

09-25-2001

Keep within borders

TRADEMARKS ONLY

TRADEMARKS ONLY



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reof.

101853628

1. Name of Party(ies) conveying an interest:
3693759 Canada Inc.

2. Name and Address of Party(ies) receiving an interest:
Name: Freewills.com (Bermuda) Ltd.

Address: c/o Codan Services Limited
Clarendon House
2 Church Street
PO Box HM 666
Hamilton HM CX, Bermuda

Entity:

- Individual(s) Association
- General Partnership Limited Partnership
- Corporation - Canada
- Other -

Entity:

- Individual(s) Association
- Corporation - Bermuda General Partnership Limited Partnership
- Other

3. Interest Conveyed:

- Assignment Change of Name
- Merger
- Other - Asset Purchase Agreement

Citizenship

If not domiciled in the United States, a domestic representative designation is attached:

Yes

No

(The attached document must **not** be an assignment)

Execution Date - May 31, 2001

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

Additional sheet attached? Yes No

A. Trademark Application No.(s)

B. Trademark Registration No.(s)

76/013,794 76/013,795
76/013,796 76/013,797
76/221,396 76/221,397

5. Please mail documents back to:

James R. Menker
Pillsbury Winthrop LLP
1600 Tysons Boulevard
McLean, Virginia 22102

6. Number of applications and registrations involved: 6

7. Amount of fee enclosed: \$ 165.00

8. If above amount is missing or inadequate, charge deficiency to our Deposit Account No. 03-3975 under Order No. 84111 / 282538
C# M#

09/24/2001 TDI42 05000134 76013794

DO NOT USE THIS SPACE

01 FL:481 40.00 EP
02 FL:482 125.00 EP

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.

Signature

Total number of pages including cover sheet, attachments and document. (excluding duplicate cover sheet)	13
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Attorney: James R. Menker
Date: September 19, 2001
Atty/Sec: JRM:omb

Tel: (703) 905-2145
Fax: (703) 905-2000

ASSET PURCHASE AGREEMENT

ASSET PURCHASE AGREEMENT dated as of May 31st 2001 (the "Effective Date") between 3693759 Canada Inc., a corporation incorporated pursuant to the laws of Canada ("Seller") and Freewills.com (Bermuda) Ltd., a corporation incorporated pursuant to the laws of Bermuda ("Buyer").

INTRODUCTION

Seller is the sole owner of certain rights, properties and assets described in section 1.1 hereof. Seller desires to sell to Buyer, and Buyer desires to purchase from Seller, such rights, properties and assets, subject to the terms and conditions of this Agreement.

ACCORDINGLY, and in consideration of the mutual promises contained in this Agreement, the parties agree as follows:

ARTICLE 1

PURCHASE OF ASSETS

1.1 Purchase of Assets. Seller will sell and transfer to Buyer, and Buyer will purchase from Seller with effect from the Effective Date, all tangible and intangible rights, properties and assets owned by Seller, including without limitation, the items listed in Schedule "A" hereto (all of which are collectively referred to as the "Assets"). The parties acknowledge that the Registered Domain Names numbered as items 15, 16, 17, 19, 21, 22 and 23 in Schedule "A" hereto were obtained by E-Incorp Inc. (the "Agent"), as agent acting on behalf of Seller. Seller shall cause the Agent to register such domain names in the name of the Buyer forthwith.

1.2 Payment For Assets. Pursuant to the terms of this Article, Buyer shall deliver and pay to Seller on the Effective Date, two dollars (CA\$2.00) in cash (the "Closing Purchase Price") and a promissory note issued by the Buyer in favour of the Seller in the amount of CA\$107,900.00 ("the Note"). The total purchase price for the Assets shall be equal to the aggregate of the Closing Purchase Price, the Principal Amount of the Note, plus the aggregate amount, if any, of any earn out payments made pursuant to section 1.4 of this Agreement. The total purchase price shall be allocated among the Assets in accordance with the book value of the Assets to the Seller immediately before the Effective Date. Both Seller and Buyer agree to use this allocation in their respective tax returns and any other applicable third party filings.

1.3 Terms of Note.

- (a) Buyer and Seller agree that the Note shall be non-interest bearing.
- (b) If, and only if, the Buyer realizes Net Available Cash Flow (as defined below) after the Effective Date, then the Buyer shall remit 90 % of Net Available Cash Flow to the Seller on account of the principal amount of the Note in accordance with subparagraph 1.3 (d) hereof, but only until such principal amount is paid in full.
- (c) "Net Available Cash Flow" of the Buyer means total gross receipts actually received by the Buyer from the exploitation of the Assets less the aggregate of current cash expenses, including any distributions to preferred equity shareholders incurred by the Buyer, and a reasonable reserve fund for future taxes or other deferred or contingent expenses arising in connection with the Assets or the growth or enhancement of the business conducted with the Assets. Net Available Cash Flow shall be calculated in respect of each fiscal period of the Buyer ending after the Effective Date, including any stub fiscal period or other fiscal period that is less than 52 weeks.
- (d) The Buyer's obligation to repay principal under the Note in respect of each fiscal period will be limited to the percentage of Net Available Cash Flow for the period as provided above. If any amount is payable on account of the Note in respect of a particular fiscal period of the Buyer, then it shall be paid no later than six months after the close of the relevant fiscal period. The Buyer's obligation under this section 1.3 shall continue for a period of ten fiscal periods after the Effective Date (the "Note Pay Out Period"). If the Note Pay Out Period expires before the Buyer has repaid the full principal amount of the Note, then the Buyer's obligation to repay the Note shall terminate without any further act or formality at the close of the Note Pay Out Period, except that the Buyer will be required to pay any amounts that have become payable on account of the Note on or before the end of the Note Pay Out Period.

1.4 Contingent Earn Out. Subject to section 1.5 hereof, if the Buyer has repaid the Note in full, the Buyer agrees to pay an earn out (the "Earn Out") to the Seller equal to the lesser of:

- (i) 75% of Net Available Cash Flow (calculated in accordance with section 1.3 hereof) for each fiscal period ending on or after the date when the Note is repaid; and
- (ii) a cumulative total of US\$215,800.00.

For greater certainty, the Buyer shall not be required to make any payments under this section 1.4 in respect of a particular fiscal period unless and until there is sufficient Net Available Cash Flow in the relevant period. Any payments made pursuant to this section 1.4 shall be allocated among the Assets in a manner consistent with the allocation method set out in section 1.2 hereof.

1.5 The Buyer's contingent obligation to pay the Earn Out in respect of each fiscal period shall be limited to the percentage of Net Available Cash Flow for the applicable fiscal period as provided above in section 1.4. If any amount is payable on account of the Earn Out in respect of a particular fiscal period of the Buyer, then it shall be paid no later than six months after the close of the relevant fiscal period. The Buyer's obligation under section 1.4 shall continue for the lesser of five fiscal periods after the Effective Date or such earlier date as the amount described in 1.4 (ii) hereof is paid in full (the "Earn Out Period"). At the close of the Earn Out Period, the Seller's entitlement to receive the Earn Out shall terminate without any further act or formality, except that the Buyer shall be required to pay any amounts that have accrued on or before the end of the Earn Out Period.

1.6 Within thirty (30) days after the end of each fiscal period, Buyer will calculate the amount, if any, payable for such period on account of the Note or the Earn Out (the "Payment Due") and provide Seller with Buyer's calculation of the Payment Due together with reasonable supporting documentation. For thirty (30) days following the delivery of the Payment Due calculation to Seller (the "Payment Due Review Period"), Seller may review the Payment Due calculation and other documentation in connection therewith. Seller must notify Buyer in writing of any disagreement with the Payment Due calculation or documentation and the basis for the disagreement no later than the end of the Payment Due Review Period. If Seller does not notify Buyer of a disagreement by the end of the Payment Due Review Period, the Payment Due calculation prepared by Buyer will be conclusive, and Seller will not be entitled to any amount in excess of Buyer's calculation. If Seller timely notifies Buyer of a disagreement regarding the Payment Due calculation and the parties are unable, through good faith negotiation, to resolve the disagreement within thirty (30) days after the end of the Payment Due Review Period, the Buyer may submit the items in dispute to an independent national accounting firm selected by Buyer (the

"Accounting Firm") for resolution. The Accounting Firm will, within thirty (30) days after the dispute is referred to it, based solely on a review of the work papers and other supporting documentation for the Payment Due calculation and not by independent review, resolve the disputed items in writing and provide the resulting recalculation, if any, of the Payment Due. The determination of the Accounting Firm will be conclusive on the parties. In resolving any disputed item, the Accounting Firm may not assign a value to the item that is greater than the greatest value claimed by either party or less than the smallest value claimed by either party for the item. The fees and disbursements of the Accounting Firm will be borne (i) by Seller if the Accounting Firm determines that the Payment Due payable for the period is less than the amount asserted by the Seller or (ii) by Buyer if the Accounting Firm determines that the Payment Due payable for the period is greater than the amount asserted by the Buyer.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

Seller make the following representations and warranties to Buyer as of the date of this Agreement to induce Buyer to purchase the Assets:

2.1 Organization, Qualification and Authority.

- (a) The Seller is a corporation duly incorporated and organized and validly existing under the laws of Canada, and has the corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated herein. No other corporate or other action on the part of the Seller or any other person or entity is necessary to authorize the execution and delivery of this Agreement by Seller or the consummation by Seller of the transactions contemplated by this Agreement. This Agreement has been properly executed and delivered by Seller and is a valid, binding and enforceable agreement of the Seller.
- (b) Seller is the sole beneficial owner of the Assets. Seller is the sole registered owner of the Assets except for the seven domain names described in Section 1.1 hereof, which are held by the Agent as bare trustee or nominee on behalf of the Seller. Seller owns the Assets free and clear of any Liens (as defined in section 2.2) and no other person or entity has any option, warrant, convertible security, proxy, right of first refusal or other right, claim,

commitment, arrangement, agreement, restriction or interest of any kind to purchase, acquire, receive the economic or other benefits of the Assets.

2.2 Absence of Conflict. The execution and delivery of this Agreement, the performance and compliance with its terms by Seller, including the change of ownership of the Assets to Buyer and the actions to be taken by the Agent at the instruction of the Seller will not (a) conflict with, or result in the breach of, or trigger or accelerate any right or obligation (including prepayment penalties), or constitute a default or an event of default or an occurrence, circumstance, act or failure to act that, with the passage of time, the giving of notice, or both, would become a default ("Default"), or give rise to any right of contingent payment, termination, cancellation, acceleration or non-renewal, or (b) result in the creation of any liens, mortgages, charges, rights, claims, interest, options or other encumbrances, restrictions or limitations of any kind ("Liens") upon the Assets, whether tangible under (i) any contract, understanding, covenant, commitment, understanding, arrangement, or other agreement or instrument of any kind whether oral or written ("Contract"), (ii) any law, rule, regulation, policy, ruling, zoning or other classification, interpretation, guideline, circular, judgment, order, decree or other directive or advice of any kind of any governmental authority, agency or instrumentality ("Laws") or (iii) any commitment, condition, covenant or other restriction ("Restriction").

2.3 Title to Assets. The Seller has good, valid, marketable and exclusive right, title and interest to all of its owned Assets (including all intellectual property of the Seller), subject to no Lien. The Seller, directly or through the Agent, has sole custody and control of all of the Assets. All tangible Assets are in good operating condition and repair, reasonable wear and tear excepted. All equipment, materials or other fixed Assets that are required to be certified as meeting the standards of any manufacturer or any other governmental or regulatory entities have been so certified.

2.4 Intellectual Property.

- (a) (i) Subject to applicable law and the nature of the Assets themselves, the Seller owns or has the right to use, sell, license and dispose of, and has the right to bring actions for the infringement of, all intellectual property rights related to the Assets, and such rights to use, sell, license, dispose of and bring actions are exclusive; (ii) the Seller has not, in developing the Assets, interfered with, infringed upon, misappropriated or otherwise come into conflict with any intellectual property rights of any person or committed any

acts of unfair competition, and the Seller has no notice, charge, complaint, claim, or assertion thereof; and (iii) the Seller has no notice, charge, complaint, claim or other assertion of any present, impending or threatened infringement by or misappropriation of, or other conflict with, any intellectual property rights related to the Assets by any other person or any acts of unfair competition by such other person.

- (b) The Seller has made or taken any reasonably necessary application, filing and other formal action pursuant to any Laws to perfect or protect its interest in the Assets, including, but not limited to, all patents, patent applications, trademarks, trademark applications, service marks and service mark applications, copyrights and copyright applications with respect thereto, except that notwithstanding any other provision of this section 2.4, the Seller does not warrant or represent that any governmental or regulatory consents or approvals relating to the Assets described in Schedule B hereto that have been applied for but not obtained prior to the Effective Date will be obtained after the Effective Date.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer makes the following representations and warranties to Seller as of the date of this Agreement to induce Seller to sell the Assets:

3.1 Organization, Qualification and Authority. Buyer is a corporation organized and existing under the laws of Bermuda, and has the corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated on the part of Buyer. The execution and delivery by Buyer of this Agreement and the consummation by Buyer of the transactions contemplated by this Agreement have been authorized by the Board of Directors of Buyer and no other corporate or other action on the part of Buyer or any other person or entity is necessary to authorize the execution and delivery of this Agreement by Buyer or the consummation by Buyer of the transactions contemplated by this Agreement. This Agreement has been properly executed and delivered by Buyer and is a valid binding and enforceable agreement of Buyer.

3.2 Absence of Conflict. The execution and delivery of this Agreement and the performance and compliance with its terms by Buyer will not conflict with, or result in the breach of, or trigger or accelerate any right or obligation, or constitute a Default under (a) Buyer's organizational instruments, (b) any Contract, or (c) any Law or Restriction.

ARTICLE 4

SURVIVAL OF REPRESENTATIONS

4.1 Survival of Representations. The respective representations and warranties of the parties contained in this Agreement or in any Schedule to this Agreement as well as the agreements and covenants of the parties in this Agreement will survive the purchase and sale of the Assets.

ARTICLE 5

MISCELLANEOUS

5.1 Expenses. The parties will pay all of their own expenses relating to the consummation of the transactions contemplated by this Agreement, including, without limitation, the fees and expenses of their respective counsel and financial advisers.

5.2 Miscellaneous. This Agreement: (a) may be executed in counterparts and all counterparts will collectively constitute a single agreement; (b) executed copies of this Agreement may be delivered by fax to the facsimile numbers for the parties set out below and shall be conclusively deemed to have been executed and delivered and shall be binding on the party delivering a faxed copy upon receipt by the other party of such faxed copy; (c) may not be amended or modified or any provision waived except in writing; (d) constitutes the entire agreement of the parties and supersedes all prior agreements or understandings; (e) is binding upon and inures to the benefit of the parties and their successors and permitted assigns; and (f) may not be assigned or the duties delegated without the consent of all parties.

5.3 Notices. Any notices, demands, consents, agreements, requests or other communications which may be or are required to be given, served or sent by any party to any other party or obtained from any party pursuant to this Agreement must be in writing and must be (a) mailed by first-class mail, registered or certified, return receipt requested, postage prepaid, (b) hand delivered personally by independent courier, or (c) transmitted by telecopier addressed as follows:

(i) If to Seller:

3693759 Canada Inc.
c/o Jeff Teal
120 King Street West
Suite 1050
Hamilton, Ontario

Fax: (905) 523-5878

(ii) If to Buyer:

Freewills.com (Bermuda) Ltd.
c/o Codan Services Limited
Clarendon House
2 Church Street
PO Box HM 666
Hamilton HM CX, Bermuda

Fax: (441) 229-4979

Attention: President

Each party may designate by notice in writing a new address to which any notice, demand, consent, agreement, request or communication may thereafter be given, served or sent. Each notice, demand, consent, agreement, request or communication which is mailed, hand delivered or transmitted in the manner described above will be deemed received for all purposes at such time as it is delivered to the addressee (with the return receipt, the courier delivery receipt or the telecopier answer back confirmation being deemed conclusive evidence of such delivery) or at such time as delivery is refused by the addressee upon presentation.

5.4 Saving Clause. Any provision of this Agreement that is prohibited or unenforceable in any jurisdiction will, as to that jurisdiction, be ineffective to the extent of the prohibition or unenforceability without invalidating the remaining provisions of this Agreement and any prohibition or unenforceability in any jurisdiction will not invalidate or render unenforceable the provision in any other jurisdiction. To the maximum extent permitted by applicable law, the parties to this Agreement waive any provision of law that renders any provision of this Agreement prohibited or unenforceable in any respect.

5.5 Delays. No failure or delay of any party in exercising any power or right under this Agreement will operate as a waiver thereof, nor will any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power.

5.6 No Third Party Beneficiaries. This Agreement will be binding upon and will inure to the benefit of the parties hereto and their respective heirs, executors, administrators, successors and permitted assigns. The provisions of this Agreement are solely for the benefit of the parties hereto and are not intended to benefit any third party, and no third party will be deemed to have any privity of contract by virtue of this Agreement.

5.7 No Partnership. Nothing in this Agreement will be deemed to create a joint venture or partnership between the parties.

5.8 Governing Law. This Agreement the rights and obligations of the parties, and any claim or disputes relating in any way thereto will be governed by and construed in accordance with the laws of the Province of Ontario, without regard to its choice of law principles.

EXECUTED as of the date set forth in the introductory paragraph of this Agreement.

SELLER:

3693759 CANADA INC.

Per: Linda A. Brown

BUYER:

FREEWILLS.COM (BERMUDA) LTD.

Per: [Signature]

Schedule A
3693759 Canada Inc. Assets

			Date Filed	Serial Number
Canadian Patent and Trademark Applications				
1	Patent	Method and System for Preparing Wills	October 17, 2000	2,323,274
2	Trademark	Freewills & Design	January 17, 2000	1,042,844
3	Trademark	Freewills	January 17, 2000	1,042,845
4	Trademark	When you leave this world, you change this world	March 10, 2000	1050035
5	Trademark	Plan to make a difference	March 10, 2000	1050034
6	Trademark	Your Life. Your Legacy	March 5, 2001	1094794
7	Trademark	Where There's A Will, There's A Way	March 5, 2001	1094949

United States Patent and Trademark Applications

8	Patent	Method and System for Preparing Wills	October 20, 2000	09/691,911
9	Trademark	Freewills	March 24, 2000	76/013/794
10	Trademark	Freewills (Stylized) and Design	March 24, 2000	76/013,795
11	Trademark	When You Leave This World, You Can Change This World	March 24, 2000	76/013,796
12	Trademark	Plan to Make a Difference	March 24, 2000	76/013,797
13	Trademark	Your Life, Your Legacy	March 7, 2001	76/221,396
14	Trademark	Where There's a Will, There's a Way	March 7, 2001	76/221,397

Registered Domain Names

15	Freewills.ca	Registered by E-Incorp acting as agent
16	Free-wills.ca	Registered by E-Incorp acting as agent
17	Freewills.net	Registered by E-Incorp acting as agent
18	Free-wills.net	
19	Freewills.org	Registered by E-Incorp acting as agent
20	Free-wills.org	
21	Freewills.co.nz	Registered by E-Incorp acting as agent
22	Free-wills.co.nz	Registered by E-Incorp acting as agent
23	Freewills.ws	Registered by E-Incorp acting as agent
24	Freewills.com	

Website Infrastructure

25	Informational website describing freewills.com to potential subscribers
26	Prototype Will Builder Program that links a database of charities to the will-preparer

Schedule B
3693759 Canada Inc. Assets Applied for But Not Yet Received

Canadian Patent and Trademark Applications			Date Filed	Serial Number
1	Patent	Method and System for Preparing Wills	October 17, 2000	2,323,274
2	Trademark	Freewills & Design	January 17, 2000	1,042,844
3	Trademark	Freewills	January 17, 2000	1,042,845
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14	Trademark	Where There's a Will, There's a Way	March 7, 2001	76/221,397

**Schedule C
Asset Allocation**

Canadian Patent and Trademarks	\$ 10,000.00
U.S. Patent and Trademarks	\$ 10,000.00
Freewills.com (domain name)	\$ 25,000.00
other domain names	\$ 4,200.00
Website Prototype	\$ 58,700.00
TOTAL	\$ 107,900.00

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