

06-21-2002



102130694

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

Form PTO-1594
(Rev. 03/01)
OMB No. 0651-0027 (exp. 5/31/2002)
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):
Sage Publications, Inc.
Outside the Box, Inc. *6-17-02*

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

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

2. Name and address of receiving party(ies)
 Name: Zaner-Bloser, Inc.
 Internal Address: _____
 Street Address: 2200 W. Fifth Ave.
 City: Columbus State: OH Zip: 43215

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State Ohio
 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 _____

Execution Date: July 31, 2000

4. Application number(s) or registration number(s):
 A. Trademark Application No.(s)
 B. Trademark Registration No.(s)
2107399

Additional number(s) attached Yes No

Ray's Readers
 B. Trademark Registration No.(s)
2107399

5. Name and address of party to whom correspondence concerning document should be mailed:
 Name: Phillip G. Lilly
 Internal Address: Schottenstein, Zox & Dunn
 Street Address: 41 S. High St., Suite 2600
 City: Columbus State: Ohio Zip: 43215

6. Total number of applications and registrations involved: 1

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

8. Deposit account number:

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

DO NOT USE THIS SPACE

9. Statement and signature.
To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Phillip G. Lilly
 Name of Person Signing

Phillip G. Lilly
 Signature

6/14/02
 Date

Total number of pages including cover sheet, attachments, and document: 11

06/20/2002 DBYRNE 00000030 2107399

01 FC:481

40.00 DP

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

TRADEMARK
REEL: 002529 FRAME: 0585

ASSET PURCHASE AGREEMENT

BY AND AMONG

ZANER-BLOSER, INC.

OUTSIDE THE BOX, INC.

AND

SAGE PUBLICATIONS

July 31, 2000

TABLE OF CONTENTS

1.	Purchase and Sale of Assets	1
2.	No Assumed Liabilities	2
3.	Purchase Price	2
4.	Closing	4
5.	Conditions Precedent for ZB	4
6.	Conditions Precedent for Seller and Sage	4
7.	No Employees; Independent Contractors	5
	a. Employees	5
	b. Independent Contractors	5
8.	Representations and Warranties of the Seller and Sage	5
	a. Organization, Qualification and Corporate Power	5
	b. Noncontravention	5
	c. Brokers' Fees	6
	d. Title to Assets	6
	e. Financial Information	6
	f. Subsequent Events	6
	g. Liabilities	6
	h. Licenses, Permits and Releases	6
	i. Intellectual Property Rights	7
	j. Inventory	7
	k. Legal Compliance	7
	l. Tax Matters	7
	m. Contracts	8
	n. Litigation	9
	o. Relationships	9
	p. Disclosure	9
9.	Representations and Warranties of ZB	9
	a. Organization of ZB	9
	b. Authorization of Transaction	10
	c. Brokers' Fees	10
10.	Survival of Representations and Warranties	10
11.	Restrictive Covenants	10
	a. Noncompetition Covenant	10
	b. Nonsolicitation Covenant	11
	c. Consideration for the Covenants	11
	d. Severability	11
	e. Maximum Enforceable Restriction	11
	f. Injunctive Relief	11
	g. Accounting for Profits	11
12.	Indemnification of ZB	12
13.	Indemnification of the Seller and Sage	12
14.	Bulk Sales Laws	13
15.	Third-Party Claims	13
16.	Termination of Agreement	14

17.	Miscellaneous	14
a.	Occurrences after the Closing; Further Acts.....	14
b.	Disputes	15
c.	Assignment.....	15
d.	Severability.....	15
e.	Binding Effect.....	15
f.	Waiver	15
e.	Notices	16
f.	Entire Agreement	17

Attachments:

Exhibit A: Assets	18
Exhibit B: Assumed Liabilities	19
Exhibit C: Purchase Price Allocation	20
Exhibit D: Contracts	21

Assignment and Bill of Sale: Assets
Assignment and Bill of Sale: Contracts
Assignment of Name

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into on July 31, 2000, by and among ZANER-BLOSER, INC. ("ZB"), an Ohio corporation, OUTSIDE THE BOX, INC., a California corporation (the "Seller"), and SAGE PUBLICATIONS, INC. ("Sage"), collectively referred to herein as the "Parties," and individually as a "Party."

WITNESSETH:

WHEREAS, Sage holds all of the currently issued and outstanding capital stock of the Seller.

WHEREAS, the Seller owns and desires to sell to ZB certain published titles and other assets used by it in connection with the operation of its business ("Assets"); and

WHEREAS, this Agreement contemplates a transaction in which ZB will purchase from the Seller, and the Seller will sell to ZB such Assets all on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. Purchase and Sale of Assets.

a. Basic Transaction. On and subject to the terms and conditions of this Agreement, at the Closing of the transactions provided for in Section 4 hereof (the "Closing"), the Seller shall sell, convey, assign, transfer, and deliver to ZB, and ZB shall purchase, acquire, and accept delivery of, all Assets as set forth in detail on Exhibit A attached hereto and including without limiting the generality of the foregoing:

- (i) inventory of the Seller's several titles (regardless of where located or whether on consignment or on deposit; inventory to be shipped to ZB at ZB's cost as directed by ZB at the Closing), all of the Seller's copyrights and trademarks relative to or associated with the said titles, all of the Seller's domain names, work in progress that would augment the titles acquired hereunder, all of the Seller's author, artist, illustrator and photographer contracts, and all rights and releases held by Seller regarding said titles; all of the Seller's film, art, computer files and digitized images relative to the titles;

- (ii) all of the Seller's proprietary knowledge, trade secrets, technical information, quality control data, processes (whether secret or not), methods, and other similar know-how or rights necessary or used in the conduct of the development, marketing and sale of the several titles being acquired hereunder;
- (iii) the name Outside The Box, including its goodwill, permits, licenses, telephone numbers, customer lists, vendor lists, referral lists and vendors' and suppliers' and all other contracts, advertising materials and data, together with all books, computer software (to the extent assignable), files, papers, records and other data of the Seller relating to the Assets, including all matters relating to the purchase of printing inventory, shipping customs, paper purchases and printing contract; provided, that Seller will discontinue its use of the name Outside the Box effective as of the Closing and will perform actions necessary to wind up the existence of Seller as soon as practicable after the Closing.
- (iv) all of the Seller's international contracts with agents and brokers in connection with the import or export of product.
- (v) all other assets of the Seller relative to the titles being acquired hereunder, including any files, images or other items in whatever form useful in facilitating the printing, binding, reproduction or revision of the existing titles.

2. No Assumed Liabilities. ZB will not assume any liabilities of the Seller or of Sage, except as specifically set forth on Exhibit B attached hereto. Assumed liabilities, if any, shall be limited to those directly related to the ongoing value of the Assets (i.e., those necessary for the Assets to retain their value). ZB specifically rejects and does not assume any taxes relative to the development or sale of the Assets, any development costs or rights not previously paid by the Seller and any obligations due to employees and independent contractors in connection with the development or sale of the Assets. Each party will pay all taxes assessed against it by reason of the transaction contemplated herein.

3. Purchase Price. The purchase price is as follows:

- a. \$2,125,000 in cash payable at the Closing.
- b. 15% royalty per year for a period of three (3) years based upon ZB's collected net sales revenues of all the titles listed as a part of the Assets together with any additional titles added by ZB to any

- i. Intellectual Property Rights. To the knowledge of the Seller, no person or entity other than Seller has any intellectual property right to any title constituting a part of the Assets. Each right owned or used by the Seller, with respect to the Assets, immediately prior to the Closing will be owned or available for use by ZB on identical terms and conditions immediately subsequent to the Closing. The Seller has taken reasonable and prudent steps to maintain and protect each Intellectual Property Right that it owns or uses, provided that neither the Seller nor Sage makes any representation or warranty with respect to the right to use any trade secret similar to any such asset utilized by the Seller.

To the knowledge of the Seller, the Seller has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and neither the Seller nor Sage has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation. To the knowledge of the Seller, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any rights of the Seller.

The Seller has delivered to ZB correct and complete copies of all copyrights, trademarks, registrations, applications, licenses, agreements, releases and permissions, held by the Seller and utilized by the Seller in connection with the titles being purchased hereunder.

- j. Inventory. The inventory included as part of the Assets is all in good condition saleable in the ordinary course of the business currently conducted by the Seller.
- k. Legal Compliance. The Seller has complied with all material applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and to the knowledge of the Seller, no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Seller alleging any failure so to comply.
- l. Tax Matters. The Seller has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes owed by the Seller (whether or not shown on any Tax Return) have been paid. No claim has ever been made by an authority in a jurisdiction where the Seller does not file Tax Returns that it is or may be subject to taxation by that

Michael K. Lindsey
Paul, Hastings, Janofsky & Walker LLP
555 South Flower Street, 23rd Floor
Los Angeles, California 90071

[Signatures appear on the following page]

- i. Entire Agreement. This Agreement, together with the attached Exhibits, constitute the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior negotiations, discussions, undertakings, and agreements between the Parties. This Agreement may be amended or modified only by a writing executed by the Parties.

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

ZANER-BLOSER, INC.

By: 

Robert M. Page

Its: President

OUTSIDE THE BOX, INC.

By: 

Michael E. Melody

Its: Vice President

SAGE PUBLICATIONS, INC.

By: 

Michael E. Melody

Its: President

Attachments:

Exhibits A
Exhibits B
Exhibits C
Exhibits D

6

ASSIGNMENT AND BILL OF SALE
ASSETS

THIS ASSIGNMENT AND BILL OF SALE made and entered into this 4th day of August, 2000, by and between OUTSIDE THE BOX, INC., the assignor ("Seller") and ZANER-BLOSER, INC., the assignee ("ZB").

WITNESSETH:

WHEREAS, ZB has acquired the Assets more particularly described on Exhibit A attached hereto from the Seller pursuant to a Purchase Agreement of even date herewith ("Purchase Agreement");

WHEREAS, the Seller wishes to assign to ZB all of the Assets;

NOW, THEREFORE, in consideration of the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Seller has sold, assigned, conveyed and transferred to ZB and by these presents does hereby sell, assign, convey and transfer to ZB, all of the property more particularly described and identified on Exhibit A attached hereto, free and clear of all liens and encumbrances.

TO HAVE AND TO HOLD unto ZB, its successors and assigns forever, free and clear of all liens and encumbrances.

This assignment of the Assets is made pursuant to and subject to the terms and conditions of the Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed all as of the day and year first above written.

ATTEST:

Madeleine Kees

OUTSIDE THE BOX, INC.

By: Michael E. Melody
Michael E. Melody, Vice President

ATTEST:

Cornie Boson

ZANER-BLOSER, INC.

By: Robert M. Page
Robert M. Page, President

Outside The Box
Inventory Valuation
July 22, 2000

NO.....	DESCRIPTION.....	ON HAND	RCPT DATE	REC QTY	UNIT COST.	EXTENDED COST
85553	ROHMAN: JAKE (SIX	0		0	0 \$	-
85554	ROHMAN: JAKE (RAY'	4,759	05/05/2000	5,200	0.17 \$	809
85555	ROHMAN: LITTLE BOB	0		0	0 \$	-
85556	ROHMAN: LITTLE BOB	4,608	05/05/2000	5,200	0.17 \$	783
85557	ROHMAN: THE MICE (	0		0	0 \$	-
85558	ROHMAN: THE MICE (	4,786	05/05/2000	5,200	0.17 \$	814
85559	ROHMAN: OLIVIA (SI	0		0	0 \$	-
85560	ROHMAN: OLIVIA (RA	4,792	05/05/2000	5,200	0.17 \$	815
85561	ROHMAN: THE SILLY	0		0	0 \$	-
85562	ROHMAN: THE SILLY	5,723	09/15/1999	10,300	0.15 \$	79
			05/05/2000		0.17 \$	884
85564	ROHMAN: TEACHER GU	1,954	10/04/1999	2,470	1.4607 \$	2,854
85566	ROHMAN: ALL WET (R	1,062	09/15/1999	1,650	1.77 \$	1,880
85566	ROHMAN: ALL WET (R	0		0	0 \$	-
85568	ROHMAN: THE BIG PI	808	09/15/1999	1,650	1.77 \$	1,430
85570	ROHMAN: THE FAT CA	1,049	09/15/1999	1,650	1.77 \$	1,857
85572	ROHMAN: HOME FOR A	1,061	09/15/1999	1,650	1.77 \$	1,878
85574	ROHMAN: HUBERT'S B	1,034	09/15/1999	1,590	1.77 \$	1,830
85576	ROHMAN: JAKE (RAY'	1,086	09/15/1999	1,579	1.77 \$	1,922
85578	ROHMAN: LITTLE BOB	1,070	09/15/1999	1,668	1.77 \$	1,894
85580	ROHMAN: THE MICE (	1,059	09/15/1999	1,610	1.77 \$	1,874
85582	ROHMAN: OLIVIA (RA	1,117	09/16/1999	1,610	1.77 \$	1,977
85584	ROHMAN: THE SILLY	1,096	09/15/1999	1,670	1.77 \$	1,940
85585	ROHMAN: RAY'S READ	0		0	0 \$	-
85586	ROHMAN: RAY'S READ	0		0	0 \$	-
85587	ROHMAN: RAY'S READ	0		0	0 \$	-
85588	ROHMAN: RAY'S READ	0		0	0 \$	-
86288	OTB: EMERGENT SCIE	0		0	0 \$	-
86290	OTB: HARRY'S MATH	0		0	0 \$	-
86292	OTB: RAY'S READERS	0		0	0 \$	-
86935	ROHMAN: RAY'S READ	0		0	0 \$	-
86943	ROHMAN: RAY'S READ	0		0	0 \$	-
86951	ROHMAN: RAY'S READ	0		0	0 \$	-
86972	ROHMAN: RAY'S READ	0		0	0 \$	-
86980	ROHMAN: RAY'S READ	0		0	0 \$	-
86988	ROHMAN: RAY'S READ	0		0	0 \$	-
86996	ROHMAN: RAY'S READ	0		0	0 \$	-
86997	ROHMAN: RAY'S READ	0		0	0 \$	-
87001	ROHMAN: RAY'S READ	0		0	0 \$	-
87009	ROHMAN: RAY'S READ	0		0	0 \$	-
87014	ROHMAN: RAY'S READ	0		0	0 \$	-
87022	ROHMAN: RAY'S READ	0		0	0 \$	-
87047	ROHMAN: RAY'S READ	0		0	0 \$	-

**Outside The Box
Inventory Valuation
July 22, 2000**

NO.....	DESCRIPTION.....	ON HAND	RCPT DATE	REC QTY	UNIT COST.	EXTENDED COST
87055	ROHMAN: RAY'S READ	0		0	0 \$	-
87063	ROHMAN: RAY'S READ	0		0	0 \$	-
87071	ROHMAN: RAY'S READ	0		0	0 \$	-
87079	ROHMAN: RAY'S READ	0		0	0 \$	-
87081	ROHMAN: RAY'S READ	0		0	0 \$	-
87082	ROHMAN: RAY'S READ	0		0	0 \$	-
87083	ROHMAN: RAY'S READ	0		0	0 \$	-
87084	ROHMAN: RAY'S READ	0		0	0 \$	-
87085	ROHMAN: RAY'S READ	0		0	0 \$	-
87086	ROHMAN: RAY'S READ	0		0	0 \$	-
87087	ROHMAN: RAY'S READ	0		0	0 \$	-
87088	ROHMAN: RAY'S READ	0		0	0 \$	-
87089	ROHMAN: RAY'S READ	0		0	0 \$	-
87090	ROHMAN: RAY'S READ	0		0	0 \$	-
87091	ROHMAN: RAY'S READ	0		0	0 \$	-
87092	ROHMAN: RAY'S READ	0		0	0 \$	-
87093	ROHMAN: RAY'S READ	0		0	0 \$	-
87094	ROHMAN: RAY'S READ	0		0	0 \$	-
87095	ROHMAN: RAY'S READ	0		0	0 \$	-
87096	ROHMAN: RAY'S READ	0		0	0 \$	-
87097	ROHMAN: RAY'S READ	0		0	0 \$	-
87098	ROHMAN: RAY'S READ	0		0	0 \$	-
87109	BROWN/WRIGHT: MY F	0		0	0 \$	-
87111	BROWN/WRIGHT: MY F	0		0	0 \$	-
87112	BROWN/WRIGHT: MY F	0		0	0 \$	-
87113	BROWN/WRIGHT: MY F	0		0	0 \$	-
87114	BROWN/WRIGHT: MY F	0		0	0 \$	-
87115	BROWN/WRIGHT: MY F	0		0	0 \$	-
87116	BROWN/WRIGHT: MY F	0		0	0 \$	-
87117	BROWN/WRIGHT: MY F	0		0	0 \$	-
87118	BROWN/WRIGHT: MY F	0		0	0 \$	-
87119	BROWN/WRIGHT: MY F	0		0	0 \$	-
87120	BROWN/WRIGHT: MY F	0		0	0 \$	-
87121	BROWN/WRIGHT: MY F	0		0	0 \$	-
87122	BROWN/WRIGHT: MY F	0		0	0 \$	-
87123	BROWN/WRIGHT: MY F	0		0	0 \$	-
87124	BROWN/WRIGHT: MY F	0		0	0 \$	-
87125	BROWN/WRIGHT: MY F	0		0	0 \$	-
87126	BROWN/WRIGHT: MY F	0		0	0 \$	-
87127	BROWN/WRIGHT: MY F	0		0	0 \$	-
87128	BROWN/WRIGHT: MY F	0		0	0 \$	-
87130	BROWN/WRIGHT: MY F	0		0	0 \$	-
87131	BROWN/WRIGHT: MY F	0		0	0 \$	-

ASSET PURCHASE AGREEMENT

BY AND AMONG

ZANER-BLOSER, INC.

OUTSIDE THE BOX, INC.

AND

SAGE PUBLICATIONS

July 31, 2000

TRADEMARK

REEL: 002529 FRAME: 0596

TABLE OF CONTENTS

1.	Purchase and Sale of Assets	1
2.	No Assumed Liabilities	2
3.	Purchase Price	2
4.	Closing	4
5.	Conditions Precedent for ZB	4
6.	Conditions Precedent for Seller and Sage	4
7.	No Employees; Independent Contractors	5
	a. Employees	5
	b. Independent Contractors	5
8.	Representations and Warranties of the Seller and Sage	5
	a. Organization, Qualification and Corporate Power	5
	b. Noncontravention	5
	c. Brokers' Fees	6
	d. Title to Assets	6
	e. Financial Information	6
	f. Subsequent Events	6
	g. Liabilities	6
	h. Licenses, Permits and Releases	6
	i. Intellectual Property Rights	7
	j. Inventory	7
	k. Legal Compliance	7
	l. Tax Matters	7
	m. Contracts	8
	n. Litigation	9
	o. Relationships	9
	p. Disclosure	9
9.	Representations and Warranties of ZB	9
	a. Organization of ZB	9
	b. Authorization of Transaction	10
	c. Brokers' Fees	10
10.	Survival of Representations and Warranties	10
11.	Restrictive Covenants	10
	a. Noncompetition Covenant	10
	b. Nonsolicitation Covenant	11
	c. Consideration for the Covenants	11
	d. Severability	11
	e. Maximum Enforceable Restriction	11
	f. Injunctive Relief	11
	g. Accounting for Profits	11
12.	Indemnification of ZB	12
13.	Indemnification of the Seller and Sage	12
14.	Bulk Sales Laws	13
15.	Third-Party Claims	13
16.	Termination of Agreement	14

17.	Miscellaneous	14
a.	Occurrences after the Closing; Further Acts.....	14
b.	Disputes	15
c.	Assignment.....	15
d.	Severability.....	15
e.	Binding Effect	15
f.	Waiver	15
e.	Notices	16
f.	Entire Agreement	17

Attachments:

Exhibit A: Assets	18
Exhibit B: Assumed Liabilities	19
Exhibit C: Purchase Price Allocation	20
Exhibit D: Contracts	21

Assignment and Bill of Sale: Assets
Assignment and Bill of Sale: Contracts
Assignment of Name

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (the "Agreement") is made and entered into on July 31, 2000, by and among ZANER-BLOSER, INC. ("ZB"), an Ohio corporation, OUTSIDE THE BOX, INC., a California corporation (the "Seller"), and SAGE PUBLICATIONS, INC. ("Sage"), collectively referred to herein as the "Parties," and individually as a "Party."

WITNESSETH:

WHEREAS, Sage holds all of the currently issued and outstanding capital stock of the Seller.

WHEREAS, the Seller owns and desires to sell to ZB certain published titles and other assets used by it in connection with the operation of its business ("Assets"); and

WHEREAS, this Agreement contemplates a transaction in which ZB will purchase from the Seller, and the Seller will sell to ZB such Assets all on the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein made, and in consideration of the representations, warranties, and covenants herein contained, the Parties agree as follows:

1. Purchase and Sale of Assets.
 - a. Basic Transaction. On and subject to the terms and conditions of this Agreement, at the Closing of the transactions provided for in Section 4 hereof (the "Closing"), the Seller shall sell, convey, assign, transfer, and deliver to ZB, and ZB shall purchase, acquire, and accept delivery of, all Assets as set forth in detail on Exhibit A attached hereto and including without limiting the generality of the foregoing:
 - (i) inventory of the Seller's several titles (regardless of where located or whether on consignment or on deposit; inventory to be shipped to ZB at ZB's cost as directed by ZB at the Closing), all of the Seller's copyrights and trademarks relative to or associated with the said titles, all of the Seller's domain names, work in progress that would augment the titles acquired hereunder, all of the Seller's author, artist, illustrator and photographer contracts, and all rights and releases held by Seller regarding said titles; all of the Seller's film, art, computer files and digitized images relative to the titles;

- (ii) all of the Seller's proprietary knowledge, trade secrets, technical information, quality control data, processes (whether secret or not), methods, and other similar know-how or rights necessary or used in the conduct of the development, marketing and sale of the several titles being acquired hereunder;
- (iii) the name Outside The Box, including its goodwill, permits, licenses, telephone numbers, customer lists, vendor lists, referral lists and vendors' and suppliers' and all other contracts, advertising materials and data, together with all books, computer software (to the extent assignable), files, papers, records and other data of the Seller relating to the Assets, including all matters relating to the purchase of printing inventory, shipping customs, paper purchases and printing contract; provided, that Seller will discontinue its use of the name Outside the Box effective as of the Closing and will perform actions necessary to wind up the existence of Seller as soon as practicable after the Closing.
- (iv) all of the Seller's international contracts with agents and brokers in connection with the import or export of product.
- (v) all other assets of the Seller relative to the titles being acquired hereunder, including any files, images or other items in whatever form useful in facilitating the printing, binding, reproduction or revision of the existing titles.

2. No Assumed Liabilities. ZB will not assume any liabilities of the Seller or of Sage, except as specifically set forth on Exhibit B attached hereto. Assumed liabilities, if any, shall be limited to those directly related to the ongoing value of the Assets (i.e., those necessary for the Assets to retain their value). ZB specifically rejects and does not assume any taxes relative to the development or sale of the Assets, any development costs or rights not previously paid by the Seller and any obligations due to employees and independent contractors in connection with the development or sale of the Assets. Each party will pay all taxes assessed against it by reason of the transaction contemplated herein.

3. Purchase Price. The purchase price is as follows:

- a. \$2,125,000 in cash payable at the Closing.
- b. 15% royalty per year for a period of three (3) years based upon ZB's collected net sales revenues of all the titles listed as a part of the Assets together with any additional titles added by ZB to any

- i. Intellectual Property Rights. To the knowledge of the Seller, no person or entity other than Seller has any intellectual property right to any title constituting a part of the Assets. Each right owned or used by the Seller, with respect to the Assets, immediately prior to the Closing will be owned or available for use by ZB on identical terms and conditions immediately subsequent to the Closing. The Seller has taken reasonable and prudent steps to maintain and protect each Intellectual Property Right that it owns or uses, provided that neither the Seller nor Sage makes any representation or warranty with respect to the right to use any trade secret similar to any such asset utilized by the Seller.

To the knowledge of the Seller, the Seller has not interfered with, infringed upon, misappropriated, or otherwise come into conflict with any Intellectual Property rights of third parties, and neither the Seller nor Sage has ever received any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation. To the knowledge of the Seller, no third party has interfered with, infringed upon, misappropriated, or otherwise come into conflict with any rights of the Seller.

The Seller has delivered to ZB correct and complete copies of all copyrights, trademarks, registrations, applications, licenses, agreements, releases and permissions, held by the Seller and utilized by the Seller in connection with the titles being purchased hereunder.

- j. Inventory. The inventory included as part of the Assets is all in good condition saleable in the ordinary course of the business currently conducted by the Seller.
- k. Legal Compliance. The Seller has complied with all material applicable laws (including rules, regulations, codes, plans, injunctions, judgments, orders, decrees, rulings, and charges thereunder) of federal, state, local, and foreign governments (and all agencies thereof), and to the knowledge of the Seller, no action, suit, proceeding, hearing, investigation, charge, complaint, claim, demand, or notice has been filed or commenced against the Seller alleging any failure so to comply.
- l. Tax Matters. The Seller has filed all Tax Returns that it was required to file. All such Tax Returns were correct and complete in all material respects. All Taxes owed by the Seller (whether or not shown on any Tax Return) have been paid. No claim has ever been made by an authority in a jurisdiction where the Seller does not file Tax Returns that it is or may be subject to taxation by that

Michael K. Lindsey
Paul, Hastings, Janofsky & Walker LLP
555 South Flower Street, 23rd Floor
Los Angeles, California 90071

[Signatures appear on the following page]

- i. Entire Agreement. This Agreement, together with the attached Exhibits, constitute the entire understanding of the Parties with respect to the subject matter hereof and supersedes all prior negotiations, discussions, undertakings, and agreements between the Parties. This Agreement may be amended or modified only by a writing executed by the Parties.

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

ZANER-BLOSER, INC.

By: 
Robert M. Page

Its: President

OUTSIDE THE BOX, INC.

By: 
Michael E. Melody

Its: Vice President

SAGE PUBLICATIONS, INC.

By: 
Michael E. Melody

Its: President

Attachments:

Exhibits A
Exhibits B
Exhibits C
Exhibits D

6

**ASSIGNMENT AND BILL OF SALE
ASSETS**

THIS ASSIGNMENT AND BILL OF SALE made and entered into this 4th day of August, 2000, by and between OUTSIDE THE BOX, INC., the assignor ("Seller") and ZANER-BLOSER, INC., the assignee ("ZB").

WITNESSETH:

WHEREAS, ZB has acquired the Assets more particularly described on Exhibit A attached hereto from the Seller pursuant to a Purchase Agreement of even date herewith ("Purchase Agreement");

WHEREAS, the Seller wishes to assign to ZB all of the Assets;

NOW, THEREFORE, in consideration of the Purchase Agreement and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the Seller has sold, assigned, conveyed and transferred to ZB and by these presents does hereby sell, assign, convey and transfer to ZB, all of the property more particularly described and identified on Exhibit A attached hereto, free and clear of all liens and encumbrances.

TO HAVE AND TO HOLD unto ZB, its successors and assigns forever, free and clear of all liens and encumbrances.

This assignment of the Assets is made pursuant to and subject to the terms and conditions of the Purchase Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Assignment to be executed all as of the day and year first above written.

ATTEST:

Madelaine Kees

ATTEST:

Cornie Boston

OUTSIDE THE BOX, INC.

By: Michael E. Melody
Michael E. Melody, Vice President

ZANER-BLOSER, INC.

By: Robert M. Page
Robert M. Page, President

**Outside The Box
Inventory Valuation
July 22, 2000**

NO.....	DESCRIPTION.....	ON HAND	RCPT DATE	REC QTY	UNIT COST.	EXTENDED COST
85553	ROHMAN: JAKE (SIX	0		0	0 \$	-
85554	ROHMAN: JAKE (RAY'	4,759	05/05/2000	5,200	0.17 \$	809
85555	ROHMAN: LITTLE BOB	0		0	0 \$	-
85556	ROHMAN: LITTLE BOB	4,608	05/05/2000	5,200	0.17 \$	783
85557	ROHMAN: THE MICE (	0		0	0 \$	-
85558	ROHMAN: THE MICE (	4,786	05/05/2000	5,200	0.17 \$	814
85559	ROHMAN: OLIVIA (SI	0		0	0 \$	-
85560	ROHMAN: OLIVIA (RA	4,792	05/05/2000	5,200	0.17 \$	815
85561	ROHMAN: THE SILLY	0		0	0 \$	-
85562	ROHMAN: THE SILLY	5,723	09/15/1999	10,300	0.15 \$	79
			05/05/2000		0.17 \$	884
85564	ROHMAN: TEACHER GU	1,954	10/04/1999	2,470	1.4607 \$	2,854
85566	ROHMAN: ALL WET (R	1,062	09/15/1999	1,650	1.77 \$	1,880
85566	ROHMAN: ALL WET (R	0		0	0 \$	-
85568	ROHMAN: THE BIG PI	808	09/15/1999	1,650	1.77 \$	1,430
85570	ROHMAN: THE FAT CA	1,049	09/15/1999	1,650	1.77 \$	1,857
85572	ROHMAN: HOME FOR A	1,061	09/15/1999	1,650	1.77 \$	1,878
85574	ROHMAN: HUBERT'S B	1,034	09/15/1999	1,590	1.77 \$	1,830
85576	ROHMAN: JAKE (RAY'	1,086	09/15/1999	1,579	1.77 \$	1,922
85578	ROHMAN: LITTLE BOB	1,070	09/15/1999	1,668	1.77 \$	1,894
85580	ROHMAN: THE MICE (	1,059	09/15/1999	1,610	1.77 \$	1,874
85582	ROHMAN: OLIVIA (RA	1,117	09/16/1999	1,610	1.77 \$	1,977
85584	ROHMAN: THE SILLY	1,096	09/15/1999	1,670	1.77 \$	1,940
85585	ROHMAN: RAY'S READ	0		0	0 \$	-
85586	ROHMAN: RAY'S READ	0		0	0 \$	-
85587	ROHMAN: RAY'S READ	0		0	0 \$	-
85588	ROHMAN: RAY'S READ	0		0	0 \$	-
86288	OTB: EMERGENT SCIE	0		0	0 \$	-
86290	OTB: HARRY'S MATH	0		0	0 \$	-
86292	OTB: RAY'S READERS	0		0	0 \$	-
86935	ROHMAN: RAY'S READ	0		0	0 \$	-
86943	ROHMAN: RAY'S READ	0		0	0 \$	-
86951	ROHMAN: RAY'S READ	0		0	0 \$	-
86972	ROHMAN: RAY'S READ	0		0	0 \$	-
86980	ROHMAN: RAY'S READ	0		0	0 \$	-
86988	ROHMAN: RAY'S READ	0		0	0 \$	-
86996	ROHMAN: RAY'S READ	0		0	0 \$	-
86997	ROHMAN: RAY'S READ	0		0	0 \$	-
87001	ROHMAN: RAY'S READ	0		0	0 \$	-
87009	ROHMAN: RAY'S READ	0		0	0 \$	-
87014	ROHMAN: RAY'S READ	0		0	0 \$	-
87022	ROHMAN: RAY'S READ	0		0	0 \$	-
87047	ROHMAN: RAY'S READ	0		0	0 \$	-

**Outside The Box
Inventory Valuation
July 22, 2000**

NO.....	DESCRIPTION.....	ON HAND	RCPT DATE	REC QTY	UNIT COST.	EXTENDED COST
87055	ROHMAN: RAY'S READ	0		0	0 \$	-
87063	ROHMAN: RAY'S READ	0		0	0 \$	-
87071	ROHMAN: RAY'S READ	0		0	0 \$	-
87079	ROHMAN: RAY'S READ	0		0	0 \$	-
87081	ROHMAN: RAY'S READ	0		0	0 \$	-
87082	ROHMAN: RAY'S READ	0		0	0 \$	-
87083	ROHMAN: RAY'S READ	0		0	0 \$	-
87084	ROHMAN: RAY'S READ	0		0	0 \$	-
87085	ROHMAN: RAY'S READ	0		0	0 \$	-
87086	ROHMAN: RAY'S READ	0		0	0 \$	-
87087	ROHMAN: RAY'S READ	0		0	0 \$	-
87088	ROHMAN: RAY'S READ	0		0	0 \$	-
87089	ROHMAN: RAY'S READ	0		0	0 \$	-
87090	ROHMAN: RAY'S READ	0		0	0 \$	-
87091	ROHMAN: RAY'S READ	0		0	0 \$	-
87092	ROHMAN: RAY'S READ	0		0	0 \$	-
87093	ROHMAN: RAY'S READ	0		0	0 \$	-
87094	ROHMAN: RAY'S READ	0		0	0 \$	-
87095	ROHMAN: RAY'S READ	0		0	0 \$	-
87096	ROHMAN: RAY'S READ	0		0	0 \$	-
87097	ROHMAN: RAY'S READ	0		0	0 \$	-
87098	ROHMAN: RAY'S READ	0		0	0 \$	-
87109	BROWN/WRIGHT: MY F	0		0	0 \$	-
87111	BROWN/WRIGHT: MY F	0		0	0 \$	-
87112	BROWN/WRIGHT: MY F	0		0	0 \$	-
87113	BROWN/WRIGHT: MY F	0		0	0 \$	-
87114	BROWN/WRIGHT: MY F	0		0	0 \$	-
87115	BROWN/WRIGHT: MY F	0		0	0 \$	-
87116	BROWN/WRIGHT: MY F	0		0	0 \$	-
87117	BROWN/WRIGHT: MY F	0		0	0 \$	-
87118	BROWN/WRIGHT: MY F	0		0	0 \$	-
87119	BROWN/WRIGHT: MY F	0		0	0 \$	-
87120	BROWN/WRIGHT: MY F	0		0	0 \$	-
87121	BROWN/WRIGHT: MY F	0		0	0 \$	-
87122	BROWN/WRIGHT: MY F	0		0	0 \$	-
87123	BROWN/WRIGHT: MY F	0		0	0 \$	-
87124	BROWN/WRIGHT: MY F	0		0	0 \$	-
87125	BROWN/WRIGHT: MY F	0		0	0 \$	-
87126	BROWN/WRIGHT: MY F	0		0	0 \$	-
87127	BROWN/WRIGHT: MY F	0		0	0 \$	-
87128	BROWN/WRIGHT: MY F	0		0	0 \$	-
87130	BROWN/WRIGHT: MY F	0		0	0 \$	-
87131	BROWN/WRIGHT: MY F	0		0	0 \$	-

D\$



SCHOTTENSTEIN ZOX & DUNN
a legal professional association

PHILLIP G. LILLY
614/462-2310
E-MAIL: PLLILLY@SZD.COM

June 14, 2002

Via Federal Express

Commissioner of Patents and Trademarks
Box Assignments
Washington, DC 20231

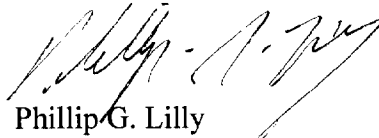
Re: RAY'S READERS – Registration No. 1968399

Dear Sir or Madam:

I am enclosing herewith an Assignment with regard to the above marked trademark as well as a check in the amount of \$40 to cover the filing fee. Kindly record this document at your earliest convenience and call the undersigned if you have any questions.

Also, I am enclosing herewith a copy of Assignment documents with regard to this particular mark as signed by representatives of both the Assignor and Assignee

Very truly yours,


Phillip G. Lilly

PGL:dh

Enclosure



www.SZD.com

Columbus
Cleveland
Cincinnati

{H0204557.1 }