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RECORDED TR

DEPARTMENT OF COMMERCE S. Patent and Trademark Office

Tab settings

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

1. Name of conveying party(ies):
 Encyclopaedia Britannica, Inc.
 310 South Michigan Avenue
 Chicago, Illinois 60604 **3-5-02**

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State New York
 Other _____

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

2. Name and address of receiving party(ies)
 Name: Encyclopaedia Britannica
 Internal: Educational Corporation
 Address: _____
 Street Address: 310 South Michigan Avenue
 City: Chicago State: IL Zip: 60604

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State New York
 Other _____

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

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other Acquisition & Assumption
 Execution Date: Agreement 9/30/99

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
 1,918,562

Additional number(s) attached Yes No

6. Total number of applications and registrations involved: 1

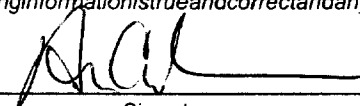
5. Name and address of party to whom correspondence concerning documents should be mailed:
 Name: Douglas N. Masters
 Internal Address: Pattishall, McAuliffe,
 Newbury, Hilliard & Geraldson
 Street Address: 311 South Wacker Drive
 Suite 5000
 City: Chicago State: IL Zip: 60606

7. Total fee (37 CFR 3.41) \$ 40.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
 16-0650
 (Attach duplicate copy of this page if paying by deposit account)

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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.

Anne C. Snyder  March 12, 2002
 Name of Person Signing Signature Date

03/28/2002 DBYRNE 00000187 1918562 77

Total number of pages including coversheet, attachments, and document:

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

03/28/2002 DBYRNE 00000187 1918562 01 FC:481 40.00 CH

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SECOND AMENDED AND RESTATED
ACQUISITION AND ASSUMPTION AGREEMENT

between

Encyclopaedia Britannica, Inc.
a New York Corporation

and

Encyclopaedia Britannica Educational Corporation
a New York Corporation

Dated as of September 30, 1999

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EXHIBITS

- Exhibit A Form of Indemnification Agreement
- Exhibit B Form of Amended and Restated Trademark and Copyright License and Non-Competition Agreement
- Exhibit C Form of Intercompany Services and Facilities Agreement

SCHEDULES

- Schedule 1.1 Retained Assets
- Schedule 1.1.1 Retained Tangible Personal Property
- Schedule 1.1.2 Retained Third Party Warranties; Claims
- Schedule 1.1.3 Retained Contracts
- Schedule 1.1.4 Retained Permits and Approvals
- Schedule 1.1.5 Retained Intellectual Property and Intangibles
- Schedule 1.1.6 Retained Receivables
- Schedule 1.1.7 Retained Prepays
- Schedule 1.1.8 Retained Cash and Cash Equivalents
- Schedule 1.1.10 Retained Employee Plan Assets
- Schedule 2.1 Retained Liabilities
- Schedule 3 Summary of Assets and Liabilities Transferred and Retained

SECOND AMENDED AND RESTATED
ACQUISITION AND ASSUMPTION AGREEMENT

This SECOND AMENDED AND RESTATED ACQUISITION AND ASSUMPTION AGREEMENT (this "Agreement") is dated as of September 30, 1999 between Encyclopaedia Britannica, Inc., a New York corporation ("EB"), and Encyclopaedia Britannica Educational Corporation, a New York corporation and its assigns ("EBEC").

R E C I T A L S:

A. EB's business consists of (1) (a) publishing, distributing and selling print encyclopedia sets and other works directly and indirectly around the world and (b) maintaining an electronic encyclopedic and index database, which is derived from the 15th edition of the New Encyclopaedia Britannica (the "Print Business") and (2) (a) providing consumers and educational institutions with online access to a digital encyclopedia marketed on the Internet as "Britannica Online" and various other online research and news services through various Web sites, including the Web site commonly known as *www.britannica.com*, (b) publishing and distributing CD/DVD ROMs and (c) developing additional digital products (the "Online Business" and, together with the Print Business, the "Business").

B. EBEC, currently a wholly owned subsidiary of EB, is engaged in, among other things, the business of distributing educational videos and curriculum products to schools and libraries.

C. EB has agreed to transfer to EBEC, and EBEC has agreed to accept and acquire from EB, certain assets, rights, interests and liabilities related to the Business subject to the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants hereinafter set forth, and other good and valuable consideration had and received, the parties agree as follows:

ARTICLE I TRANSFER OF ASSETS.

1.1 Transfer of Assets. Upon the terms and subject to the conditions herein contained, effective as of the later of September 30, 1999 and the date upon which the conditions set forth in Article V are satisfied or, in the case of the conditions set forth in Section 5.1, waived by EBEC and, in the case of the conditions set forth in Section 5.2, waived by EB (the "Effective Time"), EB hereby transfers to EBEC in exchange for EBEC's assumption of EB's liabilities as provided herein, and EBEC hereby accepts and acquires from EB, all of EB's right, title and interest in and to all of the tangible and intangible assets, rights and interests owned or possessed by EB at the Effective Time which includes, without limitation, those tangible and intangible assets, rights and interests reflected on the unaudited balance sheet dated as of September 30, 1999, but does not include those tangible and intangible assets, rights and interests to be retained by EB described on Schedule 1.1 (the "Retained Assets") and as summarized on Schedule 3. Those tangible and intangible assets, rights and interests to be acquired by EBEC are referred to herein as the "Acquired Assets" and include the following:

1.1.1 Tangible Personal Property. Except as set forth on Schedule 1.1.1, all of EB's equipment, machines, supplies, furniture, tools, fixtures, vehicles and other items of tangible personal property, including leased personal property.

1.1.2 Third Party Warranties; Claims. Except as set forth on Schedule 1.1.2, all rights and benefits of EB under any and all manufacturers' and third party warranties and service or replacement programs and all claims, demands, causes of action, judgments and pending litigation of whatever nature as to which EB is a claimant, plaintiff, judgment creditor, beneficiary or the like, including, without limitation, all warranty or infringement claims against third-party manufacturers or sellers.

1.1.3 Contracts. Except as set forth on Schedule 1.1.3, all rights and benefits of EB in, to or under those licenses, contracts, leases of personal property, agreements, purchase orders, commitments, undertakings and all other arrangements, whether oral or written, and to which EB is a party or by which any of the Acquired Assets are bound.

1.1.4 Permits and Approvals. Except as set forth on Schedule 1.1.4, all of the transferable licenses, permits, approvals, variances, waivers or consents issued to EB by any United States, state, county, local or foreign governmental entity or municipality or subdivision thereof or any authority, department, commission, board, bureau, agency, court or instrumentality and all rights of EB related to any such license, permit, approval, variance, waiver or consent.

1.1.5 Intellectual Property and Intangibles. Except as set forth on Schedule 1.1.5, all inventions, discoveries, trademarks, patents, trade names, copyrights, know-how, intellectual property, software, shop rights, licenses, developments, research data, designs, technology, discoveries, trade secrets, test procedures, processes, research data, formulas and other confidential information, intellectual and similar intangible property rights, whether or not patentable (or otherwise subject to legally enforceable restrictions or protections against unauthorized third party usage), and any and all applications for, and extensions, divisions and reissuances of, any of the foregoing, and rights therein, owned, used or held by or for the benefit of EB in connection with the Business or otherwise used in the conduct of, or which relate to, the Business.

1.1.6 Receivables. Except as set forth on Schedule 1.1.6, all accounts and notes receivable, other accrued or future rights to receive money, unpaid interest accrued thereon, and any security or collateral relating thereto (the "Accounts Receivable").

1.1.7 Prepays. Except as set forth on Schedule 1.1.7, all prepaid expenses, advance payments, deposits, surety accounts and other similar assets.

1.1.8 Cash and Cash Equivalents. Except as set forth on Schedule 1.1.8, all cash and cash equivalents.

1.1.9 Goodwill. The goodwill of EB related to the Business as a going concern.

1.1.10 Employee Plan Assets. Except as set forth on Schedule 1.1.10, the rights of EB under, and any funds and property held in trust or any other funding vehicle pursuant to,

any "employee benefit plan" (within the meaning of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended) or any other bonus, severance, termination, lay-off, leave of absence, disability, workers' compensation, pension, profit sharing, retirement, vacation or holiday pay, insurance, deferred compensation or other employee or welfare benefit plan, agreement or arrangement of EB applicable to EB's past or present employees.

1.2 Capital Stock of EB Holding. EB hereby transfers to EBEC, and EBEC hereby accepts and acquires from EB, all outstanding shares of capital stock (the "Holding Shares") of Encyclopedia Britannica Holding Company, Inc., a Delaware corporation and wholly owned subsidiary of EB ("EB Holding"). If, however, prior to the Effective Time, EB Holding shall have been dissolved, then EB shall transfer to EBEC, and EBEC shall accept and acquire from EB, all outstanding shares of capital stock of those subsidiaries of EB that were, immediately prior to such dissolution, subsidiaries of EB Holding. For purposes herein, the shares of capital stock of the subsidiaries referred to in the immediately preceding sentence shall also be called the "Holding Shares."

1.3 Capital Stock of EBUSA, Inc. EB hereby transfers to EBEC, and EBEC hereby accepts and acquires from EB, all outstanding shares of capital stock (the "EBUSA Shares") of EBUSA, Inc., an Illinois corporation and wholly owned subsidiary of EB.

1.4 Capital Stock of IED Co., Ltd. EB hereby transfers to EBEC, and EBEC hereby accepts and acquires from EB, all outstanding shares of capital stock (the "IED Shares") of IED Co., Ltd., a corporation organized under the laws of Japan that are owned by EB immediately prior to the Effective Time.

1.5 Capital Stock of TBS-Britannica Co., Ltd. EB hereby transfers to EBEC, and EBEC hereby accepts and acquires from EB, all outstanding shares of capital stock (the "TBS-Britannica Shares") of TBS-Britannica Co., Ltd., a corporation organized under the laws of Japan that are owned by EB immediately prior to the Effective Time.

1.6 Capital Stock of TBS-Britannica Yearbook Company, Ltd. Subject to the approval by TBS-Britannica Yearbook Company, Ltd.'s, a corporation organized under the laws of Japan ("TBS-Britannica Yearbook"), board of directors, EB hereby transfers to EBEC, and EBEC hereby accepts and acquires from EB, all outstanding shares of capital stock (the "TBS-Britannica Yearbook Shares") of TBS-Britannica Yearbook that are owned by EB immediately prior to the Effective Time. The Holding Shares, EBUSA Shares, IED Shares, TBS-Britannica Shares and TBS-Britannica Yearbook Shares are collectively referred to as the "Shares."

1.7 Assignability and Consents. To the extent that the assignment of any Acquired Asset to EBEC as provided herein shall require the consent or waiver of other parties, this Agreement shall not constitute an agreement to assign the same if an attempted assignment without such consent or waiver would constitute a breach thereof or entitle the other party thereto to terminate, or accelerate any obligation under, such Acquired Asset. EB shall cooperate with EBEC and shall use its best efforts to obtain the consent or waiver of the other parties from whom such consent or waiver may be required. If any such consent or waiver has not been obtained as of the Effective Time, such Acquired Asset shall be retained by EB unless and until such consent or waiver has been obtained, and EB shall use its reasonable best efforts to make

the full use and benefit of such Acquired Asset available to EBEC to the same extent, as nearly as may be possible, as if such impediment to assignment or transfer did not exist, including, but not limited to, rights arising out of any breach or cancellation by other parties.

1.8 Covenants of Further Assurance. EB shall, at any time and from time to time after the Effective Time, upon request of EBEC and without further cost or expense to EBEC, prepare, execute and deliver such instruments of conveyance and assignment and shall take such action as EBEC may reasonably request to more effectively transfer to and vest in EBEC, or its assigns, and to put EBEC in possession of, any and all of the Acquired Assets and the Shares.

ARTICLE II ASSUMPTION

2.1 Assumption by EBEC. Except as set forth on Schedule 2.1, EBEC hereby agrees, from and after the Effective Time, to assume, pay, perform and discharge as and when due, and indemnify and hold EB, its directors, stockholders, affiliates, officers, employees and agents harmless from and against, (i) all liabilities and obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) arising out of or in connection with (A) the Acquired Assets and the ownership, use or sale thereof and (B) the ownership of the Shares, (ii) all liabilities or obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) arising out of or related to circumstances or events existing or occurring at or prior to the Effective Time related to the Business and the operation thereof and (iii) all liabilities or obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) arising out or related to circumstances or events existing or occurring after the Effective Time related to the Print Business and the operation thereof (collectively, the "Assumed Liabilities").

2.2 Covenants of Further Assurance. EBEC shall, at any time and from time to time after the Effective Time, upon the request of EB and without further cost or expense to EB, prepare, execute and deliver such instruments of assumption and shall take such action as EB may reasonably request to effect the assumption by EBEC of the Assumed Liabilities.

ARTICLE III REPRESENTATIONS AND WARRANTIES

3.1 As Is. EBEC acknowledges that it is receiving the Acquired Assets on an "as is" basis, without any representations or warranties, written or implied, from EB regarding such Acquired Assets.

3.2 Representations and Warranties of EB. EB represents and warrants to EBEC that, as of the Effective Time, each of the following statements is true and correct:

(a) Organization and Existence. EB is duly organized, validly existing and in good standing under the laws of the State of New York. EB has full corporate power and authority to own and lease the properties and assets it now owns and leases and to carry on its business as and where such properties and assets are now owned or leased and such business is now conducted. EB is in good standing and duly qualified to conduct its business as a foreign corporation in each of the jurisdictions in which the ownership or leasing of its properties or assets or the conduct of its business requires such qualification, except where any failure to be so qualified would not have a material adverse effect.

(b) **Authority and Approval.** EB has the requisite corporate power and authority to enter into this Agreement and is authorized to perform its obligations hereunder. This Agreement has been duly authorized, executed and delivered by EB and is a valid and binding obligation of EB, enforceable against EB in accordance with its terms. No other act, approval or proceedings on the part of EB is, or will be, required to authorize the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement.

(c) **No Conflict.** The execution and delivery of this Agreement by EB, and the fulfillment and compliance with the terms and conditions of this Agreement and the consummation of the transactions contemplated by this Agreement, will not:

- (i) conflict with, result in a breach of, constitute a default under, or require the consent of any person under, any of the terms, conditions or provisions of the articles of incorporation or by-laws of EB other than such as has been obtained prior to the Effective Time; or
- (ii) violate any provision of, or require any notice, consent, authorization, filing, registration or approval under, any law or administrative regulation or any judicial, administrative or arbitration order, award, judgment, writ, injunction or decree applicable to EB.

3.3 **Representations and Warranties of EBEC.** EBEC represents and warrants to EB that, as of the Effective Time, each of the following statements is true and correct:

(a) **Organization and Existence.** EBEC is a corporation duly organized, validly existing and in good standing under the laws of the State of New York. EBEC has full legal power and authority to own and lease the properties and assets it now owns and leases and to carry on its business as and where such properties and assets are now owned or leased and such business is now conducted.

(b) **Authority and Approval.** EBEC has the requisite corporate power and authority to enter into this Agreement and is authorized to perform its obligations hereunder. This Agreement has been duly authorized, executed and delivered by EBEC and is a valid and binding obligation of EBEC, enforceable against EBEC in accordance with its terms. No other act, approval or proceedings on the part of EBEC is, or will be, required to authorize the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement.

(c) **No Conflict.** The execution and delivery of this Agreement by EBEC, and the fulfillment and compliance with the terms and conditions of this Agreement and the consummation of the transactions contemplated by this Agreement, will not:

- (i) conflict with, result in a breach of, constitute a default under, or require the consent of any person under, the terms, conditions or provisions of the certificate of incorporation, by-laws or other corporate documents of EBEC other than such as have been obtained prior to the Effective Time; or

- (ii) violate any provision of, or require any notice, consent, authorization, filing or registration or approval under, any law or administrative regulation or any judicial administrative or arbitration order, award, judgment, writ, injunction or decree applicable to EBEC.

ARTICLE IV CERTAIN COVENANTS AND ASSURANCES

4.1 Cooperation by EB. EB will cooperate and will use its reasonable best efforts to have its agents and employees cooperate with EBEC, at EBEC's request and at EBEC's expense, on and after the Effective Time, in furnishing information, evidence, testimony and other assistance in connection with any actions, proceedings, arrangements or disputes involving the operations of the Business or based upon contracts, understandings or acts of the Business that were in effect or occurred on or prior to the Effective Time; provided, however, that EB shall not be required by this Section 4.1 to provide any such cooperation if EB is a party, or is threatened to be a party, to any such action, proceeding, arrangement or dispute and EB or its legal counsel determines that any such information, evidence, testimony or other assistance would be adverse to EB's interests therein.

4.2 Cooperation by EBEC. EBEC will cooperate and will use its reasonable best efforts to have its agents and employees cooperate with EB, at EB's request and at EB's expense, on and after the Effective Time, in furnishing information, evidence, testimony and other assistance in connection with any actions, proceedings, arrangements or disputes involving EB and the operations of the Business or based upon contracts, understandings or acts of the Business that are in effect or occur after the Effective Time; provided, however, that EBEC shall not be required by this Section 4.2 to provide any such cooperation if EBEC is a party, or is threatened to be a party, to any such action, proceeding, arrangement or dispute and EBEC or its legal counsel determines that any such information, evidence, testimony or other assistance would be adverse to EBEC's interests therein.

4.3 Expenses. EB and EBEC will bear the reasonable legal, accounting and other expenses incurred by each party in connection with this Agreement and the other agreements and transactions contemplated hereby.

4.4 Filings. Each of the parties hereto agree to cooperate fully with the other in the preparation and filing, whether before or after the Effective Time, of all documents and instruments required to be filed by EB or EBEC, in connection with the transactions contemplated by this Agreement, including, without limitation, any business certificate, or any trade, assumed or fictitious name certificates, or any applications for authority to do business, or any registrations or assignments of registrations of any patents, trademarks, trade names, service marks, copyrights or similar rights.

4.5 Bulk Transfer Laws. EBEC hereby waives compliance by EB with the laws of any jurisdiction related to bulk transfers of goods that may be applicable in connection with the transfer of the Acquired Assets to EBEC, if any.

4.6 Certain Payments.

(a) EB. If EB receives any payment related to any Account Receivable, such payment shall be the property of, and shall be immediately forwarded and remitted to, EBEC. EB will promptly endorse and deliver to EBEC any cash, checks or other documents received by EB on account of any such Account Receivable.

(b) EBEC. If EBEC receives any payment related to any EB account receivable, such payment shall be the property of, and shall be immediately forwarded and remitted to, EB. EBEC will promptly endorse and deliver to EB any cash, checks or other documents received by EBEC on account of any EB account receivable.

ARTICLE V CONDITIONS TO CLOSING

5.1 Conditions to the Obligations of EBEC. The obligations of EBEC to proceed with its obligations hereunder are subject to the satisfaction on or prior to the Effective Time of all of the following conditions, any one or more of which may be waived in whole or in part by EBEC:

(a) Representations and Warranties. The representations and warranties contained in Section 3.2 shall be true and accurate on and as of the Effective Time with the same effect as though made on and as of such date, except for such changes, if any, as may be expressly permitted by this Agreement or agreed to in writing by the parties hereto.

(b) Performance of Covenants. EB shall have performed and complied in all material respects with each and every covenant, agreement and condition required to be performed or complied with by it hereunder on or prior to the Effective Time.

(c) Licenses, Consents, etc. EB shall have obtained all licenses, approvals, and permits of or given all notices to and made all filings with governmental authorities required to be obtained, given or made by it for or in connection with the transactions contemplated hereby, and all consents and approvals (including the giving of notice), if any, of other parties, including, but not limited to, the consent of creditors or contracting parties of EB, in each case in which the failure to obtain such consent or approval of other parties would have a material adverse effect on the Acquired Assets or would materially interfere with the right or ability of EBEC to use the Acquired Assets or interfere with the rights or ability of EB to transfer good and unencumbered title to or lawful use of the Acquired Assets, and no such governmental license, approval or permit or consent or approval of any third party shall have been withdrawn or suspended.

(d) No Injunction. As of the Effective Time, there shall be no injunction, writ, restraining order or any other order of any nature issued by a court or governmental agency of competent jurisdiction directing that any of the transactions provided for in this Agreement not be consummated as herein or therein provided.

(e) No Actions. As of the Effective Time, there shall be no action or proceeding pending or threatened by or before any court or other judicial, administrative or regulatory body to restrain or prohibit the transactions contemplated by this Agreement.

(f) Corporate Authorization. EB shall have delivered to EBEC a certificate of the Secretary of EB, in form reasonably satisfactory to EBEC and its counsel, dated as of the Effective Time, certifying (i) that a true and correct copy of the articles of incorporation and bylaws of EB, as amended, is attached thereto, and (ii) the authorization and approval of this Agreement, and the transactions contemplated hereby, by the Board of Directors of EB in accordance with the provisions of its bylaws.

(g) Encyclopaedia Britannica (Australia), Inc. Prior to the Effective Time, (i) EB Holding shall have transferred to EB, and EB shall have accepted and acquired from EB Holding, all outstanding shares of capital stock of Encyclopaedia Britannica (Australia), Inc., a Delaware corporation and subsidiary of EB Holding ("EB Australia"), that are owned by EB Holding immediately prior to the Effective Time (the "EB Australia Share Transfer") and (ii) upon the consummation of the EB Australia Share Transfer, EB Australia shall have transferred to EB, and EB shall have accepted and acquired from EB Australia, the assets, rights, interests and liabilities of EB Australia representing the Print Business of EB Australia in Australia.

(h) Encyclopaedia Britannica International, Ltd. Prior to the Effective Time, (i) Encyclopaedia Britannica International, Ltd., a Delaware corporation and a subsidiary of EB Holding ("EB International"), shall have transferred to Britannica.co.uk Ltd., an English corporation ("EB UK"), and EB UK shall have accepted and acquired from EB International, the assets, rights, interests and liabilities of EB International representing the Online Business of EB International in the United Kingdom (the "EB UK Asset Transfer"), (ii) upon the consummation of the EB UK Asset Transfer, EB International shall have transferred to EB Holding, and EB Holding shall have accepted and acquired from EB International, all outstanding shares of capital stock of EB UK that are owned by EB International immediately prior to the Effective Time ("EB UK Share Transfer No. 1") and (iii) upon the consummation of EB UK Share Transfer No. 1, EB Holding shall have transferred to EB, and EB shall have accepted and acquired from EB Holding, all outstanding shares of capital stock of EB UK that are owned by EB Holding immediately prior to the Effective Time.

5.2 Conditions to the Obligations of EB. The obligations of EB to proceed with its obligations hereunder are subject to the satisfaction on or prior to the Effective Time of all of the following conditions, any one or more of which may be waived in whole or in part by EB:

(a) Representations and Warranties. The representations and warranties contained in Section 3.3 shall be true and accurate on and as of the Effective Time with the same effect as though made on and as of such date, except for such changes, if any, as may be expressly permitted by this Agreement or agreed to in writing by the parties hereto.

(b) Performance of Covenants. EBEC shall have performed and complied in all material respects with each and every covenant, agreement and condition required to be performed or complied with by it hereunder on or prior to the Effective Time.

(c) Licenses, Consents, etc. EB shall have obtained all licenses, approvals, and permits of governmental authorities required to be obtained by it for or in connection with the transactions contemplated hereby.

(d) No Injunction. As of the Effective Time, there shall be no injunction, writ, restraining order or any other order of any nature issued by a court or governmental agency of competent jurisdiction directing that any of the transactions provided for in this Agreement not be consummated as herein or therein provided.

(e) No Actions. As of the Effective Time, there shall be no action or proceeding pending or threatened by or before any court or other judicial, administrative or regulatory body to restrain or prohibit the transactions contemplated by this Agreement.

(f) Corporate Authorization. EBEC shall have delivered to EB a certificate of a duly authorized officer of EBEC, in form reasonably satisfactory to EB and its counsel, dated as of the Effective Time, certifying (i) that a true and correct copy of the certificate of incorporation and bylaws of EBEC, as amended, and (ii) the authorization and approval of this Agreement, and the transactions contemplated hereby and thereby, by the Board of Directors of EBEC in accordance with the provisions of its bylaws.

ARTICLE VI POST-CLOSING CONDITIONS

6.1 Post-Closing Obligations of EB. EB agrees that, immediately after the Effective Time, it will use its reasonable best efforts to satisfy the following post-closing conditions, any one or more of which may be waived in whole or in part by EBEC:

(a) Name Change. EB shall change its name to "Britannica.com Inc."

(b) Indemnification Agreement. Britannica.com Inc. (formerly known as EB) shall execute and deliver an Indemnification Agreement (the "Indemnification Agreement"), by and between Britannica.com Inc. (formerly known as EB) and Encyclopaedia Britannica, Inc. (formerly known as EBEC), substantially in the form attached hereto as Exhibit A.

(c) Amended and Restated Trademark and Copyright License and Non-Competition Agreement. Britannica.com Inc. (formerly known as EB) shall execute and deliver an Amended and Restated Trademark and Copyright License and Non-Competition Agreement (the "License Agreement"), by and between Britannica.com Inc. (formerly known as EB) and Encyclopaedia Britannica, Inc. (formerly known as EBEC), substantially in the form attached hereto as Exhibit B.

(d) Intercompany Services and Facilities Agreement. Britannica.com Inc. (formerly known as EB) shall execute and deliver an Intercompany Services and

Facilities Agreement (the "Intercompany Agreement"), by and between Britannica.com Inc. (formerly known as EB) and Encyclopaedia Britannica, Inc. (formerly known as EBEC), substantially in the form attached hereto as Exhibit C.

6.2 Post-Closing Obligations of EBEC. EBEC agrees that, immediately after the Effective Time, it will use its reasonable best efforts to satisfy the following post-closing conditions, any one or more of which may be waived in whole or in part by EB:

(a) Name Change. EBEC shall change its name to "Encyclopaedia Britannica, Inc."

(b) Indemnification Agreement. Encyclopaedia Britannica, Inc. (formerly known as EBEC) shall execute and deliver the Indemnification Agreement.

(c) Amended and Restated Trademark License and Non-Competition Agreement. Encyclopaedia Britannica, Inc. (formerly known as EBEC) shall execute and deliver the License Agreement.

(d) Intercompany Services and Facilities Agreement. Encyclopaedia Britannica, Inc. (formerly known as EBEC) shall execute and deliver the Intercompany Agreement.

6.3 Distribution of EBEC Capital Stock. Immediately after satisfaction of the post-closing obligations identified in Sections 6.1 and 6.2, EB shall distribute all the outstanding shares of capital stock of EBEC to Encyclopaedia Britannica Holding, SA.

ARTICLE VII MISCELLANEOUS

7.1 Schedules. All references in this Agreement to "Schedules" shall mean the schedules identified in this Agreement and listed on page (iii) hereof, which are attached hereto and incorporated herein and shall be deemed a part of this Agreement for all purposes.

7.2 Amendments. This Agreement may be amended only by a writing executed by each of the parties hereto.

7.3 Entire Agreement. This Agreement and the other agreements expressly provided for herein set forth the entire understanding of the parties hereto and supersede all prior contracts, agreements, arrangements, communications, discussions, representations and warranties, whether oral or written, between the parties with respect to the subject matter hereof.

7.4 Governing Law. This Agreement shall in all respects be governed by and construed and enforced in accordance with the internal laws of the State of Illinois without regard to the principles of conflict of laws thereof.

7.5 Notices. Any notice, request or other communication required or permitted hereunder shall be in writing and shall be deemed to have been duly given (i) upon receipt if personally delivered, or (ii) on the third business days after being sent by registered or certified

mail, return receipt requested, postage prepaid, to the parties at their respective addresses set forth below.

To EB: Encyclopaedia Britannica, Inc.

310 South Michigan Avenue
Chicago, Illinois 60604

Attention: Chief Executive Officer

Telecopy: 312/294-2160

With a copy to: General Counsel

To EBEC: Encyclopaedia Britannica Educational Corporation

310 South Michigan Avenue
Chicago, Illinois 60604

Attention: President

Telecopy: 312/294-2108

With a copy to: General Counsel

Any party by written notice to the other may change the address or the persons to whom notices or copies thereof shall be directed.

7.6 Transfer Taxes. EB shall bear all liabilities and obligations for taxes, if any, imposed upon EB, EBEC or any of the Acquired Assets arising out of or measured by the contribution of the Acquired Assets pursuant hereto.

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

7.8 Assignment. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of each party hereto, but no rights, obligations or liabilities hereunder shall be assignable without the prior written consent of the other party hereto.

7.9 Waivers. Any waiver by any party of any violation of, breach of or default under any provision of this Agreement or any other agreements provided for herein, by the other party shall not be construed as, or constitute, a continuing waiver of such provision, or waiver of any other violation of, breach of or default under any other provision of this Agreement or any other agreements provided for herein.

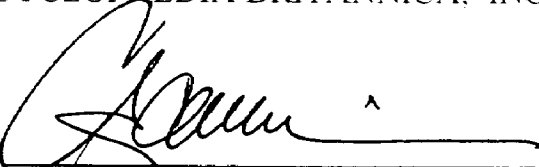
7.10 Third Parties. Nothing expressed or implied in this Agreement is intended, or shall be construed, to confer upon or give any person or entity (including without limitation any employee or any beneficiary of any employee) other than EB and EBEC any rights or remedies under or by reason of this Agreement.

7.11 Headings. The headings in this Agreement are solely for convenience of reference and shall not be given any effect in the construction or interpretation of this Agreement.

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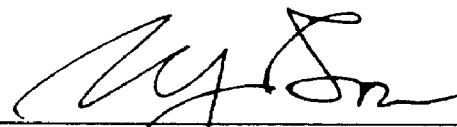
IN WITNESS WHEREOF, the parties have caused their duly authorized representatives to execute this Agreement as of the date first above written.

ENCYCLOPAEDIA BRITANNICA, INC.

By: 

Name: Constantine S. Yannias
Title: Chief Executive Officer

ENCYCLOPAEDIA BRITANNICA
EDUCATIONAL CORPORATION

By: 

Name: William J. Bowe
Title: President

EXHIBIT A
FORM OF INTERCOMPANY INDEMNIFICATION AGREEMENT

This Intercompany Indemnification Agreement (this "Agreement") is being entered into as of the 30th day of September, 1999 and is entered into by and between Britannica.com Inc. ("Britannica.com"), a Delaware corporation formerly known as Encyclopaedia Britannica, Inc., a New York corporation ("Old EB"), and Encyclopaedia Britannica, Inc. ("New EB"), a Delaware corporation formerly known as Encyclopaedia Britannica Educational Corporation, a New York corporation ("EBEC"). Capitalized terms used in this Agreement and not otherwise defined have the meanings assigned to such terms in the Amended and Restated Acquisition and Assumption Agreement, dated as of September 30, 1999 (the "Acquisition Agreement"), between Old EB and EBEC.

THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

1.1 "Claim Notice" means a notice delivered by an Indemnified Party to an Indemnifying Party.

1.2 "Dispute Period" means the period ending thirty (30) days following receipt by an Indemnifying Party of a Claim Notice.

1.3 "Effective Time" means the later of September 30, 1999 and the date upon which the conditions set forth in Article V of the Acquisition Agreement are satisfied or, in the case of the conditions set forth in Section 5.1 of the Acquisition Agreement, waived by EBEC and, in the case of the conditions set forth in Section 5.2 of the Acquisition Agreement, waived by EB.

1.4 "Indemnified Party" means any party seeking indemnity under this Agreement.

1.5 "Indemnifying Party" means the party from whom indemnification is sought under this Agreement.

1.6 "Loss" means any and all actual costs or expenses (including, without limitation, counsel's fees billed at standard hourly rates and expenses as and when incurred, in connection with any action, claim or proceeding relating thereto), judgments, amounts paid in settlement, fines, penalties, assessments and taxes. Notwithstanding the foregoing, Loss shall be reduced to reflect any insurance proceeds actually recovered by the Indemnified Party related to such claim, provided that this reduction will not be applied if to do so would excuse any insurer from any obligation to cover any loss. If the Indemnified Party receives insurance proceeds after it receives indemnity hereunder, then the Indemnified Party, within ten (10) days of receipt of such proceeds, will pay to the Indemnifying Party the amount by which the Indemnifying Party's payment would have been reduced if the insurance proceeds had been received before the indemnity payments.

1.7 "Person" means any natural person, legal entity or other organized group of persons or entities.

1.8 "Subsidiary" with respect to any Person means any corporation, partnership or other entity for which more than fifty percent (50%) of the voting securities are directly or indirectly owned by such Person, except that New EB and its Subsidiaries shall not be deemed to have been Subsidiaries of Britannica.com prior to the Effective Time.

1.9 "Third Party Claim" means all claims, suits, actions, proceedings, judgments, deficiencies, damages, settlements, liabilities, and legal and other expenses as and when incurred asserted by a Person other than Britannica.com or New EB or any of their respective affiliates in respect of which an Indemnified Party might seek indemnity.

2. INDEMNIFICATION

2.1 Indemnification by Britannica.com and New EB.

(a) Britannica.com agrees to indemnify and hold New EB and each of its directors, stockholders, affiliates, Subsidiaries, officers, employees and agents harmless against and in respect of any and all Losses and Third Party Claims arising out of or based upon (i) the gross negligence or willful misconduct of Britannica.com or any of its Subsidiaries, (ii) any breach by Britannica.com of any agreement between the parties hereto that is described in or filed as an exhibit to Britannica.com's Registration Statement on Form S-1 to be filed with the Securities and Exchange Commission in connection with Britannica.com's proposed public offering of its common stock, as the same may be amended (the "Form S-1"). (iii) all liabilities and obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) of New EB and its Subsidiaries (whenever arising, whether at or following the Effective Time) arising out of or related to circumstances or events existing or occurring after the Effective Time and related to the Retained Assets (as defined in Section 1.1 of the Acquisition Agreement), (iv) all liabilities and obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) of New EB and its Subsidiaries (whenever arising, whether prior to, at or following the Effective Time) arising out of or related to circumstances or events existing or occurring prior to, at or after the Effective Time related to the liabilities retained by Britannica.com and identified on Schedule 2.1 of the Acquisition Agreement and (v) the failure by Britannica.com or any of its Subsidiaries to pay, perform or otherwise promptly discharge any of its or its Subsidiaries' liabilities (whenever arising whether prior to, at or following the Effective Time).

(b) New EB agrees to indemnify and hold Britannica.com and each of its directors, stockholders, affiliates, Subsidiaries, officers, employees and agents harmless against and in respect of any and all Losses and Third Party Claims arising out of or based upon (i) the gross negligence or willful misconduct of New EB or any of its Subsidiaries, (ii) any breach by New EB of any agreement between the parties hereto that is described in or filed as an exhibit to the Form S-1, (iii) all liabilities and obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) of Britannica.com and its Subsidiaries (whenever arising, whether prior to, at or following the Effective Time) arising out of or in connection with (A) the Acquired Assets and the ownership, use or sale thereof and (B) the ownership of the Shares, (iv) all liabilities or obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) of Britannica.com and its Subsidiaries (whenever arising, whether prior to, at or following the Effective Time) arising out of or related to circumstances or events existing or occurring at or

prior to the Effective Time related to the Business and the operation thereof, except as such liabilities or obligations relate to the liabilities retained by Britannica.com and identified on Schedule 2.1 of the Acquisition Agreement, (v) all liabilities or obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) of Britannica.com and its Subsidiaries (whenever arising, at or following the Effective Time) arising out of or related to circumstances or events existing or occurring after the Effective Time related to the Print Business and the operation thereof, except as such liabilities or obligations relate to the liabilities retained by Britannica.com and identified on Schedule 2.1 of the Acquisition Agreement and (vi) the failure by New EB or any of its Subsidiaries to pay, perform or otherwise promptly discharge any of its or its Subsidiaries' liabilities (whenever arising whether prior to, at or following the Effective Time).

(c) Britannica.com agrees to indemnify and hold New EB and its directors, stockholders, affiliates, Subsidiaries, officers, employees and agents harmless against and in respect of any and all Losses incurred by New EB and its directors, stockholders, affiliates, Subsidiaries, officers, employees and agents by reason of, or arising out of (i) any liability (whenever arising whether prior to, at or following the Effective Time) for income and franchise taxes arising out of the inclusion of New EB and any of its Subsidiaries prior to the Effective Time in any consolidated federal income tax return, or any consolidated, combined or unitary state or local tax return, of Britannica.com, except for any such liability as is directly attributable to the operations of New EB and any of its Subsidiaries and (ii) any liability or obligation (whenever arising whether prior to, at or following the Effective Time) of any entity, whether or not incorporated, which, prior to the Effective Time, was part of a controlled group or under common control with New EB or otherwise treated as a "single employer" with New EB within the meaning of Section 414(b), (c), (m) or (o) of the Internal Revenue Code of 1986, as amended (the "Code") or under Section 4001 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA") (other than New EB or any of its respective Subsidiaries), with respect to any "employee benefit plan" (as defined in Section 3(3) of ERISA) established, maintained, sponsored or contributed to by such entity, including, but not limited to (A) liabilities for complete and partial withdrawals under any "multiemployer plan" (as defined in Section 3(37) of ERISA) pursuant to Section 4203 or 4205 of ERISA, respectively, (B) liabilities to the Pension Benefit Guaranty corporation (including without limitation, liabilities for premiums and terminations), (C) liabilities under Section 4980B of the code or Part 6 of Subtitle B of Title I of ERISA, and (D) liabilities arising under Section 412 of the Code or Section 302(a)(2) of ERISA.

2.2 Limitations. Notwithstanding anything to the contrary contained in this Agreement neither Britannica.com nor New EB will be entitled to indemnification pursuant to Section 2 of this Agreement with respect to any claim for indemnification unless, and only to the extent that, the aggregate of all Losses to the Indemnified Party related to all claims for indemnification by an Indemnified Party asserted during any fiscal year exceeds (a) with respect to the first fiscal year covered by the Term of this Agreement, one hundred thousand dollars (\$100,000) or (b) with respect to each fiscal year thereafter, twenty-five thousand dollars (\$25,000) (the "Annual Threshold") whereupon the Indemnifying Party will be obligated to pay in full the aggregate amount of the Losses in excess of the Annual Threshold.

2.3 Indemnification Procedure. All claims for indemnification by an Indemnified Party will be asserted and resolved as follows:

(a) In the event any Third Party Claim in respect of which an Indemnified Party might seek indemnity is asserted against or sought to be collected from such Indemnified Party, the Indemnified Party shall deliver a Claim Notice with reasonable promptness to the Indemnifying Party, which Claim Notice shall include the amount of Loss claimed, to the extent known. The Indemnifying Party shall notify the Indemnified Party as soon as practicable within the Dispute Period whether the Indemnifying Party disputes its liability to the Indemnified Party, and whether the Indemnifying Party desires, at its sole cost and expense, to defend the Indemnified Party against such Third Party Claim.

(b) If the Indemnifying Party notifies the Indemnified Party within the Dispute Period that the Indemnifying Party desires to defend the Indemnified Party with respect to the Third Party Claim pursuant to this Section, then the Indemnifying Party will have the right to defend, with counsel reasonably satisfactory to the Indemnified Party, at the sole cost and expense of the Indemnifying Party, such Third Party Claim by all appropriate proceedings, which proceedings must be vigorously and diligently prosecuted by the Indemnifying Party to a final conclusion or may be settled at the discretion of the Indemnifying Party; provided, however, that the Indemnifying Party shall not be permitted to effect any settlement without the written consent of the Indemnified Party unless (i) the sole relief provided in connection with such settlement is monetary damages that are paid in full by the Indemnifying Party, (ii) such settlement involves no finding or admission of any wrongdoing, violation or breach by any Indemnified Party of any right of any other Person or any laws, contracts or governmental permits, and (iii) such settlement has no effect on any other claims that may be made against or liabilities of any Indemnified Party. After giving the notice referred to in the first sentence of this clause (b), the Indemnifying Party will have full control of such defense and proceedings, including any compromise or settlement thereof (except as provided in the preceding sentence); provided, however, that the Indemnified Party may, at its sole cost and expense, at any time prior to the Indemnifying Party's delivery of the notice referred to in the first sentence of this clause (b), file any motion, answer or other pleadings or take any other action that the Indemnified Party reasonably believes to be necessary or appropriate to protect its interests; and provided further, that if requested by the Indemnifying Party, the Indemnified Party shall, at the sole cost and expense of the Indemnifying Party, provide reasonable cooperation to the Indemnifying Party in contesting any Third Party Claim that the Indemnifying Party elects to contest. The Indemnified Party may participate in, but not control, any defense or settlement of any Third Party Claim controlled by the Indemnifying Party pursuant to this clause (b) and except as provided in the first sentence of this clause (b) and the preceding sentence, the Indemnified Party will bear its own costs and expenses with respect to such participation. Notwithstanding the foregoing, the Indemnified Party may take over the control of the defense or settlement of a Third Party Claim at any time if it irrevocably waives its right to indemnity with respect to such Third Party Claim.

(c) If the Indemnifying Party fails to notify the Indemnified Party within the Dispute Period that the Indemnifying Party desires to defend the Third Party Claim pursuant to this Section or if the Indemnifying Party gives such notice but fails to prosecute vigorously and diligently or settle the Third Party Claim (in each case in accordance with clause (b) above), or if the Indemnifying Party fails to give any notice whatsoever within the Dispute Period, then the Indemnified Party will have the right to defend, at the sole cost and expense of the Indemnifying Party, the Third Party Claim by all appropriate proceedings, which proceedings will be prosecuted by the Indemnified Party in a reasonable manner and in good faith or will be settled at the discretion of the Indemnified Party (with the consent of the Indemnifying Party, which

consent will not be unreasonably withheld). Subject to the immediately preceding sentence, the Indemnified Party will have full control of such defense and proceedings, including any compromise or settlement thereof, provided, however, that if requested by the Indemnified Party, the Indemnifying Party will, at the sole cost and expense of the Indemnifying Party, provide reasonable cooperation to the Indemnified Party and its counsel in contesting any Third Party Claim which the Indemnified Party is contesting. The Indemnifying Party may participate in, but not control, any defense or settlement controlled by the Indemnified Party pursuant to this clause (c), and the Indemnifying Party will bear its own costs and expenses with respect to such participation.

3. TERM

The term of this Agreement shall begin at the Effective Time and shall continue for an indefinite period in full force and effect (the "Term").

4. DISPUTE RESOLUTION

4.1 In the event that any party to this Agreement has any claim, right or cause of action against any other party to this Agreement, which the parties shall be unable to settle by agreement between themselves, such claim, right or cause of action, to the extent that the relief sought by such party is for monetary damages or awards, shall be determined by arbitration in accordance with the provisions of this Section 4.

4.2 The party or parties requesting arbitration shall serve upon the other or others a demand therefor, in writing, specifying the matter to be submitted to arbitration, and nominating a competent disinterested person to act as an arbitrator. Within thirty (30) days after receipt of such written demand and nomination, the other party or parties shall, in writing, nominate a competent disinterested person, and the two (2) arbitrators so designated shall, within fifteen (15) days thereafter, select a third arbitrator. The three (3) arbitrators shall give immediate written notice of such selection to the parties and shall fix in said notice a time and place of the meeting of the arbitrators which shall be as soon as conveniently possible (but in no event later than thirty (30) days after the appointment of the third arbitrator), at which time and place the parties to the controversy shall appear and be heard with respect to the right, claim or cause of action.

4.3 In case the notified party or parties shall fail to make a selection upon notice within the time period specified, the party asserting such claim shall appoint an arbitrator on behalf of the notified party. In the event that the first two (2) arbitrators selected shall fail to agree upon a third arbitrator within fifteen (15) days after their selection, then such arbitrator may, upon application made by either of the parties to the controversy, be appointed by any judge of any United States court of record having jurisdiction in the State of Illinois.

4.4 Each party shall present such testimony, examinations and investigations in accordance with such procedures and regulations as may be determined by the arbitrators and shall also recommend to the arbitrators a monetary award to be adopted by the arbitrators as the complete disposition of such claim, right or cause of action. After hearing the parties in regard to the matter in dispute, the arbitrators shall adopt as their determination with respect to such claim, right or cause of action, within forty-five (45) days of the completion of the examination, by majority decision signed in writing (together with a brief written statement of the reasons for

adopting such recommendation), one of the recommendations submitted by the parties to the dispute, with such changes as the arbitrators deem necessary, and shall grant no other relief or remedy. The decision of said arbitrators, absent fraud, duress or manifest error, shall be final and binding upon the parties to such controversy and may be enforced in any court of competent jurisdiction.

4.5 The expense and cost of such arbitration shall be borne by the party or parties whose recommendation was not adopted by the arbitrators. Each party shall pay the fees and expenses of its own counsel.

4.6 Notwithstanding any other provisions of this Section 4, in the event that a party against whom any claim, right or cause of action is asserted commences, or has commenced against it, bankruptcy, insolvency or similar proceedings, the party or parties asserting such claim, right or cause of action shall have no obligations under this Section 4 and may assert such claim, right or cause of action in the manner and forum it deems appropriate, subject to applicable laws. No determination or decision by the arbitrators pursuant to this Section 4 shall limit or restrict the ability of any party hereto to obtain or seek in any appropriate forum, any relief or remedy that is not a monetary award or money damages.

5. GENERAL

5.1 No party may assign this Agreement, or its respective rights and obligations hereunder, in whole or in part without the other party's prior written consent. Any attempt to assign this Agreement without such consent shall be void and of no effect ab initio. Notwithstanding the immediately preceding sentence, any party may assign this Agreement or all, but not less than all, of its rights and obligations hereunder to any entity controlled by it or to any entity that acquires it by purchase of stock or by merger or otherwise, or by obtaining all or substantially all of its assets (a "Permitted Assignee"), provided that any such Permitted Assignee, or any division thereof, thereafter succeeds to all of the rights and is subject to all of the obligations of the assignor under this Agreement.

5.2 This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State. Each party shall comply in all respects with all laws and regulations applicable to its activities under this Agreement.

5.3 Notwithstanding the provisions of Section 4, each party hereto irrevocably submits to the exclusive jurisdiction of (a) the courts of the State of Illinois, Cook County, or (b) the United States District Court for the Northern District of Illinois, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby or thereby. Each party agrees to commence any such action, suit or proceeding either in the United States District Court for the Northern District of Illinois or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the courts of the State of Illinois, Cook County. Each party further agrees that service of any process, summons, notice or documents by U.S. registered mail to such party's respective address set forth below shall be effective service of process for any action, suit or proceeding in Illinois with respect to any matters to which it has submitted to jurisdiction in this Section 5.3. Each party irrevocably and

unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby and thereby in (i) the courts of the State of Illinois, Cook County, or (ii) the United States District Court for the Northern District of Illinois, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

5.4 If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other Persons or circumstances.

5.5 All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and shall be deemed given when so delivered by hand, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

To Britannica.com: Britannica.com Inc.
310 South Michigan Avenue
Chicago, Illinois 60604
Attention: Chief Executive Officer
Telecopy: 312/294-2160

With a copy to: General Counsel

To New EB: Encyclopaedia Britannica, Inc.
310 South Michigan Avenue
Chicago, Illinois 60604
Attention: President
Telecopy: 312/294-2108

With a copy to: General Counsel

5.6 The provisions of Sections 4 and 5 shall survive any termination of this Agreement.

5.7 The parties to this Agreement are independent contractors. There is no relationship of partnership, joint venture, employment, franchise or agency among the parties. No party shall have the power to bind any other or incur obligations on any other's behalf without the other's prior written consent.

5.8 No failure of any party to exercise or enforce any of its rights under this Agreement shall act as a waiver of such right.

5.9 This Agreement, along with the Exhibits hereto, contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter. No party shall be liable or

bound to any other party in any manner by any representations, warranties or covenants related to such subject matter except as specifically set forth herein.

5.10 This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each of the other parties.

5.11 This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

5.12 This Agreement is for the sole benefit of the parties hereto and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto any legal or equitable rights hereunder.

5.13 The headings contained in this Agreement or in any Exhibit hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement. When a reference is made in this Agreement to a Section or an Exhibit, such reference shall be to a Section of, or an Exhibit to, this Agreement unless otherwise indicated.

5.14 The parties hereto agree that if any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached, irreparable damage would occur, no adequate remedy at law would exist and damages would be difficult to determine, and that the parties shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity.

[The remainder of this page intentionally is left blank.]

IN WITNESS WHEREOF, the parties have signed or caused this Agreement to be signed and delivered as of the date first written above.

BRITANNICA.COM INC., a Delaware corporation
formerly known as Encyclopaedia Britannica, Inc.

By: _____
Name: _____
Title: _____

ENCYCLOPAEDIA BRITANNICA, INC., a
Delaware corporation formerly known as
Encyclopaedia Britannica Educational Corporation

By: _____
Name: _____
Title: _____

EXHIBIT B

FORM OF AMENDED AND RESTATED TRADEMARK AND COPYRIGHT LICENSE AND NON-COMPETITION AGREEMENT

This Amended Trademark and Copyright License and Non-Competition Agreement (this "Agreement") is being entered into as of the 30th day of September, 1999, and is entered into by and between Britannica.com Inc. ("Britannica.com" or "Licensee"), a Delaware corporation formerly known as Encyclopaedia Britannica, Inc., a New York corporation ("Old EB"), and Encyclopaedia Britannica, Inc. ("EB" or "Licensor"), a Delaware corporation formerly known as Encyclopaedia Britannica Educational Corporation, a New York corporation ("EBEC").

RECITALS

- A. Licensor is the owner of all right, title and interest in and to the trademarks, service marks, trade names, copyrights, trade dress and other intellectual property set forth in Exhibit A, including the EB Database (as defined below);
- B. Historically, Old EB operated as a group of combined businesses including, among other things, the businesses of (1) (a) publishing, distributing and selling print encyclopedia sets and other works directly and indirectly around the world and (b) maintaining the EB Database (the "Print Business") and (2) (a) providing consumers and educational institutions with online access to a digital encyclopedia and various other online research and news services through various Web sites, including the Britannica.com Web Site (as defined below), (b) publishing and distributing CD/DVD-ROMs and (c) developing additional digital products (the "Online Business" and, together with the Print Business, the "Combined Businesses"), and Old EB used the Licensed Intellectual Property (as defined below) (including the EB Database) in furtherance of the Combined Businesses;
- C. Recently, Old EB changed its name to Britannica.com and, pursuant to the Amended and Restated Acquisition and Assumption Agreement (the "Acquisition Agreement"), dated as of September 30, 1999, between Old EB and EBEC, which recently changed its name to Encyclopaedia Britannica, Inc., Old EB transferred substantially all of its assets, rights, interests and obligations, other than certain of those related to the Online Business, to EBEC;
- D. Licensee desires to use the Licensed Intellectual Property in furtherance of the Online Business; and
- E. Licensor is willing to permit such use of the Licensed Intellectual Property under the terms and conditions set forth in this Agreement.

THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

1.1 “Britannica.com Affiliate” means a Person directly or indirectly controlled by, controlling or under common control with Britannica.com, other than EB or any Person controlled directly or indirectly by EB.

1.2 “Britannica.com Non-Compete Period” means that period beginning on the Effective Time (as defined in Section 1.1 of the Acquisition Agreement) and ending

(a) two (2) years after termination of this Agreement if this Agreement is terminated by EB pursuant to Section 3.3; and

(b) on termination of this Agreement if this Agreement is terminated for any other reason, including without limitation, by Britannica.com pursuant to Section 3.4.

1.3 “Britannica.com Prohibited Business” means a business or component of a business that:

(a) produces or distributes print encyclopedias;

(b) uses the Licensed Intellectual Property in connection with the production or distribution of print products except as permitted in Section 2.1;

(c) except as otherwise provided in Section 1.10(b), (i) translates the Licensed Intellectual Property or any other intellectual property (including, but not limited to, the intellectual property of Licensee) into a non-English language, (ii) uses any of the foregoing intellectual property in connection with the production or distribution of non-English language products and services, or (iii) on its own or through a licensee, licenses, produces or distributes products or services anywhere in the world in a language other than English; provided, however, that nothing in this Section 1.3(c) shall be deemed to prohibit Licensee from conducting non-English language instruction activities on Licensee’s educational Web sites;

(d) except as otherwise provided in Section 1.10(b), on its own or through a licensee, (i) licenses, produces or distributes products or services within the Territory, or (ii) licenses, produces or distributes products or services primarily suited to meet the needs of markets within the Territory;

(e) is a Distribution Business described in Section 1.6(a) or Section 1.6(b); or

(f) intentionally promotes, markets or distributes the Internet Sites towards people or markets within the Territory. Notwithstanding the foregoing, Licensee shall not be in material breach of this Agreement if people within the Territory access the Internet Sites.

1.4 “Britannica.com Web Site” means the Web site commonly known as *www.britannica.com*.

1.5 "Content" means any text, graphics, photographs, video, audio and/or other data, files or information used by Licensee on its Internet Sites or within the Media.

1.6 "Distribution Business" means a business or component of a business that produces or distributes (a) reform mathematics-teaching products or services similar to, or competitive with, Licensor's "Mathematics in Context" curriculum in the form currently produced with such reasonable extensions or revisions thereto, (b) "English as a Second Language"-teaching products or services, or (c) computer-, computer software- or Internet-teaching products or services.

1.7 "EB Affiliate" means a Person directly or indirectly controlled by, controlling or under common control with EB, other than Britannica.com or any Person controlled directly or indirectly by Britannica.com.

1.8 "EB Database" means that certain electronic encyclopedic and index database maintained by EB and derived from the 15th edition of the *New Encyclopaedia Britannica*, and subsequent editions thereof, or the *Britannica Book of the Year* and marketed on the Internet as Britannica Online.

1.9 "EB Non-Compete Period" means that period beginning on the Effective Time and ending

(a) two (2) years after termination of this Agreement, if this Agreement is terminated by Britannica.com pursuant to Section 3.4;

(b) six (6) months after termination of this Agreement, if this Agreement is terminated by EB pursuant to Section 3.5;

(c) on termination of this Agreement if this Agreement is terminated for any other reason, including without limitation, by EB pursuant to Section 3.3.

1.10 "EB Prohibited Business" means a business, or component of a business, that:

(a) uses the Licensed Intellectual Property in connection with the production or distribution of English-language non-print products or services in markets outside the Territory or primarily suited to meet the needs of markets outside the Territory; provided, however, the prohibition contained in this Section 1.10(a) shall not include a business that (i) is a Distribution Business or (ii) is a Film Business; provided, further, the prohibition contained in this Section 1.10(a) shall not prevent EB from using the Licensed Intellectual Property to conduct e-commerce activities in the English language within the Media, inside and outside the Territory, that include Licensor's print products, its Distribution Business, its Film Business or related third-party products;

(b) without Licensee's written consent, uses a universal resource locator ("URL") containing the word "britannica," unless such word is immediately preceded by the

word "encyclopaedia," in connection with the production or distribution of products or services in markets outside the Territory or primarily suited to meet the needs of markets outside the Territory; and further, if Licensor (or its designated licensee) uses a URL containing the word "britannica," unless such word is immediately preceded by the word "encyclopaedia," in connection with the production or distribution of products or services within the Territory and primarily suited to meet the needs of markets within the Territory, Licensor (or such designated licensee) and Licensee will enter into a separate license agreement pursuant to which Licensor (or such designated licensee) will (i) license Licensee's fingerprint logo, Web site design, Internet guide and other intellectual property (including, if requested by Licensor or such designated licensee, for translation into a non-English language) and agree to maintain the Britannica.com look and feel for use in connection with such URL and (ii) pay Licensee a royalty equal to two and one-half percent (2.5%) of Licensor's (or its designated licensee's) Gross Revenues attributable to use of such URL within the Territory.

This Section 1.10 shall not be construed to prohibit EB from conducting business on the Internet's World Wide Web or in other electronic forms, or from using the Licensed Intellectual Property for promotional, but not distributional, purposes on the EB Web Site.

1.11 "EB Web Site" means the Web site commonly known as *www.eb.com*.

1.12 "Film Business" means a business or component of a business that, using the "Encyclopaedia Britannica" name, produces or distributes film or video products for educational, entertainment or documentary purposes.

1.13 "Gross Revenues" means the gross receipts and service fees of Licensee or Licensor (as applicable) and its subsidiaries, less any applicable (a) discounts or returns, (b) third-party advertising or sponsorship commissions and (c) with respect to revenues related to the sale of third-party products only, manufacturing or acquisition costs borne by Licensee or Licensor (but no other obsolescence, warehouse, shipping, internal marketing or management costs).

1.14 "Internet Sites" means the locations on the Internet's World Wide Web used by Britannica.com from time to time, including *www.britannica.com*, *www.britannica.au*, *www.britannica.co.uk* and *www.britannica.net*.

1.15 "Licensed Intellectual Property" means the EB Database, its associated information management and retrieval system, and the registered and unregistered trademarks, service marks, trade names, copyrights, trade dress and other intellectual property owned and used by Licensor as of the Effective Time and identified in Exhibit A, and any and all unscheduled intellectual property owned or under control of Licensor as of September 30, 1999 necessary and used in the operation of Britannica.com Web Site in the manner contemplated by the parties hereto, and any other trademarks, service marks, trade names, copyrights, trade dress and other intellectual property acquired by Licensor at any time after the Effective Time and subsequently licensed to Licensee.

1.16 "Media" means on the Internet's World Wide Web, in CD/DVD-ROMs and in all other forms of non-print delivery, now or hereafter existing, including in broadcast media and electronic forms of delivery, and for advertising and promotional, but not distributional, purposes in or through any other means of communication.

1.17 "Minimum Fee" means an annual fee of seven million dollars (\$7,000,000).

1.18 "Person" means any natural person, legal entity or other organized group of persons or entities. (All pronouns whether personal or impersonal, which refer to Person include natural persons and other Persons.)

1.19 "Post-Acquisition Period" means the nine (9)-month period following the date of the acquisition of a business that (a) is acquired by EB or an EB Affiliate and engages in an EB Prohibited Business or (b) is acquired by Britannica.com or a Britannica.com Affiliate and engages in a Britannica.com Prohibited Business.

1.20 "Term" has the respective meanings assigned to it in Sections 3.1 and 3.2.

1.21 "Territory" means the South Asian Subcontinent (including India, Pakistan, Bangladesh and Sri Lanka), the Peoples' Republic of China, Taiwan and the countries comprising the former U.S.S.R.

2. LICENSE

2.1 Except as otherwise provided in this Agreement and solely to the extent of Licensor's rights in the Licensed Intellectual Property, Licensor hereby grants to Licensee, during the Term of this Agreement and subject to the terms and conditions contained herein, an exclusive, nontransferable, irrevocable license to use and distribute the Licensed Intellectual Property (including the EB Database) in the English language throughout the world, except in the Territory, solely in conjunction with Licensee's operation of the Online Business and other businesses of Licensee on the Internet Sites or within the Media, but in no event in any Britannica.com Prohibited Business.

2.2 Nothing in this Agreement grants Licensee ownership or other rights in or to the Licensed Intellectual Property (including the EB Database), except in accordance with and to the extent of this license.

2.3 Except with respect to wholly owned subsidiaries of Licensee, Licensee shall not sublicense the Licensed Intellectual Property (including the EB Database) to any third party or Person without the prior written consent of Licensor, which Licensor may exercise in its sole discretion.

2.4 Except as otherwise provided in this Agreement, this Article 2 shall not be construed to prohibit the use of any Licensed Intellectual Property (including the EB Database) by Licensor, its divisions, business units, subsidiaries and licensees.

2.5 Given the importance of Licensor's reputation for producing high quality products, which reputation has been developed over Licensor's long history, Licensor shall have the right to demand the withdrawal by Licensee of any Content that in Licensor's reasonable opinion will:

- (a) subject Licensor to unfavorable regulatory action;
- (b) subject Licensor to liability for any reason;
- (c) violate any law;
- (d) infringe the rights of any Person; or
- (e) harm Licensor, any of Licensor's products or any Licensed Intellectual

Property;

provided, however, Licensor must give Licensee prior written notice of its intentions to demand such withdrawal and will allow Licensee a reasonable time to remedy the offensive situation. Upon written notice from Licensor to withdraw any such Content, Licensee will, in its discretion, either (x) cease using any such Content on its Internet Sites and within the Media or (y) remove the Licensed Intellectual Property from its Internet Sites and the Media, in either case as soon as commercially and technically feasible, but in any event within five (5) business days after Licensor's written notice. If Licensee cannot cease using such Content or remove such Licensed Intellectual Property, as the case may be, within five (5) business days after the date of Licensor's written notice, Licensee will so notify Licensor detailing why the cessation or removal cannot be effected within five business days and stating when the cessation or removal will be effected, subject to the terms of the preceding sentence, and, in such event, Licensee shall cease using such Content or remove such Licensed Intellectual Property within twenty (20) business days after the date of such written notice.

2.6 Licensor agrees that it will keep the EB Database at the same level of quality and detail as in effect on the date hereof and each calendar year it will update 10% of the information contained in the EB Database; provided, however, in no event will Licensor fail to update the EB Database in its entirety at least once every ten (10) years.

2.7 Except as otherwise provided herein, this Section 2 will not be construed to prohibit Licensee from developing, using and marketing non-EB products or non-EB intellectual property on the Internet Sites and within the Media.

2.8 The parties contemplate that Licensee will grant Licensor the right to license certain of Licensee's intellectual property upon terms and conditions mutually agreed to by the parties from time to time. In addition, Licensee agrees that, at Licensor's option, Licensee will enter into one or more separate license agreements with Licensor (or its designated licensee) pursuant to which Licensee will license to Licensor (or such designated licensee) Licensee's intellectual property, including its content and technology, for translation and use in English inside the Territory and in non-English language markets inside or outside the Territory, in

consideration of the payment of a royalty equal to the lesser of two and one-half percent (2.5%) of Licensor's (or its designated licensee's) Gross Revenues for such use or the maximum percentage of Licensor's (or its designated licensee's) Gross Revenues for such use as permitted under applicable local laws.

3. TERM AND TERMINATION

3.1 With respect to Licensee's use of the EB Web Site only, the Term shall mean the period beginning at the Effective Time and ending on the second (2nd) anniversary of the Effective Time unless terminated earlier in accordance with this Article 3 (the "Site Term"); provided, however, during the Site Term, Licensee agrees to use best efforts to facilitate a timely transition of its customers away from accessing the Britannica Web Site through the EB Web Site.

3.2 With respect to Licensee's use of the Licensed Intellectual Property, not including Licensee's use of the EB Web Site, the Term shall begin at the Effective Time and will continue for a period of twenty-five (25) years thereafter, unless terminated earlier in accordance with this Article 3 (the "IP Term").

3.3 Licensor will have the right (but not the obligation) to terminate this Agreement if:

(a) Licensee materially breaches any of its obligations arising under Section 2.2;

(b) Licensee is in material breach of any of its obligations, other than those obligations arising under Section 2.2, representations, warranties or covenants hereunder, including all obligations arising under the non-compete provisions of Section 9, which breach is not cured within thirty (30) days of receipt of written notice from Licensor of such breach; provided, however, that Licensor will not have a right to terminate this Agreement based on a breach by Licensee of Section 8.2(c) or Section 8.2(d) unless such breach arises out of the gross negligence or willful misconduct of Licensee and the conduct constituting the breach has not ceased within such thirty (30)-day period;

(c) Subject to 11 U.S.C. § 365 of the United States Bankruptcy Code, Licensee is the subject of a voluntary petition in bankruptcy or any voluntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, or becomes the subject of any involuntary petition in bankruptcy or any involuntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, if such petition or proceeding is not dismissed within ninety (90) days of filing;

(d) Licensee involuntarily dissolves or is dissolved and such dissolution cannot be rescinded; or

(e) Licensee is judicially adjudicated insolvent or generally is unable to pay its debts as they mature or makes an assignment for the benefit of its creditors.

3.4 Licensee shall have the right (but not the obligation) to terminate this Agreement if:

(a) Licensor is in material breach of any of its obligations, representations, warranties or covenants hereunder, including all obligations arising under the non-compete provisions of Section 9, which breach is not cured within thirty (30) days of receipt of written notice from Licensee of such breach;

(b) Licensor is the subject of a voluntary petition in bankruptcy or any voluntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, or becomes the subject of any involuntary petition in bankruptcy or any involuntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, if such petition or proceeding is not dismissed within ninety (90) days of filing;

(c) Licensor involuntarily dissolves or is dissolved; or

(d) Licensor is judicially adjudicated insolvent or generally is unable to pay its debts as they mature or makes an assignment for the benefit of its creditors.

3.5 Licensor shall have the right (but not the obligation) to terminate this Agreement upon at least one hundred eighty (180) days' prior written notice to Licensee, following the acquisition of the direct or beneficial ownership of more than fifty percent (50%) (the "Threshold") of the voting power represented by the voting securities of Licensee, any successor thereto or any Permitted Assignee (as defined in Section 12.1 of this Agreement) by any Person or "group" within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any successor provision to either of the foregoing, including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision thereof (a "group") other than Encyclopaedia Britannica Holding, S.A., a Luxembourg corporation ("EB Holding"), an affiliate of EB Holding, Licensor or an affiliate of Licensor. For purposes of this Agreement, (i) the term "beneficial ownership" shall have the meaning set forth in Rule 13d-3 of the Exchange Act or any successor provision thereof, (ii) the term "voting securities" means the equity securities issued by Licensee having the power to vote generally in the election of directors of Licensee and (iii) the term "control" means the power, whether or not exercised, to direct the management and policies of an entity, directly or indirectly, whether through the ownership of voting securities, by control or otherwise. For purposes of this Section 3.5, an acquisition shall not include the acquisition by a Person of voting securities of Licensee pursuant to an involuntary disposition by EB Holding through foreclosure or similar event. In the event any Person acquires beneficial ownership of voting power in excess of the Threshold as a result of a transaction described in the immediately preceding sentence, the Threshold with respect to such Person shall be adjusted to an amount equal to the percentage of beneficial ownership held by such Person immediately following such transaction.

3.6 In relation to trademarks comprising the Licensed Intellectual Property, in the event Licensee ceases to use its license to use any or all of the Licensed Intellectual Property (each, a "Discontinued Mark"), Licensor shall have the right (but not the obligation) to terminate this Agreement, or any portion of this Agreement that applies to the Discontinued Mark, and the rights granted hereunder to Licensee in connection with and solely to the extent related to the license of such Discontinued Mark upon at least ninety (90) days' prior written notice to Licensee and any license in the Discontinued Mark shall revert to Licensor. Continuous non-use by the Licensee for a period of twelve (12) months of a Discontinued Mark shall constitute ceasing to use the Licensee's license for purposes of this Agreement.

3.7 A party may exercise its right to terminate pursuant to this Article 3 by sending appropriate written notice in accordance with Section 12.5 to the other party; provided, that, with respect to Sections 3.3(c) and (e) and Section 3.4(b) and (d), termination shall occur immediately and no notice shall be required. With respect to Sections 3.3(a) and (d) and Section 3.4(c), such notice shall be given at least thirty (30) days' prior to termination of this Agreement by the terminating party. No exercise by a party of its rights under this Article 3 will limit its remedies by reason of the other party's default, the party's rights to exercise any other rights under this Article 3, or any of that party's other rights.

4. INTELLECTUAL PROPERTY

4.1 The parties acknowledge that the Licensed Intellectual Property (including the EB Database) is owned or controlled by Licensor and that all use by Licensee of the Licensed Intellectual Property (including the EB Database) will inure to Licensor's benefit and that Licensee shall not at any time acquire any rights in the Licensed Intellectual Property (including the EB Database) other than such rights as are granted hereunder. Nothing contained herein shall constitute an assignment of the Licensed Intellectual Property (including the EB Database) or grant to Licensee any right, title or interest therein, except as specifically set forth herein. In relation to trademarks comprising the Licensed Intellectual Property, Licensee shall maintain Licensor's quality standards as notified by Licensor from time to time in writing with respect to its use of the Licensed Intellectual Property, and otherwise use the Licensed Intellectual Property subject to any reasonable restrictions or requirements disclosed to Licensee in writing.

4.2 (a) Licensee recognizes the validity of the Licensed Intellectual Property and any registrations therefor, and acknowledges Licensor as the owner of all rights, title and interest in and to the Licensed Intellectual Property listed on Exhibit A and any registrations therefor other than such rights as are granted hereunder. Licensee will not contest, nor assist any other party in contesting, Licensor's ownership of the Licensed Intellectual Property or any registrations of Licensor for such Licensed Intellectual Property, and will not contest the validity thereof. Except for the Licensed Intellectual Property, Licensee agrees not to use at any time any other trademarks, names, designs, trade dress or other intellectual property confusingly similar to the Licensed Intellectual Property. These obligations shall survive the expiration or earlier termination of this Agreement for any reason. Except for the Licensed Intellectual Property, Licensee shall not file any application in any country to register a trademark that is the same as or confusingly similar to any of the licensed trademarks or any other trademark of Licensor that has been disclosed to Licensee in writing. If any application for registration is filed in any

country by Licensee in contravention of this Section 4.2(a), Licensor shall have the right to take appropriate action against Licensee, including seeking injunctive relief; provided, however, to the extent Licensee is obligated to file a registered user statement in any country in connection with the operation of the Britannica.com Web Site, such filing will not constitute a violation of this Section 4.2(a).

(b) Licensee shall furnish Licensor in writing for review by Licensor prior to publication proofs of all materials and products bearing any Licensed Intellectual Property (including, without limitation, advertising and publicity materials). Licensee will not authorize full scale production of any such material or product until after obtaining Licensor's approval in each instance, which approval will not be unreasonably withheld. If Licensor objects to any portion of such materials or products, such objection will be stated and forwarded in writing to Licensee (or by oral communication confirmed in writing promptly thereafter) within ten (10) business days of Licensor's receipt of such materials or products, and Licensee agrees to revise such materials or products accordingly. If Licensor fails to respond within ten (10) business days of receipt of such materials or products, Licensee may use such materials or products unless and until Licensor notifies Licensee that such materials or products may not be used. Licensee shall cease use of such materials or products within a commercially reasonable period after notification from Licensor. Any material changes in such material or product shall also be subject to Licensor's prior approval, which approval will not be unreasonably withheld. Approval by Licensor shall not relieve Licensee of any of its warranties or obligations under this Agreement and all materials and products that bear any Licensed Intellectual Property shall strictly conform with the samples and proofs approved by Licensor. Samples, materials and products to be approved by Licensor shall be submitted to the person designated in writing by Licensor.

(c) Subject to the terms of this Agreement, Licensee may make such modifications, changes and revisions to the copyrighted Licensed Intellectual Property and create such derivative works based upon the Licensed Intellectual Property as shall be approved by Licensor in each instance, which approval will not be unreasonably withheld; provided, however, that each approved modification, change, revision or derivative work shall be deemed to be a "work made for hire" (as that term is defined under U.S. copyright law) owned by and for the benefit of Licensor, or, if not qualifying as a "work made for hire," Licensee will and hereby does assign to Licensor all of Licensee's other right, title and interest therein, including all copyrights and other proprietary rights. Upon Licensor's request and at Licensor's expense, Licensee will take such steps as are necessary to enable Licensor to record such assignments.

4.3 In the event that Licensee learns of any infringement, threatened infringement or passing off of the Licensed Intellectual Property, or that any Person claims or alleges that such Licensed Intellectual Property is liable to cause deception or confusion to the public, then Licensee shall promptly notify Licensor in writing of the particulars thereof. Licensor, at its option, shall then have the sole right to determine whether or not any action shall be taken.

4.4 Upon the expiration or termination of this Agreement, Licensee shall cease all use of the Licensed Intellectual Property (including the EB Database), as soon as commercially and technically practicable, and shall remove or delete the Licensed Intellectual Property and any

material derived from the EB Database from the Internet Sites, and from any advertising and promotional materials used in connection therewith, as soon as commercially and technically practicable, but in no event shall any such material remain on the Internet Sites more than thirty (30) days after termination of this Agreement by Licensor or Licensee, as the case may be, or expiration of this Agreement, as applicable, and at Licensor's request, Licensee shall certify in writing to Licensor such removal or erasure.

4.5 Licensee shall cause the trademark notice "(R)" or "(TM)" and/or the legend: "[Trademark] is a trademark of [Licensor/third party owner (as the case may be)] and is used under license" and/or such other legend as reasonably requested in writing by Licensor from time to time, to appear in conjunction with promotional materials and on the Internet Sites.

5. OWNERSHIP

As between Licensor and Licensee, irrespective of any termination of this Agreement howsoever caused, Licensor is or shall be the exclusive owner of and shall retain all right, title and interest to the Licensed Intellectual Property (including the EB Database) set forth in Exhibit A except for such rights granted hereunder. In connection with Licensor's exclusive ownership, right, title and interest to the Licensed Intellectual Property, Licensor agrees to file all appropriate documents in any country deemed necessary to register the Licensed Intellectual Property for Licensee's use in connection with the operation of the Britannica.com Web Site. Further, Licensor acknowledges its duty to maintain any and all registrations of the Licensed Intellectual Property.

6. COMPENSATION

6.1 Each fiscal quarter during the IP Term, Licensee will pay Licensor a licensing fee equal to the greater of (a) twenty-five percent (25%) of the Minimum Fee or (b) five percent (5%) of Licensee's Gross Revenues for the period commencing on the first day of the applicable fiscal quarterly period and ending on the last day of the applicable fiscal quarterly period (the "Licensing Fee").

6.2 Licensee will compute Gross Revenues as of the last day of each of Licensee's fiscal quarterly periods for the applicable fiscal quarterly period. Within sixty (60) days after Licensee's fourth (4th) fiscal quarterly period and within forty-five (45) days after each of Licensee's first three (3) fiscal quarterly periods, Licensee will deliver to Licensor a statement setting forth Gross Revenues for the applicable fiscal quarterly period and will pay Licensor the Licensing Fee for such period. Acceptance by Licensor of any statement or payment shall not preclude Licensor from challenging the accuracy thereof.

6.3 Licensee, with Licensor's consent, may pay Licensor the Licensing Fee entirely, or in part, with options or warrants to purchase shares of Licensee's common stock.

7. ACCOUNTINGS

Licensee will maintain accurate books and records that report the recognition of Gross Revenues. Licensor may, at its own expense, examine and copy those books and records, as provided in this paragraph. Licensor may make such an examination for a particular statement within three years after the date when Licensee sends Licensor the statement concerned. Licensor may make such examination only during Licensee's usual business hours, and at the place where Licensee keeps its books and records. Licensor will be required to notify Licensee at least two (2) weeks before the date of planned examination. If an examination has not been completed within two months from commencement, Licensee at any time may require Licensor to terminate such examination on seven days notice to Licensor, provided that Licensee has cooperated with Licensor in the examination of such books and records.

8. WARRANTIES; REPRESENTATIONS; COVENANTS

8.1 Licensor represents, warrants and covenants that:

- (a) it has full power and authority to enter into and fully perform this Agreement;
- (b) it owns the Licensed Intellectual Property (including the EB Database) and has sufficient right and authority to grant to Licensee all licenses and rights granted by Licensor hereunder;
- (c) to Licensor's knowledge, the Licensed Intellectual Property (including the EB Database) and the use thereof as permitted pursuant to this Agreement do not and will not violate any law or infringe upon or violate any rights of any Person;
- (d) the execution, delivery and performance by Licensor of this Agreement will not conflict with, result in a breach or termination of, or constitute a default under any lease, agreement, commitment or other instrument to which Licensor is a party;
- (e) this Agreement constitutes the valid and binding obligations of Licensor;
and
- (f) it will comply with all provisions of this Agreement and will keep the EB Database accurate and up-to-date in accordance with Section 2.3.

8.2 Licensee represents, warrants and covenants that:

- (a) it has full power and authority to enter into and fully perform this Agreement;
- (b) this Agreement constitutes the valid and binding obligations of Licensee;

(c) the Internet Sites and any content developed or furnished by Licensee hereunder in connection with its Internet Sites and the use thereof, to Licensee's knowledge, will not infringe upon or violate any rights of any Person;

(d) it will use its best efforts to ensure that its Internet Sites will be advertised, transmitted and licensed in compliance with all applicable federal, state, local and foreign laws and in a manner that will not reflect adversely on Licensor;

(e) it will use the license granted to it pursuant to this Agreement only in furtherance of the Online Business;

(f) it will not act in any manner that in Licensor's reasonable opinion will:

(i) subject Licensor to unfavorable regulatory action;

(ii) subject Licensor to liability for any reason;

(iii) violate any law;

(iv) infringe the rights of any Person; or

(v) harm Licensor, any of Licensor's products or any Licensed Intellectual

Property; and

(g) so long as Licensee is using the "Britannica" trademark, it will not knowingly use any Content that includes material derived from an encyclopedia that competes with any encyclopedia of Licensor or its affiliates without Licensor's prior written consent.

9. NON-COMPETITION OBLIGATIONS

9.1 During the EB Non-Compete Period, EB will not, and will not permit any EB Affiliate (other than Licensee and its subsidiaries) to, engage in any EB Prohibited Business; provided, however, in the event EB complies with its obligations under Section 9.4, for a period not to exceed the Post-Acquisition Period, EB or an EB Affiliate may engage in the acquired business related to such Post-Acquisition Period.

9.2 During the Britannica.com Non-Compete Period, Britannica.com will not, and will not permit any Britannica.com Affiliate (other than Licensor and its subsidiaries) to, engage in any Britannica.com Prohibited Business; provided, however, in the event Britannica.com complies with its obligations under Section 9.5, for a period not to exceed the Post-Acquisition Period, Britannica.com or a Britannica.com Affiliate (other than Licensor and its subsidiaries) may engage in the acquired business related to such Post-Acquisition Period.

9.3 Nothing contained herein shall be construed so as to preclude (a) Britannica.com from promoting its businesses within the Media or (b) EB from promoting its businesses within the Media.

9.4 First Offer/First Refusal of an EB Prohibited Business to Britannica.com.

(a) No later than the twentieth (20th) day following the acquisition of an EB Prohibited Business by EB or an EB Affiliate (other than Licensee and its subsidiaries) from a third party, EB and Britannica.com will engage in the following procedures:

(b) EB will notify Britannica.com in writing of its acquisition of an EB Prohibited Business (an "EB First Offer Notice"), which notice will describe the business in sufficient detail to permit Britannica.com to make an informed decision about whether to acquire or license that business. Upon Britannica.com's written request, EB will promptly provide Britannica.com with such additional information as Britannica.com reasonably requests regarding the business, pursuant to the terms of an appropriate confidentiality agreement between the parties.

(c) Within ninety (90) days of the receipt of an EB First Offer Notice, Britannica.com may deliver to EB an offer to acquire or license the business described in the EB First Offer Notice (a "Britannica.com First Offer Proposal"). Such offer shall set forth all of the material terms and conditions pursuant to which Britannica.com proposes to acquire or license the business.

(d) If Britannica.com does not deliver a Britannica.com First Offer Proposal, then EB or the EB Affiliate, as the case may be, prior to the conclusion of the Post-Acquisition Period, shall cease operating or dispose of the EB Prohibited Business.

(e) If Britannica.com delivers a Britannica.com First Offer Proposal, then, within ninety (90) days of receipt of the Britannica.com First Offer Proposal, EB shall notify Britannica.com of (a) its intention to accept such offer or (b) its intention to accept a bona fide superior offer, together with a description of the material terms of such offer, it has received from a third party to acquire or license the business (an "EB Third Party Offer").

(f) Within thirty (30) days following receipt of an EB Third Party Offer (the "EB Matching Period"), Britannica.com may notify EB of its offer to acquire the business on the terms described in the EB Third Party Offer (an "EB Matching Notice").

(g) If Britannica.com delivers a Matching Notice or EB accepts any other Britannica.com offer to acquire or license such business, then Britannica.com and EB shall act in good faith to complete definitive documentation of the acquisition or licensing transaction within thirty (30) days thereafter.

(h) If Britannica.com does not deliver a Matching Notice, then EB may consummate the transaction described in the EB Third Party Offer; provided such transaction is consummated within sixty (60) days following the expiration of the Matching Period.

9.5 First Offer/First Refusal of a Britannica.com Prohibited Business to EB.

(a) No later than the twentieth (20th) day following the acquisition of an Britannica.com Prohibited Business by Britannica.com or any Britannica.com Affiliate (other than Licensor and its subsidiaries) from a third party, EB and Britannica.com will engage in the following procedures:

(b) Britannica.com will notify EB in writing of its acquisition of a Britannica.com Prohibited Business (a "Britannica.com First Offer Notice"), which notice shall describe the business in sufficient detail to permit EB to make an informed decision about whether to acquire or license that business. Upon EB's written request, Britannica.com will promptly provide EB with such additional information as EB reasonably requests regarding the business, pursuant to the terms of an appropriate confidentiality agreement between the parties.

(c) Within ninety (90) days of the Britannica.com First Offer Notice, EB may deliver to Britannica.com an offer to acquire or license the business described in the Britannica.com First Offer Notice (an "EB First Offer Proposal"). Such offer shall set forth all of the material terms and conditions pursuant to which EB proposes to acquire or license the business.

(d) If EB does not deliver an EB First Offer Proposal, then Britannica.com or the Britannica.com Affiliate, as the case may be, prior to the conclusion of the Post-Acquisition Period, shall cease operating or dispose of the Britannica.com Prohibited Business.

(e) If EB delivers an EB First Offer Proposal, then, within ninety (90) days of the EB First Offer Proposal, Britannica.com shall notify EB of (a) its intention to accept such offer or (b) its intention to accept a bona fide superior offer, together with a description of the material terms of such offer, it has received from a third party to acquire or license the business (a "Britannica.com Third Party Offer").

(f) Within thirty (30) days following a Britannica.com Third Party Offer (the "Britannica.com Matching Period"), EB may notify Britannica.com of its offer to acquire the business on the terms described in the Britannica.com Third Party Offer (a "Britannica.com Matching Notice").

(g) If EB delivers a Matching Notice or Britannica.com accepts any other EB offer to acquire or license such business, then EB and Britannica.com shall act in good faith to complete definitive documentation of the acquisition or licensing transaction within thirty (30) days thereafter.

(h) If EB does not deliver a Matching Notice, then Britannica.com may consummate the transaction described in the Britannica.com Third Party Offer; provided such transaction is consummated within sixty (60) days following the expiration of the Matching Period.

9.6 EB and Britannica.com agree not to disclose to any third party other than its legal counsel and financial advisers any information delivered pursuant to this Section 9, including, without limitation, the terms of any notice delivered hereunder, without the prior written consent of the other party.

10. DISPUTE RESOLUTION

10.1 In the event that any party to this Agreement has any claim, right or cause of action against any other party to this Agreement, which the parties will be unable to settle by agreement between themselves, such claim, right or cause of action, to the extent that the relief sought by such party is for monetary damages or awards, will be determined by arbitration in accordance with the provisions of this Section 10.

10.2 The party or parties requesting arbitration will serve upon the other or others a demand therefor, in writing, specifying the matter to be submitted to arbitration, and nominating a competent disinterested person to act as an arbitrator. Within 30 days after receipt of such written demand and nomination, the other party or parties will, in writing, nominate a competent disinterested person, and the two (2) arbitrators so designated will, within 15 days thereafter, select a third arbitrator. The three (3) arbitrators will give immediate written notice of such selection to the parties and will fix in said notice a time and place of the meeting of the arbitrators which will be as soon as conveniently possible (but in no event later than 30 days after the appointment of the third arbitrator), at which time and place the parties to the controversy will appear and be heard with respect to the right, claim or cause of action.

10.3 In case the notified party or parties will fail to make a selection upon notice within the time period specified, the party asserting such claim will appoint an arbitrator on behalf of the notified party. In the event that the first two (2) arbitrators selected will fail to agree upon a third arbitrator within 15 days after their selection, then such arbitrator may, upon application made by either of the parties to the controversy, be appointed by any judge of any United States court of record having jurisdiction in the State of Illinois.

10.4 Each party will present such testimony, examinations and investigations in accordance with such procedures and regulations as may be determined by the arbitrators and will also recommend to the arbitrators a monetary award to be adopted by the arbitrators as the complete disposition of such claim, right or cause of action. After hearing the parties in regard to the matter in dispute, the arbitrators will adopt as their determination with respect to such claim, right or cause of action, within 45 days of the completion of the examination, by majority decision signed in writing (together with a brief written statement of the reasons for adopting such recommendation), one of the recommendations submitted by the parties to the dispute, with such changes as the arbitrators deem necessary, and will grant no other relief or remedy. The decision of said arbitrators, absent fraud, duress or manifest error, will be final and binding upon the parties to such controversy and may be enforced in any court of competent jurisdiction.

10.5 The expense and cost of such arbitration will be borne by the party or parties whose recommendation was not adopted by the arbitrators. Each party will pay the fees and expenses of its own counsel.

10.6 Notwithstanding any other provisions of this Section 10, in the event that a party against whom any claim, right or cause of action is asserted commences, or has commenced against it, bankruptcy, insolvency or similar proceedings, the party or parties asserting such claim, right or cause of action will have no obligations under this Section 10 and may assert such claim, right or cause of action in the manner and forum it deems appropriate, subject to applicable laws. No determination or decision by the arbitrators pursuant to this Section 10 will limit or restrict the ability of any party hereto to obtain or seek in any appropriate forum, any relief or remedy that is not a monetary award or money damages.

11. INDEMNIFICATION

11.1 Licensee agrees to defend, indemnify and hold harmless Licensor from any and all third party allegations and claims directly or indirectly caused by Licensee's use of the Licensed Intellectual Property (including the EB Database) outside of the Media or otherwise in violation of this Agreement.

11.2 Licensor agrees to defend, indemnify and hold harmless Licensee from any and all third party allegations and claims directly or indirectly arising out of any claim that Licensee's use of any of the Licensed Intellectual Property (including the EB Database) as furnished by Licensor or otherwise permitted in accordance with the provisions of this Agreement violates or infringes the rights of any third party or violates or infringes any right granted by Licensor to such third party.

12. GENERAL

12.1 Neither Licensor nor Licensee may assign this Agreement, or its respective rights and obligations hereunder, in whole or in part without the other party's prior written consent. Any attempt to assign this Agreement without such consent shall be void and of no effect ab initio. Notwithstanding the immediately preceding sentence, any party may assign this Agreement or all, but not less than all, of its rights and obligations hereunder to any entity controlled by it or to any entity that acquires it by purchase of stock or by merger or otherwise, or by obtaining all or substantially all of its assets (a "Permitted Assignee"), provided that any such Permitted Assignee, or any division thereof, thereafter succeeds to all of the rights and is subject to all of the obligations of the assignor under this Agreement; provided, however, the provisions of this Section 12.1 shall in no way modify the provisions of Section 3.5.

12.2 This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State.

12.3 Each party hereto irrevocably submits to the exclusive jurisdiction of (a) the courts of the State of Illinois, Cook County, or (b) the United States District Court for the Northern District of Illinois, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby or thereby. Each party agrees to commence any such action, suit or proceeding either in the United States District Court for the

Northern District of Illinois or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the courts of the State of Illinois, Cook County. Each party further agrees that service of any process, summons, notice or documents by U.S. registered mail to such party's respective address set forth below shall be effective service of process for any action, suit or proceeding in Illinois with respect to any matters to which it has submitted to jurisdiction in this Section 12.3. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby and thereby in (i) the courts of the State of Illinois, Cook County, or (ii) the United States District Court for the Northern District of Illinois, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

12.4 If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any Person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other Persons or circumstances, and the parties shall endeavor to fulfill the intent of the severed provision to the extent permitted by law.

12.5 All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and shall be deemed given when so delivered by hand, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

To Licensee: Britannica.com Inc.
310 South Michigan Avenue
Chicago, Illinois 60604
Attention: Chief Executive Officer
Telecopy: 312/294-2160

With a copy to: General Counsel

To Licensor: Encyclopaedia Britannica, Inc.
310 South Michigan Avenue
Chicago, Illinois 60604
Attention: President
Telecopy: 312/294-2108

With a copy to: Chief Operating Officer

12.6 The provisions of Sections 9, 10, 11 and 12 hereof shall survive any termination of this Agreement.

12.7 The parties to this Agreement are independent contractors. There is no relationship of partnership, joint venture, employment, franchise or agency between the parties. No party shall have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent.

12.8 No failure of any party to exercise or enforce any of its rights under this Agreement shall act as a waiver of such right.

12.9 This Agreement, along with the Exhibits hereto, contains the entire agreement and understanding among the parties hereto with respect to the subject matter hereof and, except as otherwise provided herein, supersedes all prior agreements and understandings related to such subject matter. No party shall be liable or bound to any other party in any manner by any representations, warranties or covenants related to such subject matter except as specifically set forth herein.

12.10 This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each of the other parties.

12.11 This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

12.12 This Agreement is for the sole benefit of the parties hereto and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto any legal or equitable rights hereunder.

12.13 The headings contained in this Agreement or in any Exhibit hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement. When a reference is made in this Agreement to a Section or an Exhibit, such reference shall be to a Section of, or an Exhibit to, this Agreement unless otherwise indicated.

12.14 Each of the parties acknowledges that there is no adequate remedy at law for failure of the parties to comply with the provisions of this Agreement and that such failure would cause immediate harm that would not be adequately compensable in damages, and therefore agree that their agreements contained herein may be specifically enforced without the requirement of posting a bond or other security, in addition to all other remedies available to parties hereto under this Agreement.

[The remainder of this page intentionally is left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed by their duly authorized representatives as of the date first above written.

BRITANNICA.COM INC., a Delaware corporation formerly known as Encyclopaedia Britannica, Inc.

By: _____
Name: _____
Title: _____

ENCYCLOPAEDIA BRITANNICA, INC., a Delaware corporation formerly known as Encyclopaedia Britannica Educational Corporation

By: _____
Name: _____
Title: _____

EXHIBIT A

EB Trademarks, Copyrights and Other Intellectual Property

Licensed Intellectual Property

REGISTERED TRADEMARKS

<u>Trademark</u>	<u>Country(ies)</u>
BRITANNICA	Argentina Australia Benelux Bulgaria Canada Chile Columbia Costa Rica Croatia Dominican Republic Federal Republic of Germany France Greece Haiti Hong Kong Hungary Indonesia Iran Israel Italy Japan Korea (South) Malaysia Mauritius Mexico New Zealand Nicaragua Norway Peru Portugal Republic of Ireland Saudi Arabia Singapore

<u>Trademark</u>	<u>Country(ies)</u>
BRITANNICA (continued)	South Africa Sweden Thailand United Kingdom United States of America Venezuela
BRITANNICA ELECTRONIC INDEX	USA
BRITANNICA INSTANT RESEARCH	USA
BRITANNICA ONLINE	USA
BRITANNICA SAMPLER	USA
CYBERPAEDIA	USA
ENCYCLOPAEDIA BRITANNICA	Argentina Australia Bahama Islands Benelux Bolivia Brazil Chile Colombia Costa Rica Cuba Dominican Republic Ecuador El Salvador Guatemala Honduras Iran Italy Mexico Nicaragua Panama Paraguay Peru Puerto Rico Spain Suriname Turkey United Kingdom
ENCYCLOPAEDIA BRITANNICA (continued)	

Trademark

Country(ies)

EB

USA
Uruguay
Venezuela

Turkey
USA

COMMON LAW TRADEMARKS

www.britannica.com

For a period not to exceed two (2) years from the Effective Time,
www.eb.com

www.britannica.co.au

www.britannica.co.uk

COPYRIGHTS

Copyright

Number

BRITANNICA CD

TX3 997-978

BRITANNICA CD 97

TX4 530-149

BRITANNICA CD 2.0

TX4 226-193

BRITANNICA ELECTRONIC INDEX

TX3 618-279

BRITANNICA ONLINE

TX4 057-747

BRITANNICA ONLINE 98.1 VERSION

NONE

COMPTON'S ELECTRONIC DATABASE
(per License Agreement with
TLC Multimedia, Inc. dated June 30, 1999)

1999 ENCYCLOPAEDIA BRITANNICA
ONLINE

NONE

OTHER INTELLECTUAL PROPERTY

For use in the display of Britannica Online and other Web site
Content of Britannica.com, U.S. PAT. No. 5,241,671

EXHIBIT C

FORM OF INTERCOMPANY SERVICES AND FACILITIES AGREEMENT

This Intercompany Services and Facilities Agreement (this "Agreement") is being entered into as of the 30th day of September, 1999 and is entered into by and between Britannica.com Inc. ("Britannica.com"), a Delaware corporation formerly known as Encyclopaedia Britannica, Inc., a New York corporation ("Old EB"), and Encyclopaedia Britannica, Inc. ("New EB"), a Delaware corporation formerly known as Encyclopaedia Britannica Educational Corporation, a New York corporation ("EBEC").

RECITALS

- A. Historically, Old EB operated as a group of combined businesses including, among other things, the businesses of (1) (a) publishing, distributing and selling print encyclopedia sets and other works directly and indirectly around the world and (b) maintaining an encyclopedic and index database (the "Print Business") and (2) (a) providing consumers and educational institutions with online access to a digital encyclopedia and various other online research and news services through various Web sites, including the Web site commonly known as *www.britannica.com*, (b) publishing and distributing CD/DVD ROMs and (c) developing additional digital products (the "Online Business");
- B. Recently, Old EB changed its name to Britannica.com and, pursuant to the Amended and Restated Acquisition and Assumption Agreement (the "Acquisition Agreement"), dated as of September 30, 1999, between Old EB and EBEC, which recently changed its name to Encyclopaedia Britannica, Inc., Old EB transferred substantially all of its assets, rights and interests, other than certain of those related to the Online Business, to EBEC;
- C. In connection with its operation of the Online Business, Britannica.com desires to obtain various corporate, administrative and other services (the "EB Services") from New EB, and New EB desires to provide such EB Services to Britannica.com; and
- D. In connection with its operation of the Print Business, New EB desires to obtain various technical services (the "Britannica.com Services") from Britannica.com, and Britannica.com desires to provide such Britannica.com Services to New EB.

THEREFORE, THE PARTIES HEREBY AGREE AS FOLLOWS:

Section 1. EB Services.

New EB or, at its option, its subsidiaries will, if requested by Britannica.com, render to Britannica.com the following EB Services in accordance with the terms of this Agreement:

(a) **Corporate Services.** New EB, directly or through its subsidiaries, will provide Britannica.com with the services described in Exhibit A hereto, at the cost specified and on the other terms and conditions set forth in Exhibit A.

(b) **Space Sharing.** From the Effective Time (as defined in Section 1.1 of the Acquisition Agreement) through December 31, 2002, New EB will make the office space set forth in Exhibit B available to Britannica.com at the cost specified and on the other terms and conditions set forth in Exhibit B.

(c) **Other Services.** If Britannica.com requests services that exceed the scope or extent of the EB Services provided for herein, and if New EB agrees to provide such services, New EB and Britannica.com will negotiate in good faith the terms and conditions, including price, under which New EB will provide such EB Services; provided, however, that the terms and conditions, including price, upon which New EB will provide those EB Services to Britannica.com shall be no less favorable to Britannica.com than the terms and conditions, including price, upon which New EB provides comparable services to unaffiliated third parties.

Section 2. Britannica.com Services.

(a) Britannica.com or, at its option, its subsidiaries will, if requested by New EB, provide New EB with the technical and marketing services and products described in Exhibit C hereto, at the cost specified and on the other terms and conditions set forth in Exhibit C.

(b) If New EB requests services that exceed the scope or extent of the Britannica.com Services provided for herein, and if Britannica.com agrees to provide such services, Britannica.com and New EB will negotiate in good faith the terms and conditions, including price, under which Britannica.com will provide such Britannica.com Services; provided, however, that the terms and conditions, including price, upon which Britannica.com will provide those Britannica.com Services to New EB shall be no less favorable to New EB than the terms and conditions, including price, upon which Britannica.com provides comparable services to unaffiliated third parties.

Section 3. Compensation.

(a) Britannica.com will pay to New EB within thirty (30) days after invoice date a fee for each of the EB Services equal to the amount described in the appropriate Exhibit hereto related to such EB Service, provided that in the event Britannica.com terminates any EB Service in accordance with Section 4 hereof, the fee for such EB Service shall cease to accrue on and after the effective date of such termination. Late payments shall accrue interest at a rate equal to the base corporate lending rate at Bank One at the end of New EB's most recent fiscal quarter plus two hundred (200) basis points.

(b) New EB will pay to Britannica.com within thirty (30) days after invoice date a fee for each of the Britannica.com Services equal to the amount described on Exhibit C hereto related to such Britannica.com Service, provided that in the event New EB terminates any Britannica.com Service in accordance with Section 4 hereof, the fee for such Britannica.com

Service shall cease to accrue on and after the effective date of such termination. Late payments shall accrue interest at a rate equal to the base corporate lending rate at Bank One at the end of Britannica.com's most recent fiscal quarter plus two hundred (200) basis points.

Section 4. Term.

(a) Except as otherwise provided in Section 1(b), the term of this Agreement shall begin at the Effective Time and shall continue for an indefinite period in full force and effect until it is terminated sooner in accordance with this Agreement (the "Term").

(b) New EB will have the right (but not the obligation) to terminate this Agreement:

(i) if Britannica.com is in material breach of any of its obligations hereunder, which breach is not cured within thirty (30) days of receipt of written notice from New EB of such breach;

(ii) if Britannica.com is the subject of a voluntary petition in bankruptcy or any voluntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, or becomes the subject of any involuntary petition in bankruptcy or any involuntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, if such petition or proceeding is not dismissed within ninety (90) days of filing;

(iii) if Britannica.com involuntarily dissolves or is dissolved;

(iv) if Britannica.com is judicially adjudicated insolvent or generally is unable to pay its debts as they mature or makes an assignment for the benefit of its creditors;

(v) upon at least one hundred eighty (180) days' prior written notice to Britannica.com, in the event Encyclopaedia Britannica Holding, S.A., a Luxembourg corporation, its successors and assigns and New EB's and Britannica.com's common parent corporation ("EB Holding"), or any subsidiary or parent of either New EB or EB Holding ceases to own any of the stock of Britannica.com; or

(vi) with respect to the receipt of Britannica.com Services only, upon at least one hundred eighty (180) days' prior written notice to Britannica.com.

(c) Britannica.com will have the right (but not the obligation) to terminate this Agreement:

(i) if New EB is in material breach of any of its obligations hereunder, which breach is not cured within thirty (30) days of receipt of written notice from Britannica.com of such breach;

(ii) if New EB is the subject of a voluntary petition in bankruptcy or any voluntary proceeding related to insolvency, receivership, liquidation or composition for the benefit of creditors, or becomes the subject of any involuntary petition in bankruptcy or any involuntary proceeding related to insolvency, receivership, liquidation or

composition for the benefit of creditors, if such petition or proceeding is not dismissed within ninety (90) days of filing;

(iii) if New EB involuntarily dissolves or is dissolved;

(iv) if New EB is judicially adjudicated insolvent or generally is unable to pay its debts as they mature or makes an assignment for the benefit of its creditors;

(v) upon at least one hundred eighty (180) days' prior written notice to New EB, in the event EB Holding, or any subsidiary or parent of either Britannica.com or EB Holding ceases to own any of the stock of New EB; or

(vi) with respect to the receipt of EB Services only, upon at least one hundred eighty (180) days' prior written notice to New EB.

(d) New EB will have the right (but not the obligation) to terminate this Agreement upon at least one hundred eighty (180) days' prior written notice to Britannica.com, following the acquisition of the beneficial ownership of more than fifty percent (50%) (the "Threshold") of the voting power represented by the voting securities of Britannica.com, any successor thereto or any Permitted Assignee (as defined in Section 10(a) of this Agreement) by any person or "group" within the meaning of Sections 13(d)(3) and 14(d)(2) of the Securities Exchange Act of 1934, as amended (the "Exchange Act") or any successor provision to either of the foregoing, including any group acting for the purpose of acquiring, holding, voting or disposing of securities within the meaning of Rule 13d-5(b)(1) under the Exchange Act or any successor provision thereof (a "group") other than EB Holding, any affiliate of EB Holding, New EB or any affiliate of New EB. For purposes of this Agreement, (i) the term "beneficial ownership" shall have the meaning set forth in Rule 13d-3 of the Exchange Act or any successor provisions thereof, (ii) the term "voting securities" means the equity securities issued by Britannica.com having the power to vote generally in the election of directors of Britannica.com and (iii) the term "affiliate" means a person directly or indirectly controlled by, controlling or under common control with another person. For purposes of this Section 4(d), an acquisition shall not include the acquisition by a person of voting securities of Britannica.com pursuant to an involuntary disposition by New EB through foreclosure or similar event. In the event any person acquires beneficial ownership of voting power in excess of the Threshold as a result of a transaction described in the immediately preceding sentence, the Threshold with respect to such person shall be adjusted to an amount equal to the percentage of beneficial ownership held by such person immediately following such transaction.

(e) A party may exercise its right to terminate pursuant to this Section 4 by sending appropriate written notice to the other party. No exercise by a party of its rights under this Section 4 will limit its remedies by reason of the other party's default, the party's rights to exercise any other rights under this Section 4, or any of that party's other rights.

Section 5. Records and Accounts.

(a) New EB will maintain accurate books, records and accounts of all transactions related to the EB Services performed by it pursuant to this Agreement. Britannica.com may, at its own expense, examine and copy those books and records as provided in this Section 5(a). Such

books, records and accounts will be maintained in a manner that allows Britannica.com to separate these matters from those related to New EB's other operations. Such books, records and accounts will reflect such information as would normally be examined by an independent accountant in performing an audit pursuant to United States generally accepted auditing standards for the purpose of certifying financial statements, and to permit verification thereof by governmental agencies. Britannica.com may make examinations pursuant hereto during New EB's usual business hours, and at the place in the continental United States where New EB regularly keeps these books and records. Britannica.com will be required to notify New EB at least two (2) weeks before the date of planned examination. If Britannica.com's examination is not completed within two months from commencement, New EB at any time may require Britannica.com to terminate such examination upon at least seven (7) days' prior written notice to Britannica.com, provided that New EB has cooperated with Britannica.com in the examination of such books and records.

(b) Britannica.com will maintain accurate books, records and accounts of all transactions related to the Britannica.com Services performed by it pursuant to this Agreement. New EB may, at its own expense, examine and copy those books and records as provided in this Section 5(b). Such books, records and accounts will be maintained in a manner that allows New EB to separate these matters from those related to Britannica.com's other operations. Such books, records and accounts will reflect such information as would normally be examined by an independent accountant in performing an audit pursuant to United States generally accepted auditing standards for the purpose of certifying financial statements, and to permit verification thereof by governmental agencies. New EB may make examinations pursuant hereto during Britannica.com's usual business hours, and at the place in the continental United States where Britannica.com regularly keeps these books and records. New EB will be required to notify Britannica.com at least two (2) weeks before the date of planned examination. If New EB's examination is not completed within two months from commencement, Britannica.com at any time may require New EB to terminate such examination upon at least seven (7) days' prior written notice to New EB, provided that Britannica.com has cooperated with New EB in the examination of such books and records.

Section 6. No Restrictions.

Nothing in this Agreement shall limit or restrict the right of any of New EB's directors, officers or employees or any of Britannica.com's directors, officers or employees to engage directly or indirectly in the same or similar business activities or lines of business as New EB or Britannica.com, respectively, or limit or restrict the right of New EB or Britannica.com to engage in any other business or to render or obtain, as the case may be, services of any kind to or from, as the case may be, any corporation, firm, individual, trust or association.

Section 7. Independent Contractors.

New EB and Britannica.com are independent contractors. There is no relationship of partnership, joint venture, employment, franchise or agency between New EB and Britannica.com. Neither New EB nor Britannica.com shall have the power to bind the other or incur obligations on the other's behalf without the other's prior written consent. When New EB's employees act under the terms of this Agreement with respect to the EB Services, they shall be deemed at all times to be under the supervision and responsibility of New EB; and no person

employed by New EB and acting under the terms of this Agreement shall be deemed to be acting as agent or employee of Britannica.com or any customer of Britannica.com for any purpose whatsoever. When Britannica.com's employees act under the terms of this Agreement with respect to the Britannica.com Services, they shall be deemed at all times to be under the supervision and responsibility of Britannica.com; and no person employed by Britannica.com and acting under the terms of this Agreement shall be deemed to be acting as agent or employee of New EB or any customer of New EB for any purpose whatsoever.

Section 8. Other Agreements.

From time to time, Britannica.com or New EB, as the case may be, may find it necessary or desirable either to enter into agreements covering services of the type contemplated by this Agreement to be provided by parties other than New EB or Britannica.com, as the case may be, or to enter into other agreements covering functions to be performed by New EB or Britannica.com, as the case may be, hereunder. Nothing in this Agreement shall be deemed to limit in any way the right of Britannica.com or New EB, as the case may be, to acquire such services from others or to enter into such other agreements.

Section 9. Confidentiality.

New EB and Britannica.com each agree to hold in strict confidence, and to use reasonable efforts to cause each of their employees and representatives to hold in strict confidence, all confidential information concerning New EB or Britannica.com, as the case may be, furnished to or obtained by the other party in the course of performing the obligations provided for under this Agreement except to the extent that (a) such information has been in the public domain through no fault of New EB or Britannica.com, as the case may be, (b) disclosure or release is compelled by judicial or administrative process or (c) in the opinion of counsel to New EB or Britannica.com, as the case may be, disclosure or release is necessary pursuant to requirements of law or the requirements of any governmental entity including, without limitation, disclosure requirements under the securities laws of the United States or similar laws of other jurisdictions applicable to New EB or Britannica.com, as the case may be.

Section 10. Dispute Resolution.

(a) In the event that any party to this Agreement has any claim, right or cause of action against any other party to this Agreement, which the parties will be unable to settle by agreement between themselves, such claim, right or cause of action, to the extent that the relief sought by such party is for monetary damages or awards, will be determined by arbitration in accordance with the provisions of this Section 10.

(b) The party or parties requesting arbitration will serve upon the other or others a demand therefor, in writing, specifying the matter to be submitted to arbitration, and nominating a competent disinterested person to act as an arbitrator. Within thirty (30) days after receipt of such written demand and nomination, the other party or parties will, in writing, nominate a competent disinterested person, and the two (2) arbitrators so designated will, within fifteen (15) days thereafter, select a third arbitrator. The three (3) arbitrators will give immediate written notice of such selection to the parties and will fix in said notice a time and place of the meeting of the arbitrators which will be as soon as conveniently possible (but in no event later than thirty

(30) days after the appointment of the third arbitrator), at which time and place the parties to the controversy will appear and be heard with respect to the right, claim or cause of action.

(c) In case the notified party or parties will fail to make a selection upon notice within the time period specified, the party asserting such claim will appoint an arbitrator on behalf of the notified party. In the event that the first two (2) arbitrators selected will fail to agree upon a third arbitrator within fifteen (15) days after their selection, then such arbitrator may, upon application made by either of the parties to the controversy, be appointed by any judge of any United States court of record having jurisdiction in the State of Illinois.

(d) Each party will present such testimony, examinations and investigations in accordance with such procedures and regulations as may be determined by the arbitrators and will also recommend to the arbitrators a monetary award to be adopted by the arbitrators as the complete disposition of such claim, right or cause of action. After hearing the parties in regard to the matter in dispute, the arbitrators will adopt as their determination with respect to such claim, right or cause of action, within forty-five (45) days of the completion of the examination, by majority decision signed in writing (together with a brief written statement of the reasons for adopting such recommendation), one of the recommendations submitted by the parties to the dispute, with such changes as the arbitrators deem necessary, and will grant no other relief or remedy. The decision of said arbitrators, absent fraud, duress or manifest error, will be final and binding upon the parties to such controversy and may be enforced in any court of competent jurisdiction.

(e) The expense and cost of such arbitration will be borne by the party or parties whose recommendation was not adopted by the arbitrators. Each party will pay the fees and expenses of its own counsel.

(f) Notwithstanding any other provisions of this Section 10, in the event that a party against whom any claim, right or cause of action is asserted commences, or has commenced against it, bankruptcy, insolvency or similar proceedings, the party or parties asserting such claim, right or cause of action will have no obligations under this Section 10 and may assert such claim, right or cause of action in the manner and forum it deems appropriate, subject to applicable laws. No determination or decision by the arbitrators pursuant to this Section 10 will limit or restrict the ability of any party hereto to obtain or seek in any appropriate forum, any relief or remedy that is not a monetary award or money damages.

Section 11. Miscellaneous.

(a) Neither party may assign this Agreement, or their respective rights and obligations hereunder, in whole or in part without the other party's prior written consent. Any attempt to assign this Agreement without such consent shall be void and of no effect ab initio. Notwithstanding the immediately preceding sentence, any party may assign this Agreement or all, but not less than all, of its rights and obligations hereunder to any entity controlled by it or to any entity that acquires it by purchase of stock or by merger or otherwise, or by obtaining all or substantially all of its assets (a "Permitted Assignee"), provided that any such Permitted Assignee, or any division thereof, thereafter succeeds to all of the rights and is subject to all of the obligations of the assignor under this Agreement; provided, however, the provisions of this Section 11(a) shall in no way modify the provisions of Section 4(d).

(b) This Agreement shall be governed by and construed in accordance with the internal laws of the State of Illinois applicable to agreements made and to be performed entirely within such State, without regard to the conflicts of law principles of such State. Each party shall comply in all respects with all laws and regulations applicable to its activities under this Agreement.

(c) Notwithstanding the provisions of Section 10, each party hereto irrevocably submits to the exclusive jurisdiction of (a) the courts of the State of Illinois, Cook County, or (b) the United States District Court for the Northern District of Illinois, for the purposes of any suit, action or other proceeding arising out of this Agreement or any transaction contemplated hereby or thereby. Each of New EB and Britannica.com agrees to commence any such action, suit or proceeding either in the United States District Court for the Northern District of Illinois or if such suit, action or other proceeding may not be brought in such court for jurisdictional reasons, in the courts of the State of Illinois, Cook County. Each of New EB and Britannica.com further agrees that service of any process, summons, notice or documents by U.S. registered mail to such party's respective address set forth below shall be effective service of process for any action, suit or proceeding in Illinois with respect to any matters to which it has submitted to jurisdiction in this Section 11(c). Each of New EB and Britannica.com irrevocably and unconditionally waives any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the transactions contemplated hereby and thereby in (i) the courts of the State of Illinois, Cook County, or (ii) the United States District Court for the Northern District of Illinois, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, suit or proceeding brought in any such court has been brought in an inconvenient forum.

(d) If any provision of this Agreement (or any portion thereof) or the application of any such provision (or any portion thereof) to any person or circumstance shall be held invalid, illegal or unenforceable in any respect by a court of competent jurisdiction, such invalidity, illegality or unenforceability shall not affect any other provision hereof (or the remaining portion thereof) or the application of such provision to any other persons or circumstances.

(e) All notices or other communications required or permitted to be given hereunder shall be in writing and shall be delivered by hand or sent, postage prepaid, by registered, certified or express mail or reputable overnight courier service and shall be deemed given when so delivered by hand, or if mailed, three days after mailing (one business day in the case of express mail or overnight courier service), as follows:

To Britannica.com:	Britannica.com Inc. 310 South Michigan Avenue Chicago, Illinois 60604 Attention: Chief Executive Officer Telecopy: 312/294-2160
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With a copy to:	General Counsel
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To New EB: Encyclopaedia Britannica, Inc.
310 South Michigan Avenue
Chicago, Illinois 60604
Attention: President
Telecopy: 312/294-2108

With a copy to: General Counsel

(f) The provisions of Sections 9, 10 and 11 hereof shall survive any termination of this Agreement.

(g) No failure of either party to exercise or enforce any of its rights under this Agreement shall act as a waiver of such right.

(h) This Agreement, along with the Exhibits hereto, contains the entire agreement and understanding between the parties hereto with respect to the subject matter hereof and supersedes all prior agreements and understandings related to such subject matter. Neither party shall be liable or bound to any other party in any manner by any representations, warranties or covenants related to such subject matter except as specifically set forth herein.

(i) This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement, and shall become effective when one or more such counterparts have been signed by each of the parties and delivered to each of the other parties.

(j) This Agreement may not be amended except by an instrument in writing signed on behalf of each of the parties hereto.

(k) This Agreement is for the sole benefit of the parties hereto and nothing herein expressed or implied shall give or be construed to give to any person, other than the parties hereto, any legal or equitable rights hereunder.

(l) The headings contained in this Agreement or in any Exhibit hereto are for reference purposes only and shall not affect in any way the meaning or interpretation of this Agreement. All Exhibits annexed hereto or referred to herein are hereby incorporated in and made a part of this Agreement as if set forth in full herein. Any capitalized terms used in any Exhibit but not otherwise defined therein, shall have the meaning as defined in this Agreement. When a reference is made in this Agreement to a Section or an Exhibit, such reference shall be to a Section of, or an Exhibit to, this Agreement unless otherwise indicated.

[The remainder of this page intentionally is left blank.]

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date set forth above.

BRITANNICA.COM INC., a Delaware corporation
formerly known as Encyclopaedia Britannica, Inc.

By: _____
Name:
Title:

ENCYCLOPAEDIA BRITANNICA, INC., a
Delaware corporation formerly known as
Encyclopaedia Britannica Educational Corporation

By: _____
Name:
Title:

EXHIBIT A

CORPORATE SERVICES

At the request of Britannica.com, New EB, by itself or through its subsidiaries, will provide the services described below:

(a) **Scope of Services.** New EB will provide Britannica.com with all services previously provided by Old EB and its subsidiaries to Britannica.com, including, without limitation, human resources, finance, accounting, building, general office, administrative, legal and index development services, as well as services required by Britannica.com by virtue of its status as a registrant under the federal securities laws.

(b) **Description of EB Services.**

(i) **Human Resources Services.** New EB will, among other things, recruit for and oversee Britannica.com's support staff, assist Britannica.com in its implementation of employment policies and procedures, ensure the compliance of all Britannica.com personnel with all Britannica.com employment policies and implement and administer Britannica.com's employee benefits programs such as Britannica.com's medical, dental and life insurance, retirement plans and other similar benefit programs.

New EB also will provide each Britannica.com employee with a fully functional work space, including cubes/offices, desks and file cabinets. New EB will repair, maintain, support and replace these items as needed.

(ii) **Finance Services.** New EB will, among other things, (A) maintain the books and records of Britannica.com; (B) collect, analyze and report all capital asset transactions and capital and expense budget information; (C) respond to all financial information requirements of Britannica.com; (D) manage all banking activities of Britannica.com, including cash receipts and Britannica.com borrowings; and (E) assist in the preparing and filing of certain reports that Britannica.com must file by virtue of its status as a registrant under the federal securities laws.

(iii) **Accounting Services.** New EB will, among other things, collect, analyze and report all employee time entry, revenue-generating transactions, disbursement and expense transactions, payroll activity, benefits information, accounts payable and accounts receivable.

(iv) **Administrative Services.** New EB will, among other things, provide general oversight of Britannica.com's offices and personnel and will maintain working relationships with all of Britannica.com's employee benefit carriers.

(v) **Legal Services.** New EB will, among other things, provide Britannica.com with legal advice and counsel on general corporate and employment matters.

(vi) Building and General Office Services. New EB will, among other things, provide Britannica.com with general building services, including general office repair and maintenance services, in addition to those facility repair and maintenance services provided by New EB pursuant to Exhibit B, and mailroom and copier services.

(vii) Index Development Services. New EB will, among other things, provide Britannica.com with development services related to indexing/IMARS.

(c) Quality of Services. New EB will provide the above services at a quality level that is at least equal to the quality of services being performed by Old EB prior to the Effective Time.

(d) Price of Services. For each of the services listed above, Britannica.com will pay New EB an amount equal to (i) the cost of such service that is attributable to Britannica.com's usage, including employee salaries and benefits, plus (ii) a general and administrative charge of five percent (5%). New EB will invoice Britannica.com for such costs within thirty (30) days of the end of each month for services rendered in such month and Britannica.com will pay such invoice within thirty (30) days of receipt.

EXHIBIT B

SPACE SHARING

(a) License to Use Space. For the term of this Agreement, New EB will permit Britannica.com to use a portion of New EB's (or any of its subsidiaries') facility located at 310 South Michigan Avenue, Chicago, IL 60604 (the "Facility") for general corporate purposes, subject to the terms and conditions set forth in this Agreement. The space to be used by Britannica.com will be as mutually agreed by the parties from time to time. Britannica.com's right to use a portion of New EB's Facility will terminate on the earlier of (i) one hundred eighty (180) days after New EB notifies Britannica.com that Britannica.com may no longer use any portion of the New EB Facility, (ii) one hundred eighty (180) days after Britannica.com notifies New EB that it no longer desires to use any portion of the New EB Facility or (iii) December 31, 2002. Britannica.com will vacate the New EB Facility on the termination of Britannica.com's right to use the New EB Facility in any of the manners listed above.

(b) Consideration. So long as Britannica.com uses any portion of the Facility, Britannica.com will pay New EB on the first day of each calendar month base rent for each square foot of the Facility occupied by Britannica.com determined in accordance with the following schedule ("Base Rent"):

<u>Year of Term</u>	<u>Base Rent Per Rentable Square Foot</u>
1	\$16.00
2	16.50
3 and thereafter	17.00

The parties agree that the Base Rent for each year of the Term represents the prevailing market rate per square foot for similar offices (taking all relevant factors into account, including location, age of facility and facility amenities) for such year. Payments for any partial calendar month shall be prorated on a per diem basis.

(c) Operating Expenses. In addition to Base Rent, Britannica.com will pay New EB on the first day of each calendar month as additional consideration Britannica.com's proportionate share, based on the aggregate square footage occupied by Britannica.com during the relevant period compared to the aggregate square footage occupied by New EB and its subsidiaries and Britannica.com and its subsidiaries during the relevant period of (i) insurance premiums for the New EB Facility in which Britannica.com occupies space and incurred by New EB and (ii) Operating Expenses (as defined below) and taxes for the New EB Facility in which Britannica.com occupies space and incurred by New EB, plus a general and administrative charge of one dollar (\$1) per square foot occupied by Britannica.com. The term "Operating Expenses" includes all expenses incurred by New EB with respect to the maintenance and operation of the New EB Facility in which Britannica.com occupies space. These items include,

but are not limited to: building services and maintenance costs charged New EB as prime lessee, snow removal, landscaping, window washing (interior and exterior), exterminating services, rubbish removal, electricity, water and sewer charges, managing agent fees, which will not exceed those customarily charged in the market for similar type properties, and other general facility repairs and maintenance charges.

BRITANNICA.COM SERVICES

At the request of New EB, Britannica.com, by itself or through its subsidiaries, will provide the services products described below:

(a) **Scope of Services.** Britannica.com will provide Britannica.com with all technical and marketing services and products previously provided by Old EB and its subsidiaries to New EB.

(b) **Description of Britannica.com Services.**

(i) **General Technical Services.** Britannica.com will provide New EB with access to and support for all New EB computer and software systems required to conduct New EB's business, including, among other things, internal systems, editorial systems, telecommunications and hardware and software support. In addition, Britannica.com will provide New EB with all services and products (including personal computers) related to and provided by the Publishing System Technical Support Group and the Personal Computer Support Group and will administer New EB's customer database.

(ii) **CD/DVD ROM Technical Services.** Britannica.com will provide New EB with technical support for New EB's development of CD/DVD ROMs and editorial content.

(iii) **Marketing Services.** In the United Kingdom and Australia, Britannica.com will market, administer, promote, sell and collect proceeds from the sale of certain print products, including the books commonly known as *Encyclopaedia Britannica* and the *Britannica Book of the Year*. Britannica.com also will provide, in the United Kingdom and Australia, the remaining management services required to complete the sale and collection of proceeds from the sale of such yearbooks as may be available from time to time.

(iv) **Products.** Britannica.com will provide New EB, at its cost, with copies of Britannica.com's CD/DVD ROMs and other products requested by New EB from time to time for use by New EB in certain markets and for distribution by New EB to customers in territories not covered by the license granted to Britannica.com by New EB pursuant to the Trademark and Copyright License and Non-Competition Agreement, dated as of September 30, 1999, between Britannica.com and New EB.

(c) **Quality of Services.** Britannica.com will provide the above services at a quality level that is at least equal to the quality of services being performed by Old EB prior to the Effective Time.

(d) **Price of Services.** For each of the services listed above, New EB will pay Britannica.com an amount equal to (i) the cost of such service that is attributable to New EB's usage, including employee salaries and benefits, plus (ii) a general and administrative charge of five percent (5%). Britannica.com will invoice New EB for such costs within thirty (30) days of the end of each month for services rendered in such month and New EB will pay such invoice within thirty (30) days of receipt.

RETAINED ASSETS

See Schedules 1.1.1, 1.1.2, 1.1.3, 1.1.4, 1.1.5, 1.1.6, 1.1.7, 1.1.8 and 1.1.10

RETAINED TANGIBLE PERSONAL PROPERTY

All computer equipment and software related to the Online Business, including, without limitation:

- the eBlast Metadata application;
- eBlast Outline tools; and
- Vignet StoryServer applications, such as the News VAC (value added content) application, the News Feeds and display on *www.britannica.com*, Editorial Content Creation for *www.britannica.com* (September 1999 release) and the *www.britannica.com* display (September 1999 release);

but, excluding:

- an undivided interest in Workflow Explorer - tool used to track articles going through the revision process, with check-in/check-out and versioning;
- the Editorial Control System - tool used to maintain metadata associated with an article, revisions, contributor information and commissioning information;
- the Commissioning System - tool used to communicate with contributors to aid in the commissioning of articles;
- the Art Assembly System - tool used to view and maintain multimedia, thumbnails, captions and credits;
- the Illustration Control System - tool used to track art and the metadata associated with it;
- Rights and Permissions - tool used to store and search information about the rights and permissions of multimedia;
- the NPS Tools;
- the Article Viewer - Web-based tool used to view data in the database, formatted;
- the DB Browser - Web-based tool used to view non-article data in the database;
- the Art Browser - Web-based tool used to view art and metadata in the database;
- the PSEDIT Viewer - Web-based tool used to view legacy data from the pre-existing mainframe publishing system;
- the Propaedia Viewer - Web-base tool used to graphically view data in the Propaedia hierarchy;

- the Image Map Checker - Web-based tool used to check and verify image maps associated with an image and its links;
- the Indexing Utility - tool used to view and maintain the Core index;
- the Thesaurus Utility - tool used to view and maintain the EB Thesaurus;
- the Singulars Utility - tool used to maintain relationships of specific terms of people, places and events;
- the World Data System - tools used to view and maintain the statistical data of a place;
- the FrameMaker+SGML - an Adobe product used to edit article (SGML) content; and
- the Timesheet System - an Innate product used to keep track and report on time spent in the editing process.

All tangible personal property located at EB offices in La Jolla and San Francisco, California and New York, New York

Inventory of CD/DVD ROMs and related components

Promotional and advertising materials related to the Online Business

RETAINED THIRD PARTY WARRANTIES; CLAIMS

Warranties, claims and other similar matters related to tangible personal property listed in Schedule
1.1.1

RETAINED CONTRACTS

Content Licenses

EBSCO Publishing
 WeatherNews, Inc.
 R.R. Bowker
 Inktomi, Inc.
 Washingtonpost Newsweek Interactive Company
 Reuters, Inc.
 American Association for the Advancement of Science

Software Licenses

All software licenses used in connection with the computer equipment and related software identified on Schedule 1.1.1, including those software licenses used in connection with the Online Business

Other Contracts

AdSmart, Inc.
 Razorfish, Inc.
 Frontier Global
 Ameritech Interactive Media Services, Inc.
 Einstein's Web Emporium
 Barnesandnoble.com LLC
 Andromedia, Inc.
 Critical Path, Inc.
 Deutsch, Inc.

All contracts for advertising, sponsorship, e-commerce and other activities relating to the Online Business

All contracts entered into by the San Francisco, California and New York, New York offices
 Employment contracts for those employees who will be employed by EB at and after the Effective Time, including all related liabilities for compensation and severance costs identified on Schedule 2.1

Royalty agreements entered into in connection with the Online Business for CD/DVD ROM and Britannica Online products marketed by EB as of the Effective Time

Equipment Leases

All leases or other contracts for computer equipment, software or maintenance agreements retained by EB, including any prepaid amounts or equity in future buy-outs related to such equipment

ICX Corporation
 Sun Microsystems
 Network Appliance
 [Dell]

Real Property Leases

Leases on offices in La Jolla and San Francisco, California and New York, New York

RETAINED PERMITS AND APPROVALS

All permits, including city business permits and sales tax permits

RETAINED INTELLECTUAL PROPERTY AND INTANGIBLES

Copyrights in Web site design, Web site reviews and supplemental content created solely for the Online Business, but not including copyrights in the EB Database (as defined in Section 1.6 of the License Agreement)

Fingerprint logo

"Eblast" database and associated technology

CD/DVD ROM and Britannica Online customer lists for CD/DVD ROM and Britannica Online products marketed by EB as of the Effective Time

RETAINED RECEIVABLES

Institutional Division accounts receivable

Advances to employees who will be employed by EB at and after the Effective Time

Credit card clearing accounts for American Express, Diners Club, Discover and MasterCard relating to CD/DVD ROMs, the Online Business and e-commerce business

Receivables from Mindscape (The Learning Company) for CD/DVD ROM distribution, including cash hold back amounts held by Mindscape for future merchandise returns and marketing development funds, if any

Intercompany accounts due to/from EB Australia relating to the Online Business

Intercompany accounts due to/from EB International (London branch) relating to the Online Business

RETAINED PREPAIDS

Security deposits and other prepayments for the La Jolla and San Francisco, California and New York, New York offices

Prepaid travel related to employees who will be employed by EB at and after the Effective Time

RETAINED CASH AND CASH EQUIVALENTS

The lesser amount of (a) operating cash held in the general account maintained by Bank One (formerly known as First National Bank of Chicago) as of the Effective Time or (b) One million dollars (\$1,000,000) plus unpaid trade payables described in Schedule 2.1, as of the Effective Time.

The lesser amount of (a) one million two hundred thousand dollars (\$1,200,000) or (b) the actual amount invested with Provident Institutional Funds

Cash, if any, in the following operating bank accounts:

<u>Bank</u>	<u>Account Name</u>	<u>Account Number</u>
Bank One	Main Account	# 52-85836
Bank One	Accounts Payable	# 94-11801
Bank One	PITA Account	# 52-10321
Bank One	Payroll	# 94-11828
Bank One	Rebate	# 94-29549
Bank One	Credit Card	# 52-85887
Bank One	Cash-In-Collateral (Line of Credit)	# 10-00272
Bank One	Cash-In-Collateral (EB Australia lease)	# 19-17331
First Union	Institutional Deposits	# 2014099632900
US Bank	TPL Deposits	# 194310726451
CIBC	Institutional Deposits (Canada)	# 34-29512

RETAINED EMPLOYEE PLAN ASSETS

None.

RETAINED LIABILITIES

Employee-related liabilities for those employees who will be employed by EB immediately following the Effective Time, including but not limited to accrued payroll, vacation pay, 401(k) matching obligations, employment taxes, withholding taxes, bonus plans, commission plans and severance liabilities

Liabilities for service and product liabilities associated with CD/DVD and Britannica Online sales prior to the Effective Time

Liabilities associated with the contracts retained by EB and identified on Schedule 1.1.3

Liabilities associated with offices in La Jolla and San Francisco, California and New York, New York, including, but not limited to, utility charges, telephone charges, services and assets in place

All trade payable obligations recorded prior to the Effective Time

Marketing development fund liability to Mindscape (The Learning Company) for promotions of CD/DVD ROM sales

Liabilities for returns, rebates, sales adjustments, price protection and similar credits to customers, distributors and retailers related to the Online Business

Liabilities to deliver Britannica Online to all institutional and individual customers

All legal, accounting, auditing, underwriting and similar other professional fees incurred by either party before or after the Effective Time that arise in conjunction with the contemplated public offering of shares of EB's common stock

All liabilities or obligations of whatever nature (whether absolute, accrued, fixed, contingent or otherwise and whether known or unknown) arising out of or related to circumstances or events existing prior to or occurring after the Effective Time related to the Online Business

All liabilities, if any, due Bank One under any outstanding lines of credit

All liabilities associated with short-term or interim financing arrangements (if any) at the Effective Time or incurred thereafter

Interim financing arrangements repayable upon a public offering of EB's or any of its successors' common stock

SUMMARY OF ASSETS AND LIABILITIES
TRANSFERRED AND RETAINED
(\$000's)

	Retained by Encyclopaedia Britannica, Inc.	Transferred to Encyclopaedia Britannica Educational Corporation
ASSETS		
Cash & Equivalents	3,881	2,130
Other A/R, net	4,327	1,667
Inventory, net	682	975
Prepaid Expenses	<u>778</u>	<u>243</u>
Total Current Assets	<u>9,668</u>	<u>5,015</u>
Investment in Subsidiaries	10,475	31,846
Advances to Affiliates	(150)	15,031
Fixed Assets, net	5,435	2,326
Lease Deposits and Other Assets	0	10,789
Negative Goodwill	0	15,059
Intangible Assets	<u>0</u>	<u>24,010</u>
Total Assets	<u>25,428</u>	<u>104,076</u>
LIABILITIES		
Accounts Payable	3,994	103
Accrued Liabilities	8,239	13,037
Deferred Revenue	5,304	0
Accrued Income Taxes	<u>0</u>	<u>550</u>
Total Current Liabilities	17,537	13,690
Notes Due Parent	0	155,690
Deferred Compensation	0	31,479
Other Deferred Liabilities	0	5,237
Deferred Income Tax Liability	0	535
Minority Interest	<u>0</u>	<u>0</u>
Total Liabilities	<u>17,537</u>	<u>206,631</u>