

# SECURITIES AND EXCHANGE COMMISSION

## FORM 8-K

Current report filing

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### FILER

#### **AFFINITY INTERNATIONAL TRAVEL SYSTEMS INC**

CIK: **1069433** | IRS No.: **860885559** | State of Incorporation: **NV**  
Type: **8-K** | Act: **34** | File No.: **000-30835** | Film No.: **1524049**  
SIC: **4700** Transportation services

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ST PETERSBURG FL 33701  
7278961513

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8 - K

CURRENT REPORT  
PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

JANUARY 29, 2001  
DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED)

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.  
(EXACT NAME OF REGISTRANT AS SPECIFIED IN CHARTER)

NEVADA  
(STATE OF  
INCORPORATION)

000-30835  
(COMMISSION  
FILE NUMBER)

86-0885559  
(IRS EMPLOYER  
IDENTIFICATION NO.)

100 Second Ave South, Ste. 1100S, St. Petersburg, FL  
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)

33701  
(ZIP CODE)

(727) 896-1513  
-----

(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

ITEM 5. OTHER EVENTS

On January 31, 2001, Affinity International Travel Systems Inc ("Affinity") publicly disseminated a press release announcing that the Company had entered into an agreement for an equity financing facility. Per the terms of the agreement, following the completion of registering shares of common stock for resale, Affinity will have the option to sell up to \$10,000,000 of the Company's common stock, at a discount to the market price, to Ailouros Ltd. ("Ailouros").

The summary is not a complete description of the agreement, and is qualified in its entirety by reference to (i) the press release, dated February 1, 2001, (ii) the Subscription Agreement by and between Affinty and Ailouros and Comergent Capital, Ltd ("Comergent"), (iii) the Series A Warrant by and between Affinity and Ailouros, (iv) the Series B Warrant by and between Affinity and Ailouros, and (v) the Series C Warrant by and between Affinity and Comergent Capital, Ltd.

ITEM 7. FINANCIAL STATEMENTS, PRO FORMA FINANCIAL INFORMATION AND EXHIBITS

(c) Exhibits

The following exhibits are filed as part of this report:

Exhibit

NUMBER	DESCRIPTION
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99	Press Release dated January 29, 2001
4.35	Subscription Agreement, by and between Affinity International Travel Systems, Inc. and Ailouros Ltd. and Comergent Capital dated January 29, 2001
4.36	Series A Warrant, by and between Affinity International Travel Systems, Inc. and Ailouros Ltd.
4.37	Series B Warrant between Affinity International Travel Systems, Inc. and Ailouros Ltd.
4.38	Series C Warrant between Affinity International Travel Systems, Inc. and Comergent Capital Ltd.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC

Dated: February 2, 2001

By: /S/ Daniel G. Brandano

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Daniel G. Brandano,  
President and Chief Executive Officer

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.  
SUBSCRIPTION AGREEMENT

January 29, 2001

VIA FACSIMILE

-----

Affinity International Travel Systems, Inc.  
100 Second Avenue South, Suite 1100S  
St. Petersburg, Florida 33701-4301

Gentlemen:

This Subscription Agreement is made by and between AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC., a Nevada corporation (the "Company"), and Ailouros Ltd. (the "Subscriber"), in connection with the offering (the "Offering") of certain Warrants (as defined below) to purchase shares of common stock of the Company, \$0.001 par value per share (the "Shares") pursuant to Regulation D ("Regulation D") promulgated under the Securities Act of 1933, as amended (the "Securities Act").

A. Subscription

1. Subscriber hereby irrevocably subscribes to purchase the Series A Warrants and the Series B Warrants (collectively, the "Warrants") in the form attached hereto as Exhibits A and B respectively for a price equal to \$10,000 (the "Subscription Price").
2. As part of the subscription, Subscriber herewith tenders:
  - (a) two copies of this Subscription Agreement duly completed and executed by Subscriber.
  - (b) payment of the Subscription Price made by wire transfer of immediately available funds in U.S. Dollars to the account of AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.
3. Subscriber understands and agrees that the subscription contained herein shall not be deemed binding upon the Company until it is accepted by the Company (as evidenced by its execution of this Subscription Agreement) and that the subscription may be rejected by the Company in its sole discretion for any reason. Subscriber further acknowledges and agrees that, subject to applicable law, this subscription is irrevocable.
4. If this subscription is not accepted by the Company, all funds and the documents herewith delivered to the Company by Subscriber will be

returned immediately to Subscriber. In such event, all proceeds theretofore received by the Company from the Subscriber will be refunded in full, without interest or deduction.

5. If this subscription is accepted by the Company, then the Company shall immediately countersign both copies of this Subscription Agreement and return one fully executed copy to Subscriber. The Subscription Price shall be applied to the purchase of the Warrants which Warrants shall then be delivered to the Subscriber. All funds received from the Subscriber hereunder or pursuant to the exercise of the Warrants shall be used by the Company for expansion of its present business, working capital, and for general corporate purposes in connection with the Company's present business.

B. Investor Representations

6. In order to induce the Company to accept the subscription hereby made, and recognizing that the Company will be relying thereon in determining whether to accept such subscription, Subscriber and Comergerent Capital Ltd. each hereby represents and warrants to the Company as of the date of this subscription as follows:

- (a) Subscriber and Comergerent Capital Ltd. each understands that the Warrants are a highly speculative investment and that their financial situation is such that (i) Subscriber and Comergerent Capital Ltd. each can afford to hold the Warrants for an indefinite period of time and to sustain a complete loss of its investment, and (ii) Subscriber and Comergerent Capital Ltd. each has adequate means of providing for their current needs and possible contingencies and has no need for liquidity in this investment in the Company.
  
- (b) Subscriber and Comergerent Capital Ltd. each has received and carefully read the Company's periodic reports filed with the Securities and Exchange Commission during the previous six months (collectively, the "Reports"). The Company has also made available to Subscriber and Comergerent Capital Ltd. all other documents and information that they have requested relating to an investment in the Company.

- (c) By virtue of Subscriber's and Comergerent Capital's knowledge and experience in financial and business matters, Subscriber and Comergerent Capital Ltd. each is capable of evaluating the merits and risks of an investment in the Warrants. Subscriber and Comergerent Capital Ltd. each has taken full cognizance of and understands all the risk factors related to the purchase of the Warrants which are set forth in the Company's reports and registration statements filed with the Securities and Exchange Commission.
- (d) Subscriber and Comergerent Capital Ltd. each understands that the Warrants are being offered and sold to Subscriber and Comergerent Capital Ltd. in reliance on specific provisions of federal and state securities laws of the United States of America and that the Company is relying upon the truth and accuracy of the representations, warranties, agreements, acknowledgments and understandings of Subscriber and Comergerent Capital Ltd. set forth herein in order to determine the applicability of such provisions. Accordingly, Subscriber and Comergerent Capital Ltd. each agrees to notify the Company of any events which would cause the representation and warranties of Subscriber or Comergerent Capital Ltd. to be untrue or breached at any time after the execution of this Subscription Agreement by Subscriber and Comergerent Capital Ltd.
- (e) Subscriber and Comergerent Capital Ltd. each is an "accredited investor" as defined in Rule 501 promulgated under the Securities Act of 1933, as amended.
- (f) For purposes of calculating the Exercise Price of the Series A Warrant, the Subscriber agrees that any low trade or bid price created by Subscriber during the seven trading days immediately preceding the date that a Notice of Exercise is given pursuant to the Series A Warrant shall not be included in the calculation of the Exercise Price.
- (g) In evaluating the suitability of an investment in the Company, neither Subscriber nor Comergerent Capital Ltd. has relied upon any representations or other information (whether oral or written) from the Company, and its officers, directors, agents, employees or representatives, other than as set forth in the Reports. With respect to tax and other economic considerations of this investment, neither

Subscriber nor Comergerent Capital Ltd. is relying for advice on the Company, or any officers, directors, employees or agents thereof.

- (h) Subscriber and Comergerent Capital Ltd. each understands that Subscriber's subscription hereunder is not transferable or assignable, either before or after acceptance thereof by the Company, and that Warrants will only be issued in the name of Subscriber and Comergerent Capital Ltd., as applicable, and may not be assigned without the consent of the Company.
- (i) The Warrants will be acquired for Subscriber's and Comergerent Capital's own account, for investment purposes only, and not with a view to distribution, assignment or resale to others.
- (j) Subscriber and Comergerent Capital Ltd. each understands that no federal or state agency has made any finding or determination as to the fairness of this offering or any recommendation or endorsement relating to the Warrants.
- (k) The address heretofore provided to the Company by the Subscriber is the true and correct residence of the Subscriber, and Subscriber has no present intention of becoming a resident of any other state or jurisdiction. (If a corporation, trust or partnership, the Subscriber has its principal place of business at the address set forth below and was not organized for the specific purpose of acquiring the Warrants).
- (l) Subscriber and Comergerent Capital Ltd. each acknowledges that any delivery of offering materials relating to the Warrants prior to the determination by the Company of Subscriber's and Comergerent Capital's suitability as an investor shall not constitute an offer of Warrants until such determination of suitability shall be made.
- (m) This Subscription Agreement has been duly authorized, validly executed, and delivered on behalf of Subscriber and Comergerent Capital Ltd. and is a valid and binding agreement enforceable in accordance with its terms, subject to general principles of equity and to bankruptcy or other laws affecting the enforcement of creditors' rights generally.



(n) Subscriber and Comergerent Capital Ltd. each will not make any offers or sales of the Shares other than pursuant to a registration statement under the Securities Act or pursuant to an exemption from registration under the Securities Act. The Subscriber and Comergerent Capital Ltd. each will comply with applicable prospectus delivery requirements under the Exchange Act, and with all applicable securities laws upon resale of the Shares.

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(o) Subscriber and Comergerent Capital Ltd. each hereby agrees to indemnify and hold harmless the Company, its directors, officers, agents, representatives, and each of their affiliates against any and all loss, liability, claim, damage and expense (including reasonable fees of attorneys and experts) as incurred, but only with respect to untrue statements or omissions, or alleged untrue statements or omissions, made in the Registration Statement (or any amendment thereto), in reliance upon and in conformity with any written information furnished to the Company by Subscriber and Comergerent Capital Ltd.

C. Company Representations, Warranties and Covenants

7. The Company hereby represents, warrants, and covenants to the Subscriber and Comergerent Capital Ltd. that:

(a) The Company is validly existing and in good standing under the laws of the State of Nevada and has all requisite corporate power and authority to enter into and to carry out and perform its obligations under this Subscription Agreement, and to own its properties and to carry on its business as now being conducted and as proposed to be conducted. The Company and each of its subsidiaries, if any, is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction in which the nature of the business conducted or property owned by it makes such qualification necessary, other than those in which

the failure so to qualify would not have a Material Adverse Effect. For purposes of this Subscription Agreement, "Material Adverse Effect" means any material adverse effect on the business, operations, properties, prospects or financial condition of the Company and its subsidiaries taken as a whole and/or any condition or situation which would prohibit or otherwise adversely interfere with the ability of the Company to enter into and perform its obligations under this Subscription Agreement, or the Warrants or consummate the transactions contemplated hereby and thereby.

(b) The Company will file no later than 90 days from the date that Subscriber and Comergent Capital Ltd. has signed this Subscription Agreement, and use its best efforts to cause to become effective, as promptly as possible, a registration statement ("Registration Statement") on Form SB-2 under the Securities Act (or in the event that the Company is ineligible to use such form, such other form as the Company is eligible to use under the Securities Act) covering the resale of all shares of common stock of the Company issuable upon exercise of the Warrants and upon exercise of the Series C Warrants being issued to Comergent Capital Ltd., shall maintain the effectiveness of such Registration Statement at all times that the Series A, Series B and Series C Warrants are outstanding, and shall take all action reasonably necessary to qualify the shares covered by such Registration Statement under all applicable state "blue sky" laws, to register such shares under Section 12(g) or 12(b) of the Exchange Act, and to list such shares on the principal market upon which the Company's common stock trades.

(c) As of the date hereof, the Company has reserved and the Company shall continue to reserve and keep available at all times, free of preemptive rights, shares of common stock for the purpose of enabling the Company to satisfy any obligation to issue Shares upon exercise of the Warrants. Initially, the number of shares of common stock so reserved for issuance under the Warrants and covered by the Registration Statement shall be sufficient at all times to cover the estimated number of shares issuable upon exercise of the Warrants (and the Series C Warrants) based upon prevailing market prices. Such number of shares so reserved shall be increased to reflect stock splits and stock dividends and distributions.

- (d) The Company shall timely file all reports required to be filed by it with the Securities and Exchange Commission and shall immediately publicly disclose all material events relating to the Company, and its operations and financial condition, and shall cause the Registration Statement to contain all such information as is necessary to make the information contained therein accurate and complete in all material respects.
- (e) The Company has taken no action which would give rise to any claim by any person for brokerage commissions, finder's fees or similar payments by the Subscriber or Comerger Capital Ltd. relating to this Subscription Agreement or the transactions contemplated hereby, except for dealings with Comerger Capital Ltd., whose commissions and fees will be paid for by the Company as outlined in the Term Sheet dated November 9, 2000, and except for dealings with Carriage House Capital, whose commissions and fees, if any, will be paid for by the Company.
- (f) The Company has registered its common stock pursuant to Section 12(b) or 12(g) of the Securities Exchange Act of 1934 (the "Exchange Act"), is in full compliance with all reporting requirements of the Exchange Act, and has maintained all requirements for the continued inclusion of its securities on the Nasdaq Over-the-Counter Market.

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- (g) The Company has not conducted any general solicitation (as that term is used in Regulation D) with respect to any of the Securities, nor has it made any offers or sales of any security or solicited any offers to buy any security, under circumstances that would require registration of its securities under the Securities Act of 1933 (the "Securities Act").
- (h) The Company has an authorized capitalization consisting of 100,000,000 shares of common stock, par value \$0.001 per share, and 100,000,000 shares

of convertible preferred stock, par value \$0.001 per share. As of the date hereof, the Company has issued and outstanding 31,838,296 shares of such common stock, and no shares of such convertible preferred stock. All of the issued and outstanding shares of such common stock have been duly and validly authorized and issued and are fully paid and nonassessable. Upon their issuance, the Warrants and the common stock issuable pursuant to the exercise of the Warrants, will be duly and validly authorized and issued and fully paid and non-assessable; and the holders of outstanding capital stock of the Company are not and shall not be entitled to preemptive or other rights afforded by the Company to subscribe for the capital stock or other securities of the Company as a result of the sale of the Warrants or the issuance of common stock upon the exercise thereof.

- (i) The Company has the requisite corporate power and authority to enter into and perform this Subscription Agreement and to issue the Warrants in accordance with the terms hereof and thereof, (ii) the execution, delivery and performance of this Subscription Agreement and the Warrants by the Company and the consummation by the Company of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action, and no further consent or authorization of the Company or its Board of Directors or stockholders is required, (iii) this Subscription Agreement and the Warrants each has been duly executed and delivered by the Company and (iv) this Subscription Agreement and the Warrants are valid and binding obligations of the Company enforceable against the Company in accordance with their terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or similar laws relating to, or affecting generally the enforcement of, creditors' rights and remedies or by other equitable principles of general application.
  
- (j) The Company has furnished or made available to the Subscriber and Comercent Capital Ltd. true and correct copies of the Company's Certificate of Incorporation, as in effect on the date hereof (the "Certificate of Incorporation"), and the Company's By-Laws, as in (b) effect on the date hereof (the "By-Laws"), certified in each case by the Secretary of the Company.

(k) The execution, delivery and performance of this Subscription Agreement and the Warrants (including the exercise thereof) by the Company and the consummation by the Company of the transactions contemplated hereby and thereby do not and will not (i) result in a violation of the Certificate of Incorporation or By-Laws or (ii) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries are bound, or result in a violation of any federal, state, local or foreign law, rule, regulation, order, judgment or decree (including federal and state securities laws and regulations) applicable to the Company or any of its subsidiaries or by which any property or asset of the Company or any of its subsidiaries is bound or affected; provided that, for purposes of such representation as to federal, state, local or foreign law, rule or regulation, no representation is made herein with respect to any of the same applicable solely to the Subscriber and Comergent Capital Ltd. and not to the Company. The business of the Company and its subsidiaries is not being conducted in violation of any law, ordinance or regulation of any governmental entity. The Company is not required under federal, state or local law, rule or regulation in the United States to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency in order for it to execute, deliver or perform any of its obligations under this Subscription Agreement, the Warrants, or issue and sell the common stock in accordance with the terms hereof and thereof (other than any SEC, NYSE, NASD or state securities filings which may be required to be made by the Company subsequent to the date hereof, which the Company hereby undertakes to make, and any registration statement which may be filed pursuant hereto); provided that, for purposes of the representation made in this sentence, the Company is assuming and relying upon the accuracy of the relevant representations and agreements of the Subscriber and Comergent Capital Ltd. herein.

(l) The Company has delivered or made available to the Subscriber and Comergent Capital Ltd. true and complete copies of the Exchange Act Reports. The

Company has not provided to the Subscriber or Comergerent Capital Ltd. any information which, according to applicable law, rule or regulation, should

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have been disclosed publicly by the Company but which has not been so disclosed. As of their respective dates, the Exchange Act Reports complied (and as of its effective date, the Registration Statement will comply) in all material respects with the requirements of the Exchange Act (or in the case of such Registration Statement, the Securities Act) and the rules and regulations of the SEC promulgated thereunder and other applicable federal, state and local laws, rules and regulations, and none of the Exchange Act Reports contained (and, as of its effective date, such Registration Statement will not contain) any untrue statement of a material fact or omitted 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. The financial statements of the Company included (or to be included) in the Exchange Act Reports and the Registration Statement comply as to form in all material respects with applicable accounting requirements and the published rules and regulations of the SEC or other applicable rules and regulations with respect thereto. Such financial statements have been (or will be) prepared in accordance with generally accepted accounting principles applied on a consistent basis during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto or (ii) in the case of unaudited interim statements, to the extent they may not include footnotes or may be condensed or summary statements) and fairly present (or will fairly present) the consolidated financial position of the Company as of the dates thereof and the consolidated results of operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal year-end audit adjustments).

- (m) No Material Adverse Effect has occurred or exists which has not been disclosed in the Exchange Act Reports or otherwise disclosed in writing to Subscriber and Comergent Capital Ltd. prior to their execution of this Subscription Agreement.
- (n) No event of default has occurred and is continuing (or event which with lapse of time or notice or both would constitute such an event) under any of the revolving credit facilities or other financing arrangements of the Company or its subsidiaries.
- (o) The Company and its subsidiaries have no liabilities or obligations not disclosed in the Exchange Act Reports which, individually or in the aggregate, would have a Material Adverse Effect. No event or circumstance has occurred or exists with respect to the Company or its subsidiaries or their respective business, properties, prospects, operations or financial condition, which, under applicable law, rule or regulation, requires public disclosure or announcement by the Company but which has not been so publicly announced or disclosed.
- (p) Neither the Company nor any of its subsidiaries is a party to or the subject of any litigation, arbitration or other proceeding which if adversely determined would singly or in the aggregate have a Material Adverse Effect.
- (q) The Company will not, by amendment of its Certificate of Incorporation or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms of this Subscription Agreement or the Warrants (and the Series C Warrant), but will at all times in good faith assist in the carrying out of all such terms and in the taking of all such action as may be necessary or appropriate in order to protect the rights of the holders of such warrants against impairment. Without limiting the generality of the foregoing, the Company (a) will not increase the par value of any shares of its common stock above the amount payable therefor on such warrant exercises, and (b) will take all such action as may be reasonably necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable Shares on the exercise of the

Warrants (and the Series C Warrant).

- (r) The Company will deliver to Subscriber and Comergerent Capital Ltd. upon exercise in whole or part of the Warrants (and the Series C Warrant), shares of common stock of the Company which, at all times after the effectiveness of the Registration Statement, shall be without restrictive legend, "stop transfers", "stock transfer restrictions" or other restrictions on their transfer or sale.
- (s) The Company will take all steps necessary to preserve and continue its corporate existence.
- (t) With a view to making available to the Subscriber and Comergerent Capital Ltd. the benefits of Rule 144 promulgated under the Securities Act and any other rule or regulation of the SEC that may at any time permit the Subscriber and Comergerent Capital Ltd. to sell securities of the Company to the public without registration, the Company agrees to use its reasonable best efforts to:

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(A) make and keep public information available, as those terms are understood and defined in Rule 144, at all times;

- (a) file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and
- (b) furnish to Subscriber and Comergerent Capital Ltd. forthwith upon request a written statement by the Company that it has complied with the reporting requirements of Rule 144 and of the Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as may be reasonably requested to permit any such Warrant Holder to take advantage of any rule or regulation of the SEC permitting the selling of any such securities without registration.

(B) The obligation, but not the right, of the Subscriber to exercise the Series A Warrant is subject to the satisfaction, on the date of the Company's



acceptance of this Subscription Agreement and on each of the date that a Put Notice (as defined in the Series A Warrant) is given by the Company, and during each Quarter (as defined in the Series A Warrant) (the foregoing periods hereinafter referred to as a "Measurement Date"), of each of the following conditions, each of which is for the Subscriber's sole benefit and may be waived by the Subscriber at any time in its sole discretion.

- (a) Accuracy of the Company's Representations and Warranties. The representations and warranties of the Company contained in this Subscription Agreement and the Warrants shall be true and correct in all material respects as of each Measurement Date.
- (b) Performance by the Company. The Company shall have performed, satisfied and complied in all material respects all covenants, agreements and conditions required by this Subscription Agreement and the Warrants to be performed, satisfied or complied with by the Company.
- (c) No Injunction. No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction which prohibits or  
c) adversely affects any of the transactions contemplated by this Subscription Agreement and the Warrants, and no proceeding shall have been commenced which may have the effect of prohibiting or adversely affecting any of the transactions contemplated hereby or thereby.
- (d) Adverse Changes. From the date hereof through each Measurement Date, no event shall have occurred or be threatened to occur which has had or is likely to have a Material Adverse Effect.
- (e) No Suspension of Trading in or Delisting of Common Stock. The trading in the Common Stock shall not have been suspended by the SEC, or the National Association of Securities Dealers, Inc. (the "NASD"); the common stock of the Company shall not have been delisted from the Nasdaq Over-the-Counter Market; and trading in securities generally shall not have been suspended or limited or minimum prices shall not have been established on securities whose trades are reported. The SEC has not issued any stop order or other order suspending the effectiveness of any registration involving the Company or its subsidiaries. Subscriber's obligation, but not Subscriber's right, to exercise the Series A Warrant

shall also be suspended so long as the Registration Statement is not effective with the Securities and Exchange Commission.

- (f) Legal Opinion. The Company shall have delivered to the Subscriber an opinion of independent counsel to the Company, in form and substance reasonably satisfactory to the Subscriber.
- (g) Officer's Certificate. The Company shall have delivered to the Subscriber a certificate, in form and substance reasonably satisfactory to the Subscriber, executed by an executive officer of the Company, to the effect that all the conditions to the Subscriber's obligations hereunder shall have been satisfied.

D. Miscellaneous

8. This Subscription Agreement constitutes the entire understanding of the parties with regard to the subject matter, supersedes all written and oral agreements with respect to the same and may not be waived, modified, changed, discharged, terminated, revoked or canceled except by a writing signed by the party against which enforcement thereof is sought.

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Page 7

9. Upon the Company's acceptance of this subscription, the Company shall pay Subscriber \$10,000 for costs associated with Subscriber's initial due diligence investigation. Upon the first receipt of funds by the Company under the exercise of any Warrants, the Company shall pay Subscriber's counsel, Eiseman Levine Lehrhaupt & Kakoyiannis \$10,000 in connection with their work through the closing date relating to this transaction. The Company shall also reimburse Subscriber and Comergent Capital Ltd. for (A) all reasonable attorneys fees incurred by the Subscriber and Comergent Capital Ltd. in the future in connection with this Subscription Agreement, the Warrants, the Series C Warrants, or the transactions contemplated hereby and thereby, and (B) all other expenses and costs of ongoing due-diligence investigations by Subscriber and Comergent Capital Ltd. The expense reimbursement specified in Paragraph 9(B) shall be limited to \$10,000.

10. Each party shall indemnify the other against any loss, cost or damages (including reasonable attorney's fees and expenses) incurred as a result of such parties' breach of any representation, warranty, or covenant

contained in this Subscription Agreement.

11. This Subscription Agreement shall be governed by and interpreted in accordance with the laws of the State of New York affecting contracts made in and to be performed in such State without giving effect to principles governing choice of laws, irrespective of the domicile of any party or the place of execution of this Subscription Agreement by any party or the location for performance of any of the terms hereof, and the parties hereto shall be subject to the exclusive jurisdiction of the state and federal courts located in New York County, New York, United States of America. Facsimile signatures to this Subscription Agreement or on any notice given hereunder or under the Warrants shall be binding on all parties hereto.

12. This Subscription Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

13. The Subscriber and Comergent Capital Ltd. hereby certifies that Subscriber and Comergent Capital Ltd. has read and understands this Subscription Agreement, that the representations and warranties made by the Subscriber and Comergent Capital Ltd. in this Subscription Agreement are accurate on the date hereof, that Subscriber and Comergent Capital Ltd. each recognizes that the Company is relying on such representations and warranties and covenants and that they shall remain in effect through the closing of the sale of the Warrants to Subscriber hereunder unless Subscriber or Comergent Capital Ltd. notifies the Company otherwise.

14. Subscriber may, by providing written notice to the Company, terminate its obligation to exercise the Series A Warrants, if the Company has failed to deliver at any time on a timely basis any stock required under this Subscription Agreement or the Warrants or the Series C Warrants, the Registration Statement has not been declared effective within 120 days of the Company's acceptance of this Subscription Agreement, or if the closing bid price per share of the Company's common is below \$0.25 for any twenty consecutive trading days, or the trading volume in the Company's common stock is below 25,000 shares per day for any twenty consecutive trading days.

15. All notices required or permitted to be given by either the Company or the Subscriber or Comergent Capital Ltd. pursuant to the terms of this Subscription Agreement or the Warrants shall be in writing and shall be deemed given when delivered personally or by facsimile, or by overnight or two day courier addressed to the parties at the last known address of the party or such other address as a party may request by notifying the other in writing.

16. The representations, warranties, covenants, indemnities, and agreements of the parties contained herein shall survive any termination or expiration of this Subscription Agreement.

IN WITNESS WHEREOF, the Subscriber and Comergent Capital Ltd. has each executed this Subscription Agreement this 29th day of January, 2001.

AILOUROS LTD., an Antigua and Barbuda corporation

By:

-----  
Michael Katz, Managing Director

COMERGENT CAPITAL

By:

-----  
Name:  
Title:

Accepted and Agreed To:

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.

By:

-----  
Daniel G. Brandano, Jr., President

Date of Acceptance: January \_\_, 2001

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS THERE IS A REGISTRATION STATEMENT THEN IN EFFECT COVERING SUCH SECURITIES OR AN EFFECTIVE EXEMPTION FROM SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT UNDER THE CIRCUMSTANCES REGISTRATION IS NOT NECESSARY.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.  
SERIES A WARRANT

THIS CERTIFIES that, for value received, AILOUROS LTD. (hereinafter called "Warrantholder"), is entitled and required to purchase at the Exercise Price from AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC., a Nevada corporation (hereinafter called the "Company"), the number of shares of common stock, par value \$0.001 per share (hereinafter called the "Shares") of the Company calculated in accordance with Section 1.1 below, at any time on or before 11:59 p.m. New Yorktime on third anniversary of the date, subject to extension as provided below, in which the registration statement referred to Section 7(b) of the Subscription Agreement pursuant to which this Warrant was issued was declared effective by the Securities and Exchange Commission (the "Expiration Date"), all in accordance with the terms hereof.

1. Exercise of Warrants.

1.1 During any Quarter and prior to 11:59 p.m. New York time on the Expiration Date, the Warrantholder shall during such Quarter exercise the Outstanding Amount of this Warrant by delivering to the Company a Notice of Exercise duly executed and completed by Warrantholder, at the office of the Company, 100 Second Avenue South, Suite 1100S, St. Petersburg, Florida 33701-4301, Attention: President. Upon receipt of the aforesaid Notice of Exercise by facsimile, the Company shall immediately issue instructions to its transfer agent to issue to the Warrantholder within three business days of the Company's receipt of such Notice of Exercise, the number of Shares equal to the portion of the Outstanding Amount being exercised in such Notice of Exercise divided by the applicable Exercise Price. Upon delivery of such Shares, the Warrantholder shall pay the Company the portion of the Outstanding Amount of the Warrant being exercised by such Notice of Exercise. Such payment shall be made by wire transfer of immediately available funds to the account of the Company at the bank specified by the Company. Provided that the entire Outstanding Amount during any Quarter has been exercised, and subject to the other restrictions contained in this Warrant or in the Subscription Agreement dated January 29, 2001 between the Company and the Warrantholder, the timing and number of Notices of Exercise delivered by the Warrantholder to the Company shall be at the discretion of the Warrantholder. The Company may treat any Notice of Exercise received by it by facsimile after 11:59 p.m. New York time to be received on the next business day.

1.2 The following definitions shall apply:

1.2.1 The "Exercise Price" shall mean 88% of the average of the three lowest closing bid prices on the Nasdaq Over-the-Counter Market (or other exchange or market if the Shares are principally traded thereon) during the seven trading days immediately preceding the date that a Notice of Exercise is given. The Warrantholder's obligation to exercise this Warrant with respect to a Quarter shall terminate if, during any day in such Quarter, the trading price of the Company's common stock is lower than \$0.25 per Share. Nothing contained in the preceding sentence shall prevent the Warrantholder from voluntarily electing to exercise this Warrant when such trading price is below \$0.25 per Share, and nothing contained herein shall give rise to any rescission of any sales or other transactions entered into by the Warrantholder prior to or on the date that its obligations have been terminated. The Warrantholder agrees that any low trade or bid price created by Warrantholder during the seven trading days immediately preceding the date that a Notice of Exercise is given shall not be included in the above calculation of the Exercise Price.

1.2.2 "Notice of Exercise" shall mean a notice or notices delivered by the Warrantholder to the Company indicating (A) the portion of the Outstanding Amount of this Warrant being exercised, (B) the Warrantholder's Deposit/Withdrawal At Custodian (DWAC) instructions for delivery of the Shares, and (C) specifying the Warrantholder's calculation of (1) number of Shares to be issued to such Warrantholder, (2) the Exercise Price in effect for such Notice of Exercise, and (3) the remaining balance of the Outstanding Amount. Notwithstanding anything to the contrary contained herein, unless otherwise agreed to by the Company in writing, each Notice of Exercise shall be

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deemed to contain a representation by Warrantholder that, after giving effect to the Shares to be issued pursuant to such Notice of Exercise, the total number of shares of common stock of the Company deemed beneficially owned by the Warrantholder, together with all shares of the common stock of the Company deemed beneficially owned by the Warrantholder's "affiliates" as defined in Rule 144 of the Act, will not exceed 4.9% of the total issued and outstanding shares of the common stock of the Company. Any Notice of Exercise whose content is not objected to in writing by the Company within one trading day shall be deemed to be correct.

1.2.3 The "Outstanding Amount" of this Warrant shall be the amount specified in any Put Notice given by the Company from time to time, reduced by the amount of this Warrant exercised by the Warrantholder during the Quarter specified in such Put Notice to which the Put Notice relates. Unless waived by the Company in writing, on the last day of any Quarter and on the Expiration Date, the Warrantholder shall be deemed to have given a Notice of Exercise for any Outstanding Amount remaining on such date which the Warrantholder would otherwise have been obligated to exercise hereunder. Notwithstanding anything

contained herein to the contrary, the Warrantholder, at its option, may increase the Outstanding Amount in any Quarter (up to a maximum Outstanding Amount for such Quarter of \$1,500,000), by exercising such increased Outstanding Amount prior to the end of any Quarter. If the Warrantholder has so increased the Outstanding Amount, it may elect to apply such increased Outstanding Amount from any Quarter to its exercise obligations in any future Quarter.

1.2.4 "Put Notice" shall mean the notice given to the Warrantholder or its specified agent by the Company and signed by an executive officer of the Company setting forth: (A) the amount chosen by the Company (which may be any amount from \$50,000 to \$250,000) to be the Outstanding Amount of this Warrant to be exercised by the Warrantholder during the Quarter, and (B) the exact dates of the Quarter which shall be specified by the Company. The Company shall give the Warrantholder a Put Notice at least 30 days prior to the beginning of any Quarter specified in such Put Notice. The Company may amend any terms specified in such Put Notice (except that the Outstanding Amount may not be increased by the Company without the Warrantholder's consent) by delivery of an amendment to such Put Notice to the Warrantholder at any time prior to the beginning of such Quarter. Unless mutually agreed to in writing, the Company may not specify an Outstanding Amount which, when exercised in full, would result in the Warrantholder having exercised more than \$10 million. As of the date of this Warrant, the Outstanding Amount shall be \$0.00. If no Put Notice is given by the Company having an effective start date of a Quarter being the next trading day after the expiration of the previous Quarter, a new Put Notice shall be deemed to have been given by the Company having a three-month Quarter beginning on the trading day after the expiration of the previous Quarter, and having an Outstanding Amount of \$0.00. Except for Put Notices deemed to have been given pursuant to the preceding sentence, in no event may the Company issue a Put Notice without the Warrantholder's consent unless on both the date that such Put Notice is given and the first date in the Quarter specified in such Put Notice, the common stock of the Company on the Nasdaq Over-the-Counter Market (or other exchange or market if the Shares are principally traded thereon) has not traded below \$0.25 per Share. In order for the Company to be able to deliver a valid Put Notice, the conditions specified in the Subscription Agreement dated January 29, 2001 between the Warrantholder and the Company, shall have all been satisfied and there shall be placed in escrow with an escrow agent selected by the Warrantholder and acceptable to the Company, at least the number of shares of free-trading common stock issued in the name of the Warrantholder equal to the Outstanding Amount specified in such Put Notice, divided by the greater of (A) \$0.25, or (B) one-half of the closing bid price per share of the Company's common stock at the beginning of the quarter specified in such Put Notice; provided, however, that there shall be at least 1,000,000 shares of free-trading common stock issued in the name of the Warrantholder and placed in escrow at all times when the closing bid price per share of the Company's common stock is less than or equal to \$1.00 per share. Notwithstanding anything contained herein to the contrary, the Warrantholder may chose to waive any of the foregoing restrictions in whole or in part, with such waiver being indicated by the Notices of Exercise given by the Warrantholder.

1.2.5 "Quarter" shall mean any three-month period specified in a Put Notice, provided, however, that the Warrantholder may elect to treat the expiration date of any Quarter as being extended by 1.5 times the number of days that any obligation hereunder of the Warrantholder to exercise this Warrant during such Quarter has been excused. The Expiration Date shall also be extended by the same number of days that a Quarter may be extended.

1.3 Certificates representing Shares issued hereunder shall not be subject to any trading restrictions and shall not bear any restrictive legend.

2. Reclassification, Fractional Shares; Change in Management.

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2.1 The \$0.25 per Share trading price specified above for the common stock of the Company, and the trading price for any trading day used to calculate the Exercise Price, shall be adjusted proportionally to reflect any stock splits, stock dividends, reclassifications, combinations and similar transactions involving the common stock.

2.2 If the Company shall be reorganized, consolidated, or merged with another corporation, or if all or substantially all of the assets of the Company shall be sold or exchanged, the Warrantholder shall at the time of issuance of the stock under such a corporate event, be entitled to receive upon the exercise of the Warrants evidenced by this Warrant Certificate the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the occurrence of any such corporate event as if he had been, immediately prior to such event, the holder of the number of Shares so exercised.

2.3 Any adjustment under this Paragraph 2 in the number of Shares subject to this Warrant Certificate shall apply proportionately to only the unexercised portion hereunder and shall not have any retroactive effect with respect to Warrants theretofore exercised. No adjustment of the exercise price shall be made if the amount of such adjustment shall be less than \$.01 per Share, but in such case any adjustment that would otherwise be required then to be made, shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to no less than \$.01 per share.

2.4 No fractional shares of common stock shall be issued upon the exercise of any Warrants evidenced hereby, but in lieu thereof the number of shares of common stock that are issuable upon any exercise shall be rounded up or down to the nearest whole share.

2.5 When any adjustment is required to be made in the exercise



price or number of Shares subject to this Warrant Certificate, initial or adjusted, the Company shall, at least ten (10) days prior to the date when the circumstances giving rise to the adjustment occurred, mail to the Warrantholder a statement describing in reasonable detail any method used in calculating such adjustment.

2.6 The Warrantholder may terminate its obligation to exercise this Warrant prior to the Expiration Date if Daniel G. Brandano, Jr. no longer is chief executive officer of the Company, or any material adverse change in the Company's business, prospects, or financial condition, by providing the Company with written notice of such election to terminate.

### 3. Prior Notice as to Certain Events.

The Company shall mail to Warrantholder not less than ten (10) days prior to the date on which (a) a record will be taken for the purpose of determining the holders of Capital Stock entitled to subscription rights, or (b) a record will be taken (or in lieu thereof, the transfer books will be closed) for the purpose of determining the holders of Capital Stock entitled to notice of and to vote at the meeting of stockholders at which any consolidation, merger, dissolution, liquidation, winding up or sale of the Company shall be considered and acted upon.

### 4. Reservation and Issuance of Shares.

4.1 The Company covenants and agrees that all Shares which may be issued upon the exercise of the rights represented by this Warrant Certificate will be duly authorized, legally issued and when paid for in accordance with the terms hereof, fully paid and non-assessable, and free from all liens and charges with respect to the issue thereof to the Warrantholder, and shall be free of any resale or other restrictions. The Company represents, warrants, covenants, and agrees that it will issue timely and irrevocable instructions to its transfer agent on the date of any exercise of this Warrant for such transfer agent to deliver all Shares will be received by the Warrantholder within three trading days of Warrantholder's exercise, in whole or part, of this Warrant, with the Company being strictly liable for any failure to deliver such Shares to Warrantholder within three trading days of exercise.

4.2 The Company will reserve at all times such number of Shares as may be issuable pursuant to the exercise of Warrants evidenced by this Warrant Certificate.

### 5. Investment Representation.

By accepting delivery of this Warrant Certificate and by exercising

any Warrants evidenced hereby, the Warrantholder represents that the Warrantholder is acquiring the Warrants and the Shares issuable upon the exercise of the Warrants for investment and not for resale or distribution.

6. Miscellaneous.

6.1 The Warrantholder shall not be entitled to any rights whatsoever as a stockholder of the Company by virtue of its ownership of this Warrant Certificate.

6.2 This Warrant Certificate is being executed and delivered in the State of New York, and this Warrant Certificate shall be interpreted under, and the Warrantholder and the Company subject to, the laws and jurisdiction of the state and federal courts of the State of New York, United States of America located in New York County. The parties hereby consent to such jurisdiction.

6.3 Subject to the provisions of Section 1 hereof, this Warrant Certificate may be exercised at any time after the date hereof and prior to its expiration as of 11:59 p.m. New York time on the Expiration Date, and shall be void and of no effect after 11:59 p.m. New York time on the Expiration Date.

6.4 By accepting delivery of this Warrant Certificate, the Warrantholder acknowledges that the Warrants granted hereunder shall be in full satisfaction of all obligations to issue Series A Warrants to the Warrantholder pursuant to the Subscription Agreement dated January 29, 2001 between the Company and the Warrantholder.

IN WITNESS WHEREOF, the Company and the Warrantholder have executed this Warrant Certificate this 29th day of January, 2001 by each of their duly authorized officers.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.

By:

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Daniel G. Brandano, Jr., President

AILOUROS LTD.

By:

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Michael Katz, Managing Director

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS THERE IS A REGISTRATION STATEMENT THEN IN EFFECT COVERING SUCH SECURITIES OR AN EFFECTIVE EXEMPTION FROM SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT UNDER THE CIRCUMSTANCES REGISTRATION IS NOT NECESSARY.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.  
SERIES B WARRANT

THIS CERTIFIES that, for value received, AILOUROS LTD. (hereinafter called "Warrantholder"), is entitled to purchase from AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC., a Nevada corporation (hereinafter called the "Company"), 500,000 shares (subject to adjustment as provided below) of common stock, par value \$0.001 per share (hereinafter called the "Shares") of the Company at a warrant exercise price of \$0.3125 per share (such number of shares of common stock so purchasable being subject to adjustment and vesting as provided below) at any time on or before 11:59 p.m. New York time on tenth anniversary of the date of this Warrant Certificate (the "Expiration Date"), all in accordance with the terms hereof. If the Company does not receive at least \$5,000,000 in gross proceeds pursuant to the exercise of the Series A Warrant dated January 29, 2001 issued to Ailouros, Ltd. prior to the third anniversary of the date of this Warrant Certificate and if Ailouros Ltd. has not terminated its obligations under the Series A Warrant prior to the third anniversary of the date of this Warrant Certificate, the number of warrants to purchase shares of the Company's common stock represented by this Warrant Certificate at the aforesaid warrant exercise price per share shall be increased by 500,000 shares.

1. Exercise of Warrants and Holding of Underlying Stock.

1.1 The Warrants evidenced by this Warrant Certificate may be exercised prior to 11:59 p.m. New York time on the Expiration Date in whole at any time or in part from time to time during such period by the surrender of this Warrant Certificate, along with a Notice of Exercise in the form attached hereto duly executed and completed by Warrantholder, at the office of the Company, 100 Second Avenue South, Suite 1100S, St. Petersburg, Florida 33701-4301, Attention: President. Upon receipt of the aforesaid Notice of Exercise by facsimile, the Company shall immediately issue instructions to its transfer agent to issue to the Warrantholder within three business days of the Company's receipt of such Notice of Exercise, the number of Shares equal to the number of Shares being exercised in such Notice of Exercise. Upon delivery of such Shares, the Warrantholder shall pay the Company the Warrant exercise price with respect to the Warrants being exercised by such Notice of Exercise. Such

payment shall be made by wire transfer of immediately available funds to the account of the Company at the bank specified by the Company. If less than all of the Warrants represented by this Warrant Certificate are being exercised, the Company will, upon such exercise, deliver to Warrantholder a new certificate (dated the date hereof) evidencing the Warrants not so exercised.

1.2 Certificates representing Shares issued hereunder shall not be subject to any trading restrictions and shall not bear any restrictive legend.

2. Reclassification, Consolidation or Merger.

2.1 In the event that the outstanding Shares are hereafter changed by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination or exchange of Shares and the like, or dividends payable in Shares, an appropriate adjustment shall be made by the Board of Directors of the Company in the number of Shares and price per Share subject to this Warrant Certificate. If the Company shall be reorganized, consolidated, or merged with another corporation, or if all or substantially all of the assets of the Company shall be sold or exchanged, the Warrantholder shall at the time of issuance of the stock under such a corporate event, be entitled to receive upon the exercise of the vested Warrants evidenced by this Warrant Certificate the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the occurrence of any such corporate event as if he had been, immediately prior to such event, the holder of the number of Shares so exercised.

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2.2 Any adjustment under this Section 2 in the number of Shares subject to this Warrant Certificate shall apply proportionately to only the unexercised portion hereunder and shall not have any retroactive effect with respect to Warrants theretofore exercised. If fractions of a Share would result from any such adjustment, the adjustment shall be revised to the next lower whole number of Shares.

2.3 No adjustment of the exercise price shall be made if the amount of such adjustment shall be less than \$.01 per Share, but in such case any adjustment that would otherwise be required then to be made, shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to no less than \$.01 per share.

2.4 No fractional shares of common stock shall be issued upon the exercise of any Warrants evidenced hereby, but in lieu thereof the number of shares of common stock that are issuable upon any exercise shall be rounded up or down to the nearest whole share.

2.5 When any adjustment is required to be made in the exercise

price or number of Shares subject to this Warrant Certificate, initial or adjusted, the Company shall, at least ten (10) days prior to the date when the circumstances giving rise to the adjustment occurred, mail to the Warrantholder a statement describing in reasonable detail any method used in calculating such adjustment.

3. Prior Notice as to Certain Events.

The Company shall mail to Warrantholder not less than ten (10) days prior to the date on which (a) a record will be taken for the purpose of determining the holders of Capital Stock entitled to subscription rights, or (b) a record will be taken (or in lieu thereof, the transfer books will be closed) for the purpose of determining the holders of Capital Stock entitled to notice of and to vote at the meeting of stockholders at which any consolidation, merger, dissolution, liquidation, winding up or sale of the Company shall be considered and acted upon.

4. Reservation and Issuance of Shares.

4.1 The Company covenants and agrees that all Shares which may be issued upon the exercise of the rights represented by this Warrant Certificate will be duly authorized, legally issued and when paid for in accordance with the terms hereof, fully paid and non-assessable, and free from all liens and charges with respect to the issue thereof to the Warrantholder, and shall be free of any resale or other restrictions. The Company represents, warrants, covenants, and agrees that it will issue timely and irrevocable instructions to its transfer agent on the date of any exercise of this Warrant for such transfer agent to deliver all Shares will be received by the Warrantholder within three trading days of Warrantholder's exercise, in whole or part, of this Warrant, with the Company being strictly liable for any failure to deliver such Shares to Warrantholder within three trading days of exercise.

4.2 The Company will reserve at all times such number of Shares as may be issuable pursuant to the exercise of Warrants evidenced by this Warrant Certificate.

5. Investment Representation.

By accepting delivery of this Warrant Certificate and by exercising any Warrants evidenced hereby, the Warrantholder represents that the Warrantholder is acquiring the Warrants and the Shares issuable upon the exercise of the Warrants for investment and not for resale or distribution.

6. Miscellaneous.

6.1 The Warrantholder shall not be entitled to any rights whatsoever as a stockholder of the Company by virtue of its ownership of this Warrant Certificate.

6.2 This Warrant Certificate is being executed and delivered in the State of New York, and this Warrant Certificate shall be interpreted under,

and the Warrantholder and the Company subject to, the laws and jurisdiction of the state and federal courts of the State of New York, United States of America located in New York County. The parties hereby consent to such jurisdiction.

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6.3 Subject to the provisions of Section 1.2 hereof, this Warrant Certificate may be exercised at any time after the date hereof and prior to its expiration as of 11:59 p.m. New York time on the Expiration Date, and shall be void and of no effect after 11:59 p.m. New York time on the Expiration Date.

6.4 By accepting delivery of this Warrant Certificate, the Warrantholder acknowledges that the Warrants granted hereunder shall be in full satisfaction of all obligations to issue Series B Warrants to the Warrantholder pursuant to the Subscription Agreement dated January 29, 2001 between the Company and the Warrantholder.

IN WITNESS WHEREOF, the Company and the Warrantholder have executed this Warrant Certificate this 29th day of January, 2001 by each of their duly authorized officers.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.

By:

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Daniel G. Brandano, Jr., President

AILOUROS LTD.

By:

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Michael Katz, Managing Director

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[Form of Notice of Exercise]

The undersigned hereby irrevocably elects to exercise the warrants we currently hold to purchase \_\_\_\_\_ shares of common stock, \$0.001 par

value per share, of AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC. (the "Company") at an exercise price of \$0.3125 per share. Attached to this notice is the original Warrant certificate evidencing the aforementioned warrants. We have delivered to the Company US\$\_\_\_\_\_ representing the aggregate exercise price for the warrants exercised hereunder. A certificate representing the shares issuable upon exercise should be issued in the undersigned's name.

Dated: \_\_\_\_\_, \_\_\_\_\_

AILOUROS LTD.

By:

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Name:

Title:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933, AS AMENDED, AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE DISPOSED OF UNLESS THERE IS A REGISTRATION STATEMENT THEN IN EFFECT COVERING SUCH SECURITIES OR AN EFFECTIVE EXEMPTION FROM SUCH REGISTRATION OR AN OPINION OF COUNSEL SATISFACTORY TO THE COMPANY THAT UNDER THE CIRCUMSTANCES REGISTRATION IS NOT NECESSARY.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.  
SERIES C WARRANT

THIS CERTIFIES that, for value received, COMERGENT CAPITAL LTD. (hereinafter called "Warrantholder"), is entitled to purchase from AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC., a Nevada corporation (hereinafter called the "Company"), 500,000 shares of common stock, par value \$0.001 per share (hereinafter called the "Shares") of the Company at a warrant exercise price of \$0.3125 per share at any time on or before 11:59 p.m. New York time on the tenth anniversary of the date of this Warrant Certificate (the "Expiration Date"), all in accordance with the terms hereof.

1. Exercise of Warrants and Holding of Underlying Stock.

1.1 The Warrants evidenced by this Warrant Certificate may be exercised prior to 11:59 p.m. New York time on the Expiration Date in whole at any time or in part from time to time during such period by the surrender of this Warrant Certificate, along with a Notice of Exercise in the form attached hereto duly executed and completed by Warrantholder, at the office of the Company, 100 Second Avenue South, Suite 1100S, St. Petersburg, Florida 33701-4301, Attention: President. Upon receipt of the aforesaid Notice of Exercise by facsimile, the Company shall immediately issue instructions to its transfer agent to issue to the Warrantholder within three business days of the Company's receipt of such Notice of Exercise, the number of Shares equal to the number of Shares being exercised in such Notice of Exercise. Upon delivery of such Shares, the Warrantholder shall pay the Company the Warrant exercise price with respect to the Warrants being exercised by such Notice of Exercise. Such payment shall be made by wire transfer of immediately available funds to the account of the Company at the bank specified by the Company. If less than all of the Warrants represented by this Warrant Certificate are being exercised, the Company will, upon such exercise, deliver to Warrantholder a new certificate (dated the date hereof) evidencing the Warrants not so exercised.

1.2 Certificates representing Shares issued hereunder shall not be subject to any trading restrictions and shall not bear any restrictive legend.



## 2. Reclassification, Consolidation or Merger.

2.1 In the event that the outstanding Shares are hereafter changed by reason of reorganization, merger, consolidation, recapitalization, reclassification, stock split-up, combination or exchange of Shares and the like, or dividends payable in Shares, an appropriate adjustment shall be made by the Board of Directors of the Company in the number of Shares and price per Share subject to this Warrant Certificate. If the Company shall be reorganized, consolidated, or merged with another corporation, or if all or substantially all of the assets of the Company shall be sold or exchanged, the Warrantholder shall at the time of issuance of the stock under such a corporate event, be entitled to receive upon the exercise of the vested Warrants evidenced by this Warrant Certificate the same number and kind of shares of stock or the same amount of property, cash or securities as he would have been entitled to receive upon the occurrence of any such corporate event as if he had been, immediately prior to such event, the holder of the number of Shares so exercised.

2.2 Any adjustment under this Section 2 in the number of Shares subject to this Warrant Certificate shall apply proportionately to only the unexercised portion hereunder and shall not have any retroactive effect with respect to Warrants theretofore exercised. If fractions of a Share would result from any such adjustment, the adjustment shall be revised to the next lower whole number of Shares.

2.3 No adjustment of the exercise price shall be made if the amount of such adjustment shall be less than \$.01 per Share, but in such case any adjustment that would otherwise be required then to be made, shall be carried forward

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and shall be made at the time and together with the next subsequent adjustment which, together with any adjustment so carried forward, shall amount to no less than \$.01 per share.

2.4 No fractional shares of common stock shall be issued upon the exercise of any Warrants evidenced hereby, but in lieu thereof the number of shares of common stock that are issuable upon any exercise shall be rounded up or down to the nearest whole share.

2.5 When any adjustment is required to be made in the exercise price or number of Shares subject to this Warrant Certificate, initial or adjusted, the Company shall, at least ten (10) days prior to the date when the circumstances giving rise to the adjustment occurred, mail to the Warrantholder a statement describing in reasonable detail any method used in calculating such adjustment.

## 3. Prior Notice as to Certain Events.

The Company shall mail to Warrantholder not less than ten (10) days prior to the date on which (a) a record will be taken for the purpose of determining the holders of Capital Stock entitled to subscription rights, or (b) a record will be taken (or in lieu thereof, the transfer books will be closed) for the purpose of determining the holders of Capital Stock entitled to notice of and to vote at the meeting of stockholders at which any consolidation, merger, dissolution, liquidation, winding up or sale of the Company shall be considered and acted upon.

4. Reservation and Issuance of Shares.

4.1 The Company covenants and agrees that all Shares which may be issued upon the exercise of the rights represented by this Warrant Certificate will be duly authorized, legally issued and when paid for in accordance with the terms hereof, fully paid and non-assessable, and free from all liens and charges with respect to the issue thereof to the Warrantholder, and shall be free of any resale or other restrictions. The Company represents, warrants, covenants, and agrees that it will issue timely and irrevocable instructions to its transfer agent on the date of any exercise of this Warrant for such transfer agent to deliver all Shares will be received by the Warrantholder within three trading days of Warrantholder's exercise, in whole or part, of this Warrant, with the Company being strictly liable for any failure to deliver such Shares to Warrantholder within three trading days of exercise.

4.2 The Company will reserve at all times such number of Shares as may be issuable pursuant to the exercise of Warrants evidenced by this Warrant Certificate.

5. Investment Representation.

By accepting delivery of this Warrant Certificate and by exercising any Warrants evidenced hereby, the Warrantholder represents that the Warrantholder is acquiring the Warrants and the Shares issuable upon the exercise of the Warrants for investment and not for resale or distribution.

6. Miscellaneous.

6.1 The Warrantholder shall not be entitled to any rights whatsoever as a stockholder of the Company by virtue of its ownership of this Warrant Certificate.

6.2 This Warrant Certificate is being executed and delivered in the State of New York, and this Warrant Certificate shall be interpreted under, and the Warrantholder and the Company subject to, the laws and jurisdiction of the state and federal courts of the State of New York, United States of America located in New York County. The parties hereby consent to such jurisdiction.

6.3 Subject to the provisions of Section 1.2 hereof, this Warrant Certificate may be exercised at any time after the date hereof and prior to its

expiration as of 11:59 p.m. New York time on the Expiration Date, and shall be void and of no effect after 11:59 p.m. New York time on the Expiration Date.

6.4 By accepting delivery of this Warrant Certificate, the Warrantholder acknowledges that the Warrants granted hereunder shall be in full satisfaction of all obligations to issue Series C Warrants to the Warrantholder pursuant

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to the Term Sheet dated November 9, 2000 between the Company and the Warrantholder, except that additional Warrants may be issued as specified in such Term Sheet.

IN WITNESS WHEREOF, the Company and the Warrantholder have executed this Warrant Certificate this 29th day of January, 2001 by each of their duly authorized officers.

AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC.

By:

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Daniel G. Brandano, Jr., President

COMERGENT CAPITAL LTD.

By:

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Kevin W. Haddon-Harris,  
Chief Executive Officer

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[Form of Notice of Exercise]

The undersigned hereby irrevocably elects to exercise the warrants we currently hold to purchase \_\_\_\_\_ shares of common stock, \$0.001 par value per share, of AFFINITY INTERNATIONAL TRAVEL SYSTEMS, INC. (the "Company")

at an exercise price of \$0.3125 per share. Attached to this notice is the original Warrant certificate evidencing the aforementioned warrants. We have delivered to the Company US\$\_\_\_\_\_ representing the aggregate exercise price for the warrants exercised hereunder. A certificate representing the shares issuable upon exercise should be issued in the undersigned's name.

Dated: \_\_\_\_\_ \_\_, \_\_\_\_\_

COMERGENT CAPITAL LTD.

By:

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Name:

Title:

[GRAPHIC OMITTED]

CONTACT: Investor Relations - Dan Brandano  
Affinity International Travel Systems  
100 Second Avenue South, Ste 1100S  
St. Petersburg, FL 33701-4301  
727-896-1513 x251 or investor@sunstyle.com

FOR IMMEDIATE RELEASE:

#### AFFINITY INTERNATIONAL SECURES \$10,000,000 FUNDING

ST. PETERSBURG, FL; JANUARY 31, 2001 - Affinity International Travel Systems, Inc. (OTC BB: AFFT) announced today that it has agreed to definitive terms and conditions regarding an Equity Financing Facility with a London-based institutional money management fund. This Facility permits Affinity to raise up to \$10 million in equity financing to fund its operations and expansion.

Affinity CEO, Daniel Brandano commented, "This commitment provides a basis to build the Company's capital structure as well as assist us in completing our efforts to secure short term funding. Additionally, Brandano commented, "We will utilize these funds to continue to develop enhancements to our technology, FarAway.com, as well as continuing on our strategic plan."

Comergent Capital Limited of Hamilton, Bermuda assisted Affinity in the transaction by structuring and placing the Equity Financing Facility.

According to the terms of the Facility, Affinity International Travel Systems, Inc. has the ability to access up to \$10,000,000 over a three-year period, subject to certain contingencies being met under the terms of the Facility. Beginning on the date the SEC declares effective a registration statement covering the resale of the shares issuable under the Facility, and for 36 months thereafter, Affinity may sell shares of the Company's Common Stock at a price per share equal to 88% of the three lowest bid prices for the Common Stock over a 7 day trading period immediately proceeding the sale. During each 90-day period, the Company may access up to \$1,500,000 subject to certain stock price and trading volume requirements being met. In exchange for the Investor's commitment to provide the \$10 million Equity Financing Facility, and Comergent Capital's work in connection therewith, the Company issued 500,000 warrants to each of them having an exercise price of \$.3125 per share. More detailed information will be provided in Affinity's current report on Form 8-K.

#### ABOUT COMERGENT CAPITAL

Comergent Capital assists publicly traded companies in the areas of corporate finance and corporate strategy. The firm works with companies in the United

States, Canada and Europe to provide its clients access to investment capital through creative transaction structures designed to meet their specific needs.

#### ABOUT AFFINITY INTERNATIONAL TRAVEL SYSTEMS

Affinity International Travel Systems is a wholesale tour and travel company that offers high-yield travel programs in an online business-to-business travel solution website. The company is implementing a business-to-business strategy that utilizes the Internet as a delivery platform in both the (B2B) business-to-business and (B2C) business-to-consumer for its inventory of travel products.

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This release contains forward-looking statements, made subject to the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, that involve risks and uncertainties that might cause the actual results to differ materially from those projected in any forward-looking statements. Potential risks and uncertainties include, without limitation, the following: the Company may encounter difficulty in developing its Web sites; it may have difficulty raising the capital it needs to develop and market its Web sites and fund its operations; the Internet may not attract the degree of travel business that the Company expects; the Company may have difficulty competing with other travel companies, portals; market awareness and acceptance of the Company's Web site and product offerings; changes in government regulations affecting the Company's business; and overall market demand for travel services.

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