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**NICOLAI LAW GROUP, P.C.**  
**BUSINESS LAW & LITIGATION**

Carol A. Baker-Hebert

Direct Dial Extension 4

E-MAIL Address:  
CAROL.HEBERT@NICLAWGRP.COM

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146 Chestnut Street

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March 4, 2004

State of Florida  
Department of State  
Corporations Division  
Amendment Section  
409 East Gaines Street  
Tallahassee, FL 32399

RE: Biometrics 2000.com Corporation

Dear Sir/Madam:

Enclosed for filing with regard to the above named corporation please find Transmittal Letter, Articles of Merger and Plan of Merger together with our check in the amount of \$87.50 in payment of the filing fee for same and the fee for two certified copies.

I am enclosing a copy of this letter together with a self-addressed, postage-paid envelope. I would greatly appreciate your dating the copy of this letter with the date of receipt of the enclosed documents and returning same to me at your earliest opportunity.

Thank you for your assistance in this regard.

Sincerely yours,



Carol A. Baker-Hebert  
Legal Assistant

CAH/wp  
Enclosures  
cc: Joseph J. Turek, Jr.

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Carol A. Baker-Hebert  
Legal Assistant

CAH/wp  
Enclosures  
cc: Joseph J. Turek, Jr.

**TRANSMITTAL LETTER**

**TO:** Amendment Section  
Division of Corporations

**SUBJECT:** BIOMETRICS 2000 ACQUISITION CORPORATION  
(Name of surviving corporation)

The enclosed merger and fee are submitted for filing.

Please return all correspondence concerning this matter to the following:

CAROL A. HEBERT

(Name of person)

NICOLAI LAW GROUP, P.C.

(Name of firm/company)

146 CHESTNUT STREET

(Address)

SPRINGFIELD, MA 01103-1539

(City/state and zip code)

For further information concerning this matter, please call:

CAROL A. HEBERT

(Name of person)

at ( 413 ) 272-2000 ext. 4

(Area code & daytime telephone number)

☒ Certified copy (optional) \$8.75 (plus \$1 per page for each page over 8, not to exceed a maximum of \$52.50; please send an additional copy of your document if a certified copy is requested)

**Mailing Address:**

Amendment Section  
Division of Corporations  
P.O. Box 6327  
Tallahassee, FL 32314

**Street Address:**

Amendment Section  
Division of Corporations  
409 E. Gaines St.  
Tallahassee, FL 32399

FILED  
04 MAR -5 PM 10:00  
SECRETARY OF STATE  
BILAHASSEE, FLORIDA

**First:** The name and jurisdiction of the surviving corporation:

Document Number  
(If known/ applicable)

**Second:** The name and jurisdiction of each merging corporation:

Document Number  
(If known/ applicable)

P9900000 12798

**Third:** The Plan of Merger is attached.

**Fourth:** The merger shall become effective on the date the Articles of Merger are filed with the Florida Department of State.

OR \_\_\_\_\_ (Enter a specific date. NOTE: An effective date cannot be prior to the date of filing or more than 90 days in the future.)

**Fifth: Adoption of Merger by surviving corporation - (COMPLETE ONLY ONE STATEMENT)**

The Plan of Merger was adopted by the shareholders of the surviving corporation on OCTOBER 28, 2003

~~The Plan of Merger was adopted by the board of directors of the surviving corporation on  
xxxxxxxxxxxxxxxxxxxxxx and shareholder approval was not required.~~

**Sixth: Adoption of Merger by merging corporation(s) (COMPLETE ONLY ONE STATEMENT)**

The Plan of Merger was adopted by the shareholders of the merging corporation(s) on NOVEMBER 24, 2003.

The Plan of Merger was adopted by the board of directors of the merging corporation(s) on \_\_\_\_\_ and shareholder approval was not required.

*(Attach additional sheets if necessary)*


Name of Corporation

Signature \_\_\_\_\_

Typed or Printed Name of Individual & Title


BIOMETRICS 2000.COM  
CORPORATION

Signature



JOSEPH J. TUREK, JR., PRESIDENT

BIOMETRICS 2000 ACQUISITION  
CORPORATION

N 

PETER J. KEENAN, PRESIDENT

## **PLAN OF MERGER**

(Non Subsidiaries)

The following plan of merger is submitted in compliance with section 607.1101, F.S. and in accordance with the laws of any other applicable jurisdiction of incorporation.

**First:** The name and jurisdiction of the **surviving** corporation:

<u>Name</u>	<u>Jurisdiction</u>
BIOMETRICS 2000 ACQUISITION CORPORATION	NEW YORK

**Second:** The name and jurisdiction of each **merging** corporation:

<u>Name</u>	<u>Jurisdiction</u>
BIOMETRICS 2000.COM CORPORATION	FLORIDA
BIOMETRICS 2000 ACQUISITION CORPORATION	NEW YORK

**Third:** The terms and conditions of the merger are as follows:

SEE ATTACHED AGREEMENT AND PLAN OF MERGER MARKED EXHIBIT "A"

**Fourth:** The manner and basis of converting the shares of each corporation into shares, obligations, or other securities of the surviving corporation or any other corporation or, in whole or in part, into cash or other property and the manner and basis of converting rights to acquire shares of each corporation into rights to acquire shares, obligations, or other securities of the surviving or any other corporation or, in whole or in part, into cash or other property are as follows:

*(Attach additional sheets if necessary)*

THE FOLLOWING MAY BE SET FORTH IF APPLICABLE:

Amendments to the articles of incorporation of the surviving corporation are indicated below or attached as an exhibit:

OR

Restated articles are attached:

Other provisions relating to the merger are as follows:



## **EXHIBIT A**

### **AGREEMENT AND PLAN OF MERGER**

This Agreement this 29th day of October 2003 by and among **Biometrics 2000 Acquisition Corporation**, a New York corporation and wholly owned subsidiary of Parent ("Buyer"); **VillageWorld.com, Inc.**, a New York corporation ("Parent"); **Biometrics 2000.Com Corporation**, a Florida corporation (the "Company"); and certain shareholders of the Company as follows: Joseph Turek ("Turek"); Randy Wheeler ("Wheeler"); Michael Iveson ("Iveson") Frank Polidoro ("Polidoro"); and David Kern ("Kern" and together with Turek, Wheeler, Iveson and Polidoro collectively, jointly and severally, the "Sellers").

### **RECITALS**

A. The respective Boards of Directors of each of the Company, Buyer and Parent have approved and declared advisable the merger of the Company with and into Buyer (the "Merger") and approved the Merger upon the terms and subject to the conditions set forth in this Agreement, whereby each issued and outstanding share of the common stock, \$.001 par value, of the Company (a "Company Share" or, collectively, the "Company Shares"), will be converted into 7.35257 shares of common stock, \$.001 par value, of Parent ("Parent Common Stock"), and certain other consideration as provided herein.

B. The respective Boards of Directors of Buyer, Parent and the Company have determined that the Merger is in furtherance of and consistent with their respective long-term business strategies and is fair to and in the best interests of their respective stockholders.

C. It is intended that, for federal income tax purposes, the Merger shall qualify as a reorganization under the provisions of Section 368(a) of the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder (the "Code");

D. For financial accounting purposes, it is intended that the Merger will be accounted for as a "purchase";

**NOW, THEREFORE**, in consideration of the premises, and of the representations, warranties, covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

### **THE MERGER; CLOSING; EFFECT OF MERGER**

SECTION 1.1 The Merger. Upon the terms and subject to the conditions set forth in this Agreement and in accordance with the New York General Business Law, as amended (the "NYBCL") and the Florida Business Corporation Act, as

amended (the "FBCA"), at the Effective Time (as defined in Section 1.3 below), the Company shall be merged with and into Buyer and the separate corporate existence of the Company shall thereupon cease. Buyer shall be the surviving corporation in the Merger (sometimes hereinafter referred to as the "Surviving Corporation"), and the separate corporate existence of Buyer with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the merger, except as set forth herein. The Merger shall have the effects specified in the NYBCL and the FBCA.

SECTION 1.2 Closing. Subject to the terms and conditions of this Agreement, the closing of the Merger and the consummation of the other transactions contemplated hereby (the "Closing") shall take place at the offices of Rosen Einbinder & Dunn, P.C. 641 Lexington Avenue, New York, New York 10022 on October 31, 2003 at 10:00 a.m. local time (or at such other date, time and place as the parties hereto may agree).

SECTION 1.3 Effective Time. On the date of Closing, the Company and Buyer will cause a Certificate of Merger (the "Florida Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of Florida as provided in the FBCA and a Certificate of Merger (the "New York Certificate of Merger") to be executed, acknowledged and filed with the Secretary of State of New York as provided in Sections 902 and 904 of the NYBCL. The Merger shall become effective at the time when the Florida Certificate of Merger has been duly filed with the Secretary of State of Florida and the New York Certificate of Merger have been filed with the Secretary of State of New York or, if otherwise agreed by the Company and Buyer, such later date or time as is established by the Florida Certificate of Merger and the New York Certificate of Merger (the "Effective Time").

SECTION 1.4 Certificate of Incorporation. The certificate of incorporation of Buyer as in effect immediately prior to the Effective Time shall be the certificate of incorporation of the Surviving Corporation (the "Charter"), until duly amended as provided therein or by applicable law.

SECTION 1.5 By-Laws. The by-laws of Buyer in effect immediately prior to the Effective Time shall be the by-laws of the Surviving Corporation (the "By-Laws"), until thereafter amended as provided therein or by applicable law.

SECTION 1.6 Directors. The directors of the Company immediately prior to the Effective Time shall, from and after the Effective Time, be directors of the Surviving Corporation until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the By-Laws. As of the Effective Time, the authorized number of directors comprising the Board of Directors of Parent shall consist of not less than 3 and not more than 5 individuals. Individuals designated as follows shall be elected to the Board Directors of Parent at the Effective Time:

(A) three (3) individuals designated by the Company one of whom initially shall be Joseph J. Turek, one of whom initially shall be Michael Iveson and the other of whom initially shall be Katrina Champagne; and

(B) Two (2) individuals designated by Parent, one of whom initially shall be Peter J. Keenan and the other of whom initially shall be Celia Schiffner.

SECTION 1.7 Officers. The officers of the Company immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of Buyer until their successors have been duly elected or appointed and qualified or until their earlier death, resignation or removal in accordance with the Charter and the By-Laws.

SECTION 1.8 Effect on Capital Stock. At the Effective Time, as a result of the Merger and without any action on the part of the holder of any capital stock of Buyer.

(i) Merger Consideration. The Company shares issued and outstanding immediately prior to the Effective Time shall be converted into, and become exchangeable for 183,814,250 validly issued, fully paid and nonassessable shares of Parent Common Stock (the "Parent Shares" and the "Purchase Price"), which shall represent 55% percent of the issued and outstanding ordinary shares of Parent;

(ii) At the Effective Time, all Company Shares shall be canceled and the Company shall cease to exist, and each certificate (a "Certificate") formerly representing any Company Shares shall thereafter represent only the right to receive the shares of Parent Shares into which such Company Shares have been converted; and

(iii) Valuation of Parent Shares. It is agreed that the value of each Parent Share at the Effective Time shall be fixed at \$0.05 U.S. Dollars.

#### SECTION 1.9 Exchange of Certificates for Shares.

(a) Exchange. At Closing, Parent shall deliver or cause to be delivered to each respective owner of Company Shares and in each of their respective names certificates representing Parent Shares into which the Company Shares that such shareholders owns are to be converted as set forth on Schedule 1 attached hereto;

(b) Fractional Shares. No certificates or scrip representing fractional shares of Parent Shares shall be issued upon the surrender for exchange of Certificates pursuant to this Article I; no dividend or other distribution by Parent and no stock split, combination or reclassification shall relate to any such factional share; and no such fractional share shall entitle the record or beneficial owner thereof to vote or to any

other rights of a stockholder of Parent. In lieu of any such fractional share, each holder of Company Shares who would otherwise have been entitled thereto upon the surrender of Certificate(s) for exchange pursuant to this Article I will be paid an additional share of Parent Shares.

(c) Adjustments of Conversion Number. In the event that the Company changes the number of Company Shares or securities convertible or exchangeable into or exercisable for Parent Shares, or Parent changes the number of shares of Parent Common Stock, issued and outstanding prior to the Effective Time as a result of a reclassification, stock split (including a reverse split), dividend or distribution, recapitalization, merger (other than the Merger or the cancellation of options previously granted by the Company), subdivision, or other similar transaction with a dilutive effect, or if a record date with respect to any of the foregoing shall occur prior to the Effective Time, the conversion number shall be equitably adjusted.

## ARTICLE II

### REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE SELLERS

The Company and each of the Sellers, jointly and severally, represent, warrant and covenant to Buyer and Parent as follows and acknowledges that Buyer and Parent are relying upon such representations and warranties in connection with the Contemplated Transactions (as hereinafter defined):

SECTION 2.1 Capitalization. The authorized capital stock of the Company consists of 25,000,000 shares of common stock and 5,000,000 shares of preferred stock of which 25,000,000 of common stock shares are issued and outstanding. The Company has no shares of common stock in its treasury. The Company has no shares of preferred stock issued or outstanding and all 5,000,000 authorized shares of preferred stock are and always have been, unissued. Schedule 1 sets forth the name of each record and beneficial shareholder of the Company (each a "Shareholder" and collectively the "Shareholders") and the number of Company Shares held by each such person. Except as set forth on Schedule 2.1, the Company does not and, at the Closing, the Company will not, have outstanding any capital stock or other securities or any rights, warrants or options to acquire securities of the Company or any convertible or exchangeable securities and, other than Buyer pursuant to this Agreement, no person has or, at Closing will have, any right to purchase or otherwise acquire any securities of the Company. There are, and at Closing there will be, no outstanding obligations of the Company to repurchase, redeem or otherwise acquire any securities of the Company except as set forth on Schedule 2.1A. All of the Company Shares are, and at Closing will be, duly authorized, duly and validly issued, fully paid and non-assessable, and none were issued in violation of any preemptive rights, rights of first refusal or any other contractual or legal restrictions of any kind except as set forth on Schedule 2.1A.

SECTION 2.2 Title to the Shares. To the best of Company's and each Seller's knowledge and information each Shareholder is the beneficial owner and holds good and valid title to its Company Shares free and clear of any Lien. To the best of Company's and each Seller's knowledge and information, upon consummation of the Contemplated Transactions and the satisfaction of the conditions to Closing set forth herein, Buyer will own all of the issued and outstanding shares of capital stock of the Company, free and clear of any Lien. At the Closing, each Shareholder will deliver the Company Shares to Buyer free and clear of any Lien, other than restrictions imposed by the Securities Act of 1933, as amended, and applicable securities Laws.

SECTION 2.3 Authority Relative to this Agreement. Following approval of the Shareholders of the Company, the Company and each Seller will have full power, capacity and authority to execute and deliver each Transaction Document to which it is or, at Closing, will be, a party and to consummate the transactions contemplated hereby and thereby (the "Contemplated Transactions"). The execution, delivery and performance by the Company and each Seller of each Transaction Document and the consummation of the Contemplated Transactions to which the Company or any Seller is, or at Closing, will be, a party will have been duly and validly authorized by the Company or such Seller, and no other acts by or on behalf of the Company or any Seller will be necessary or required to authorize the execution, delivery and performance by the Company and each Seller of each Transaction Document and the consummation of the Contemplated Transactions to which it is or, at Closing, will be, a party. This Agreement and the other Transaction Documents to which the Company or Seller is a party will, upon approval of the Shareholders have been duly and validly executed and delivered by the Company or Seller, respectively, and (assuming the valid execution and delivery thereof by the other parties thereto) will constitute the legal, valid and binding agreements of the Company or such Seller, as the case may be, enforceable against the Company or Seller in accordance with their respective terms, except as such obligations and their enforceability may be limited by applicable bankruptcy and other similar Laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought (whether at law or in equity).

SECTION 2.4 No Conflicts; Consents. The execution, delivery and performance by the Company and each Seller of each Transaction Document to which it is a party and the consummation of the Contemplated Transactions to which the Company and each Seller is a party, upon approval of the Shareholders will not: (i) violate any provision of the certificate of incorporation or by-laws of the Company; (ii) require any Seller or the Company to obtain any consent, approval or action of or waiver from, or make any filing with, or give any notice to, any Governmental Body or any other person, except as set forth on Schedule 2.4 (the "Seller Required Consents"); (iii) violate, conflict with or result in a breach or default under (with or without the giving of notice or the passage of time or both), or permit the suspension or termination of, any material Contract (including any Real Property Lease) to which any Seller or the Company is a party or by which any of them or any of their assets is bound or subject, or to the best of Company's and each Seller's knowledge and information result in the

creation of any Lien upon any of the Company Shares or upon any of the Assets of the Company; (iv) violate any Order, any Law, of any Governmental Body against, or binding upon, the Company or upon any of their respective assets or the Business; or (v) violate or result in the revocation or suspension of any Permit.

SECTION 2.5 Corporate Existence and Power. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida, and has all requisite powers, authority and all Permits required to own and/or operate its Assets and to carry on the Business as conducted as of the date hereof. The Company is duly qualified to do business and is in good standing in each state of the United States and in each other jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary. The Company has no Subsidiaries and does not directly or indirectly own any equity or other interest or investment in any other person.

SECTION 2.6 Charter Documents and Corporate Records. The Company has heretofore delivered to Buyer true and complete copies of the certificate of incorporation, by-laws and minute books, or comparable instruments, of the Company as in effect on the date hereof. The stock transfer books of the Company have been made available to Buyer for its inspection and are true and complete in all respects in accordance with their tenor.

SECTION 2.7 Financial Information. (a) Schedule 2.7A sets forth true, complete and correct copies of: (i) the Company's reviewed financial statements as of and for the years ended December 31, 2002 and December 31, 2001 (the "Annual Statements"); (ii) the Company's unaudited financial statements as of and for the nine months ended September 30, 2003 (the "Interim Statements"); and (iii) all management letters, management representation letters and attorney audit response letters issued in connection with the Annual Statements and the Interim Statements. Each of the Annual Statements and the Interim Statements present fairly and accurately in all material respects the financial position of the Company as of its date, and the earnings, changes in stockholders' equity and cash flows thereof for the periods then ended in accordance with GAAP, consistently applied. Each balance sheet contained therein or delivered pursuant hereto fully sets forth all consolidated Assets and Liabilities of the Company existing as of its date which, under GAAP, should be set forth therein, and each statement of earnings contained therein or delivered pursuant hereto sets forth the items of income and expense of the Company which should be set forth therein in accordance with GAAP.

(b) All financial, business and accounting books, ledgers, accounts and official and other records relating to the Company have been properly and accurately kept and completed, and the Company has no knowledge, notice belief or information there are any material inaccuracies or discrepancies contained or reflected therein.

SECTION 2.8 Liabilities. The Company has not incurred any Liabilities since September 30, 2003 (the "Latest Balance Sheet Date") except (i) current Liabilities for trade or business obligations incurred in connection with the purchase of goods or services in the ordinary course of the Business and consistent with past practice, and (ii) Liabilities reflected on any balance sheet included in the Interim Statements referred to in Section 2.7(a).

SECTION 2.9 Company Receivables. Except to the extent of the amount of the allowance for doubtful accounts reflected in the Interim Statements, all the Receivables of the Company reflected therein, and all Receivables that have arisen since the Latest Balance Sheet Date (except Receivables that have been collected since such date), are valid and enforceable Claims subject to no known defenses, offsets, returns, allowances or credits of any kind, and constitute bona fide Receivables collectible in the ordinary course of the Business except as enforceability may be limited by applicable bankruptcy, reorganization, insolvency, moratorium, fraudulent conveyance or similar laws or principles of equity affecting the enforcement of creditors rights generally.

SECTION 2.10 Absence of Certain Changes. (a) Since January 1, 2003, the Company has conducted the Business in the ordinary course consistent with past practice and there has not been:

(i) Any material adverse change in the Condition of the Business;

(ii) Any damage, destruction or other casualty loss (whether or not covered by insurance), condemnation or other taking affecting the Business or the Assets of the Company;

(iii) Any change in any method of accounting or accounting practice by the Company;

(iv) Except for normal increases granted in the ordinary course of business, any increase in the compensation, commission, bonus or other direct or indirect remuneration paid, payable or to become payable to any officer, stockholder, director, consultant, agent or employee of the Company, or any alteration in the benefits payable or provided to any thereof;

(v) Any material adverse change in the relationship of the Company with its employees, customers, suppliers or vendors;

(vi) Except for any changes made in the ordinary course of Business, any material change in any of the Company's business policies, including advertising, marketing, selling, pricing, purchasing, personnel, returns or budget policies;

(vii) Any agreement or arrangement whether written or oral to do any of the foregoing.

(b) The Company has no Liability that is past due except as shown on the Annual Statements and Interim Statements.

SECTION 2.11 Leased Real Property. (a) The Company has no fee interest, purchase options or rights of first refusal in any real property and the Company has no leasehold or other interest in any real property, except as set forth on Schedule 2.11 (the "Leased Real Property"), and all leases including all amendments, modifications, extensions, renewals and/or supplements thereto (collectively, "Real Property Leases") are described on Schedule 2.11.

SECTION 2.12 Personal Property: Assets. The Company has good and valid title to (or valid leasehold interest in) all of its personal property and Assets, free and clear of all Liens, except the Permitted Liens and as indicated on Schedule 2.12. The machinery, equipment, computer software and other tangible personal property constituting part of the Assets and all other Assets (whether owned or leased) are in good condition and repair (subject to normal wear and tear) and are reasonably sufficient and adequate in quantity and quality for the operation of the Business as previously and presently conducted. Schedule 2.12 contains a list and description of all tangible personal property owned or leased by the Company with a book value (before depreciation) of \$2,000 or more. The Assets constitute all of the assets, which are necessary to operate the Business of the Company as currently conducted.

SECTION 2.13 Contracts. (a) Schedule 2.13 sets forth an accurate and complete list of all Contracts to which the Company is a party or by which it or its Assets are bound or subject that: (i) cannot be canceled upon 30 days' notice without the payment or penalty of less than One Thousand Dollars (\$1,000); or (ii) involve aggregate annual future payments by or to any person of more than Five Thousand Dollars (\$5,000). True and complete copies of all written Contracts (including all amendments thereto and waivers in respect thereof) and summaries of the material provisions of all oral Contracts so listed have been made available to Buyer.

(b) All Contracts to which the Company is a party are valid, subsisting, in full force and effect and binding upon the Company and the other parties thereto, in accordance with their terms, except that no representation or warranty is given as to the enforceability of any oral Contracts. To the best of the Company's knowledge and belief, except as set forth on Schedule 2.12, the Company is not in default (or alleged default) under any such Contract.

SECTION 2.14 Patents and Intellectual Property Rights. (a) Schedule 2.14 sets forth a list of each patent, trademark, trade name, service mark, brand mark, brand name, and registered copyright as well as all registrations thereof and pending applications therefor, and each license or other contract relating thereto (collectively, the



"Intellectual Property") owned or used in connection with the Business by the Company and indicates, with respect to each item of Company's Intellectual Property that is licensed by the Company, the name of the licensor thereof and, with respect to oral Contracts, the terms of such license relating thereto. To the Company's knowledge, the use of the foregoing by the Company does not conflict with, infringe upon, violate or interfere with or constitute an appropriation of any right, title, interest or goodwill, including, without limitation, any intellectual property right, patent, trademark, trade name, service mark, brand name, computer program, database, industrial design, trade secret, copyright or any pending application thereto of any other person and there have been no claims made and the Company has not received any notice or otherwise know that any of the foregoing is invalid or conflicts with the asserted rights of other Persons or have not been used or enforced or have been failed to be used or enforced in a manner that would result in the abandonment, cancellation or unenforceability of the Intellectual Property, except as set forth on Schedule 2.14A.

(b) The Company owns or has rights to use all Intellectual Property, know-how, formulae and other proprietary and trade rights necessary to conduct the Business as it is now conducted. The Company has not forfeited or otherwise relinquished any such Intellectual Property, know-how, formulae or other proprietary right used in the conduct of the Business as now conducted.

(c) To the extent used in the conduct of the Business by the Company, each of the licenses or other contracts relating to the Company's Intellectual Property (collectively, the "Intellectual Property Licenses") is in full force and effect and is valid and enforceable in accordance with its terms, subject to applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity (regardless of whether enforcement is sought in a proceeding at law or in equity), and there is no notice or claim of default under any Intellectual Property License either by the Company or, to the Company's knowledge, by any other party thereto, and to the Company's knowledge, no event has occurred that with the lapse of time or the giving of notice or both would constitute a default by the Company thereunder.

SECTION 2.15 Claims and Proceedings. There are no outstanding Orders of any Governmental Body against or involving the Company, its Assets, the Business, the Company Shares or any Seller with respect to the Company Shares. Except as disclosed on Schedule 2.15, there are no actions, suits, claims or counterclaims, examinations, audits or legal, administrative, governmental or arbitral proceedings or investigations (collectively, "Claims") (whether or not the defense thereof or Liabilities in respect thereof are covered by insurance), pending or, to the best of the Company's knowledge, threatened on the date hereof, against or involving the Company, its Assets, the Business or the Company Shares.

SECTION 2.16 Taxes. (a) Except as set forth in Schedule 2.16:

(i) The Company has timely filed or, if not yet due but due before Closing, will timely file all Tax Returns required to be filed by it for all taxable periods ending on or before the date of Closing and all such Tax Returns are or, if not yet filed, will be, upon filing, true, correct and complete in all material respects;

(ii) the Company has paid, or if payment is not yet due but due before Closing, will promptly pay when due to each appropriate Tax Authority, all Taxes of the Company shown as due on the Tax Returns required to be filed by it for all taxable periods ending on or before the date of Closing;

(iii) the accruals for Taxes currently payable as well as for deferred Taxes shown on the financial statements of the Company as of the date of the Interim Statements or the date of any financial statements delivered hereunder: (A) adequately provide for all contingent Tax Liabilities of the Company as of the date thereof; and (B) accurately reflect, as of the date thereof, all unpaid Taxes of the Company whether or not disputed, in each case as required to be reflected thereon in order for such statements to be in accordance with GAAP;

(iv) no extension of time has been requested or granted for the Company to file any Tax Return that has not yet been filed or to pay any Tax that has not yet been paid and the Company has not granted a power of attorney that remains outstanding with regard to any Tax matter;

(v) the Company has not received notice of a determination by a Tax Authority that Taxes are currently owed by the Company (such determination to be referred to as a "Tax Deficiency") and, to the Company's knowledge, no Tax Deficiency is proposed or threatened;

(vi) all Tax Deficiencies have been paid or finally settled and all amounts determined by settlement to be owed have been paid;

(vii) there are no Tax Liens on or pending against the Company or any of the Assets, other than those which constitute Permitted Liens;

(viii) there are no presently outstanding waivers or extensions or requests for a waiver or extension of the time within which a Tax Deficiency may be asserted or assessed;

(ix) no issue has been raised in any examination, investigation, audit, suit, action, claim or proceeding relating to Taxes (a "Tax Audit") which, by application of similar principles to any past, present or future period, would result in a Tax Deficiency for such period;

(x) there are no pending or threatened Tax Audits of the Company;

(xi) the Company has not ever been required to include in income any adjustment pursuant to section 481 of the Code or pursuant to a closing agreement as defined in section 7121 of the Code and no Tax Authority has ever made or proposed any such adjustment;

(xii) the Company does not own any property that is tax-exempt use property within the meaning of section 168(b) of the Code;

(xiii) the Company has not filed a consent pursuant to section 341(f) of the Code;

(xiv) the Company is not now nor has ever been: (a) an includable member of an "affiliated group" within the meaning of section 1504(a) of the Code; (b) a member of any consolidated, combined or unitary Tax Return filing group; (c) a party to an agreement that obligates it to make any payment computed by reference to the Taxes, taxable income or tax losses of any other individual or entity; (d) a personal holding company as defined in section 542 of the Code; (e) the owner of an interest in an entity that is or is treated as a partnership, trust, regulated investment company as defined in section 851 of the Code, real estate investment trust as defined in section 856 of the Code or foreign personal holding company as defined in section 552(a) of the Code; (f) a United States shareholder as defined in section 951(b) of the Code of a controlled foreign corporation as defined in section 957 of the Code; or (g) a United States real property holding company within the meaning of section 897(c)(2) of the Code;

(xv) the Company has no deferred intercompany gains or losses that have not been fully taken into income for income Tax purposes;

(xvi) there are no transfer or other taxes (other than income taxes) imposed by any state on the Company by virtue of the Contemplated Transactions; and

(xvii) no claim has been made by any Tax Authority that the Company is subject to Tax in a jurisdiction in which the Company is not then paying Tax of the type asserted.

Each reference to a provision of the Code in this Section 2.16 shall be treated for state and local Tax purposes as a reference to analogous or similar provisions of state and local law.

(b) To the Company's knowledge, the Company has collected and remitted to the appropriate Tax Authority all sales and use or similar Taxes required

to be collected on or prior to the date of Closing and has been furnished properly completed exemption certificates for all exempt transactions and has no information otherwise or notice of any claim by any government or jurisdiction with regards thereto. The Company has maintained and has in its possession all records, supporting documents and exemption certificates required by applicable sales and use Tax statutes and regulations to be retained in connection with the collection and remittance of sales and use Taxes for all periods up to and including the date of Closing. With respect to sales made by the Company prior to the date of Closing for which sales and use Taxes are not yet due as of the date of Closing, all applicable sales and use Taxes payable with respect to such sales will have been collected or billed by the Company and will be included in the Assets of the Company as of the date of Closing.

SECTION 2.17 Employee Benefits Plans. Neither the Company nor the Business, nor any portion of the Business (all of the above hereinafter individually and collectively called the "Entity"), nor any other company, entity or person which together with the Entity constitutes a member of the Entity's "controlled group" or "affiliated service group" (within the meaning of Sections 4001(a)(14) and/or (b) of ERISA and/or Sections 414(b), (c), (m) or (o) of the Code (such group or groups and each member thereof hereinafter referred to individually and collectively as the "Group")), has at any time adopted or maintained, has any Liability or is a fiduciary with respect to or has any present or future obligation to contribute to or make payment under: (i) any employee benefit plan (as defined in Section 3(3) of ERISA); or (ii) any other benefit plan, program, Contract or arrangement of any kind whatsoever (whether for the benefit of present, former, retired or future employees, officers, directors, consultants or independent contractors of the Entity or the Group, or for the benefit of any other person or persons) including, without limitation, arrangements providing for contributions, benefits or payments in the event of a change of ownership or control in whole or in part of the Entity or the Group, or with respect to disability, relocation, child care, educational assistance, deferred compensation, pension, retirement, profit sharing, thrift, savings, stock ownership, stock bonus, restricted stock, health, dental, medical, life, hospitalization, stock purchase, stock option, incentive, bonus, sabbatical leave, vacation, severance, cafeteria or other contribution, benefit or payment of any kind; or (iii) any employment, consulting, service or other contract or agreement of any kind whatsoever (all such employee benefit plans and other benefit plans, programs, contracts or arrangements and such employment, consulting, service or other contracts or agreements whether written or oral hereinafter individually and collectively called the "Employee Benefit Plan(s)"). No Entity and no Group has completely or partially withdrawn within the meaning of Title IV of ERISA from any "multiemployer plan" within the meaning of Section 3(37) of ERISA or any "single employer plan" (within the meaning of Section 4001(a)(15) of ERISA) which has two or more contributing sponsors at least two of whom are not under common control.

SECTION 2.18 Employee-Related Matters. (a) Schedule 2.18 contains a true and complete list, by category, of all directors, full-time employees, part-time and other employees and consultants of the Company, including any Contracts or agreements relating thereto and the amount of vacation, sick days, personal days and other leave

accrued by, each such person or entity. Schedule 2.18 also contains a description of all existing severance, accrued vacation or other leave policies or retiree benefits of any current or former director, officer, employee or consultant. Except as set forth on Schedule 2.18, the employment or consulting arrangement of all such persons is, subject to applicable laws involving the wrongful termination of employees, terminable at will (without the imposition of penalties or damages) by the Company. Buyer has been provided with true and complete (i) copies of all manuals and handbooks applicable to any current or former director, officer, employee or consultant of the Company, (ii) copies of all employee trade secret, non-compete, non-disclosure and invention assignment agreements, and (iii) descriptions of all existing severance, accrued vacation or other leave policies or retiree benefits of any such director, officer, employee or consultant.

(b) No current employee of the Company is: (i) absent on a military leave of absence and/or eligible for rehire under the terms of the Uniformed Services Employment and Reemployment Rights Act; or (ii) absent on a leave of absence under the Family and Medical Leave Act. Schedule 2.18 contains a true and complete list of: (1) each qualified beneficiary (within the meaning of Section 4980B(g)(1) of the Code) of any group health plan (within the meaning of Section 4980B(g)(2) of the Code) which is an Employee Benefit Plan who as of the date hereof, is eligible for continuation of group health plan coverage under any Employee Benefit Plan on account of a qualifying event (within the meaning of Section 4980B(f)(3) of the Code) occurring on or prior to the date of Closing; and (2) with respect to each such qualified beneficiary, the date and nature of such qualifying event.

(c) Since January 1, 2003, except as set forth on Schedule 2.18: (i) no employee has terminated or threatened to terminate its relationship with the Company; and (ii) no employee has threatened to decrease or limit materially its relationship with the Company.

**SECTION 2.19 Insurance.** Schedule 2.19 sets forth a list of all insurance policies, fidelity and surety bonds and fiduciary liability policies (the "Insurance Policies"), as well as all self-insurance programs, covering the Assets, the Business, operations, employees, officers and directors of the Company and true and complete copies of all such Insurance Policies and self-insurance programs ("Self-Insurance Programs") have been delivered to Buyer. Schedule 2.19 also sets forth: (a) with respect to each Insurance Policy the applicable deductible amounts and any material limitations on coverage; (b) any letter of credit relating to any such Insurance Policy and all inspections and reports delivered to the Company by any insurer with respect to such Insurance Policies, copies of which have been delivered to Buyer; and (c) a true and complete list of Claims made in respect of each Insurance Policy or Self-Insurance Program during the two (2) years prior to the date hereof. True and correct copies of all loss runs with respect to such period have been delivered to Buyer. There is no Claim by the Company pending under any of such Insurance Policies as to which coverage has been questioned, denied or disputed by the underwriters of such Insurance Policies or requirement by any insurer to perform work which has not been satisfied. All Insurance

Policies are in full force and effect. To the best of the Company's knowledge, belief and information, each Insurance Policy is of the type and in amounts customarily carried by persons conducting a business similar to that of the Company. No premiums are or will be payable under Insurance Policies after the Closing in respect of insurance provided for periods prior to the date of Closing. Claims under all such Insurance Policies are payable on an "occurrence basis."

SECTION 2.20 Compliance with Laws. The Company is not in violation of any order, judgment, injunction, award, citation, decree, consent decree or writ (collectively, "Orders") and to the best of the Company's knowledge, belief and information, any Laws of any Governmental Bodies affecting the Company, the Company Shares (except as disclosed in Schedule 2.1A) or the Business.

SECTION 2.21 Permits. The Company has obtained all licenses, permits, certificates, certificates of occupancy, orders, authorizations and approvals (collectively, "Permits"), and has made all required registrations and filings with all Governmental Bodies, that are necessary to the ownership of the Assets, the use and occupancy of the Leased Real Property, as presently used and operated, and the conduct of the Business or otherwise required to be obtained by the Company. All Permits required to be obtained or maintained by the Company are listed on Schedule 2.21 and are in full force and effect; no violations are or have been recorded, nor have any notices or violations thereof been received, in respect of any Permit; and no proceeding is pending or threatened to revoke or limit any Permit; and the consummation of the Contemplated Transactions will not (or with the giving of notice or the passage of time or both will not) cause any Permit to be revoked or limited.

SECTION 2.22 Environmental Matters. (a) To the best of the Company's knowledge, belief and information, the Company is, and at all times has been, in full compliance with, and has not been and is not in violation of or liable under, any Environmental Law. The Company has not any basis to expect, nor has any of them or any other person for whose conduct they are or may be held to be responsible received, any actual or threatened order, notice, or other communication from: (i) any Governmental Body or private citizen acting in the public interest, or (ii) the current or prior owner or operator of any real property, leaseholds, or other interests currently or formerly owned or operated by the Company and any buildings, plants, structures or equipment currently or formerly owned or operated by the Company (the "Company Facilities"), of any actual or potential violation or failure by the Company to comply with any Environmental Law, or of any actual or threatened obligation by the Company to undertake or bear the cost of any Environmental Liabilities with respect to any of the Company Facilities or any other properties or assets (whether real, personal, or mixed) in which the Company has had an interest, or with respect to any property or Company Facility at or to which Hazardous Materials were generated, manufactured, refined, transferred, imported, used, or processed by the Company, or any other person for whose conduct the Company may be held responsible, or from which Hazardous Materials have been transported, treated, stored, handled, transferred, disused, recycled, or received.

(b) To the Company's knowledge, there are no pending or threatened claims, encumbrances, or other restrictions of any nature, resulting from any Environmental Liabilities or arising under or pursuant to any Environmental Law, with respect to or affecting any of the Company Facilities or any other properties and assets (whether real, personal, or mixed) in which the Company has or had an interest.

(c) The Company has no knowledge of any basis to expect, nor has any of them or any other person for whose conduct they are or may be held responsible, received, any citation, directive, inquiry, notice, order, summons, warning, or other communication that relates to Hazardous Materials, or any alleged, actual, or potential violation or failure to comply with any Environmental Law, or of any alleged, actual, or potential obligation to undertake or bear the cost of any Environmental Liabilities with respect to any of the Company Facilities or any other properties or assets (whether real, personal, or mixed) in which the Company had an interest, or with respect to any property or facility to which Hazardous Materials generated, manufactured, refined, transferred, imported, used, or processed by the Company, or any other person for whose conduct the Company may be held responsible, have been transported, treated, stored, handled, transferred, disposed, recycled, or received.

(d) To the best of the Company's and each Seller's knowledge, belief and information, the Company, or any other Person for whose conduct it is or may be held responsible, has not incurred and is not currently subject to any Environmental Liabilities with respect to the Company Facilities or with respect to any other properties and assets (whether real, personal, or mixed) in which the Company (or any predecessor), has or had an interest, or at any property geologically or hydrologically adjoining the Company Facilities or any such other property or assets.

(e) To the Company's knowledge, there are no Hazardous Materials present on or in the environment at the Company Facilities or at any geologically or hydrologically adjoining property, including any Hazardous Materials contained in barrels, above or underground storage tanks, landfills, land deposits, dumps, equipment (whether moveable or fixed) or other containers, either temporary or permanent, and deposited or located in land, water, sumps, or any other part of the Company Facilities or such adjoining property, or incorporated into any structure therein or thereon. To the Company's knowledge, the Company any other person for whose conduct they are or may be held responsible, or any other person, has permitted or conducted, or is aware of, any hazardous activity conducted with respect to the Company Facilities or any other properties or assets (whether real, personal, or mixed) in which the Company has or had an interest except in full compliance with all applicable Environmental Laws.

(f) To the Company's knowledge, there has been no Release or, threat of Release, of any Hazardous Materials at or from the Company Facilities or at any other locations where any Hazardous Materials were generated, manufactured, refined, transferred, produced, imported, used, or processed from or by the Company

Facilities, or from or by any other properties and assets (whether real, personal, or mixed) in which the Company has or had an interest, or any geologically or hydrologically adjoining property, whether by the Company, or any other person.

(g) The Company has no reports, studies, analyses, tests, or monitoring possessed or initiated by the Company pertaining to Hazardous Materials or hazardous activities in, on, or under the Company Facilities, or concerning compliance by the Company or any other person for whose conduct they are or may be held responsible, with Environmental Laws.

SECTION 2.23 Finders Fees. There is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of any Seller or the Company who might be entitled to any fee or commission from any Seller or the Company in connection with the consummation of the Contemplated Transactions.

SECTION 2.24 Depositories; Powers of Attorney, etc. Schedule 2.24 sets forth: (i) the name of each bank, financial institution or similar entity in which the Company has an account, lock box or safe deposit box and the names of all persons authorized to draw thereon or to have access thereto; and (ii) the name of each person holding a general or special power of attorney from the Company and a description of the terms thereof.

SECTION 2.25 Related Party Transactions. Except as set forth on Schedule 2.25, there are no Contracts or other agreements or arrangements (whether or not in writing) of any nature between the Company, on the one hand, and any Affiliate of the Company or any officer, director or stockholder of the Company or any Affiliate of the Company (each a "Company Related Party"), on the other hand ("Company Related Party Contracts"), including but not limited to any Contract for money owed by or to any of them. No Company Related Party has any Claim against or Liability to the Company and the Company has no Claim against or Liability to any Company Related Party and, to the Company's knowledge, no fact or circumstance exists which is reasonably likely to give rise to any such Claim against or by or Liability to or from any Company Related Party under any Company Related Party Contract or otherwise, except as set forth on Schedule 2.25.

SECTION 2.26 Restrictions on Business Activities. There is no Order or Contract binding upon the Company, or Law binding upon the Company which has had or could reasonably be expected to have the effect of prohibiting or adversely affecting: (i) competition by the Company; (ii) any existing business practice of the Company; (iii) any acquisition of property by the Company; or (iv) the Condition of the Business.

SECTION 2.27 Disclosure. Neither this Agreement, the Schedules hereto, nor any reviewed or unaudited financial statements, documents or certificates furnished or to be furnished to Buyer by or on behalf of the Company pursuant to this



Agreement contains or will contain any untrue statement of a material fact or omits or will omit to state a material fact necessary in order to make the statements contained herein or therein not misleading. There are no events, transactions or other facts, which, either individually or in the aggregate, may give rise to circumstances or conditions which would have a material adverse effect on the general affairs or Condition of the Business.

SECTION 2.28 Ability to Conduct Business. The Assets are sufficient and adequate to permit the continued operation of the Business as it has been conducted since the inception of the Company and, assuming all Seller Required Consents are obtained, the consummation of the Contemplated Transactions hereby will enable Buyer to conduct the Business as it has been conducted.

### ARTICLE III

#### REPRESENTATIONS AND WARRANTIES OF BUYER AND PARENT

Buyer and Parent jointly and severally represent, warrant and covenant to Sellers and the Company as follows and acknowledge that the Sellers and the Company is relying upon such representations and warranties in connection with the Contemplated Transactions:

SECTION 3.1 Authority Relative to this Agreement. Buyer and Parent have full power and authority to execute and deliver each Transaction Document to which they are or, at Closing, will be, a party and to consummate the Contemplated Transactions. Following the approval of the shareholders of the Parent with respect to the Contemplated Transactions, the execution, delivery and performance by Buyer and Parent of each Transaction Document and the consummation of the Contemplated Transactions to which they are or, at Closing, will be, a party have been duly and validly authorized and approved by Buyer and Parent and no other acts by or on behalf of Buyer or Parent are necessary or required to authorize the execution, delivery and performance by Buyer and Parent of each Transaction Document and the consummation of the Contemplated Transactions to which they are or, at Closing, will be a party. This Agreement and the other Transaction Documents to which Buyer and Parent is a party have been, duly and validly executed and delivered by Buyer and Parent and (assuming the valid execution and delivery thereof by the other parties thereto) constitutes, or will, at the Closing, constitute, as the case may be, the legal, valid and binding agreements of Buyer and Parent enforceable against each of them in accordance with their respective terms, except as such obligations and their enforceability may be limited by applicable bankruptcy and other similar Laws affecting the enforcement of creditors' rights generally and except that the availability of equitable remedies is subject to the discretion of the court before which any proceeding therefor may be brought (whether at law or in equity).

SECTION 3.2 No Conflicts; Consents. The execution, delivery and performance by Buyer and Parent of each Transaction Document to which they are, a party and the consummation of the Contemplated Transactions to which Buyer and

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Parent is a party does not and will not: (i) violate any provision of the certificate of incorporation or by-laws of Buyer or Parent, as the case may be; (ii) require Buyer or Parent to obtain any consent, approval or action of or waiver from, or make any filing with, or give any notice to, any Governmental Body or any other person, except as set forth on Schedule 3.2 (the "Buyer Required Consents"); (iii) except as set forth in Schedule 3.2, violate, conflict with or result in the breach or default under (with or without the giving of notice or the passage of time), or permit the suspension or termination of, any material Contract to which Buyer or Parent is a party or any of them or any of their assets is bound or subject or result in the creation or any Lien upon any of Parent Common Stock or upon any Assets of Buyer or Parent; or (iv) violate any Order or, to Buyer's knowledge, any Law of any Governmental Body against, or binding upon, Buyer or Parent, or upon any of their respective assets or businesses.

SECTION 3.3 Corporate Existence and Power of Buyer. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, and has all requisite corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

SECTION 3.4 Corporate Existence and Power of Parent. Parent is a corporation duly organized, validly existing and in good standing under the laws of the State of New York, and has all requisite corporate powers and all material governmental licenses, authorizations, consents and approvals required to carry on its business as now conducted.

SECTION 3.5 Finders Fees. Except for PHD Capital, there is no investment banker, broker, finder or other intermediary which has been retained by or is authorized to act on behalf of Buyer or Parent who might be entitled to any fee or commission from Buyer or Parent in connection with the consummation of the Contemplated Transactions.

SECTION 3.6 The Parent Common Stock. The Parent Common Stock has been duly authorized by Parent and, when issued to Sellers pursuant to Section 1.8(i) hereto, will be duly issued, fully paid and non-assessable shares of Parent Common Stock. The Parent Common Stock, when issued pursuant hereto: (i) will not be issued in violation of or subject to any preemptive rights, rights of first refusal or, other than as set forth in this Agreement, contractual restrictions of any kind; and (ii) will vest in Sellers good title to Parent Common Stock free and clear of all Liens other than those created by the Sellers or hereby.

SECTION 3.7 Disclosure of Information. Buyer has been given the opportunity: (i) to ask questions of, and to receive answers from, persons acting on behalf of the Company concerning the terms and conditions of the Contemplated Transactions and the business, properties, prospects and financial conditions of the Company; and (ii) to obtain any additional information (to the extent the Company or any of the Sellers

possesses such information or is able to acquire it without unreasonable effort or expense and without breach of confidentiality obligations) necessary to verify the accuracy of information provided about the Company.

**SECTION 3.8 SEC Filings.** Parent has filed with the SEC all forms, reports, schedules, and statements that were required to be filed by it with the SEC within the three (3) year period ending on the Effective Time, and previously has furnished or made available to the Company accurate and complete copies of all the SEC Documents. As of their respective dates, the SEC Documents were prepared in accordance with the Exchange Act and the Securities Act and did not contain any untrue statement of a material fact or omit to state a material fact required to be stated in those documents or necessary to make the statements in those documents not misleading, in light of the circumstances under which they were made. Parent shall deliver to the Company as soon as they become available accurate and complete copies of any report or statement that it mails to its shareholders generally or files with the SEC during the period after the date of this Agreement and before the Closing Date including but not limited to the Information Statement on Form 14-C in connection with the shareholder approval of the Contemplated Transactions ("Form 14-C"). As of their respective dates, these reports and statements will not contain any untrue statement of a material fact or omit to state a material fact required to be stated in them or necessary to make the statements in them not misleading, in light of the circumstances under which they are made and these reports and statements will comply in all material respects with all applicable requirements of the Exchange Act and the Securities Act.

**SECTION 3.9 Financial Statements.** The audited consolidated financial statements and unaudited consolidated interim financial statements of Parent and its Subsidiaries that are included or incorporated in the SEC Documents were prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as otherwise indicated in the notes to them) and fairly present the consolidated financial position, results of operations, and cash flows from operating, investing, and financing activities of Parent and its Subsidiaries as of the dates and for the periods indicated, except that the unaudited consolidated interim financial statements in the SEC Documents are subject to normal year-end adjustments and were prepared in accordance with the instructions to SEC Form 10-QSB and, accordingly, omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with GAAP. The consolidated financial statements of Parent and its Subsidiaries that are included or incorporated in any subsequent report or statement that Parent mails to its shareholders generally or files with the SEC during the period after the date of this Agreement and before the Closing Date will be prepared in accordance with GAAP applied on a consistent basis during the periods involved (except as otherwise indicated in them, the notes to them, or any related report of Parent's independent accountants) and will fairly present the financial information that they purport to present, except that the unaudited, consolidated interim financial statements will be subject to normal year-end adjustments and will omit or condense certain footnotes and other information normally included in financial statements prepared in accordance with GAAP.

SECTION 3.10 Capitalization. The authorized capital stock of Parent consists of 200,000,000 shares of common stock \$0.001 par value, 1,000,000 shares of Class B preferred stock, and 25,000 shares of Class C preferred stock. Parent has 147,217,695 shares of common stock issued and outstanding, no Class C Preferred or Class B Preferred shares are issued and outstanding. Parent has 65,279 shares of common stock in its treasury. Following approval of the shareholders of Parent of the Contemplated Transactions, the authorized capital stock of Parent will consist of 350,000,000 shares of common stock \$0.001 par value, 1,000,000 shares of Class B preferred stock, and 25,000 shares of Class C preferred stock. Except as set forth on Schedule 3.10, Parent does not and, at the Closing, Parent will not, have outstanding any capital stock or other securities or any rights, warrants or options to acquire securities of Parent or any convertible or exchangeable securities and, other than Buyer pursuant to this Agreement, no person has or, at Closing will have, any right to purchase or otherwise acquire any securities of Parent. There are, and at Closing there will be, no outstanding obligations of Parent to repurchase, redeem or otherwise acquire any securities of Parent. All of Parent Common Stock is, and at Closing will be, duly authorized, duly and validly issued, fully paid and non-assessable, and none were issued in violation of any preemptive rights, rights of first refusal or any other contractual or legal restrictions of any kind. Any Subsidiaries of Parent are wholly owned by Parent and any Subsidiary of Parent does not and, at the Closing, will not, have outstanding any capital stock or other securities or any rights, warrants or options to acquire securities of any Subsidiary of Parent or any convertible or exchangeable securities and, other than such capital stock or other securities of such Subsidiary owned by Buyer, no person has or, at Closing will have, any right to purchase or otherwise acquire any securities of any Subsidiary of Parent.

SECTION 3.11 Charter Documents and Corporate Records. Each of Parent and Buyer has heretofore delivered to the Company true and complete copies of the certificate of incorporation, by-laws and minute books, or comparable instruments, of Parent and Buyer as in effect on the date hereof. The stock transfer books of Parent and Buyer have been made available to the Company for its inspection and are true and complete in all respects.

#### ARTICLE IV

#### COVENANTS AND AGREEMENTS

The Company covenants to Buyer and Buyer and Parent, jointly and severally, covenant to the Company that:

SECTION 4.1 Filings and Authorizations. The parties hereto shall cooperate and use their respective best efforts to make, or cause to be made, all registrations, filings, applications and submissions, to give all notices and to obtain all governmental or other third party consents, transfers, approvals, Orders and waivers necessary or desirable for the consummation of the Contemplated Transactions in accordance with the terms of this Agreement and shall furnish copies thereof to each other party prior to such filing and shall not make any such registration, filing,

application or submission to which Buyer or the Company, as the case may be, reasonably objects in writing. All such filings shall comply in form and content in all material respects with applicable Law. The parties hereto also agree to furnish each other with copies of such filings and any correspondence received from any Governmental Body in connection therewith.

SECTION 4.2 Confidentiality. Each party hereto shall hold in strict confidence, and shall use its best efforts to cause all of its officers, employees, agents and professional counsel and accountants, (collectively, "Representatives") to hold in strict confidence, unless compelled to disclose by judicial or administrative process, or by other requirements of Law, all information concerning any other party which it has obtained from such party prior to, on, or after the date hereof in connection with the Contemplated Transactions, and each party shall not use or disclose to others, or permit the use of or disclosure of, any such information so obtained, and will not release or disclose such information to any other person, except its Representatives who need to know such information in connection with this Agreement and who shall be advised of the provisions of this Section 4.2. The foregoing provision shall not apply to any such information to the extent; (i) known by any party prior to the date such information was provided to such party in connection with the Contemplated Transactions; (ii) made known to such party from a third party not in breach of any confidentiality requirement; or (iii) made public through no fault of such party or any of its Representatives.

SECTION 4.3 Expenses. Buyer, Parent and the Company (for itself and on behalf of each Seller) shall bear their respective expenses, in each case, incurred in connection with the preparation, execution and performance of the Transaction Documents and the Contemplated Transactions, including, without limitation, all fees and expenses of their respective Representatives, and the Company shall bear all the fees and expenses of any Seller's Representatives.

SECTION 4.4 Tax Matters. The Company, each Seller and Buyer shall reasonably cooperate, and shall cause their respective Representatives reasonably to cooperate, in preparing and filing all Tax Returns, including maintaining and making available to each other all records necessary in connection with the preparation and filing of Tax Returns, the payment of Taxes and the resolution of Tax Audits and Tax Deficiencies with respect to all taxable periods. Refunds or credits of Taxes that were paid by the Company with respect to any periods shall be for the account of the Company.

SECTION 4.5 Covenant Not-to-Compete. (a) During the period beginning on the date of this Agreement and ending on the date which is the earlier of one (1) year from the date that Joseph J. Turek, a Seller and President of the Company ("Turek"), ceases to be employed by Buyer or Parent or December 31, 2003 if the Contemplated Transactions have not been completed, Turek shall not, directly or indirectly, take any of the following actions without the prior written approval of Parent:

(i) carry on any business activities which compete with or are comparable to the activities of Buyer, Parent and/or the Company, either for his own account, for the account of a third party or as an employee, consultant or contractor;

(ii) participate as shareholder, holder of depository receipts, lender, partner or in any other capacity (except as investor in a stock exchange listed fund) in, be employed by, provide service to or give advice to any person, company or organization which conduct business activities as described above under (i);

(iii) cause or attempt to cause any employees, customers, suppliers of or other persons connected with of Buyer, Parent and/or the Company to terminate, amend or breach their agreements with Parent and/or any of Buyer, Parent and/or the Company.

(b) Turek will not, directly or indirectly, use, disclose or make available to any person (other than Buyer or Parent) any confidential information concerning the ownership and/or operation of the business of the Company, Buyer or Parent, as the case may be, (the "Confidential Information"). The term Confidential Information includes, without limitation, the business practices, financial information, customer, prospective customer, personnel or employee names and information, suppliers and prospective suppliers names, leads and account information, mailing lists, Intellectual Property, computer programs, code, techniques, advertising campaigns (including, without limitation, displays, drawings, memoranda, designs, styles or devices), marketing, promotional and pricing information, employee names, compensation and benefit information, Contracts, Permits, and Real Property Leases of the Company pertaining to the Business. The term Confidential Information excludes only information, which is publicly available through no fault of Turek or any of his Representatives.

(c) The parties agree that a violation of the foregoing agreements not to compete or disclose, or any provision thereof, will cause irreparable damage to Buyer and Parent, and Buyer and Parent shall be entitled (without any requirement of posting a bond or other security), in addition to any other rights and remedies which it may have, at law or in equity, to an injunction enjoining and restraining Turek from doing or continuing to do any such act or any other violations or threatened violations of this Section 4.5.

(d) The parties hereto agree that the covenant set forth in this Section 4.5 is reasonable with respect to its duration, geographical area and scope and in all other respects. If the final judgment of a court of competent jurisdiction declares that any term or provision of this Section 4.5 is invalid or unenforceable, the parties agree that the court making the determination of invalidity or unenforceability shall have the power to reduce the scope, duration, or area of the term or provision, to delete specific words or

phrases, or to replace any invalid or unenforceable term or provision with a term or provision that is valid and enforceable and that comes closest to expressing the intention of the invalid or unenforceable term or provision, and this Agreement shall be enforceable as so modified after the expiration of the time within which the judgment may be appealed.

SECTION 4.6 Further Assurances. At any time and from time to time after the date of Closing, upon the reasonable request of any party hereto, the other party(ies), shall do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged or delivered, all such further documents, instruments or assurances, as may be necessary, desirable or proper to carry out the intent and accomplish the purposes of this Agreement.

SECTION 4.7 Restricted Securities. The parties acknowledge and agree that the Company Shares and Parent Common Stock being issued or transferred pursuant to the Contemplated Transactions are being issued or transferred pursuant to the exemption from the registration requirements of the Securities Act of 1933, as amended (the "Securities Act") and constitute "restricted securities" within the meaning of the Securities Act. Such securities may not be transferred absent compliance with the provisions of the Securities Act, other than applicable Laws, and all stock certificates evidencing such securities shall bear a legend to such effect and to the effect that such shares are subject to the terms and provisions of this Agreement.

SECTION 4.8 Registration Rights. If Parent at any time agrees to register or list any of the securities in Parent held by any shareholder of Parent under any securities laws, it will simultaneously give prompt written notice thereof to the Sellers who, as a result of the Contemplated Transactions, hold Parent Shares and afford the Sellers the right to register and/or list all (or such portion as the Sellers may designate) of Parent Shares held by Sellers in connection with such registration upon the same terms and conditions afforded the other shareholders of Parent. If, at any time after Parent has given any such written notice of Parent's intention to register any of Parent Shares and prior to the Effective Time of the registration statement filed in connection with such registration, Parent shall determine for any reason not to register or to delay the registration of such Parent Shares, at its sole election, Parent may give written notice of such determination to Sellers and thereupon shall be relieved of its obligation to register any Parent Shares issued or issuable in connection with such registration (but not from its obligation to register Parent Shares in a subsequent registration); and in the case of a determination to delay a registration shall thereupon be permitted to delay registering any Parent Shares for the same period as the delay in respect of securities being registered for any other shareholder of Parent. If the managing underwriter in such underwritten offering reasonably believes and advises Parent that it cannot include a portion or all of Parent Shares requested by Sellers to be included in the registration statement because too many shares are covered by the registration statement, Parent shall give Sellers prompt notice of such advice. Sellers may then direct Parent to direct the underwriter to, at Sellers' option, either include Parent Shares in the registration statement subject to a lock-up agreement (or other appropriate arrangement) with respect to the excess number

of Parent Shares to which the underwriter objects, or, exclude a specified portion of the Shares from such registration statement provided that a pro rata portion of the other shares covered thereby on account of other shareholders of Parent are also excluded from the registration statement. In any event, the parties acknowledge and agree that Parent shall undertake to register Parent Shares within ninety (90) days from the Effective Time.

## ARTICLE V

### CONDITIONS TO CLOSING

SECTION 5.1 Conditions to the Obligations of the Parties. The obligations of the Parties to consummate the Contemplated Transactions are subject to the satisfaction of the following conditions:

(a) No Injunction. No provision of any applicable Law and no Order shall prohibit the consummation of the Contemplated Transactions.

(b) No Proceedings or Litigation. No Claim instituted by any person (other than Buyer, the Company, Sellers or their respective Affiliates) shall have been commenced or pending against any Seller, the Company, Buyer or any of their respective Affiliates, officers or directors, which Claim seeks to restrain, prevent, change or delay in any respect the Contemplated Transactions or seeks to challenge any of the terms or provisions of this Agreement or seeks damages in connection with any of such transactions.

SECTION 5.2 Conditions to the Obligations of the Company and the Sellers. The obligations of the Company and each of the Sellers hereunder to consummate the Contemplated Transactions are subject, at the option of the Company and the Sellers, to the fulfillment prior to or at the Closing of each of the following further conditions:

(a) Performance. Buyer and Parent shall have performed and complied in all material respects with all agreements, obligations and covenants required by this Agreement to be performed or complied with by it at or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of Buyer and Parent contained in this Agreement and in any certificate or other writing delivered by Buyer and Parent pursuant hereto shall be true in all material respects at and as of the Closing Date as if made at and as of such time (except for those representations and warranties made as of a specific date which shall be true in all material respects as of the date made).



(c) Buyer Required Consents. All Buyer Required Consents shall have been obtained including but not limited to the approval of the shareholders of Parent of the Contemplated Transactions pursuant to written consent and Form 14-C.

(d) No Material Adverse Change. From the date hereof through the Closing, there shall not have occurred any event or condition that has had or could have a material adverse effect on Parent.

(e) Documentation. There shall have been delivered to the Company the following:

(i) A certificate, dated the Closing Date, of the Chairman of the Board, the President or Chief Financial Officer of Buyer confirming the matters set forth in Section 5.2(a) (b) and (d) hereof;

(ii) A certificate, dated the Closing Date, of the Chairman of the Board, the President or Chief Financial Officer of Parent confirming the matters set forth in Section 5.2(a) (b) and (d) hereof;

(iii) Parent Common Stock certificates, registered in the name of each Seller as set forth on Schedule 1 attached hereto (with the appropriate restrictive legends), evidencing satisfaction of the Purchase Price in accordance with Section 1.8;

(iv) New York Certificate of Merger;

(v) Florida Certificate of Merger;

(vi) A certificate, dated the Closing Date, of the Secretary or Assistant Secretary of Buyer certifying, among other things, that attached or appended to such certificate: (i) is a true and correct copy of its certificate of incorporation and all amendments thereto, if any, as of the date thereof certified by the Secretary of the State of New York; (ii) is a true and correct copy of its by-laws as of the date thereof; (iii) is a true copy of all resolutions of its board of directors authorizing the execution, delivery and performance of the Transaction Documents and the Contemplated Transactions; and (iv) are the names and signatures of its duly elected or appointed officers who are authorized to execute and deliver the Transaction Documents and any certificate, document or other instrument in connection herewith;

(vii) A certificate, dated the Closing Date, of the Secretary or Assistant Secretary of Parent certifying, among other things, that attached or appended to such certificate: (i) is a true and correct copy of its certificate of incorporation and all amendments thereto, if any, as of the date thereof certified by the Secretary of the State of New York; (ii) is a true and correct copy of its by-laws as of

the date thereof; (iii) is a true copy of all resolutions of its board of directors authorizing the execution, delivery and performance of the Transaction Documents and the Contemplated Transactions; and (iv) are the names and signatures of its duly elected or appointed officers who are authorized to execute and deliver the Transaction Documents and any certificate, document or other instrument in connection herewith;

(viii) Evidence of the good standing and corporate existence of Buyer issued by the Secretary of State of the State of New York;

(ix) Evidence of the good standing and corporate existence of Parent issued by the Secretary of State of the State of New York; and

(x) Copies of all Buyer Required Consents.

SECTION 5.3 Conditions to the Obligations of Buyer and Parent. All obligations of Buyer and/or Parent to consummate the Contemplated Transactions hereunder are subject, at the option of Buyer and/or Parent, to the fulfillment prior to or at the Closing of each of the following further conditions:

(a) Performance. The Company and each Seller shall have performed and complied in all material respects with all agreements, obligations and covenants required by this Agreement to be performed or complied with by them at or prior to the Closing Date.

(b) Representations and Warranties. The representations and warranties of the Company and the Sellers contained in this Agreement and in any certificate or other writing delivered by any Seller and/or the Company pursuant hereto shall be true in all material respects at and as of the Closing Date as if made at and as of such time (except for those representations and warranties made as of a specific date which shall be true in all material respects as of the date made).

(c) Seller Required Consents. All Seller Required Consents shall have been obtained in form and substance reasonably satisfactory to Buyer, including the approval of the Company's shareholders for the Contemplated Transactions.

(d) Buyer Required Consents. All Buyer Required Consents shall have been obtained including but not limited to the approval of the shareholders of Parent of the Contemplated Transactions pursuant to written consent and Form 14-C.

(e) No Material Adverse Change. From the date hereof through the Closing, there shall not have occurred any event or condition that has had or could have a material adverse effect on the Company.

(f) Documentation. There shall have been delivered to Buyer the following:

(i) A certificate, dated the Closing Date, of the Chairman of the Board, the President or Chief Financial Officer of the Company confirming the matters set forth in Section 5.2(a) (b) and (c) hereof;

(ii) A certificate, dated the Closing Date, of the Secretary of the Company certifying, among other things, that attached or appended to such certificate: (i) is a true and correct copy of the Company's certificate of incorporation and all amendments thereto, if any, as of the date thereof certified by the Secretary of State of its state of incorporation; and (ii) is a true and correct copy of the Company's by-laws as of the date thereof;

(iii) Evidence of the good standing and corporate existence of the Company issued by the Secretary of State of Florida and evidence that the Company is qualified to transact business as a foreign corporation and is in good standing in each state of the United States and in each other jurisdiction where the character of the property owned or leased by it or the nature of its activities makes such qualification necessary;

(iv) Copies of all Seller Required Consents;

(v) New York Certificate of Merger;

(vi) Florida Certificate of Merger; and

(vii) Company Share certificates representing the number of Company Shares set forth opposite each Seller's name on Schedule 1, duly endorsed in blank or accompanied by stock powers duly endorsed in blank and in suitable form for transfer to Buyer by delivery.

## ARTICLE VI

### INDEMNIFICATION

#### SECTION 6.1 Survival of Representations, Warranties and Covenants.

(a) Notwithstanding any right of Buyer and Parent fully to investigate the affairs of the Company and the rights of Sellers and the Company to fully investigate the affairs of Buyer and Parent, and notwithstanding any knowledge of facts determined or determinable by Buyer, Parent, the Company and the Sellers pursuant to such investigation or right of investigation, Buyer, Parent, the Company and the Sellers have the right to rely fully upon the representations, warranties, covenants and agreements of the Company and Sellers, and Buyer and Parent respectively, contained in this

Agreement, or listed or disclosed on any Schedule hereto or in any instrument delivered in connection with or pursuant to any of the foregoing. All such representations, warranties, covenants and agreements shall survive the execution and delivery of this Agreement and the Closing hereunder. Notwithstanding the foregoing, all representations and warranties of the Company and Sellers, and Buyer and Parent respectively, contained in this Agreement, on any Schedule hereto or in any instrument delivered in connection with or pursuant to this Agreement shall terminate and expire twelve (12) months after the date of Closing; *provided, however*, that the liability of Sellers shall not terminate as to any specific claim or claims of the type referred to in Section 6.2 hereof, whether or not fixed as to Liability or liquidated as to amount, with respect to which Sellers have been given specific notice on or prior to the date on which such Liabilities would otherwise terminate pursuant to the terms of this Section 6.1(a), or which arise or result from or are related to a Claim for fraud. For purposes of this Article VI, "fraud" means any untrue statement of a material fact known by the maker to be false when made or the intentional or knowing omission of a material fact required to be stated or necessary to make the applicable statement in question not misleading. Notwithstanding anything contained herein to the contrary, the indemnification obligations of Sellers for breaches of the representations or warranties made by Seller in Sections 2.16 and 2.22, shall survive until the expiration of the applicable statute of limitations.

(b) All representations and warranties of Buyer and Parent shall terminate and expire twelve (12) months after the date of Closing; *provided, however*, that the liability of Buyer and Parent shall not terminate as to any specific claim or claims of the type referred to in Section 6.3 hereof, whether or not fixed as to Liability or liquidated as to amount, with respect to which Buyer and/or Parent has been given specific notice on or prior to the date on which such Liability would otherwise terminate pursuant to the terms of this Section 6.1(b), or which arise or result from or are related to a Claim for fraud.

SECTION 6.2 Obligation of the Sellers to Indemnify. The Sellers agree to indemnify, defend and hold harmless Buyer and Parent (and their respective directors, officers, employees, Affiliates, successors and assigns) from and against all Claims, losses, Liabilities, Regulatory Actions, damages, deficiencies, judgments, settlements, costs of investigation or other expenses (including Taxes, interest, penalties and reasonable attorneys' fees and fees of other experts and disbursements and expenses incurred in enforcing this indemnification) (collectively, the "Losses") suffered or incurred by Buyer and/or Parent, the Company, or any of the foregoing persons arising out of any breach of the representations and warranties of the Company or any Seller contained in this Agreement, or of the covenants and agreements of Buyer or Parent contained in this Agreement or in the Schedules or any other Transaction Document.

SECTION 6.3 Obligation of Buyer and Parent to Indemnify. Buyer and Parent, jointly and severally agree to indemnify, defend and hold harmless the Company (and any heirs, successor or assignee thereof) from and against any Losses suffered or incurred by the Company or any of the foregoing persons arising out of (i) any breach of

the representations and warranties of Buyer or Parent, or of the covenants and agreements of Buyer or Parent contained in this Agreement or in the Schedules or any other Transaction Document.

**SECTION 6.4 Notice and Opportunity to Defend Third Party Claims.**

(a) Within ten (10) days following receipt by any party hereto (the "Indemnitee") of notice of any demand, claim, circumstance or Tax Audit which would or might give rise to a claim, or the commencement (or threatened commencement) of any action, proceeding or investigation that may result in a Loss (an "Asserted Liability"), the Indemnitee shall give notice thereof (the "Claims Notice") to the party or parties obligated to provide indemnification pursuant to Sections 6.2, or 6.3 (collectively, the "Indemnifying Party"). The Claims Notice shall describe the Asserted Liability in reasonable detail and shall indicate the amount (estimated, if necessary, and to the extent feasible) of the Loss that has been or may be suffered by the Indemnitee.

(b) The Indemnifying Party may elect to defend, at its own expense and with its own counsel, any Asserted Liability unless: (i) the Asserted Liability includes a Claim seeking an Order for injunction or other equitable or declaratory relief against the Indemnitee, in which case the Indemnitee may at its own cost and expense and at its option defend the portion of the Asserted Liability seeking equitable or declaratory relief against the Indemnitee, or (ii) the Indemnitee shall have reasonably, and in good faith, after consultation with the Indemnifying Party, concluded that: (x) there is a conflict of interest between the Indemnitee and the Indemnifying Party which could prevent or negatively influence the Indemnifying Party from impartially or adequately conducting such defense; or (y) the Indemnitee shall have one or more defenses not available to the Indemnifying Party but only to the extent such defense cannot legally be asserted by the Indemnifying Party on behalf of the Indemnitee. If the Indemnifying Party elects to defend such Asserted Liability, it shall within ten (10) days (or sooner, if the nature of the Asserted Liability so requires) notify the Indemnitee of its intent to do so, and the Indemnitee shall cooperate, at the expense of the Indemnifying Party, in the defense of such Asserted Liability. If the Indemnifying Party elects not to defend the Asserted Liability, is not permitted to defend the Asserted Liability by reason of the first sentence of this Section 6.4(b), fails to notify the Indemnitee of its election as herein provided or contests its obligation to indemnify under this Agreement with respect to such Asserted Liability, the Indemnitee may pay, compromise or defend such Asserted Liability at the sole cost and expense of the Indemnifying Party. Notwithstanding the foregoing, neither the Indemnifying Party nor the Indemnitee may settle or compromise any claim over the reasonable written objection of the other, provided that the Indemnitee may settle or compromise any claim as to which the Indemnifying Party has failed to notify the Indemnitee of its election under this Section 6.4(b) or as to which the Indemnifying Party is contesting its indemnification obligations hereunder. If the Indemnifying Party desires to accept a reasonable, final and complete settlement of an Asserted Liability so that such Indemnitee's Loss is paid in full and the Indemnitee refuses to consent to such settlement, then the Indemnifying Party's liability to the Indemnitee shall be limited to the amount offered in the settlement. The Indemnifying Party will exercise good faith in accepting any reasonable, final and complete settlement

of an Asserted Liability. In the event the Indemnifying Party elects to defend any Asserted Liability, the Indemnitee may participate, at its own expense, in the defense of such Asserted Liability. In the event the Indemnifying Party is not permitted by the Indemnitee to defend the Asserted Liability, it may nevertheless participate at its own expense in the defense of such Asserted Liability. If the Indemnifying Party chooses to defend any Asserted Liability, the Indemnitee shall make available to the Indemnifying Party any books, records or other documents within its control that are necessary or appropriate for such defense. Any Losses of any Indemnitee for which an Indemnifying Party is liable for indemnification hereunder shall be paid upon written demand therefor.

SECTION 6.5 Limits on Indemnification. (a) Notwithstanding the foregoing or the limitations set forth in Section 6.5(b) below, in the event such Losses arise out of any fraud related matter on the part of any Indemnifying Party, then such Indemnifying Party shall be obligated to indemnify the Indemnitee in respect of all such Losses. Buyer, Parent and the Company agree that the Company's obligation to indemnify under this Article VI shall not survive the Closing and the Company shall have no further liability to Buyer after the Closing but that such obligations to indemnify shall be the sole obligation of the Sellers.

(b) The Company and Seller shall not be liable to indemnify Buyer pursuant to Section 6.2 above and Buyer and Parent shall not be liable to indemnify the Company and Sellers pursuant to Section 6.3 above: (i) unless a Claims Notice describing the loss is delivered to the Indemnifying Party within 12 months after the Closing (except for Losses arising out of an Indemnifying Party; and); (ii) with respect to special, consequential or punitive damages; or (iii) in respect of any individual Loss of less than \$10,000.

(c) The Sellers shall not be obligated to make any payment for indemnification under Section 6.2 hereof in excess of: (i) if prior to the Closing Date, the value of the Company Stock; and (ii) if on or following the Closing Date, the value of the Parent Stock received as a result of the transactions contemplated by this Agreement and each Seller has and reserves the right to transfer his Parent Shares to fulfill all or a portion of any obligation hereunder.

SECTION 6.6 Exclusive Remedy. The parties agree that the indemnification provisions of this Article VI shall constitute the sole or exclusive remedy of any party in seeking damages or other monetary relief with respect to this Agreement and the Contemplated Transactions, provided that, nothing herein shall be construed to limit the right of any party to seek: (i) injunctive relief for a breach of this Agreement; or (ii) legal or equitable relief for a Claim for fraud.

## ARTICLE VII

### SPECIFIC PERFORMANCE; TERMINATION

SECTION 7.1 Specific Performance. The Company, Parent, Buyer and each Seller acknowledges and agrees that, if any of the Company Parent, Buyer or any Seller fails to proceed with the Closing in any circumstance other than those described in clauses (a), (b), (d) or (e) of Section 7.2 below, the others will not have adequate remedies at law with respect to such breach. In such event, and in addition to each party's right to terminate this Agreement, each party shall be entitled, without the necessity or obligation of posting a bond or other security, to seek injunctive relief, by commencing a suit in equity to obtain specific performance of the obligations under this Agreement or to sue for damages, in each case, without first terminating this Agreement. The Company Parent, Buyer and each Seller specifically affirms the appropriateness of such injunctive, other equitable relief or damages in any such action.

SECTION 7.2 Termination. This Agreement may be terminated and the Contemplated Transactions may be abandoned at any time prior to the Closing:

- (a) By mutual written consent of the Company and Buyer;
- (b) By the Company or the Sellers if: (i) there has been a misrepresentation or breach of warranty on the part of Buyer or Parent in the representations and warranties contained herein and such misrepresentation or breach of warranty, if curable, is not cured within thirty days after written notice thereof from the Company; (ii) Buyer or Parent has committed a breach of any covenant imposed upon it hereunder and fails to cure such breach within thirty days after written notice thereof from the Company; or (iii) any condition to the Company's obligations under Section 5.2 becomes incapable of fulfillment through no fault of the Company and is not waived by the Company, *provided that*, on the date of termination, all conditions to Buyer's and Parent's obligations specified in Section 5.3 (other than clause (e) thereof) shall have been satisfied and the Company shall then be otherwise ready, willing and able to proceed with the Closing hereunder;
- (c) By Buyer, if: (i) there has been a misrepresentation or breach of warranty on the part of the Company or any of the Sellers in the representations and warranties contained herein and such misrepresentation or breach of warranty, if curable, is not cured within thirty days after written notice thereof from Buyer; (ii) any Seller or the Company has committed a breach of any covenant imposed upon it hereunder and fails to cure such breach within thirty days after written notice thereof from Buyer; or (iii) any condition to Buyer's obligations under Section 5.3 becomes incapable of fulfillment through no fault of Buyer and is not waived by Buyer, *provided that*, on the date of termination, all conditions to the Company's and Seller's obligations hereunder specified in Section 5.2 shall have been satisfied and Buyer shall then be otherwise ready, willing and able to proceed with the Closing hereunder;

(d) By the Company or by Buyer, if any condition under Section 5.1 becomes incapable of fulfillment through no fault of the party seeking termination and is not waived by the party seeking termination; and

(e) By either the Company or Buyer if the Closing shall not have occurred on or prior to December 15, 2003 (or such other date as shall have been agreed to by the Company and the Buyer), *provided* that: (i) if so terminated by the Company, the conditions specified in Section 5.2 shall have been satisfied on the date of termination and the Company shall be then otherwise ready, willing and able to proceed with the Closing; or (ii) if so terminated by Buyer, the conditions specified in Section 5.3 shall have been satisfied on the date of termination and Buyer shall be then otherwise ready, willing and able to proceed with the Closing.

**SECTION 7.3 Effect of Termination: Right to Proceed.** Subject to the provisions of Section 7.1 hereof, in the event that this Agreement shall be terminated pursuant to Section 7.2, all further obligations of the parties under this Agreement shall terminate without further liability of any party hereunder except that: (i) the agreements contained in Section 4.2 shall survive the termination hereof; and (ii) termination shall not preclude any party from seeking relief against any other party for breach of Section 4.2. In the event that a condition precedent to its obligation is not met, nothing contained herein shall be deemed to require any party to terminate this Agreement, rather than to waive such condition precedent and proceed with the Contemplated Transactions.

## ARTICLE VIII

### MISCELLANEOUS

**SECTION 8.1 Notices.** (a) Any notice or other communication required or permitted hereunder shall be in writing and shall be delivered personally by hand or by recognized overnight courier, or mailed (by registered or certified mail, postage prepaid return receipt requested) as follows:

- (i) If to Buyer or Parent, one copy to:  
VillageWorld.com, Inc.  
620 Johnson Avenue  
Bohemia, New York 11716  
Attn: Mr. Peter J. Keenan, President

with a copy to:  
Rosen Einbinder & Dunn, P.C.  
641 Lexington Avenue  
New York, New York 10022  
Attn: Stephen J. Czarnik, Esq.



- (ii) If to the Company, one copy to:  
Biometrics 2000.com Corporation  
120 Carando Drive  
Springfield, MA 01104  
Attn: Joseph J. Turek, President

With a copy to:  
Nicolai Law Group P.C.  
146 Chestnut St.  
Springfield, MA 01103  
Attn: Paul Peter Nicolai, Esq.

(b) Each such notice or other communication shall be effective when delivered at the address specified in Section 8.1(a). Any party by notice given in accordance with this Section 8.1 to the other parties may designate another address or person for receipt of notices hereunder. Notices by a party may be given by counsel to such party.

SECTION 8.2 Entire Agreement. This Agreement (including the Schedules and Exhibits hereto) and the collateral agreements executed in connection with the consummation of the Contemplated Transactions contain the entire agreement among the parties with respect to the subject matter hereof and related transactions and supersede all prior agreements, written or oral, with respect thereto.

SECTION 8.3 Waivers and Amendments; Non-Contractual Remedies; Preservation of Remedies. This Agreement may be amended, superseded, cancelled, renewed or extended only by a written instrument signed by the Company, Parent and Buyer. The provisions hereof may be waived in writing by the Company Parent or Buyer, as the case may be. Any such waiver shall be effective only to the extent specifically set forth in such writing. No failure or delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof. Nor shall any waiver on the part of any party of any such right, power or privilege, nor any single or partial exercise of any such right, power or privilege, preclude any other or further exercise thereof or the exercise of any other such right, power or privilege. Except as otherwise provided herein, the rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies that any party may otherwise have at law or in equity.

SECTION 8.4 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of New York applicable to agreements made and to be performed entirely within such State without regard to the conflict of laws rules thereof.

SECTION 8.5 Consent to Jurisdiction. Each of the parties hereto irrevocably and voluntarily submits to personal jurisdiction in the State of New York and

in the Federal courts in such state in any action or proceeding arising out of or relating to this Agreement and agrees that all claims in respect of such action or proceeding may be heard and determined in any such court. If for any reason the Federal courts in such state will not entertain such action or proceeding, then the parties hereto irrevocably and voluntarily submit to personal jurisdiction in the state courts located in the State of New York in any action or proceeding arising out of or relating to this Agreement and agree that all claims in respect of any action or proceeding may be heard and determined in any such court. Each of the parties further consents and agrees that such party may be served with process in the same manner as a notice may be given under Section 8.1. The parties hereto agree that any action or proceeding instituted by any of them against any other party with respect to this Agreement will be instituted exclusively in the United States District Court for the District of New York, or alternatively, in the State courts located therein. The Company, Buyer and Parent irrevocably and unconditionally waive and agree not to plead, to the fullest extent permitted by law, any objection that they may now or hereafter have to the laying of venue or the convenience of the forum of any action or proceeding with respect to this Agreement in any such courts.

SECTION 8.6 Binding Effect; No Assignment. This Agreement and all of its provisions, rights and obligations shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors, heirs and legal representatives. This Agreement may not be assigned (including by operation of Law) by any party hereto without the express written consent of Buyer (in the case of assignment by the Company or any the Sellers) or the Company (in the case of assignment by Buyer or Parent) and any purported assignment, unless so consented to, shall be void and without effect.

SECTION 8.7 Exhibits. All Exhibits and Schedules attached hereto are hereby incorporated by reference into, and made a part of, this Agreement.

SECTION 8.8 Severability. If any provision of this Agreement for any reason shall be held to be illegal, invalid or unenforceable, such illegality shall not affect any other provision of this Agreement, this Agreement shall be amended so as to enforce the illegal, invalid or unenforceable provision to the maximum extent permitted by applicable law, and the parties shall cooperate in good faith to further modify this Agreement so as to preserve to the maximum extent possible the intended benefits to be received by the parties.

SECTION 8.9 Counterparts. The Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original as against any party whose signature appears thereon, and all of which shall together constitute one and the same instrument. This Agreement shall become binding when one or more counterparts hereof, individually or taken together, shall bear the signatures of all of the parties reflected hereon as the signatories.

SECTION 8.10 Third Parties. Except as specifically set forth or referred to herein, nothing herein express or implied is intended or shall be construed to confer upon or give to any person other than the parties hereto and their permitted heirs, successors, assigns and legal representatives, any rights or remedies under or by reason of this Agreement or the Contemplated Transactions.

## ARTICLE IX

### DEFINITIONS

SECTION 9.1 Definitions. The following terms, as used herein, have the following meanings:

"Affiliate" of any person means any other person directly or indirectly through one or more intermediary persons, controlling, controlled by or under common control with such person.

"Agreement" or "this Agreement" shall mean, and the words "herein", "hereof" and "hereunder" and words of similar import shall refer to, this agreement as it from time to time may be amended.

"Assets" shall mean all cash, instruments, properties, rights, interests and assets of every kind, real, personal or mixed, tangible and intangible, used or usable in the Business.

The term "audit" or "audited" when used in regard to financial statements shall mean an examination of the financial statements by a firm of independent certified public accountants in accordance with generally accepted auditing standards for the purpose of expressing an opinion thereon.

"Business" shall mean the ownership and operation of the business of the Company.

"Condition of the Business" shall mean the financial condition, prospects or the results of operations of the Business, the Assets or the Company.

"Contract" shall mean any contract, agreement, indenture, note, bond, lease, conditional sale contract, mortgage, license, franchise, instrument, commitment or other binding arrangement, whether written or oral.

The term "control", with respect to any person, shall mean the power to direct the management and policies of such person, directly or indirectly, by or through stock ownership, agency or otherwise, or pursuant to or in connection with an agreement, arrangement or understanding (written or oral) with one or more other persons by or through stock ownership, agency or otherwise; and the terms "controlling" and "controlled" shall have meanings correlative to the foregoing.

"**Environmental Laws**" shall mean any and all Laws (including common law), Permits, agreements or any other requirement or restriction promulgated, imposed, enacted or issued by any Governmental Body relating to human health or the environment, including the emission, discharge or Release of pollutants, contaminants, Hazardous Materials or wastes into the environment (which includes, without limitation, ambient air, surface water, ground water, or land), or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport or handling of pollutants, contaminants, Hazardous Materials or wastes or the clean-up or other remediation thereof, including without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("**CERCLA**") 42 U.S.C. Section 9601 *et seq.*; the Resource Conservation and Recovery Act, 42 U.S.C. Section 6901 *et seq.*; the Hazardous Materials Transportation Act, 49 U.S.C. Section 1801 *et seq.*; the Clean Air Act, 42 U.S.C. Section 7401 *et seq.*; the Water Pollution Control Act, 33 U.S.C. Section 1251 *et seq.*; the Toxic Substances Control Act, 15 U.S.C. Section 2610 *et seq.*; and the Federal Technical Standards and Corrective Action Requirements for Owners and Operators of Underground Storage Tanks, and any applicable corresponding state laws.

"**Environmental Liabilities**" shall mean any cost, damages, expense, liability, obligation, or other responsibility arising from or under any Environmental Law or occupational safety and health law and consisting of or relating to:

(a) any environmental, health, or safety matters or conditions (including on-site or off-site contamination, occupational safety and health, and regulation of chemical substances or products);

(b) fines, penalties, judgments, awards, settlements, legal or administrative proceedings, damages, losses, claims, demands and response, investigative, remedial, or inspection costs and expenses arising under Environmental Law or occupational safety and health law;

(c) financial responsibility under Environmental Law or occupational safety and health law for cleanup costs or corrective action, including any investigation, cleanup, removal, containment, or other remediation or response actions ("**Cleanup**") required by applicable Environmental Law or occupational safety and health law (whether or not such Cleanup has been required or requested by any Governmental body or any other person) and for any natural resource damages; or

(d) any other compliance, corrective, investigative, or remedial measures required under Environmental Law or occupational safety and health law.

The terms "removal," "remedial," and "response action," include the types of activities covered by the United States Comprehensive Environmental Response, Compensation, and Liability Act, 42 U.S.C. §9601 *et seq.*, as amended ("**CERCLA**").

"**ERISA**" shall mean the Employee Retirement Income Security Act of 1974, as amended.

"**Exchange Act**" means the United States Securities Exchange Act of 1934, as amended, and includes all rules and regulations of the SEC promulgated under that act.

"GAAP" shall mean generally accepted accounting principles in effect on the date hereof (or, in the case of any opinion rendered in connection with an audit, as of the date of the opinion) as set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession of the United States.

"Governmental Bodies" shall mean any government, municipality or political subdivision thereof, whether federal, state, local or foreign, or any governmental or quasi-governmental agency, authority, board, bureau, commission, department, instrumentality or public body, or any court, arbitrator, administrative tribunal or public utility.

"Hazardous Materials" shall mean any and all dangerous, toxic, radioactive, caustic or otherwise hazardous material, pollutant, contaminant, chemical, waste or substance defined, listed or described as any of such in or governed by any Environmental Law, including but not limited to urea-formaldehyde, polychlorinated biphenyls, asbestos or asbestos-containing materials, radon, explosives, known carcinogens, petroleum and its derivatives, petroleum products, or any substance which might cause any injury to human health or safety or to the environment or might subject the owner or operator to any Regulatory Actions or Claims. "Hazardous Materials" shall include, without limitation, asbestos, airborne asbestos, polychlorinated biphenyls (PCBs), petroleum products, lead-based paint and urea-formaldehyde.

"knowledge" with respect to: (a) any individual shall mean actual knowledge of such individual; and (b) any corporation shall mean the actual knowledge of the directors and executive officers of such corporation; and "knows" has a correlative meaning. The terms "any Seller's knowledge," and "Seller's knowledge," including any correlative meanings, shall mean the knowledge of any Seller.

"Laws" shall mean any law, statute, code, ordinance, rule, regulation or other requirement of any Governmental Bodies.

"Liability" shall mean any direct or indirect indebtedness, liability, assessment, claim, loss, damage, deficiency, obligation or responsibility, fixed or unfixed, choate or inchoate, liquidated or unliquidated, secured or unsecured, accrued, absolute, actual or potential, contingent or otherwise (including any liability under any guaranties, letters of credit, performance credits or with respect to insurance loss accruals).

"Lien" shall mean any mortgage, lien (including mechanics, warehousemen, laborers and landlords liens), claim, pledge, charge, security interest, preemptive right, right of first refusal, option, judgment, title defect, covenant, restriction, easement or encumbrance of any kind.

"Permitted Liens" shall mean; (i) Liens for Taxes not yet due and payable for which adequate liability accruals have been set aside on the books of the Company and which are reasonably satisfactory to Buyer; and (ii) statutory Liens, such as mechanic's, materialman's, warehouseman's, carrier's or other like Liens, incurred in good faith in the ordinary course of business, provided that the underlying obligations relating to such Liens are paid in the ordinary course of business, or are being contested diligently and in good faith by appropriate proceedings and as to which, if required by GAAP, the Company has set aside liability accruals on its books reasonably satisfactory to Buyer, or the payment of which obligations are otherwise secured in a manner reasonably satisfactory to Buyer.

"person" shall mean an individual, corporation, partnership, joint venture, limited liability company, association, trust, unincorporated organization or other entity, including a government or political subdivision or an agency or instrumentality thereof.

"Receivables" shall mean as of any date any trade accounts receivable, notes receivable, sales representative advances and other miscellaneous receivables of the Company.

"Regulatory Actions" shall mean any Claim, demand, action, suit, summons, citation, directive, investigation, litigation, inquiry, enforcement action, Lien, encumbrance, restriction, settlement, remediation, response, clean-up or closure arrangement or other remedial obligation or proceeding brought or instigated by any Governmental Body in connection with any Environmental Law, including, without limitation, the listing of the Leased Real Property on any list of contaminated or potentially contaminated sites or potential or verified Hazardous Waste sites under any Environmental Law, or any civil, criminal and/or administrative proceedings, whether or not seeking costs, damages, penalties or expenses.

"Release" shall mean the intentional or unintentional, spilling, leaking, pumping, pouring, discharging or disturbance of, or emitting, depositing, injecting, leaching, dumping, disposing, emitting or escaping, or any other release or threatened release to or from, however defined, any Hazardous Substance in violation of any Environmental Law.

"SEC" means the United States Securities and Exchange Commission.

"SEC Documents" means all forms, notices, reports, schedules, statements, and other documents filed by Parent with the SEC within the three years from the Effective Time, whether or not constituting a "filed" document, and includes all proxy statements, registration statements, amendments to registration statements, periodic reports on Forms 10-KSB, 10-QSB, and 8-K, and annual and quarterly reports to shareholders.

"Subsidiary" shall mean any entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of directors or

other persons performing similar functions are owned directly or indirectly through one or more intermediaries, or both, by any other entity.

**"Tax"** (including, with correlative meaning, the terms **"Taxes"** and **"Taxable"**) shall mean: (i)(A) any net income, gross income, gross receipts, sales, use, ad valorem, transfer, transfer gains, franchise, profits, license, withholding, payroll, employment, excise, severance, stamp, rent, recording, occupation, premium, real or personal property, intangibles, environmental or windfall profits tax, alternative or add-on minimum tax, customs duty or other tax, fee, duty, levy, impost, assessment or charge of any kind whatsoever (including but not limited to taxes assessed to real property and water and sewer rents relating thereto), together with; (B) any interest and any penalty, addition to tax or additional amount imposed by any Governmental Body (domestic or foreign) (a **"Tax Authority"**) responsible for the imposition of any such tax and interest on such penalties, additions to tax, fines or additional amounts, in each case, with respect to any party hereto, the Business or the Assets (or the transfer thereof); (ii) any liability for the payment of any amount of the type described in the immediately preceding clause (i) as a result of a party hereto being a member of an affiliated or combined group with any other person at any time on or prior to the date of Closing and (iii) any liability of a party hereto for the payment of any amounts of the type described in the immediately preceding clause (i) as a result of a contractual obligation to indemnify any other person.

**"Tax Return"** shall mean any return or report (including elections, declarations, disclosures, schedules, estimates and information returns) required to be supplied to any Tax Authority.

**"Transaction Documents"** shall mean, collectively, this Agreement, and each of the other agreements and instruments to be executed and delivered by all or some of the parties hereto in connection with the consummation of the transactions contemplated hereby.

**SECTION 9.2 Interpretation.** Unless the context otherwise requires, the terms defined in this Agreement shall be applicable to both the singular and plural forms of any of the terms defined herein. All accounting terms defined in this Agreement, and those accounting terms used in this Agreement except as otherwise expressly provided herein, shall have the meanings customarily given thereto in accordance with GAAP as of the date of the item in question. When a reference is made in this Agreement to Sections, such reference shall be to a Section of this Agreement unless otherwise indicated. The headings contained in this Agreement are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. The use of the neuter gender herein shall be deemed to include the masculine and feminine genders wherever necessary or appropriate, the use of the masculine gender shall be deemed to include the neuter and feminine genders and the use of the feminine gender shall be deemed to include the neuter and masculine genders wherever necessary or appropriate. Whenever the words "include", "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation."

**IN WITNESS WHEREOF**, the undersigned have executed this Agreement and Plan of Merger as of the date set forth above.

**BUYER:**  
BIOMETRICS 2000 ACQUISITION  
CORPORATION

By: /s/ Peter J. Keenan  
Peter J. Keenan  
President

**PARENT:**  
VILLAGEWORLD.COM, INC.

By: /s/ Peter J. Keenan  
Peter J. Keenan  
President and Chief Executive Officer

**THE COMPANY:**  
BIOMETRICS 2000.COM,  
CORPORATION

By: /s/ Joseph J. Turek  
Joseph J. Turek  
President

**SELLERS:**

/s/ Joseph Turek  
Joseph Turek

/s/ Randy Wheeler  
Randy Wheeler

/s/ Michael Iveson  
Michael Iveson

/s/ Frank Polidoro  
Frank Polidoro

/s/ David Kern  
David Kern