Rule 144 or another exemption to the registration requirements of the Securities Act. The number of shares of Pre-Cell Stock constituting the consideration payable to any Stockholder shall be rounded up or down to the nearest whole number of shares.

Section 2.4 Registration Rights.

(a) General. As soon as practicable after the Closing Date, but no later than October 31, 2000 in any event, Pre-Cell shall file a registration statement with the United States Securities and Exchange Commission ("SEC") to register (i) the Pre-Cell Shares issued to Pre-Paid Stockholders as the Merger Consideration hereunder, and (ii) those Pre-Cell Shares to be issued to the holders of the Converted Options upon the exercise of the Converted Options as contemplated thereby (collectively, the "Holders") under the Securities Act of 1933, as amended (the "Securities Act"), or shall include all such Pre-Cell Shares in a registration statement which has been filed but not been declared effective, if allowable under the Securities Act and the rules promulgated thereunder, so that they may be sold by the Holders to the extent legally permissible. Pre-Cell shall use its reasonable efforts to cause such registration statement to be declared effective by the SEC no later than December 31, 2000, and once such registration statement is declared effective, to keep it effective until all securities registered thereby are either sold or can be sold under an exemption from the registration requirements of the Securities Act. Pre-Cell shall bear all fees and expenses incurred by it in connection with the preparation and filing of such registration statement. Each Holder will pay all brokerage discounts and commissions with respect to the sale of his Pre-Cell Shares and any fees and expenses of separate counsel and accountants which may be retained by the Holders. Each person for whom Pre-Cell Shares are to be registered for resale under such registration statement will be required to execute a lock-up agreement in the form annexed hereto as Exhibit D pursuant to which he shall agree to (i) not sell any Pre-Cell Shares acquired by him hereunder until the six month anniversary of the Closing Date; and (ii) only to sell that percentage of the Pre-Cell Shares owned by him during any three-month period beginning six months after the Closing Date and ending eighteen months after the closing date as determined by the Pre-Cell board of directors.

Notwithstanding any other provision of this Section 2.4, (i) Pre-Cell shall have no obligation hereunder to register the Pre-Cell Shares on behalf of a Holder unless (a) such Holder executes a lock-up agreement as described above and (b) the Holder provides Pre-Cell with all of the information and documents with respect to his ownership of the Pre-Cell Shares, compliance with the law, manner of proposed disposition and such other matters as Pre-Cell shall reasonably request for disclosure in the registration statement; (ii) Pre-Cell shall not be obligated to register any of the Pre-Cell Shares unless such registration is then permitted by law and the policy of the SEC; and (iii) it is understood and agreed that there may be periods of up to 90 days in duration in any year during which the registration statement filed in accordance with this Section lapses into noneffectiveness as a result of (a) the unavailability of financial statements required to update such registration statement or (b) the occurrence of material events which require the filing of an amendment to

such registration statement.

(b) Indemnification

(i) Pre-Cell shall indemnify and hold harmless, to the extent permitted by law, each Holder, its officers and directors and each person who controls a Holder (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) against all losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees, costs and expenses) caused by any untrue or alleged untrue statement of material fact contained in any registration statement filed pursuant to Section 2.5(a), prospectus or preliminary prospectus or any amendment thereof or supplement thereto, or any omission or alleged omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, except insofar as the same are caused by or contained in or omitted from any information furnished in writing to Pre-Cell by such Holder for use therein.

(ii) In connection with any registration statement in which a Holder is participating, such Holder will furnish to Pre-Cell such information as Pre-Cell reasonably requests for use in connection with any such registration statement or prospectus, and to the extent permitted by law, will indemnify Pre-Cell, its directors and officers and each person who controls Pre-Cell (within the meaning of Section 15 of the Securities Act or Section 20(a) of the Exchange Act) against any losses, claims, damages, liabilities and expenses (including reasonable attorneys' fees, costs and expenses) resulting from any untrue statement of material fact contained in the registration statement, prospectus or preliminary prospectus or any amendment thereof or supplement thereto or any omission of a material fact required to be stated therein or necessary to make the statements therein not misleading, but only to the extent that such untrue statement or omission is contained in or omitted from any information so furnished by such Holder in writing which states that such information is for use in such registration statement, prospectus or preliminary prospectus or any amendment or supplement thereto.

(iii) Any person entitled to indemnification under this Section 2.4(b) will (i) give prompt written notice to the indemnifying party of any claim with respect to which it seeks indemnification; provided, that the failure to give such notice shall not relieve the indemnifying party of its obligations hereunder; and (ii) unless in such indemnified party's reasonable judgment a conflict of interest between such indemnified and indemnifying parties may exist with respect to such claim, permit such indemnifying party to assume the defense of such claim with counsel reasonably satisfactory to the indemnified party and such indemnifying parties shall promptly and vigorously assume such defense at its cost and expense. If such defense is assumed, the indemnifying party will not be subject to any liability for any settlement made by the indemnified party without its consent (but such consent will not be unreasonably withheld). An indemnifying party who is not entitled to, or elects not to, assume the defense of a claim shall promptly pay all costs and expenses of the indemnified party's defense, but will not be obligated to pay the fees and expenses of more than one counsel for each party indemnified by such indemnifying party with respect to such claim.

Section 2.5 Conversion of Pre-Paid Options. At the Effective time, all outstanding options and warrants to purchase Pre-Paid Shares listed on Schedule 2.5 ("Pre-Paid Options") shall automatically be converted into options and warrants ("Converted Options") to purchase Pre-Cell Shares on the basis of 2.81915 Pre-Cell Shares for each Pre-Paid Share entitled to be purchased under the Pre-Paid Options, at the per-share price equal to the quotient of (i) the price contained in the Pre-Paid Options, divided by (ii) 2.81915. Additionally the vesting of the Converted Options shall be as accelerated such that all of the Converted Options shall be immediately vested on the consummation of the Merger. Other than the foregoing changes, each holder's Converted Options shall have the same exercise terms as his Pre-Paid Options.

ARTICLE III

Closing

Section 3.1 Time and Place of the Closing. Subject to the terms and conditions of this Agreement, the consummation of the transactions contemplated by this Agreement pursuant hereto shall take place at a closing (the "Closing") to be held concurrently with the execution of this Agreement, at the offices of Tobin & Reyes, P.A., 7251 West Palmetto Park Road, Boca Raton, Florida 33433, on a date and at a time mutually agreeable to the parties (the "Closing Date").

Section 3.2 Procedure at the Closing. At the Closing, the parties agree to take the following steps in the order listed below (provided, however, that upon their completion all of these steps shall be deemed to have occurred simultaneously):

(a) Pre-Cell shall deliver the certificates representing the Stock Consideration to the Stockholders in accordance with Exhibit A;

(b) The Stockholders shall deliver to Pre-Cell certificates representing their respective shares of Pre-Paid common stock, duly endorsed or accompanied by duly executed stock powers and with all requisite transfer tax stamps;

(c) Merger Subsidiary and Pre-Paid shall duly execute the Articles of Merger and file the Articles of Merger with the State of Florida Secretary of State.

(d) Pre-Paid shall deliver to Pre-Cell certified copies of resolutions of the Stockholders and directors of Pre-Paid authorizing the execution and delivery of this Agreement by Pre-Paid and the performance of Pre-Paid's obligations hereunder and its consummation of the transaction contemplated hereby;

(e) Merger Subsidiary shall deliver to the Stockholders certified copies of resolutions of the directors of Merger Subsidiary authorizing the execution and delivery of this Agreement by Merger Subsidiary and the

performance of Merger Subsidiary's obligations hereunder and its consummation of the transaction contemplated hereby;

(f) Pre-Cell shall deliver to the Stockholders certified copies of resolutions of the directors of Pre-Cell authorizing the execution and delivery of this Agreement by Pre-Cell and the performance of Pre-Cell's obligations hereunder and its consummation of the transaction contemplated hereby;

(g) Pre-Paid shall deliver the corporate books and records, correspondence and employment records to Merger Subsidiary; and

(h) Each of the Stockholders shall execute and deliver to Pre-Cell a Lock-Up Agreement (the "Lock-Up Agreement(s)") substantially in the form annexed to this Agreement as **Exhibit D**.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PRE-PAID

In order to induce Pre-Cell and Merger Subsidiary to enter into this Agreement and to consummate the transactions contemplated under this Agreement, Pre-Paid hereby makes the following representations and warranties each of which is relied upon by Pre-Cell and Merger Subsidiary regardless of any other action, omission to act, investigation made or information obtained by Pre-Cell and Merger Subsidiary.

Section 4.1 Organization, Power and Authority of Pre-Paid. Pre-Paid is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and Pre-Paid has the requisite corporate power and authority to own or lease its properties and to carry on its business as it is now being conducted. Pre-Paid is duly qualified as a foreign corporation and is in good standing under the laws of each other jurisdiction in which the conduct of its business or the ownership of its assets requires such qualification, except where the failure to qualify would not result in a material adverse effect on Pre-Paid or its business. Pre-Paid has no subsidiaries.

Section 4.2 Due Authorization; Binding Obligation. Pre-Paid has the requisite corporate power and authority to enter into this Agreement and to consummate the transactions contemplated by this Agreement. This Agreement has been duly and validly executed and delivered by Pre-Paid and is the legal, valid and binding obligation of Pre-Paid, enforceable in accordance with its terms, except as the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, fraudulent conveyance, preferential transfer, moratorium or similar laws relating to enforcement of creditors' rights generally and general principles of equity. Except for any corporate action required by Pre-Paid, no other action on the part of any individual or other person or entity is necessary to authorize this Agreement or for the consummation of the transactions contemplated by this Agreement. Pre-Paid has duly executed this Agreement and authorized the execution

of this Agreement and the consummation of the transactions contemplated by this Agreement as required under the Florida BCA. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will: (i) conflict with or violate any provision of Pre-Paid's Articles of Incorporation or by-laws, or any law, ordinance or regulation or any decree or order of any court or administrative or other governmental body which is either applicable to, binding upon or enforceable against Pre-Paid; (ii) result in any material breach of or default under any material mortgage, other contract, agreement, indenture, will, trust or other instrument which is either binding upon or enforceable against Pre-Paid or any of Pre-Paid's Assets; (iii) result in any breach of or default under any contract; (iv) violate any legally protected right of any individual or entity or give to any individual or entity a right or claim against Pre-Paid or Pre-Cell; or, (v) impair or in any way limit any material governmental or official license, approval, permit or authorization of Pre-Paid to conduct its business. Attached to this Agreement and marked as **Exhibit E** are true, correct and complete copies of the Articles of Incorporation, as amended, and Bylaws, as amended, of Pre-Paid.

Section 4.3 Financial Statements. Attached to this Agreement as **Exhibit F** are true, correct and complete copies of the unaudited financial statements of Pre-Paid as of June 30, 1999 and December 31, 1999 and the related statements of earnings and changes in financial position for the period then ended (collectively, the "Financial Statements"). The June 30, 2000 financial statements have been prepared in accordance with generally accepted accounting principles ("GAAP"), consistently applied, on a basis consistent with past practices. Additionally, the Financial Statements (i) are true, complete and correct; (ii) fairly present the financial condition of Pre-Paid as of their respective dates and results of its operations for the periods ending on their respective dates; and (iii) do not include or omit to state any fact which renders those statements misleading.

Section 4.4 No Undisclosed Liabilities. Pre-Paid has no liabilities or obligations (whether secured, unsecured, absolute, accrued, asserted, contingent or otherwise) of any nature, whether as principal, agent, partner, co-venturer, guarantor or in any other capacity except: (i) the liabilities and obligations of Pre-Paid that are reflected in the Financial Statements and only to the extent reflected; (ii) liabilities incurred or accrued in the ordinary course of business since December 31, 1999 which do not, either individually or in the aggregate, have a material adverse effect on the financial condition of Pre-Paid; or (iii) liabilities otherwise disclosed in **Schedule 4.4**.

Section 4.5 Licenses; Compliance. Pre-Paid possesses all licenses and other required governmental or official approvals, permits, consents and authorizations necessary for the operation of the Business, all of which are listed on **Schedule 4.5** (collectively the "Authorizations"). Pre-Paid is in material compliance with: (i) the terms of all Authorizations; (ii) all laws, ordinances, statutes and regulations where noncompliance would have a material adverse effect on Pre-Paid and its business or assets; and, (iii) all judgments, orders, rulings or other decisions of any governmental or other regulatory authority, court or arbitrator having jurisdiction over Pre-Paid. Neither the execution, delivery or performance of this Agreement nor the

performance of the transactions contemplated by this Agreement will affect the validity of any Authorizations and the same shall remain in full force and effect upon the consummation of the transactions contemplated by this Agreement, except for Authorizations which by their terms are not transferable.

Section 4.6 Consents and Approvals. No approval, consent or authorization must be obtained by Pre-Paid for the execution, delivery or performance of this Agreement or for the consummation of the transactions contemplated by this Agreement, including, without limitation, the filing or registration with any governmental or other regulatory authority.

Section 4.7 No Stockholder or Affiliate Relationships with Pre-Paid' Customers; Pre-Paid' Interest in Other Businesses. Neither Pre-Paid nor any of the Stockholders or their respective affiliates (as such term is defined in Rule 405 promulgated by the SEC under the Securities Act ("Affiliate")) has, or during the past 5 years had, any direct or indirect material interest in any of Pre-Paid's customers. Pre-Paid does not have any financial interest in any person, firm or corporation which is, or during the past 5 years was, directly or indirectly, (a) engaged in the business engaged in by Pre-Paid or (b) a customer or supplier of Pre-Paid, other than ownership of not more than 1% of the equity securities of a company whose common stock is publicly traded.

Section 4.8 Litigation, Orders and Decrees. Except as listed on Schedule 4.8, there are no actions, suits, claims, governmental investigations or arbitration proceedings pending or to the best of Pre-Paid's knowledge, threatened against or affecting Pre-Paid or the Business, assets, or financial condition of Pre-Paid and there are no facts or circumstances which are reasonably likely to create a basis for any of the foregoing, which, either individually or in the aggregate, would have a material adverse effect on Pre-Paid, its business or financial condition. There are no outstanding orders, decrees or stipulations issued by any local, state or federal judicial authority in any proceeding to which Pre-Paid is or was a party which may have a material adverse effect on Pre-Paid.

Section 4.9 Real Property Owned or Leased. Pre-Paid does not own any real property. Attached to this Agreement as Schedule 4.9 are true and complete copies of all leases of real property (the "Leased Real Property") to which Pre-Paid is a party, including all amendments and modifications thereto (the "Real Property Leases"). Pre-Paid enjoys peaceful and undisturbed possession of the Leased Real Property, and the Real Property Leases are the valid and legally binding obligations of Pre-Paid and the respective lessors, enforceable against Pre-Paid and the respective lessors in accordance with their respective terms, and are in full force and effect. Pre-Paid (i) has not received written notice of default under any of the Real Property Leases, (ii) is not in material default of any Real Property Leases and (iii) no event has occurred which, with the passage of time or the giving of notice or both, would constitute a material default under any of the Real Property Leases.

Section 4.10 Personal Property Leased and Purchase Options. Attached as Schedule 4.10 is a list

of all leases of personal property (the "Personal Property Leases") to which Pre-Paid is a party. Pre-Paid has provided to Pre-Cell true and complete copies of the Personal Property Leases, including all amendments and modifications thereto and true and complete copies of all agreements regarding Pre-Paid's rights to purchase the leased personal property which is the subject of the Personal Property Leases ("the Leased Personal Property") on or before the expiration of the Personal Property Leases, including all amendments and modifications thereto (the "Purchase Options"). Pre-Paid enjoys peaceful and undisturbed possession of the Leased Personal Property, and the Personal Property Leases and Purchase Options are the valid and legally binding obligations of Pre-Paid and the respective lessors and option grantors, enforceable against Pre-Paid and the respective lessors and option grantors in accordance with their respective terms, subject to the effect of any bankruptcy or other similar law affecting creditors' rights generally, and are in full force and effect. Pre-Paid (i) has not received written notice of default under any of the Personal Property Leases, (ii) is not in default of any Personal Property Leases, and (iii) no event has occurred which, with the passage of time or the giving of notice or both, would constitute a material default under any of the Personal Property Leases. None of the Purchase Options, if any, have expired.

Section 4.11 Title to Purchased Assets. Pre-Paid has good and marketable title to all of its property, tangible or intangible, subject to liens for current taxes and assessments not yet due and payable. All of Pre-Paid's property is free and clear of restrictions on or conditions to transfer or assignment, and free and clear of any mortgage, lien, charge, encumbrance, security interest or other restrictions.

Section 4.12 Condition of Purchased Assets. All of the tangible assets of Pre-Paid and the Leased Personal Property are in good condition, in good operating order and are fit for the purposes for which those assets are used or intended to be used, subject to normal wear and tear.

Section 4.13 Material Contracts. Attached as **Schedule 4.13** is a complete and correct list of each of the following types of contracts or commitments (whether oral or written) to which Pre-Paid is a party (collectively the "Contracts"): (i) Contracts for the employment of any officer or employee and all bonus, incentive compensation, profit-sharing, retirement, pension, group insurance, death benefit or other fringe benefit plans, deferred compensation or post-termination obligations; (ii) Contracts for the future purchase of materials, inventory, supplies, services or equipment; (iii) distributor agreements and contracts for the purchase or sale of inventory or supplies; (iv) agreements or arrangements for the purchase, sale or lease of any other assets; (v) pledges, sales contracts, leases, security agreements or other similar agreements with respect to Pre-Paid's properties; (vi) leases of machinery or equipment; (vii) loan agreements, promissory notes, guarantees, subordination or similar type agreements; (viii) consulting agreements; and, (ix) any contract not otherwise covered by clauses (i) through (viii) above which involves annual or aggregate payments in excess of \$1,000. Pre-Paid has furnished to Pre-Cell true, complete and accurate copies of all Contracts that are in writing and has provided, in the case of oral contracts, complete and accurate descriptions of all Contracts that are not in writing. Except as set forth in **Schedule 4.13**, Pre-Paid has performed all of the obligations required to be performed by it to date under the Contracts, and is not in default

(with notice or lapse of time or both) under any of Contracts. Pre-Paid has obtained all necessary consents with respect to any Pre-Paid Contract requiring consent on or prior to the date hereof. Except as set forth on Schedule 4.13, the consummation of the transactions contemplated by this Agreement will not materially affect the continuation, validity or effectiveness of any of Contracts.

Section 4.14 Contracts with Customers. Schedule 4.14 sets forth a list of (a) all Contracts or other understandings or arrangements to which Pre-Paid is a party relating to the sale or furnishing by it of goods or services where the consideration for such sale is \$1,000 or more, in any single case, (b) any claims by parties other than Pre-Paid with respect thereto, (c) product guarantees or warranties made by Pre-Paid relating to its goods or services, and (d) any pending claims by Pre-Paid with respect thereto. None of the customers, suppliers or other persons which is a party to any of the Contracts listed in Schedule 4.14 has notified Pre-Paid of any intention to terminate its contract or arrangement for service.

Section 4.15 Contracts Valid; No Default. All Contracts required to be listed in any of the Schedules referred to in this Agreement are valid and binding, enforceable in accordance with their respective terms, subject to the effect of any bankruptcy or other similar law affecting creditors' rights generally, and are in full force and effect. Except as set forth in such Schedules, there is not under any such Contract, (a) any existing default by Pre-Paid, or any event which, after notice or lapse of time, or both, would constitute a default by Pre-Paid or result in a right to accelerate by any other person or a loss of any rights of Pre-Paid and (b) to the best of Pre-Paid's knowledge, any default by any other person, or any event which, after notice or lapse of time, or both, would constitute a default by any such person or result in a right to accelerate by Pre-Paid or a loss of any rights of any such person. No existing Contract relating to the business of Pre-Paid is cancelable by any other party thereto or is likely to be canceled or is subject to re-negotiation. Except as disclosed in such Schedules, Pre-Paid is not a party to or bound by any Contract which, upon performance, is reasonably expected to result in any loss or liability to Pre-Paid. True and complete copies of all Contracts and other documents listed on such Schedules (together with any and all amendments thereto) have been delivered to Pre-Cell.

Section 4.16 Labor Matters. Pre-Paid is not a party to any collective bargaining agreements with its employees. Pre-Paid is in compliance with all federal, state and local laws regarding employment and employment practices, conditions of employment, wages and hours and occupational laws, the violation of which would have a material adverse effect on Pre-Paid. Pre-Paid is not engaged in unfair labor practices, and there are no unfair labor practice complaints pending or, to the best of Pre-Paid's knowledge, threatened against Pre-Paid before the National Labor Relations Board or any other governmental or regulatory board or agency performing similar functions. There is no labor strike, slowdown, work stoppage or dispute pending or threatened against or involving Pre-Paid. To the best of Pre-Paid's knowledge, none of Pre-Paid's employees are engaged in organizing or are members of any union or other employee group that is seeking recognition as a bargaining unit.

Section 4.17 Absence of Changes. Except as set forth in Schedule 4.17, since December 31, 1999, there has not been: (i) any material adverse change in the financial condition, assets, liabilities, Business or operations of Pre-Paid; (ii) any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the properties, financial condition or business of Pre-Paid; (iii) any change in the outstanding capital stock of Pre-Paid; (iv) declared, paid or set aside for payment any dividend or other distribution (whether in cash, stock, property or any combination thereof) in respect of Pre-Paid's common stock or any cancellation, exercise or redemption or other acquisition by Pre-Paid of any shares of Pre-Paid's common stock; (v) any increase in the rate or terms of compensation payable or to become payable by Pre-Paid to any of its officers, directors or key employees or any increase in the rate or terms of contribution to any employee benefit plans, except as required by law; (vi) any liabilities or obligations incurred or agreed to be incurred (whether absolute, accrued, contingent or otherwise), except as incurred in the ordinary course of business consistent with past practices; (vii) any material capital expenditure or commitment for replacements or additions or improvements; (viii) any change by Pre-Paid in accounting methods, principles or practices; (ix) any disposal, mortgage, pledge or other disposition of any of its assets other than in the ordinary course of business; or (x) receipt by Pre-Paid of any notice of termination of any contract, lease or other agreement.

Section 4.18 Accuracy of Documents, Exhibits and Schedules. All contracts, instruments, agreements and other documents delivered by Pre-Paid to Pre-Cell for Pre-Cell's review in connection with this Agreement and the transactions contemplated hereby, including all articles of incorporation, by-laws, corporate minutes, stock record books, financial statements and tax returns are true, correct and complete copies of all those contracts, instruments, agreements and other documents. All Exhibits and Schedules to this Agreement are true correct and complete as of the date hereof. No statement contained in this Agreement or in any certificate, Exhibit, Schedule or instrument furnished to Pre-Cell pursuant to the provisions of this Agreement or in connection with the consummation of the contemplated transactions contains or will contain any materially untrue statement or does not include or omit to state any fact which renders those statements misleading.

Section 4.19 Investment Representations. All shares of Pre-Cell Stock to be acquired by the Stockholders pursuant to this Agreement will be acquired for his/her own account and not with a view towards the distribution thereof. Pre-Paid and the Stockholders understand that they must bear the economic risk of the investment in the Pre-Cell Stock, which cannot be sold by them unless they are registered under the Securities Act, or an exemption therefrom is available, and such sale is permitted under the terms of the Lock-Up Agreement. The Stockholders, acting through their representatives, have had both the opportunity to ask questions and receive answers from the officers and directors of Pre-Cell and all persons acting on its behalf concerning the business and operations of Pre-Cell and to obtain any additional information to the extent Pre-Cell possesses or may possess such information or can acquire it without unreasonable effort or expense necessary to verify the accuracy of such information. The Stockholders acknowledge receiving copies of the

SEC Filings referred to in Section 5.5. The certificates representing the shares of Common Stock shall bear the legends set forth in Exhibit G.

Section 4.20 Proprietary Rights.

(a) Except as listed on Schedule 4.20(a), there are no trademarks, trademark applications, trade names, assumed names, service marks, logos, patents, patent applications, copyrights and copyright registrations, owned or licensed by Pre-Paid and used in or necessary for the conduct of the business and operation of Pre-Paid (the foregoing together with all inventions, trade secrets, customer lists and confidential processes, and all other similar rights presently owned or licensed by Pre-Paid are the "Proprietary Rights"). Pre-Paid owns or possesses the royalty-free license or other right to use all of the Proprietary Rights which are required to be listed on Schedule 4.20(a) or which are necessary to conduct its business as presently operated, and, except as set forth on Schedule 4.20(a), no person, firm, corporation or other entity is entitled to restrain Pre-Paid from using any such Proprietary Rights. No other Proprietary Rights are used in or are necessary for the conduct of the business and operation of Pre-Paid as presently conducted.

(b) To the best of Pre-Paid's knowledge, except as disclosed in Schedule 4.20 (b), no Proprietary Rights or know-how used in or necessary for the conduct of the business and operation of Pre-Paid conflict with or infringe upon any similar rights or services of any other person. Except as disclosed in Schedule 4.20 (b), no claims have been asserted by any person with respect to the ownership, validity, license or use of the Proprietary Rights or the provision of any services by Pre-Paid and there is no basis for any such claim.

(c) Schedule 4.20(c) accurately identifies all material databases and computer software owned, licensed or otherwise used in connection with Pre-Paid's business. Except as set forth on Schedule 4.20(c), Pre-Paid has, and is assigning to Pre-Cell, as part of the Purchased Assets, all the databases and computer software used or necessary to conduct Pre-Paid's business.

Section 4.21 Records. The books and records, correspondence, employment records and files of or relating to the Business Pre-Paid are complete and correct in all material respects, and there have been, and will be, no material transactions which are required to be set forth therein which have not been so set forth.

Section 4.22 Taxes, Tax Returns. All federal, state, local and foreign income, property, sales, and other taxes, assessments, governmental charges, penalties, interest and fines due and payable by Pre-Paid and by any other person, firm or corporation which will or may be liabilities of Pre-Paid ("Taxes"), for all periods ending on or before the Balance Sheet Date, have been paid in full or have been fully reserved against on the Balance Sheet. Pre-Paid has filed all federal, state, local and foreign income, excise, property, sales, withholding, social security, information returns, and other tax returns, reports and related information ("Returns") required to have been filed by it to the date hereof, and no extension of the time for filing a Return

is presently in effect. The Returns that have been filed have been accurately prepared and have been duly and timely filed. Pre-Paid's federal income tax returns have not been audited by the Internal Revenue Service for all fiscal years through the year ended December 31, 1998. There are no agreements, waivers or other arrangements providing for an extension of time with respect to the filing of any Return, or payment of any tax, governmental charge or assessment or deficiency, by Pre-Paid; and there are no actions, suits, proceedings, investigations or claims now threatened or pending against Pre-Paid in respect of taxes, governmental charges or assessments, or any matter under discussion with any governmental authority relating to taxes, governmental charges or assessments asserted by any such authority.

Section 4.23 Environmental Matters; Health and Safety Laws. Pre-Paid is in material compliance with all federal, state and local laws, regulations, permits, orders and decrees relating to protection of the environment and employee health and safety ("Applicable Requirements"). Pre-Paid has not received any notice to the effect that its operations are not in compliance with any of the Applicable Requirements or the subject of any governmental investigation evaluating whether any remedial action is needed to respond to a release of any toxic or hazardous waste or other substance (including petroleum products) into the environment and Pre-Paid knows of no facts which could constitute the basis for any thereof.

Section 4.24 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Pre-Paid.

Section 4.25 Nature and Survival of Representations and Warranties of Pre-Paid. All statements contained in any Schedule, document, certificate or other instrument delivered by or on behalf of Pre-Paid pursuant hereto or in connection with the transactions contemplated hereby shall be deemed representations, warranties, covenants and agreements made by Pre-Paid. Each representation, warranty, covenant and agreement made or deemed made by Pre-Paid shall survive the Closing. The representations, warranties, covenants and agreements made or deemed made by Pre-Paid in this Agreement shall not be affected or deemed waived by reason of the fact that Pre-Cell or its representative knew or should have known that any such representations, warranties, covenants or agreement is or might be inaccurate in any respect. Any furnishing of information to Pre-Cell by Pre-Paid or pursuant to, or otherwise in connection with, this Agreement, including, without limitation, any information contained in any document, contract, book or record of Pre-Paid or to which Pre-Cell shall have access or any information obtained by, or made available to, Pre-Cell as a result of any investigation made by or on behalf of Pre-Cell prior to or after the date of this Agreement, shall not affect Pre-Cell's right to rely on any representation, warranty, covenant or agreement made or deemed made by Pre-Paid in this Agreement and shall not be deemed a waiver thereof.

Section 4.26 Capitalization. The number of authorized, issued and outstanding shares of capital stock of Pre-Paid is 7,172,061. The Stockholders (and their respective residential addresses) as set forth on

Exhibit A, and are the record and beneficial owners of all of the outstanding capital stock of Pre-Paid, free and clear of all liens, encumbrances or restrictions to transfer. Except as set forth on **Schedule 2.5**, there are no options, warrants or other contractual rights outstanding which require, or give any person the right to require, the issuance of any capital stock of Pre-Paid, whether or not such rights are presently exercisable.

Section 4.27 Employee Benefit Plans. Pre-Paid has no employee benefit plans (as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), programs and arrangements maintained for the benefit of any current or former employee, officer or director of Pre-Paid (collectively, the "Pre-Paid Benefit Plans"). Each Network Benefit Plan and any related trust intended to be qualified under Sections 401(a) and 501(a) of the Code has received a favorable determination letter from the Internal Revenue Service that it is so qualified and nothing has occurred since the date of such letter that could reasonably be expected to materially adversely affect the qualified status of such Pre-Paid Benefit Plan or related trust. Each Pre-Paid Benefit Plan has been operated in all material respects in accordance with the terms and requirements of applicable law and all required returns and filings for each Pre-Paid Benefit Plan have been timely made. Neither Pre-Paid nor any entity under common control with Pre-Paid has incurred any direct or indirect liability under, arising out of or by operation of Title I or Title IV of ERISA in connection with any Pre-Paid Benefit Plan and no fact or event exists that could reasonably be expected to give rise to any such liability. All contributions due and payable on or before the date hereof in respect of each Pre-Paid Benefit Plan have been made in full and in proper form.

Section 4.28 Insurance Policies; Claims. **Schedule 4.28** sets forth all insurance policies and bonds maintained by or on behalf of Pre-Paid. Except as disclosed in **Schedule 4.28**, the insurance policies and bonds set forth in **Schedule 4.28**, are provided by reputable insurers or issuers, and provide adequate coverage for all normal risks incident to the businesses of Pre-Paid and its assets. No claims have been made against Pre-Paid as a result of allegedly defective products and none of the Stockholders or Pre-Paid knows of any basis for the assertion of any such claim. No insurance policy issued to or on behalf of Pre-Paid has ever been canceled by the policy issuer.

Section 4.29 Bank Accounts. **Schedule 4.29** sets forth the name of each bank in which Pre-Paid has an account or safe deposit box, vault, lock-box or other arrangement, the account number and description of each account at each bank and the names of all persons authorized to draw thereon or to have access thereto; and the names of all persons, if any, holding tax or other powers of attorney from Pre-Paid.

Section 4.30 Records. The books of account, minute books, stock certificate books and stock transfer ledgers of Pre-Paid are complete and correct in all material respects, and there have been no material transactions involving Pre-Paid of the type typically recorded in such records that have not been recorded.

Section 4.31. No Illegal or Improper Transactions. Neither Pre-Paid nor any officer, director, employee, agent or affiliate of Pre-Paid has offered, paid or agreed to pay to any person or entity (including

any governmental official) or solicited, received or agreed to receive from any such person or entity, directly or indirectly, any money or anything of value for the purpose or with the intent of (i) obtaining or maintaining business for the benefit of Pre-Paid, (ii) illegally or improperly facilitating the purchase or sale of any product or service, or (iii) avoiding the imposition of any fine or penalty, in any manner which is in violation of any applicable ordinance, regulation or law.

Section 4.32 Related Transactions. Except as disclosed in Schedule 4.32, and for compensation and related arrangements with employees for services rendered consistent with past practices, no current or former director, officer, employee or stockholder of Pre-Paid has been, (a) a party to any transaction with Pre-Paid (including, but not limited to, any contract, agreement or other arrangements providing for the furnishing of services by, or rental of real or personal property from, or otherwise requiring payments to, any such director, officer, employee or shareholder), or (b) the direct or indirect owner of an interest in any corporation, firm, association or business organization which is a present competitor, supplier or customer of Pre-Paid, nor does any such person receive income from any source other than Pre-Paid which relates to the business of, or should properly accrue to, Pre-Paid.

Section 4.33 Software. Pre-Paid owns all right, title and interest in and to the software which is the subject of United States Patent Application Number 08-977-735 (the "Software"). The marketing, reproduction or use of the Software, does not infringe upon any patent, copyright, trademark, trade secret or other proprietary right of any third party. No proceedings have been instituted, are pending or are threatened which challenge the rights of Pre-Paid under or the validity of the Software, none of the intellectual property rights relating to the Software is being infringed upon by others and none of the intellectual property rights relating to the Software is subject to any outstanding order or judgment. Pre-Paid has taken all steps reasonably necessary to protect the intellectual property rights in the Software, including, but not limited to, utilization of the proper statutory form of copyright notice on all copies of the Software and any documentation relating of the Software that has been commercially distributed prior to the Closing Date.

ARTICLE V

Representations and Warranties of Pre-Cell

In order to induce Pre-Paid and the Stockholders to enter into this Agreement and to consummate the transactions contemplated under this Agreement, Pre-Cell and Merger Subsidiary hereby make the following representations and warranties each of which is relied upon by Pre-Paid and the Stockholders regardless of any other action, omission to act, investigation made or information obtained by Pre-Paid or the Stockholders:

Section 5.1 Organization, Power and Authority. Pre-Cell and Merger Subsidiary are corporations duly organized and validly existing under the laws of the States of Colorado and Florida, respectively, with full corporate power and authority to enter into this Agreement and perform their obligations under this Agreement.

Section 5.2 Due Authorization: Binding Obligation. The execution, delivery and performance of this Agreement, the consummation of the transactions contemplated by this Agreement and the issuance of the Stock Consideration have been duly authorized by all necessary corporate action of Pre-Cell and Merger Subsidiary. This Agreement has been duly executed and delivered by Pre-Cell and Merger Subsidiary and is the valid and binding obligation of Pre-Cell and Merger Subsidiary, enforceable in accordance with its terms. Neither the execution and delivery of this Agreement nor the consummation of the transactions contemplated by this Agreement will: (i) conflict with or violate any provision of the articles of incorporation or by-laws of Pre-Cell or Merger Subsidiary, or of any law, ordinance or regulation or any decree or order of any court or administrative or other governmental body which is either applicable to, binding upon or enforceable against Pre-Cell or Merger Subsidiary; (ii) result in any material breach of or default under any material mortgage, contract, agreement, indenture, will, trust or other instrument which is either binding upon or enforceable against Pre-Cell or Merger Subsidiary or their respective assets.

Section 5.3 Shares. When issued in accordance with the terms of this Agreement, the Pre-Cell Stock to be issued to the Stockholders shall be validly issued, fully paid and non-assessable.

Section 5.4 Consents and Approvals. The execution and delivery of this Agreement by Pre-Cell do not, and the performance of this Agreement by Pre-Cell will not, require Pre-Cell to obtain any consent, approval, authorization or other action by, or to make any filing with or notification to, any governmental or regulatory authority.

Section 5.5 SEC Reports. Pre-Cell has delivered to the Stockholder its reports (the "SEC Filings") filed pursuant to the Securities And Exchange Act of 1934, as amended (the "Securities And Exchange Act"). Each of the SEC Filings, including the financial statements contained therein, as of their filing dates, complied in all material respects with the requirements of the rules and regulations promulgated by the Securities and Exchange Commission (the "Commission") with respect thereto and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

Section 5.6 Brokers. No broker, finder or investment banker is entitled to any brokerage, finder's or other fee or commission in connection with the transactions contemplated by this Agreement based upon arrangements made by or on behalf of Pre-Cell.

Section 5.7 Limitation of Liabilities. Notwithstanding anything contained herein to the contrary, Pre-Cell shall have no liability to the Shareholders if any of the representations and warranties contained in this Article V are inaccurate or for a breach of any representation or warranty contained herein.

Covenants of the Stockholders

Section 6.1 Further Assurances. From time to time after the date of this Agreement, the Stockholders shall execute and deliver such other instruments and shall take such other actions as Pre-Cell may reasonably request to effectuate the transactions contemplated by this Agreement.

Section 6.2 Press Releases. Neither the Stockholders nor any of their Affiliates shall issue or cause to be issued any press release in connection with or referring to any of the transactions contemplated by this Agreement.

Section 6.3 Non-use of Name. From and after the date hereof, no Stockholder or any of their Affiliates shall establish or otherwise be associated with, as an owner, partner, shareholder, employee or otherwise, any firm which utilizes the name "Pre-Paid," "EZ Prepaid" or any variant thereof (collectively, the "Names") as part of its business name other than in connection with their employment by Pre-Cell itself after the Closing Date or grant to any person or entity the right to use the Names or any variant thereof.

Section 6.4 Maintenance of Pre-Paid Employee Medical Benefits. From the date hereof, through the last day of the month in which the Closing takes place, Pre-Paid shall continue to afford coverage under its existing health and medical plans to those employees of Pre-Paid that are covered under such plans as of the date hereof.

Section 6.5 Lock-Up Agreements. Concurrently with the execution of this Agreement, each of the Stockholders will execute and deliver to Pre-Cell a Lock-Up Agreement substantially in the form of **Exhibit D** annexed to this Agreement pursuant to which they agree to not sell any shares of Common Stock acquired by them for the period of time indicated on **Exhibit D**.

ARTICLE VII

Covenants of Pre-Cell

Section 7.1 Further Assurances. From time to time after the date of this Agreement, Pre-Cell shall execute and deliver such other instruments and shall take such other actions as the Stockholders may reasonably request to effectuate the transactions contemplated by this Agreement.

Section 7.2 Disclosure. Pre-Cell will not be required to obtain the prior written consent of the Stockholders to disclose the existence or any term or condition of this Agreement if Pre-Cell believes (based upon the advice of counsel) such disclosure is required under the securities laws of the United States.

ARTICLE VIII

Miscellaneous

Section 8.1 Survival of Representations and Warranties. All of the respective representations and warranties of the parties to this Agreement shall survive the consummation of the transactions contemplated by this Agreement. All covenants of the parties to this Agreement shall survive the consummation of the transactions contemplated by this Agreement.

Section 8.2 Amendment and Modification. The parties to this Agreement may amend, modify and supplement this Agreement but only in writing and such writing must be signed by all the parties.

Section 8.3 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties and their respective successors, assigns, heirs, estates, beneficiaries, executors and legal and personal representatives.

Section 8.4 Entire Agreement. This instrument and the Exhibit and Schedules attached to this Agreement contain the entire agreement of the parties with respect to the acquisition and the other transactions contemplated in this Agreement, and supersede all prior understandings and agreements of the parties with respect to the subject matter of this Agreement. Any reference in this Agreement shall be deemed to include the Exhibits and the Schedules.

Section 8.5 Headings. The descriptive headings in this Agreement are inserted for convenience only and do not constitute a part of this Agreement.

Section 8.6 Execution in Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original.

Section 8.7 Notices. Any notice, request, information or other document to be given hereunder to any of the parties by any other party shall be in writing and delivered personally, sent by reputable overnight courier delivery, prepaid, or by facsimile transmission as follows:

If to Pre-Cell: Pre-Cell Solutions, Inc.
 385 East Drive
 Melbourne, Florida 32904
 Attn: Thomas E. Biddix,
 Chief Executive Officer
 Facsimile: (407) 729-8484

With a copy to: Tobin & Reyes, P.A.
7251 West Palmetto Park Road
Suite 205
Boca Raton, Florida 33433
Attn: David S. Tobin, Esq.
Facsimile: (561) 620-0657

If to the Stockholders: At the addresses indicated on Exhibit A

with a copy to: Holland & Knight, LLP
1499 South Harbor City Boulevard
Suite 201
Melbourne, Florida 32901
Attn: William Potter, Esq.
Facsimile: (321) 723-4092

Any party may change the address to which notices under this Agreement are to be sent to it by giving written notice of a change of address in the manner provided in this Agreement for giving notice. Any notice delivered personally shall be deemed to have been given on the date it is so delivered, and any notice delivered by reputable overnight courier delivery or by fax shall be deemed to have been given on the date it is received.

Section 8.8 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida applicable to contracts made and to be performed in Florida without reference to the choice of law principles. Each Party hereby submits to the exclusive jurisdiction of the courts (city, state and federal) located in the County of Palm Beach, State of Florida, pursuant to this Agreement or any other agreement, instrument or other document any action, proceeding or claim brought by any other Party executed and delivered in connection with this Agreement or pursuant hereto. Service of process in any such action or proceeding brought against a Party may be made by registered mail addressed to such Party at the address set forth in Section 8.7 or to such other address as such Party shall notify the other Party in writing is to be used for such purpose pursuant to Section 8.7. For purposes hereof, the address designated for Pre-Paid shall also be the address designated for the Stockholders.

Section 8.9 Expenses. All accounting, legal and other costs and expenses incurred in connection with this Agreement and the transactions contemplated by this Agreement shall be paid by the party incurring those fees, costs and expenses.

Section 8.10 Waiver. Any party to this Agreement may extend the time for or waive the performance of any of the obligations of the other, waive any inaccuracies in the representations or warranties by the other, or waive compliance by the other with any of the covenants or conditions contained in this Agreement. Any such extension or waiver shall be in writing and signed by the parties. No such waiver shall operate or be construed as a waiver of any subsequent act or omission of the parties.

Section 8.11 Severability. The invalidity or unenforceability of any one or more of the words, phrases, sentences, clauses, or sections contained in this Agreement shall not affect the validity or enforceability of the remaining provisions of this Agreement or any part of any provision, all of which are inserted conditionally on their being valid in law, and in the event that any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid or unenforceable, this Agreement shall be construed as if such invalid or unenforceable word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted or shall be enforced as nearly as possible according to their original terms and intent to eliminate any invalidity or unenforceability. If any invalidity or unenforceability is caused by the length of any period of time or the size of any area set forth in any part of this Agreement, the period of time or area, or both, shall be considered to be reduced to a period or area which would cure the invalidity or unenforceability.

Section 8.12 Attorney's Fees. In the event of any arbitration or litigation, including appeals, with regard to this Agreement, the prevailing party shall be entitled to recover from the non-prevailing party all reasonable fees, costs, and expenses of counsel (at pre-trial, trial and appellate levels).

Section 8.13 No Breach. The parties agree that the execution of this Agreement shall not be deemed to be an assignment of any contract where consent to such assignment is required by the terms of the contract provided that the foregoing shall not affect Pre-Paid's obligation to obtain all consents as provided in this Agreement.

Section 8.14 Construction. This Agreement shall be construed without regard to any presumption or other rule requiring construction against the party causing this Agreement to be drafted. If any words in this Agreement have been stricken out or otherwise eliminated (whether or not any other words or phrases have been added) and the stricken words initialed by the party against whom the words are construed, this Agreement shall be construed as if the words so stricken out or otherwise eliminated were never included in this Agreement and no implication or inference shall be drawn from the fact that those words were stricken out or otherwise eliminated.


Section 8.15 No Jury Trial EACH PARTY WAIVES ALL RIGHTS TO ANY TRIAL BY JURY IN ALL LITIGATION RELATING TO OR ARISING OUT OF THIS AGREEMENT.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be duly executed as of the date hereof.

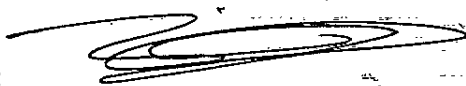
PRE-CELL SOLUTIONS, INC.,
a Colorado corporation

By: 
Thomas E. Biddix,
Chief Executive Officer

PRE-PAID ACQUISITIONS CORP.
a Florida corporation

By: 
Printed name: Thomas E BIDDIX
Title: Pres.

PRE-PAID SOLUTIONS, INC,
a Florida corporation

By: 
Printed name: Tim McCallum
Title: Chief Operations Officer


Thomas E. Biddix

PREPAID SOLUTIONS, INC.
List of Exhibits/Schedules for Closing

EXHIBIT LIST

EXHIBIT A	List of Pre-Paid Stockholders and their respective ownership interests in Pre-Paid
EXHIBIT B	Articles of Merger
EXHIBIT C	Plan of Merger
EXHIBIT D	Lock-Up Agreement
EXHIBIT E	Pre-Paid Articles and By-Laws
EXHIBIT F	Pre-Paid 12/31/99 Financial Statements
EXHIBIT G	Restrictive Legend

SCHEDULE LIST

1.5	Officers of the Surviving Corporation	---
2.5	Pre-Paid Options	---
4.4	Liabilities	---
4.5	Licenses	---
4.8	Litigation	---
4.9	Copies of Real Property Leases	---
4.10	List of Personal Property Leases	---
4.13	Material Contracts	---
4.14	Customer Contracts	---
4.17	Changes since 12/31/99	---
4.20(a)	Pre-Paid's Intellectual Property Rights	---
4.20(b)	Infringement on Pre-Paid's Intellectual Property Rights	---
4.20(c)	List of Databases and Software Utilized	---
4.28	Insurance	---
4.29	Bank accounts	---
4.32	Related Transactions	---

EXHIBIT A

Stockholder Exchange Sheet

Attached

Pre-Cell Solutions
Merger and Reorganization Agreement

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
779172 Alberta, Ltd. 3700 Canterra Tower 400 3rd Ave S Calgary, Alberta, Canada T2P 4H2	Foreign investor	219,288	77,785
90414 Canada, Inc. 3700 Canterra Tower 400 3rd Ave S Calgary, Alberta, Canada T2P 4H2	Foreign investor	28,192	10,000
Allen W. & Joan W. Lloyd 805 S. Miramar Indialantic, FL 32903		5,638	2,000
Begley, William 6480 South Marina Way Stuart, FL 34996	149-34-4954	422,873	150,000
Belcher, Grace 2412 Carriage Court Indialantic, FL 32903	405-60-0241	70,479	25,000
Bellwest Capital 1456 Sherbrooke Street W 3rd Floor Montreal, Quebec, Canada H3G 1K4	Foreign investor	56,383	20,000
Biddix, Thomas 480 E. Eau Gallie Blvd. Indian Harbor B, FL 32937	589-28-4982	3,509,842	1,245,000
Black, Sally 129 Skyline Circle Satellite Beach, FL 32937	511-46-5715	28,192	10,000
CIUS Corporation 3700 Canterra Tower 400 3rd Ave S Calgary, Alberta, Canada T2P 4H2	Foreign investor	81,552	28,928
Clark, James J. 8300 Boone Blvd., Suite 500 Vienna, VA 22182		22,553	8,000

Pre-Cell Solutions
Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Clark, Kimberly L. 478 E. Eau Gallie Blvd. Indian Harbor B, FL 32937	266-83-8133	14,096	5,000
Coleman, James H. 3700 Canterra Tower 400 3rd Ave S Calgary, Alberta, Canada T2P 4H2	Foreign investor	544,519	193,150
Coleman, Linda P.O. Box 34002 Indianapolis, FL 32903	249-78-0003	28,192	10,000
Cubbon, Colin 1008 Memorial Drive, NW Calgary, Alberta, Canada T2N 3E1	Foreign investor	108,735	38,570
Davis, Gary & Sandy 2901 S. Ocean Blvd., #1004 Highland Beach, FL 33487	255-68-8198	140,958	50,000
Derr, Jerry 726 Palm Springs Circle Indian Harbor Beach, FL 32937	236-62-5591	70,479	25,000
DeSano, Scott 29 Marlborough St. Boston MA 02116	133-58-5663	704,788	250,000
DiPrima, Joseph, TTEE 1199 S. Patrick Dr. Satellite Beach, FL 32937	074-26-3659	56,383	20,000
Donovan, Walter 151 Tremont St. #6F Boston, MA 02111	033-58-8257	704,788	250,000
Durham, E. M. 8300 Boone Blvd., Suite 500 Vienna, VA 22182		5,638	2,000

Pre-Cell Solutions
Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Ducret, Sandrine 862 Eldron Blvd. SE Palm Bay, FL 32939	593-32-1015	5,638	2,000
Eigen, William 15 Parker Rd. Ashland, MA .1721	046-70-8857	140,958	50,000
Evans, Art 1688 W. Hibiscus Blvd. #1403 Cocoa Beach, FL 32901	232-74-8765	267,819	95,000
Evans, Hugh & Linda 1688 W. Hibiscus Blvd. #1403 Cocoa Beach, FL 32901	263-84-2395	56,383	20,000
Finch, Walter 1700 Commodore Blvd. #1403 Cocoa Beach, FL 32931	127-03-0196	56,383	20,000
Fitzgerald, Dan 961 North St. Greenwich, CT 06831	075-46-4114	422,873	150,000
Fred D. Gay & Janice D. Gay 1825 W. Hwy.520 Cocoa, FL 32926	266-60-3093	28,192	10,000
Getty Resources, Inc. 3700 Canterra Tower 400 3rd Ave S Calgary, Alberta, Canada T2P 4H2	Foreign investor	902,889	320,270
Hallmark Resources 85 Bearspaw HTS Loop Calgary, Alberta, Canada T3J 5V8	Foreign investor	81,552	28,928
Hamby, Charles 110 Breakwater Circle Atlanta, GA 30328	259-62-5409	70,479	25,000

Pre-Cell Solutions
 Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Hartwig, Joseph 160 Brandy Lane Merritt Island, FL 32952	334-60-9765	35,239	12,500
Higgins, Edward W. 505 N. Miramar Ave. #301 Indianlantic, FL 32903	011-18-1035	7,048	2,500
Hoffman, Robert J. 478 E. Eau Gallie Blvd. Indian Harbor B, FL 32937	266-83-6907	14,096	5,000
Hoffman, Timothy A. 478 E. Eau Gallie Blvd. Indian Harbor B, FL 32937	266-83-8055	14,096	5,000
Hoffman, William F. Jr. 478 E. Eau Gallie Blvd. Indian Harbor B, FL 32937	266-83-6727	14,096	5,000
Hoffman, William 478 E. Eau Gallie Blvd. Indian Harbor B, FL 32937	266-56-6369	65,779	23,333
Hoffman, William, TTEE 478 E. Eau Gallie Blvd. Indian Harbor B, FL 32937		51,424	18,241
Hofmann, Ernst & Judith 290 Paradise Blvd. #36 Indianlantic, FL 32903	233-66-7426	28,192	10,000
John & Ruth Hilderbrand 1531 Anglers Dr. NE Palm Bay, FL 32905	235-50-3176	21,144	7,500
Johnson, Christopher 1307A Palmetto Park Rd. Boca Raton, FL	265-59-4023	93,974	33,334

Pre-Cell Solutions
Merger and Reorganization Agreement

Pre-Paid Solutions Shareholders

EXHIBIT A-1

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Jolly, Richard 300 S. Banana River Blvd. #307 Cocoa Beach, FL 32931	518-40-6000	28,192	10,000
Jones, Jeffrey B. 2564 Bernice Ct. Melbourne, FL 32935	264-08-1972	7,048	2,500
Kevin A. Powers 2401 Wolf Creek Dr. Melbourne, FL 32935	594-26-8506	28,192	10,000
Maguire, Susan 701 Tradewinds Dr. Indian Harbor B, FL 32937		42,287	15,000
Manning, Morrie C/O Harry & David 300 Monticello Avenue Norfolk, VA 23510	231-66-6249	56,383	20,000
McCann, Murray 6223 2nd St SE ST 205 Calgary, Alberta, Canada T2H 0L5	Foreign investor	108,735	38,570
McWilliams, Joan 701 Tradewinds Dr. Indian Harbor B, FL 32937	539-30-1980	169,149	60,000
McWilliams, Roseann-DiPrima 7035 S. Tropical Trail Merritt Island, FL 32952	266-02-6598	37,591	13,334
McWilliams, Timothy 976 Villa Drive Melbourne, FL 32940	264-45-5685	704,788	250,000
Mibel Holdings, Inc. 1840 Sherbrooke St West Montreal, Quebec, Canada H3H 1E4	Foreign investor	81,552	28,928

Pre-Cell Solutions

Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Myers, Shannon 1360 Lyndale Blvd. Winter Park, FL 32789	241-29-6017	338,298	120,000
Nainoor C. Thakore 32 Garrison St., Apt 50-508 Boston, MA 02114	157-72-7939	281,915	100,000
Ogelman, Fevzi 291 Kenton Road Harrow Middlesex, UK HA3 OHQ	Foreign investor	556,376	197,356
Penner, Robert 620-1001 13 Ave, SW Calgary, Alberta, Canada	Foreign investor	54,367	19,285
Pinglick Holdings 3500 deMaisonneuve Blvd Montreal,	Foreign investor	56,383	20,000
Polhill, David 1800 W. Hibiscus Drive Melbourne, FL 32901		7,964	2,825
Potvin, J.C. 1 Adelaide St E PO Box 206 Toronto, Ontario, Canada MSC 2V9	Foreign investor	54,367	19,285
Robert A. Lawrence 284 Mattison Dr. Concord, MA 01742	216-64-2156	140,958	50,000
Robert Brackett P.O. Box 5317 Vero Beach, FL 32961		56,383	20,000
Rothchild, Irwin 100 Breakwater Circle Atlanta, GA 30328	124-30-9017	281,915	100,000

Pre-Cell Solutions
Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Ryall, Karen 119 Brown Street SE Palm Bay, FL 32909	264-33-1846	7,048	2,500
Schoofield, Michael 5665 S. Tropical Trail Miami, FL 32952	267-82-9193	140,958	50,000
Six Jones Family Lmt'd Part. 556 E.Hillsboro Blvd. Deerfield Beach, FL 33441	265-70-3405	70,479	25,000
SK Limited Partnership 19 Woodfield Court Reisterstown, MD 21136		140,958	50,000
Tampa Bay Financial (Carl Smith) 355 Interstate Blvd. Sarasota, FL 34240	650-27-9714	281,915	100,000
Thensor Sky Corporation Ruea la Corraerie 16 Geneva, Switzerland Ch1204	Foreign investor	95,696	33,945
Utecht, Margaret Ann 1801 Island Club Dr. Indianalantic, FL 32903	262-57-9242	5,638	2,000
Utecht, Patricia 235 Hedgecock Court Satelite Beach, FL 32937	150-24-4556	7,048	2,500
Welsh, Kim Richard 131 Grove Dr. Merritt Island, FL 32952	261-29-0935	42,287	15,000
Wood, Gregory T. 1688 Hibiscus Blvd. Melbourne, FL 32901	263-86-1418	84,575	30,000

Pre-Cell Solutions
Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>2.81915 PPS Shares</u>
Healy, Pat 1499 S. Harbor City Blvd Melbourne, FL 32901		28,192	10,000

<u>13,199,459</u>	<u>4,682,067</u>
<u>13,199,468</u>	<u>4,682,067</u>

Pre-Cell Solutions
Merger and Reorganization Agreement

EXHIBIT A-1

**Pre-Paid Solutions Shareholders
Stock Subscription**

<u>Name</u>	<u>Tax ID Number</u>	<u>Shares to be Issued</u>	<u>PPS Shares</u>	<u>Units</u>	<u>Pre-Cell Warrants Converted</u>	<u>\$ 7.89 Pre-Paid Warrants</u>	<u>Investment</u>
Begley, William 6480 South Marina Way Stuart, FL 34996	149-34-4954	959,954	340,512	16	479,977	170,256	\$ 480,000
DeSano, Scott 29 Marlborough St. Boston MA 02116	133-58-5663	1,019,952	361,794	17	509,976	180,897	\$ 510,000
Donovan, Walter 151 Tremont St. #6F Boston, MA 02111	033-58-8257	539,974	191,538	9	269,987	95,769	\$ 270,000
Eigen, William 15 Parker Rd. Ashland, MA .1721	046-70-8857	299,986	106,410	5	149,993	53,205	\$ 150,000
Fitzgerald, Dan 961 North St. Greenwich, CT 06831	075-46-4114	1,799,915	638,460	30	899,957	319,230	\$ 900,000
Nainoor C. Thakore 32 Garrison St., Apt 50-508 Boston, MA 02114	157-72-7939	719,966	255,384	12	359,983	127,692	\$ 360,000
Robert A. Lawrence 284 Mattison Dr. Concord, MA 01742	216-64-2156	239,989	85,128	4	119,994	42,564	\$ 120,000
Tuchler Address City, State Zip	SSN	239,989	85,128	4	119,994	42,564	\$ 120,000
Benson Address City, State Zip	SSN	59,997	21,282	1	29,999	10,641	\$ 30,000
Denner Address City, State Zip	SSN	419,980	148,974	7	209,990	74,487	\$ 210,000
Saperstone Address City, State Zip	SSN	359,983	127,692	6	179,991	63,846	\$ 180,000

Pre-Cell Solutions
 Merger and Reorganization Agreement

EXHIBIT A-1

Pre-Paid Solutions Shareholders
 Stock Subscription

Name	Tax ID Number	Shares to be Issued	PPS Shares	Units	Pre-Cell Warrants Converted	\$ 7.89 Pre-Paid Warrants	Investment
Lawrence, Connie Address City, State Zip	SSN	239,989	85,128	4	119,994	42,564	\$ 120,000
Soviero Address City, State Zip	SSN	119,994	42,564	2	59,997	21,282	\$ 60,000
		<u>7,019,668</u>	<u>2,489,994</u>	<u>117</u>	<u>3,509,832</u>	<u>1,244,997</u>	##### <u>\$ 3,510,000</u>

EXHIBIT B

Articles of Merger

**ARTICLES OF MERGER
OF
PRE-PAID ACQUISITIONS CORP., a Florida Corporation,
With And Into
PRE-PAID SOLUTIONS, INC., a Florida Corporation**

THESE ARTICLES OF MERGER between Pre-Paid Acquisitions Corp., a Florida corporation ("Merger Corp.") and Pre-Paid Solutions, Inc., a Florida corporation ("Surviving Corporation").

Under Section 607.1105 of the Florida Business Corporation Act (the "Act"), Merger Corp. and Surviving Corp. hereby adopt the following Articles of Merger:

1. The Merger And Reorganization Agreement dated April 4, 2000 ("Plan of Merger"), between Merger Corp., Surviving Corp., Pre-Cell Solutions, Inc. ("Pre-Cell") and Thomas E. Biddix was approved and adopted by the shareholders of Surviving Corp. on March 30, 2000 and was adopted by the shareholder of Merger Corp. on April 4, 2000.

2. Under the Plan of Merger, all issued and outstanding shares of Surviving Corp.'s stock will be acquired by means of a merger of Merger Corp. with and into Surviving Corp. with Surviving Corp. the surviving corporation ("Merger"). The Articles of Incorporation and By-laws of Merger Corp. shall be the Articles of Incorporation and By-laws, respectively of Surviving Corp. In exchange for their shares in Surviving Corp. each of Surviving Corp.'s shareholders will receive their pro rata portion of the Merger Consideration. Upon consummation of the Merger, Surviving Corporation will become a wholly owned subsidiary of Pre-Cell.

3. The Merger And Reorganization Agreement is attached as Exhibit A and incorporated by reference as if fully set forth.

4. Under Section 607.1105(1)(b) of the Act, the date and time of the effectiveness of the Merger shall be on the filing of these Articles of Merger with the Secretary of State of Florida.

IN WITNESS WHEREOF, the parties have executed these Articles of Merger this ____ day of April, 2000.

ATTEST:

PRE-PAID ACQUISITIONS CORP.,
a Florida corporation

By: _____ (Corporate Seal)
President

ATTEST:

PRE-PAID SOLUTIONS, INC.,
a Florida corporation

By: _____ (Corporate Seal)
President

EXHIBIT C

Plan of Merger

Intentionally Omitted

Exhibit C

PLAN OF MERGER

PLAN OF MERGER between PRE-PAID SOLUTIONS, INC., a Florida corporation (the "Surviving Corp.") and PRE-PAID ACQUISITIONS CORP., a Florida corporation (the "Merger Corp.") (collectively the "Constituent Corporations"). This Merger is being effected under this Plan of Merger ("Plan") in accordance with 607.1101 *et seq.* of the Florida Business Corporation Act (the "Act").

1. Articles of Incorporation. The Articles of Incorporation of Merger Corp., as amended and in effect immediately before the Effective Date of the Merger (the "Effective Date"), as amended to change the name of Merger Corp. to "Pre-Paid Solutions, Inc., shall be the Articles of Incorporation of the Surviving Corp. from and after the Effective Date until further amended as permitted by law.
2. Distribution to Shareholders of the Constituent Corporations. On the Effective Date, each share of Surviving Corp.'s common stock that shall be issued and outstanding at that time shall without more be converted into and exchanged for an aggregate of 20,219,145 shares of Pre-Cell Solutions, Inc. ("Pre-Cell") in accordance with this Plan. One Hundred shares of Surviving Corp.'s stock that shall be issued to Pre-Cell on the Effective Date, shall continue as outstanding shares of Surviving Corp.'s stock and Surviving Corp. shall thereafter be a wholly owned subsidiary of Pre-Cell.
3. Satisfaction of Rights of Merger Corp. Shareholders. All shares of Surviving Corp.'s stock into which shares of Merger Corp.'s stock shall have been converted and become exchangeable for under this Plan shall be deemed to have been paid in full satisfaction of such converted shares.
4. Fractional Shares. Fractional shares of Pre-Cell stock will not be issued. The number of shares of Pre-Cell common stock to be issued to the former holders of Surviving Corp.'s stock shall be rounded up or down to the nearest whole share.
5. Effect of Merger. On the Effective Date, the separate existence of Merger Corp. shall cease, and Surviving Corp. shall be fully vested in Merger Corp.'s rights, privileges, immunities, powers, and franchises, subject to its restrictions, liabilities, disabilities, and duties, all as more particularly set forth in Section 607.1106 of the Act.
6. Supplemental Action. If at any time after the Effective Date Surviving Corp. shall determine that any further conveyances, agreements, documents, instruments, and assurances or any further action is necessary or desirable to carry out the provisions of this Plan, the appropriate officers of Surviving Corp. or Merger Corp., as the case may be, whether past or remaining in office, shall execute and deliver, on the request of Surviving Corp., any and all proper conveyances, agreements, documents, instruments, and assurances and perform all necessary or proper acts, to vest, perfect, confirm, or record such title thereto in Surviving Corp., or to otherwise carry out the provisions of this Plan.
7. Filing with the Florida Secretary of State and Effective Date. On the Closing, as provided in the Merger And Reorganization Merger of which this Plan is a part, Merger Corp. and Surviving Corp. shall cause their respective Presidents (or Vice Presidents) to execute Articles of Merger in the form attached to the Agreement and on such execution this Plan shall be deemed

incorporated by reference into the Articles of Merger as if fully set forth in such Articles and shall become an exhibit to such Articles of Merger. Thereafter, such Articles of Merger shall be delivered for filing by Surviving Corp. to the Florida Secretary of State. In accordance with Section 607.1105(1)(b) of the Act, the Articles of Merger shall specify the "Effective Date," which shall be the filing date of the Articles of Merger with the Secretary of State.

8. Amendment and Waiver. Any of the terms or conditions of this Plan may be waived at any time by the one of the Constituent Corporations which is, or the shareholders of which are, entitled to the benefit thereof by action taken by the Board of Directors of such party, or may be amended or modified in whole or in part at any time before the vote of the shareholders of the Constituent Corporations by an agreement in writing executed in the same manner (but not necessarily by the same persons), or at any time thereafter as long as such change is in accordance with Section 607.1103 of the Act.

9. Termination. At any time before the Effective Date (whether before or after filing of Articles of Merger), this Plan may be terminated and the Merger abandoned by mutual consent of the Boards of Directors of both Constituent Corporations, notwithstanding favorable action by the shareholders of the respective Constituent Corporations.



FACSIMILE TRANSMITTAL SHEET

RECEIVING INFORMATION	SENDING INFORMATION
TO: David TOBIN	DATE: 3-21-2000
COMPANY: TOBIN & Reyes	FROM: Tim McWilliams
FAX NUMBER: 561-620-0657	TOTAL NO. OF PAGES INCLUDING COVER: 11
MAIN NUMBER:	RETURN FAX: (407) 729-8484
RE:	

Notice of Confidentiality

The information contained in this facsimile message is intended only for the personal and confidential use of the designated recipients named above. This message is privileged and confidential. If the reader of this message is not the intended recipient, you are hereby notified that you have received this document in error, and that any review, dissemination, distribution or copying of this message is strictly prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original message to us by mail at our expense. Thank you.

**PRE-PAID SOLUTIONS, INC.
385 EAST DRIVE
MELBOURNE, FLORIDA 32904**

**NOTICE OF SPECIAL MEETING OF SHAREHOLDERS
TO BE HELD ON MARCH 30, 2000**

A special meeting of the shareholders of Pre-Paid Solutions, Inc. (the "Company") will be held on March 30, 2000, at 7:00 p.m., at 385 East Drive, Melbourne, Florida 32904, for the following purposes:

1. To consider and act upon a Plan of Merger which has been approved and is recommended for adoption by the Company's Board of Directors on February 3, 2000, a copy of which Plan of Merger is attached.

Only shareholders of record at the close of business on March 17, 2000 are entitled to notice of and to vote at the special meeting or any and all postponements and adjournments thereof.

By Order of the Board of Directors


Timothy F. McWilliams, Secretary

March ^H20, 2000

A majority of the outstanding shares of the Company's common stock present at the meeting in person or by proxy shall constitute a quorum. The Agreement and Plan of Merger shall be approved upon receiving an affirmative vote of a majority of the holders of the Company's outstanding common stock.

If the agreement and Plan of Merger is effected, any shareholder who wishes to dissent to the transaction is entitled to do so if such shareholder files a written objection to the plan before the vote of the shareholders is taken. If the dissenting shareholder complies with the provisions of Chapter 607 of the Florida Statutes regarding the rights of dissenting shareholders, the shareholder will be entitled to be paid the fair value of the shareholder's shares. Copies of §§607.1301, 607.1302, and 607.1320, relating to a shareholder's right to dissent, are attached to this notice.

SUMMARY OF PLAN OF MERGER

The Board of Directors of PRE-PAID SOLUTIONS, INC., a Florida corporation ("Pre-Paid") has adopted a Plan of Merger and has recommended this plan to the shareholders of Pre-Paid. A Special Meeting of the shareholders of Pre-Paid will be held on the 30th day of March, 2000, at which time the shareholders will vote on whether or not to adopt this plan. This summary has been provided to each shareholder entitled to vote at that meeting together with a Notice of Special Meeting of Shareholders and a Notice of Dissenters Rights in accordance with section 607.1320, Florida Statutes. In addition, each shareholder has been provided copies of sections 607.1301, 607.1302 and 607.1320, Florida Statutes.

The summary of the Plan of Merger is as follows:

1. The Plan of Merger is between Pre-Cell Solutions, Inc., a Colorado corporation ("Pre-Cell"), Pre-Paid Merger Corp., a Florida corporation and wholly-owned subsidiary of Pre-Cell ("Merger Subsidiary"), and Pre-Paid Solutions, Inc., a Florida corporation. The effective date of the merger shall be the date upon which the merger documents are filed with the Secretary of State of the State of Florida.
2. If approved, Merger Subsidiary and Pre-Paid shall consummate a merger in accordance with the Plan of Merger and Pre-Paid shall continue as the surviving corporation under the Florida Business Corporation Act and the separate corporate existence of Merger Subsidiary shall cease. Pre-Paid shall thereafter be a wholly-owned subsidiary of Pre-Cell.
3. Upon consummation of the Merger, all shares of common stock of Merger Subsidiary shall be converted into and exchanged for 100 shares of the common stock of Pre-Paid, which shall then represent all of the issued and outstanding shares of capital stock of Pre-Paid as the surviving corporation.
4. All of the outstanding shares of common stock of Pre-Paid that are outstanding immediately prior to the time that the merger documents are filed with the Secretary of State of the State of Florida shall be converted into the right to receive, at the time of closing, an aggregate of Fifteen Million, Three Hundred Thirty Three Thousand Three Hundred Thirty Three (15,333,333) shares of Pre-Cell's common stock, par value \$.01.
5. All of the outstanding rights to acquire common stock of Pre-Paid (the "Pre-Paid Options") that are outstanding immediately prior to the time that the merger documents are filed with the Secretary of State of the State of Florida shall be converted into the right to acquire Pre-Cell shares on the basis on one Pre-Cell share for each Pre-Paid share entitled to be purchased under the Pre-Paid Options, at the same per-share price contained in the Pre-Paid Options.
6. The Pre-Cell stock to be delivered pursuant to the Plan of Merger shall be subject to the restrictions of Rule 144 promulgated by the United States of America Securities and Exchange Commission under the Securities Act of 1933, as amended. However, if Pre-Cell intends to register any of its shares for resale under a form of registration which does not by its terms prohibit the concurrent registration of the Pre-Cell stock issued in connection with the merger, Pre-Cell shall, upon request, use its reasonable efforts to include some or all of the shares issued in connection with the merger in the registration statement so as to permit the resale or other disposition of the shares.
7. The stockholders of Pre-Paid receiving shares of Pre-Cell under the Plan of Merger shall be required to enter into a Lock-Up and Pooling Agreement restricting the sale or disposition of their shares for a period of eighteen (18) months from the time that the merger agreements are filed with the Secretary of State of the State of Florida, except as otherwise permitted by the terms of the Lock-Up Agreement.

PRE-PAID SOLUTIONS, INC.

By: _____

Timothy F. McWilliams, Corporate Secretary

PRE-PAID SOLUTIONS, INC.
NOTICE OF DISSENTERS' RIGHTS

To All Shareholders:

Under F.S. Chapter 607, the Florida Business Corporation Act, each holder of common stock will be entitled to demand and receive payment of the fair value of his shares in cash, if he:

1. files with the Company, before the vote is taken, a written notice of his intent to demand payment for his shares if the Plan of Merger is effected;
2. does not vote in favor of the Plan of Merger; and
3. within 20 days after the Company notifies the holder of the authorization of the Plan of Merger, files with the Company a written notice of election to dissent stating the holder's name, address, and the number, class, and series of the shares to which he dissents, and demanding payment of the fair value of those shares and simultaneously deposits with the Company the certificates for any certificated shares.

All correspondence to the Company should be sent to 385 East Drive, Melbourne, Florida 32904, Attention: Timothy F. McWilliams, Secretary. Any shareholder who fails to comply with the requirements described above will be bound by the terms of the Plan of Merger. A vote against the Plan of Merger alone does not constitute the required notice to the Company. A shareholder may dissent as to less than all shares registered in this name.

A shareholder may withdraw a demand for payment at any time before the Company offers to purchase the shareholder's shares. Thereafter, a shareholder may not withdraw his election to dissent unless the Company consents. Fair value will be determined as of the close of business on March 31, 2000.

The Company promptly will deliver to each dissenting shareholder written notice of the authorization of the Plan of Merger. The Company also may deliver to each objecting shareholder a written offer to pay for his stock at a price deemed by the Company to constitute the fair value of those shares.

Within 90 days after authorization of the Plan of Merger, either the Company or any dissenting shareholder who has not received payment for his shares may petition a court in Brevard County, Florida, for an appraisal to determine the fair value of those shares. If the court determines that an objecting shareholder is entitled to appraisal of his stock, the court may determine the fair value of the shareholder's shares or appoint one or more appraisers to determine that value. Any judgment entered pursuant to a court proceeding may include an allowance for interest. Costs and expenses of the proceeding (not including experts' and attorneys' fees) will be determined by the court and assessed against the Company or against any dissenting shareholders whose refusal to accept the Company's written offer to purchase their shares was arbitrary, vexatious, or not in good faith.

A shareholder demanding payment for shares will not have the right to receive dividends or distributions payable to holders of record after the close of the business on the date of the shareholder's notice of election to dissent and will cease to have any rights as a shareholder with respect to those shares, except the right to receive the fair value for them. The shareholder's rights may be restored only if

1. he properly withdraws the demand for payment;
2. the Plan of Merger is abandoned or rescinded;
3. the shareholders revoke the authority to effect that action;
4. the court does not make or file a demand or petition for the determination of fair value within the statutory time period; or
5. the court determines that the shareholder is not entitled to dissenters' rights relief.

The foregoing summary of the rights of dissenting shareholders does not purport to constitute a complete statement of the procedures to be followed by shareholders desiring to exercise their dissenters' rights. The preservation and exercise of dissenters' rights are conditioned on strict adherence to the applicable provisions of F.S. Chapter 607. Each shareholder desiring to exercise dissenters' rights should read F.S. 607.1301, 607.1302, and 607.1320, copies of which are attached to this notice, for a complete statement of the shareholder's rights and the steps that must be followed in connection with the exercise of those rights.

The 1999 Florida Statutes

[View Statutes](#)

[Order Statutes](#)

[Online Sunshine](#)

[Print View](#)

Title XXXVI

BUSINESS ORGANIZATIONS

Chapter 607

Corporations

View Entire Chapter

607.1301 Dissenters' rights; definitions.--The following definitions apply to ss. 607.1302 and 607.1320:

(1) "Corporation" means the issuer of the shares held by a dissenting shareholder before the corporate action or the surviving or acquiring corporation by merger or share exchange of that issuer.

(2) "Fair value," with respect to a dissenter's shares, means the value of the shares as of the close of business on the day prior to the shareholders' authorization date, excluding any appreciation or depreciation in anticipation of the corporate action unless exclusion would be inequitable.

(3) "Shareholders' authorization date" means the date on which the shareholders' vote authorizing the proposed action was taken, the date on which the corporation received written consents without a meeting from the requisite number of shareholders in order to authorize the action, or, in the case of a merger pursuant to s. 607.1104, the day prior to the date on which a copy of the plan of merger was mailed to each shareholder of record of the subsidiary corporation.

History.--s. 118, ch. 89-154.

The 1999 Florida Statutes

[View Statutes](#)

[Order Statutes](#)

[Online Sunshine](#)

[Print View](#)

[Title XXXVI](#)

[Chapter 607](#)

[View Entire Chapter](#)

[BUSINESS ORGANIZATIONS](#)

[Corporations](#)

607.1320 Procedure for exercise of dissenters' rights.--

(1)(a) If a proposed corporate action creating dissenters' rights under s. 607.1302 is submitted to a vote at a shareholders' meeting, the meeting notice shall state that shareholders are or may be entitled to assert dissenters' rights and be accompanied by a copy of ss. 607.1301, 607.1302, and 607.1320. A shareholder who wishes to assert dissenters' rights shall:

1. Deliver to the corporation before the vote is taken written notice of the shareholder's intent to demand payment for his or her shares if the proposed action is effectuated, and
2. Not vote his or her shares in favor of the proposed action. A proxy or vote against the proposed action does not constitute such a notice of intent to demand payment.

(b) If proposed corporate action creating dissenters' rights under s. 607.1302 is effectuated by written consent without a meeting, the corporation shall deliver a copy of ss. 607.1301, 607.1302, and 607.1320 to each shareholder simultaneously with any request for the shareholder's written consent or, if such a request is not made, within 10 days after the date the corporation received written consents without a meeting from the requisite number of shareholders necessary to authorize the action.

(2) Within 10 days after the shareholders' authorization date, the corporation shall give written notice of such authorization or consent or adoption of the plan of merger, as the case may be, to each shareholder who filed a notice of intent to demand payment for his or her shares pursuant to paragraph (1)(a) or, in the case of action authorized by written consent, to each shareholder, excepting any who voted for, or consented in writing to, the proposed action.

(3) Within 20 days after the giving of notice to him or her, any shareholder who elects to dissent shall file with the corporation a notice of such election, stating the shareholder's name and address, the number, classes, and series of shares as to which he or she dissents, and a demand for payment of the fair value of his or her shares. Any shareholder failing to file such election to dissent within the period set forth shall be bound by the terms of the proposed corporate action. Any shareholder filing an election to dissent shall deposit his or her certificates for certificated shares with the corporation simultaneously with the filing of the election to dissent. The corporation may restrict the transfer of uncertificated shares from the date the shareholder's election to dissent is filed with the corporation.

(4) Upon filing a notice of election to dissent, the shareholder shall thereafter be entitled only to payment as provided in this section and shall not be entitled to vote or to exercise any other rights of a shareholder. A notice of election may be withdrawn in writing by the shareholder at any time before an offer is made by the corporation, as provided in subsection (5), to pay for his or her shares. After

such offer, no such notice of election may be withdrawn unless the corporation consents thereto. However, the right of such shareholder to be paid the fair value of his or her shares shall cease, and the shareholder shall be reinstated to have all his or her rights as a shareholder as of the filing of his or her notice of election, including any intervening preemptive rights and the right to payment of any intervening dividend or other distribution or, if any such rights have expired or any such dividend or distribution other than in cash has been completed, in lieu thereof, at the election of the corporation, the fair value thereof in cash as determined by the board as of the time of such expiration or completion, but without prejudice otherwise to any corporate proceedings that may have been taken in the interim, if:

- (a) Such demand is withdrawn as provided in this section;
- (b) The proposed corporate action is abandoned or rescinded or the shareholders revoke the authority to effect such action;
- (c) No demand or petition for the determination of fair value by a court has been made or filed within the time provided in this section; or
- (d) A court of competent jurisdiction determines that such shareholder is not entitled to the relief provided by this section.

(5) Within 10 days after the expiration of the period in which shareholders may file their notices of election to dissent, or within 10 days after such corporate action is effected, whichever is later (but in no case later than 90 days from the shareholders' authorization date), the corporation shall make a written offer to each dissenting shareholder who has made demand as provided in this section to pay an amount the corporation estimates to be the fair value for such shares. If the corporate action has not been consummated before the expiration of the 90-day period after the shareholders' authorization date, the offer may be made conditional upon the consummation of such action. Such notice and offer shall be accompanied by:

- (a) A balance sheet of the corporation, the shares of which the dissenting shareholder holds, as of the latest available date and not more than 12 months prior to the making of such offer; and
- (b) A profit and loss statement of such corporation for the 12-month period ended on the date of such balance sheet or, if the corporation was not in existence throughout such 12-month period, for the portion thereof during which it was in existence.

(6) If within 30 days after the making of such offer any shareholder accepts the same, payment for his or her shares shall be made within 90 days after the making of such offer or the consummation of the proposed action, whichever is later. Upon payment of the agreed value, the dissenting shareholder shall cease to have any interest in such shares.

(7) If the corporation fails to make such offer within the period specified therefor in subsection (5) or if it makes the offer and any dissenting shareholder or shareholders fail to accept the same within the period of 30 days thereafter, then the corporation, within 30 days after receipt of written demand from any dissenting shareholder given within 60 days after the date on which such corporate action was effected, shall, or at its election at any time within such

period of 60 days may, file an action in any court of competent jurisdiction in the county in this state where the registered office of the corporation is located requesting that the fair value of such shares be determined. The court shall also determine whether each dissenting shareholder, as to whom the corporation requests the court to make such determination, is entitled to receive payment for his or her shares. If the corporation fails to institute the proceeding as herein provided, any dissenting shareholder may do so in the name of the corporation. All dissenting shareholders (whether or not residents of this state), other than shareholders who have agreed with the corporation as to the value of their shares, shall be made parties to the proceeding as an action against their shares. The corporation shall serve a copy of the initial pleading in such proceeding upon each dissenting shareholder who is a resident of this state in the manner provided by law for the service of a summons and complaint and upon each nonresident dissenting shareholder either by registered or certified mail and publication or in such other manner as is permitted by law. The jurisdiction of the court is plenary and exclusive. All shareholders who are proper parties to the proceeding are entitled to judgment against the corporation for the amount of the fair value of their shares. The court may, if it so elects, appoint one or more persons as appraisers to receive evidence and recommend a decision on the question of fair value. The appraisers shall have such power and authority as is specified in the order of their appointment or an amendment thereof. The corporation shall pay each dissenting shareholder the amount found to be due him or her within 10 days after final determination of the proceedings. Upon payment of the judgment, the dissenting shareholder shall cease to have any interest in such shares.

(8) The judgment may, at the discretion of the court, include a fair rate of interest, to be determined by the court.

(9) The costs and expenses of any such proceeding shall be determined by the court and shall be assessed against the corporation, but all or any part of such costs and expenses may be apportioned and assessed as the court deems equitable against any or all of the dissenting shareholders who are parties to the proceeding, to whom the corporation has made an offer to pay for the shares, if the court finds that the action of such shareholders in failing to accept such offer was arbitrary, vexatious, or not in good faith. Such expenses shall include reasonable compensation for, and reasonable expenses of, the appraisers, but shall exclude the fees and expenses of counsel for, and experts employed by, any party. If the fair value of the shares, as determined, materially exceeds the amount which the corporation offered to pay therefor or if no offer was made, the court in its discretion may award to any shareholder who is a party to the proceeding such sum as the court determines to be reasonable compensation to any attorney or expert employed by the shareholder in the proceeding.

(10) Shares acquired by a corporation pursuant to payment of the agreed value thereof or pursuant to payment of the judgment entered therefor, as provided in this section, may be held and disposed of by such corporation as authorized but unissued shares of the corporation, except that, in the case of a merger, they may be held and disposed of as the plan of merger otherwise provides. The shares of the surviving corporation into which the shares of such dissenting shareholders would have been converted had they assented to the merger shall have the status of authorized but unissued shares of the surviving corporation.

History.—s. 120, ch. 89-154; s. 35, ch. 93-281; s. 32, ch. 97-102.

The 1999 Florida Statutes

[View Statutes](#)[Order Statutes](#)[Online Sunshine](#)[Print View](#)[Title XXXVI](#)[Chapter 607](#)[View Entire Chapter](#)[BUSINESS ORGANIZATIONS](#)[Corporations](#)

607.1302 Right of shareholders to dissent.

(1) Any shareholder of a corporation has the right to dissent from, and obtain payment of the fair value of his or her shares in the event of, any of the following corporate actions:

(a) Consummation of a plan of merger to which the corporation is a party:

1. If the shareholder is entitled to vote on the merger, or
2. If the corporation is a subsidiary that is merged with its parent under s. 607.1104, and the shareholders would have been entitled to vote on action taken, except for the applicability of s. 607.1104;

(b) Consummation of a sale or exchange of all, or substantially all, of the property of the corporation, other than in the usual and regular course of business, if the shareholder is entitled to vote on the sale or exchange pursuant to s. 607.1202, including a sale in dissolution but not including a sale pursuant to court order or a sale for cash pursuant to a plan by which all or substantially all of the net proceeds of the sale will be distributed to the shareholders within 1 year after the date of sale;

(c) As provided in s. 607.0902(11), the approval of a control-share acquisition;

(d) Consummation of a plan of share exchange to which the corporation is a party as the corporation the shares of which will be acquired, if the shareholder is entitled to vote on the plan;

(e) Any amendment of the articles of incorporation if the shareholder is entitled to vote on the amendment and if such amendment would adversely affect such shareholder by:

1. Altering or abolishing any preemptive rights attached to any of his or her shares;
2. Altering or abolishing the voting rights pertaining to any of his or her shares, except as such rights may be affected by the voting rights of new shares then being authorized of any existing or new class or series of shares;
3. Effecting an exchange, cancellation, or reclassification of any of his or her shares, when such exchange, cancellation, or reclassification would alter or abolish the shareholder's voting rights or alter his or her percentage of equity in the corporation, or effecting a reduction or cancellation of accrued dividends or other arrearages in respect to such shares;
4. Reducing the stated redemption price of any of the shareholder's redeemable shares, altering or abolishing any provision relating to any sinking fund for the

The Florida Statutes

redemption or purchase of any of his or her shares, or making any of his or her shares subject to redemption when they are not otherwise redeemable;

5. Making noncumulative, in whole or in part, dividends of any of the shareholder's preferred shares which had theretofore been cumulative;

6. Reducing the stated dividend preference of any of the shareholder's preferred shares; or

7. Reducing any stated preferential amount payable on any of the shareholder's preferred shares upon voluntary or involuntary liquidation; or

(f) Any corporate action taken, to the extent the articles of incorporation provide that a voting or nonvoting shareholder is entitled to dissent and obtain payment for his or her shares.

(2) A shareholder dissenting from any amendment specified in paragraph (1)(e) has the right to dissent only as to those of his or her shares which are adversely affected by the amendment.

(3) A shareholder may dissent as to less than all the shares registered in his or her name. In that event, the shareholder's rights shall be determined as if the shares as to which he or she has dissented and his or her other shares were registered in the names of different shareholders.

(4) Unless the articles of incorporation otherwise provide, this section does not apply with respect to a plan of merger or share exchange or a proposed sale or exchange of property, to the holders of shares of any class or series which, on the record date fixed to determine the shareholders entitled to vote at the meeting of shareholders at which such action is to be acted upon or to consent to any such action without a meeting, were either registered on a national securities exchange or designated as a national market system security on an interdealer quotation system by the National Association of Securities Dealers, Inc., or held of record by not fewer than 2,000 shareholders.

(5) A shareholder entitled to dissent and obtain payment for his or her shares under this section may not challenge the corporate action creating his or her entitlement unless the action is unlawful or fraudulent with respect to the shareholder or the corporation.

History.--s. 119, ch. 89-154; s. 5, ch. 94-327; s. 31, ch. 97-102.

STOCKHOLDER LOCK-UP LETTER AGREEMENT

April __, 2000

Pre-Cell Solutions, Inc.
255 East Drive, Suite C
Melbourne, Florida 32094

Gentlemen:

The undersigned shareholder of Pre-Paid Solutions, Inc. ("Pre-Paid"), in consideration of the merger (the "Merger") of Pre-Paid Acquisitions Corp. ("Merger Subsidiary"), a wholly owned subsidiary of Pre-Cell Solutions, Inc. ("Pre-Cell") with and into Pre-Paid and pursuant to the terms of the Merger And Reorganization Agreement by and among the undersigned, Pre-Paid, Merger Subsidiary and Pre-Cell ("Merger Agreement"), hereby agrees (i) not to sell any shares of Pre-Cell Common Stock acquired by him in or as a result of the Merger in exchange for his shares of Pre-Paid (collectively, the "Pre-Cell Shares") until six months after the Closing Date; and (ii) only sell up to a percentage of the Pre-Cell Shares as determined by the Pre-Cell Board of Directors during any three-month period beginning six months after the Closing Date and ending eighteen months after the Closing Date.

Notwithstanding the foregoing, the undersigned may transfer his Pre-Cell Shares to a member of his immediate family (or trusts established for their benefit) if and only if the transferee signs a lock-up agreement identical to this agreement.

The undersigned understands that a legend will be placed on the reverse side of each stock certificate representing the Pre-Cell Shares which states that the sale or transfer of the Pre-Cell Shares is subject to certain restrictions pursuant to this agreement. Any term used in this lock-up agreement but not defined herein shall have the meaning ascribed in the Merger Agreement.

Very truly yours,

By: _____
Signature:

Printed Name

Address:

EXHIBIT E

Pre-Paid Articles and By-Laws

ARTICLES OF INCORPORATION
OF
PRE-PAID SOLUTIONS, INC.

FILED
97 AUG -5 PM 1:02
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

ARTICLE I - NAME

The name of this corporation is PRE-PAID SOLUTIONS, INC.

ARTICLE II - DURATION

This corporation shall exist perpetually, commencing at the time of filing these articles with the Secretary of State of the State of Florida.

ARTICLE III - PURPOSE

The corporation is organized for the purposes of transacting any or all lawful business.

ARTICLE IV - CAPITAL STOCK

This corporation is authorized to issue Two Million (2,000,000) shares of One Cent (\$.01) par value common stock, which shall be designated "Common Shares." There shall be no other classes of stock.

ARTICLE V - VOTING RIGHTS

Except as otherwise provided by law, the entire voting power for the election of directors and for all other purposes shall be vested exclusively in the holders of the outstanding Common Shares.

ARTICLE VI - PREEMPTIVE RIGHTS

Every shareholder, upon the sale for cash of any new stock of this corporation of the same kind as that which he already holds, shall have the right to purchase his pro rata share thereof (as nearly as may be done without issuance of fractional shares) at the price at which it is offered to others.

ARTICLE VII - INITIAL REGISTERED OFFICE AND AGENT

The street address of the initial registered office of this corporation is: 444 North Harbor City Boulevard, Melbourne, Florida 32901 and the name of the initial registered agent of this corporation at that address is: Thomas E. Biddix.

ARTICLE VIII - MAILING ADDRESS

The mailing address of this corporation is 444 North Harbor City Boulevard, Melbourne, Florida 32901.

ARTICLE IX - INCORPORATOR

The name and address of the incorporation of the corporation is: THOMAS E. BIDDIX 444 North Harbor City Boulevard
Melbourne, FL 32901

ARTICLE X - BYLAWS

The power to adopt, alter, amend or repeal bylaws shall be vested in the Board of Directors and the shareholders.

ARTICLE XI - CALLING OF SPECIAL MEETINGS

Special meetings of shareholders may be called by the Board of Directors.

ARTICLE XII - SHAREHOLDER QUORUM AND VOTING

Fifty-One percent (51%) of the shares entitled to vote, represented in person or by proxy, shall constitute a quorum at a meeting of shareholders.

ARTICLE XIII - INDEMNIFICATION

The corporation shall indemnify any officer or director, or any former officer or director, to the full extent permitted by law.

ARTICLE XIV - AMENDMENT

This corporation reserves the right to amend or repeal any provisions contained in these articles of incorporation, or any amendment hereto, and any right conferred upon the shareholders is subject to this reservation.

IN WITNESS WHEREOF, the undersigned subscriber has executed these articles of incorporation this 24 day of July, 1997


THOMAS E. BIDDIX

STATE OF FLORIDA)
) SS
COUNTY OF BREVARD)

BE IT KNOWN that on the 24 day of July, 1997, before me, a Notary Public in and for the State of Florida duly commissioned and sworn, dwelling in Brevard County, personally came and appeared THOMAS E. BIDDIX who is personally known to me or who has produced a driver's license as identification and who did not take an oath.

IN TESTIMONY WHEREOF, I have hereunto subscribed my name and affixed my seal of office the day and year last above written.


Notary Public, State of Florida



Rose K. Rayner
MY COMMISSION & CREDENTIALS EXPIRES
March 11, 2001
ROSE K. RAYNER, Notary Public, State of Florida

ACCEPTANCE OF APPOINTMENT AS REGISTERED AGENT

I am familiar with and understand the duties of and hereby accept appointment as the registered agent of PRE-PAID SOLUTIONS, INC., pursuant to F.S. 607.0501(3), as the initial registered office of the Corporation at 444 North Harbor City Boulevard, Melbourne, Florida 32901. . .

DATED this 29th day of July, 1997.


THOMAS E. BIDDIX

FILED
97 AUG -5 PM 1:02
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**ARTICLES OF AMENDMENT
TO
ARTICLES OF INCORPORATION
OF
PRE-PAID SOLUTIONS, INC.**

FILED
99 MAR 16 PM 3:40
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

Pursuant to the provisions of Section 607.1006, Florida Statutes, this corporation adopts the following articles of amendment to its articles of incorporation:

FIRST: AMENDMENTS ADOPTED.

(A) ARTICLE IV. was amended to read as follows:

ARTICLE IV - CAPITAL STOCK

The total number of shares of all classes of stock which the corporation has authority to issue is Thirty Five Million (35,000,000) shares divided into two (2) classes. Twenty Five Million (25,000,000) shares of common stock and Ten Million (10,000,000) shares of preferred stock. The corporation is authorized to issue Twenty Five Million (25,000,000) of One Cent (\$.01) par value common stock. The corporation is authorized to issue Ten Million (10,000,000) shares of preferred stock. The Board of Directors is authorized to provide for the issuance of such stock in classes/series. . .and by filing the appropriate Articles of Amendment with the Secretary of State of Florida, is authorized to establish the number of shares to be included in each class/series. . .and the preferences, limitations and relative rights of each. . .class/series.

(B) ARTICLE VI. was amended to read as follows:


ARTICLE VI - PREEMPTIVE RIGHTS

Every shareholder, upon sale for cash of any new stock of the same kind as that which he already holds, shall have the right to purchase his pro rata share thereof (as nearly as may be done without issuance of fractional shares) at the price at which it is offered to others. However, these preemptive rights shall be terminated and voided if: (i) the corporation merges with another entity; (ii) engages in a public offering of its stock; or (iii) enters into an agreement with a third party which, as further defined by the Board of Directors, would result in significant funding of the corporation's operations or the acquisition of a significant equity position in the company by a third party funding source.

SECOND: The date of each amendment's adoption was April 6, 1998.

THIRD: The amendments were approved by the shareholders. The number of votes cast for the amendments were sufficient for approval.

Signed this 15th day of March, 1999.


Thomas E. Biddix
Chairman of the Board

**ARTICLES OF AMENDMENT TO THE
ARTICLES OF INCORPORATION OF
PRE-PAID SOLUTIONS, INC.**

The undersigned, acting in his capacity as the President of Pre-Paid Solutions, Inc. (the "Corporation"), a Florida corporation, on behalf of the Corporation, has executed these Articles of Amendment to the Articles of Incorporation (the "Articles of Amendment") of the Corporation.

**ARTICLE I
NAME**

The name of the corporation is: Pre-Paid Solutions, Inc.

**ARTICLE II
AMENDMENT**

The Articles of Incorporation of the Corporation are hereby amended as follows:

Article VI - Preemptive Rights of the Corporation's Articles of Incorporation is hereby deleted in its entirety.

**ARTICLE III
APPROVAL**

This Amendment to the Articles of Incorporation of the Corporation was approved and adopted by the Board of Directors of the Corporation and the Shareholders of the Corporation at a meeting properly called and held on April 12, 1999, and the number of votes cast for the amendment by the Shareholders was sufficient for approval.

In Witness Whereof the undersigned has executed these Articles of Amendment to Articles of Incorporation this 23rd day of April, 1999.

PRE-PAID SOLUTIONS, INC.

By: Thomas Biddix President

FILED
89 APR 28 PM 4:32
SECRETARY OF STATE
TALLAHASSEE, FLORIDA

**BY-LAWS
of
PRE-PAID SOLUTIONS, INC.**

ARTICLE I.

MEETING OF STOCKHOLDERS

SECTION 1. ANNUAL MEETING. The annual meeting of the stockholders shall be held at the principal office of the Corporation, or at such other places as the Board of Directors may from time to time determine, either within or without the State of Florida, no later than 15 days prior to the end of the corporation's fiscal year at 10:00 in the morning on the meeting day. (If the day so designated shall fall upon a Sunday or a legal holiday, then the meeting shall be held upon the first business day thereafter.) The Secretary shall serve personally, or by mail, a written notice thereof, not less than five nor more than ten days previous to such meeting, addressed to each stockholder at his address as it appears on the stock book; but at any meeting at which all stockholders shall be present, or of which all stockholders not present have waived notice in writing, the giving of notice as above required may be dispensed with.

SECTION 2. SPECIAL MEETING. Special meetings of stockholders other than those regulated by statute, may be called at any time by a majority of the Directors. Notice of such meeting stating the purpose for which it is called shall be served personally or by mail by the Secretary not less than five days before the date set for such meeting. If mailed, it shall be directed to a stockholder at his address as it appears on the stock book; but any meeting of which all stockholders shall be present, or of which stockholders

not present have waived notice in writing, the giving of notice as above described may be dispensed with. The Board of Directors shall also, in like manner, call a special meeting of stockholders whenever so requested in writing by stockholders representing not less than a majority of the capital stock of the company. The President may in his discretion call a special meeting of stockholders upon five days' notice. No business other than that specified in the call for the meeting shall be transacted at any meeting of the stockholders, except upon the unanimous consent of all the stockholders entitled to notice thereof. Special meetings may be held within or outside the State of Florida.

SECTION 3. VOTING. At all meetings of the stockholders, each stockholder of the corporation shall be entitled at each proposal presented at the meeting to one vote for each share of voting stock recorded in the name of such stockholder on the books of the company. Votes may be cast in person or by written authorized proxy.

SECTION 4. PROXY. Each proxy must be executed in writing by the stockholder of the corporation, or his duly authorized attorney. No proxy shall be valid after the expiration of eleven (11) months from the date of its execution unless it shall have specified therein its duration.

SECTION 5. QUORUM. A majority of the stock entitled to vote shall constitute a quorum at any stockholders' meeting, but any number of stockholders even if less than a quorum, may adjourn the meeting from time to time and place to place.

SECTION 6. RECORD DATE. The Board of Directors may fix a date not more than forty days prior to the date set for a meeting of stockholders as the record date as of which the stockholders of record who have the right to and are entitled to notice of and to vote at the meeting and any adjournment thereof shall be determined, but in such case notice that such day has been fixed shall be published at least five days before the day to be fixed in a newspaper published in the city or county where the principal office of the corporation is located and in each city where an agency for transfer of shares is maintained.

SECTION 7. VALIDATION. When stockholders who hold four-fifths of the voting stock having the right and being entitled to vote at any meeting shall be present at such meeting, however called or notified, and shall sign a written consent thereto on the record of the meeting, the acts of such meeting shall be as valid as if legally called and notified.

ARTICLE II.

DIRECTORS

SECTION 1. NUMBER. The affairs and business of this corporation shall be managed by its stockholders as the Board of Directors.

The Directors shall be of a full age and at least one such Director shall be a citizen of the United States of America and a resident of the State of Florida.

SECTION 2. HOW ELECTED. At the annual meeting of stockholders, all stockholders shall be elected as Directors unless

any such stockholders shall expressly waive its right to serve on the Board of Directors. The Board of Directors as elected shall serve until the next annual meeting of the stockholders and election and qualification of their successors.

SECTION 3. TERM OF OFFICE. The term of office of each of the Directors shall be one (1) year, and thereafter until his successor has been elected and qualified.

SECTION 4. DUTIES. The Board of Directors shall have the control and general management of the affairs and business of the corporation. Such Directors shall in all cases act as a Board, regularly convened, by two-thirds vote, and they may adopt such rules and regulations for the conduct of their meetings and the management of the company as they may deem proper, not inconsistent with these By-Laws and the laws of the State of Florida.

SECTION 5. DIRECTORS' MEETINGS. Regular meetings of the Board of Directors shall be held immediately following the annual meeting of the stockholders, and at such other times as the Board of Directors may be called by the President at any time and shall be called by the President or the Secretary upon the written request of one Director. Directors' meetings may be held within or without the State of Florida.

SECTION 6. NOTICE OF MEETINGS. Notice of meetings, other than the regular annual meeting, shall be given by service upon each Director in person, or by mailing to him at his last known post office address, at least five days before the date therein designated for such meeting including the day of mailing, of a

written or printed notice thereof specifying the time and place of such meeting, and the business to be brought before the meeting, and no business other than that specified in such notice shall be transacted if the meeting had been duly called.

SECTION 7. VOTING. At all meetings of the Board of Directors, each Director is to have one vote, irrespective of the number of shares of stock that he may hold.

SECTION 8. VACANCIES. Vacancies in the Board occurring between annual meetings shall be filled for the unexpired portion of the term by a majority of the remaining Directors.

SECTION 9. REMOVAL OF DIRECTORS. Any one or more of the Directors may be removed either with or without cause, at any time by a vote of the stockholders holding a majority of the stock, at any special meeting called for the purpose.

SECTION 10. WAIVER OF NOTICE. Whenever by statute, the provisions of the Articles of Incorporation or these By-Laws, the stockholders or the Board of Directors are authorized to take any action after notice, such notice may be waived, in writing, before or after the holding of the meeting, by the person or persons entitled to such notice, or, in the case of a stockholder, by his attorney thereunto authorized.

SECTION 11. QUORUM. At any meeting of the Board of Directors, two-thirds of the Board shall constitute a quorum for the transaction of business, but in the event of a quorum not being present, a lesser number may adjourn the meeting to some future time, no more than five days later. The number of Directors who

shall be present at any meeting of the Board of Directors in order to constitute a quorum for the transaction of any business or any specified item of business shall be one Director.

If a quorum shall not be present at any meeting of the Board of Directors, those present may adjourn the meeting from time to time until a quorum shall be present.

SECTION 12. EXECUTIVE COMMITTEE. The Board of Directors may, by resolution, designate one or more of their number to constitute an Executive Committee, who, to the extent provided in such resolution, shall have and may exercise the powers of the Board of Directors.

ARTICLE III.

OFFICERS

SECTION 1. OFFICERS. This corporation shall have a President and a Secretary, and such other officers as shall be elected, from time to time, by the Board. Any person may hold two or more offices.

SECTION 2. ELECTION. All officers of the corporation shall be elected annually by the Board of Directors at its meeting held immediately after the meeting of stockholders, and shall hold office for the term of one (1) year, or until their successors are duly elected. Officers need not be members of the Board. The Board may appoint such other officers, agents and employees as it shall deem necessary who shall have authority and shall perform such duties as from time to time shall be prescribed by the Board.

SECTION 3. DUTIES OF OFFICERS. The duties and powers of the officers of the corporation shall be as follows:

PRESIDENT: The President shall be the chief executive officer of the corporation, and shall have general and active management of the business and affairs of the corporation subject to the directions of the Board of Directors, and shall preside at all meetings of the stockholders and Board of Directors, unless a Chairman is elected as one of the officers of the corporation, in which case the Chairman of the Board shall preside. He shall have custody of all corporate funds and financial records, shall keep full and accurate accounts of receipts and disbursements and render account thereof at the annual meetings of the stockholders and whenever else required by the Board of Directors and shall perform such other duties as may be prescribed by the Board of Directors.

SECRETARY: The Secretary shall have custody of, and maintain all of the corporate records except the financial records, shall record the minutes of all meetings of the stockholders and Board of Directors, send out all notices of meetings, and perform such other duties as may be prescribed by the Board of Directors or President.

SECTION 4. BOND. Any officer shall, if required by the Board of Directors, give to the corporation such security for the faithful discharge of his duties as the Board may direct.

SECTION 5. VACANCIES, HOW FILLED. All vacancies in any office shall be filled by the Board of Directors without undue delay at its regular meeting or at a meeting specially called for that purpose. In the case of the absence of any officer of the

corporation or for any reason that the Board of Directors may deem sufficient, the Board may, except as specifically otherwise provided in these By-Laws, delegate the powers or duties of such officers to any other officer or director for the time being, provided two-thirds of the entire Board concur therein.

SECTION 6. COMPENSATION OF OFFICERS. The officers shall receive such salary or compensation as may be determined by the Board of Directors.

SECTION 7. REMOVAL OF OFFICERS. The Board of Directors may remove any officer by a two-thirds vote, at any time with or without cause.

ARTICLE IV.

CERTIFICATES OF STOCK

SECTION 1. DESCRIPTION OF STOCK CERTIFICATES. The certificates of stock shall be numbered in the order in which they are issued. They should be in a book and shall be issued in consecutive order and a record of the name of the person owning the shares, with the date of issuance and number thereof, shall be kept by the Secretary. Such certificates shall exhibit the holder's name and the number of shares. They shall be signed by the President or Vice-President, and counter-signed by the Secretary, and sealed with the seal of the corporation.

SECTION 2. TRANSFER OF STOCK. The stock of the corporation shall be assignable and transferable on the books of the corporation only by the person in whose name it appears on said books, his legal representatives or by duly authorized agent. In

case of transfer by attorney, the power of attorney, duly executed and acknowledged, shall be deposited with the Secretary. In all cases of transfer, the former certificate must be surrendered up and canceled before a new certificate can be issued.

SECTION 3. LOST CERTIFICATES. If a stockholder shall claim to have lost or destroyed a certificate or certificates of stock issued by the corporation, the Board of Directors may direct, at its discretion, a new certificate or certificates issued, upon the making of an Affidavit of that fact by the person claiming the certificate of stock to be destroyed or lost, and upon the deposit of a bond or other indemnity in such amount and with such sureties, if any, as the Board may require.

ARTICLE V.

SEAL

The corporate seal shall have the name of the corporation and the word "seal" inscribed thereon, and may be a facsimile, engraved, printed or an impression seal.

ARTICLE VI.

DIVIDENDS

SECTION 1. WHEN DECLARED. The Board of Directors shall vote declared dividends from net earnings or from surplus of the assets over liabilities including capital, whenever, in their opinion, the condition of the corporation affairs will render it expedient for such dividends to be declared. When the Board of Directors shall so determine the dividends may be paid in stock.

SEPT. 15, 1997

**MINUTES FROM THE SPECIAL MEETING OF THE BOARD OF DIRECTORS
OF PRE PAID SOLUTIONS, INC.**

A special meeting of the Board of Directors of Pre Paid Solutions, Inc., a Florida Corporation, was held at 492 East Eau Gallie Blvd., Indian Harbour Beach, FL 32937 on September 15, 1997.

Mr. Thomas Biddix, Chairman, presided at the meeting and called the meeting to order at 6:45 P.M. stating that all directors were personally delivered notice of meeting at least 5 days prior to the date of this meeting and a copy of the notice is attached.

The following were present at the meeting: Thomas Biddix and Timothy McWilliams.

The following by-law changes were presented and discussed:

Article II

Section II, How Elected:

Directors shall be elected at the annual meeting of the stockholders.

The Board of Directors as elected shall serve until the next annual meeting of the Stockholder and election and qualifications of their successors.

Section IV, Duties:

The Board of Directors shall have the control and general management of the affairs and business of the corporation. Such Directors shall in all cases act as a Board, regularly convened, by majority vote, and they may adopt such rules and regulations for the conduct of their meetings and the management of the company as they may deem proper, not inconsistent with these by-laws and the laws of the State of Florida.


Mr. McWilliams made a motion to accept and replace the by-law changes as proposed and Mr. Biddix seconded the motion.

The motion was carried by unanimous consent.

As there was no further business, the meeting was adjourned at 7:00 P.M.

Dated: 9-15-97


Timothy E. McWilliams, Secretary


Thomas E. Biddix, Chairman

Sept. 15, 1997

RESOLUTION

I, as Secretary of Prepaid Solutions, Inc. a Corporation duly organized and existing under the laws of the State of Florida, hereby certify that a meeting of the Board of Directors was duly called and held at it's office in the city of Melbourne, State of Florida, on the 15th day of September, 1997; that at said meeting the following resolution on motion duly made and seconded was unanimously adopted and is in full force and effect.

Resolution: The By-laws shall read as follows:

ARTICLE II.**SECTION II. HOW ELECTED:**

Directors shall be elected at the annual meeting of the stockholders.

The Board of Directors as elected shall serve until the next annual meeting of the Stockholders and election and qualification of their successors.

SECTION IV. DUTIES:

The Board of Directors shall have the control and general management of the affairs and business of the corporation. Such Directors shall in all cases act as a Board, regularly convened, by majority vote, and they may adopt such rules and regulations for the conduct of their meetings and the management of the company as they may deem proper, not inconsistent with these By-Laws and the laws of the State of Florida.

IN WITNESS WHEREOF, I have set my hand as Secretary of said Corporation and affixed the corporate seal this 15 day of September, 1997.



Timothy F. McWilliams
Secretary

EXHIBIT F

Pre-Paid Financial Statements

DRAFT**PRE-PAID SOLUTIONS, INC. AND SUBSIDIARY
CONSOLIDATED BALANCE SHEETS**

	June 30,	
	<u>1999</u>	<u>1998</u>
Assets		
Current assets:		
Cash	\$ 14,856	\$ 81,237
Accounts receivable	40,158	7,424
Inventory	13,592	-
Prepaid expenses	<u>2,527</u>	<u>13,379</u>
Total current assets	71,131	112,040
Long-lived assets	627,588	295,368
Other assets	<u>23,748</u>	<u>4,324</u>
Total assets	<u>\$ 722,467</u>	<u>\$ 411,732</u>
Liabilities and Stockholders' Deficit		
Current liabilities:		
Notes payable	\$ 975,689	\$ 214,808
Accounts payable	200,955	211,718
Accrued expenses	243,602	52,145
Current portion of long-term debt	<u>35,691</u>	<u>1,512</u>
Total current liabilities	1,456,137	480,183
Long-term liabilities	25,446	146,262
Total liabilities	1,481,583	626,445
Stockholders' deficit:		
Preferred stock, 10,000,000 shares authorized issued and outstanding, none	-	-
Common stock, \$.01 par value, 20,000,000 shares authorized 3,497,334 and 2,369,834 shares issued and outstanding	34,973	23,698
Additional paid-in capital	1,216,533	542,808
Translation gain	59,226	8,983
Accumulated deficit	<u>(2,069,848)</u>	<u>(790,202)</u>
Total stockholders' deficit	<u>(759,116)</u>	<u>(214,713)</u>
Total liabilities and stockholders' deficit	<u>\$ 722,467</u>	<u>\$ 411,732</u>

See accompanying summary of significant accounting policies
and notes to consolidated financial statements

DRAFT**PRE-PAID SOLUTIONS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF OPERATIONS****For the year ended June 30, 1999 and the period
August 7, 1997 (date of inception) through June 30, 1998**

	<u>1999</u>	<u>1998</u>
Revenues	\$ 1,431,426	\$ 85,534
Direct costs	1,254,452	303,807
Other expenses	<u>1,363,951</u>	<u>532,191</u>
Operating loss	(1,186,977)	(750,464)
Interest and other expense	<u>95,946</u>	<u>39,738</u>
Net loss	<u>\$ (1,282,923)</u>	<u>\$ (790,202)</u>

See accompanying summary of significant accounting policies
and notes to consolidated financial statements

DRAFT

PRE-PAID SOLUTIONS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

	<u>Preferred Stock</u>		<u>Common Stock</u>		<u>Additional</u>	<u>Translation</u>	<u>Accumulated</u>
	<u>Number</u>	<u>Value</u>	<u>Number</u>	<u>Par</u>	<u>Paid-In</u>	<u>Gain</u>	<u>Deficit</u>
	<u>of Shares</u>		<u>of Shares</u>	<u>Value</u>	<u>Capital</u>		
Balance August 7, 1997 (date of inception)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Common stock issued to founders	-	-	1,850,500	18,505	(18,505)	-	-
Common stock issued for cash	-	-	676,334	6,763	533,243	-	-
Common stock issued for services	-	-	34,000	340	28,160	-	-
Translation gain	-	-	-	-	-	8,883	-
Net loss	-	-	-	-	-	-	(780,202)
Balance June 30, 1998	-	-	2,389,834	23,898	542,808	8,883	(780,202)
Common stock issued for cash	-	-	838,884	8,389	532,303	-	-
Common stock issued for conversion of debt	-	-	288,618	2,886	141,422	-	-
Translation gain	-	-	-	-	-	50,243	3,277
Net loss	-	-	-	-	-	-	(1,282,823)
Balance June 30, 1999	\$ -	\$ -	\$ 3,497,334	\$ 34,873	\$ 1,216,533	\$ 59,226	\$ (2,069,848)

See accompanying summary of significant accounting policies
and notes to consolidated financial statements

DRAFT

**PRE-PAID SOLUTIONS, INC. AND SUBSIDIARY
CONSOLIDATED STATEMENT OF CASH FLOWS**

**For the year ended June 30, 1999 and the period
August 7, 1997 (date of inception) through June 30, 1998**

	<u>1999</u>	<u>1998</u>
Cash flows from operating activities:		
Net loss	\$ (1,282,923)	\$ (790,202)
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciations and amortization	104,479	30,599
Translation gain	59,227	8,983
Increase in accounts receivable	(32,733)	(7,424)
Increase in inventory	(13,592)	-
Decrease (increase) in prepaid expenses	10,852	(13,378)
Increase in accounts payable and accrued expenses	<u>610,490</u>	<u>290,363</u>
Net cash used by operating activities	(544,200)	(481,059)
Cash flows from investing activities:		
Payments for purchase of long-lived assets	(436,699)	(325,968)
Increase in other assets	<u>(19,424)</u>	<u>(4,324)</u>
Net cash used by investing activities	(456,123)	(330,292)
Cash flows from financing activities:		
Proceeds from the sale of common stock	534,986	540,006
Proceeds from the issuance of debt instruments	611,184	363,859
Repayments against debt instruments	<u>(222,228)</u>	<u>(1,277)</u>
Net cash provided by financing activities	<u>923,942</u>	<u>902,588</u>
Net increase (decrease) in cash	(76,381)	91,237
Cash at beginning of period	<u>91,237</u>	<u>-</u>
Cash at end of period	\$ <u>14,856</u>	\$ <u>91,237</u>

See accompanying summary of significant accounting policies
and notes to consolidated financial statements

**PRE-PAID SOLUTIONS, INC. AND SUBSIDIARY
SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**For the year ended June 30, 1999 and the period
August 7, 1997 (date of inception) through June 30, 1998**

BASIS OF PRESENTATION

The consolidated financial statements include the accounts of Pre-Paid Solutions, Inc. and its wholly owned subsidiary, Pre-Paid Solutions (Canada), Inc. (the "Company"). All significant intercompany accounts and transactions have been eliminated in consolidation. The accounts of Pre-Paid Solutions (Canada), Inc. were translated into U. S. dollars using the appropriate year-end rates for the balance sheet and the average rates during the periods for the statement of operations.

USE OF ESTIMATES

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

CASH

Cash consists of bank deposits, which at times may exceed federally insured limits.

INVENTORIES

Inventories are valued at the lower of first-in, first-out (FIFO) cost or market.

LONG-LIVED ASSETS

Long-lived assets are recorded at cost. The major component of long-lived assets is the data management system that controls the purchased air-time balances of customers and controls their ability to remotely reload air-time into their specialized cellular phones. Depreciation is calculated using the straight-line method over the estimated useful lives of the assets, generally five years.

Expenditures for repairs and maintenance are charged to operations as incurred.

INCOME TAXES

The Company accounts for income taxes using the liability method. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities. Measurement of deferred income tax is based on enacted tax rates and laws that will be in effect when the differences are expected to reverse, with the measurement of deferred income tax assets being reduced by available tax benefits not expected to be realized.

PRE-PAID SOLUTIONS, INC. AND SUBSIDIARY
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

**For the year ended June 30, 1999 and the period
August 7, 1997 (date of inception) through June 30, 1998**

1. BUSINESS

The Company provides to end-users, custom cellular phones through a network of distributors and dealer and airtime services on a prepaid basis. Customers use cellular phones purchased from the Company to access and use specified amounts of airtime, which they purchase in advance. The Company furnishes the airtime to customers by purchasing it from various local and long distance phone carriers through out the United States and Canada.

2. LONG-LIVED ASSETS

Long-lived assets consist of the following:

	<u>Estimated Useful life</u>	<u>1999</u>	<u>1998</u>
Data management system	5 years	\$625,304	\$296,786
Equipment	5 - 10 years	<u>136,395</u>	<u>29,181</u>
		761,699	325,967
Less accumulated depreciation		<u>134,111</u>	<u>30,599</u>
		<u>\$627,588</u>	<u>\$295,368</u>

3. NOTES PAYABLE

Notes payable consist of the following:

	<u>1999</u>	<u>1998</u>
Notes payable to shareholder due July 30, 1998, interest at compounded monthly at 18%, due at maturity; the note is past due at June 30, 1999 (see additional note below)	\$152,689	\$ 69,808
Note payable to shareholder due July 30, 1998, interest at 25% due January 30, 1999; interest subsequently settled for \$23,000	23,000	100,000
Note payable to vendor due \$30,767 per month, non-interest bearing	300,000	-
Note payable for working capital due July 8, 1999, interest at 10% due at note maturity	500,000	-
Note payable for working capital due upon demand, interest at prime plus 2.5% (11% at June 30, 1998)	-	45,000
	<u>\$975,689</u>	<u>\$214,808</u>

In conjunction with the borrowing from the first shareholder above, the Company granted a warrant to purchase from the Company up to 2.5% of the outstanding voting common stock at 50% of the publicly traded price or, if the stock is not publicly traded at the time of the exercise, at a price equal to the most recent arms length sales price. The warrant to purchase expires March 31, 2000.

4. LONG-TERM LIABILITIES

Long-term liabilities consists of the following:

	<u>1999</u>	<u>1998</u>
Equipment purchase obligations, due monthly, interest at 14.25% to 14.64%	\$ 2,414	\$ 3,465
Installment note payable to vendor due monthly, interest at 15.25%	58,923	-
Less current maturities	<u>(35,891)</u>	<u>(1,512)</u>
	<u>\$ 25,445</u>	<u>\$ 1,953</u>

As of June 30, 1999 the aggregate amount of long-term liabilities maturing in future years is \$35,891 in 2000 and \$25,445 in 2001.

5. ACCRUED EXPENSES

Accrued expenses consist of the following:

	<u>1999</u>	<u>1998</u>
Accrued compensation	\$231,363	\$41,084
Accrued interest and other	<u>12,239</u>	<u>11,061</u>
	<u>\$243,602</u>	<u>\$52,145</u>

6. INCOME TAXES

At June 30, 1999, the Company had unused federal tax net operating losses (NOLs) to carry forward against future years' taxable income of approximately \$2,000,000 expiring in various amounts through 2019.

7. COMMITMENTS AND CONTINGENCIES**LEASES**

The Company conducts its operations from leased facilities in both Florida and Canada. These leases are classified as operating leases and expire on various dates during 2000. As of June 30, 1999, future minimum lease payments under these operating leases total \$16,144.

EMPLOYMENT AGREEMENTS

The Company has entered into employment agreements with its senior executive officers expiring at December 31, 2003. As of June 30, 1999, the Company's total noncancellable obligation under all employment agreements is approximately \$1,485,000.

LETTER OF CREDIT

The Company is contingently liable under the terms of a letter of credit of up to \$500,000 issued to secure credit from certain of its suppliers of cellular phone airtime. The letter of credit is secured by a \$500,000 certificate of deposit owned by Teletouch, who has in turn holds a contingent note from the company. As of June 30, 1999, there were no claims against the letter of credit.

LITIGATION

On September 21, 1999, the Company was named as a defendant in a lawsuit alleging patent infringement arising out of having made, used, offered for sale and/or sold in the United States products which infringe one or more claims of Patent No. 5,631,947. The claim for monetary damages is undisclosed. While any litigation or investigation has an element of uncertainty, in the opinion of management and legal counsel, there is no reasonable probability at present of any substantial liabilities arising out of this matter.

The Company is involved in various other lawsuits and litigation matters on an ongoing basis as a result of its day-to-day operations. However, the Company does not believe that any of these other or any threatened lawsuits and litigation matters will have a material adverse effect on the Company's financial position or results of operations.

8. STOCK OPTION PLANS

The Company has adopted an Employee Stock Option Plan (Employee Plan) and a Director Stock Option Plan (Director Plan).

Under the Employee Plan options are granted at the direction of the Compensation Committee of the Board of Directors. The options are to be granted at fair market value or above and generally vest one-third upon grant and one third each year thereafter. The Committee may grant earlier vesting periods. The Committee also determines the period of the options, however, options generally expire ninety days after termination. There were initially 500,000 share reserved for issuance under the plan.

Under the Director Plan options are granted Directors of the Company at specified anniversary dates and at specified quantities according to board and committee positions. The options are to be granted at fair market value or above and vest one-third upon grant and one third each year thereafter. Generally the options are for a period of five years but generally expire ninety days after termination. There were initially 300,000 share reserved for issuance under the plan.

The Company applies APB Opinion 25, "Accounting for Stock Issued to Employees," and related interpretations in accounting for options issued to employees. Accordingly, no compensation cost has been recognized for options granted to employees at exercise prices that equal or exceed the market price of the Company's common stock at the date of grant. Options granted at exercise prices below market prices are recognized as compensation cost measured as the difference between market price and exercise price at the date of grant. Statement of Financial Accounting Standards No. 123 (FAS 123) "Accounting for Stock-Based Compensation," requires the Company to provide pro forma information regarding net income and earnings per share as if compensation cost for the Company's employee stock options had been determined in accordance with the fair market value based on the method prescribed in FAS 123. The Company estimates the fair value of each stock option at the grant date by using the Black-Scholes option-pricing model with the following weighted-average assumptions used for grants in the years ended June 30, 1999 and 1998, respectively: no dividend yield, an expected life of 5.0 and 4.0 years; expected volatility of xx% and xx%, and a risk-free interest rate of x.x% and x.x%.

Under the accounting provisions of FAS 123, the Company's net loss would have been increased to the pro forma amounts indicated below:

	<u>1999</u>	<u>1998</u>
Net loss:		
As reported	\$ (1,282,923)	\$ (790,202)
Pro forma	\$ (x,xxx,xxx)	\$ (xxx,xxx)

The following table summarizes the stock option activity for the periods June 30, 1999 and 1998:

	<u>Shares</u>	<u>Average Option Price</u>	<u>Estimated Market Price</u>
Outstanding, August 7, 1997 (date of inception)	-	-	-
Granted to employees	405,000	\$0.51	\$0.51
Granted to directors	50,000	1.02	1.00
Exercised	-	-	-
Outstanding, June 30, 1998	455,000		
Granted to directors	110,000	1.03	1.00
Granted to employees	10,000	1.00	1.00
Expired	(40,000)		
Exercised	-		
Outstanding, June 30, 1999	535,000		

9. SUPPLEMENTAL CASH FLOWS INFORMATION

Cash paid for interest for the period ended June 30, 1999 and June 30, 1998 was \$13,670 and \$3,449.

The Company's non-cash financing activities were as follows:

	<u>1999</u>	<u>1998</u>
Debt instruments issued for accounts payable	429,786	-
Common stock issued for debt instruments	144,308	-
Common stock issued for services	-	26,500

10. RELATED PARTY TRANSACTIONS

Under the terms of a sublease and an administrative services agreement, the Company provides office space and various administrative services to a company related by common ownership. The total value of these transactions during the period ended June 30, 1999 was \$14,649. It is believed that the values approximate those that would have been obtained in arms-length transactions.

11. YEAR 2000 (UNAUDITED)

Management has assessed the Company's exposure to date sensitive computer hardware and software programs that may not be operative subsequent to 1999 and has implemented a requisite course of action to minimize Year 2000 risk and ensure that neither significant costs nor disruption of normal business operations are encountered. However, because there is no guarantee that all systems of outside vendors or other entities affecting the Company's operations will be 2000 compliant, the Company remains susceptible to consequences of the Year 2000 issue.

12. SUBSEQUENT EVENTS

Subsequent to the end of the its fiscal year, the Company raised \$1,000,000 in two private placement offerings of its common stock. The first transaction, which closed in September 1999, involved 700,000 shares sold at \$1.00 per share. Each share includes a warrant to purchase one additional share of common stock at \$1.50 expiring September 29, 2004. The second transaction, which closed in November 1999, involved 300,000 shares on identical terms.

Prepaid Solutions, Inc.
Profit and Loss
 July through December 1999

Jul - Dec '99

Ordinary Income/Expense**Income**

4000 · Revenue

174,146.43

4100 · Airtime, Revenue

1,851,097.74

4300 · Phones & Pagers

19,319.87

4500 · Accessories

71,230.79

4700 · Other

2,115,794.83

Total 4000 · Revenue

2,115,794.83

Total Income**Cost of Goods Sold**

5000 · Cost Of Sales

5100 · Airtime

208,689.98

5130 · Airtime, COGS

20.46

5210.1 · Carrier Late Fee

629.17

5460 · Cards

209,339.61

Total 5100 · Airtime

5300 · Phones & Pagers

1,132,935.98

5310 · Phone, Domestic

98,219.41

5330 · Freight

119,081.76

5350 · Phone & Pagers Stock

320.50

5360 · Parts

2,447.10

5300 · Phones & Pagers · Other

1,353,004.73

Total 5300 · Phones & Pagers

5500 · Accessories

10,872.00

5530 · Recharge Pins

987.56

5635 · Phone Accessories

11,859.56

Total 5500 · Accessories

5400 · Salaries & Wages

31,628.90

5410 · Salaries & Wages · Techs

0.00

5420 · PPS Technical Support

31,628.90

Total 5400 · Salaries & Wages

1,365.32

5600 · Marketing

5700 · Other

3,517.55

5730 · Chips, COGS

3,517.55

Total 5700 · Other

3,020.80

5000 · Cost Of Sales - Other

1,613,736.47

Total 5000 · Cost Of Sales

1,613,736.47

Total COGS

502,058.36

Gross Profit**Expense**

6000 · Operations Overhead

52,442.48

6110 · Salaries & Wages - Operations

6310 · Production Supplies

2/16/00

Prepaid Solutions, Inc.
Profit and Loss
 July through December 1999

	<u>Jul - Dec '99</u>
6312 · Equipment	<u>9,388.30</u>
Total 6310 · Production Supplies	9,388.30
6540 · Contract Services	
6541 · Subcontractor Expense	1,072.73
6545 · Contract Services, Engineers	<u>1,092.50</u>
Total 6540 · Contract Services	2,165.23
6680 · Telephone Operations- IVR	<u>8,732.41</u>
Total 6000 · Operations Overhead	72,728.42
7100 · Sales & Marketing	
7110 · Salaries, Sales	30,033.50
7440 · Conventions, Booth & Setup	2,771.92
7510 · Advertising	
7513 · Advertising, Other	19,584.81
7614 · Advertising, Print	2,260.00
7515 · Advertising, Trade	3,500.00
7517 · Advertising - Promotional	2,321.57
7510 · Advertising - Other	<u>151.50</u>
Total 7510 · Advertising	27,797.88
7710 · Travel & Enter - Operations	
7720 · Travel Expense - Operations	
7721 · Conventions, Travel, Lodging	2,913.73
7722 · Business Development, Lodging	13.12
7723 · Conventions, Travel, Air	2,045.37
7724 · Business Development, Air	<u>285.50</u>
Total 7720 · Travel Expense - Operations	5,257.72
7740 · Meals & Enter.. Operations	
7742 · Conventions, Travel, Entertain	3,721.96
7743 · Business Development, Other	458.62
7744 · Conventions, Other	1,681.63
7741 · Business Development, Entert	<u>1,622.70</u>
Total 7740 · Meals & Enter.. Operations	7,484.91
Total 7710 · Travel & Enter - Operations	<u>12,742.63</u>
Total 7100 · Sales & Marketing	73,345.93
8000 · General & Administrative	
8110 · Salaries - Executive	
8113 · Salaries - Car Allowance	17,700.00
8114 · Salaries, Executive	171,346.39
8115 · Auto Allowances	286.04
8110 · Salaries - Executive - Other	<u>0.00</u>
Total 8110 · Salaries - Executive	189,332.43
8120 · Salaries-General & Admin	
8122 · Salaries - Finance	16,051.00
8123 · Salaries, Administrative	<u>15,284.87</u>

2/16/00

Prepaid Solutions, Inc.
Profit and Loss
 July through December 1999

	<u>Jul - Dec '99</u>
Total 8120 - Salaries-General & Admin	31,335.87
8250 - Tax, Payroll	22,352.19
8310 - Office Supplies	
8311 - Furniture Expense	206.70
8312 - Computer Hardware	3,751.09
8313 - Computer Software	1,128.97
8310 - Office Supplies - Other	<u>14,399.29</u>
Total 8310 - Office Supplies	19,486.05
8320 - Postage	3,018.00
8340 - Printing	22,387.92
8350 - Dues & Subscriptions	264.91
8380 - Repair & Maintenance	693.19
8410 - Rent Real Estate	
8411 - Rent, Office	14,608.14
8412 - Rent - Storage	<u>505.00</u>
Total 8410 - Rent Real Estate	15,113.14
8440 - Rent, Equipment	2,663.15
8480 - Rent Vehicles	
8481 - Auto Lease	<u>827.42</u>
Total 8480 - Rent Vehicles	827.42
Total 8000 - General & Administrative	307,474.27
8510 - Professional Services	
8511 - Legal & Accounting	73,823.91
8513 - Contract Services, Accounting	2,647.00
8514 - Contract Serv, Legal, Pat&Contr	<u>(2,828.20)</u>
Total 8510 - Professional Services	73,642.71
8540 - Contract Services -Other	
8542 - Internet Expense	8,193.67
8543 - Security Expense	190.50
8544 - Contract Services, Other	<u>24,428.58</u>
Total 8540 - Contract Services -Other	32,812.75
8580 - Bank Charges	
8581 - Bank Charges, Other	1,031.72
8583 - Bank Charges, Credit Card	687.11
8584 - Bank Charges, ACH	39.60
8585 - Credit Card Fees	<u>1,091.68</u>
Total 8580 - Bank Charges	2,850.11
8610 - Insurance, Comprehensive	2,220.61
8618 - Insurance, Workman's Comp	2,593.61
8636 - Taxes & Licenses	1,206.66
8670 - Electric, Water & Sewer	
8671 - Utilities	<u>2,120.16</u>
Total 8670 - Electric, Water & Sewer	2,120.16
8680 - Telephone Expense	

4/16/00

Prepaid Solutions, Inc.
Profit and Loss
 July through December 1999

	Jul - Dec '99
8682 • Telephone, Service	762.92
8683 • Telephone, Mobile	866.60
8684 • Telephone, Long Distance	4,133.56
8685 • Telephone, Internet	2,244.29
Total 8680 • Telephone Expense	8,007.37
8700 • Travel/Meals & Entertainment	
8720 • Travel Expense	
8721 • Auto Expense	5,671.48
8722 • Travel, Airfares	8,615.53
8723 • Travel, Lodging	6,827.17
Total 8720 • Travel Expense	21,114.18
8740 • Meals & Entertainment	
8741 • Meals/Entertainment	2,034.08
8742 • Travel, Entertainment	1,620.76
Total 8740 • Meals & Entertainment	3,654.84
Total 8700 • Travel/Meals & Entertainment	24,769.02
8770 • Investor/Shareholder Relations	0.00
8840 • Contributions	1,075.00
8860 • Bad Debt Expense	80.07
8880 • Miscellaneous	923.00
Total Expense	605,849.69
Net Ordinary Income	(103,791.33)
Other Income/Expense	
Other Income	
9000 • Interest & Other	
9080 • Miscellaneous Income	4,116.00
Total 9000 • Interest & Other	4,116.00
Total Other Income	4,116.00
Other Expense	
9100 • Other Expenses	
9110 • Sales Tax Disc / Penalties	300.00
9150 • Interest / Late Fees	13,662.18
Total 9100 • Other Expenses	13,962.18
Total Other Expense	13,962.18
Net Other Income	(9,846.18)
Net Income	(113,637.51)

Prepaid Solutions, Inc.

Balance Sheet

As of December 31, 1999

Dec 31, '99

ASSETS

Current Assets

Checking/Savings

1000 - Assets

1001 - Cash Petty - Executive Office

250.00

1009 - Harbor Federal Airtime 1445945

(72.74)

1010 - Harbor Federal Savings 1219993

38,404.13

1016 - New Cr. Card Acct. 1309240

13,581.13

Total 1000 - Assets

52,162.52

Total Checking/Savings

52,162.52

Accounts Receivable

1201 - Accounts Receivable

377,984.26

1205 - Accounts Receivable - Escrow

150,000.00

Total Accounts Receivable

527,984.26

Other Current Assets

1215 - Vendor Deposits

1217 - Carrier Tape Deposit

681.18

1219 - Due from American Express

3.17

Total 1215 - Vendor Deposits

684.35

1220 - Employee Receivables

1221 - Tom

45,382.57

1222 - Tim

5,288.39

1223 - Employee Rec - Other

1,584.54

Total 1220 - Employee Receivables

52,253.50

1300 - Inventory

1310 - Inventory - Phones

1312 - Inventory - In House Phones

510.00

1310 - Inventory - Phones - Other

255,513.36

Total 1310 - Inventory - Phones

256,023.36

1330 - Inventory-Acessories

(94.47)

1340 - Inventory - Chips

45.00

1350 - Inventory - Cards

629.71

1370 - Inventory - Recharge Pins

36.00

Total 1300 - Inventory

256,639.60

1499 - Undeposited Funds

611.00

1400 - Prepaid Expense

1410 - Prepaid Insurance

173.50

1430 - PrePaid Legal Expense

25,767.00

1440 - Prepaid Expenses

603.74

Total 1400 - Prepaid Expense

26,544.24

1500 - PrePaid Postage (In & Out)

1505 - Shipping Out Permit #677

(15.70)

1506 - Shipping In Permit # 5

1,622.20

Total 1500 - PrePaid Postage (In & Out)

1,606.50

Prepaid Solutions, Inc.
Balance Sheet
 - As of December 31, 1999

	Dec 31, '99
Total Other Current Assets	338,339.19
Total Current Assets	918,485.97
Fixed Assets	
1600 - Long Lived - Assets	
1641 - IVR SYSTEM	626,097.56
1661 - Booth	78,355.10
1672 - Office Equipment	54,848.43
1673 - Software	62,419.00
1678 - Office Furniture	1,720.48
1600 - Long Lived - Assets - Other	13,184.68
Total 1600 - Long Lived - Assets	836,625.25
1700 - Accumulated Dep	
1750 - Accumulated Depreciation	(132,078.10)
Total 1700 - Accumulated Dep	(132,078.10)
Total Fixed Assets	704,547.15
Other Assets	
1800 - Inter-Company Accounts	
1810 - Investment in Subsidiary	540,885.52
Total 1800 - Inter-Company Accounts	540,885.52
1821 - Inter-Company Account Canada	(195,490.11)
1900 - Other Assets	
1013 - Colorado Sales Tax Deposit	50.00
1510 - Utility Deposits	745.00
1990 - Deposits	2,318.75
Total 1900 - Other Assets	3,113.75
Total Other Assets	348,509.16
TOTAL ASSETS	1,971,542.28
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
2100 - Accounts Payable	333,565.80
Total Accounts Payable	333,565.80
Credit Cards	
2303 - Comp USA	1,750.61
2301 - MBNA-Thomas Biddix	2,213.86
2302 - MBNA-Tim McWilliams	2,696.47
Total Credit Cards	6,660.94
Other Current Liabilities	
2002 - N/P Factoring Amerifund	48,639.00
2000 - Liabilities	
2010 - Notes Payable	

Prepaid Solutions, Inc.
Balance Sheet
As of December 31, 1999

	Dec 31, '99
2003 - Art Evans - Short Term	(500.00)
2004 - Joan McWilliams - Short Term	152,689.00
2005 - Loan Payable Pro-Cell	2,644.68
2007 - Teletouch Convertible to Equity	500,000.00
Total 2010 - Notes Payable	654,833.68
Total 2000 - Liabilities	654,833.68
2172 - Customer Deposits	
2180 - Customer Equipment Deposits	(4.62)
Total 2172 - Customer Deposits	(4.62)
2200 - Accrued Liabilities	
2201 - Accrued Executive Pay	
2208 - T. McWilliams Accrued Payroll	104,000.01
2209 - T. Biddix Accrued Payroll	115,384.60
Total 2201 - Accrued Executive Pay	219,384.61
2203 - Accrued payroll	5,373.98
2204 - Accrued Unemployment Taxes	
2213 - FUTA Payable	318.37
2214 - SUI Payables	1,074.53
Total 2204 - Accrued Unemployment Taxes	1,392.90
2205 - Accrued Vacation Pay	51,191.00
2200 - Accrued Liabilities - Other	10,763.89
Total 2200 - Accrued Liabilities	288,106.38
2151 - Sales Tax Payable	727.14
2500 - Current portion Long Term Debt	35,891.12
Total Other Current Liabilities	1,028,192.70
Total Current Liabilities	1,368,419.44
Long Term Liabilities	
2700 - Long-Term Liabilities	
2410 - Equipment Loan - Barnett	3,138.33
2420 - Equipment Loan-1st Union772745	(2,247.69)
2448 - Note Payable - American Express	40,639.86
Total 2700 - Long-Term Liabilities	41,530.50
2900 - Current Portion LTD	(35,891.12)
Total Long Term Liabilities	5,639.38
Total Liabilities	1,374,058.82
Equity	
3010 - Shareholders Equity	
3020 - Common Stock	
3021 - Common Stock at Par Value	34,973.34
Total 3020 - Common Stock	34,973.34

02/16/00

Prepaid Solutions, Inc.
Balance Sheet
As of December 31, 1999

	<u>Dec 31, '99</u>
Total 3010 - Shareholders Equity	34,973.34
3500 - Capital Contributed In Excess	
3501 - Capital	2,391,476.80
Total 3500 - Capital Contributed In Excess	2,391,476.80
3900 - Retained Earnings	(1,715,329.17)
Net Income	(113,637.51)
Total Equity	597,483.46
TOTAL LIABILITIES & EQUITY	1,971,542.28

EXHIBIT G

Restrictive Legend

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED ("ACT") OR APPLICABLE STATE SECURITIES LAWS AND MAY NOT BE SOLD, PLEDGED, OR OTHERWISE TRANSFERRED WITHOUT AN EFFECTIVE REGISTRATION STATEMENT WITH RESPECT THERETO UNDER THE ACT OR PURSUANT TO AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SAID ACT AND COMPLIANCE WITH ANY APPLICABLE STATE SECURITIES LAW, OR UNLESS THE COMPANY RECEIVES AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY AND ITS COUNSEL THAT SUCH REGISTRATION IS NOT REQUIRED..

THE SALE OF THIS COMMON STOCK IS RESTRICTED PURSUANT TO THE TERMS OF A LOCK-UP AGREEMENT BETWEEN THE HOLDER AND THE COMPANY, COPIES OF WHICH ARE AVAILABLE UPON REQUEST.

SCHEDULE 1.5

DIRECTORS/OFFICERS OF SURVIVING CORPORATION

Directors:

**THOMAS E. BIDDIX
TIMOTHY F. MCWILLIAMS
MARK KRENTZMAN**

Officers:

**Chief Executive Officer – Thomas E. Biddix
President & Chief Operating Officer – Thomas Fricks
Executive Vice President and
acting Chief Financial Officer – Timothy F. McWilliams**

Pre-Paid Solutions, Inc.
Outstanding Options and Warrants

SCHEDULE 2.5

Name	Tax ID Number	Option to be Issued	PPS Options	Price	Price	Term	Vesting	Expiration
Biddix, Thomas 688 Carriage Hill Rd. Melbourne, FL 32940	589-28-4982	169,149	60,000	\$ 1.10	\$ 0.39	10 years	100%	04/01/10
Biddix, Thomas 688 Carriage Hill Rd. Melbourne, FL 32940	589-28-4982	704,788	250,000	\$ 0.50	\$ 0.18	10 years	100%	04/01/10
McWilliams, Timothy F. 976 Villa Drive Melbourne, FL 32940	264-45-5685	225,532	80,000	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
McWilliams, Timothy F. 976 Villa Drive Melbourne, FL 32940	264-45-5685	422,873	150,000	\$ 0.50	\$ 0.18	10 years	100%	04/01/10
Utecht, Margaret Ann 1801 Island Club Drive Indianapolis, FL 32903	262-57-9242	25,936	9,200	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Powers, Kevin 2401 Wolf Creek Drive Melbourne, FL 32935	594-26-8506	48,489	17,200	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Bray, Betty 2500 Woodlake Drive # 202 Palm Bay, FL 32905	261-59-8845	4,691	1,664	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Brinson, Latisha 1079 Lamplighter DR. NW Palm Bay, FL 32907	264-77-2412	5,277	1,872	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Smith, Susan 605 Shorewood Drive 204 Cape Canaveral, FL 32920	217-58-4809	7,037	2,496	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Rowlett, Jonathan 169 Kristi Drive Indian Harbour Beach, FL 32937	267-91-4355	4,691	1,664	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Biddix, John P. 444 Blue Jay Lane Satellite Beach, FL 32937	592-20-7733	11,840	4,200	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Benson, Jeanine 124 San Juan Circle Melbourne, FL 32935	595-07-8216	7,037	2,496	\$ 1.00	\$ 0.35	10 years	100%	04/01/10

Pre-Paid Solutions, Inc.
Outstanding Options and Warrants

SCHEDULE 2.5

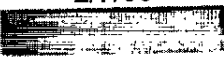
Name	Tax ID Number	Option to be Issued	PPS Options	Price	Price	Term	Vesting	Expiration
Biddix, Gall 444 Blue Jay Lane Satellite Beach, FL 32937	264-98-9727	20,298	7,200	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
Sweeney, Antoinette 1741 Sago Palm St. NE Palm Bay, FL 32905	325-46-3072	5,277	1,872	\$ 1.00	\$ 0.35	10 years	100%	04/01/10
1456 Shebrooke ST. W 3rd Floor Montreal, Canada H3G1K4								
Begley, William 6480 South Marina Way Stuart, FL 34996	149-34-4954	422,873	150,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
DeSano, Scott 29 Marlborough St. Boston, MA 02116	133-58-5663	704,788	250,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
Donovan, Walter 151 Tremont St. # 6F Boston, MA 02111	033-58-8257	704,788	250,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
Eigen, William 15 Parker Road Ashland, MA 01721	046-70-8857	140,958	50,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
Fitzgerald, Dan 961 North St. Greenwich, CT 06831	075-46-4114	422,873	150,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
Lawrence, Robert A. 284 Mattison Drive Concord, MA 01742	216-64-2156	140,958	50,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
Thakore, Nainoor C. 32 Garrison St. Apt. 50- 508 Boston, MA 02114	157-72-7939	281,915	100,000	\$ 1.50	\$ 0.53	5 years	100%	09/29/04
McWilliams, Joan 701 Tradewinds Dr. Indian Harbor Beach, FL 32937	539-30-1980	330,044	117,072					
TOTAL		4,953,066	1,756,936					

Schedule 4.4

Undisclosed Liabilities

None

**SCHEDULE 4.5
LIST OF LICENSES**

State	Cert. Of Authority	Sales Tax
	Date Received	Date Received
Alabama	2/7/00	2/17/00
Alaska	3/25/99	
Arizona	4/13/99	6/1/99
Colorado	4/22/99	1/13/00
Connecticut	4/20/99	
Delaware	4/22/99	
Florida	8/5/97	
Georgia	3/31/99	7/9/99
Idaho	4/5/99	6/1/99
Illinois	4/16/99	
Iowa	11/22/99	12/6/99
Louisiana	4/16/99	6/3/99
Maine	4/28/99	
Maryland	5/24/99	12/29/99
Massachusetts	4/12/99	
Michigan	4/19/99	
Minnesota	5/11/99	5/17/99
Missouri	4/5/99	
North Carolina	4/5/99	2/7/00
Oklahoma	4/13/99	
Oregon	5/13/99	
Pennsylvania	4/16/99	6/14/99
South Carolina	11/24/99	1/1/00
Tennessee	4/16/99	1/1/00
Texas	6/4/99	3/13/00
Vermont	5/10/99	
Washington	4/8/99	
West Virginia	6/1/99	7/1/99
Wisconsin	4/19/99	

SCHEDULE 4.8

LITIGATION

**TOPP TELECOM
99-2529
U.S. DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

SCHEDULE 4.9

REAL PROPERTY LEASE

**385 EAST DRIVE
MELBOURNE, FL. 32904**

ATTACHED

LEASE AGREEMENT

THIS LEASE AGREEMENT is entered into between John C. Armstrong, hereinafter referred to as "Landlord", and Desiree J. Williams, LLC, hereinafter referred to as "Tenant".

The parties agree as follows:

1. **PROPERTY:** The Landlord leases to the Tenant, 385 East Drive, Melbourne, Florida, more specifically described in Exhibit A-1 attached hereto, containing approximately 7,800 square feet.

2. **TERM:** The term of this lease shall be for 60 months.

Commencement date: ¹⁵March 1, 2000

Expiration date: ~~February 28, 2005~~

MARCH 15, 2005

3. **RENT:** Tenant agrees to pay to Landlord as rent:

Months One through Sixty: \$4,875.00 per month plus Florida State Sales Tax.

Rent payments are due the first of each month, in advance. The Tenant shall be obligated to pay the applicable Florida Sales Tax, currently assessed at 6.0% of the monthly lease rate.

Landlord shall be responsible for the payment of ad valorem taxes and building insurance.

The Tenant shall be obligated to pay the applicable sales tax imposed by any governmental authority on the rent set for above.

Landlord may adjust the rental amount on an annual basis to reflect increases in the included expenses over the base year, which shall be defined as the first year of this lease. Landlord shall give notice to Tenant no less than thirty (30) days prior to any increases in the base year.

4. **SECURITY DEPOSIT:** Tenant shall pay to Landlord at the time of execution hereof the sum of \$5,167.50 as security deposit to be held by Landlord during the term of this lease. Landlord shall not be required to pay interest on said security deposit nor segregate the same from its other funds. The Landlord shall be entitled to utilize said security deposit as follows:

- (a) Apply the same for any default in the payment of rent required hereunder.
- (b) Apply the same for any claim, damage or other charge on the leased premises for which the Tenant is liable.

If the Landlord applies said security deposit for any such purposes, and the Tenant remains in possession under this, the Tenant shall immediately pay to Landlord a sum equal to such charges in order to replenish the amount of the security deposit. If all sums due the Landlord from the Tenant shall have been paid at the expiration of the term of this lease, the Tenant shall be entitled to the return of the security deposit less a non-refundable cleaning fee of \$300.00.

5. **USE:** The Tenant's sole use of the leased premises shall be for Telecommunications and for no other purpose. Tenant may not store in the parking lot.

If the Tenant's permitted use increases the Landlord's cost of insurance for the particular use, as distinguished from general increases for the cost of insurance, the Tenant shall be solely responsible for said increased cost.

If the Tenant's use of the leased premises violates any governmental regulation, such as zoning or otherwise, such use shall be deemed prohibited by the terms of this lease. Landlord confirms that the use set forth above is not in violation of any matters in the preceding sentence.

6. **PARKING:** All truck parking shall be limited to those areas designated by Landlord. No vehicles may be repaired or serviced in the parking area, and any abandoned vehicles shall be removed from the premises and be considered a direct expense of Tenant.
7. **UTILITIES:** Tenant shall be responsible for the payment of lawn maintenance, water, refuse collection, electricity, telephone, or other utility charges
8. **WASTE:** The Tenant shall not commit nor suffer any waste upon the leased premises.
9. **INSURANCE:** The Tenant shall be responsible for maintaining its own insurance on any personal property or leasehold improvements that it may construct on the leased premises. The Tenant shall provide public liability insurance for the benefit of the Landlord and Tenant against liability for bodily injury and property damage in limits of \$500,000/\$1,000,000. Tenant shall furnish to Landlord within 5 days from the commencement of this lease, a certificate of such insurance. Premiums on such insurance shall be paid in advance at least annually and renewal certificates thereof shall be furnished annually to the Landlord.
10. **INDEMNIFICATION:** If not covered by insurance as set forth in Paragraph 9 above, the Tenant agrees to indemnify and hold the Landlord harmless from any and all claims that may arise from whatever source incident to the Tenant's negligence in the use of the leased premises. Such indemnification shall specifically include reasonable attorney's fees and costs for the defense of any litigation against Landlord, and any damages or judgments suffered by Landlord.
11. **REPAIRS AND MAINTENANCE:** The Tenant shall be responsible for the repair and maintenance of the interior of the leased premises including the cleanliness thereof except for the normal wear and tear and conditions existing at the time of commencement of lease. Tenant shall wash and clean all windows as often as is necessary to keep them clean and free from smudge and stains.

The Landlord shall be responsible for the repair and maintenance of the exterior and all structural components of the leased premises, including the parking areas, the expense of which shall be deemed a direct expense to Landlord unless said damage is caused by Tenant, his employees or agents.

- 12. SIGNS:** The Tenant shall not place any signs on the leased premises except as provided in Landlord's rules and regulations.
- 13. DESTRUCTION OF PREMISES:** In the event of (a) a partial destruction of the leased premises or the building during the lease term which requires repairs to either the leased premises or the building, or (b) the leased premises or the building being declared unsafe or unfit for occupancy by any authorized public authority for any reason other than Tenant's act, use or occupation which declaration requires repairs to either the leased premises or the building, Landlord shall forthwith make repairs, provided repairs can be made within sixty (60) days under the laws and regulations of authorized public authorities, but partial destruction (including any destruction necessary in order to make repairs required by any declaration) shall in no ways annul or void this lease except that Tenant shall be entitled to a proportionate reduction of rent while such repairs are being made. The proportionate reduction is to be based upon the extent to which the making of repairs or the damage to or unfitness of the building, shall interfere with the business carried on by Tenant in the leased premises. If repairs cannot be made within sixty (60) days, Landlord may at it's option, make same within a reasonable time, this lease continuing in full force and effect and the rent to be proportionately abated. Notwithstanding the previous sentence, if repairs cannot be made within sixty (60) days, Tenant may terminate this lease. In the event that Landlord does not so elect to make repairs that cannot be made within sixty (60) days, or repairs cannot be made under current laws and regulations, this lease may be terminated at the option of either party. A total destruction (including any destruction required by any authorized public authority) of either the leased premises or the building shall terminate this lease. In the event of any dispute between landlord and Tenant relative to the provisions of this paragraph they may each select an arbitrator, the two arbitrators so selected shall select a third arbitrator and the three arbitrators so selected shall hear and determine the controversy and their decision thereon shall be final and binding on both Landlord and Tenant who shall bear the cost of such arbitration equally between them. Landlord shall not be required to repair any property installed in the leased premises by the Tenant.
- 14. ASSIGNMENT AND SUBLETTING:** The Tenant shall not have the right to assign nor sublet the leased premises without the written consent of the Landlord, which consent shall not be unreasonably withheld. The Tenant shall not have the right to mortgage or pledge its leasehold interest to secure its debts to any third party. Landlord shall have the right to assign this lease.
- 15. CONDEMNATION:** If all or any portion of the leased premises shall be taken under the power of eminent domain, all damages arising from said condemnation shall be the property of the Landlord, and the Landlord shall have the option to terminate this lease.

16. SUBORDINATION: The Tenant's interest in this lease shall be subordinate and inferior to any mortgage presently encumbering the leased premises or which in the future will encumber the leased premises. Tenant acknowledges that the furnishing of a copy of this Lease Agreement to any existing or subsequent mortgagee of the leased premises during the term of this lease shall constitute a subordination to the Tenant's interest to such mortgage. Notwithstanding the foregoing Tenant's peaceful possession of said premises shall not be disturbed so long as Tenant is not in breach of this agreement.

17. RULES AND REGULATIONS: The Landlord specifically reserves the right to adopt such rules and regulations governing parking, signs, use of grounds, lighting, or other matters affecting the aesthetics of the building in which the leased premises are located for the mutual benefit of all tenants of the building. Such rules and regulations shall be binding upon the Tenant in the same manner as if said regulations were set forth in full herein. No regulation subsequently adopted by Landlord after the execution of this lease shall be inconsistent with any of the express provisions of this lease.

18. DEFAULT: If the Tenant defaults in any of the terms and conditions of this lease or Landlord's rules and regulations, including the payment of any money due the Landlord hereunder, the Landlord shall be entitled to the following cumulative remedies:

- (a) The Landlord may terminate this lease at its option;
- (b) The Landlord may institute an action of damages against Tenant;
- (c) The Landlord may impose a late charge of 5% of the monthly installment of rent or \$25.00, whichever is greater.
- (d) All sums owed to Landlord by Tenant shall bear interest at the maximum legal rate of interest in the State of Florida from the date said money was required to be paid to Landlord to the date of actual payment;
- (e) The Landlord shall be entitled to injunctive relief to enjoin Tenant's violations of any of the terms of this lease;
- (f) The Landlord shall be entitled to a lien against all property of the Tenant located on the leased premises to secure any money owed to Landlord by Tenant.
- (g) Apply all or any portion of the Tenant's security deposit to monies owed to Landlord by Tenant;
- (h) The Landlord may evict the Tenant and lease the leased premises to a third part of the account of the Tenant without releasing the Tenant from liability for the Tenant's obligations under this lease;
- (i) All of the foregoing remedies shall be in addition to any of the Landlords remedies provided by the laws of the State of Florida.

The Tenant agrees that the venue of any legal proceeding for the enforcement of this lease shall be in Brevard County, Florida, and the Tenant waives any rights of removal to federal court. In all legal proceedings commenced by Landlord hereunder, the prevailing party shall be entitled to all costs incurred, including reasonable attorney's fees at the trial and appellate level.

19. NOTICES: All notices to Landlord shall be mailed or delivered to Landlord at 375 East Drive, Melbourne, Florida 32904. All notices to Tenant shall be mailed or delivered to Tenant at 385 East Drive, Melbourne, Florida 32904.

20. ALTERATIONS: Tenant shall not make any alterations, additions or improvements to the leased premises (whether or not the same may be structural in nature) without Landlord's prior written consent, and all alterations, additions, or improvements made by either party hereto to the leased premises, except movable office furniture and equipment installed at Tenant's expense, shall be the property of Landlord and remain upon and be surrendered with the leased premises at the expiration of the term hereof; provided, however, that Landlord may require Tenant to remove any additions made by Tenant to the leased premises and to repair any damage caused by such removal, and provided further, that if Tenant has not removed its property and equipment within ten (10) days after the expiration or termination of this Lease, Landlord may elect to retain the same as abandoned property. Tenant shall only use contractors approved by Landlord for the permitted alterations to the leased premises and shall not permit any mechanics liens to be placed or remain upon the leased premises.

IN WITNESSES WHEREOF, the Landlord and Tenant have executed this lease this 7th day of FEB, 1999. 2000

LANDLORD:

By: [Signature]

Colleen Murphy

Witness as to Landlord

TENANT:

By: [Signature] CEO

Thomas B. DIX

Colleen Murphy

Witness as to Tenant

SCHEDULE 4.10

LIST OF LEASES ON PERSONAL PROPERTY

NEWCOURT LEASING – COMPUTER LEASE

SCHEDULE 4.13

LIST OF CONTRACTS AND AGREEMENTS

Employment Agreements: Thomas Biddix, Timothy McWilliams
Loan Agreements: Joan McWilliams
Loan Agreements: Teletouch
Consulting Agreement: Integra Group
CPA Agreement: Vestal & Wiler
Engagement Letter: Tobin & Reyes
Engineering & Consulting Agreement: Aztech Application Software

Carrier Agreements:
AT&T Wireless, GTE, Bell Atlantic Mobile
Bell South Mobility, Ameritech Cellular,
Airtouch Cellular, Western Wireless

SCHEDULE 4.14
CONTRACTS WITH CUSTOMER LISTS

	Company	Full Name	Contract
1	Carlea Electronics	Wayne Carter	Canadian - Contract through Nortel
2	Cell Max	Gary Gray	No - Mom & Pop - Orders filled through P.O.'s
3	CJW	Chris Ware	No - Mom & Pop - Orders filled through P.O.'s
4	Communication Design Group	Mark Lotstein	No - Pending
5	Electronic North	Germain	Canadian - Contract through Nortel
6	Esquire Cigar Store	David Swiergosz	Canadian - Contract through Nortel
7	Foto Shop North	Mr. Rhodes	Canadian - Contract through Nortel
8	Global Airways	Richard	No - Mom & Pop - Orders filled through P.O.'s
9	Global One Pre Paid Cards	Woodrow Vick	No - Mom & Pop - Orders filled through P.O.'s
10	GMS Auditing & Consulting Services	Gina M. Scialla	Yes
11	GoPhones.com	Ira Blout	Yes
12	Hook Ups	Sonya Hoaker	No - Mom & Pop - Orders filled through P.O.'s
13	IMI Telecommunications	John Kwacala	Yes
14	Infinity Telecards	Dennis Lowen	No - Pending
16	Intermessage Communciations	Kevin Moore	No - Mom & Pop - Orders filled through P.O.'s
17	Irvin Telecom/Hook Ups	JB Trotter	No - Pending
18	Neil Communications	Joe	Canadian - Contract through Nortel
19	Nexstar	Dan Jones	Yes
20	Nortel Mobility	Randy Winters	Canadian - Yes
21	Pager Plus	Bill Cook	Yes
22	PaySmart America	Akber Varani	Yes
23	PhoneTec	John Lowery	Letter of Intent
24	Prime Page	Sean Youngjohn	No - Mom & Pop - Orders filled through P.O.'s
25	Qwest	Dennis Gross	Letter of Intent - Contract Pending
26	Rent-A-Center	John Natale	No
27	Rick's Hi Fi	Rick Charleadis	Canadian - Contract through Nortel
28	SGS Marketing, Inc.	Karen Shoen	Yes
29	Spacek	Gary	Canadian - Contract through Nortel
30	Telefouch	Doug Sloan	Contract Pending
31	Timmins Tire Sales	Chuck Guy	Canadian - Contract through Nortel
32	Union Telephone	Lonnie Meeks	Contract Pending
33	Wayne Bottiger	Wayne Bottiger	Yes
34	West End Communications	Robert McMacallum	No

SCHEDULE 4.17

ABSENCE OF CHANGES

NONE

SCHEDULE 4.20(a)

TRADEMARKS

**PRE-CELL SOLUTIONS, INC.
EZPREPAID**

PATENTS

APPLICATION # 08-977-735

Application for Prepaid Chip

SCHEDULE 4.20(b)

PROPRIETARY RIGHTS

NONE

SCHEDULE 4.20(c)

MATERIAL DATABASES AND COMPUTER SOFTWARE OWNED

Vendor	Product	Number of Copies
3COM	Ether CD XL	6
3COM	Office Connect	6
Adobe	PhotoDeluxe	2
American Roamer	Roam Trac	3
Ascend	Pipeline Companion/Documentation	1
BAM	I2K Reseller	1
Corel	Office Professional 7	1
Corel	WordPerfect Suite 8	2
Corex	CardScan Series 300	1
Creative	Sound Blaster 16	1
DataStorm	ProComm Plus	1
DFI	Mainboard Utility	1
GTE	Internetworking	2
HP	LaserJet Internet Publishing Kit	1
HP	Xtra CD	1
IBM	56K Modem Internet Kit	2
INSO	QuickView Plus	1
Intel	LANDesk Client Manager	3
Intel	LANDesk Server Manager	1
Intel	Netport Express	1
Intuit	Quick Books	1
Intuit	Quick Books Pro	1 (multi-license)
Intuit	Quick Books Pro 99 Upgrade	1 (multi-license)
Intuit	Tax Table Update	1
MapInfo	MapX	1
MapInfo	Professional	1
McAfee	Nuts & Bolts	1
McAfee	Virus Scan	7

McAfee	Virus Scan Deluxe	1
Microchip	Development System	1
Microsoft	Access 97 Upgrade	1
Microsoft	Bookshelf	3
Microsoft	MapPoint 2000	1
Microsoft	Money 98	1
Microsoft	MSDN Library	2
Microsoft	Office 2000 Premium	2
Microsoft	Office 2000 Small Business	5
Microsoft	Office Developer	1
Microsoft	Outlook 98	1
Microsoft	Outlook 98 Upgrade	2
Microsoft	Project 98	1
Microsoft	SQL Server 7.0	1
Microsoft	SQL Server 7.0 Upgrade	1
Microsoft	Virtual Machine	1
Microsoft	Visual Basic	1
Microsoft	Visual Studio 6.0/Service Pack	1
Microsoft	Win Fax Pro	1
Microsoft	Windows 95	1
Microsoft	Windows 95 Plus	1
Microsoft	Windows 98	11
Microsoft	Windows NT	1
Microsoft	Windows NT Server	1 (multi-license)
Microsoft	Windows NT Workstation	4
Microsoft	Works Suite 99	2
Netframe	3100	1
NTI	CD-Maker	1
OMTool	U-Page! Messenger	1
Opti UPS	Power Management Suite	3
Real	RealPlayer Plus	1
SCO	Open Server	1
Seagate	Desktop Storage Suite	1
Symantec	ACT!	1

Toshiba	Backup CD-ROM	4
Toshiba	Libretto	1
US Robotics	Connections	6
V Communications, Inc.	Deluxe System Commander	1
Visio	Professional	1

SCHEDULE 4.28

INSURANCE POLICIES

WORKMENS COMPENSATION: FCCI Policy #001-WC99A-41660

LIABILITY: AMERICAN STATES COMMERCIAL POLICY # 02-CC-864090-20

UMBRELLA POLICY # 01-SU-244027-20

SCHEDULE 4.29

BANK ACCOUNTS, ACCOUNT NUMBERS, DESCRIPTION, SIGNERS

121993 – Pre-Paid Solutions, Inc. – Thomas Biddix, Timothy McWilliams, Gail Biddix, two signatures required

1445945- Pre-Paid Solutions, Inc. Airtime – Thomas Biddix, Timothy McWilliams, Gail Biddix, two signatures required

1309240- Pre-Paid Solutions, Inc. Credit Card – Thomas Biddix, Timothy McWilliams, Gail Biddix, two signatures required

0393644- Pre-Paid Solutions, Inc. – Canada – Thomas Biddix, Timothy McWilliams, Gail Biddix, two signatures required

6504994- Teletouch CD

SCHEDULE 4.32

RELATED TRANSACTIONS

NONE