FORM 10-K

Annual report pursuant to section 13 and 15(d)

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COPART INC

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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-K

(Mark One)

[X] Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [FEE REQUIRED]
For the fiscal year ended: July 31, 1996

OR

[ ] Transition Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 [NO FEE REQUIRED]
For the transition period from _____ to _____

Commission File Number 0-23255

COPART, INC.

(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

CALIFORNIA	94-2867490
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
5500 E. SECOND STREET BENICIA, CALIFORNIA (address of principal executive offices)	94510 (zip code)

Registrant's telephone number, including area code: (707) 748-5000

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT: None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT: Common Stock
(TITLE OF CLASS)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes __X__ No _____

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. [ ]

The aggregate market value of voting stock held by non-affiliates of the registrant as of October 14, 1996 was $164,300,000 based upon the last sales price reported for such date on the Nasdaq National Market. For purposes of this disclosure, shares of Common Stock held by persons who hold more than 5% of the outstanding shares of Common Stock and shares held by officers and directors of the registrant, have been excluded in that such persons may be deemed to be affiliates. This determination is not necessarily conclusive for other purposes.

At October 14, 1996 registrant had outstanding 12,653,790 shares of Common Stock.

DOCUMENTS INCORPORATED BY REFERENCE

Part III incorporates certain information by reference from the definitive proxy statement for the Annual Meeting of Shareholders to be held

on December 5, 1996 (the "Proxy Statement").

PART I

ITEM 1. BUSINESS

THIS REPORT CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21E OF THE SECURITIES EXCHANGE ACT OF 1934. ACTUAL RESULTS COULD DIFFER MATERIALLY FROM THOSE PROJECTED IN THE FORWARD-LOOKING STATEMENTS AS A RESULT OF THE RISK FACTORS SET FORTH BELOW. THE COMPANY HAS ATTEMPTED TO IDENTIFY FORWARD-LOOKING STATEMENTS BY PLACING AN ASTERISK IMMEDIATELY FOLLOWING THE SENTENCE OR PHRASE THAT CONTAINS THE FORWARD-LOOKING STATEMENT.

GENERAL

Copart, Inc. ("Copart" or the "Company") provides vehicle suppliers, primarily insurance companies, with a full range of services to process and sell salvage vehicles through auctions, principally to licensed dismantlers, rebuilders and used vehicle dealers. Salvage vehicles are either damaged vehicles deemed a total loss for insurance or business purposes or are recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made. The Company offers vehicle suppliers a full range of services which expedite each stage of the salvage vehicle auction process and minimize administrative and processing costs. The Company generates revenues primarily from auction fees paid by vehicle suppliers and vehicle buyers as well as related fees for services such as towing and storage.

Since July 31, 1995, Copart has acquired two auction facilities in or near Jackson, Mississippi and El Paso, Texas; and opened five new facilities in or near Charlotte, North Carolina; Jacksonville, Florida; Indianapolis, Indiana; Van Nuys, California; and Phoenix, Arizona. From July 31, 1990 through July 31, 1995, Copart grew from four auction facilities in northern California to 42 auction facilities in 20 states. In May, 1995, the Company acquired substantially all of the net operating assets (excluding real property) of NER Auction Group ("NER"). The operations acquired by Copart were part of a group of 14 companies that owned and operated 20 salvage vehicle auction facilities in 11 states (the "NER Acquisition"). The number of salvage vehicles processed annually by Copart has grown from approximately 17,200 in fiscal 1990 to 391,100 in fiscal 1996.

Copart was organized as a California corporation in 1982. The Company's principal executive offices are located at 5500 E. Second Street, Benicia, California 94510, and its telephone number at that address is (707) 748-5000.

THE SALVAGE VEHICLE AUCTION INDUSTRY

Although there are other suppliers of salvage vehicles, such as financial institutions, vehicle leasing companies, automobile rental companies and automobile dealers, the primary source of salvage vehicles to the salvage vehicle auction industry historically has been insurance companies. Of the total number of vehicles processed by the Company in fiscal 1996, over 90% were obtained from insurance company suppliers. Due to the fragmented nature of the salvage vehicle auction industry, the Company believes numerous opportunities exist to either open or acquire facilities throughout the United States. *

INDUSTRY PARTICIPANTS

The primary businesses and/or individuals involved in the salvage vehicle auction industry include:

SALVAGE VEHICLE AUCTION COMPANIES. Salvage vehicle auction companies such as the Company generally either (i) auction salvage vehicles on consignment, for a fixed fee or for a percentage of the sales price of

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the vehicle or (ii) purchase vehicles from vehicle suppliers at a formula price, based on a percentage of the vehicles' estimated pre-loss value, or "actual cash value" ("ACV"), and auction the vehicles for their own account.

VEHICLE SUPPLIERS. The primary suppliers of salvage vehicles are insurance companies. Additional suppliers include automobile dealers and automobile rental companies, which process self-insured salvage vehicles and occasionally process retired fleets, and financial institutions and vehicle leasing companies which process repossessed, uninsured salvage vehicles.

VEHICLE BUYERS. Vehicle dismantlers, rebuilders, repair licensees and used car dealers are the primary buyers of salvage vehicles. Vehicle dismantlers, which the Company believes are the largest group of salvage vehicle buyers, either dismantle a vehicle and sell parts individually or sell the entire vehicle to rebuilders, used automobile dealers or the public. Vehicle rebuilders and vehicle repair licensees repair salvage vehicles for sale to used car dealers and noncommercial buyers. Used automobile dealers will generally purchase directly from a salvage vehicle auction facility vehicles requiring few repairs before resale such as late model, slightly damaged or intact recovered stolen vehicles.

THE INSURANCE ADJUSTMENT AND VEHICLE AUCTION PROCESS

Following an accident involving an insured vehicle, the damaged vehicle is generally towed to a towing company or a vehicle repair facility for temporary storage pending insurance company examination. The vehicle is inspected by the insurance company's adjuster, who estimates the costs of repairing the vehicle and gathers information regarding the damaged vehicle's mileage, options and condition in order to estimate its ACV. The insurance company's adjuster determines whether to pay for repairs or to classify the vehicle as a total loss, based upon the adjuster's estimate of repair costs and the vehicle's salvage value, as well as customer service considerations. If the cost of repair is greater than the ACV less the estimated salvage value, the insurance company generally will classify the vehicle as a total loss. The insurance company will thereafter assign the vehicle to a salvage auction company, such as the Company, settle with the insured vehicle owner and receive title to the vehicle.

Factors that vehicle suppliers consider when selecting a salvage vehicle auction company include (i) the anticipated percentage return on salvage (E.G., gross salvage proceeds, minus vehicle handling and selling expenses, divided by the ACV); (ii) the services provided by the salvage vehicle auction company and the degree to which such services reduce administrative costs and expenses; (iii) the ability to provide service across a broad geographic area; (iv) the timing of payment; and (v) the financial and operating history of the salvage vehicle auction company.

In disposing of a salvage vehicle, a vehicle supplier assigns the vehicle to a salvage vehicle auction company with which it has a contractual or other relationship. Upon receipt of the pick-up order, which is conveyed by facsimile, telephone or computer, the salvage vehicle auction company dispatches one of its transporters or a contract towing company to transport the vehicle to the salvage vehicle auction company's facility. As a service to the vehicle supplier, the salvage vehicle auction company customarily pays advance charges (reimbursable charges paid by the Company on behalf of vehicle suppliers) to obtain the subject vehicle's release from a towing company or vehicle repair facility. Typically, advance charges are paid on behalf of the vehicle supplier and are recovered by the salvage vehicle auction company upon sale of the salvage vehicle.

After being received and evaluated at the salvage vehicle auction facility, the vehicle remains in storage and cannot be sold at an auction until ownership documents are transferred from the insured vehicle owner and title to the vehicle is cleared through the appropriate state's motor vehicle regulatory agency (or "DMV"). If a vehicle is a total loss (as determined by the insurance company), it can be sold in most states upon settlement with and receipt of title documents from the insured. Total loss vehicles may be sold in most states only after obtaining a salvage certificate from the DMV, however, in some states only a bill of

sale from the insured is required. Upon receipt of the appropriate documentation from the state DMV or the insured, which is generally received within 45 to 60 days of vehicle pick-up, the salvage vehicle auction company

auctions the vehicle. Vehicles are sold primarily through live auctions, which are typically held weekly or biweekly at each facility, and occasionally by sealed bid auctions.

At the Company's facilities, the vehicles to be auctioned are moved from storage areas to a sales area for the convenience of the buyers. At the Company and many other facilities, the auctioneer works from a truck that proceeds through the sales area from vehicle to vehicle. Certain vehicles that are driveable are driven through an auction display area. Minimum bids are occasionally set by vehicle suppliers on high-value and specialty cars, and often facilities have standing guaranteed bids of between $25 to $100 per vehicle from local dismantlers for "junk" vehicles.

Once a vehicle is sold at auction, the buyer typically must pay by cashier's check, money order or approved company check and take possession of the sold vehicle within two to five days. After payment for the vehicle, the buyer receives the appropriate title documentation. In addition to the awarded bid price, the buyer pays any fees or other charges assessed by the salvage vehicle auction company, such as post-sale processing, towing and storage fees. The salvage vehicle auction company thereafter remits to the insurance company the vehicle sales proceeds, less advance charges and any fees for its towing, storage and selling of the vehicle pursuant to the arrangement between the insurance company and the salvage vehicle auction company. The insurance proceeds check will typically be accompanied by copies of invoices for deducted fees and advance charges, and copies of title and related DMV documents. The insurance company may then close its claims file with copies of all records of the transaction.

OPERATING STRATEGY

The Company's operating strategy is to increase salvage vehicle volume from new and existing vehicle suppliers by (i) designing sales programs tailored to a vehicle supplier's particular needs, (ii) offering a full range of services that reduce the administrative time and costs of the salvage vehicle auction process, such as computerized monitoring and tracking of salvage vehicles, (iii) developing a growing base of buyers, (iv) providing salvage vehicle auction facilities throughout broad geographic regions, and (v) offering insurance companies the ability to contract for vehicle salvage services on a regional or national basis. The Company believes its flexible, service-oriented approach promotes the establishment and maintenance of strong relationships with vehicle suppliers, which are an integral factor in competing effectively in the salvage vehicle auction industry.

FLEXIBLE VEHICLE PROCESSING PROGRAMS

At the election of the vehicle supplier, the Company auctions vehicles (i) pursuant to its Percentage Incentive Program, (ii) on a fixed fee consignment basis, (iii) on a purchase basis or (iv) on a basis which combines the consignment and purchase bases in order to meet a vehicle supplier's particular needs. Based upon the Company's database of historical returns on salvage vehicles and information provided by vehicle suppliers, the Company works with the vehicle supplier to design a program that maximizes the net returns on salvage vehicles. The three primary sales programs are as follows:

PERCENTAGE FEE CONSIGNMENT. Copart introduced its Percentage Incentive Program, or the PIP, as an innovative processing program to better serve the needs of certain vehicle suppliers. Under the PIP, Copart agrees to sell at auction all of the salvage vehicles of a vehicle supplier in a specified market for predetermined percentages of vehicle sales prices. Because Copart's revenues under the PIP are directly linked to the vehicle's auction price, Copart has an incentive to actively merchandise the vehicles in order to maximize the net return on salvage vehicles. Under the PIP, Copart provides the vehicle supplier, at Copart's expense, with transport of the vehicle to the nearest Company facility, storage at its facilities for up to 90 days, and DMV processing. In addition, Copart provides merchandising services such as covering/taping openings to protect vehicle interiors from weather, adding tires, if needed, washing vehicle

exteriors, vacuuming vehicle interiors, cleaning and polishing dashboards and tires, making keys for driveable vehicles and operating "drive-through" sales auctions of driveable vehicles. The Company believes its merchandising increases the sales prices of salvage vehicles, thereby increasing the return on salvage vehicles to both vehicle suppliers and the Company. In fiscal

1996, approximately 25% of all salvage vehicles processed by Copart were processed under the PIP. However, due to, among other factors, including the timing and size of new acquisitions, market conditions, and acceptance of the PIP by vehicle suppliers, the percentage of vehicles processed under the PIP in future periods may vary.

FIXED FEE CONSIGNMENT. Under the fixed fee consignment program, the Company sells vehicles for a fixed consignment fee, generally $50 to $125 per vehicle. In addition to the consignment fees, the Company usually charges for, or includes in its fee to the vehicle supplier, the cost of transporting the vehicle to the Company's facility, storage of the vehicle, and other incidental costs. Approximately 69% of all salvage vehicles processed by Copart in fiscal 1996, were processed under the fixed fee consignment program.

PURCHASE CONTRACT. Under a purchase contract arrangement, the Company agrees to buy salvage vehicles of a vehicle supplier in a specific market. The vehicles generally are purchased for a pre-determined percentage of the vehicle's ACV and then resold by the Company for its own account. Under a purchase contract, the Company usually provides vehicle suppliers with free towing to its premises and storage at its facilities for up to 90 days. Approximately 6% of all salvage vehicles processed by the Company during fiscal 1996 were processed under purchase contracts.

BROAD ARRAY OF SERVICES

The Company offers vehicle suppliers a full range of services which expedite each stage of the salvage vehicle auction process and minimize administrative and processing costs.

COPART SALVAGE ASSET MANAGER-C-. Copart's Salvage Asset Manager (formerly called the Copart Salvage Estimating Guide) provides vehicle suppliers with a method for estimating the value of salvage vehicles based on Copart's historical sales data. This computerized service illustrates the types and severity of damage to vehicles and the resulting variances in salvage value historically realized at Copart's auctions. By providing an estimate of a damaged vehicle's residual salvage value, the Copart Salvage Asset Manager enables an insurance adjuster to more accurately determine whether to repair a damaged vehicle or declare it a total loss and aids the adjuster in negotiations with the owner of an insured vehicle. As part of the Copart Salvage Asset Manager service, the Company provides subscribers with the right to participate in the Copart Guaranteed Bid System, whereby the Company agrees to buy salvage vehicles at their salvage values calculated using the Copart Salvage Asset Manager.

The Company believes that use of the Copart Salvage Asset Manager (including participation in the Copart Guaranteed Bid System) will result in increased vehicle volume from vehicle suppliers that use the Copart Salvage Asset Manager.* Although not historically a significant portion of Copart's business, in the event that the Copart Guaranteed Bid System becomes more significant, the Company believes that its liquidity will not be adversely affected, as the Company receives proceeds from the sale of such vehicles at approximately the same time as it pays for vehicles under the Copart Guaranteed Bid System.

Salvage Lynk-TM-. Copart's proprietary software program, Salvage Lynk, provides a vehicle supplier with on-line access to retrieve information on any of its salvage vehicles being processed at Copart throughout the claims adjustment and auction process. Copart furnishes each user of Salvage Lynk with software and a

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computer terminal, if necessary, which enables the user to monitor each stage of the salvage vehicle auction process, from pickup to payment and the eventual auction of the vehicle, from each user's own office.

MONTHLY REPORTING. Upon request, the Company provides vehicle suppliers with monthly reports that summarize all of their salvage vehicles processed by the Company. These reports are able to track the vehicle suppliers' gross and

net return on each vehicle, service charges, and other data that enable the vehicle suppliers to more easily administer and monitor the salvage vehicle disposition process. In addition, when the suppliers receive payment, they also receive a detailed closing invoice, noting any advance charges made by the Company on their behalf. Copart's vehicle suppliers can obtain all of their payment and invoice information on-line through Salvage Lynk.

DMV PROCESSING. The Company offers employees of vehicle suppliers training on DMV document processing and has prepared a manual that provides step-by-step instructions to expedite title document processing. In addition, the Company's computers provide a direct link to the California, Texas and New York DMV computer systems. This training on DMV procedures and, in California, Texas and New York, the direct link to the DMV computer system, allow vehicle suppliers to expedite title searches and the processing of paperwork, thereby facilitating title acquisition from the insured vehicle owner and consequently shortening the time period in which vehicle suppliers can receive their salvage vehicle proceeds. Under California's license registration fee rebate program, the Company, for a fee, assists participating vehicle suppliers in calculating, applying for and obtaining rebates of unused owner registration and license fees. The net rebates are delivered and paid to the vehicle supplier.

VEHICLE INSPECTION STATION. The Company offers certain of its major insurance company suppliers office and yard space to house a Vehicle Inspection Station ("VIS") on-site at its auction facilities. At July 31, 1996, there were 26 VIS's at 20 of the Company's facilities. An on-site VIS provides an insurance company a central location to inspect potential total loss vehicles and reduces storage charges that otherwise may be incurred at the initial storage and repair facility. The Company believes that providing an on-site VIS enables the Company to improve the level of service it provides to such insurance company.

VEHICLE PREPARATION AND MERCHANDISING. The Company has developed merchandising techniques designed to increase the volume and sale price of salvage vehicles. Under the PIP, Copart provides vehicle weather protection, including shrink-wrapping vehicles to protect them from inclement weather, cleaning and drive-through sales of driveable vehicles, which the Company believes enhance salvage vehicle presentation and increase vehicle sales prices. Direct mailings are also made to selected vehicle buyers, identified through the Company's database of buyers, to alert them to the availability of salvage vehicles in which they might be interested.

SALVAGE BROKERAGE NETWORK. In response to requests of vehicle suppliers to coordinate disposal of their vehicles outside of Copart's current areas of operation, Copart has developed a national network of salvage vehicle auction facilities that process vehicles under the direction of Copart. Copart's customers benefit from being able to monitor and obtain information on virtually all of their salvage vehicles at any place in the United States through Salvage Lynk, as opposed to dealing with numerous salvage auction facilities across the country. Copart receives revenues from the sale of vehicles processed by members of these networks (in each case, net of applicable fees of the facility which processed the vehicle and without buyer's fees) in substantially the same manner as for vehicles processed at Copart facilities.

TRANSPORTATION SERVICES. The Company maintains a fleet of multi-vehicle transport trucks at most of its yards as well as contracts for vehicle transports at most facilities.

BUYER NETWORK

The Company maintains a database of thousands of registered buyers of salvage vehicles in the vehicle dismantling, rebuilding, repair, and/or resale business. Copart's database of buyers also includes vehicle preference and purchasing history by buyer. This data enables a local facility manager to notify key prospective buyers throughout the region or country of the sale of salvage vehicles that match their preferences. Sales notices listing the salvage vehicles to be auctioned on a particular day and location are made available at each auction. Each notice details for each vehicle, among other things, the year and make of the vehicle, the description of the damage, the status of title and the order of the vehicle in the auction.

The Company seeks to establish a loyal and growing customer base of

salvage vehicle buyers by providing a variety of value-added programs and services. Copart has initiated its Buyers Plus Program, which includes a Copart Silver and Gold Card frequent buyer program designed to attract high-volume commercial customers by providing them with frequent buyer credits to acquire promotional merchandise, and extra services such as express check-in procedures and streamlined paperwork processing services. Copart also periodically provides free prizes and giveaways to promote auction attendance.

MULTIPLE LOCATIONS

The Company had a total of 49 facilities in 24 states at July 31, 1996. The Company's multiple locations provide vehicle suppliers certain advantages, including (i) a reduction in administrative time and effort, (ii) a reduction in overall towing costs, (iii) the ability for adjusters to make inspections of vehicles in their area, as opposed to traveling long distances, (iv) the convenience to the insurance company's customers of inspecting their vehicles and retrieving any personal belongings left in the vehicle and (v) access to buyers in a broad geographic area.

GROWTH STRATEGY

The Company's growth strategy is to (i) open or acquire new facilities, (ii) increase salvage vehicle volume from new and existing suppliers, (iii) increase revenues and profitability at its existing facilities, and (iv) pursue regional and national supply agreements with vehicle suppliers.* Due to the fragmented nature of the salvage vehicle auction industry, the Company believes numerous opportunities exist to either open or acquire new facilities throughout the United States.*

EXISTING MARKETS. The Company attempts to increase vehicle volume from existing and new suppliers by promoting its ability to increase a supplier's net returns and to provide a broad selection of services to suppliers. The Company also believes that a portion of its sales growth in existing markets has been attributable to recommendations from branch offices of an insurance company supplier to other branch offices of the same insurance company. Because a number of the Company's current insurance company suppliers are large national companies with branch offices throughout the country, the Company believes that such referrals provide the potential for future growth in sales in existing, as well as new, geographic markets.*

NEW FACILITIES. Since its formation in 1982, Copart has expanded, primarily through acquisition, from a single facility in Vallejo, California, to an integrated network of 49 facilities located in California, Texas, Arkansas, Oklahoma, Kansas, Washington, Oregon, Georgia, Missouri, New York, Connecticut, Florida, Pennsylvania, New Jersey, Massachusetts, Maryland, Ohio, Illinois, Minnesota, Wisconsin, Mississippi, North Carolina, Indiana and Arizona.

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The Company's strategy is to offer integrated service to vehicle suppliers on a regional or national basis by acquiring or opening salvage facilities in new markets as well as in regions currently served by the Company. The Company believes that by either opening or acquiring new operations in such markets, it can capitalize on certain operating efficiencies resulting from, among other things, the reduction of duplicative overhead and the implementation of the Company's operating procedures.* In accordance with the Company's growth strategy, Copart acquired five facilities in or near Houston, Dallas, Longview and Lufkin, Texas and Atlanta, Georgia and opened one facility in Portland, Oregon during fiscal 1994. During fiscal 1995, in addition to the NER Acquisition, the Company acquired six facilities in or near Kansas City, Kansas, Tulsa and Oklahoma City, Oklahoma, St. Louis, Missouri, Conway and West Memphis, Arkansas and opened an additional facility in Sacramento, California. During fiscal 1996, the Company acquired two facilities in or near Jackson, Mississippi and El Paso, Texas, and opened five new facilities in or near Charlotte, North Carolina; Jacksonville, Florida; Van Nuys, California; Indianapolis, Indiana and Phoenix, Arizona. In addition, the Company believes that the

establishment of a national presence both enhances the ability of a salvage vehicle auction company to enter into state, regional or national supply agreements with vehicle suppliers and to develop name recognition with vehicle suppliers and buyers.* The Company, in the normal course of its business, maintains an active dialogue with numerous acquisition candidates of various sizes.

The Company seeks to increase revenues and profitability at acquired facilities by, among other things, (i) implementing its buyer fee structure, (ii) introducing and converting certain vehicle suppliers to the PIP, which typically results in higher net returns to vehicle suppliers and higher fees to the Company than standard fixed fee consignment programs, (iii) making available vehicle purchase programs which are designed to reduce vehicle suppliers' administrative expenses and (iv) initiating the Company's value-enhancing merchandising procedures. In addition, the Company attempts to effect cost efficiencies at each of its acquired facilities through, among other things, implementing the Company's operating procedures, integrating the Company's management information systems and, when necessary, redeploying personnel.

Before entering a new market, the Company seeks to establish vehicle supply arrangements with one or more of the major insurers in the targeted market. Often this is accomplished by targeting an insurance company in that market with whom the Company does business in other geographic areas. Additional factors which the Company considers when acquiring or opening a new vehicle auction facility include relationships with vehicle suppliers, market size, supply of salvaged vehicles, quality and location of facility, growth potential and the region's potential for additional markets.

The Company strives to integrate its new facilities with minimum disruption to the facility's existing suppliers. Consistent with industry practice, most salvage vehicle auction companies, including those acquired by the Company, operate exclusively on a fixed fee consignment basis. The Company works with suppliers to tailor a vehicle disposition method to fit their needs. Copart's fee structures and service programs for buyers are implemented at a new facility gradually, providing Copart the opportunity to gain knowledge of, and respond to, the existing market. The Company typically attempts to retain all or most of the management at acquired facilities and trains management at acquired facilities by rotating one or two managers from other Company facilities through the new facility for short assignments. If a new facility is opened or if management of an acquired facility needs assistance in converting to the Copart system, the Company will assign an integration team to the new facility, and, where necessary, transfer an experienced facility manager.

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The following chart sets forth facilities acquired or opened by Copart since the beginning of fiscal 1992, through July 31, 1996.

<TABLE>
<CAPTION>

LOCATION	ACQUISITION/ OPENING DATE	GEOGRAPHIC SERVICE AREA
<S>	<C>	<C>
Phoenix, Arizona	February 1996	Arizona
El Paso, Texas	December 1995	Southwest Texas, Southern New Mexico
Van Nuys, California	November 1995	Greater Los Angeles area
Jacksonville, Florida	November 1995	Northeast Florida
Indianapolis, Indiana	September 1995	Indiana
Jackson, Mississippi	August 1995	Mississippi, Western Louisiana
Charlotte, North Carolina	August 1995	North Carolina
Hartford, Connecticut	May 1995	Connecticut
Marlboro, New York	May 1995	New York City, Southern New York
Syracuse, New York	May 1995	Syracuse and Northeastern New York
Philadelphia, Pennsylvania	May 1995	Philadelphia, Eastern Pennsylvania
Boston, Massachusetts	May 1995	Massachusetts
Pittsburgh, Pennsylvania	May 1995	Pittsburgh, Western Pennsylvania

Columbus, Ohio	May 1995	Ohio
Southampton, New York	May 1995	New York City, Long Island
Glassboro, New Jersey	May 1995	New York City, New Jersey
Waldorf, Maryland	May 1995	Washington D.C., Maryland
Buffalo, New York	May 1995	Buffalo, Western New York
Miami, Florida	May 1995	Miami, South Florida
Tampa, Florida	May 1995	Tampa, Gulf Coast Florida
Chicago, Illinois	May 1995	Chicago; Northern Illinois
Minneapolis, Minnesota	May 1995	Central Minnesota
Madison, Wisconsin	May 1995	Central Wisconsin
Milwaukee, Wisconsin	May 1995	Milwaukee metropolitan area
St. Cloud, Minnesota	May 1995	Northwestern Minnesota
Rochester, Minnesota	May 1995	Southern Minnesota
Duluth, Minnesota	May 1995	Northwestern Minnesota
Conway and West Memphis, Arkansas	April 1995	Arkansas, Western Tennessee, Northern Mississippi, Southern Kentucky
St. Louis, Missouri	March 1995	St. Louis
Oklahoma City and Tulsa, Oklahoma	November 1994	Oklahoma; Arkansas; North Texas
Kansas City, Kansas	October 1994	Kansas, Missouri
Sacramento, California	September 1994	Northern Central Valley area of California, Northern Nevada
Atlanta, Georgia	July 1994	Georgia
Lufkin and Longview, Texas	May 1994	East Texas, Southern Arkansas, Louisiana
Dallas, Texas	March 1994	Northern Texas, Southern Oklahoma
Houston, Texas	January 1994	Southern Texas, Louisiana
Portland, Oregon	September 1993	Oregon, Southern Washington
Los Angeles, California	July 1993	Greater Los Angeles
Seattle, Washington	April 1993	Washington
Colton, California	December 1992	San Bernardino, San Diego, California desert area
San Martin, California	September 1992	San Francisco Bay area, San Jose, Monterey
Bakersfield, California	November 1991	Southern Central Valley area of California

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SUPPLY ARRANGEMENTS AND SUPPLIER MARKETING

The Company currently obtains salvage vehicles from thousands of vehicle suppliers, including local and regional offices of such suppliers. In fiscal 1996, vehicles supplied by its largest supplier accounted for approximately 16% of the Company's revenues. The Company's agreements with this and other vehicle suppliers are either oral or written agreements that generally are subject to cancellation by either party upon 30 to 90 days' notice.

The Company typically contracts with the regional or branch office of an insurance company or other vehicle supplier. The agreements are customized to each vehicle supplier's particular needs, often providing for disposition of different types of salvage vehicles by differing methods. Although the Company does not have written agreements with all of its vehicle suppliers, the Company has arrangements to process the vehicles generated by such suppliers. Such contracts or arrangements generally provide that the Company will sell virtually all total loss and recovered stolen vehicles generated by the vehicle supplier in a designated geographic area. The Company's written agreements with vehicle suppliers are typically subject to cancellation by either party upon 30 to 90 days' notice. There can be no assurance that existing agreements will not be canceled or that the terms of any new agreements will be comparable to those of existing agreements.

The Company markets its services to vehicle suppliers through an in-house sales force which utilizes mailing of Company sales literature, telemarketing and follow-up personal sales calls, and participation in trade shows and vehicle and insurance industry conventions. The Company's marketing personnel meet with vehicle suppliers and, based upon the Company's historical data on salvage vehicles and upon vehicle information supplied by the vehicle suppliers, provide vehicle suppliers with detailed analysis of the net return on salvage vehicles and a proposal setting forth ways in which the Company can improve net returns on salvage vehicles and reduce administrative costs and expenses.

See "Factors Affecting Future Results" below.

BUYERS

The buyers of salvage vehicles at salvage vehicle auctions are primarily dismantlers, rebuilders, vehicle repair licensees and used automobile dealers. Dismantlers either dismantle the vehicles and sell the parts, or sell the entire vehicle to rebuilders, used car dealers or the public. Rebuilders and vehicle repair licensees are generally wholesale used car

dealers and body shops that repair salvage vehicles for sale to used car dealers. Used car dealers typically purchase late model, slightly damaged or intact, recovered stolen vehicles for repair and sale.

The Company maintains a database of thousands of registered buyers of salvage vehicles in the vehicle dismantling, rebuilding, repair, and/or resale businesses. The Company believes that it has established a broad buyer base by providing buyers of salvage vehicles with a variety of programs and services. In order to gain admission to a Company auction and become a registered buyer, prospective buyers must pay a one-time membership fee and an annual fee, have a vehicle dismantler's, dealer's or repair license, have an active resale license, and provide requested personal and business information. Membership entitles a buyer to transact business at any Company auction. A buyer may also bring guests to an auction for a fee. Strict admission procedures are intended to prevent frivolous bids that would invalidate an auction. The Company markets to buyers through customer incentive programs, sales notices, telemarketing and participation in trade show events. In addition, Copart has initiated programs specifically designed to address the needs of its wholesale and high volume retail buyers, including providing streamlined paperwork processing, simplified payment procedures and personalized customer services. No single buyer accounted for more than 1% of the Company's net revenues in fiscal 1996.

COMPETITION

The salvage vehicle auction industry is highly fragmented. As a result, the Company faces intense competition for the supply of salvage vehicles from vehicle suppliers, as well as competition for buyers of vehicles from other salvage vehicle auction companies. The Company believes its principal competitor is Insurance Auto Auctions, Inc. ("IAA"). Over the last several years, IAA acquired and opened a number of salvage vehicle auction facilities. IAA is a significant competitor in certain regions in which the Company operates or may expand in the future. In other regions of the United States, the Company faces substantial competition from salvage vehicle auction facilities with established relationships with vehicle suppliers and buyers and financial resources which may be greater than the Company's. Due to the limited number of vehicle suppliers and the absence of long-term contractual commitments between the Company and such salvage vehicle suppliers, competition for salvage vehicles from such suppliers is intense. The Company may also encounter significant competition for state, regional and national supply agreements with vehicle suppliers. Vehicle suppliers may enter into state, regional or national supply agreements with competitors of the Company.

The Company has a number of regional and national contracts with various suppliers. There can be no assurance that the existence of other state, regional or national contracts entered into by the Company's competitors will not have a material adverse effect on the Company or the Company's expansion plans. Furthermore, the Company is likely to face competition from major competitors in the acquisition of salvage vehicle auction facilities, which could significantly increase the cost of such acquisitions and thereby materially impede the Company's expansion objectives or have a material adverse effect on the Company's results of operations. Potential competitors could include vehicle suppliers, some of which presently supply salvage vehicles to the Company and used car auction companies. While most vehicle suppliers have abandoned or reduced efforts to sell salvage vehicles without the use of service providers such as the Company, there can be no assurance that they may not in the future decide to dispose of their salvage vehicles directly to buyers. Existing or new competitors may be significantly larger and have greater financial and marketing resources than the Company. There can be no assurance that the Company will be able to compete successfully in the future.

See "Factors Affecting Future Results" below.

ENVIRONMENTAL MATTERS

The Company's operations are subject to federal, state and local laws and regulations regarding the protection of the environment. In the salvage vehicle auction industry, large numbers of wrecked vehicles are stored at auction facilities for short periods of time. Minor spills of gasoline, motor oils and other fluids may occur from time to time at the Company's facilities which may result in localized soil, surface water or groundwater contamination. Petroleum products and other hazardous materials are

contained in aboveground or underground storage tanks located at certain of the Company's facilities. Waste materials such as waste solvents or used oils are generated at some of the Company's facilities which are disposed of as nonhazardous or hazardous wastes. The Company has put into place procedures to reduce the amounts of soil contamination that may occur at its facilities, and has initiated safety programs and training of personnel on safe storage and handling of hazardous materials. The Company believes that it is in compliance in all material respects with applicable environmental regulations and does not anticipate any material capital expenditures for environmental compliance or remediation except with regard to the Dallas Operation (as defined below). Environmental laws and regulations, however, could become more stringent over time and there can be no assurance that the Company or its operations will not be subject to significant compliance costs in the future. To date, the Company has not incurred expenditures for preventive or remedial action with respect to soil contamination or the use of hazardous materials which have had a material adverse effect on the Company's financial condition or results of operations. Contamination which may occur at the Company's facilities and the potential contamination by previous users of certain acquired facilities create the risk, however, that the Company could incur substantial expenditures for preventive or

remedial action, as well as potential liability arising as a consequence of hazardous material contamination, which could have a material adverse effect on the Company.

On a case-by-case basis, the Company evaluates the potential risks and possible exposure to liabilities associated with hazardous materials. In addition, the Company has a policy of conducting environmental site assessments of all newly-acquired or opened facilities. In connection with the acquisition and lease of all of its newly-acquired facilities, except in connection with the Dallas Operation which is described below, the Company's policy is to obtain indemnification from the prior owner and/or landowner for any environmental contamination which is present on the property prior to the Company entering into a lease or acquiring the property. However, there can be no assurance that prior or future owners and/or landowners will have assets sufficient to meet their indemnification obligations, if any.

In connection with its acquisition of a facility in the Dallas metropolitan area (the "Dallas Operation"), the Company will pay $3.0 million for environmental corrective action and consulting expenses associated with an approximately six-acre portion of the Dallas Operation's real property which contains elevated levels of lead which related to prior activities of the former operators. The Company estimates that, based upon an investigation of the property by its environmental consultant, the most probable range of cost of corrective action is approximately $980,000 if the contaminated soil can be stabilized on-site to $2.9 million if the contaminated soil must be excavated and disposed of at an off-site disposal facility. If total costs of corrective action at the Dallas Operation do not exceed $3.0 million, then the remaining funds after payment of all costs of corrective action, up to $3.0 million, will be paid as consulting fees to the former principal shareholder of the Dallas Operation. If the total costs of corrective action exceed $3.0 million, then the former principal shareholder of the Dallas Operation will pay the next $1.2 million of costs of corrective action. The Company and such former principal shareholder are each obligated to pay up to $1.5 million of the costs for corrective action, if incurred, between $4.2 million and $7.2 million. If the total costs of corrective action exceed $7.2 million, then such former principal shareholder will either pay up to the next $1.0 million, or notify the Company to pay up to the next $1.0 million in exchange for a dollar-for-dollar credit toward the purchase price of the Dallas Operation's real property, calculated as the greater of $1.0 million or the then fair market value. Such former principal shareholder's obligations under this arrangement are secured by a pledge of 225,000 shares of Common Stock. However, there can be no assurance that such former principal shareholder will be able to meet his obligations or that the pledged stock will be sufficient to cover such obligations. In March 1995, the Texas Natural Resource Conservation Commission ("TNRCC") authorized the Company to perform a Corrective Measure Study ("CMS") to determine if the proposed on-site soil stabilization remedy would be effective. In August 1995, the Company's environmental consultant submitted a Baseline Risk Assessment ("BRA") to the TNRCC, which concluded that neither human health nor the environment are placed at risk by the lead battery casing chips at the site. In April 1996, the TNRCC approved the BRA, and the Company's environmental consultant is preparing and submitting a Corrective Measure Study. There can be no assurance that the actual cost of corrective action,

or any other liabilities with respect to the site, will not exceed estimates of the Company's environmental consultant, or that such actual costs will not have a material adverse effect on the Company.

Metals and hydrocarbon soil contamination was detected at one of Copart's California facilities, which was determined to be associated with uses of the property by persons prior to the time that the prior owner became the occupant of the facility. In addition, metals were detected in samples collected from groundwater monitoring wells located at this property. Copart obtained specific indemnification from the landowner of such facility for any liability for pre-existing environmental contamination. In addition, a small quantity of tetrachlorethane ("PCE") and toluene was detected in a temporary ground water monitoring well at the Dallas Operation. The Company's environmental consultants concluded that both PCE and toluene were from an off-site source upgradient of the facility, and no further action was recommended.

In 1991, Copart removed an underground storage tank from one of its California facilities after monitoring devices indicated that the tank was leaking. Subsequent testing revealed localized low level contamination of the soil and ground water where the tank was removed, but no migration of the contamination. The Company has retained the services of an environmental consultant to represent the Company before the local county environmental management department. The Company has been informed by the consultant that the county agreed to a plan involving periodic monitoring of soil and ground water to assure that the contamination is not spreading. The cost of this ongoing monitoring is nominal.

In connection with the acquisition of NER Auction Systems, environmental consultants were engaged to perform a limited environmental assessment of the properties on which NER conducted its business. Prior to the acquisition, the site assessment for the Company's leased facility located in Bellingham, Massachusetts, reported concentrations of Benzene and MTBE in the groundwater which slightly exceed the reportable concentrations under the Massachusetts environmental laws. The consultant has indicated that further investigation will be required to determine the complete extent of the contamination, and that remediation will likely be required (the "Bellingham Remediation"). It is estimated that the most likely total cost of the Bellingham Remediation will be approximately $50,000, with the maximum remediation costs estimated to be approximately $350,000. It is unclear at this time if any of the contamination has migrated off-site and additional remediation costs may be necessary if any groundwater beyond the site has been contaminated. Approximately $125,000 of the estimated remediation costs relate to amounts accrued for operation and maintenance costs expected to be paid out through 1999. Pursuant to the terms of the NER Acquisition, Copart is indemnified as to any environmental liabilities relating to sites being leased from NER Auction Group, including the Bellingham site. The total estimate of $50,000 is a current estimate of all remediation costs and could change due to further site investigation or changes in applicable laws.

The Company does not believe that the metals and hydrocarbon soil contamination, PCE, storage tank removal or Bellingham Remediation will, either individually or in the aggregate, have a material adverse effect on the Company.*

GOVERNMENT REGULATION

The Company's operations are subject to regulation, supervision and licensing under various federal, state and local statutes, ordinances and regulations. The acquisition and sale of damaged and recovered stolen vehicles is regulated by state motor vehicle departments. In addition to the regulation of sales and acquisitions of vehicles, the Company is also subject to various local zoning requirements with regard to the location of its auction and storage facilities. These zoning requirements vary from location to location. The Company is also subject to environmental regulations. The Company believes that it is in compliance in all material respects with applicable regulatory requirements. The Company may be subject to similar types of regulations by federal, state, and local governmental agencies in new markets. Although the Company believes that it has all permits necessary to conduct its business and is in material compliance with applicable regulatory requirements, failure to comply with present or future regulations or changes in interpretations of existing regulations could result in impairment of the Company's operations and the imposition of penalties and other liabilities. For instance, vehicle inspections mandated by the

California Torres Bill (1994 California Senate Bill No. 1833) which were suspended in 1995 because of demand which overwhelmed the inspectors are scheduled to begin again in 1997, with no guarantee that vehicle inspection waits will be shorter. Recently enacted legislation in Texas, with inspection requirements similar to those enacted in California, could have a material adverse effect on the Company's Texas operations.

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* This statement is a forward-looking statement reflecting current expectations. Actual future performance may differ materially from the Company's current expectations. The reader is advised to review "Factors Affecting Future Results" for a fuller discussion of factors that could affect future performance.

MANAGEMENT INFORMATION SYSTEM

The Company's management information system ("MIS") consists of an expandable, integrated IBM AS/400 computer located in Benicia, California, integrated computer interfaces (Salvage Lynk) and proprietary software which enables salvage vehicles to be tracked by the Company and vehicle suppliers throughout the salvage vehicle auction process. Salvage Lynk provides remote access to customers via the client's personal computer system to allow direct inquiry during the Company's salvage vehicle disposal process. By providing this accessibility, the Company provides a unique marketing benefit to its customers in streamlining their internal salvage tracking process. The Company's MIS is an essential part of its strategy to provide superior service to its clients and buyers, as well as to effectively support internal operations. The Company continues to research new computer technologies to enhance its MIS development. Other functions provided by MIS include accounting, inventory and salvage vehicle supplier and buyer information. The Company believes that, with planned upgrades and integration's of new acquisitions, the Company's MIS will serve its information management needs for the foreseeable future.*

EMPLOYEES

As of July 31, 1996, the Company had approximately 1,030 full-time employees, of whom approximately 620 were engaged in general and administrative functions and approximately 410 were engaged in yard and fleet operations. The Company is not subject to any collective bargaining agreements and believes that its relationships with its employees are good.

FACTORS AFFECTING FUTURE RESULTS

Historically, a limited number of vehicle suppliers have accounted for a substantial portion of the Company's revenues. In fiscal 1996, vehicles supplied by Copart's largest supplier accounted for approximately 16% of Copart's revenues. The Company's agreements with this and other vehicle suppliers are either oral or written agreements that typically are subject to cancellation by either party upon 30 days' notice. There can be no assurance that existing agreements will not be canceled or that the terms of any new agreements will be comparable to those of existing agreements. While the Company believes that, as the salvage vehicle auction industry becomes more consolidated, the likelihood of large vehicle suppliers entering into agreements with single companies to dispose of all of their salvage vehicles on a statewide, regional or national basis increases, there can be no assurance that the Company will be able to enter into such agreements or that it will be able to retain its existing supply of salvage vehicles in the event vehicle suppliers begin disposing of their salvage vehicles pursuant to state, regional or national agreements with other operators of salvage vehicle auction facilities. A loss or reduction in the number of vehicles from a significant vehicle supplier or material changes in the terms of an arrangement with a substantial vehicle supplier could have a material adverse effect on the Company's financial condition and results of operations.

The Company's operating results have in the past and may in the future fluctuate significantly depending on a number of factors. These factors include changes in the market value of salvage vehicles, buyer attendance at salvage auctions, delays or changes in state title processing and/or changes in state or federal laws or regulations affecting salvage vehicles, fluctuations in ACV's of salvage vehicles, the availability of vehicles and weather conditions. As a result, the Company believes that period-to-period comparisons of its results of operations are not necessarily meaningful and should not be relied upon as any

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* This statement is a forward-looking statement reflecting current expectations. Actual future performance may differ materially from the Company's current expectations. The reader is advised to review "Factors Affecting Future Results" for a fuller discussion of factors that could affect future performance.

indication of future performance. There can be no assurance, therefore, that the Company's operating results in some future quarter will not be below the expectations of public market analysts and/or investors.

The market price of the Company's Common Stock could be subject to significant fluctuations in response to various factors and events, including variations in the Company's operating results, the timing and size of acquisitions and facility openings, the loss of vehicle suppliers or buyers, the announcement of new vehicle supply agreements by the Company or its competitors, changes in regulations governing the Company's operations or its vehicle suppliers, environmental problems or litigation. In addition, the stock market in recent years has experienced broad price and volume fluctuations that often have been unrelated to the operating performance of companies.

The Company seeks to increase sales and profitability primarily through the opening of new facilities, the acquisition of other salvage vehicle auction facilities, and the increase of salvage vehicle volume and revenue at existing facilities. There can be no assurance that the Company will be able to continue to acquire additional facilities on terms economical to the Company or that the Company will be able to increase revenues at newly acquired facilities above levels realized at such facilities prior to their acquisition by the Company. Additionally, as the Company continues to grow, its openings and acquisitions will have to be more numerous or of a larger size in order to have a material impact on the Company's operations. The ability of the Company to achieve its expansion objectives and to manage its growth is also dependent on other factors, including the integration of new facilities into existing operations, the establishment of new relationships or expansion of existing relationships with vehicle suppliers, the identification and lease of suitable premises on competitive terms and the availability of capital. The size and timing of such acquisitions and openings may vary and the Company believes that in the future it will open a greater number of new facilities than it has in the past. Management believes that facilities opened by the Company require more time to reach revenue and profitability levels comparable to its existing facilities and may have greater working capital requirements than those facilities acquired by the Company. Therefore, to the extent that the Company opens a greater number of facilities in the future than it has historically, the Company's growth rate in revenues and profitability may be adversely affected.

While Copart has acquired a number of companies in recent years, the Company's acquisition of the NER Auction Group in May 1995 was its largest acquisition undertaken to date. The successful integration of NER was more difficult and required a greater period of time than prior acquisitions. In connection with the integration of NER, the Company completed the closure of the eastern division office and former NER corporate headquarters in July, 1996.

Currently, Willis J. Johnson, Chief Executive Officer of the Company, together with one other existing shareholder, beneficially own approximately 30% of the issued and outstanding shares of Common Stock. This controlling interest in the Company may also have the effect of making certain transactions, such as mergers or tender offers involving the Company, more difficult or impossible, absent the support of Mr. Johnson, and such other existing shareholder.

EXECUTIVE OFFICERS OF THE REGISTRANT

EXECUTIVE OFFICERS

The executive officers of the Company and their ages as of July 31, 1996

are as follows:

NAME	AGE	POSITION
Willis J. Johnson	49	Chief Executive Officer and Director
A. Jayson Adair	27	Executive Vice President and Director
James E. Meeks	47	Senior Vice President and Chief Operating Officer
Joseph M. Whelan	41	Senior Vice President and Chief Financial Officer
Paul A. Styer	40	Senior Vice President, General Counsel and Secretary

WILLIS J. JOHNSON, co-founder of the Company, has served as Chief Executive Officer of the Company since 1986, and has been a Board member since 1982. Mr. Johnson was also President of the Company from 1986 through the closing of the NER Acquisition in May 1995. Mr. Johnson has over 25 years of experience in owning and operating auto dismantling and vehicle salvage companies.

A. JAYSON ADAIR has served as Executive Vice President of the Company since April 1995 and a director since September 1992. From August 1990 until April 1995, Mr. Adair served as Vice President of Sales and Operations and from June 1989 to August 1990, Mr. Adair served as the Company's Manager of Operations.

JAMES E. MEEKS has served as Vice President and Chief Operating Officer of the Company since September 1992 when he joined the Company concurrent with the Company's purchase of South Bay Salvage Pool (the "San Martin Operation"). Mr. Meeks has served as Senior Vice President since April 1995. From April 1986 to September 1992, Mr. Meeks, together with his family, owned and operated the San Martin Operation. Mr. Meeks is also an officer, director and part owner of Cas & Meeks, Inc., a towing and subhauling service company, which he has operated since 1991. Mr. Meeks has also been an officer and director of E & H Dismantlers, a self-service auto dismantler, since 1967. Mr. Meeks has over 25 years of experience in the vehicle dismantling business.

JOSEPH M. WHELAN has served as Senior Vice President since April 1995 and Chief Financial Officer of the Company since March 1994. From 1989 to 1993, Mr. Whelan served as Senior Vice President and Chief Financial Officer of Phillips, Inc., the largest privately held owner of educational facilities in the United States. Mr. Whelan received a B.A. from Vanderbilt University and a M.B.A. from Tulane University. Mr. Whelan is a certified public accountant.

PAUL A. STYER has served as General Counsel of the Company since September 1992, served as Senior Vice President since April 1995 and as Vice President from September 1992 until April 1995. Mr. Styer served as a Director of the Company from September 1992 until October 1993. Mr. Styer has served as Secretary since October 1993. From August 1990 to September 1992, Mr. Styer conducted an independent law practice. Mr. Styer received a B.A. from the University of California, Davis and a J.D. from the University of the Pacific. Mr. Styer is a member of the California State Bar Association.

Officers are elected by the Board of Directors and serve at the discretion of the Board. There are no family relationships among any of the directors or executive officers of the Company, except that A. Jayson Adair is the son-in-law of Willis J. Johnson.

On April 18, 1996, Richard A. Polidori resigned his position as President and a member of the Board of the Company.

ITEM 2. PROPERTIES

FACILITIES INFORMATION

The following table sets forth certain information regarding the facilities currently used by the Company.

<TABLE>
<CAPTION>

FACILITY LOCATION	OPENED/ ACQUIRED	APPROXIMATE ACREAGE	EXPIRATION OF LEASE TERM	PURCHASE OPTION
<S>	<C>	<C>	<C>	<C>
COPART				

Vallejo, California	(1)	18	February 2000	Yes
Sacramento, California	A	12	Company owned	Not applicable
Hayward, California	O	8	Month-to-month	No
Fresno, California	A	10	July 2000	Yes
Bakersfield, California	A	5	Company owned	Not applicable
San Martin, California	A	14	August 2002	Yes
Colton, California	A	14	November 2002	Right of first refusal
Seattle, Washington	A	11	March 1998	Yes
Portland, Oregon	O	15	June 1996	Yes
Los Angeles, California	A	12	June 1998	Right of first refusal
Houston, Texas	A	62	January 2004	Right of first refusal
Dallas, Texas (2)	A	42	March 2004	Yes
Lufkin, Texas	A	15	May 1999	Yes
Longview, Texas	A	10	May 1999	Yes
Atlanta, Georgia	A	62	July 2004	Yes
Sacramento, California	O	11	Month-to-month	Not applicable
Kansas City, Kansas	A	27	October 2004	Yes
Oklahoma City, Oklahoma	A	12	November 2004	Yes
Tulsa, Oklahoma	A	10	November 2004	Yes
St. Louis, Missouri	A	21	March 2005	Yes
Conway, Arkansas	A	22	March 2005	Yes
West Memphis, Arkansas	A	12	April 2005	Yes
Hartford, Connecticut	A	30	May 2005	Yes
Marlboro, New York	A	25	May 2005	Yes
Syracuse, New York	A	12	May 2005	Yes
Philadelphia, Pennsylvania	A	40	May 2005	Yes
Boston, Massachusetts	A	20	May 2005	Yes
Pittsburgh, Pennsylvania	A	20	May 2005	Yes
Columbus, Ohio	A	20	May 2005	Yes
Southampton, New York (3)	A	13	May 2005	Yes
Glassboro, New Jersey	A	18	May 2005	Yes
Waldorf, Maryland	A	15	May 2005	Yes
Buffalo, New York	A	10	May 2005	Yes
Miami, Florida	A	14	May 2005	Yes
Tampa, Florida	A	10	May 2005	Yes
Chicago, Illinois	A	10	September 1999	Right of first refusal (4)
Minneapolis, Minnesota	A	12	December 2001	No
Duluth, Minnesota	A	20	February 1998	No
Rochester, Minnesota	A	20	August 2003	Right of first refusal (4)
St. Cloud, Minnesota	A	20	August 2003	Right of first refusal (4)
Madison, Wisconsin	A	10	August 2003	Right of first refusal (4)

FACILITY LOCATION	OPENED/ ACQUIRED	APPROXIMATE ACREAGE	EXPIRATION OF LEASE TERM	PURCHASE OPTION
Milwaukee, Wisconsin	A	20	August 2003	Right of first refusal (4)
Jackson, Mississippi	A	15	July 2005	Yes
Charlotte, North Carolina	O	24	July 2005	Yes
Jacksonville, Florida	O	28	October 2005	Yes
Van Nuys, California	O	40	Company owned	Not applicable
Indianapolis, Indiana	O	16	February 2001	No
El Paso, Texas	A	3	November 1996	No
Phoenix, Arizona	O	13	February 2001	Yes
Hammond, Indiana (5)	O	19	September 2001	Right of first refusal
Woodinville, Washington (5)	O	10	August 2001	No
Benicia, California (6)	N/A	16,400/sq ft	April 2000	No

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(1) Copart's initial facility.

(2) In connection with the acquisition of the Dallas Operation, Copart obtained an option, exercisable from March 2004 through March 2014, to acquire the Dallas Operation's real property for the purchase price of $2.5 million, consisting of $500,000 in cash and a $2.0 million promissory note bearing interest at the then prime rate payable in equal monthly installments over 10 years. Such purchase price may be subject to adjustment in the event that the total cost of corrective action at the Dallas Operation exceeds $7.2 million.

(3) Leasehold interest held by NER Auction Group on the current Southampton facility expires on July 31, 1997. Thereafter, the Company and Richard Polidori, the former principal owner of NER, intend to enter into a lease relating to property owned by Mr. Polidori on Long Island with acreage, a purchase option and a lease term as described.

(4) Right of first refusal for these properties is held by the NER Auction Group entities which are leasing such properties from third party landowners and as to which Copart is the sublesee.

(5) Opened after July 31, 1996.

(6) Corporate headquarters.

ITEM 3. LEGAL PROCEEDINGS

On June 3, 1994, Bill Woltz, doing business as Salvage Pool Systems, filed a complaint against Copart and Willis J. Johnson, the Company's Chief Executive Officer and a Director, in the Northern District of California alleging claims for copyright infringement, breach of implied contract, common law fraud, negligent misrepresentation and slander. Mr. Woltz is a former employee and consultant who performed computer programming services for Copart. On August 25, 1994, the original complaint was dismissed without prejudice. Mr. Woltz filed a new complaint on October 14, 1994 in the Northern District of California alleging the same claims contained in his prior complaint and, in addition, claims for unfair competition, goods sold and delivered, accounting and libel. The dispute arises out of alleged contracts between Woltz and Copart, Copart's alleged use and copying of computer programs, and alleged statements by Copart about the computer programs and alleged contracts. The complaint seeks an unspecified amount in damages, an injunction preventing Copart from using or offering to sell or license the software, costs and attorneys' fees, treble damages, punitive damages, and a retraction of alleged libelous statements. Copart filed an answer to the complaint denying all of the allegations and asserting various defenses. Management believes that the action is without merit and is contesting the action vigorously. Additionally, the Company has asserted counterclaims against Woltz for ownership of software that Woltz developed while a Copart employee, conversion and possession of Copart's property. In February 1996 the Company filed a Motion for Summary Judgment. On August 19, 1996, the Court entered an Order in which it denied summary judgment on plaintiff's copyright infringement claim and reserved ruling on plaintiff's seven state law causes of action. However, in that Order the Court invited the Company to file a further summary judgment

motion based on certain copyright issues. The Company intends to file such a motion by December 1996. No trial date has yet been set.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

Not applicable

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

MARKET PRICE AND DISTRIBUTIONS

The following table summarized the high and low sales prices per share for each quarter during the last two fiscal years. As of July 31, 1996, there were 12,641,213 shares outstanding. The Company's Common Stock has been quoted on the Nasdaq National Market under the symbol CPRT since March 17, 1994. As of July 31, 1996, the Company had 259 shareholders of record.

1995	High	Low
First Quarter	18 5/8	13 7/8
Second Quarter	20	15 3/8
Third Quarter	20 5/8	18
Fourth Quarter	23 5/8	19 1/8

1996	High	Low
First Quarter	23 7/8	19 1/4

Second Quarter	30 1/8	20 3/4
Third Quarter	30 1/4	23 1/4
Fourth Quarter	28 1/2	12 1/4

The Company has not paid a cash dividend since 1984 and does not anticipate paying any cash dividends in the foreseeable future.

ITEM 6. SELECTED FINANCIAL DATA

The tables below summarize the Selected Consolidated Financial Data of the Registrant as of and for each of the last five fiscal years. This selected financial information should be read in conjunction with the Company's Consolidated Financial Statements and Notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Report. The selected financial data presented below have been derived from the Company's consolidated financial statements that have been audited by KPMG Peat Marwick LLP, independent public accountants, whose report is included herein covering the consolidated financial statements as of July 31, 1996 and 1995 and for each of the three years in the period ended July 31, 1996. The selected operating data for the years ended July 31, 1993 and 1992 and the balance sheet data as of July 31, 1994, 1993 and 1992 are derived from audited consolidated financial statements not included herein:

<TABLE>
<CAPTION>

($ in 000s, except per share and other data)	1996	1995	1994	1993	1992
<S>	<C>	<C>	<C>	<C>	<C>
SELECTED OPERATING DATA					
Revenues (1)	$118,248	$ 58,117	$ 22,794	$10,436	$ 6,202
Operating income	17,802	11,261	4,112	1,422	834
Income before income taxes and extraordinary item	18,190	11,437	3,710	729	882
Extraordinary item, net (2)	--	--	(1,633)	--	--
Net income	11,185	6,894	590	495	481
Per share:					
Income before extraordinary item	$ 0.85	$ 0.65	$ 0.30	$ 0.07	$ 0.07
Extraordinary item, net	--	--	(0.22)	--	--
Net income	$ 0.85	$ 0.65	$ 0.08	$ 0.07	$ 0.07
Weighted average shares (000)	13,216	10,614	7,305	6,780	6,780
BALANCE SHEET DATA					
Cash and cash equivalents (3)	$ 13,026	$ 13,779	$ 17,871	$ 1,786	$ 538
Working capital (deficit)	40,586	32,756	21,890	2,941	(246)
Total assets	158,066	135,158	62,569	15,944	4,073
Total debt	11,260	3,734	4,019	8,575	1,244
Shareholders' equity	126,245	113,116	49,288	4,132	702
OTHER					
Salvage vehicles processed	391,100	223,300	101,000	45,400	28,700
Gross proceeds (000)	$506,916	$317,788	$144,397	$57,876	$35,269
Number of auction facilities	49	42	15	10	5

</TABLE>

Notes

(1) See Note 2 to the Consolidated Financial Statements for a discussion of acquistions.

(2) See Note 6 to the Consolidated Financial Statements for a discussion of the extraordinary item.

(3) See Note 9 to the Consolidated Financial Statements for a discussion of initial public offering.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

The Company processes salvage vehicles principally on a consignment method, on either the Percentage Incentive Program (or the "PIP") or on a fixed fee consignment basis. Using either consignment method, only the fees associated with vehicle processing are recorded in revenue. The Company also processes a percentage of its salvage vehicles pursuant to purchase contracts (the "Purchase Program") under which the Company records the gross proceeds of the vehicle sale in revenue. For the fiscal years ended July 31, 1996, 1995, and 1994, approximately 25%, 28%, and 50% of the vehicles sold by Copart, respectively, were processed under the PIP, and approximately 6%, 2% and less than 1% of the vehicles sold by Copart, respectively, were processed pursuant to the Purchase Program. The decrease in the percentage of vehicles sold under the PIP resulted from the acquisition by Copart of various companies that conducted business on a fixed fee consignment basis, which is consistent with industry practice. As a result of the acquisition of NER Auction Group ("NER") on May 2, 1995, which processed almost all of its vehicles on a fixed fee consignment basis, the percentage of the Company's vehicles processed under the PIP decreased. The Company attempts to convert acquired operations to the PIP Program which typically results in higher net returns to vehicle suppliers and higher fees to the Company than standard fixed fee consignment programs. However, due to a number of factors, including the timing and size of new acquisitions, market conditions, and acceptance of the PIP and/or Purchase Program, by vehicle suppliers, the percentage of vehicles processed under these programs in future periods may vary. In addition to auction fees paid by vehicle suppliers and vehicle buyers, approximately 27%, 31%, and 38% of Copart's revenues for the fiscal years ended July 31, 1996, 1995 and 1994, respectively, were attributable to buyer fees, which are fees received from buyers in addition to amounts they pay to purchase salvage vehicles.

Costs attributable to yard and fleet expenses consist primarily of operating personnel (which includes yard management, clerical and yard employees), rent, contract vehicle towing, insurance, fleet maintenance and repair, fuel and acquisition costs of salvage vehicles under the Purchase Program. Costs associated with general and administrative expenses consist primarily of executive, accounting, data processing and sales personnel, professional fees and marketing expenses.

The results of the Company's operations reflect the increase in the number of vehicles processed in the eastern United States, the sale of these vehicles generated lower margins than those in Copart's operations in the western, midwest and southwestern United States. The results also reflect additional vehicles processed under purchase programs as part of the Company's marketing thrust to secure new vehicle suppliers.

The period-to-period comparability of Copart's operating results and financial condition is substantially affected by certain business acquisitions and new openings made by Copart during such periods.

ACQUISITIONS AND NEW OPERATIONS

Copart has experienced significant growth as it acquired 38 salvage vehicle auction facilities and established seven new facilities since the beginning of fiscal 1992. All of the acquisitions have been accounted for using the purchase method. Accordingly, the excess of the purchase price over the net tangible assets acquired (consisting principally of goodwill) is being amortized over a period not to exceed 40 years.

As part of the Company's overall expansion strategy of offering integrated service to vehicle suppliers, the Company anticipates further attempts to open or acquire new salvage yards in new regions, as well as the regions currently served by Company yards. As part of this strategy, during fiscal 1996, Copart

acquired two facilities in or near Jackson, Mississippi, and El Paso, Texas,

and opened five new facilities in or near Charlotte, North Carolina; Jacksonville, Florida; Indianapolis, Indiana; Van Nuys, California; and Phoenix, Arizona. During fiscal 1995, Copart acquired NER, plus six facilities in or near Kansas City, Kansas; Tulsa and Oklahoma City, Oklahoma; St. Louis, Missouri; and Conway and West Memphis, Arkansas; and opened one facility in Sacramento, California. In addition, Copart acquired five facilities in or near Houston, Dallas, Lufkin and Longview, Texas; and Atlanta, Georgia; and opened one facility in Portland, Oregon during fiscal 1994. The Company believes that these acquisitions and openings solidify the Company's coverage of the West Coast, expand the Company's coverage of the South, Southwest and Midwest, give the Company a substantial presence in the Northeast, the Great Lakes states, Georgia and Florida. The Company expects to incur future amortization charges in connection with anticipated acquisitions attributable to goodwill, covenants not to compete and other purchase-related adjustments. *

The Company seeks to increase revenues and profitability at acquired facilities by, among other things, (i) implementing its buyer fee structure, (ii) introducing and converting certain vehicle suppliers to the PIP, which typically results in higher net returns to vehicle suppliers and higher fees to the Company than standard fixed fee consignment programs, (iii) making available vehicle purchase programs which are designed to reduce vehicle suppliers' administrative expenses and (iv) initiating the Company's merchandising procedures. In addition, the Company attempts to effect cost efficiencies at each of its acquired facilities through, among other things, implementing the Company's operational procedures, integrating the Company's management information systems and, when necessary, redeploying personnel.

RESULTS OF OPERATIONS

The following table sets forth for the periods indicated information derived from the consolidated statements of income of Copart expressed as a percentage of revenues. There can be no assurance that any trend in operating results will continue in the future.

<TABLE>
<CAPTION>

	YEAR ENDED JULY 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Revenues	100.0%	100.0%	100.0%
Operating expenses:			
Yard and fleet	70.6	65.0	64.7
General and administrative	9.2	9.8	10.6
Depreciation and amortization	5.1	5.8	6.7
Total operating expenses	84.9	80.6	82.0
Operating income	15.1	19.4	18.0
Other income (expense)	0.3	0.3	(1.7)
Income before income taxes and extraordinary item	15.4	19.7	16.3
Income taxes	5.9	7.8	6.5
Income before extraordinary item	9.5	11.9	9.8
Extraordinary item, net	--	--	(7.2)
Net income	9.5%	11.9%	2.6%

</TABLE>

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* This statement is a forward-looking statement reflecting current expectations. Actual future performance may differ materially from the Company's current expectations. The reader is advised to review "Factors Affecting Future Results" for a fuller discussion of factors that could affect future performance.

FISCAL 1996 COMPARED TO FISCAL 1995

Revenues were approximately $118.2 million during fiscal 1996, an increase of approximately $60.1 million, or 103%, over fiscal 1995 based on 391,100 vehicles processed. Approximately $45.8 million of the increase in revenues was the result of the acquisition of the Kansas City, Oklahoma City, Tulsa, St. Louis, Conway, West Memphis, NER, Jackson, and El Paso operations; and the opening of Copart's Charlotte, Jacksonville, Indianapolis, and Phoenix facilities. Existing yard revenues increased by approximately $14.3 million, or 33% over fiscal 1995, of which revenues from Purchase Program vehicles accounted for approximately $11.5 million of the increase. Under the Purchase Program the Company records the gross proceeds of the vehicle sale as revenue. The remainder of the increase in revenue at these facilities was primarily attributable to increased per unit revenues of approximately 9% and increased vehicle volume of approximately 3%.

Yard and fleet expenses were approximately $83.5 million during fiscal 1996, an increase of approximately $45.8 million, or 121%, over fiscal 1995. Approximately $34.2 million of the increase was the result of the acquisition of the Kansas City, Oklahoma City, Tulsa, St. Louis, Conway, West Memphis, NER, Jackson, and El Paso operations; and the opening of Copart's Charlotte, Jacksonville, Indianapolis, and Phoenix facilities. The remainder of the increase in yard and fleet expenses was attributable to yard and fleet expenses from existing operations, including the cost of Purchase Program vehicles. Yard and fleet expenses increased to 70.6% of revenues during fiscal 1996, as compared to 65.0% of revenues during fiscal 1995, primarily as a result of the Company processing additional vehicles under the Purchase Program.

General and administrative expenses were approximately $10.9 million during fiscal 1996, an increase of approximately $5.2 million, or 91%, over fiscal 1995, due primarily to increased personnel expense resulting from acquisitions, increased hiring in anticipation of additional growth and additional investments in marketing and MIS staff. General and administrative expenses decreased to 9.2% of revenues during fiscal 1996, as compared to 9.8% of revenues during fiscal 1995, primarily as a result of the Company processing additional vehicles under the Purchase Program which has higher revenue per unit.

Depreciation and amortization expense was approximately $6.0 million during fiscal 1996, an increase of approximately $2.6 million, or 76%, over fiscal 1995. Such increase was due primarily to the amortization of goodwill and covenants not to compete and depreciation of acquired assets resulting from the acquisition of new salvage auction facilities.

The effective income tax rate of 39% applicable to fiscal 1996 is lower than the fiscal 1995 effective income tax rate, due to savings associated with state and local tax planning.

Due to the foregoing factors, Copart realized net income of $11.2 million for fiscal 1996, an increase of 62% compared to net income of $6.9 million for fiscal 1995.

FISCAL 1995 COMPARED TO FISCAL 1994

Revenues were approximately $58.1 million during fiscal 1995, an increase of approximately $35.3 million, or 155%, over fiscal 1994. Approximately $24.3 million of the increase in revenues was the result of the acquisition of the Houston, Dallas, Lufkin, Longview, Atlanta, Kansas City, Oklahoma City and Tulsa, St. Louis, Conway and West Memphis and NER operations and the opening of Copart's Portland facility. Existing yard revenues increased by approximately $11.0 million, or 61%, over fiscal 1994, of which revenues from Purchase Program vehicles accounted for approximately $7.6 million of the increase. The remainder of the increase in revenues at existing operations was primarily attributable to increased buyer fees of approximately 7% and increased vehicle volume of approximately 12%.

Yard and fleet expenses were approximately $37.8 million during fiscal 1995, an increase of approximately $23.0 million, or 156%, over fiscal 1995. Approximately $15.7 million of the increase was the result of the acquisition of the Houston, Dallas, Lufkin, Longview, Atlanta, Kansas City, Oklahoma City and Tulsa, St. Louis, Conway and West Memphis and NER operations and the opening of Copart's Portland facility. The remainder of the increase in yard

and fleet expenses was attributable to yard and fleet expenses from existing operations, including the cost of Purchase Program vehicles. Yard and fleet expense increased to 65.0% of revenues during fiscal 1995, as compared to 64.7% of revenues during fiscal 1994.

General and administrative expenses were approximately $5.7 million during fiscal 1995, an increase of approximately $3.3 million, or 136%, over fiscal 1994, due primarily to increased personnel expense resulting from acquisitions and increased hiring in anticipation of additional growth. General and administrative expenses decreased to 9.8% of revenues during fiscal 1995, as compared to 10.6% of revenues during fiscal 1994 due to costs being spread over a greater revenue base.

Depreciation and amortization expense was approximately $3.4 million during fiscal 1995, an increase of approximately $1.9 million, or 123%, over fiscal 1994. Such increase was due primarily to the amortization of goodwill and covenants not to compete and depreciation of acquired assets resulting from the acquisition of new salvage auction facilities.

Interest expense was approximately $491,000 during fiscal 1995, a decrease of $429,300 over fiscal 1994. This decrease was attributable to the repayment in fiscal 1994 of the indebtedness incurred in the February 1993 debt financing with the proceeds from the IPO. In fiscal 1994, Copart recognized an extraordinary item on the loss on extinguishment of debt associated with the February 1993 debt financing, which is shown net of income tax benefit.

The effective income tax rate of 40% applicable to fiscal 1995 is consistent with the fiscal 1994 effective income tax rate.

Due to the foregoing factors, Copart realized net income of $6.9 million for fiscal 1995, compared to income before extraordinary item of $2.2 million fiscal 1994 as noted above.

LIQUIDITY AND CAPITAL RESOURCES

Copart has financed its growth principally through cash generated from operations, debt financing in February 1993, the issuance by Copart of 1,071,600 shares of Common Stock at $7.00 per share in a private placement to certain of its existing shareholders in November 1993, its March 1994 initial public offering ("IPO") of 2,300,000 shares of Common Stock at $12.00 per share, its follow-on offering in May 1995 of 1,897,500 shares of Common Stock at $19.25 per share, the equity issued in conjunction with certain acquisitions and borrowings under the Bank Credit Facility (as defined below) in connection with the NER Acquisition.

At July 31, 1996, Copart had working capital of approximately $40.6 million, including cash and cash equivalents of approximately $13.0 million. The Company is able to process, market, sell and receive payment for processed vehicles quickly. Therefore, the Company does not require substantial amounts of working capital, as it receives payment for vehicles at approximately the same time as it remits payments to vehicle suppliers. The Company's primary source of cash is from the collection of sellers' fees and reimbursable advances from the proceeds of auctioned salvage vehicles and from buyers' fees.

In May, 1995 Copart entered into a bank credit facility provided by Wells Fargo Bank, N.A. and U.S. Bank of California (the "Bank Credit Facility"). The Bank Credit Facility consists of a revolving line of credit of $10 million which matures in November 1997 and a $18.5 million term loan facility which matures in May 2002. The term loan amortizes on a straight-line basis over its term. The Company may reborrow up to the unamortized principal amount of the term loan. Amounts outstanding under the Bank

Credit Facility accrue interest at either the prime rate most recently announced by Wells Fargo or at a rate based on LIBOR plus a spread of 1.75% subject to reductions based on certain credit ratios. The current spread has been reduced to 1.25%. As of July 31, 1996, there are no outstanding borrowings under this facility.

The Company has entered into various operating lease lines for the purpose of leasing up to $10.5 million of yard and fleet equipment, of which approximately $1.4 million was available as of July 31, 1996.

Copart generated cash from operations of approximately $11.3 million, $5.2 million and $4.7 million in fiscal years 1996, 1995 and 1994, respectively. The increase in cash from operations from fiscal 1994 to fiscal 1995 and from fiscal 1995 to fiscal 1996 reflects Copart's increased profitability.

During the fiscal year ended July 31, 1996, Copart used cash for the acquisition of the Jackson, Mississippi and El Paso, Texas facilities, which had an aggregate cash cost of approximately $2.8 million. During the fiscal year ended July 31, 1995, Copart's principal use of cash was for the acquisition of the NER, Kansas City, Oklahoma City and Tulsa, St. Louis, Conway and West Memphis salvage vehicle auction facilities, which had an aggregate cash cost of approximately $38.3 million. Copart financed the cash portion of the NER acquisition of approximately $24.7 million principally with the proceeds from the Bank Credit Facility. The Company used a portion of the net proceeds of its May 1995 follow-on offering to repay the amounts borrowed under the Bank Credit Facility. In addition, the Company issued $21.3 million in value of its Common Stock in conjunction with the fiscal 1995 acquisitions. Copart's principal use of cash in fiscal 1994 was for the acquisition of the Houston, Lufkin, Longview and Atlanta operations, which had an aggregate cash cost of approximately $11.3 million, and repayment of $7.0 million related to the February 1993 debt financing.

Capital expenditures (excluding those associated with fixed assets attributable to acquisitions) were approximately $8.4 million, $5.1 million and $2.1 million for fiscal 1996, 1995 and 1994, respectively. During the fiscal year ended July 31, 1996, Copart acquired approximately 40 acres of land at the Van Nuys facility for the purchase price of $10.5 million, for which the Company paid $3.0 million in cash and issued the seller a promissory note secured by the real property in the principal amount of $7.5 million, payable interest only at the rate of 7.2% per annum, with the principal payable in 5 years. Copart's capital expenditures have related primarily to opening and operating facilities and acquiring yard equipment. Historically, while Copart has sub-contracted for a significant portion of its vehicle transport services, the Company has implemented a program for converting long haul transports to its own fleet of vehicle carriers at each facility. Based upon the potential for increased revenues from Company-owned vehicle towing services, the Company has entered into agreements to acquire approximately $6.0 million of additional multi-vehicle transport trucks and forklifts and is disposing certain older equipment.

In fiscal 1996 and 1995, the Company generated approximately $0.6 and $0.3 million through the exercise of employee incentive stock options, respectively. In fiscal 1995, the Company generated approximately $33.8 million of net cash primarily through the issuance of common stock in its follow-on offering. In fiscal 1994, Copart generated approximately $24.5 million of net cash from financing activities, primarily through the issuance in the IPO and private placement of Common Stock in the amount of approximately $32.2 million reduced by principal payments on notes payable of approximately $7.7 million.

Cash and cash equivalents decreased by approximately $0.8 million and $4.1 million in fiscal 1996 and 1995, respectively. The Company's liquidity and capital resources have not been materially affected by inflation and are not subject to significant seasonal fluctuations.

The Company believes that the proceeds of its follow-on offering of Common Stock, cash generated from operations, borrowing availability under the Bank Credit Facility and equipment leasing lines of credit will be sufficient to satisfy the Company's working capital requirements and fund openings

and acquisitions of new facilities for the next 12 months. * However, there can be no assurance that the Company will not be required to seek additional debt or equity financing prior to such time, depending upon the rate at which the Company opens or acquires new facilities.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

See Item 14 (a) for an index to the financial statements and supplementary financial information which are attached thereto.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANT ON ACCOUNTING AND FINANCIAL DISCLOSURE

Not applicable

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information concerning the Company's directors required by this Item is incorporated herein by reference from the Company's Proxy Statement under the heading "Election of Directors."

Information regarding executive officers is included in Part I hereof under the caption "Executive Officers of the Registrant" and is incorporated by reference herein.

The information regarding compliance with Section 16(a) of the Securities Exchange Act of 1934, as amended is incorporated herein by reference from the Company's Proxy Statement under the heading "Election of Directors - Section 16(a) Beneficial Ownership Reporting Compliance."

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is incorporated herein by reference from the Company's Proxy Statement under the heading "Election of Directors-Executive Compensation."

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is incorporated herein by reference from the Company's Proxy Statement under the heading "Election of Directors-Security Ownership."

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

The information required by this Item is incorporated herein by reference from the Company's Proxy Statement under the heading "Certain Transactions."

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* This statement is a forward-looking statement reflecting current expectations. Actual future performance may differ materially from the Company's current expectations. The reader is advised to review "Factors Affecting Future Results" for a fuller discussion of factors that could affect future performance.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

All other schedules are omitted because they are not applicable or the

required information is shown in the financial statements or notes thereto.

3. EXHIBITS

*3.1	Amended and Restated Articles of Incorporation of the Registrant
***3.2	Bylaws of the Registrant, as amended
***10.1+	Copart, Inc. 1992 Stock Option Plan, as amended
*10.2+	1994 Employee Stock Purchase Plan, with form of Subscription Agreement
*10.3+	1994 Director Option Plan, with form of Subscription Agreement
*10.4	Indemnification Agreement, dated December 1, 1992, among the Registrant and Willis J. Johnson, Reba J. Johnson, A. Jayson Adair, Michael A. Seebode, Steven D. Cohan and Paul A. Styer
*10.5	Indemnification Agreement, dated July 1, 1993, between the Registrant and Willis J. Johnson, Marvin L. Schmidt, James E. Meeks and Steven D. Cohan
*10.6	Indemnification Agreement, dated November 9, 1993, between the Registrant and James Grosfeld
*10.7	Form of Indemnification Agreement to be entered into by the Registrant and each of Harold Blumentstein and Patrick Foley
*10.8+	Employment Contract for Chief Executive, dated February 17, 1993, between Willis J. Johnson and the Registrant
*10.9+	Employment Contract, dated August 1, 1992, between A. Jayson Adair and the Registrant

*10.10+	Employment for Senior Executive, dated September 1, 1992, between Paul A. Styer and the Registrant
*10.11	Employment Contract for Senior Executive, dated September 1, 1992, between James E. Meeks and the Registrant
*10.12	Common Stock Warrant, dated November 9, 1993, issued to James Grosfeld
***10.13	Credit Agreement among Copart, Inc. and Wells Fargo Bank, National Association, U.S. Bank of California and Wells Fargo Bank, National Association, as Agent, dated May 1, 1995
****10.14	Agreement for Purchase and Sale of Assets of NER Auction Systems, dated January 13, 1995, among Registrant, the list of Sellers as set forth therein, Richard A. Polidori, Gordon VanValkenberg, and Stephen Powers
10.15	Contract of Sale by and between the Stroh Companies, Inc. as Seller an Copart, Inc. as Purchaser, dated April 4, 1996
11.1	Copart, Inc. and Subsidiary Computation of Net Income Per Share
23.1	Consent of KPMG Peat Marwick LLP
24.1	Power of Attorney (See page 29 of this Form 10-K)
27.1	Financial Data Schedule

(b) Reports on Form 8-K

None

(c) See response to Item 14(a)(3) above

(d) See response to Item 14(a)(2) above

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* Incorporated by reference from exhibit to registrant's Registration Statement on Form S-1, as amended (File No. 33- 74250).
+ Denotes a compensation plan in which an executive officer participates.
*** Incorporated by reference from exhibit to registrant's Form 10-K for its fiscal year ended July 31, 1995, filed with the Securities and Exchange Commission.
**** Incorporated by reference from exhibit to registrant's Registration Statement on Form S-3, as amended (File No. 33- 91110) filed with the Securities and Exchange Commission.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Registrant

COPART, INC.

October 28, 1996 BY: /s/ Willis J. Johnson

Willis J. Johnson
Chief Executive Officer

POWER OF ATTORNEY

KNOWN ALL PERSONS BY THESE PRESENTS, that each person whose signature appears below constitutes and appoints Willis J. Johnson and Joseph M. Whelan and each of them, as his true and lawful attorneys-in-fact and agents, with full power of substitution and resubstitution, for him and in his name, place and stead, in any and all capacities, to sign any and all amendments to this Report on Form 10-K, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done in connection therewith, as fully to all intents and purposes as he might or could do in person, hereby ratifying and confirming all that said attorneys-in-fact and agents, or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

Signature	Capacity in Which Signed	Date
/s/ Willis J. Johnson Willis J. Johnson	Chief Executive Officer (Principal Executive Officer) and Director	October 28, 1996
/s/ Joseph M. Whelan Joseph M. Whelan	Senior Vice President and Chief Financial Officer (Principal Financial and Accounting Officer)	October 28, 1996
/s/ A. Jayson Adair A. Jayson Adair	Executive Vice President and Director	October 28, 1996
/s/ James Grosfeld James Grosfeld	Director	October 28, 1996
/s/ Marvin L. Schmidt Marvin L. Schmidt	Senior Vice President of Corporate Development and Director	October 28, 1996
/s/ Jonathan Vannini	Director	October 28, 1996

Jonathan Vannini		
/s/ Harold Blumenstein	Director	October 28, 1996
Harold Blumenstein		

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Copart, Inc.:

We have audited the consolidated financial statements of Copart, Inc. and subsidiaries as listed in the accompanying index. In connection with our audits of the consolidated financial statements, we also have audited the financial statement schedule as listed in the accompanying index. These consolidated financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Copart, Inc. and subsidiaries as of July 31, 1996 and 1995, and the results of their operations and their cash flows for each of the years in the three-year period ended July 31, 1996, in conformity with generally accepted accounting principles. Also in our opinion, the related financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

KPMG Peat Marwick LLP

San Francisco, California
September 27, 1996

<TABLE>

COPART, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

ASSETS	July 31, 1996	July 31, 1995
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	$ 13,026,200	$ 13,779,200
Accounts receivable, net	29,992,000	23,901,600
Income taxes receivable	742,200	--
Vehicle pooling costs	9,253,300	6,721,400
Inventory	1,456,400	3,252,400
Deferred income taxes	378,400	131,000
Prepaid expenses and other assets	2,450,800	209,300
Total current assets	57,299,300	47,994,900
Property and equipment, net	26,204,200	13,082,000
Intangibles and other assets, net	74,562,300	74,081,100
Total assets	$ 158,065,800	$ 135,158,000
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Current portion of long-term debt	$ 772,800	$ 582,700
Accounts payable and accrued liabilities	10,370,000	9,550,000
Deferred revenue	5,570,500	5,106,700
Total current liabilities	16,713,300	15,239,400
Deferred income taxes	610,300	633,000
Long-term debt, less current portion	10,487,000	3,151,000
Other liabilities	4,010,200	3,019,000
Total liabilities	31,820,800	22,042,400
Shareholders' equity:		
Common stock, no par value - 30,000,000 shares authorized; 12,641,213 and 12,372,224 shares issued and outstanding at July 31, 1996 and July 31, 1995, respectively	106,473,800	104,529,800
Retained earnings	19,771,200	8,585,800
Total shareholders' equity	126,245,000	113,115,600
Commitments and contingencies		
Total liabilities and shareholders' equity	$ 158,065,800	$ 135,158,000

</TABLE>

See accompanying notes to consolidated financial statements.

COPART, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME

<TABLE>

	Years Ended July 31, 1996	Years Ended July 31, 1995	Years Ended July 31, 1994
<S>	<C>	<C>	<C>
Revenues	$ 118,247,600	$ 58,116,700	$ 22,793,700

Operating expenses:			
Yard and fleet	83,541,800	37,753,400	14,747,600
General and administrative	10,907,500	5,704,400	2,413,200
Depreciation and amortization	5,996,700	3,397,900	1,521,000
Total operating expenses	100,446,000	46,855,700	18,681,800
Operating income	17,801,600	11,261,000	4,111,900
Other income (expense):			
Interest expense	(450,800)	(491,000)	(920,300)
Interest income	680,200	582,500	250,300
Other income	158,900	84,200	268,400
Total other income (expense)	388,300	175,700	(401,600)
Income before income taxes and extraordinary item	18,189,900	11,436,700	3,710,300
Income taxes	7,004,500	4,542,400	1,487,900
Income before extraordinary item	11,185,400	6,894,300	2,222,400
Extraordinary item - loss on extinguishment of debt, net of income tax benefit of $1,088,600	--	--	(1,632,800)
Net income	$ 11,185,400	$ 6,894,300	$ 589,600
Per share:			
Income before extraordinary item	$ 0.85	$ 0.65	$ 0.30
Extraordinary item	--	--	(0.22)
Net income	$ 0.85	$ 0.65	$ 0.08
Weighted average shares and equivalents outstanding	13,215,636	10,614,201	7,304,851

</TABLE>

See accompanying notes to consolidated financial statements.

COPART, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY

<TABLE>
<CAPTION>

	Common stock			
	Outstanding Shares	Amount	Retained Earnings	Shareholders' Equity
<S>	<C>	<C>	<C>	<C>
BALANCES AT JULY 31, 1993	4,359,807	$ 3,030,200	$ 1,101,900	$ 4,132,100
Shares issued for acquisitions	1,021,750	12,405,000	--	12,405,000
Shares issued in connection with private placement	1,071,600	7,486,500	--	7,486,500
Shares issued in connection with initial public offering	2,300,000	24,674,800	--	24,674,800
Net income	--	--	589,600	589,600
BALANCES AT JULY 31, 1994	8,753,157	47,596,500	1,691,500	49,288,000
Shares issued for acquisitions	1,366,666	21,310,100	--	21,310,100
Shares issued in connection with public offering	1,897,500	33,844,900	--	33,844,900

Exercise of stock options	156,100	269,100	--	269,100
Exercise of warrants	188,341	1,301,800	--	1,301,800
Shares issued for Employee Stock Purchase Plan	10,460	207,400	--	207,400
Net income	--	--	6,894,300	6,894,300
BALANCES AT JULY 31, 1995	12,372,224	104,529,800	8,585,800	113,115,600
Shares issued for acquisition	288	6,200	--	6,200
Exercise of stock options	157,508	586,600	--	586,600
Exercise of warrants	87,431	860,300	--	860,300
Shares issued for Employee Stock Purchase Plan	21,062	434,200	--	434,200
Shares issued for software	2,700	56,700	--	56,700
Net income	--	--	11,185,400	11,185,400
BALANCES AT JULY 31, 1996	12,641,213	$ 106,473,800	$ 19,771,200	$ 126,245,000

</TABLE>

See accompanying notes to consolidated financial statements.

COPART, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>
<CAPTION>

	Years ended July 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income	$ 11,185,400	$ 6,894,300	$ 589,600
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	5,996,700	3,397,900	1,521,000
Amortization of OID	--	--	192,200
Loss on extinguishment of debt	--	--	2,721,400
Deferred rent	991,200	19,000	--
Deferred income taxes	(270,100)	71,800	(49,900)
(Gain) loss on sale of assets	(62,300)	(17,000)	117,800
Employee stock purchase plan compensation	91,600	68,600	--
Changes in operating assets and liabilities:			
Acounts receivable	(5,528,500)	(4,905,500)	(1,677,500)
Vehicle pooling costs	(2,366,800)	(1,487,100)	(730,900)
Inventory	1,796,000	(3,172,500)	(79,900)
Prepaid expenses and other current assets	(1,738,800)	503,400	(343,000)
Accounts payable and accrued liabilities	820,000	1,925,900	1,840,600
Deferred revenue	248,000	751,900	171,600
Income taxes	118,100	1,168,900	474,700
Net cash provided by operating activities	11,280,500	5,219,600	4,747,700
CASH FLOWS FROM INVESTING ACTIVITIES:			
Payments received on notes receivable	--	146,400	219,600
Purchase of property and equipment	(8,412,800)	(5,055,800)	(2,058,600)
Proceeds from sale of property and equipment	516,600	17,000	107,500
Purchase of property and equipment in connection with acquisitions	(174,500)	(4,870,400)	(375,500)
Purchase of intangible assets in connection with acquisitions	(2,296,800)	(24,869,900)	(8,691,400)

Purchase of net current assets in connection with acquisitions	(511,200)	(8,562,500)	(2,331,500)
Purchase of software development costs	(672,100)	--	--
Deferred preopening costs	(714,700)	--	--
Other intangible asset additions	(123,500)	--	--
Net cash used in investing activities	(12,389,000)	(43,195,200)	(13,129,900)

</TABLE>

Continued on next page

COPART, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>

	Years ended July 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from issuance of common stock	--	33,844,900	32,161,300
Proceeds from exercise of stock options	586,600	269,100	--
Proceeds from issuance of Employee Stock Purchase Plan Shares	342,600	138,800	--
Proceeds from issuance of notes payable	--	20,525,700	--
Principal payments on notes payable	(573,700)	(20,894,200)	(7,694,700)
Net cash provided by financing activities	355,500	33,884,300	24,466,600
Net (decrease) increase in cash and cash equivalents	(753,000)	(4,091,300)	16,084,400
Cash and cash equivalents at beginning of year	13,779,200	17,870,500	1,786,100
Cash and cash equivalents at end of year	$ 13,026,200	$ 13,779,200	$ 17,870,500
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Interest paid	$ 450,800	$ 491,000	$ 782,800
Income taxes paid	$ 7,160,300	$ 3,298,400	$ 312,400

</TABLE>

See note 14 for noncash financing and investing activities.

See accompanying notes to consolidated financial statements.

COPART, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
JULY 31, 1996, 1995 AND 1994

(1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

CORPORATION ACTIVITIES

Copart, Inc. and its subsidiaries (the "Company") provide vehicle suppliers with a full range of services to process and sell salvage vehicles. The Company auctions salvage vehicles, which are either damaged vehicles deemed a total loss for insurance or business purposes or are recovered stolen vehicles for which an insurance settlement with the vehicle owner has already been made.

Gross proceeds generated from auctioned vehicles were approximately $506,916,000, $317,788,000 and $144,397,200, for the years ended July 31, 1996, 1995 and 1994, respectively.

PRINCIPLES OF CONSOLIDATION

The consolidated financial statements include the accounts of the Company's wholly-owned subsidiaries. Significant intercompany transactions and balances have been eliminated in consolidation.

REVENUE RECOGNITION

Revenues are recorded at the date the vehicles are sold at auction and delivered to the buyers.

CASH AND CASH EQUIVALENTS

The Company considers all highly liquid investments purchased with maturities of three months or less to be cash equivalents.

VEHICLE POOLING COSTS

Vehicle pooling costs consist of labor, towing, outside services and other costs directly attributable to the gathering and processing of vehicles prior to their sale. Vehicle pooling costs are recognized as expenses in the period the vehicle is sold at auction. The Company continually evaluates and adjusts the components of vehicle pooling costs , as necessary.

INVENTORY

Inventories of purchased vehicles are stated at the lower of specific cost or estimated realizable value.

DEFERRED PREOPENING COSTS

Costs related to the opening of new auction facilities, such as preopening payroll and various training expenses, are deferred until the auction facilities open and are amortized over the subsequent 12 months. These costs are included in prepaid expenses and other assets.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost less accumulated depreciation and amortization. Assets acquired before July 31, 1991 are depreciated using

accelerated methods. For assets acquired subsequent to July 31, 1991, depreciation expense is provided on the straight-line method over the estimated useful lives of the related assets, generally five to nineteen years. Leasehold improvements are amortized on a straight-line basis over the shorter of the lease terms or the useful lives of the respective assets.

INTANGIBLE ASSETS

Intangible assets consist of covenants not to compete, goodwill, options to purchase leased property and other costs. Amortization, except for the options to purchase leased property, is provided on the straight-line method over the estimated lives, not to exceed forty years. The Company continually evaluates the recoverability of goodwill as well as other intangible assets by assessing whether the amortization of the balance over the remaining life can be recovered through expected and undiscounted future results. As part of this review, the Company takes into consideration any events and circumstances which might have diminished the fair values.

IMPAIRMENT OF LONG-LIVED ASSETS

In fiscal 1996, the Company adopted Statement of Financial Accounting Standards (SFAS) No. 121, ACCOUNTING FOR THE IMPAIRMENT OF LONG-LIVED ASSETS AND FOR LONG-LIVED ASSETS TO BE DISPOSED OF. SFAS No. 121 requires that long-lived assets and certain identifiable intangibles held and used by an entity be reviewed for impairment whenever events or changes indicate that the carrying amount of an asset may not be recoverable. Upon adoption, the Company identified no long-lived assets or identifiable intangibles which were impaired.

FAIR VALUE OF FINANCIAL INSTRUMENTS

The amounts recorded for financial instruments in the Company's consolidated financial statements approximates fair value as defined in SFAS No. 107.

NET INCOME PER SHARE

Net income per share is computed by using the weighted average number of common shares and equivalents assumed to be outstanding during the periods. Common stock options and warrants to purchase common stock were included in the calculations of net income per share.

INCOME TAXES

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statement carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carryforwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date.

RECENT ACCOUNTING PRONOUNCEMENT

In October 1995, the Financial Accounting Standards Board issued SFAS No. 123, ACCOUNTING FOR STOCK-BASED COMPENSATION. SFAS No. 123 will be effective for fiscal years beginning after December 15, 1995, and will require that the Company either recognize in its consolidated financial statements costs on a

fair value basis related to its employee stock based compensation plans, such as stock option and stock purchase plans, or make pro forma disclosures of such costs in a note to the consolidated financial statements.

The Company expects to continue to use the intrinsic value-based method of Accounting Principles Board Opinion No. 25, as allowed under SFAS No. 123, to account for all of its employee stock-based compensation plans. The adoption of SFAS No. 123 is not expected to have a material effect on the Company's consolidated results of income or financial position.

USE OF ESTIMATES

Management of the Company has made a number of estimates and assumptions relating to the reporting of assets and liabilities and the disclosure of contingent assets and liabilities to prepare these financial statements in conformity with generally accepted accounting principles. Actual results could differ from those estimates.

(2) ACQUISITIONS

FISCAL 1996 TRANSACTIONS

On August 1, 1995, the Company acquired certain assets of Mississippi Salvage Disposal Company, Inc., of Jackson, Mississippi. On November 16, 1995, the Company acquired certain assets of Sun City Salvage Pool, Inc., of El Paso, Texas. The consideration paid for these acquisitions consisted of $2,782,500 in cash. The Company also paid $200,000 for an option to purchase land. The acquired net assets consisted of accounts and advances receivable, inventory, fixed assets, goodwill and covenants not to compete. The acquisitions were accounted for using the purchase method of accounting, and the operating results subsequent to the acquisition dates are included in the Company's consolidated statements of income. The excess of the purchase price over fair market value of the net identifiable assets acquired of $1,746,800 has been recorded as goodwill and is being amortized in a straight-line basis over forty years. In conjunction with these acquisitions, the Company entered into leases for the use of these facilities. In addition, the Company paid $125,000 in June 1996 for contingent consideration related to the fiscal 1994 Lufkin and Longview acquisitions, and paid $6,200 in stock consideration, in November 1995, related to the fiscal 1995 St. Louis acquisition.

FISCAL 1995 TRANSACTIONS

On October 17, 1994, the Company acquired all of the stock of Kansas City Salvage Pool, Inc. for $3,947,600 in cash and 93,104 shares of common stock valued at $1,512,900. The acquisition was accounted for using the purchase method, and the operating results subsequent to the acquisition date are included in the Company's consolidated statements of income. The excess of the purchase price over the fair value of the net identifiable assets acquired at $4,689,200 has been recorded as goodwill and is being amortized on a straight-line basis of 40 years. In conjunction with this acquisition, the Company entered into a lease for the use of the facilities.

On November 13, 1994, the Company acquired certain assets of Auto Pools of Oklahoma City and Tulsa, Inc., Auto Storage Pool, Inc. and Auto Pools of Tulsa, Inc. of Oklahoma City and Tulsa, Oklahoma. On March 1, 1995, the Company acquired certain assets of Missouri Auto Salvage Pool, Inc. of St. Louis, Missouri. On April 7, 1995, the Company acquired certain assets and liabilities of Mid-Ark Salvage Pool, Inc. of Conway and West Memphis, Arkansas. The consideration paid for these acquisitions consisted of $4,391,300 in cash and 112,466 shares of common stock valued at $2,055,500. The Company also paid $500,000 for options to purchase the St. Louis, Conway, and West Memphis facilities. The acquired net assets consisted of accounts and advances receivables, inventory, fixed assets, goodwill and covenants not to compete. The acquisitions were accounted for using the purchase

method of accounting, and the operating results subsequent to the acquisition dates are included in the Company's consolidated statements of income. The excess of the purchase price over fair market value of the net identifiable assets acquired of $4,471,000 has been recorded as goodwill and is being amortized in a straight-line basis between thirty and forty years. In conjunction with these acquisitions, the Company entered into leases for the use of these facilities. In addition, the Company paid $119,400 in May, 1995 for contingent consideration related to the fiscal 1994 Lufkin and Longview acquisitions.

On May 2, 1995, the Company acquired certain assets and liabilities of NER Auction Group with 20 locations in 11 states in the northeast and great lakes regions and Florida for $22,732,000 in cash and 1,161,103 shares of common stock valued at $17,741,700. The Company also paid $2,000,000 for options to purchase land and buildings at certain facilities. The acquisition was accounted for using the purchase method, and the operating results subsequent to the acquisition date are included in the Company's

consolidated statements of income. The excess of the purchase price over the fair value of the identifiable net assets acquired of $31,615,200 has been recorded as goodwill and is being amortized on a straight-line basis over forty years. In conjunction with this acquisition, the Company entered into leases for all of the facilities.

FISCAL 1994 TRANSACTIONS

On January 10, 1994, the Company acquired certain operating assets from Yeates Company, Inc. (Houston Auction Pool) of Houston, Texas for $7,324,800 in cash. The acquisition was accounted for using the purchase method, and the operating results subsequent to the acquisition date are included in the Company's consolidated statements of income. The excess of the purchase price over the fair value of the net identifiable assets acquired of $6,009,000 has been recorded as goodwill and is being amortized on a straight-line basis over forty years. In conjunction with this acquisition, the Company has entered into a lease for use of the facilities.

On March 16, 1994, the Company acquired all of the assets and liabilities (including the assumption of an environmental liability for $3,000,000) of North Texas Salvage Pool, Inc. for $200,000 in cash and, 979,583 shares of common stock valued at $11,755,000. The Company also paid $25,000 for options to purchase the land and buildings. The acquisition was accounted for using the purchase method, and the operating results subsequent to the acquisition date are included in the Company's consolidated statements of income. The excess of the purchase price over the fair value of the net identifiable assets acquired of $14,082,900 has been recorded as goodwill and is being amortized on a straight-line basis over forty years. In conjunction with this acquisition, the Company has entered into a lease for use of the facilities.

On May 1, 1994, the Company, through a wholly owned subsidiary, acquired certain operating assets of the Lufkin and Longview Partnership of Lufkin and Longview, Texas. On July 15, 1994, the Company, through a wholly owned subsidiary, acquired certain operating assets of Hughes Auto Disposal, Inc. of Atlanta, Georgia. The consideration paid for these acquisitions consisted of cash of $3,630,000 and the issuance of 42,167 shares of the Company's common stock. The acquired net assets consisted of accounts and advances receivable, inventory, fixed assets, options to purchase the related land and facilities, goodwill and covenants not to compete. The acquisitions were accounted for using the purchase method of accounting, and the operating results subsequent to the acquisition dates are included in the Company's consolidated statements of income. The excess of purchase price over fair value of the net identifiable assets acquired of $2,040,500 has been recorded as goodwill and is being amortized on a straight-line basis between thirty and forty years. In conjunction with the acquisitions, the Company entered into leases for the use of the facilities. The lease pertaining to Hughes Auto Disposal, Inc. acquisition contains a purchase option to acquire the related land and facilities.

The following unaudited pro forma financial information assumes the 1996 and 1995 acquisitions, debt repayment and secondary offering occurred at the beginning of fiscal 1995. These results have been prepared for comparative purposes only and do not purport to be indicative of what would have occurred had the acquisitions been made at the beginning of fiscal 1995 or of the results of which may occur in the future.

	Years ended July 31,	
	1996	1995
Revenues	$118,248,000	$ 84,820,000
Operating income	$ 17,802,000	$ 15,852,000
Net income	$ 11,185,000	$ 9,578,000
Net income per share	$ 0.85	$ 0.72

(3) ACCOUNTS RECEIVABLE

Accounts receivable consists of the following:

	July 31,	
	1996	1995
Accounts receivable	$29,730,500	$21,947,100
Related party receivable	360,500	2,053,500
	30,091,000	24,000,600
Less allowance for doubtful accounts	99,000	99,000
	$29,992,000	$23,901,600

Accounts receivable includes trade accounts receivable and advance charges. Trade accounts receivable include fees to be collected from insurance companies and buyers. Advance charges receivable represent amounts paid to third parties on behalf of insurance companies for which the Company will be reimbursed when the vehicle is sold and approximate $9.8 million and $7.8 million as of July 31, 1996 and 1995, respectively.

(4) PROPERTY AND EQUIPMENT

Property and equipment consists of the following:

	July 31,	
	1996	1995
Transportation and other equipment	$11,488,100	$10,185,700
Office furniture and equipment	4,361,600	2,668,500
Land, buildings and leasehold improvements	17,582,800	4,677,300
	33,432,500	17,531,500
Less accumulated depreciation	7,228,300	4,449,500
	$26,204,200	$13,082,000

Included in property and equipment as of July 31, 1996 and 1995, are $1,330,600 and $663,700 respectively, of equipment under capital leases. Accumulated amortization related to this equipment was $404,200 and $220,800 as of July 31, 1996 and 1995, respectively.

(5) INTANGIBLE AND OTHER ASSETS

Intangible and other assets consists of the following:

	JULY 31,	
	1996	1995
Covenants not to compete	$ 4,787,500	$ 4,462,500
Goodwill	70,404,400	68,395,800
Options to purchase leased property	3,455,000	3,255,000
Software	809,800	81,000
Other	215,400	322,500
	79,672,100	76,516,800
Less accumulated amortization	5,109,800	2,435,700
	$ 74,562,300	$ 74,081,100

(6) SUBORDINATED NOTES PAYABLE

In 1993, the Company consummated a private placement note financing of $10 million and borrowed $7,000,000. In connection with this financing, the Company issued 1,326,307 shares of common stock to the noteholders and warrants to purchase 405,944 shares of common stock to a placement agent. During fiscal 1994, the unamortized amounts of debt offering costs of $539,900 and original issue discount of $2,181,500 were written off in connection with the repayment of the related debt and recorded as an extraordinary item.

(7) ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities consists of the following:

	JULY 31,	
	1996	1995
Trade accounts payable	$ 347,600	$ 1,461,400
Accounts payable to insurance companies	7,810,100	4,860,600
Accrued payroll	1,455,400	1,000,700
Other accrued liabilities	756,900	2,227,300
	$ 10,370,000	$ 9,550,000

(8) LONG-TERM DEBT

Long-Term debt consists of the following:

	JULY 31,	
	1996	1995
Note payable to a corporation, secured by land, payable in monthly interest only installments of $45,000 through May 2001, when balance is due, bearing interest at 7.2%	$ 7,500,000	--
Unsecured note payable to an individual, payable in monthly installments of $33,000 through September 1997 when the balances become due, bearing interest at 10%	1,801,500	2,006,500
Notes payable under capital leases, secured by equipment, payable in monthly installments of $1,600 to $17,800 through July 1999, bearing interest from 3.9% to 10.4%	908,300	449,400
Notes payable secured by land, payable in monthly installments of $2,600 to $3,100 through July 2000, bearing interest at 8%	642,100	657,400
Unsecured notes payable to individuals, payable in monthly installments of $3,300 to $5,000 through February 2000, bearing interest at 10% to 12%	229,700	346,900
Notes payable to financial institutions, secured by equipment, payable in monthly installments of $1,400 to $3,200 through September 1999, bearing interest from 8% to 9.5%	178,200	273,500
	11,259,800	3,733,700
Less current portion	772,800	582,700
	$10,487,000	$ 3,151,000

The aggregate maturities of long-term debt are as follows:

YEARS ENDING JULY 31,

1997	$ 772,800
1998	2,031,200
1999	573,500
2000	382,300
2001	7,500,000
	$11,259,800

The Company has entered into a bank credit facility which consists of a revolving line of credit of $10 million which matures in November 1997 and a $18.5 million term loan facility which matures in May 2002. The term loan amortizes on a straight-line basis over its term. The Company may reborrow up to the unamortized principal amount of the term loan. Amounts outstanding under the bank credit facility accrue interest at either the prime rate or at a rate based on LIBOR plus a spread of 1.75% subject to reductions based on certain credit ratios. The current spread has been reduced to 1.25%. As of July 31, 1996, there were no outstanding borrowings under this facility. The Company is subject to customary covenants, including restrictions on payment of dividends, under the facility, with which it is in compliance.

(9) SHAREHOLDERS' EQUITY

On May 24, 1995 the Company completed a secondary offering of 1,897,500 shares of common stock. Proceeds to the Company, net of related costs of the offering, totaled $33,844,900. On March 17, 1994, the Company completed an IPO of 2,300,000 shares of common stock. Proceeds to the Company, net of related costs of the offering, totaled $24,674,800. In November 1993, in a private placement financing to certain shareholders which generated proceeds to the Company of $7,486,500, the Company issued 1,071,600 shares of common stock and a warrant expiring in November 1998 to purchase 300,000 shares of common stock at $7.00 per share.

In fiscal 1996, 1995 and 1994, the Company issued 288, 1,366,666 and 1,021,750 shares of common stock with a fair market value of $6,200, $21,310,100 and $12,405,000 in connection with certain acquisitions, respectively.

The Company adopted the Copart, Inc. 1992 Stock Option Plan (the "Plan"), as amended, presently covering 1,500,000 shares of the Company's common stock. The Plan provides for the grant of incentive stock options to employees and non-qualified stock options to employees, officers, directors and consultants at prices not less than 100% and 85% of the fair market value for incentive and non-qualified stock options, respectively, as determined by the Board of Directors at the grant date. Incentive and non-qualified stock options may have terms of up to ten years and vest over periods determined by the Board of Directors. Options generally vest ratably over a two or five year period.

In March 1994, the Company adopted the Copart, Inc. 1994 Director Option Plan under which 40,000 shares of the Company's common stock are presently reserved. In general, new non-employee directors will automatically receive grants of non-qualified options to purchase 3,000 shares and subsequent grants to purchase 1,500 shares at specified intervals.

<TABLE>
<CAPTION>

	1992 Stock Option Plan			
	Incentive stock options	Non-qualified stock options	Director Option Plan	Price per share
<S>	<C>	<C>	<C>	<C>
Outstanding at July 31, 1993	480,000	162,500	--	$ 1.00 - 2.00
Granted	214,000	20,000	6,000	12.00
Outstanding at July 31, 1994	694,000	182,500	6,000	1.00 - 12.00
Exercised	(156,100)	--	--	1.00 - 2.00
Granted	160,000	--	3,000	17.00 - 21.13
Outstanding at July 31, 1995	697,900	182,500	9,000	1.00 - 21.13
Canceled	(33,100)	--	(2,300)	2.00 - 21.13
Exercised	(155,300)	--	(2,200)	1.00 - 19.38

Granted	147,500	--	1,500	12.50 - 23.44
Outstanding at July 31, 1996	657,000	182,500	6,000	$ 1.00 - 23.44
Vested at July 31, 1996	210,900	177,200	3,900	$ 1.00 - 19.38

</TABLE>

In March 1994, the Company authorized the issuance of 5,000,000 shares of preferred stock, no par value, none of which are issued.

The Company adopted the Copart, Inc. Employee Stock Purchase Plan effective January 1994. The plan provides for the purchase of up to 85,000 shares of common stock of the Company by employees pursuant to the terms of the plan, as defined. Shares of common stock issued pursuant to the plan during

fiscal 1996 and 1995 were 21,062 and 10,460, respectively. Additional compensation expense of $91,600 and $68,600 was recognized in fiscal 1996 and 1995, respectively.

At July 31, 1996, the Company has 100,584 outstanding warrants expiring in 1997 to purchase shares of common stock at $2.04 per share in connection with the financing described in note 6.

(10) INCOME TAXES

Income tax expense (benefit) consists of:

<TABLE>
<CAPTION>

	Years ended July 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Federal:			
Current	$ 6,362,400	$ 4,031,200	$ 1,261,500
Deferred	(233,800)	66,200	(46,900)
	6,128,600	4,097,400	1,214,600
State:			
Current	912,200	439,400	276,300
Deferred	(36,300)	5,600	(3,000)
	875,900	445,000	273,300
	$ 7,004,500	$ 4,542,400	$ 1,487,900

</TABLE>

The reconciliation between the amount computed by applying the U.S. federal statutory tax rate of 34% to income before income tax expense and the actual income tax expense follows:

<TABLE>
<CAPTION>

	Years ended July 31,		
	1996	1995	1994
<S>	<C>	<C>	<C>
Income tax expense at statutory rate	34%	34%	34%
State income taxes, net of federal income tax benefit	4	3	6
Amortization of goodwill	1	1	5
Other	--	2	(5)
	39%	40%	40%

</TABLE>

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below:

	Years ended July 31,	
	1996	1995
Deferred tax assets:		
Allowance for doubtful accounts receivable	$ 38,700	$ 30,200
Accrued vacation	148,600	125,500
State taxes	317,200	96,300
Total gross deferred tax assets	504,500	252,000
Deferred tax liabilities:		
Amortization of goodwill	(424,000)	(202,100)
Accrual to cash basis accounting	(126,100)	(242,000)
Depreciation	(186,300)	(309,900)
Total gross deferred tax liabilities	(736,400)	(754,000)
Net deferred tax liability	$(231,900)	$(502,000)

In fiscal 1996 and 1995, the Company recognized a tax benefit of $860,300 and $1,301,800, respectively upon the exercise of certain stock warrants that were issued to a placement agent in connection with the financing described in note 6.

(11) MAJOR CUSTOMERS

One customer accounted for 16% of revenue in fiscal 1996, two customers accounted for 37% of revenue in fiscal 1995, and three customers accounted for approximately 53% of revenue in fiscal 1994. No other customer accounted for more than 10% of revenues. No buyer of auto salvage accounted for more than 10% of gross proceeds in any period.

(12) COMMITMENTS AND CONTINGENCIES

LEASES:

The Company leases certain facilities under operating leases and has either a right of first refusal to acquire or option to purchase certain facilities at fair value. Facilities rental expense for the years ended July 31, 1996, 1995 and 1994 aggregated, $5,536,400, $2,833,600, and $1,615,900, respectively.

The Company has operating leasing lines with certain financial institutions of up to $10,500,000 for the purpose of leasing yard and fleet equipment of which approximately $1,445,100 was available as of July 31, 1996.

Noncancelable future minimum lease payments under capital and operating leases with initial or remaining lease terms in excess of one year at July 31, 1996 are as follows:

YEARS ENDING JULY 31,	CAPITAL LEASES	OPERATING LEASES
1997	$ 408,700	$ 6,448,700
1998	352,600	6,529,100
1999	213,100	6,339,600
2000	--	6,083,300
2001	--	4,751,700
Thereafter	--	10,472,700

	974,400	$ 40,625,100
Less amount representing interest	66,100	----------
	$ 908,300	

COMMITMENT:

The Company has entered into agreements to acquire approximately $6 million of multi-vehicle transport trucks and forklifts.

CONTINGENCIES:

Copart is subject to legal proceedings and claims which arise in the ordinary course of business. In addition, the Company is undergoing an examination of its fiscal 1992 through 1994 federal income tax returns. In the opinion of management, any ultimate liability with respect to these actions will not materially affect the financial position of Copart.

(13) RELATED PARTY TRANSACTIONS

The Company leases certain of its facilities from affiliates of the Company under lease agreements. Rental payments under these leases aggregated $1,517,900, $589,300 and $149,100 for the years ended July 31, 1996, 1995 and 1994, respectively, and expire on various dates through 2005.

An affiliate provided $559,800, $535,800 and $562,800 of tow services to the Company in fiscal 1996, 1995 and 1994, respectively.

(14) NONCASH FINANCING AND INVESTING ACTIVITIES

In fiscal 1996, 2,700 shares, valued at $56,700, were issued to an outside consultant for services rendered in connection with the development of computer software. In addition, 288 shares of common stock were issued as contingent consideration related to the acquisition of the St. Louis facility.

In fiscal 1996 and 1995, the Company acquired (i) $62,900 and $21,310,100 of intangible assets through the issuance of common stock, respectively and (ii) $599,800 and $133,100 of tangible assets through the issuance of notes payable in connection with capital leases, respectively. In addition, in fiscal 1996, the Company acquired real property for the purchase price of $10.5 million of which $3 million was paid in cash, and $7.5 million was paid through the issuance of a note payable.

In fiscal 1996 and 1995, 94,607 and 210,673 warrants were exercised in a non-cash transaction which resulted in the issuance of 87,431 and 188,431 shares of common stock, respectively.

In fiscal 1994, the Company acquired: (i) $14,957,000 of intangible assets and $478,300 of tangible assets through the assumption of a note payable on a capital lease, assumption of certain liabilities, and the issuance of common stock; (ii) $300,000 of tangible assets through issuance of a note payable; and (iii) $332,800 of tangible assets through issuance of notes payable in connection of capital leases.

(15) QUARTERLY INFORMATION (UNAUDITED)

<TABLE>
<CAPTION>

	FISCAL QUARTER				
	FIRST	SECOND	THIRD	FOURTH	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
1996					
Revenues	$ 26,416,400	$ 26,071,100	$ 34,330,100	$ 31,430,000	$118,247,600
Operating income	$ 4,283,200	$ 4,881,200	$ 4,537,600	$ 4,099,600	$ 17,801,600

Net income	$ 2,617,700	$ 3,021,500	$ 2,789,100	$ 2,757,100	$ 11,185,400
Net income per share	$ 0.20	$ 0.23	$ 0.21	$ 0.21	$ 0.85

<CAPTION>

	FISCAL QUARTER				
	FIRST	SECOND	THIRD	FOURTH	TOTAL
<S>	<C>	<C>	<C>	<C>	<C>
1995					
Revenues	$ 9,686,700	$ 10,983,500	$ 16,004,900	$ 21,441,600	$ 58,116,700
Operating income	$ 2,012,000	$ 2,530,100	$ 3,112,600	$ 3,606,300	$ 11,261,000
Net income	$ 1,262,100	$ 1,586,200	$ 1,900,700	$ 2,145,300	$ 6,894,300
Net income per share	$ 0.13	$ 0.16	$ 0.19	$ 0.17	$ 0.65

</TABLE>

FORM 10-K

The Company will provide, without charge to each Shareholder, upon written request a copy of its Form 10-K as required to be filed with the Securities & Exchange Commission pursuant to rule 13a-1, under the Securities Exchange Act of 1934. Your written request should be directed to: Chief Financial Officer, Copart, Inc.

ANNUAL MEETING

The Annual meeting of Shareholders will be held at 5500 E. Second Street, Benicia, California 94510 at 8:00 a.m. December 5, 1996.

SCHEDULE II

COPART, INC. AND SUBSIDIARIES
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED JULY 31, 1996, 1995 AND 1994

<TABLE>
<CAPTION>

DESCRIPTION AND YEAR	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	DEDUCTIONS APPLICATIONS TO BAD DEBT	BALANCE AT END OF YEAR
<S>	<C>	<C>	<C>	<C>
Reserve for doubtful accounts:				
July 31, 1996	$ 99,000	--	--	$ 99,000

July 31, 1995	$ 80,000	$ 19,000	--	$ 90,000
July 31, 1994	$ 39,400	$ 40,600	--	$ 80,000

</TABLE>

CONTRACT OF SALE

by and between

THE STROH COMPANIES, INC.,
as Seller

and

COPART, INC.,
as Purchaser

Dated as of March __, 1996

Property:

7521 Woodman Avenue
Van Nuys, CA

TABLE OF CONTENTS

EXHIBITS

CONTRACT OF SALE

AGREEMENT, made as of March ___, 1996, by and between THE STROH COMPANIES, INC., a Delaware corporation having an office at 100 River Place, Detroit, MI 48207-4291 ("SELLER"), and COPART, INC., a California corporation having an office at 5500 E. Second Street, Second Floor, Benicia, CA 94510 ("PURCHASER").

W I T N E S S E T H:

In consideration of the mutual covenants and provisions herein contained, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereby covenant and agree as follows:

1. PROPERTY. Seller hereby agrees to sell and Purchaser hereby agrees to purchase, upon the terms and conditions set forth in this Agreement, the property (the "PROPERTY") consisting of (a) all those certain plots, pieces or parcels of land located in the City of Los Angeles, of County of Los Angeles, State of California, and having a street address at 7521 Woodman Avenue, Van Nuys, CA, and more particularly described in Exhibit A hereto (the "LAND"), (b) all buildings and all other structures, facilities or improvements presently located or hereinafter located in or on the Land (the "IMPROVEMENTS"), (c) all fixtures, machinery, systems, equipment and items of personal property owned by Seller attached or appurtenant to, located on and used in connection with the ownership, use, operation or maintenance of the Land or the Improvements, including, without being limited. to, the personal property set forth in Exhibit B hereto (collectively, the "Personal Property") (d) all strips, gores, easements, privileges, licenses, permits, approvals, authorizations, rights and appurtenances relating to any of the foregoing, and (e) all of Seller's right, title and interest in any sewer facility credits relating to the Land and the Improvements.

2. PURCHASE PRICE AND ESCROW PROVISIONS. (a) The purchase price for the Property is TEN MILLION FIVE HUNDRED THOUSAND DOLLARS ($10,500,000.00) (the "PURCHASE PRICE").

(b) The Purchase Price shall be payable as follows:

(i) Within three (3) business days after the execution and delivery of this Agreement, Purchaser shall pay ONE HUNDRED THOUSAND DOLLARS ($100,000.00) (the "DOWNPAYMENT"), by check delivered and deposited as provided in Section 2(c) below, subject to collection, payable to the order of Escrow Agent (as defined in Section 2(c)

below), or wire transfer of same day funds to Escrow Agent's account in accordance with Escrow Agent's written wiring instructions. The Downpayment shall be held in accordance with Sections 2(c) and (e) hereof, and shall only be refundable to Purchaser (a) until the expiration of the Contingency Period (as

hereinafter defined), in accordance with Sections 4(c)(i) and 4(c)(ii) hereof and (b) from and after the expiration of the Contingency Period, if the Closing (as hereinafter defined) does not occur for any reason other than default by Purchaser, in accordance with Section 13(c)(i). On the Closing Date, the Downpayment and all interest earned thereon shall be credited against the Purchase Price.

(ii) At least one (1) business day prior to the Closing Date (as hereinafter defined), Purchaser shall execute and deliver to Escrow Agent the following (the "LOAN DOCUMENTS"), which shall be in the form agreed upon pursuant to Section 4(g) hereof: (a) a purchase money note in the amount of $7,500,000.00 (the "PURCHASE LOAN") payable to the order of Seller (the "NOTE"); (b) a purchase money deed of trust, security agreement and financing statement securing the Note and creating a first priority lien on the Property subject only to the Permitted Title Exceptions (as hereinafter defined) (the "DEED OF TRUST"); (c) an assignment of rents and leases securing the Note and granting a present, absolute assignment to Seller of all rents derived from leases affecting the Property (the "ASSIGNMENT OF RENTS AND LEASES"); (d) an environmental indemnity from Copart, Inc. and (e) a UCC financing statement for the Personal Property.

(iii) At least one (1) business day prior to the Closing Date, an amount, subject to adjustment or withholding pursuant to the terms of this Agreement, equal to the balance of the Purchase Price (I.E., the Purchase Price less the sum of (a) the Downpayment and all interest thereon and (b) $7,500,000.00) shall be paid by wire transfer of immediately available funds to Escrow Agent's account in accordance with Escrow Agent's written instructions.

(c) Within three (3) business days after the execution of this Agreement by Seller and Purchaser, Seller and Purchaser shall open escrow ("ESCROW") with Continental Lawyers Title Company at its offices at 800 East Colorado Boulevard, Pasadena, CA ("ESCROW AGENT"), by depositing with Escrow Agent an executed copy of this Agreement and by Purchaser depositing with the Escrow Agent the Downpayment. Failure by Purchaser to timely deposit the Downpayment shall result in the automatic termination of this Agreement and Escrow. The terms of this Agreement, together with Escrow Agent's standard general instructions, shall be the instructions to Escrow Agent with respect to the purchase of the Property. The terms of this Agreement shall control over any inconsistent provisions of Escrow Agent's standard general instructions, which instructions shall be executed by the parties hereto

following the receipt thereof.

(d) Escrow and title insurance costs, fees and expenses shall be paid in accordance with Section 9(a) hereof.

(e) Escrow Agent shall invest and deliver the Downpayment in accordance with the provisions set forth on the attached Exhibit G.

(f) Prior to the Closing the parties shall deposit the following items with Escrow Agent:

(i) Seller shall deposit:

(a) the Deed;

(b) the Bill of Sale, the Lease Assignment, the General Assignment, the California Form 590-RE, and the FIRPTA Affidavit; and

(c) any other documents to be delivered by Seller and to be recorded at Closing.

(ii) Purchaser shall deposit:

(a) the Loan Documents;

(b) the Lease Assignment and the General Assignment; and

(c) the balance of the Purchase Price for the Property.

(g) Upon receipt by Escrow Agent of confirmation from each of Seller and Purchaser that all of the conditions set forth in Section 5 have been satisfied, Escrow Agent is hereby instructed to take the following action:

(i) record the Deed (with documentary transfer taxes affixed after recordation), the Deed of Trust and the Assignment of Rents and Leases and file with the Secretary of State of California the UCC financing statement for the Personal Property;

(ii) deliver and disburse to Seller (a) the Note and the balance of the Purchase Price and all other amounts, subject to adjustment or withholding pursuant to the terms of this Agreement, and (b) the Deed of Trust, the Assignment of Rents and Leases and the UCC financing statements, as recorded or filed, as applicable (to the extent the foregoing documents are returned to Escrow Agent by the recorder's office following the recording or filing thereof);

(iii) deliver and disburse to Purchaser the Bill of Sale, the Lease Assignment, the General Assignment and the FIRPTA Affidavit and the balance of funds, if any, after the disbursements provided for in clause (ii) above; and

(iv) cause the Title Company to issue the owner's and mortgagee's title policies to Purchaser and Seller, respectively.

3. CONDITION OF PROPERTY; TITLE. (a) Purchaser agrees to purchase the Property in its present "as is" condition, including, without limitation, the presence of any asbestos or asbestos containing materials or other Hazardous Materials (as hereinafter defined), subject to reasonable use, wear, tear and natural deterioration of the Property between the date hereof and the Closing Date and except as otherwise expressly provided herein. Except as set forth in this Agreement and the Exhibits hereto, Seller has not made any representations as to the physical condition or any other matter or thing affecting or related to the Property.

(b) Purchaser shall accept title to the Property subject to the matters agreed upon by the parties on or prior to the Contingency Date pursuant to Section 10. If Seller shall so request, Purchaser will allow Escrow Agent, upon the Closing, to pay from the cash balance of the Purchase Price due Seller as much thereof as may be necessary to satisfy any lien(s) or encumbrance(s) which Seller is obligated or elects to cure hereunder, provided the Title Company agrees to remove such liens and encumbrances from the Title Policy.

4. TIME AND PLACE OF CLOSING; CONTINGENCY PERIOD; LOAN DOCUMENTS. (a) CLOSING. The closing of the transactions contemplated hereby (the "CLOSING") shall take place at 8:00 a.m. on May 31, 1996 (the "AGREED DATE") at the offices of Escrow Agent at 800 East Colorado Boulevard, Pasadena, California, or at such other place or time as Seller and Purchaser may mutually agree. Subject to Seller's right to adjourn the Closing pursuant to Section 10(c)(iii) hereof, TIME IS OF THE ESSENCE for the parties to consummate the Closing on or prior to the Agreed Date. The term "CLOSING DATE", as used in this Agreement, shall mean the date when the Deed has been duly delivered, accepted and recorded.

(b) PRE-CLOSING. Prior to the Agreed Date, the parties shall cooperate with each other to (i) examine and approve, to the extent practicable, all of Seller's Closing Documents and all of Purchaser's Closing Documents (as defined in Section 5 hereof), (ii) agree, to the extent practicable, upon the apportionments pursuant to Section 8 hereof and (iii) settle such other matters as are customarily determined in advance of closing.

(c) PURCHASER'S TERMINATION RIGHT. (i) Purchaser shall have the right, in its sole and absolute discretion, to terminate this Agreement

upon written notice to Seller and Escrow Agent at any time prior to 5:00 p.m. (Los Angeles time) on May 15, 1996 (the "CONTINGENCY DATE"). TIME IS OF THE ESSENCE as to receipt of notice of termination on or prior to Contingency Date. In the event that Purchaser shall have not given Seller and Escrow Agent such notice on or prior to the Contingency Date, Purchaser shall be deemed to have waived its right to terminate under this Section 4(c)(i). The period from the date hereof through the Contingency Date is herein referred to as the "CONTINGENCY PERIOD".

(ii) Upon termination of this Agreement pursuant to the Section 4(c)(i) (or Sections 4(g) or 10(c)(ii), as applicable), Purchaser shall be entitled to the Downpayment and all interest earned thereon and the parties shall jointly instruct Escrow Agent to promptly return the Downpayment, together with interest earned thereon, to Purchaser. Upon such return, this Agreement shall be deemed terminated, and neither party shall have any further liability or obligation to the other hereunder, except for such liabilities and obligations as are specifically stated to survive the termination of this Agreement (and the obligation contained in the following sentence). If this Agreement is so terminated, Purchaser shall, within five (5) days following such termination, deliver to Seller copies of all engineering, environmental and other physical due diligence reports prepared for Purchaser by Purchaser's third-party consultants (excluding proprietary matters and without representation or warranty and subject to other limitations on which such due diligence reports were prepared) and return to Seller all of the items delivered to Purchaser pursuant to Section 4(d).

(d) DUE DILIGENCE ITEMS. Purchaser acknowledges receipt of the following:

(i) a copy of the soils reports, engineering studies, grading plans, topographical maps and seismic tests, studies, reports or analyses relating to the Property described on Exhibit "F" hereto;

(ii) copies of the real property tax bills for the Property for the 1993-1994, 1994-1995 and 1995-1996 tax years;

(iii) a copy of the reports, correspondence, test results and recommendations relating to the Property described on Exhibit "F" hereto;

(iv) the description on Exhibit "F" hereto of (a) all pending causes, claims, proceedings or legal actions instituted against Seller with respect to the Property, and (b) to Seller's actual knowledge, all causes, claims, proceedings or legal actions threatened against Seller with respect to the Property;

(v) complete copies of all of (a) the Leases (as defined in Section 5(a)(i)(3) hereof) and (b) the Permits (as defined in Section

5(a)(i)(7) hereof);

(vi) the list set forth on Exhibit "F" hereof of all tangible personal property owned or leased by Seller as of the date hereof which is included in the sale, which property is attached or appurtenant to, located on and used in connection with the Land and the Improvements;

(vii) the list set forth on Exhibit "F" hereof, and complete copies, of certificates of insurance evidencing the insurance policies currently maintained by

Seller with respect to the Property, and the list set forth on Exhibit "F" hereof, and complete copies of, all claims and settlements made within the last three (3) years; and

(viii) the list set forth on Exhibit "F" hereof of all building plans and specifications for the Improvements in Seller's possession or reasonably available to Seller (the "PLANS AND SPECIFICATIONS").

(e) INSPECTION. During the Contingency Period and thereafter so long as this Agreement has not been terminated, upon reasonable prior notice to Seller, Purchaser shall have reasonable access during normal business hours to all of Seller's tenant files for the Property and to all of Seller's other books and records and files relating to the Property that are not confidential in nature and to the Plans and Specifications, and Purchaser shall have the right to communicate directly with any private, quasi-governmental or governmental authority or entity regarding the Property, including, without limitation, any party that performed work for or on behalf of Seller (and Seller shall authorize such parties to communicate with Purchaser); PROVIDED, HOWEVER, to the extent Seller's books and records relating to the Property are intermingled with books and records pertaining to other property of Seller, Seller shall provide Purchaser with copies of such books and records appropriately redacted; PROVIDED, FURTHER, HOWEVER, Purchaser shall not be entitled to communicate or otherwise meet with any of the Tenants unless a representative of Seller is present (and Seller hereby agrees to make itself or its representative reasonably available for such a meeting). In addition, Purchaser shall have the right to inspect the physical condition of the Property at Purchaser's sole cost and expense at reasonable times during the Contingency Period in accordance with the following:

(i) Purchaser shall have the right to commence its physical inspection of the Property after Seller's receipt of written evidence that Purchaser has procured the insurance required by Section 4(e)(iii). Purchaser's physical inspection of the Property shall be conducted at times that are reasonably and mutually acceptable to Purchaser, Seller and any Tenants (as defined in Section 5(a)(i)(3) hereof). Such inspection shall be conducted in a manner that does not

unreasonably disturb the Tenants and other occupants of the Property and their use thereof and Purchaser and Purchaser's agents shall perform inspections only while accompanied by one or more representatives of Seller (and Seller hereby agrees to make itself or its representatives reasonably available for such inspections). Upon completion of its inspection, tests or surveys, Purchaser shall restore the Property to its condition prior to such inspection, tests or surveys. No borings may be conducted except upon the prior written approval of Seller, in its good faith discretion and taking into account the rights of the Tenants and other occupants of the Property.

(ii) Purchaser agrees that Purchaser shall, effective upon the expiration of the Contingency Period, be deemed to have represented and warranted that (a) Purchaser

has conducted such tests, surveys and inspections, and made such boring, percolation, geologic, environmental and soils tests and other studies of the Property, and (b) Seller has provided Purchaser with adequate opportunity to make such inspection of the Property (including, an inspection for zoning, land use, environmental and other laws, regulations and restrictions), in each case, as Purchaser has, in Purchaser's discretion, deemed necessary or advisable as a condition precedent to Purchaser's purchase of the Property and to determine the physical, environmental and land use characteristics of the Property (including without limitation, its subsurface) and its suitability for Purchaser's intended use.

(iii) Purchaser shall obtain at Purchaser's sole cost and expense, prior to commencement of any investigative activities on the Property, a policy of commercial general liability insurance covering any and all liability of Purchaser and Seller with respect or arising out of any investigative activities or other activities while on the Property. Such policy of insurance shall be kept and maintained in force during the term of this Agreement and shall cover claims arising as a result of the acts of Purchaser, Purchaser's employees, agents, contractors, suppliers, consultants or other related parties during the term of this Agreement in respect of such activities. Such policy of insurance shall have liability limits of not less than $1,000,000.00 combined single limit per occurrence for bodily injury, personal injury or property damage liability, and shall (a) include general liability insurance covering all liability of Purchaser, Purchaser's employees, agents, contractors, suppliers, consultants or other related parties with respect to any investigative activities on the Property, extended coverage and coverage for contractual liability (limited to bodily injury and/or property damage and including the matters set forth in Section 4(e)(iv)), owner's protective liability, independent contractor's liability and completed operations liability, (b) be in form and substance and issued by an insurance company reasonably

satisfactory to Seller, and (c) name Seller as an additional insured. Purchaser agrees that if said aggregate limit applied to the Property is reduced by the payment of a claim or the establishment of a reserve, Purchaser shall take all practical immediate action to have the aggregate limit restored by endorsement to the existing policy or the purchase of an additional insurance policy complying with these requirements. Upon request from time to time Purchaser shall provide Seller with information regarding the insurance covering the Property.

(iv) Purchaser shall indemnify Seller from and against all liability to persons or in respect of property resulting from Purchaser's inspection and testing of the Property (including, without limitation, repairing any and all damages to any portion of the Property and restoring the Property to its condition prior to any inspection, test or survey), arising out of or related to Purchaser's conducting such inspections, surveys, tests, and studies, except to the extent such liability arises from Seller's acts, if any, in conducting such inspections, surveys, tests, and studies with Purchaser. The

foregoing indemnification shall not include any liability to Seller arising from the results or information derived from any such inspections, surveys, tests, and studies. Purchaser shall keep the Property free and clear of mechanic's liens or materialmen's liens related to Purchaser's right of inspection and the activities contemplated by Section 4(e). Purchaser's indemnification obligations set forth herein shall survive the Closing and shall survive the termination of this Agreement and Escrow.

(f) RELEASE. Purchaser irrevocably and unconditionally waives and releases Purchaser's right (if any) to recover from Seller and its directors, officers, employees, representatives and agents, any and all damages, losses, liabilities, costs or expenses whatsoever, and claims therefor, whether direct or indirect, known or unknown, or foreseen or unforeseen, which may arise from or be related to the presence, existence, use, generation, release, discharge, storage, disposal or transportation of any asbestos or asbestos-containing materials located on the Property to the extent disclosed by Seller in writing, known by Purchaser or disclosed by any written material obtained by Purchaser in connection with Purchaser's due diligence on or prior to the Closing Date. Purchaser hereby agrees, represents and warrants that Purchaser realizes and acknowledges that factual matters now unknown to it and Seller may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and unsuspected, and Purchaser further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Purchaser nevertheless hereby intends, and by consummating the transactions contemplated hereby shall be deemed affirmatively, to release, discharge and acquit Seller from any such Released

Claims. Purchaser expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THE CREDITOR DOES NOT KNOW TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.

_____	_____
_____	_____
SELLER'S INITIALS	PURCHASER'S INITIALS

The provisions of this Section 4(f) shall survive the Closing.

(g) LOAN DOCUMENTS. The parties shall endeavor to agree upon and finalize prior to May 8, 1996 the form of the Loan Documents. If the form of the Loan Documents is not finalized by such date for any reason, then from and after such date, either party may terminate this Agreement upon written notice to the other and Escrow Agent at any time prior to the Loan Documents being finalized. Upon termination of this Agreement pursuant to the preceding sentence, the provisions of Section 4(c)(ii) shall apply.

5. CONDITIONS TO CLOSING. (a) PURCHASER'S CONDITIONS. Purchaser's obligation to pay the Purchase Price, to accept title to the Property and otherwise to consummate the transactions contemplated hereby shall be subject to the satisfaction of the following conditions precedent on and as of the Closing Date:

(i) Seller shall deliver to Purchaser (and to Escrow Agent, to the extent required pursuant to Section 2(f) hereof) on or before the Closing Date the following ("SELLER'S CLOSING DOCUMENTS"):

(1) a Grant Deed (the "DEED") in the form annexed hereto as Exhibit C, for recording, duly executed and acknowledged by Seller, sufficient to convey to Purchaser fee simple title to the Property (to the extent that the same shall consist of real property) free of all liens and encumbrances other than the Permitted Title Exceptions;

(2) a bill of sale, in substantially the form annexed hereto as Exhibit H (the "BILL OF SALE"), duly executed and acknowledged by Seller;

(3) an assignment by Seller and assumption by Purchaser, in substantially the form annexed hereto as Exhibit I (the "LEASE ASSIGNMENT"), duly executed and acknowledged by Seller and by Purchaser, of all of Seller's obligations, right, title and interest in, to and under the leases and the amendments, extensions, modifications and supplements thereto set forth on Exhibit D hereto, as updated to the Closing Date (the "LEASES"), and of all security deposits and prepaid rents made by the tenants or any other persons having rights under the Leases (the "TENANTS"); PROVIDED, HOWEVER, the Lease Assignment shall not include the Copart Leases;

(4) an assignment by Seller and assumption by Purchaser, in substantially the form annexed hereto as Exhibit J (the "GENERAL ASSIGNMENT"), duly executed and acknowledged by Seller and by Purchaser, of all of Seller's obligations, right, title and interest in, to and under the Permits (as defined in Section 5(a)(i)(7) hereof), the Service Contracts and the sewer facility credits;

(5) a certificate of a duly authorized officer of Seller to the effect that the warranties and representations of Seller set forth in this Agreement are true and complete in all material respects on and as of the Closing Date (which certificate shall be subject to the survival limitations applicable to the representations and warranties contained in Section 6) ("SELLER'S REPRESENTATIONS CERTIFICATE");

(6) original, fully executed, complete copies of all Leases other than the Copart Leases (or, if any such original copy is unavailable, a duplicate copy thereof, certified by Seller as accurate, complete and identical to original thereof);

(7) to the extent the same are in Seller's possession, the originals (or, if any such original copy is unavailable, a duplicate copy thereof, certified by Seller as accurate, complete and identical to original thereof) of the certificates, licenses and permits for the Property (including all amendments, modifications, supplements and extensions thereof) listed in Exhibit E hereto (the "PERMITS"), except to the extent the same are required to be and are affixed at the Property;

(8) to the extent the same are in Seller's possession, a complete set of keys for the Property, each marked to indicate its purpose;

(9) a letter by Seller and Purchaser to the Tenants in the form annexed hereto as Exhibit L informing them of the change in ownership of the Property;

(10) the Foreign Investment in Real Property Tax Act affidavit required by Section 6(a)(iv) hereof;

(11) a completed California Form 590-RE;

(12) estoppel letters from each of the Tenants under the SMSA Lease and the Moving Lease (each as defined in Exhibit D) dated within thirty (30) days prior to the Closing Date and substantially in the form annexed hereto as Exhibit K hereto; PROVIDED, HOWEVER, an estoppel letter from the Tenant under the Moving Lease shall satisfy the conditions hereof notwithstanding the inclusion within such estoppel letter of a qualification to the effect that such Tenant is entitled to a rent abatement for the period from January 1, 1997 to March 31, 1997. With respect to each such estoppel letter received by Purchaser, upon the earlier of the Closing Date or five (5) business days after Purchaser's receipt of such estoppel letter, Purchaser shall notify Seller in writing whether Purchaser accepts such estoppel letter or rejects such estoppel

letter on the grounds that such estoppel letter, in Purchaser's opinion, fails to satisfy the conditions set forth in this Section 5(a)(i)(12). Purchaser's failure to timely notify Seller of its acceptance or rejection of any such estoppel letter shall be deemed to be an acceptance of such estoppel letter. If Purchaser rejects any estoppel letter and Seller agrees that such estoppel letter fails to satisfy the conditions set forth in this Section 5(a)(i)(12), then this Agreement shall terminate upon notice from Seller to Purchaser, and upon such termination neither party shall have any liability to the other hereunder, except that Seller shall be obligated to instruct Escrow Agent to return to Purchaser the Downpayment and any interest thereon), and except for such liabilities and obligations as are specifically stated to survive the termination of this Agreement;

(13) a certificate from the Secretary or an Assistant Secretary of Seller with respect to the due authorization of Seller to enter in this Agreement and consummate the transactions contemplated hereby; and

(14) such additional documentation as reasonably necessary or desirable in connection with the transactions contemplated by this Agreement.

(ii) Purchaser shall receive from Continental Lawyers Title Company (the "TITLE COMPANY"), a current ALTA Form B owner's form of title insurance policy in the form agreed to pursuant to Section 10(b) hereof, or an irrevocable and unconditional binder to issue the same, in an amount equal to the Purchase Price, dated, or updated to, the Closing Date, insuring, at its ordinary premium rates (including, without limitation, normal fees for upgrades, endorsements and affirmative insurance requested by Purchaser), Purchaser's title to the Property subject only to the Permitted Title Exceptions (as hereinafter defined).

(iii) [Intentionally Omitted]

(iv) Subject to Section 6(e) hereof, the representations and warranties of Seller contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as if such representations and warranties were made at and as of the Closing Date.

(b) SELLER'S CONDITIONS. Seller's obligation to deliver title to the Property and to otherwise consummate the transactions contemplated hereby shall be subject to compliance by Purchaser with the following conditions precedent on and as of the Closing Date:

(i) Purchaser shall deliver to Escrow Agent, in accordance with Section 2(b)(iii) hereof, the balance of the Purchase Price due pursuant to Section 2(b) hereof and such other amounts as are due Seller hereunder, subject to adjustment of such amount pursuant to Section 8 hereof.

(ii) Purchaser shall deliver to Seller (and to Escrow Agent, to the extent required pursuant to Section 2(f) hereof, with an original to Seller) on or before the Closing Date the following, each of which shall be in form and substance satisfactory to Seller ("PURCHASER'S CLOSING DOCUMENTS"):

(1) a certificate of a duly authorized Secretary of Purchaser to the effect that the warranties and representations of Purchaser set forth in this Agreement are true and complete in all material respects on and as of the Closing Date;

(2) duly executed and acknowledged counterparts of the Lease Assignment and the General Assignment;

(3) a receipt for the security deposits transferred to Purchaser;

(4) appropriate transfer tax returns of Purchaser, if

applicable;

(5) the Loan Documents, duly executed, and where appropriate, acknowledged by Purchaser and in appropriate form for recording; and

(6) such additional documentation as reasonably necessary or desirable in connection with the transactions contemplated by this Agreement.

(iii) The representations and warranties of Purchaser contained in this Agreement shall be true and complete in all material respects at and as of the Closing Date as if such representations and warranties were made at and as of the Closing Date.

(iv) Seller shall receive from the Title Company, a current ALTA mortgagee's form of title insurance policy, or an irrevocable and unconditional binder to issue the same, in an amount equal to the principal amount of the Note, dated, or updated to, the Closing Date, insuring, or committing to insure, at its ordinary premium rates, that

the Deed of Trust creates a first priority lien on the Property subject only to the Permitted Title Exceptions (as hereinafter defined).

(c) CONDITIONS GENERALLY. The foregoing conditions are for the benefit only of the party for whom they are specified to be conditions precedent and such party may, in its sole discretion, waive any or all of such conditions and close title under this Agreement without any increase in, abatement of or credit against the Purchase Price.

6. SELLER'S REPRESENTATIONS AND AGREEMENTS.

(a) REPRESENTATIONS. Seller represents and warrants to Purchaser as follows:

(i) Seller is a corporation that has been duly organized and is validly existing in good standing under the laws of the State of Delaware and is qualified to do business in and is in good standing under the laws of the State of California.

(ii) Seller has full power and right to enter into and perform its obligations under this Agreement and the other agreements contemplated herein to be executed and performed by it, including, without being limited to, conveying the Property as herein provided.

(iii) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby on the part of Seller (a) have been duly authorized by all necessary corporate acts on

the part of Seller and (b) do not and will not (1) except as to the transfer of the Permits, require any governmental or other consent, (2) violate or conflict with any judgment, decree or order of any court applicable to or affecting Seller, (3) violate or conflict with any law or governmental regulation applicable to Seller, (4) violate or conflict with the organizational documents of Seller and (5) result in the breach of or constitute a default under any agreement, contract, indenture or other instrument or other obligation to which Seller is a party or is otherwise bound. Upon the assumption that this Agreement constitutes the legal, valid and binding obligation of Purchaser, this Agreement constitutes the legal, valid and binding obligation of Seller.

(iv) Seller is not a "foreign person" within the meaning of section 1445 of the United States Internal Revenue Code of 1986, as amended, and the regulations issued thereunder (the "Code"), and Seller shall deliver to Purchaser on the Closing Date an affidavit in the form annexed hereto as Exhibit M.

(v) (a) There are no leases, tenancies or rights to occupy presently affecting the Property other than the Leases; (b) Seller has heretofore delivered to Purchaser true and complete copies of each of the Leases; (c) the Leases are in full force and

effect, except to the extent that, on or prior to the Closing Date, (1) any such Lease shall have expired in accordance with its terms (and not because of any termination or other acceleration of the stated expiration date therefor), or (2) with respect to the SMSA Lease or Moving Lease (as such Leases are defined in Exhibit D), the respective Tenants thereof have terminated such Leases pursuant to an express right granted thereunder; (d) to the best of Seller's knowledge, Seller is not in default in any material respect under any Lease; (e) Seller has not sent notice to any Tenant claiming that such Tenant is in default under its Lease, except to the extent that any such default as to which notice has been given has been cured to the knowledge of Seller; (f) the Leases have not been modified or amended, except as set forth on Exhibit D hereto; and (g) there are no security deposits paid by Tenants under their Leases, except as set forth on Exhibit D hereto. For purposes of the representations set forth in this Section 6(a)(v) being made as of the Closing Date, the term "Leases" shall include New Leases (as hereinafter defined).

(vii) To Seller's actual knowledge, the Permits listed on Exhibit E hereto are all of the material certificates, licenses and permits from governmental authorities held by Seller in connection with the ownership of the Property and Seller has delivered to Purchaser true and complete copies of the Permits.

(viii) Except as set forth in Exhibit O hereto, Seller is

neither a party to any written or oral agreement of any type pertaining to the operation, maintenance, management and/or repair of the Property ("SERVICE CONTRACTS") nor has assumed in writing any such agreement, except for any such agreement that will be terminated prior to the Closing.

(ix) There is no action or proceeding instituted by Seller or in which Seller is a named party before any court, agency or official with respect to the validity of any statutes, ordinances, regulations or restrictions or any permits or approvals thereunder relating to the Property.

(x) Seller has not received written notice that the Property is subject to any removal or remediation order from any federal, state or local regulatory authority regarding the disposal or storage of any materials (including, without limitation, asbestos and asbestos containing materials) (collectively, "HAZARDOUS MATERIALS") regulated by any applicable local, state or federal law, rule or regulation pertaining to contamination, clean-up or disclosure (collectively, "ENVIRONMENTAL LAWS") on or about the Property, whether such order relates to actions or omissions by Seller or any other party. Except as set forth in any of the Environmental Reports (as defined in Exhibit F hereto) or Exhibit P hereto, all operations or activities upon, or use or occupancy of, the Property and Improvements, or any portion thereof, by Seller, or, to the best of Seller's knowledge, by any prior tenant or occupant or owner of the

Property, or any portion thereof, or any current tenant or occupant of the Property (other than Copart), or any portion thereof, is in all material respects in compliance with all Environmental Laws, and neither Seller nor, to the best of Seller's knowledge, any prior tenant or occupant of the Property or any portion thereof, has engaged in or permitted any dumping, discharge, disposal, spillage or leakage (whether legal or illegal, accidental or intentional) of any Hazardous Materials at, on, in, under or about the Property or any portion thereof in violation of any Environmental Law. Except as set forth in any of the Environmental Reports or Exhibit P hereto, (a) to the best of Seller's knowledge, there has been no production, storage or disposal on the Property of any Hazardous Materials, and (b) there are not now and, to the best of Seller's knowledge, have never been any underground storage tanks located on the Property.

(xi) The documents listed in Addendum F(i)(iii) attached to Exhibit F hereto together with the LAFD Application for Certificate of Disclosure of Hazardous Substances (file 036081-001-0) referred to in Exhibit P constitute all of the reports, surveys, evaluations, investigations and assessments in Seller's possession with respect to Hazardous Materials on the Property.

(b) MISCELLANEOUS AGREEMENTS. Seller, during the term of this Agreement, will (i) operate and maintain the Property in substantially the same manner as it has heretofore operated and maintained the same, subject to the rights of Tenants under the Leases as in effect on the date hereof, (ii) not, without Purchaser's consent, which consent Purchaser agrees not to unreasonably withhold or delay, enter into any new service, maintenance or operating agreement unless the same may be terminated by Seller (and, after the Closing, by Purchaser) upon not more than thirty (30) days written notice without the payment of any premium or penalty by Purchaser, (iii) not enter into any leases for all or any portion of the Property nor modify, amend, supplement, extend, renew or terminate any existing Lease or consent to the surrender or assignment of any existing Lease or to any subleasing under any existing Lease, in each case without Purchaser's prior consent, which consent Purchaser agrees not to unreasonably withhold or delay (any such lease, amendment, supplement, extension, renewal or termination with Purchaser's consent being herein a "NEW LEASE"), and if Purchaser shall consent or not object to a New Lease, Schedule D hereof shall be amended to include the appropriate information, (iv) not take any action which will or would cause any of the representations or warranties in this Agreement to become untrue or be violated, and (v) not apply any of the security deposits, in whole or in part, given by Tenants under the Leases to the payment of delinquent rent. Seller shall deliver to Purchaser a notice of each proposed action hereunder, stating, if applicable, whether Seller is willing to consent to such action and setting forth the relevant information therefor and, if applicable, the number of days within which Seller must respond to the proposed action under the terms of the applicable Lease or other agreement, and any other material information supplied to Seller as to the proposed action. Purchaser shall have ten (10) days after delivery to it of such notice and information to determine whether or not to approve such action. If Purchaser shall not give notice of its

disapproval within such ten (10) day period, Purchaser shall be deemed to have approved such action. If any Lease or other agreement (or any provision thereof) requires that Seller's consent not be unreasonably withheld or delayed, then Purchaser shall not unreasonably delay or withhold its consent to such action. If any Lease or other agreement provides Seller with fewer than ten (10) days within which to grant any such approval or disapproval, such ten (10) day period provided for above shall be reduced to two (2) days less than the number of days provided for in such Lease or other agreement. Notwithstanding anything to the contrary set forth in this Section 6(b) or elsewhere in this Agreement, during the Contingency Period, Seller reserves the right to negotiate the purchase and sale of the Property with other prospective purchasers.

(c) ACCESS. Subject to and in accordance with the provisions of Section 4(e), Seller shall, during normal business hours upon reasonable prior notice, allow Purchaser or its representatives access for the purpose

of inspection of the Property.

(d) SURVIVAL. The representations and warranties of Seller contained in this Agreement, and the covenants contained in clauses (ii) and (iii) of Section 6(b) shall survive for one (1) year after the Closing. Purchaser shall have no right to make, and hereby waives, any claim based upon such representations and warranties or such covenants after the date that is one (1) year after the Closing.

(e) CERTAIN LIMITATIONS ON SELLER'S REPRESENTATIONS AND WARRANTIES. The representations and warranties of Seller set forth in Section 6(a) are subject to the following express limitations:

(i) Seller does not represent or warrant that any particular Lease will be in force or effect as of the Closing or that the Tenants will not be in default under their respective Leases, except to the extent so represented in Seller's Representation Certificate; and

(ii) the termination of any Lease shall not affect the obligations of Purchaser hereunder.

7. PURCHASER'S REPRESENTATIONS AND AGREEMENTS.

(a) REPRESENTATIONS. Purchaser represents and warrants to Seller as follows:

(i) Purchaser is a corporation that has been duly organized and is validly existing in good standing under the laws of the State of California;

(ii) Purchaser has full power and right to enter into and perform its obligations under this Agreement, the Loan Documents and the other agreements contemplated herein to be executed and performed by it;

(iii) Purchaser is not in the hands of a receiver nor is application for a receiver pending, Purchaser has not made an assignment for the benefit of creditors, nor has Purchaser filed, or had filed against it, any petition in bankruptcy; and

(iv) The execution and delivery of this Agreement, the Purchaser Closing Documents and the Loan Documents and the consummation of the transactions contemplated hereby on the part of Purchaser (1) have been (or, with respect to the Loan Documents, will be as of the Closing Date) duly authorized by all necessary corporate acts on the part of Purchaser, and (2) do not and will not (a) require any governmental or other consent, (b) violate or conflict with any judgment, decree or order of any court applicable to or affecting Purchaser, (c) violate or conflict with any law or governmental regulation applicable to Purchaser, (d) violate or conflict with the organizational documents of

Purchaser and (e) do not and will not result in the breach of, or constitute a default under, any agreement, contract, indenture or other instrument or obligation to which Purchaser is a party or is otherwise bound. Upon the assumption that this Agreement constitutes the legal, valid and binding obligation of Seller, this Agreement constitutes the legal, valid and binding obligation of Purchaser, and the Loan Documents, when executed and delivered by Purchaser, will constitute the legal, valid and binding obligation of Purchaser.

(v) (a) Purchaser has not relied on any verbal or written representations, warranties, promises or guaranties whatsoever made by Seller or any of the employees, agents or attorneys of Seller to Purchaser with respect to the physical condition or operation of Property, the actual or projected revenue and expenses of the Property, the zoning and other laws, regulations and rules applicable to the Property or the compliance of the Property therewith, the quantity, quality or condition of the articles of personal property and fixtures included in the transactions contemplated hereby, the use or occupancy of the Property or any part thereof or any other matter or thing affecting or related to the Property or the transactions contemplated hereby, except as, and solely to the extent, herein (and in the Exhibits hereto) expressly and specifically set forth, and (b) Purchaser has entered into this Agreement after having made and relied solely on (1) its own independent investigation, inspection, analysis, appraisal, examination and evaluation of the facts and circumstances, (2) Seller's representations and warranties contained in this Agreement and the Exhibits hereto and (3) the written materials Seller has provided to Purchaser pursuant to this Agreement (PROVIDED, HOWEVER, that Seller shall not be liable for any untrue or inaccurate statements contained in any such written materials prepared by a consultant or other third party)).

(b) RELEASE. Purchaser irrevocably and unconditionally waives and releases Purchaser's right (if any) to recover from Seller and its directors, officers, employees, representatives and agents, any and all damages, losses, liabilities, costs or expenses whatsoever, and claims therefor, whether direct or indirect, known or unknown, or foreseen or

unforeseen, which may arise from or be related to any breach of a representation or warranty made by Seller in this Agreement (including any Exhibit hereto) to the extent actually known to Purchaser on or prior to the Closing Date (the "RELEASED CLAIMS"). The foregoing waiver and release shall not affect Purchaser's rights under Section 5(a)(iv) hereof. Only in this connection and to the extent permitted by law, Purchaser hereby agrees, represents and warrants that Purchaser realizes and acknowledges that factual matters now unknown to it and Seller may have given or may hereafter give rise to causes of action, claims, demands, debts, controversies, damages, costs, losses and expenses which are presently unknown, unanticipated and

unsuspected, and Purchaser further agrees, represents and warrants that the waivers and releases herein have been negotiated and agreed upon in light of that realization and that Purchaser nevertheless hereby intends, and by consummating the transactions contemplated hereby shall be deemed affirmatively, to release, discharge and acquit Seller from any such Released Claims. Purchaser expressly waives the benefits of Section 1542 of the California Civil Code, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS THE CREDITOR DOES NOT KNOW TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN TO HIM MUST HAVE MATERIALLY AFFECTED THE SETTLEMENT WITH THE DEBTOR.

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SELLER'S INITIALS	PURCHASER'S INITIALS

The foregoing provisions of this Section 7(b) are not intended to affect the rights of Purchaser with respect to any breach of a representation or warranty made by Seller in this Agreement (including the Exhibits hereto) that is not disclosed in writing by Seller to Purchaser prior to the Closing, which rights shall be subject to Section 6(d) hereof. The provisions of this Section 7(b) shall survive the Closing.

(c) SURVIVAL. The representations and warranties set forth in this Section 7, as applicable at the Closing Date, shall survive for one (1) year after the Closing. Seller shall have no right to make, and hereby waives, any claim based upon such representations and warranties after the date that is one (1) year after the Closing.

8. APPORTIONMENTS. (a) The following items shall be apportioned at the Closing as of the close of business on the day immediately preceding the Closing Date:

(i) Rents and all other charges (including cost reimbursement payments) payable under the Copart Lease as of the Closing Date (whether or not collected).

(ii) Rents and all other charges (including cost reimbursement payments) payable under the Leases other than the Copart Leases as and when collected; PROVIDED, HOWEVER, that if any rents under any of such Leases shall be accrued and unpaid at the Closing Date, the rents

collected by Purchaser on or after the Closing Date shall first be applied to all rents due at the time of such collection with respect to the period after the Closing Date with the balance payable to Seller to the extent of rents delinquent as of the Closing Date; and, PROVIDED FURTHER that Purchaser shall not be required to institute any proceeding to collect any rents accrued and unpaid on the Closing Date. If Seller shall not have received all accrued and unpaid rents due it as of the Closing Date within ninety (90) days thereafter, Seller, at it sole cost and expense, shall be entitled to bring such actions or proceedings not affecting possession or enforcing landlord's liens as it shall desire to collect any such accrued and unpaid rents, and Purchaser shall cooperate with Seller in any such action.

(iii) Real estate taxes and assessments.

(iv) Water rates and charges.

(v) Sewer and vault taxes and rents.

(vi) Annual license, permit and inspection fees with respect only to those Permits transferred to Purchaser at the Closing.

(vii) All charges and payments for fuel and steam, gas, electricity and all other utility services supplied to the Property which are not charged directly to Tenants; PROVIDED, HOWEVER, that if there is no meter or if the current bill for any of such utilities has not been issued prior to the Closing Date, the charges therefor shall be adjusted at the Closing on the basis of the charges for the prior period for which bills were issued and shall be further adjusted when the bills for the current period are issued.

(viii) Payments and other charges under Service Contracts which are transferred to Purchaser at the Closing.

(ix) All other income from and expenses related to the Property of every type and nature.

If any of the foregoing cannot be apportioned at the Closing because of the unavailability of the amounts which are to be apportioned, or additional information regarding any of the foregoing apportioned at the Closing is made available after the Closing, such items shall be apportioned or reapportioned, as the case may be, as soon as practicable after the Closing Date.

(b) Seller shall furnish readings of the water, gas and electric meters located on the Property, if any, other than meters measuring the

computation of utilities which are the direct responsibility of any Tenant, to a date not more than thirty (30) days prior to the Closing Date and the unfixed water rates and charges, sewer taxes and rents and gas and electricity charges, if any, based thereon for the intervening time shall be apportioned on the basis of such last readings. If such readings are not obtainable by the Closing Date, then, at the Closing, any water rates and charges, sewer taxes and rents and gas and electricity charges which are based on such readings shall be prorated based upon the per diem charges obtained by using the most recent period for which such readings shall then be available. Upon the taking of subsequent actual readings, the apportionment of such charges shall be recalculated and Seller or Purchaser, as the case may be, promptly shall make a payment to the other based upon such recalculation.

(c) The amount of any unpaid real property taxes and assessments, water rates and charges and sewer taxes and rents which Seller is obligated to pay and discharge may, at the option of Seller, be paid out of the cash balance of the Purchase Price (and therefore reducing the cash to be paid by Purchaser to Seller at Closing), provided that official bills therefor, indicating the interest and penalties, if any, thereon, are furnished by Seller by the Closing.

(d) If any refunds of real property taxes or assessments, water rates and charges or sewer taxes and rents shall be made after the Closing, the same shall be held in trust by Seller or Purchaser, as the case may be, and shall first be applied to the unreimbursed costs incurred in obtaining the same, then paid to any Tenant who is entitled to the same and the balance, if any, shall be paid to Seller to the extent such refunds are for the period prior to the Closing Date and to Purchaser to the extent such refunds are for the period commencing with the Closing Date.

(e) In the event the apportionments hereinabove provided which are to be made at the Closing result in a credit balance to either party, such sum shall be paid at the Closing by increasing or decreasing, as appropriate, the Purchase Price by the amount of such credit balance in favor of Seller or Purchaser, as the case may be.

(f) If any proceeding for reassessment or other proceeding to determine the assessed value of the Property or the real property taxes payable with respect to the Property shall have been commenced prior to the date hereof and be continuing as of the Closing Date,

Seller shall be entitled to control the prosecution of such proceeding or proceedings to completion and to settle or compromise any claim therein. Purchaser agrees to cooperate with Seller and to execute any and all documents reasonably requested by Seller in furtherance of the foregoing.

(g) No insurance policies of Seller are to be transferred to

Purchaser, and no apportionment of the premiums therefor shall be made. Purchaser acknowledges that it shall be responsible for securing its own insurance for the Property.

(h) [Intentionally Omitted].

(i) (i) If any rents (including cost reimbursement payments) are payable or accruable under the Leases on the basis of estimates or formulae and are subject to adjustment after the Closing Date, such rents shall be apportioned at the Closing to the extent collected on the basis of the then current charges or accruals, as applicable, and shall be subject to reapportionment on the basis of the amounts as finally determined to be owing under the Leases. Apportionment of escalation rent shall be made on the basis of a 365 day year and the actual number of days elapsed. Within a reasonable time after Purchaser has made its calculations of the final cost reimbursement payments in respect of the pertinent fiscal periods and prior to billing tenants therefor, Purchaser shall prepare and submit to Seller a final calculation of the amounts and other items to be apportioned pursuant to this Agreement as of the Closing Date (the "Final Report"). Seller shall raise any objections it has to the Final Report within fifteen (15) days after the submission thereof by written notice to Purchaser given within said fifteen (15) day period and stating in reasonable detail Seller's objections, and Purchaser shall allow Seller and its authorized representatives reasonable access during business hours to its books and records pertinent to the Property to permit Seller to review the Final Report and to ascertain its accuracy.

(ii) If Seller shall raise any objections to the Final Report as provided above, the parties shall meet within ten (10) days after submission of Seller's notice thereof and attempt to resolve such objections. If any objections are not resolved within said ten (10) day period, such objections may thereafter be submitted by either party to any certified public accountant reasonably acceptable to the parties for determination. The determination of such firm shall be final and conclusive on the parties and judgment may be entered thereon in any court of competent jurisdiction.

(iii) The Final Report shall be deemed amended by agreement of the parties or determination of such firm, and, within ten (10) days after such agreement or determination (or, if Seller raises no objections to the Final Report, the expiration of the fifteen (15) day objection period), Purchaser shall bill the tenants therefor. Thereafter, Seller promptly shall pay to Purchaser, or Purchaser shall pay to Seller promptly upon collection, as the case may

be, the amount determined to be due from such party to the other in accordance with this Section 8 based upon the Final Report, as the same may have been amended.

(iv) If a determination is required, the parties shall bear the fees and expenses of the firm handling such determination equally.

(j) The obligations of the parties hereto under this Section 8 shall survive the Closing.

9. CLOSING MATTERS. The following items shall be provided for at the Closing:

(a) PAYMENT OF RECORDING, TITLE AND OTHER FEES.

(i) TRANSFER TAXES AND RECORDING FEES. Seller shall pay to the appropriate governmental (state, county, city and other) authority all documentary, stamp, intangible and other transfer taxes in connection with the transfer of the Property. Purchaser shall pay all state, city, county, municipal and other governmental recording fees and charges in connection with the transactions contemplated by this Agreement.

(ii) TITLE AND SURVEYOR FEES. (a) Seller shall pay the cost of (1) all premiums, charges and fees of the Title Company and surveyor in connection with a CLTA Standard Coverage owner's title policy (without endorsement) and the Survey to be delivered to Purchaser hereunder; PROVIDED, HOWEVER, that if an ALTA owner's form of title insurance policy shall be delivered at the Closing, Seller shall only be obligated to pay the premiums for a current form CLTA policy (the "CLTA COST") and Purchaser shall pay the incremental amount necessary to obtain such other form policy and any CLTA Endorsements; (2) one-half (1/2) of the escrow fees; and (3) all costs incurred in the preparation of the Deed.

(B) Purchaser shall pay (1) all premiums, charges and fees of the Title Company in connection with the increased cost of the title policy to the extent that such cost shall exceed the CLTA Cost and the cost of all endorsements to the title policy; and (2) one-half (1/2) of the escrow fees. If escrow fails to close because of the default of either Seller or Purchaser, without limiting the rights and remedies of the other party, the defaulting party shall bear all costs and fees of escrow.

(iii) OTHER CHARGES. Other charges, if any, shall be paid in the manner in which purchasers and sellers of real property in Los Angeles County, California customarily divide such charges.

(b) Seller shall pay over to Purchaser all prepaid rents or other sums held by Seller and not applied against the Tenant's obligations thereunder for the period prior to the Closing Date.

(c) Seller shall pay all brokerage commissions and finders' fees applicable to the current terms of Leases existing on the date hereof. Purchaser shall be responsible for all brokerage commissions which Seller has disclosed in writing to Purchaser prior to the Contingency Date in respect of (a) renewals and extensions of the Leases (including, without being limited to, any brokerage commissions due in respect of a Tenant waiving or failing to exercise a cancellation right) and (b) expansions of the premises demised thereunder, whether or not such renewals, extensions or expansions are provided for in the Leases.

The obligations of the parties under this Section 9 shall survive the Closing.

10. TITLE EXAMINATION; SURVEY. (a) Purchaser acknowledges receipt from the Title Company of the Title Company's ALTA title insurance commitment, dated January 30, 1996, under Order No. 5093787-39 (the "ORIGINAL REPORT") and all the documents underlying the exceptions thereto. Seller and Purchaser hereby confirm that the Title Company shall deliver to Seller and Purchaser any updates or continuations thereof or any supplements thereto ("TITLE UPDATES"). Purchaser further acknowledges receipt of an as-built ALTA survey of the Property prepared by Psmoas and Associates dated March 26, 1996 (the "SURVEY").

(b) The parties shall endeavor to agree prior to the Contingency Date upon the form of the owner's title insurance policy to be issued to Purchaser by the Title Company at the Closing, including the endorsements thereto and the matters subject to which Purchaser shall accept title to the Property (such matters being the "PERMITTED TITLE EXCEPTIONS"), such agreement to be evidenced by a "Pro-Forma" title insurance policy prepared by the Title Company.

(c) (i) Within fifteen (15) days of the date hereof, Purchaser shall deliver to Seller a written statement (a "PURCHASER'S TITLE NOTICE") setting forth in reasonable detail its objections to any liens or encumbrances affecting, or other defects in or objections to, title to the Property ("TITLE DEFECTS") disclosed by the Original Report, and within five (5) business days after the issuance of each Title Update (or by the earlier to occur after the issuance of each Title Update of the Agreed Date or the Closing), Purchaser shall deliver to Seller a Purchaser's Title Notice setting forth in reasonable detail its objections to any other Title Defects disclosed by such Title Update. The failure by Purchaser to deliver any such Purchaser's Title Notice within the time period specified for the Original Report shall constitute a waiver by Purchaser of any Title Defect set forth in the Original Report, and any such Title Defect not so objected shall constitute a Permitted Title Exception. The failure by Purchaser to deliver any such Purchaser's Title Notice within the time period specified for

any Title Update shall constitute a disapproval by Purchaser of any Title Defect set forth in such Title Update.

(ii) If Purchaser disapproves (or is deemed to have disapproved) any Title Defect shown in the Original Report or any Title Update by timely delivering a Purchaser's Title Notice (or by failing to deliver a Purchaser's Title Notice in the case of any Title Update), then Seller shall indicate (a) which Title Defects Seller intends to remove from the Title Policy (and as exceptions to title to the Property) and the manner in which Seller intends to do so, (b) which Title Defects Seller shall remove from the Title Policy (and as exceptions to title to the Property) and the manner in which Seller shall do so and (c) which Title Defects Seller does not intend to remove, by delivering written notice thereof to Purchaser ("SELLER'S TITLE NOTICE") within ten (10) business days after receiving a Purchaser's Title Notice (and with respect to Title Defects on Title Updates for which Seller has not received a Purchaser's Title Notice, at any time). If Seller fails to timely deliver Seller's Title Notice, then Seller shall be deemed to have elected not to remove any of the Title Defects referred to in the applicable Purchaser's Title Notice or set forth in the applicable Title Update (as to which Purchaser has disapproved or is deemed to have disapproved). Purchaser shall have the right to disapprove Seller's Title Notice, or Seller's election or deemed election not to remove any Title Defects referred to in the applicable Purchaser's Title Notice, as applicable, by delivering written notice thereof to Seller within five (5) days after the earlier of (x) receipt of Seller's Title Notice or (y) the deadline for delivery of Seller's Title Notice; and Purchaser's failure to timely do so shall constitute Purchaser's disapproval thereof. If Purchaser disapproves or is deemed to have disapproved of Seller's Title Notice or Seller's election not to remove any Title Defects referred to in Purchaser's Title Notice, such disapproval or deemed disapproval shall constitute an election by Purchaser to terminate this Agreement as of the date of disapproval or deemed disapproval, in which event the provisions of Section 13(c)(i) shall apply. If Purchaser approves Seller's Title Notice, then the removal of any Title Defect as to which Seller has notified Purchaser that it shall remove or intends to remove the same shall be a condition to Purchaser's obligation to consummate the transactions contemplated hereby, and by the Closing Date (subject to adjournment as provided in clause (iii) below) Seller shall remove any Title Defect as to which Seller has notified Purchaser that it shall remove the same.

Notwithstanding the foregoing, Purchaser hereby objects to all liens in respect of due and unpaid monetary obligations or securing unpaid indebtedness (other than liens for non-delinquent real property taxes and assessments) ("MONETARY LIENS") and Seller agrees to cause all Monetary Liens for mortgages or deeds of trust or other security instruments entered into by Seller, mechanic's liens for work done by Seller and judgment liens for judgments against Seller to be removed at Seller's sole cost at or prior to the Closing Date, up to an aggregate amount not to exceed $100,000.00. Regarding the standard nonspecific exception in the Title Policy for parties in possession, Purchaser hereby objects thereto, and Seller agrees to deliver

to the Title Company an appropriate affidavit (provided the form thereof is

acceptable to Seller) certifying that the only tenants under written leases with Seller in respect of the Property are the Tenants under the Leases. With respect to the standard nonspecific exception in the Title Policy for materials furnished to and labor performed in connection with the construction of improvements on the Property within the last ninety (90) days prior to the Closing, Purchaser hereby objects thereto, and Seller agrees to provide the Title Company with an appropriate affidavit with respect to materials furnished to and labor performed in connection with the construction of improvements on the Property by or on behalf of Seller within such period, but not as to any of the materials furnished or labor performed by or on behalf of any Tenants of the Property. Seller also agrees to provide the Title Company with an appropriate "gap period" affidavit with respect to any agreements or instruments affecting title to the Property and entered into or granted by Seller during the period commencing on the latest date prior to the Closing for which the land records of Los Angeles County are current and ending on the Closing Date.

(iii) Seller shall be entitled to reasonable adjournments of the Closing (but in no event more than thirty (30) days) to attempt to remove any Title Defect, and notwithstanding anything to the contrary, Seller shall not be required to bring any action or proceeding, or take any steps, or otherwise incur any expense to remove any Title Defect except to the extent Seller has notified Purchaser in Seller's Title Notice that it shall remove any such Title Defect.

11. RISK OF LOSS. (a) Neither Seller nor Purchaser shall have the right to terminate this Agreement if the Property is destroyed or damaged by fire or other casualty. If there is damage to or destruction of the Property by fire or other casualty, there shall be no abatement of the Purchase Price, Seller shall assign to Purchaser (without recourse) at the Closing the rights of Seller to the proceeds, if any, under Seller's insurance policies covering the Property with respect to such damage or destruction, and Purchaser shall be entitled to receive and keep any monies received from such insurance policies. Purchaser shall have the right to participate with Seller in the settlement of all insurance claims, and Seller shall not agree to any adjustment of claims without the prior written consent of Purchaser, which consent shall not be unreasonably withheld or delayed. If Purchaser reasonably rejects or otherwise reasonably withholds its consent to any such adjustment acceptable to Seller, then Purchaser may contest the claim and if Purchaser so seeks to contest any such claim in court or by other proceeding, Purchaser shall be responsible for the payment of all reasonable attorneys fees and other expenses incurred by Seller in commencing and prosecuting any action under the applicable insurance policies. Notwithstanding anything to the contrary contained in the preceding portions of this Section 11(a), if there is damage to or destruction of the Property by a casualty that is not covered by Seller's insurance and the reasonably

estimated cost to repair the damage or destruction caused thereby exceeds $100,000, Seller shall notify Purchaser of such casualty promptly following the occurrence thereof, and Purchaser shall have the right to terminate this Agreement by giving notice to the other not later than ten (10) days after the giving of Seller's notice. If Purchaser elects to terminate

this Agreement as aforesaid, this Agreement shall terminate and be of no further force and effect and neither party shall have any liability to the other hereunder, except that Seller shall be obligated to instruct Escrow Agent to return to Purchaser the Downpayment and interest earned thereon; PROVIDED, HOWEVER, Seller shall have the right to require Purchaser to consummate the transactions contemplated hereby (subject to the other provisions of this Agreement) by giving notice to Purchaser not later than ten (10) days after the giving of Purchaser's notice to terminate, provided that Purchaser shall be entitled to an abatement of the Purchase Price in the amount reasonably estimated to repair the damage or destruction caused by such uninsured casualty.

(b) If, prior to the Closing Date, all or any material portion of the Property is taken by eminent domain (or is the subject of a pending taking which has not yet been consummated) or access to the Property or the available parking area therefor is reduced as a result of eminent domain or restricted or reduced as a result of eminent domain, in any such case such that the Property as it is currently used is not in compliance with applicable zoning requirements or any Tenant can terminate its Lease by reason of such taking or pending taking, Seller shall notify Purchaser of such fact promptly after obtaining knowledge thereof and Purchaser shall have the right to terminate this Agreement by giving notice to Seller not later than ten (10) days after the giving of Seller's notice. For purposes hereof, a "material portion" of the Property shall mean such a portion of the Property as shall have a value, as reasonably determined by Seller, in excess of $100,000. If Purchaser elects to terminate this Agreement as aforesaid, this Agreement shall terminate and be of no further force and effect and neither party shall have any liability to the other hereunder, except that Seller shall be obligated to instruct Escrow Agent to return to Purchaser the Downpayment and interest earned thereon. If Purchaser shall not elect to cancel this Agreement, or if there has not been a taking by eminent domain or otherwise that gives rise to the right of Purchaser to terminate, then the sale of the Property shall be consummated as herein provided at the Purchase Price (without abatement) and Seller shall assign to Purchaser (without recourse) at the Closing all of Seller's right, title and interest in and to all awards, if any, for the taking to be delivered, and Purchaser shall be entitled to receive and keep all awards to be delivered for the taking of the Property or such portions thereof. Unless or until this Agreement is terminated, Seller shall take no action with respect to any eminent domain proceeding without the prior written consent of Purchaser, which shall not be unreasonably withheld, unless any such action is necessary to preserve Seller's rights in any such proceeding.

(c) The parties' obligations, if any, under this Section 11 shall survive the Closing. The provisions of this Section 11 are and shall be an express provision contrary to and in lieu of the provisions of the Uniform Vendor and Purchaser Act of the State of California (Section 1662 of The Civil Code of the State of California) which the parties agree shall be inapplicable to the transactions contemplated hereby and the parties further agree that the provisions of this Section 11 shall govern.

12. BROKERAGE. Each of Purchaser and Seller represents and warrants to the other that it has not hired, retained or dealt with any broker, consultant, intermediary or finder in connection with the negotiation, execution or delivery of this Agreement or the consummation of the transactions contemplated hereby other than Cushman & Wakefield of California Inc. Seller shall pay the brokerage commission due such broker pursuant to a separate agreement, and Seller hereby agrees to indemnify Purchaser from and against liability arising out of or in connection with any claims by such broker with respect to this Agreement. Seller and Purchaser each covenant and agree to indemnify each other from and against liability arising out of or in connection with any claim by any other broker or agent that the aforesaid representation or warranty is untrue. The provisions of this Section 12 shall survive the Closing.

13. REMEDIES. (a) IN THE EVENT THE CLOSING AND THE CONSUMMATION OF THE TRANSACTION HEREIN CONTEMPLATED DOES NOT OCCUR AS AND AT THE TIME HEREIN PROVIDED BY REASON OF A DEFAULT OF PURCHASER, PURCHASER AND SELLER AGREE THAT IT WOULD BE IMPRACTICAL AND EXTREMELY DIFFICULT TO ESTIMATE THE DAMAGES WHICH SELLER MAY SUFFER. THEREFORE PURCHASER AND SELLER DO HEREBY AGREE THAT A REASONABLE ESTIMATE OF THE TOTAL NET DETRIMENT THAT SELLER WOULD SUFFER IN THE EVENT THAT PURCHASER DEFAULTS AND FAILS TO COMPLETE THE PURCHASE OF THE PROPERTY IS AND SHALL BE, AS SELLER'S SOLE AND EXCLUSIVE REMEDY (WHETHER AT LAW OR IN EQUITY), AN AMOUNT EQUAL TO THE DOWNPAYMENT (INCLUDING ANY INTEREST THEREON). SAID AMOUNT SHALL BE THE FULL, AGREED AND LIQUIDATED DAMAGES FOR THE BREACH OF THIS AGREEMENT BY PURCHASER, ALL OTHER CLAIMS TO DAMAGES OR OTHER REMEDIES BEING HEREIN EXPRESSLY WAIVED BY SELLER, EXCEPT FOR SUCH LIABILITIES OR OBLIGATIONS WHICH ARE SPECIFICALLY STATED TO SURVIVE THE TERMINATION OF THIS AGREEMENT. THE PAYMENT OF SUCH AMOUNT AS LIQUIDATED DAMAGES IS NOT INTENDED AS A FORFEITURE OR PENALTY WITHIN THE MEANING OF CALIFORNIA CIVIL CODE SECTIONS 3275 OR 3369, BUT IS INTENDED TO CONSTITUTE LIQUIDATED DAMAGES TO SELLER PURSUANT TO CALIFORNIA CIVIL CODE SECTIONS 1671, 1676 AND 1677. SELLER HEREBY WAIVES THE PROVISIONS OF CALIFORNIA CIVIL CODE SECTION 3389. UPON DEFAULT BY PURCHASER, THIS AGREEMENT SHALL BE TERMINATED AND NEITHER PARTY SHALL HAVE ANY FURTHER RIGHTS OR OBLIGATIONS HEREUNDER, EACH TO THE OTHER, EXCEPT FOR THE RIGHT OF SELLER TO COLLECT SUCH LIQUIDATED DAMAGES FROM PURCHASER AND ESCROW HOLDER AND EXCEPT FOR SUCH LIABILITIES OR OBLIGATIONS WHICH ARE SPECIFICALLY STATED TO SURVIVE THE TERMINATION OF THIS AGREEMENT.

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Seller's Initials | Purchaser's Initials

(b) As material consideration to Seller's entering into this Agreement with Purchaser, subject to Section 13(c) hereof, Purchaser expressly waives the (i) remedy of specific performance on account of Seller's default under this Agreement and (ii) any right under California Code of Civil Procedure, Part II, Title 4.5 (Sections 409 through 409.9) or at common law or otherwise to record or file a lis pendens or a notice of pendency of action or similar notice against all or any portion of this Property.

(c) In the event that on the Closing Date, Seller shall be unable to perform its obligations or to satisfy any condition applicable to Seller hereunder (including the conditions set forth in Section 5(a)) in accordance with the provisions of this Agreement or title to the Property shall not be in accordance with this Agreement and provided that Purchaser is not in default of Purchaser's obligations under this Agreement, the Purchaser shall have the right, at Purchaser's option, either (i) to terminate this Agreement and the Escrow by giving written notice thereof to Seller and to Escrow Agent, whereupon the sole liability of Seller shall be to instruct the Escrow Agent to return the Downpayment (and any interest thereon) to Purchaser, and upon such return, this Agreement shall be deemed terminated and Seller shall not have any further liability or obligation to Purchaser hereunder nor shall Purchaser have any further liability or obligation to Seller hereunder, except for such liabilities or obligations as are specifically stated to survive the termination of this Agreement, or (ii) to obtain specific performance by Seller of its obligations under this Agreement, PROVIDED, HOWEVER, that (a) as a condition precedent to Purchaser's right under this Section 13(c) to obtain specific performance by Seller and to commence an action therefore and to record a notice of lis pendens or other notice or filing in the county records, Purchaser shall fully perform all of its obligations under this Agreement, including, without being limited to, delivery to Escrow Agent of the Loan Documents and the balance of the Purchase Price pursuant to Section 2(b) hereof and the performance of all other obligations of Purchaser under this Agreement; and (b) Seller shall not be obligated, nor may Purchaser seek in such action for specific performance to compel Seller, to perform any obligation as to which (1) Seller does not have exclusive control for the full performance thereof nor can such exclusive control be readily obtained or (2) Seller has not been the cause of such default and the reason for the failure of such act to be performed or (3) Seller does not have the express affirmative obligation to perform under this Agreement (as for example, Purchaser may not compel Seller to remove any Title Defect unless Seller shall have notified Purchaser in Seller's Title Notice that Seller shall remove such Title Defect or unless

Seller is obligated to remove such Title Defect pursuant to the second paragraph of Section 10(c)(ii)); PROVIDED, HOWEVER, that Seller and

Purchaser agree that the foregoing do not apply to the act of execution and delivery by Seller of the Deed.

14. NOTICES. All notices and other communications required or permitted hereby shall be in writing and shall be deemed to have been duly and sufficiently given if (a) personally delivered with proof of delivery thereof (any notice or communication so delivered being deemed to have been received at the time so delivered), or (b) sent by Federal Express (or other similar overnight courier) designating early morning delivery (any notice or communication so delivered being deemed to have been received on the business day following receipt by the courier), or (c) sent by United States registered or certified mail, postage prepaid, at a post office regularly maintained by the United States Postal Service (any notice or communication so sent being deemed to have been received two (2) business days after mailing in the United States), or (d) sent by telecopier or facsimile (any notice or communication so delivered shall be effective upon receipt and shall be deemed to have been received (i) on the business day so sent, if so sent prior to 4:30 P.M. (based on the recipient's time) of the business day so sent, and (ii) on the business day following the day so sent, if so sent on a nonbusiness day or on or after 4:30 P.M. (based on the recipient's time) of the business day so sent, in any such case addressed to the respective parties as follows:

(i) if to Seller:

The Stroh Companies, Inc.
100 River Place
Detroit, MI 48207-4291
Attention: Vincent M. Abatemarco
Telephone: (313) 446-2475
Fax: (313) 446-2816

with a copy to:

Shearman & Sterling
153 East 53rd Street
New York, New York 10022
Attention: Benzion J. Westreich, Esq.
Telephone: (212) 848-4668
Fax: (212) 848-5252

(ii) if to Purchaser:

Copart, Inc.
5500 E. Second Street

Benicia, CA 94510
Attention: Paul A. Styer, Esq.
Telephone: (707) 748-5007
Fax: (707) 748-5088

(iii) if to Escrow Agent:

Continental Lawyers Title Company
800 East Colorado Boulevard
Pasadena, CA 91101
Attention: Andrea Mendoza
Telephone: (818) 304-0040
Fax: (818) 793-4906

Either party may, by notice given as aforesaid, change the person or persons and/or address or addresses, or designate an additional person or persons or an additional address or addresses, for its notices, PROVIDED, HOWEVER, that notices of change of address or addresses shall only be effective upon receipt.

15. CHOICE OF LAW. The interpretation, enforcement and performance of this Agreement shall be governed by the laws of the State of California applicable to agreements made and to be performed wholly within such State.

16. MISCELLANEOUS. (a) ENTIRE AGREEMENT; EXHIBITS. This Agreement, together with the Exhibits hereto, constitute the entire agreement of the parties hereto regarding the subject matter of this Agreement and all prior or contemporaneous agreements, understandings, representations and statements, oral or written, are hereby merged herein. Exhibits A through P annexed hereto are hereby incorporated herein and made a part hereof by reference as fully as though set forth herein.

(b) AMENDMENTS. This Agreement may not be modified, amended, altered, supplemented or cancelled except pursuant to the terms hereof or an instrument in writing signed by the parties hereto.

(c) ACCEPTANCE OF THE DEED. The acceptance of the Deed to the Property by Purchaser shall be deemed an acknowledgment by Purchaser that Seller has fully complied with all of its obligations hereunder and that Seller is discharged therefrom and that Seller shall have no further obligation or liability with respect to any of the agreements made by Seller in this Agreement, except for those provisions of this Agreement which expressly provide that any obligation of Seller shall survive the Closing, including, but not limited to, the provisions of Sections 4(e)(iv), 4(f),

6(a), 7, 8, 9, 12 and 16(p).

(d) INDEMNIFICATION GENERALLY. (i) Wherever it is provided in this Agreement or in any agreement or document delivered pursuant hereto that a party shall indemnify another party hereunder against liability or damages, such phrase and words of similar import shall mean that the indemnifying party hereby agrees to and does indemnify, defend and hold harmless the indemnified party and such party's direct and indirect shareholders or partners and their respective past, present and future officers, directors, employees and agents from and against any and all costs, claims, demands, suits, causes of action, judgments, interests, damages, losses, liabilities and expenses (including, without being limited to, reasonable attorneys' fees and disbursements) to which they or any of them may become subject or which may be incurred by or asserted against any or all of them attributable to, arising out of or in connection with the matters provided for in such provision.

(ii) If any action, suit or proceeding is commenced, or if any claim, demand or assessment is asserted in respect of which a party is indemnified hereunder or under any agreement or document delivered pursuant hereto, the indemnified party shall give notice thereof to the indemnifying party and the indemnifying party shall be entitled to control the defense, compromise or settlement thereof, at its own cost and expense, with counsel reasonably satisfactory to the indemnified party, and the indemnified party shall cooperate fully and make available to the indemnifying party such information under its control or in its possession relating thereto and may, at its own cost and expense, participate in such defense.

(e) BINDING EFFECT. This Agreement does not constitute an offer to sell and shall not bind Seller unless and until Seller elects to be bound hereby by executing and delivering to Purchaser an executed original counterpart hereof and depositing the Downpayment in accordance with the terms of this Agreement and such funds having cleared.

(f) PARTIAL INVALIDITY. If any term or provision of this Agreement or the application thereof to any persons or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this Agreement or the application of such term or provision to persons or circumstances other than those as to which it is held invalid or unenforceable shall not be affected thereby, and each term and provision of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

(g) RECORDATION OF AGREEMENT; WAIVER OF LIS PENDENS. Neither Seller nor Purchaser may record this Agreement. Subject to Section 13(c), Purchaser hereby waives, to the extent permitted by law, any right to file a lis pendens or other form of attachment against the Property in connection with this Agreement or the transactions contemplated hereby. To the extent that any such filing is made in violation of this Agreement, Purchase shall

indemnify Seller against any damages incurred by Seller in connection herewith. The provisions of this Section 16(g) shall survive termination of this Agreement.

(h) FURTHER ASSURANCES. The parties mutually agree to execute and deliver to each other, at the Closing, such other and further documents as may be reasonably required by the parties to carry into effect the purposes and intents of this Agreement, provided such documents are customarily delivered in real estate transactions in the City of Los Angeles and do not impose any material obligations upon any party hereunder except as set forth in this Agreement.

(i) NONIMPUTATION. Neither party to this Agreement nor any other corporation or entity referred to herein shall have imputed to it or be deemed to have the knowledge of any agent, officer, servant or employee thereof unless and until such agent, officer, servant or employee has actual knowledge of the relevant event, notice, condition, occurrence, fact or situation or has reasonable cause to know, or should reasonably be aware thereof and then only if such event, notice, condition, occurrence, fact or situation is related to matters as to which such agent, officer, servant or employee is entrusted and has authority to deal with.

(j) PREVAILING PARTY COSTS. In the event any dispute between the parties hereto results in litigation, the prevailing party shall be reimbursed and indemnified by the party not prevailing in such dispute for all costs and expenses reasonably incurred by the prevailing party in enforcing or establishing its rights hereunder, including, without being limited to, court costs and reasonable attorneys' fees. The prevailing party shall be determined by the court based upon an assessment of which party's major arguments or positions taken in the proceedings could fairly be said to have prevailed over the other party's major arguments or positions on major disputed issues.

(k) HEADINGS; SECTION AND EXHIBIT REFERENCES. The Section headings used herein are for reference purposes only and do not control or affect the meaning or interpretation of any term or provision hereof and shall not be deemed in any manner to modify, explain, qualify or restate any of the provisions of this Agreement. All references in this Agreement to Sections and Exhibits are to the Sections hereof and the Exhibits annexed hereto, respectively.

(l) COUNTERPARTS. This Agreement may be executed in any number of counterparts with the same effect as if all parties hereto had executed the same document. All such counterparts shall be construed together and shall constitute one instrument.

(m) ASSIGNMENT. Purchaser shall have the right to assign its rights, interests or obligations hereunder to an affiliate (as hereinafter

defined) of Purchaser provided such assignment is made no less than one (1) day prior to the Closing and Purchaser gives notice thereof to Seller. Any other assignment shall be null and void and without any force or effect unless approved by Seller. Subject to and without limiting the preceding two sentences, this Agreement shall bind and inure to the benefit of the respective heirs, executors, administrators, personal representatives, successors and assigns of the parties hereto. As used

in this paragraph, the term "AFFILIATE" means, as to any person, any other person that, directly or indirectly, controls, is controlled by or is under common control with such person, and the term "CONTROL" (including the terms "CONTROLLING," "CONTROLLED BY" and "UNDER COMMON CONTROL with") of a person means the possession, direct or indirect, of the power to vote 100% of the voting stock of such person (if such person is a corporation) or 100% of the partnership interests of such person (if such person is a partnership).

(n) NO WAIVER. The failure of any party hereto to enforce at any time any of the provisions of this Agreement shall in no way be construed as a waiver of any of such provisions, or the right of any party thereafter to enforce each and every such provision. No waiver of any breach of this Agreement shall be held to be a waiver of any other or subsequent breach.

(o) NO OTHER PARTIES. Except as otherwise expressly provided herein, the execution and delivery of this Agreement shall not be deemed to confer any rights upon, nor obligate any of the parties hereto, to any person or entity other than the parties hereto.

(p) TERMINATION OF COPART LEASES. Upon the Closing, the Copart Leases shall be deemed to be terminated. Notwithstanding the termination of the Copart Leases, Copart shall remain liable for any escalation payments for operating expenses and/or taxes accruing prior to the Closing. In addition, the Closing shall constitute an acknowledgment by Seller and Copart that neither party is in default of any obligations owing to the other under the Copart Leases. The provisions of this Section 16(p) shall survive the Closing.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be signed as of the day and year first above written.

SELLER:

THE STROH COMPANIES, INC.

By:

Name: Christopher T. Sortwell
Title: Treasurer

PURCHASER:

COPART, INC.

By:

Name:
Title:

Escrow Agent hereby agrees to abide by the terms of Section 2 hereof and Exhibit G hereto.

ESCROW AGENT:
CONTINENTAL LAWYERS TITLE COMPANY

By:

Name:
Title:

EXHIBIT A

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN piece, parcel and tract of land, situated in the State of California, County of Los Angeles and City of Los Angeles, described as follows:

PARCEL 1:

THAT PORTION OF LOT A, AS SHOWN ON A MAP OF THE LANDS OF LOS ANGELES FARMING AND MILLING COMPANY, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ATTACHED TO DEED RECORDED JULY 20, 1910, AS PER MAP RECORDED IN BOOK 4232 PAGE 118 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, BOUNDED AS FOLLOWS:

BOUNDED ON THE NORTHEAST BY THE SOUTHWESTERLY LINE OF THE LAND DESCRIBED IN

DEED TO THE SOUTHERN PACIFIC RAILROAD COMPANY RECORDED AUGUST 26, 1902 AS INSTRUMENT NO. 39 IN BOOK 1634 PAGE 94 OF DEEDS, IN SAID RECORDER'S OFFICE; BOUNDED ON THE EAST BY THE WESTERLY LINE OF TRACT NO. 1081, IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 17 PAGE 130 OF MAPS, IN SAID RECORDER'S OFFICE; BOUNDED ON THE SOUTH BY THE NORTHERLY LINES OF LOTS 215 AND 216 AND THE WESTERLY PROLONGATION OF SAID NORTHERLY LINES OF TRACT 1000, IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 19 PAGES 1 ET SEQ., OF MAPS, IN SAID RECORDER'S OFFICE; AND BOUNDED ON THE WEST BY THE NORTHERLY PROLONGATION OF THE CENTER LINE OF HAZELTINE AVE., 50 FEET WIDE AS DESCRIBED IN THE DEED TO TECHNICOLOR MOTION PICTURE CORPORATION RECORDED SEPTEMBER 26, 1946 AS INSTRUMENT NO. 1065 IN BOOK 23761 PAGE 237, OFFICIAL RECORDS, IN SAID RECORDER'S OFFICE.

EXCEPT THEREFROM THAT PORTION OF SAID PARCEL 1 DESCRIBED AS FOLLOWS:

BEGINNING AT THE MOST NORTHERLY CORNER OF TRACT NO. 1081 IN SAID CITY, COUNTY AND STATE, AS PER MAP RECORDED IN BOOK 17 PAGES 130 AND 131 OF MAPS, IN SAID RECORDERS; THENCE ALONG THE WESTERLY LINE OF SAID TRACT NO. 1081 SOUTH 285.90 FEET TO A LINE THAT IS PARALLEL WITH AN DISTANT NORTHERLY, 30 FEET, MEASURED AT RIGHT ANGELES, FROM THAT CERTAIN CENTER LINE COURSE AND ITS WESTERLY PROLONGATION DESCRIBED IN DEED RECORDED IN BOOK 4857 PAGE 393 OFFICIAL RECORDERS IN SAID RECORDERS OFFICE AS HAVING A LENGTH OF

480.98 FEET; THENCE ALONG SAID PARALLEL LINE NORTH 88 DEG. 40' 09" WEST 41.05 FEET TO THE EASTERLY TERMINUS OF THAT CERTAIN CURVE DESCRIBED IN THE EASEMENT DEED TO THE CITY OF LOS ANGELES RECORDED ON FEBRUARY 19, 1960 AS DOCUMENT NO. 2092 IN BOOK D 755 PAGE 555, OFFICIAL RECORDS, IN SAID RECORDERS OFFICE; THENCE NORTHWESTERLY ALONG SAID CURVE TO A LINE THAT IS PARALLEL WITH AND DISTANT EASTERLY 51 FEET FROM THAT CERTAIN CENTER LINE DESCRIBED IN SAID EASEMENT DEED; THENCE NORTHERLY ALONG SAID LAST MENTIONED PARALLEL LINE TO THE SOUTHERLY LINE OF THE SOUTHERN PACIFIC RAILROAD COMPANY'S RIGHT OF WAY, AS SHOWN ON SAID MAP OF SAID TRACT NO. 1081; THENCE EASTERLY ALONG SAID SOUTHERLY LINE A DISTANCE OF 37.57 FEET TO THE POINT OF BEGINNING.

PARCEL 2:

A EASEMENT FOR STREET PURPOSES OVER THAT PORTION OF LOT A, AS SHOWN ON A MAP OF THE LANDS OF THE LOS ANGELES FARMING AND MILLING COMPANY, IN THE CITY OF LOS ANGELES, IN THE COUNTY OF LOS ANGELES, STATE OF CALIFORNIA, ATTACHED TO THE DEED RECORDED JULY 20, 1910 IN BOOK 4232 PAGE 118 OF DEEDS, IN THE OFFICE OF THE COUNTY RECORDER OF SAID COUNTY, INCLUDED WITHIN A STRIP OF LAND 25 FEET IN WIDTH, EXTENDING FROM THE EASTERLY PROLONGATION OF THE NORTHERLY LINE OF LOT 217 OF TRACT NO. 1000, AS PER MAP RECORDED IN BOOK 19 PAGE 1, ET SEQ., OF MAPS, IN SAID RECORDERS OFFICE TO THE WESTERLY PROLONGATION OF THE NORTHERLY LINE OF THE LAND DESCRIBED IN PARCEL 1 IN THE DEED TO JOS. SCHLITZ BREWING COMPANY, RECORDED MAY 15, 1969 AS INSTRUMENT NO. 368 IN BOOK D 4370 PAGE 24, OFFICIAL RECORDS, IN SAID RECORDER'S OFFICE, THE EASTERLY LINE OF SAID 25 FOOT STRIP BEING THE WESTERLY LINE OF PARCEL 1 IN SAID DEED TO JOS.

SCHLITZ BREWING COMPANY.

Assessor's Parcel Number: 2215-2-1 and 2215-2-3

EXHIBIT B

DESCRIPTION OF PERSONAL PROPERTY

1 steel desk
2 office chairs (wood structure, cloth padded)
1 wood bookcase
1 steel safe
1 4-drawer, filing cabinet
1 supply steel cabinet
1 wood steel framed table
1 water cooler
3 small plastic trash containers
3 100 ft. hoses
2 weeder grass cutters
1 submersible sump pump (3 horsepower) located Southeast of bottling plant
1 sump pump located in powerhouse basement

EXHIBIT C

DEED

RECORDING REQUESTED BY

AND WHEN RECORDED MAIL TO:

_____
_____
_____
Attn: _____

MAIL TAX STATEMENTS TO:

Copart, Inc.
5500 E. Second Street
Second Floor
Benecia, CA 94510
Attn: _____

SPACE ABOVE THIS LINE FOR RECORDER'S USE

CORPORATION GRANT DEED

A.P.N._____

The undersigned grantor declares:
Documentary transfer tax is $_____
(x) computed on full value of property conveyed, or
( ) computed on full value less value of liens and encumbrances remaining at time of sale.
( ) Unincorporated area:( ) City of Los Angeles, and

FOR A VALUABLE CONSIDERATION, RECEIPT OF WHICH IS HEREBY ACKNOWLEDGED, THE STROH COMPANIES, INC., a corporation organized under the laws of the State of Delaware, hereby GRANTS to COPART, INC., a California corporation, all that real property situated in the City of Los Angeles, County of Los Angeles, State of California, described in Exhibit A attached hereto.

TOGETHER WITH all buildings, facilities, structures and other improvements located thereon and all tenements, hereditaments, appurtenances, privileges and other rights and interest benefitting or relating thereto (collectively, the "Property").

TO HAVE AND TO HOLD the same unto Grantee and the successors and assigns of Grantee, forever.

Grantor hereby covenants that Grantor has not conveyed the Property, or any right, title or interest therein, to any person other than Grantee, other than the matters set forth on Exhibit B hereto [matters entered into by Grantor].

In Witness Whereof, said corporation has caused its corporate name and seal to be affixed hereto and this instrument to be executed.

Dated: _____ , 1996 GRANTOR:

THE STROH COMPANIES, INC.,
a Delaware corporation

By:

Name: Christopher T. Sortwell
Title: Treasurer

STATE OF _____)
) ss.
COUNTY OF _____)

On _____, 1996, before me, _____, a Notary Public, personally appeared CHRISTOPHER T. SORTWELL, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person whose name is subscribed to the within instrument and acknowledged to me that he executed the same in his authorized capacity, and that by his signature on the instrument the person, or the entity upon behalf of which the person acted, executed said instrument.

WITNESS my hand and official seal.

Signature _____ (SEAL)

EXHIBIT A

Legal Description of the Property

EXHIBIT B

List of Matters Executed by Grantor

EXHIBIT D

LEASES

Lease by and between The Stroh Companies, Inc.,as Landlord and Copart, Inc., as Tenant, dated as of August 31, 1995, as amended by Letter Agreement between The Stroh Companies, Inc.and Copart, Inc. regarding the fire sprinkler system, dated as of August 31, 1995. (the "COPART LEASE"). Security Deposit: $15,279.

License by and between The Stroh Companies, Inc.,as Licensor and Copart, Inc., as Licensee, dated as of August 31, 1995, as amended by Letter Agreement between The Stroh Companies, Inc.and Copart, Inc. regarding the fire sprinkler system, dated as of August 31, 1995 (the "COPART LICENSE"; together with the Copart Lease, the "COPART LEASES"). Security Deposit:

$14,721.

Lease by and between The Stroh Companies, Inc., as Landlord, and Los Angeles SMSA Limited Partnership, as Tenant, dated as of January 31, 1995 (the "SMSA LEASE").

Lease by and between The Stroh Companies, Inc., as Lessor, and California Moving and Storage Company, as Lessee, dated December 1, 1994 (the "MOVING LEASE"). Security Deposit: $13,650.

EXHIBIT E

CERTIFICATES, LICENSES AND PERMITS

City of Los Angeles Steam Boiler or Pressure Vessel Certificate of Inspection and Permit to Operate, No. AC 4103, issued April 19, 1995.

County of Los Angeles Public Health License No. 400496, issued October 17, 1995.

EXHIBIT F

DUE DILIGENCE ITEMS

(i) and (iii) The list of soil reports, engineering studies, grading plans, topographical maps and seismic tests, studies, reports or analyses relating to the Property and the list of reports, correspondence, test results and recommendations relating to the Property are attached hereto as Addendum F(i)(iii).

The reports, surveys, evaluations, investigations and assessments in Addendum F(i)(iii) are referred to in this Agreement as the "ENVIRONMENTAL REPORTS." For purposes of Section 6(a)(x), the term "Environmental Reports" also includes the LAFD Application for Certificate of Disclosure of Hazardous Substances (file 036081-001-0) December 1986.

Other correspondence and recommendations relating to the Property:

Letter dated September 29, 1995 from Paul A. Styer, Senior Vice President, General Counsel, Copart, Inc. to J. Tim Hersch, PIC Environmental Services.

Letter dated September 19, 1995 from J. Tim Hersch, PIC Environmental Services to Paul Styer, Copart, Inc.

(iv) (a) There are no pending causes, claims, proceedings or legal actions instituted against Seller with respect to the Property and (b) to Seller's actual knowledge, there are no causes, claims, proceeding or legal action threatened against Seller with respect to the Property.

(iv) The list of all tangible personal property owned or leased by Seller as of the date hereof which is included in the sale is attached to this Agreement as Exhibit B.

(vii) The certificate of insurance evidencing the insurance policies currently maintained by Seller with respect to the Property is attached hereto as Addendum F(vii). There are no claims and settlements of $50,000.00 or more made within the last three (3) years.

(viii) The list of all building plans and specifications for the Improvements in Seller's possession or reasonably available to Seller is attached hereto as Addendum F(viii).

EXHIBIT G

ESCROW PROVISIONS

1. (a) Following collection, Escrow Agent shall invest the Downpayment in an interest bearing money market account (insured by the Federal Deposit Insurance Corporation) at Bank of America (the "BANK") (any such investment being an "APPROPRIATE INVESTMENT"), at such a yield as shall be available. Escrow Agent shall use reasonable efforts to keep the Downpayment invested for a period to end prior to, but as nearly contemporaneous as is reasonable with, the Contingency Date and thereafter, if this Agreement is not terminated, the Closing Date, having due regard to the fact that the Downpayment may have to be available on the Contingency Date and, if this Agreement is not terminated, must be available on the Closing Date. If the Closing Date is changed from May 31, 1996, the scheduled Closing Date set forth in Section 4 of the Agreement to which this Exhibit G is attached, or from any rescheduled Closing Date, Seller and Purchaser shall give prompt written notice thereof to Escrow Agent, which notice shall specify the new closing date (the "NEW CLOSING DATE"). If the Appropriate Investment held by Escrow Agent at the time Escrow Agent receives such notice matures prior to the New Closing Date set forth in any such notice, Escrow Agent may, but will have no obligation to, reinvest the Downpayment in an Appropriate Investment which matures on a date on or prior to the New Closing Date set forth in such notice. Escrow Agent shall bear no liability for any loss occasioned by reasonable investment of the Downpayment as herein provided, by any reasonable delays in investing or reinvesting the Downpayment or by any failure to achieve the maximum possible yield from the Downpayment. If the Appropriate Investment held by Escrow Agent does not mature before the Closing Date, Escrow Agent, at the election of the party

entitled to the Downpayment, shall either deliver the certificate or other evidence of the Appropriate Investment to such party or shall sell them prior to maturity. For purposes of these Escrow Provisions, transfer of the certificate or other documentation evidencing the Appropriate Investment to a designated party shall be deemed to constitute delivery thereof.

(b) The Downpayment, plus any interest earned from the investment thereof in accordance with the terms of subparagraph 1(a) above, less any and all transaction or account fees, costs, expenses or charges, including, without limitation, brokerage and custodial fees, attributable to such investment (such sum hereinafter called the "INVESTED DOWNPAYMENT"), shall be delivered by Escrow Agent to Seller, to Purchaser or, if pursuant to Paragraph 4 hereof, to substitute impartial party or a court having appropriate jurisdiction, in accordance with the terms of these Provisions. Delivery of the Invested Downpayment in accordance with the terms of these Provisions shall be made by uncertified, unendorsed check of Escrow Agent or by cashier's check, at Escrow Agent's option. Escrow Agent agrees, upon request, to provide the parties with its (or the Bank's) computation of the Invested Downpayment. It shall be conclusively presumed that: (i) any and all investments made by Escrow Agent in an Appropriate Investment are authorized and permitted under the terms of these Provisions; (ii) the parties hereto have agreed to and concurred in all such Appropriate Investments; (iii) by so investing the Downpayment, Escrow Agent has complied with its investment obligations pursuant to these Provisions; and (iv)

Escrow Agent's (or the Bank's) computation of the Invested Downpayment is correct in the absence of manifest error.

2. If all of the conditions to Closing, as set forth in Section 5 of the Agreement to which this Exhibit G is attached, shall be met and the Closing shall be consummated on the Closing Date, then on the Closing Date Escrow Agent shall deliver to Seller the Invested Downpayment against a signed receipt therefor. Escrow Agent shall also deliver the Invested Downpayment in accordance with written instructions signed by both Purchaser and Seller, specifying the party to whom the same is to be delivered (the "DESIGNATED PARTY") and the time and place where the same is to be delivered, such delivery to be made against a signed receipt therefor from the Designated Party. If Escrow Agent shall receive written instructions signed by either Purchaser or Seller specifying itself as the Designated Party and a time and place where the Invested Downpayment is to be delivered to such party, Escrow Agent shall deliver the same to such party against a signed receipt therefor from such party; PROVIDED, HOWEVER, that: (a) such Designated Party shall have delivered to Escrow Agent a written certification to the effect that such party has delivered or contemporaneously is delivering a copy of said written instructions to the other party (together with a certificate of mailing from the United States postal service therefor in the case of a copy sent to the other party by mail and a shipping receipt

in the case of a copy sent by express courier) and (b) Escrow Agent shall not have received within ten (10) days after the sending of said copy contrary instructions from the said other party; PROVIDED, FURTHER, HOWEVER, that compliance with the preceding clause (b) shall not be required for any notice of termination given by Purchaser prior to the Contingency Date. In the event that Escrow Agent shall receive such contrary instructions, Escrow Agent shall not so deliver the Invested Downpayment but shall hold or deposit the same in accordance with the terms of Paragraph 4 hereof. Upon the delivery of the Invested Downpayment in accordance with this Paragraph 2, Escrow Agent shall thereupon be relieved of and discharged and released from any and all liability hereunder and with respect to the Invested Downpayment.

3. If at any time Escrow Agent shall receive a certificate of either Seller or Purchaser (the "CERTIFYING PARTY") to the effect that: (i) the other party (the "OTHER PARTY") has defaulted under this Agreement or that this Agreement has otherwise been terminated or cancelled; (ii) a copy of the certificate and a statement in reasonable detail of the basis for the claimed default, termination or cancellation was mailed as provided herein to the Other Party prior to or contemporaneous with the giving of such certificate to Escrow Agent; and (iii) in the case of a claimed default, to the knowledge of the Certifying Party, the claimed default has not been cured, then, unless Escrow Agent shall have received contrary instructions from the Other Party within ten (10) days of Escrow Agent's receipt of said certificate, Escrow Agent shall, within ten (10) days of the expiration of such ten (10) day period, deliver the Invested Downpayment to the Certifying Party and thereupon be relieved of and discharged and released from any and all liability hereunder and with respect to the Invested Downpayment. If Escrow Agent shall receive contrary instructions from the Other Party within ten (10) days of Escrow

Agent's receipt of said certificate, Escrow Agent shall not so deliver the Invested Downpayment but shall hold or deposit the same in accordance with the terms of Paragraph 4 hereof.

4. In the event that: (i) Escrow Agent shall not have received instructions pursuant to this Agreement on or prior to the latest of the originally scheduled Closing Date and all New Closing Dates, if any (the "LATEST CLOSING DATE"); (ii) the closing under this Agreement shall not have occurred on or prior to the Latest Closing Date; (iii) Escrow Agent shall receive contrary instructions from the parties hereto; (iv) any dispute shall arise as to any matter arising under these Provisions; (v) any alleged default by Seller or Purchaser under this Agreement shall occur; or (vi) there shall be any uncertainty as to the meaning or applicability of any of these Provisions, Escrow Agent's duties, rights or responsibilities hereunder or any written instructions received by Escrow Agent pursuant hereto, Escrow Agent may, at its option at any time thereafter, deposit the funds and/or instruments then being held by it in escrow into any court having appropriate jurisdiction, or take such affirmative steps as it may elect in order to

substitute an impartial party to hold any and all escrowed funds and/or instruments, and upon making such deposit, shall thereupon be relieved of and discharged and released from any and all liability hereunder and with respect to the Invested Downpayment or any portion thereof so deposited.

5. Escrow Agent shall be entitled to rely upon the authenticity of any signature and the genuineness and/or validity of any writing received by Escrow Agent pursuant to or otherwise relating to these Provisions.

6. If any term, condition or provision of these Provisions, or the application thereof to any circumstance or party hereto, shall ever be held to be invalid or unenforceable, then in each such event the remainder of these Provisions or the application of such term, condition or provision to any other circumstance or party hereto (other than those as to which it shall be invalid or unenforceable) shall not be thereby affected, and each term, condition and provision hereof shall remain valid and enforceable to the fullest extent permitted by law.

EXHIBIT H

BILL OF SALE

KNOW ALL MEN BY THESE PRESENTS, that THE STROH COMPANIES, INC., a Delaware corporation having an office at 100 River Place, Detroit, MI 48207-4291 ("SELLER"), for Ten Dollars ($10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, paid by COPART, INC., a California corporation having an office at 5500 E. Second Street, Second Floor, Benicia, CA 94510 ("PURCHASER"), has granted, conveyed, bargained and sold and by these presents does grant, convey, bargain and sell unto Purchaser, its successors and assigns, all of Seller's right, title and interest in and to fixtures, equipment and personal property listed on Schedule 1 attached hereto and hereby made a part hereof and to all of Seller's right, title and interest in and to all of the other fixtures, equipment and personal property, if any, owned by Seller and attached or appurtenant to, located on and used in connection with the ownership, use, operation or maintenance of that certain property and having a street address at 7521 Woodman Avenue, Los Angeles, CA, and more particularly described in Schedule 2 hereto and the buildings, structures, facilities or improvements presently located or hereinafter located thereon (all of the foregoing being hereinafter collectively referred to as the "Personal Property").

TO HAVE AND TO HOLD the Personal Property unto Purchaser, its successors and assigns, forever.

SELLER hereby sells, transfers, delivers, grants and conveys the Personal Property in its "AS IS" condition, without any representation, warranty or recourse, and any representation or warranty of merchantability or fitness and any right to recourse against Seller is hereby expressly

excluded, except that Seller represents and warrants that the personal property described on Schedule 1 is free and clear of all liens or encumbrances.

IN WITNESS WHEREOF, Seller has duly executed this Bill of Sale, as of this [_____].

SELLER:

THE STROH COMPANIES, INC.

By: _____
Name: Christopher T. Sortwell
Title: Treasurer

SCHEDULE 1 TO EXHIBIT H

DESCRIPTION OF THE PERSONAL PROPERTY

1 steel desk
2 office chairs (wood structure, cloth padded)
1 wood bookcase
1 steel safe
1 4-drawer, filing cabinet
1 supply steel cabinet
1 wood steel framed table
1 water cooler
3 small plastic trash containers
3 100 ft. hoses
2 weeder grass cutters
1 submersible sump pump (3 horsepower) located Southeast of bottling plant
1 sump pump located in powerhouse basement

SCHEDULE 2 TO EXHIBIT H

LEGAL DESCRIPTION OF LAND

ALL THAT CERTAIN piece, parcel and tract of land, situated in the State of California, County of Los Angeles and City of Los Angeles, described as follows:

Assessor's Parcel Number:

EXHIBIT I

ASSIGNMENT AND ASSUMPTION OF
LEASES, SECURITY DEPOSITS AND PREPAID RENTS

THIS ASSIGNMENT AND ASSUMPTION, made as of [_____], by and between THE STROH COMPANIES, INC., a Delaware corporation having an office at 100 River Place, Detroit, MI 48207-4291 ("SELLER"), and COPART, INC., a California corporation having an office at 5500 E. Second Street, Second Floor, Benicia, CA 94510 ("PURCHASER").

W I T N E S S E T H :

WHEREAS, by Contract of Sale, dated as of _____ ___, 1996 (the "CONTRACT OF SALE"), between Seller and Purchaser, Purchaser agreed to purchase from Seller and Seller agreed to sell to Purchaser certain real property described on Schedule 1 annexed hereto and made a part hereof and the buildings and other improvements thereon, as more fully described in the Contract of Sale (the "PROPERTY"); and

WHEREAS, the Contract of Sale provides, INTER ALIA, that Seller shall assign to Purchaser all of Seller's interest in and to the leases and licenses and other agreements granting rights of occupancy to tenants and affecting the Property and that Purchaser shall accept such assignment and assume the obligations of landlord under the said leases, licenses and other agreements all as more fully provided in the Contract of Sale.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are acknowledged, Seller and Purchaser hereby agree as follows:

1. ASSIGNMENT AND ASSUMPTION OF THE LEASES. Seller hereby assigns, sets over and transfers to Purchaser, to have and to hold from and after the date hereof, all of Seller's right, title and interest, as landlord, in, to and under those certain leases and other agreements listed on Schedule 2 annexed hereto and made a part hereof (the "LEASES"), including, without being limited to, all of Seller's right, title and interest in, to and under any prepaid rent, security deposits or other sums held by Seller as landlord under any of the Leases. Purchaser hereby accepts the within assignment and assumes and agrees with Seller to perform and comply with and to be bound by all of the terms, covenants, agreements, provisions and conditions of the Leases on the part of the landlord thereunder to be performed on and after the date hereof, in the same manner

and with the same force and effect as if Purchaser had originally executed the Leases as landlord. Seller shall remain liable for all leasing commissions, fees or expenses, if any, due with respect to the current term of Leases entered into on or prior to the date of the Contract of Sale regardless of when such commissions are due or accrue (excluding, however,

with respect to all renewals, or extensions or expansions thereof) and hereby unconditionally, absolutely and irrevocably agrees to indemnify, defend and hold harmless Purchaser of, from and against any and all costs, claims, obligations, damages, penalties, causes of action, losses, injuries, liabilities and expenses (including, without being limited to, reasonable attorney's fees and disbursements), of whatever kind or nature, arising out of, in connection with or with respect to (i) any claim for any such leasing commissions or (ii) any breach by Seller under the Leases with respect to the period prior to the date hereof.

2. INDEMNIFICATION. Purchaser hereby unconditionally, absolutely and irrevocably agrees to indemnify and to hold harmless Seller of, from and against any and all costs, claims, obligations, damages, penalties, causes of action, losses, injuries, liabilities and expenses (including, without being limited to, reasonable attorney's fees and disbursements), of whatever kind or nature, arising out of, in connection with or accruing under the Leases from and after the date hereof, including, without being limited to, any such liabilities or expenses arising in connection with any prepaid rent, security deposit or other sums held by Purchaser as the landlord under any of the Leases or arising in connection with brokerage commissions for any renewal, extension or expansion options exercised from and after the date of the Contract of Sale (including, without limitation, in respect of any Lease entered into on or prior to the date of the Contract of Sale), regardless of when such commissions are due or accrue.

3. MISCELLANEOUS. This Assignment and the obligations of Seller and Purchaser hereunder shall survive the closing of the transactions referred to in the Contract of Sale, shall be binding upon and inure to the benefit of Seller and Purchaser and their respective successors and assigns, shall be governed by and construed in accordance with the laws of the State of California and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

IN WITNESS WHEREOF, Seller and Purchaser have duly executed this Assignment as of the day and year first above written.

SELLER:

THE STROH COMPANIES, INC.

By:

Name: Christopher T. Sortwell
Title: Treasurer

PURCHASER:

COPART, INC.

By:

Name:
Title:

STATE OF _____)
) ss.:
COUNTY OF _____)

On this day of , in the year of 1996, before me [HERE INSERT NAME AND QUALITY OF THE OFFICER], personally appeared Christopher T. Sortwell, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as president (or secretary) or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

_____
[Notary Public]

STATE OF CALIFORNIA)
) ss.:
COUNTY OF _____)

On this ____ day of _____, in the year 1996, before me [HERE INSERT THE NAME AND QUALITY OF THE OFFICER], personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as president (or secretary) or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

_____
[Notary Public]

SCHEDULE 1 TO EXHIBIT I

DESCRIPTION OF LAND

ALL THAT CERTAIN piece, parcel and tract of land, situated in the State of California, County of Los Angeles and City of Los Angeles, described as follows:

Assessor's Parcel Number:

SCHEDULE 2 TO EXHIBIT I

LEASES AND OTHER OCCUPANCY AGREEMENTS

I. LEASES

Lease by and between The Stroh Companies, Inc., as Landlord, and Los Angeles SMSA Limited Partnership, as Tenant, dated as of January 31, 1995.

Lease by and between The Stroh Companies, Inc., as Lessor, and California Moving and Storage Company, as Lessee, dated December 1, 1994.

EXHIBIT J

GENERAL ASSIGNMENT AND ASSUMPTION

THIS ASSIGNMENT AND ASSUMPTION, made as of [_____], by and between THE STROH COMPANIES, INC., a Delaware corporation having an office at 100 River Place, Detroit, MI 48207-4291 ("SELLER"), and COPART, INC., a California corporation having an office at 5500 E. Second Street, Second Floor, Benicia, CA 94510 ("PURCHASER").

W I T N E S S E T H :

WHEREAS, by Contract of Sale, dated as of _____ __, 1996 (the

"CONTRACT OF SALE"), between Seller and Purchaser, Purchaser agreed to purchase from Seller and Seller agreed to sell to Purchaser certain real property described on Schedule I annexed hereto and made a part hereof and the buildings and other improvements thereon and other property all as more fully defined in the Contract of Sale as the "PROPERTY"; and

WHEREAS, the Contract of Sale provides, INTER ALIA, that Seller shall assign to Purchaser the certificates, licenses and permits listed on Schedule II annexed hereto (collectively, the "PERMITS"), the service, maintenance, supply and management contracts and agreements listed on Schedule II annexed hereto (collectively, the "SERVICE CONTRACTS") and all of Seller's right, title and interest in the sewer facility charges relating to the Property (the "SEWER FACILITY CREDITS"), and that Purchaser shall accept such assignment and assume the obligations of Seller under the Service Contracts, all as more fully provided in the Contract of Sale.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Seller hereby agrees as follows:

1. Seller hereby assigns, sets over and transfers to Purchaser, to have and to hold from and after the date hereof, all of Seller's right, title and interest in, to and under the Permits, the Service Contracts and the Sewer Facility Credits, and Purchaser hereby accepts the within assignment and assumes and agrees with Seller to perform and comply with and to be bound by all the terms, covenants, agreements, provisions and conditions of the Service Contracts on the part of the owner of the Property thereunder to be performed on and after the date hereof, in the same manner and with the same force and effect as if Purchaser had originally executed the Service Contracts as the owner of the Property.

2. Purchaser hereby unconditionally, absolutely and irrevocably agrees to indemnify and hold Seller harmless of, from and against any and all costs, claims, obligations, damages, penalties, causes of action, losses, injuries, liabilities and expenses, including, without limitation, reasonable attorneys' fees and disbursements, arising out of, in connection with or accruing under the Service Contracts on and after the date hereof.

3. Seller hereby unconditionally, absolutely and irrevocably agrees to indemnify and hold Purchaser harmless of, from and against any and all costs, claims, obligations, damages, penalties, causes of action, losses, injuries, liabilities and expenses, including, without limitation, reasonable attorneys' fees and disbursements, arising out of, in connection with or accruing under the Service Contracts before the date hereof.

4. (a) This Agreement shall not be construed as a representation or warranty by Seller as to the transferability of the Permits, the Service Contracts or the Sewer Facility Credits, and Seller

shall have no liability to Purchaser in the event that any or all of the Permits, the Service Contracts or the Sewer Facility Credits (i) are not transferable to Purchaser or (ii) are cancelled or terminated by reason of this assignment or any acts of Purchaser. The within assignment of the Sewer Facility Credits is made without any representation or warranty of, or recourse to, Seller.

(b) This Assignment and the obligations of Seller and Purchaser hereunder shall survive the closing of the transactions referred to in the Contract of Sale, shall be binding upon and inure to the benefit of Seller and Purchaser, and their respective successors and assigns, shall be governed by and construed in accordance with the laws of the State of California and may not be modified or amended in any manner other than by a written agreement signed by the party to be charged therewith.

IN WITNESS WHEREOF, Seller and Purchaser have duly executed this Assignment as of the day and year first above written.

SELLER:

THE STROH COMPANIES, INC.

By: _____
Name: Christopher T. Sortwell
Title: Treasurer

PURCHASER:

COPART, INC.

By: _____
Name:
Title:

STATE OF_____)
) ss.:
COUNTY OF _____)

On this ____ day of _____ , in the year 1996, before me [HERE INSERT NAME AND QUALITY OF THE OFFICER], personally appeared Christopher T. Sortwell, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as president (or secretary) or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

_____
[Notary Public]

STATE OF CALIFORNIA)
) ss.:
COUNTY OF _____)

On this ____ day of _____ , in the year 1996, before me [HERE INSERT THE NAME AND QUALITY OF THE OFFICER], personally appeared _____, personally known to me (or proved to me on the basis of satisfactory evidence) to be the person who executed the within instrument as president (or secretary) or on behalf of the corporation therein named and acknowledged to me that the corporation executed it.

_____
[Notary Public]

SCHEDULE I TO EXHIBIT J

DESCRIPTION OF LAND

ALL THAT CERTAIN piece, parcel and tract of land, situated in the State of California, County of Los Angeles and City of Los Angeles, described as follows:

Assessor's Parcel Number:

SCHEDULE II TO EXHIBIT J

PERMITS

SERVICE CONTRACTS

EXHIBIT K

[Intentionally Omitted]

EXHIBIT L

TENANT LETTER FORM

[LETTERHEAD OF SELLER]

_____ , 19__

[Name and Address of Tenant]

7521 WOODMAN AVENUE

Gentlemen:

This is to inform you that The Stroh Companies, Inc., has this day sold the captioned property to Copart, Inc. ("PURCHASER") and has transferred to Purchaser all leases, security deposits, if any, and other matters relating to your tenancy.

Purchaser has appointed [Name new Managing Agent] to manage the captioned property. After the date hereof, you should make all payments of rent and direct all notices and requests regarding your tenancy to [Name and address of recipient of rent and notices].

Very truly yours,

SELLER:

THE STROH COMPANIES, INC.

By: _____
Name: Christopher T. Sortwell
Title: Treasurer

PURCHASER:

COPART, INC.

By: _____
Name:
Title:

EXHIBIT M

FIRPTA AFFIDAVIT

Section 1445 of the Internal Revenue Code provides that a transferee of a U.S. real property interest must withhold tax if the transferor is a foreign person. To inform Copart, Inc. that withholding of tax is not required upon the disposition of a U.S. real property interest by The Stroh Companies, Inc., the undersigned hereby certifies the following on behalf of The Stroh Companies, Inc.:

1. The Stroh Companies, Inc. is not a foreign corporation, foreign partnership, foreign trust, or foreign estate (as those terms are defined in the Internal Revenue Code and Income Tax Regulations);

2. The Stroh Companies, Inc.'s U.S. employer identification number is [_____]; and

3. The Stroh Companies, Inc.'s office address is 100 River Place, Detroit, MI 48207-4291.

The Stroh Companies, Inc. understands that this certification may be disclosed to the Internal Revenue Service by transferee and that any false statement contained herein could be punished by fine, imprisonment, or both.

Under penalties of perjury I declare that I have examined this certification and to the best of my knowledge and behalf it is true, correct and complete, and I further declare that I have authority to sign this document on behalf of The Stroh Companies, Inc.

Date: [_____]

SELLER:

THE STROH COMPANIES, INC.

By: _____
Name: Christopher T. Sortwell
Title: Treasurer

EXHIBIT N

FORM OF TENANT ESTOPPEL CERTIFICATE

_____ , 1996

To:
_____
_____
_____
_____

Re: Lease Dated: _____
Landlord: _____
_____ ("Landlord")
Tenant: _____
_____ ("Tenant")
Premises: Approximately _____ square feet located at
_____ ("Premises")

Ladies and Gentlemen:

The undersigned hereby certifies to Landlord and _____ _____, a _____, or its assigns ("Buyer") as of the date hereof as follows:

1. The undersigned is the "Tenant" under the above-referenced lease ("Lease") covering the above-referenced Premises ("Premises").

2. The Lease, attached hereto as EXHIBIT "A", constitutes the entire agreement between Landlord and Tenant with respect to the Premises and the Lease has not been modified, changed, altered or amended in any respect as follows (if none, so state): _____ _____.

3. The term of the Lease commenced on _____, 19__,

and, including any presently exercised option or renewal term, will expire on _____, 19__. Tenant has accepted complete possession of the Premises and is the actual occupant in possession and, except for _____, has not sublet, assigned or hypothecated or otherwise transferred all or any portion of Tenant's leasehold interest. All improvements to be constructed on the Premises by Landlord have been completed to the satisfaction of Tenant and accepted by Tenant and any tenant construction allowances have been paid in full. All duties of an inducement nature required of the Landlord in the Lease have been fulfilled. All of the Landlord's obligations which have accrued prior to the date hereof have been performed.

4. To Tenant's knowledge, there exists no breach or default, nor state of facts nor condition which, with notice, the passage of time, or both, would result in a breach or default on the part of either Tenant or Landlord. To the best of Tenant's knowledge, no claim, controversy, dispute, quarrel or disagreement exists between Tenant and Landlord.

5. Tenant is currently obligated to pay base annual rental in monthly installments of $_____ per month and monthly installments of annual rental have been paid through _____, 19__. No other rent has been paid in advance and Tenant has no claim or defense against Landlord under the Lease and is asserting no offsets or credits against either the rent or Landlord. Tenant has no security, rental, cleaning or other deposits, except for a security deposit in the amount of $_____ which was paid pursuant to the Lease.

6. The Lease is in full force and effect in accordance with its terms and is a binding obligation of the undersigned.

7. The undersigned has received no notice of prior sale, transfer, assignment, hypothecation or pledge of the Lease or of the rents secured therein, except to Buyer.

8. Tenant has no option or preferential right to purchase all or any part of the Premises (or the real property of which the Premises are a part) nor any right or interest with respect to the Premises or the real property of which the Premises are a part other than as set forth in the Lease. Tenant has no right to renew or extend the terms of the Lease or expand the Premises except as set forth in the Lease.

9. Tenant has made no agreement with Landlord or any agent, representative or employee of Landlord concerning free rent, partial rent, rebate of rental payments or any other type of rental or other economic inducement or concession except as expressly set forth in the Lease.

10. There has not been filed by or against Tenant a petition in bankruptcy, voluntary or otherwise, any assignment for the benefit of creditors, any petition seeking reorganization or arrangement under the

bankruptcy laws of the United States, or any state thereof, or any other action brought under said bankruptcy laws with respect to Tenant.

11. All insurance required of Tenant by the Lease has been provided by Tenant and all premiums paid.

12. The undersigned (i) is not presently engaged in nor does it presently permit, (ii) has not at any time in the past engaged in nor permitted, any operations or activities upon, or any use or occupancy of the Premises, or any portion thereof, for the purpose of or in any way involving the handling, manufacturing, treatment, storage, use, transportation, spillage, leakage, dumping, discharge or disposal (whether legal or illegal, accidental or intentional) of any

radioactive, toxic or hazardous substances, materials or wastes, or any wastes regulated under any local, state or federal law, except as follows:

_____
_____ (if none, so state).

13. The undersigned acknowledges that:

(a) Buyer or Buyer's assignee is purchasing Landlord's interest in the property which includes the Premises and, in connection with that purchase, will be receiving an assignment of Landlord's interest under the Lease;

(b) Landlord, Buyer and Buyer's successors, agents and assigns (including, but not limited to subsequent purchasers, lenders and title insurers) will be relying upon each of the statements contained herein in connection with Buyer's purchase of the property of which the Premises are a part and but for the assurances and agreements contained herein Buyer would not purchase the property of which the Premises are a part; and

(c) The undersigned will attorn to and recognize Buyer as the Landlord under the Lease and will pay all rents and other amounts due thereunder to Buyer upon notice to the undersigned that Buyer has become the owner of Landlord's interest in the Premises under the Lease.

_____,
a _____

By: _____

Its: _____

EXHIBIT O

SERVICE CONTRACTS

1.	Wells Fargo Guard Services	security
2.	Stay Green, Inc.	landscaping
3.	Waste Management	trash
4.	Arrowhead	bottled water

EXHIBIT P

ENVIRONMENTAL DISCLOSURE

Copart uses, stores, handles and disposes of Hazardous Materials in connection with its salvage pool business conducted on the Property.

Asbestos containing materials are present in the roofing materials of the buildings on the Property.

Former brewery operations involved the storage and use of hazardous materials as defined by the Los Angeles Fire Department. The brewery was registered with the Los Angeles Fire Department (File 036081-001-0) for disclosure of hazardous substances onsite. (See LAFD Application for Certificate of Disclosure of Hazardous Substances (file 036081-001-0) December 1986.)

Former underground storage tanks were closed and removed from the Property as follows:

1,000 gallon gasoline	removed 1989
30,000 gallon No. 5 fuel oil	removed 1990
30,000 gallon No. 5 fuel oil	removed 1990
50,000 gallon No. 5 fuel oil	removed 1990
50,000 gallon No. 5 fuel oil	removed 1990

EXHIBIT 11.1

COPART, INC. AND SUBSIDIARIES

COMPUTATION OF NET INCOME PER SHARE

	Years Ended July 31,		
	1996	1995	1994
Common shares issued and outstanding	12,433,204	9,733,201	6,334,870
Common Stock Equivalents:			
Warrants and Stock options	782,432	881,000	969,981
	13,215,636	10,614,201	7,304,851
Income before extraordinary item	$ 11,185,400	$ 6,894,300	$ 2,222,400
Extraordinary item	--	--	(1,632,800)
Net income	$ 11,185,400	$ 6,894,300	$ 589,600
Per share:			
Income before extraordinary item	$ 0.85	$ 0.65	$ 0.30

Extraordinary item	--	--	(0.22)
Net income	$ 0.85	$ 0.65	$ 0.08

Net income per share is computed by using the weighted average number of common shares and equivalents assumed to be outstanding during the periods. Common stock options and warrants to purchase common stock were included in the calculation of net income per share.

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS'

The Board of Directors and Shareholders
Copart, Inc.:

Consent to incorporation by reference in the registration statement (No. 33-81238) on Form S-8 of Copart, Inc. of our report dated September 27, 1996, relating to the consolidated balance sheets of Copart, Inc. and subsidiaries as of July 31, 1996 and 1995, and the related consolidated statements of income, shareholders' equity, and cash flows for each of the years in the three-year period ended July 31, 1996, and the related schedule, which report appears in the July 31, 1996, annual report on Form 10-K of Copart, Inc.

KPMG Peat Marwick LLP

San Francisco, California
October 25, 1996

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