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FILED
SUPERIOR COURT of CALIFORNIA
COUNTY of SANTA BARBARA

FEB 11 2010

GARY M. BLAIR, Executive Officer
BY Marilyn A. Jay
Marilyn A. Jay, Deputy Clerk

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SUPERIOR COURT OF THE STATE OF CALIFORNIA

COUNTY OF SANTA BARBARA

ANACAPA DIVISION

MARIANNE PARTRIDGE,

Plaintiff,

v.

RANDY CAMPBELL,
and DOES 1 through 40, inclusive,

Defendants.

Case No.

1341942

MARIANNE PARTRIDGE'S COMPLAINT
FOR:

1. BREACH OF CONTRACT - SPECIFIC PERFORMANCE;
2. BREACH OF COVENANT OF GOOD FAITH AND FAIR DEALING;
3. BREACH OF FIDUCIARY DUTY.

Plaintiff Marianne Partridge alleges as follows:

GENERAL ALLEGATIONS

1. Plaintiff Marianne Partridge (hereinafter "plaintiff") is, and at all material times herein was, a minority shareholder of the corporation which owns The Santa Barbara Independent, a weekly newspaper, and is an individual residing in Santa Barbara County, California.

2. Plaintiff is informed and believes and based thereon alleges that Defendant Randy Campbell (hereinafter "Campbell") is, and at all material times herein was, the majority shareholder of the corporation which owns The Santa Barbara Independent and is an individual residing in Santa Barbara County, California.

3. Defendants DOES 1-40, inclusive, are sued herein under fictitious names, their true names and capacities, whether individual, corporate, associate, or otherwise, being unknown to Plaintiff. Plaintiff will amend this Complaint to allege their true names and capacities when ascertained. Plaintiff is informed and believes and thereon alleges that each of the fictitiously named defendants are responsible in some manner for the occurrences herein alleged and that Plaintiff's damages as herein alleged were proximately caused by such defendants.

4. At all times herein mentioned Does 1 through 40, inclusive, as well the Defendant, were the alter egos, agents, representatives, servants, employees, employers, partners and/or joint venturers, or surety of the other defendants, and at all times were acting within the course and scope of their authority as such alter egos, agents, servants, employees, employers, partners and/or joint venturers, or surety and with the permission and consent or ratification of each of the other defendants in doing the things alleged herein.

FIRST CAUSE OF ACTION

(Breach of Contract - Specific Performance - Against Randy Campbell and Does 1-20)

5. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 4, inclusive, as if each and every allegation was set forth in full herein.

6. On November 17, 1986, Campbell and Richard Grand-Jean entered into an Agreement For Formation of Newspaper Company (hereinafter "the Formation Agreement") to form a corporation known as The Santa Barbara Independent, Inc. (hereinafter "the Independent" or "the Company"). Pursuant to the Formation Agreement, on December 22, 1986, Campbell and Grand-Jean, along with the Company, entered into a Stock Purchase and Buy-Sell Agreement (hereinafter "the Buy-Sell Agreement"). (A copy of which is attached hereto as Exhibit "A" and incorporated herein by this reference)

7. At all times material hereto, plaintiff has been a successor and a permitted assignee of a portion of the original shares issued to Grand-Jean pursuant to a joinder agreement executed by plaintiff dated January 6, 1988, and plaintiff is therefore a party to the Buy-Sell Agreement entitled to enforce the provisions thereof.

1 8. A principal purpose of the Buy-Sell Agreement is to protect the ownership of the
2 Company and assure that its ownership “remain in the hands of persons willing and able to
3 participate actively in the management of the Company.” In order to facilitate this purpose,
4 before an existing shareholder (such as Campbell) may sell *any* of his or her shares in the
5 Company to an outsider, such shareholder must, first, offer his or her shares to the Company,
6 and, second, to the extent not purchased by the Company, offer his or her shares to the other
7 shareholders, with each step being in accordance with the procedures set forth in the Buy-Sell
8 Agreement. If the Company and/or the shareholders do not exercise their options to purchase all
9 (but not less than all) of such offered shares, the selling shareholder then (and only then) may sell
10 such shares to the outsider.

11 9. For the past 24 years, Campbell has been the majority shareholder of the
12 Company and plaintiff Partridge, Grand-Jean and Richard Parker have been the minority
13 shareholders. Campbell is the President and recently has acted as the Publisher of the
14 Independent. Plaintiff is the Secretary of the Company and for the past 24 years has served as
15 the Independent’s only Editor-in-Chief.

16 10. From the founding of the Independent, Campbell and the plaintiff strictly divided
17 the functions of the newspaper, with Campbell and other publishers managing business
18 operations and plaintiff managing the editorial content and editorial staff. Since 1986, under the
19 Formation Agreement, plaintiff as the Editor-in-Chief has been contractually “vested with final
20 control over editorial content and art direction of the Independent and hiring and firing of all
21 editorial and art staff.”

22 11. On or about November 10, 2009, Campbell delivered to plaintiff and to the other
23 minority shareholders an Offering Notice executed by him (hereinafter “Offering Notice”)
24 stating unequivocally his intention to sell all of his shares in the Company. Campbell said in the
25 Offering Notice that he would accept \$1,377,000.00 for his 1,530 shares (51%) of the Company
26 on terms as outlined in the offer attached thereto from Southland Publishing, of Sylmar,
27 California (hereinafter “the Southland Offer”). The Southland Offer sets forth the price and
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1 terms upon which Southland would buy shares of the Company, with the payments spread over
2 one year and includes a “true-up of cash receivables and current payables.”

3 12. In addition to the Southland Offer, Campbell’s Offering Notice was accompanied
4 by a separate letter which included a Notice to Company of its First Refusal Rights, as well as a
5 separate written Notice of Board Meeting, whereby Campbell called for a Board of Directors
6 meeting to be held within 10 days to discuss the Southland Offer (copies of the Offering Notice,
7 the Southland Offer, the letter containing the Notice to Company of its First Refusal Rights and
8 the Notice of Board Meeting are attached hereto as Exhibit “B,” incorporated herein by
9 reference, and are collectively referred to herein as “the Offering Package”). The meeting of the
10 Board of Directors called by Campbell was held on November 23, 2009.

11 13. Campbell’s Offering Package, including the Southland Offer, did not disclose any
12 provisions for Campbell’s continued employment by the Company after the sale of his shares.

13 14. On November 23, 2009, immediately prior to the Board of Director’s meeting
14 called by Campbell, plaintiff delivered to Campbell a written instrument whereby plaintiff
15 unconditionally exercised her option pursuant to Campbell’s Offering Notice to purchase all of
16 Campbell’s shares of the Company to the extent that such shares were not purchased by the
17 Company itself or by the other minority shareholders (hereinafter “Exercise of Option”). (A copy
18 of plaintiff’s Exercise of Option is attached hereto as Exhibit “C” and incorporated herein.)

19 15. On November, 23, 2009, after deliberation, the Board voted not to exercise the
20 Company’s right of first refusal to buy all of Campbell’s shares pursuant to the Offering Package
21 since the Company did not have the funds.

22 16. The Board, including Campbell, then directed at the meeting that the Secretary
23 (the plaintiff) notify all shareholders in writing that: (1) Campbell had offered in writing to sell
24 all his shares to the Company and to the minority shareholders under the rights of first refusal
25 procedures set forth in the Buy-Sell Agreement; (2) the Board had voted at a meeting duly called
26 by Campbell not to exercise the Company’s option to purchase any of such shares; and (3) the
27 minority shareholders were entitled to exercise their respective Options under the Buy-Sell
28 Agreement to buy any or all of Campbell’s shares (hereinafter the “Shareholder Notice”).

1 17. At this point in the Board meeting, in Campbell's presence, plaintiff informed the
2 Board and the other minority shareholders that she had personally delivered to Campbell before
3 the meeting an executed Notice of Exercise to purchase all his shares and reiterated her intention
4 to buy all of Campbell's shares that the other minority shareholders did not purchase under the
5 Buy-Sell Agreement.

6 18. On November 23, 2009, after the Board meeting, plaintiff, as the Secretary of the
7 Company, and as directed by the Board, prepared and delivered such "Shareholder Notice" to
8 Campbell and to all the other shareholders. Plaintiff also delivered to Campbell with such
9 Shareholder Notice -- for a second time that day -- her executed Notice of Exercise respecting
10 the plaintiff's unconditional exercise of her Option to purchase all of Campbell's shares in
11 accordance with Campbell's Offering Notice and the provisions of the Buy-Sell Agreement.
12 (Copies of the Shareholder Notice and of plaintiff's written Exercise of Option to purchase all of
13 Campbell's shares are attached hereto as Exhibit "D" and incorporated herein.) At no point prior
14 to the delivery of these documents did Campbell withdraw his offer to sell his shares in
15 accordance with the terms of the Buy-Sell Agreement.

16 19. On December 2, 2009, twenty-two days after the delivery by Campbell of his
17 Offering Notice and nine days after plaintiff's exercise of her option Campbell submitted a
18 "revised proposal from Southland Publishing" dated November 30, 2009 (hereinafter "the New
19 Campbell Submittal").

20 20. Campbell suggested in a cover letter to the New Campbell Submittal that the
21 minority shareholders could either consider the New Campbell Submittal as a "brand new
22 proposal" or "simply an updated offer still conforming to the procedures we have already
23 started."

24 21. The New Campbell Submittal contained an offer to purchase shares of the
25 Company including Campbell's shares at the same price as the original Southland Offer but also
26 included a new provision purportedly by Southland requiring the Company to increase
27 Campbell's compensation from about \$65,000 a year to about \$110,000 a year on a non-
28 cancelable three-year employment contract. ("the Employment Provision")

1 22. The Employment Provision included in the New Campbell Submittal is grossly
2 excessive, is not in the best interests of the Company and all its shareholders, and is extraneous
3 to and wholly severable from the stock purchase proposal. The Employment Provision
4 contemplates that payment to Campbell be made -- not by the purchaser Southland -- but instead
5 by the Company, if Campbell sells his control shares to Southland. As such, the Employment
6 Provision is a severable provision, inconsistent with the purposes and provisions of the Buy-Sell
7 Agreement and inconsistent with the fiduciary duties that Campbell as the majority shareholder
8 owes plaintiff and the other minority shareholders.

9 23. Plaintiff is informed and believes, and based thereon alleges, that inclusion of the
10 Employment Provision in the New Campbell Submittal was at the insistence and request of
11 Campbell in an attempt to frustrate the contractual rights of plaintiff under the Buy-Sell
12 Agreement and to force the minority shareholders of the Company, including plaintiff, to either
13 bear the consequences of paying an excessive salary to Campbell over a guaranteed three-year
14 period or to abandon their ownership in the Company. As a direct proximate result of such
15 conduct Campbell has breached the covenant of good faith and fair dealing implied in the Buy-
16 Sell Agreement.

17 24. On December 22, 2009, as required under the Buy-Sell Agreement and in
18 accordance with the Board's direction, plaintiff delivered formal written notice to all
19 shareholders specifying the total number of Campbell's shares which would be purchased by
20 shareholder Partridge and shareholder Parker respectively. (hereinafter "Notice of Exercise"
21 attached hereto as Exhibit "E" and incorporated herein.)

22 25. On December 29, 2009, as required under the Buy-Sell Agreement, plaintiff
23 delivered written notice to all of the shareholders specifying 5:00 p.m., January 12, 2010, as the
24 closing time and date for the purchase of Campbell's shares and further specifying that Campbell
25 would receive an all-cash, up-front payment of \$1,377,000 on such date as set forth in such
26 notice. ("Notice of Closing," a copy of which is attached hereto as Exhibit "F" and is
27 incorporated herein.)
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1 26. On December 29, 2009, Campbell sent an email repudiating his obligation under
2 the Buy-Sell Agreement to close the above described transaction and asserting his right to
3 proceed under the New Campbell Submittal including the Employment Provision.

4 27. On January 12, 2010, in accordance with the procedures of the Buy-Sell
5 Agreement, plaintiff and Parker tendered to Campbell the cash sum of \$1,377,000.00
6 constituting fair and adequate consideration for the purchase of all of Campbell's 1,530 shares in
7 the Company. The plaintiff attended the scheduled 5:00 p.m., January 12, 2010 closing, ready,
8 willing and able to deliver the \$1,377,000 cash purchase price held in her lawyer's trust account,
9 but Campbell failed to attend the closing or deliver his shares.

10 28. Plaintiff has performed all conditions, covenants and promises required to be
11 performed by her under the Buy-Sell Agreement, and otherwise, except as to those conditions,
12 covenants and promises she has been excused from performing or has otherwise been prevented
13 from performing by Campbell and Does 1 - 20.

14 29. Defendant Campbell breached the Buy-Sell Agreement by failing and refusing to
15 deliver his 1,530 shares of stock or stock powers associated therewith on January 12, 2010 or at
16 any time thereafter.

17 30. As a direct and a proximate result of the foregoing, plaintiff has been damaged in
18 an amount that cannot be reasonably ascertained or quantified monetarily. The stock of the
19 Company held by defendant is unique personal property for which there is neither a public
20 market nor alternative available shares. Defendant's shares are further unique in that they
21 represent 51 percent of the voting shares and thus control of the Company. Defendant's shares
22 are unique because for 23 years they have been intertwined with those of plaintiff and two other
23 minority shareholders under the Buy-Sell Agreement and will continue to be subject to such
24 Buy-Sell Agreement. Campbell's shares are of unique value to plaintiff who as a Founder and
25 Editor-in-Chief desires to preserve and protect the editorial independence of The Santa Barbara
26 Independent, and to assure that the owners of this local newspaper continue to participate
27 actively in the management of the Company as provided under the Buy-Sell Agreement. As
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1 such, the remedy of damages is inadequate. Plaintiff is therefore entitled to specific performance
2 of defendant's obligation to tender said stock.

3 31. By virtue of defendant's failure to perform his obligations under the Buy-Sell
4 Agreement, plaintiff has incurred costs and expenses in enforcing her rights, including
5 reasonable attorneys fees and costs of suit, which defendants have agreed to pay pursuant to the
6 attorneys fees provision of the Buy-Sell Agreement.

7 WHEREFORE plaintiff prays judgment as hereinafter set forth.

8 **SECOND CAUSE OF ACTION**

9 **(Breach of Covenant of Good Faith and Fair Dealing**

10 **Against Randy Campbell and Does 1-20)**

11 32. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 31,
12 inclusive, as if each and every allegation was set forth in full herein.

13 33. Inherent in every contract under California law is a covenant of good faith and
14 fair dealing pursuant to which Campbell and Does 1 through 20, inclusive, were under a duty
15 (1) not to take any action which would deprive plaintiff of any benefits to which she was
16 otherwise entitled under the Buy-Sell Agreement, and (2) not to take action which would render
17 performance of the Buy-Sell Agreement impossible or frustrate its purpose.

18 34. Plaintiff is informed and believes and thereon alleges that Campbell and Does 1
19 through 20, inclusive, breached the implied Covenant of Good Faith and Fair Dealing by
20 depriving plaintiff of the material benefit of the Buy-Sell Agreement, namely by failing and
21 refusing to deliver his 1,530 shares of stock or stock powers associated therewith on January 12,
22 2010 or at any time thereafter and by including a demand for personal compensation from the
23 Company under the Employment Provision of the New Campbell Submittal.

24 35. Campbell was specifically put on prior written notice respecting Campbell's
25 duties and responsibilities under the Covenant of Good Faith and Fair Dealing under these
26 circumstances by a letter to Campbell from plaintiff's counsel, dated December 8, 2009, a copy
27 of which is attached hereto as Exhibit "G" and is incorporated herein.

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36. As a result of Campbell and Does 1 through 20's, inclusive, breach of the Implied Covenant of Good Faith and Fair Dealing, plaintiff has been damaged in an amount not presently ascertained but to be proved with certainty at trial.

WHEREFORE plaintiff prays judgment as hereinafter set forth.

THIRD CAUSE OF ACTION

(Breach of Fiduciary Duty - Against Randy Campbell and Does 21-40)

37. Plaintiff realleges and incorporates the allegations of paragraphs 1 through 36 inclusive, as if each and every allegation was set forth in full herein.

38. At all times material hereto, defendant Campbell, as the majority shareholder of the Company, owed a fiduciary duty to the minority shareholders, including to plaintiff, not to use his power to control corporate activities or corporate funds for the benefit of himself alone or in a manner detrimental to the minority shareholders.

39. On or before November 10, 2009, Campbell was employed as the publisher of the Company at a reasonable compensation of about \$67,000 per year. Shortly prior to that date Campbell had requested a substantial raise in his salary which the majority of the disinterested Directors rejected as not being in the best interest of the Company which was at the time in fact cutting salaries of virtually all other employees due to economic conditions.

40. Plaintiff is informed and believes and, based thereon, alleges that majority shareholder Campbell's actions described herein were designed and intended to secure an economic benefit for himself and to the detriment of any remaining minority shareholders by forcing them either to sell out to Southland or share in the economic cost of his excessive salary which cannot be terminated for three years.

41. By refusing to honor the Rights of First Refusal in the Buy-Sell Agreement and by insisting that any sale of his stock be linked to an excessive and unreasonable employment agreement for his own economic benefit, defendant Campbell has sought for himself an economic benefit from the sale of stock which is not shared with the minority shareholders and which in fact would be born by them over time in the form of reduced profits from the Company. The Employment Provision and the New Campbell Submittal constitute a bad faith attempt by

1 Campbell to render the Rights of First Refusal in the Buy-Sell Agreement as illusory and gain for
2 himself an advantage by virtue of his majority shareholder position.

3 42. As a direct and proximate result of defendants' conduct plaintiff has been
4 damaged in an amount not presently ascertained but to be proved with certainty at trial.

5 43. In carrying out the foregoing conduct, defendant Campbell has acted maliciously,
6 fraudulently and with the intent to oppress the minority shareholders of the Company in an effort
7 to gain unfair economic advantage thereby entitling plaintiff, in addition to actual damages, to
8 recover punitive damages against defendants for the sake of example and by way of punishing
9 defendants for their malicious, fraudulent and oppressive conduct in an amount to be determined
10 with certainty at trial.

11 PRAYER

12 WHEREFORE plaintiff prays judgment as follows:

13 1. For a decree of specific performance ordering that defendants deliver the
14 outstanding 1, 530 shares of the Company to the Secretary and/or transfer agent of the Company
15 in exchange for the payment of \$1,377,000;

16 2. For compensatory damages resulting from defendants' breach of their fiduciary
17 duties and breach of the covenant of good faith and fair dealing;

18 3. For reasonable attorneys fees and costs;

19 4. For punitive damages as are just, and

20 5. For such other and further relief as the court may deem just and proper.

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22 DATED: February //, 2010

HILL & TRAGER, LLP

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25 Gary J. Hill
26 Attorneys for Marianne Partridge
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INDEX OF EXHIBITS

<u>Exhibit</u>	<u>Description</u>
A	Stock Purchase and Buy-Sell Agreement
B	Offering Package dated November 10, 2009
C	Marianne Partridge - exercise of option - November 23, 2009
D	Shareholders Notice dated November 23, 2009 with copy of Marianne Partridge - exercise of option - November 23, 2009
E	Notice of Exercise - Santa Barbara Independent, Inc.- Notice of Secretary Dated December 22, 2009
F	Notice of Closing - Santa Barbara Independent, Inc.- Notice of Secretary Dated December 29, 2009
G	Letter to Campbell from plaintiff's counsel, dated December 8, 2009

STOCK PURCHASE AND BUY-SELL AGREEMENT

THIS STOCK PURCHASE AND BUY-SELL AGREEMENT is made this DECEMBER 22, 1986, by and among The Santa Barbara Independent, Inc., a California corporation (the "Company"), and Randy Campbell ("Campbell") and Richard Grandjean ("Grandjean"), Campbell and Grandjean being sometimes hereinafter called collectively the "Shareholders" and individually a "Shareholder", with reference to the following facts:

The parties desire to enter into an agreement under the terms of which the Shareholders will purchase from the Company an aggregate of 3,000 authorized and unissued shares (the "Shares") of the capital stock of the Company at a purchase price of \$0.30 per Share. The parties desire that ownership of the Company, which has recently been organized to engage primarily in the business of newspaper publication, remain in the hands of persons willing and able to participate actively in the management of the Company.

NOW, THEREFORE, in consideration of the mutual covenants and agreements herein and in consideration of the payment of \$900 in cash by the Shareholders for the Shares, receipt of which is hereby acknowledged by the Company, the parties agree as follows:

I.

REPRESENTATIONS AND WARRANTIES

A. The Company represents, warrants and agrees:

1. Corporate Power and Authority. The Company is a corporation duly incorporated, validly existing and in good standing under the laws of the State of California and has full corporate power and authority to own its properties and to carry on its business as now conducted and as proposed to be conducted.

2. Capital Stock. The authorized capital stock of the Company consists of 500,000 shares of common stock, none of which has been issued or is outstanding. The Company has not issued any outstanding options, rights or warrants to acquire any Shares. The Company has no commitments to issue any such option, right or warrant or to issue or deliver any Shares except as

contemplated hereby. The Company has full power to convey clear and marketable title to the Shares as contemplated hereby, free of any liens, charges or encumbrances.

3. No Restrictions on Transaction. The Company is not subject to any charter provision, bylaw, indenture, mortgage, lien, lease, agreement, instrument, law, rule, regulation, order, judgment or decree or any other restriction that would prevent consummation of the transactions contemplated by this Agreement.

B. The Shareholders, and each of them, represent, warrant and agree:

1. Review of Documents. The Shareholders are the founders, officers and directors of, and control, the Company and, as such, have had access to all of the books and records of the Company and have conducted a thorough and comprehensive investigation of the Company. The Shareholders are entering into this Agreement and the transactions contemplated hereby solely in reliance on their own investigation and review of such information concerning the Company.

Each Shareholder has carefully reviewed all the information furnished to him or her, is thoroughly familiar with the proposed business, operations and properties of the Company by virtue of such review and of his or her relationship with the Company as a founder thereof."

2. Acquisition of Shares for Own Account. Each Shareholder is acquiring Shares pursuant to this Agreement with his or her own funds. Such Shares are being purchased for his or her own account, not as a nominee or agent. No one else has any interest, beneficial or otherwise, in any of such Shares. Such Shareholder is not obligated to transfer any Shares to anyone else nor has any agreements or understandings to do so. Such Shareholder is purchasing such Shares for investment for an indefinite period and not with a view to the sale or distribution of any Shares, by public or private sale or other disposition, and has no intention of selling, granting any participation in or otherwise distributing or disposing of any Shares. Such Shareholder does not intend to subdivide his or her purchase of Shares with anyone.

3. Restricted Nature of Shares. Each Shareholder is able to bear the economic risk of his or her investment in the Shares being purchased by him or her and is aware that he or she must be prepared to hold such Shares for an indefinite period and that such Shares have not been registered under the Securities Act of 1933, as amended (the "Act"), or qualified under the California Corporate Securities Law of 1968, as amended (the "Law"), on the ground, among others, that no distribution or public offering of Shares is to be effected and Shares are being issued by the Company without any public offering within the meaning of Section 4(2) of the Act and Section 25102(f) of the

Law. Each Shareholder understands that the Company is relying in part on his or her representations as set forth herein for purposes of claiming the exemption from registration under the Act provided by Section 4(2) thereof and the exemption from qualification under the Law provided by Section 25102(f) thereof and that the basis for such exemptions may not be present if, notwithstanding such Shareholder's representations, such Shareholder has in mind merely acquiring Shares for resale on the occurrence or non-occurrence of some predetermined event. Such Shareholder has no such intention.

4. Sophistication of Shareholders. Each Shareholder or a principal executive officer acting on behalf of each corporate Shareholder, has such knowledge and experience in financial and business matters that he or she is capable of evaluating the merits and risks of the investment by him or her (or the corporation in the case of such officer) contemplated by this Agreement and has the capacity to protect his or her own interests (or the interests of such corporation).

5. Agreement to Refrain from Resales. Without in any way limiting his or her representations herein, each Shareholder further agrees that he or she shall not encumber, pledge, hypothecate, sell, transfer or otherwise dispose of, or receive any consideration for, any Shares or any interest in any Shares, unless and until prior to any proposed transfer, encumbrance, disposition, pledge, hypothecation or sale, either (i) a registration statement on Form S-1 (or any other form appropriate for the purpose or replacing such form) under the Act with respect to the Shares proposed to be transferred or otherwise disposed of shall be then effective or (ii)(a) such Shareholder shall have furnished the Company with a detailed statement of the circumstances of the proposed disposition, (b) such Shareholder shall have furnished the Company with an opinion of counsel (obtained at the Shareholder's expense) in form and substance satisfactory to the Company to the effect that such disposition will not require registration of such Shares under the Act or qualification of such Shares under any other securities law and (c) counsel for the Company shall have concurred in such opinion of counsel and the Company shall have advised such Shareholder of such concurrence.

6. Certificates to be Legended. Each Shareholder understands and agrees that each certificate representing Shares will bear a legend on the face thereof (or on the reverse thereof with a reference to such legend on the face thereof) in substantially the form set forth below, which legend restricts the sale, transfer or other disposition of Shares otherwise than in accordance with this Agreement:

"THE SHARES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED. THESE SHARES MAY NOT BE ENCUMBERED, PLEDGED, HYPOTHECATED, SOLD, TRANSFERRED OR OTHERWISE DISPOSED OF

IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SHARES UNDER SAID ACT OR AN OPINION OF COUNSEL SATISFACTORY IN FORM AND SUBSTANCE TO THE CORPORATION AND CONCURRED IN BY THE CORPORATION'S COUNSEL TO THE EFFECT THAT SUCH REGISTRATION IS NOT REQUIRED UNDER SAID ACT OR SUCH TRANSACTION COMPLIES WITH RULES PROMULGATED BY THE SECURITIES AND EXCHANGE COMMISSION UNDER SAID ACT. IN ADDITION, SALE, TRANSFER, ENCUMBRANCE, PLEDGE, HYPOTHECATION, GIFT OR OTHER DISPOSITION OR ALIENATION OF ANY OR ALL SUCH SHARES OR ANY INTEREST THEREIN IS RESTRICTED BY AND SUBJECT TO A STOCK PURCHASE AND BUY-SELL AGREEMENT DATED 12-22-86, 1986, A COPY OF WHICH MAY BE INSPECTED AT THE PRINCIPAL OFFICE OF THE CORPORATION, AND ALL OF THE PROVISIONS OF WHICH ARE INCORPORATED BY REFERENCE IN THIS CERTIFICATE."

Each Shareholder also understands and agrees that each certificate representing Shares may also contain any legend required by the California Commissioner of Corporations which may further restrict transfers of Shares.

7. Shares Will Be "Restricted Securities". Each Shareholder understands and agrees that the Shares will be "restricted securities" as that term is defined in Rule 144 under the Act and, accordingly, that the Shares must be held indefinitely unless they are subsequently registered under the Act or an exemption from such registration is available. Each Shareholder understands and agrees that the Company is not under any obligation to register Shares under the Act or to comply with the Regulation A or any other exemption and that Rule 144 is not available for sales of Shares.

8. The Company May Refuse to Transfer. Notwithstanding the foregoing, if any Shareholder has, in the opinion of counsel for the Company, acted in any manner not consistent with the representations and agreements of such Shareholder in this Agreement, the Company may refuse to transfer such Shareholder's Shares until such time as counsel for the Company is of the opinion that such transfer will not require registration of such Shares under the Act or qualification of such Shares under any other securities law.

9. Indemnification. Each Shareholder hereby agrees to indemnify and defend the Company and hold it harmless from and against any and all claims, liabilities, damages or expenses incurred on account of or arising out of (i) any inaccuracy in any of the representations, warranties or agreements of such Shareholder in this Article I.B, (ii) the disposition of any Shares contrary to such representations, warranties and agreements or (iii) any action, suit or proceeding based on a claim that such representations, warranties or agreements were inaccurate or misleading or otherwise cause for obtaining damages or redress from the Company under the Act.

10. Exception to Grandjean Representations and Warranties. Notwithstanding anything in the foregoing representations and warranties to the contrary, the parties acknowledge and agree that the Company originally considered issuing Shares to four other shareholders, Richard Parker ("Parker"), Christie Doudna ("Doudna"), Marianne Partridge ("Partridge") and The Santa Barbara News & Review Trust (the "Trust"). To facilitate the transaction, the Company determined to issue Shares only to Campbell and Grandjean but to permit Grandjean to transfer all or any portion of the Shares owned by him to any or all of Parker, Doudna, Partridge and the Trust without restriction under this Agreement. Accordingly, the representations and warranties contained in this Article I.B shall not apply to any such transfer nor shall the stock restriction provisions of Article III and any such transfers may be made without permitting the right of first refusal contained in said Article III.

C. Survival of Representations and Warranties. All representations and warranties contained in this Agreement shall survive the consummation of the transactions contemplated by this Agreement.

II.

SALE OF SHARES

Subject to and in reliance on the representations, warranties and agreements of the Company and the Shareholders and to the terms and conditions herein and in consideration of the payment of the purchase price as set forth above, the Company shall issue certificates representing the number of Shares hereby sold to the respective Shareholders, in their respective names, as follows:

<u>Shareholder</u>	<u>Number of Shares</u>	<u>Aggregate Purchase Price</u>
Randy Campbell	1,530	\$459
Richard Grandjean	1,470	\$441

III.

BUY-SELL AGREEMENT

Subject to the foregoing provisions relating to restrictions on resales and other dispositions of Shares, and subject further to the right of Grandjean to transfer Shares to any of Parker, Doudna, Partridge or the Trust without regard to the provisions of this Article III provided that any of such transferees agree to sign this Agreement and to be bound by the

Rbs (Rko)

terms and conditions herein, the parties hereto further agree as follows:

A. Rights of First Refusal.

1. The Company's Right of First Refusal. Except for certain gifts permitted by Article III.B, no Shareholder and no transferee of any Shares now or hereafter owned by any Shareholder (such Shareholder and transferee or transferees being hereinafter sometimes called the "Offering Shareholder") shall sell, transfer, encumber, pledge, hypothecate, give as a gift or otherwise dispose of or in any way alienate any Shares or any right or interest therein, voluntarily, by operation of law, or otherwise, without obtaining the prior written consent of the Company and of all other Shareholders, unless the Offering Shareholder first shall have given notice (the "Notice") to the Company of the intention to do so and shall have complied with the procedures in this Article III. As used in the preceding sentence, a "transferee" includes, without limitation, any vendee, transferee, successor, assignee, donee, pledgee, hypothecatee or any person that acquires any interest in any Shares by contract or otherwise. Any purported transfer without such consent or compliance shall be void.

The Notice shall name the proposed transferee or transferees (including all persons who may be expected to acquire any interest in any Shares in the proposed transfer), the number of Shares to be transferred (the "Noticed Shares"), the price per Noticed Share, payment terms and any other material terms or conditions of the proposed transfer. Promptly on receipt of the Notice, the Company shall furnish a copy of the Notice to each member of its Board of Directors and within fifteen days after such receipt, a meeting of such Board shall be duly called, noticed and held to consider the proposed transfer.

At any time within forty-five days after receipt of the Notice by the Company, the Company shall have the option to purchase all or, subject to the third sentence of the second paragraph of paragraph III.A.2, any portion of the Noticed Shares at the price and on the terms stated in the Notice; provided, however, that such option shall be subject to applicable restrictions on the right of a corporation to purchase shares of its own stock in such pertinent governmental laws or regulations as are now, or may hereafter become, effective. The Company may exercise such option by giving notice to that effect to the Offering Shareholder.

On such exercise, the Company shall pay the purchase price, in cash, in the manner and on the terms and conditions specified in the Notice; provided, however, that if the purchase price offered by the proposed transferee is other than solely in cash, the Company shall pay an amount per Share in cash that the Company and the Offering Shareholder agree to be equivalent to such offered purchase price. Notwithstanding the

preceding sentence, if the Company and the Offering Shareholder are unable so to agree, or if the proposed transfer is for no consideration or for consideration greater in fair market value than the purchase price specified in a certificate filed with the Secretary of the Company, as contemplated by the first sentence of paragraph III.C.2, within sixteen months prior to receipt of the Notice by the Company, then the purchase price shall be determined in the manner specified in paragraph III.C.2 (except that half of the expenses and fees of the appraiser, if any, shall be borne by each of the Company and the Offering Shareholder).

2. Right of First Refusal of Other Shareholders. If the Company does not exercise such option in full within said forty-five days, the Company shall forthwith and within said forty-five days furnish a copy of the Notice to each of the other Shareholders and shall inform them of the number of Noticed Shares the Company has determined not to purchase. Each of such other Shareholders shall then have an option to purchase such proportion of the Noticed Shares not elected to be purchased by the Company, at the price and on the terms stated in the Notice or as otherwise determined hereunder, as the number of Shares held by him, her or it bears to the number of Shares held by all of such other Shareholders. Any of such other Shareholders may exercise his, her or its option within twenty days after the Company furnishes a copy of the Notice to him, her or it by notifying the Secretary of the Company of the election to do so.

The Company shall notify such other Shareholders of the number of Noticed Shares that neither the Company nor any Shareholder has elected to purchase. Such other Shareholders may then further elect to purchase a greater number of the Noticed Shares, but such further election must be received by the Company within said twenty days. If the number of Noticed Shares so elected and further elected to be purchased, when combined with the number of Shares elected to be purchased by the Company, still is less than the total number of Noticed Shares, the options of the Company and of the other Shareholders shall be deemed to have expired without having been exercised.

If the total number of Noticed Shares so elected and further elected to be purchased exceeds the number of Noticed Shares remaining available after giving effect to the purchase, if any, by the Company of a portion of the Noticed Shares, (a) each of such other Shareholders who so elected shall purchase the number so elected to be purchased and (b) each of such other Shareholders who so further elected shall purchase the number of such Noticed Shares so elected and further elected to be purchased by him, her or it reduced by a number of Noticed Shares equal to such excess multiplied by the fraction determined by dividing the number of Shares held by him, her or it by the total number of Shares held by all of such other Shareholders who so further elected.

Within ten days after the earlier of the expiration of said twenty-day period or the receipt of the elections and further elections of all of such electing Shareholders, the Company shall notify each of such electing Shareholders as to the number of Noticed Shares as to which his, her or its election and further election, if any, is effective, and each such electing Shareholder shall pay the purchase price, in cash, determined as provided in the last paragraph of paragraph III.A.1 (except that half of the expenses and fees of the appraiser, if any, shall be borne by the Offering Shareholder, and half by the purchasing Shareholders and the Company in the proportions that the number of Shares purchased by each of the Company and such purchasing Shareholders bears to the total number of Noticed Shares).

3. Nonexercise of Rights of First Refusal. The Offering Shareholder may withdraw the Notice and the offer to sell the Noticed Shares at any time prior to the exercise of the options as provided in this Article III.A, and the Noticed Shares and the Offering Shareholder shall thereupon be restored to their status prior to the giving of the Notice. If the Notice is not so withdrawn and if the Company and the other Shareholders do not exercise options as to all the Noticed Shares, all of such Noticed Shares may be transferred at any time after sixty-five days after receipt of the Notice by the Company but prior to 180 days after such receipt on the terms and conditions specified in the Notice; provided that no Shares may be transferred if and so long as they are subject to any option provided by Article III.C. Any transferee of Shares shall hold such Shares subject to all of the terms and conditions of this Agreement. The terms and conditions of any such transfer shall not be changed without a new notice of intention to transfer and compliance with this Article III.

Parents, *(PKE)*
B. Gifts of Shares. Any Shareholder who is a natural person or his or her spouse may make a gift of Shares to his or her spouse, issue, lineal descendants, sons-in-law or daughters-in-law, to any other Shareholder, to any spouse, issue, lineal descendant, son-in-law or daughter-in-law of any other Shareholder or to a corporation, trust or custodianship of which all of the parties holding any vested beneficial interest and at least one of the directors, trustees or custodians are such persons or such Shareholder (collectively, "Permitted Donees"); provided, however, that any Permitted Donee shall hold the Shares subject to all of the provisions of this Agreement and shall not sell, transfer, encumber, pledge, hypothecate, transfer by gift or otherwise dispose of or in any way alienate any Shares or any interest therein except in accordance with this Agreement. Any gift of Shares to any person other than a Permitted Donee shall be governed by Article III.A except that the purchase price to be paid on exercise of any option provided therein shall be determined by agreement among the donor Shareholder, the Company (if it elects to purchase any of the Shares proposed to be given) and such other of the Shareholders who elect to purchase any of

such Shares or, if they do not so agree or the agreed price is greater in fair market value than the purchase price specified in a certificate filed with the Secretary of the Company, as contemplated by the first sentence of paragraph III.C.2 hereof, within sixteen months prior to receipt of the Notice by the Company, then as specified in paragraph III.C.2 hereof (except that half of the expenses and fees of the appraiser, if any, shall be borne by the donor Shareholder and half by the person or persons exercising such options in the proportions that the number of Shares purchased by each such person bears to the total number of Shares purchased by all such persons).

C. Options on the Happening of Certain Events.

1. Options. If any Shares are to be distributed to a Shareholder's spouse or the legal or personal representative of his or her spouse as such spouse's joint or community property interest pursuant to a decree or order of divorce or dissolution or a property settlement agreement or after the spouse's death or for any other reason or if any Shareholder (i) obtains or becomes subject to an order for relief under the Bankruptcy Code or an order or decree of insolvency under state law, (ii) makes an assignment for the benefit of creditors, (iii) is subject to receivership or any other creditor's proceeding to take his, her or its Shares by legal process, (iv) in the case of officers and employees of the Company, has his or her employment by the Company terminated for any reason (except that if such termination occurs with respect to Randy Campbell on or before the fourth anniversary of the date hereof, the provisions of Article IV.A shall govern), (v) files a complaint for involuntary dissolution of the Company pursuant to Section 1800(a) of the California Corporations Code or any similar provision then in effect or elects to wind up and dissolve the Company pursuant to Section 1900(a) of the California Corporations Code or any similar provision then in effect or (vi) dies (except that if death occurs to Randy Campbell on or before the fourth anniversary of the date hereof, the provisions of Article IV.A shall govern), or if any other event should occur which, were it not for this Agreement, would cause a Shareholder's Shares, or any thereof, to be transferred, assigned or sold to any person, voluntarily or involuntarily, under circumstances that would not subject such transfer to paragraph III.A.1, III.A.2 or III.B, then, in each such event, such Shareholder or his, her or its personal or legal representative shall promptly notify the Secretary of the Company of the occurrence of such event and the Company and the other Shareholders shall have the option, commencing at the date the Company receives actual notice of any such event, to purchase all or any part of the Shares owned by such Shareholder.

Such options shall be exercisable by the Company and such other Shareholders as provided in paragraphs III.A.1 and III.A.2, subject to this Article III.C and at the price as determined in accordance with paragraph III.C.2, except that

(a) any notice of exercise of any such option shall be given to the Shareholder whose Shares are subject to such option or to his, her or its personal or legal representative, if any, and (b) subject to the next sentence if such event is the death of a Shareholder, if the Company and the other Shareholders do not exercise their options as to all of such Shares, the Shares as to which such options are not exercised may be transferred at any time after 120 days but prior to 180 days after the later of the happening of such event or the date the Company receives actual notice thereof. In the event of a Shareholder's death, the personal or legal representative of the Shareholder may distribute the Shares as to which the options are not exercised to the successors in interest, heirs or legatees of the deceased Shareholder at any time after the later to occur of (x) 120 days after the date the Company receives actual notice of the Shareholder's death, or (y) if any court approval or confirmation is necessary to authorize the sale of the Shares, thirty days after the entry of the court order or decree authorizing the sale.

If such options are not exercised as to all the Shares owned by such Shareholder, he, she or it or his, her or its personal or legal representative, executor, administrator, heirs, legatees, assigns or successors in interest shall hold the Shares as to which such options are not exercised subject to this Agreement.

2. Determination of Purchase Price. The price per Share for Shares purchased on exercise of an option as provided in this Article III.C shall be the value thereof specified in an annual certificate, in substantially the form of Exhibit A attached hereto and incorporated herein by this reference, signed by all of the Shareholders and filed with the Secretary of the Company within ninety days after the end of each fiscal year of the Company. Notwithstanding the preceding sentence, if no such certificate has been filed with the Secretary of the Company for more than sixteen months prior to such exercise, such price shall be the fair market value of the Company's assets (including goodwill) reduced by the Company's liabilities and then divided by the number of shares of the Company's capital stock then outstanding, as determined as of the last day of the month preceding the month in which the event giving rise to such option occurs, by an appraiser acceptable to the transferring Shareholder and any of the Company or the other Shareholders who elect to exercise its or their options acting as a group. If such persons are unable to agree on an appraiser within thirty days after the later of the happening of such event or the date the Company receives actual notice of such event, the transferring Shareholder shall name an appraiser and any of the Company or the other Shareholders who so elect to purchase any of the Shares to be sold shall name an appraiser. The two appraisers so named shall select a third appraiser who is not affiliated with either of them and who shall appraise the Shares.

Any such appraiser shall be an independent investment banker, appraiser or certified public accountant.

In determining such purchase price, the appraiser so appointed shall consider all opinions and relevant evidence submitted to it by the transferring Shareholder and any of the Company or the other Shareholders who so elect, or otherwise obtained by it, and shall set forth its determination in writing together with its opinion and the considerations on which such opinion is based, with a signed counterpart to be delivered to each of the transferring Shareholder and any of the Company or the other Shareholders who so elect, within thirty days after the appraiser is notified of and accepts its appointment as such. Such determination shall be final, binding and conclusive.

Half of the expenses and fees of such appraiser shall be paid by any of the Company and the Shareholders who elect to purchase Shares being sold in the proportion that the number of Shares to be purchased by each of them bears to the number of Shares to be purchased by all of them and half of such fees and expenses shall be borne by the transferring Shareholder; provided that each party shall bear his, her or its own expenses in presenting evidence to the appraiser.

D. Payment of Purchase Price.

1. Closing Mechanics. On any purchase of Shares under this Article III, the consideration to be paid for the Shares shall be paid to the selling or Offering Shareholder or his, her or its personal or legal representative, if any. If the event that leads to the purchase is the death of a Shareholder, the decedent's personal or legal representative shall apply for and obtain any necessary court approval or confirmation of the sale of the decedent's Shares pursuant to this Article III and, notwithstanding any other provision of this Agreement, if such court approval is necessary to authorize the sale, the obligations of all parties under this paragraph III.D.1 shall be postponed until such approval is obtained.

Any purchase and sale of Shares pursuant to this Article III shall be consummated as follows: The Secretary of the Company shall designate a date (the "Closing Date") for consummation of the transaction, which date shall be within 120 days after the receipt by the Company of the Notice required by Article III.A or the occurrence of the event specified in Article III.C giving rise to the exercise of the option that resulted in the required sales, as the case may be. At least ten days prior to the Closing Date, the Secretary shall notify the Company and each other Shareholder purchasing Shares of the number of Shares that he, she or it is obligated to acquire, the purchase price per Share and the Closing Date (the "Closing Notice"), and shall send a copy of the Closing Notice to each other party to the transaction. On or before the Closing Date, each purchaser of Shares shall deliver to the Secretary cash or a

certified check for the balance of the purchase price of the Shares to be acquired by him, her or it. The selling or Offering Shareholder or his, her or its representative shall deliver to the Secretary, on or prior to the Closing Date, the certificate or certificates evidencing the Noticed Shares or the Shares to be sold, properly endorsed for transfer or accompanied by a properly executed stock power relating to each such certificate. Subject to receipt of such certificate or certificates and such cash or checks for the purchase price on the Closing Date, the Secretary shall transfer such Shares on the books of the Company by registering such Shares in the name of the transferee or transferees that have deposited with him or her the purchase price for the Shares to be acquired by said transferee or transferees. The Secretary shall, at the same time, transmit the purchase price to the selling Shareholder.

IV.

ADDITIONAL COVENANTS

A. Campbell Repurchase. The Company and Campbell have entered into an Employment Agreement dated as of November 17, 1986 (the "Employment Agreement"), pursuant to which Campbell agrees to serve as the President and Publisher of the Company. If Campbell leaves the Company's employ for any reason or otherwise breaches the Employment Agreement on or before the fourth anniversary of the date of the Employment Agreement, the other shareholders of the Company shall have the option, commencing at the date the Company receives actual notice of any such event, to purchase all or any portion of the Shares owned by Campbell pursuant to the following schedule:

<u>Percentage of Campbell Shares Subject to Option</u>	<u>If Date of Such Termination or Breach Occurs Between</u>
100%	The date hereof and the First Anniversary
75%	The First and the Second Anniversary
50%	The Second and Third Anniversary
25%	The Third and Fourth Anniversary
0%	After the Fourth Anniversary

Such option shall be exercisable by the Company and the other shareholders as provided in paragraphs III.A.1 and III.A.2 subject to this Article IV.A and at a purchase price determined as follows: the sum of \$250,000 shall be divided by 1,530 (resulting in an initial purchase price per share of \$163.40) but the sum of \$250,000 shall be reduced in that formula by the amount of the \$50,000 bonus paid by the Company to Campbell pursuant to the authorization contained in Section 4.1 of the Employment Agreement* and the number 1,530 in that formula shall be subject to adjustment by the Board of Directors of the Company in the event of any change in the Shares by reason of any stock

*, shall be increased by any capital contribution made by Campbell,

dividend, recapitalization, merger or consolidation, split-up, combination or exchange of shares, or any similar change effecting the Shares.

If all or any portion of the Shares owned by Campbell are purchased from him pursuant to this Article IV.A so that he owns less than 51 percent of the outstanding voting stock of the Company, the Shareholders covenant and agree to take all actions necessary to terminate the supermajority voting requirements contained in Article Sixth of the Articles of Incorporation of the Company and Article IV.C of this Agreement.

B. Guaranty of Bank Financing. If at any time within two years of the date hereof Campbell is required to provide his personal guaranty on any bank financing for the Company, each other Shareholder(s) covenants and agrees that he or she shall also provide personal guaranties for that bank financing up to an aggregate liability of \$50,000. The provisions of this Article IV.B shall apply only if the other Shareholder(s) receives a written request for such personal guaranty from both the bank providing the financing and the Company together with a copy of the guaranty provided or to be provided by Campbell.

C. Supermajority Approval Requirement. The Company shall not terminate the employment of Campbell or Partridge, or alter the terms of their employment by the Company, without the prior approval (by vote or written consent) of Shareholders entitled to exercise not less than two-thirds of the voting power of the Company.

D. Non-Competition Agreement. Each Shareholder acknowledges and agrees that as a participant in the organization and operation of the Company, he or she has or will participate in important aspects of the Company's development, planning, operations and other activities, and that the conduct by him or her of any business or activity directly or indirectly competing with the Company's business necessarily would constitute trading on the Company's goodwill and reputation developed through the Company's expenditure of very substantial efforts and monies, would involve the use by the Shareholder of confidential information and materials of the Company and would unreasonably and unfairly impair the Company's ability to conduct its business profitably. Each Shareholder therefore further acknowledges and agrees that he or she will not at any time while he or she is an employee or shareholder of the Company directly or indirectly own an interest in, join, operate, control, participate in or be connected, as an officer, employee, agent, independent contractor, consultant, partner, shareholder or principal, with any corporation, partnership, joint venture, proprietorship, association or other entity or person engaged in developing, producing, designing, providing, soliciting orders for, selling, distributing or marketing products or services that directly or indirectly compete with the Company's products, services or other businesses, in the Counties of Ventura, Santa Barbara and San

Luis Obispo, California. Notwithstanding the foregoing, however, nothing in this Article IV.D shall prohibit Campbell from operating his newspaper ~~printing~~ stand manufacturing business.

[Handwritten signature]
V.

MISCELLANEOUS

A. Approvals. The Company agrees to apply for, and use its best efforts to obtain, all governmental and administrative approvals required in connection with the issuance of Shares under this Agreement. The parties agree to cooperate in obtaining such approvals and to execute any and all documents or instruments that, in the opinion of the Company, may be required, appropriate or desirable to be executed by them in connection with such approvals. The Company shall pay all costs and filing fees in connection with obtaining such approvals. This Article V.A shall not be construed or interpreted to alter the provisions of Article I.B and, in particular, shall not be deemed to impose on the Company any obligation to cause any securities to be registered under the Act or qualified under any other securities law or to comply with the conditions for any exemption from the registration provisions of the Act or the qualification provisions of any other securities law, except with respect to compliance with the conditions for the exemption from the California Corporate Securities Law of 1968, as amended, as provided by Section 25102(h) or Section 25102(f) thereof.

B. Further Assurances. The parties shall do or perform any and all such further acts and things and execute and deliver any and all such documents and instruments as may be reasonably necessary to carry out the provisions of this Agreement.

C. Spousal Consents. Any natural person to whose benefit this Agreement may now or hereafter inure shall use his or her best efforts to obtain the acknowledgment and consent of his or her spouse, whether such party is now married or marries or remarries hereafter, in substantially the form attached hereto following the signature page hereof.

D. Restrictions to Run with Shares. The covenants, conditions and restrictions herein shall be and constitute covenants, conditions and restrictions running with all Shares now or hereafter owned by any Shareholder at any time, directly or indirectly, whether the same have been issued or not, and none of such Shares shall be sold, transferred, encumbered, pledged, hypothecated, given as a gift or otherwise disposed of or alienated in any way by any person except in accordance with this Agreement. The parties agree that stop order instructions prohibiting transfer of certificates for Shares will be issued and filed by the Company on its records or with the Company's transfer agent to prevent any disposition otherwise than strictly in accordance with this Agreement and agree to cause the officers

[Handwritten signature]

of the Company to refuse to record on the books of the Company any assignments or transfers made or attempted to be made except in accordance with this Agreement and to cause said officers to refuse to cancel certificates, or issue or deliver new certificates therefor, where the purchaser, assignee, pledgee, donee or other transferee has acquired certificates or any Shares represented thereby otherwise than strictly in accordance with this Agreement. Any person who acquires any Shares or any interest therein shall hold such Shares or interest subject to this Agreement and shall be deemed to be a Shareholder for all purposes of Articles III, IV and V.

E. Additional Shareholders. If the Company shall at any future time desire to issue or reissue Shares to any person or firm (including any Shareholder), all such issues shall become parties to this Agreement (and their spouses shall acknowledge and consent thereto as provided in Article V.C) with respect to such Shares by executing a writing agreeing to be bound hereby.

F. Successors and Assigns. Without limiting the restrictions on transfers herein, this Agreement shall bind and shall inure to the benefit of and be enforceable by the parties and their respective successors, permitted assigns, personal or legal representatives, heirs and legatees, whether herein so expressed or not, and this Agreement shall be binding on any person who acquires any interest in any Shares, whether or not in accordance with this Agreement, and on any executor, administrator, successor or assign of any such person.

G. Procedure Absent Estate Administration. If a Shareholder dies and no personal or legal representative is appointed to administer his or her estate, the other parties may elect to deal directly for all purposes of this Agreement with those successors in interest, assigns, heirs or legatees of the deceased Shareholder who have an immediate beneficial interest in the Shares of the deceased Shareholder as if they are the deceased Shareholder's personal or legal representative.

H. Organic Changes. Notwithstanding anything herein to the contrary, Shares may be exchanged pursuant to any corporate merger, sale of assets or dissolution involving the Company, without being subject to this Agreement in connection with such changes. Securities, if any, received by the Shareholders pursuant to such an exchange shall be held subject to all the provisions of this Agreement and no transfers of such securities shall be made other than in accordance with this Agreement.

I. Voting Trust. Notwithstanding anything herein to the contrary, Shares may be transferred by the Shareholders to voting trustees subject to all of the terms and conditions of this Agreement; provided, that the beneficial ownership of such Shares is not transferred and, provided further, that any voting trust certificates issued refer to the provisions of this Agreement and that such Shares may not be transferred without the same being

considered a transfer of Shares within the scope of this Agreement.

J. Amendment. This Agreement may be amended at any time by the written agreement of the Company and parties hereto holding two-thirds or more of the Shares outstanding.

K. Termination. This Agreement shall terminate on the earliest of (i) the written agreement of the Company and parties hereto holding two-thirds or more of the Shares outstanding, (ii) the dissolution, bankruptcy, insolvency or receivership of the Company or (iii) a date twenty-one years from the death of the last to die of the Shareholders and their issue now in being.

L. Severability. It is intended that each provision of this Agreement shall be viewed as separate and divisible and, if any provision of this Agreement shall be held to be invalid or otherwise unenforceable, as a whole or in part, the remainder of the provisions, or enforceable parts thereof, shall continue to be in full force and effect.

M. Notices. All notices, requests, demands and other communications hereunder must be in writing and shall be deemed to have been duly given when delivered personally or three days after being mailed by first class mail, charges and postage prepaid, and properly addressed, if to the Company, at the address indicated below its signature hereto, or, if to any Shareholder, at the Shareholder's address as it appears on the records of the Company (and the Company shall disclose any such address to any Shareholder who may request it), or any other address that any party may designate by notice to the others.

N. Inspection of Agreement. A copy of this Agreement shall be delivered to the Secretary of the Company and shall be shown to any person making inquiry about it.

O. Entire Agreement. This Agreement contains the entire agreement of the parties and supersedes all prior negotiations, correspondence, understandings and agreements between or among the parties, regarding the subject matter hereof.

P. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original but all of which together shall constitute one and the same instrument.

Q. Governing Law. This Agreement shall be governed by and construed and interpreted in accordance with the laws of the State of California.

R. California Securities Law. The transfer of the securities that is the subject of this Agreement has not been qualified with the Commissioner of Corporations of the State of California and the issuance of such securities or the transfer or

receipt of any part of the consideration therefor prior to such qualification, if required, is unlawful. The rights of all parties to this Agreement are expressly conditioned on such qualification being obtained, if required.


S. Attorneys' Fees. If any party fails to perform any of his, her or its obligations under this Agreement, such party shall pay to the other parties all reasonable costs and expenses incurred by such other parties in enforcing his, her or its rights or recovering damages, including without limitation reasonable attorneys' fees and costs of suit.

IN WITNESS WHEREOF, this Agreement has been duly executed by or on behalf of the parties hereto as of the date first above written.


SHARHOLDERS:

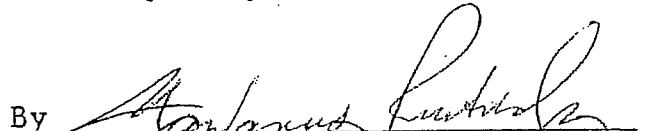
COMPANY:


Randy Campbell


Richard Grandjean

The Santa Barbara
Independent, Inc.

By 
Randy Campbell, President

By 
Marianne Partridge, Secretary

Address _____

We have received a serious offer for our newspaper from Southland Publishing, the newspaper chain owned by our printer, Valley Printers.

It is an offer I plan to accept, and this letter serves three purposes:

- A notice of my intention to the Shareholders and Board sell all of my shares (1,530) in the Santa Barbara Independent, Inc. to Southland Publishing for the terms outlined in their offer sheet (enclosed);
- Notice to Company of its First Refusal Rights as outlined in the Buy-Sell Agreement (enclosed).
- Forwarding the Southland offer (enclosed) to any and all shareholders should they wish to sell their holdings to Southland.

The Buy-Sell Agreement outlines the following procedures to accomplish this sale (Article III, Buy-Sell Agreement):

- A meeting within 15 days, to determine the Company's Right of First Refusal. (I have listed two times in the accompanying notice.)
- Should the Right of First Refusal not be exercised by the Company, Notice of the Offering Shareholder shall be delivered to the other shareholders within 45 days of the Offering Notice. Shareholders have a right to purchase the shares at the terms offered, within 20 days of receiving Offering Notice.
- If the amount of shares for purchase under the First Refusal Rights by the Company and Shareholders match or exceed the total shares Offered, the shares may be purchased by the Company or the Shareholders.
- Should the amount be less than the "total number of Noticed Shares, the options of the Company and of the other shareholders shall be deemed to have expired without having been exercised," and the sale and Noticed Shares may be transferred anytime after 65 days from the Offering Notice.

As this is a highly sensitive and de-stabilizing issue for our employees, I have shared this information only with the 3 shareholders, and request strict confidentiality on this matter to avoid staff rumor and trouble.

-- Randy Campbell
November 10, 2009

EXHIBIT

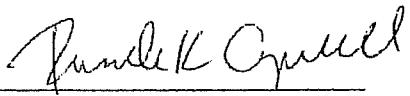
B

Offering Notice

This notice is of my intent to sell all of my shares in the Santa Barbara Independent, Inc. to Southland Publishing, which is owned by Mike Flannery.

I own 1,530 shares and will accept \$1,377,000 as outlined in the Southland Offer Sheet attached, addressed to "The shareholders of Santa Barbara Independent."

Payment terms and the mechanics of the "True-Up" of cash, receivables, and payables are also detailed in the Southland offer.


November 10, 2009
Randy Campbell
Offering Shareholder

Notice of Board Meeting

A telephone meeting of the Board and Shareholders of the Santa Barbara Independent will take place on one of the following two days and times, to discuss the offer from Southland Publishing:

- Tuesday, November 17, 2009 11am (Pacific)
- Friday, November 20, 2009 (Pacific)

Please respond via email or phone with your preferred date, and I will send out a confirming notice of the meeting.

Randy Campbell
November 10, 2009

Southland Publishing

CONFIDENTIAL

To: The shareholders of Santa Barbara Independent

From: Mike Flannery and Bruce Bolkin on behalf of Southland Publishing, Inc.

Date: November 4, 2009

PROPOSAL FOR SOUTHLAND PUBLISHING, INC. TO PURCHASE 100% OF
THE OUTSTANDING STOCK OF THE SANTA BARBARA INDEPENDENT:

Offer: Two Million Seven Hundred Thousand Dollars (\$2,700,000), plus or minus a true-up of "Net Cash, Receivables and Payables" defined below:

This means each of the current shareholders would receive the following:

Shareholder 1 holding 16.33% of the shares: \$441,000.

Shareholder 2 holding 16.33% of the shares: \$441,000.

Shareholder 3 holding 16.33% of the shares: \$441,000.

Randy Campbell (owner of 51% of the shares), would receive \$1,377,000

Payment would be structured as follows:

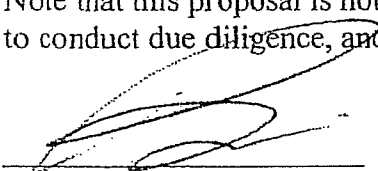
Within 15 days of the Closing (signing of the purchase): 50% (\$1,350,000)

Within 6 months of the Closing: 25% (\$675,000)

Within 1 year of the Closing: 25% balance (\$675,000)

A True-Up of Cash, Receivables and Current Payables as of the Closing will be conducted exactly eleven (11) months following the Closing. To the extent that SBI's "Net Cash, Receivables and Payables" at Closing is more or less than \$700,000, the difference will be added or subtracted to the final payment due 1 year following the Closing. "Net Cash, Receivables and Payables" will be computed as follows: (1) SBI's cash on hand at the time of the Closing, plus (2) SBI's receivables at the time of Closing that are collected by the date of the true-up, minus (3) SBI's payables at the time of Closing paid by the date of the true-up. Thus, for example, if the true-up reveals "Net Cash, Receivables and Payables" of \$750,000, then \$50,000 in total will be added to Southland's final payment to the shareholders.

Note that this proposal is not a binding offer as Southland Publishing shall be entitled to conduct due diligence, and material terms are not herein included in this proposal.



Bruce Bolkin

MARIANNE PARTRIDGE

November 23, 2009

TO: THE SECRETARY AND BOARD OF DIRECTORS OF THE SANTA BARBARA
INDEPENDENT, INC.

As a Shareholder of the Company, I hereby exercise my option under the Buy-Sell Agreement to purchase all of the Shares of the Company now owned by Randy Campbell (up to 1,530 shares) at the price and on the terms stated in his November 10, 2009 Offering Notice or as otherwise determined in accordance with the Buy-Sell Agreement to the extent that such Noticed Shares are not purchased by the Company at the Board of Directors meeting.

I understand that under the Buy-Sell Agreement, the other Shareholders (other than Randy as the Offering Shareholder) may exercise their options to purchase a portion of the Noticed Shares by notifying me as Secretary within the period specified in the Buy-Sell Agreement of any such intention. In such case, all of the Noticed Shares shall be apportioned for purchase among the Shareholders (other than Randy as the Offering Shareholder) in accordance with the Buy-Sell Agreement.

Since this paper was founded 23 years ago, the Independent has always been exactly that—independent. The principal owners, including myself, have lived here, raised our children here, and have edited and managed the paper right here in Santa Barbara. I deeply believe that these facts are at the core of the Independent's true character, and because it has never betrayed that character, it has been able to grow, and to be accepted by the community that it serves. To be true to itself the Independent must never become a link in a chain of newspapers, regardless of how professional, or successful, or benevolent the management of that chain might be. That is why I will purchase all the shares now being sold. The principal owners of the Independent must continue to live right here in Santa Barbara where they belong.

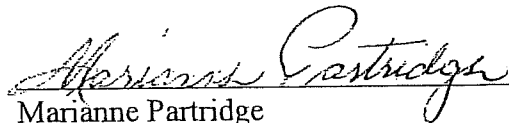

Marianne Partridge

EXHIBIT C

122 W. Figueroa
Santa Barbara, CA 93101
(805) 965-5205 VOICE
(805) 965-5518 FACSIMILE
(805) 965-5208 CLASSIFIEDS
WWW.INDEPENDENT.COM

To: Shareholders of Santa Barbara Independent Inc.
From: Marianne Partridge, Secretary
Date: November 23, 2009
Re: Buy-Sell Agreement

This is to notify you that today, November 23, 2009, the Board of Directors met to consider Randy Campbell's November 10, 2009, Offering Notice and letter (copies attached) and its attached Proposal for Southland Publishing Inc. to Purchase 100% of the Outstanding Stock of the Santa Barbara Independent (copy attached).

Pursuant to Section III-A-1 of the Buy-Sell Agreement, the Company voted not to purchase all or any portion of the Noticed Shares offered by Randy Campbell.

This notice is sent pursuant to Section III-A-2 of the Buy-Sell Agreement to notify the Shareholders (other than Randy Campbell) that the Company has decided not to purchase any of the Noticed Shares. Your election rights are set forth in the Agreement (Copy attached).

Please send any notices to Marianne Partridge, Secretary, The Santa Independent, 122 West Figueroa Street, Santa Barbara, CA, 93101 marked "personal and confidential"

MARIANNE PARTRIDGE

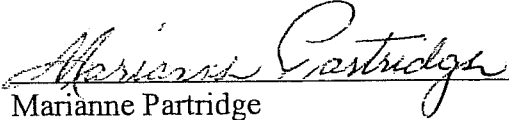
November 23, 2009

**TO: THE SECRETARY AND BOARD OF DIRECTORS OF THE SANTA BARBARA
INDEPENDENT, INC.**

As a Shareholder of the Company, I hereby exercise my option under the Buy-Sell Agreement to purchase all of the Shares of the Company now owned by Randy Campbell (up to 1,530 shares) at the price and on the terms stated in his November 10, 2009 Offering Notice or as otherwise determined in accordance with the Buy-Sell Agreement to the extent that such Noticed Shares are not purchased by the Company at the Board of Directors meeting.

I understand that under the Buy-Sell Agreement, the other Shareholders (other than Randy as the Offering Shareholder) may exercise their options to purchase a portion of the Noticed Shares by notifying me as Secretary within the period specified in the Buy-Sell Agreement of any such intention. In such case, all of the Noticed Shares shall be apportioned for purchase among the Shareholders (other than Randy as the Offering Shareholder) in accordance with the Buy-Sell Agreement.

Since this paper was founded 23 years ago, the Independent has always been exactly that—independent. The principal owners, including myself, have lived here, raised our children here, and have edited and managed the paper right here in Santa Barbara. I deeply believe that these facts are at the core of the Independent's true character, and because it has never betrayed that character, it has been able to grow, and to be accepted by the community that it serves. To be true to itself the Independent must never become a link in a chain of newspapers, regardless of how professional, or successful, or benevolent the management of that chain might be. That is why I will purchase all the shares now being sold. The principal owners of the Independent must continue to live right here in Santa Barbara where they belong.


Marianne Partridge

Santa Barbara Independent Inc.

Notice of Secretary

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Santa Barbara, CA 93101
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WWW.INDEPENDENT.COM

To: Electing shareholders Marianne Partridge and Richard Parker

From: Marianne Partridge, Secretary for the Company

Date: December 22, 2009

Re: Notice of Secretary pursuant to Buy-Sell Agreement dated December 22, 1986

Background.

On November 10, 2009, Randy Campbell duly delivered his Offering Notice under the Buy-Sell Agreement respecting the proposed sale of all of his 1,530 Noticed Shares to a third party.

On November 10, 2009, Mr. Campbell formally called a meeting of the Company's Board of Directors to consider his proposed transfer of the Noticed Shares.

On November 23, 2009, the Board duly met and voted unanimously not to exercise its option to purchase all or any of Mr. Campbell's Noticed Shares.

On November 23, 2009, the Secretary for the Company duly furnished a notice to each of the Shareholders pursuant to the Buy-Sell Agreement to notify such Shareholders that the Company had elected not to exercise its option to purchase Noticed Shares.

On November 23, 2009, Shareholder Marianne Partridge duly delivered her unconditional exercise of her option under the Buy-Sell Agreement to purchase up to all of such 1,530 Noticed Shares.

On December 11, 2009, shareholder Richard Parker duly delivered his unconditional exercise of his option under the Buy-Sell Agreement to purchase up to 270 of such 1,530 Noticed Shares. A copy of Mr. Parker's option exercise is attached.

The remaining non-selling shareholder, Richard Grand-Jean, did not exercise his option under the Buy-Sell Agreement to purchase any of the Noticed Shares. At the request of the Secretary, on December 18, 2009, Mr. Grand-Jean confirmed in writing that he did not intend to purchase any of the Noticed Shares. A copy of Mr. Grand-Jean's confirmation is attached.

Notice of Secretary.


The Secretary of the Company hereby notifies Shareholder Marianne Partridge and Shareholder Richard Parker as the sole "electing shareholders" under such Buy-Sell Agreement that their respective exercise options exceed the total number of Noticed Shares and that Ms. Partridge and Mr. Parker, respectively, are each hereby entitled to purchase the following number of Noticed Shares in accordance with the Buy-Sell Agreement:

Electing shareholder Partridge shall purchase one thousand two hundred sixty (1,260) of such Noticed Shares.

Electing shareholder Parker shall purchase two hundred seventy (270) of such Noticed Shares.

In accordance with the Buy-Sell Agreement, such purchase of the Noticed Shares shall be "in cash, in the manner and on the terms and conditions specified in [Mr. Campbell's] Offering Notice."

The Closing Date for the purchase and sale of such Noticed Shares shall be designated by the Secretary of the Company in accordance with the Buy-Sell Agreement under separate notice.

By 
Marianne Partridge
Secretary
Santa Barbara Independent, Inc.

cc: Randy Campbell (personal delivery and by email); Rick Grand-Jean (U.S. Mail and email)

Richard Parker
535 Quincy Mail Center
Cambridge, MA 02138

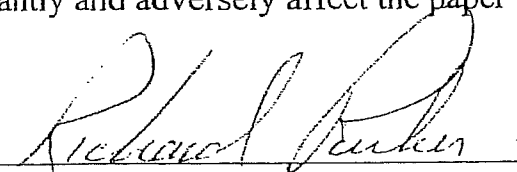
To: The Secretary and Board of Directors of the Santa Barbara Independent

As a Shareholder of the Company, I hereby exercise my option under the Buy-Sell Agreement to purchase up to 270 Shares of the 1530 Shares of the Company now owned by Randy Campbell at the price and on the terms stated in his November 10, 2009 Offering Notice or as otherwise determined in accordance with the Buy-Sell Agreement, following the Board of Directors' decision on November 23, 2009 not to exercise its first right to purchase said shares.

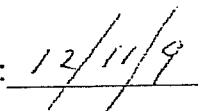
I understand that under the Buy-Sell Agreement, the other Shareholders (other than Randy as the Offering Shareholder) may exercise their options to purchase a portion of the Noticed Shares by notifying the Secretary of the Corporation, Marianne Partridge, of their intentions. In such case, all of the Noticed Shares shall be apportioned among the Shareholders (other than Randy as the Offering Shareholder) in accordance with the Buy-Sell Agreement.

As cofounder, editor, and publisher of the Santa Barbara News & Review in 1973, and later its majority shareholder, I have always cared deeply about the role of independent journalism in Santa Barbara. In addition to my ownership role in The Independent, I maintain numerous personal friendships as well as ongoing business, philanthropic, and political involvements locally, even though I no longer live there. The Santa Barbara Independent emerged from a merger of the News & Review and a paper owned by the Offering Shareholder. I deeply believe that sale of a majority interest in the paper to its principal outside supplier, who has no local residence or involvements other than his vendor relation with the paper, could significantly and adversely affect the paper's important role in the community.

Signed:



Dated:



----- Forwarded message -----

From: **Grand-Jean, Richard** <rgrand-jean@hallcapital.com>

Date: Fri, Dec 18, 2009 at 9:30 AM

Subject: RE: My intentions to purchase additional shares fo the Santa Barbara Independent

To: Marianne Partridge <mpartridge@wildblue.net>

Dear Marianne,

Pursuant to the Buy-Sell Agreement and the offer you made to Randy Campbell, I am writing to inform you that I do not intend to purchase any shares.

sincerely,

Rick

Richard Grand-Jean
Managing Director
Hall Capital Partners LLC
597 Fifth Avenue, 8th Floor
New York, NY 10017

T: 212.407.0750

F: 212.407.0701

rgrandjean@hallcapital.com

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Santa Barbara, CA 93101
(805) 965-5205 VOICE
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Santa Barbara Independent, Inc.

Notice of Secretary

To: Electing Shareholders Marianne Partridge and Richard Parker;
Selling Shareholder Randy Campbell

From: Marianne Partridge, Secretary for the Company

Date: December 29, 2009

Re: Notice of Closing Date Pursuant to Buy-Sell Agreement dated December 22, 1986

1. On November 10, 2009, Randy Campbell delivered his Offering Notice under the Buy-Sell Agreement, stating his intent to sell all of his 1,530 Shares in the Company to a third party for the sum of \$1,377,000 on terms as outlined in the Southland Offer Sheet attached thereto (the "Noticed Shares"). A copy of such Offering Notice and Southland Offer are attached hereto.
2. On December 22, 2009, the Secretary of the Company duly gave notice of the exercise of the options by the electing shareholders to purchase all 1,530 shares of Mr. Campbell's shares in accordance with the Buy-Sell Agreement as follows:

Electing shareholder Partridge shall purchase one thousand two hundred sixty (1,260) of such Noticed Shares.

Electing shareholder Parker shall purchase two hundred seventy (270) of such Noticed Shares.

Such purchases shall be in cash in the manner and on the terms and conditions specified in Mr. Campbell's Offering Notice, subject to the provisions of the Buy-Sell Agreement.

3. Under the terms of such Buy-Sell Agreement, the Secretary of the Company hereby designates January 12, 2010 as the Closing Date for such transaction. The Closing shall take place at 5:00 p.m. at the offices of Hill, Trager & Colton, LLP, 800 Presidio Avenue, Santa Barbara, CA.

4. In accordance with such Offering Notice and payment terms attached thereto, Mr. Campbell has agreed that the purchase price would be adjusted in accordance with the mechanics of the "true-up" of cash, receivables and payables as detailed in Mr. Campbell's Offering Notice.
5. In accordance with the terms of the Buy-Sell Agreement, the electing shareholders are hereby notified of their obligation to acquire the Noticed Shares by payment of the full purchase price of \$900 per share, subject to the "true-up" adjustment set forth above. On or prior to the closing date such shareholders shall deliver to the Secretary certified checks payable to Mr. Campbell as follows:
 - A. From Marianne Partridge for the purchase of 1,260 shares, \$1,134,000;
 - B. From Richard Parker for the purchase of 270 shares, \$243,000.
6. Such electing shareholders and the selling shareholder shall be further obligated to make adjustments to the purchase price, if any, as may be required by the aforesaid "true-up" provision.
7. In accordance with such Buy-Sell Agreement, Mr. Campbell is hereby notified of his obligation to deliver to the Secretary on or prior to the Closing Date the Certificates evidencing the Noticed Shares properly endorsed for transfer or accompanied by a properly executed Stock Power relating to each such Certificate.
8. Subject to the receipt of such Certificates and such payments for the purchase price on Closing Date, the Secretary shall direct the transfer of such shares on the books of the Company and shall, at the same time, transmit the purchase price received to the selling shareholder.

By


Marianne Partridge

Secretary

Santa Barbara Independent, Inc.

Enclosure

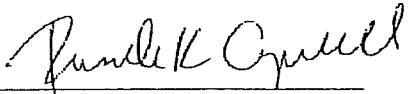
cc: Richard Grand-Jean

Offering Notice

This notice is of my intent to sell all of my shares in the Santa Barbara Independent, Inc. to Southland Publishing, which is owned by Mike Flannery.

I own 1,530 shares and will accept \$1,377,000 as outlined in the Southland Offer Sheet attached, addressed to "The shareholders of Santa Barbara Independent."

Payment terms and the mechanics of the "True-Up" of cash, receivables, and payables are also detailed in the Southland offer.



November 10, 2009

Randy Campbell
Offering Shareholder

To: The shareholders of Santa Barbara Independent

From: Mike Flannery and Bruce Bolkin on behalf of Southland Publishing, Inc.

Date: November 4, 2009

PROPOSAL FOR SOUTHLAND PUBLISHING, INC. TO PURCHASE 100% OF
THE OUTSTANDING STOCK OF THE SANTA BARBARA INDEPENDENT:

Offer: Two Million Seven Hundred Thousand Dollars (\$2,700,000), plus or minus a true-up of "Net Cash, Receivables and Payables" defined below:

This means each of the current shareholders would receive the following:

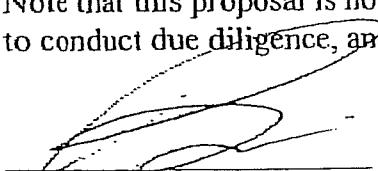
Shareholder 1 holding 16.33% of the shares: \$441,000.
Shareholder 2 holding 16.33% of the shares: \$441,000.
Shareholder 3 holding 16.33% of the shares: \$441,000.
Randy Campbell (owner of 51% of the shares), would receive \$1,377,000

Payment would be structured as follows:

Within 15 days of the Closing (signing of the purchase): 50% (\$1,350,000)
Within 6 months of the Closing: 25% (\$675,000)
Within 1 year of the Closing: 25% balance (\$675,000)

A True-Up of Cash, Receivables and Current Payables as of the Closing will be conducted exactly eleven (11) months following the Closing. To the extent that SBI's "Net Cash, Receivables and Payables" at Closing is more or less than \$700,000, the difference will be added or subtracted to the final payment due 1 year following the Closing. "Net Cash, Receivables and Payables" will be computed as follows: (1) SBI's cash on hand at the time of the Closing, plus (2) SBI's receivables at the time of Closing that are collected by the date of the true-up, minus (3) SBI's payables at the time of Closing paid by the date of the true-up. Thus, for example, if the true-up reveals "Net Cash, Receivables and Payables" of \$750,000, then \$50,000 in total will be added to Southland's final payment to the shareholders.

Note that this proposal is not a binding offer as Southland Publishing shall be entitled to conduct due diligence, and material terms are not herein included in this proposal.


Bruce Bolkin

PRICE, POSTEL & PARMA LLP

JAMES H. HURLEY, JR.
J. TERRY SCHWARTZ
DAVID W. VAN HORNE
PETER D. SLAUGHTER
DOUGLAS D. ROSSI
ERIC P. HVOLBØLL
CRAIG A. PARTON
CLYDE E. WULLBRANDT
KENNETH J. PONTIFEX
CHRISTOPHER E. HASKELL
TIMOTHY E. METZINGER
TODD A. AMSPOKER
MARK S. MANION
MELISSA J. FASSETT
IAN M. FISHER
SHEREEF MOHARRAM
SAM ZODEH
KRISTEN M.R. BLABEY
LESLEY E. CUNNINGHAM
DARRYL C. HOTTINGER

COUNSELLORS AT LAW
200 EAST CARRILLO STREET, SUITE 400
SANTA BARBARA, CALIFORNIA
93101-2190

MAILING ADDRESS P O BOX 99
SANTA BARBARA, CA 93102-0099

TELEPHONE (805) 962-0011
FACSIMILE (805) 965-3978

OF COUNSEL
ARTHUR R. GAUDI
DANIEL C. DAVID
SUSAN M. BASHAM
STEVEN K. MCGUIRE

RETIRED PARTNERS
GERALD S. THEDE
DAVID K. HUGHES

OUR FILE NUMBER

December 8, 2009

PERSONAL AND CONFIDENTIAL

Mr. Randel K. Campbell
134 Conejo Road
Santa Barbara, CA 93103

Dear Mr. Campbell:

This firm represents Marianne Partridge. Ms. Partridge received your November 10, 2009 Offering Notice. On November 23, Ms. Partridge delivered her unconditional exercise of her option under The Santa Barbara Independent Inc.'s Buy-Sell Agreement.

Ms. Partridge was surprised to receive a copy of a new proposal to purchase the outstanding shares of The Santa Barbara Independent Inc. dated November 30, 2009, one week after her delivery of her exercise of her option accepting your original offer. The new proposal contains different payment terms and a new provision regarding your employment.

The November 30 revised proposal is irrelevant to your existing contractual obligations. On November 10 you offered to sell your shares, and your offer has been unconditionally accepted in writing; you are a party to an enforceable contract for the sale of your shares in The Santa Barbara Independent Inc.

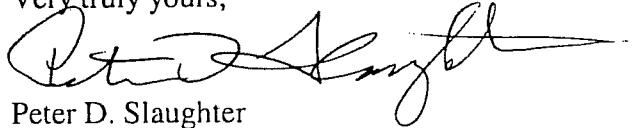
One of the fundamental legal maxims in California jurisprudence is that every contract imposes upon each party the duty of good faith and fair dealing; simply put, you are not permitted to take any action which would deprive Ms. Partridge of her benefits under the existing agreement. While you may have second thoughts about the existing contract or may wish to change its terms, you are simply not permitted under California law to unilaterally cancel the contract, refuse to tender your performance or to change its terms. California law also provides that a majority shareholder in a corporation may not use that position in a manner detrimental to minority shareholders; please keep this legal requirement in mind.

EXHIBIT 6

Mr. Randy Campbell
December 8, 2009
Page 2

Please be advised that your full cooperation in accordance with the existing contract is expected and will be unequivocally enforced, if necessary, including the pursuit of all remedies available under California law.

Very truly yours,

A handwritten signature in black ink, appearing to read "Peter D. Slaughter", with a long horizontal flourish extending to the right.

Peter D. Slaughter
for PRICE, POSTEL & PARMA LLP

PDS:tu

cc. Ms. Marianne Partridge
Mr. Weldon U. Howell, Jr.
Mr. Richard Grand-Jean
Mr. Richard Parker
Mr. Eric P. Hvolbøll