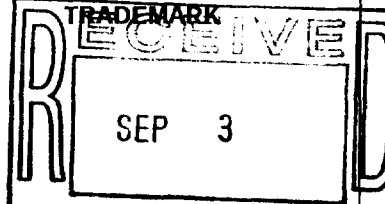


09-07-1999



101136323

RECORDATION FORM COVER SHEET
TRADEMARKS ONLY



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

☒ New

☐ Resubmission (Non-Recordation)
Document ID #

☐ Correction of PTO Error

Reel # Frame #

☐ Corrective Document

Reel # Frame #

Conveyance Type

☒ Assignment

☐ License

☐ Security Agreement

☐ Nunc Pro Tunc Assignment

☐ Merger

Effective Date
Month Day Year

☐ Change of Name

☐ Other

Conveying Party

☐ Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name Agency for Instructional Technology

08231999

Formerly

☐ Individual ☐ General Partnership ☐ Limited Partnership ☐ Corporation ☐ Association

☒ Other Not-for-profit Agency

☒ Citizenship/State of Incorporation/Organization District of Columbia

Receiving Party

☐ Mark if additional names of receiving parties attached

Name ChildU, Inc.

DBA/AKA/TA

Composed of

Address (line 1) 316 Northeast Fourth Street

Address (line 2)

Address (line 3) Ft. Lauderdale

City

FL

State/Country

33301

Zip Code

☐ Individual ☐ General Partnership ☐ Limited Partnership

☒ Corporation ☐ Association

☐ Other

☒ Citizenship/State of Incorporation/Organization Florida

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

09/07/1999 MTHA11 00000012 75418489

01 FC:481 40.00 DP
02 FC:482 25.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

REEL: 001953 FRAME: 0451

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

☐ Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

<input type="text" value="75418489"/>	<input type="text" value="75424681"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed ☒

Deposit Account ☐

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes ☐

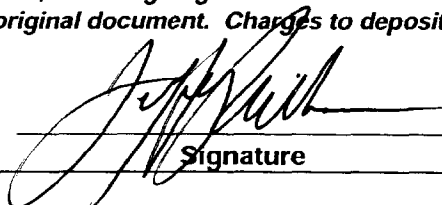
No ☐

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Jeffrey L. Michelman

Name of Person Signing



Signature

August 30, 1999

Date Signed

ASSIGNMENT OF INTELLECTUAL PROPERTY RIGHTS

WHEREAS, AGENCY FOR INSTRUCTIONAL TECHNOLOGY, a not-for-profit agency as defined in IRC 501(c)(3) and duly organized and authorized to exist under the laws of the District of Columbia ("Assignor"), is the owner of that certain trademark application having Serial No. 75/418,489 which is pending in the United States Patent and Trademark Office for the mark THE LEARNING ODYSSEY and is also owner of the trade name "AIT Learning" which are described in Exhibit "A" attached hereto (collectively referred to as "Marks"); and

WHEREAS, Assignor is also the owner of certain copyrights and trade secrets which are described in Exhibit "A" attached hereto ("Creations"); and

WHEREAS, Assignor is the registered owner of certain domain names described in Exhibit "A" attached hereto ("Domain Names"); and

WHEREAS, ChildU, Inc., a Florida corporation ("Assignee"), is desirous of acquiring the entire right, title and interest of Assignor in and to the Marks and the goodwill associated therewith and to the Creations and Domain Names; and

WHEREAS, contemporaneously with the execution of this Assignment of Intellectual Property Rights, Assignor and Assignee have consummated the transactions contemplated in that certain Agreement for Assignment of Intellectual Property dated August 23, 1999, pursuant to which, Assignee will acquire all right, title, and interest in the Marks, Creations, and Domain Names.

NOW, THEREFORE, in consideration of the sum of One and No/100 Dollars (\$1.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Assignor, by these presents, does hereby sell, assign, and transfer unto Assignee all of its right, title, and interest in and to the Marks, together with the goodwill of the business symbolized by and associated with the Marks, as well as to the Creations and Domain Names, and in any and all versions of said Creations and Domain Names and any other proprietary rights therein, and as listed in Exhibit "A" attached hereto, the same to be held and enjoyed by Assignee, for its own use and benefit and that of its successors and assigns, to the full end of the term for which said Marks, Creations, and Domain Names are granted and any renewals and extensions thereof in the United States of America and elsewhere throughout the world, in perpetuity, together with all claims for damages by reason of past infringement of said Marks, Creations, and Domain Names, with the right to sue for and collect the same for its own use and for the use of its successors, assigns, or other legal representatives. Assignor does hereby covenant and warrant that: (i) it is the owner of said Marks, Creations, and Domain Names and has full right and title thereto and authority to sell, assign, and dispose of the same; (ii) that no other party has, and/or will have, any right, title, or interest in the Marks, Creations, or Domain Names; (iii) it has not granted any right or license to use the Marks, Creations, or Domain Names to anyone; (iv) the Marks, Creations, and Domain Names are free and clear of any and all liabilities, security interests, pledges, liens, encumbrances, charges, imperfections of title or other burdens of every nature and kind; and (v) it has not executed, and will not execute,

any instrument in conflict herewith. Assignor does hereby further covenant and agree with Assignee to execute and deliver such other and further instruments and take such other and further actions as may be reasonably necessary or appropriate to transfer said Mark, Creations, and Domain Names, claims for damages by reason of past infringement, and right to sue and collect therefor to Assignee.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 23rd day of August, 1999.

**AGENCY FOR INSTRUCTIONAL
TECHNOLOGY**
a not-for-profit agency

By: Michael F. Sullivan
Print Name: Michael F. Sullivan
Title: Executive Director

STATE OF Indiana)
COUNTY OF Monroe) SS:

On this 23 day of August, 1999, before me personally appeared Mike Sullivan who, being duly sworn, did say that he is the Executive Director of **AGENCY FOR INSTRUCTIONAL TECHNOLOGY**; that he signed the foregoing on behalf of said business entity; and acknowledged the foregoing to be the free act and deed of said business entity.

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed an official seal in the county and state aforesaid, the day and year first above written.

Benedette Warfield
Notary Public

12/06/2006

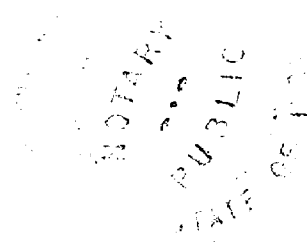


EXHIBIT A
to
Assignment of Intellectual Property Rights

TRADEMARKS:

THE LEARNING ODYSSEY

Serial No. 75/418,489

Classes: 009, 016, 035, 038, and 041

AIT Learning Odyssey

Serial No. 75/424681

Classes: 009, 016, 035, 038, and 041

DOMAIN NAMES:

TLO.NET

LEARNINGODYSSEY.NET

THELEARNINGODYSSEY.NET

TRADE SECRETS:

Algorithms used in the initial assessment, the on-going assessments, and in the selection of learning activities.

LICENSES:

Windows NT Server

SQL Server

RealNetworks Server

GRAPHICS:

The graphics on the TLO visitor's site and all graphics other than those within learning activities are either original graphics or original photographs that belong to MT. Within the learning activities there are currently 4000+ graphic images, 1000+ audio files, and 24 video clips. All of the audio files and video clips were created by and belong to MT. Many of the graphic files were created by and belong to AIT. All of the other images are either in the public domain or rights to use them within TLO have been purchased by MT. In all cases, purchased rights do not have an expiration date. Rights have been purchased from:

Corel (complete libraries 1 through 4)

Photodisk

Artville

Corbis

Image Club

NARA (National Archives and Records Administration)

Cartesia

Library of Congress

Exhibit "E"
to
Loan Agreement Dated August 23, 1999

**AGREEMENT FOR DEVELOPMENT
OF INTELLECTUAL PROPERTY**

This Agreement for Development of Intellectual Property ("Agreement") is executed this ____ day of August, 1999, by and between **Agency For Instructional Technology**, a not-for-profit agency organized under IRC 501(c)(3) duly organized and authorized under the laws of the District of Columbia ("AIT") and **ChildU, Inc.**, a Florida corporation (the "Company") for the purposes of confirming and commemorating the terms and conditions applicable to the transactions contemplated in connection with the acquisition and development of intellectual property as more specifically described in this Agreement.

PRELIMINARY RECITALS

WHEREAS, the Company intends to engage in the business generally consisting of Internet distribution of teaching materials ("Curricula") for elementary grades of education (the "Business"). The Company further endeavors to expand the range of the Curricula for Internet distribution and in order to operate the Business and expand the Curricula, requires the use, ownership and development of certain intellectual property to be used in the Business; and

WHEREAS, AIT has previously developed and is the exclusive owner of certain intellectual property rights used to promote online learning activities to teach specific performance standards which is generally designated as *The Learning Odyssey* ("TLO") and has developed Curricula for the 4th and 5th grade levels, as well as other processes and know-how in connection with TLO (TLO, and all related patents, trademarks, service marks, copyrights, graphics, trade secrets and all related rights, the related processes and know-how are collectively defined as the "Intellectual Property"); and

WHEREAS, AIT has assigned the Intellectual Property to Company under a separate agreement entitled Agreement for Assignment of Intellectual Property dated August 23; and

WHEREAS, the Company desires to enter into a business relationship with AIT which engages AIT for the purposes of further developing the Intellectual Property in order to expand its existing Curricula and the Business.

NOW, THEREFORE, in consideration of the mutual covenants and conditions set forth below, the parties agree as follows:

1. SCOPE OF WORK FOR CURRICULUM DEVELOPMENT.

AIT will provide online curriculum development focused on the first, second, third, fourth, fifth, and sixth grades with content areas of: math, science, social studies, language arts, music, technology, art, and life skills, known collectively as *The Learning Odyssey* (the "Work"). These activities will be appropriate for learners age six (6) to thirteen (13). Specifically, AIT will create standards, design, and develop approximately three thousand (3,000) student activities that include the components appropriate for the level of the learner such as the following:

- Topical information to support National Standards
- Online and Offline activities
- Internet links
- guide tips
- Assessment tools
- Reflective opportunities such as: "Your turn" ... "Did you know?" ... "Learn more...."
- Subject category list ("To Do List")
- Pop-up definition links
- Supply list
- Illustrations and graphics

These activities will represent at least two activities for each standard developed. The activities will be designed that the second differs from the first in approach. These differences will consider differences among students such as learning styles, interests, reading levels, and attention spans. The activities will be subject to review by the Company and/or outside consultants selected by the Company and will be returned for revision when, in Company's sole discretion, stated criteria are not met or when activities are not comparable to those currently posted on www.tlo.net. Once the curriculum is validated, AIT will develop the activities and post them to a web site for review.

Once the fields are posted, AIT will conduct a content review and edit service. Final changes will be submitted to the Company for acceptance.

2. GRANT OF DEVELOPMENT RIGHTS; OWNERSHIP BY COMPANY.

Upon periodic payment by Company of the Development Fees specified in Section 4.1, AIT hereby grants and assigns all right, title, and interest in and to the specific Development Phase of the Work represented by the payment for such Development Phase, subject to any reversionary rights provided in Section 11.3, free from any claim, lien, or encumbrance, including any processes and know-how and associated code and documentation, to the Company, and without limiting the foregoing assignment, the exclusive right to publish, distribute, and sell the Work under the Company's own name and with the exclusive right to exploit or otherwise utilize or dispose of all related rights in connection with the Work throughout the world in English, as well as translated versions in all media now known or hereafter invented, including, but not limited to, exclusive right to:

A. Duplicate the Work by mechanical, electronic, or any other means of replication and distribute, sell, rent, or license copies of the Work throughout the world together with all translations, abridgements, revisions thereof, and selections therefrom;

B. Broadcast, cablecast, or transmit, by any means now known or hereinafter invented (provided that, and to the extent, such rights are available), performances of all or portions of the Work throughout the world, together with all translations, abridgements, and revisions thereof;

C. Adapt the Work for special editions or translate the Work in any language; and assign or sub-license to others any of the development or Intellectual property rights.

3. DEVELOPMENT SCHEDULE.

3.1 AIT shall deliver for Company's acceptance the phases of development (the "Development Phases") of the Work upon the following schedule (the "Work Schedule"):

<u>Development Phase</u>	<u>Due Date</u>
Delivery of completed 4 th grade curriculum (final)	August 15, 1999
Delivery of first 150 5 th grade activities	September 15, 1999
Delivery of instructional design for grades one and two	September 30, 199
Delivery of next 150 5 th grade activities	October 17, 1999
Delivery of first 150 6 th grade activities	November 1, 1999

Delivery of next 150 5 th grade activities	November 18, 1999
Delivery of completed 5 th grade (final)	December 15, 1999
Delivery of grades one and two prototype	December 20, 1999
Delivery of next 150 6 th grade activities	December 31, 1999
Delivery of first 150 3 rd grade activities	January 30, 2000
Delivery of next 150 3 rd grade activities	February 25, 2000
Delivery of next 150 6 th grade activities	February 28, 2000
Delivery of first 25% of grades one and two activities	March 28, 2000
Delivery of next 150 3 rd grade activities	April 30, 2000
Delivery of completed 6 th grade (final)	May 15, 2000
Delivery of next 25% of grades one and two activities	May 30, 2000
Delivery of completed 3 rd grade (final)	June 30, 2000
Delivery of next 25% of grades one and two activities	August 30, 2000
Delivery of completed grades one and two (final)	December 31, 2000

Company will review each delivery and return comments within ten working days. AIT will make revisions as needed and return within ten working days. The Work shall be commenced and completed in accordance with the Work Schedule and shall be delivered to the Company in a condition to immediately be utilized for publication and distribution of its website or any other intended medium.

3.2 AIT acknowledges and agrees that time is of the essence with respect to the Work Schedule and that late delivery of any Development Phases or component of the Work would jeopardize the Company's ability to bring the Work to market in a timely fashion. Accordingly, AIT shall at all times use its best efforts to comply with the Work Schedule unless prevented from doing so due to circumstances beyond its control including acts of nature, fire or other catastrophe be it a result of natural or man-made cause. Upon completion of each Development Phase as set forth in Section 4.1, AIT shall submit to Company a progress report certifying that AIT has completed all the tasks relating to the delivered Development Phase and the documentation related to such phase.

3.3 Except as provided in the paragraph above, if AIT fails to meet the final delivery date or any interim date from the Work Schedule by ten or more working days (or in the event no schedule is agreed upon, if any component of the Work is not delivered within ten (10) working days of the applicable date), or if the materials are not satisfactory to the Company in form and content,

subject to Section 11, AIT shall be in default of this Agreement, and, in addition to any other rights and remedies permitted by law, the Company may, at its option: (i) allow AIT to finish, correct, or improve the materials by the date specified by the Company; or, (ii) terminate this Agreement by written notice to AIT, in which case all amounts which may have been previously paid to AIT and not expended will be promptly refunded. Termination, if elected by Company, shall not alter Company's ownership of all Work created prior to such termination.

3.4 The Company agrees that its acceptance of any timely-delivered component shall not be unreasonably withheld. Should the Company withhold acceptance of any delivered component, it shall notify AIT in writing of the claimed defect or reason for non-acceptance, and AIT shall have a reasonable opportunity, given the scope of the defects and the time remaining for completion of the Work, to cure any identified defects. The Company further agrees that, in the event the Company fails to meet any agreed performance date, AIT will be granted a day-to-day extension of its dependent performance dates.

3.5 If the Work incorporates any non-original work or copyrighted material not in the public domain, AIT will so advise the Company in writing early in the development process, and AIT shall be responsible for obtaining all licenses and other permissions necessary to use such material. The Company will not be obligated to accept any learning activity until appropriate licenses or permissions are obtained by AIT from any author or copyright owner whose material is utilized in the Work.

4. PAYMENT OF DEVELOPMENT FEES.

4.1 Company agrees to pay AIT for delivery and acceptance of the completed Work the sum of \$4.5 million as and for its complete and full consideration for performance of the development of the Work under this Agreement and for the assignment of rights in such Work. Payment shall be in the form of progress payments upon completion of each Development Phase as set forth below:

- \$250,000 upon receipt of fourth grade curriculum (August 15, 1999);
- \$250,000 upon receipt of first 150 fifth grade activities (September 15, 1999);
- \$100,000 upon receipt of instructional design for grades one and two (September 30, 1999);
- \$250,000 upon receipt of next 150 fifth grade activities (October 17, 1999);
- \$250,000 upon receipt of first 150 sixth grade activities (November 1, 1999);

\$250,000 upon receipt of next 150 fifth grade activities (November 18, 1999);
\$250,000 upon receipt of completed fifth grade (December 15, 1999);
\$100,000 upon receipt of grades one and two prototype (December 20, 1999);
\$250,000 upon receipt of next 150 sixth grade activities (December 31, 1999);
\$250,000 upon receipt of first 150 third grade activities (January 30, 2000);
\$250,000 upon receipt of next 150 third grade activities (February 25, 2000);
\$250,000 upon receipt of next 150 sixth grade activities (February 28, 2000);
\$250,000 upon receipt of first 25% of grades one and two activities (March 28, 2000);
\$250,000 upon receipt of next 150 third grade activities (April 30, 2000);
\$250,000 upon receipt of completed sixth grade (May 15, 2000);
\$250,000 upon receipt of next 25% of grades one and two activities (May 30, 2000);
\$250,000 upon receipt of completed third grade (June 30, 2000);
\$250,000 upon receipt of next 25% of grades one and two activities (August 30, 2000); and
\$300,000 upon receipt of completed grades one and two (December 31, 2000).

4.2 In the event development of the Work is terminated by Company for reason of default by AIT, prior to the delivery and acceptance of the entire Works, Company shall be under no obligation to make any further progress payments as of the date of termination of this Agreement.

4.3 Payment of the development fees shall be by wire transfer of immediately available funds on a periodic basis in accordance with the established Work Schedule described in Section 4.1. The time of payment by Company of all amounts owed by Company to AIT is of the essence.

5. WARRANTIES AND REPRESENTATIONS BY AIT.

5.1 In connection with this Agreement, AIT represents and warrants to the Company as of the date of this Agreement, which representations and warranties shall be and remain accurate and correct on the Closing Date and shall survive the closing as follows:

A. AIT is or shall be the record and beneficial owner of all the Work and has full right, power, authority and capacity to sell, transfer and deliver the Work in accordance with the terms of this Agreement, and upon delivery, the Company will receive the title to the Work free and clear of any claims, liens, encumbrances or adverse claims of any type.

B. The execution, delivery and performance of this Agreement and the transaction contemplated herein does not require the consent, authority or other approval of any other person or entity.

C. AIT is a not-for-profit agency as defined in IRC 501(c)(3) duly organized and authorized to exist in any state of its presence in good standing under the laws of the District of Columbia, with power and authority to own its own properties and conduct its business as now conducted.

D. The execution and delivery of this Agreement, the consummation of the transaction herein contemplated in compliance with the terms of this Agreement will not conflict with, nor result in a breach of, any of the terms or provisions of, nor constitute a default under, the Articles of Organization or bylaws of AIT, or any other Agreement or instrument to which AIT is a party, nor any applicable law, rule, judgment, order or decree of any government instrumentality or Court having jurisdiction of AIT's interests or properties. AIT has full power and authority to enter into this Agreement and to make the grant of rights contained herein.

E. Except as set forth in this Agreement or any attached schedule, there are no actions, suits, proceedings or investigations pending or threatened against or affecting AIT as defendant and relating to the Intellectual Property or the Work, nor, to the knowledge of AIT has there occurred any event or does there exist any conditions on the basis of which any action, suit, proceeding or investigation might properly be instituted against AIT in connection with the Intellectual Property or the Work.

F. AIT is in material compliance with, and AIT is not aware of any facts or circumstances which would lead to non-compliance with, all applicable federal, state or local statutes, orders, rules, regulations and ordinances relating in any respect to the Work.

G. AIT is not a party to or subject to any judgment or decree or order entered in any suit or proceeding brought by any governmental agency or by any other person enjoining it in respect to the transfer or other disposition of the Work.

H. The Work shall contain no matter which is scandalous, libelous, obscene, an invasion of privacy, or otherwise unlawful.

I. The Work will not infringe upon any common law or statutory copyright, common law literary right, trademark right, trade secret right, patent right, proprietary information, non-disclosure, or other rights of any third party.

J. All individuals who shall in any way contribute in the authorship of any portion of the Work shall either be full time employees of AIT within the meaning of Section 101 of the Copyright Act or shall be independent contractors who have agreed to assign their work product to AIT. For employees, all materials produced thereby are works-made-for-hire, and AIT shall be considered the author. If any individual hired by AIT is not an employee of AIT, said individual shall, prior to entering a contract with AIT, agree in writing that the Work shall be considered a work-made-for hire and owned by AIT, and if the Work is not a work-made-for-hire under Section 101 of the Copyright Act, the individual shall assign all rights, title, and interest in the Work to AIT so that AIT may assign the Work to Company as required in this Agreement.

K. AIT will not, during the term of this Agreement or for a three (3) year period following the termination of this Agreement, without the written consent of the Company, develop, publish, participate in publishing, or furnish to any other Company or for its own account, any work or material similar in nature to the Work for publication and/or delivery over the Internet which is used in such a manner as to compete with the Company. Non-Internet related materials and work which are currently produced and distributed by the Company is not intended to be included within this restriction.

L. The Work shall be free from significant programming errors and from defects in workmanship and materials; shall conform to the scope of Work; and shall be suitable for the intended use of Company.

5.2 AIT shall give written notice to the Company promptly upon AIT having knowledge of the impending or threatened occurrence of any event which would cause or constitute a breach of any of AIT's representations or warranties contained in this Agreement.

6. WARRANTIES AND REPRESENTATIONS BY COMPANY.

6.1 Company represents and warrants to AIT as of the date of this Agreement, which representations and warranties shall be and remain accurate and correct on the Closing Date and shall survive the closing as follows:

A. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida.

B. The Company has all requisite corporate power and authority to execute, deliver, and perform this Agreement and to consummate the transactions contemplated hereby. This Agreement has been duly and validly executed and delivered by Company and constitutes the valid and binding obligation of Company, enforceable in accordance with its terms, except to the extent that such enforceability: (i) may be limited by bankruptcy, insolvency, reorganization, moratorium, or other similar laws relating to creditors' rights generally; and (ii) is subject to general principles of equity.

C. The execution, delivery, and performance by Company of this Agreement and the consummation by Company of the transactions contemplated hereby will not, with or without the giving of notice or the lapse of time, or both, subject to obtaining any required consents, approvals, authorizations, exemptions or waivers: (i) violate any provision of law, rule, regulation, judgment, or order to which Company is subject; (ii) violate any order, judgment, or decree applicable to Company; or (iii) conflict with, or result in a breach or default under, any term or condition of the Articles of Incorporation or By-laws of Company, or any other agreement (oral or written), permit, license, or instrument to which Company is a party or by which Company is bound, including, without limitation, any franchise, license, or similar agreement or arrangement.

D. The execution, delivery and performance of this Agreement and the transaction contemplated herein does not require the consent, authority or other approval of any other person or entity.

E. Except as set forth in this Agreement or any attached schedule, there are no actions, suits, proceedings or investigations pending or threatened against or affecting the Company as defendant and relating to its Business, nor, to the knowledge of Company has there occurred any event or does there exist any conditions on the basis of which any action, suit, proceeding or investigation might properly be instituted against Company.

F. The Company is in material compliance with, and Company is not aware of any facts or circumstances which would lead to non-compliance with, all applicable federal, state or local statutes, orders, rules, regulations and ordinances relating in any respect;

G. The Company is not a party to or subject to any judgment or decree or order entered in any suit or proceeding brought by any governmental agency or by any other person enjoining it in respect to the transfer or other disposition of the Intellectual Property.

6.2 Company shall give written notice to the AIT promptly upon Company having knowledge of the impending or threatened occurrence of any event which would cause or constitute a breach of any of Company's representations or warranties contained in this Agreement.

7. **CONTINUING OBLIGATIONS OF THE PARTIES.**

7.1 As to AIT, subsequent to the Closing Date, AIT shall have the following continuing obligations: (i) to indemnify, defend, and hold Company harmless regarding any matter involving the title or other rights affecting the Work in the event of attack or adverse claim by any third party, including employees, contractors, and affiliates of AIT; (ii) to retain a copy of any software, manuscript, or other property sent to the Company in fulfillment of this Agreement or thereafter in the event any of the masters of the Work sent to the Company become lost, stolen, or are otherwise rendered unusable; (iii) to support and provide maintenance and oversight in connection with the Work up through and including the termination of this Agreement or its expiration upon the last day upon which AIT has completed the Work and all developed materials and Work has been accepted by the Company. Any support, maintenance, and oversight relating to the Work after the final acceptance of the Work shall be the subject of an independent Support, Maintenance, and Oversight Agreement which shall define the scope of services and provide negotiated terms of the compensation for such services. For purposes of this Section, acceptance by the Company shall mean the date upon which AIT has fully completed and delivered the Work in working order and suitable for use by the Company in the Business and Company has performed such tests as it deems necessary to determine, in its sole judgment, that the Work meets the Scope of Work and Company's intended use. Company shall provide to AIT formal, written notice of its acceptance of the Work.

7.2 As to the Company, subsequent to the Closing Date, the Company shall dutifully and timely make payment of the Development Fees and shall perform certain duties and obligations including operation of the Business and the promotion of the Work, including, but not limited to, publication of the Work upon proper completion and acceptance by the Company. From time to time during the life of this Agreement, the Company will publish the Work and any revisions thereof as long as there is, in its sole opinion, a reasonable demand for same. The Company reserves the right to publish the Work and any revision or adaptation of the Work in different versions with such style, manner, and format, with such title and in such quantity as it deems appropriate; to sell the

Work and any revision or adaptation, or version of the Work at such price as it deems best; to sell the Work and revision, adaptation, or version of the Work in any market and through any channel of distribution it deems appropriate; to keep the Work and any revision, adaptation, or version of the Work in print only as long as it deems expedient; to prepare, or cause to be prepared, and publish, or cause to be published, works on any subject or matter whatsoever, even though such may of necessity compete with the Work or a revision, adaptation, or version of the Work. The Company may use AIT's name on copies of the Work and in advertising and to promote the Work. AIT shall have the right to approve the manner in which it is identified, which approval shall not be unreasonably withheld. In the event that further levels of curricula, beyond the levels contemplated by this Agreement, or versions or adaptations, are to be created for the Business, AIT shall have the right of first refusal for the development of such additional curricula under terms to be negotiated between the parties.

8. CONDITIONS PRECEDENT TO COMPANY'S OBLIGATIONS.

The obligations of Company under this Agreement are subject to fulfillment of each of the following conditions prior to or at the closing:

A. The parties shall execute the Agreement for Assignment of Intellectual Property and all assignment documents necessary to transfer good and marketable title to the Intellectual Property to Company.

B. There shall not have been any material breach of the representations or warranties of AIT contained in this Agreement, and such representations and warranties shall be substantially correct on the Closing Date, except as affected by transactions contemplated herein and changes occurring in the ordinary course of business.

C. Between the date of the execution of the Agreement and the Closing Date there shall not have been any material adverse change in the Business of AIT, and AIT shall not have operated the Business other than in its ordinary course.

D. The manner which AIT is conducting the Business shall not be in violation of any applicable law or regulation materially affecting the properties, assets, and rights to be sold pursuant to this Agreement, and AIT shall not be a party to, or be threatened with, any litigation or proceeding relating to any transactions contemplated by this Agreement.

9. CONDITIONS PRECEDENT TO AIT'S OBLIGATIONS.

The obligations of AIT under his Agreement are subject to fulfillment of each of the following conditions prior to or at the closing:

A. There shall not have been any material breach of the representations or warranties of the Company contained in this Agreement, and such representations and warranties shall be substantially correct on the Closing Date, except as affected by transactions contemplated herein and changes occurring in the ordinary course of business.

B. Between the date of the execution of the Agreement and the Closing Date there shall not have been any material adverse change in the Business of the Company.

C. The Company shall have received funding of at least \$6.5 million which is available as needed for use of the Business, including the payments described in Section 4.1.

10. INDEMNIFICATION OF COMPANY.

10.1 AIT agrees to indemnify, defend, and save harmless Company, its employees, shareholders, officers, directors, and agents, from any liability or damages, including costs and attorneys' fees, which Company may suffer as a result of claims, demands, costs or judgments which affect the Company's use of the Work or which result from AIT's default or breach of any of the warranties and representations contained in this Agreement. AIT's obligation to indemnify shall survive the termination of this Agreement for any reason.

10.2 In the event of any claim against the Company in connection with the assignment and/or use of the Work, AIT shall be responsible for all fees, costs and damages resulting to Company as a result of the claim, including any consequential, special, or incidental damages flowing from any such adverse claim. In the event of any adverse claim, the Company shall be entitled to select counsel in order to contest, compromise, or settle such claim, and AIT shall be fully responsible for any legal fees incurred as a result of the claim or breach of any warranty.

10.3 The Company will also have the right, whenever it deems it necessary and from time to time, to bring legal proceedings to protect its rights hereunder, whether arising by infringement by third parties or otherwise, and to compromise or settle any such claim asserted by it. AIT hereby irrevocably constitutes the Company as AIT's attorney-in-fact for these purposes and authorizes and empowers the Company to bring and prosecute such legal proceedings and to compromise or settle

a claim asserted by it in its name and in such manner and on such terms as the Company deems proper. In the event that the Company brings any such action, AIT shall reimburse the Company for any fees and costs reasonably incurred in protecting its rights to the Work. However, prior to incurring any expenses in accordance with this subsection, the Company shall first notify AIT who may undertake to participate in such prosecution at its own expense. If AIT declines to undertake such participation, then Company may nevertheless proceed to protect its interests and charge such expenses against AIT as set forth above.

11. DEFAULT AND CANCELLATION.

11.1 In addition to reserving all other legal and equitable remedies available at law or equity or provided for in this Agreement, either party may terminate this Agreement upon written notice to the other party if the other party is in default of any material obligation hereunder and such party has failed to cure such default within thirty (30) days after receipt of written notice of default accompanied by reasonable detailed documentation or explanation of such default.

11.2 The Parties acknowledge and agree that the Subscription Agreement by and between AIT and the Company dated August 23, 1999 for the issuance of the Shares was entered into as consideration for AIT's continued performance under this Agreement in accordance with its terms. Accordingly, in the event of non-performance of any material obligation by AIT under this Agreement or the Assignment Agreement, the Company shall have the absolute right, subject to Section 11.1, to cancel the shares issued under the Subscription Agreement (as more fully set forth below) and terminate this Agreement. The termination of this Agreement for reason of material default by AIT, subject to Section 11.1, shall result in a proportionate cancellation of the Shares in increments of five (5%) percent per grade of curriculum not yet delivered and accepted by the Company. The execution of this Agreement constitutes acceptance of the fourth grade curriculum and permanently vests the non-cancelable rights to eight (8%) percent of the Shares. Each subsequent grade level accepted thereafter represents the permanent vesting of five (5%) percent of the Shares not to exceed a total aggregate amount of thirty-three (33%) percent of the issued and outstanding common stock prior to any public issue. The provisions of this Section 11 shall be cross-referenced in the Subscription Agreement. By way of example, in the event that this Agreement is canceled, in accordance with this Section 11, after the delivery by AIT and acceptance

by the Company of the initial 4th and 1st - 2nd grade curriculums, then in such event, AIT shall be entitled to retain eighteen (18%) percent (representing 8% [4th grade] plus 5% [1st grade] plus 5% [2nd grade]) of the Shares and the remaining fifteen (15%) percent of the Shares shall be canceled.

11.3 In the event of termination or cancellation subject to Company's right to set-off, Company shall make all payments due for work accepted and, regardless of the exercise of set-off rights, shall retain full rights to all Work paid for by Company and which has been completed by AIT up to the time of termination or cancellation, and AIT will be free of all future development and support activities unless a separate agreement is established for that purpose. In the sole event that Company inexcusably defaults, subject to Section 11.1, in making payments properly due AIT under the Development Agreement, all right, title, and interest in and to the Intellectual Property shall revert to AIT, and Company shall execute such instruments as are necessary to effect such reversion.

12. ARBITRATION.

12.1 Any controversy, dispute, or claim between the parties arising out of, related to, or in connection with this Agreement or the performance or breach hereof shall be submitted to and settled by arbitration conducted by the American Arbitration Association in Fort Lauderdale, Florida, in accordance with its commercial arbitration rules then in effect; provided that the arbitration shall be by a single arbitrator having a background in software development contracts (the "Arbitrator") mutually selected by AIT and Company, and if the parties do not agree within twenty (20) days after the date of notification of a request for arbitration made by either of the parties, the selection of the Arbitrator shall be made by the American Arbitration Association in accordance with its rules then in effect. In addition to, and not in substitution for, any and all other legal and equitable relief that the Arbitrator may grant, the arbitrator may grant equitable relief and specific performance to compel compliance with the terms of this Agreement. The determination of the Arbitrator shall be accompanied by a written opinion of the Arbitrator and shall be final, binding, and conclusive on the parties, and judgment on the Arbitrator's award may be confirmed by any court of appropriate jurisdiction. Fees and costs, including the expenses of the American Arbitration Association and of the Arbitrator, shall be borne as shall be determined by the Arbitrator. Notwithstanding the foregoing, the parties may seek equitable relief in any court of competent jurisdiction only upon a showing that such immediate relief is necessary to prevent irreparable harm to such party.

12.2 In the event of submission of any dispute to arbitration or to a court as set forth in Section 12.1 above, the prevailing party shall be entitled to recover from the non-prevailing party all attorneys' fees and costs, including any expert witness fees. Furthermore, in the event that either Party breaches this Agreement which becomes the subject matter of a litigation dispute in any court of law or equity, including bankruptcy court or such other specialized court, the prevailing party shall be entitled to recover all attorneys' fees and costs in any such case or proceeding.

13. NOTICES.

13.1 All notices or other communications permitted or required to be given under this Agreement shall be given in writing and delivered to the parties at their respective addresses (or sent to their fax numbers) as set forth below, in one of the following ways, at the option of the party giving the notice: (i) by hand delivery; (ii) by certified or registered mail, return receipt requested and proper postage prepaid; (iii) by a nationally-recognized overnight courier service such as Federal Express; or (iv) by facsimile as follows:

If to COMPANY:

ChildU, Inc.
316 Northeast Fourth Street
Fort Lauderdale, Florida 33301
(954) 523-9881 (facsimile)
Attn: Scott R. Udine

With a copy to:

Houston & Shahady, P.A.
316 Northeast Fourth Street
Fort Lauderdale, Florida 33301
(954) 779-3808 (facsimile)
Attn: Bart A. Houston, Esq.

and a copy to:

Blumenfeld, Kaplan & Sandweiss, P.C.
168 North Meramec Avenue, Suite 400
St. Louis, Missouri 63105
(314) 863-9388 (facsimile)
Attn: Philip G. Kaplan, Esq.

If to AIT:

Agency for Instructional Technology
1800 North Stonelake Drive
Bloomington, Indiana 47404
(812)333-4218 (facsimile)
Attn: Michael Sullivan

With a copy to:

Marguerite R. Shreve, Esq.
320 West Eighth Street
Showers Plaza
Bloomington, Indiana 47402
(812) 331-7312

13.2 Notices delivered by certified or registered mail shall be effective upon deposit in the United States mails. Notices delivered by hand delivery or by a nationally recognized overnight courier service such as Federal Express shall be effective on the date delivered to the recipient. Notices sent by facsimile shall be effective on the date transmitted and received, provided that receipt occurs before 5:00 p.m. Eastern Standard Time on a business day. If the last day for giving any notice or performing any act under this Agreement falls on a Saturday, Sunday, or on a day on which the United States Post Office is not open, the time shall be extended to the next day that is not a Saturday, Sunday, or Post Office holiday.

13.3 Any party wishing to change the person designated to receive notices or the address for notices may do so by complying with the provisions of this paragraph. Any notice given before such a change is not invalidated by the change.

14. NON-ASSIGNMENT.

The Company has provided consideration to AIT based upon specific skills and the reputation of AIT which the Company has relied upon in connection with the consummation of the transactions described in this Agreement. In consideration of the personalized nature of the assignments described in this Agreement, this Agreement shall be non-assignable by AIT. In the event that AIT retains the services of sub-contractors in order to develop the Work, AIT shall remain responsible for the standards of development and the timely delivery of the Work. The Company may, at its sole option, assign this Agreement and the Work referenced in this Agreement to any third party or parties at any time.



15. MISCELLANEOUS.

A. Entire Agreement. This Agreement constitutes the entire agreement and understanding between the parties as to the subject matter hereof. Any and all prior agreements, understandings, and representations are hereby terminated and canceled in their entirety and are of no further force or effect.

B. Modification. No change, modification, termination, or attempted waiver of any of the provisions of this Agreement shall be binding upon any party hereto unless reduced to writing and signed by AIT and Company.

C. Counterparts, Duplicate Originals and Facsimile Signatures. To facilitate the execution of this Agreement, any number of counterparts of this Agreement may be executed and delivered. That is, it shall not be necessary that each party's signature appear on each counterpart, but it shall be sufficient that each party's signature appear on one or more of the counterparts. Each of the counterparts shall be considered an original and all of them together shall constitute one and the same instrument. Any number of duplicates of this Agreement may be executed and delivered, each of which shall be considered an original. A facsimile signature shall be deemed an original signature.

D. Construction of Agreement. Each party acknowledges that all parties to this Agreement participated equally in the drafting of this Agreement and that it was negotiated at arms length. Accordingly, no court construing this Agreement shall construe it more strongly against one party than another.

E. Effective Date. The Effective Date, as used throughout this Agreement, shall be the date on which the last one of AIT and Company executes this Agreement.

F. Language. Whenever used in this Agreement, the singular number shall include the plural, the plural number shall include the singular, and the use of any gender shall include all genders where the context permit.

G. Paragraph Headings. The paragraph headings used in this Agreement are for convenience only, and shall not be used in interpreting or construing any provision of this Agreement.

H. Severability. If any term, covenant, or condition of this Agreement or the application thereof to any person or circumstance shall be to any extent held invalid or unenforceable, the remainder of this Agreement or the application of such terms, covenants, and conditions to the persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby and each term, covenant, or condition of this Agreement shall be valid and enforceable to the fullest extent permitted by law.

I. Governing Law. This Agreement shall be construed and enforced in accordance with the laws of the State of Florida. In the event of any litigation arising hereunder, the prevailing party shall recover its costs and attorneys fees.

J. Further Assurances. Each of the parties hereto shall execute and deliver any and all additional papers, documents, and other assurances, and shall do any and all acts and things reasonably necessary in connection with the performance of the obligations hereunder and to carry out the intent of the parties hereto.

K. Attorney's Fees. If any litigation is instituted for the purpose of enforcing or interpreting any provision of this Agreement, the prevailing party or parties, as determined by any court or arbitrator having jurisdiction of the subject matter shall be entitled to recover, in addition to all other relief, an amount equal to all costs and expenses incurred in connection therewith, including reasonable attorneys fees at the pretrial level, the trial level, and in connection with all appellate and bankruptcy proceedings. Fees for paralegal and other legal support personnel shall be a recoverable cost or expense in accordance with the preceding sentence. Other than in connection with any litigation arising under this Agreement, each party shall bear such party's own attorneys fees. The venue of any legal proceeding brought in connection with this Agreement or any aspect of the relationship between the parties shall be in Broward County, Florida. This subparagraph shall survive the closing or any termination of this Agreement.

L. Time is of the Essence. Time is of the essence of all of the provisions and terms of this Agreement.

M. Waiver. The waiver by any party of a breach of any provision of this Agreement shall not operate or be construed a waiver of any other provision of this Agreement or of any future breach of the provision so waived.

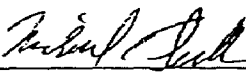
N. Binding Effect. The provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective heirs, devisees, personal representatives, successors, and permitted assigns.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement the day and year first above written.

"AIT"

**AGENCY FOR INSTRUCTIONAL
TECHNOLOGY**

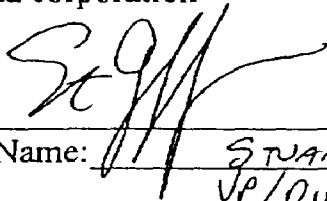
a not for profit agency

By: 
Printed Name: Michael F. Sullivan
Title: Executive Director
Date: 8/23/99

"Company"

ChildU, Inc.

A Florida corporation

By: 
Printed Name: STUART GOFFMAN
Title: VP/DIRECTOR
Date: 8-23-99