

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	Stock Purchase Agreement

CONVEYING PARTY DATA

Name	Formerly	Execution Date	Entity Type
Sparco, Inc.		08/10/2009	CORPORATION: CALIFORNIA

RECEIVING PARTY DATA

Name:	KXH, Inc.
Street Address:	Post Office Box 4350
City:	Mixxion
State/Country:	TEXAS
Postal Code:	78573
Entity Type:	CORPORATION: TEXAS

PROPERTY NUMBERS Total: 1

Property Type	Number	Word Mark
Serial Number:	77757516	FLASH-GUARD

CORRESPONDENCE DATA

Fax Number: (501)609-0406
Correspondence will be sent via US Mail when the fax attempt is unsuccessful.
 Phone: 501-609-0404
 Email: maagoo10@sbcglobal.net
 Correspondent Name: Dennis B. Haase
 Address Line 1: Post Office Box 6206
 Address Line 4: Hot Springs, ARKANSAS 71902

NAME OF SUBMITTER:	Dennis B. Haase
Signature:	/s/Dennis B. Haase
Date:	10/05/2010

Total Attachments: 10
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Table with 2 columns: Date, 8/6/09

Stock Purchase Agreement

INTRODUCTION: This is an offer and agreement dated August, 6, 2009.

1. DEFINITIONS: The following definitions and designations shall apply regardless of number or gender:

Form with fields for CORPORATION (Sparco, Inc.), BUYER (KXR Inc.), BUSINESS (Sparco, Inc.), SELLER (Jonathan & Deborah Searle), BUYER'S BROKER (Chase Group), and SELLER'S BROKER (Chase Group).

SIGNING: Signing of this Agreement by both Buyer and Seller.
CLOSING: Transfer of Stock from Seller to Buyer through escrow or otherwise.
STOCK: All the outstanding Stock of the Corporation, which is now owned by Seller and is to be purchased by Buyer.
BALANCE SHEET AT SIGNING: Corporation's latest balance sheet disclosed to Buyer prior to Signing, dated see attached, which is attached as Exhibit A.
BALANCE SHEET AT CLOSING: Corporation's balance sheet as of Closing.
NET CURRENT ITEMS: The sum of cash, accounts receivable and inventory less accounts payable, but not to include any items excluded in paragraphs 8.a.vii and 8.d.vii, hereinafter "NCI".
SALES ORDER BACKLOG: The sum of all unfulfilled sales orders at net invoice amount.
GROSS PROFIT MARGIN: Gross profit divided by revenue expressed as a percentage based on the most recent Federal Tax Return.

- 2. SALE OF STOCK: Seller hereby agrees to sell to Buyer and Buyer agrees to buy from Seller the Stock on the terms and conditions set forth below.
3. CONSIDERATION: The total consideration, which includes the liabilities of the Corporation, shall be \$ 675,000, paid or credited as follows:
a. \$ as a deposit to be held by the Broker and, if a check, cashed when this offer is accepted. This deposit will be a part of the down payment.
b. \$ 20,000 additional deposit upon opening of escrow, also included in the down payment.
c. \$ 655,000 balance of the down payment to be deposited in escrow in cash or cash equivalent before Closing. (Estimated Closing costs will also be deposited.)
d. \$ additional down payment included in third party financing as described in paragraph 4.d.
e. \$ 675,000 total down payment. (a + b + c + d)
f. \$ approximate balance payable in the form of a non-negotiable promissory note to Seller in equal monthly installments, including % per annum interest computed from Closing, so as to fully amortize over months (i.e., \$ per month), payments to begin one month from Closing. Note shall be secured by a pledge agreement on the Stock and a security agreement on the assets of the Business with right of offset and subordinated to third party financing in 3.d. Note shall contain a right to prepay without penalty and be assumable with Seller's consent, which shall not unreasonably be withheld. If Buyer is a corporation or other entity, its owners shall personally guarantee this note.
g. \$ 675,000 purchase price of the Stock and any covenant not to compete and/or consulting or employment agreement. (a + f)
h. \$ 0 approximate credit to Buyer for liabilities of the Corporation remaining after Closing.
i. \$ 675,000 total consideration (g + h)

Handwritten initials/signature

Business Sparco, Inc.

Buyer KXM Inc.

Date 8/6/09

At Closing or before disbursement, if there is any variation in the NCI as shown on the Balance Sheet at Closing from the NCI as shown on its Balance Sheet at Signing, then to the extent NCI have decreased, the consideration and down payment shall be decreased accordingly and to the extent the NCI have increased, then the consideration and note due Seller shall be increased accordingly. If NCI have increased and there is not a note due to Seller, Buyer shall execute a non-negotiable promissory note to Seller with right of offset and right to prepay without penalty, payable in equal monthly installments including N/A % per annum interest computed from Closing, as to be fully amortize over N/A months, payments to begin one month from Closing. Note shall be assumable with Seller's consent, which shall not unreasonably be withheld, secured by a security agreement on the assets of the Business and a pledge agreement on the Stock. If Buyer is a corporation or other entity, its owners shall personally guarantee the obligations to the Seller under this Agreement.

If the Sales Order Backlog at Closing is less than the Sales Order Backlog at Signing, then the purchase price and down payment shall be reduced by the difference multiplied by the Gross Profit Margin.

4. CONDITIONS: This Agreement is subject to the following conditions:

- a. Buyer's inspection of and reasonable satisfaction with all material aspects of the Business including, but not limited to, the assets, financial and other records, contracts, leases of the Corporation and Seller's Disclosure Statement (see ¶ 7) which shall promptly be made available for Buyer's inspection, and
- b. Seller's reasonable satisfaction with Buyer's qualifications to purchase and operate the Business successfully, Buyer's creditworthiness and Buyer's Disclosure Statement (see ¶7).

The parties' satisfaction with items a and b, respectively, shall be conclusively presumed unless contrary written notice is given to the escrow holder or the other party's Broker within 7 days from Signing or upon Closing if sooner, or within ___ days of receipt, but not more than 30 days from the signing of this Agreement.

- c. Buyer's and Seller's attorneys' review and approval of this Agreement. Such approval shall be conclusively presumed unless contrary written notice is given to the escrow holder or the other party's Broker within five days from Signing or upon Closing if sooner.
- d. Buyer receiving a commitment letter for third party financing in the amount of \$ ___ within ___ days after Signing.
- e. Buyer receiving funding in the amount indicated in 4.d within ___ days after Signing.
- f. Other (liquor license, franchise agreement, etc.)

Buyer shall use its best efforts to obtain said financing and Seller shall fully and promptly comply with lender requests for information and requests to inspect the Business. If Buyer is unable to satisfy the conditions in 4.d or 4.e within the specified time limits, either party may terminate this Agreement by giving written notice to the other party's Broker.

5. ESCROW: The purchase price/closing adjustments shall be paid through an escrow to be established with Chicago Title, Vista, Ca the escrow holder. Separate escrow instructions may be signed to define the duties of the parties and the escrow holder. All parties shall cooperate with the escrow holder in performing any acts and completing any papers necessary to complete this transaction. The Brokers are parties to the escrow as to the payment of any Broker's fees and an irrevocable assignee of the sales proceeds to the extent of such fees.

6. CLOSING DATE AND POSSESSION: The estimated date for Closing is August, 21, 2009. Buyer and Seller shall make their best efforts to close on or before that date. Seller shall deliver possession of the Business to the Buyer at Closing.

7. SELLER'S AND BUYER'S DISCLOSURE STATEMENTS:

- a. Buyer has received and read the completed Seller's Disclosure Statement, or Seller shall provide to Buyer the completed Seller's Disclosure Statement within three days after Signing.
- b. Seller has received and read the completed Buyer's Disclosure Statement, or Buyer shall provide to Seller the completed Buyer's Disclosure Statement within three days after Signing.

The parties warrant the accuracy and completeness of their respective Disclosure Statements. The parties warrant that these representations are true, shall be true as of Closing and shall survive Closing.

8. SELLER REPRESENTATIONS AND WARRANTIES: Except as noted in paragraph 8.1., Seller represents and warrants as follows:

- a. STATUS OF CORPORATION AND STOCK
 - i. Corporation is a corporation duly organized, validly existing, and in good standing with the State of California and has all corporate powers and authority to conduct the Business as it is now being conducted. All the Stock is owned by the Seller and is validly issued, fully paid and non-assessable. The Corporation has no commitments to issue additional shares.
 - ii. All restrictions on the transfer of the Stock will be duly complied with or effectively waived.
 - iii. This sale will not (a) cause the acceleration of any note balance or lease-purchase obligation, (b) cause the landlord to modify or end the premises lease, (c) end any financing or credit extended to the Corporation by any third party not listed in paragraph 8.d.v., or (d) affect any of the following leases or contracts to which the Business is a party due to a change of control of the Corporation:

<input type="checkbox"/> Alarm system lease or maintenance agreement	<input type="checkbox"/> Other equipment lease(s) or purchase contract(s)
<input type="checkbox"/> Telephone system lease or purchase contract	<input type="checkbox"/> Equipment or software maintenance agreement(s)
<input type="checkbox"/> Vehicle lease(s) or purchase contract(s)	<input type="checkbox"/> Music service contract
<input type="checkbox"/> Vending machine contract(s)	<input type="checkbox"/> Advertising contract(s), including Yellow Pages
<input type="checkbox"/> Other	

b. FINANCIAL STATEMENTS

- i. All the financial information and statements furnished to Buyer are complete, accurate, and prepared in a manner consistent with prior statements, and they fairly present the financial condition of the Business as of the dates stated on them.
- ii. Since the date of the last financial statements furnished, there have been no material adverse changes in the aggregate in the assets, liabilities, revenues, expenses or any other items shown on such statements.

Business _____ Buyer _____ Date _____

c ASSETS OF THE BUSINESS

- i All assets currently used in the Business are owned by the Corporation free from liens and encumbrances.
- ii All assets are in good and operable condition and conform with all applicable building and zoning ordinances and regulations and other laws.
- iii All accounts receivable of the Corporation arise from the normal course of business, none have been previously assigned and they are fully collectable.
- iv All resale inventory of the Business is marketable and in good condition.
- v All leases and contracts relevant to the ownership and operation of the Business are complete and in effect and there are no undisclosed amendments.
- vi All insurance policies and other agreements of the Corporation are in full force and effect and Seller is not in default as to any of their provisions.
- vii Assets currently used in or owned by the Corporation which are not included in this sale are _____ (Attach Exhibit _____ if more space is needed)

d LIABILITIES

- i The financial and other information furnished to Buyer indicates a full disclosure of all liabilities of the Corporation and all facts which might reasonably give rise to liability.
- ii There are no claims or investigations pending which would affect the Business or its assets or the transfer of good title, and all pending or threatened litigation involving the Corporation has been disclosed.
- iii There are no claims by distributors, sales representatives or customers because of defective products or services already delivered or rendered by Corporation arising either now or in the future, which will be asserted against the Corporation. This warranty shall only apply so long as the Corporation maintains liability insurance comparable to that presently in force.
- iv Corporation will have no contracts or other commitments (including but not limited to collective bargaining agreements, employment contracts, pension or profit sharing plans) remaining effective after Closing.
- v Seller shall remove the following liabilities from the Corporation prior to Closing: _____ (Attach Exhibit _____ if more space is needed)

e COMPLIANCE

- i Corporation has all necessary permits and authority and is operating the Business in compliance with all applicable laws and contracts. This compliance will not be violated by this sale. The Business will pass all applicable inspections upon Closing.
- ii The Business and its premises are in compliance with all applicable hazardous waste and other environmental regulations.

f TAXES

All tax returns required to be made by Corporation have been properly prepared, signed and timely filed, and all tax liabilities have been paid.

g EMPLOYEES

- i There are no material facts known to Seller or Corporation indicating employee or labor disputes which could adversely affect Corporation's business operations.
- ii Balance sheet at Closing will reflect all accrued payroll, vacation pay, bonus, pension, profit sharing or other benefits accrued or owing to employees, and all employee advances and loans (See 9.4.1).

h SURVIVAL

All representations and warranties will be true at Closing as if made then and will survive Closing.

i EXCEPTIONS

9 SELLER COVENANTS Seller and Corporation covenant jointly and severally that from signing until Closing

- a The Corporation's articles, by laws and ownership will not change in any way.
- b The Corporation will not incur or permit any additional encumbrances on the assets of the Business or dispose of any such assets, except in the normal course of business.
- c The Corporation will not enter into any material or long-term contracts or any other transactions except in the normal course of business, and will make no changes in its labor or employment agreements.
- d Corporation will continue to operate the Business in the usual way, protect its assets and goodwill, allow the Buyer to make reasonable inspections, and maintain good relations with suppliers, customers, and employees.
- e The Corporation will hold appropriate director and stockholder meetings and take all other steps necessary to legally perform this Agreement.
- f Prompt notice will be given to Buyer of any event that materially alters the accuracy of the above Seller Representations, Warranties and Covenants.

10 SELLER INDEMNITY: Seller and Corporation shall hold Buyer harmless from any damage resulting from the falsity of the above Seller Representations or the breach of the above Seller Warranties or Covenants. Without in any way limiting the above Representations, Warranties and Covenants or the rights or remedies available to the Buyer for their breach, Seller and Corporation hereby hold Buyer harmless from all loss, liability, tax, or expense resulting directly or indirectly from the assertion against Buyer or Corporation of claims by government or any person or other entity based on facts existing before Closing, except as provided herein.

11 BUYER REPRESENTATIONS AND WARRANTIES Buyer represents and warrants as follows

- a Buyer has the full right, power, legal capacity and authority to enter into and perform Buyer's obligations under this Agreement and Buyer is legally bound by this Agreement.
- b Buyer has the financial ability to accomplish the purchase described in this Agreement.

12 BUYER COVENANTS Buyer covenants that from signing until Closing

- a Buyer will take all steps necessary to legally perform this Agreement.
- b Prompt notice will be given to Seller of any event which materially alters the accuracy of the above Buyer Representations, Warranties and Covenants.

13 BUYER INDEMNITY Buyer shall hold Seller harmless from any damage resulting from the falsity of the above Buyer Representations or the breach of the above Buyer Warranties or Covenants.

Business SPARCO, Inc. Buyer RM, Inc. Date 8/10/09

14 TAXES and EXPENSES:

- a. Utilities, personal property taxes, income taxes, other taxes, insurance, rent, and other accrued expenses of the Business not otherwise provided for in this Agreement shall be included in the Closing Balance Sheet
- b. Buyer shall remit to Seller upon receipt any refund of overpayments of worker's compensation premiums, taxes, trade payables or the like which relate to the period prior to Closing and are not reflected on the Balance Sheet at Closing
- c. Except as otherwise noted in this Agreement, each party shall pay when due all operating costs incurred while that party is in possession and hold the other party harmless there from
- d. Any liquor or other license or franchise fees shall not be prorated and Buyer shall pay any transfer or issue fees for permits and licenses required.
- e. The Buyer and Seller shall pay equally all escrow fees and costs and other transfer costs except _____, each party shall pay its own accountants, attorneys and other advisors

15 BROKER: Buyer acknowledges that Brokers have furnished to Buyer financial and other information obtained from Seller and other sources, the accuracy and completeness of which have not been verified by Brokers. Brokers have no knowledge of or any duty to discover contingent liabilities Buyer is relying solely on its own inspection and due diligence of the Business, its assets, financial statements, business records, contracts, any assumed liabilities, operational history, future profitability and the representations by the Seller, and not on any representations of the Brokers. Seller acknowledges that it is relying solely on its own investigation of the Buyer's creditworthiness and ability to complete this transaction and to successfully operate the Business, and not on any representations of the Brokers. Should any such representations of Seller or Buyer be untrue, Buyer and Seller agree to look solely to each other for relief and shall release, hold harmless, indemnify and defend the Brokers from any such claims. Buyer and Seller acknowledge that Brokers may receive a referral fee from an institutional lender.

16 TRAINING/CONSULTING: Seller and _____, individually, shall train Buyer in the operation of the Business for a period of _____ consecutive weeks from Closing, for _____ hours per week, without additional cost to Buyer.

17 COVENANT NOT TO COMPETE: Seller and _____, individually, within a radius of _____ miles of the present location of the Business, or within the counties of _____ shall not directly or indirectly carry on a similar business, attempt to hire any existing employees of the Business, solicit any customers of the Business nor assist anyone else except the Buyer to do so within these limits or have any interest, directly or indirectly, in such business, except as an employee of the Buyer, for a period of _____ consecutive years from Closing. This covenant shall become an asset of the Business, is consideration for all obligations of the Corporation as reflected herein and may be transferred as part of any future sale of the Business. Any portion of the Consideration to be allocated to this covenant shall be agreed upon by the parties in writing prior to Closing

18 CONDITIONS TO SELLER CLOSING: Seller's obligations at Closing are subject to the satisfaction of the following conditions: a. As of Closing, all the Buyer Representations and Warranties shall be true and all the Buyer Covenants shall be complied with and performed in all material respects. b. All consents of third parties necessary to the performance of this agreement by Buyer shall have been received.

19 CONDITIONS TO BUYER CLOSING: Buyer's obligations at Closing are subject to the satisfaction of the following conditions: a. As of Closing, all the Seller Representations and Warranties shall be true and all the Seller Covenants shall be complied with and performed in all material respects. b. All consents of third parties necessary to the performance of this agreement by Seller shall have been received.

20 MEDIATION OF DISPUTES: Buyer and Seller shall mediate any dispute or claim between them arising out of this Agreement or any resulting relationship or transaction between these parties. The mediation shall be held prior to any court action or arbitration. The mediation shall be confidential and in accordance with applicable sections of the California Evidence Code. In the event the parties are not able to agree on a mediator within thirty (30) days of the first party seeking mediation, the presiding judge of the Superior Court of the county in which venue would lie for the filing of a complaint for relief in such dispute shall have jurisdiction to appoint a mediator. In the event the mediator determines that a second mediation is necessary, it shall be conducted in accordance with this paragraph. Should either party attempt a court action or an arbitration before attempting to mediate, that party shall not be entitled to attorney fees that might be otherwise available to it in a court action or arbitration and the party who is determined by the arbitrator or judge to have resisted mediation may be sanctioned by the arbitrator or judge. Mediation fees, if any, shall be divided equally between Buyer and Seller.

21 BROKER'S FEES: The Broker(s) identified in paragraph 1 has/have acted as the only Broker(s) for this sale and earned a Broker's fee. Seller agrees to pay a fee to Broker(s) for services as follows:

- _____ percent of total purchase price to CRUIER, FROST COMPANY, Broker and
- _____ percent of total purchase price to _____, Broker, or
- as per the representation agreement between Seller and Seller's Broker.

Broker's fees shall be payable (a) at Closing, or (b) if completion of sale is prevented by default of Seller, upon Seller's default. If Closing is prevented by default of Buyer, the Buyer shall be responsible for and agree to pay the total Broker's fee immediately upon default. Any amount that the Buyer has deposited with the escrow holder may be applied against Buyer's obligation under this paragraph. In any action, proceeding or arbitration relating to the payment of such a fee, the prevailing party shall be entitled to reasonable attorney's fees and costs.

GENERAL PROVISIONS: The entire agreement of the parties relating to the sale of the Stock is set forth in this Agreement and can only be modified in writing signed by the parties. There are no other representations, agreements, arrangements or understandings, either oral or written, between or among the parties hereto relating to the subject matter of this Agreement that are not fully expressed herein. This Agreement shall bind and benefit the parties and their legal successors and shall supersede any prior written or oral agreements. This Agreement may be signed in counterparts and faxed and electronic signatures may be considered as originals. Captions in this Agreement are for convenience only and shall not be considered in construing its meaning. In any action, proceeding or arbitration between Buyer and Seller arising out of this Agreement, the prevailing party shall be entitled to reasonable attorney's fees and costs, except as provided in paragraph 20.

Handwritten initials/signature

22 **ACKNOWLEDGMENT AND PERSONAL GUARANTEE.** By signing below, the Buyer and Seller each acknowledge that they have carefully read and fully understand this Agreement and have received a copy of it. The undersigned warrant that their signatures are legally sufficient to bind the Buyer and Seller. If the Buyer and/or Seller is a corporation or other entity, the undersigned personally guarantee the performance of this Agreement and any other agreements necessary to complete the purchase.

23 **ACCEPTANCE.** This offer shall expire unless it is accepted in writing by Seller and that acceptance is communicated to Buyer by 11:59 p.m. on August 10, 2009. Any later acceptance shall constitute a counteroffer. The undersigned Seller accepts and agrees to sell the Business on the above terms and conditions.

THE CALIFORNIA ASSOCIATION OF BUSINESS BROKERS MAKES NO REPRESENTATION AS TO THE LEGAL VALIDITY OR ADEQUACY OF ANY PROVISION OF THIS FORM IN ANY SPECIFIC TRANSACTION. THE BROKER IS NOT QUALIFIED TO GIVE LEGAL OR TAX ADVICE. FOR SUCH ADVICE, THE PARTIES SHOULD CONSULT THEIR ATTORNEYS OR ACCOUNTANTS.

Subject to attached addendum

Subject to attached counteroffer

Buyer _____ Date _____
 Buyer _____ Date _____
 Corporation (or other entity) WMA
 By Chris R. Gross President 8-10-09
 Name and Title _____ Date _____
 Broker's Agent _____ Date _____

Seller [Signature] 8-10-09
 Name _____ Date _____
 Seller [Signature] 8-10-09
 Name _____ Date _____
 Corporation (or other entity) _____
 By _____ Date _____
 Name and Title _____ Date _____
 Broker's Agent _____ Date _____

LIST OF ATTACHMENTS

- A. Balance sheet at signing
- B. Equipment List
- C. Seller's Disclosure Statement
- D. Buyer's Disclosure Statement
- E. _____
- F. _____
- G. _____
- H. _____

**AMENDMENT/ADDENDUM TO
THE STOCK PURCHASE AGREEMENT**

DATED AUGUST 6, 2009

THIS AMENDMENT/ADDENDUM TO THE STOCK PURCHASE AGREEMENT ("Amendment") ("SPA") is entered into and made effective this 4th day of August, 2009 by and between Jonathan and Deborah Searle, individuals ("Seller"), and KXH Inc, a corporation ("Buyer"), (Seller and Buyer collectively referred to as "Party" or "Parties"), with reference to the following:

The Stock Purchase Agreement ("Agreement") dated August 6, 2009 on the Business known as Sparco, Inc., a California corporation, located at 2605 Oceanside Boulevard, Suite F, Oceanside, CA 92054, is hereby modified as follows:

1. Representations and Warranties of Both Parties.

All representations and warranties made in this Agreement shall survive Closing. Either Party that learns of a misrepresentation or breach of representation or warranty under the terms of this Agreement shall immediately give written notice thereof to the other Party to this Agreement.

2. Seller's Indemnification.

Seller hereby agrees to indemnify and hold Buyer, its successors and assigns, harmless from and against:

a. Any and all claims, liabilities, and obligations of every kind and description, contingent or otherwise, arising out of or related to the operation of Seller's business prior to the close of business on the day before Closing.

b. Any and all damage or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of the Seller under this Agreement.

c. Seller's indemnity obligations under this Paragraph shall be subject to the following:

i. If any claim is asserted against Buyer that would give rise to a claim by Buyer against Seller for indemnification under the provisions of this Article, then Buyer shall promptly give written notice to Seller concerning such claim and Seller shall, at no expense to Buyer, defend the claim.

ii. Seller shall not be required to indemnify Buyer for an amount that exceeds the total purchase price paid by Buyer under this Agreement.

3. Buyer's Indemnification.

Buyer agrees to defend, indemnify, and hold harmless Seller from and against the following:

Fax 951-572-3573

a. Any and all claims, liabilities, and obligations of every kind and description arising out of or related to the operation of the business following Closing or arising out of Buyer's failure to perform obligations of Seller assumed by Buyer pursuant to this Agreement.

b. Any and all damage or deficiency resulting from any material misrepresentation, breach of warranty or covenant, or nonfulfillment of any agreement on the part of Buyer under this Agreement.

c. Buyer's indemnity obligations under this Paragraph shall be subject to the following: If any claim is asserted against Seller that would give rise to a claim by Seller against Buyer for indemnification under the provisions of this Article, then Seller shall promptly give written notice to Buyer concerning such claim and Buyer shall, at no expense to Seller, defend the claim.

4. Warranty and Return of Product.

Seller shall be solely responsible for reimbursing Buyer for the "actual cost" to Buyer for honoring and replacing any returned products which were sold prior to Closing for a period of ninety (90) days after Closing. Buyer shall be solely responsible for all returned products after said ninety (90) day period. Furthermore, Buyer acknowledges that Buyer will be solely responsible for performing any warranty obligations for products sold, whether or not said products were sold prior to Closing. The Parties acknowledge that the indemnity provisions of Paragraph 3 of this Amendment do not apply to product warranties.

5. Inventory.

a. Seller shall provide at a minimum fifteen thousand dollars (\$15,000) worth of inventory to Buyer at Closing based on item costs currently in Quickbooks.

b. 5 business days after signing the SPA, Seller shall provide Buyer the following information:

- I) To the best of the Seller's ability a list of any component inventory which, under normal business expectations, might be consumed sooner than 60 days after the closing date so that either Buyer or Seller may purchase these components. If components will arrive after the Closing, Buyer will be responsible for any purchasing costs.
- II) Generic information to assist the Buyer to establish Bill of Materials for all Finished Goods. Information such as "Screw #1" etc.

6. Buyer's Access to Premises and Furnishing of Information.

a. Buyer and its counsel, accountants, and other representatives will have access for the review period during normal business hours to books, accounts, records, contracts, and documents of or relating to the Corporation. Access to the all the above information will be limited to a total of 10 hours and must be pre-scheduled for a mutually agreed upon time.

b. Within one business day after Closing, Seller shall provide Seller Buyer the following items:

1. access to all Quickbooks data
2. articles of incorporation, by-Laws, corporate minutes, and stock ledgers
3. letter of resignation from Spareo
4. letter of resignation of all Board Members
5. a copy of the keys to the premises at 2605 Oceanside Blvd.
6. Assistance with changing ownership information for the FDA 510k at FDA website.

c. Buyer shall remove all desired items from premises at 2605 Oceanside Blvd within 10 days after Closing. Seller shall bear all costs associated with rent and utilities for these 10 days after Closing and for terminating the lease and utilities, and vacating the premises to the satisfaction of the Lessor. Any deposited amounts for the lease or utilities shall be paid to the Seller.

d. Seller shall be available for no less than 30 hours of training the next 4 consecutive business days after Closing. (Seller will not be available on Sept. 3rd and 4th.)

e. Seller agrees to have all mail transferred to Buyers Texas mailing address fourteen (14) days after Closing. Seller will hold mail for 14 days at the Oceanside Post Office and send the mail weekly to Buyers Texas mailing address.

7. 401k and Medical Benefits

Seller shall be responsible for all closing and cancellation costs of the 401k and Medical plans.

8. Accounts Receivable

At Closing, Seller shall provide copies of un-collected invoices dated no earlier than June 1. Buyer agrees to deposit cash (equivalent to the sum total of invoices dated June 1st or later) into Escrow. As money is received and deposited by Buyer into Buyer's accounts by Buyer for these invoices, Buyer shall authorize an equivalent amount of funds to be released from escrow to the Seller. Six (6) months after closing, any remaining unpaid invoice funds in escrow shall be returned to the Buyer, however, Seller shall be permitted to attempt to collect on those unpaid invoices up to and not after the Six month period. Seller shall receive funds for unpaid invoices as consulting services and will receive a 1099 by Jan 31, 2010.

To release the money held on unpaid invoices, Buyer agrees to notify the escrow company within five (5) business days after receipt that monies received for unpaid invoices may be released to the Seller.

9. Hold Back Amount.

A Holdback amount of \$15,000 shall be maintained in escrow until the Seller can provide:

- a. Documentation showing that the California Reseller's Permit has been closed and all taxes have been paid.
- b. A copy of the last Paychex payroll report showing all gross earnings and payroll taxes for 2009, showing payroll taxes paid in full.
- c. A profit and loss statement showing that the corporation has no taxable income as of the Closing.
- d. Documentation showing that the 401k plan has been cancelled and any necessary fees have been paid.

10. Contracts.

Ongoing contracts that are beneficial to the corporation shall be handled as follows:

- a. Prepaid 50% for AORN tradeshow shall be passed to the Buyer.
- b. Phone, Fax, website, domain names, etc shall be passed to the Buyer. Seller shall provide reasonable assistance when necessary to transfer these services to Buyer.

11. Conflicting Provisions.

- a. This Amendment shall supersede any provisions of the Agreement that are in conflict with this Amendment.
- b. Section 8.d.iv. of the Stock Purchase Agreement shall not include on going contracts that are beneficial to the Corporation. Including but not limited to, telephone & fax contracts, the contract with the AORN tradeshow, and the contract with Medmarket Catalog Company.
- c. Section 17 of the Stock Purchase Agreement shall specify on the Covenant not to Compete the "similar business" will be specific to medical sterilization products.

12. Counterparts.

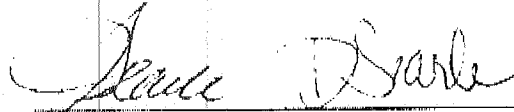
The Agreement and this Amendment may be executed in any number of counterparts, which together shall constitute the agreement of the Parties.

Handwritten initials: JSS

IN WITNESS WHEREOF, the parties have caused this Amendment to be executed and effective as of the day and year first above written.

Seller:

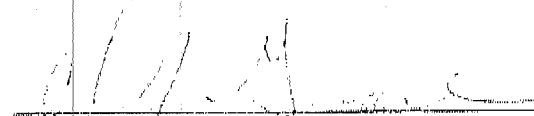
Jonathan & Deborah Searle



JONATHAN SEARLE & DEBORAH SEARLE, Individuals

8-10-09

Buyer:
KXII Inc.



CHRIS GRACE, President