



## Item 5. Other Events

On October 22, 2002, the Registrant and three Investors signed agreements, including Share Subscription Agreements and Registration Rights Agreements, for an investment of \$3,718,750 to purchase a total of 451,359 shares of common stock, which is equivalent to 19% of the current outstanding shares. The terms of the Agreements also include the purchase of 1,736,141 non-voting preferred shares. A proposal to permit conversion of those preferred shares into common shares will be placed before the shareholders at the next annual meeting. The purchase price for both the common and preferred shares is \$1.70 per share. Pursuant to the agreements the Board of Directors of the Company has agreed to appoint Sean O'Connor, one of the new investors, as CEO-designate. Additionally, the Board has appointed another of the investors, Scott Branch, as President-designate. The Company has entered into employment agreements with both Sean O'Connor and Scott Branch, and copies of those employee agreements are filed as exhibits to this report. The amount of consideration received by the Registrant was the result of arm's length negotiations between the Registrant and the Investors, based on the evaluation of the estimated per-share book value of the Registrant's common shares. At the time the agreements were executed, the previous 5 day average closing price for the Registrants common shares was \$.62 per share.

There are certain terms precedent to the Agreements which must be met prior to closing. The Company expects all terms to be met and the closing of the purchases to occur in early December. There are further terms precedent to the Agreements which must be approved by shareholders and will be submitted to shareholders for approval at the Company's next annual meeting in February, 2003.

The foregoing discussion is qualified by reference to the full text of the three Share Subscription Agreements and the three Registration Rights Agreements, between the Company and the three Investors, which are filed as exhibits to this report on Form 8-K and are incorporated herein by reference in their entirety.

Item 7. Financial Statements and Exhibits

Exhibit	Description
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I	Share Subscription Agreement between the Registrant and Sean O'Connor.
II	Share Subscription Agreement between the Registrant and Scott Branch.
III	Share Subscription Agreement between the Registrant and John Radziwill.
IV	Employment Agreement between the Registrant and Sean O'Connor.
V	Employment Agreement between the Registrant and Scott Branch.
VI	Registration Rights Agreement between the Registrant and Sean O'Connor.
VII	Registration Rights Agreement between the Registrant and Scott Branch
VIII	Registration Rights Agreement between the Registrant and John Radziwill

Signatures

In accordance with the requirements of the Exchange Act, the registrant caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

INTERNATIONAL ASSETS HOLDING CORPORATION

Date 10/24/2002     /s/ Diego J. Veitia  
Diego J. Veitia  
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Chairman of the Board

Date 10/24/2002     /s/ Jonathan C. Hinz  
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Jonathan C. Hinz  
-----  
Chief Financial Officer

EXHIBIT INDEX

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Omitted Schedules and Exhibits

1. Exhibit D - Schedule of Exceptions

The Registrant undertakes to supply copies of the omitted schedules and exhibits to the Commission upon request.

## SHARE SUBSCRIPTION AGREEMENT

THIS SHARE SUBSCRIPTION AGREEMENT ("Agreement") is made and entered into as of the 22 day of October, 2002 (the "Effective Date"), by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and SEAN M. O'CONNOR (the "Investor").

## R E C I T A L S

A. The Company, directly or through its subsidiaries, operates a financial services company, including a market making and proprietary trading brokerage firm specializing in global securities.

B. The Company is a publicly held entity, having previously offered shares of the Company's common stock pursuant to a registration statement, and continues to file reports as to the Company's business.

C. The Board of Directors of the Company (the "Board") considers it essential to the best interests of the Company that (i) additional common equity and (ii) preferred equity will be sold to the Investor subject to the terms of this Agreement.

D. The Investor is an "accredited investor" as such term is defined in Appendix 1, and is capable of evaluating the merits and risks of an investment in the Company.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth hereinafter, the Company and the Investor agree as follows:

1. Recitals. All of the above recitals are true and correct.

2. Term. This Agreement shall commence on the Effective Date and shall terminate at 12:01 a.m. EST on the date that is the later of five (5) business days from the date of receipt by the Company of (i) the audited consolidated financial statements for the fiscal year ended September 30, 2002; or (ii) written confirmation from NASDAQ with respect to the transactions evidenced by this Agreement, but in no event later than December 15, 2002 (the "Termination Date") unless the Closing, as hereafter defined, has occurred before the Termination Date. This Agreement may be extended by the mutual written agreement of the Company and the Investor prior to the Termination Date.

3. Purchase of Securities.

(a) Subject to the terms and conditions of this Agreement, the Company offers to the Investor and the Investor hereby subscribes to purchase (i) 182,061 shares of common stock, \$.01 par value per share of the Company (such shares of common stock are referred to herein as the "Common Securities"), and (ii) 700,292 shares of preferred stock, \$.01 par value per share of the Company (such shares of preferred stock are referred to herein as the "Preferred Securities") (the Common Securities and the Preferred Securities are collectively referred to as the "Securities"), each at a fixed price per share

equal to \$1.70 (the "Per Share Purchase Price"). The aggregate purchase price for the purchased Securities shall be equal to the product of the Per Share Purchase Price and the aggregate number of Common Securities and Preferred Securities purchased by the Investor (the "Aggregate Purchase Price").

(b) The Preferred Securities will have the preferences, privileges, restrictions and rights specified in Exhibit "A" to this Agreement. The Board will promptly approve the terms of the Preferred Securities by adopting an amendment to the Company's Certificate of Incorporation in the form of Exhibit "A".

4. Earnest Money. The Investor will pay the Company a deposit in the amount of \$80,000 within three (3) days of the execution of this Agreement (the "Deposit"). At the Closing, the Company will apply the Deposit to the Aggregate Purchase Price as provided in Section 5. If the Agreement is terminated before the Closing, as hereafter defined, pursuant to Subsection 7(a)(i), (ii) or (iii) or Section 10 hereof, the Company will return the Deposit to the Investor. If the Agreement is terminated before the Closing pursuant to Subsection 7(a)(iv) hereof or if the Investor is unable to make full payment to the Company for the purchased shares at Closing, the Investor will forfeit the Deposit.

5. Closing and Payment. The closing of the acquisition provided for in Section 3 of this Agreement (the "Closing") shall occur on a mutually agreeable date prior to the Termination Date at the offices of Holland & Knight LLP in Orlando, Florida or at such other time and place as the parties may agree. At the Closing: (i) the Investor will pay the Aggregate Purchase Price less the Deposit by either endorsing a certified or cashier's check made payable to the Company or wiring immediately available funds to the Company's bank account (which account number has been previously provided to the Investor), and (ii) the Company will reimburse the Investor, together with the other Approved Investors, up to the aggregate sum of \$20,000 for amounts paid by the Approved Investors to any intermediaries or brokers and for the legal and out-of-pocket expenses incurred by the Approved Investors, provided that the Approved Investors shall not be entitled to such reimbursement if the Closing does not occur for any reason.

6. Conditions Precedent.

(a) The respective obligations of the Company and the Investor to effect the Closing are subject to the satisfaction or waiver by the Company and the Investor, prior to the Closing of each of the following conditions:

(i) There being no provision of applicable Law or any Court Order that prohibits or otherwise makes illegal the consummation of the Closing.

(ii) All regulatory approvals required to consummate the transaction contemplated hereby (other than the shareholder approval required for the conversion of Preferred Securities) shall have been obtained and shall remain in full force and effect.

(iii) No investigation, action, suit or proceeding by a Governmental Authority shall be pending on the date of Closing, which challenges, or might reasonably be

expected to result in a challenge to this Agreement, or which might reasonably be expected to give rise to a claim for damages in a material amount as a result of the consummation of the transaction contemplated by this Agreement.

(iv) The Company shall have consummated simultaneously with the Closing, the transactions contemplated by Share Subscription Agreements of even date herewith entered into by and between the Company and each of Scott J. Branch and John Radziwill, or any assignee of each which has been approved in writing by the Company (such persons, together with the Investor, the "Approved Investors").

(v) The Company shall have received the written confirmation from NASDAQ that the transactions evidenced by this Agreement do not require prior stockholder approval.

(b) The obligation of the Investor to effect the Closing is subject to the satisfaction or waiver by the Investor of the following additional conditions:

(i) The Company shall have performed in all material respects all of its material obligations under this Agreement required to be performed by it at or before the Closing.

(ii) Any representation or warranties of the Company contained in this Agreement shall be true and correct in all material respects as of the Closing, as if made at and as of such time.

(iii) The Company and the Investor shall have entered into an Employment Agreement in the form attached hereto as Exhibit "B" (the "Employment Agreement").

(iv) The Company and the Investor shall have entered into a Registration Rights Agreement in the form attached hereto as Exhibit "C" (the "Registration Rights Agreement").

(v) The Board shall have duly adopted resolutions: (1) approving the terms of (i) this Agreement, (ii) the terms of the Preferred Securities, (iii) the Employment Agreement, and (iv) the Registration Rights Agreement; (2) authorizing an employee share incentive program to allow for options to be issued as provided in the Employment Agreement (the "Option Plan") to be proposed to the stockholders of the Company for approval at the next convened annual general meeting of stockholders currently scheduled to occur on or before February 14, 2003 (the "Annual Meeting"); and (3) approving an amendment to (i) the bylaws of the Company to require a supermajority vote of the greater of (A) at least five directors or (B) at least seventy-five percent (75%) of the directors to remove or change the Chairman of the Board, and (ii) the Certificate of Incorporation of the Company to also require a vote of at least seventy-five percent (75%) of the shares of common stock to remove or change the Chairman of the Board to be proposed to the stockholders of the Company at the Annual Meeting. Copies of these



Board resolutions certified by the Secretary of the Company shall be made available to the Investor no later than 14 business days after execution of this Agreement.

(vi) The Company will have received a release from UBS Warburg waiving any claim to compensation arising from this Agreement or the share purchase evidenced hereby.

(vii) The Company will have secured letters of resignation from all current directors not shown on Appendix 2 and shall appoint all new directors shown on Appendix 2 effective as of the Closing.

(viii) The Company shall have entered into Employment Agreements with Diego Veitia, Edward Cofrancesco, Charles Lyons, Brian Garrow, Will Dennis, Jr., Doug Ross, Chris Myers and Michael Flannigan. Neither Diego Veitia nor Edward Cofrancesco shall have terminated their Employment Agreement with the Company.

(c) The Obligation of the Company to effect the Closing is subject to satisfaction or waiver by the Company of the following conditions:

(i) The Investor shall have performed in all material respects all of its material obligations under this Agreement required to be performed by it at or before the Closing.

(ii) Any representation or warranties of the Investor contained in this Agreement shall be true and correct in all material respects as of the Closing, as if made at and as of such time.

#### 7. Termination.

(a) This Agreement may be terminated at any time before the Closing:

(i) by the mutual agreement of the Investor and the Company;

(ii) By either the Company or the Investor, if the Closing has not occurred by December 15, 2002, provided that the right to terminate this Agreement under this clause will not be available to any party whose failure to fulfill any of its obligations under this Agreement resulted in the failure to consummate the Closing by such date;

(iii) By the Investor, if there has been a material breach of any representation, warranty or covenant in this Agreement by the Company; or

(iv) By the Company, if there has been a material breach of any representation, warranty or covenant in this Agreement by the Investor.

(b) The party terminating this Agreement pursuant to this Section will give written notice of termination to the other party.

8. Stockholder Approval. At the Annual Meeting, the Company shall seek the approval of the stockholders of the Company: (i) to allow conversion of the Preferred Securities to Common Securities; (ii) to adopt the Option Plan; (iii) to elect the persons listed on Appendix 2 to the Board; and (iv) to amend the Certificate of Incorporation of the Company to require a seventy-five percent (75%) vote of the stockholders to remove or change the Chairman of the Board. Upon the approval of the stockholders at the Annual Meeting, the Preferred Securities will automatically be converted into the Common Securities pursuant to the conversion provisions included in Exhibit "A" hereto (the "Conversion").

9. Redemption and Repurchase Rights.

(a) In the event the stockholders do not approve the resolutions permitting conversion of the Preferred Securities into common stock and the amendment to the Company's Certificate of Incorporation to require a seventy-five percent (75%) vote of the stockholders to remove or change the Chairman of the Board at the Annual Meeting: (i) the Investor will, at a redemption price equal to the Aggregate Purchase Price, have the option to cause the Company to repurchase the Common Securities and the Preferred Securities for a period beginning fifteen (15) days after the Annual Meeting and extending to the date that is six months from the Closing (the "Redemption Right"), and (ii) the Company will have the right to repurchase the Common Securities and the Preferred Securities from the Investor for a period beginning fifteen (15) days after the Annual Meeting and extending to the date that is six months from the Closing at a price equal to the Aggregate Purchase Price (the "Repurchase Right").

(b) In the event that prior to the Conversion: (i) the Investor's employment is terminated by the Company (other than for Cause, as such term is defined in the Employment Agreement); or (ii) the Investor is removed as a director of the Company; or (iii) Sean O'Connor's employment is terminated by the Company (other than for Cause, as defined in the Employment Agreement of even date herewith between the Company and Sean O'Connor); or (iv) either Sean O'Connor or the nominee of John Radziwill is removed from the Board, then the Company, at the Investor's option, shall repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price within fifteen (15) days of such termination of employment or removal of director. In the event that prior to the Conversion, the Investor's employment is terminated by the Company for Cause, as such term is defined in the Employment Agreement, the Company shall have the option to repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price within fifteen (15) days of such termination of employment.

(c) In the event the Annual Meeting is not held on or before March 15, 2003, the Investor will, at a redemption price equal to the Aggregate Purchase Price, have the option to cause the Company to repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price on or before March 30, 2003.

10. Adjusted Stockholders Equity Per Share. Notwithstanding anything to the contrary in this Agreement, either party shall have the option to terminate this Agreement

prior to Closing in the event that stockholders' equity per share as determined and adjusted pursuant to this Section (the "Adjusted Stockholders Equity Per Share") is greater than \$1.75 or less than \$1.45. Stockholder equity per share shall be determined as of September 30, 2002 by the independent public accountants then regularly servicing the Company, in accordance with generally accepted accounting principles consistently applied, based on the audited consolidated financial statements of the Company, which determination shall be binding on the parties hereto. Subject to compliance with auditor independence and corporate governance considerations as effective or proposed by the SEC or NASDAQ, the Investor shall have the right to consult with the independent public accountants determining the Stockholder equity per share prior to such determination and to approve any new accounting firm if the Company's accounting firm as of the date of this Agreement resigns or is otherwise replaced. Stockholders equity per share as so determined by the Company's accounting firm shall then be adjusted as follows to determine the Adjusted Stockholders Equity Per Share:

a. Stockholders equity per share shall include the value of the Company's technology assets (which shall be deemed to be \$300,000 in aggregate at September 30, 2002) and the Company's deferred tax assets (which shall be deemed to be \$540,766 at September 30, 2002), irrespective of the auditor's treatment thereof;

b. All costs related to the transaction contemplated by this Agreement shall not be expensed but rather shall be debited directly against the capital investment made by the Approved Investors. Such expenses shall include legal and tax advisory fees, amounts paid to any intermediaries or brokers and the legal and out of pocket expenses incurred by the Investor (in aggregate with all other Approved Investors, not to exceed \$20,000). The aggregate of all such expenses for entire aggregate investment by the Approved Investors is not to exceed \$200,000. Any excess beyond \$200,000 to be deducted against stockholder's equity per share; and

c. The resulting Stockholders equity per share shall then be reduced by 7.5%.

11. Representations by the Investor. In connection with the purchase of the Securities, the Investor acknowledges, warrants and represents to the Company as follows:

a. The Investor is acquiring the Securities for investment for his own account and without the intention of participating, directly or indirectly, in a distribution of the Securities, and not with a view to resale or any distribution of the Securities, or any portion thereof.

b. The Investor has knowledge and experience in financial and business matters and has consulted with its own professional representatives as it has considered appropriate to assist in evaluating the merits and risks of this investment. The Investor has had access to and an opportunity to question the officers of the Company, or persons acting on their behalf, with respect to material information about the Company and, in connection with the evaluation of this investment, has,

to the best of his knowledge, received all information and data with respect to the Company that the Investor has requested. The Investor has carefully reviewed all of the Company's filings with the Securities and Exchange Commission. The Investor is acquiring the Securities based solely upon its independent examination and judgment as to the prospects of the Company.

c. The Securities were not offered to the Investor by means of publicly disseminated advertisements or sales literature.

d. The Investor is acquiring the Securities without being furnished any offering materials or prospectus.

e. The Investor acknowledges that an investment in the Securities is speculative and involves a high degree of risk, including a risk of loss of the entire investment in the Company, and the Investor may have to continue to bear the economic risk of the investment in the Securities for an indefinite period. The Investor acknowledges that the Securities are being sold to the Investor without registration under any state or federal law requiring the registration of securities for sale, and accordingly will constitute "restricted securities" as defined in Rule 144 promulgated under the Securities Act of 1933, as amended (the "Act"). The transferability of the Securities is therefor restricted by applicable United States Federal and state securities laws.

f. The Investor acknowledges that each certificate representing Securities shall be subject to a legend substantially in the following form:

"The securities represented hereby have not been registered under the Securities Act of 1933, as amended or any state securities laws and neither the securities nor any interest therein may be offered, sold, transferred, pledged, or otherwise disposed of except pursuant to an effective registration statement under such act or such laws or an exemption from registration under such act and such laws which, in the opinion of counsel for the holder, which counsel and opinion are reasonably satisfactory to counsel for this entity, is available."

12. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor except as set forth on a Schedule of Exceptions (the "Schedule of Exceptions") furnished to the Investor and its counsel, and attached as Exhibit D hereto, specifically identifying the relevant section hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder:

a. Corporate Existence. The Company and each of its subsidiaries are entities duly formed under the laws of their respective places of formation, are each in good standing and have a legal existence, with full power and authority to own, operate or lease their respective properties and conduct their respective businesses in the manner and in the places where such properties are owned or leased or such businesses are conducted.

b. Authorization of Transaction. Subject to the receipt of necessary third party approvals or confirmations listed on Appendix 3 hereto (the "Required Approvals"), the Company has the full power and authority to execute, deliver and perform this Agreement and the other agreements to be executed and delivered pursuant to this Agreement (the "Ancillary Agreements"); to perform its obligations hereunder and thereunder, and to carry out the transactions contemplated hereby and thereby. All necessary action, corporate or otherwise, will have been taken by the Company prior to the Closing to authorize the execution, delivery and performance of this Agreement and each of the Ancillary Agreements and the transactions contemplated hereby and thereby. Each of this Agreement and the Ancillary Agreements has been, or will be at the Closing, duly executed and delivered by the Company, and each of this Agreement and the Ancillary Agreements is, or upon the Closing will be, the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency or other laws of general application affecting enforcement of creditors' rights; and (b) general principles of equity that restrict the availability of equitable remedies.

c. Capitalization. As of the date of this Agreement, the authorized capital stock of the Company consists of 8,000,000 shares of common stock, par value \$.01 per share of which 2,375,575 shares are validly issued and outstanding, fully paid and nonassessable on the date hereof, and 5,000,000 shares of preferred stock, par value \$.01 per share, none of which are issued or outstanding. In addition, on the date hereof, 527,224 shares of common stock are subject to issuance pursuant to presently existing options and warrants. There are no other outstanding options, warrants, rights, convertible securities or exchange offers providing for the issuance of common stock or any other capital stock of the Company.

d. Securities Duly Issued. Upon the issuance of the Securities at the Closing, the Securities will be duly and validly issued, fully paid and nonassessable, and will not be subject to any restrictions on transfer other than those arising under applicable federal and state securities laws.

e. Present Compliance with Obligations and Laws. Neither the Company nor any of its subsidiaries are: (i) in violation of their respective Organizational Documents; (ii) in default in the performance of any obligation, agreement or condition of any debt instrument which (with or without the passage of time or the giving of notice) affords to any person the right to accelerate any indebtedness or terminate any right; (iii) in default of or in breach of (with or without the passage of time or the giving of notice) any other contract to which it is a party or by which it or its assets are bound; or (iv) in violation of any Court Order or Governmental Authorization that is held by the Company or its subsidiaries or is applicable to any of the Company or its subsidiaries or their respective businesses or assets. Except as set forth on Section 12(e) of the Schedule of Exceptions, the Company and its subsidiaries have conducted and are now conducting their businesses and the ownership and operation of their assets in compliance with all applicable Laws, except where the failure to be in such compliance would not have a Material Adverse Effect.

f. No Conflict of Transaction With Obligations and Laws. Except as set forth on Schedule 12(f) of the Schedule of Exceptions, neither the execution, delivery and performance of this Agreement or any Ancillary Agreement, nor the performance of the transactions contemplated hereby or thereby, will: (a) conflict with or constitute a breach or violation of any provision of the Organizational Documents of the Company or any of its subsidiaries; (b) require any Governmental Authorization, (c) require any consent of any parties to loans, contracts, leases, licenses and other agreements to which the Company is a party; (d) constitute (with or without the passage of time or the giving of notice) a breach of, or default under, any debt instrument to which the Company or any of its subsidiaries is a party, or give any person the right to accelerate any indebtedness or terminate, modify or cancel any right; (e) constitute (with or without the passage of time or giving of notice) a default under or breach of any other agreement, instrument or obligation to which the Company or any of its subsidiaries is a party or by which it or its assets are bound; (f) result in the creation of any encumbrance upon any capital stock or any of the assets of the Company or its subsidiaries; (g) conflict with or result in a violation of any Court Order or Law, or give to any other person, the right to exercise any remedy or obtain any relief under any Court Order or Law, to which the Company or any of its subsidiaries is subject or by which the properties or assets of the Company or any of its subsidiaries are bound, or (h) result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, suspend or otherwise modify, any Government Authorization.

g. SEC Reports. The financial statements of the Company and the related notes contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 present fairly the financial position of the Company as of the dates indicated therein and the results of its operations and cash flows for the periods therein specified. Such financial statements (including the related notes) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods therein specified and are true, correct and complete in all respects.

h. Contracts and Commitments. Set forth on Section 12(h) of the Schedule of Exceptions is a list of all (i) contracts, mortgages, indentures, agreements, instruments and transactions to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries are bound which involve obligations of, or payments to, such company in excess of \$100,000 in the aggregate; (ii) agreements between the Company or any of its subsidiaries and the Investor; (iii) agreements between the Company or any of its subsidiaries and any officer, director, consultant, stockholder, employee, affiliate or predecessor company; and (iv) contracts, agreements, arrangements or understandings which are material to the business of the Company or any of its subsidiaries (collectively referred to as the "Material Contracts"). Copies of all Material Contracts listed in Section 12(h) of the Schedule of Exceptions have previously been made available to the Investor. All of the Material Contracts are valid, binding and in full force

and effect in all material respects, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting enforcement of the creditors' rights and rules or laws concerning equitable remedies. Neither the Company nor any of its subsidiaries are in material default under any such contract. Except as set forth in Section 12(h) of the Schedule of Exceptions, with respect to each Material Contract, (a) the Company or its subsidiaries, as the case may be, has performed in all material respects all obligations required to be performed to date under such Material Contract; (b) to the best knowledge of the Company, no party to such Material Contract is in default, breach or arrears under the terms of such Material Contract; and (c) to the best knowledge of the Company, no condition exists or event has occurred that, with the giving of notice or lapse of time or both, would constitute a material default under such Material Contract.

i. Litigation. Except as set forth in Section 12(i) of the Schedule of Exceptions, there is no action, suit, claim, proceeding, investigation or arbitration proceeding pending (or to the best knowledge of the Company, threatened in writing) against or otherwise involving the Company or any of its subsidiaries and there are no outstanding Court Orders to which the Company or any of its subsidiaries is a party or by which any of their respective assets are bound.

j. ERISA and Employee Benefits. Except as set forth on Section 12(j) of the Schedule of Exceptions, neither the Company nor any of its subsidiaries has contributed to or participated in any employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), other than medical benefit plans listed in Section 12(j) of the Schedule of Exceptions with respect to which the Company or its subsidiary, as the case may be, has made all required contributions. The Company and its subsidiary are in compliance with all laws and regulations applicable to such plans under ERISA, the violation of which, singly or in the aggregate, could have a Material Adverse Effect.

k. Government Authorizations. The Company and each of its subsidiaries holds all Government Authorizations which are required to own their respective properties and assets and to permit the Company and its subsidiaries to conduct their respective businesses as presently conducted, except where the failure to hold such Governmental Authorization would not have a Material Adverse Effect. Set forth in Section 12(k) of the Schedule of Exceptions is a listing of all such Government Authorizations held by the Company and its subsidiaries. No consent, approval or authorization of (or designation, declaration of filing with) any Governmental Authority by the Company or any of its subsidiaries is required in connection with the valid execution and delivery of this Agreement, the Ancillary Agreements, or the offer or sale of the Common Securities or the Preferred Securities, or the consummation of any other transaction contemplated hereby or under the Ancillary Agreements, except for Required Approvals shown on Appendix 3.

l. Related-Party Transactions. To the knowledge of the Company, except as disclosed in SEC Filings made by the Company or listed on Section 12(1) of the

Schedule to Exceptions, no employee, officer, director or stockholder of the Company or any of its subsidiaries or member of his or her immediate family is directly or indirectly interested in any material contract with the Company or any of its subsidiaries.

13. Affirmative Covenants of the Company. The Company hereby covenants with the Investor that between the date of this Agreement and the Closing, except as the Investor shall otherwise consent, the Company will do the following:

- a. Conduct its business only in the ordinary course of business consistent with past practice and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;
- b. Refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligations or liabilities except those that are usual and normal in the ordinary course of business;
- c. Maintain its equipment and other assets in good working condition and repair according to the standards that it maintained to the date of this Agreement, subject only to ordinary wear and tear;
- d. Refrain from making any change or incurring any obligation to make a change in its Organizational Documents or its authorized or issued capital stock;
- e. Refrain from declaring, setting aside or paying any dividend or making any other distribution in respect of capital stock, or making any direct or indirect redemption, purchase or other acquisition of its capital stock;
- f. Refrain from merging, consolidating or reorganizing with, or acquiring, any entity;
- g. Use its best efforts to keep intact its business organization, to keep available its present officers, agents and employees and to preserve the goodwill of all suppliers, customers and others having business relations with it;
- h. Maintain true, correct and complete books of accounts and records relating to its business;
- i. Comply in all respects with all Laws applicable to the conduct of its business or its properties or assets;
- j. Promptly upon its knowledge thereof, advise the Investor in writing of the termination or resignation of any key employee and the circumstances therefore;
- k. Pay all taxes, assessments, governmental charges or levies imposed upon it or its income, profits or assets, or otherwise required to be paid by it, nor fail to



pay when due any liability or charge that if, unpaid, might become an Encumbrance upon any such Company's assets; and

l. Promptly upon its knowledge thereof, advise the Investor in writing of (i) any event, condition or circumstance occurring from the date hereof until the Closing that would constitute a violation or breach of any representation, warranty, covenant, agreement or provision contained in this Agreement (provided, however, that such disclosure shall not be deemed to cure any violation or breach of any such representation, warranty, covenant, agreement or provision), or (ii) any event, occurrence, transaction or other item that would have been or required to have been disclosed on any Schedule, delivered hereunder, had such event, occurrence, transaction or item existed on the date hereof, and use its commercially reasonable efforts to prevent or promptly remedy the same.

m. The Company will not, directly or indirectly, through any officer, director, affiliate, agent or otherwise, solicit, initiate or encourage submission of any proposal or offer from any person or entity relating to the acquisition or merger of the Company or any of its securities or assets or participate in any discussions or negotiations regarding, furnish to any other person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, or facilitate or encourage any effort or attempt by any other person or entity to do or seek, any of the foregoing.

14. Consummation of Agreement. The Company and the Investor shall each use their best efforts to perform and fulfill all conditions and obligations on their respective parts to be performed and fulfilled under this Agreement, to the end that the transaction contemplated by this Agreement shall be fully carried out. To this end, each of the Company and the Investor will use best efforts to obtain all Required Approvals.

15. Survival of Representations and Warranties. All of the representations and warranties of the Company and the Investor contained in Sections 12 and 11, respectively, of this Agreement shall survive from the date of this Agreement until the Conversion.

16. Restrictions on Sale. In consideration of the acceptance of this subscription, the Investor agrees that the Securities will not be offered for sale, sold or transferred by the Investor other than pursuant to (i) an effective registration under the Securities Act, an exemption available under the Securities Act or a transaction that is otherwise in compliance with the Securities Act; and (ii) an effective registration under the securities law of any state or other jurisdiction applicable to the transaction, an exemption available under such laws, or a transaction that is otherwise in compliance with such laws.

17. No Review. The Investor understands that no U.S. federal or state agency has passed upon the offering of the Securities or has made any finding or determination as to the fairness of any investment in the Securities.

18. Confidentiality. The Investor agrees not to disclose or use any information provided to the Investor by the Company or any of its agents in connection with the

offering of the Securities, except for the purpose of evaluating an investment in the Securities.

19. Indemnification.

a. Indemnification by Investor. The Investor agrees to indemnify and hold harmless the Company and its officers, directors, partners, employees, agents, and affiliates against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Investor to comply with any covenant or agreement made by the Investor herein or in any other document furnished by the Investor to the Company to the Investor in connection with this transaction.

b. Indemnification by Company. The Company agrees to indemnify and hold harmless the Investor against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Company to comply with any covenant or agreement made by the Company herein or in any other document furnished by the Company to the Investor in connection with this transaction.

20. Definitions. In addition to the terms defined throughout this Agreement, the following terms shall have the indicated respective meanings:

"Court Order" shall mean a court order, judgment, administrative or judicial order, writ, decree, stipulation, arbitration award or injunction.

"Encumbrance" shall mean any lien, option (including right of first refusal or first offer), encumbrance, charge, restriction, mortgage, pledge, security interest, title exception, restriction, claim or charge of any kind or character.

"Force Majeure" shall mean failure of any party to perform its obligations under this Agreement due to fire, flood, strikes or other industrial disturbances, accidents, war, acts of terrorism, riot, insurrection or other causes beyond the reasonable control of the such party.

"Governmental Authority" shall mean any governmental body, whether national, state, regional, local, or any subdivision or agency of any of the foregoing.

"Governmental Authorization" shall mean any license, permit, order, franchise agreement, concession, grant, authorization, consent or approval from a Governmental Authority.

"Law" shall include any statute, law, ordinance, rule or regulation of

a

Governmental Authority.

"Material Adverse Effect" shall mean an event which causes a material adverse change in the condition, financial or otherwise, business operations, properties, assets or liabilities of the Company except any material adverse change resulting from a Force Majeure.

"NASDAQ" shall mean The Nasdaq Stock Market.

"Organizational Documents" shall mean the Certificate of Incorporation of the Company as filed with the Secretary of State of the State of Delaware on the date of this Agreement, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933.

21. **Publicity and Disclosures.** Except as may be otherwise required for compliance with applicable stock exchange rules or securities laws, neither the Investor nor the Company shall issue nor approve any news release or other public announcement concerning this Agreement (or any schedules or exhibits hereto) prior to the Closing without the prior written approval of the other.

22. **Irrevocability; Binding Effect.** The Investor hereby acknowledges and agrees that the subscription hereunder is irrevocable by the Investor, that, except as required by law, the Investor is not entitled to cancel, terminate, or revoke this Agreement or any agreements of the Investor hereunder, and that this Agreement and such other agreements shall survive the death or disability of the Investor and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns. If the Investor is more than one person, the obligations of the Investor hereunder shall be joint and several and the agreements, representations, warranties, and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators, successors, legal representatives, and permitted assigns.

23. **Modification.** Neither this Agreement nor any provisions hereof shall be waived, modified, discharged, or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge, or termination is sought.

24. **Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or delivered against receipt to the party to whom it is to be given (a) if to the Company, at the address set on the signature page hereof, or (b) if to the Investor, at the address set forth on the signature page hereof (or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 25). Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice changing a party's address which shall be deemed given at the time of receipt thereof.

25. Assignability. This Agreement and the rights and obligations hereunder are not transferable or assignable by any party without the prior written consent of the other party.

26. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida as applied to residents of that state executing contracts wholly to be performed in that state.

27. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Orlando, Florida in accordance with the rules of American Arbitration Association then in effect.

28. NOTICE TO FLORIDA RESIDENTS. PURSUANT TO SECTION 517.061(11)(A)(5) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, A FLORIDA SUBSCRIBER HAS A RIGHT TO RESCIND THE SUBSCRIPTION BY GIVING NOTICE OF SUCH RESCISSION BY TELEPHONE, TELEGRAPH OR LETTER, WITHIN THREE DAYS AFTER THE CONSIDERATION HEREUNDER IS FIRST TENDERED TO THE COMPANY. IF THE NOTICE IS TENDERED ORALLY, A WRITTEN CONFIRMATION THAT IT HAS BEEN RECEIVED SHOULD BE REQUESTED. IT IS PRUDENT TO SEND NOTICE OF RESCISSION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT IT WAS RECEIVED. IF NOTICE IS NOT RECEIVED BY SUCH TIME, THE FOREGOING RIGHT OF RESCISSION SHALL BE NULL AND VOID.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their authorized official, this Agreement, effective as of the date first above written.

INTERNATIONAL ASSETS HOLDING  
CORPORATION

By: /s/ Diego J. Veitia

-----  
Printed Name: Diego J. Veitia

-----  
Title: Chairman of the Board

-----  
Address:  
\_\_\_\_\_

INVESTOR:

/s/ Sean M. O'Connor

-----  
SEAN M. O'CONNOR

Address:  
\_\_\_\_\_  
\_\_\_\_\_

## APPENDIX 1 - ACCREDITED INVESTOR

An "Accredited Investor" within the meaning of Regulation D under the Securities Act of 1933 (the "Act") includes the following:

### Organizations

(1) A bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; insurance company as defined in section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that act; a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

(2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

(3) A trust (i) with total assets in excess of \$5,000,000, (ii) not formed for the specific purpose of acquiring the Securities, (iii) whose purchase is directed by a person who, either alone or with his/her purchaser representative, has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of the proposed investment.

(4) A corporation, business trust, partnership, or an organization described in section 501(c)(3) of the Internal Revenue Code, which was not formed for the specific purpose of acquiring the Securities, and which has total assets in excess of \$5,000,000.

(5) Any entity in which all of the equity owners are "accredited investors".

### Individuals

(6) Individuals with income from all sources for each of the last two full calendar years whose reasonably expected income for this calendar year exceeds either of:

(i) \$200,000 individual income; or

(ii) \$300,000 joint income with spouse.

NOTE: Your "income" for a particular year may be calculated by adding to your adjusted gross income as calculated for Federal income tax purposes any deduction for long term capital gains, any deduction for depletion allowance, any exclusion for tax exempt interest and any losses of a partnership allocated to you as a partner.

(7) Individuals with net worth as of the date hereof (individually or jointly with your spouse), including the value of home, furnishings, and automobiles, in excess of \$1,000,000.

(8) Directors, executive officers or general partners of the Issuer.

APPENDIX 2 - DIRECTORS SLATE

Diego Veitia  
Edward Cofrancesco  
Dr. Robert A. Miller

Scott Branch  
Sean O'Connor  
[nominee of John Radziwill]

APPENDIX 3 - THIRD PARTY APPROVALS

Written confirmation from NASDAQ.



INTERNATIONAL ASSETS HOLDING CORPORATION

CERTIFICATE OF DESIGNATION  
OF  
SERIES A PREFERRED STOCK

The undersigned, Diego J. Veitia, certifies that he is the Chairman of the Board of INTERNATIONAL ASSETS HOLDING CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Company"), and hereby further certifies as follows:

- A. Under the Certificate of Incorporation of the Company, the Company is authorized to issue 5,000,000 shares, of preferred stock, par value \$.01 per share (the "Preferred Stock").
- B. Pursuant to the provisions of the Certificate of Incorporation of the Company, the Board of Directors has adopted the following resolution creating a series of Preferred Stock designated as "Series A Preferred Stock":

RESOLVED, that pursuant to the authority vested in the Board of Directors of the corporation in accordance with the provisions of the Certificate of Incorporation, a series of preferred stock, par value \$.01 per share, of the corporation be and hereby are created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

1. DIVIDEND RIGHTS.

(a) Participating Dividends. Holders of Series A Preferred shall be entitled to receive, when and as declared by the Board of Directors, any dividends payable to the holders of the Common Stock on the basis that the Series A Preferred have been converted into Common Stock as of the record date of such dividend pursuant to the provisions of Section 4.

2. VOTING RIGHTS.

(a) No General Rights. Except as otherwise provided herein or as required by law, the Series A Preferred shall not be entitled to any voting rights.

(b) Separate Vote of Series A Preferred. For so long as any share of Series A Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of more than fifty percent (50%) of the then outstanding Series A Preferred shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, waiver or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation); or

(ii) Any increase or decrease (other than by redemption or conversion) in the authorized number of shares of Series A Preferred; or

(iii) Any issuance of any stock or any other securities convertible into equity securities of the Company, other than the issuance of common stock, par value \$.01 per share (the "Common Stock"), upon the conversion of the Series A Preferred or the issuance of Common Stock upon the conversion of any convertible security outstanding as of October \_\_, 2002; or

(iv) Any redemption or repurchase of shares of any stock or other equity security of the Company; or

(v) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section 3(c)); or

(vi) Any action that results in the payment or declaration of a dividend on any shares of Common Stock or Preferred Stock.

### 3. LIQUIDATION RIGHTS.

(a) Liquidation Preference. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any other class of stock (a "Junior Stock"), the holders of Series A Preferred shall be entitled to be paid out of the assets of the Company an amount per share of Series A Preferred equal to the price paid for each share of Series A Preferred (the "Original Issue Price") (as adjusted for any stock dividends, combinations, splits, recapitalization and the like with respect to such shares) for each share of Series A Preferred held by them (the "Liquidation Preference").

(b) Deemed Liquidations. The following events shall be considered a liquidation under this Section 3:

(i) Any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred (an "Acquisition"); or

(ii) A sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer"); or

(c) Pro Rata Distribution. If, upon any liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series A Preferred of the Liquidation Preference set forth in Section 3(a), then such assets shall be distributed among the holders of Series A Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

#### 4. CONVERSION.

The Series A Preferred shall be converted into shares of Common Stock on the following terms:

(a) Automatic Conversion. Subject to and in compliance with the provisions of this Section 4, upon the approval by the shareholders of the Company of the conversion provided for in this Section 4, the shares of Series A Preferred will be automatically converted into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of shares of Series A Preferred being converted.

(b) Series A Preferred Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing the Liquidation Preference of the Series A Preferred by the "Series A Preferred Conversion Price," calculated as provided in Section 4(c).

(c) Series A Preferred Conversion Price. The conversion price for the Series A Preferred (the "Series A Preferred Conversion Price") shall initially be the Original Issue Price of the Series A Preferred. Such initial Series A Preferred Conversion Price shall be adjusted from time to time in accordance with this Section 4. All references to the Series A Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted.

(d) Mechanics of Conversion. Upon the conversion of the Series A Preferred pursuant to this Section 4, the holder of the Series A Preferred shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series A Preferred. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled. Such conversion shall be deemed to have been made at the close of business on the date on which the Series A Preferred are converted pursuant to Section 4(a), and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock as of the close of business on such date.

(e) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the date that the first share of Series A Preferred is issued (the "Original Issue Date") effect a subdivision of the outstanding Common Stock without a

corresponding subdivision of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Company at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series A Preferred Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Series A Preferred Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Preferred Conversion Price shall be adjusted pursuant to this Section 4(f) to reflect the actual payment of such dividend or distribution.

(g) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series A Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer as defined in Section 3(b) or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 4), in any such event each holder of Series A Preferred shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A Preferred could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(h) Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time after the Original Issue Date, there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer as defined in Section 3(b) or a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section 4), as a part of such capital reorganization, provision shall be

made so that the holders of the Series A Preferred shall thereafter be entitled to receive upon conversion of the Series A Preferred the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series A Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the Series A Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series A Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

(i) Notices of Record Date. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 3(b)) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 3(b)), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series A Preferred at least twenty (20) days prior to the record date specified therein a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(j) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

(k) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred, the Company will take such corporate action as

may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(l) Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred so converted were registered.

(m) No Dilution or Impairment. Without the consent of the holders of then outstanding Series A Preferred as required under Section 2(b), the Company shall not amend its Amended and Restated Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred against dilution or other impairment.

5. NO REISSUANCE OF SERIES A PREFERRED.

No share or shares of Series A Preferred acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

C. This Certificate of Designation has been duly adopted in accordance with the provisions of Sections 151 of the General Corporation Law of the State of Delaware by the Board of Directors of the Company.

IN WITNESS WHEREOF, International Assets Holding Corporation has caused this Certificate of Designation be signed by its Chairman of the Board, on this 22 day of October, 2002.

INTERNATIONAL ASSETS HOLDING  
CORPORATION

By: /s/ Diego J. Veitia

-----  
Diego J. Veitia, Chairman of the Board

## SHARE SUBSCRIPTION AGREEMENT

THIS SHARE SUBSCRIPTION AGREEMENT ("Agreement") is made and entered into as of the 22 day of October, 2002 (the "Effective Date"), by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and SCOTT J. BRANCH (the "Investor").

## R E C I T A L S

A. The Company, directly or through its subsidiaries, operates a financial services company, including a market making and proprietary trading brokerage firm specializing in global securities.

B. The Company is a publicly held entity, having previously offered shares of the Company's common stock pursuant to a registration statement, and continues to file reports as to the Company's business.

C. The Board of Directors of the Company (the "Board") considers it essential to the best interests of the Company that (i) additional common equity and (ii) preferred equity will be sold to the Investor subject to the terms of this Agreement.

D. The Investor is an "accredited investor" as such term is defined in Appendix 1, and is capable of evaluating the merits and risks of an investment in the Company.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth hereinafter, the Company and the Investor agree as follows:

1. Recitals. All of the above recitals are true and correct.

1. Term. This Agreement shall commence on the Effective Date and shall terminate at 12:01 a.m. EST on the date that is the later of five (5) business days from the date of receipt by the Company of (i) the audited consolidated financial statements for the fiscal year ended September 30, 2002; or (ii) written confirmation from NASDAQ with respect to the transactions evidenced by this Agreement, but in no event later than December 15, 2002 (the "Termination Date") unless the Closing, as hereafter defined, has occurred before the Termination Date. This Agreement may be extended by the mutual written agreement of the Company and the Investor prior to the Termination Date.

3. Purchase of Securities.

(a) Subject to the terms and conditions of this Agreement, the Company offers to the Investor and the Investor hereby subscribes to purchase (i) 151,717 shares of common stock, \$.01 par value per share of the Company (such shares of common stock are referred to herein as the "Common Securities"), and (ii) 583,577 shares of preferred stock, \$.01 par value per share of the Company (such shares of preferred stock are referred to herein as the "Preferred Securities") (the Common Securities and the Preferred Securities are collectively referred to as the "Securities"), each at a fixed price per share

equal to \$1.70 (the "Per Share Purchase Price"). The aggregate purchase price for the purchased Securities shall be equal to the product of the Per Share Purchase Price and the aggregate number of Common Securities and Preferred Securities purchased by the Investor (the "Aggregate Purchase Price").

(b) The Preferred Securities will have the preferences, privileges, restrictions and rights specified in Exhibit "A" to this Agreement. The Board will promptly approve the terms of the Preferred Securities by adopting an amendment to the Company's Certificate of Incorporation in the form of Exhibit "A".

4. Earnest Money. The Investor will pay the Company a deposit in the amount of \$80,000 within three (3) days of the execution of this Agreement (the "Deposit"). At the Closing, the Company will apply the Deposit to the Aggregate Purchase Price as provided in Section 5. If the Agreement is terminated before the Closing, as hereafter defined, pursuant to Subsection 7(a)(i), (ii) or (iii) or Section 10 hereof, the Company will return the Deposit to the Investor. If the Agreement is terminated before the Closing pursuant to Subsection 7(a)(iv) hereof or if the Investor is unable to make full payment to the Company for the purchased shares at Closing, the Investor will forfeit the Deposit.

5. Closing and Payment. The closing of the acquisition provided for in Section 3 of this Agreement (the "Closing") shall occur on a mutually agreeable date prior to the Termination Date at the offices of Holland & Knight LLP in Orlando, Florida or at such other time and place as the parties may agree. At the Closing: (i) the Investor will pay the Aggregate Purchase Price less the Deposit by either endorsing a certified or cashier's check made payable to the Company or wiring immediately available funds to the Company's bank account (which account number has been previously provided to the Investor), and (ii) the Company will reimburse the Investor, together with the other Approved Investors, up to the aggregate sum of \$20,000 for amounts paid by the Approved Investors to any intermediaries or brokers and for the legal and out-of-pocket expenses incurred by the Approved Investors, provided that the Approved Investors shall not be entitled to such reimbursement if the Closing does not occur for any reason.

6. Conditions Precedent.

(a) The respective obligations of the Company and the Investor to effect the Closing are subject to the satisfaction or waiver by the Company and the Investor, prior to the Closing of each of the following conditions:

(i) There being no provision of applicable Law or any Court Order that prohibits or otherwise makes illegal the consummation of the Closing.

(ii) All regulatory approvals required to consummate the transaction contemplated hereby (other than the shareholder approval required for the conversion of Preferred Securities) shall have been obtained and shall remain in full force and effect.

(iii) No investigation, action, suit or proceeding by a Governmental Authority shall be pending on the date of Closing, which challenges, or might reasonably be



expected to result in a challenge to this Agreement, or which might reasonably be expected to give rise to a claim for damages in a material amount as a result of the consummation of the transaction contemplated by this Agreement.

(iv) The Company shall have consummated simultaneously with the Closing, the transactions contemplated by Share Subscription Agreements of even date herewith entered into by and between the Company and each of Sean M. O'Connor and John Radziwill, or any assignee of each which has been approved in writing by the Company (such persons, together with the Investor, the "Approved Investors").

(v) The Company shall have received the written confirmation from NASDAQ that the transactions evidenced by this Agreement do not require prior stockholder approval.

(b) The obligation of the Investor to effect the Closing is subject to the satisfaction or waiver by the Investor of the following additional conditions:

(i) The Company shall have performed in all material respects all of its material obligations under this Agreement required to be performed by it at or before the Closing.

(ii) Any representation or warranties of the Company contained in this Agreement shall be true and correct in all material respects as of the Closing, as if made at and as of such time.

(iii) The Company and the Investor shall have entered into an Employment Agreement in the form attached hereto as Exhibit "B" (the "Employment Agreement").

(iv) The Company and the Investor shall have entered into a Registration Rights Agreement in the form attached hereto as Exhibit "C" (the "Registration Rights Agreement").

(v) The Board shall have duly adopted resolutions: (1) approving the terms of (i) this Agreement, (ii) the terms of the Preferred Securities, (iii) the Employment Agreement, and (iv) the Registration Rights Agreement; (2) authorizing an employee share incentive program to allow for options to be issued as provided in the Employment Agreement (the "Option Plan") to be proposed to the stockholders of the Company for approval at the next convened annual general meeting of stockholders currently scheduled to occur on or before February 14, 2003 (the "Annual Meeting"); and (3) approving an amendment to (i) the bylaws of the Company to require a supermajority vote of the greater of (A) at least five directors or (B) at least seventy-five percent (75%) of the directors to remove or change the Chairman of the Board, and (ii) the Certificate of Incorporation of the Company to also require a vote of at least seventy-five percent (75%) of the shares of common stock to remove or change the Chairman of the Board to be proposed to the stockholders of the Company at the Annual Meeting. Copies of these

Board resolutions certified by the Secretary of the Company shall be made available to the Investor no later than 14 business days after execution of this Agreement.

(vi) The Company will have received a release from UBS Warburg waiving any claim to compensation arising from this Agreement or the share purchase evidenced hereby.

(vii) The Company will have secured letters of resignation from all current directors not shown on Appendix 2 and shall appoint all new directors shown on Appendix 2 effective as of the Closing.

(viii) The Company shall have entered into Employment Agreements with Diego Veitia, Edward Cofrancesco, Charles Lyons, Brian Garrow, Will Dennis, Jr., Doug Ross, Chris Myers and Michael Flannigan. Neither Diego Veitia nor Edward Cofrancesco shall have terminated their Employment Agreement with the Company.

(c) The Obligation of the Company to effect the Closing is subject to satisfaction or waiver by the Company of the following conditions:

(i) The Investor shall have performed in all material respects all of its material obligations under this Agreement required to be performed by it at or before the Closing.

(ii) Any representation or warranties of the Investor contained in this Agreement shall be true and correct in all material respects as of the Closing, as if made at and as of such time.

#### 7. Termination.

(a) This Agreement may be terminated at any time before the Closing:

(i) by the mutual agreement of the Investor and the Company;

(ii) By either the Company or the Investor, if the Closing has not occurred by December 15, 2002, provided that the right to terminate this Agreement under this clause will not be available to any party whose failure to fulfill any of its obligations under this Agreement resulted in the failure to consummate the Closing by such date;

(iii) By the Investor, if there has been a material breach of any representation, warranty or covenant in this Agreement by the Company; or

(iv) By the Company, if there has been a material breach of any representation, warranty or covenant in this Agreement by the Investor.

(b) The party terminating this Agreement pursuant to this Section will give written notice of termination to the other party.

8. Stockholder Approval. At the Annual Meeting, the Company shall seek the approval of the stockholders of the Company: (i) to allow conversion of the Preferred Securities to Common Securities; (ii) to adopt the Option Plan; (iii) to elect the persons listed on Appendix 2 to the Board; and (iv) to amend the Certificate of Incorporation of the Company to require a seventy-five percent (75%) vote of the stockholders to remove or change the Chairman of the Board. Upon the approval of the stockholders at the Annual Meeting, the Preferred Securities will automatically be converted into the Common Securities pursuant to the conversion provisions included in Exhibit "A" hereto (the "Conversion").

9. Redemption and Repurchase Rights.

(a) In the event the stockholders do not approve the resolutions permitting conversion of the Preferred Securities into common stock and the amendment to the Company's Certificate of Incorporation to require a seventy-five percent (75%) vote of the stockholders to remove or change the Chairman of the Board at the Annual Meeting: (i) the Investor will, at a redemption price equal to the Aggregate Purchase Price, have the option to cause the Company to repurchase the Common Securities and the Preferred Securities for a period beginning fifteen (15) days after the Annual Meeting and extending to the date that is six months from the Closing (the "Redemption Right"), and (ii) the Company will have the right to repurchase the Common Securities and the Preferred Securities from the Investor for a period beginning fifteen (15) days after the Annual Meeting and extending to the date that is six months from the Closing at a price equal to the Aggregate Purchase Price (the "Repurchase Right").

(b) In the event that prior to the Conversion: (i) the Investor's employment is terminated by the Company (other than for Cause, as such term is defined in the Employment Agreement); or (ii) the Investor is removed as a director of the Company; or (iii) Sean O'Connor's employment is terminated by the Company (other than for Cause, as defined in the Employment Agreement of even date herewith between the Company and Sean O'Connor); or (iv) either Sean O'Connor or the nominee of John Radziwill is removed from the Board, then the Company, at the Investor's option, shall repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price within fifteen (15) days of such termination of employment or removal of director. In the event that prior to the Conversion, the Investor's employment is terminated by the Company for Cause, as such term is defined in the Employment Agreement, the Company shall have the option to repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price within fifteen (15) days of such termination of employment.

(c) In the event the Annual Meeting is not held on or before March 15, 2003, the Investor will, at a redemption price equal to the Aggregate Purchase Price, have the option to cause the Company to repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price on or before March 30, 2003.

10. Adjusted Stockholders Equity Per Share. Notwithstanding anything to the contrary in this Agreement, either party shall have the option to terminate this Agreement

prior to Closing in the event that stockholders' equity per share as determined and adjusted pursuant to this Section (the "Adjusted Stockholders Equity Per Share") is greater than \$1.75 or less than \$1.45. Stockholder equity per share shall be determined as of September 30, 2002 by the independent public accountants then regularly servicing the Company, in accordance with generally accepted accounting principles consistently applied, based on the audited consolidated financial statements of the Company, which determination shall be binding on the parties hereto. Subject to compliance with auditor independence and corporate governance considerations as effective or proposed by the SEC or NASDAQ, the Investor shall have the right to consult with the independent public accountants determining the Stockholder equity per share prior to such determination and to approve any new accounting firm if the Company's accounting firm as of the date of this Agreement resigns or is otherwise replaced. Stockholders equity per share as so determined by the Company's accounting firm shall then be adjusted as follows to determine the Adjusted Stockholders Equity Per Share:

a. Stockholders equity per share shall include the value of the Company's technology assets (which shall be deemed to be \$300,000 in aggregate at September 30, 2002) and the Company's deferred tax assets (which shall be deemed to be \$540,766 at September 30, 2002), irrespective of the auditor's treatment thereof;

b. All costs related to the transaction contemplated by this Agreement shall not be expensed but rather shall be debited directly against the capital investment made by the Approved Investors. Such expenses shall include legal and tax advisory fees, amounts paid to any intermediaries or brokers and the legal and out of pocket expenses incurred by the Investor (in aggregate with all other Approved Investors, not to exceed \$20,000). The aggregate of all such expenses for entire aggregate investment by the Approved Investors is not to exceed \$200,000. Any excess beyond \$200,000 to be deducted against stockholder's equity per share; and

c. The resulting Stockholders equity per share shall then be reduced by 7.5%.

11. Representations by the Investor. In connection with the purchase of the Securities, the Investor acknowledges, warrants and represents to the Company as follows:

a. The Investor is acquiring the Securities for investment for his own account and without the intention of participating, directly or indirectly, in a distribution of the Securities, and not with a view to resale or any distribution of the Securities, or any portion thereof.

b. The Investor has knowledge and experience in financial and business matters and has consulted with its own professional representatives as it has considered appropriate to assist in evaluating the merits and risks of this investment. The Investor has had access to and an opportunity to question the officers of the Company, or persons acting on their behalf, with respect to material information about the Company and, in connection with the evaluation of this investment, has,

to the best of his knowledge, received all information and data with respect to the Company that the Investor has requested. The Investor has carefully reviewed all of the Company's filings with the Securities and Exchange Commission. The Investor is acquiring the Securities based solely upon its independent examination and judgment as to the prospects of the Company.

c. The Securities were not offered to the Investor by means of publicly disseminated advertisements or sales literature.

d. The Investor is acquiring the Securities without being furnished any offering materials or prospectus.

e. The Investor acknowledges that an investment in the Securities is speculative and involves a high degree of risk, including a risk of loss of the entire investment in the Company, and the Investor may have to continue to bear the economic risk of the investment in the Securities for an indefinite period. The Investor acknowledges that the Securities are being sold to the Investor without registration under any state or federal law requiring the registration of securities for sale, and accordingly will constitute "restricted securities" as defined in Rule 144 promulgated under the Securities Act of 1933, as amended (the "Act"). The transferability of the Securities is therefor restricted by applicable United States Federal and state securities laws.

f. The Investor acknowledges that each certificate representing Securities shall be subject to a legend substantially in the following form:

"The securities represented hereby have not been registered under the Securities Act of 1933, as amended or any state securities laws and neither the securities nor any interest therein may be offered, sold, transferred, pledged, or otherwise disposed of except pursuant to an effective registration statement under such act or such laws or an exemption from registration under such act and such laws which, in the opinion of counsel for the holder, which counsel and opinion are reasonably satisfactory to counsel for this entity, is available."

12. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor except as set forth on a Schedule of Exceptions (the "Schedule of Exceptions") furnished to the Investor and its counsel, and attached as Exhibit D hereto, specifically identifying the relevant section hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder:

a. Corporate Existence. The Company and each of its subsidiaries are entities duly formed under the laws of their respective places of formation, are each in good standing and have a legal existence, with full power and authority to own, operate or lease their respective properties and conduct their respective businesses in the manner and in the places where such properties are owned or leased or such businesses are conducted.

b. Authorization of Transaction. Subject to the receipt of necessary third party approvals or confirmations listed on Appendix 3 hereto (the "Required Approvals"), the Company has the full power and authority to execute, deliver and perform this Agreement and the other agreements to be executed and delivered pursuant to this Agreement (the "Ancillary Agreements"); to perform its obligations hereunder and thereunder, and to carry out the transactions contemplated hereby and thereby. All necessary action, corporate or otherwise, will have been taken by the Company prior to the Closing to authorize the execution, delivery and performance of this Agreement and each of the Ancillary Agreements and the transactions contemplated hereby and thereby. Each of this Agreement and the Ancillary Agreements has been, or will be at the Closing, duly executed and delivered by the Company, and each of this Agreement and the Ancillary Agreements is, or upon the Closing will be, the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency or other laws of general application affecting enforcement of creditors' rights; and (b) general principles of equity that restrict the availability of equitable remedies.

c. Capitalization. As of the date of this Agreement, the authorized capital stock of the Company consists of 8,000,000 shares of common stock, par value \$.01 per share of which 2,375,575 shares are validly issued and outstanding, fully paid and nonassessable on the date hereof, and 5,000,000 shares of preferred stock, par value \$.01 per share, none of which are issued or outstanding. In addition, on the date hereof, 527,224 shares of common stock are subject to issuance pursuant to presently existing options and warrants. There are no other outstanding options, warrants, rights, convertible securities or exchange offers providing for the issuance of common stock or any other capital stock of the Company.

d. Securities Duly Issued. Upon the issuance of the Securities at the Closing, the Securities will be duly and validly issued, fully paid and nonassessable, and will not be subject to any restrictions on transfer other than those arising under applicable federal and state securities laws.

e. Present Compliance with Obligations and Laws. Neither the Company nor any of its subsidiaries are: (i) in violation of their respective Organizational Documents; (ii) in default in the performance of any obligation, agreement or condition of any debt instrument which (with or without the passage of time or the giving of notice) affords to any person the right to accelerate any indebtedness or terminate any right; (iii) in default of or in breach of (with or without the passage of time or the giving of notice) any other contract to which it is a party or by which it or its assets are bound; or (iv) in violation of any Court Order or Governmental Authorization that is held by the Company or its subsidiaries or is applicable to any of the Company or its subsidiaries or their respective businesses or assets. Except as set forth on Section 12(e) of the Schedule of Exceptions, the Company and its subsidiaries have conducted and are now conducting their businesses and the ownership and operation of their assets in compliance with all applicable Laws, except where the failure to be in such compliance would not have a Material Adverse Effect.

f. No Conflict of Transaction With Obligations and Laws. Except as set forth on Schedule 12(f) of the Schedule of Exceptions, neither the execution, delivery and performance of this Agreement or any Ancillary Agreement, nor the performance of the transactions contemplated hereby or thereby, will: (a) conflict with or constitute a breach or violation of any provision of the Organizational Documents of the Company or any of its subsidiaries; (b) require any Governmental Authorization, (c) require any consent of any parties to loans, contracts, leases, licenses and other agreements to which the Company is a party; (d) constitute (with or without the passage of time or the giving of notice) a breach of, or default under, any debt instrument to which the Company or any of its subsidiaries is a party, or give any person the right to accelerate any indebtedness or terminate, modify or cancel any right; (e) constitute (with or without the passage of time or giving of notice) a default under or breach of any other agreement, instrument or obligation to which the Company or any of its subsidiaries is a party or by which it or its assets are bound; (f) result in the creation of any encumbrance upon any capital stock or any of the assets of the Company or its subsidiaries; (g) conflict with or result in a violation of any Court Order or Law, or give to any other person, the right to exercise any remedy or obtain any relief under any Court Order or Law, to which the Company or any of its subsidiaries is subject or by which the properties or assets of the Company or any of its subsidiaries are bound, or (h) result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, suspend or otherwise modify, any Government Authorization.

g. SEC Reports. The financial statements of the Company and the related notes contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 present fairly the financial position of the Company as of the dates indicated therein and the results of its operations and cash flows for the periods therein specified. Such financial statements (including the related notes) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods therein specified and are true, correct and complete in all respects.

h. Contracts and Commitments. Set forth on Section 12(h) of the Schedule of Exceptions is a list of all (i) contracts, mortgages, indentures, agreements, instruments and transactions to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries are bound which involve obligations of, or payments to, such company in excess of \$100,000 in the aggregate; (ii) agreements between the Company or any of its subsidiaries and the Investor; (iii) agreements between the Company or any of its subsidiaries and any officer, director, consultant, stockholder, employee, affiliate or predecessor company; and (iv) contracts, agreements, arrangements or understandings which are material to the business of the Company or any of its subsidiaries (collectively referred to as the "Material Contracts"). Copies of all Material Contracts listed in Section 12(h) of the Schedule of Exceptions have previously been made available to the Investor. All of the Material Contracts are valid, binding and in full force

and effect in all material respects, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting enforcement of the creditors' rights and rules or laws concerning equitable remedies. Neither the Company nor any of its subsidiaries are in material default under any such contract. Except as set forth in Section 12(h) of the Schedule of Exceptions, with respect to each Material Contract, (a) the Company or its subsidiaries, as the case may be, has performed in all material respects all obligations required to be performed to date under such Material Contract; (b) to the best knowledge of the Company, no party to such Material Contract is in default, breach or arrears under the terms of such Material Contract; and (c) to the best knowledge of the Company, no condition exists or event has occurred that, with the giving of notice or lapse of time or both, would constitute a material default under such Material Contract.

i. Litigation. Except as set forth in Section 12(i) of the Schedule of Exceptions, there is no action, suit, claim, proceeding, investigation or arbitration proceeding pending (or to the best knowledge of the Company, threatened in writing) against or otherwise involving the Company or any of its subsidiaries and there are no outstanding Court Orders to which the Company or any of its subsidiaries is a party or by which any of their respective assets are bound.

j. ERISA and Employee Benefits. Except as set forth on Section 12(j) of the Schedule of Exceptions, neither the Company nor any of its subsidiaries has contributed to or participated in any employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), other than medical benefit plans listed in Section 12(j) of the Schedule of Exceptions with respect to which the Company or its subsidiary, as the case may be, has made all required contributions. The Company and its subsidiary are in compliance with all laws and regulations applicable to such plans under ERISA, the violation of which, singly or in the aggregate, could have a Material Adverse Effect.

k. Government Authorizations. The Company and each of its subsidiaries holds all Government Authorizations which are required to own their respective properties and assets and to permit the Company and its subsidiaries to conduct their respective businesses as presently conducted, except where the failure to hold such Governmental Authorization would not have a Material Adverse Effect. Set forth in Section 12(k) of the Schedule of Exceptions is a listing of all such Government Authorizations held by the Company and its subsidiaries. No consent, approval or authorization of (or designation, declaration of filing with) any Governmental Authority by the Company or any of its subsidiaries is required in connection with the valid execution and delivery of this Agreement, the Ancillary Agreements, or the offer or sale of the Common Securities or the Preferred Securities, or the consummation of any other transaction contemplated hereby or under the Ancillary Agreements, except for Required Approvals shown on Appendix 3.

l. Related-Party Transactions. To the knowledge of the Company, except as disclosed in SEC Filings made by the Company or listed on Section 12(1) of the



Schedule to Exceptions, no employee, officer, director or stockholder of the Company or any of its subsidiaries or member of his or her immediate family is directly or indirectly interested in any material contract with the Company or any of its subsidiaries.

13. Affirmative Covenants of the Company. The Company hereby covenants with the Investor that between the date of this Agreement and the Closing, except as the Investor shall otherwise consent, the Company will do the following:

- a. Conduct its business only in the ordinary course of business consistent with past practice and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;
- b. Refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligations or liabilities except those that are usual and normal in the ordinary course of business;
- c. Maintain its equipment and other assets in good working condition and repair according to the standards that it maintained to the date of this Agreement, subject only to ordinary wear and tear;
- d. Refrain from making any change or incurring any obligation to make a change in its Organizational Documents or its authorized or issued capital stock;
- e. Refrain from declaring, setting aside or paying any dividend or making any other distribution in respect of capital stock, or making any direct or indirect redemption, purchase or other acquisition of its capital stock;
- f. Refrain from merging, consolidating or reorganizing with, or acquiring, any entity;
- g. Use its best efforts to keep intact its business organization, to keep available its present officers, agents and employees and to preserve the goodwill of all suppliers, customers and others having business relations with it;
- h. Maintain true, correct and complete books of accounts and records relating to its business;
- i. Comply in all respects with all Laws applicable to the conduct of its business or its properties or assets;
- j. Promptly upon its knowledge thereof, advise the Investor in writing of the termination or resignation of any key employee and the circumstances therefore;
- k. Pay all taxes, assessments, governmental charges or levies imposed upon it or its income, profits or assets, or otherwise required to be paid by it, nor fail to

pay when due any liability or charge that if, unpaid, might become an Encumbrance upon any such Company's assets; and

l. Promptly upon its knowledge thereof, advise the Investor in writing of (i) any event, condition or circumstance occurring from the date hereof until the Closing that would constitute a violation or breach of any representation, warranty, covenant, agreement or provision contained in this Agreement (provided, however, that such disclosure shall not be deemed to cure any violation or breach of any such representation, warranty, covenant, agreement or provision), or (ii) any event, occurrence, transaction or other item that would have been or required to have been disclosed on any Schedule, delivered hereunder, had such event, occurrence, transaction or item existed on the date hereof, and use its commercially reasonable efforts to prevent or promptly remedy the same.

m. The Company will not, directly or indirectly, through any officer, director, affiliate, agent or otherwise, solicit, initiate or encourage submission of any proposal or offer from any person or entity relating to the acquisition or merger of the Company or any of its securities or assets or participate in any discussions or negotiations regarding, furnish to any other person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, or facilitate or encourage any effort or attempt by any other person or entity to do or seek, any of the foregoing.

14. Consummation of Agreement. The Company and the Investor shall each use their best efforts to perform and fulfill all conditions and obligations on their respective parts to be performed and fulfilled under this Agreement, to the end that the transaction contemplated by this Agreement shall be fully carried out. To this end, each of the Company and the Investor will use best efforts to obtain all Required Approvals.

15. Survival of Representations and Warranties. All of the representations and warranties of the Company and the Investor contained in Sections 12 and 11, respectively, of this Agreement shall survive from the date of this Agreement until the Conversion.

16. Restrictions on Sale. In consideration of the acceptance of this subscription, the Investor agrees that the Securities will not be offered for sale, sold or transferred by the Investor other than pursuant to (i) an effective registration under the Securities Act, an exemption available under the Securities Act or a transaction that is otherwise in compliance with the Securities Act; and (ii) an effective registration under the securities law of any state or other jurisdiction applicable to the transaction, an exemption available under such laws, or a transaction that is otherwise in compliance with such laws.

17. No Review. The Investor understands that no U.S. federal or state agency has passed upon the offering of the Securities or has made any finding or determination as to the fairness of any investment in the Securities.

18. Confidentiality. The Investor agrees not to disclose or use any information provided to the Investor by the Company or any of its agents in connection with the

offering of the Securities, except for the purpose of evaluating an investment in the Securities.

19. Indemnification.

a. Indemnification by Investor. The Investor agrees to indemnify and hold harmless the Company and its officers, directors, partners, employees, agents, and affiliates against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Investor to comply with any covenant or agreement made by the Investor herein or in any other document furnished by the Investor to the Company to the Investor in connection with this transaction.

b. Indemnification by Company. The Company agrees to indemnify and hold harmless the Investor against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Company to comply with any covenant or agreement made by the Company herein or in any other document furnished by the Company to the Investor in connection with this transaction.

20. Definitions. In addition to the terms defined throughout this Agreement, the following terms shall have the indicated respective meanings:

"Court Order" shall mean a court order, judgment, administrative or judicial order, writ, decree, stipulation, arbitration award or injunction.

"Encumbrance" shall mean any lien, option (including right of first refusal or first offer), encumbrance, charge, restriction, mortgage, pledge, security interest, title exception, restriction, claim or charge of any kind or character.

"Force Majeure" shall mean failure of any party to perform its obligations under this Agreement due to fire, flood, strikes or other industrial disturbances, accidents, war, acts of terrorism, riot, insurrection or other causes beyond the reasonable control of the such party.

"Governmental Authority" shall mean any governmental body, whether national, state, regional, local, or any subdivision or agency of any of the foregoing.

"Governmental Authorization" shall mean any license, permit, order, franchise agreement, concession, grant, authorization, consent or approval from a Governmental Authority.

"Law" shall include any statute, law, ordinance, rule or regulation of a

Governmental Authority.

"Material Adverse Effect" shall mean an event which causes a material adverse change in the condition, financial or otherwise, business operations, properties, assets or liabilities of the Company except any material adverse change resulting from a Force Majeure.

"NASDAQ" shall mean The Nasdaq Stock Market.

"Organizational Documents" shall mean the Certificate of Incorporation of the Company as filed with the Secretary of State of the State of Delaware on the date of this Agreement, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933.

21. Publicity and Disclosures. Except as may be otherwise required for compliance with applicable stock exchange rules or securities laws, neither the Investor nor the Company shall issue nor approve any news release or other public announcement concerning this Agreement (or any schedules or exhibits hereto) prior to the Closing without the prior written approval of the other.

22. Irrevocability; Binding Effect. The Investor hereby acknowledges and agrees that the subscription hereunder is irrevocable by the Investor, that, except as required by law, the Investor is not entitled to cancel, terminate, or revoke this Agreement or any agreements of the Investor hereunder, and that this Agreement and such other agreements shall survive the death or disability of the Investor and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns. If the Investor is more than one person, the obligations of the Investor hereunder shall be joint and several and the agreements, representations, warranties, and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators, successors, legal representatives, and permitted assigns.

23. Modification. Neither this Agreement nor any provisions hereof shall be waived, modified, discharged, or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge, or termination is sought.

24. Notices. Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or delivered against receipt to the party to whom it is to be given (a) if to the Company, at the address set on the signature page hereof, or (b) if to the Investor, at the address set forth on the signature page hereof (or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 25). Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice changing a party's address which shall be deemed given at the time of receipt thereof.

25. Assignability. This Agreement and the rights and obligations hereunder are not transferable or assignable by any party without the prior written consent of the other party.

26. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida as applied to residents of that state executing contracts wholly to be performed in that state.

27. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Orlando, Florida in accordance with the rules of American Arbitration Association then in effect.

28. NOTICE TO FLORIDA RESIDENTS. PURSUANT TO SECTION 517.061(11)(A)(5) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, A FLORIDA SUBSCRIBER HAS A RIGHT TO RESCIND THE SUBSCRIPTION BY GIVING NOTICE OF SUCH RESCISSION BY TELEPHONE, TELEGRAPH OR LETTER, WITHIN THREE DAYS AFTER THE CONSIDERATION HEREUNDER IS FIRST TENDERED TO THE COMPANY. IF THE NOTICE IS TENDERED ORALLY, A WRITTEN CONFIRMATION THAT IT HAS BEEN RECEIVED SHOULD BE REQUESTED. IT IS PRUDENT TO SEND NOTICE OF RESCISSION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT IT WAS RECEIVED. IF NOTICE IS NOT RECEIVED BY SUCH TIME, THE FOREGOING RIGHT OF RESCISSION SHALL BE NULL AND VOID.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their authorized official, this Agreement, effective as of the date first above written.

INTERNATIONAL ASSETS HOLDING CORPORATION

By: /S/ Diego J. Veitia

-----  
Printed Name: Diego J. Veitia

-----  
Title: Chairman of the Board

-----  
Address: \_\_\_\_\_  
\_\_\_\_\_

INVESTOR:

/s/ Scott J. Branch

-----  
SCOTT J. BRANCH

Address: \_\_\_\_\_  
\_\_\_\_\_

## APPENDIX 1 - ACCREDITED INVESTOR

An "Accredited Investor" within the meaning of Regulation D under the Securities Act of 1933 (the "Act") includes the following:

### Organizations

(1) A bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; insurance company as defined in section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that act; a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

(2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

(3) A trust (i) with total assets in excess of \$5,000,000, (ii) not formed for the specific purpose of acquiring the Securities, (iii) whose purchase is directed by a person who, either alone or with his/her purchaser representative, has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of the proposed investment.

(4) A corporation, business trust, partnership, or an organization described in section 501(c)(3) of the Internal Revenue Code, which was not formed for the specific purpose of acquiring the Securities, and which has total assets in excess of \$5,000,000.

(5) Any entity in which all of the equity owners are "accredited investors".

### Individuals

(6) Individuals with income from all sources for each of the last two full calendar years whose reasonably expected income for this calendar year exceeds either of:

- (i) \$200,000 individual income; or
- (ii) \$300,000 joint income with spouse.

NOTE: Your "income" for a particular year may be calculated by adding to your adjusted gross income as calculated for Federal income tax purposes any deduction for long term capital gains, any deduction for depletion allowance, any exclusion for tax exempt interest and any losses of a partnership allocated to you as a partner.

(7) Individuals with net worth as of the date hereof (individually or jointly with your spouse), including the value of home, furnishings, and automobiles, in excess of \$1,000,000.

(8) Directors, executive officers or general partners of the Issuer.

APPENDIX 2 - DIRECTORS SLATE

Diego Veitia  
Edward Cofrancesco  
Dr. Robert A. Miller

Scott Branch  
Sean O'Connor  
[nominee of John Radziwill]



APPENDIX 3 - THIRD PARTY APPROVALS

Written confirmation from NASDAQ.

INTERNATIONAL ASSETS HOLDING CORPORATION

CERTIFICATE OF DESIGNATION  
OF  
SERIES A PREFERRED STOCK

The undersigned, Diego J. Veitia, certifies that he is the Chairman of the Board of INTERNATIONAL ASSETS HOLDING CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Company"), and hereby further certifies as follows:

- A. Under the Certificate of Incorporation of the Company, the Company is authorized to issue 5,000,000 shares, of preferred stock, par value \$.01 per share (the "Preferred Stock").
- B. Pursuant to the provisions of the Certificate of Incorporation of the Company, the Board of Directors has adopted the following resolution creating a series of Preferred Stock designated as "Series A Preferred Stock":

RESOLVED, that pursuant to the authority vested in the Board of Directors of the corporation in accordance with the provisions of the Certificate of Incorporation, a series of preferred stock, par value \$.01 per share, of the corporation be and hereby are created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

1. DIVIDEND RIGHTS.

(a) Participating Dividends. Holders of Series A Preferred shall be entitled to receive, when and as declared by the Board of Directors, any dividends payable to the holders of the Common Stock on the basis that the Series A Preferred have been converted into Common Stock as of the record date of such dividend pursuant to the provisions of Section 4.

2. VOTING RIGHTS.

(a) No General Rights. Except as otherwise provided herein or as required by law, the Series A Preferred shall not be entitled to any voting rights.

(b) Separate Vote of Series A Preferred. For so long as any share of Series A Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of more than fifty percent (50%) of the then outstanding Series A Preferred shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, waiver or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation); or

(ii) Any increase or decrease (other than by redemption or conversion) in the authorized number of shares of Series A Preferred; or

(iii) Any issuance of any stock or any other securities convertible into equity securities of the Company, other than the issuance of common stock, par value \$.01 per share (the "Common Stock"), upon the conversion of the Series A Preferred or the issuance of Common Stock upon the conversion of any convertible security outstanding as of October \_\_, 2002; or

(iv) Any redemption or repurchase of shares of any stock or other equity security of the Company; or

(v) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section 3(c)); or

(vi) Any action that results in the payment or declaration of a dividend on any shares of Common Stock or Preferred Stock.

### 3. LIQUIDATION RIGHTS.

(a) Liquidation Preference. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any other class of stock (a "Junior Stock"), the holders of Series A Preferred shall be entitled to be paid out of the assets of the Company an amount per share of Series A Preferred equal to the price paid for each share of Series A Preferred (the "Original Issue Price") (as adjusted for any stock dividends, combinations, splits, recapitalization and the like with respect to such shares) for each share of Series A Preferred held by them (the "Liquidation Preference").

(b) Deemed Liquidations. The following events shall be considered a liquidation under this Section 3:

(i) Any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred (an "Acquisition"); or

(ii) A sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer"); or

(c) Pro Rata Distribution. If, upon any liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series A Preferred of the Liquidation Preference set forth in Section 3(a), then such assets shall be distributed among the holders of Series A Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

#### 4. CONVERSION.

The Series A Preferred shall be converted into shares of Common Stock on the following terms:

(a) Automatic Conversion. Subject to and in compliance with the provisions of this Section 4, upon the approval by the shareholders of the Company of the conversion provided for in this Section 4, the shares of Series A Preferred will be automatically converted into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of shares of Series A Preferred being converted.

(b) Series A Preferred Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing the Liquidation Preference of the Series A Preferred by the "Series A Preferred Conversion Price," calculated as provided in Section 4(c).

(c) Series A Preferred Conversion Price. The conversion price for the Series A Preferred (the "Series A Preferred Conversion Price") shall initially be the Original Issue Price of the Series A Preferred. Such initial Series A Preferred Conversion Price shall be adjusted from time to time in accordance with this Section 4. All references to the Series A Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted.

(d) Mechanics of Conversion. Upon the conversion of the Series A Preferred pursuant to this Section 4, the holder of the Series A Preferred shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series A Preferred. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled. Such conversion shall be deemed to have been made at the close of business on the date on which the Series A Preferred are converted pursuant to Section 4(a), and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock as of the close of business on such date.

(e) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the date that the first share of Series A Preferred is issued (the "Original Issue Date") effect a subdivision of the outstanding Common Stock without a

corresponding subdivision of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions.

If the Company at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series A Preferred Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Series A Preferred Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Preferred Conversion Price shall be adjusted pursuant to this Section 4(f) to reflect the actual payment of such dividend or distribution.

(g) Adjustment for Reclassification, Exchange and Substitution.

If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series A Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer as defined in Section 3(b) or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 4), in any such event each holder of Series A Preferred shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A Preferred could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(h) Reorganizations, Mergers, Consolidations or Sales of

Assets. If at any time or from time to time after the Original Issue Date, there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer as defined in Section 3(b) or a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section 4), as a part of such capital reorganization, provision shall be

made so that the holders of the Series A Preferred shall thereafter be entitled to receive upon conversion of the Series A Preferred the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series A Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the Series A Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series A Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

(i) Notices of Record Date. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 3(b)) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 3(b)), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series A Preferred at least twenty (20) days prior to the record date specified therein a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(j) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

(k) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred, the Company will take such corporate action as

may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(l) Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred so converted were registered.

(m) No Dilution or Impairment. Without the consent of the holders of then outstanding Series A Preferred as required under Section 2(b), the Company shall not amend its Amended and Restated Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred against dilution or other impairment.

5. NO REISSUANCE OF SERIES A PREFERRED.

No share or shares of Series A Preferred acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

C. This Certificate of Designation has been duly adopted in accordance with the provisions of Sections 151 of the General Corporation Law of the State of Delaware by the Board of Directors of the Company.

IN WITNESS WHEREOF, International Assets Holding Corporation has caused this Certificate of Designation be signed by its Chairman of the Board, on this 22 day of October, 2002.

INTERNATIONAL ASSETS HOLDING CORPORATION

By: /s/ Diego J. Veitia

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Diego J. Veitia, Chairman of the Board

## SHARE SUBSCRIPTION AGREEMENT

THIS SHARE SUBSCRIPTION AGREEMENT ("Agreement") is made and entered into as of the 22 day of October, 2002 (the "Effective Date"), by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and JOHN RADZIWILL (the "Investor").

## R E C I T A L S

A. The Company, directly or through its subsidiaries, operates a financial services company, including a market making and proprietary trading brokerage firm specializing in global securities.

B. The Company is a publicly held entity, having previously offered shares of the Company's common stock pursuant to a registration statement, and continues to file reports as to the Company's business.

C. The Board of Directors of the Company (the "Board") considers it essential to the best interests of the Company that (i) additional common equity and (ii) preferred equity will be sold to the Investor subject to the terms of this Agreement.

D. The Investor is an "accredited investor" as such term is defined in Appendix 1, and is capable of evaluating the merits and risks of an investment in the Company.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth hereinafter, the Company and the Investor agree as follows:

1. Recitals. All of the above recitals are true and correct.

2. Term. This Agreement shall commence on the Effective Date and shall terminate at 12:01 a.m. EST on the date that is the later of five (5) business days from the date of receipt by the Company of (i) the audited consolidated financial statements for the fiscal year ended September 30, 2002; or (ii) written confirmation from NASDAQ with respect to the transactions evidenced by this Agreement, but in no event later than December 15, 2002 (the "Termination Date") unless the Closing, as hereafter defined, has occurred before the Termination Date. This Agreement may be extended by the mutual written agreement of the Company and the Investor prior to the Termination Date.

3. Purchase of Securities.

(a) Subject to the terms and conditions of this Agreement, the Company offers to the Investor and the Investor hereby subscribes to purchase (i) 117,581 shares of common stock, \$.01 par value per share of the Company (such shares of common stock are referred to herein as the "Common Securities"), and (ii) 452,272 shares of preferred stock, \$.01 par value per share of the Company (such shares of preferred stock are referred to herein as the "Preferred Securities") (the Common Securities and the Preferred Securities are collectively referred to as the "Securities"), each at a fixed price per share



equal to \$1.70 (the "Per Share Purchase Price"). The aggregate purchase price for the purchased Securities shall be equal to the product of the Per Share Purchase Price and the aggregate number of Common Securities and Preferred Securities purchased by the Investor (the "Aggregate Purchase Price").

(b) The Preferred Securities will have the preferences, privileges, restrictions and rights specified in Exhibit "A" to this Agreement. The Board will promptly approve the terms of the Preferred Securities by adopting an amendment to the Company's Certificate of Incorporation in the form of Exhibit "A".

4. Earnest Money. The Investor will pay the Company a deposit in the amount of \$80,000 within three (3) days of the execution of this Agreement (the "Deposit"). At the Closing, the Company will apply the Deposit to the Aggregate Purchase Price as provided in Section 5. If the Agreement is terminated before the Closing, as hereafter defined, pursuant to Subsection 7(a)(i), (ii) or (iii) or Section 10 hereof, the Company will return the Deposit to the Investor. If the Agreement is terminated before the Closing pursuant to Subsection 7(a)(iv) hereof or if the Investor is unable to make full payment to the Company for the purchased shares at Closing, the Investor will forfeit the Deposit.

5. Closing and Payment. The closing of the acquisition provided for in Section 3 of this Agreement (the "Closing") shall occur on a mutually agreeable date prior to the Termination Date at the offices of Holland & Knight LLP in Orlando, Florida or at such other time and place as the parties may agree. At the Closing: (i) the Investor will pay the Aggregate Purchase Price less the Deposit by either endorsing a certified or cashier's check made payable to the Company or wiring immediately available funds to the Company's bank account (which account number has been previously provided to the Investor), and (ii) the Company will reimburse the Investor, together with the other Approved Investors, up to the aggregate sum of \$20,000 for amounts paid by the Approved Investors to any intermediaries or brokers and for the legal and out-of-pocket expenses incurred by the Approved Investors, provided that the Approved Investors shall not be entitled to such reimbursement if the Closing does not occur for any reason.

6. Conditions Precedent.

(a) The respective obligations of the Company and the Investor to effect the Closing are subject to the satisfaction or waiver by the Company and the Investor, prior to the Closing of each of the following conditions:

(i) There being no provision of applicable Law or any Court Order that prohibits or otherwise makes illegal the consummation of the Closing.

(ii) All regulatory approvals required to consummate the transaction contemplated hereby (other than the shareholder approval required for the conversion of Preferred Securities) shall have been obtained and shall remain in full force and effect.

(iii) No investigation, action, suit or proceeding by a Governmental Authority shall be pending on the date of Closing, which challenges, or might reasonably be

expected to result in a challenge to this Agreement, or which might reasonably be expected to give rise to a claim for damages in a material amount as a result of the consummation of the transaction contemplated by this Agreement.

(iv) The Company shall have consummated simultaneously with the Closing, the transactions contemplated by Share Subscription Agreements of even date herewith entered into by and between the Company and each of Scott J. Branch and Sean M. O'Connor, or any assignee of each which has been approved in writing by the Company (such persons, together with the Investor, the "Approved Investors").

(v) The Company shall have received the written confirmation from NASDAQ that the transactions evidenced by this Agreement do not require prior stockholder approval.

(b) The obligation of the Investor to effect the Closing is subject to the satisfaction or waiver by the Investor of the following additional conditions:

(i) The Company shall have performed in all material respects all of its material obligations under this Agreement required to be performed by it at or before the Closing.

(ii) Any representation or warranties of the Company contained in this Agreement shall be true and correct in all material respects as of the Closing, as if made at and as of such time.

(iii) The Company and the Investor shall have entered into an Employment Agreement in the form attached hereto as Exhibit "B" (the "Employment Agreement").

(iv) The Company and the Investor shall have entered into a Registration Rights Agreement in the form attached hereto as Exhibit "C" (the "Registration Rights Agreement").

(v) The Board shall have duly adopted resolutions: (1) approving the terms of (i) this Agreement, (ii) the terms of the Preferred Securities, (iii) the Employment Agreement, and (iv) the Registration Rights Agreement; (2) authorizing an employee share incentive program to allow for options to be issued as provided in the Employment Agreement (the "Option Plan") to be proposed to the stockholders of the Company for approval at the next convened annual general meeting of stockholders currently scheduled to occur on or before February 14, 2003 (the "Annual Meeting"); and (3) approving an amendment to (i) the bylaws of the Company to require a supermajority vote of the greater of (A) at least five directors or (B) at least seventy-five percent (75%) of the directors to remove or change the Chairman of the Board, and (ii) the Certificate of Incorporation of the Company to also require a vote of at least seventy-five percent (75%) of the shares of common stock to remove or change the Chairman of the Board to be proposed to the stockholders of the Company at the Annual Meeting. Copies of these

Board resolutions certified by the Secretary of the Company shall be made available to the Investor no later than 14 business days after execution of this Agreement.

(vi) The Company will have received a release from UBS Warburg waiving any claim to compensation arising from this Agreement or the share purchase evidenced hereby.

(vii) The Company will have secured letters of resignation from all current directors not shown on Appendix 2 and shall appoint all new directors shown on Appendix 2 effective as of the Closing.

(viii) The Company shall have entered into Employment Agreements with Diego Veitia, Edward Cofrancesco, Charles Lyons, Brian Garrow, Will Dennis, Jr., Doug Ross, Chris Myers and Michael Flannigan. Neither Diego Veitia nor Edward Cofrancesco shall have terminated their Employment Agreement with the Company.

(c) The Obligation of the Company to effect the Closing is subject to satisfaction or waiver by the Company of the following conditions:

(i) The Investor shall have performed in all material respects all of its material obligations under this Agreement required to be performed by it at or before the Closing.

(ii) Any representation or warranties of the Investor contained in this Agreement shall be true and correct in all material respects as of the Closing, as if made at and as of such time.

#### 7. Termination.

(a) This Agreement may be terminated at any time before the Closing:

(i) by the mutual agreement of the Investor and the Company;

(ii) By either the Company or the Investor, if the Closing has not occurred by December 15, 2002, provided that the right to terminate this Agreement under this clause will not be available to any party whose failure to fulfill any of its obligations under this Agreement resulted in the failure to consummate the Closing by such date;

(iii) By the Investor, if there has been a material breach of any representation, warranty or covenant in this Agreement by the Company; or

(iv) By the Company, if there has been a material breach of any representation, warranty or covenant in this Agreement by the Investor.

(b) The party terminating this Agreement pursuant to this Section will give written notice of termination to the other party.

8. Stockholder Approval. At the Annual Meeting, the Company shall seek the approval of the stockholders of the Company: (i) to allow conversion of the Preferred Securities to Common Securities; (ii) to adopt the Option Plan; (iii) to elect the persons listed on Appendix 2 to the Board; and (iv) to amend the Certificate of Incorporation of the Company to require a seventy-five percent (75%) vote of the stockholders to remove or change the Chairman of the Board. Upon the approval of the stockholders at the Annual Meeting, the Preferred Securities will automatically be converted into the Common Securities pursuant to the conversion provisions included in Exhibit "A" hereto (the "Conversion").

9. Redemption and Repurchase Rights.

(a) In the event the stockholders do not approve the resolutions permitting conversion of the Preferred Securities into common stock and the amendment to the Company's Certificate of Incorporation to require a seventy-five percent (75%) vote of the stockholders to remove or change the Chairman of the Board at the Annual Meeting: (i) the Investor will, at a redemption price equal to the Aggregate Purchase Price, have the option to cause the Company to repurchase the Common Securities and the Preferred Securities for a period beginning fifteen (15) days after the Annual Meeting and extending to the date that is six months from the Closing (the "Redemption Right"), and (ii) the Company will have the right to repurchase the Common Securities and the Preferred Securities from the Investor for a period beginning fifteen (15) days after the Annual Meeting and extending to the date that is six months from the Closing at a price equal to the Aggregate Purchase Price (the "Repurchase Right").

(b) In the event that prior to the Conversion: (i) the Investor is removed as a director of the Company; or (ii) Scott Branch's employment is terminated by the Company (other than for Cause, as such term is defined in the Employment Agreement of even date herewith between the Company and Scott Branch); or (iii) Sean O'Connor's employment is terminated by the Company (other than for Cause, as defined in the Employment Agreement of even date herewith between the Company and Sean O'Connor); or (iv) either Sean O'Connor or Scott Branch is removed from the Board, then the Company, at the Investor's option, shall repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price within fifteen (15) days of such termination of employment or removal of director.

(c) In the event the Annual Meeting is not held on or before March 15, 2003, the Investor will, at a redemption price equal to the Aggregate Purchase Price, have the option to cause the Company to repurchase the Common Securities and the Preferred Securities from the Investor at a price equal to the Aggregate Purchase Price on or before March 30, 2003.

(d) In the event either the Investor or the Company exercise their Redemption Right or Repurchase Right, as the case may be, pursuant to this Section 9, the Company shall pay Investor a fee equal to six percent (6%) per annum of the Aggregate Purchase Price for the period of time from the Closing until the date of exercise of the Redemption Right or Repurchase Right.

10. Adjusted Stockholders Equity Per Share. Notwithstanding anything to the contrary in this Agreement, either party shall have the option to terminate this Agreement prior to Closing in the event that stockholders' equity per share as determined and adjusted pursuant to this Section (the "Adjusted Stockholders Equity Per Share") is greater than \$1.75 or less than \$1.45. Stockholder equity per share shall be determined as of September 30, 2002 by the independent public accountants then regularly servicing the Company, in accordance with generally accepted accounting principles consistently applied, based on the audited consolidated financial statements of the Company, which determination shall be binding on the parties hereto. Subject to compliance with auditor independence and corporate governance considerations as effective or proposed by the SEC or NASDAQ, the Investor shall have the right to consult with the independent public accountants determining the Stockholder equity per share prior to such determination and to approve any new accounting firm if the Company's accounting firm as of the date of this Agreement resigns or is otherwise replaced. Stockholders equity per share as so determined by the Company's accounting firm shall then be adjusted as follows to determine the Adjusted Stockholders Equity Per Share:

a. Stockholders equity per share shall include the value of the Company's technology assets (which shall be deemed to be \$300,000 in aggregate at September 30, 2002) and the Company's deferred tax assets (which shall be deemed to be \$540,766 at September 30, 2002), irrespective of the auditor's treatment thereof;

b. All costs related to the transaction contemplated by this Agreement shall not be expensed but rather shall be debited directly against the capital investment made by the Approved Investors. Such expenses shall include legal and tax advisory fees, amounts paid to any intermediaries or brokers and the legal and out of pocket expenses incurred by the Investor (in aggregate with all other Approved Investors, not to exceed \$20,000). The aggregate of all such expenses for entire aggregate investment by the Approved Investors is not to exceed \$200,000. Any excess beyond \$200,000 to be deducted against stockholder's equity per share; and

c. The resulting Stockholders equity per share shall then be reduced by 7.5%.

11. Representations by the Investor. In connection with the purchase of the Securities, the Investor acknowledges, warrants and represents to the Company as follows:

a. The Investor is acquiring the Securities for investment for his own account and without the intention of participating, directly or indirectly, in a distribution of the Securities, and not with a view to resale or any distribution of the Securities, or any portion thereof.

b. The Investor has knowledge and experience in financial and business matters and has consulted with its own professional representatives as it has considered appropriate to assist in evaluating the merits and risks of this investment. The Investor has had access to and an opportunity to question the officers of the

Company, or persons acting on their behalf, with respect to material information about the Company and, in connection with the evaluation of this investment, has, to the best of his knowledge, received all information and data with respect to the Company that the Investor has requested. The Investor has carefully reviewed all of the Company's filings with the Securities and Exchange Commission. The Investor is acquiring the Securities based solely upon its independent examination and judgment as to the prospects of the Company.

c. The Securities were not offered to the Investor by means of publicly disseminated advertisements or sales literature.

d. The Investor is acquiring the Securities without being furnished any offering materials or prospectus.

e. The Investor acknowledges that an investment in the Securities is speculative and involves a high degree of risk, including a risk of loss of the entire investment in the Company, and the Investor may have to continue to bear the economic risk of the investment in the Securities for an indefinite period. The Investor acknowledges that the Securities are being sold to the Investor without registration under any state or federal law requiring the registration of securities for sale, and accordingly will constitute "restricted securities" as defined in Rule 144 promulgated under the Securities Act of 1933, as amended (the "Act"). The transferability of the Securities is therefor restricted by applicable United States Federal and state securities laws.

f. The Investor acknowledges that each certificate representing Securities shall be subject to a legend substantially in the following form:

"The securities represented hereby have not been registered under the Securities Act of 1933, as amended or any state securities laws and neither the securities nor any interest therein may be offered, sold, transferred, pledged, or otherwise disposed of except pursuant to an effective registration statement under such act or such laws or an exemption from registration under such act and such laws which, in the opinion of counsel for the holder, which counsel and opinion are reasonably satisfactory to counsel for this entity, is available."

12. Representations and Warranties of the Company. The Company hereby represents and warrants to the Investor except as set forth on a Schedule of Exceptions (the "Schedule of Exceptions") furnished to the Investor and its counsel, and attached as Exhibit D hereto, specifically identifying the relevant section hereof, which exceptions shall be deemed to be representations and warranties as if made hereunder:

a. Corporate Existence. The Company and each of its subsidiaries are entities duly formed under the laws of their respective places of formation, are each in good standing and have a legal existence, with full power and authority to own, operate or lease their respective properties and conduct their respective businesses in the manner and in the places where such properties are owned or leased or such businesses are conducted.

b. Authorization of Transaction. Subject to the receipt of necessary third party approvals or confirmations listed on Appendix 3 hereto (the "Required Approvals"), the Company has the full power and authority to execute, deliver and perform this Agreement and the other agreements to be executed and delivered pursuant to this Agreement (the "Ancillary Agreements"); to perform its obligations hereunder and thereunder, and to carry out the transactions contemplated hereby and thereby. All necessary action, corporate or otherwise, will have been taken by the Company prior to the Closing to authorize the execution, delivery and performance of this Agreement and each of the Ancillary Agreements and the transactions contemplated hereby and thereby. Each of this Agreement and the Ancillary Agreements has been, or will be at the Closing, duly executed and delivered by the Company, and each of this Agreement and the Ancillary Agreements is, or upon the Closing will be, the legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms except (a) as limited by applicable bankruptcy, insolvency or other laws of general application affecting enforcement of creditors' rights; and (b) general principles of equity that restrict the availability of equitable remedies.

c. Capitalization. As of the date of this Agreement, the authorized capital stock of the Company consists of 8,000,000 shares of common stock, par value \$.01 per share of which 2,375,575 shares are validly issued and outstanding, fully paid and nonassessable on the date hereof, and 5,000,000 shares of preferred stock, par value \$.01 per share, none of which are issued or outstanding. In addition, on the date hereof, 527,224 shares of common stock are subject to issuance pursuant to presently existing options and warrants. There are no other outstanding options, warrants, rights, convertible securities or exchange offers providing for the issuance of common stock or any other capital stock of the Company.

d. Securities Duly Issued. Upon the issuance of the Securities at the Closing, the Securities will be duly and validly issued, fully paid and nonassessable, and will not be subject to any restrictions on transfer other than those arising under applicable federal and state securities laws.

e. Present Compliance with Obligations and Laws. Neither the Company nor any of its subsidiaries are: (i) in violation of their respective Organizational Documents; (ii) in default in the performance of any obligation, agreement or condition of any debt instrument which (with or without the passage of time or the giving of notice) affords to any person the right to accelerate any indebtedness or terminate any right; (iii) in default of or in breach of (with or without the passage of time or the giving of notice) any other contract to which it is a party or by which it or its assets are bound; or (iv) in violation of any Court Order or Governmental Authorization that is held by the Company or its subsidiaries or is applicable to any of the Company or its subsidiaries or their respective businesses or assets. Except as set forth on Section 12(e) of the Schedule of Exceptions, the Company and its subsidiaries have conducted and are now conducting their businesses and the ownership and operation of their assets in compliance with all applicable Laws, except where the failure to be in such compliance would not have a Material Adverse Effect.

f. No Conflict of Transaction With Obligations and Laws. Except as set forth on Schedule 12(f) of the Schedule of Exceptions, neither the execution, delivery and performance of this Agreement or any Ancillary Agreement, nor the performance of the transactions contemplated hereby or thereby, will: (a) conflict with or constitute a breach or violation of any provision of the Organizational Documents of the Company or any of its subsidiaries; (b) require any Governmental Authorization, (c) require any consent of any parties to loans, contracts, leases, licenses and other agreements to which the Company is a party; (d) constitute (with or without the passage of time or the giving of notice) a breach of, or default under, any debt instrument to which the Company or any of its subsidiaries is a party, or give any person the right to accelerate any indebtedness or terminate, modify or cancel any right; (e) constitute (with or without the passage of time or giving of notice) a default under or breach of any other agreement, instrument or obligation to which the Company or any of its subsidiaries is a party or by which it or its assets are bound; (f) result in the creation of any encumbrance upon any capital stock or any of the assets of the Company or its subsidiaries; (g) conflict with or result in a violation of any Court Order or Law, or give to any other person, the right to exercise any remedy or obtain any relief under any Court Order or Law, to which the Company or any of its subsidiaries is subject or by which the properties or assets of the Company or any of its subsidiaries are bound, or (h) result in a violation of any of the terms or requirements of, or give any Governmental Authority the right to revoke, suspend or otherwise modify, any Government Authorization.

g. SEC Reports. The financial statements of the Company and the related notes contained in the Company's Annual Report on Form 10-K for the fiscal year ended September 30, 2001 and its Quarterly Report on Form 10-Q for the quarter ended June 30, 2002 present fairly the financial position of the Company as of the dates indicated therein and the results of its operations and cash flows for the periods therein specified. Such financial statements (including the related notes) have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the periods therein specified and are true, correct and complete in all respects.

h. Contracts and Commitments. Set forth on Section 12(h) of the Schedule of Exceptions is a list of all (i) contracts, mortgages, indentures, agreements, instruments and transactions to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries are bound which involve obligations of, or payments to, such company in excess of \$100,000 in the aggregate; (ii) agreements between the Company or any of its subsidiaries and the Investor; (iii) agreements between the Company or any of its subsidiaries and any officer, director, consultant, stockholder, employee, affiliate or predecessor company; and (iv) contracts, agreements, arrangements or understandings which are material to the business of the Company or any of its subsidiaries (collectively referred to as the "Material Contracts"). Copies of all Material Contracts listed in Section 12(h) of the Schedule of Exceptions have previously been made available to the Investor. All of the Material Contracts are valid, binding and in full force



and effect in all material respects, subject to the effect of applicable bankruptcy, insolvency, reorganization, moratorium or other laws of general application relating to or affecting enforcement of the creditors' rights and rules or laws concerning equitable remedies. Neither the Company nor any of its subsidiaries are in material default under any such contract. Except as set forth in Section 12(h) of the Schedule of Exceptions, with respect to each Material Contract, (a) the Company or its subsidiaries, as the case may be, has performed in all material respects all obligations required to be performed to date under such Material Contract; (b) to the best knowledge of the Company, no party to such Material Contract is in default, breach or arrears under the terms of such Material Contract; and (c) to the best knowledge of the Company, no condition exists or event has occurred that, with the giving of notice or lapse of time or both, would constitute a material default under such Material Contract.

i. Litigation. Except as set forth in Section 12(i) of the Schedule of Exceptions, there is no action, suit, claim, proceeding, investigation or arbitration proceeding pending (or to the best knowledge of the Company, threatened in writing) against or otherwise involving the Company or any of its subsidiaries and there are no outstanding Court Orders to which the Company or any of its subsidiaries is a party or by which any of their respective assets are bound.

j. ERISA and Employee Benefits. Except as set forth on Section 12(j) of the Schedule of Exceptions, neither the Company nor any of its subsidiaries has contributed to or participated in any employee benefit plan subject to the Employee Retirement Income Security Act of 1974 ("ERISA"), other than medical benefit plans listed in Section 12(j) of the Schedule of Exceptions with respect to which the Company or its subsidiary, as the case may be, has made all required contributions. The Company and its subsidiary are in compliance with all laws and regulations applicable to such plans under ERISA, the violation of which, singly or in the aggregate, could have a Material Adverse Effect.

k. Government Authorizations. The Company and each of its subsidiaries holds all Government Authorizations which are required to own their respective properties and assets and to permit the Company and its subsidiaries to conduct their respective businesses as presently conducted, except where the failure to hold such Governmental Authorization would not have a Material Adverse Effect. Set forth in Section 12(k) of the Schedule of Exceptions is a listing of all such Government Authorizations held by the Company and its subsidiaries. No consent, approval or authorization of (or designation, declaration of filing with) any Governmental Authority by the Company or any of its subsidiaries is required in connection with the valid execution and delivery of this Agreement, the Ancillary Agreements, or the offer or sale of the Common Securities or the Preferred Securities, or the consummation of any other transaction contemplated hereby or under the Ancillary Agreements, except for Required Approvals shown on Appendix 3.

l. Related-Party Transactions. To the knowledge of the Company, except as disclosed in SEC Filings made by the Company or listed on Section 12(1) of the

Schedule to Exceptions, no employee, officer, director or stockholder of the Company or any of its subsidiaries or member of his or her immediate family is directly or indirectly interested in any material contract with the Company or any of its subsidiaries.

13. Affirmative Covenants of the Company. The Company hereby covenants with the Investor that between the date of this Agreement and the Closing, except as the Investor shall otherwise consent, the Company will do the following:

- a. Conduct its business only in the ordinary course of business consistent with past practice and refrain from changing or introducing any method of management or operations except in the ordinary course of business and consistent with prior practices;
- b. Refrain from incurring any contingent liability as a guarantor or otherwise with respect to the obligations of others, and from incurring any other contingent or fixed obligations or liabilities except those that are usual and normal in the ordinary course of business;
- c. Maintain its equipment and other assets in good working condition and repair according to the standards that it maintained to the date of this Agreement, subject only to ordinary wear and tear;
- d. Refrain from making any change or incurring any obligation to make a change in its Organizational Documents or its authorized or issued capital stock;
- e. Refrain from declaring, setting aside or paying any dividend or making any other distribution in respect of capital stock, or making any direct or indirect redemption, purchase or other acquisition of its capital stock;
- f. Refrain from merging, consolidating or reorganizing with, or acquiring, any entity;
- g. Use its best efforts to keep intact its business organization, to keep available its present officers, agents and employees and to preserve the goodwill of all suppliers, customers and others having business relations with it;
- h. Maintain true, correct and complete books of accounts and records relating to its business;
- i. Comply in all respects with all Laws applicable to the conduct of its business or its properties or assets;
- j. Promptly upon its knowledge thereof, advise the Investor in writing of the termination or resignation of any key employee and the circumstances therefore;
- k. Pay all taxes, assessments, governmental charges or levies imposed upon it or its income, profits or assets, or otherwise required to be paid by it, nor fail to

pay when due any liability or charge that if, unpaid, might become an Encumbrance upon any such Company's assets; and

l. Promptly upon its knowledge thereof, advise the Investor in writing of (i) any event, condition or circumstance occurring from the date hereof until the Closing that would constitute a violation or breach of any representation, warranty, covenant, agreement or provision contained in this Agreement (provided, however, that such disclosure shall not be deemed to cure any violation or breach of any such representation, warranty, covenant, agreement or provision), or (ii) any event, occurrence, transaction or other item that would have been or required to have been disclosed on any Schedule, delivered hereunder, had such event, occurrence, transaction or item existed on the date hereof, and use its commercially reasonable efforts to prevent or promptly remedy the same.

m. The Company will not, directly or indirectly, through any officer, director, affiliate, agent or otherwise, solicit, initiate or encourage submission of any proposal or offer from any person or entity relating to the acquisition or merger of the Company or any of its securities or assets or participate in any discussions or negotiations regarding, furnish to any other person any information with respect to, or otherwise cooperate in any way with, or assist or participate in, or facilitate or encourage any effort or attempt by any other person or entity to do or seek, any of the foregoing.

14. Consummation of Agreement. The Company and the Investor shall each use their best efforts to perform and fulfill all conditions and obligations on their respective parts to be performed and fulfilled under this Agreement, to the end that the transaction contemplated by this Agreement shall be fully carried out. To this end, each of the Company and the Investor will use best efforts to obtain all Required Approvals.

15. Survival of Representations and Warranties. All of the representations and warranties of the Company and the Investor contained in Sections 12 and 11, respectively, of this Agreement shall survive from the date of this Agreement until the Conversion.

16. Restrictions on Sale. In consideration of the acceptance of this subscription, the Investor agrees that the Securities will not be offered for sale, sold or transferred by the Investor other than pursuant to (i) an effective registration under the Securities Act, an exemption available under the Securities Act or a transaction that is otherwise in compliance with the Securities Act; and (ii) an effective registration under the securities law of any state or other jurisdiction applicable to the transaction, an exemption available under such laws, or a transaction that is otherwise in compliance with such laws.

17. No Review. The Investor understands that no U.S. federal or state agency has passed upon the offering of the Securities or has made any finding or determination as to the fairness of any investment in the Securities.

18. Confidentiality. The Investor agrees not to disclose or use any information provided to the Investor by the Company or any of its agents in connection with the

offering of the Securities, except for the purpose of evaluating an investment in the Securities.

19. Indemnification.

a. Indemnification by Investor. The Investor agrees to indemnify and hold harmless the Company and its officers, directors, partners, employees, agents, and affiliates against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Investor to comply with any covenant or agreement made by the Investor herein or in any other document furnished by the Investor to the Company to the Investor in connection with this transaction.

b. Indemnification by Company. The Company agrees to indemnify and hold harmless the Investor against any and all loss, liability, claim, damage, and expense whatsoever (including, but not limited to, any and all expenses reasonably incurred in investigating, preparing, or defending against any litigation commenced or threatened or any claim whatsoever) arising out of or based upon any false representation or warranty or breach or failure by the Company to comply with any covenant or agreement made by the Company herein or in any other document furnished by the Company to the Investor in connection with this transaction.

20. Definitions. In addition to the terms defined throughout this Agreement, the following terms shall have the indicated respective meanings:

"Court Order" shall mean a court order, judgment, administrative or judicial order, writ, decree, stipulation, arbitration award or injunction.

"Encumbrance" shall mean any lien, option (including right of first refusal or first offer), encumbrance, charge, restriction, mortgage, pledge, security interest, title exception, restriction, claim or charge of any kind or character.

"Force Majeure" shall mean failure of any party to perform its obligations under this Agreement due to fire, flood, strikes or other industrial disturbances, accidents, war, acts of terrorism, riot, insurrection or other causes beyond the reasonable control of the such party.

"Governmental Authority" shall mean any governmental body, whether national, state, regional, local, or any subdivision or agency of any of the foregoing.

"Governmental Authorization" shall mean any license, permit, order, franchise agreement, concession, grant, authorization, consent or approval from a Governmental Authority.

"Law" shall include any statute, law, ordinance, rule or regulation of a

Governmental Authority.

"Material Adverse Effect" shall mean an event which causes a material adverse change in the condition, financial or otherwise, business operations, properties, assets or liabilities of the Company except any material adverse change resulting from a Force Majeure.

"NASDAQ" shall mean The Nasdaq Stock Market.

"Organizational Documents" shall mean the Certificate of Incorporation of the Company as filed with the Secretary of State of the State of Delaware on the date of this Agreement, as the same may be amended from time to time.

"SEC" shall mean the Securities and Exchange Commission.

"Securities Act" shall mean the Securities Act of 1933.

21. **Publicity and Disclosures.** Except as may be otherwise required for compliance with applicable stock exchange rules or securities laws, neither the Investor nor the Company shall issue nor approve any news release or other public announcement concerning this Agreement (or any schedules or exhibits hereto) prior to the Closing without the prior written approval of the other.

22. **Irrevocability; Binding Effect.** The Investor hereby acknowledges and agrees that the subscription hereunder is irrevocable by the Investor, that, except as required by law, the Investor is not entitled to cancel, terminate, or revoke this Agreement or any agreements of the Investor hereunder, and that this Agreement and such other agreements shall survive the death or disability of the Investor and shall be binding upon and inure to the benefit of the parties and their heirs, executors, administrators, successors, legal representatives, and permitted assigns. If the Investor is more than one person, the obligations of the Investor hereunder shall be joint and several and the agreements, representations, warranties, and acknowledgments herein contained shall be deemed to be made by and be binding upon each such person and his heirs, executors, administrators, successors, legal representatives, and permitted assigns.

23. **Modification.** Neither this Agreement nor any provisions hereof shall be waived, modified, discharged, or terminated except by an instrument in writing signed by the party against whom any such waiver, modification, discharge, or termination is sought.

24. **Notices.** Any notice or other communication required or permitted to be given hereunder shall be in writing and shall be mailed by certified mail, return receipt requested, or delivered against receipt to the party to whom it is to be given (a) if to the Company, at the address set on the signature page hereof, or (b) if to the Investor, at the address set forth on the signature page hereof (or, in either case, to such other address as the party shall have furnished in writing in accordance with the provisions of this Section 25). Any notice or other communication given by certified mail shall be deemed given at the time of certification thereof, except for a notice changing a party's address which shall be deemed given at the time of receipt thereof.

25. Assignability. This Agreement and the rights and obligations hereunder are not transferable or assignable by any party without the prior written consent of the other party.

26. Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida as applied to residents of that state executing contracts wholly to be performed in that state.

27. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Orlando, Florida in accordance with the rules of American Arbitration Association then in effect.

28. NOTICE TO FLORIDA RESIDENTS. PURSUANT TO SECTION 517.061(11)(A)(5) OF THE FLORIDA SECURITIES AND INVESTOR PROTECTION ACT, A FLORIDA SUBSCRIBER HAS A RIGHT TO RESCIND THE SUBSCRIPTION BY GIVING NOTICE OF SUCH RESCISSION BY TELEPHONE, TELEGRAPH OR LETTER, WITHIN THREE DAYS AFTER THE CONSIDERATION HEREUNDER IS FIRST TENDERED TO THE COMPANY. IF THE NOTICE IS TENDERED ORALLY, A WRITTEN CONFIRMATION THAT IT HAS BEEN RECEIVED SHOULD BE REQUESTED. IT IS PRUDENT TO SEND NOTICE OF RESCISSION BY CERTIFIED MAIL, RETURN RECEIPT REQUESTED, TO INSURE THAT IT WAS RECEIVED. IF NOTICE IS NOT RECEIVED BY SUCH TIME, THE FOREGOING RIGHT OF RESCISSION SHALL BE NULL AND VOID.

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IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their authorized official, this Agreement, effective as of the date first above written.

INTERNATIONAL ASSETS HOLDING  
CORPORATION

By: /s/ Diego J. Veitia

-----  
Printed Name: Diego J. Veitia

-----  
Title: Chairman of the Board  
-----

Address: \_\_\_\_\_  
\_\_\_\_\_

INVESTOR:

/s/ John Radziwill

-----  
John Radziwill

Address: \_\_\_\_\_  
\_\_\_\_\_

## APPENDIX 1 - ACCREDITED INVESTOR

An "Accredited Investor" within the meaning of Regulation D under the Securities Act of 1933 (the "Act") includes the following:

### Organizations

(1) A bank as defined in section 3(a)(2) of the Act, or any savings and loan association or other institution as defined in section 3(a)(5)(A) of the Act, whether acting in its individual or fiduciary capacity; a broker or dealer registered pursuant to section 15 of the Securities Exchange Act of 1934; insurance company as defined in section 2(13) of the Act; an investment company registered under the Investment Company Act of 1940 or a business development company as defined in section 2(a)(48) of that act; a Small Business Investment Company licensed by the U.S. Small Business Administration under section 301(c) or (d) of the Small Business Investment Act of 1958; an employee benefit plan within the meaning of Title I of the Employee Retirement Income Security Act of 1974, if the investment decision is made by a plan fiduciary, as defined in section 3(21) of such act, which is either a bank, savings and loan association, insurance company, or registered investment adviser, or if the employee benefit plan has total assets in excess of \$5,000,000 or, if a self-directed plan, with investment decisions made solely by persons that are accredited investors.

(2) A private business development company as defined in Section 202(a)(22) of the Investment Advisers Act of 1940.

(3) A trust (i) with total assets in excess of \$5,000,000, (ii) not formed for the specific purpose of acquiring the Securities, (iii) whose purchase is directed by a person who, either alone or with his/her purchaser representative, has such knowledge and experience in financial and business matters that he/she is capable of evaluating the merits and risks of the proposed investment.

(4) A corporation, business trust, partnership, or an organization described in section 501(c)(3) of the Internal Revenue Code, which was not formed for the specific purpose of acquiring the Securities, and which has total assets in excess of \$5,000,000.

(5) Any entity in which all of the equity owners are "accredited investors".

### Individuals

(6) Individuals with income from all sources for each of the last two full calendar years whose reasonably expected income for this calendar year exceeds either of:

- (i) \$200,000 individual income; or
- (ii) \$300,000 joint income with spouse.

NOTE: Your "income" for a particular year may be calculated by adding to your adjusted gross income as calculated for Federal income tax purposes any deduction for long term capital gains, any deduction for depletion allowance, any exclusion for tax exempt interest and any losses of a partnership allocated to you as a partner.



(7) Individuals with net worth as of the date hereof (individually or jointly with your spouse), including the value of home, furnishings, and automobiles, in excess of \$1,000,000.

(8) Directors, executive officers or general partners of the Issuer.

APPENDIX 2 - DIRECTORS SLATE

Diego Veitia  
Edward Cofrancesco  
Dr. Robert A. Miller

Scott Branch  
Sean O'Connor  
[nominee of John Radziwill]

APPENDIX 3 - THIRD PARTY APPROVALS

Written confirmation from NASDAQ.

INTERNATIONAL ASSETS HOLDING CORPORATION

CERTIFICATE OF DESIGNATION  
OF  
SERIES A PREFERRED STOCK

The undersigned, Diego J. Veitia, certifies that he is the Chairman of the Board of INTERNATIONAL ASSETS HOLDING CORPORATION, a corporation organized and existing under the laws of the State of Delaware (the "Company"), and hereby further certifies as follows:

- A. Under the Certificate of Incorporation of the Company, the Company is authorized to issue 5,000,000 shares, of preferred stock, par value \$.01 per share (the "Preferred Stock").
- B. Pursuant to the provisions of the Certificate of Incorporation of the Company, the Board of Directors has adopted the following resolution creating a series of Preferred Stock designated as "Series A Preferred Stock":

RESOLVED, that pursuant to the authority vested in the Board of Directors of the corporation in accordance with the provisions of the Certificate of Incorporation, a series of preferred stock, par value \$.01 per share, of the corporation be and hereby are created, and that the designation and number of shares thereof and the voting and other powers, preferences and relative, participating, optional or other rights of the shares of such series and the qualifications, limitations and restrictions thereof are as follows:

1. DIVIDEND RIGHTS.

(a) Participating Dividends. Holders of Series A Preferred shall be entitled to receive, when and as declared by the Board of Directors, any dividends payable to the holders of the Common Stock on the basis that the Series A Preferred have been converted into Common Stock as of the record date of such dividend pursuant to the provisions of Section 4.

2. VOTING RIGHTS.

(a) No General Rights. Except as otherwise provided herein or as required by law, the Series A Preferred shall not be entitled to any voting rights.

(b) Separate Vote of Series A Preferred. For so long as any share of Series A Preferred remain outstanding, in addition to any other vote or consent required herein or by law, the vote or written consent of the holders of more than fifty percent (50%) of the then outstanding Series A Preferred shall be necessary for effecting or validating the following actions:

(i) Any amendment, alteration, waiver or repeal of any provision of the Certificate of Incorporation or the Bylaws of the Company (including any filing of a Certificate of Designation); or

(ii) Any increase or decrease (other than by redemption or conversion) in the authorized number of shares of Series A Preferred; or

(iii) Any issuance of any stock or any other securities convertible into equity securities of the Company, other than the issuance of common stock, par value \$.01 per share (the "Common Stock"), upon the conversion of the Series A Preferred or the issuance of Common Stock upon the conversion of any convertible security outstanding as of October \_\_, 2002; or

(iv) Any redemption or repurchase of shares of any stock or other equity security of the Company; or

(v) Any agreement by the Company or its stockholders regarding an Asset Transfer or Acquisition (each as defined in Section 3(c)); or

(vi) Any action that results in the payment or declaration of a dividend on any shares of Common Stock or Preferred Stock.

### 3. LIQUIDATION RIGHTS.

(a) Liquidation Preference. Upon any liquidation, dissolution, or winding up of the Company, whether voluntary or involuntary, before any distribution or payment shall be made to the holders of any other class of stock (a "Junior Stock"), the holders of Series A Preferred shall be entitled to be paid out of the assets of the Company an amount per share of Series A Preferred equal to the price paid for each share of Series A Preferred (the "Original Issue Price") (as adjusted for any stock dividends, combinations, splits, recapitalization and the like with respect to such shares) for each share of Series A Preferred held by them (the "Liquidation Preference").

(b) Deemed Liquidations. The following events shall be considered a liquidation under this Section 3:

(i) Any consolidation or merger of the Company with or into any other corporation or other entity or person, or any other corporate reorganization, in which the stockholders of the Company immediately prior to such consolidation, merger or reorganization, own less than 50% of the Company's voting power immediately after such consolidation, merger or reorganization, or any transaction or series of related transactions to which the Company is a party in which in excess of fifty percent (50%) of the Company's voting power is transferred (an "Acquisition"); or

(ii) A sale, lease or other disposition of all or substantially all of the assets of the Company (an "Asset Transfer"); or

(c) Pro Rata Distribution. If, upon any liquidation, distribution, or winding up, the assets of the Company shall be insufficient to make payment in full to all holders of Series A Preferred of the Liquidation Preference set forth in Section 3(a), then such assets shall be distributed among the holders of Series A Preferred at the time outstanding, ratably in proportion to the full amounts to which they would otherwise be respectively entitled.

#### 4. CONVERSION.

The Series A Preferred shall be converted into shares of Common Stock on the following terms:

(a) Automatic Conversion. Subject to and in compliance with the provisions of this Section 4, upon the approval by the shareholders of the Company of the conversion provided for in this Section 4, the shares of Series A Preferred will be automatically converted into fully-paid and nonassessable shares of Common Stock. The number of shares of Common Stock to which a holder of Series A Preferred shall be entitled upon conversion shall be the product obtained by multiplying the "Series A Preferred Conversion Rate" then in effect (determined as provided in Section 4(b)) by the number of shares of Series A Preferred being converted.

(b) Series A Preferred Conversion Rate. The conversion rate in effect at any time for conversion of the Series A Preferred (the "Series A Preferred Conversion Rate") shall be the quotient obtained by dividing the Liquidation Preference of the Series A Preferred by the "Series A Preferred Conversion Price," calculated as provided in Section 4(c).

(c) Series A Preferred Conversion Price. The conversion price for the Series A Preferred (the "Series A Preferred Conversion Price") shall initially be the Original Issue Price of the Series A Preferred. Such initial Series A Preferred Conversion Price shall be adjusted from time to time in accordance with this Section 4. All references to the Series A Preferred Conversion Price herein shall mean the Series A Preferred Conversion Price as so adjusted.

(d) Mechanics of Conversion. Upon the conversion of the Series A Preferred pursuant to this Section 4, the holder of the Series A Preferred shall surrender the certificate or certificates therefor, duly endorsed, at the office of the Company or any transfer agent for the Series A Preferred. Thereupon, the Company shall promptly issue and deliver at such office to such holder a certificate or certificates for the number of shares of Common Stock to which such holder is entitled. Such conversion shall be deemed to have been made at the close of business on the date on which the Series A Preferred are converted pursuant to Section 4(a), and the person entitled to receive the shares of Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares of Common Stock as of the close of business on such date.

(e) Adjustment for Stock Splits and Combinations. If the Company shall at any time or from time to time after the date that the first share of Series A Preferred is issued (the "Original Issue Date") effect a subdivision of the outstanding Common Stock without a

corresponding subdivision of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before that subdivision shall be proportionately decreased. Conversely, if the Company shall at any time or from time to time after the Original Issue Date combine the outstanding shares of Common Stock into a smaller number of shares without a corresponding combination of the Preferred Stock, the Series A Preferred Conversion Price in effect immediately before the combination shall be proportionately increased. Any adjustment under this Section 4(e) shall become effective at the close of business on the date the subdivision or combination becomes effective.

(f) Adjustment for Common Stock Dividends and Distributions. If the Company at any time or from time to time after the Original Issue Date makes, or fixes a record date for the determination of holders of Common Stock entitled to receive, a dividend or other distribution payable in additional shares of Common Stock, in each such event the Series A Preferred Conversion Price that is then in effect shall be decreased as of the time of such issuance or, in the event such record date is fixed, as of the close of business on such record date, by multiplying the Series A Preferred Conversion Price then in effect by a fraction (i) the numerator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date, and (ii) the denominator of which is the total number of shares of Common Stock issued and outstanding immediately prior to the time of such issuance or the close of business on such record date plus the number of shares of Common Stock issuable in payment of such dividend or distribution; provided, however, that if such record date is fixed and such dividend is not fully paid or if such distribution is not fully made on the date fixed therefor, the Series A Preferred Conversion Price shall be recomputed accordingly as of the close of business on such record date and thereafter the Series A Preferred Conversion Price shall be adjusted pursuant to this Section 4(f) to reflect the actual payment of such dividend or distribution.

(g) Adjustment for Reclassification, Exchange and Substitution. If at any time or from time to time after the Original Issue Date, the Common Stock issuable upon the conversion of the Series A Preferred is changed into the same or a different number of shares of any class or classes of stock, whether by recapitalization, reclassification or otherwise (other than an Acquisition or Asset Transfer as defined in Section 3(b) or a subdivision or combination of shares or stock dividend or a reorganization, merger, consolidation or sale of assets provided for elsewhere in this Section 4), in any such event each holder of Series A Preferred shall have the right thereafter to convert such stock into the kind and amount of stock and other securities and property receivable upon such recapitalization, reclassification or other change by holders of the maximum number of shares of Common Stock into which such shares of Series A Preferred could have been converted immediately prior to such recapitalization, reclassification or change, all subject to further adjustment as provided herein or with respect to such other securities or property by the terms thereof.

(h) Reorganizations, Mergers, Consolidations or Sales of Assets. If at any time or from time to time after the Original Issue Date, there is a capital reorganization of the Common Stock (other than an Acquisition or Asset Transfer as defined in Section 3(b) or a recapitalization, subdivision, combination, reclassification, exchange or substitution of shares provided for elsewhere in this Section 4), as a part of such capital reorganization, provision shall be

made so that the holders of the Series A Preferred shall thereafter be entitled to receive upon conversion of the Series A Preferred the number of shares of stock or other securities or property of the Company to which a holder of the number of shares of Common Stock deliverable upon conversion would have been entitled on such capital reorganization, subject to adjustment in respect of such stock or securities by the terms thereof. In any such case, appropriate adjustment shall be made in the application of the provisions of this Section 4 with respect to the rights of the holders of Series A Preferred after the capital reorganization to the end that the provisions of this Section 4 (including adjustment of the Series A Preferred Conversion Price then in effect and the number of shares issuable upon conversion of the Series A Preferred) shall be applicable after that event and be as nearly equivalent as practicable.

(i) Notices of Record Date. Upon (i) any taking by the Company of a record of the holders of any class of securities for the purpose of determining the holders thereof who are entitled to receive any dividend or other distribution, or (ii) any Acquisition (as defined in Section 3(b)) or other capital reorganization of the Company, any reclassification or recapitalization of the capital stock of the Company, any merger or consolidation of the Company with or into any other corporation, or any Asset Transfer (as defined in Section 3(b)), or any voluntary or involuntary dissolution, liquidation or winding up of the Company, the Company shall mail to each holder of Series A Preferred at least twenty (20) days prior to the record date specified therein a notice specifying (A) the date on which any such record is to be taken for the purpose of such dividend or distribution and a description of such dividend or distribution, (B) the date on which any such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up is expected to become effective, and (C) the date, if any, that is to be fixed as to when the holders of record of Common Stock (or other securities) shall be entitled to exchange their shares of Common Stock (or other securities) for securities or other property deliverable upon such Acquisition, reorganization, reclassification, transfer, consolidation, merger, Asset Transfer, dissolution, liquidation or winding up.

(j) Fractional Shares. No fractional shares of Common Stock shall be issued upon conversion of Series A Preferred. All shares of Common Stock (including fractions thereof) issuable upon conversion of more than one share of Series A Preferred by a holder thereof shall be aggregated for purposes of determining whether the conversion would result in the issuance of any fractional share. If, after the aforementioned aggregation, the conversion would result in the issuance of any fractional share, the Company shall, in lieu of issuing any fractional share, pay cash equal to the product of such fraction multiplied by the Common Stock's fair market value (as determined by the Board of Directors) on the date of conversion.

(k) Reservation of Stock Issuable Upon Conversion. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purpose of effecting the conversion of the shares of the Series A Preferred, such number of its shares of Common Stock as shall from time to time be sufficient to effect the conversion of all outstanding shares of the Series A Preferred. If at any time the number of authorized but unissued shares of Common Stock shall not be sufficient to effect the conversion of all then outstanding shares of the Series A Preferred, the Company will take such corporate action as



may, in the opinion of its counsel, be necessary to increase its authorized but unissued shares of Common Stock to such number of shares as shall be sufficient for such purpose.

(l) Payment of Taxes. The Company will pay all taxes (other than taxes based upon income) and other governmental charges that may be imposed with respect to the issue or delivery of shares of Common Stock upon conversion of shares of Series A Preferred, excluding any tax or other charge imposed in connection with any transfer involved in the issue and delivery of shares of Common Stock in a name other than that in which the shares of Series A Preferred so converted were registered.

(m) No Dilution or Impairment. Without the consent of the holders of then outstanding Series A Preferred as required under Section 2(b), the Company shall not amend its Amended and Restated Certificate of Incorporation or participate in any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities or take any other voluntary action, for the purpose of avoiding or seeking to avoid the observance or performance of any of the terms to be observed or performed hereunder by the Company, but shall at all times in good faith assist in carrying out all such action as may be reasonably necessary or appropriate in order to protect the conversion rights of the holders of the Series A Preferred against dilution or other impairment.

5. NO REISSUANCE OF SERIES A PREFERRED.

No share or shares of Series A Preferred acquired by the Company by reason of redemption, purchase, conversion or otherwise shall be reissued.

C. This Certificate of Designation has been duly adopted in accordance with the provisions of Sections 151 of the General Corporation Law of the State of Delaware by the Board of Directors of the Company.

IN WITNESS WHEREOF, International Assets Holding Corporation has caused this Certificate of Designation be signed by its Chairman of the Board, on this 22 day of October, 2002.

INTERNATIONAL ASSETS HOLDING CORPORATION

By: /s/ Diego J. Veitia

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Diego J. Veitia, Chairman of the Board

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 22 day of October, 2002 (the "Effective Date"), by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and SEAN M. O'CONNOR (the "Executive").

## R E C I T A L S

A. The Company, directly or through its subsidiaries, operates a financial services company, including a market making and proprietary trading firm specializing in global securities.

B. The Executive shall be, pursuant to the terms of this Agreement, the Chief Executive Officer of the Company, and may hold such offices in its subsidiaries as may be appropriate for the conduct of its business.

C. The Company is a publicly held entity, having previously offered shares of the Company's common stock pursuant to a registration statement, and continues to file reports as to the Company's business.

D. The Board of Directors of the Company (the "Board") considers it essential to the best interests of the Company that the Executive commence employment with the Company.

E. In order to induce the Executive to accept employment with the Company, the Company desires to enter into this Agreement with the Executive, and to be bound by it.

F. The Executive, desiring to accept employment by the Company, agrees to be bound by the covenants herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth hereinafter, the Company and the Executive agree as follows:

1. Recitals. All of the above recitals are true and correct.

2. Term. The term of this Agreement shall be for a period of three years commencing on the Effective Date, subject, however, to prior termination as herein provided. Thereafter, this Agreement shall automatically renew for one additional year unless either party shall have given written notice to the other of its intent not to renew the Agreement no less than 90 days prior to the end of the initial three year term of this Agreement and may be further extended by the mutual written agreement of the Company and the Executive on a yearly basis.

3. Duties. During the period of employment (except as otherwise agreed by the Executive), the Executive will be employed as the Chief Executive Officer of the Company and shall have powers and duties as may from time to time be delegated to the Executive by the Chief Executive Officer or the Board. The Executive shall report to the Board. The Executive shall devote substantially all of the Executive's business time to the affairs of the Company.

4. Indemnification. The Company agrees to defend, indemnify and hold harmless the Executive for acts in his capacity as Executive to the fullest extent permitted by Delaware corporate law at the present time (or as such right of indemnity may be increased in the future). The Company agrees to reimburse the Executive on a monthly basis for any cost of defending any action or investigation (including reasonable attorneys' fees and expenses) subject to an undertaking from the Executive to repay the Company if the Executive is determined not to be entitled to such indemnity by a Court of competent jurisdiction.

5. Compensation and Related Matters.

(a) Basic Salary. As a compensation for the duties to be performed by the Executive hereunder, the Company will pay the Executive a base salary at an annual rate of \$175,000 per year through the first anniversary of the Effective Date, and such annual salary shall thereafter during the three year term hereof increase effective as of the first day of each succeeding 12-month period by the greater of (i) the change in the consumer price index during the preceding 12-month period, or (ii) such other amount as the Board in its discretion determines to be appropriate. The Executive's base salary shall be payable in accordance with the customary payroll practices of the company as in effect from time to time during the period of employment.

(b) Bonus Plan.

(i) In addition to the base salary, the Executive shall be entitled to additional compensation in an amount determined by the Board taking into account the consolidated pre-tax earnings of the Company (including its subsidiaries) for each fiscal year that ends during the initial three year term hereof.

(ii) For purposes of this Section 5(b), the "consolidated pre-tax earnings of the Company" shall be determined by the independent public accountants then regularly servicing the Company, in accordance with generally accepted accounting principles, consistently applied, based on the audited consolidated financial statements of the Company for such fiscal year, which determination shall be binding on the parties hereto.

(iii) Additional compensation authorized by the Board shall be paid within sixty days after the later of: (A) the date on which the Company's independent accountants delivers its final report on the audited consolidated financial statements of the Company for the relevant fiscal year, or (B) the next December 31 following the end of such fiscal year.

(c) Stock Options.

(i) The Executive shall be eligible to participate in a new Stock Option Plan (the "Plan") to be established by the Company subject to stockholder approval at the next convened annual general meeting of the Company's stockholders. In the event the Plan is approved by the stockholders, the Executive shall receive grants of options thereunder as provided in subsection 5(c)(ii) hereof and at such other times as consideration shall be given by the Board or such committee to the grants of stock options generally to senior executive officers of the Company. If the Plan shall not be approved by the stockholders or if the Plan is approved by the stockholders but shall subsequently be terminated or if no options remain available for grant thereunder, the Executive shall be entitled to participate in such other incentive program as the Company may substitute for the Plan for its senior executive officers.

(ii) Subject to approval of the Plan by the stockholders and in connection with the employment of the Executive by the Company, the Company will issue to the Executive 275,000 stock options at an exercise price of \$2.50 per share, pursuant to the terms and conditions of the Plan and a Stock Option Agreement to be executed between the Company and the Executive following approval of the Plan (the "Stock Option Agreement"). The stock options will have a term of 10 years. The stock options will have a three year vesting schedule with one-third of such options becoming exercisable at the end each of the first, second and third years of the Stock Option Agreement and will become fully vested and non-forfeitable in the event of a change of control of the Company. In the event of any termination of Executive's employment with the Company pursuant to this Agreement: (i) any non-vested options shall be cancelled and shall be of no further force or effect; and (ii) any vested options shall be cancelled and shall be of no further force or effect if not exercised by Executive within ninety (90) days of any termination of Executive's employment with the Company.

(d) Additional Compensation. The Company may award additional bonuses to the Executive from time to time in amounts as determined by the Board or a committee of the Board, and such compensation shall be payable in the manner and at the time or times directed by the Board or its committee.

(e) Reimbursement of Expenses. During the term of this Agreement, the Company shall promptly pay or reimburse the Executive for all reasonable business expenses actually incurred or paid by the Executive in the performance of his services hereunder, all in accordance with the policies and procedures of the Company for the reimbursement of business expenses of its senior executive officers, provided that the Executive properly accounts therefor in accordance with Company policy.

(f) Benefits. The Company shall, at its sole cost, and expense, provide life insurance, medical insurance, disability insurance, retirement and other benefits comparable to those provided by comparable companies to their senior executive officers.

6. Vacation, Days Off. The Executive may take a maximum of 4 weeks vacation per year, at times to be determined in the manner most convenient for the business of the Company. In addition, the Executive may take time off at such times as may be determined by the Board to attend such meetings and postgraduate courses as may comply with regulatory and licensing requirements of the businesses conducted by the Company, or which otherwise directly advance the interests of the Company. The Company may, in its discretion, reimburse the Executive for some or all of the expenses incurred to register for or attend such training courses.

7. Termination Provisions

(a) Termination

(i) The Executive's employment hereunder shall automatically terminate (A) upon and by the failure of Executive to purchase Securities pursuant to the terms and conditions of the Share Subscription Agreement between the Company and Executive of even date herewith (the "Subscription Agreement"); (B) upon any termination of the Subscription Agreement (C) upon the Executive's death or Disability (as hereinafter defined); (D) upon written notice by the Company for "Cause" (as hereinafter defined); or (E) upon 30 days written notice by either party.

(ii) For purposes of this Agreement, "Disability" shall have the same meaning as that term has under a disability policy maintained for the Executive by the Company. If no such policy exists, or if payment of benefits under the policy is not conditioned on meeting such a definition, then "Disability" shall mean that the Executive is unable to perform his duties hereunder on a full-time basis for three consecutive months after reasonable accommodation by the Company.

(iii) For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon (A) the willful failure by the Executive to substantially perform the Executive's duties (other than any such failure resulting by the Executive's Disability) and continuance of such failure for more than 30 days after the Company notifies the Executive in writing of the Executive's failure to perform; (B) the engaging by the Executive in willful misconduct which is injurious to the Company; (C) the conviction of the Executive in a court of proper jurisdiction of a crime which constitutes a felony in respect of the conduct of the business of the Company; or (D) a finding by the National Association of Securities Dealers, Inc. (the "NASD"), another self-regulatory body of competent jurisdiction (the "SRO"), or U.S. Securities and Exchange Commission (the "SEC") that the Executive personally violated its rules or regulations, and such finding or penalty therefor restricts the Executive's ability to perform his obligations under this Agreement. Notwithstanding the foregoing, the Executive shall not be deemed to have personally violated roles or regulations of the NASD, an SRO, or the SEC, if a finding or penalty imposed is based upon a finding that the Executive did not adequately supervise such employee, but was not otherwise a party to the acts constituting the misconduct by such other person. Further, the Executive shall not be deemed to have been terminated for Cause unless and until there has been delivered to the Executive notice that a resolution has been duly adopted by the Board which finds that the Company has

"Cause" to terminate the Executive as contemplated in this Section 7(a), provided, that the Executive is terminated for Cause upon conviction of a felony as identified in clause (C) above, and upon the revocation of any license required under applicable law for the conduct of the business of the Company by the Executive.

(b) Compensation Upon Termination. In the event the Executive's employment hereunder terminates pursuant to Section 7(a)(i)(A) or 7(a)(i)(B) hereof, no additional compensation shall be payable to the Executive following the date of termination of employment. If either (i) the Company shall terminate the employment of the Executive for Cause pursuant to the provisions of Section 7(a)(i)(C) hereof, or (ii) the Executive shall resign (other than as a result of the violation of this Agreement by the Company), then the Company shall pay the Executive 100% of the compensation set forth in Section 5 hereof for 30 days following the date of the termination of employment. If the Company shall terminate the employment of the Executive without Cause or the Executive resigns as a result of a breach by the Company of its obligations to the Executive, whether set forth herein or otherwise, then the Company shall pay the Executive 100% of the compensation set forth in Section 5 hereof for the remaining term of this Agreement, or six full months, whichever period shall be greater.

8. Nondisclosure and Noncompetition.

During the period of employment hereunder and for a period of one year after termination of this Agreement (for whatever reason), the Executive shall not, without the written consent of the Board or a person authorized thereby, disclose to any person or appropriate for his own use, information, knowledge or data which is not theretofore publicly known and in the public domain that is obtained by the Executive while in the employ of the Company (which for purposes of this Section 8 shall include the Company or any of its subsidiaries), respecting information about the Company, or of any products, systems, programs, procedures, manuals, guides, confidential reports and communications, improvements, designs or styles, customers, methods of distribution, sales, prices, profits, costs, contracts, suppliers, business prospects, business methods, techniques, research, trade secrets, or know-how of the Company, except as the Executive may, in good faith, reasonably believe to be for the Company's benefit. The Executive acknowledges that all information about the Company's trading department customers, clients, prospects and pricing models constitutes trade secrets under Section 688.002(4) of the Florida Statutes. Notwithstanding the foregoing, following the termination of employment hereunder, the Executive may disclose any information, knowledge or data of the type described to the extent required by law in connection with any judicial or administrative proceeding or inquiry.

In addition to the foregoing and in the interest of protecting the Company's trade secrets, during the term of this Agreement and for a period of one year after termination of this Agreement for any reason, the Executive shall not, without the written consent of the Board or a person authorized thereby, directly or indirectly, do any business with respect to, or solicit any business similar to the business of the Company from, any of the Company's customers, clients, or accounts without the consent of the Company; provided, that this prohibition shall not limit the authority of the Executive (or the Executive's new

employer) to solicit business from any client or customer of the Company that is already a customer or client of that new employer thirty days prior to the last day the Executive is employed by the Company. In addition, Executive shall not directly, or through any company of which Executive is an officer, employee, or more than 5% owner, hire any employee of the Company, or attempt to solicit any employee of, or independent contractor used by, the Company to leave the service of the Company.

Executive agrees that the restrictions of this Section 8 are reasonable as to time, area, subject matter and otherwise due to the confidential nature of the information and trade secrets of the Company, and the unique role and substantial compensation of the Executive. The covenants contained in this Section 8 shall survive the termination of the Executive's employment pursuant to this Agreement provided, however, that in the event this Agreement terminates prior to the Conversion, as such term is defined in the Share Purchase Agreement of even date herewith between the Executive and the Company, the noncompetition provisions in this Section 8 shall not extend to the fixed income business engaged in by the Executive prior to the date of this Agreement. The foregoing provisions of this Section 8 shall be binding upon the Executive's heirs, successors and legal representative. The Executive acknowledges and confirms that the Company shall be entitled to specific performance or injunctive relief without proof of monetary damages and without further proof of irreparable injury in an action instituted in any court of competent jurisdiction, or a proceeding before the NASD.

9. Other Directorships. The Company acknowledges and understands that the Executive may be offered the opportunity to sit on the board of directors of other public and private companies. The Executive agrees that he will not serve on the board of directors of any company in competition with the Company and its affiliates, and the Executive agrees that he will not accept any appointment to another Board without the prior written consent of the Company, which consent shall not be unreasonably withheld. The Company may determine that the Executive shall not serve as a director, officer, or in any other position with an entity that does not maintain liability insurance in an amount deemed to be adequate by the Company. The Company agrees that the Executive shall be entitled to any fees or salary received for his participation on the Boards of Directors of such companies.

10. Attorneys' Fees. In the event a proceeding is brought to enforce or interpret any part of this Agreement or the rights or obligations or any party to this Agreement, the prevailing party shall be entitled to recover as an element of such party's costs of suit, through all appeals, and not as damages, reasonable attorneys' fees and paralegal's fees to be fixed by the arbitrator(s) or court. The prevailing party shall be the party who is entitled to recover his costs of suit or proceeding whether or not the action proceeds to final judgment. A party not entitled to recover his costs shall not recover attorneys' fees.

11. Successors and Assigns. This Agreement and the benefits hereunder are personal to the Company and are not assignable or transferable by the Executive without the written consent of the Company. The services to be performed by the Executive hereunder may not be assigned by the Company, without the written consent of the

Executive, to any person, firm, corporation or other entity, with the exception of a parent or subsidiary of the Company. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Company and the Executive and the Executive's heirs and legal representatives, and the Company's successors and permitted assigns.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Florida, without regard to the application of principles of conflict of laws.

13. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given if delivered personally or sent by certified mail, return receipt requested, postage prepaid, to the parties to this Agreement shall specify by notice to the other:

If to the Company: International Assets Holding Corporation  
220 East Central Parkway  
Altamonte Springs, Florida 32701

With a copy to: Louis T. M. Conti, Esq.  
Holland & Knight LLP  
200 S. Orange Avenue, Suite 2600  
Orlando, Florida 32801

If to the Executive: Mr. Sean M. O'Connor

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With a copy to: Alfred George Smith II, Esq.  
Shutts & Bowen  
201 S. Biscayne Blvd., Suite 1500  
Miami, Florida 33131-4328

All notices and communications shall be deemed to have been received on the date of delivery or on the third business day after the mailing thereof.

14. Modification; Waiver. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is approved by the Board or a person authorized thereby, and is agreed to in a writing signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at the time of any breach by the other party hereto of any condition or provision of this Agreement, or compliance therewith, by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time, or at any prior or subsequent time.

15. Complete Understanding. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement



supercedes all prior agreements and understandings between the Company and the Executive concerning his employment by the Company as well as his compensation, including stock options, in connection therewith, except that the Executive acknowledges that certain confidentiality provisions contained have been subsumed and incorporated herein, and shall be deemed to continue from the inception of his employment by the Company.

16. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

17. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and if any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

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

19. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Orlando, Florida, in accordance with the rules of the American Arbitration Association then in effect.

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

COMPANY:

INTERNATIONAL ASSETS HOLDING  
CORPORATION, a Delaware corporation

By: /s/ Diego J. Veitia

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Name: Diego J. Veitia  
Title: Chairman of the Board

EXECUTIVE:

/s/ Sean M. O'Connor

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Sean M. O'Connor

## EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT ("Agreement") is made and entered into as of the 22 day of October, 2002 (the "Effective Date"), by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and SCOTT J. BRANCH (the "Executive").

## R E C I T A L S

A. The Company, directly or through its subsidiaries, operates a financial services company, including a market making and proprietary trading firm specializing in global securities.

B. The Executive shall be, pursuant to the terms of this Agreement, the President of the Company, and may hold such offices in its subsidiaries as may be appropriate for the conduct of its business.

C. The Company is a publicly held entity, having previously offered shares of the Company's common stock pursuant to a registration statement, and continues to file reports as to the Company's business.

D. The Board of Directors of the Company (the "Board") considers it essential to the best interests of the Company that the Executive commence employment with the Company.

E. In order to induce the Executive to accept employment with the Company, the Company desires to enter into this Agreement with the Executive, and to be bound by it.

F. The Executive, desiring to accept employment by the Company, agrees to be bound by the covenants herein.

NOW THEREFORE, in consideration of the mutual covenants and agreements set forth hereinafter, the Company and the Executive agree as follows:

1. Recitals. All of the above recitals are true and correct.

2. Term. The term of this Agreement shall be for a period of three years commencing on the Effective Date, subject, however, to prior termination as herein provided. Thereafter, this Agreement shall automatically renew for one additional year unless either party shall have given written notice to the other of its intent not to renew the Agreement no less than 90 days prior to the end of the initial three year term of this Agreement and may be further extended by the mutual written agreement of the Company and the Executive on a yearly basis.

3. Duties. During the period of employment (except as otherwise agreed by the Executive), the Executive will be employed as the President of the Company and shall have powers and duties as may from time to time be delegated to the Executive by the Chief Executive Officer or the Board. The Executive shall report to Chief Executive Officer of the Company. The Executive shall devote substantially all of the Executive's business time to the affairs of the Company.

4. Indemnification. The Company agrees to defend, indemnify and hold harmless the Executive for acts in his capacity as Executive to the fullest extent permitted by Delaware corporate law at the present time (or as such right of indemnity may be increased in the future). The Company agrees to reimburse the Executive on a monthly basis for any cost of defending any action or investigation (including reasonable attorneys' fees and expenses) subject to an undertaking from the Executive to repay the Company if the Executive is determined not to be entitled to such indemnity by a Court of competent jurisdiction.

5. Compensation and Related Matters.

(a) Basic Salary. As a compensation for the duties to be performed by the Executive hereunder, the Company will pay the Executive a base salary at an annual rate of \$175,000 per year through the first anniversary of the Effective Date, and such annual salary shall thereafter during the three year term hereof increase effective as of the first day of each succeeding 12-month period by the greater of (i) the change in the consumer price index during the preceding 12-month period, or (ii) such other amount as the Board in its discretion determines to be appropriate. The Executive's base salary shall be payable in accordance with the customary payroll practices of the company as in effect from time to time during the period of employment.

(b) Bonus Plan.

(i) In addition to the base salary, the Executive shall be entitled to additional compensation in an amount determined by the Board taking into account the consolidated pre-tax earnings of the Company (including its subsidiaries) for each fiscal year that ends during the initial three year term hereof.

(ii) For purposes of this Section 5(b), the "consolidated pre-tax earnings of the Company" shall be determined by the independent public accountants then regularly servicing the Company, in accordance with generally accepted accounting principles, consistently applied, based on the audited consolidated financial statements of the Company for such fiscal year, which determination shall be binding on the parties hereto.

(iii) Additional compensation authorized by the Board shall be paid within sixty days after the later of: (A) the date on which the Company's independent accountants delivers its final report on the audited consolidated financial statements of the Company for the relevant fiscal year, or (B) the next December 31 following the end of such fiscal year.

(c) Stock Options.

(i) The Executive shall be eligible to participate in a new Stock Option Plan (the "Plan") to be established by the Company subject to stockholder approval at the next convened annual general meeting of the Company's stockholders. In the event the Plan is approved by the stockholders, the Executive shall receive grants of options thereunder as provided in subsection 5(c)(ii) hereof and at such other times as consideration shall be given by the Board or such committee to the grants of stock options generally to senior executive officers of the Company. If the Plan shall not be approved by the stockholders or if the Plan is approved by the stockholders but shall subsequently be terminated or if no options remain available for grant thereunder, the Executive shall be entitled to participate in such other incentive program as the Company may substitute for the Plan for its senior executive officers.

(ii) Subject to approval of the Plan by the stockholders and in connection with the employment of the Executive by the Company, the Company will issue to the Executive 275,000 stock options at an exercise price of \$2.50 per share, pursuant to the terms and conditions of the Plan and a Stock Option Agreement to be executed between the Company and the Executive following approval of the Plan (the "Stock Option Agreement"). The stock options will have a term of 10 years. The stock options will have a three year vesting schedule with one-third of such options becoming exercisable at the end each of the first, second and third years of the Stock Option Agreement and will become fully vested and non-forfeitable in the event of a change of control of the Company. In the event of any termination of Executive's employment with the Company pursuant to this Agreement: (i) any non-vested options shall be cancelled and shall be of no further force or effect; and (ii) any vested options shall be cancelled and shall be of no further force or effect if not exercised by Executive within ninety (90) days of any termination of Executive's employment with the Company.

(d) Additional Compensation. The Company may award additional bonuses to the Executive from time to time in amounts as determined by the Board or a committee of the Board, and such compensation shall be payable in the manner and at the time or times directed by the Board or its committee.

(e) Reimbursement of Expenses. During the term of this Agreement, the Company shall promptly pay or reimburse the Executive for all reasonable business expenses actually incurred or paid by the Executive in the performance of his services hereunder, all in accordance with the policies and procedures of the Company for the reimbursement of business expenses of its senior executive officers, provided that the Executive properly accounts therefor in accordance with Company policy.

(f) Benefits. The Company shall, at its sole cost, and expense, provide life insurance, medical insurance, disability insurance, retirement and other benefits comparable to those provided by comparable companies to their senior executive officers.

6. Vacation, Days Off. The Executive may take a maximum of 4 weeks vacation per year, at times to be determined in the manner most convenient for the business of the Company. In addition, the Executive may take time off at such times as may be determined by the Board to attend such meetings and postgraduate courses as may comply with regulatory and licensing requirements of the businesses conducted by the Company, or which otherwise directly advance the interests of the Company. The Company may, in its discretion, reimburse the Executive for some or all of the expenses incurred to register for or attend such training courses.

7. Termination Provisions

(a) Termination

(i) The Executive's employment hereunder shall automatically terminate (A) upon and by the failure of Executive to purchase Securities pursuant to the terms and conditions of the Share Subscription Agreement between the Company and Executive of even date herewith (the "Subscription Agreement"); (B) upon any termination of the Subscription Agreement (C) upon the Executive's death or Disability (as hereinafter defined); (D) upon written notice by the Company for "Cause" (as hereinafter defined); or (E) upon 30 days written notice by either party.

(ii) For purposes of this Agreement, "Disability" shall have the same meaning as that term has under a disability policy maintained for the Executive by the Company. If no such policy exists, or if payment of benefits under the policy is not conditioned on meeting such a definition, then "Disability" shall mean that the Executive is unable to perform his duties hereunder on a full-time basis for three consecutive months after reasonable accommodation by the Company.

(iii) For purposes of this Agreement, the Company shall have "Cause" to terminate the Executive's employment hereunder upon (A) the willful failure by the Executive to substantially perform the Executive's duties (other than any such failure resulting by the Executive's Disability) and continuance of such failure for more than 30 days after the Company notifies the Executive in writing of the Executive's failure to perform; (B) the engaging by the Executive in willful misconduct which is injurious to the Company; (C) the conviction of the Executive in a court of proper jurisdiction of a crime which constitutes a felony in respect of the conduct of the business of the Company; or (D) a finding by the National Association of Securities Dealers, Inc. (the "NASD"), another self-regulatory body of competent jurisdiction (the "SRO"), or U.S. Securities and Exchange Commission (the "SEC") that the Executive personally violated its rules or regulations, and such finding or penalty therefor restricts the Executive's ability to perform his obligations under this Agreement. Notwithstanding the foregoing, the Executive shall not be deemed to have personally violated roles or regulations of the NASD, an SRO, or the SEC, if a finding or penalty imposed is based upon a finding that the Executive did not adequately supervise such employee, but was not otherwise a party to the acts constituting the misconduct by such other person. Further, the Executive shall not be deemed to have been terminated for Cause unless and until there has been delivered to the Executive notice that a resolution has been duly adopted by the Board which finds that the Company has

"Cause" to terminate the Executive as contemplated in this Section 7(a), provided, that the Executive is terminated for Cause upon conviction of a felony as identified in clause (C) above, and upon the revocation of any license required under applicable law for the conduct of the business of the Company by the Executive.

(b) Compensation Upon Termination. In the event the Executive's employment hereunder terminates pursuant to Section 7(a)(i)(A) or 7(a)(i)(B) hereof, no additional compensation shall be payable to the Executive following the date of termination of employment. If either (i) the Company shall terminate the employment of the Executive for Cause pursuant to the provisions of Section 7(a)(i)(C) hereof, or (ii) the Executive shall resign (other than as a result of the violation of this Agreement by the Company), then the Company shall pay the Executive 100% of the compensation set forth in Section 5 hereof for 30 days following the date of the termination of employment. If the Company shall terminate the employment of the Executive without Cause or the Executive resigns as a result of a breach by the Company of its obligations to the Executive, whether set forth herein or otherwise, then the Company shall pay the Executive 100% of the compensation set forth in Section 5 hereof for the remaining term of this Agreement, or six full months, whichever period shall be greater.

#### 8. Nondisclosure and Noncompetition.

During the period of employment hereunder and for a period of one year after termination of this Agreement (for whatever reason), the Executive shall not, without the written consent of the Board or a person authorized thereby, disclose to any person or appropriate for his own use, information, knowledge or data which is not theretofore publicly known and in the public domain that is obtained by the Executive while in the employ of the Company (which for purposes of this Section 8 shall include the Company or any of its subsidiaries), respecting information about the Company, or of any products, systems, programs, procedures, manuals, guides, confidential reports and communications, improvements, designs or styles, customers, methods of distribution, sales, prices, profits, costs, contracts, suppliers, business prospects, business methods, techniques, research, trade secrets, or know-how of the Company, except as the Executive may, in good faith, reasonably believe to be for the Company's benefit. The Executive acknowledges that all information about the Company's trading department customers, clients, prospects and pricing models constitutes trade secrets under Section 688.002(4) of the Florida Statutes. Notwithstanding the foregoing, following the termination of employment hereunder, the Executive may disclose any information, knowledge or data of the type described to the extent required by law in connection with any judicial or administrative proceeding or inquiry.

In addition to the foregoing and in the interest of protecting the Company's trade secrets, during the term of this Agreement and for a period of one year after termination of this Agreement for any reason, the Executive shall not, without the written consent of the Board or a person authorized thereby, directly or indirectly, do any business with respect to, or solicit any business similar to the business of the Company from, any of the Company's customers, clients, or accounts without the consent of the Company; provided, that this prohibition shall not limit the authority of the Executive (or the Executive's new

employer) to solicit business from any client or customer of the Company that is already a customer or client of that new employer thirty days prior to the last day the Executive is employed by the Company. In addition, Executive shall not directly, or through any company of which Executive is an officer, employee, or more than 5% owner, hire any employee of the Company, or attempt to solicit any employee of, or independent contractor used by, the Company to leave the service of the Company.

Executive agrees that the restrictions of this Section 8 are reasonable as to time, area, subject matter and otherwise due to the confidential nature of the information and trade secrets of the Company, and the unique role and substantial compensation of the Executive. The covenants contained in this Section 8 shall survive the termination of the Executive's employment pursuant to this Agreement provided, however, that in the event this Agreement terminates prior to the Conversion, as such term is defined in the Share Purchase Agreement of even date herewith between the Executive and the Company, the noncompetition provisions in this Section 8 shall not extend to the fixed income business engaged in by the Executive prior to the date of this Agreement. The foregoing provisions of this Section 8 shall be binding upon the Executive's heirs, successors and legal representative. The Executive acknowledges and confirms that the Company shall be entitled to specific performance or injunctive relief without proof of monetary damages and without further proof of irreparable injury in an action instituted in any court of competent jurisdiction, or a proceeding before the NASD.

9. Other Directorships. The Company acknowledges and understands that the Executive may be offered the opportunity to sit on the board of directors of other public and private companies. The Executive agrees that he will not serve on the board of directors of any company in competition with the Company and its affiliates, and the Executive agrees that he will not accept any appointment to another Board without the prior written consent of the Company, which consent shall not be unreasonably withheld. The Company may determine that the Executive shall not serve as a director, officer, or in any other position with an entity that does not maintain liability insurance in an amount deemed to be adequate by the Company. The Company agrees that the Executive shall be entitled to any fees or salary received for his participation on the Boards of Directors of such companies.

10. Attorneys' Fees. In the event a proceeding is brought to enforce or interpret any part of this Agreement or the rights or obligations of any party to this Agreement, the prevailing party shall be entitled to recover as an element of such party's costs of suit, through all appeals, and not as damages, reasonable attorneys' fees and paralegal's fees to be fixed by the arbitrator(s) or court. The prevailing party shall be the party who is entitled to recover his costs of suit or proceeding whether or not the action proceeds to final judgment. A party not entitled to recover his costs shall not recover attorneys' fees.

11. Successors and Assigns. This Agreement and the benefits hereunder are personal to the Company and are not assignable or transferable by the Executive without the written consent of the Company. The services to be performed by the Executive hereunder may not be assigned by the Company, without the written consent of the

Executive, to any person, firm, corporation or other entity, with the exception of a parent or subsidiary of the Company. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the Company and the Executive and the Executive's heirs and legal representatives, and the Company's successors and permitted assigns.

12. Governing Law. This Agreement shall be construed in accordance with and governed by the law of the State of Florida, without regard to the application of principles of conflict of laws.

13. Notices. All notices and other communications required or permitted to be given under this Agreement shall be in writing and shall be deemed to have been given if delivered personally or sent by certified mail, return receipt requested, postage prepaid, to the parties to this Agreement shall specify by notice to the other:

If to the Company: International Assets Holding Corporation  
220 East Central Parkway  
Altamonte Springs, Florida 32701

With a copy to: Louis T. M. Conti, Esq.  
Holland & Knight LLP  
200 S. Orange Avenue, Suite 2600  
Orlando, Florida 32801

If to the Executive: Mr. Scott Branch  
39 Meeker Avenue  
Allendale, New Jersey 07401

With a copy to: Alfred George Smith II, Esq.  
Shutts & Bowen  
201 S. Biscayne Blvd., Suite 1500  
Miami, Florida 33131-4328

All notices and communications shall be deemed to have been received on the date of delivery or on the third business day after the mailing thereof.

14. Modification; Waiver. No provisions of this Agreement may be modified, waived or discharged unless such modification, waiver or discharge is approved by the Board or a person authorized thereby, and is agreed to in a writing signed by the Executive and such officer as may be specifically designated by the Board. No waiver by either party hereto at the time of any breach by the other party hereto of any condition or provision of this Agreement, or compliance therewith, by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same time, or at any prior or subsequent time.

15. Complete Understanding. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement. This Agreement



supercedes all prior agreements and understandings between the Company and the Executive concerning his employment by the Company as well as his compensation, including stock options, in connection therewith, except that the Executive acknowledges that certain confidentiality provisions contained have been subsumed and incorporated herein, and shall be deemed to continue from the inception of his employment by the Company.

16. Headings. The headings in this Agreement are for convenience of reference only and shall not control or affect the meaning or construction of this Agreement.

17. Severability. The invalidity of any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall not affect the enforceability of the remaining portions of this Agreement or any part thereof, all of which are inserted conditionally on their being valid in law, and if any one or more of the words, phrases, sentences, clauses or sections contained in this Agreement shall be declared invalid, this Agreement shall be construed as if such invalid word or words, phrase or phrases, sentence or sentences, clause or clauses, or section or sections had not been inserted.

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

19. Arbitration. Any dispute or controversy arising under or in connection with this Agreement shall be settled exclusively by binding arbitration in Orlando, Florida, in accordance with the rules of the American Arbitration Association then in effect.

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

COMPANY:

INTERNATIONAL ASSETS HOLDING  
CORPORATION, a Delaware corporation

By: /s/ Diego J. Veitia

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Name: Diego J. Veitia  
Title: Chairman and CEO

EXECUTIVE:

/s/ Scott J. Branch

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Scott J. Branch

REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") dated as of the 22 day of October, 2002, is entered into by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and SEAN M. O'CONNOR (the "Investor").

R E C I T A L S

WHEREAS, the Investor is a party to the Share Subscription Agreement of even date herewith (the "Subscription Agreement") by and between the Investor and the Company, providing, inter alia, for the purchase by the Investor of 182,061 shares of the Company's Common Stock (the "Common Shares") and 700,292 shares of the Company's Series A preferred stock (the "Preferred Shares") (the Common Shares and Preferred Shares are hereafter referred to collectively as the "Purchased Shares"); and

WHEREAS, the Subscription Agreement provides for the execution and delivery of a Registration Rights Agreement providing certain registration rights for the Investor with respect to the Purchased Shares;

WHEREAS, each of the parties hereto desires to set forth in a single document the registration and certain other rights of the Investor with respect to the Purchased Shares; and

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth and for other good and valuable consideration the Company and the Investor hereby agree as follows:

Section 1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Approved Investors" shall mean the Investor, Scott J. Branch and John Radziwill, together with their approved assignees and transferees.

"Common Stock" means (a) the Company's common stock, \$.01 par value, as authorized on the date of this Agreement, and (b) any other securities into which or for which any of the securities described in (a) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act and the Exchange Act.

"Company Indemnified Person" means the Company, its directors, each of its officers who have signed or otherwise participated in the preparation of the registration statement, each underwriter of the Registrable Securities so registered (including any broker or dealer through whom such of the shares may be sold) and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

"Excluded Registration" means a registration under the Securities Act of shares issued solely in connection with any acquisition of any entity or business, shares issuable solely upon the exercise of options, or shares issuable solely pursuant to employee benefit plans, including Registration Statements on Form S-4, S-8 or any successor form.

"Holder(s)" or "Holder(s) of Registrable Securities" means the Investor and any assignee or transferee of the Registrable Securities.

"Holder Indemnified Person" means the Holder of Registrable Securities and each underwriter of the Registrable Securities (including their directors, officers, affiliates and partners) so registered (including any broker or dealer through whom such shares may be sold) and each Person, if any, who controls such Holder or any such underwriter within the meaning of Section 15 of the Securities Act.

"Investor" means Sean M. O'Connor.

"Liabilities" for purpose of Sections 6 and 7 includes any claims, damages, losses, and liabilities, costs or expenses.

"Person(s)" means an individual, corporation, partnership, joint venture, limited liability company, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

"Preferred Stock" means the Company's preferred stock, \$.01 par value, issued pursuant to the terms and conditions of the Subscription Agreement.

"Registrable Securities" means (a) the Common Shares; (b) Common Stock of the Company issued in or issuable upon conversion of the Preferred Shares; and (c) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right, or other security which is issued as) a dividend or other distribution with respect to, in exchange for, or in replacement of, the above-described securities. Notwithstanding the foregoing, the Registrable Securities shall not include any securities sold by a person to the public either pursuant to a registration statement or Rule 144 or sold in a private transaction in which the transferor's rights under this Agreement are not assigned.

"Registration Statement" means a registration statement filed under the Securities Act pursuant to this Agreement.

"Securities Act" means the Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

Section 2. "Demand Registration".

(a) At any time beginning six months from the date of this Agreement and for a period of three years thereafter, the Holder may make one written request for registration under the Securities Act, (a "Demand Registration") of all or part of Holder's Registrable Securities (but such part, together with the number of securities requested by other Approved Investors, to be included in such Demand Registration pursuant to this Section 2, shall have an estimated market value at the time of such request (based upon the then market price of a share of Common Stock of the Company) of at least \$250,000. Notwithstanding the foregoing, the Company shall not be required to file any registration statement on behalf of the Holder within twelve months after the effective date of any earlier registration statement so long as the Holder was given a notice offering it the opportunity to sell Registrable Securities under the earlier registration statement and the Holder did not request that its Registrable Securities be included; provided, however, that if Holder requested that its Registrable Securities be included in the earlier registration statement but not all were so included through no fault of the Investor, the Investor may, but shall not be obligated to, require the Company to file another registration statement pursuant to a Demand Registration. Within fifteen (15) days after receipt of a request for a Demand Registration, the Company shall give written notice (the "Notice") of such request to all other Approved Investors and shall include in such registration all Registrable Securities that the Company has received written requests for inclusion therein within 15 days after the Notice is given (the "Requested Securities"). Thereafter, the Company may elect to include in such registration additional shares of Common Stock to be issued by the Company. All requests made pursuant to this Section 2 shall specify the aggregate number of Registrable Securities to be registered.

(b) A registration shall not constitute a Demand Registration under this Section 2 until it has become effective.

(c) The Holder making the Demand Registration may elect whether the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of a firm commitment underwritten offering or otherwise; provided, however, that such Holder may not elect that such offering be made on a delayed or continuous basis pursuant to rule 415 under the Securities Act. In any case in which an offering is in the form of a firm commitment underwritten offering, if the managing underwriter or underwriters of such offering advise the Company in writing that in its or their opinion the number of Registrable Securities proposed to be sold in such offering exceeds the number of Registrable Securities that can be sold in such offering without adversely affecting the market for the Company's Common Stock, the Company will include in such registration the number of Registrable Securities that in the opinion of such

managing underwriter or underwriters can be sold without adversely affecting the market for the Company's Common Stock. In such event, the number of Registrable Securities, if any, to be offered for the accounts of Approved Investors (including the Holder making the Demand Registration) shall be reduced pro rata on the basis of the relative number of any Registrable Securities requested by each Approved Investor to be included in such registration to the extent necessary to reduce the total number of Registrable Securities to be included in such offering to the number recommended by such managing underwriter or underwriters. In the event the Holder making the Demand shall receive notice pursuant to this Section 2(c) that the amount of Registrable Securities to be offered for such Holder shall be reduced, such Holder shall be entitled to withdraw the Demand by written notice to the Company within seven (7) days after receipt of such notice, with the effect that such Demand shall be deemed not to have been made.

(d) If any of the Registrable Securities covered by a Demand Registration are to be sold in an underwritten offering, the Approved Investors, in the aggregate, that own or will own a majority of the Registrable Securities that the Company has been requested to register (including the Requested Securities but excluding any securities to be issued by the Company), shall have the right to select the investment banker or investment bankers and manager or managers that will underwrite the offering; provided, however, that such investment bankers and managers must be reasonably satisfactory to the Company.

### Section 3. "Piggy-Back" Registration.

(a) If, at any time after the six month anniversary of the date of this Agreement, the Company shall determine to register any of its Common Stock under the Securities Act, other than an Excluded Registration, it shall send to each Holder of Registrable Securities, including each Holder who has the right to acquire Registrable Securities, written notice of such determination. If within five (5) business days after receipt of such notice, such Holder shall so request in writing, the Company will, subject to the limits of this Section 2, use its best efforts to include in such Registration Statement all or any part of the Registrable Securities such Holder requests to be registered therein.

(b) If, however, in connection with any offering under this Section involving an underwriting of the Common Stock to be issued by the Company, the managing underwriter shall impose a limitation on the number of shares which may be included in any such Registration Statement because, in its judgment, such limitation is necessary to effect an orderly public distribution, and such limitation is imposed pro rata with respect to all shares whose holders have a contractual, incidental ("piggyback") right to include such shares in the Registration Statement, and as to which inclusion has been requested pursuant to such right and there is first excluded from such Registration Statement all shares sought to be included therein by any holder thereof having contractual, piggyback registration rights subordinate and junior to the rights of the Holders of Registrable Securities, then the Company shall only be obligated to include in such Registration Statement that number of the Registrable Securities so requested to be registered by such Holders as will constitute no less than ten percent (10%) of the total number of Registrable Securities so requested to be registered by the Holders thereof.

(c) The obligations of the Company under this Section 3 shall terminate at such time as a Holder may sell any Registrable Securities without registration pursuant to Rule 144(k) as promulgated under the Securities Act.

Section 4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect the registration of Registrable Securities under the Securities Act, the Company will:

(a) promptly prepare and file with the Commission a Registration Statement with respect to such shares, and use its best efforts to cause such Registration Statement to become effective;

(b) maintain the effectiveness of the Registration Statement until the earlier to occur of (i) the completion by the underwriters of the distribution pursuant to such Registration Statement or (ii) one hundred twenty (120) days after the effectiveness of any Registration Statement.

(c) provide each Holder of Registrable Securities and any underwriter thereof with as many copies of the preliminary and final prospectus as it may reasonably request for the period effectiveness is required to be maintained under paragraph (b) above;

(d) prepare and promptly file with the Commission such amendment or supplement to such Registration Statement or prospectus as may be necessary to maintain effectiveness for the period under paragraph (b) or to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, any event shall have occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading;

(e) prepare and file with the Commission, promptly upon the request of any such Holders, any amendments or supplements to such Registration Statement or prospectus which, in the opinion of counsel for such Holders (and concurred in by counsel for the Company), is required under the Securities Act or the rules and regulations promulgated thereunder in connection with the distribution of the Registrable Securities by such Holders;

(f) refrain from filing any amendment or supplement to such Registration Statement or prospectus to which a majority in interest of such participating Holders shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or the rules and regulations promulgated thereunder, after having been furnished with a copy thereof at least five (5) business days prior to the filing thereof, unless in the opinion of counsel for the Company the filing of such amendment or supplement is reasonably necessary to protect the Company from any liabilities under any applicable federal or state law and such filing will not violate applicable law;

(g) promptly notify each selling Holder of Registrable Securities, such selling Holder's counsel and any underwriter and (if requested by any such Person) confirm such notice in writing, of the happening of any event which makes any statement made in the Registration Statement or related prospectus untrue or which requires the making of any changes in such Registration Statement or prospectus so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading; and, as promptly as practicable thereafter, prepare and file with the Commission and furnish a supplement or amendment to such prospectus so that, as thereafter deliverable to the purchasers of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) notify each Holder participating in such registration, promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any prospectus forming a part of such Registration Statement has been filed;

(i) notify each Holder promptly of any request by the Commission for the amending or supplementing of such Registration Statement or prospectus or for additional information;

(j) advise each such Holder, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for that purpose and use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

(k) furnish to each selling Holder a copy of all documents filed and all correspondence from or to the Commission in connection with any such offering of securities;

(l) if, at the time of such registration, the Company's Common Stock is listed on any national securities exchange or the Nasdaq Stock Market, Inc., use its best efforts to simultaneously list on such exchange or the Nasdaq Stock Market, Inc., and maintain such listing of, all of the Registrable Securities;

(m) at the expense of the Holders, to use its best efforts to register and qualify the securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions as shall reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions; and

(n) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security Holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first month after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

Section 5. Further Obligations of the Parties.

(a) Whenever under the preceding sections of this Agreement, the Company is required hereunder to register Registrable Securities, it agrees that it shall also do the following:

- (i) With prior notice and at reasonable times during normal business hours and without undue interruption of the Company's business or operations, permit each selling Holder or its counsel or other representatives to inspect and copy such corporate documents, records and properties as may reasonably be requested by them to enable them to exercise their due diligence responsibilities, and cause the Company's officers and agents to supply any information reasonably requested for that purpose;
- (ii) Enter into any reasonable underwriting agreement containing such provisions as are customary for such an arrangement and use its best efforts to facilitate the public offering of the shares;
- (iii) In connection with any underwritten public offering of such Registrable Securities, furnish on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters; and
- (iv) Use its best efforts to insure the obtaining of all necessary approvals from the National Association of Securities Dealers, Inc.

(b) Whenever the Holders are registering Registrable Securities pursuant to any Registration Statement, each such Holder agrees to (i) timely provide to the Company, at its request, such information and materials as it may reasonably request in order to effect the registration of such Registrable Securities, (ii) enter into a written agreement with the underwriters and the Company in such form and containing such provisions as are customary in the securities business for such an arrangement between major underwriters and companies of the Company's size and investment stature, and such selling Holder of Registrable Securities will use its best efforts to cause its counsel to give any opinion customarily given in connection with secondary distributions under similar circumstances, (iii) comply with all applicable laws and, during such time as any such selling Holder of Registrable Securities may be engaged in a distribution of such Registrable Securities, such selling Holder of Registrable Securities will, to the extent required by such laws, among other things (a) not engage in any stabilization activity in connection with the securities of the Company in contravention of such laws, (b) distribute the Registrable Securities owned by such selling Holder of Registrable Securities solely in the manner described in the applicable registration statement or as otherwise permitted by law, (c)



cause to be furnished to each agent or broker-dealer to or through whom the Registrable Securities owned by such selling Holder of Registrable Securities may be offered, or to the offeree if an offer is made directly by such Holder, such copies of the applicable prospectus (as amended and supplemented to such date) and the documents incorporated by reference therein as may be required by such agent, broker-dealer or offeree, provided that the Company shall have provided such selling Holder of Registrable Securities with an adequate number of copies thereof and (d) not bid for or purchase any shares of the Company or attempt to induce any person to purchase any shares of the Company other than pursuant to such distribution, and (iv) on notice from the Company of the happening of any event specified in paragraph (g) of Section 4 hereof, that requires the suspension by such selling Holder of Registrable Securities of the distribution of any of the Registrable Securities, then such selling Holder will cease offering or distribution the Registrable Securities until the Company notifies such selling Holder that offering and distribution of the Registrable Securities may recommence.

#### Section 6. Indemnification of Holder Indemnified Persons.

(a) In the event that the Company registers any of the Registrable Securities under the Securities Act, the Company will, to the extent permitted by law, indemnify and hold harmless each Holder Indemnified Person from and against any and all Liabilities, joint or several, to which they or any of them become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse the Holder Indemnified Persons, for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions, whether or not resulting in any Liability, insofar as such Liabilities arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any filing with any state securities authority, in any preliminary or amended preliminary prospectus or in the final prospectus (or the Registration Statement or prospectus as from time to time amended or supplemented by the Company) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or any violation by the Company of any rule or regulation promulgated under the Securities Act or any state securities laws or regulations applicable to the Company and relating to action or inaction required of the Company in connection with such registration, unless (i) such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, preliminary or amended preliminary prospectus or final prospectus in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by such Holder Indemnified Person expressly for use therein or (ii) in the case of a sale directly by such Holder (including a sale of such Registrable Securities through any underwriter retained by such Holder to engage in a distribution solely on behalf of Holder), such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus at or prior to the confirmation of the sale of Registrable Securities to the Person asserting any such Liability in any case where such delivery is required by the Securities Act or any state securities laws and such Holder was timely provided with sufficient copies of such final or amended prospectus, provided that such delivery of such final or amended

prospectus would have legally cured such untruth or omission or alleged untruth or alleged omission.

(b) Promptly after receipt by any Holder Indemnified Person of notice of the commencement of any action in respect of which indemnity may be sought against the Company, such Holder Indemnified Person will notify the Company in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Company shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to such Holder Indemnified Person), and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Company.

(c) Such Holder Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Company unless the employment of such counsel has been specifically authorized by the Company. The Company shall not be liable to indemnify any Holder Indemnified Person for any settlement of any such action effected without the Company's prior written consent, which consent will not be unreasonably withheld. The Company shall not, except with the prior written approval of each Holder Indemnified Person being indemnified under this Section 6, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the parties being so indemnified of a release from all liability in respect to such claim or litigation.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which any Holder Indemnified Person makes a claim for indemnification pursuant to this Section 6 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 6 provides for indemnification in such case, then the Company and such Holder Indemnified Person will contribute to the aggregate Liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Holder Indemnified Person on the other in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable consideration. The relative fault of the Company on the one hand and of the Holder Indemnified Person on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Holder Indemnified Person on the other, and each party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered by it pursuant to such Registration Statement, net of underwriting discounts and commissions; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

Section 7. Indemnification of Company Indemnified Persons.

(a) In the event that the Company registers any of the Registrable Securities under the Securities Act, each Holder of the Registrable Securities so registered, to the extent permitted by law, will indemnify and hold harmless the Company Indemnified Persons from and against any and all Liabilities, joint or several, to which they or any of them may become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse each such Company Indemnified Person for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions, whether or not resulting in any Liability, insofar as such Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any filing with any state securities commission or agent, in any preliminary or amended preliminary prospectus or in the final prospectus (or in the Registration Statement or prospectus as from time to time amended or supplemented) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by such Holder of Registrable Securities expressly for use therein; provided, however, that such Holder's obligations hereunder shall be limited to an amount equal to the proceeds received by such Holder of the Registrable Securities sold in such registration.

(b) Promptly after receipt of notice of the commencement of any action in respect of which indemnity may be sought against such Company Indemnified Person, the Company will notify such Holder in writing of the commencement thereof, and such Holder shall, subject to the provisions hereinafter stated, assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the Company) and the payment of expenses insofar as such action shall relate to the alleged liability in respect of which indemnity may be sought against the Holder.

(c) Each Company Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of such Holder of Registrable Securities unless employment of such counsel has been specifically authorized by such Holder of Registrable Securities. Such Holder of Registrable Securities shall not be liable to indemnify any Person for any settlement of any such action effected without such Holder's prior written consent, which consent shall not be unreasonably withheld. Such Holder of Registrable Securities shall not, except with the prior written approval of each party being indemnified under this Section 7, consent to the entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the parties being so indemnified of a release from all liability with respect to such claim or litigation.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which the Company Indemnified Person exercising its rights under this Agreement, makes a claim for indemnification pursuant to this Section 7, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and

the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding that this Section 7 provides for indemnification, in such case, then, the Company and such Holder will contribute to the aggregate Liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Holder of Registrable Securities on the other in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable consideration. The relative fault of the Company on the one hand and of the Holder of Registrable Securities on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Holder of Registrable Securities on the other, and each party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) no such Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered by it pursuant to such Registration Statement, net of underwriting discounts and commissions; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

Section 8. Expenses of Registration. In the case of any registration under Sections 2 or 3 of this Agreement, the Company shall bear the following costs and expenses incurred by the Company in complying with Sections 2, 3 and 4 hereof: printing, legal and accounting expenses; Securities and Exchange Commission and National Association of Securities Dealers, Inc. registration and filing fees and expenses; and "blue sky" fees and expenses except as otherwise provided in Section 4(m) hereof. The Holders selling Registrable Securities shall bear the costs of counsel for the selling Holders of Registrable Securities in connection with the registration of their Registrable Securities and of any underwriting discounts and selling commissions attributable to the Registrable Securities.

Section 9. Right of Company To Delay Registration. For a period not to exceed one hundred eighty (180) days, the Company shall not be prevented from delaying or abandoning or suspending, a Registration Statement pursuant to this Agreement at any time when the Board of Directors of the Company, in its good faith judgment with advice of counsel, reasonably believes that:

(a) the filing thereof at the time requested, or the offering of the Registrable Securities pursuant thereto, would materially and adversely affect (1) a pending or scheduled public offering of the Company's securities, (2) an acquisition, merger, recapitalization, consolidation, reorganization or similar transaction by or of the Company, (3) pre-existing and continuing negotiations, discussions or pending proposals with respect to any of the foregoing transactions, or (4) the financial condition of the Company in view of the disclosure of any pending or threatened litigation, claim, assessment or governmental investigation which may be required thereby; and

(b) the failure to disclose any material information with respect to the foregoing would cause a violation of the Securities Act or the Exchange Act.

Provided that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period.

Section 10. Conditions to Registration Obligations. The Company shall not be obligated to effect the registration of Registrable Securities pursuant to Sections 2 or 3 unless all Holders of Registrable Securities being registered consent to such reasonable conditions as the Company shall determine (with the advice of counsel) are required by law, including without limitation:

(a) conditions requiring Holder to comply with all prospectus delivery requirements of the Securities Act and with all anti-stabilization, anti-manipulation and similar provisions of Section 10 of the Exchange Act and any rules issued thereunder by the Commission, and to furnish to the Company information about sales made in such public offering;

(b) conditions prohibiting such Holders upon receipt of telegraphic or written notice from the Company (until further notice) from effecting sales of shares, such notice being given to permit the Company to correct or update a registration statement or prospectus;

(c) conditions requiring that at the end of the period during which the Company is obligated to keep the Registration Statement effective under Section 3, the Holders of shares included in the Registration Statement shall discontinue sales of shares pursuant to such Registration Statement upon receipt of notice from the Company of its intention to remove from registration the shares covered by such Registration Statement that remain unsold, and requiring such Holders to notify the Company of the number of shares registered that remain unsold immediately upon receipt of notice from the Company; and

(d) conditions requiring the Holders of Registrable Securities to enter into an underwriting agreement in form and substance reasonably satisfactory to the Company.

#### Section 11. Miscellaneous.

(a) No Waiver; Cumulative Remedies. No failure or delay on the part of any party to this Agreement in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(b) Amendments, Waivers and Consents. Except as hereinafter provided, this Agreement may be amended or terminated, and compliance with any covenant or provision set forth herein may be omitted or waived, if the Company (i) shall obtain consent thereto in writing from the holder or holders of at least fifty percent (50%) in interest of the Registrable Securities, and (ii) shall deliver copies of such consent in writing to any holders who did not execute such

consent; provided that no consents shall be effective to reduce the percentage in interest of the Purchased Shares and the consent may be given subject to satisfaction of conditions stated therein and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that any assignee of the Investor or transferee of the Registrable Securities shall become a party to this Agreement by executing together with the Company a counterpart signature page hereto and shall thereafter for all purposes be deemed to be a "Holder" hereunder.

(c) Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed, sent by facsimile or delivered to each applicable party at the address set forth in the Subscription Agreement or at such other address or facsimile number as to which such party may inform the other parties in writing in compliance with the terms of this Section. Any notice or other communication in connection with this Agreement shall be deemed to be delivered if in writing addressed as provided and if either (a) actually delivered at said address, (b) in the case of delivery by facsimile transmission with receipt acknowledged, or recognized overnight courier service, one business day after transmittal, or (c) in the case of a letter, three business days after deposit in the United States mails, postage prepaid and registered or certified, return receipt requested.

(d) Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and the Investor and their respective heirs, successors and assigns, except that the Company shall not have the right to delegate its obligations hereunder or to assign its rights hereunder or any interest herein without the prior written consent of the holders of at least fifty percent (50%) in interest of the Registrable Securities.

(e) Prior Agreements. This Agreement and the Subscription Agreement constitute the entire agreement between the parties and supersede any prior understandings or agreements concerning the subject matter hereof.

(f) Severability. The provisions of this Agreement and the Subscription Agreement are severable and, in the event that any court of competent jurisdiction shall determine that any one or more of the provisions or part of a provision contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement or such other agreements; but this Agreement and such other agreements shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of a provision, had never been contained herein, and such provisions or part reformed so as to be valid, legal and enforceable to the maximum extent possible.

(g) Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Florida and without giving effect to choice of laws provisions thereof.

(h) Headings. Articles, section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(i) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

(j) Further Assurances. From and after the date of this Agreement, upon the request of the Investor or the Company, the Company and the Investor shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their authorized official, this Agreement, effective as of the date first above written.

INTERNATIONAL ASSETS HOLDING CORPORATION

By: /s/ Diego J. Veitia

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Name: Diego J. Veitia

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Title: Chairman of the Board  
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INVESTOR:

/s/ Sean M. O'Connor

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SEAN M. O'CONNOR

## REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") dated as of the 22 day of October, 2002, is entered into by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and SCOTT J. BRANCH (the "Investor").

## RECITALS

WHEREAS, the Investor is a party to the Share Subscription Agreement of even date herewith (the "Subscription Agreement") by and between the Investor and the Company, providing, inter alia, for the purchase by the Investor of 151,717 shares of the Company's Common Stock (the "Common Shares") and 583,577 shares of the Company's Series A preferred stock (the "Preferred Shares") (the Common Shares and Preferred Shares are hereafter referred to collectively as the "Purchased Shares"); and

WHEREAS, the Subscription Agreement provides for the execution and delivery of a Registration Rights Agreement providing certain registration rights for the Investor with respect to the Purchased Shares;

WHEREAS, each of the parties hereto desires to set forth in a single document the registration and certain other rights of the Investor with respect to the Purchased Shares; and

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth and for other good and valuable consideration the Company and the Investor hereby agree as follows:

Section 1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Approved Investors" shall mean the Investor, Sean M. O'Connor and John Radziwill, together with their approved assignees and transferees.

"Common Stock" means (a) the Company's common stock, \$.01 par value, as authorized on the date of this Agreement, and (b) any other securities into which or for which any of the securities described in (a) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act and the Exchange Act.



"Company Indemnified Person" means the Company, its directors, each of its officers who have signed or otherwise participated in the preparation of the registration statement, each underwriter of the Registrable Securities so registered (including any broker or dealer through whom such of the shares may be sold) and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

"Excluded Registration" means a registration under the Securities Act of shares issued solely in connection with any acquisition of any entity or business, shares issuable solely upon the exercise of options, or shares issuable solely pursuant to employee benefit plans, including Registration Statements on Form S-4, S-8 or any successor form.

"Holder(s)" or "Holder(s) of Registrable Securities" means the Investor and any assignee or transferee of the Registrable Securities.

"Holder Indemnified Person" means the Holder of Registrable Securities and each underwriter of the Registrable Securities (including their directors, officers, affiliates and partners) so registered (including any broker or dealer through whom such shares may be sold) and each Person, if any, who controls such Holder or any such underwriter within the meaning of Section 15 of the Securities Act.

"Investor" means Scott J. Branch.

"Liabilities" for purpose of Sections 6 and 7 includes any claims, damages, losses, and liabilities, costs or expenses.

"Person(s)" means an individual, corporation, partnership, joint venture, limited liability company, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

"Preferred Stock" means the Company's preferred stock, \$.01 par value, issued pursuant to the terms and conditions of the Subscription Agreement.

"Registrable Securities" means (a) the Common Shares; (b) Common Stock of the Company issued in or issuable upon conversion of the Preferred Shares; and (c) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right, or other security which is issued as) a dividend or other distribution with respect to, in exchange for, or in replacement of, the above-described securities. Notwithstanding the foregoing, the Registrable Securities shall not include any securities sold by a person to the public either pursuant to a registration statement or Rule 144 or sold in a private transaction in which the transferor's rights under this Agreement are not assigned.

"Registration Statement" means a registration statement filed under the Securities Act pursuant to this Agreement.

"Securities Act" means the Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

Section 2. "Demand Registration".

(a) At any time beginning six months from the date of this Agreement and for a period of three years thereafter, the Holder may make one written request for registration under the Securities Act, (a "Demand Registration") of all or part of Holder's Registrable Securities (but such part, together with the number of securities requested by other Approved Investors, to be included in such Demand Registration pursuant to this Section 2, shall have an estimated market value at the time of such request (based upon the then market price of a share of Common Stock of the Company) of at least \$250,000. Notwithstanding the foregoing, the Company shall not be required to file any registration statement on behalf of the Holder within twelve months after the effective date of any earlier registration statement so long as the Holder was given a notice offering it the opportunity to sell Registrable Securities under the earlier registration statement and the Holder did not request that its Registrable Securities be included; provided, however, that if Holder requested that its Registrable Securities be included in the earlier registration statement but not all were so included through no fault of the Investor, the Investor may, but shall not be obligated to, require the Company to file another registration statement pursuant to a Demand Registration. Within fifteen (15) days after receipt of a request for a Demand Registration, the Company shall give written notice (the "Notice") of such request to all other Approved Investors and shall include in such registration all Registrable Securities that the Company has received written requests for inclusion therein within 15 days after the Notice is given (the "Requested Securities"). Thereafter, the Company may elect to include in such registration additional shares of Common Stock to be issued by the Company. All requests made pursuant to this Section 2 shall specify the aggregate number of Registrable Securities to be registered.

(b) A registration shall not constitute a Demand Registration under this Section 2 until it has become effective.

(c) The Holder making the Demand Registration may elect whether the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of a firm commitment underwritten offering or otherwise; provided, however, that such Holder may not elect that such offering be made on a delayed or continuous basis pursuant to rule 415 under the Securities Act. In any case in which an offering is in the form of a firm commitment underwritten offering, if the managing underwriter or underwriters of such offering advise the Company in writing that in its or their opinion the number of Registrable Securities proposed to be sold in such offering exceeds the number of Registrable Securities that can be sold in such offering without adversely affecting the market for the Company's Common Stock, the Company will include in such registration the number of Registrable Securities that in the opinion of such

managing underwriter or underwriters can be sold without adversely affecting the market for the Company's Common Stock. In such event, the number of Registrable Securities, if any, to be offered for the accounts of Approved Investors (including the Holder making the Demand Registration) shall be reduced pro rata on the basis of the relative number of any Registrable Securities requested by each Approved Investor to be included in such registration to the extent necessary to reduce the total number of Registrable Securities to be included in such offering to the number recommended by such managing underwriter or underwriters. In the event the Holder making the Demand shall receive notice pursuant to this Section 2(c) that the amount of Registrable Securities to be offered for such Holder shall be reduced, such Holder shall be entitled to withdraw the Demand by written notice to the Company within seven (7) days after receipt of such notice, with the effect that such Demand shall be deemed not to have been made.

(d) If any of the Registrable Securities covered by a Demand Registration are to be sold in an underwritten offering, the Approved Investors, in the aggregate, that own or will own a majority of the Registrable Securities that the Company has been requested to register (including the Requested Securities but excluding any securities to be issued by the Company), shall have the right to select the investment banker or investment bankers and manager or managers that will underwrite the offering; provided, however, that such investment bankers and managers must be reasonably satisfactory to the Company.

### Section 3. "Piggy-Back" Registration.

(a) If, at any time after the six month anniversary of the date of this Agreement, the Company shall determine to register any of its Common Stock under the Securities Act, other than an Excluded Registration, it shall send to each Holder of Registrable Securities, including each Holder who has the right to acquire Registrable Securities, written notice of such determination. If within five (5) business days after receipt of such notice, such Holder shall so request in writing, the Company will, subject to the limits of this Section 2, use its best efforts to include in such Registration Statement all or any part of the Registrable Securities such Holder requests to be registered therein.

(b) If, however, in connection with any offering under this Section involving an underwriting of the Common Stock to be issued by the Company, the managing underwriter shall impose a limitation on the number of shares which may be included in any such Registration Statement because, in its judgment, such limitation is necessary to effect an orderly public distribution, and such limitation is imposed pro rata with respect to all shares whose holders have a contractual, incidental ("piggyback") right to include such shares in the Registration Statement, and as to which inclusion has been requested pursuant to such right and there is first excluded from such Registration Statement all shares sought to be included therein by any holder thereof having contractual, piggyback registration rights subordinate and junior to the rights of the Holders of Registrable Securities, then the Company shall only be obligated to include in such Registration Statement that number of the Registrable Securities so requested to be registered by such Holders as will constitute no less than ten percent (10%) of the total number of Registrable Securities so requested to be registered by the Holders thereof.

(c) The obligations of the Company under this Section 3 shall terminate at such time as a Holder may sell any Registrable Securities without registration pursuant to Rule 144(k) as promulgated under the Securities Act.

Section 4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect the registration of Registrable Securities under the Securities Act, the Company will:

(a) promptly prepare and file with the Commission a Registration Statement with respect to such shares, and use its best efforts to cause such Registration Statement to become effective;

(b) maintain the effectiveness of the Registration Statement until the earlier to occur of (i) the completion by the underwriters of the distribution pursuant to such Registration Statement or (ii) one hundred twenty (120) days after the effectiveness of any Registration Statement.

(c) provide each Holder of Registrable Securities and any underwriter thereof with as many copies of the preliminary and final prospectus as it may reasonably request for the period effectiveness is required to be maintained under paragraph (b) above;

(d) prepare and promptly file with the Commission such amendment or supplement to such Registration Statement or prospectus as may be necessary to maintain effectiveness for the period under paragraph (b) or to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, any event shall have occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading;

(e) prepare and file with the Commission, promptly upon the request of any such Holders, any amendments or supplements to such Registration Statement or prospectus which, in the opinion of counsel for such Holders (and concurred in by counsel for the Company), is required under the Securities Act or the rules and regulations promulgated thereunder in connection with the distribution of the Registrable Securities by such Holders;

(f) refrain from filing any amendment or supplement to such Registration Statement or prospectus to which a majority in interest of such participating Holders shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or the rules and regulations promulgated thereunder, after having been furnished with a copy thereof at least five (5) business days prior to the filing thereof, unless in the opinion of counsel for the Company the filing of such amendment or supplement is reasonably necessary to protect the Company from any liabilities under any applicable federal or state law and such filing will not violate applicable law;

(g) promptly notify each selling Holder of Registrable Securities, such selling Holder's counsel and any underwriter and (if requested by any such Person) confirm such notice in writing, of the happening of any event which makes any statement made in the Registration Statement or related prospectus untrue or which requires the making of any changes in such Registration Statement or prospectus so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading; and, as promptly as practicable thereafter, prepare and file with the Commission and furnish a supplement or amendment to such prospectus so that, as thereafter deliverable to the purchasers of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) notify each Holder participating in such registration, promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any prospectus forming a part of such Registration Statement has been filed;

(i) notify each Holder promptly of any request by the Commission for the amending or supplementing of such Registration Statement or prospectus or for additional information;

(j) advise each such Holder, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for that purpose and use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

(k) furnish to each selling Holder a copy of all documents filed and all correspondence from or to the Commission in connection with any such offering of securities;

(l) if, at the time of such registration, the Company's Common Stock is listed on any national securities exchange or the Nasdaq Stock Market, Inc., use its best efforts to simultaneously list on such exchange or the Nasdaq Stock Market, Inc., and maintain such listing of, all of the Registrable Securities;

(m) at the expense of the Holders, to use its best efforts to register and qualify the securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions as shall reasonably requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions; and

(n) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security Holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first month after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

Section 5. Further Obligations of the Parties.

(a) Whenever under the preceding sections of this Agreement, the Company is required hereunder to register Registrable Securities, it agrees that it shall also do the following:

- (i) With prior notice and at reasonable times during normal business hours and without undue interruption of the Company's business or operations, permit each selling Holder or its counsel or other representatives to inspect and copy such corporate documents, records and properties as may reasonably be requested by them to enable them to exercise their due diligence responsibilities, and cause the Company's officers and agents to supply any information reasonably requested for that purpose;
- (ii) Enter into any reasonable underwriting agreement containing such provisions as are customary for such an arrangement and use its best efforts to facilitate the public offering of the shares;
- (iii) In connection with any underwritten public offering of such Registrable Securities, furnish on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters; and
- (iv) Use its best efforts to insure the obtaining of all necessary approvals from the National Association of Securities Dealers, Inc.

(b) Whenever the Holders are registering Registrable Securities pursuant to any Registration Statement, each such Holder agrees to (i) timely provide to the Company, at its request, such information and materials as it may reasonably request in order to effect the registration of such Registrable Securities, (ii) enter into a written agreement with the underwriters and the Company in such form and containing such provisions as are customary in the securities business for such an arrangement between major underwriters and companies of the Company's size and investment stature, and such selling Holder of Registrable Securities will use its best efforts to cause its counsel to give any opinion customarily given in connection with secondary distributions under similar circumstances, (iii) comply with all applicable laws and, during such time as any such selling Holder of Registrable Securities may be engaged in a distribution of such Registrable Securities, such selling Holder of Registrable Securities will, to the extent required by such laws, among other things (a) not engage in any stabilization activity in connection with the securities of the Company in contravention of such laws, (b) distribute the Registrable Securities owned by such selling Holder of Registrable Securities solely in the manner described in the applicable registration statement or as otherwise permitted by law, (c)

cause to be furnished to each agent or broker-dealer to or through whom the Registrable Securities owned by such selling Holder of Registrable Securities may be offered, or to the offeree if an offer is made directly by such Holder, such copies of the applicable prospectus (as amended and supplemented to such date) and the documents incorporated by reference therein as may be required by such agent, broker-dealer or offeree, provided that the Company shall have provided such selling Holder of Registrable Securities with an adequate number of copies thereof and (d) not bid for or purchase any shares of the Company or attempt to induce any person to purchase any shares of the Company other than pursuant to such distribution, and (iv) on notice from the Company of the happening of any event specified in paragraph (g) of Section 4 hereof, that requires the suspension by such selling Holder of Registrable Securities of the distribution of any of the Registrable Securities, then such selling Holder will cease offering or distribution the Registrable Securities until the Company notifies such selling Holder that offering and distribution of the Registrable Securities may recommence.

#### Section 6. Indemnification of Holder Indemnified Persons.

(a) In the event that the Company registers any of the Registrable Securities under the Securities Act, the Company will, to the extent permitted by law, indemnify and hold harmless each Holder Indemnified Person from and against any and all Liabilities, joint or several, to which they or any of them become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse the Holder Indemnified Persons, for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions, whether or not resulting in any Liability, insofar as such Liabilities arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any filing with any state securities authority, in any preliminary or amended preliminary prospectus or in the final prospectus (or the Registration Statement or prospectus as from time to time amended or supplemented by the Company) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or any violation by the Company of any rule or regulation promulgated under the Securities Act or any state securities laws or regulations applicable to the Company and relating to action or inaction required of the Company in connection with such registration, unless (i) such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, preliminary or amended preliminary prospectus or final prospectus in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by such Holder Indemnified Person expressly for use therein or (ii) in the case of a sale directly by such Holder (including a sale of such Registrable Securities through any underwriter retained by such Holder to engage in a distribution solely on behalf of Holder), such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus at or prior to the confirmation of the sale of Registrable Securities to the Person asserting any such Liability in any case where such delivery is required by the Securities Act or any state securities laws and such Holder was timely provided with sufficient copies of such final or amended prospectus, provided that such delivery of such final or amended

prospectus would have legally cured such untruth or omission or alleged untruth or alleged omission.

(b) Promptly after receipt by any Holder Indemnified Person of notice of the commencement of any action in respect of which indemnity may be sought against the Company, such Holder Indemnified Person will notify the Company in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Company shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to such Holder Indemnified Person), and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Company.

(c) Such Holder Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Company unless the employment of such counsel has been specifically authorized by the Company. The Company shall not be liable to indemnify any Holder Indemnified Person for any settlement of any such action effected without the Company's prior written consent, which consent will not be unreasonably withheld. The Company shall not, except with the prior written approval of each Holder Indemnified Person being indemnified under this Section 6, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the parties being so indemnified of a release from all liability in respect to such claim or litigation.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which any Holder Indemnified Person makes a claim for indemnification pursuant to this Section 6 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 6 provides for indemnification in such case, then the Company and such Holder Indemnified Person will contribute to the aggregate Liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Holder Indemnified Person on the other in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable consideration. The relative fault of the Company on the one hand and of the Holder Indemnified Person on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Holder Indemnified Person on the other, and each party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered by it pursuant to such Registration Statement, net of underwriting discounts and commissions; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.



## Section 7. Indemnification of Company Indemnified Persons.

(a) In the event that the Company registers any of the Registrable Securities under the Securities Act, each Holder of the Registrable Securities so registered, to the extent permitted by law, will indemnify and hold harmless the Company Indemnified Persons from and against any and all Liabilities, joint or several, to which they or any of them may become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse each such Company Indemnified Person for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions, whether or not resulting in any Liability, insofar as such Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any filing with any state securities commission or agent, in any preliminary or amended preliminary prospectus or in the final prospectus (or in the Registration Statement or prospectus as from time to time amended or supplemented) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by such Holder of Registrable Securities expressly for use therein; provided, however, that such Holder's obligations hereunder shall be limited to an amount equal to the proceeds received by such Holder of the Registrable Securities sold in such registration.

(b) Promptly after receipt of notice of the commencement of any action in respect of which indemnity may be sought against such Company Indemnified Person, the Company will notify such Holder in writing of the commencement thereof, and such Holder shall, subject to the provisions hereinafter stated, assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the Company) and the payment of expenses insofar as such action shall relate to the alleged liability in respect of which indemnity may be sought against the Holder.

(c) Each Company Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of such Holder of Registrable Securities unless employment of such counsel has been specifically authorized by such Holder of Registrable Securities. Such Holder of Registrable Securities shall not be liable to indemnify any Person for any settlement of any such action effected without such Holder's prior written consent, which consent shall not be unreasonably withheld. Such Holder of Registrable Securities shall not, except with the prior written approval of each party being indemnified under this Section 7, consent to the entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the parties being so indemnified of a release from all liability with respect to such claim or litigation.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which the Company Indemnified Person exercising its rights under this Agreement, makes a claim for indemnification pursuant to this Section 7, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and

the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding that this Section 7 provides for indemnification, in such case, then, the Company and such Holder will contribute to the aggregate Liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Holder of Registrable Securities on the other in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable consideration. The relative fault of the Company on the one hand and of the Holder of Registrable Securities on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Holder of Registrable Securities on the other, and each party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) no such Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered by it pursuant to such Registration Statement, net of underwriting discounts and commissions; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

Section 8. Expenses of Registration. In the case of any registration under Sections 2 or 3 of this Agreement, the Company shall bear the following costs and expenses incurred by the Company in complying with Sections 2, 3 and 4 hereof: printing, legal and accounting expenses; Securities and Exchange Commission and National Association of Securities Dealers, Inc. registration and filing fees and expenses; and "blue sky" fees and expenses except as otherwise provided in Section 4(m) hereof. The Holders selling Registrable Securities shall bear the costs of counsel for the selling Holders of Registrable Securities in connection with the registration of their Registrable Securities and of any underwriting discounts and selling commissions attributable to the Registrable Securities.

Section 9. Right of Company To Delay Registration. For a period not to exceed one hundred eighty (180) days, the Company shall not be prevented from delaying or abandoning or suspending, a Registration Statement pursuant to this Agreement at any time when the Board of Directors of the Company, in its good faith judgment with advice of counsel, reasonably believes that:

(a) the filing thereof at the time requested, or the offering of the Registrable Securities pursuant thereto, would materially and adversely affect (1) a pending or scheduled public offering of the Company's securities, (2) an acquisition, merger, recapitalization, consolidation, reorganization or similar transaction by or of the Company, (3) pre-existing and continuing negotiations, discussions or pending proposals with respect to any of the foregoing transactions, or (4) the financial condition of the Company in view of the disclosure of any pending or threatened litigation, claim, assessment or governmental investigation which may be required thereby; and

(b) the failure to disclose any material information with respect to the foregoing would cause a violation of the Securities Act or the Exchange Act.

Provided that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period.

Section 10. Conditions to Registration Obligations. The Company shall not be obligated to effect the registration of Registrable Securities pursuant to Sections 2 or 3 unless all Holders of Registrable Securities being registered consent to such reasonable conditions as the Company shall determine (with the advice of counsel) are required by law, including without limitation:

(a) conditions requiring Holder to comply with all prospectus delivery requirements of the Securities Act and with all anti-stabilization, anti-manipulation and similar provisions of Section 10 of the Exchange Act and any rules issued thereunder by the Commission, and to furnish to the Company information about sales made in such public offering;

(b) conditions prohibiting such Holders upon receipt of telegraphic or written notice from the Company (until further notice) from effecting sales of shares, such notice being given to permit the Company to correct or update a registration statement or prospectus;

(c) conditions requiring that at the end of the period during which the Company is obligated to keep the Registration Statement effective under Section 3, the Holders of shares included in the Registration Statement shall discontinue sales of shares pursuant to such Registration Statement upon receipt of notice from the Company of its intention to remove from registration the shares covered by such Registration Statement that remain unsold, and requiring such Holders to notify the Company of the number of shares registered that remain unsold immediately upon receipt of notice from the Company; and

(d) conditions requiring the Holders of Registrable Securities to enter into an underwriting agreement in form and substance reasonably satisfactory to the Company.

#### Section 11. Miscellaneous.

(a) No Waiver; Cumulative Remedies. No failure or delay on the part of any party to this Agreement in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(b) Amendments, Waivers and Consents. Except as hereinafter provided, this Agreement may be amended or terminated, and compliance with any covenant or provision set forth herein may be omitted or waived, if the Company (i) shall obtain consent thereto in writing from the holder or holders of at least fifty percent (50%) in interest of the Registrable Securities, and (ii) shall deliver copies of such consent in writing to any holders who did not execute such

consent; provided that no consents shall be effective to reduce the percentage in interest of the Purchased Shares and the consent may be given subject to satisfaction of conditions stated therein and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that any assignee of the Investor or transferee of the Registrable Securities shall become a party to this Agreement by executing together with the Company a counterpart signature page hereto and shall thereafter for all purposes be deemed to be a "Holder" hereunder.

(c) Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed, sent by facsimile or delivered to each applicable party at the address set forth in the Subscription Agreement or at such other address or facsimile number as to which such party may inform the other parties in writing in compliance with the terms of this Section. Any notice or other communication in connection with this Agreement shall be deemed to be delivered if in writing addressed as provided and if either (a) actually delivered at said address, (b) in the case of delivery by facsimile transmission with receipt acknowledged, or recognized overnight courier service, one business day after transmittal, or (c) in the case of a letter, three business days after deposit in the United States mails, postage prepaid and registered or certified, return receipt requested.

(d) Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and the Investor and their respective heirs, successors and assigns, except that the Company shall not have the right to delegate its obligations hereunder or to assign its rights hereunder or any interest herein without the prior written consent of the holders of at least fifty percent (50%) in interest of the Registrable Securities.

(e) Prior Agreements. This Agreement and the Subscription Agreement constitute the entire agreement between the parties and supersede any prior understandings or agreements concerning the subject matter hereof.

(f) Severability. The provisions of this Agreement and the Subscription Agreement are severable and, in the event that any court of competent jurisdiction shall determine that any one or more of the provisions or part of a provision contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement or such other agreements; but this Agreement and such other agreements shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of a provision, had never been contained herein, and such provisions or part reformed so as to be valid, legal and enforceable to the maximum extent possible.

(g) Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Florida and without giving effect to choice of laws provisions thereof.

(h) Headings. Articles, section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(i) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

(j) Further Assurances. From and after the date of this Agreement, upon the request of the Investor or the Company, the Company and the Investor shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their authorized official, this Agreement, effective as of the date first above written.

INTERNATIONAL ASSETS HOLDING  
CORPORATION

By: /s/ Diego J. Veitia

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Name: Diego J. Veitia

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Title: Chairman of the Board  
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INVESTOR:

/s/ Scott J. Branch

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SCOTT J. BRANCH

## REGISTRATION RIGHTS AGREEMENT

This Registration Rights Agreement (this "Agreement") dated as of the 22 day of October, 2002, is entered into by and between INTERNATIONAL ASSETS HOLDING CORPORATION, a Delaware corporation (the "Company"), and JOHN RADZIWIŁŁ (the "Investor").

## RECITALS

WHEREAS, the Investor is a party to the Share Subscription Agreement of even date herewith (the "Subscription Agreement") by and between the Investor and the Company, providing, inter alia, for the purchase by the Investor of 117,581 shares of the Company's Common Stock (the "Common Shares") and 452,272 shares of the Company's Series A preferred stock (the "Preferred Shares") (the Common Shares and Preferred Shares are hereafter referred to collectively as the "Purchased Shares"); and

WHEREAS, the Subscription Agreement provides for the execution and delivery of a Registration Rights Agreement providing certain registration rights for the Investor with respect to the Purchased Shares;

WHEREAS, each of the parties hereto desires to set forth in a single document the registration and certain other rights of the Investor with respect to the Purchased Shares; and

NOW, THEREFORE, in consideration of the mutual promises, covenants and conditions hereinafter set forth and for other good and valuable consideration the Company and the Investor hereby agree as follows:

Section 1. Certain Definitions. As used in this Agreement, the following terms shall have the following respective meanings:

"Approved Investors" shall mean the Investor, Scott J. Branch and Sean M. O'Connor, together with their approved assignees and transferees.

"Common Stock" means (a) the Company's common stock, \$.01 par value, as authorized on the date of this Agreement, and (b) any other securities into which or for which any of the securities described in (a) may be converted or exchanged pursuant to a plan of recapitalization, reorganization, merger, sale of assets or otherwise.

"Commission" means the Securities and Exchange Commission, or any other federal agency at the time administering the Securities Act and the Exchange Act.

"Company Indemnified Person" means the Company, its directors, each of its officers who have signed or otherwise participated in the preparation of the registration statement, each underwriter of the Registrable Securities so registered (including any broker or dealer through whom such of the shares may be sold) and each Person, if any, who controls the Company within the meaning of Section 15 of the Securities Act.

"Exchange Act" means the Securities Exchange Act of 1934, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

"Excluded Registration" means a registration under the Securities Act of shares issued solely in connection with any acquisition of any entity or business, shares issuable solely upon the exercise of options, or shares issuable solely pursuant to employee benefit plans, including Registration Statements on Form S-4, S-8 or any successor form.

"Holder(s)" or "Holder(s) of Registrable Securities" means the Investor and any assignee or transferee of the Registrable Securities.

"Holder Indemnified Person" means the Holder of Registrable Securities and each underwriter of the Registrable Securities (including their directors, officers, affiliates and partners) so registered (including any broker or dealer through whom such shares may be sold) and each Person, if any, who controls such Holder or any such underwriter within the meaning of Section 15 of the Securities Act.

"Investor" means John Radziwill.

"Liabilities" for purpose of Sections 6 and 7 includes any claims, damages, losses, and liabilities, costs or expenses.

"Person(s)" means an individual, corporation, partnership, joint venture, limited liability company, trust, or unincorporated organization, or a government or any agency or political subdivision thereof.

"Preferred Stock" means the Company's preferred stock, \$.01 par value, issued pursuant to the terms and conditions of the Subscription Agreement.

"Registrable Securities" means (a) the Common Shares; (b) Common Stock of the Company issued in or issuable upon conversion of the Preferred Shares; and (c) any Common Stock of the Company issued as (or issuable upon the conversion or exercise of any warrant, right, or other security which is issued as) a dividend or other distribution with respect to, in exchange for, or in replacement of, the above-described securities. Notwithstanding the foregoing, the Registrable Securities shall not include any securities sold by a person to the public either pursuant to a registration statement or Rule 144 or sold in a private transaction in which the transferor's rights under this Agreement are not assigned.

"Registration Statement" means a registration statement filed under the Securities Act pursuant to this Agreement.

"Securities Act" means the Securities Act of 1933, or any similar federal statute, and the rules and regulations of the Commission promulgated thereunder, all as the same shall be in effect at the time.

Section 2. "Demand Registration".

(a) At any time beginning six months from the date of this Agreement and for a period of three years thereafter, the Holder may make one written request for registration under the Securities Act, (a "Demand Registration") of all or part of Holder's Registrable Securities (but such part, together with the number of securities requested by other Approved Investors, to be included in such Demand Registration pursuant to this Section 2, shall have an estimated market value at the time of such request (based upon the then market price of a share of Common Stock of the Company) of at least \$250,000. Notwithstanding the foregoing, the Company shall not be required to file any registration statement on behalf of the Holder within twelve months after the effective date of any earlier registration statement so long as the Holder was given a notice offering it the opportunity to sell Registrable Securities under the earlier registration statement and the Holder did not request that its Registrable Securities be included; provided, however, that if Holder requested that its Registrable Securities be included in the earlier registration statement but not all were so included through no fault of the Investor, the Investor may, but shall not be obligated to, require the Company to file another registration statement pursuant to a Demand Registration. Within fifteen (15) days after receipt of a request for a Demand Registration, the Company shall give written notice (the "Notice") of such request to all other Approved Investors and shall include in such registration all Registrable Securities that the Company has received written requests for inclusion therein within 15 days after the Notice is given (the "Requested Securities"). Thereafter, the Company may elect to include in such registration additional shares of Common Stock to be issued by the Company. All requests made pursuant to this Section 2 shall specify the aggregate number of Registrable Securities to be registered.

(b) A registration shall not constitute a Demand Registration under this Section 2 until it has become effective.

(c) The Holder making the Demand Registration may elect whether the offering of such Registrable Securities pursuant to such Demand Registration shall be in the form of a firm commitment underwritten offering or otherwise; provided, however, that such Holder may not elect that such offering be made on a delayed or continuous basis pursuant to rule 415 under the Securities Act. In any case in which an offering is in the form of a firm commitment underwritten offering, if the managing underwriter or underwriters of such offering advise the Company in writing that in its or their opinion the number of Registrable Securities proposed to be sold in such offering exceeds the number of Registrable Securities that can be sold in such offering without adversely affecting the market for the Company's Common Stock, the Company will include in such registration the number of Registrable Securities that in the opinion of such



managing underwriter or underwriters can be sold without adversely affecting the market for the Company's Common Stock. In such event, the number of Registrable Securities, if any, to be offered for the accounts of Approved Investors (including the Holder making the Demand Registration) shall be reduced pro rata on the basis of the relative number of any Registrable Securities requested by each Approved Investor to be included in such registration to the extent necessary to reduce the total number of Registrable Securities to be included in such offering to the number recommended by such managing underwriter or underwriters. In the event the Holder making the Demand shall receive notice pursuant to this Section 2(c) that the amount of Registrable Securities to be offered for such Holder shall be reduced, such Holder shall be entitled to withdraw the Demand by written notice to the Company within seven (7) days after receipt of such notice, with the effect that such Demand shall be deemed not to have been made.

(d) If any of the Registrable Securities covered by a Demand Registration are to be sold in an underwritten offering, the Approved Investors, in the aggregate, that own or will own a majority of the Registrable Securities that the Company has been requested to register (including the Requested Securities but excluding any securities to be issued by the Company), shall have the right to select the investment banker or investment bankers and manager or managers that will underwrite the offering; provided, however, that such investment bankers and managers must be reasonably satisfactory to the Company.

### Section 3. "Piggy-Back" Registration.

(a) If, at any time after the six month anniversary of the date of this Agreement, the Company shall determine to register any of its Common Stock under the Securities Act, other than an Excluded Registration, it shall send to each Holder of Registrable Securities, including each Holder who has the right to acquire Registrable Securities, written notice of such determination. If within five (5) business days after receipt of such notice, such Holder shall so request in writing, the Company will, subject to the limits of this Section 2, use its best efforts to include in such Registration Statement all or any part of the Registrable Securities such Holder requests to be registered therein.

(b) If, however, in connection with any offering under this Section involving an underwriting of the Common Stock to be issued by the Company, the managing underwriter shall impose a limitation on the number of shares which may be included in any such Registration Statement because, in its judgment, such limitation is necessary to effect an orderly public distribution, and such limitation is imposed pro rata with respect to all shares whose holders have a contractual, incidental ("piggyback") right to include such shares in the Registration Statement, and as to which inclusion has been requested pursuant to such right and there is first excluded from such Registration Statement all shares sought to be included therein by any holder thereof having contractual, piggyback registration rights subordinate and junior to the rights of the Holders of Registrable Securities, then the Company shall only be obligated to include in such Registration Statement that number of the Registrable Securities so requested to be registered by such Holders as will constitute no less than ten percent (10%) of the total number of Registrable Securities so requested to be registered by the Holders thereof.

(c) The obligations of the Company under this Section 3 shall terminate at such time as a Holder may sell any Registrable Securities without registration pursuant to Rule 144(k) as promulgated under the Securities Act.

Section 4. Registration Procedures. If and whenever the Company is required by the provisions of this Agreement to effect the registration of Registrable Securities under the Securities Act, the Company will:

(a) promptly prepare and file with the Commission a Registration Statement with respect to such shares, and use its best efforts to cause such Registration Statement to become effective;

(b) maintain the effectiveness of the Registration Statement until the earlier to occur of (i) the completion by the underwriters of the distribution pursuant to such Registration Statement or (ii) one hundred twenty (120) days after the effectiveness of any Registration Statement.

(c) provide each Holder of Registrable Securities and any underwriter thereof with as many copies of the preliminary and final prospectus as it may reasonably request for the period effectiveness is required to be maintained under paragraph (b) above;

(d) prepare and promptly file with the Commission such amendment or supplement to such Registration Statement or prospectus as may be necessary to maintain effectiveness for the period under paragraph (b) or to correct any statements or omissions if, at the time when a prospectus relating to such securities is required to be delivered under the Securities Act, any event shall have occurred as the result of which any such prospectus or any other prospectus as then in effect would include an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances in which they were made, not misleading;

(e) prepare and file with the Commission, promptly upon the request of any such Holders, any amendments or supplements to such Registration Statement or prospectus which, in the opinion of counsel for such Holders (and concurred in by counsel for the Company), is required under the Securities Act or the rules and regulations promulgated thereunder in connection with the distribution of the Registrable Securities by such Holders;

(f) refrain from filing any amendment or supplement to such Registration Statement or prospectus to which a majority in interest of such participating Holders shall have reasonably objected on the grounds that such amendment or supplement does not comply in all material respects with the requirements of the Securities Act or the rules and regulations promulgated thereunder, after having been furnished with a copy thereof at least five (5) business days prior to the filing thereof, unless in the opinion of counsel for the Company the filing of such amendment or supplement is reasonably necessary to protect the Company from any liabilities under any applicable federal or state law and such filing will not violate applicable law;

(g) promptly notify each selling Holder of Registrable Securities, such selling Holder's counsel and any underwriter and (if requested by any such Person) confirm such notice in writing, of the happening of any event which makes any statement made in the Registration Statement or related prospectus untrue or which requires the making of any changes in such Registration Statement or prospectus so that they will not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein in light of the circumstances under which they were made not misleading; and, as promptly as practicable thereafter, prepare and file with the Commission and furnish a supplement or amendment to such prospectus so that, as thereafter deliverable to the purchasers of such Registrable Securities, such prospectus will not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading;

(h) notify each Holder participating in such registration, promptly after it shall receive notice thereof, of the time when such Registration Statement has become effective or a supplement to any prospectus forming a part of such Registration Statement has been filed;

(i) notify each Holder promptly of any request by the Commission for the amending or supplementing of such Registration Statement or prospectus or for additional information;

(j) advise each such Holder, promptly after it shall receive notice or obtain knowledge thereof, of the issuance of any stop order by the Commission suspending the effectiveness of such Registration Statement or the initiation or threatening of any proceeding for that purpose and use its best efforts to prevent the issuance of any stop order or to obtain its withdrawal if such stop order should be issued;

(k) furnish to each selling Holder a copy of all documents filed and all correspondence from or to the Commission in connection with any such offering of securities;

(l) if, at the time of such registration, the Company's Common Stock is listed on any national securities exchange or the Nasdaq Stock Market, Inc., use its best efforts to simultaneously list on such exchange or the Nasdaq Stock Market, Inc., and maintain such listing of, all of the Registrable Securities;

(m) at the expense of the Holders, to use its best efforts to register and qualify the securities covered by such Registration Statement under such other securities or "blue sky" laws of such jurisdictions as shall reasonably be requested by the Holders, provided that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business or to file a general consent to service of process in any such states or jurisdictions; and

(n) otherwise use its best efforts to comply with all applicable rules and regulations of the Commission, and make available to its security Holders, as soon as reasonably practicable, an earnings statement covering the period of at least twelve (12) months, but not more than eighteen (18) months, beginning with the first month after the effective date of the Registration Statement, which earnings statement shall satisfy the provisions of Section 11(a) of the Securities Act and Rule 158 thereunder.

Section 5. Further Obligations of the Parties.

(a) Whenever under the preceding sections of this Agreement, the Company is required hereunder to register Registrable Securities, it agrees that it shall also do the following:

- (i) With prior notice and at reasonable times during normal business hours and without undue interruption of the Company's business or operations, permit each selling Holder or its counsel or other representatives to inspect and copy such corporate documents, records and properties as may reasonably be requested by them to enable them to exercise their due diligence responsibilities, and cause the Company's officers and agents to supply any information reasonably requested for that purpose;
- (ii) Enter into any reasonable underwriting agreement containing such provisions as are customary for such an arrangement and use its best efforts to facilitate the public offering of the shares;
- (iii) In connection with any underwritten public offering of such Registrable Securities, furnish on the date that such Registrable Securities are delivered to the underwriters for sale, if such securities are being sold through underwriters, (i) an opinion, dated as of such date, of the counsel representing the Company for the purposes of such registration, in form and substance as is customarily given to underwriters in an underwritten public offering, addressed to the underwriters and (ii) a letter dated as of such date, from the independent certified public accountants of the Company, in form and substance as is customarily given by independent certified public accountants to underwriters in an underwritten public offering addressed to the underwriters; and
- (iv) Use its best efforts to insure the obtaining of all necessary approvals from the National Association of Securities Dealers, Inc.

(b) Whenever the Holders are registering Registrable Securities pursuant to any Registration Statement, each such Holder agrees to (i) timely provide to the Company, at its request, such information and materials as it may reasonably request in order to effect the registration of such Registrable Securities, (ii) enter into a written agreement with the underwriters and the Company in such form and containing such provisions as are customary in the securities business for such an arrangement between major underwriters and companies of the Company's size and investment stature, and such selling Holder of Registrable Securities will use its best efforts to cause its counsel to give any opinion customarily given in connection with secondary distributions under similar circumstances, (iii) comply with all applicable laws and, during such time as any such selling Holder of Registrable Securities may be engaged in a distribution of such Registrable Securities, such selling Holder of Registrable Securities will, to the extent required by such laws, among other things (a) not engage in any stabilization activity in connection with the securities of the Company in contravention of such laws, (b) distribute the Registrable Securities owned by such selling Holder of Registrable Securities solely in the manner described in the applicable registration statement or as otherwise permitted by law, (c)

cause to be furnished to each agent or broker-dealer to or through whom the Registrable Securities owned by such selling Holder of Registrable Securities may be offered, or to the offeree if an offer is made directly by such Holder, such copies of the applicable prospectus (as amended and supplemented to such date) and the documents incorporated by reference therein as may be required by such agent, broker-dealer or offeree, provided that the Company shall have provided such selling Holder of Registrable Securities with an adequate number of copies thereof and (d) not bid for or purchase any shares of the Company or attempt to induce any person to purchase any shares of the Company other than pursuant to such distribution, and (iv) on notice from the Company of the happening of any event specified in paragraph (g) of Section 4 hereof, that requires the suspension by such selling Holder of Registrable Securities of the distribution of any of the Registrable Securities, then such selling Holder will cease offering or distribution the Registrable Securities until the Company notifies such selling Holder that offering and distribution of the Registrable Securities may recommence.

#### Section 6. Indemnification of Holder Indemnified Persons.

(a) In the event that the Company registers any of the Registrable Securities under the Securities Act, the Company will, to the extent permitted by law, indemnify and hold harmless each Holder Indemnified Person from and against any and all Liabilities, joint or several, to which they or any of them become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse the Holder Indemnified Persons, for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions, whether or not resulting in any Liability, insofar as such Liabilities arise out of, or are based upon, any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any filing with any state securities authority, in any preliminary or amended preliminary prospectus or in the final prospectus (or the Registration Statement or prospectus as from time to time amended or supplemented by the Company) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, or any violation by the Company of any rule or regulation promulgated under the Securities Act or any state securities laws or regulations applicable to the Company and relating to action or inaction required of the Company in connection with such registration, unless (i) such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, preliminary or amended preliminary prospectus or final prospectus in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by such Holder Indemnified Person expressly for use therein or (ii) in the case of a sale directly by such Holder (including a sale of such Registrable Securities through any underwriter retained by such Holder to engage in a distribution solely on behalf of Holder), such untrue statement or alleged untrue statement or omission or alleged omission was contained in a preliminary prospectus and corrected in a final or amended prospectus at or prior to the confirmation of the sale of Registrable Securities to the Person asserting any such Liability in any case where such delivery is required by the Securities Act or any state securities laws and such Holder was timely provided with sufficient copies of such final or amended prospectus, provided that such delivery of such final or amended

prospectus would have legally cured such untruth or omission or alleged untruth or alleged omission.

(b) Promptly after receipt by any Holder Indemnified Person of notice of the commencement of any action in respect of which indemnity may be sought against the Company, such Holder Indemnified Person will notify the Company in writing of the commencement thereof, and, subject to the provisions hereinafter stated, the Company shall assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to such Holder Indemnified Person), and the payment of expenses insofar as such action shall relate to any alleged liability in respect of which indemnity may be sought against the Company.

(c) Such Holder Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of the Company unless the employment of such counsel has been specifically authorized by the Company. The Company shall not be liable to indemnify any Holder Indemnified Person for any settlement of any such action effected without the Company's prior written consent, which consent will not be unreasonably withheld. The Company shall not, except with the prior written approval of each Holder Indemnified Person being indemnified under this Section 6, consent to entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the parties being so indemnified of a release from all liability in respect to such claim or litigation.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which any Holder Indemnified Person makes a claim for indemnification pursuant to this Section 6 but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding the fact that this Section 6 provides for indemnification in such case, then the Company and such Holder Indemnified Person will contribute to the aggregate Liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Holder Indemnified Person on the other in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable consideration. The relative fault of the Company on the one hand and of the Holder Indemnified Person on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Holder Indemnified Person on the other, and each party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) no Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered by it pursuant to such Registration Statement, net of underwriting discounts and commissions; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

Section 7. Indemnification of Company Indemnified Persons.

(a) In the event that the Company registers any of the Registrable Securities under the Securities Act, each Holder of the Registrable Securities so registered, to the extent permitted by law, will indemnify and hold harmless the Company Indemnified Persons from and against any and all Liabilities, joint or several, to which they or any of them may become subject under the Securities Act or under any other statute or at common law or otherwise, and, except as hereinafter provided, will reimburse each such Company Indemnified Person for any legal or other expenses reasonably incurred by them or any of them in connection with investigating or defending any actions, whether or not resulting in any Liability, insofar as such Liabilities arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement or any filing with any state securities commission or agent, in any preliminary or amended preliminary prospectus or in the final prospectus (or in the Registration Statement or prospectus as from time to time amended or supplemented) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary in order to make the statements therein not misleading, but only insofar as any such statement or omission was made in reliance upon and in conformity with information furnished in writing to the Company in connection therewith by such Holder of Registrable Securities expressly for use therein; provided, however, that such Holder's obligations hereunder shall be limited to an amount equal to the proceeds received by such Holder of the Registrable Securities sold in such registration.

(b) Promptly after receipt of notice of the commencement of any action in respect of which indemnity may be sought against such Company Indemnified Person, the Company will notify such Holder in writing of the commencement thereof, and such Holder shall, subject to the provisions hereinafter stated, assume the defense of such action (including the employment of counsel, who shall be counsel reasonably satisfactory to the Company) and the payment of expenses insofar as such action shall relate to the alleged liability in respect of which indemnity may be sought against the Holder.

(c) Each Company Indemnified Person shall have the right to employ separate counsel in any such action and to participate in the defense thereof, but the fees and expenses of such counsel shall not be at the expense of such Holder of Registrable Securities unless employment of such counsel has been specifically authorized by such Holder of Registrable Securities. Such Holder of Registrable Securities shall not be liable to indemnify any Person for any settlement of any such action effected without such Holder's prior written consent, which consent shall not be unreasonably withheld. Such Holder of Registrable Securities shall not, except with the prior written approval of each party being indemnified under this Section 7, consent to the entry of any judgment or enter into any settlement which does not include as an unconditional term thereof the giving by the claimant or plaintiff to the parties being so indemnified of a release from all liability with respect to such claim or litigation.

(d) In order to provide for just and equitable contribution to joint liability under the Securities Act in any case in which the Company Indemnified Person exercising its rights under this Agreement, makes a claim for indemnification pursuant to this Section 7, but it is judicially determined (by the entry of a final judgment or decree by a court of competent jurisdiction and

the expiration of time to appeal or the denial of the last right of appeal) that such indemnification may not be enforced in such case notwithstanding that this Section 7 provides for indemnification, in such case, then, the Company and such Holder will contribute to the aggregate Liabilities to which they may be subject (after contribution from others) in such proportion as is appropriate to reflect the relative fault of the Company on the one hand and of the Holder of Registrable Securities on the other in connection with the statements or omissions which resulted in such Liabilities, as well as any other relevant equitable consideration. The relative fault of the Company on the one hand and of the Holder of Registrable Securities on the other shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact relates to information supplied by the Company on the one hand or by the Holder of Registrable Securities on the other, and each party's relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission; provided, however, that, in any such case, (i) no such Holder will be required to contribute any amount in excess of the public offering price of all such Registrable Securities offered by it pursuant to such Registration Statement, net of underwriting discounts and commissions; and (ii) no person or entity guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) will be entitled to contribution from any person or entity who was not guilty of such fraudulent misrepresentation.

Section 8. Expenses of Registration. In the case of any registration under Sections 2 or 3 of this Agreement, the Company shall bear the following costs and expenses incurred by the Company in complying with Sections 2, 3 and 4 hereof: printing, legal and accounting expenses; Securities and Exchange Commission and National Association of Securities Dealers, Inc. registration and filing fees and expenses; and "blue sky" fees and expenses except as otherwise provided in Section 4(m) hereof. The Holders selling Registrable Securities shall bear the costs of counsel for the selling Holders of Registrable Securities in connection with the registration of their Registrable Securities and of any underwriting discounts and selling commissions attributable to the Registrable Securities.

Section 9. Right of Company To Delay Registration. For a period not to exceed one hundred eighty (180) days, the Company shall not be prevented from delaying or abandoning or suspending, a Registration Statement pursuant to this Agreement at any time when the Board of Directors of the Company, in its good faith judgment with advice of counsel, reasonably believes that:

(a) the filing thereof at the time requested, or the offering of the Registrable Securities pursuant thereto, would materially and adversely affect (1) a pending or scheduled public offering of the Company's securities, (2) an acquisition, merger, recapitalization, consolidation, reorganization or similar transaction by or of the Company, (3) pre-existing and continuing negotiations, discussions or pending proposals with respect to any of the foregoing transactions, or (4) the financial condition of the Company in view of the disclosure of any pending or threatened litigation, claim, assessment or governmental investigation which may be required thereby; and



(b) the failure to disclose any material information with respect to the foregoing would cause a violation of the Securities Act or the Exchange Act.

Provided that such right to delay a request shall be exercised by the Company not more than once in any twelve (12) month period.

Section 10. Conditions to Registration Obligations. The Company shall not be obligated to effect the registration of Registrable Securities pursuant to Sections 2 or 3 unless all Holders of Registrable Securities being registered consent to such reasonable conditions as the Company shall determine (with the advice of counsel) are required by law, including without limitation:

(a) conditions requiring Holder to comply with all prospectus delivery requirements of the Securities Act and with all anti-stabilization, anti-manipulation and similar provisions of Section 10 of the Exchange Act and any rules issued thereunder by the Commission, and to furnish to the Company information about sales made in such public offering;

(b) conditions prohibiting such Holders upon receipt of telegraphic or written notice from the Company (until further notice) from effecting sales of shares, such notice being given to permit the Company to correct or update a registration statement or prospectus;

(c) conditions requiring that at the end of the period during which the Company is obligated to keep the Registration Statement effective under Section 3, the Holders of shares included in the Registration Statement shall discontinue sales of shares pursuant to such Registration Statement upon receipt of notice from the Company of its intention to remove from registration the shares covered by such Registration Statement that remain unsold, and requiring such Holders to notify the Company of the number of shares registered that remain unsold immediately upon receipt of notice from the Company; and

(d) conditions requiring the Holders of Registrable Securities to enter into an underwriting agreement in form and substance reasonably satisfactory to the Company.

#### Section 11. Miscellaneous.

(a) No Waiver; Cumulative Remedies. No failure or delay on the part of any party to this Agreement in exercising any right, power or remedy hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy hereunder. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

(b) Amendments, Waivers and Consents. Except as hereinafter provided, this Agreement may be amended or terminated, and compliance with any covenant or provision set forth herein may be omitted or waived, if the Company (i) shall obtain consent thereto in writing from the holder or holders of at least fifty percent (50%) in interest of the Registrable Securities, and (ii) shall deliver copies of such consent in writing to any holders who did not execute such

consent; provided that no consents shall be effective to reduce the percentage in interest of the Purchased Shares and the consent may be given subject to satisfaction of conditions stated therein and any waiver or consent shall be effective only in the specific instance and for the specific purpose for which given; provided, however, that any assignee of the Investor or transferee of the Registrable Securities shall become a party to this Agreement by executing together with the Company a counterpart signature page hereto and shall thereafter for all purposes be deemed to be a "Holder" hereunder.

(c) Addresses for Notices. All notices, requests, demands and other communications provided for hereunder shall be in writing (including telegraphic communication) and mailed, sent by facsimile or delivered to each applicable party at the address set forth in the Subscription Agreement or at such other address or facsimile number as to which such party may inform the other parties in writing in compliance with the terms of this Section. Any notice or other communication in connection with this Agreement shall be deemed to be delivered if in writing addressed as provided and if either (a) actually delivered at said address, (b) in the case of delivery by facsimile transmission with receipt acknowledged, or recognized overnight courier service, one business day after transmittal, or (c) in the case of a letter, three business days after deposit in the United States mails, postage prepaid and registered or certified, return receipt requested.

(d) Binding Effect; Assignment. This Agreement shall be binding upon and inure to the benefit of the Company and the Investor and their respective heirs, successors and assigns, except that the Company shall not have the right to delegate its obligations hereunder or to assign its rights hereunder or any interest herein without the prior written consent of the holders of at least fifty percent (50%) in interest of the Registrable Securities.

(e) Prior Agreements. This Agreement and the Subscription Agreement constitute the entire agreement between the parties and supersede any prior understandings or agreements concerning the subject matter hereof.

(f) Severability. The provisions of this Agreement and the Subscription Agreement are severable and, in the event that any court of competent jurisdiction shall determine that any one or more of the provisions or part of a provision contained in this Agreement, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision or part of a provision of this Agreement or such other agreements; but this Agreement and such other agreements shall be reformed and construed as if such invalid or illegal or unenforceable provision, or part of a provision, had never been contained herein, and such provisions or part reformed so as to be valid, legal and enforceable to the maximum extent possible.

(g) Governing Law. This Agreement shall be governed by, and construed in accordance with, the internal laws of the State of Florida and without giving effect to choice of laws provisions thereof.

(h) Headings. Articles, section and subsection headings in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose.

(i) Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Agreement by signing any such counterpart.

(j) Further Assurances. From and after the date of this Agreement, upon the request of the Investor or the Company, the Company and the Investor shall execute and deliver such instruments, documents and other writings as may be reasonably necessary or desirable to confirm and carry out and to effectuate fully the intent and purposes of this Agreement.

IN WITNESS WHEREOF, the parties hereto have executed, or caused to be executed by their authorized official, this Agreement, effective as of the date first above written.

INTERNATIONAL ASSETS HOLDING

CORPORATION

By: /s/ Diego J. Veitia

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Name: Diego J. Veitia

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Title: Chairman of the Board  
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INVESTOR:

By: /s/ John Radziwill

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John Radziwill