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**UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, DC 20549**

**FORM 8-K**

**CURRENT REPORT  
Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934**

Date of Report (Date of earliest event reported): July 10, 2007

**YP CORP.**

(Exact Name of Registrant as Specified in Charter)

**Nevada**

(State or Other Jurisdiction of  
Incorporation)

**000-24217**

(Commission File Number)

**85-0206668**

(IRS Employer Identification No.)

**4840 East Jasmine Street, Suite 105, Mesa, Arizona**

(Address of Principal Executive Offices)

**85205**

(Zip code)

**(480) 654-9646**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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## **Item 1.01. Entry into a Material Definitive Agreement.**

On July 10, 2007, 24/7 Marketing, LLC, a Nevada limited liability company (“24/7 Marketing”), Oncall Subscriber Management Inc., a Philippine corporation (“OSM”), and George Yang, an individual residing in the Philippines (the “Designated Shareholder” and, together with OSM, the “Selling Parties”) entered into an Asset Purchase Agreement (the “Purchase Agreement”). 24/7 Marketing is a wholly owned subsidiary of YP Corp., a Nevada corporation (the “Company”). A copy of the press release issued by the Company announcing the execution of the Purchase Agreement and the consummation of the transactions contemplated thereby is filed as Exhibit 99.1 to this Form 8-K.

### **The Purchase Agreement**

Pursuant to the Purchase Agreement, effective as of 12:01 a.m. Pacific Time on July 11, 2007 (the “Closing Date”), 24/7 Marketing acquired substantially all of the assets and certain liabilities of OSM, including a call center in the Philippines that provides various business process outsourcing, telemarketing, subscriber and other customer services (the “Business”). The assets acquired by 24/7 Marketing included, without limitation, OSM’s cash, short-term investments and other deposits and accounts; inventories; tangible personal property; rights under certain contracts that were assigned to 24/7 Marketing; intellectual property; goodwill; rights under a lease; and interests in OSM’s website (collectively, the “Acquired Assets”).

As of the Closing Date, 24/7 Marketing also assumed certain liabilities of OSM that were enumerated in the Purchase Agreement, including, without limitation, OSM’s trade accounts payable and obligations under a real property lease (collectively, the “Assumed Liabilities”). All liabilities of OSM not specifically assumed by 24/7 Marketing (the “Retained Liabilities”) remain obligations of OSM.

24/7 Marketing paid a total purchase price of \$4,500,000 (the “Purchase Price”) for the Acquired Assets, which included a \$4,050,000 immediate cash payment to OSM. The remaining \$450,000 (the “Escrow Amount”) was placed in an escrow account (the “Escrow Account”) as security to cover potential losses or other claims for which 24/7 Marketing could be entitled to indemnification under the terms of the Purchase Agreement. The Escrow Account is governed by a separate agreement (the “Escrow Agreement”), which is more fully described below.

The Purchase Agreement contains customary representations and warranties of the parties, all of which survive indefinitely. Certain of these representations, warranties, covenants and other agreements may not be accurate or complete as of a specific date because they are subject to a contractual standard of materiality that may be different from the standard generally applied under the Federal securities laws or were used for the purpose of allocating risk between 24/7 Marketing and OSM rather than establishing matters as facts. Information concerning the subject matter of these representations, warranties, covenants and other agreements may have changed since the date of the Purchase Agreement, which may or may not be fully reflected in the Company’s public disclosures. Accordingly, you should not rely on these representations, warranties, covenants and other agreements as statements of fact.

The Purchase Agreement further provides that the Selling Parties will jointly and severally indemnify, defend and hold harmless 24/7 Marketing and the Company (the “Buyer Indemnified Parties”) from and against all losses arising out of or in connection with (i) any breach of a representation or warranty made by OSM or the Designated Shareholder in the Purchase Agreement; (ii) any breach or default in performance of OSM or the Designated Shareholder with respect to a covenant, agreement or obligation of such party under the Purchase Agreement; (iii) any benefit plan; (iv) any Retained Liability; (v) any intentional misstatement, fraud, willful misconduct or bad faith committed by OSM or the Designated Shareholder in accordance with the Purchase Agreement; (vi) and any liability arising out of the failure to obtain certain third-party consents prior to the transfer of the Acquired Assets.

The foregoing description of the Purchase Agreement is not complete and is qualified in its entirety by reference to the Purchase Agreement, a copy of which is attached hereto as Exhibit 10.1 and incorporated herein by reference.

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## Escrow Agreement

To secure the indemnification obligations of the Selling Parties under the terms and conditions of the Purchase Agreement, the Escrow Amount was deposited by the Company in the Escrow Account. The escrowed funds will be held and released in accordance with the terms and conditions of the Escrow Agreement entered into as of July 10, 2007, by and among 24/7 Marketing, OSM, and Thomas Title & Escrow, LLC (the "Escrow Agent"). The Escrow Agreement provides that funds remaining in the Escrow Account (which have not been paid out to 24/7 Marketing as "Accepted Claims" or reserved in the "Pending Claims Reserve," as those terms are defined in the Escrow Agreement) on the first business day after July 10, 2008 shall be released by the Escrow Agent to OSM.

The foregoing description of the Escrow Agreement is not complete and is qualified in its entirety by reference to the Escrow Agreement, a copy of which is attached hereto as Exhibit 10.2 and incorporated herein by reference.

### Item 2.01. Completion of Acquisition or Disposition of Assets.

The applicable information contained in Item 1.01 of this Form 8-K is incorporated by reference in response to this Item 2.01.

On July 10, 2007, the Company completed its acquisition of the Acquired Assets pursuant to the terms of the Purchase Agreement described in Item 1.01 above.

Any financial statements and pro forma financial information that may be required to be filed as exhibits to this Form 8-K will be filed by amendment to this Form 8-K as soon as practicable, but in any event not later than 71 calendar days after the date that this Form 8-K must be filed with the Securities and Exchange Commission (the "SEC").

### Item 9.01. Financial Statements and Exhibits.

#### (a) Financial Statements of Businesses Acquired.

Any financial statements that may be required to be filed as an exhibit to this Form 8-K will be filed by amendment to this Form 8-K as soon as practicable, but not later than 71 calendar days after the date that this Form 8-K must be filed with the SEC.

#### (b) Pro Forma Financial Information.

Any pro forma financial information that may be required to be filed as an exhibit to this Form 8-K will be filed by amendment to this Form 8-K as soon as practicable, but not later than 71 calendar days after the date that this Form 8-K must be filed with the SEC.

#### (d) Exhibits.

The following exhibits are filed herewith:

| Exhibit No. | Description  |
|-------------|--|
| 10.1        | Asset Purchase Agreement dated as of July 10, 2007, by and among 24/7 Marketing, LLC, Oncall Subscriber Management Inc., and George Yang.        |
| 10.2        | Escrow Agreement dated as of July 10, 2007, by and among 24/7 Marketing, LLC, Oncall Subscriber Management Inc., and Thomas Title & Escrow, LLC. |
| 99.1        | Press Release of YP Corp. issued on July 16, 2007 regarding 24/7 Marketing, LLC's acquisition of the assets of Oncall Subscriber Management Inc. |

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## SIGNATURES

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

YP CORP.

Date: July 16, 2007

/s/ Gary L. Perschbacher

Gary L. Perschbacher

Chief Financial Officer

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### Exhibit Index

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| <a href="#"><u>10.2</u></a> | Escrow Agreement dated as of July 10, 2007, by and among 24/7 Marketing, LLC, Oncall Subscriber Management Inc., and Thomas Title & Escrow, LLC. |
| <a href="#"><u>99.1</u></a> | Press Release of YP Corp. issued on July 16, 2007 regarding 24/7 Marketing, LLC's acquisition of the assets of Oncall Subscriber Management Inc. |

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**ASSET PURCHASE AGREEMENT**

**DATED AS OF JULY 10, 2007**

**BY AND AMONG**

**24/7 MARKETING, LLC,**

**and**

**ONCALL SUBSCRIBER MANAGEMENT INC.,**

**and**

**GEORGE YANG**

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Exhibit C. Form of Escrow Agreement.

## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (this "Agreement") is dated as of July 10, 2007, by and among 24/7 MARKETING, LLC, a Nevada limited liability company ("Buyer"), ONCALL SUBSCRIBER MANAGEMENT INC., a duly registered Philippine corporation and its successors and assigns ("Seller") and GEORGE YANG, of legal age, Filipino, and with a postal address at 88 Panay Avenue, Quezon City ("Designated Shareholder") and together with the Seller, the "Selling Parties"). Buyer, Seller, and Designated Shareholder are sometimes referred to in this Agreement collectively as the "Parties" and each individually as a "Party."

### RECITALS

A. Seller provides a variety of business process outsourcing, telemarketing, and other subscriber and customer services at the OSM Site (the "Business") that Buyer desires to acquire to assist it in attracting and retaining additional subscribers for the business of Buyer and its Affiliates and to offer services to other businesses.

B. Seller wishes to sell, assign and transfer to Buyer, and Buyer wishes to purchase from Seller, as a going concern, the Business and substantially all of the assets of Seller, owned individually or jointly by any of Seller or any of its wholly-owned subsidiary of Seller and used in the conduct of the Business, and Buyer is further prepared to assume certain specified Liabilities of Seller related to the Business, in consideration of and upon such other terms and conditions set forth in this Agreement. Buyer and Seller desire that Buyer acquire certain assets of Seller related to the Business upon the terms and conditions set forth in this Agreement.

C. Designated Shareholder, who as the owner of 75% of the outstanding shares of capital stock of Seller, has agreed to be a Party to this Agreement as specified herein.

**NOW, THEREFORE**, in consideration of the premises and the mutual covenants and agreements contained herein, the receipt and sufficiency of which are hereby acknowledged, the Parties, intending to be legally bound, agree as follows:

### AGREEMENT

#### **ARTICLE I DEFINITIONS**

1.1. Definitions. Except as otherwise expressly provided herein or unless the context otherwise requires, initially capitalized terms used in this Agreement have the following meanings:

"Accepted Claim" has the meaning specified in Section 7.5.3.

"Acquired Assets" has the meaning specified in Section 2.1.

"Affiliate" means with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, controls, is controlled by or is under common control with such specified Person with the terms "control" and "controlled" meaning for purposes of this definition, the power to direct the management and policies of a Person, directly or indirectly, whether through the ownership of voting securities or partnership or other ownership interests, or by contract or otherwise.

“Agreement” has the meaning set forth in the first paragraph of this Agreement, and includes the Schedules and Exhibits attached hereto and any amendment hereto.

“Applicable Law” means any applicable federal, state, local, municipal, foreign, international, multinational or other constitution, treaty, statute, law, by-law, ordinance, principle of common law (including any ruling or decision of a judicial or quasi-judicial entity), code, regulation, rule or enforceable policy of a Governmental Authority.

“Assigned Contracts” has the meaning specified in Section 2.1(d).

“Assumed Liabilities” has the meaning specified in Section 2.3.

“Buyer” has the meaning specified in the preamble of this Agreement.

“Business” has the meaning specified in Recital A above.

“Business Day” means a day other than a Saturday, Sunday or day on which commercial banks in Phoenix, Arizona are generally closed for business.

“Claim” means any demand, claim, action, investigation, Proceeding (whether at law or in equity) or arbitration.

“Closing” and “Closing Date” have the meanings specified in Section 2.7.

“Confidential Information” has the meaning specified in Section 5.3.

“Consent” has the meaning specified in Section 3.1.3.

“Continuing Employees” has the meaning specified in Section 4.1.

“Dispute Notice” has the meaning specified in Section 7.5.3.

“Disputed Claim” has the meaning specified in Section 7.5.3.

“Escrow Agent” means Thomas Title & Escrow, LLC.

“Escrow Agreement” has the meaning specified in Section 7.5.6.

“Escrow Account” has the meaning specified in Section 2.6(b).

“Escrow Amount” has the meaning specified in Section 2.6(b).

“Excluded Assets” has the meaning specified in Section 2.2.

“GAAP” means generally accepted accounting principles as employed in the United States of America.

“Governmental Authority” means any (i) nation, state, county, province, city, town, borough, village, district or other jurisdiction, (ii) federal, state, county, local, municipal, foreign or other government, (iii) governmental or quasi-governmental authority of any nature (including any agency, branch, department, board, commission, court, tribunal or other entity exercising governmental or quasi-governmental powers), (iv) body exercising, or entitled to exercise, any administrative, executive, judicial, legislative, police, regulatory or taxing authority or power, or (v) official of any of the foregoing.

“Indemnified Party” means each of the Seller Indemnified Parties and Buyer Indemnified Parties.

“Indemnifying Party” has the meaning specified in [Section 7.4\(a\)](#).

“Intellectual Property” has the meaning specified in [Section 2.1\(k\)](#).

“Liability” means with respect to any Person (including any Party), any Liability of such Person of any kind, character or description, whether known or unknown, absolute or contingent, accrued or unaccrued, disputed or undisputed, liquidated or unliquidated, secured or unsecured, joint or several, due or to become due, vested or unvested, executory, determined, determinable or otherwise, and whether or not the same is required to be accrued on the financial statements of such Person.

“Lien” means, with respect to the Acquired Assets, any mortgage, pledge, hypothecation, right of others, claim, security interest, encumbrance, lease, sublease, license, occupancy agreement, adverse claim or interest, easement, covenant, encroachment, burden, title defect, title retention agreement, voting trust agreement, interest, equity, option, lien, right of first refusal, charge or other restrictions or limitations of any nature whatsoever.

“Loss” means any and all judgments, losses, Liabilities, amounts paid in settlement, damages, fines, penalties, deficiencies, losses and expenses (including interest, court costs, reasonable fees and expenses of attorneys, accountants and other experts or other reasonable expenses of litigation or other proceedings or of any claim, default or assessment).

“Notice of Claim” has the meaning specified in [Section 7.5.2](#).

“OSM Site” has the meaning specified in [Section 2.1\(i\)](#).

“Person” means any individual, firm, partnership, association, unincorporated organization, trust, corporation, or any other entity, including, without limitation, a government or any department, agency or instrumentality thereof.

“Proceeding” means any demand, claim, suit, action, litigation, investigation, arbitration, administrative hearing or other proceeding of any nature.

“Purchase Price” has the meaning specified in [Section 2.6](#).

“Retained Liabilities” has the meaning specified in Section 2.4.

“Seller’s Base Balance Sheet” has the meaning specified in Section 3.1.18.

“Seller Closing Documents” has the meaning specified in Section 6.1.6.

“Tax” means any income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental, windfall profit, customs, vehicle, airplane, boat, vessel or other title or registration, capital stock, franchise, employees’ income withholding, foreign or domestic withholding, social security, unemployment, disability, real property, personal property, sales, use, transfer, value added, alternative, add-on minimum and other tax, fee, assessment, levy, tariff, charge or duty of any kind whatsoever and any interest, penalty, addition or additional amount thereon imposed, assessed or collected by or under the authority of any Governmental Authority or payable under any tax-sharing agreement or any other contract.

“Transition Period” has the meaning specified in Section 4.1.

**ARTICLE II  
PURCHASE AND SALE OF THE ASSETS**

2.1. Acquired Assets. Subject to the exclusions contained in Section 2.2 and subject to and upon terms and conditions contained herein, at the Closing Seller shall sell, transfer, convey, assign and deliver to Buyer, and Buyer shall purchase from Seller, free and clear from any Lien, all of the assets, properties, rights and goodwill of Seller, wherever located, used in, or associated with the Business (hereinafter sometimes collectively referred to as the “Acquired Assets”), including, without limitation:

- (a) all cash, cash equivalents, short-term investments, deposits, and accounts receivable of Seller on the Closing Date;
- (b) all of Seller’s inventories and other materials, supplies, components and accessories associated with or used in the operation of the Business whether on hand, in transit, or on order as of the Closing Date;
- (c) all tangible personal property associated with operating and maintaining the Business, including all machinery, equipment, tools, materials, furniture, hardware, computer hardware and peripherals, computer software, fixtures, improvements and other items;
- (d) all rights and interests of Seller, as of the Closing Date, under all contracts and agreements pertaining to the operation of the Business (collectively, the “Assigned Contracts”);
- (e) all prepaid items, deposits, and unbilled costs and fees relating to the Business, if any;

(f) all licenses, permits, and other governmental authorizations of Seller and all pending applications therefore or renewals thereof relating to the Business or any of the Acquired Assets, in each case to the extent transferable to Buyer;

(g) all claims of Seller against third parties relating to the Business or Acquired Assets, whether choate or inchoate, known or unknown, contingent or non-contingent;

(h) all goodwill of the Selling Parties relating to the Business;

(i) all right, title and interest of Seller or Designated Shareholder in the land, structures, improvements and fixtures associated with the operation of the Business and all rights of way, uses licenses, easements and appurtenances thereto, including, without limitation, Seller's rights and options with respect to the call center owned by 24 by 7 Contact Solutions, Inc. and located at Thompson Square Building, Tomas Morato corner Roces Avenue, Quezon City, Metro Manila, Philippines (the "OSM Site");

(j) originals or copies of all data and records (whether in print, electronic other format), related to the operations of the Business and/or the ownership of the Acquired Assets, including client and customer lists and records, referral sources, research and development reports and records, production reports and records, service and warranty records, equipment logs, operating guides and manuals, financial and accounting records, creative materials, advertising materials, promotional materials, studies, reports, correspondence and other similar documents and records and, subject to Applicable Laws, copies of all personnel records;

(k) all of the following proprietary rights owned by, issued to or licensed to Seller or Designated Shareholder that are used in Seller's operation of the Business, along with all income, royalties, damages and payments due or payable at Closing or thereafter (including, without limitation, damages and payments for past or future infringements or misappropriations thereof), the right to sue and recover for past infringements or misappropriations thereof and any and all corresponding rights that, now or hereafter, may be secured throughout the world: trademarks, service marks, trade dress, logos, trade names and corporate names together with all goodwill associated therewith (including without limitation, the use of the current corporate name and trade names and all translations, adaptations, derivations and combinations of the foregoing); copyrights and copyrightable works; mask works; and all registrations, applications and renewals for any of the foregoing; trade secrets and confidential information (including, without limitation, ideas, formulae, compositions, know-how, manufacturing and production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial, business and marketing plans, and customer and supplier lists and related information); computer software (including, without limitation, data, data bases, systems and related documentation); other proprietary rights; and all copies and tangible embodiments of the foregoing (in whatever form or medium) (collectively, the "Intellectual Property");

(l) Seller's interests in its Internet website, including the domain, site design and related software, related electronic mail addresses, and any and all intellectual property rights relating to the Business;

(m) Seller's employee files and records relating the Business, including original copies of any employment, noncompetition, or other similar agreements to which Seller is a party, and all employment-related correspondence and documentation of employee performance reviews; and

(n) all other tangible and intangible assets that, together with the above, would be used or useful in connection with operating the Business after the Closing Date.

2.2. Excluded Assets. Notwithstanding anything to the contrary contained in Section 2.1 or elsewhere in this Agreement, any property or assets of Seller that is not listed or otherwise referenced in Section 2.1 (collectively, the "Excluded Assets") are not part of the purchase and sale contemplated hereunder and shall remain the property of Seller after the Closing.

2.3. Assumed Liabilities. With respect to the Business, on the Closing Date, Buyer shall assume and agree to fully satisfy and discharge in accordance with their terms only the following liabilities of Seller (the "Assumed Liabilities"):

(a) Seller's trade accounts payable relating to the operation of the Business that are reflected on the Seller's Base Balance Sheet (as defined below in Section 3.1.18) (and any such accounts payable arising in the ordinary course between the dates of the Seller's Base Balance Sheet and the Closing Date) that remain unpaid at and are not delinquent as of the Closing Date;

(b) Seller's obligations arising under those real property, capital, operating or other leases entered into in connection with operating the Business (excluding the lease for the OSM Site during the Transition Period, including all related Taxes, and any delinquent payment charges, interest, penalties or other obligations arising from Seller's failure to satisfy such obligations that arose prior to the Closing Date); and

(c) Any Liability of Seller directly associated with the Business or the Acquired Assets that arises after the Closing Date Business (excluding Liability of Seller directly associated with the Continuing Employees during the Transition Period, including all related Taxes).

2.4. Retained Liabilities. The Retained Liabilities shall remain the exclusive responsibility of, and shall be retained, paid, performed and discharged exclusively by, Seller. "Retained Liabilities" shall mean every liability (of any kind, character or description, whether known or unknown) of Seller other than the Assumed Liabilities enumerated in Section 2.3 above, including without limitation:

(a) Any Liability of Seller directly associated with the Continuing Employees during the Transition Period, including all related Taxes; and

(b) Any Liability of Seller directly associated with the lease for the OSM Site during the Transition Period, including all related Taxes.

2.5. No Expansion of Third Party Rights. The assumption by Buyer of the Assumed Liabilities, and the transfer thereof by Seller, shall in no way expand the rights and remedies of any third party against Seller or against Buyer, as assignee of Seller, as compared to the rights and remedies that such third party would have had against Seller or against Buyer, as assignee of Seller, had Buyer not assumed such liabilities. Without limiting the generality of the preceding sentence, the assumption by Buyer of such liabilities shall not create any third-party beneficiary rights.

2.6. Purchase Price. In consideration for the Acquired Assets and the Business, and for the covenants and obligations of the Selling Parties hereunder and under the Seller Closing Documents (as defined in Section 6.1.6 below), on the Closing Date, Buyer shall pay to Seller \$4,500,000 (U.S. Dollars) for the Acquired Assets (the "Purchase Price"), which shall be comprised of the following amounts to be paid by Buyer or its parent, YP Corp., Inc., a Nevada Corporation:

(a) Buyer shall pay \$4,050,000 (U.S. Dollars) to Seller by wire transfer in immediately available funds to such account or accounts as the Selling Parties may designate; and

(b) Buyer shall deduct and withhold \$450,000 (U.S. Dollars) (the "Escrow Amount") from the Purchase Price and place it in an escrow account (the "Escrow Account") to be administered by the Escrow Agent as security to cover potential losses or other claims for which Buyer would be entitled to indemnification under ARTICLE VII of this Agreement and to be distributed to the Parties in accordance with the provisions of Section 7.5 hereof.

2.7. Proration. Buyer and Selling Parties agree that all of the items normally prorated, including Taxes and fees for services rendered in respect of the Acquired Assets shall be prorated as of the Closing Date, with Selling Parties liable or entitled to receive payment, as applicable, to the extent such items relate to any time period through the Closing Date, and Buyer liable or entitled to receive payment, as applicable, to the extent such items relate to any time period subsequent to the Closing Date. In connection with such proration, in the event that actual figures are not available as of the Closing Date, the proration shall be based upon the actual amount of such Taxes or fees for the preceding year or month (or other appropriate period) for which actual Taxes or fees are available and such Taxes or fees shall be re-prorated upon request of either Selling Parties or Buyer made within 60 days of the date that the actual amounts become available. Selling Parties and Buyer agree to furnish each other with such documents and other records as may be reasonably requested in order to confirm all adjustment and proration calculations made pursuant to this Section.

2.8. Purchase Price Allocation. Selling Parties and Buyer shall each be entitled to prepare and rely on its own allocation of the Purchase Price for all Tax purposes and in all filings, declarations and reports with the appropriate taxing authorities in respect thereof, provided that each such Party's allocation shall be consistent with the requirements of the National Internal Revenue Code of 1997, as amended.



2.9. Closing. The closing of the purchase and sale of the Acquired Assets (the "Closing") will take place at the offices of Snell & Wilmer, L.L.P. located at One Arizona Center, Phoenix, Arizona 85004, commencing at 10:00 a.m. (Pacific Standard time) on July 10, 2007, or at such other date, time and place as may be agreed upon by the Parties and shall be effective as of 12:00 a.m. (Pacific Standard time) on July 11, 2007, which date and time is sometimes referred to in this Agreement as the "Closing Date."

### **ARTICLE III REPRESENTATIONS AND WARRANTIES**

3.1. Representations and Warranties of Selling Parties. The Selling Parties hereby, jointly and severally, represent and warrant to Buyer as follows:

3.1.1. Corporate Existence. Each Selling Party (a) if he or she is a natural Person, is competent to, and (b) if it is an entity, is a corporation duly incorporated, validly existing and in good standing under Philippine law and has full corporate power and authority to own or lease its properties and to carry on its business as now conducted. Seller has delivered to Buyer true and complete copies of the articles of incorporation, bylaws, and/or other organizational documents of Seller as amended to date. Designated Shareholder is the owner of 75% of the outstanding shares of capital stock of Seller. Seller does not presently own, directly or indirectly, any shares of capital stock of or other equity interest in any corporation, partnership or other entity.

3.1.2. Authorization. Seller has full corporate power and authority to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated herein. The execution, delivery and performance of this Agreement by Seller have been duly authorized by all requisite corporate action. This Agreement is the legal, valid and binding obligation of Seller enforceable in accordance with its terms, except as enforceability may be limited by equitable principles or by bankruptcy, fraudulent conveyance or insolvency laws affecting creditors' rights generally. Upon the execution and delivery by Seller of the Seller Closing Documents (as defined below), such documents shall constitute the legal, valid and binding obligation of Seller, enforceable against Seller in accordance with their respective terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally.

3.1.3. No Violation. The execution and delivery of this Agreement by Seller and the consummation of the transactions contemplated herein do not and will not violate or result in a default under (i) the articles of incorporation, bylaws or other organizational documents of Seller, or (ii) subject to the receipt of any necessary Consents, (a) any license, permit or other governmental authorization, or (b) any judgment, order, decree, law, rule or regulation applicable to Seller. No consent, approval, authorization, order, filing, registration or qualification of or with any governmental authority or any other Person ("Consent") is required to be obtained by Seller in connection with the execution and delivery of this Agreement by Seller or the consummation of the transactions contemplated herein except for those Consents which have been obtained by Seller prior to the Closing Date.

3.1.4. Insurance. Seller has delivered to Buyer accurate and complete copies, of all policies of insurance covering the Acquired Assets and Business of Seller as of the date hereof. No written notice of termination of any such policy has been received by Seller.

3.1.5. Governmental Authorizations; Compliance with Laws. Seller has not received written notice that it is in violation of or is in default under: (i) any governmental licenses, franchises, permits, approvals and other governmental authorizations that are necessary to entitle Seller to own or lease, operate and use its assets and properties and to conduct the Business as now conducted; (ii) any judgment, order or decree of any court or administrative agency applicable to it; or (iii) any law, rule or regulation applicable to it; which could reasonably be expected to result in any liability on the part of Seller.

3.1.6. Real Property. Seller does not own, nor since the date of Seller's organization, has it ever owned, any fee simple interest in real property. The OSM Site is the only real property in which Seller currently holds an interest, and Seller has provided Buyer with complete copies of all documentation pertaining to Seller's interest in the OSM Site. All obligations of Seller currently due and owing with respect to the Seller's interest in the OSM Site have been fully satisfied as of the Closing Date. Seller does not hold, and is not obligated under or a party to, any obligation, right of first refusal or other contractual right to purchase, acquire, sell, assign or dispose of any real property or any portion thereof or interest therein. Seller's use of any facilities or other real property in the operation of the Business is permitted as of right under all Applicable Laws (including zoning laws).

3.1.7. Tax Matters. Seller has complied with all Applicable Laws with respect to the payment of Taxes applicable to Seller, its assets (including the Acquired Assets) and operations. Since the date of Seller's organization, Seller has filed all applicable tax returns and has paid all Taxes applicable thereto in a timely manner. All such tax returns were correct and complete in all material respects. All Taxes owed by or attributable to Seller with respect to tax returns the due date of which preceded the date of this Agreement (and for which due date no extension has been granted by the applicable taxing authority) have been paid. No deficiency or proposed adjustment that has not been settled or otherwise resolved for any amount of Taxes has been asserted or assessed by any taxing authority against Seller. There is no Proceeding or audit by any taxing authority or any claim for refund now in progress, pending or threatened against or with respect to Seller regarding Taxes. Seller has withheld and paid all Taxes required to be withheld and paid in connection with any amounts paid or owing to Seller's employees.

3.1.8. Brokers; Finders. Seller has not retained any broker or finder in connection with the transactions contemplated herein so as to give rise to any valid claim against Buyer for any brokerage or finder's commission, fee or similar compensation.

3.1.9. Title to and Condition of Properties. Seller has good and marketable title to, is the lawful owner of, and has the full right to sell, convey, transfer, assign and deliver the Acquired Assets free and clear of any Liens. At and as of the Closing, Seller will convey the Acquired Assets to Buyer by deed, bill of sale, certificates of title and instruments of assignment and transfer effective to vest in Buyer, and Buyer will have, good and valid record and marketable title to all of the Acquired Assets, free and clear of all Liens. The Acquired Assets are in good operating condition and in a state of reasonable maintenance and repair, and are suitable for use in connection with the operation of the Business.

3.1.10. Intellectual Property. All of the universal proprietary rights for Intellectual Property is owned by Seller free and clear of all encumbrances or has been duly licensed for use by Seller. None of the Intellectual Property has been or is the subject of any pending adverse claim, any threatened litigation or claim of infringement. The products Seller manufactures at or which are produced by or in connection with the operation of the Business, or which the Business sells, do not, and any process, method, part, design or material it employs, or the marketing and use by the Business of any such product or any service does not, to the best knowledge of Seller, infringe any trademark, trade name, or copyright of another, and Seller has not received any notice contesting its right to use any trademark, trade name, product, process, design, computer program or written work now used by it in connection with the Business or the operation thereof. Seller owns or possesses adequate rights in perpetuity in and to all Intellectual Property necessary to conduct the business of the Business as presently conducted.

3.1.11. Contracts.

(a) Seller has delivered to Buyer accurate and complete copies, of the following contracts and agreements (including all amendments thereto) relating to the Acquired Assets or the conduct of the Business:

(A) each contract or agreement that involves performance of services or delivery of goods or materials by or to Seller of any amount for the current fiscal year and each contract or agreement that involves performance of services or delivery of goods or materials by or to Seller of an amount or value in excess of \$2,500 in any other fiscal year relating to the Acquired Assets or the conduct of the Business;

(B) each contract or agreement affecting the ownership of, leasing of, title to, use of or any leasehold or other interest in any property (real or personal) used in the conduct of the Business;

(C) each contract or agreement involving a sharing of profits, losses, costs or Liabilities by Seller with any other Person (other than cost-sharing arrangements between Seller) used in the conduct of the Business;

(D) each contract or agreement containing covenants that in any way purport to restrict Seller's business activity or limit the freedom of Seller to engage in any line of business or to compete with any Person;

(E) each contract or agreement for capital expenditures by Seller in excess of \$2,500 in any fiscal year relating to the Acquired Assets or the Business;

(F) each contract or agreement providing warranty coverage or relating to maintenance and/or service for any tangible personal property; and

(G) each written warranty, guaranty, surety and/or other similar undertaking with respect to financial support or contractual performance extended by Seller other than in the ordinary course of business.

(b) Each Assigned Contract is in full force and effect and is valid and enforceable in accordance with its terms, except as such enforcement may be limited by applicable bankruptcy, insolvency, reorganization, moratorium and similar laws affecting creditors' rights and remedies generally, and subject, as to enforceability, to general principles of equity, including principles of commercial reasonableness, good faith and fair dealing (regardless of whether enforcement is sought in a Proceeding at law or in equity).

(c) With respect to each Assigned Contract:

(A) Seller is, and at all applicable times has been, in compliance with all applicable terms and requirements of each Assigned Contract;

(B) each other Person that has or had any Liability under any Assigned Contract is and at all times has been, in full compliance with all applicable terms and requirements of such Assigned Contract;

(C) no event has occurred or circumstance exists that (with or without notice or lapse of time) may constitute or result in a breach by Seller, or give any other Person the right to declare a default or exercise any remedy under, or to accelerate the maturity or performance of, or payment under, or to cancel, terminate or modify, any Assigned Contract;

(D) Seller has not given to or received from any other Person any notice or other communication (whether oral or written) regarding any actual, alleged, possible or potential breach of any Assigned Contract;

3.1.12. Consents. All Consents required to be obtained by Seller to consummate the transactions contemplated herein shall have been obtained. Seller has exercised its option under that certain Asset Purchase Agreement dated April 20, 2007 by and between Seller and 24 by 7 Contact Solutions, Inc. and all obligations of Seller for payment with respect to such option have been fully satisfied as of the Closing Date.

3.1.13. No Defaults or Violations.

(a) Seller has not materially breached any provision of; nor is it in material default under the terms of; any lease, contract, commitment, agreement, indenture, mortgage, lien, instrument, plan or license to which it is a party or under which it has any rights or by which it is bound and which relates to the business or operation of the Business and no other party to any such lease, contract, commitment or agreement is in default thereunder in any material respect, and

(b) Seller is not in any material violation or default of; or with respect to, any law, governmental regulation or rule or order of any governmental authority that is applicable in any way to the business or operation of the Business. None of the properties owned by Seller and included in the Acquired Assets, or the occupancy or operation thereof; is in material violation of any law, building, zoning or other ordinance, code or regulation applicable to it, or is subject to any law, ordinance, code, regulation or order requiring any change, assessment or penalty, which would adversely affect the business of Seller or operation of the Business, and no notice from any governmental authority has been served upon Seller claiming any violation of any such law, ordinance, code or regulation or requiring any work or construction or asserting any assessment or penalty which would have an adverse effect on the business or operation of the Business. Seller is in material compliance with, and no violation exists under, any law, rule, regulation or permit applicable to the Business and the operation thereof.

3.1.14. Certain Environmental Matters. The operation of the Business (or any of the Acquired Assets as currently used) does not violate any applicable environmental law in effect as of the date hereof and no condition or event has occurred which, with notice or the passage of time or both, would constitute a violation of any such law. Seller has timely filed all reports required to be filed with respect to the real property used in connection with operating the Business and has generated and maintained all required data, documentation and records under any applicable environmental laws with respect thereto.

3.1.15. Litigation. No action, suit, proceeding or investigation is pending against Seller, and Seller has not received written notice of any threatened action, suit, proceeding or investigation against Seller, which could reasonably be expected, either individually or in the aggregate, to result in any liability on the part of Seller. There are no actions, suits, labor disputes or other litigation, proceedings or governmental investigations pending or, to the knowledge of Seller, threatened against or affecting Seller, or any officers, directors, employees or the stockholders thereof in their capacity as such, or any of the properties or businesses thereof; or relating to the transactions contemplated by this Agreement. Seller is not subject to any order, judgment, decree, stipulation, or consent of or with any court, governmental body or agency which has or may have an adverse effect on the financial condition or the results or operation of the Business or on the Acquired Assets.

3.1.16. Inventories. The inventories included in the Acquired Assets are merchantable and usable in the ordinary operations of the Business, none of such items is obsolete and nonsalable, none of such items has been stolen or otherwise unlawfully or improperly removed or diverted, and none of such items has been pledged or otherwise given as collateral or is held by Seller on assignment or consignment. The inventories are fairly reflected in the inventory accounts on the Seller's Base Balance Sheet and Seller Financial Statements (both as defined below) and are valued at the cost.

3.1.17. Assets Sufficient for Conduct of Business. The Acquired Assets constitute all of the assets and properties needed for the operation of the current Business as it is presently operated by Seller in all material respects.

3.1.18. Financial Statements. The balance sheet of Seller as of June 30, 2007 (the "Seller's Base Balance Sheet"), which was prepared in accordance with GAAP, consistently applied, presents fairly and accurately, in all material respects, the financial position of Seller and its subsidiaries as of its date. Neither Seller nor any of its subsidiaries has any material liabilities or obligations of a type that would be included in a balance sheet prepared in accordance with GAAP except as and to the extent disclosed in Seller's Base Balance Sheet or incurred since the date of that balance sheet in the ordinary course of the Business and as contemplated by this Agreement.

3.1.19. No Material Change. Since the date of Seller's Base Balance Sheet, there has not been and there is no threatened (i) any material adverse change in the financial condition, business, assets, properties or operating results of Seller or the Business; (ii) any loss or damage (whether or not covered by insurance) to any of the assets or properties of Seller that materially affects or impairs its ability to conduct the Business; (iii) any mortgage or pledge of any assets or properties of Seller or related to the operation of the Business, or any indebtedness incurred by Seller with respect to the Business (other than indebtedness that is not material in the aggregate and that was incurred in the ordinary course of business); (iv) any increase or new grant by Seller of any bonus, salary or other compensation to any employee of Seller (other than salary, wage, bonus or commission increases to employees in the ordinary course of business), or entry by Seller into any employment, severance or similar contract or arrangement with any employee; (v) damage to or destruction of any material Asset, whether or not covered by insurance, except for damage that has been repaired or for which appropriate replacement Assets have been acquired before the date of this Agreement; (vi) entry into, termination of or receipt of notice of termination of any contract or agreement having an annual value or cost to Seller of at least \$2,500; (vii) sale, lease or other disposition of any Asset or other property of Seller worth \$2,500 or more or the creation of any Lien on any Asset; (viii) cancellation or waiver of any claims or rights with a value to Seller in excess of \$2,500; or (ix) contract or agreement by Seller to do any of the foregoing.

3.1.20. Employment Matters. Seller has complied with all applicable laws relating to the employment of labor, including, without limitation, the provisions thereof relating to wages, hours, collective bargaining, working conditions, and payment of Taxes of any kind, and Seller is not liable for any arrears of wages or any Taxes or penalties for failure to comply with any of the foregoing, nor does it have any obligations for any vacation, sick leave or other compensatory time with respect to its employees. Seller has provided Buyer with complete and accurate records of all salaries, expenses and personal benefits paid to or accrued for all employees of Seller as of the date of this Agreement.

3.1.21. Labor Disputes; Compliance.

(a) Seller is in compliance with all employment-related Applicable Laws, including those relating to employment practices, terms and conditions of employment, equal employment opportunity, nondiscrimination, immigration, wages, hours, benefits, payment of social security and similar Taxes and occupational safety and health. Seller is not liable for the payment of any Taxes, fines, penalties, or other amounts, however designated, for failure to comply with any of the foregoing Applicable Laws.

(b) Seller has not been, and is not now, a party to any collective bargaining agreement or other labor contract with respect to the operation of the Business. Since the commencement of operation of the Business, there has not been, there is not presently pending, existing or threatened, strike, slowdown, picketing, work stoppage or employee grievance process involving Seller. No event has occurred or circumstance exists that could provide the basis for any work stoppage or other labor dispute in respect of the Business. No Proceeding relating to the alleged violation of any Applicable Law pertaining to labor relations or employment matters, including any charge or complaint filed with any Governmental Authority, is pending or threatened against Seller in respect of the Business, and there is no organizational activity or other labor dispute against or affecting the Business, and no application or petition for an election of or for certification of a collective bargaining agent is pending. Seller has not been served notice of, and Seller does not otherwise have knowledge of, any grievance or arbitration Proceeding by any employee of Seller that might have an adverse effect upon Seller or the conduct of the Business. There is no lockout by Seller of any employees of the Business, and no such action is contemplated by Seller. There has been no charge of discrimination filed against or threatened against Seller (or any of its directors, officers or employees) in connection with the Business with any Governmental Authority.

3.1.22. Accuracy of Statements. Neither this Agreement nor any statement, list, certificate or other information furnished or to be furnished by or on behalf of Seller or Designated Shareholder to Buyer in connection with this Agreement or the transaction contemplated hereby contains or will contain any untrue statement of a material fact regarding Seller, the Acquired Assets or the business or operation of the Business or omits or will omit to state a material fact necessary to make the statements regarding Seller, the Acquired Assets or the business or operation of the Business contained herein or therein, in light of the circumstances in which they are made, not misleading. There are no other facts or circumstances known to the Seller not disclosed herein that may materially adversely affect the value of the Acquired Assets or the prospects of the Business.

3.1.23. No Undisclosed Liabilities. Seller does not have any Liability in respect of the Business or the Acquired Assets except for (i) ongoing performance obligations under the contracts and agreements to which Seller is a party or by which Seller is bound, (ii) current Liabilities incurred in the ordinary course of business of Seller, (iii) Assumed Liabilities and (iv) Retained Liabilities.

3.1.24. No Other Agreement. Other than for sales of assets in the ordinary course of business, neither Seller nor Designated Shareholder has any contract, agreement, arrangement or understanding with respect to the sale or other disposition of any assets (including the Acquired Assets) or capital stock of Seller except as set forth in this Agreement.

3.2. Representations and Warranties of Buyer. Buyer hereby represents and warrants to the Selling Parties as follows:

3.2.1. Authorization. The execution, delivery and performance of this Agreement by Buyer and the consummation of the transactions contemplated herein have been duly authorized by all requisite corporate action. This Agreement has been duly executed and delivered by Buyer and constitutes the valid, legal and binding obligation of Buyer enforceable in accordance with its terms, except as enforceability may be limited by equitable principles or by bankruptcy, fraudulent conveyance or insolvency laws affecting creditors' rights generally.

3.2.2. No Violation. The execution and delivery of this Agreement by Buyer and the consummation of the transactions contemplated herein do not and will not violate or result in a default under the articles of incorporation and bylaws of Buyer or any judgment, order, decree, law, rule or regulation applicable to Buyer, except for violations or defaults which would not prevent the consummation of the transactions contemplated by this Agreement.

#### **ARTICLE IV EMPLOYEES**

4.1. Employees. The Parties acknowledge and agree that it is the intent of Buyer to hire as employees of Buyer the employees working for Seller in connection with the operation of the Business and set forth on Schedule 1 hereto and any employee who is hired during the Transition Period for purposes of providing services to Buyer (the "Continuing Employees") after the expiration of a period of 55 days after the date hereof or such other period as agreed by the parties hereto in writing (the "Transition Period"); provided, however, that the Parties hereby expressly acknowledge and agree that the foregoing shall not be construed to create any obligation on the part of Buyer to hire all (or any) of Seller's employees. The Selling Parties agree to use commercially reasonable efforts to retain and keep available, or cause to be retained or kept available, the services of the Continuing Employees during the Transition Period and to assist Buyer in employing any of the Continuing Employees consistent with this Agreement after the Transition Period, including with respect to the assignment of any applicable employment, noncompetition or other similar agreements from Seller to Buyer.

4.2. Continuing Employees. Buyer shall have the right to offer employment to the Continuing Employees during the period from the Closing Date to the end of the Transition Period. The decision to make any such offers shall be within Buyer's sole discretion. Buyer will give each Continuing Employee who receives such offer no less than 5 business days in which to accept or reject Buyer's employment offer. Notwithstanding the dates of acceptance by the Continuing Employees of Buyer's offer of employment, it is understood that during the period from the Closing Date to the end of the Transition Period, the Continuing Employees shall be employees of Seller.

4.3. Employment Obligations. Seller shall indemnify Buyer from and against any and all actions, proceedings, costs, claims, expenses, demands, awards, fines, orders and liabilities whatsoever relating to the employment of the employees of Seller prior to and including the end of the Transition Period.

4.4. Employees Not Accepting Employment. If for any reason any of Seller's employees are offered but do not accept Buyer's offer of employment described in Section 4.1 above by the end of the Transition Period, Seller hereby agrees to indemnify Buyer from and against any claim for termination or severance payment, wrongful dismissal or other similar actions. Seller shall provide any required notice or payments under the Labor Code of the Philippines or any statutory or contractual severance arrangements with respect to the termination of all current employees by Seller or any of its Affiliates.



**ARTICLE V**  
**CERTAIN COVENANTS**

5.1. Public Announcements. Seller shall consult with Buyer before issuing any press release or otherwise making any public statements with respect to this Agreement and shall not issue any such press release or make any such public statement prior to such consultation, except as may be required by law on the advice of counsel.

5.2. Interference with Relationships. From and after the Closing Date and continuing for five years from the Closing Date, none of the Selling Parties shall, directly or indirectly, as employee, agent, consultant, director, equityholder, manager, co-partner or in any other capacity without the prior written consent of Buyer, engage, recruit or solicit for employment or engagement, any Person who is (or was within 6 months of the Closing Date) employed or engaged by Buyer (or, with respect to periods prior to the Closing Date, Seller) with respect to the Business, or a client or customer of the Business, or otherwise seek to influence or alter any such Person's relationship with any of the foregoing.

5.3. Confidential Information. From the date hereof and thereafter, the Selling Parties shall keep secret and retain in strictest confidence, and shall not, without the prior written consent of Buyer, furnish, make available or disclose to any third party or use for the benefit of itself or any third party, any Confidential Information. As used in this Section 5.3, "Confidential Information" shall mean any information relating to (i) this Agreement or the transaction contemplated hereby or (ii) the Business and the business or affairs of Buyer, including, without limitation, information relating to financial statements, client or customer identities, potential clients or customers, employees, suppliers, servicing methods, equipment, programs, strategies and information, analyses, profit margins or other proprietary information; provided, however, that Confidential Information shall not include any information which is in the public domain or becomes generally known in the public domain through no wrongful act on the part of Selling Parties; and provided, further, that the covenants of the Selling Parties in this Section 5.3 shall not apply to the extent disclosure of Confidential Information (x) is reasonably necessary in order for any Selling Party to enforce its rights or perform its obligations hereunder, or (y) is required by applicable Law or an order of a Governmental Authority. Selling Parties acknowledge that the Confidential Information is vital, sensitive, confidential and proprietary to the Business.

5.4. Enforceability. Each of the Selling Parties recognizes that the territorial, time and scope limitations set forth in Sections 5.2 and 5.3 are reasonable and are properly required for the protection of Buyer's legitimate interest in client relationships, goodwill and trade secrets of the Business. In the event that any such territorial, time or scope limitation is deemed to be unreasonable by a court of competent jurisdiction, Buyer and Selling Parties agree, and Selling Parties submit, to the reduction of any or all of said territorial, time or scope limitations to such an area, period or scope as said court shall deem reasonable under the circumstances. If such partial enforcement is not possible, the provision shall be deemed severed, and the remaining provisions of this Agreement shall remain in full force and effect.

5.5. Remedies. Each of Selling Parties acknowledges and agrees that the covenants set forth in this Sections 5.2 and 5.3 hereof are reasonable and necessary for the protection of Buyer's business interests, that irreparable injury will result to Buyer if a Selling Party breaches any of the terms of Sections 5.2 or 5.3, and that in the event of a Selling Party's actual or threatened breach of any of the provisions contained in Sections 5.2 or 5.3, Buyer will have no adequate remedy at law. Each of Selling Parties accordingly agrees that in the event of any actual or threatened breach by it of any of the provisions contained in this Sections 5.2 or 5.3, Buyer shall be entitled to such injunctive and other equitable relief as may be deemed necessary or appropriate by a court of competent jurisdiction. Nothing contained herein shall be construed as prohibiting Buyer from pursuing any other remedies available to it for such breach or threatened breach, including the recovery of any damages which it is able to prove.

5.6. Temporary Space. During the Transition Period or such longer period as is required to assign the lease of the OSM Site to Buyer, Seller shall provide Buyer with full access to the OSM Site to conduct, or cause to be conducted, the Business in the manner in which the Business is currently conducted and otherwise in accordance with the Terms of this Agreement. In consideration of Buyer's access to the OSM Site, Buyer shall reimburse Seller its actual lease and other payments with respect to the use of the OSM Site but Seller shall not be entitled to any other additional consideration under this Agreement or otherwise for such access.

5.7. Further Assurances. Seller shall, and Designated Shareholder shall cause Seller to, provide all assistance to Buyer to ensure consummation of this Agreement, even after the Closing Date. For this purpose, Seller shall, and Designated Shareholder shall cause Seller to, do and perform such acts and deeds as Buyer shall instruct Seller for and in regard to:

5.7.1. Negotiation and execution of any amendments that may be required to any of the Assigned Contracts or all licenses, permits, and other governmental authorizations;

5.7.2. All actions required to obtain any and all Consents required to be obtained by Seller to consummate the transactions contemplated herein; and

5.7.3. Liaising and otherwise dealing with all Government Authorities in the Philippines in connection with the transactions contemplated herein.

## **ARTICLE VI CONDITIONS PRECEDENT**

6.1. Conditions to Obligation of Buyer. The obligation of Buyer under this Agreement to purchase the Acquired Assets is subject to the fulfillment, at or prior to the Closing, of each of the following conditions, each of which may be waived in whole or in part by Buyer in its sole discretion, provided the failure of any condition to be satisfied is not the result of Buyer's breach or default hereunder:

6.1.1. Representations; Performance. The representations and warranties of the Selling Parties contained herein shall be true in all material respects when made and shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date, except as modified by transactions permitted by this Agreement. Seller shall have duly performed and complied in all material respects with all agreements and conditions required by this Agreement to be performed or complied with by it prior to or at the Closing. Seller shall have delivered to Buyer a certificate, dated as of the Closing Date, to the effect set forth above in this Section 6.1.1.

6.1.2. Certain Approvals. All Consents required to be obtained by Seller to consummate the transactions contemplated herein shall have been obtained.

6.1.3. Corporate Approvals. All necessary corporate action on the part of the directors and shareholders of Seller approving this Agreement and the purchase and sale of the Acquired Assets shall have been duly and validly taken.

6.1.4. No Proceeding or Litigation. No claim, action, suit, arbitration, investigation or other formal proceeding shall be pending or threatened on or before the Closing which (i) seeks to (A) enjoin, restrain or prohibit the transactions contemplated herein, (B) impose limitations on the ability of Buyer or their affiliates to exercise full rights of ownership of the Acquired Assets or (C) require the divestiture by Buyer or their Affiliates or any of the Acquired Assets or any other assets of Buyer or their Affiliates by reason of this Agreement, or (ii) could have an adverse effect on the Acquired Assets or the use thereof or the transactions contemplated herein.

6.1.5. No Material Adverse Change. There shall have been no material adverse change in the business or financial condition of Seller, the Acquired Assets or the Assumed Liabilities. Seller shall have delivered to Buyer a certificate, dated as of the Closing Date, to the effect set forth above in this Section 6.1.5.

6.1.6. Acquired Assets and Documents Delivered. Buyer shall have received at the Closing the following documents (collectively, the "Seller Closing Documents") required to be delivered to Buyer by the Seller at the Closing as provided herein:

(a) resolutions of the Board of Directors and Stockholders of Seller approving this Agreement and the transactions contemplated hereby;

(b) an executed assignment and bill of sale for the Acquired Assets acquired from Seller, substantially in the form and to the effect of Exhibit A attached hereto;

(c) a payoff letter from each holder of indebtedness with respect to any Liens, indicating that upon payment of a specified amount such holder shall release its security interest and such other documents or endorsements necessary to release of record the security interests of all such holders, and evidence of the release or discharge of such financing statements, judgments, or other Liens on or against the Acquired Assets, in form and substance satisfactory to Buyer;

(d) an executed assignment and assumption of contracts relating to the Assigned Contracts, substantially in the form and to the effect of Exhibit B attached hereto;

(e) an executed escrow agreement relating to the Escrow Account, substantially in the form and to the effect of Exhibit C attached hereto; and

(f) all other documents and items required to be delivered by the Selling Parties validly to transfer title to the Acquired Assets to Buyer and to otherwise consummate the transactions contemplated hereby.

6.2. Conditions to Obligation of Selling Parties. The obligation of the Selling Parties under this Agreement to sell the Acquired Assets is subject to the fulfillment, at or prior to the Closing, of each of the following conditions, each of which may be waived in whole or in part by the Selling Parties in their sole discretion:

6.2.1. Representations; Performance. The representations and warranties of Buyer contained herein hereof shall be true in all material respects when made and shall be true in all material respects on and as of the Closing Date with the same effect as though made on and as of the Closing Date, except as modified by transactions permitted by this Agreement.

6.2.2. No Proceeding or Litigation. No injunction or order of any court or administrative agency of competent jurisdiction shall be in effect and no actions by any public or governmental authority seeking any such injunction or order shall be pending as of the Closing Date that restrains or prohibits the purchase and sale of the Acquired Assets or any other action to be taken in connection herewith.

6.2.3. Purchase Price and Documents Delivered. Seller shall have received at the Closing the Purchase Price, and all documents required to be delivered by Buyer on or prior to the Closing Date shall be delivered or shall be tendered by the Closing Date.

## **ARTICLE VII INDEMNIFICATION BY SELLING PARTIES**

7.1. Seller Indemnification. Subject to the limitations set forth elsewhere in this ARTICLE VII, each of the Selling Parties, jointly and severally, hereby agrees to indemnify, defend and hold harmless Buyer and its Affiliates (collectively, the "Buyer Indemnified Parties") from and against any and all Losses, whether or not involving a third-party claim, resulting from or arising out of from or in connection with:

7.1.1. any breach of a representation or warranty made by a Selling Party in this Agreement;

7.1.2. the breach by a Selling Party of, or default in the performance by a Selling Party of, any covenant, agreement or obligation to be performed by a Selling Party pursuant to this Agreement or in any other certificate, document, writing or instrument delivered by a Selling Party pursuant to this Agreement;

7.1.3. any benefit plan;

7.1.4. any Retained Liability;

7.1.5. any intentional misstatement, fraud, willful misconduct or bad faith committed by any Selling Party in accordance with this Agreement; and

7.1.6. any Liability arising from the failure to obtain any Consent prior to the transfer of any Acquired Assets pursuant to this Agreement.

7.2. Buyer Indemnification. Subject to the limitations set forth elsewhere in this ARTICLE VII, from and after the Closing Date, Buyer hereby agrees to indemnify, defend and hold harmless the Selling Parties (collectively, the “Seller Indemnified Parties”) from and against any and all Losses, whether or not involving a third-party claim, resulting from or arising out of or in connection with:

7.2.1. any breach of a representation or warranty made by Buyer in this Agreement;

7.2.2. the breach by Buyer of, or default in the performance by Buyer of, any covenant, agreement or obligation to be performed by Buyer pursuant to this Agreement or in any other certificate, document, writing or instrument delivered by Buyer pursuant to this Agreement;

7.2.3. any intentional misstatement, fraud, willful misconduct or bad faith committed by Buyer in accordance with this Agreement; and

7.2.4. any Assumed Liability.

7.3. Survival. All representations, warranties and covenants contained in this Agreement on the part of each of the Parties shall survive the Closing, the execution and delivery under this Agreement of any bills of sale, instruments of conveyance, assignments or other instruments of transfer of title to any of the Acquired Assets and the payment of the consideration for the Acquired Assets.

7.4. Procedure for Indemnification: Third-Party Claims.

(a) If a claim by a third party is made against an Indemnified Party, and if such Indemnified Party intends to seek indemnity with respect thereto hereunder, such Indemnified Party shall promptly furnish written notice to the other Party (the “Indemnifying Party”) of such Claim, setting forth the basis for such Claim and the nature of the Claim in reasonable detail. The failure of the Indemnified Party to so notify the Indemnifying Party shall not relieve the Indemnifying Party of any indemnification obligation hereunder except to the extent that the defense of such Claim is materially prejudiced by the failure to give such notice.

(b) If any proceeding is brought by a third party against an Indemnified Party and the Indemnified Party gives notice to the Indemnifying Party pursuant to Section 7.4(a), the Indemnifying Party shall be entitled to participate in such proceeding and, to the extent that it wishes, to assume the defense of such proceeding, if (i) the Indemnifying Party provides written notice to the Indemnified Party that the Indemnifying Party intends to undertake such defense, (ii) the Indemnifying Party conducts the defense of the third-party Claim actively and diligently with counsel reasonably satisfactory to the Indemnified Party and (iii) if the Indemnifying Party is a party to the proceeding, the Indemnifying Party has not determined in good faith that joint representation would be inappropriate because of a conflict in interest. The Indemnified Party shall, in its sole discretion, have the right to employ separate counsel (who may be selected by the Indemnified Party in its sole discretion) in any such action and to participate in the defense thereof, and the fees and expenses of such counsel shall be paid by such Indemnified Party. The Indemnified Party shall fully cooperate with the Indemnifying Party and its counsel in the defense or compromise of such Claim. If the Indemnifying Party assumes the defense of a proceeding, no compromise or settlement of such Claims may be effected by the Indemnifying Party without the Indemnified Party’s consent unless (A) there is no finding or admission of any violation of Law or any violation of the rights of any Person and no effect on any other Claims that may be made against the Indemnified Party, (B) the sole relief provided is monetary damages that are paid in full by the Indemnifying Party and (C) the settlement includes, as an unconditional term, the grant by the claimant to the Indemnified Party of a release of all liabilities in respect of claims.

(c) If (i) notice is given by the Indemnified Party to the Indemnifying Party of the commencement of any third-party Proceeding and the Indemnifying Party does not, within 10 days after such notice is given, notify the Indemnified Party of the Indemnifying Party's election to assume the defense of such Proceeding, (ii) any of the conditions set forth in clauses (i) through (iii) of Section 7.4(b) above cease to be satisfied or (iii) the Indemnified Party reasonably and in good faith determines that there is a reasonable probability that such third-party Proceeding may adversely affect it other than as a result of monetary damages for which it would be entitled to indemnification from the Indemnifying Party under this Agreement, the Indemnified Party shall (upon notice to the Indemnifying Party) have the right to undertake the defense, compromise or settlement of such third-party claim, and the Indemnifying Party shall reimburse the Indemnified Party for the reasonable costs and expenses of defending against such third-party claim (including reasonable attorneys' fees and expenses) and the Indemnifying Party shall be and remain liable for any Losses arising from or related to such third-party claim to the fullest extent provided in this ARTICLE VII. The Indemnifying Party may elect to participate in such Proceedings, negotiations or defense at any time at its own cost and expense.

7.5. Right of Setoff and Holdback.

7.5.1. Buyer may set off any amount to which it may be entitled under this ARTICLE VII against the Escrow Amount, upon notice of a claim and determination of an award for Buyer in accordance with this Section 7.5. Neither the exercise of nor the failure to exercise such right of setoff or to give a notice of a claim under this Section 7.5 will constitute an election of remedies or limit Buyer in any manner in the enforcement of any other remedies that may be available to it.

7.5.2. At any time or times after a Closing Date and prior to the first anniversary of the Closing Date, Buyer may make claims against the Escrow Amount for reimbursement for claims pursuant to this Agreement. Such claims will be made by Buyer by giving written notice of each such claim, as provided for in Section 8.4 hereof, to Seller or Designated Shareholder, as applicable, specifying in reasonable detail the amount and basis thereof, which may be updated by written notice at a later time (a "Notice of Claim").

7.5.3. To object to any claim made in a Notice of Claim, in whole or in part, (a "Disputed Claim"), Seller or Designated Shareholder must give written notice of such objection ("Dispute Notice") to Buyer at any time within 20 days after Buyer's delivery of the Notice of Claim. All such notices will be delivered to Buyer as provided for in Section 8.4 hereof. If Seller or Designated Shareholder does not provide a Dispute Notice within such 20-day period, the claim made in the Notice of Claim will be deemed to have been approved as a valid claim in the full amount thereof (an "Accepted Claim").

7.5.4. If, pursuant to Section 7.5.3 Seller or Designated Shareholder provides a Dispute Notice, in whole or in part, Buyer will retain that portion of the Escrow Amount (from any component thereof at Buyer's election) sufficient to pay said Disputed Claim in full, and (i) will not make any distribution on that Disputed Claim or part thereof (except for the amount of any Accepted Claim as provided in Section 7.5.3 until Buyer receives written instruction from Seller or Designated Shareholder, or a final award of the arbitrators rendered pursuant to Section 8.5 hereof, indicating the amount and recipient of such award, at which point such Disputed Claim will be deemed an Accepted Claim for purposes of this Agreement.

7.5.5. All Accepted Claims under Section 7.5.3 above may be offset by Buyer from the Escrow Amount upon expiration of the 20-day objection period described in Section 7.5.3.

7.5.6. The other terms and conditions applicable to the Escrow Amount and the Escrow Account shall be governed by a separate agreement (the "Escrow Agreement"), substantially in the form attached as Exhibit C hereto, to be executed by the Parties and the Escrow Agent.

## **ARTICLE VIII MISCELLANEOUS**

8.1. Expenses. Except as otherwise specifically provided herein, each of the Parties shall pay all costs and expenses incurred or to be incurred by it in negotiating and preparing this Agreement and in closing and carrying out the transactions contemplated by this Agreement.

8.2. Assignment; Successors. This Agreement shall not be assigned by any Party without the prior written consent of the other Party, except that Buyer may assign any or all of their rights to the enforcement of this Agreement to an Affiliate or acquiror. This Agreement is intended for the exclusive benefit of the Parties hereto and their respective heirs, successors and permitted assigns, and shall not create any rights in or be enforceable by any other Person, whomsoever, other than any Person entitled to indemnification from Seller, pursuant to Article VII hereof. This Agreement shall inure to the benefit of, and be binding on and enforceable against, the successors and permitted assigns of the respective Parties.

8.3. Amendment and Modification; Waivers. This Agreement or any term hereof may be changed, waived, discharged or terminated only by an agreement in writing signed by the Party against which such change, waiver, discharge or termination is sought to be enforced. No waiver by a Party of any condition or of any breach of any term, covenant, representation or warranty contained herein shall be effective unless in writing, and no waiver in any one or more instances shall be deemed to be a further or continuing waiver of any such condition or breach in any other instances or a waiver of any other condition or breach of any other term, covenant, representation or warranty.

8.4. Notices. All notices, consents, requests, instructions, approvals and other communications provided for herein shall be in writing and shall be deemed to have been duly given, made and received when delivered against receipt, 12 hours after being sent by facsimile or electronic mail, or 72 hours after being sent by register or certified mail, postage prepaid, as set forth below:

|   |   |
|---|---|
| If to Buyer:                            | 24/7 Marketing, LLC<br>4840 East Jasmine Street, Suite 105<br>Mesa, Arizona 85205 USA<br>FAX: (480) 654-9727<br>Attn.: Daniel L. Coury, Sr.   |
| With a copy to:                         | Snell & Wilmer L.L.P.<br>One Arizona Center<br>Phoenix, Arizona 85004<br>FAX: (602) 382-6070<br>Attn.: Daniel M. Mahoney  |
| If to Seller or Designated Shareholder: | Oncall Subscriber Management Inc.<br>88 Panay Avenue Suite 11007<br>Quezon City, Metro Manila Philippines<br>FAX: (632) 722-2382<br>eMail: georgeyang18@gmail.com<br>Attn.: George Yang |
| With a copy to:                         | Attorney Caesar A. Guerzon<br>Philippine Stock Exchange Center U-2701<br>East Tower, Exchange Road, Ortigas Center<br>Pasig City Philippines<br>FAX: (63-2) 634-6958                    |

Any Party may alter the address to which communications or copies are to be sent by giving notice to such other Parties of change of address in conformity with the provisions of the paragraph for the giving of notice.

8.5. Dispute Resolution. Except for actions for injunction or other equity remedies contemplated in this Agreement or any of the documents referred to in this Agreement, any dispute or difference among the Parties, or between any of them, arising out of or in connection with this Agreement or any of the documents referred to in this Agreement which such Parties are unable to resolve themselves shall be submitted to and resolved by arbitration before a single arbitrator, for amounts in dispute under \$450,000 and otherwise before a panel of 3 arbitrators, pursuant to the Commercial Arbitration Rules of the American Arbitration Association, as supplemented or modified by the provisions of this Section 8.5. The arbitrator(s) shall consider the dispute at issue in Phoenix, Arizona within 60 days (or such other period as may be acceptable to the Parties to the dispute) of the designation of the arbitrator(s). The arbitrator(s) shall be bound to follow the laws of the State of Arizona, decisional and statutory, in reaching any decision and making any award and shall deliver a written award, including written findings of fact and conclusions of law, with respect to the dispute to each of the Parties in the dispute who shall promptly act in accordance therewith. In no event shall the arbitrator(s) have the power to award damages in connection with any dispute in excess of actual compensatory damages. In particular, the arbitrator(s) may not multiply actual damages or award consequential, indirect, special or punitive damages, including damages for lost profits or loss of business opportunity. Any award of the arbitrator(s) shall be final, conclusive and binding on the applicable Party or Parties; provided, however that any such Party may seek the vacating, modification or correction of the arbitrator(s)' decision or award as provided under Section 10 and Section 11 of the Federal Arbitration Act 9 U.S.C. §1-14. The applicable Party or Parties may enforce any award rendered pursuant to the arbitration provisions of this Section 8.5 by bringing suit in any court of competent jurisdiction. All costs and expenses attributable to the arbitrator(s) shall be allocated between the Parties to the dispute in such manner as the arbitrator(s) determine to be appropriate under the circumstances. The applicable Party or Parties may file a copy of this Section 8.5 with any arbitrator or court as written evidence of the knowing, voluntary and bargained agreement among the Parties with respect to the subject matter of this Section 8.5.



8.6. Further Assurances; Records. Each of the Parties shall cooperate and take such actions, and execute all such further instruments and documents, at or subsequent to the Closing, as either may reasonably request in order to convey title to the Acquired Assets to Buyer, effect the assumption by Buyer of the Assumed Liabilities and to otherwise effectuate the terms and purposes of this Agreement. Each Party shall provide the other Party or Parties with access to all relevant documents and other information pertaining to the Acquired Assets that are needed by such other Party or Parties for the purposes of preparing Tax returns or responding to an audit by any governmental agency or for any other reasonable purpose. Such access will be during normal business hours and not subject to time limitations, except as provided below.

8.7. Governing Law. This Agreement, and all questions relating to its validity, interpretation, performance and enforcement, shall be governed by and construed in accordance with the laws of the State of Arizona, notwithstanding any Arizona or other conflict-of-law provisions to the contrary. Each of the Parties hereto hereby consents to the jurisdiction of any State or Federal court located within the State of Arizona and irrevocably agrees that all actions and proceedings relating to this Agreement or the transactions contemplated hereby may properly be litigated in such courts. Each of the Parties hereto waives any objection that it may have to the conduct of any action or proceeding in any such court based on improper venue or forumnonconveniens, waives personal service of any and all process upon it, and consents that all service of process may be made by mail or courier service directed to it at the address set forth herein and that service so made shall be deemed to be completed upon the earlier of actual receipt or 10 days after the same shall have been posted. Nothing contained in this Section 8.7 shall affect the right of any Party hereto to serve legal process in any other matter permitted by law or affect the right of any Party hereto to bring any action or proceeding against any other Party hereto or any Party's property in the courts in any other jurisdiction.

8.8. Entire Agreement. This Agreement, together with the Schedules and Exhibits attached hereto, constitutes the entire agreement of the Parties and supersedes all prior agreements and understandings, both written and oral, among the Parties with respect to the subject matter hereof.

8.9. Severability. Each and every provisions set forth in this Agreement is independent and severable from the others, and no provision shall be rendered unenforceable by virtue of the fact that, for any reason, any other or others of them may be unenforceable in whole or in part. The Parties hereto agree that if any provision of this Agreement shall be declared by a court of competent jurisdiction to be unenforceable for any reason whatsoever, the court may appropriately limit or modify such provision, and such provision shall be given effect to the maximum extent permitted by applicable law.

8.10. Section Headings. The section headings in this Agreement are for convenience only; they form no part of this Agreement and shall not affect its interpretation.

8.11. Counterparts; Facsimile Execution. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, and all of which, together, shall constitute one and the same instrument, and this Agreement may be executed by facsimile provided that the Parties deliver the original signature pages within 48 hours of the Closing.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the Parties have duly executed this Agreement as of the date first above written.

**BUYER**

24/7 Marketing, LLC, a Nevada limited liability company

By: YP CORP., a Nevada corporation, its manager

By: /s/Daniel L. Coury, Sr.

Name: Daniel L. Coury, Sr.

Title: Chief Executive Officer

**SELLER**

ONCALL SUBSCRIBER MANAGEMENT INC., a Philippine corporation

/s/ George Yang

By: George Yang

Title: President

**DESIGNATED SHAREHOLDER**

GEORGE YANG

/s/ George Yang

George Yang

**ACKNOWLEDGED AND AGREED**

24 BY 7 CONTACT SOLUTIONS, INC., a Philippine corporation

/s/ Vincente Yang

By:

Title:

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**ESCROW AGREEMENT**

This ESCROW AGREEMENT (the "Agreement") is dated as of July 10, 2007, by and among 24/7 MARKETING, LLC, a Nevada limited liability company and its successors and assigns ("Buyer"), OSM SUBSCRIBER MANAGEMENT INC., a duly registered Philippine corporation ("OSM") and THOMAS TITLE & ESCROW, LLC, an Arizona limited liability company (the "Escrow Agent").

**RECITALS**

A. Buyer, OSM and George Yang, of legal age, Filipino, and with a postal address at 88 Panay Avenue, Quezon City ("Designated Shareholder") are parties to that certain Asset Purchase Agreement dated as of the date hereof (the "Purchase Agreement"), pursuant to which Buyer will (i) purchase from OSM its Business and the Acquired Assets and (ii) assume certain enumerated Liabilities that are directly related to the Business and the Acquired Assets. Capitalized terms used herein, which are not otherwise defined herein, shall have the meanings ascribed to them in the Purchase Agreement.

B. Pursuant to Article VII of the Purchase Agreement, OSM and Designated Shareholder are to indemnify Buyer and its Affiliates against Losses if certain events occur.

C. The parties desire to establish an escrow account as collateral security for the indemnification obligations under Article VII of the Purchase Agreement.

NOW, THEREFORE, for good and valuable consideration, the sufficiency and receipt of which are hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Concurrently with the execution hereof, and pursuant to Section 2.6 of the Purchase Agreement, Buyer has withheld \$450,000 (U.S. Dollars) as such amount may be reduced by charges thereto and payments and setoffs therefrom to compensate or reimburse Escrow Agent for amounts owing to it pursuant hereto, the "Deposit" from the Purchase Price and placed it in Escrow Agent's escrow account (the "Escrow Account") to be administered by the Escrow Agent under the terms and conditions of this Agreement.

(a) Subject to and in accordance with the terms and conditions hereof, the Escrow Agent hereby agrees to act as escrow agent and to hold, safeguard, invest and reinvest and release or distribute the Deposit pursuant to the terms and conditions hereof. It is hereby expressly stipulated and agreed that all interest and other earnings on the Deposit shall become a part of the Deposit for all purposes, and that losses resulting from the investment or reinvestment thereof from time to time and all amounts charged thereto to compensate or reimburse the Escrow Agent from time to time for amounts owing to it hereunder shall from the time of such loss or charge no longer constitute part of the Deposit. It is hereby further stipulated and agreed all interest and other earnings on the Deposit shall be available for satisfaction of Indemnity Claims (as defined below), however in the absence of an Indemnity Claim, shall be distributed to OSM subject to and in accordance with the terms of Section 3 of this Agreement. It shall treat the Escrow Account as a trust fund in accordance with the terms of this Agreement and not as the property of Buyer. Escrow Agent's duties hereunder shall cease upon its distribution of the entire Escrow Account in accordance with this Agreement.

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(b) Escrow Agent shall invest the Deposit in a money-market interest bearing account at a depository institution insured by the Federal Deposit Insurance Corporation, unless otherwise instructed in writing by Buyer. It is expressly agreed and understood by the parties hereto that Escrow Agent shall not in any way whatsoever be liable for losses on any investments, including, but not limited to, losses from market risks due to premature liquidation or resulting from other actions taken pursuant to this Escrow Agreement. Receipt and investment of the Deposit shall be confirmed by Escrow Agent as soon as practicable by account statement, and any discrepancies in any such account statement shall be noted by Buyer or OSM to Escrow Agent within 30 calendar days after receipt thereof. Failure to inform Escrow Agent in writing of any discrepancies in any such account statement within said 30-day period shall conclusively be deemed confirmation of such account statement in its entirety. For purposes of this paragraph, each account statement shall be deemed to have been received by the party to whom directed on the earlier to occur of actual receipt thereof and three Business Days after the deposit thereof in the United States Mail, postage prepaid.

(c) Buyer hereby agrees to pay the Escrow Agent for its services hereunder in accordance with Escrow Agent's fee schedule as attached as Schedule I hereto as in effect from time to time and to pay all expenses incurred by the Escrow Agent in connection with the performance of its rights hereunder and otherwise in connection with the preparation, operation, administration and enforcement of this Agreement, including, without limitation, attorneys' fees, brokerage costs and related expenses, incurred by the Escrow Agent. Each of the parties hereby grants to Escrow Agent a lien upon, and security interest in, all its right, title and interest in and to all of the Deposit as security for the payment and performance of its obligations owing to Escrow Agent hereunder including without limitation, its obligations of payment, indemnity and reimbursement provided for hereunder, which lien and security interest may be enforced by Escrow Agent without notice by charging and setting-off and paying from, the Deposit any and all amounts then owing to it pursuant to this Escrow Agreement or by appropriate foreclosure proceedings.

(d) If requested by the Escrow Agent, each of the parties shall provide Escrow Agent with its taxpayer identification number documented by an appropriate Form W-8 or Form W-9 upon execution of this Escrow Agreement. Failure so to provide such forms may prevent or delay disbursements from the Deposit and may also result in the assessment of a penalty and Escrow Agent's being required to withhold tax on any interest or other income earned on the Deposit. Any payments of income shall be subject to applicable withholding regulations then in force in the United States or any other jurisdiction, as applicable.

2. Buyer may make a claim for indemnification pursuant to Article VII of the Purchase Agreement (an "Indemnity Claim") against the Deposit by giving written notice to OSM or Designated Shareholder, as applicable, with a copy to the Escrow Agent, specifying in reasonable detail the amount and basis thereof, which may be updated by written notice at a later time (a "Notice of Claim").

(a) OSM or Designated Shareholder may object to any Indemnity Claim (making such claim a “Disputed Claim”) by giving written notice of such objection (a “Dispute Notice”) to Buyer, with a copy to the Escrow Agent, at any time within 20 days after Buyer’s delivery of the Notice of Claim. If neither of OSM or Designated Shareholder provides a Dispute Notice within that period, Buyer’s Indemnity Claim will be deemed to have been approved as a valid claim in the full amount thereof (an “Accepted Claim”).

(b) Promptly after an Indemnity Claim becomes an Accepted Claim, Buyer shall deliver a notice to the Escrow Agent certifying to Escrow Agent that the Indemnity Claim has become an Accepted Claim and directing the Escrow Agent to pay to Buyer, and the Escrow Agent shall pay to Buyer, an amount equal to the full amount of the Accepted Claim (or, if at such time there remains in the Escrow Account less than the full amount so payable, the full amount remaining in the Escrow Account). In the event funds transfer instructions are given (other than in writing at the time of execution of the Escrow Agreement), whether in writing, by facsimile, or otherwise, the Escrow Agent is authorized, but not required, to seek confirmation of such instructions by telephone call-back to the person or person designated on Schedule II hereto, and the Escrow Agent may rely upon the confirmations of anyone purporting to be the person or persons so designated. If the Escrow Agent is unable to contact any of the authorized representatives identified in Schedule II, the Escrow Agent is hereby authorized to seek confirmation of such instructions by telephone call-back to any one or more of the respective party’s executive officers (“Executive Officers”), as the Escrow Agent may select. Such “Executive Officer” shall deliver to the Escrow Agent a fully executed Incumbency Certificate, and the Escrow Agent may rely upon the confirmation of anyone purporting to be any such officer. The persons and telephone numbers for call-backs may be changed only in writing actually received and acknowledged by the Escrow Agent.

(c) In the event that an Indemnity Claim becomes a Disputed Claim, the Escrow Agent shall retain in the Escrow Account an amount equal to the full amount of the Disputed Claim and not make any distribution with respect thereto until (i) the Escrow Agent receives written instructions from either OSM or Designated Shareholder that the Disputed Claim has become an Accepted Claim and should be paid to Buyer, or (ii) a final award of the arbitrators rendered pursuant to the Purchase Agreement has been issued indicating the amount and recipient of such award, in which case the Escrow Agent shall release from the Escrow Account an amount consistent with such award.

3. On the first Business Day after the first anniversary of the Closing Date, upon written instruction from Buyer, the Escrow Agent shall distribute and pay to OSM the amount remaining in the Escrow Account, unless at such time there are any Indemnity Claims with respect to which Notices of Claims have been received but that have not been resolved pursuant to Section 2 hereof (“Pending Claims”), and which, if resolved or finally determined in favor of Buyer, would result in a payment to Buyer, in which case the Escrow Agent shall retain, and the total amount of the distribution to OSM shall be reduced by, the “Pending Claims Reserve” (as defined below). Thereafter, if any Pending Claim becomes an Accepted Claim, the Escrow Agent shall promptly pay to Buyer an amount in respect thereof determined in accordance with paragraph 2(b) above, and to OSM the amount by which the remaining portion of the Escrow Account exceeds the then Pending Claims Reserve (determined as set forth below). If any Pending Claim is resolved against Buyer, the Escrow Agent shall promptly pay to OSM the amount by which the remaining portion of the Escrow Account exceeds the then Pending Claims Reserve. Upon resolution of all Pending Claims, the Escrow Agent shall pay to OSM the remaining portion of the Escrow Account. As used herein, the “Pending Claims Reserve” at any time shall mean an amount equal to the sum of the aggregate dollar amounts claimed to be due with respect to all Pending Claims (as shown in the Notices of Claims).

4. The Escrow Agent shall cooperate in all respects with the parties hereto in the calculation of any amounts determined to be payable to Buyer in accordance with this Agreement.

5. (a) The Escrow Agent undertakes to perform only such duties as are expressly set forth herein. It is understood that the Escrow Agent is not a trustee or fiduciary and is acting hereunder merely in a ministerial capacity.

(b) The Escrow Agent shall not be liable for any action taken or omitted by it in good faith and in the exercise of its own best judgment, and may rely conclusively and shall be protected in acting upon any order, notice, demand, certificate, opinion or advice of counsel (including counsel chosen by the Escrow Agent), statement, instrument, report or other paper or document (not only as to its due execution and the validity and effectiveness of its provisions, but also as to the truth and acceptability of any information therein contained) which is believed by the Escrow Agent to be genuine and to be signed or presented by the proper person or persons. The Escrow Agent shall not be bound by any notice or demand, or any waiver, modification, termination or rescission of this Agreement unless evidenced by a writing delivered to the Escrow Agent signed by the proper party or parties and, if the duties or rights of the Escrow Agent are affected, unless it shall have given its prior written consent thereto.

(c) The Escrow Agent's sole responsibility upon receipt of any notice requiring any payment to Buyer pursuant to the terms of this Agreement or, if such notice is disputed by OSM or Designated Shareholder, the settlement with respect to any such dispute, whether by virtue of joint resolution, mediation, arbitration or determination of a court of competent jurisdiction, is to pay to Buyer the amount specified in such notice, and the Escrow Agent shall have no duty to determine the validity, authenticity or enforceability of any specification or certification made in such notice.

(d) The Escrow Agent shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the rights or powers conferred upon it by this Agreement, and may consult with counsel of its own choice and shall have full and complete authorization and protection for any action taken or suffered by it hereunder in good faith and in accordance with the opinion of such counsel.

(e) Escrow Agent may resign hereunder upon 10 days' prior notice to the Buyer and OSM. If the parties fail to designate a substitute escrow agent within 30 days after the giving of such notice, Escrow Agent may institute a petition for interpleader. Escrow Agent's sole responsibility after such 30-day notice period expires shall be to hold the Deposit (without any obligation to reinvest the same) and to deliver the same to a designated substitute escrow agent, if any, or in accordance with the directions of a final order or judgment of a court of competent jurisdiction, at which time of delivery Escrow Agent's obligations hereunder shall cease and terminate.

(f) In the event of a dispute between the parties as to the proper disposition of the Deposit, the Escrow Agent shall be entitled (but not required) to deliver the Escrow Account into the United States District Court for the District of Arizona and, upon giving notice to the parties hereto of such action, shall thereupon be relieved of all further responsibility and liability.

(g) The Escrow Agent shall be indemnified and held harmless by Buyer from and against any expenses, including counsel fees and disbursements, or loss suffered by the Escrow Agent in connection with any action, suit or other proceeding involving any claim which in any way, directly or indirectly, arises out of or relates to this Agreement, the services of the Escrow Agent hereunder, or the Escrow Account held by it hereunder, other than expenses or losses arising from the gross negligence or willful misconduct of the Escrow Agent. Promptly after the receipt by the Escrow Agent of notice of any demand or claim or the commencement of any action, suit or proceeding, the Escrow Agent shall notify the other parties hereto in writing. In the event of the receipt of such notice, the Escrow Agent, in its sole discretion, may commence an action in the nature of interpleader in an appropriate court to determine ownership or disposition of the Deposit or it may deposit the Deposit with the clerk of any appropriate court or it may retain the Deposit pending receipt of a final, non-appealable order of a court having jurisdiction over all of the parties hereto directing to whom and under what circumstances the Deposit is to be disbursed and delivered.

(h) The Escrow Agent shall be entitled to reasonable compensation from Buyer for all services rendered by it hereunder. The Escrow Agent shall also be entitled to reimbursement from Buyer for all expenses paid or incurred by it in the administration of its duties hereunder including, but not limited to, all counsel, advisors' and agents' fees and disbursements and all taxes or other governmental charges. The Escrow Agent may consult with its counsel or other counsel satisfactory to it concerning any question relating to its duties or responsibilities hereunder or otherwise in connection herewith and shall not be liable for any action taken, suffered or omitted by it in good faith upon the advice of such counsel.

(i) From time to time on and after the date hereof, the parties hereto shall deliver or cause to be delivered to the Escrow Agent such further documents and instruments and shall do or cause to be done such further acts as the Escrow Agent shall reasonably request to carry out more effectively the provisions and purposes of this Agreement, to evidence compliance herewith or to assure itself that it is protected in acting hereunder.

(j) Notwithstanding anything herein to the contrary, the Escrow Agent shall not be relieved from liability hereunder for its own gross negligence or its own willful misconduct.

(k) The Escrow Agent shall not have any duties, responsibilities or obligations except those expressly set forth in this Agreement, and no implied covenants, responsibilities, duties, obligations or liabilities shall be interpreted into this Escrow Agreement. Without limiting the generality of the foregoing, Escrow Agent: (i) shall not be subject to implied covenants, including but not limited to the covenant of good faith and fair dealing; and (ii) shall not have any duty to take any discretionary action or exercise any discretionary powers.



6. This Agreement expressly sets forth all the duties of the Escrow Agent with respect to any and all matters pertinent hereto. The Escrow Agent shall not be bound by the provisions of any agreement among the parties hereto except this Agreement and shall have no duty to inquire into the terms and conditions of any agreement made or entered into in connection with this Agreement, including, without limitation, the Purchase Agreement.

7. This Agreement shall inure to the benefit of and be binding upon the parties and their respective heirs, successors, assigns and legal representatives. This Escrow Agreement shall not be assigned by any of the parties (other than to an Affiliate) without the prior written consent of Escrow Agent, which may not be unreasonably withheld. This Agreement and the transactions contemplated hereby, and all disputes between the parties under or relating to this Agreement or the facts and circumstances leading to its execution, whether in contract, tort or otherwise, shall be governed by the laws of the State of Arizona, without reference to conflict of laws principles that would require the application of any other law. This Agreement cannot be amended, modified or terminated except by a writing signed by Buyer, OSM and the Escrow Agent.

8. Buyer and OSM each hereby consents to the exclusive jurisdiction of Arizona and federal courts sitting in Maricopa County with respect to any claim or controversy arising out of this Agreement, subject in all respects to the dispute resolution provisions set forth in Section 2. Service of process in any action or proceeding brought against Buyer or OSM in respect of any such claim or controversy may be made upon it by registered mail, postage prepaid, return receipt requested, at the address for notice specified in the Purchase Agreement.

9. All notices and other communications under this Agreement shall be in writing and shall be deemed given if given by hand or delivered by nationally recognized overnight carrier, or if given by telecopier and confirmed by mail (registered or certified mail, postage prepaid, return receipt requested), to the respective parties as follows:

(a) If to Buyer, to it at:

24/7 Marketing, LLC  
4840 East Jasmine Street, Suite 105  
Mesa, Arizona 85205  
FAX: (480) 654-9727  
Attn.: Daniel L. Coury, Sr.

with a copy to:

Snell & Wilmer L.L.P.  
One Arizona Center  
Phoenix, Arizona 85004  
FAX: (602) 382-6070  
Attn.: Daniel M. Mahoney

(b) If to OSM, to it at:

Oncall Subscriber Management Inc.  
88 Panay Avenue Suite 11007  
Quezon City, Metro Manila Philippines  
FAX: (632) 722-2382  
eMail: georgeyang18@gmail.com  
Attn.: George Yang

with a copy to:

Attorney Caesar A. Guerzon  
Philippine Stock Exchange Center U-2701  
East Tower, Exchange Road, Ortigas Center  
Pasig City Philippines  
FAX: (632) 634-6958

(c) If to the Escrow Agent, to it at:

Thomas Title & Escrow, LLC  
14500 North Northsight Boulevard, Suite 133  
Scottsdale, Arizona 85260  
Attn: Escrow Department  
Facsimile No.: (480) 222-1117  
Telephone No.: (480) 222-1116

or to such other person or address as any of the parties hereto shall specify by notice in writing to all the other parties hereto.

10. (a) If this Agreement requires a party to deliver any notice or other document, and such party refuses to do so, the matter shall be resolved in the same manner as provided in Section 8.5 of the Purchase Agreement.

(b) All notices delivered to the Escrow Agent shall refer to the provision of this Agreement under which such notice is being delivered and, if applicable, shall clearly specify the aggregate dollar amount due and payable to Buyer.

(c) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original instrument and all of which together shall constitute a single agreement, and this Agreement may be executed by facsimile provided that the parties deliver the original signature pages within 48 hours of execution.

*[Signature Page Follows]*

IN WITNESS WHEREOF, the parties have caused this Escrow Agreement to be executed as of the date above first written.

**BUYER:**

24/7 MARKETING, LLC, a Nevada limited liability company

By: YP CORP., a Nevada corporation, its manager

By: /s/Daniel L. Coury, Sr.

Name: Daniel L. Coury, Sr.

Title: Chief Executive Officer

**OSM:**

ONCALL SUBSCRIBER MANAGEMENT INC., a Philippine corporation

/s/George Yang

By: George Yang

Title: President

**ESCROW AGENT:**

THOMAS TITLE & ESCROW, LLC, an Arizona limited liability company

/s/ Frank W. Busch III

By: Frank W. Busch III

Title: President

[Signature Page - Escrow Agreement]

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**Schedule I**

**Escrow Agent Fees**

| Description of Service                                     | Fee  |
|--|--|
| Base fee for escrow up to \$500,000                        | \$1,500, payable upon execution of Escrow Agreement                                      |
| Interest Bearing Account set up                            | \$100  |
| Disbursements of Deposit pursuant to Section 2(b) and 2(c) | \$25.00 per disbursement   |
| Disbursements of Deposit pursuant to Section 3             | Initial Disbursement is included in base escrow fee; \$25.00 per disbursement thereafter |
| Additional Work Requested (requires consent of OSM)        | \$100 per hour   |

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**Schedule II**

**Telephone Number(s) for Call-backs and Person(s)  
Designated to Confirm Funds Transfer Instructions**

If to 24/7 Marketing, LLC:

| <u>Name</u>          | <u>Telephone Number</u> |
|----------------------|-------------------------|
| 1. John Raven        | 480-654-9646            |
| 2. Gary Perschbacher | 480-654-9646            |

If to Oncall Subscriber Management Inc.:

| <u>Name</u>    | <u>Telephone Number</u> |
|----------------|-------------------------|
| 1. George Yang | (63) 917-813-6719       |

Telephone call-backs shall be made to either party if joint instructions are required pursuant to the Escrow Agreement.

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## YP CORP. ACQUIRES PHILIPPINES-BASED TELEMARKETING AGENCY

*Long-Standing YP Corp. Vendor Acquired to Cost-Effectively Drive Subscriber Acquisitions for YP.com and LiveDeal.com*

**MESA, Ariz., July 16, 2007** – YP Corp. (OTCBB:YPNT), a leading provider of nationwide Internet Yellow Pages and online classifieds with more than 16 million business listings, today announced it has acquired substantially all of the assets of OnCall Subscriber Management Inc., which OnCall purchased recently under option from 24 by 7 Contact Solutions, Inc., each of Manila, Philippines. YP Corp. completed the acquisition through 247 Marketing, LLC, a wholly owned subsidiary that will establish a branch office in the Philippines to operate the business.

The acquisition will add 170 Philippines-based employees to YP Corp.'s growing workforce and enable the company to cost effectively ramp up its outbound sales programs for YP.com and LiveDeal.com, saving YP Corp. in excess of \$1.5 million per year.

Certain of the current OnCall management team will continue in their leadership roles with the company from the Manila office.

The acquisition follows YP Corp.'s recent acquisition of LiveDeal, Inc. in June. Both acquisitions are part of YP Corp.'s strategy to acquire best-of-breed technologies and business processes for the YP Corp. family in an effort to maintain the company's leadership position as the premier marketing solution for small to medium businesses.

"We are pleased with this acquisition because it supports our mission to rapidly grow our company and provide cost effective marketing solutions for our subscribers," said Dan Coury, CEO of YP Corp. "To be competitive and achieve the scale we intend to deliver, we need to own our own technology and sales centers. By owning and operating the engine that generates sales and acquires subscribers, we not only control costs but also control our destiny as a major marketing service provider."

"YP Corp. has been a long-standing 24 by 7 Contact Solutions, Inc. customer, so we have first-hand knowledge that it is a perfect fit for our company," said John Raven, COO of YP Corp. "We continue to carefully balance our buy vs. make business processes and made the strategic decision to bring telemarketing in-house to deliver consistent execution at the most affordable price."

### **About YP Corp.**

YP Corp. is a leader in the local online classifieds and yellow pages market with millions of goods and services listed for sale, in every city and zip code across the U.S. Through its online properties YP.com and LiveDeal.com, YP Corp. offers businesses and consumers a simple and affordable way of creating a web presence and marketing their products and services to local audiences. Buyers and sellers come together through YP Corp's vast local marketplaces to find and list business services, merchandise, real estate, automobiles and pets.

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## Forward-Looking and Cautionary Statements

This press release may contain statements that constitute “forward-looking statements,” which are often characterized by the terms “may,” “believes,” “projects,” “expects,” or “anticipates,” and do not reflect historical facts. Forward-looking statements involve risks, uncertainties and other factors that may cause actual results, performance or achievements of YP Corp. and its subsidiary to be materially different from those expressed or implied by such forward-looking statements.

Factors that may affect forward-looking statements and the Company’s business generally include but are not limited to (i) the risk factors and cautionary statements described in the Company’s Annual Report on Form 10-K for the fiscal year ended September 30, 2006; (ii) other factors or statements described in the Company’s other filings with the U.S. Securities and Exchange Commission, including its most recent Quarterly Report on Form 10-Q; and (iii) other factors that YP Corp. is currently unable to identify or quantify, but that may exist in the future.

Forward-looking statements speak only as of the date on which the statement was made. YP Corp. does not undertake and specifically declines any obligation to update any forward-looking statements.

### **Media Contacts::**

Marian Hughes  
Tier One Partners,  
On Behalf of YP and LiveDeal.com  
708-246-0083  
[mhughes@tieronepr.com](mailto:mhughes@tieronepr.com)

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