

STOCK PURCHASE AGREEMENT

THIS STOCK PURCHASE AGREEMENT (this "Agreement") is made and entered into and is effective as of May 2, 1997 (the "Effective Date"), by and between **JOHN DOE**, an individual ("Seller"), and **BUYCO, INC.**, a California corporation ("Buyer");

RECITALS:

A. Seller is the owner of One Thousand (1,000) shares of the common stock (the "Shares") of ABC, Inc., a California corporation (the "Company"). The Shares constitute all of the issued and outstanding capital stock of the Company.

B. Concurrently with the execution of this Agreement, Buyer is executing that certain Asset Purchase Agreement dated of even date herewith (the "Asset Purchase Agreement") between Buyer and FYI, Inc., a California corporation ("FYI"). Seller is a shareholder of FYI and a condition to the consummation of the transactions contemplated by the Asset Purchase Agreement is the purchase and sale of the Shares pursuant to this Agreement.

C. Seller desires to sell to Buyer, and Buyer desires to buy from Seller, the Shares upon the terms and conditions and subject to the limitations set forth herein.

NOW, THEREFORE, in consideration of the mutual representations, warranties, covenants, and agreements of the parties hereinafter set forth, the parties hereto agree as follows:

SECTION 2

PURCHASE AND SALE OF THE SHARES

Upon the terms and subject to the conditions of this Agreement, and for a valuable consideration the receipt and adequacy of which is hereby acknowledged, Buyer agrees to purchase, accept, and acquire from Seller, and Seller agrees to sell, transfer, assign, convey, and deliver to Buyer, at the Closing (as defined herein), all of the Shares.

SECTION 3

REPRESENTATIONS AND WARRANTIES OF SELLER

Seller hereby represents and warrants to Buyer as follows:

3.1 **Organization**. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of California. The Company has the corporate power and authority to conduct its business as currently conducted and to own and lease its properties and assets, including, without limitation, that certain _____ License No. _____ (the "License"), issued by the California Secretary of State (the "SoS") and is duly qualified or licensed to do business and is in good standing as a foreign corporation in all states or jurisdictions which the conduct of the Company's business requires such qualification and which the failure to be so qualified or licensed would have a Material Adverse Effect.

3.2 **Power and Authority**. Seller has the power and authority to execute, deliver, and perform this Agreement and the other agreements and instruments to be executed and delivered by it in connection with the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Seller and Seller will, on or prior to the Closing Date, duly execute and deliver the documents referred to herein to which it is to be a party. Assuming the due authorization, execution and delivery of this Agreement and the documents referred to herein by the parties hereto and thereto other than Seller, this Agreement constitutes, and when executed and delivered each of such documents referred to herein will constitute the legal, valid, and binding obligations of Seller, enforceable against Seller in accordance with their terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and general equitable principles.

3.3 **No Conflict**. Neither the execution and delivery by Seller of this Agreement and the other agreements and instruments to be executed and delivered by Seller in connection with the transactions contemplated hereby or thereby, nor the consummation by Seller of the transactions contemplated hereby or thereby, will violate or conflict with: (i) subject to obtaining the Required Government Consents, any federal, state, foreign or local law, statute, rule, regulation, ordinance, zoning requirement, or governmental restriction (collectively, the "Laws") or any order, judgment, or decree applicable to the Company or Seller; (ii) any provision of any charter, bylaw or other governing or organizational instrument of the Company; or (iii) subject to obtaining the Required Contract Consents, any mortgage, indenture, license, instrument, trust, contract, agreement, or other commitment or arrangement to which the Company or Seller is a party or by which the Company or Seller is bound.

3.4 **Required Government Consents**. Except for: (i) receipt of sales tax and franchise tax certificates with respect to the Company; and (ii) the further exceptions set forth in Schedule 2.4 (collectively, the "Required Government Consents"), no approval, authorization,

certification, consent, variance, permission, license, or permit to or from, or notice, filing, or recording to or with: (A) any nation or government; (B) any federal, state, county, province, city, town, municipality, local or other political subdivision thereof or thereto; (C) any court, tribunal, department, commission, board, bureau, instrumentality, agency, council, arbitrator or other entity exercising executive, legislative, judicial, regulatory or administrative functions of or pertaining to government, including the SoS; or (D) any other governmental entity, agency or authority having or exercising jurisdiction over any relevant person, item or matter (each, a "Governmental Authority"), is necessary for the execution and delivery of this Agreement and the other agreements and instruments to be executed and delivered in connection with the transactions contemplated hereby or thereby by Seller or the consummation by Seller of the transactions contemplated hereby or thereby or the enforceability hereof or thereof other than those which have been obtained or made and are in full force and effect except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and general equitable principles.

3.5 **Required Contract Consents.** Except as set forth in Schedule 2.5 (the "Required Contract Consents"), no approval, authorization, consent, permission, or waiver to or from, or notice, filing, or recording to or with, any person (other than the Governmental Authorities) is necessary for the execution and delivery of this Agreement and the other agreements and instruments to be executed and delivered in connection with the transactions contemplated hereby or thereby by Seller or the consummation by Seller of the transactions contemplated hereby or the enforceability hereof or thereof other than those which have been obtained or made and are in full force and effect.

3.6 **Title to the Shares.** Seller has and will transfer to Buyer at the Closing, good and indefeasible title to the Shares, free and clear of all title defects, liens, restrictions, pledges, hypothecations, claims, charges, security interests, or other encumbrances of any nature whatsoever.

3.7 **Condition of Property.** All of the property, furniture, equipment and other tangible assets of the Company are in good operating order, condition, and repair, ordinary wear and tear excepted, and are suitable for use in the operation of the Company's business as currently conducted in the ordinary course (the "Business"). The License has been duly issued, is in full force and effect, all fees payable with respect to the License have been paid timely and in full and the License is subject to renewal on May 31, 1998.

3.8 **Title to Intellectual Property.**

(a) **Ownership.** The Company owns all patents, trademarks, service marks, trade names, and copyrights (including registrations, licenses, and applications pertaining thereto) and all other intellectual property rights, trade secrets, and other proprietary information, processes, and formulae, including the License, used in the Business or otherwise necessary for the conduct of the Business (collectively, the "Intellectual Property"). Schedule 2.8 sets forth all

registered trademarks and service marks, all reserved trade names, all registered copyrights, and all filed patent applications and issued patents used in the Business or otherwise necessary for the conduct of the Business as heretofore conducted.

(b) **Personnel Agreements**. All personnel, including employees, agents, consultants, and contractors, who have contributed to or participated in the conception and development of any of the Intellectual Property on behalf of the Company either: (i) have been party to a "work-for-hire" arrangement or agreement with the Company in accordance with applicable Laws, that has accorded the Company full, effective, exclusive, and original ownership of all tangible and intangible property thereby arising; or (ii) have executed appropriate instruments of assignment in favor of the Company as assignee that have conveyed to the Company full, effective, and exclusive ownership of all tangible and intangible property thereby arising.

(c) **Absence of Claims**. No claims have been asserted to the Company by any person or entity to the use of the Intellectual Property, and the Company and Seller do not know of any valid basis for any such claim. The use of the Intellectual Property, such as patents and trademarks, by the Company does not infringe on the rights of any person.

3.9 **Contracts--General**. Set forth in Schedule 2.9 are a list of all contracts, leases, instruments, agreements, licenses, and other commitments and arrangements to which the Company is a party and which relate to the Business and are in effect as of the Effective Date (collectively, the "Contracts"). All the Contracts are valid, binding, and enforceable against the Company and, to Seller's and the Company's knowledge, the other parties thereto, in accordance with their terms and are in full force and effect, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and general equitable principles. There are no existing defaults by the Company under any of the Contracts and no act, event, or omission has occurred that, whether with or without notice, lapse of time, or both, would constitute a default by the Company thereunder.

3.10 **Third-Party Interests in the Intellectual Property**. The Company has not granted, transferred, or assigned any right or interest in the Intellectual Property to any person.

3.11 **Conduct of Business**.

(a) **Ordinary Course of Business**. Since December 31, _____ (the "Financial Statement Date"), the Company has operated the Business in the ordinary course consistent with past practices.

(b) **No Material Adverse Change**. Since the Financial Statement Date, there has been no material adverse change in the Business or in the financial condition, or operations of the Company.

(c) **Absence of Particular Events**. Since the Financial Statement Date, the Company has not: (i) suffered any damage or destruction adversely affecting the Business; (ii) increased the compensation payable or to become payable to employees of the Company; (iii) incurred any liability or obligation other than in the ordinary course consistent with past practice; (iv) made any change in any method, practice, or principle of accounting; (v) paid, loaned, or advanced any material monetary amount or other asset to, or sold, transferred, or leased any asset to, any employee of the Company except for normal compensation involving salary and benefits; or (vi) agreed to take any action described in this Section 2.12(c).

(d) **Absence of Joint Ventures, etc.** The Company is not a party to any joint venture or other similar agreement or arrangement that involves any sharing of profits of the Business or is similar to or competitive with the Business.

3.12 **Major Vendors and Customers**. Schedule 2.13 lists each licensor, developer, remarketer, distributor, and supplier of property or services to, and each licensee, end-user, or customer of, the Business, to whom the Company paid or billed in the aggregate Seventy-Five Thousand Dollars (\$75,000) or more during the most recent fiscal year, together with, in each case, the amount paid or billed during such period. Except as set forth in Schedule 2.13, to the knowledge of Seller and the Company, there is no reason why the relationship with any such person or entity might not be continued by Buyer after its acquisition of the Shares, at substantially the same level and on substantially the same terms as the Company will have experienced during the twelve (12)-month period preceding the Closing.

3.13 **Litigation**. Except as listed in Schedule 2.14, no claim, action, suit, proceeding, inquiry, hearing, arbitration, administrative proceeding, or investigation (collectively, "Litigation") is pending, or, to the Company's and Seller's knowledge, threatened, against Seller or the Company or its present or former directors or officers, affecting, involving, or relating to the Business or the Shares or which seeks to restrain or enjoin the execution and delivery of this Agreement or any of the documents referred to herein or the consummation of any of the transactions contemplated hereby or thereby. The best of Seller's knowledge, Seller knows of no facts that could reasonably be expected to serve as the basis for Litigation against the Company or himself (or the Buyer upon acquisition of the Shares), its present or former directors or officers, affecting, involving, or relating to the Business or the Shares. There are no judgments or outstanding orders, injunctions, decrees, stipulations or awards (whether rendered by a Governmental Authority or by an arbitrator) against the Company or Seller or the Business.

3.14 **Court Orders, Decrees, and Laws**.

(a) **Compliance With Laws**. The Company is not in violation of any applicable Laws and the Company and Seller have received no notices of any allegation of any such violation. For the purposes of this Agreement, the term "Laws" shall be deemed to include federal patent, copyright, and trademark Laws, state trade secret and unfair competition Laws,

and all other applicable Laws, including equal opportunity, wage and hour, and other employment matters, and antitrust and trade regulation Laws. This Section 2.15(a) does not relate to environmental matters, which are exclusively the subject of Section 2.15(c).

(b) **Adequacy of Authorizations.** The Authorizations constitute all approvals, authorizations, certifications, consents, variances, permissions, licenses, or permits to or from, or filings, notices, or recordings to or with, Governmental Authorities that are required for the conduct of the Business as currently conducted under the Laws. The Company is in compliance in all material respects with all terms and conditions of the Authorizations. All of the Authorizations are in full force and effect, and, to Seller's and the Company's knowledge, no suspension or cancellation of any of them is being threatened, nor will any of the Authorizations be adversely affected in any material respect by the consummation of the transactions described in this Agreement.

(c) **Environmental Compliance.** Neither the Company nor, to the best of Seller's or the Company's knowledge, any prior owner, user, controller, or occupant, nor any tenant, subtenant, prior tenant, or prior subtenant has ever used Hazardous Materials (as defined herein) on, from, or affecting any facility, site, area, or property owned, used, controlled, or occupied by the Company, in any manner that violates in any material respect any Law governing the use, storage, treatment, transportation, manufacture, handling, production, or disposal of Hazardous Materials. For purposes hereof, "Hazardous Materials" means any flammable materials, explosives, radioactive materials, hazardous materials, hazardous wastes, hazardous or toxic substances, or related materials defined in the Comprehensive Environmental Response, Compensation, and Liability Act of 1980, as amended (42 USC §§ 9601 et seq.), the Hazardous Materials Transportation Act, as amended (49 USC §§ 1801 et seq.), the Resource Conservation and Recovery Act, as amended (42 USC §§ 6901 et seq.), and all applicable federal or state hazardous or toxic waste or environmental Laws. The term "material" includes asbestos, polychlorinated biphenyls, kerosene, and fuel oil.

3.15 **Taxes.** All tax returns of every kind (including returns of real and personal property taxes, sales, use and excise taxes, intangible taxes, withholding taxes, and FICA and unemployment compensation taxes) of the Company that are required by Law to have been filed have been duly filed; and all taxes shown to be due on such returns have been paid in full, except to the extent that any of the same are being contested in good faith by appropriate proceedings promptly initiated and diligently pursued and with respect to which adequate reserves have been set aside on the books and records of Seller in accordance with GAAP.

3.16 **Personnel and Compensation.**

(a) **List of Personnel.** Set forth in Schedule 2.17(a) is a true and complete list of the names, current compensation levels and accrued vacation of: (i) all employees of the Company; and (ii) all consultants of the Company (collectively, the "Business Employees").

(b) **Compensation, etc.** Except as set forth in Schedule 2.17(b), the Company is not subject to, and has no obligation under, any employment, consulting, or collective bargaining contracts, deferred compensation, pension (as defined in Section 3(2) of the Employee Retirement Income Security Act (ERISA), profit-sharing, bonus, stock option, stock appreciation, stock purchase, or other nonqualified benefit or compensation commitments, benefit plans, arrangements, or plans, including any welfare plans (as defined in Section 3(1) of ERISA), fringe benefit arrangements, or multi-employer plans (as defined in Section 3(37)(A) of ERISA) pertaining to the Business Employees (collectively, the "Plans"). The Company has never had any Plans.

(c) **Adequate Reserves for Welfare Plans.** The Company has never had any welfare plans (as defined in Section 3(1) of ERISA).

(d) **Compliance with Laws.** The Company is in compliance with all applicable Laws respecting employment and employment practices, terms and conditions of employment and wages and hours, and occupational safety and health pertaining to the Business Employees. There is no labor strike, dispute, slowdown, or stoppage pending or to Seller's or the Company's knowledge, threatened, against the Company or the Business Employees. No certification or decertification question or organizational drive exists or has existed within the past twelve (12) months respecting the Company or the Business Employees. The Company has not experienced any organized work stoppage involving the Business Employees since at least December 31, 1994. There are no charges, investigations, administrative proceedings, or formal complaints of discrimination (including discrimination based upon sex, age, marital status, race, national origin sexual preference, handicap, or veteran status) pending or, to the knowledge of Seller or the Company, threatened before the Equal Employment Opportunity Commission or any federal, state, or local agency or court against the Company or Seller and, to the knowledge of the Seller and the Company, no basis for any such charge, investigation, administrative proceeding, or complaint exists. There have been no audits of the equal employment opportunity practices of the Company.

3.17 **Insurance Policies.** Schedule 2.18(a) lists all insurance policies of the Company in force as of the Effective Date (the "Insurance Policies"), naming the Company as an insured or beneficiary or as a loss-payable payee or for which the Company has paid or is obligated to pay all or part of the premiums. Other than as set forth in Schedule 2.18(b), the Company has not received notice of any pending or threatened termination or retroactive premium increase with respect thereto; and the Company is in compliance in all material respects with all conditions contained therein, the noncompliance with which could result in termination of insurance coverage or increased premiums for prior or future periods. There are no pending material claims against such insurance by the Company as to which insurers have denied liability or are defending under any reservation of rights, and, there exists no material claim under such insurance that has not been properly filed by the Company.

3.18 **Sufficiency of Rights.** Except as set forth in Schedule 2.19, the Company's assets include and constitute all of the properties, rights, and privileges necessary for the conduct of the Business by Buyer in substantially the same manner as it will have been operated by the Company during the twelve (12)-month period preceding the Closing.

3.19 **Broker's or Finder's Fees.** Neither Seller nor the Company has authorized any person to act as broker or finder or in any other similar capacity in connection with the transactions contemplated by this Agreement and no broker, finder or financial advisor is entitled to any broker's, finder's, or financial advisor's fee or other commission in respect thereof based in any way on any agreement, arrangement or understanding with the Company or Seller.

3.20 **Related-Party Transactions.** Except as disclosed in Schedule 2.21, the Company is not a party to any written contract, agreement, license, lease, or arrangement with, or any other commitment to, directly or indirectly: (i) any officer or salaried employee of the Company who was in office within two (2) years of the date of execution hereof; or (ii) any corporation, trust, partnership or other entity in which any such officer or salaried employee has a material equity or participating interest. Each such contract, agreement, license, lease, arrangement, and commitment was entered into by the Company in the ordinary course of business upon terms that are fair and reasonable to the Company without regard to the status and relationship of such other parties.

3.21 **Capital Stock.** The authorized capital stock of the Company consists of One Thousand (1,000) shares of Common Stock, no par value (the "Common Stock") and the Company has no authority to issue any other capital stock. One Thousand (1,000) shares of Common Stock are issued and outstanding, and such shares are duly authorized, validly issued, fully paid and nonassessable and have been issued in compliance with all applicable federal and state securities laws. The Shares constitute all of the issued and outstanding shares of Common Stock. The Company has no outstanding subscription, option, warrant, call, contract, demand, commitment, convertible security or other instrument, agreement or arrangement of any character or nature whatever under which the Company is or may be obligated to issue any Common Stock or other capital stock of any kind.

3.22 **Minute Books.** Seller has provided to Buyer a copy of the minute books of the Company, which contain minutes of all of the meetings of the Board of Directors (including any committee thereof) and shareholders of the Company and all actions taken by the Board of Directors (including any committee thereof) and shareholders of the Company by written consent since the date of incorporation, and reflect accurately in all material respects all actions taken by the Board of Directors (and any committee thereof) and shareholders of the Company.

3.23 **Undisclosed Liabilities.** Except as set forth in Schedule 2.25, the Company has no liabilities or obligations, secured or unsecured (whether absolute, accrued, contingent, or otherwise, and whether due or to become due).

3.24 **Materiality Defined.** For purposes of this Agreement, the term "Material Adverse Effect" means: (i) with respect to the Company, a material adverse effect on: (A) the business, operations, condition (financial or otherwise) or results of operations of the Company taken as a whole; or (B) either of the parties' ability to comply with or satisfy in any material respect any material covenant, condition or agreement to be complied with or satisfied by it under this Agreement; and (ii) with respect to Buyer, a material adverse effect on: (A) its business, assets, properties, operations, condition (financial or otherwise) or results of operations taken as a whole; or (B) either of the parties' ability to comply with or satisfy in any material respect any material covenant, condition or agreement to be complied with or satisfied by it under this Agreement.

SECTION 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer hereby represents and warrants to Seller as follows:

4.1 **Organization.** Buyer is a corporation validly existing and in good standing under the laws of the State of California with the corporate power and authority to conduct its business as currently conducted and to own and lease its properties and assets. Buyer is duly qualified or licensed to do business and is in good standing as a foreign corporation in each state in which the failure to be so qualified or licensed would have a Material Adverse Effect.

4.2 **Power and Authority.** Buyer has the power and authority to execute, deliver, and perform this Agreement and the other agreements and instruments to be executed and delivered by it in connection with the transactions contemplated hereby and thereby, and Buyer has taken all necessary corporate action to authorize the execution and delivery of this Agreement and such other agreements and instruments and the consummation of the transactions contemplated hereby and thereby. This Agreement has been duly executed and delivered by Buyer and Buyer will, on or prior to the Closing Date, duly execute and deliver the documents referred to herein to which it is to be a party. Assuming the due authorization, execution and delivery of this Agreement and the documents referred to herein by the parties hereto and thereto other than Buyer, this Agreement constitutes, and when executed and delivered each of such documents referred to herein will constitute the legal, valid, and binding obligation of Buyer, enforceable against Buyer in accordance with their terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar Laws affecting creditors' rights generally and general equitable principles.

4.3 **Broker's or Finder's Fees.** Buyer has not authorized any person to act as broker, finder, or in any other similar capacity in connection with the transactions contemplated by this Agreement and no broker, finder or financial advisor is entitled to any broker's, finder's, or

financial advisor's fee or other commission in respect thereof based in any way on any agreement, arrangement or understanding with Buyer.

4.4 **No Conflict**. Neither the execution and delivery by Buyer of this Agreement and the other agreements and instruments to be executed and delivered by Buyer in connection with the transactions contemplated hereby or thereby, nor the consummation by Buyer of the transactions contemplated hereby or thereby, will violate or conflict with: (i) any Law or any order, judgment, or decree applicable to Buyer; (ii) any provision of any charter, bylaw or other governing or organizational instrument of Buyer; or (iii) any mortgage, indenture, license, instrument, trust, contract, agreement, or other commitment or arrangement to which Buyer is a party or by which Buyer is bound. No authorization, consent or approval of, or filing with, any domestic or federal court, regulatory or public body or governmental authority not already obtained or made is necessary for the consummation by Buyer of the transactions contemplated by this Agreement.

4.5 **Litigation**. No Litigation is pending, or, to Buyer's knowledge, threatened, against Buyer, or its assets or properties which seeks to restrain or enjoin the execution and delivery of this Agreement or any of the documents referred to herein or the consummation of any of the transactions contemplated hereby or thereby. There are no judgments or outstanding orders, injunctions, decrees, stipulations or awards (whether rendered by a Governmental Authority or by an arbitrator) against Buyer or any of its assets or properties.

SECTION 5

CONDITIONS TO OBLIGATIONS OF EACH OF THE PARTIES

The respective obligations of each of the parties hereto to consummate the transactions contemplated hereby shall be subject to the fulfillment at or prior to the Closing Date of the following conditions:

(a) No Law shall have been enacted or issued by any Governmental Authority and no decree, temporary restraining order, preliminary or permanent injunction or other order issued by any court of competent jurisdiction or any other Governmental Authority, and no other legal restraint or prohibition preventing the transactions contemplated by this Agreement or any of the documents referred to herein or making the consummation of any such transactions illegal shall be in effect; provided, however, that each of the parties hereto shall have used reasonable efforts to prevent the entry of any such injunction or other order or decree and to appeal as promptly as possible any injunction or other order or decree that may be entered;

(b) All Required Governmental Consents legally required for the consummation of the transactions contemplated by this Agreement and the documents referred to herein shall have been obtained and be in effect on the Closing Date;

(c) Buyer and Seller shall have each reviewed and approved the Schedules listed in this Agreement and prepared by the appropriate party as set forth herein; and

(d) Buyer and FYI and the shareholders of FYI, shall have duly executed and delivered the Asset Purchase Agreement and the conditions to Closing contained therein shall have been satisfied or waived, as appropriate.

SECTION 6

CONDITIONS TO SELLER'S AND BUYER'S OBLIGATIONS

6.1 **Conditions to Seller's Obligations.** Each of the obligations of Seller to be performed hereunder shall be subject to the satisfaction (or waiver by Seller) at or prior to the Closing Date of each of the following conditions:

(a) Buyer shall have performed or complied with, in all material respects, all conditions, obligations, agreements and covenants contained herein which are to be performed or complied with by it on or prior to the Closing Date;

(b) The representations and warranties of Buyer contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date;

(c) Seller shall have received each of the following, dated as of the Closing Date;

(i) Resolutions of the Board of Directors of Buyer, certified by its Secretary or an Assistant Secretary, which authorize the execution, delivery and performance of this Agreement and the documents referred to herein to which it is or is to be a party; and

(ii) A certificate of incumbency certified by the Secretary or an Assistant Secretary of Buyer certifying the names of the officers of Buyer authorized to execute this Agreement and the documents referred to herein to which it is or is to be a party (including the certificates contemplated herein), together with specimen signatures of such officers; and

(d) Seller shall have received each of the documents referred to herein to which Buyer is to be a party duly executed by Buyer.

6.2 **Conditions to Obligations of Buyer**. Each of the obligations of Buyer to be performed hereunder shall be subject to the satisfaction (or the waiver by Buyer) at or prior to the Closing Date of each of the following conditions:

(a) Seller shall have performed or complied with, in all material respects, all conditions, obligations, agreements and covenants contained herein which are to be performed or complied with by it on or prior to the Closing Date;

(b) The representations and warranties of Seller contained in this Agreement shall be true and correct in all material respects on and as of the Closing Date; and

(c) Buyer shall have received each of the following, dated as of the Closing Date or, with respect to certificates of Governmental Authorities, dated within ten (10) Business Days prior to the Closing Date:

(i) A certificate of the Secretary of State of the State of California as to the existence and good standing of the Company and certificates of the appropriate Governmental Authorities of each state in which the Company is qualified or authorized to transact business as to the good standing and qualification or authorization of the Company;

(ii) A certificate of incumbency certified by the Secretary or an Assistant Secretary of the Company certifying the names of the officers of the Company, together with specimen signatures of such officers; and

(iii) Such other corporate certificates as Buyer may reasonably request.

SECTION 7

CLOSING

7.1 **The Closing**. The closing of the purchase and sale of the Shares (the "Closing") shall take place at the offices of _____, 12345 Main Street, Suite A, Anytown, California 92610 at 10:00 A.M., California time on the Effective Date (the "Closing Date").

7.2 **Actions at the Closing**. At the Closing, Buyer and Seller shall take the following actions, in addition to such other actions as may otherwise be required under this Agreement:

(a) **Copies of Consents**. Seller shall deliver to Buyer copies of all Required Contract Consents and all Required Government Consents which have been obtained by Seller.

(b) **Certificate for the Shares**. Seller shall deliver to Buyer the certificate representing the Shares duly endorsed in blank or accompanied by a stock assignment separate from certificate duly executed in blank.

(c) **Entry Into Premises**. Seller shall give Buyer complete and unrestricted access to the facilities of the Business.

(d) **Other Documents**. Each of the parties hereto shall execute and deliver the documents and certificates referred to in Section 5 to which it is to be a party.

7.3 **Further Assurances**. At and after the Closing, without further consideration, each of the parties hereto shall take all such other action and shall procure or execute, acknowledge, and deliver all such further certificates, conveyance instruments, assumption instruments, consents, and other documents as the other party or its counsel may reasonably request: (i) to vest in Buyer, and perfect and protect Buyer's right, title, and interest in, and enjoyment of, the Shares; or (ii) to ensure more effectively the compliance of such party with its agreements and covenants under this Agreement and the other documents referred to herein.

SECTION 8

INDEMNITY

8.1 **Indemnification by Seller**. Seller and [Co-Owner] shall, jointly and severally, indemnify, defend with counsel reasonably acceptable to Buyer, and hold harmless Buyer and its successors and assigns and the directors, officers, employees, and agents of each (collectively, the "Buyer Group"), at, and at any time after, the Closing, from and against any and all demands, claims, actions, or causes of action, assessments, losses, damages, liabilities, costs, and expenses, including reasonable fees and expenses of counsel, other expenses of investigation, handling, and litigation, and settlement amounts, together with interest and penalties (collectively, a "Loss" or

"Losses"), asserted against, resulting to, imposed upon, or incurred by the Buyer Group, directly or indirectly, by reason of, resulting from, or arising in connection with any of the following:

(a) **Breach of Obligation**. Any breach of any representation, warranty, covenant or agreement of Seller contained in or made pursuant to this Agreement, including the agreements and other instruments contemplated hereby.

(b) **Brokers' Fees**. Any claim to fees or costs for alleged services by a broker, agent, finder or other person claiming to act in a similar capacity at the request of Seller in connection with this Agreement or any of the documents referred to herein.

Notwithstanding anything to the contrary contained in this Agreement, Seller shall not be liable for any portion of any Losses resulting from a material breach by Buyer of its obligations under this Agreement or any of the documents referred to herein or from a member of the Buyer Group's gross negligence, fraud or willful misconduct.

8.2 **Indemnification by Buyer**. Buyer shall indemnify, defend with counsel reasonably acceptable to Seller, and hold harmless Seller and its successors and assigns and the directors, officers, employees, and agents of each (collectively, the "Seller Group"), at, and at any time after, the Closing, from and against any and all Losses asserted against, resulting to, imposed upon, or incurred by the Seller Group, directly or indirectly, by reason of, resulting from, or arising in connection with, any of the following:

(a) **Breach of Obligation**. Any breach of any representation, warranty, covenant or agreement of Buyer contained in or made pursuant to this Agreement, including the agreements and other instruments contemplated hereby.

(b) **Liabilities**. Any liabilities or obligations of any kind or nature whatsoever, whether accrued, absolute, contingent, or otherwise, known or unknown, arising out of or in connection with the conduct of the Business after the Closing Date, except to the extent that such Losses related to the operations of the Company prior to the Closing Date.

(c) **Broker's Fees**. Any claim to fees or costs for alleged services by a broker, agent, finder or other person claiming to act in a similar capacity at the request of Buyer in connection with this Agreement or any of the documents referred to herein.

Notwithstanding anything to the contrary contained in this Agreement, Buyer shall not be liable for any portion of any Losses resulting from a material breach by Seller of its obligations under this Agreement or any of the documents referred to herein or from a member of the Seller Group's gross negligence, fraud or willful misconduct.

8.3 **Survival of Representations, Warranties and Covenants**. All of the representations, warranties, covenants and agreements made by the parties hereto in this Agreement, the documents referred to herein or in any certificate or other instrument delivered by

the parties hereto under this Agreement or any of the documents referred to herein, and the right to indemnification with respect to any breaches thereof, shall survive the execution and delivery of this Agreement and the documents referred to herein regardless of any investigation made by or on behalf of either party.

SECTION 9

MISCELLANEOUS

9.1 **Entire Agreement; Amendment.** This Agreement (including the Schedules), the documents referred to herein, and the other certificates, agreements, and other instruments to be executed and delivered by the parties in connection with the transactions contemplated hereby, constitute all of the promises, agreements, conditions, understandings, warranties and representations between the parties hereto with respect to the transactions contemplated hereby and thereby, and supersede all prior agreements, arrangements and understandings between the parties hereto, whether written, oral or otherwise. There are no promises, agreements, conditions, understandings, warranties or representations, oral or written, express or implied, between the parties hereto concerning the subject matter hereof or thereof except as set forth herein and therein. No amendment, modification, or alteration of the terms or provisions of this Agreement shall be binding unless the same shall be in writing and duly executed by the parties hereto.

9.2 **Parties Bound by Agreement; Successors and Assigns.** The terms, conditions, and obligations of this Agreement shall inure to the benefit of and be binding upon the parties hereto and the respective successors and permitted assigns thereof. Without the prior written consent of the other party, neither party hereto may assign or transfer all or any portion of its rights, duties and obligations hereunder and any attempt to do so without such consent shall be null and void; provided, however, that no assignment by either of the parties hereto of any of its rights, interests or obligations hereunder shall relieve such party of its obligations under this Agreement.

9.3 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall for all purposes be deemed to be an original and all of which shall constitute the same Agreement.

9.4 **Headings.** The headings of the Sections and paragraphs of this Agreement are inserted for convenience only and shall not be deemed to constitute part of this Agreement or to affect the construction hereof.

9.5 **Waiver.** No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party against whom that waiver is sought to be enforced. No failure or delay on the part of either of the parties hereto in exercising any right, power or privilege

hereunder, and no course of dealing between the parties hereto, shall operate as a waiver of any right, power or privilege hereunder.

9.6 **Expenses.** Seller and Buyer shall each pay all costs and expenses incurred by it or on its behalf in connection with this Agreement and the transactions contemplated hereby, including fees and expenses of its own financial consultants, accountants, and counsel.

9.7 **Notices.** Any notice, request, instruction, or other communication to be given hereunder by any party hereto to any other party hereto shall be in writing and delivered personally or sent by facsimile, overnight commercial courier or registered or certified mail, postage prepaid, if to Seller to:

If to Seller to: John Doe
1234 Main Street
Anytown, CA 92610
FAX No.: (949) XXX-XXXX

with a copy to: Daniel Beebe, Esq.
Dewey, Cheatem & Howe
1234 Middle Road
Anytown, CA 92610
Fax No.: (949) XXX-XXXX

If to Buyer to: BUYCO, Inc.
2 Buyco Plaza, Suite 250
Newport Beach, CA 92660
Attention: President
FAX No.: (714) XXX-XXXX

or at such other address for a party as shall be specified by like notice. Notices shall be deemed given upon the earliest of: (i) receipt; (ii) conformed facsimile transmission; (iii) one (1) day after delivery to an overnight commercial courier; or (iv) three (3) days after deposit in U.S. mail.

9.8 **Governing Law.** This Agreement shall be construed in accordance with and governed by the laws of the State of California without giving effect to the principles of conflicts of law thereof.

9.9 **Public Announcements.** Seller and Buyer shall consult with each other before issuing any press releases or otherwise making any public statements with respect to this Agreement and the transactions contemplated hereby. Neither Seller nor Buyer shall issue any such press release or make any public statement without the agreement of the other party, except as may be required by Law.

9.10 **Third-Party Beneficiaries.** With the exception of: (i) the parties to this Agreement; and (ii) the Buyer Group and the Seller Group with respect to the matters inuring to their benefit under Section 7, there shall exist no right of any person to claim a beneficial interest in this Agreement or any rights occurring by virtue of this Agreement.

9.11 **Severability.** Should any clause, sentence, paragraph, subsection, Section or Article of this Agreement be judicially declared to be invalid, unenforceable or void, such decision will not have the effect of invalidating or voiding the remainder of this Agreement, and the parties hereto agree that the part or parts of this Agreement so held to be invalid, unenforceable or void will be deemed to have been stricken and effectiveness as if such stricken part or parts had never been included herein.

9.12 **Remedies.** The parties hereto agree that the covenants and obligations contained in this Agreement and the documents referred to herein relate to special, unique and extraordinary matters and that a violation of any of the terms hereof or thereof would cause irreparable injury in an amount which would be impossible to estimate or determine and for which any remedy at law would be inadequate. As such, the parties hereto agree that if either of the parties hereto fails or refuses to fulfill any of its obligations under this Agreement or any of the documents referred to herein or to make any payment or deliver any instrument required hereunder or thereunder, then the other party shall have the remedy of specific performance, which remedy shall be cumulative and nonexclusive and shall be in addition to any other rights and remedies otherwise available under any other contract or at law or in equity and to which such party might be entitled.

9.13 **Arbitration.** In the event of any dispute or controversy arising out of, or relating to, this Agreement, the parties hereto agree to submit such dispute or controversy to arbitration in accordance with the California Code of Civil Procedure Sections 1280 *et seq.* The sole arbitrator shall be selected from the list (the "List") of arbitrators supplied by the J.A.M.S./ENDISPUTE Orange County, California office, or any successor entity, or if it no longer exists, from a List supplied by the American Arbitration Association ("JAMS") following written request by any party hereto. If the parties hereto after notification of the other party(ies) to such dispute cannot agree upon an arbitrator within thirty (30) days following receipt of the List by all parties to such arbitration, then either party may request, in writing, that JAMS appoint an arbitrator within ten (10) days following receipt of such request (the "Arbitrator"). The arbitration shall take place in Orange County, California, at a place and time mutually agreeable to the parties or if no such agreement is reached within ten (10) days following notice from the Arbitrator, at a place and time determined by the Arbitrator. The parties hereto agree that all actions or proceedings arising in connection with this Agreement shall be arbitrated exclusively in Orange County, California. The aforementioned choice of venue is intended by the parties to be mandatory and not permissive in nature, thereby precluding the possibility of litigation between the parties with respect to or arising out of this Agreement in any jurisdiction other than that specified in this Section. Each party hereby waives any right it may have to assert the doctrine of forum non conveniens or similar doctrine or to object to venue with respect to any proceeding brought in accordance with this Section, and stipulates that the Arbitrator shall have in personam

jurisdiction and venue over each of them for the purpose of litigating any dispute, controversy, or proceeding arising out of or related to this Agreement. Each party hereby authorizes and accepts service of process sufficient for personal jurisdiction in any action against it as contemplated by this Section by registered or certified mail, return receipt requested, postage prepaid, to its address for the giving of notices as set forth in this Agreement. The decision of the Arbitrator shall be final and binding on all the parties to the arbitration and may be enforced by a court of competent jurisdiction. In addition to his attorneys' fees as provided herein, the prevailing party shall be entitled to recover from the non-prevailing party his reasonable costs and expenses. The costs and fees of the arbitration shall be paid by the non-prevailing party. The Arbitrator may grant any remedy appropriate including, without limitation, injunctive relief or specific performance. Prior to the appointment of the Arbitrator, any party may seek temporary equitable or injunctive relief from the Orange County Superior Court which shall be effective until a final decision is rendered by the Arbitrator.

9.14 **Attorneys' Fees**. In the event of any arbitration or proceeding arising out of or related to this Agreement, the prevailing party shall be entitled to recover from the losing party all of its costs and expenses incurred in connection with such arbitration or proceeding, including court costs and reasonable attorneys' fees, whether or not such arbitration or proceeding is prosecuted to judgment.

9.15 **Interpretation**. In this Agreement, unless a clear contrary intention appears:

(a) The words "hereof", "herein" and "hereunder" and words of similar import refer to this Agreement as a whole and not to any particular provision of this Agreement;

(b) Reference to any gender includes each other gender and the neuter;

(c) All terms defined in the singular shall have the same meanings in the plural and *vice versa*;

(d) The word "person" means any individual, firm, corporation, trust, association, company, limited liability company, joint stock company, partnership, joint venture, Governmental Authority or other entity or enterprise;

(e) Reference to any person includes such person's heirs, executors, personal representatives, administrators, successors and assigns; provided, however, that nothing contained in this clause (e) is intended to authorize any assignment not otherwise permitted by this Agreement;

(f) Reference to a person in a particular capacity or capacities excludes such person in any other capacity;

(g) Reference to any contract or agreement means such contract or agreement as amended, supplemented or modified from time to time in accordance with the terms thereof;

(h) All references to Articles, Sections, and Exhibits shall be deemed to be references to the Articles and Sections of this Agreement and the Exhibits attached hereto which are made a part hereof and incorporated herein by reference;

(i) The word "including" (and with correlative meaning "include") means including, without limiting the generality of any description preceding such term;

(j) With respect to the determination of any period of time, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding";

(k) Reference to any Law means such Law as amended, modified, codified, reenacted, supplemented or superseded in whole or in part, and in effect from time to time;

(l) The word "knowledge", when used in any representation, covenant or warranty of either of the parties hereto contained herein, means the actual knowledge of any officer, director or member of senior management of, or other person performing similar functions for, such party;

(m) Where any provision of this Agreement refers to action to be taken by any person, or which such person is prohibited from taking, such provision shall be applicable whether such action is taken directly or indirectly by such person; and

(n) No provision of this Agreement shall be interpreted or construed against either of the parties hereto solely because that party or its legal representative drafted such provision.

[Signature Page Follows]

IN WITNESS WHEREOF, each of the parties hereto has duly executed this Stock Purchase Agreement as of the date first above written.

BUYER

BUYCO, INC., a California corporation

By: _____
Jane Roe, President

SELLER

John Doe

FOR THE PURPOSES OF SECTION 7.1 ONLY

Ronald Lashier

STOCK PURCHASE AGREEMENT

Between

**BUYCO, INC.
("Buyer")**

and

**JOHN DOE
("Seller")**

MAY 2, 20__

TABLE OF CONTENTS

	<u>Page</u>
SECTION 1 PURCHASE AND SALE OF THE SHARES.....	1
SECTION 2 REPRESENTATIONS AND WARRANTIES OF SELLER.....	2
2.1 Organization.....	2
2.2 Power and Authority.....	2
2.3 No Conflict.....	2
2.4 Required Government Consents.....	3
2.5 Required Contract Consents.....	3
2.6 Title to the Shares.....	3
2.7 Condition of Property.....	4
2.8 Title to Intellectual Property.....	4
(a) Ownership.....	4
(b) Personnel Agreements.....	4
(c) Absence of Claims.....	4
2.9 Contracts--General.....	4
2.10 Third-Party Interests in the Intellectual Property.....	5
2.11 Conduct of Business.....	5
(a) Ordinary Course of Business	5
(b) No Material Adverse Change.....	5
(c) Absence of Particular Events.....	5
(d) Absence of Joint Ventures, etc.....	5
2.12 Major Vendors and Customers.....	5
2.13 Litigation.....	6
2.14 Court Orders, Decrees, and Laws.....	6
(a) Compliance With Laws.....	6
(b) Adequacy of Authorizations.....	6
(c) Environmental Compliance.....	7
2.15 Taxes.....	7
2.16 Personnel and Compensation.....	7
(a) List of Personnel.....	7
(b) Compensation, etc.....	7
(c) Adequate Reserves for Welfare Plans.....	8
(d) Compliance with Laws.....	8
2.17 Insurance Policies.....	8
2.18 Sufficiency of Rights.....	9
2.19 Broker's or Finder's Fees.....	9
2.20 Related-Party Transactions.....	9
2.21 Capital Stock.....	9
2.22 Minute Books.....	9
2.23 Undisclosed Liabilities.....	10
2.24 Materiality Defined.....	10
SECTION 3 REPRESENTATIONS AND WARRANTIES OF BUYER.....	10

3.1	Organization.....	10
3.2	Power and Authority.....	10
3.3	Broker's or Finder's Fees.....	11
3.4	No Conflict.....	11
3.5	Litigation.....	11
SECTION 4	CONDITIONS TO OBLIGATIONS OF EACH OF THE PARTIES...	12
SECTION 5	CONDITIONS TO SELLER'S AND BUYER'S OBLIGATIONS....	12
5.1	Conditions to Seller's Obligations.....	12
5.2	Conditions to Obligations of Buyer.....	13
SECTION 6	CLOSING.....	14
6.1	The Closing.....	14
6.2	Actions at the Closing.....	14
	(a) Copies of Consents.....	14
	(b) Certificate for the Shares.....	14
	(c) Entry Into Premises.....	14
	(d) Other Documents.....	14
6.3	Further Assurances.....	14
SECTION 7	INDEMNITY.....	15
7.1	Indemnification by Seller.....	15
	(a) Breach of Obligation.....	15
	(b) Brokers' Fees.....	15
7.2	Indemnification by Buyer.....	15
	(a) Breach of Obligation.....	15
	(b) Liabilities.....	16
	(c) Broker's Fees.....	16
7.3	Survival of Representations, Warranties and Covenants.....	16
SECTION 8	MISCELLANEOUS.....	16
8.1	Entire Agreement; Amendment.....	16
8.2	Parties Bound by Agreement; Successors and Assigns.....	17
8.3	Counterparts.....	17
8.4	Headings.....	17
8.5	Waiver.....	17
8.6	Expenses.....	17
8.7	Notices.....	17
8.8	Governing Law.....	18
8.9	Public Announcements.....	18
8.10	Third-Party Beneficiaries.....	18
8.11	Severability.....	18
8.12	Remedies.....	18

8.13	Arbitration.....	19
8.14	Attorneys' Fees.....	20
8.15	Interpretation.....	20

LIST OF SCHEDULES

2.4	- Required Government Consents
2.5	- Required Contract Consents
2.8	- Intellectual Property
2.9	- Contracts
2.13	- Vendors and Customers
2.14	- Litigation
2.17(a)	- Employees and Consultants
2.17(b)	- Employment and Consulting Agreements
2.18(a)	- Insurance Policies
2.18(b)	- Insurance Notices
2.19	- Additional Assets Needed
2.21	- Related Party Transactions
2.25	- Undisclosed Liabilities

REQUIRED GOVERNMENT CONSENTS

NONE

REQUIRED CONTRACT CONSENTS

NONE

INTELLECTUAL PROPERTY

NONE

CONTRACTS

NONE

VENDORS AND CUSTOMERS

NONE

LITIGATION

NONE

EMPLOYEES AND CONSULTANTS

NONE

EMPLOYMENT AND CONSULTING AGREEMENTS

NONE

INSURANCE POLICIES

NONE

INSURANCE NOTICES

NONE

ADDITIONAL ASSETS NEEDED

NONE

RELATED PARTY TRANSACTIONS

NONE

UNDISCLOSED LIABILITIES

NONE