

09-06-2001



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U.S. Patent & TMOfo/TM Mail Rcpt. Dt. #40

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

8-21-01

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 # 101741555
- 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 and Settlement Agreement

Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

04-30-01

Name Developmental Resource Center, Inc.

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization Florida

Receiving Party

Mark if additional names of receiving parties attached

Name Paladin Academy, L.L.C.

DBA/AKA/TA

Composed of

Address (line 1) 1400 N. Providence Rd.

Address (line 2)

Address (line 3) Media

PA

19063

City

State/Country

Zip Code

- Individual General Partnership Limited Partnership Corporation Association
- Other Delaware Limited Liability Company
- Citizenship/State of Incorporation/Organization

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

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

TRADEMARK
REEL: 002362 FRAME: 0435

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)			Registration Number(s)		
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2413289"/>	<input type="text"/>	<input type="text"/>
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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.

Robert B. Weir

Name of Person Signing

Signature

08-21-01

Date Signed

RECORDATION FORM COVER SHEET
CONTINUATION
TRADEMARKS ONLY

FORM PTO-1618C
Expires 06/30/99
OMB 0651-0027

U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

Conveying Party

Enter Additional Conveying Party

Mark if additional names of conveying parties attached

Execution Date
Month Day Year

Name

Formerly

Individual General Partnership Limited Partnership Corporation Association

Other

Citizenship State of Incorporation/Organization

Receiving Party

Enter Additional Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City

State/Country

Zip Code

Individual General Partnership Limited Partnership

Corporation Association

Other

Citizenship/State of Incorporation/Organization

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RECORDATION FORM COVER SHEET
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TRADEMARKS ONLY

FORM PTO-1618C
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U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

Tab settings

1017A1555

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Developmental Resource Center, Inc
Dr. Deborah Levy, Emily Levy
LDLearning.com, Inc.

- Individual(s)
- Association
- General Partnership
- Limited Partnership
- Corporation-State Florida
- Other

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:

- Assignment
- Merger
- Security Agreement
- Change of Name
- Other and Settlement Agreement

Execution Date: April 30, 2001

2. Name and address of receiving party(ies)

Name: Paladin Academy, L.L.C.

Internal
Address: Att: General Counsel

Street Address: 1400 N. Providence Rd.

City: Media State: PA Zip: 19063

Individual(s) citizenship

Association

General Partnership

Limited Partnership

Corporation-State

Other Delaware Limited Liability Company

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached? Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

2413289

400

Additional number(s) attached Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Duane Morris

Internal Address: Gene Wakefield, CLA

Street Address: 200 South Biscayne Blvd.
Suite 3410

City: Miami State: FL Zip: 33131

6. Total number of applications and registrations involved:

7. Total fee (37 CFR 3.41)..... \$ 4.00

Enclosed

Authorized to be charged to deposit account

8. Deposit account number:

(Attach duplicate copy of this page if paying by deposit account)

US PATENT & TRADEMARK OFFICE
2001 MAY 24 PD 1:35
MAIL MARK FEE RECEIVED PROCESS.

DO NOT USE THIS SPACE

9. 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.

Robert B. Weir

Name of Person Signing

Signature

May 24, 2001

Date

Total number of pages including cover sheet, attachments, and document: 78

Mail documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

TRADEMARK
REEL: 002362 FRAME: 0440

ASSIGNMENT OF RIGHTS INCLUDING COPYRIGHTS AND TRADEMARKS

THIS ASSIGNMENT OF RIGHTS INCLUDING COPYRIGHTS AND TRADEMARKS (the "Assignment") is entered into as of April 30, 2001, by and between: Developmental Resource Center, Inc., a Florida corporation ("Seller"); Dr. Deborah Levy ("DLevy"); Emily Levy ("EmLevy"); and LDLearning.com, Inc. a Florida corporation ("LD"), as the assignors (the "Assignors"), and Paladin Academy, L.L.C., a Delaware limited liability company ("Paladin") (formerly known as "Nobel Learning Solutions, L.L.C."), as the assignee (the "Assignee").

RECITALS

WHEREAS, Assignors claim to have rights, including copyrights, title and interest in and to several certain Seller Related Intellectual Property (as defined in Section 1 of this Assignment).

WHEREAS, Assignee is desirous of acquiring an assignment of Assignors' rights, including but not limited to intangible property rights, copyrights and trademark rights, title and interest in and to the Seller Related Intellectual Property.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

TERMS OF THE ASSIGNMENT

1. **Subject Matter**. "Seller Related Intellectual Property" is defined as follows:

(a) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with the multi-sensory teaching method for writing and phonics (the "Multi-Sensory Teaching Method"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to a book entitled *Stop and Go Multi Sensory Phonics Program* derived from "The Stoplight Letter Books Phonics Program" (the "*Stop and Go Book*") and another one entitled *The Stoplight Number Book* (the "*Stoplight Book*").

(b) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve the auditory memory skills of students (the "Auditory Memory Method"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to the following books entitled: *Auditory Memory Books I and II*, *Auditory Motor Teacher's Manual*, *Auditory Motor Student Guide*, *Assignment Book*, and *Smart Notes* (collectively, the "*Auditory Memory Books*").

(c) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve reading comprehension (the "Brain Imagery Teaching Method"), which were authored, co-authored, created or owned by either

Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited a book entitled: *A New Image* (the "New Image Book").

(d) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve the tracking skills of students (the "Visual Tracking Method"), and which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to the following books: *Visual Tracking, Numbers Part I & II*, and *Visual Tracking, Letters Part I & II, Visual Memory Cards Pictures* and *Visual Memory Cards Shapes* (the "Visual Tracking Books").

(e) Any and all rights, including copyrights, which LD, DLevy or EmLevy may have in or to the Multi-Sensory Teaching Method, the Auditory Memory Method, the Brain Imagery Teaching Method and the Visual Tracking Method.

(f) All rights title and interest in the physical copies and inventory of the *Stop and Go Book*, the *Stoplight Books*, the *Auditory Memory Books*, the *New Image Book*, and the *Visual Tracking Books*, currently existing, whether in the possession of any of the Parties or whether in the possession of any agent, representative, bailee, storage facility, publishing house, middlemen, or distributor.

(g) All rights title and interest, including copyrights, in and to the *Stop and Go Book*, the *Stoplight Books*, the *Auditory Memory Books*, the *New Image Book*, and the *Visual Tracking Books*.

(h) All rights, title and interest in the following Certificates of Registration on file with the Copyright Office:

- i. Certificate of Registration No.: TX 3-834-517;
- ii. Certificate of Registration No.: TX 5-045-369;
- iii. Certificate of Registration No.: TX 5-040-101;
- iv. Certificate of Registration No.: TX 5-040-102;
- v. Certificate of Registration No.: TX 3-595-868;
- vi. Certificate of Registration No.: TX5-040-100;
- vii. Certificate of Registration No.: TX5-107-297;

- viii. Certificate of Registration No.: TX5-040-099;
- ix. Certificate of Registration No.: VA-997-084;
- x. Certificate of Registration No.: VA1013-241; and
- xi. Certificate of Registration No.: TX5-006-480.

(i) All trademarks, trade names and trademark rights owned by LD, including but not limited to the mark LDLEARNING.COM, Registration No. 2413289, dated December 12, 2000, and all goodwill related to or associated with same.

(j) All domain names and URLs owned by LD, including LDLEARNING.COM, together with the web address: <http://www.ldlearning.com/>, and LD's existing inventory of all products offered for sale on said website (except for products written by authors other than DLevy or EmLevy and which are held by LD on consignment).

(k) The website represented by the web address <http://www.ldlearning.com/>, including, without limitation, all content of such website (collectively, the "LD Web Site") and LD's existing inventory of all products offered for sale on said website (except for products written by authors other than DLevy or EmLevy and which are held by LD on consignment).

2. Assignors hereby assign to Assignee all rights, title and interest in and to the Seller Related Intellectual Property.

3. **Grant of Rights.**

(a) The rights hereby assigned comprise all the rights in and to the Seller Related Intellectual Property of every kind, nature and description, including but not limited to (i) the right to physically possess, control, sell, profit from, and/or destroy or dispose of the Copies themselves, as well as the copies of the Seller Related Intellectual Property currently on deposit with the U.S. Copyright Office pursuant to the Registrations; (ii) the right to possess, control, sell, profit from, and/or destroy or dispose of the Trademarks the Domain Names and the Web Site; (iii) the right to effectuate transfers of the Registrations into Assignee's name or otherwise; (iv) the right to secure copyright on any and all portions of the Seller Related Intellectual Property anywhere throughout the world, in Assignee's name or otherwise; (v) the right to obtain trademark or service mark registrations for any registrable portions of the Seller Related Intellectual Property anywhere throughout the world, in Assignee's name or otherwise; (vi) any and all rights of publication, reproduction, distribution, alteration or modification of any and all portions of the Seller Related Intellectual Property, in whatever form; (vii) the right to use, license, exploit, sell or otherwise dispose of any and all portions of the Seller Related Intellectual Property, in any manner and for any purpose Assignee sees fit; (viii) the right to enforce any of the rights, whether statutory, common law, and whether in law or equity, anywhere throughout the world, in any manner and for any

purpose Assignee sees fit, which right of enforcement shall relate to all claims that have accrued as of the date of this Assignment; and (ix) any and all subsidiary rights therein.

(b) Assignee shall have the right to deal with the Seller Related Intellectual Property in any manner Assignee in its sole judgment may choose, without any further compensation to Assignors.

(c) The grant of all rights hereunder shall include the right of Assignee to cancel the Registrations and Assignors acknowledge Assignee's right to cancel the Registrations.

(d) Assignors shall provide Assignee with a list of all claims that they believe have accrued or may have accrued under Section 3.a. (viii) above.

4. **Power of Attorney.** Assignors hereby agrees to irrevocably constitute, authorize, empower and appoint Assignee (its general partner or any of its officers), Assignors' true and lawful attorney (with full power of substitution and delegation), in Assignors; names and in Assignors' places and steads. or in Assignee's name to take any action and to make, sign, execute, acknowledge and deliver any and all instruments or documents, which Assignee deems necessary or desirable to vest in Assignee, or its designees, successors, assigns and licensees, all of the rights or interests granted by Assignor hereunder including without limitation, such documents as Assignee may deem necessary or desirable to secure to Assignee or its designees the worldwide copyrights, trademark rights or other intellectual property rights to any and all portions of the Seller Related Intellectual Property, which are assigned under this Assignment, for the full term of all such worldwide copyrights, trademark rights or other intellectual property rights, and all renewals and extensions thereof. Assignors shall be given the first opportunity to sign any such document with respect to which this power of attorney applies but if Assignee does not receive such signed document within ten (10) business days of Assignee's request, Assignee shall have the right to sign such document on Assignors' behalf.

5. **Warranties and Representations.** Assignors hereby represent and warrant to Assignee that: (i) Assignors know of no person other than the parties hereto who is an author of any of any portion of the Seller Related Intellectual Property; (ii) Assignors know of no claims or liens against the rights herein conveyed; (iii) Assignors have not heretofore made any commitment (whether written or oral), nor entered into any contract or agreement (whether written or oral), for the use or publication of any portion of the Seller Related Intellectual Property, except as set forth in Section 1 above; and (iv) Assignors will hold Assignee harmless from any and all claims arising from any such claim, lien, commitment, contract, agreement or release.

6. **Benefit.** This Assignment shall be binding upon the Assignors, their successors and assigns. This Assignment is for the benefit of the Assignee, its successors and assigns.

7. **Waiver, Modification or Cancellation.** Any waiver, alteration or modification of any of the provisions of this Assignment, or cancellation or replacement of the same, shall not be valid unless made in writing and signed by the parties hereto.

8. **Choice of Law.** The validity of this Assignment, or any of its terms, covenants and conditions, as well as the rights and duties of the parties hereunder, shall be interpreted and construed pursuant to and in accordance with the laws of the State of Florida.

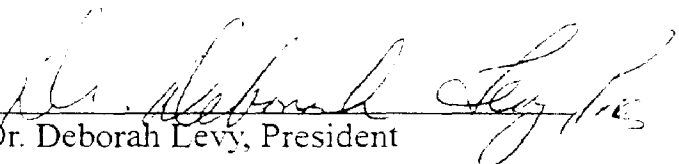
9. **Entire Agreement.** This Assignment, together with the Settlement Agreement entered into by, among others, Assignee and Assignors (the "Settlement Agreement") and any documents executed pursuant to the Settlement Agreement, contain the entire understanding and agreement of the parties with respect to this subject matter set forth herein, superseding any and all prior agreements, written and oral, between the parties regarding the same subject matter. Each party to this Assignment acknowledges that no representations, inducements, promises or statements (whether written or oral) have been made by any party hereto or anyone acting on behalf of any party hereto which are not embodied herein. Each party agrees that no other agreement, covenant, representation, inducement, promise or statement with respect to the subject matter hereof, if not set forth herein in writing, shall be valid or binding.

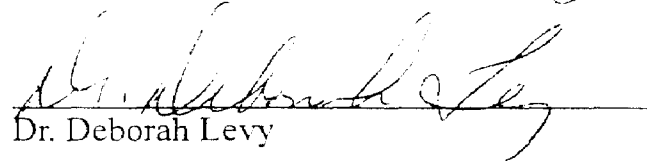
10. **Agreement a Joint Product of the Parties** The Assignment shall be deemed as a joint product of all parties and their respective counsel, and all parties shall be considered the drafters of this Assignment. Any rule of construction to the effect that any ambiguities are to be construed against the drafting party shall not be applicable in any interpretation of this Assignment.

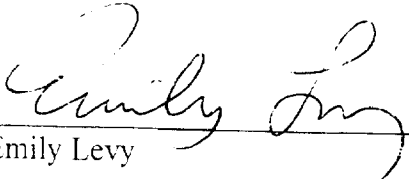
11. **Counterparts** This Assignment may be executed in multiple counterpart copies, each of which shall be deemed to be an original. A facsimile of a signature shall be binding, and shall be deemed to constitute an original.

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

DEVELOPMENTAL RESOURCE CENTER, INC.

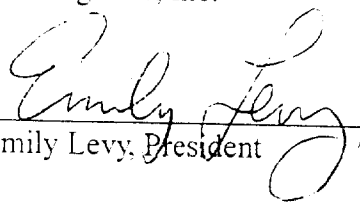
By: 
Dr. Deborah Levy, President


Dr. Deborah Levy



Emily Levy

LDLearning.com, Inc.

By:  Pres.

Emily Levy, President

SETTLEMENT AGREEMENT

THIS SETTLEMENT AGREEMENT dated April 30, 2001 is by and among:

- (i) Developmental Resource Center, Inc., a Florida corporation ("Seller");
- (ii) Dr. Deborah Levy ("DLevy");
- (iii) Elliot Levy ("EGLevy"), husband of DLevy;
- (iv) Emily Levy ("EmLevy"), daughter of DLevy and EGLevy;
- (v) Jonathan Levy ("JoLevy"), son of DLevy and EGLevy;
- (vi) Daniel Levy ("DanLevy"), minor son of DLevy and EGLevy;
- (vii) LDLearning.com, Inc. a Florida corporation ("LD");
- (viii) Levy Children's Trust, Joseph Wolf, Trustee (the "Levy Children's Trust") and Elliot G. and Deborah L. Levy, tenants by the entireties (being the owners of the leased properties referenced herein, and being sometimes collectively referred to herein as "Landlords");
- (ix) Nobel Learning Communities, Inc., a Delaware corporation ("Nobel"); and
- (x) Paladin Academy, L.L.C., a Delaware limited liability company ("Paladin") (formerly known as "Nobel Learning Solutions, L.L.C.").

Background

On September 1, 2000, Nobel and Paladin filed a suit captioned Nobel Learning Communities, Inc. and Paladin Academy, LLC v. Developmental Resource Center, Inc., et al., Case No. 00-3286 CIV-KING, in the federal district court for the Southern District of Florida, and Seller and its co-defendants filed certain counterclaims in connection therewith (the "Litigation").

WHEREAS The Parties to the Litigation (defined below) desire to fully and finally settle and resolve all known and unknown claims, suits, disputes, questions and differences existing between them arising out of acts or transactions occurring on or before the date of this Agreement. These claims, suits, disputes, questions and differences include, but are in no way limited to, those arising from or related in any way to the Litigation.

WHEREAS The Parties to the Litigation agree and acknowledge that EGLevy, JoLevy, DanLevy and Landlords are essential and necessary parties to this Agreement and are indispensable in realizing and effectuating the goals and interests of the Parties to the Litigation.

WHEREAS EGLevy, JoLevy, DanLevy and Landlords agree and acknowledge that they have an interest in and are deriving a benefit from entering into this Agreement.

WHEREAS The Levy Parties are ready, willing and able to turn over, sign over, convey and transfer to Paladin the Seller Related Intellectual Property (as such term is defined in Section 7.1), together with any and all interest, including copyrights, that any of them might have to or in said Seller Intellectual Property.

NOW, THEREFORE, in furtherance of this desire and in consideration of the mutual promises contained herein and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Parties, and each of them, do hereby agree as follows:

Terms

1. Certain Definitions.

1.1 "Acquisition Agreement" means the Agreement and Plan of Organization dated as of June 19, 1998 by and among Seller, DLevy, and Nobel.

1.2 "Employment Agreement" means the Employment Agreement dated as of August 14, 1998 between Paladin and DLevy.

1.3 "Lease" means the Lease dated as of August 14, 1998 between Landlords, as landlord, and Paladin, as tenant, for certain premises located at 2751 Van Buren Street, Hollywood, Florida 33020 and 230 S. 28th Avenue, Hollywood, Florida 33020.

1.4 "Levy Entity Parties" means Seller and LD.

1.5 "Levy Individual Parties" means DLevy, EGLevy and EmLevy.

1.6 "Levy Parties" means the Levy Entity Parties and the Levy Individual Parties.

1.7 "Operating Agreement" means the Agreement of Operation of Paladin dated as of August 14, 1998 between Seller and Nobel, as amended by First Amendment dated as of July 1, 1999.

1.8 "Original Promissory Note" means the 7% Subordinated Promissory Note dated as of August 14, 1998 in the original principal amount of \$900,000 by Paladin in favor of Seller

1.9 "Parties" means all persons and entities who sign this Agreement or on whose behalf it is signed.

1.10 "Parties to the Litigation" means Nobel, Paladin, LD, Seller, DLevy and EmLevy.

1.11 "Settlement Date" means the date that all Parties hereto shall have executed and delivered this Settlement Agreement.

1.12 "Stock Option Agreement" means the Non-qualified Stock Option Agreement dated as of August 14, 1998 between Nobel and DLevy.

2. Releases and Dismissal of Action.

2.1 Nobel and Paladin, jointly and severally, for good and valuable consideration the receipt of which is hereby acknowledged, hereby remise, release, acquit, satisfy, and forever discharge LD, Seller, DLevy and EmLevy, their officers, agents, directors, employees and attorneys, of and from all, and all manner of action and actions, cause and causes of action, suits, debts, dues, sums of money, accounts, reckonings, bonds, bills, specialities, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity which Nobel or Paladin, whether jointly or severally, ever had, now have, or that any personal representative, successor, heir or assign of either Nobel or Paladin, whether jointly or severally, hereafter can, shall or may have, against LD, Seller, DLevy or EmLevy, for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the day of these presents, including but not limited to any and all claims which were brought or which could have been brought in connection with or with respect to the Litigation, with the following exceptions:

(a) Nobel and/or Paladin retain the right to take any action that they deem necessary or proper to enforce the terms of and/or their rights under the assignment of rights and copyrights between Paladin and LD, Seller, DLevy and EmLevy (the "Assignment of Rights and Copyrights"), which Assignment of Rights and Copyrights is being executed by the relevant Parties contemporaneously herewith and is attached hereto as Exhibit "A."

(b) Nobel and/or Paladin retain the right to take any action that they deem necessary or proper to recover possession of the Seller Related Intellectual Property or to obtain title to the Seller Related Intellectual Property or to secure their rights to and/or interests in the Seller Related Intellectual Property, including, but not limited to, an action to force, require or order the Levy Parties, or any of them, to turn over or disgorge any Seller Related Intellectual Property that remains in their possession or control in contravention of this Agreement.

(c) Nobel and Paladin retain the right to enforce the terms of this Agreement.

(d) Paladin retains the right to enforce the terms of the Lease.

2.2 LD, Seller, DLevy and EmLevy, jointly and severally, for good and valuable consideration the receipt of which is hereby acknowledged, hereby remise, release, acquit, satisfy, and forever discharge Nobel and Paladin, their officers, agents, directors, employees and attorneys, of and from all, and all manner of action and actions, cause and causes of action, suits,

debts, dues, sums of money, accounts, reckonings, bonds, bills, specialities, covenants, contracts, controversies, agreements, promises, variances, trespasses, damages, judgments, executions, claims and demands whatsoever, in law or in equity which LD, Seller, DLevy or EmLevy, whether jointly or severally, ever had, now have, or that any personal representative, successor, heir or assign of LD, Seller, DLevy or EmLevy, whether jointly or severally, hereafter can, shall or may have, against Nobel or Paladin, for, upon or by reason of any matter, cause or thing whatsoever, from the beginning of the world to the day of these presents, including but not limited to (i) any and all claims for defamation, tortious interference or other common law torts; (ii) any and all claims which were brought or which could have been brought in connection with or with respect to the Litigation, (iii) any and all claims arising out of any claim of ownership of, interest in and/or rights to or in the Seller Related Intellectual Property, and/or (iv) any and all claims arising out of any claim of ownership of, interest in and/or rights to or in Paladin, with the following exception:

(a) LD, Seller, DLevy and EmLevy retain the right to enforce the terms of this Agreement.

(b) Landlords retain the right to enforce the terms of the Lease.

2.3 Upon execution of this Settlement Agreement, each Party to the Litigation will execute the form of stipulation and order attached hereto as Exhibit "B", pursuant to which they stipulate to the dismissal with prejudice of the Litigation, with each Party to bear its own costs and attorneys' fees (except as set forth in Section 3).

2.4 Each of the Acquisition Agreement, the Employment Agreement, the Operating Agreement and the Stock Option Agreement is hereby terminated, with no further liability of any party thereunder.

3. Reimbursement for Legal Fees.

Effective on the Settlement Date, Seller will pay to Paladin and Nobel \$175,000 to compensate them for a portion of their legal fees incurred in connection with the prosecution of its claims made under the Acquisition Agreement and the Operating Agreement in connection with the Litigation. Such payment will be made as a reduction of the principal amount of the Original Promissory Note.

4. Promissory Note.

Effective on the Settlement Date, Paladin is delivering to Seller an Amended and Restated Subordinated Promissory Note ("Amended and Restated Subordinated Promissory Note"), in the form of Exhibit "C" hereto, in substitution for the Original Promissory Note, which Seller is returning to Paladin and shall be marked "canceled." The Amended and Restated Subordinated Promissory Note reflects that (i) the principal outstanding as of the Settlement Date

is \$410,000 (which reflects the reduction in the Original Promissory Note from \$585,000, pursuant to Section 3), (ii) no interest is accrued as of the Settlement Date, (iii) interest will commence to accrue on the Settlement Date at an interest rate of seven percent (7%) per annum, and (iv) payments of principal under the Amended and Restated Subordinated Promissory Note will be made in 12 equal quarterly installments of \$30,416.67 payable on the first business day of each January, April, July and October of each year, commencing on July 2, 2001, and a final quarterly installment of \$45,000 on July 1, 2004, and (v) payments of interest thereunder will be made quarterly in arrears on the same day as payments of principal. Nobel hereby agrees that its Guaranty of Payment and Performance dated August 14, 1998 in favor of Seller, relating to the Original Promissory Note shall continue in effect and apply to the Amended and Restated Subordinated Promissory Note to the same extent as it applied to the Original Promissory Note.

5. Consulting Arrangement.

5.1 Retention. Subject to the terms and conditions of this Section 5, effective on the Settlement Date, Nobel retains DLevy, who accepts such retention, to serve as a business consultant, for a term commencing on the Settlement Date and ending on June 30, 2004 (the "Consultancy Term") for the compensation set forth in this Section 5; *provided that* such consultancy shall be on an "at will" basis, so either party may at any time give written notice to the other party that it desires to terminate such retention for any reason (or for no reason); *provided further that* such written notice is given at least 30 days prior to the date of desired termination.

5.2 Duties. As a consultant to Nobel, DLevy will perform at least ten hours of consulting services per month (which may be performed all on one day) for Nobel or Paladin or affiliates, such services to be with respect to such matters within DLevy's expertise as Nobel chooses. (DLevy will not perform any services in excess of ten hours per month unless (i) such additional work is approved in writing in advance by an approved Nobel representative and (ii) DLevy is willing to perform such additional work (DLevy being under no obligation to agree to do so). Initially, the approved Nobel representatives shall include A. J. Clegg, Daryl Dixon and Emily Louviere.) As part of such consulting services, DLevy will, as Nobel directs:

- (a) promote the enrollment of new students to attend schools or clinics at Paladin schools;
- (b) review, advise and/or train relative to methods, techniques, programs or resources pertinent to special education programs within Nobel and Paladin; and
- (c) represent Nobel or Paladin at conferences, seminars and/or industry meeting, but only when requested in writing by Nobel or Paladin to do so.

5.3 Compensation. As the sole compensation and consideration for DLevy's services and responsibilities under this Section 5, Nobel will pay DLevy, and DLevy will accept:

(a) \$2,400 per month (*i.e.*, at the rate of \$28,800 per year), to be paid in arrears on a monthly basis;

(b) a amount equal to five percent (5%) of the tuition for school, clinics and summer camp, or revenue for any other services agreed upon by both Nobel and DLevy, in each case, collected by Nobel or Paladin for any Referred Child for special education services during the first year of enrollment of such Referred Child, to be paid on a quarterly basis; and

(c) \$50.00 per hour for any hours worked in excess of ten hours per month, to be paid in arrears on a monthly basis.

DLevy shall be entitled to include hours spent traveling to locations more than 100 miles from her residence at 1946 N.E. 201st Street, North Miami Beach, FL 33179; DLevy will not be required to travel to locations more than 100 miles from her residence without receiving reimbursement for her reasonable travel expenses pursuant to Section 5.4.

Nobel will not provide DLevy with any other payments or benefits for her services hereunder.

DLevy shall turn in monthly reports of the activities and enrollments with which she is directly involved. At the time it makes each quarterly payment under Section 5.3(b), Nobel will provide DLevy with a statement setting forth the revenue on which such quarterly payment is based.

For the purposes hereof, a "Referred Child" means any child who enrolls for the first time at a Paladin Academy school who has been referred to Paladin Academy by DLevy. In order to confirm that a child has been referred by DLevy, Paladin's enrollment forms will include an inquiry as to whether the child was referred to Paladin by any person. A child will be considered to have been referred to Paladin Academy by DLevy *only* if (i) the sponsor completing the application indicates that the child was referred to Paladin or Nobel by DLevy or personally enrolled in Paladin or Nobel by DLevy, (ii) DLevy provides another written statement by the child's sponsor that the child was referred to by Paladin or Nobel by DLevy or personally enrolled in Paladin or Nobel by DLevy, or (iii) Paladin otherwise agrees, in its sole discretion, that such child was referred to Paladin or Nobel by DLevy.

5.4 Reimbursement of Expenses. If Nobel, in its sole discretion, gives DLevy *advanced* written approval to incur *specific* reasonable business expenses in connection with the performance of her duties hereunder pursuant to this Section 5, then Nobel will reimburse DLevy for such expenses upon submission by DLevy of vouchers or itemized statements thereof. Reimbursement will also be subject to such additional rules relating thereto as the Company may from time to time adopt and as may be required in order to permit such payments as proper

deductions to the Company under the Internal Revenue Code and the rules and regulations adopted pursuant thereto now or hereafter in effect.

5.5 Independent Contractor; Responsibility for Taxes. DLevy shall perform and execute her responsibilities for Nobel pursuant to this Section 5 as an independent contractor. DLevy shall not under any circumstances be deemed to be an agent or legal representative of Nobel or Paladin and she shall have no authority to bind Nobel or Paladin in any manner. Each year, Nobel will issue an IRS Form 1099 to DLevy for the entire amount paid by to her for her consulting services pursuant to this Section 5. Any and all federal, state and local income, employment or other taxes, assessments or reimbursements owed in connection with the payment and receipt of the amounts specified in Section 5.3 are the sole responsibility of DLevy. Unless specifically agreed to in writing by Nobel and DLevy, any works created or authored by DLevy after the execution of this Settlement Agreement are not works-made-for-hire and DLevy retains all rights to the works, including the copyrights.

5.6 Termination of Consultancy. If DLevy violates any of her obligations under this Agreement, at Nobel's option, Nobel may terminate DLevy's retention under this Section 5 and may cease all payments pursuant to Section 5.3. Further, all payments pursuant to Section 5.3 will cease upon termination of DLevy's retention following DLevy's or Nobel giving notice of such termination pursuant to Section 5.1; *provided that* DLevy will be paid her consulting fees and approved expenses through the date of termination. (Termination of DLevy's retention under this Section 5 shall *not* affect Paladin's obligations under the Amended and Restated Subordinated Promissory Note or Nobel's obligation under its Guaranty of Payment and Performance dated August 14, 1998 (described in Section 4) its promissory note to LD (delivered pursuant to Section 7.5), which obligations are not contingent in any way on DLevy's continued performance as a consultant.)

6. Restrictive Covenants.

6.1 Nondisclosure of Confidential Information.

(a) No Levy Party shall, during the period commencing on the date hereof and ending on June 30, 2005, unless authorized to do so in writing by Nobel, directly or indirectly disclose or permit to be known to any person, corporation or other entity (outside of the employ of Nobel) or used for the benefit of any of the foregoing or herself, any confidential information of Nobel (which term, for the purposes of this Section 6, includes all of Nobel's subsidiaries and affiliates (including, but not limited to, Paladin)).

(b) For the purposes of this Section 6.1, the term "confidential information" shall include, but not be limited to, all trade secrets, confidential or proprietary knowledge or information with respect to the conduct or details of Nobel's business including, *but not limited to*, lists of customers or suppliers of Nobel's business, pricing strategies, business files and records, trade secrets, curriculum, methods, teaching techniques, teaching methods, processes,

costs, designs, marketing methods or any other financial, educational, curricular or other information about Nobel's business or curriculum not in the public domain. Further the term "confidential information" specifically includes, but shall not be limited to, all Seller Related Intellectual Property (defined in Section 7.1).

(c) The term "confidential information" shall not include any information which (i) is generally available to the public as of the date hereof, (ii) becomes generally available to the public after the date hereof, *provided that* such public disclosure did not result, directly or indirectly, from any act, omission or fault of any Levy Party, or (iii) becomes available to a Levy Party on a non-confidential basis from a source other than Nobel or its agents, *provided that* such source is not bound to Nobel or its representatives by agreement, fiduciary duty or otherwise not to disclose such information.

6.2 Nonsolicitation. Each Levy Party shall not, during the period commencing on the date hereof and ending on June 30, 2005, directly or indirectly, engage or participate in any effort or action to induce any current or prospective customers, clients, suppliers, associates, employees or independent contractors of Nobel or its subsidiaries or affiliates to cease doing business (including sending children to Nobel's schools) or to discontinue their association or employment, with Nobel or any such subsidiary or affiliate or the Business.

6.3 Covenant Regarding Competition. Each Levy Party shall not, during the period commencing on the date hereof and ending on the later of (i) June 30, 2003 and (ii) the date which is one year after the termination of her retention as a consultant pursuant to Section 5 directly or indirectly, operate, manage, own, control, be employed by, provide consulting services to, or in any way be connected with or be concerned with or be interested in any business which operates schools or educational programs or services anywhere in the United States for special needs children, including those with learning disabilities, dyslexia, attention deficit disorder and attention deficit with hyperactivity disorder, unless, in each case, Nobel, in its sole discretion, gives its written approval to do so. The foregoing restriction shall not prohibit any Levy Party from owning in the aggregate (with all other Levy Parties) less than 2% of the publicly traded stock of any company. (The Levy Parties acknowledge that the covenants set forth in this Section 6.3 are granted in consideration of (i) the acquisition of Seller's business and assets pursuant to the Acquisition Agreement, (ii) the agreement of Nobel and Paladin to release its claims as provided in this Agreement and (iii) Nobel's retention of DLevy pursuant to Section 5.)

6.4 Permitted Activities. Notwithstanding Section 6.3, DLevy shall be permitted to engage in activities as described in this Section 6.4. DLevy shall be permitted:

(i) to give lectures or serve as a professor in topics relating to special education;

(ii) to do volunteer work (*i.e.* for no compensation of any nature, direct or indirect) for nonprofit foundations or organizations that serve special education needs;

provided that such organizations do not, directly or indirectly, to any degree, operate or sponsor schools or clinics), or otherwise compete with Nobel.

(iii) to provide ADD, learning or educational consulting services to individuals or the board of general special education industry agencies (such as ETS, CHADD, AEPP) or serve on the board of such agencies, *provided that* such services do not aid, directly or indirectly, to any degree, the operation or sponsorship of schools or clinics, or otherwise compete or conflict with any Nobel business.

6.5 Remedies. Each Levy Party acknowledges that if any Levy Party breaches his, her or its promises set forth in this Section 6, Nobel will suffer irreparable damages, the amount of which will be impossible to ascertain and which cannot be reasonably or adequately compensated in an action of law. Accordingly, in addition to all other remedies under this Agreement, Nobel shall be entitled as a matter of right to injunctive relief, including specific performance, with respect to any such breach or violation, in any court of competent jurisdiction. The remedies granted to Nobel in this Agreement are cumulative and are in addition to remedies otherwise available to Nobel at law or in equity. If Nobel is obliged to resort to the courts for the enforcement of a covenant of the Levy Parties contained in Section 6, such covenant shall be extended for a period of time equal to the period of such breach, which extended period will commence on the later to occur of (a) the date on which the original (unextended) term of such covenant is scheduled to terminate or (b) the date of the final court order (without further right of appeal) enforcing such covenant. To the extent that any statutes providing for discovery in any action to enforce any of the covenants or obligations of this Section 6 delay the time in which any party may initially propound, request or serve any discovery, the parties waive such provisions of such statutes. No Levy Party will seek, and each hereby waives any requirement for, the securing of posting of a bond or proving actual damages in connection with Nobel's seeking or obtaining any injunctive or equitable relief in connection with the Levy Party's covenants or other obligations under this Section 6. If, despite the foregoing waivers, a court would nonetheless require the posting of a bond, the parties agree that a bond in the amount of \$5,000 would be a fair and reasonable amount, particularly in light of the difficulty in quantifying what the actual loss caused by an injunction would be.

7. Transfer of All of the Assets of LDLearning.com and Other Intellectual Property.

7.1 "Seller Related Intellectual Property" is defined as follows:

(a) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with the multi-sensory teaching method for writing and phonics (the "Multi-Sensory Teaching Method"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to a book entitled *Stop and Go Multi Sensory Phonics Program* derived from "The Stoplight Letter Books Phonics Program"

(the "*Stop and Go Book*") and another one entitled *The Stoplight Number Book* (the "*Stoplight Book*").

(b) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve the auditory memory skills of students (the "*Auditory Memory Method*"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to the following books entitled: *Auditory Memory Books I and II*, *Auditory Motor Teacher's Manual*, *Auditory Motor Student Guide*, *Assignment Book*, and *Smart Notes* (collectively, the "*Auditory Memory Books*").

(c) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve reading comprehension (the "*Brain Imagery Teaching Method*"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited a book entitled: *A New Image* (the "*New Image Book*").

(d) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve the tracking skills of students (the "*Visual Tracking Method*"), and which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to the following books: *Visual Tracking Numbers Part I & II*, and *Visual Tracking Letters Part I & II*, *Visual Memory Cards Pictures* and *Visual Memory Cards Shapes* (the "*Visual Tracking Books*").

(e) Any and all rights, including copyrights, which LD, DLevy or EmLevy may have in or to the Multi-Sensory Teaching Method, the Auditory Memory Method, the Brain Imagery Teaching Method and the Visual Tracking Method.

(f) All rights title and interest in the physical copies and inventory of the *Stop and Go Book*, the *Stoplight Books*, the *Auditory Memory Books*, the *New Image Book*, and the *Visual Tracking Books*, currently existing, whether in the possession of any of the Parties or whether in the possession of any agent, representative, bailee, storage facility, publishing house, middlemen, or distributor.

(g) All rights title and interest, including copyrights, in and to the *Stop and Go Book*, the *Stoplight Books*, the *Auditory Memory Books*, the *New Image Book*, and the *Visual Tracking Books*.

(h) All rights, title and interest in the following Certificates of Registration on file with the Copyright Office:

- (i) Certificate of Registration No.: TX 3-834-517;
- (ii) Certificate of Registration No.: TX 5-045-369;
- (iii) Certificate of Registration No.: TX 5-040-101;
- (iv) Certificate of Registration No.: TX 5-040-102;
- (v) Certificate of Registration No.: TX 3-595-868;
- (vi) Certificate of Registration No.: TX5-040-100;
- (vii) Certificate of Registration No.: TX5-107-297;
- (viii) Certificate of Registration No.: TX5-040-099;
- (ix) Certificate of Registration No.: VA-997-084;
- (x) Certificate of Registration No.: VA-013-241; and
- (xi) Certificate of Registration No.: TX5-006-480.

(i) All trademarks, trade names and trademark rights owned by LD, including but not limited to the mark LDLEARNING.COM, Registration No. 2413289, dated December 12, 2000, and all goodwill related to or associated with same.

(j) All domain names and URLs owned by LD, including LDLEARNING.COM, together with the web address: <http://www.ldlearning.com/>, and LD's existing inventory of all products offered for sale on said website (except for products written by authors other than DLevy or EmLevy and which are held by LD on consignment).

(k) The website represented by the web address <http://www.ldlearning.com/>, including, without limitation, all content of such website (collectively, the "LD Web Site") and LD's existing inventory of all products offered for sale on said website (except for products written by authors other than DLevy or EmLevy and which are held by LD on consignment).

7.2 Seller, LD, EmLevy and D. Levy hereby transfer to Paladin all title and interest in and to the Seller Related Intellectual Property; they acknowledge and agree that all Seller Related Intellectual Property is intended to be transferred to Paladin, irrespective of who currently owns the same, and they hereby agree to execute the Assignment of Rights and Copyrights in the form attached hereto as Exhibit "A."

7.3 EGLevy, JoLevy, DanLevy and the Levy Children's Trust hereby warrant and represent that they have no right, title or interest in or to the Seller Related Intellectual Property and that they have no legal or equitable claim as to the Seller Related Intellectual Property.

7.4 LD hereby transfers to Paladin all of the assets (including all tangible and intangible assets) of LD (other than LD's rights to receive the payments from Nobel required by Section 7.5). Paladin is not assuming any liabilities whatsoever of LD. In furtherance of such transfer of assets, LD is delivering to Paladin such instruments of assignment as Paladin requests, including the Assignment of Rights and Copyrights attached hereto as Exhibit "A".

7.5 In consideration of the transfer pursuant to this Section 7, Nobel is delivering to LD a non-interest bearing promissory note, in the form of Exhibit "D" hereto, in the principal amount of \$185,000, requiring twelve quarterly payments of principal of \$15,416.67 each. Further, Nobel agrees that it will pay to LD a royalty equal to the lesser of (x) 7.5% of the gross revenues generated upon sales or (y) 50% of the gross margin of sales (*i.e.*, gross revenues from sales less direct product costs) with respect to:

- (a) any sales of the currently existing works listed on Exhibit "E-1" hereto.
- (b) any sales (excluding sales for use or purchased for use within Nobel (and its affiliates) or to its students) of the currently existing works listed on Exhibit "E-2" hereto.

Nobel shall be under no obligation to pursue sales which would generate royalties pursuant to this Section 7.5.

7.6 At the request of a Levy Party, Paladin will reimburse such Levy Party for reasonable expenses associated with transfer and delivery of the property (including, tangible and intangible property (including, the web site)) transferred to Paladin pursuant to this Section 7 (e.g., shipping costs and filing fees). Nobel will provide the Levy Parties with instructions as to how and where to send the books and materials.

7.7 Within five days of the Settlement Date, LD will change its name to name which does not in any manner make reference to "LD Learning.com" or any derivation thereof (including any acronym). Each of the Levy Parties acknowledge and agrees that it will immediately cease and desist from any use whatsoever of the name "LD Learning.com" or any derivation thereof.

7.8 Each of the Levy Parties use its, his or her reasonable best efforts to take, or cause to be taken, such action, to execute and deliver, or cause to be executed and delivered, such additional documents and instruments and to do, or cause to be done, all things necessary, proper or advisable under the provisions of this Section 7 and under applicable law to consummate and make effective the transactions contemplated by this Agreement.

8. Name of Seller.

In light of Paladin's ownership of all rights to the name "Developmental Resource Center", within five days of the Settlement Date, Seller will change its name to name which does not in any manner make reference to "Developmental Resource Center" or any derivation thereof (including any acronym). Each of the Levy Parties acknowledge and agrees that it will immediately cease and desist from any use whatsoever of the name "Developmental Resource Center" or any derivation thereof.

9. Stock Options.

On the Settlement Date, DLevy and Nobel will execute a Stock Option Agreement in the form of Exhibit "F" hereto.

10. Lease.

Landlords, as landlord, and Paladin, as tenant, each affirms the Lease and agrees that (a) the Lease is in full force and effect, has not been modified, supplemented or amended in any way, (b) there are no outstanding defaults of either party under the Lease and no event or omissions have occurred which with the giving of notice, the passage of time, or both would constitute a default thereunder and (c) neither Landlord's interest nor Tenant's interest in the Lease has been assigned.

11. Representations.

11.1 Each Levy Party represents and warrants to Nobel and Paladin that (i) each of the Levy Parties has the full power, authority and capacity to execute, deliver and perform this Agreement and to perform its, his, her or its obligations hereunder; (ii) the execution and delivery by each Levy Entity Party of this Agreement and the performance by each Levy Entity Party of its obligations hereunder have been duly and validly authorized by all necessary action of its board of directors and shareholders, (iii) the person executing this Agreement on behalf of each Levy Entity Party has full authority to do so, (iv) this Agreement constitutes the legal, valid and binding obligation of each Levy Party enforceable against it, him or her in accordance with its terms. Notwithstanding the foregoing, DLevy agrees that she will be fully responsible for compliance with this Agreement by JoLevy and DanLevy and shall indemnify and hold harmless Nobel and Paladin for any breach of this Agreement by JoLevy or DanLevy.

11.2 Nobel and Paladin each represents and warrants to the Levy Parties that (i) Nobel and Paladin each has the full power, authority and capacity to execute, deliver and perform this Agreement and to perform its obligations hereunder (ii) the execution and delivery by Nobel and Paladin of this Agreement and the performance by each of Nobel and Paladin of its obligations hereunder have been duly and validly authorized by all necessary action of its board of directors (in the case of Nobel) and its sole member (in the case of Paladin), (iii) the person executing this

Agreement on behalf of each of Nobel and Paladin has full authority to do so, (iv) this Agreement constitutes the legal, valid and binding obligation of each of Nobel and Paladin, enforceable against it in accordance with its terms.

12. Statement Regarding this Agreement. The Parties shall not be restricted from disclosing the terms of this Agreement. However, in making any statement regarding the terms of settlement, each Party agrees to describe the settlement as an amicable resolution of the issues relating to the Litigation and not to characterize the settlement as a "victory".

13. Miscellaneous.

13.1 Binding Agreement. This Agreement and the covenants contained herein shall be binding upon and inure to the benefit of the Parties hereto and their respective successors, assigns, heirs, executors and administrators.

13.2 Notices. All notices and other communications required or permitted hereunder shall be in writing and shall be deemed to be properly given if transmitted by messenger, overnight courier service, first class certified mail (return receipt requested), in each case postage or other charges prepaid, addressed to the other Party at the address shown on Exhibit "G" hereto. Any Party may change such address by notice given in such manner. All notices shall be effective (i) if sent by messenger or overnight courier service, when delivered (or upon refusal of delivery) and (ii) if sent by mail, three days after posting.

13.3 Prevailing Parties. In the event of any legal or equitable proceeding for enforcement or interpretation of any of the terms or conditions of this Agreement, or any alleged disputes, breaches, defaults or misrepresentations in connection with any provision of this Agreement (including, without limitation, a Party's instituting, initiating, prosecuting, maintaining or participating in any lawsuit, claim or other proceeding in any jurisdiction or forum relating to any claims released hereby), the prevailing party in such action, or the nondismissing party where the dismissal occurs other than by reason of a settlement, shall be entitled to recover its reasonable costs and expenses, including court costs and reasonable attorneys' and paralegal fees. The "prevailing party," for the purposes of this Agreement, shall be deemed to be that party who obtains substantially the result sought, whether by dismissal or judgment.

13.4 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Florida. Each Party agrees that any and all actions or proceedings hereunder or relating in any way to this Agreement shall be brought only in the federal and state courts of Florida.

13.5 Entire Agreement; Amendment. This Agreement constitutes the entire agreement between or among the Parties hereto relative to the subject matter of this Agreement. The captions are for convenience only and will not control or affect the meaning or construction

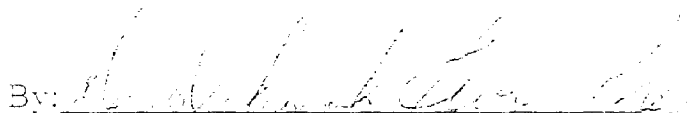
of the provisions of this Agreement. This Agreement may not be released, discharged, abandoned, amended, changed or modified in any manner, except by an instrument in writing signed by or on behalf of each of the Parties hereto (in the case of an entity, by its duly authorized officer or representative); *provided that* the signature of a Party shall not be necessary if the same does not affect the rights or obligations of that Party. The failure of any Party to enforce at any time any of the provisions of this Agreement shall in no way be construed to be a waiver of any such provision, nor in any way to affect the validity of this Agreement or any part thereof 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.

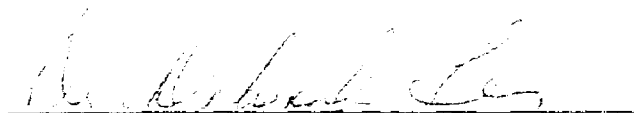
13.6 **Gender of Pronouns.** Wherever the context may require, any pronouns used herein shall be deemed also to refer to the corresponding masculine, feminine or neuter form.


13.7 **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which counterparts together shall be deemed to be one and the same instrument.

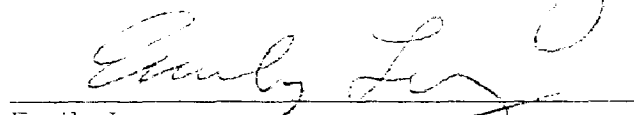
IN WITNESS WHEREOF, the Parties hereto have executed this Agreement the day and year first above written.

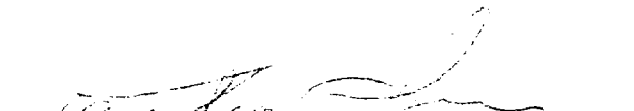
DEVELOPMENTAL RESOURCE CENTER, INC.

By: 
Dr. Deborah Levy, President


Dr. Deborah Levy


Elliot Levy


Emily Levy


Jonathan Levy

Daniel Levy

By: *Deborah Levy*
Deborah Levy (his mother and legal guardian)

LDLEARNING.COM, INC.

By: *Emily Levy*
Emily Levy, President

LEVY CHILDREN'S TRUST, JOSEPH WOLF, TRUSTEE

By: *Joseph Wolf Trustee*
Joseph Wolf, Trustee

NOBEL LEARNING COMMUNITIES, INC.

By: *A. J. Clegg*
A. J. Clegg, Chairman

PALADIN ACADEMY, L.L.C.

By: *A. J. Clegg*
A. J. Clegg, Chairman

ASSIGNMENT OF RIGHTS INCLUDING COPYRIGHTS AND TRADEMARKS

THIS ASSIGNMENT OF RIGHTS INCLUDING COPYRIGHTS AND TRADEMARKS (the "Assignment") is entered into as of April __, 2001, by and between: Developmental Resource Center, Inc., a Florida corporation ("Seller"); Dr. Deborah Levy ("DLevy"); Emily Levy ("ELevy"); and LD Learning.com, Inc. a Florida corporation ("LD"), as the assignors (the "Assignors"), and Paladin Academy, L.L.C., a Delaware limited liability company ("Paladin") (formerly known as "Nobel Learning Solutions, L.L.C."), as the assignee (the "Assignee").

RECITALS

WHEREAS, Assignors claim to have rights, including copyrights, title and interest in and to several certain Seller Related Intellectual Property (as defined in Section 1 of this Assignment).

WHEREAS, Assignee is desirous of acquiring an assignment of Assignors' rights, including but not limited to intangible property rights, copyrights and trademark rights, title and interest in and to the Seller Related Intellectual Property.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which is hereby acknowledged, the parties agree as follows:

TERMS OF THE ASSIGNMENT

1. **Subject Matter**. "Seller Related Intellectual Property" is defined as follows

(a) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with the multi-sensory teaching method for writing and phonics (the "Multi-Sensory Teaching Method"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to a book entitled *Stop and Go Multi Sensory Phonics Program* derived from "The Stoplight Letter Books Phonics Program" (the "*Stop and Go Book*") and another one entitled *The Stoplight Number Book* (the "*Stoplight Book*").

(b) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve the auditory memory skills of students (the "Auditory Memory Method"), which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to the following books entitled: *Auditory Memory Books I and II*, *Auditory Motor Teacher's Manual*, *Auditory Motor Student Guide Assignment Book*, and *Smart Notes* (collectively, the "*Auditory Memory Books*").

(c) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve reading comprehension (the "Brain Imagery Teaching Method"), which were authored, co-authored, created or owned by either

Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited a book entitled: *A New Image* (the "New Image Book").

(d) All books, workbooks, flash cards, hand-outs pamphlets, visual and audio aids relating to or connected with a teaching method designed to improve the tracking skills of students (the "Visual Tracking Method"), and which were authored, co-authored, created or owned by either Seller or DLevy or ELevy at the time of their creation, regardless of whether they are still owned by one or more of these Parties, including but not limited to the following books: *Visual Tracking, Numbers Part I & II*, and *Visual Tracking, Letters Part I & II, Visual Memory Cards Pictures* and *Visual Memory Cards Shapes* (the "Visual Tracking Books").

(e) Any and all rights, including copyrights, which LD, DLevy or EmLevy may have in or to the Multi-Sensory Teaching Method, the Auditory Memory Method, the Brain Imagery Teaching Method and the Visual Tracking Method.

(f) All rights title and interest in the physical copies and inventory of the *Stop and Go Book*, the *Stoplight Books*, the *Auditory Memory Books*, the *New Image Book*, and the *Visual Tracking Books*, currently existing, whether in the possession of any of the Parties or whether in the possession of any agent, representative, bailee, storage facility, publishing house, middlemen, or distributor.

(g) All rights title and interest, including copyrights, in and to the *Stop and Go Book*, the *Stoplight Books*, the *Auditory Memory Books*, the *New Image Book*, and the *Visual Tracking Books*.

(h) All rights, title and interest in the following Certificates of Registration on file with the Copyright Office:

- i. Certificate of Registration No.: TX 3-834-517;
- ii. Certificate of Registration No.: TX 5-045-369;
- iii. Certificate of Registration No.: TX 5-040-101;
- iv. Certificate of Registration No.: TX 5-040-102;
- v. Certificate of Registration No.: TX 3-595-868;
- vi. Certificate of Registration No.: TX5-040-100;
- vii. Certificate of Registration No.: TX5-107-297;

- viii. Certificate of Registration No.: TX5-040-099;
- ix. Certificate of Registration No.: VA-997-084;
- x. Certificate of Registration No.: VA-013-241; and
- xi. Certificate of Registration No.: TX5-006-480.

(i) All trademarks, trade names and trademark rights owned by LD, including but not limited to the mark LDLEARNING.COM, Registration No. 2413289, dated December 12, 2000, and all goodwill related to or associated with same.

(j) All domain names and URLs owned by LD, including LDLEARNING.COM, together with the web address: <http://www.ldlearning.com/>, and LD's existing inventory of all products offered for sale on said website (except for products written by authors other than DLevy or EmLevy and which are held by LD on consignment).

(k) The website represented by the web address <http://www.ldlearning.com/>, including, without limitation, all content of such website (collectively, the "LD Web Site") and LD's existing inventory of all products offered for sale on said website (except for products written by authors other than DLevy or EmLevy and which are held by LD on consignment).

2. Assignors hereby assign to Assignee all rights, title and interest in and to the Seller Related Intellectual Property:

3. Grant of Rights.

(a) The rights hereby assigned comprise all the rights in and to the Seller Related Intellectual Property of every kind, nature and description, including but not limited to (i) the right to physically possess, control, sell, profit from, and/or destroy or dispose of the Copies themselves, as well as the copies of the Seller Related Intellectual Property currently on deposit with the U.S. Copyright Office pursuant to the Registrations; (ii) the right to possess, control, sell, profit from, and/or destroy or dispose of the Trademarks the Domain Names and the Web Site; (iii) the right to effectuate transfers of the Registrations into Assignee's name or otherwise; (iv) the right to secure copyright on any and all portions of the Seller Related Intellectual Property anywhere throughout the world, in Assignee's name or otherwise; (v) the right to obtain trademark or service mark registrations for any registrable portions of the Seller Related Intellectual Property anywhere throughout the world, in Assignee's name or otherwise; (vi) any and all rights of publication, reproduction, distribution, alteration or modification of any and all portions of the Seller Related Intellectual Property, in whatever form; (vii) the right to use, license, exploit, sell or otherwise dispose of any and all portions of the Seller Related Intellectual Property, in any manner and for any purpose Assignee sees fit; (viii) the right to enforce any of the rights, whether statutory, common law, and whether in law or equity, anywhere throughout the world, in any manner and for any

purpose Assignee sees fit, which right of enforcement shall relate to all claims that have accrued as of the date of this Assignment; and (ix) any and all subsidiary rights therein.

(b) Assignee shall have the right to deal with the Seller Related Intellectual Property in any manner Assignee in its sole judgment may choose, without any further compensation to Assignors.

(c) The grant of all rights hereunder shall include the right of Assignee to cancel the Registrations and Assignors acknowledge Assignee's right to cancel the Registrations.

(d) Assignors shall provide Assignee with a list of all claims that they believe have accrued or may have accrued under Section 3.a. (viii) above.

4. **Power of Attorney.** Assignors hereby agrees to irrevocably constitute, authorize, empower and appoint Assignee (its general partner or any of its officers), Assignors' true and lawful attorney (with full power of substitution and delegation), in Assignors' names and in Assignors' places and steads, or in Assignee's name to take any action and to make, sign, execute, acknowledge and deliver any and all instruments or documents, which Assignee deems necessary or desirable to vest in Assignee, or its designees, successors, assigns and licensees, all of the rights or interests granted by Assignor hereunder including without limitation, such documents as Assignee may deem necessary or desirable to secure to Assignee or its designees the worldwide copyrights, trademark rights or other intellectual property rights to any and all portions of the Seller Related Intellectual Property, which are assigned under this Assignment, for the full term of all such worldwide copyrights, trademark rights or other intellectual property rights, and all renewals and extensions thereof. Assignors shall be given the first opportunity to sign any such document with respect to which this power of attorney applies but if Assignee does not receive such signed document within ten (10) business days of Assignee's request, Assignee shall have the right to sign such document on Assignors' behalf.

5. **Warranties and Representations.** Assignors hereby represent and warrant to Assignee that: (i) Assignors know of no person other than the parties hereto who is an author of any of any portion of the Seller Related Intellectual Property; (ii) Assignors know of no claims or liens against the rights herein conveyed; (iii) Assignors have not heretofore made any commitment (whether written or oral), nor entered into any contract or agreement (whether written or oral), for the use or publication of any portion of the Seller Related Intellectual Property, except as set forth in Section 1 above; and (iv) Assignors will hold Assignee harmless from any and all claims arising from any such claim, lien, commitment, contract, agreement or release.

6. **Benefit.** This Assignment shall be binding upon the Assignors, their successors and assigns. This Assignment is for the benefit of the Assignee, its successors and assigns.

7. **Waiver, Modification or Cancellation.** Any waiver, alteration or modification of any of the provisions of this Assignment, or cancellation or replacement of the same, shall not be valid unless made in writing and signed by the parties hereto.

8. **Choice of Law.** The validity of this Assignment, or any of its terms, covenants and conditions, as well as the rights and duties of the parties hereunder, shall be interpreted and construed pursuant to and in accordance with the laws of the State of Florida.

9. **Entire Agreement.** This Assignment, together with the Settlement Agreement entered into by, among others, Assignee and Assignors (the "Settlement Agreement") and any documents executed pursuant to the Settlement Agreement, contain the entire understanding and agreement of the parties with respect to this subject matter set forth herein, superseding any and all prior agreements, written and oral, between the parties regarding the same subject matter. Each party to this Assignment acknowledges that no representations, inducements, promises or statements (whether written or oral) have been made by any party hereto or anyone acting on behalf of any party hereto which are not embodied herein. Each party agrees that no other agreement, covenant, representation, inducement, promise or statement with respect to the subject matter hereof, if not set forth herein in writing, shall be valid or binding.

10. **Agreement a Joint Product of the Parties** The Assignment shall be deemed as a joint product of all parties and their respective counsel, and all parties shall be considered the drafters of this Assignment. Any rule of construction to the effect that any ambiguities are to be construed against the drafting party shall not be applicable in any interpretation of this Assignment.

11. **Counterparts** This Assignment may be executed in multiple counterpart copies, each of which shall be deemed to be an original. A facsimile of a signature shall be binding, and shall be deemed to constitute an original.

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

DEVELOPMENTAL RESOURCE CENTER, INC.

By: _____
Dr. Deborah Levy, President

Dr. Deborah Levy

Emily Levy

LDLearning.com, Inc.

By: _____
Emily Levy, President

TRADEMARK
REEL: 002362 FRAME: 0470

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA**

Case No. 00-3286-CIV-KING/O'SULLIVAN

NOBEL LEARNING COMMUNITIES,
INC., a Delaware corporation, f/k/a NOBEL
EDUCATION DYNAMICS, INC., and
PALADIN ACADEMY, LLC, a Delaware
limited liability company, f/k/a NOBEL
LEARNING SOLUTIONS, LLC,

Plaintiffs,

vs.

DEVELOPMENTAL RESOURCE
CENTER, INC., a Florida corporation, DR.
DEBORAH LEVY, an individual, LD
LEARNING.COM, INC., a Florida
corporation, and EMILY LEVY, an
individual.

Defendants.

1ST DRAFT

**JOINT STIPULATION BETWEEN PLAINTIFFS AND DEFENDANTS
TO THE VOLUNTARY DISMISSAL WITH PREJUDICE OF THIS ACTION**

Plaintiffs, NOBEL LEARNING COMMUNITIES, INC., a Delaware corporation, f/k/a
NOBEL EDUCATION DYNAMICS, INC., and PALADIN ACADEMY, LLC, a Delaware limited
liability company, f/k/a NOBEL LEARNING SOLUTIONS, LLC, and Defendants,
DEVELOPMENTAL RESOURCE CENTER, INC., a Florida corporation, DR. DEBORAH LEVY,
an individual, LD LEARNING.COM, INC., a Florida corporation, and EMILY LEVY, an

Nobel Learning Communities, Inc. et al. v. Developmental Resource Center, Inc., et al.
United States District Court, Southern District of Florida, Case No. 00-3286-CIV-KING

Joint Stipulation Between Plaintiffs and Defendants to the Voluntary Dismissal with Prejudice of this Action

Page 2 of 3 Pages

individual, hereby stipulate that:

1. The Plaintiffs' Complaint, the Defendants' Amended Counterclaim, the Defendants' Amendment to Counts IX and X of Defendants' Amended Counterclaim, and all other pleadings filed in this case, should be dismissed with prejudice.

2. Each of the Plaintiffs and each of the Defendants shall, except as set forth in the Settlement Agreement between them, bear their own costs and attorneys fees.

3. The Court will enter an order consistent with this Joint Stipulation.

DUANE, MORRIS & HECKSCHER LLP

Dated: _____

By: _____

James E. McDonald
Florida Bar No. 171226
Lida Rodriguez-Taseff
Florida Bar No. 039111

Attorneys for Nobel Learning Communities,
Inc. and Paladin Academy, LLC
200 South Biscayne Boulevard, Suite 3410
Miami, Florida 33131
Tel: (305) 960-2200
Fax: (305) 960-2201
E-mail: JEMcDonald@duanemorris.com
E-mail: LRTaseff@duanemorris.com

*Nobel Learning Communities, Inc. et al. v. Developmental Resource Center, Inc., et al.
United States District Court, Southern District of Florida, Case No. 00-3286-CIV-KING*

*Joint Stipulation Between Plaintiffs and Defendants to the Voluntary Dismissal with Prejudice of
this Action*

Page 3 of 3 Pages

QUARLES & BRADY LLP

NOT DRAFT

Dated: _____

By: _____

Mark H. Muller
Florida Bar No. 899275
Robert E. Doyle, Jr.
Florida Bar No. 198730
Ned R. Nashban
Florida Bar No. 717230
Attorneys for Defendants, Developmental
Resource Center, Inc., Dr. Deborah Levy,
LD Learning.com, Inc. and Emily Levy
4501 Tamiami Trail North, Suite 300
Naples, Florida 34103
(941) 262-5959
(941) 434-4999 - Facsimile
E-mail - mhm@quarles.com
E-mail - red@quarles.com
E-mail - nm@quarles.com

UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF FLORIDA

Case No. 00-3286-CIV-KING/O'SULLIVAN

NOBEL LEARNING COMMUNITIES,
INC., a Delaware corporation, f/k/a NOBEL
EDUCATION DYNAMICS, INC., and
PALADIN ACADEMY, LLC, a Delaware
limited liability company, f/k/a NOBEL
LEARNING SOLUTIONS, LLC.

Plaintiffs,

vs.

DEVELOPMENTAL RESOURCE
CENTER, INC., a Florida corporation, DR.
DEBORAH LEVY, an individual, LD
LEARNING.COM, INC., a Florida
corporation, and EMILY LEVY, an
individual,

Defendants.

1ST DRAFT

ORDER APPROVING
JOINT STIPULATION BETWEEN PLAINTIFFS AND DEFENDANTS
TO THE VOLUNTARY DISMISSAL WITH PREJUDICE OF THIS ACTION

THIS CAUSE having come before the Court on the Joint Stipulation Between Plaintiffs and
Defendants to the Voluntary Dismissal with Prejudice of this Action, and the Court having reviewed

*Nobel Learning Communities, Inc. et al. v. Developmental Resource Center, Inc., et al.
United States District Court, Southern District of Florida, Case No. 00-3286-CIV-KING*

*Order Approving Joint Stipulation Between Plaintiffs and Defendants to the Voluntary Dismissal
with Prejudice of this Action*

Page 2 of 2 Pages

the Joint Stipulation and the file in this case, and being otherwise duly advised in the premises, it is hereby:

ORDERED and ADJUDGED that:

1. The Joint Stipulation Between Plaintiffs and Defendants to the Voluntary Dismissal with Prejudice of this Action is hereby approved.
2. The Plaintiffs' Complaint, the Defendants' Amended Counterclaim, the Defendants' Amendment to Counts IX and X of Defendants' Amended Counterclaim, and all other pleadings filed in this case, are hereby dismissed with prejudice.
3. Each of the Plaintiffs and each of the Defendants shall, except as set forth in the Settlement Agreement between them, bear their own costs and attorneys fees.
4. The Clerk of the Court is directed to close the file.

DONE and ORDERED in Chambers, Miami-Dade County, Florida, this ____ day of _____, 2001.

Honorable James Lawrence King
U.S. Southern District Court Judge

Conformed copies to:

- Ned R. Nashban, Esq.
- Mark H. Muller, Esq.
- James E. McDonald, Esq.

QBNAI 04114.1

TRADEMARK
REEL: 002362 FRAME: 0476

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY BE TRANSFERRED ONLY IF REGISTERED UNDER SUCH ACTS OR UPON PRIOR DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, THAT SUCH TRANSFER IS EXEMPT FROM SUCH REGISTRATION. ANY TRANSFER WITHOUT COMPLIANCE WITH SUCH PROCEDURES SHALL BE WITHOUT EFFECT.

Paladin Academy, L.L.C.

[insert settlement date]

\$410,000

Amended and Restated 7% Subordinated Note due July 1, 2004

PALADIN ACADEMY, L.L.C. (formerly known as "Nobel Learning Solutions, L.L.C."), a Delaware limited liability company with an office at 1400 North Providence Road, Suite 3055, Media, PA 19063 (the "Company"), promises to pay to DEVELOPMENTAL RESOURCE CENTER, INC., with an address at c/o Dr. Deborah Levy, 1946 N.E. 201st Street, North Miami Beach, FL 33179, or registered assigns, the principal sum of Four Hundred Ten Thousand Dollars (\$410,000) and to pay interest on the unpaid principal amount of this Note at an interest rate of seven percent (7%) per annum. Such payments of principal shall be payable in twelve equal quarterly installments of \$30,416.67 payable on the first business day of each January, April, July and October of each year, commencing on July 2, 2001, and a final quarterly installment of \$45,000 on July 1, 2004. Such payments of interest shall be paid quarterly in arrears on the same day as payments of principal.

Payments of principal and interest may be mailed to the Holder's address. The Holder must surrender this Note to the Company immediately after payment in full of this Note. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts (payment may be by check payable in such money). Interest shall be computed on the basis of the actual number of days elapsed in a 365-day year.

If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday. For the purposes hereof, "Legal Holiday" means a Saturday, a Sunday or a day on

which federal banking institutions are authorized or obligated by law, regulation or executive order to remain closed.

The Company may prepay, at its option, this Note, in whole or in part, at any time or from time to time, without premium or penalty, on at least 10 days notice to the Holder. Any prepayment shall be applied to installments of principal due hereunder in order of maturity.

The Company hereby waives any requirements of presentment for payment, notice of dishonor, notice of protest and protest.

This Amended and Restated 7% Subordinated Promissory Note ("**Note**") is being issued pursuant to the Settlement Agreement dated the date hereof among Developmental Resource Center, Inc., a Florida corporation ("**Initial Holder**"); Dr. Deborah Levy (sole shareholder of Initial Holder); Elliot Levy; Emily Levy; Jonathan Levy; Daniel Levy; LDLearning.com, Inc., a Florida corporation; Levy Children's Trust, Joseph Wolf, Trustee and Elliot G. and Deborah L. Levy; Nobel Learning Communities, Inc., and the Company, and is in substitution for that certain 7% Subordinated Promissory Note issued by the Company to Initial Holder pursuant to the Agreement and Plan of Organization dated June 19, 1998 among Initial Holder, Dr. Deborah Levy, and Nobel Learning Communities, Inc. which is being marked cancelled. (If the Note is transferred in part, the outstanding notes shall be collectively referred to as the "**Notes**"). Any payments of amounts under the Notes will be made *pro rata* in proportion to the principal amounts outstanding thereunder.

When used herein, the term "*Holder*" shall mean the person in whose name this Note is registered on the Company's books.

ARTICLE 1

DEFAULTS AND REMEDIES

SECTION 1.1. *Events of Default.*

An "Event of Default" occurs if:

(a) the Company defaults in the payment of principal of or interest on the Notes when the same become due and the default continues for a period of 15 days after the delivery to the Company of notice from any Holder of such default;

(b) the Company pursuant to or within the meaning of any Bankruptcy Law:

(i) commences a voluntary case or proceeding,

(ii) consents to the entry of an order for relief against it in an involuntary case or proceeding,

(iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, or

(iv) makes a general assignment for the benefit of its creditors; or

(c) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:

(i) is for relief against the Company in an involuntary case or proceeding,

(ii) appoints a Custodian of the Company or for all or substantially all of its property, or

(iii) orders the liquidation of the Company;

and in each case the order or decree remains unstayed and in effect for 60 days.

The term "**Bankruptcy Law**" means Title 11, U.S. Code or any similar Federal or state law for the relief of debtors. The term "**Custodian**" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

SECTION 1.2. *Acceleration.*

If an Event of Default specified in Subsection 1.1.(a) occurs and is continuing, the Holders of at least a majority in principal amount of the Notes may declare all unpaid principal of, and accrued interest on, the Notes to be immediately due and payable; *provided that* if any Senior Indebtedness (as defined below) is outstanding at the time of such default, there shall be no Event of Default unless and until (i) the holder of the Senior Indebtedness shall have received notice from a Holder of such default and (ii) such default shall not have been cured prior to the end of the thirtieth (30th) day following the date of its receipt of such notice (the "**Senior Lender Cure Period**"). (The Company shall reimburse such holder of Senior Indebtedness on demand for all sums expended by it with respect to the Senior Lender Cure Period.) If an Event of Default specified in Section 1.1.(b) or 1.1.(c) occurs, all principal of, and interest on, the Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Holders of the Notes.

SECTION 1.3. *Other Remedies.*

If an Event of Default occurs and is continuing, subject to Article 2, the Holders of at least a majority in principal amount of the Notes may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, or interest on, the Notes or to enforce the performance of any provisions of the Notes. A delay or omission by the Holders in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All remedies are cumulative to the extent permitted by law.

SECTION 1.4. *Waiver of Past Defaults.*

The Holders of at least a majority in principal amount of the Notes then outstanding by notice to the Company may waive an existing default or Event of Default and its consequences. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Notes; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 1.5. *Control by Majority.*

The Holders of a majority in principal amount of the Notes outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Holders or exercising any trust or power conferred on them.

SECTION 1.6. *Limitation on Suits.*

A Holder may not pursue a remedy with respect to the Notes unless the Holders of at least a majority in principal amount of the Notes then outstanding consent to the pursuit of the remedy. A Holder may not use the provision hereof to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

ARTICLE 2

SUBORDINATION

SECTION 2.1 *Senior Indebtedness Defined.*

Notwithstanding anything in this Note to the contrary, the indebtedness evidenced by this Note shall be subordinated and junior, to the extent and in the manner set forth below, to all "**Senior Indebtedness**" of the Company. As used herein, the term "Senior Indebtedness" means (i) all indebtedness of the Company to Summit Bank (and its successors and assigns) and any other financial institution which succeeds such bank as the Company's primary lender (including, without limitation, all principal, interest, fees, costs and expenses (including attorney's fees

and legal expenses)) and (ii) all renewals, extensions, refunding, refinancings, increases and modifications of the foregoing.

SECTION 2.2 *Subordination of Payments.*

The indebtedness evidenced by this Note shall be subordinated and junior in right of payment to all Senior Indebtedness of the Company in the following manner:

(a) **Insolvency, Etc.** In the event of any assignment by the Company for the benefit of its creditors, any bankruptcy, receivership, liquidation, reorganization or other similar proceeding, whether instituted by or against the Company or the Company's business or assets, or any dissolution, liquidation or other winding-up of the affairs of the Company or of the Company's business, and in all such cases, then the holders of the Senior Indebtedness shall be entitled to receive payment in full of all Senior Indebtedness before Holder is entitled to receive any further payment on account of principal of or interest on this Note; and to that end the holders of the Senior Indebtedness shall be entitled to receive, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of the Senior Indebtedness, for application in payment thereof, any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of this Note.

(b) **Maturity of or Default on Senior Indebtedness.**

(i) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration, or otherwise, and the giving of written notice thereof to Dr. Deborah Levy ("**Noteholders' Representative**") by the holders of such Senior Indebtedness, all such Senior Indebtedness shall first be paid in full, or such payment duly provided for in a manner satisfactory to the holders of such Senior Indebtedness, before any further payment is made on account of the principal of or interest on this Note and neither the Holder nor any other party shall institute any court proceedings or other

actions against the Company or any of its property for the indebtedness evidenced hereby.

(ii) Upon and during the continuance of any default relating to the payment of principal or interest of any Senior Indebtedness, and upon the giving of written notice to Noteholders' Representative of such default by the holders of such Senior Indebtedness, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no further payment shall thereafter be made by the Company with respect to the principal of or interest on this Note nor shall the Holder or any other party institute any court proceedings or other actions against the Company or any of its property for the indebtedness evidenced hereby.

(iii) If there is an event of default with respect to any Senior Indebtedness (as defined in any instrument or agreement under which such Senior Indebtedness is outstanding) which permits the holders of the Senior Indebtedness to accelerate the maturity thereof other than a default referred to in Section 2.2.(b)(ii), then upon the earlier of (A) the giving of written notice to the Company and Noteholders' Representative of such default by the holder of such Senior Indebtedness or (B) if such default results from an acceleration of this Note, the date of such acceleration notice, for a period (the "**Blockage Period**") commencing on the earlier of the date of receipt of such notice or the date of the acceleration notice and ending 180 days thereafter (unless such Blockage Period shall be terminated by written notice to the Company from such holder of Senior Indebtedness) no further payment shall thereafter be made by the Company with respect to the principal of or interest on this Note nor shall the Holder or any other party institute any court proceedings or other actions against the Company or any of its property for the indebtedness evidenced hereby: *provided, however,* that no default which existed or was continuing on the date of the commencement of any Blockage Period with respect to the Senior Indebtedness initiating such Blockage Period shall be made the basis for the commencement of a second Blockage Period by the holder of such Senior

Indebtedness; and *provided further* that payments in respect of the Notes may not be delayed by this Section 2.2.(b)(iii) more than once during any 360 consecutive days.

(iv) With respect to Sections 2.2.(b)(ii) and 2.2.(b)(iii), the Company shall resume payments on the Notes when:

(1) the default with respect to Senior Indebtedness is cured or waived, or

(2) in the case of a default referred to in Section 2.2.(b)(iii), when the Blockage Period terminates.

if this Section otherwise does not prohibit the payment at the time of such payment.

(c) **Payments Improperly Received.** In the event that any payment (including any pre-payment) on account of principal of or interest on this Note shall be received by Holder before all Senior Indebtedness is paid in full, and at a time when the Company shall be prohibited from making such payment by Sections 2.2.(a) or 2.2.(b) hereof, such payment(s) shall be held in trust by Holder for the benefit of and shall be paid over to the holders of all Senior Indebtedness ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held by each such holder, to the extent necessary to make payment in full of all Senior Indebtedness.

(d) **Rights.**

(i) No right of the holders of the Senior Indebtedness to enforce the subordination provisions contained herein shall be impaired by any act or failure to act by the Company or Holder. The provisions of this Section 2.2 are solely for the purpose of defining the relative rights of the holders of the Senior Indebtedness, on the one hand, and Holder on the other hand, with respect to the order in which payments or distributions by or on behalf of the Company shall be applied to the Senior Indebtedness and the obligations of the Company pursuant to this Note, and nothing

herein shall impair, as between the Company, its creditors other than the holders of the Senior Indebtedness, and Holder, the obligation of the Company which is unconditional and absolute to pay Holder the principal of and interest on this Note in accordance with its terms, or affect the relative rights of Holder and creditors of the Company other than the holders of the Senior Indebtedness.

(ii) Upon any payment or distribution of assets of the Company referred to in this Section 2.2, Holder shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which dissolution, winding-up, liquidation, reorganization, or other similar proceedings are pending or upon a certificate of the liquidating trustee or agent or other person or entity making any distribution to Holder for the purpose of ascertaining the persons or entities entitled to participate in such distribution, the identity of the holders of the Senior Indebtedness or other indebtedness of the Company, the amount thereof and payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 2.2.

(iii) Holder hereby agrees that, without any notice to or consent from Holder, and without any other action in respect of Holder on the part of the holders of the Senior Indebtedness: (x) any demand for payment of Senior Indebtedness made by the holder of such Senior Indebtedness may be rescinded, and the Senior Indebtedness and any collateral security therefor may from time to time be renewed, extended, modified, accelerated, compromised, waived, surrendered or released, (y) documents in connection with Senior Indebtedness, including collateral security documents and guarantees, may be amended or modified from time to time, and (z) any collateral security held by the holder of Senior Indebtedness at any time for the payment of such Senior Indebtedness may be sold, exchanged, waived, surrendered or released.

(e) **Allocation of Payments.** No payments or distributions received by the holders of the Senior Indebtedness which, but for the provisions of this Section 2.2, would otherwise have been made to Holder shall, as between the Company, its creditors other than the holders of the

Senior Indebtedness, and Holder, be deemed to have been made as a payment by the Company to or on account of the Senior Indebtedness, it being understood that the provisions of this Section 2.2 are and are intended solely for the purpose of defining the relative rights of Holder, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

(f) **Waiver.** No failure to exercise, and no delay in exercising, on the part of the holders of the Senior Indebtedness, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in any agreement relating to any of the Senior Indebtedness, related collateral security documents and all other agreements, instruments and documents referred to in any of the foregoing are cumulative and shall not be exclusive of any rights or remedies provided by law.

(g) **Binding Effect.** The Company covenants and agrees, and Holder by acceptance of this Note likewise covenants and agrees that: (i) this Note is issued subject to the provisions of this Section 2.2, (ii) Holder will be bound by such provisions, and (iii) the holders of the Senior Indebtedness shall be entitled to enforce the provisions of this Section 2.2 directly against Holder.

SECTION 2.3 *Enforcement.*

Holder irrevocably authorizes the holders of the Senior Indebtedness (but each such holder of the Senior Indebtedness has no obligation), under the circumstances set forth in Section 2.2.(a), to demand, sue for, collect and receive every such payment or distribution described in that Section, to file claims and proofs of claims in any statutory or non-statutory proceeding, to vote the full amount of the indebtedness hereunder in their sole discretion in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension and to take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote the amount of the indebtedness hereunder at creditors' meetings for the election of trustees, acceptances of plans of reorganization and otherwise), in the name of the holders of the Senior Indebtedness or in the name of Holder or otherwise, as the holders

of the Senior Indebtedness may reasonably deem necessary or advisable for the enforcement of the subordination provisions of this Note. Holder agrees to cooperate with the holders of the Senior Indebtedness as reasonably requested in writing, to the extent necessary to permit the holders of the Senior Indebtedness to exercise their rights described in the preceding sentence. At such time as the holders of the Senior Indebtedness have exercised their rights under this Section 2.3, they promptly will return any instruments evidencing the indebtedness hereunder that have been delivered to them by Holder under this Section 2.3, if they have not been required to deliver such instruments to any other person or entity by order of court (or other similar authority having jurisdiction over the matter) or by law. Notwithstanding the foregoing, payments received by the holders of the Senior Indebtedness shall not reduce the obligation of the Company to Holder for this Note, and only payments received by Holder and not subject to any claim by the holders of the Senior Indebtedness shall reduce the obligation of the Company to Holder hereunder.

ARTICLE 3

AMENDMENTS

SECTION 3.1. *With Consent of Holders.*

The Company may amend or supplement the Notes with the written consent of the Holders of at least a majority in principal amount of the then outstanding Notes. An amendment with the requisite consent of Holders may, without limitation: reduce the amount of Notes whose Holders must consent to an amendment or waiver; reduce the rate of or change the time for payment of interest, including default interest, on the Notes; and reduce the principal of or change the amortization or maturity date of the Notes.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof. An amendment under this Section may not make any change that adversely affects the rights under Article 2 or Section 1.2 unless the holders of such Senior Indebtedness pursuant to its terms consent to the change.

After an amendment or waiver under this Section 3.1 becomes effective, the Company shall mail to the Holder of each Note affected thereby a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity thereof. The Holders of at least a majority in principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of the Notes.

SECTION 3.2. *Revocation and Effect of Consents.*

Until an amendment or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to his Note or portion of a Note if the Company receives written notice of revocation before the date on which the Holders of the requisite principal amount of Notes have consented to such amendment or waiver. An amendment or waiver becomes effective upon receipt by the Company of written consents from the Holders of the requisite percentage in principal amount of Notes. After an amendment or waiver becomes effective it shall bind every Holder.

ARTICLE 4

MISCELLANEOUS

SECTION 4.1. *Notices.*

All notices and other communications required or permitted hereunder shall be in writing and shall be deemed to be properly given if transmitted by messenger, overnight courier service, first class certified mail (return receipt requested) or telecopy (which is confirmed), in each case postage or other charges prepaid. All notices shall be effective (i) if sent by messenger or overnight courier service, when delivered, (ii) if sent by mail, three days after posting, and (iii) if sent by telecopy, when sent (*provided that*, if sent by telecopy, a duplicate copy thereof is sent by mail by the following day). Notices to the Company shall be sent to the address of the Company set forth in the first page hereof. Notices to the original

holder shall be sent to the address of such person set forth in the first paragraph hereof; notices to any other Holder, shall be sent to the address shown on the register kept by the Company. Notices to Summit Bank shall be sent to Summit Bank, 80 West Lancaster Ave., Devon, PA 19333-1374. *Attn:* Thomas E. Lunny, Vice President. Any party may change such address by notice given in such manner. Notices to Noteholders' Representative shall be sent to Dr. Deborah Levy, 1946 N.E. 201st Street, North Miami Beach, FL 33179.

SECTION 4.2. *Governing Law.*

This Note shall be governed by the laws of the State of Florida applicable to contracts to be performed wholly in the State of Florida, without regard to the conflicts of laws rules thereof. Venue and jurisdiction for the enforcement of this Note shall be in Dade County, Florida, and the Company hereby waives any objections to such venue and jurisdiction.

SECTION 4.3. *Successors.*

All agreements of the Company in this Note shall bind its successors and assigns.

Section 4.4. *Attorneys' Fees.*

If Holder retains the services of counsel in order to enforce this Note or any remedy available to Holder hereunder, all reasonable attorneys' fees and related costs which are actually incurred by Holder shall be payable upon demand, whether suit be brought or not.

SECTION 4.5. *Severability.*

In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[continued on following page]

SECTION 4.6. *Headings.*

The headings of the Articles and Sections of this Note have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Dated: *[insert settlement date]*

PALADIN ACADEMY, L.L.C.

Principal amount: \$410,000

By _____
John R. Frock,
Vice President

By acceptance of this Note, the undersigned Holder, on behalf of itself and its successors and assigns, acknowledges and agrees to the subordination provisions contained herein.

DEVELOPMENTAL RESOURCE CENTER, INC.

By: _____
Dr. Deborah Levy
President

THESE SECURITIES HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY BE TRANSFERRED ONLY IF REGISTERED UNDER SUCH ACTS OR UPON PRIOR DELIVERY TO THE COMPANY OF AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, THAT SUCH TRANSFER IS EXEMPT FROM SUCH REGISTRATION. ANY TRANSFER WITHOUT COMPLIANCE WITH SUCH PROCEDURES SHALL BE WITHOUT EFFECT.

Nobel Learning Communities, L.L.C.

[insert settlement date]

\$185,000

7% Subordinated Note due April 1, 2004

NOBEL LEARNING COMMUNITIES, L.L.C., a Delaware corporation with an office at 1400 North Providence Road, Suite 3055, Media, PA 19063 (the "Company"), promises to pay to LDLEARNING.COM, INC., with an address at c/o Emily Levy, _____ *[insert address]* _____, or registered assigns, the principal sum of One Hundred Eighty-Five Thousand Dollars (\$185,000) and to pay interest on the unpaid principal amount of this Note at an interest rate of seven percent (7%) per annum. Such payments of principal shall be payable quarterly on the first business day of each January, April, July and October of each year, commencing July 1, 2001, in twelve equal installments of \$15,416.67. Such payments of interest shall be paid quarterly in arrears on the same day as payments of principal.

Payments of principal and interest may be mailed to the Holder's address. The Holder must surrender this Note to the Company immediately after payment in full of this Note. The Company shall pay principal and interest in money of the United States that at the time of payment is legal tender for payment of public and private debts (payment may be by check payable in such money). Interest shall be computed on the basis of the actual number of days elapsed in a 365-day year.

If a payment date is a Legal Holiday at a place of payment, payment may be made at that place on the next succeeding day that is not a Legal Holiday. For the purposes hereof, "Legal Holiday" means a Saturday, a Sunday or a day on which federal banking institutions are authorized or obligated by law, regulation or executive order to remain closed.

The Company may prepay, at its option, this Note, in whole or in part, at any time or from time to time, without premium or penalty, on at least 10 days notice to the Holder. Any prepayment shall be applied to installments of principal due hereunder in order of maturity.

The Company hereby waives any requirements of presentment for payment, notice of dishonor, notice of protest and protest.

This Amended and Restated 7% Subordinated Promissory Note ("**Note**") is being issued to LDLearning.com, Inc., a Florida corporation ("**Initial Holder**") pursuant to the Settlement Agreement dated the date hereof among Developmental Resource Center, Inc., a Florida corporation; Dr. Deborah Levy; Elliot Levy; Emily Levy; Jonathan Levy; Daniel Levy; LDLearning.com, Inc., a Florida corporation; Levy Children's Trust; Joseph Wolf, Trustee and Elliot G. and Deborah L. Levy; the Company; and Paladin Academy L.L.C. (If the Note is transferred in part, the outstanding notes shall be collectively referred to as the "**Notes**"). Any payments of amounts under the Notes will be made *pro rata* in proportion to the principal amounts outstanding thereunder.

When used herein, the term "*Holder*" shall mean the person in whose name this Note is registered on the Company's books.

ARTICLE 1

DEFAULTS AND REMEDIES

SECTION 1.1. *Events of Default.*

An "**Event of Default**" occurs if:

(a) the Company defaults in the payment of principal of or interest on the Notes when the same become due and the default continues for a period of 15 days after the delivery to the Company of notice from any Holder of such default:

(b) the Company pursuant to or within the meaning of any Bankruptcy Law:

- (i) commences a voluntary case or proceeding.
- (ii) consents to the entry of an order for relief against it in an involuntary case or proceeding.
- (iii) consents to the appointment of a Custodian of it or for all or substantially all of its property, or
- (iv) makes a general assignment for the benefit of its creditors; or
- (e) a court of competent jurisdiction enters an order or decree under any Bankruptcy Law that:
 - (i) is for relief against the Company in an involuntary case or proceeding.
 - (ii) appoints a Custodian of the Company or for all or substantially all of its property, or
 - (iii) orders the liquidation of the Company;

and in each case the order or decree remains unstayed and in effect for 60 days.

The term "**Bankruptcy Law**" means Title 11, U.S. Code or any similar Federal or state law for the relief of debtors. The term "**Custodian**" means any receiver, trustee, assignee, liquidator, sequestrator or similar official under any Bankruptcy Law.

SECTION 1.2. *Acceleration.*

If an Event of Default specified in Subsection 1.1.(a) occurs and is continuing, the Holders of at least a majority in principal amount of the Notes may declare all unpaid principal of, and accrued interest on, the Notes to be immediately due and payable; *provided that* if any Senior Indebtedness (as defined below) is outstanding at the time of such default, there shall be no Event of Default unless and until (i) the holder of the Senior Indebtedness shall have received notice

from a Holder of such default and (ii) such default shall not have been cured prior to the end of the thirtieth (30th) day following the date of its receipt of such notice (the "**Senior Lender Cure Period**"). (The Company shall reimburse such holder of Senior Indebtedness on demand for all sums expended by it with respect to the Senior Lender Cure Period.) If an Event of Default specified in Section 1.1.(b) or 1.1.(c) occurs, all principal of, and interest on, the Notes shall *ipso facto* become and be immediately due and payable without any declaration or other act on the part of the Holders of the Notes.

SECTION 1.3. *Other Remedies.*

If an Event of Default occurs and is continuing, subject to Article 2, the Holders of at least a majority in principal amount of the Notes may pursue any available remedy by proceeding at law or in equity to collect the payment of principal of, or interest on, the Notes or to enforce the performance of any provisions of the Notes. A delay or omission by the Holders in exercising any right or remedy accruing upon an Event of Default shall not impair the right or remedy or constitute a waiver of or acquiescence in the Event of Default. No remedy is exclusive of any other remedy. All remedies are cumulative to the extent permitted by law.

SECTION 1.4. *Waiver of Past Defaults.*

The Holders of at least a majority in principal amount of the Notes then outstanding by notice to the Company may waive an existing default or Event of Default and its consequences. Upon any such waiver, such default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of the Notes; but no such waiver shall extend to any subsequent or other default or impair any right consequent thereon.

SECTION 1.5. *Control by Majority.*

The Holders of a majority in principal amount of the Notes outstanding may direct the time, method and place of conducting any proceeding for any remedy available to the Holders or exercising any trust or power conferred on them.

SECTION 1.6. *Limitation on Suits.*

A Holder may not pursue a remedy with respect to the Notes unless the Holders of at least a majority in principal amount of the Notes then outstanding consent to the pursuit of the remedy. A Holder may not use the provision hereof to prejudice the rights of another Holder or to obtain a preference or priority over another Holder.

ARTICLE 2

SUBORDINATION

SECTION 2.1 *Senior Indebtedness Defined.*

Notwithstanding anything in this Note to the contrary, the indebtedness evidenced by this Note shall be subordinated and junior, to the extent and in the manner set forth below, to all "Senior Indebtedness" of the Company. As used herein, the term "Senior Indebtedness" means (i) all indebtedness of the Company to Summit Bank (and its successors and assigns) and any other financial institution which succeeds such bank as the Company's primary lender (including, without limitation, all principal, interest, fees, costs and expenses (including attorney's fees and legal expenses)) and (ii) all renewals, extensions, refunding, refinancings, increases and modifications of the foregoing.

SECTION 2.2 *Subordination of Payments.*

The indebtedness evidenced by this Note shall be subordinated and junior in right of payment to all Senior Indebtedness of the Company in the following manner:

(a) **Insolvency, Etc.** In the event of any assignment by the Company for the benefit of its creditors, any bankruptcy, receivership, liquidation, reorganization or other similar proceeding, whether instituted by or against the Company or the Company's business or assets, or any dissolution, liquidation or other winding-up of the affairs of the Company or of the Company's business, and in all such cases, then the holders of the Senior Indebtedness shall be entitled to receive payment in full of all Senior

Indebtedness before Holder is entitled to receive any further payment on account of principal of or interest on this Note; and to that end the holders of the Senior Indebtedness shall be entitled to receive, to the extent necessary to make payment in full of all Senior Indebtedness remaining unpaid after giving effect to any concurrent payment or distribution (or provision therefor) to the holders of the Senior Indebtedness, for application in payment thereof, any payment or distribution of any kind or character, whether in cash or property or securities, which may be payable or deliverable in any such proceedings in respect of this Note.

(b) Maturity of or Default on Senior Indebtedness.

(i) Upon the maturity of any Senior Indebtedness by lapse of time, acceleration, or otherwise, and the giving of written notice thereof to Emily Levy ("Noteholders' Representative") by the holders of such Senior Indebtedness, all such Senior Indebtedness shall first be paid in full, or such payment duly provided for in a manner satisfactory to the holders of such Senior Indebtedness, before any further payment is made on account of the principal of or interest on this Note and neither the Holder nor any other party shall institute any court proceedings or other actions against the Company or any of its property for the indebtedness evidenced hereby.

(ii) Upon and during the continuance of any default relating to the payment of principal or interest of any Senior Indebtedness, and upon the giving of written notice to Noteholders' Representative of such default by the holders of such Senior Indebtedness, then, unless and until such event of default shall have been cured or waived or shall have ceased to exist, no further payment shall thereafter be made by the Company with respect to the principal of or interest on this Note nor shall the Holder or any other party institute any court proceedings or other actions against the Company or any of its property for the indebtedness evidenced hereby.

(iii) If there is an event of default with respect to any Senior Indebtedness (as defined in any instrument or agreement

under which such Senior Indebtedness is outstanding) which permits the holders of the Senior Indebtedness to accelerate the maturity thereof other than a default referred to in Section 2.2.(b)(ii), then upon the earlier of (A) the giving of written notice to the Company and Noteholders' Representative of such default by the holder of such Senior Indebtedness or (B) if such default results from an acceleration of this Note, the date of such acceleration notice, for a period (the "**Blockage Period**") commencing on the earlier of the date of receipt of such notice or the date of the acceleration notice and ending 180 days thereafter (unless such Blockage Period shall be terminated by written notice to the Company from such holder of Senior Indebtedness) no further payment shall thereafter be made by the Company with respect to the principal of or interest on this Note nor shall the Holder or any other party institute any court proceedings or other actions against the Company or any of its property for the indebtedness evidenced hereby: *provided, however*, that no default which existed or was continuing on the date of the commencement of any Blockage Period with respect to the Senior Indebtedness initiating such Blockage Period shall be made the basis for the commencement of a second Blockage Period by the holder of such Senior Indebtedness; and *provided further* that payments in respect of the Notes may not be delayed by this Section 2.2.(b)(iii) more than once during any 360 consecutive days.

(iv) With respect to Sections 2.2.(b)(ii) and 2.2.(b)(iii), the Company shall resume payments on the Notes when:

(1) the default with respect to Senior Indebtedness is cured or waived, or

(2) in the case of a default referred to in Section 2.2.(b)(iii), when the Blockage Period terminates.

if this Section otherwise does not prohibit the payment at the time of such payment.

(c) **Payments Improperly Received.** In the event that any payment (including any pre-payment) on account of principal of or interest on this Note shall be received by Holder before all Senior Indebtedness is paid in full, and at a time when the Company shall be prohibited from making such payment by Sections 2.2.(a) or 2.2.(b) hereof, such payment(s) shall be held in trust by Holder for the benefit of and shall be paid over to the holders of all Senior Indebtedness ratably according to the aggregate amounts remaining unpaid on account of the Senior Indebtedness held by each such holder, to the extent necessary to make payment in full of all Senior Indebtedness.

(d) **Rights.**

(i) No right of the holders of the Senior Indebtedness to enforce the subordination provisions contained herein shall be impaired by any act or failure to act by the Company or Holder. The provisions of this Section 2.2 are solely for the purpose of defining the relative rights of the holders of the Senior Indebtedness, on the one hand, and Holder on the other hand, with respect to the order in which payments or distributions by or on behalf of the Company shall be applied to the Senior Indebtedness and the obligations of the Company pursuant to this Note, and nothing herein shall impair, as between the Company, its creditors other than the holders of the Senior Indebtedness, and Holder, the obligation of the Company which is unconditional and absolute to pay Holder the principal of and interest on this Note in accordance with its terms, or affect the relative rights of Holder and creditors of the Company other than the holders of the Senior Indebtedness.

(ii) Upon any payment or distribution of assets of the Company referred to in this Section 2.2, Holder shall be entitled to rely upon any order or decree made by any court of competent jurisdiction in which dissolution, winding-up, liquidation, reorganization, or other similar proceedings are pending or upon a certificate of the liquidating trustee or agent or other person or entity making any distribution to Holder for the purpose of ascertaining the persons or entities entitled to participate in such distribution, the identity of the holders of the Senior Indebtedness

or other indebtedness of the Company, the amount thereof and payable thereon, the amount or amounts paid or distributed thereon and all other facts pertinent thereto or to this Section 2.2.

(iii) Holder hereby agrees that, without any notice to or consent from Holder, and without any other action in respect of Holder on the part of the holders of the Senior Indebtedness: (x) any demand for payment of Senior Indebtedness made by the holder of such Senior Indebtedness may be rescinded, and the Senior Indebtedness and any collateral security therefor may from time to time be renewed, extended, modified, accelerated, compromised, waived, surrendered or released, (y) documents in connection with Senior Indebtedness, including collateral security documents and guarantees, may be amended or modified from time to time, and (z) any collateral security held by the holder of Senior Indebtedness at any time for the payment of such Senior Indebtedness may be sold, exchanged, waived, surrendered or released.

(e) **Allocation of Payments.** No payments or distributions received by the holders of the Senior Indebtedness which, but for the provisions of this Section 2.2, would otherwise have been made to Holder shall, as between the Company, its creditors other than the holders of the Senior Indebtedness, and Holder, be deemed to have been made as a payment by the Company to or on account of the Senior Indebtedness, it being understood that the provisions of this Section 2.2 are and are intended solely for the purpose of defining the relative rights of Holder, on the one hand, and the holders of the Senior Indebtedness, on the other hand.

(f) **Waiver.** No failure to exercise, and no delay in exercising, on the part of the holders of the Senior Indebtedness, any right, power or privilege hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies provided in any agreement relating to any of the Senior Indebtedness, related collateral security documents and all other agreements, instruments and documents referred to in any of the foregoing are cumulative and shall not be exclusive of any rights or remedies provided by law.

(g) **Binding Effect.** The Company covenants and agrees, and Holder by acceptance of this Note likewise covenants and agrees that: (i) this Note is issued subject to the provisions of this Section 2.2, (ii) Holder will be bound by such provisions, and (iii) the holders of the Senior Indebtedness shall be entitled to enforce the provisions of this Section 2.2 directly against Holder.

SECTION 2.3 *Enforcement.*

Holder irrevocably authorizes the holders of the Senior Indebtedness (but each such holder of the Senior Indebtedness has no obligation), under the circumstances set forth in Section 2.2.(a), to demand, sue for, collect and receive every such payment or distribution described in that Section, to file claims and proofs of claims in any statutory or non-statutory proceeding, to vote the full amount of the indebtedness hereunder in their sole discretion in connection with any resolution, arrangement, plan of reorganization, compromise, settlement or extension and to take all such other action (including, without limitation, the right to participate in any composition of creditors and the right to vote the amount of the indebtedness hereunder at creditors' meetings for the election of trustees, acceptances of plans of reorganization and otherwise), in the name of the holders of the Senior Indebtedness or in the name of Holder or otherwise, as the holders of the Senior Indebtedness may reasonably deem necessary or advisable for the enforcement of the subordination provisions of this Note. Holder agrees to cooperate with the holders of the Senior Indebtedness as reasonably requested in writing, to the extent necessary to permit the holders of the Senior Indebtedness to exercise their rights described in the preceding sentence. At such time as the holders of the Senior Indebtedness have exercised their rights under this Section 2.3, they promptly will return any instruments evidencing the indebtedness hereunder that have been delivered to them by Holder under this Section 2.3, if they have not been required to deliver such instruments to any other person or entity by order of court (or other similar authority having jurisdiction over the matter) or by law. Notwithstanding the foregoing, payments received by the holders of the Senior Indebtedness shall not reduce the obligation of the Company to Holder for this Note, and only payments received by Holder and not subject to any claim by the holders of the Senior Indebtedness shall reduce the obligation of the Company to Holder hereunder.

ARTICLE 3
AMENDMENTS

SECTION 3.1. *With Consent of Holders.*

The Company may amend or supplement the Notes with the written consent of the Holders of at least a majority in principal amount of the then outstanding Notes. An amendment with the requisite consent of Holders may, without limitation: reduce the amount of Notes whose Holders must consent to an amendment or waiver; reduce the rate of or change the time for payment of interest, including default interest, on the Notes; and reduce the principal of or change the amortization or maturity date of the Notes.

It shall not be necessary for the consent of the Holders under this Section to approve the particular form of any proposed amendment or waiver, but it shall be sufficient if such consent approves the substance thereof. An amendment under this Section may not make any change that adversely affects the rights under Article 2 or Section 1.2 unless the holders of such Senior Indebtedness pursuant to its terms consent to the change.

After an amendment or waiver under this Section 3.1 becomes effective, the Company shall mail to the Holder of each Note affected thereby a notice briefly describing the amendment or waiver. Any failure of the Company to mail such notice, or any defect therein, shall not, however, in any way impair or affect the validity thereof. The Holders of at least a majority in principal amount of the Notes then outstanding may waive compliance in a particular instance by the Company with any provision of the Notes.

SECTION 3.2. *Revocation and Effect of Consents.*

Until an amendment or waiver becomes effective, a consent to it by a Holder of a Note is a continuing consent by the Holder and every subsequent Holder of a Note or portion of a Note that evidences the same debt as the consenting Holder's Note, even if notation of the consent is not made on any Note. However, any such Holder or subsequent Holder may revoke the consent as to his

Note or portion of a Note if the Company receives written notice of revocation before the date on which the Holders of the requisite principal amount of Notes have consented to such amendment or waiver. An amendment or waiver becomes effective upon receipt by the Company of written consents from the Holders of the requisite percentage in principal amount of Notes. After an amendment or waiver becomes effective it shall bind every Holder.

ARTICLE 4

MISCELLANEOUS

SECTION 4.1. *Notices.*

All notices and other communications required or permitted hereunder shall be in writing and shall be deemed to be properly given if transmitted by messenger, overnight courier service, first class certified mail (return receipt requested) or telecopy (which is confirmed), in each case postage or other charges prepaid. All notices shall be effective (i) if sent by messenger or overnight courier service, when delivered, (ii) if sent by mail, three days after posting, and (iii) if sent by telecopy, when sent (*provided that*, if sent by telecopy, a duplicate copy thereof is sent by mail by the following day). Notices to the Company shall be sent to the address of the Company set forth in the first page hereof. Notices to the original holder shall be sent to the address of such person set forth in the first paragraph hereof; notices to any other Holder, shall be sent to the address shown on the register kept by the Company. Notices to Summit Bank shall be sent to Summit Bank, 80 West Lancaster Ave., Devon, PA 19333-1374, *Attn:* Thomas E. Lunny, Vice President. Any party may change such address by notice given in such manner. Notices to Noteholders' Representative shall be sent to Emily Levy, _____
[insert address]

SECTION 4.2. *Governing Law.*

This Note shall be governed by the laws of the State of Florida applicable to contracts to be performed wholly in the State of Florida, without regard to the conflicts of laws rules thereof. Venue and jurisdiction for the enforcement of this Note shall be in Dade County, Florida, and the Company hereby waives any objections to such venue and jurisdiction.

SECTION 4.3. *Successors.*

All agreements of the Company in this Note shall bind its successors and assigns.

Section 4.4. *Attorneys' Fees.*

If Holder retains the services of counsel in order to enforce this Note or any remedy available to Holder hereunder, all reasonable attorneys' fees and related costs which are actually incurred by Holder shall be payable upon demand, whether suit be brought or not.

SECTION 4.5. *Severability.*

In case any provision in this Note shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

[continued on following page]

SECTION 4.6. *Headings.*

The headings of the Articles and Sections of this Note have been inserted for convenience of reference only, are not to be considered a part hereof and shall in no way modify or restrict any of the terms or provisions hereof.

Dated: *[insert settlement date]*

NOBEL LEARNING COMMUNITIES, L.L.C.

Principal amount: \$180,000

By _____
John R. Frock,
Executive Vice President

By acceptance of this Note, the undersigned Holder, on behalf of itself and its successors and assigns, acknowledges and agrees to the subordination provisions contained herein.

LDLEARNING.COM, INC.

By: _____
Emily Levy
President

Catalogue

A New Image
Math Attack—Beginning Addition
Visual Memory Cards (Colors)
Visual Memory Cards (Shapes)
Visual Memory Cards (Pictures)
Visual Memory Cards (Letters)
Visual Tracking, Words
Assignment Book
Smart Notes
Auditory Motor Student Manual
Auditory Motor Teacher's Guide
Outside In (a video)

Web Site & not in catalogue

Visual Tracking, Site Words, Part I
Visual Tracking, Site Words, Part II
Little Lemon, Activities for Developing Motivation and Memory Skills
Sound It Out Land Phonics, Video I
Sound It Out Land Phonics, Video II
Sound It Out Land Phonics, Video III
Hand Writing Without Tears
Letters & Numbers for Me
My Printing Book
Cursive Success
Cursive Teachers Guide
Cursive Handwriting
Printing Teachers' Guide
Math Masters Addition, Sums 2-5
Math Masters Addition, Sums 6-10
Math Masters Addition, Sums 11-15
Math Masters Addition, Sums 16-20
ADHD, a Path to Success

Stop & Go Multi-sensory Phonics
The Stoplight Number Book
Visual Tracking Letters, Part I
Visual Tracking Letters, Part II
Visual Tracking Numbers, Part I
Visual Tracking Numbers, Part II
Auditory Memory Book

NOBEL LEARNING COMMUNITIES, INC.

Non-Qualified Stock Option Agreement

NON-QUALIFIED STOCK OPTION AGREEMENT dated as of April __, 2001 ("Agreement") between NOBEL LEARNING COMMUNITIES, INC., a Delaware corporation (the "Company"), and Dr. Deborah Levy ("Consultant").

Background

This Non-Qualified Stock Option Agreement is being entered into by the Company and Consultant pursuant to the terms of a certain Settlement Agreement dated April __, 2001.

Terms

1. Definitions

1.1 "Board" means the Board of Directors of the Company.

1.2 "Common Stock" means the Company's Common Stock, par value \$0.001 per share.

1.3 "Date of Exercise" means the date on which the notice required by Section 4.1 hereof is received by the Company.

1.4 "Date of Grant" means April __, 2001.

1.5 "Option" means the option granted hereunder. The Option hereby granted is a non-qualified stock option (*i.e.*, not an "incentive stock option" within the meaning of section 422 of the Internal Revenue Code of 1986, as amended from time to time).

1.6 "Optioned Stock" means the shares of Common Stock that are subject to the Option.

1.7 "Termination Date" means the earliest to occur of the following:

(a) May 31, 2004;

(b) if Consultant's retention by the Company is terminated by the Company pursuant to Section 5.6 of the Settlement Agreement or terminated by Consultant, for any reason other than death or disability, the date three months after the date of such termination;

(c) if Consultant shall become disabled during Consultant's retention by the Company and Consultant's retention is terminated as a consequence of such disability, the date one year after the date of such termination; or

(d) if Consultant shall die during Consultant's retention by the Company, the date one year after the date of death.

2. Grant of Option.

Subject to the terms and conditions of this Agreement, the Company hereby grants to Consultant the option to purchase 25,000 shares of Common Stock. The exercise price of the Option in respect of each share of Optioned Stock shall be \$9.125, subject to adjustment pursuant Section 9 hereof. Notwithstanding the foregoing, only full shares shall be issued hereunder, and any fractional share which might otherwise be issuable upon the exercise of the Option shall be forfeited.

3. Time of Exercise.

The Option shall be exercisable from time to time following the Date of Grant through the Termination Date with respect to all or any portion of the Option which shall have been vested as of the Date of Exercise. The Option shall vest with respect to one-third of the shares of Optioned Stock subject thereto as of the Date of Grant on each of the first, second and third anniversary dates of the Date of Grant (*provided that* no shares shall vest after a termination of Consultant's retention by the Company). The Option shall terminate absolutely at 5:00 p.m. New York Time on the Termination Date.

4. Manner of Exercise; Payment.

4.1 Exercise of the Option shall be effected by giving written notice of exercise to the Company, in care of the Secretary of the Company. Any such notice shall state the number of shares of Optioned Stock for which the Option is being exercised and shall be accompanied by payment in full of the exercise price for such shares of Optioned Stock. Such notice shall be irrevocable once given.

4.2 Consultant shall have the right to exercise the Option with respect to all or part of the Optioned Stock. Exercise of the Option with respect to part of the Optioned Stock does not waive or limit Consultant's rights with respect to the balance of the Optioned Stock.

4.3 The exercise price for the Optioned Stock upon exercise shall be payable in cash or its equivalent.

5. Nontransferability.

The Option shall not be assignable or transferable by Consultant, otherwise than by will or by the laws of descent and distribution, and the Option shall be exercisable only by the Grantee; *provided that* in the event of Consultant's legal disability, the Option may be so

exercised by Consultant's guardian or legal representative and in the event of Consultant's death, the Option may be so exercised by Consultant's estate, personal representative or beneficiary who acquired the right to exercise such Option by bequest or inheritance or by reason of the death of Consultant. If Consultant is married at the time of exercise of the Option and if Consultant so requests at the time of exercise, the certificate or certificates issued shall be registered in the name of Consultant and Consultant's spouse, jointly, with right of survivorship.

6. Securities Laws

6.1 The Company may from time to time impose any conditions on the exercise of the Option as it deems necessary or advisable to ensure that the Option granted hereunder, and the exercise thereof, satisfy the applicable requirements of federal and state securities laws. Such conditions to satisfy applicable federal and state securities laws may include, without limitation, the partial or complete suspension of the right to exercise the Option, the printing of legends on certificates issued pursuant to Section 7 and requiring Consultant to deliver to the Company a representation letter as to Consultant's investment intent and receipt of financial information regarding the Company.

6.2 Consultant hereby represents and warrants to the Company that:

a) upon exercise of the Option, Consultant will acquire the Optioned Stock for her own account, not as a nominee or agent, for investment and without a view to resale or other distribution within the meaning of the Securities Act of 1933 (the "1933 Act") and the rules and regulations thereunder, and Consultant will not distribute any of the Optioned Stock in violation of the 1933 Act or any state securities laws;

(b) Consultant understands that:

(i) the shares of Optioned Stock will not be registered under the 1933 Act and must be held indefinitely by Consultant unless such shares are subsequently registered under the 1933 Act or an exemption from registration is available, and the Company is not obligated to effect any such registration;

(ii) any routine sales of the Optioned Stock made under Rule 144 promulgated under the 1933 Act may be made only in accordance with the terms and conditions of that Rule (which currently includes minimum holding period requirements and, in certain cases, limits as to the number of shares which may be sold in specified periods) and that in such cases where Rule 144 is not applicable, registration or compliance with some other registration exemption will be required; and

(iii) the certificates representing the Optioned Stock issuable to Consultant will contain a restrictive legend noting the restrictions on transfer described herein

and under federal and applicable state securities laws, and appropriate "stop-transfer" instructions will be given to the Company's stock transfer agent;

(c) Consultant currently has a net worth (or joint net worth with her spouse) equal to at least \$1,000,000 and, accordingly, is an "accredited investors" as such term is defined in Rule 501 of Regulation D promulgated under the 1933 Act; and

(d) Consultant's knowledge and experience in financial and business matters are such that Consultant is capable of evaluating the merits and risks of an acquisition of the Optioned Stock pursuant to the Option.

(e) Consultant acknowledges receipt of the Company's Annual Report or Form 10-K for the fiscal year ended June 30, 2000 and Quarterly Reports on Form 10-Q for the fiscal quarters ended September 30, 2000 and December 31, 2000, and confirms and acknowledges that (i) the Company has afforded her the opportunity to ask questions of and receive answers from the Company's officers and directors concerning the business and financial condition of Buyer and to obtain such additional information as she has desired and (ii) she has availed herself of such opportunity to the extent she deems necessary and has received the information requested.

7. Issuance of Certificates for Shares

Subject to the provisions of this Agreement, the certificates for the shares of Common Stock issuable upon exercise of the Option shall be delivered to Consultant (or to such person entitled thereto in accordance with Section 5) promptly after the Date of Exercise, *provided that* the exercise shall not be complete, and the Company shall not be obligated to make such deliveries, until (a) Consultant has made payment in full for such shares of Optioned Stock pursuant to Section 4, (b) Consultant and the Company have arranged for the payment by Consultant to the Company of an amount in cash equal to the amount of any tax required to be withheld by the Company by any applicable federal or state laws or regulations on account of such exercise and (c) Consultant has satisfied any conditions imposed by the Company pursuant to Section 6.1.

8. Rights Prior to Issuance of Certificates

Neither Consultant nor the person to whom the rights of Consultant shall have passed by will or the laws of descent and distribution shall have any of the rights of a stockholder with respect to any shares of Optioned Stock until the date of the issuance to such person of certificates for such shares of Optioned Stock pursuant thereto.

9. Stock Dividends; Subdivision or Combination of Shares; Change in Control

If there is any change in the number or kind of shares of Common Stock outstanding (i) by reason of a stock dividend, spinoff, recapitalization, stock split, or combination or exchange of shares, (ii) by reason of a merger, reorganization or consolidation in which the Company is the surviving corporation and (iii) by reason of a reclassification or change in par value, the number of shares of Common Stock subject to the Option and as the Option exercise price per share shall be appropriately adjusted by the Board to reflect any increase or decrease in the number of, or change in the kind or value of, issued shares of Common Stock to preclude, to the extent practicable, the enlargement or dilution of rights and benefits under such Options; *provided, however,* that any fractional shares resulting from such adjustment shall be eliminated. Any adjustments determined by the Board shall be final, binding and conclusive. If there is a merger, reorganization or consolidation in which the Company is not the surviving corporation or, notwithstanding the foregoing, a merger, reorganization, consolidation or other transaction in which the Company is a surviving corporation but becomes a subsidiary of another corporation, then, at the option of the Board, the Company may require that Consultant surrender her outstanding Options in exchange for a cash payment by the Company in an amount equal to the amount by which the then fair market value (as determined in good faith by the Board) of the shares of Common Stock subject to the Grantee's unexercised Options exceeds the exercise price of the Options

10. Option Not to Affect Employment

The Option granted hereunder shall not confer upon Consultant any right to continue to be retained by the Company or any subsidiary or affiliate of the Company.

11. Status of Option; Interpretation.

The Board shall have sole power to resolve any dispute or disagreement arising out of this Agreement.

12. Miscellaneous

12.1 All notices and other communications hereunder shall be in writing and shall be transmitted by messenger, courier service or certified first-class mail (in each case postage or cost of delivery prepaid) and shall be effective when delivered. The address for notices and other communications to (i) the Company is Rose Tree Corporate Center II, 1400 North Providence Road, Suite 3055, Media, PA 19063, *Attn:* Corporate Secretary, and (ii) Consultant is the address set forth below under Consultant's signature. Either party may change its address for notice by giving notice to the other pursuant to this Section 13.1.

12.2 This Agreement may be executed in two or more counterparts all of which taken together will constitute one and the same instrument.

12.3 This Agreement shall be governed by the applicable Code provisions to the maximum extent possible; otherwise, the operation of, and the rights of Consultant under this Agreement shall be governed by applicable federal law and otherwise by the laws of the State of Delaware.

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

NOBEL LEARNING COMMUNITIES, INC.

By: _____
A. J. Clegg, Chairman

Dr. Deborah Levy

Addresses for Notice, pursuant to Section 13.2:

If to any Levy Party, other than to the Levy Children's Trust, to:

1946 N.E. 201st Street
North Miami Beach, FL 33179

If to the Levy Children's Trust, to:

Joseph Wolf
122 Lake Paula Drive
West Palm Beach, FL 33411

If to Nobel or Paladin, to:

Nobel Learning Communities, Inc.
Rose Tree Corporate Center II
1400 North Providence Road
Suite 3055
Media, PA 19063
Attn: Chief Executive Officer

with a copy to:

Nobel Learning Communities, Inc.
Rose Tree Corporate Center II
1400 North Providence Road
Suite 3055
Media, PA 19063
Attn: General Counsel