

09-20-2002

1-31-92

TRADEMARKS ONLY

Patent & Trademark Office



To tl

102228454

emarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Frank Schaffer Publications, Inc.

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

9-17-02

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

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

3. Nature of Conveyance:

- () Assignment () Merger
() Security Agreement () Change of Name
() Other - Asset Purchase

Execution Date: 5/17/01

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 (X)No

4. Application or registration number(s):

A. Trademark Application No.(s)
75/008690

B. Trademark Registration No.(s)
708,362

Additional numbers attached? ()Yes (X)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

6. Total number of applications and registrations involved:.....(1)

7. Total fee (37CFR 3.41)..... \$65.00

- () Enclosed (receipt for payment)
(X) 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)

09/19/2002 LNUELLER 00000327 76008690

01 FC:488 48.00 00
02 FC:488 25.00 00

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.

Ava K. Doppelt, Esquire

[Handwritten Signature]

September 10, 2002

Signature

Date

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

OFFICE OF PUBLIC RECORDS
702 SEP 17 PM 1:35
FINANCE SECTION

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. E. Schaffer
Name: J. E. Schaffer
Title: Sr. V.P. Finance + Ops.

**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.

	United States	BEAR HUGS	75/162,769	Abandoned
5	United States	CELEBRATING OUR DIVERSITY	1772347	Registered ✓
6	United States	CLOCK FACTORY	1771414	Registered ✓
	United States	COLOR 'N' LEARN	1777861	Registered
	United States	ENTERTAINING THE SWING SET	75/158,914	Abandoned
7	United States	FAST FACTS	2422205	Registered ✓
8	United States	FIND 'N' LEARN	1777862	Registered ✓
9	United States	FRANK SCHAFFER DESIGN	2135186	Registered ✓
10	United States	FRANK SCHAFFER DESIGN	2279603	Registered ✓
	United States	FRANK SCHAFFER PUBLICATIONS	75/669,987	Abandoned
11	United States	FRANK SCHAFFER PUBLICATIONS	2136550	Registered ✓
12	United States	FRANK SCHAFFER'S LEARNING ADVENTURES	2284877	Registered ✓
13	United States	FRANK SCHAFFER'S LEARNING ADVENTURES	2285769	Registered ✓
14	United States	FRANK SCHAFFER'S WRITEONS	2317851	Registered ✓
	United States	FRANK SCHAFFER'S CLASSROOM HELPERS		Pending App. <i>use</i>
15	United States	FSP	2281881	Registered ✓
	United States	FUNDAMENTALS FIRST	75/164,044	Abandoned
16	United States	GRACE PUBLICATIONS	75/008,690	Pending App. <i>Skipped</i>
	United States	HANDS TOGETHER SERIES	1770028	Abandoned
	United States	HEAVENLY HELPERS	75/052,045	Abandoned
17	United States	HEAVENLY HELPERS	75/734,494	Pending App. ✓
18	United States	HOMEWORK HELPERS	188442	Registered <i>1888 442</i>
	United States	HOMEWORK HELPERS	75/062,641	Pending App.
	United States	HUFF AND PUFF	1886233	Registered
19	United States	INSTANT SHOWCASE	75/124,926	Pending App. ✓
20	United States	JJ	1391553	Registered ✓

21	United States	JUDY	708362	Registered	<i>skipped</i>
22	United States	JUDY/INSTRUCTO	1378066	Registered	✓
	United States	LITTLE LAMBS	75/052,543	Abandoned	
	United States	MAKE IN A MINUTE	1851092	Registered	
	United States	MATCH 'N' LEARN	1784672	Abandoned	
	United States	MERRY GO ROUND		Common Law Mark	
	United States	NUMBERITE	1098551	Abandoned	
23	United States	PATHWAYS OF AMERICA	1863191	Registered	✓
24	United States	PENCIL PAL	75/520,235	Pending App.	✓
25	United States	PIGGYBACK	1641254	Registered	✓
	United States	PROBLEM SOLVING SAFARI	75/153215	Abandoned	
	United States	SCHAFFER'S SIMPLE SOFTWARE	75/052,855	Abandoned	
	United States	SEEDS FOR SUCCESS	75/153,214	Abandoned	
26	United States	SEE-QUEES	578570	Registered	✓
27	United States	STEPPING STONES	1629285	Registered	✓
28	United States	SUN & BEARS	2148667	Registered	✓
29	United States	TEACHING HOUSE DESIGN	2296053	Registered	✓
	United States	TEACHING HOUSE DESIGN	75/454,463	Abandoned	
	United States	TEACHING HOUSE	74/731,023	Abandoned	
30	United States	THEME-A-SAURUS	1658192	Registered	✓
31	United States	THINK 'N' DO	1777860	Registered	✓
32	United States	TOTLINE	1490156	Registered	✓
33	United States	TOTLINE	75/052,387	Registered	<i>Pro type</i>
	United States	WARREN PUBLISHING HOUSE	75/052,544	Pending App.	