



To the Honorable Commissioner of

102106339

and original documents or copy thereof.

1. Name of conveying party(ies):

Frank Schaffer Productions, Inc.

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

2. Name and address of receiving party(ies):

The McGraw-Hill Companies, Inc.  
1221 Avenue of the Americas  
New York, New York 10020

- Individual(s) citizenship U.S.
- Association
- General Partnership
- Limited Partnership
- Corporation-State of New York
- Other

*1-16-02*

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

3. Nature of Conveyance:

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

Execution Date: May 17, 2001

If assignee is not domiciled in the United States, a domestic representative designated is attached  Yes  No

(Designations must be a separate document Assignment)

Additional name(s) & Address(es) attached  Yes  No

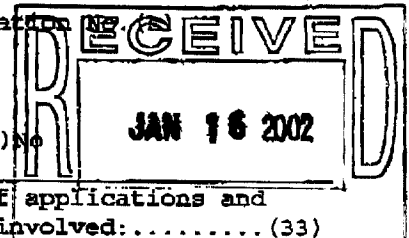
4. Application or registration number(s):

A. Trademark Application No. (s)

B. Trademark Registration No. (s)

899,683

Additional numbers attached?  Yes  No



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

Ava K. Doppelt, Esquire  
Allen, Dyer, Doppelt,  
Milbrath & Gilchrist, P.A.  
255 South Orange Avenue  
Suite 1401  
Orlando, Florida 32801  
407 841-2330

6. Total number of applications and registrations involved:..... (33)

7. Total fee (37CFR 3.41)..... \$840.00  
 Enclosed (receipt for payment)  
 Charge any amounts due or credit any Overpayment to deposit account no. 01-0484

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

DO NOT USE THIS SPACE

~~01/22/2002 BYRNE 0000000 899683~~  
01 FC:481 48.00 OP  
02 FC:482 400.00 OP

8. 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.

Ava K. Doppelt, Esquire

*Ava K. Doppelt*  
signature

December 5, 2001

Date

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

Canada	TEACHING HOUSE	803,102	Pending App.
Canada	THEME-A-SAURUS	803,319	Registered
Canada	TOTLINE	658,593	Registered
Canada	TOTLINE	803,110	Registered
Canada	WARREN PUBLISHING HOUSE	803,108	Pending App.
United States	SEARCH AND FIND	76/016,518	Pending App.
United Kingdom	FRANK SCHAFFER DESIGN	2044439	Registered
United Kingdom	FRANK SCHAFFER DESIGN	2044446	Registered
United Kingdom	FRANK SCHAFFER PUBLICATIONS	2044440	Registered
United Kingdom	FRANK SCHAFFER PUBLICATIONS	2044443	Registered
United Kingdom	FRANK SCHAFFER'S LEARNING ADVENTURES	2049192	Registered
United Kingdom	HEAVENLY HELPERS	2049172	Registered
United Kingdom	HOMEWORK HELPERS	2049205	Abandoned
United Kingdom	HUFF AND PUFF	2049200	Registered
United Kingdom	LITTLE LAMBS	2049481	Registered
United Kingdom	PIGGYBACK	2049208	Registered
United Kingdom	SCHAFFER'S SIMPLE SOFTWARE	2049219	Registered
United Kingdom	TEACHING HOUSE	2049213	Registered
United Kingdom	THEME-A-SAURUS	2049183	Registered
United Kingdom	TOTLINE	2049198	Registered
United Kingdom	WARREN PUBLISHING HOUSE	2049218	Abandoned
United States	ALPHABET EXPRESS	899693	Registered
<del>United States</del>	<del>ATA</del>	<del>1696698</del>	<del>Abandoned</del>
<del>United States</del>	<del>BASICS FIRST</del>	<del>75/158,915</del>	<del>Abandoned</del>
United States	BASICS FIRST	75/734,493	Registered
<del>United States</del>	<del>BEAR HUGS DESIGN</del>	<del>75/158,913</del>	<del>Abandoned</del>
United States	BEAR HUGS	1922900	Registered

<del>United States</del>	<del>BEAR HUGS</del>	<del>75/162,769</del>	<del>Abandoned</del>
United States	CELEBRATING OUR DIVERSITY	1772347	Registered
United States	CLOCK FACTORY	1771414	Registered
<del>United States</del>	<del>COLOR 'N' LEARN</del>	<del>1777861</del>	<del>Registered</del>
<del>United States</del>	<del>ENTERTAINING THE SWING SET</del>	<del>75/158,914</del>	<del>Abandoned</del>
United States	FAST FACTS	2422205	Registered
United States	FIND 'N' LEARN	1777862	Registered
United States	FRANK SCHAFFER DESIGN	2135186	Registered
United States	FRANK SCHAFFER DESIGN	2279603	Registered
<del>United States</del>	<del>FRANK SCHAFFER PUBLICATIONS</del>	<del>75/898,987</del>	<del>Abandoned</del>
United States	FRANK SCHAFFER PUBLICATIONS	2136550	Registered
United States	FRANK SCHAFFER'S LEARNING ADVENTURES	2284877	Registered
United States	FRANK SCHAFFER'S LEARNING ADVENTURES	2285769	Registered
United States	FRANK SCHAFFER'S WRITEONS	2317851	Registered
United States	FRANK SCHAFFER'S CLASSROOM HELPERS		Pending App.
United States	FSP	2281881	Registered
<del>United States</del>	<del>FUNDAMENTALS-FIRST</del>	<del>75/164,044</del>	<del>Abandoned</del>
United States	GRACE PUBLICATIONS	75/008,690	Pending App.
<del>United States</del>	<del>HANDS TOGETHER SERIES</del>	<del>1770028</del>	<del>Abandoned</del>
<del>United States</del>	<del>HEAVENLY HELPERS</del>	<del>75/052,045</del>	<del>Abandoned</del>
United States	HEAVENLY HELPERS	75/734,494	Pending App.
United States	HOMEWORK HELPERS	188442	Registered
<del>United States</del>	<del>HOMEWORK HELPERS</del>	<del>75/052,641</del>	<del>Pending App.</del>
<del>United States</del>	<del>HUFF AND PUFF</del>	<del>1886233</del>	<del>Registered</del>
United States	INSTANT SHOWCASE	76/124,926	Pending App.
United States	JJ	1391553	Registered

United States	JUDY	708362	Registered
United States	JUDY/INSTRUCTO	1378066	Registered
<del>United States</del>	<del>LITTLE LAMBS</del>	<del>75/052,543</del>	<del>Abandoned</del>
<del>United States</del>	<del>MAKE IN A MINUTE</del>	<del>1851092</del>	<del>Registered</del>
<del>United States</del>	<del>MATCH 'N' LEARN</del>	<del>1754672</del>	<del>Abandoned</del>
<del>United States</del>	<del>MERRY GO ROUND</del>		<del>Common Law Mark</del>
<del>United States</del>	<del>NUMBERITE</del>	<del>1098651</del>	<del>Abandoned</del>
United States	PATHWAYS OF AMERICA	1863191	Registered
United States	PENCIL PAL	75/520,235	Pending App.
United States	PIGGYBACK	1641254	Registered
<del>United States</del>	<del>PROBLEM SOLVING SAFARI</del>	<del>75/153215</del>	<del>Abandoned</del>
<del>United States</del>	<del>SCHAFFER'S SIMPLE SOFTWARE</del>	<del>75/052,955</del>	<del>Abandoned</del>
<del>United States</del>	<del>SEEDS FOR SUCCESS</del>	<del>75/153,214</del>	<del>Abandoned</del>
United States	SEE-QUEES	578570	Registered
United States	STEPPING STONES	1629285	Registered
United States	SUN & BEARS	2148667	Registered
United States	TEACHING HOUSE DESIGN	2296053	Registered
<del>United States</del>	<del>TEACHING HOUSE DESIGN</del>	<del>75/154,468</del>	<del>Abandoned</del>
<del>United States</del>	<del>TEACHING HOUSE</del>	<del>74/731,023</del>	<del>Abandoned</del>
United States	THEME-A-SAURUS	1658192	Registered
United States	THINK 'N' DO	1777860	Registered
United States	TOTLINE	1490156	Registered
United States	TOTLINE	75/052,367	Registered
<del>United States</del>	<del>WARREN PUBLISHING HOUSE</del>	<del>75/062,544</del>	<del>Pending App.</del>

ASSET PURCHASE AGREEMENT, dated as of May 17, 2001, among HARLEQUIN HOLDINGS INC., a Delaware corporation ("Parent"), FRANK SCHAFFER PUBLICATIONS, INC., a Delaware corporation and an indirect, wholly owned subsidiary of Parent (the "Seller"), and THE MCGRAW-HILL COMPANIES, INC., a New York corporation (the "Purchaser").

WITNESSETH:

WHEREAS, the Seller is engaged in the business of publishing and distributing children's supplementary education products and other materials (the "Business"); and

WHEREAS, the Seller wishes to sell to the Purchaser, and the Purchaser wishes to purchase from the Seller all of the Seller's right, title and interest in and to the FSP Assets (as hereinafter defined) and to assume from the Seller all of the Assumed Liabilities (as hereinafter defined), upon the terms and subject to the conditions set forth herein.

NOW, THEREFORE, in consideration of the premises and of the mutual agreements and covenants hereinafter set forth, the parties hereto hereby agree as follows:

ARTICLE I

DEFINITIONS

SECTION 1.01 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings:

"Action" means any claim, action, suit, arbitration, inquiry, proceeding or investigation by or before any Governmental Authority.

"Adjusted Working Capital Amount" means the difference, if any, between the amount of Estimated Closing Working Capital and the Reference Working Capital Amount.

"Affiliate" means, with respect to any specified Person, any other Person that, directly or indirectly through one or more intermediaries, Controls, is Controlled by or is under common Control with, such specified Person.

"Agreement" means this Asset Purchase Agreement (including the Exhibits hereto and the Disclosure Schedule) and all amendments hereto made in accordance with Section 11.10.

"Assumption Agreement" means the Assumption Agreement to be executed by the Purchaser and the Seller on the Closing Date.

"Base Price" means \$20,000,000.

"Business Day" means any day that is not a Saturday, a Sunday or other day on which banks are required or authorized by Law to be closed in the City of New York.

of the Seller, (b) as of the Closing Date, there will be no material Actions pending or, to the knowledge of the Seller, threatened in writing against the Seller or any of the assets or properties of the Seller, and (c) the Seller and its assets and properties are not subject to any material Governmental Order.

**SECTION 3.07 Compliance with Laws.** The Seller is in compliance in all material respects with all Laws or Governmental Orders applicable to the conduct of the Business or any material asset or property of the Seller, or by which any of them is bound, except as set forth in Section 3.07 of the Disclosure Schedule.

**SECTION 3.08 Governmental Licenses and Permits.** The Seller holds all governmental qualifications, registrations, filings, privileges, franchises, licenses, permits, approvals or authorizations which are material to the operation of the Business (collectively, "Material Licenses"). As of the date of this Agreement, all Material Licenses are in full force and effect and the Seller is in compliance with each such Material License, except as would not have a Material Adverse Effect.

**SECTION 3.09 Personal Property.** Except as disclosed in Section 3.09 of the Disclosure Schedule: (a) the Seller owns, has a valid leasehold interest in or has the legal right to use all of the tangible personal property necessary to carry on the business of the Seller, free and clear of all Liens, except Permitted Liens or Liens reflected on the Financial Statements; and (b) all such tangible personal property is in normal working order and condition, ordinary wear and tear excepted, and its use complies in all material respects with all applicable Laws. The inventory included in the FSP Assets is in normal physical condition in all material respects.

**SECTION 3.10 Real Property.** The Leased Real Property are the only parcels of real property leased by the Seller or the Business. Each lease or other contract or agreement relating to the Leased Real Property is a valid contract or agreement enforceable against the Seller in accordance with its terms and, to the Knowledge of the Seller, against the other parties thereto. The Seller is not in material default, nor has the Seller received any written notice alleging that it is in material default, under any lease relating to the Leased Real Property and, to the knowledge of the Seller, none of the other parties to such leases is in material default thereunder. The Seller does not own, nor since May 12, 1994 has it ever owned, any real property.

**SECTION 3.11 Intellectual Property.** (a) The Seller owns, free and clear of Liens, other than Permitted Liens, or has the right to use, in each case as and to the extent currently used in the Business of the Seller, all Intellectual Property that is material to the operation of the Business (the "Owned Intellectual Property" or "Licensed Intellectual Property", as applicable), subject to the terms of the license agreements relating to the Licensed Intellectual Property. The Owned Intellectual Property and the Licensed Intellectual Property include all of the Intellectual Property material to the continued operation of the Business.

(b) Except as disclosed in Section 3.06 of the Disclosure Schedule, (i) the Owned Intellectual Property does not and, to the Knowledge of Seller, the Licensed Intellectual Property does not, infringe upon the Intellectual Property rights of any third party, and (ii) to the knowledge of the Sellers, no written claim has been asserted against the Seller during the two

years before the Closing Date that the use of such Owned Intellectual Property in a manner consistent with past practice does or may infringe upon the Intellectual Property rights of any third party.

(c) To the Knowledge of the Seller, no person is engaging in any activity that infringes in any material respect upon the Owned Intellectual Property.

(d) The Seller is not in material breach of, or material default under, any material term of any license or sublicense of the Licensed Intellectual Property and to the Knowledge of the Seller, no other party to such license or sublicense is in material breach thereof or material default thereunder.

(e) Section 3.11(e) of the Disclosure Schedule contains a true and complete list of all United States and non-United States patents, pending patent applications, copyright, trademark and service mark registrations, pending copyright, trademark and service mark applications and domain names owned by the Seller or its Affiliates that are material to the operation of the Business as currently conducted.


(f) Except as disclosed in Section 3.11(f) of the Disclosure Schedule, (i) all registrations identified in Section 3.11(e) of the Disclosure Schedule are in force, and all applications identified in Section 3.11(e) of the Disclosure Schedule are pending without challenge (other than routine office actions that may be pending before the United States Patent and Trademark Office or its non-United States equivalents), (ii) the Owned Intellectual Property material to the operation of the Business is valid and enforceable, and (iii) the Seller has the right to bring actions for infringement or unauthorized use of the Owned Intellectual Property material to the operation of the Business.

**SECTION 3.12 Employee Benefits Matters.** (a) With respect to each employee benefit plan, program, arrangement and contract (including, without limitation, any "employee benefit plan", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), maintained or contributed to by Parent, the Seller or their Affiliates for the benefit of any current employees of the Seller (collectively, the "Employees") or former employees of the Seller (collectively, the "Former Employees") or with respect to which the Seller could incur liability under Section 4069, 4212(c) or 4204 of ERISA (collectively, the "Employee Plans"), the Seller has made available to the Purchaser a true and correct copy of (i) the most recent annual report (Form 5500) filed with the IRS, (ii) each such Employee Plan, (iii) each trust agreement relating to such Employee Plan, (iv) the most recent summary plan description for each Employee Plan for which a summary plan description is required, and (v) the most recent determination letter, if any, issued by the IRS with respect to any Employee Plan intended to be qualified under Section 401(a) of the Code.

(b) Except as otherwise disclosed in Section 3.12(b) of the Disclosure Schedule, none of the Employee Plans (i) is a "multiemployer plan", within the meaning of Section 3(37) or 4001(a)(3) of ERISA, or a "single-employer plan", within the meaning of Section 4001(a)(15) of ERISA, for which the Seller could incur liability under Section 4063 or 4064 of ERISA, or (ii) provides or promises to provide retiree medical or life insurance benefits.

IN WITNESS WHEREOF, Torstar, Parent, the Seller and the Purchaser have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**HARLEQUIN HOLDINGS INC.**

By   
Name: Brian E. Hickey  
Title: President


**FRANK SCHAFFER PUBLICATIONS, INC.**

By   
Name: Donna M. Hayes  
Title: Vice President

**THE MCGRAW-HILL COMPANIES, INC.**

By \_\_\_\_\_  
Name:  
Title:

**For the purposes only of Section 11.15,  
TORSTAR CORPORATION**

By   
Name: Robert J. Steacy  
Title: Vice President of Finance



IN WITNESS WHEREOF, Torstar, Parent, the Seller and the Purchaser have caused this Agreement to be executed as of the date first written above by their respective officers thereunto duly authorized.

**HARLEQUIN HOLDINGS INC.**

By \_\_\_\_\_  
Name:  
Title:

**FRANK SCHAFFER PUBLICATIONS, INC.**

By \_\_\_\_\_  
Name:  
Title:

**THE MCGRAW-HILL COMPANIES, INC.**

By J. C. McNeill  
Name: J. C. McNeill  
Title: Sr. V.P. Finance + Oper.

**For the purposes only of Section 11.15,  
TORSTAR CORPORATION**

By \_\_\_\_\_  
Name:  
Title:

**DISCLOSURE SCHEDULE 3.11(e)**

**Intellectual Property**

Attached hereto as Appendix "A" is a list of trademark registrations issued to, and pending trademark applications filed by, the Seller and the Parent in connection with the Business.

Attached hereto as Appendix "B" is a list of domain name registrations issued to the Seller and the Parent in connection with the Business.

Attached hereto as Appendix "C" is a list of copyright registrations issued to, and pending copyright applications filed by, the Seller and the Parent in connection with the Business.

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