

03-04-2002



P/4112-2

PATENT

102001396

SHEET

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

1. Name of conveying party(ies): **2-21-02**  
Felton Investments, Ltd. - June 13, 2001  
Greatview Investments, Ltd. - June 13, 2001  
Mermaid Investments, Ltd. - June 13, 2001

2. Name and Address of receiving party(ies):  
Personalized Online Photo LLC  
535 West 34th Street  
New York NY 10021

Type of Entity: Corporations of Turks/Caicos Island

Type of Entity: Limited Liability Corporation of Delaware

Additional names(s) of conveying party(ies) attached? No

Additional name(s) &amp; address(es) attached? No

3. Nature of Conveyance:

Contribution Agreement

Execution Date: June 13, 2001

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is:

A. Application No.(s)

B. Patent No.(s)

5,623,587

Additional numbers attached?

5. Name and address of party to whom  
correspondence concerning document should  
be mailed:OSTROLENK, FABER, GERB & SOFFEN, LLP  
1180 Avenue of the Americas  
New York, New York 10036-8403

6. Total number of documents involved: 1

7. Total fee (37 CFR 3.41): \$40.00

Enclosed as part of Check No. **8340**In the event the actual fee is greater than the payment submitted or is  
inadvertently not enclosed or if any additional fee due is not paid, the  
Patent and Trademark Office is authorized to charge the underpayment  
to Deposit Account No. 15-0700.

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8. 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.

Brendan J. Kennedy

Name of Person Signing

Signature

February 7, 2002

Date

Total number of pages including cover sheet, attachments, and document: 27

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REEL: 012607 FRAME: 0734

REC

09-29-1999

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U.S. DEPARTMENT OF COMMERCE  
Patent and Trademark Office



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To the Honorable Commissioner of Pat.

101157976

1. Name of conveying party(ies):

BENJAMIN BOLLAG and MICHAEL BOLLAG (Joint  
Tenants)

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

3. Nature of conveyance:

- ☒ Assignment ☐ Merger  
☐ Security Agreement ☐ Change of Name  
☐ Other \_\_\_\_\_

Execution Date: May 20, 1999

2. Name and address of receiving party(ies)

GREATVIEW INVESTMENTS, LTD.

Name: FELTON INVESTMENTS, LTD.

Internal Address: MERMAID INVESTMENTS, LTD. (JOINT TENAN

Street Address: Gretton House

P.O. Box 65 - Duke Street

City: Turk & Caicos Islands State: ZIP: \_\_\_\_\_

Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or patent number(s):

If this document is being filed together with a new application, the execution date of the application is: \_\_\_\_\_

A. Patent Application No.(s)

08/840,464

B. Patent No.(s)

5,623,587

Additional numbers attached? ☐ Yes ☒ No

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

Name: Karl F. Milde, Jr.

Internal Address: MILDE, HOFFBERG & MACKLIN, LLP

Street Address: 10 BANK STREET

SUITE 460

City: White Plains State: NY ZIP: 10606

6. Total number of applications and patents involved: 2

7. Total fee (37 CFR 3.41).....\$ 80.00

- ☒ Enclosed  
☐ Authorized to be charged to deposit account

8. Deposit account number:

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

09/29/1999 DNGUYEN 00000005 5623587

01 FC:581

80.00 DP

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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.

KARL F. MILDE, JR.

Name of Person Signing

Signature

Date

Total number of pages including cover sheet, attachments, and document: 3

# ASSIGNMENT

FOR VALUABLE CONSIDERATION, THE RECEIPT AND ADEQUACY OF WHICH IS HEREBY

ACKNOWLEDGED, BENJAMIN BOLLAG AND MICHAEL BOLLAG, AS JOINT TENANTS,

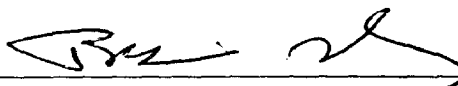
OF Hollister Ranch, Lot 89, Gaviota, California 93117

hereby sells, assigns, and transfers unto FELTON INVESTMENTS LTD., GREATVIEW INVESTMENTS LTD. AND MERMAID INVESTMENTS LTD., AS JOINT TENANTS, all corporations of the TURK AND CAICOS ISLANDS and having their place of business at GRETTON HOUSE, P.O. BOX 65, DUKE STREET, TURK & CAICOS ISLANDS, the entire right, title, and interest in and to the U.S. Patent Application Serial No. 08/840,464, filed April 21, 1997, entitled PERSONALIZED STICKER BOOKS and U.S. Letters Patent No. 5,623,587, issued April 22, 1997, entitled METHOD AND APPARATUS FOR PRODUCING AN ELECTRONIC IMAGE and its entire right, title, and interest in and to all the inventions, whether joint or sole, disclosed in said application and Letters Patent, and in and to all divisional or continuation applications or continuation-in-part applications that may be filed for United States Letters Patent for any of said inventions, or any patent application inside or outside the United States claiming benefit of priority of this application and in and to all patents that may be granted on the foregoing applications, and it hereby agrees, whenever requested, to communicate to said assignee, its successors and assigns, any facts known to it respecting said inventions and to execute all applications or papers necessary to obtain and maintain proper patent protection on said inventions.

Date:

BENJAMIN BOLLAG

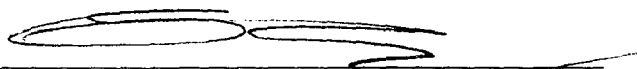
5/20/99



Date:

MICHAEL BOLLAG

5/20/99



CONTRIBUTION AGREEMENT

BY AND BETWEEN  
PERSONALIZED ONLINE PHOTO LLC

AND

FELTON INVESTMENTS, LTD.,  
GREATVIEW INVESTMENTS, LTD,  
MERMAID INVESTMENTS, LTD.,

AND

WHITE RIDGE INVESTMENTS, LTD.

Dated as of June 13, 2001

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Exhibits

- A. Memberships & Interests
- B. Contribution and Assumption Agreement

## CONTRIBUTION AGREEMENT

This Contribution Agreement (this "**Agreement**") dated as of the 13th day of June, 2001, is entered into by and among Personalized Online Photo LLC, a Delaware limited liability company (the "**Company**"), Felton Investments, Ltd. ("**Felton**"), Greatview Investments, Ltd. ("**Greatview**"), Mermaid Investments, Ltd. ("**Mermaid**") and White Ridge Investments, Ltd. ("**White Ridge**" and, collectively with Felton, Greatview and Mermaid, the "**Contributors**" and each, a "**Contributor**").

### R E C I T A L S:

- (i) Contributors collectively own all right, title and interest in and to the assets set forth on **Schedule A** hereto (the "**Assets**").
- (ii) The Company desires to receive through a contribution to capital from each Contributor, and each Contributor desires to contribute to the Company, on the terms and conditions set forth herein, all of such Contributor's rights, title and interest in and to the Assets in exchange for an aggregate of 9.9% of the Class A Member Interests (the "**Class A Interests**") and 100% of the Class B Member Interests (the "**Class B Interests**") in the Company.
- (iii) The Company desires to receive the Assets in connection with the formation of the Company and the development of the Company's operations.

NOW, THEREFORE, for and in consideration of the mutual covenants and conditions set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Contributors agree as follows:

### ARTICLE I.

#### CONTRIBUTION OF ASSETS AND EXCHANGE FOR CLASS A AND CLASS B INTERESTS

A. Contribution Transaction. Subject to the terms and conditions contained in this Contribution Agreement, each Contributor hereby transfers and assigns to the Company, absolutely and unconditionally, all of its right, title and interest in and to the Assets. The contribution of the Contributor's Assets shall be further evidenced by a "CONTRIBUTION AND ASSUMPTION AGREEMENT" substantially in the form of **Exhibit A** attached hereto. The parties shall take such additional actions and execute such additional documentation as may be required by the Limited Liability Company Operating Agreement, dated as of the date hereof, by and among BAI Online Photo LLC and each of the Contributors (the "**Operating Agreement**") in order to effect the transactions contemplated hereby.

B. Issuance of Class A Interests and Class B Interests. Subject to Sections 1.3 and 1.4 below, in exchange for the Assets, the Company shall issue to the Contributors Class A Interests and Class B Interests, in each case, as set forth in the Operating Agreement (the "**Consideration**"). The parties shall take such additional actions and execute such additional documentation as may be required by the Operating Agreement in order to effect the transactions contemplated hereby.

C. Contribution of Certain Rights. Without limitation of the foregoing, each Contributor hereby contributes to the Company all of its rights and interests, if any, including rights to indemnification in favor of the Company, if any, under the agreements pursuant to which each such Contributor or its affiliates initially acquired the Assets transferred pursuant to this Contribution Agreement.

D. Treatment as Contribution. The transfer, assignment and exchange of interests effectuated with respect to the Company, pursuant to this Contribution Agreement, shall constitute a "Capital Contribution" pursuant to Article 5 of the Operating Agreement and is intended to be treated for tax purposes as a contribution of property to the Company in exchange for an interest in the Company under Section 721(a) of the Internal Revenue Code of 1986, as amended (the "**Code**").

## ARTICLE II.

### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE CONTRIBUTORS

As a material inducement to the Company to enter into this Agreement and to consummate the transactions contemplated hereby and by the Operating Agreement, the Contributors jointly and severally make each of the representations and warranties set forth in this Article II, which representations and warranties (unless otherwise noted) are true, correct and complete as of the date hereof.

A. Title to Assets. (1) Each of the Contributors owns beneficially and of record, free and clear of any claim, security interest, lien, pledge or encumbrance of any kind or nature whatsoever (each, an "**Encumbrance**"), and has good title to and full power and authority to rightfully convey free and clear of any Encumbrances, its rights, title and interest in the Assets and upon delivery of a Contribution and Assumption Agreement by the Contributors conveying the Assets, the Company shall acquire, as a contribution to its capital, good and valid title thereto, free and clear of any Encumbrance.

(2) The Contributors acquired good title to the Assets by virtue of a secured party's sale in compliance with the requirements of Section 9-504 of the Uniform Commercial Code.

(3) Except as set forth on Schedule II A (3) hereto, the Assets constitute all of the assets owned and/or used in the operation of the business of Kideo Productions Inc. ("**Oldco**")



and such Assets constitute all of the assets needed to operate the business of the Company in the same manner in which the business of Oldco was conducted.

(4) Except as set forth on Schedule II.A.(4) hereto, all tangible assets included within the Assets are in working order, customary wear and tear excepted.

B. Organization; Authority; No Conflicts.

(1) Each Contributor is a corporation, limited partnership, general partnership, limited liability company or trust duly organized, validly existing and in good standing under the laws of the jurisdiction of its organization. Each such Contributor has full right, authority, power and capacity:

(i) to execute and deliver this Agreement and each other agreement, document and instrument to be executed and delivered by or on behalf of such Contributor pursuant to this Agreement;

(ii) to perform the transactions contemplated hereby and thereby; and

(iii) to transfer, assign, convey and deliver all of the Assets to the Company in accordance with this Agreement.

(2) All applicable corporate, partnership, limited liability company, trust or other action necessary for such Contributor to execute and deliver this Agreement and each other agreement, document and instrument executed by or on behalf of each such Contributor pursuant to this Agreement, and to perform the transactions contemplated hereby and thereby, has been taken.

(3) This Agreement and each other agreement, document and instrument executed and delivered by or on behalf of such Contributor pursuant to this Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligation of such Contributor, each enforceable in accordance with its respective terms.

(4) The execution, delivery and performance of this Agreement and each other agreement, document and instrument to be executed and delivered by or on behalf of each such Contributor:

(i) does not and will not violate such Contributor's charter and/or bylaws, partnership agreement, operating agreement or declaration of trust, as applicable;

(ii) does not and will not violate any foreign, federal, state, local or other laws applicable to such Contributor or require such Contributor to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made and which does not remain in effect; and

(iii) does not and will not result in a breach or a violation of, constitute a default under, accelerate any obligation under or give rise to a right of termination of, any indenture, deed of trust, mortgage, loan or credit agreement or any other agreement, contract, instrument, lease, permit, authorization, order, writ, judgment, injunction, decree, determination or arbitration award to which such Contributor is a party or by which the Assets of such Contributor are bound or affected.

C. Litigation. There is no claim, action, litigation or proceeding, whether judicial, administrative or arbitral, pending or overtly threatened, affecting all or any portion of the Assets or any Contributor's ability to consummate the transactions contemplated hereby. Each Contributor knows of no outstanding order, writ, injunction or decree of any court, government, governmental entity or authority or arbitration against or affecting all or any portion of the Assets or any Contributor's interest therein, which in any such case would impair any Contributor's ability to enter into and perform all of its obligations under this Agreement.

D. Contracts and Commitments. Schedule II. D. hereto contains a true, complete and correct list and description of all contracts which relate to the business of Oldco or the Assets, whether written or oral; all of such contracts are valid, binding on the parties thereto and are in full force and effect; and no party to any such contract is in default thereunder in any material respect.

E. Trade Names and other Intellectual Property. Schedule II.E. sets forth a true, correct and complete list and where appropriate a description of all patents, patent applications, registered trademarks and registered service marks and applications for the registration of trademarks or service marks, material tradenames and trade secrets which constitute intangible property included within the Assets (the "**Intangible Property**"). True, correct and complete copies of all licenses and other agreements relating to such Intangible Property have been previously delivered by Contribution to the Company. With respect to each trade secret, the documentation relating to such trade secret is current, accurate, and sufficient in detail and content to identify and explain it and to allow its full and proper use without reliance on the knowledge or memory of any individual. To the best knowledge of the Contributors, the Company does not infringe on the intangible property rights of any third party, nor does any third party infringe on the Intangible Property.

F. No Other Agreements. No Contributor has made any agreement with, and will not enter into any agreement with, and has no obligation (absolute or contingent) to, any other person or entity to sell, transfer, dispose of or in any way encumber any of the Assets or restricting in any way any Contributor's ability to contribute any of the Assets, or any interest therein, to the capital of the Company or to enter into any agreement with respect to the Assets.

G. No Brokers. No Contributor has entered into, and each Contributor covenants that it will not enter into, any agreement, arrangement or understanding with any person or entity which will result in the Company being obligated to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

H. Investment Representations and Warranties.

(1) Each Contributor, by reason of its business and financial experience, together with the business and financial experience of those persons, if any, retained by it to represent or advise it with respect to its investment in the Class A Interests or Class B Interests,

(a)(i) has such knowledge, sophistication and experience in financial and business matters and in making investment decisions of this type that it is capable of evaluating the merits and risks of and of making an informed investment decision with respect to an investment in the Class A Interests and the Class B Interests;

(ii) is capable of protecting its own interests or has engaged representatives or advisors to assist it in protecting its interests; and

(iii) is capable of bearing the economic risk of such investment.

(b) Each Contributor is an "accredited investor" as defined in Rule 501 of the regulations promulgated under the Securities Act.

(2) Each Contributor understands that an investment in the Company involves substantial risks.

(i) Each Contributor has been given the opportunity to make a thorough investigation of the proposed activities of the Company.

(ii) Each Contributor has been afforded the opportunity to obtain any additional information regarding the Company requested by it.

(iii) Each Contributor has had an opportunity to ask questions of and receive answers from representatives of the Company concerning the Company and its proposed activities and the terms and conditions of an investment in the Class A Interests and Class B Interests.

(3) The Class A Interests and Class B Interests issued to each Contributor simultaneously herewith, respectively, will be acquired by each such Contributor for its own account, for investment only and not with a view to, or with any intention of, a distribution or resale thereof, in whole or in part, or the grant of any participation therein.

(4) No Contributor was formed for the specific purpose of acquiring an interest in the Company.

(5) Each Contributor acknowledges that:

(i) the Class A Interests and the Class B Interests to be issued to each such Contributor simultaneously herewith have not been registered under the Securities Act or state securities laws by reason of a specific exemption or exemptions from registration under the Securities Act and applicable state securities laws and, if such member interests are represented by certificates, such certificates will bear a legend to such effect;

(ii) the Company's reliance on such exemptions is predicated in part on the accuracy and completeness of the representations and warranties of each such Contributor contained herein;

(iii) the Class B Interests to be issued to each such Contributor simultaneously herewith may not be resold or otherwise distributed unless registered under the Securities Act and applicable state securities laws, or unless an exemption from registration is available;

(iv) there is no public market for the Class A Interests or Class B Interests; and

(v) the Company has no obligation or intention to register such Class A Interests or Class B Interests under the Securities Act or any state securities laws or to take any action that would make available any exemption from the registration requirements of such laws.

(6) Each such Contributor hereby acknowledges that because of the restrictions on transfer or assignment of Class A Interests and the Class B Interests to be issued hereunder, which will be set forth in the Operating Agreement, each such Contributor may have to bear the economic risk of the investment commitment evidenced by this Agreement and any Class A Interests and Class B Interests issued hereunder and under the Operating Agreement for an indefinite period of time.

I. Disclosure. No representation or warranty of any Contributor in this Agreement and no statement in any schedule hereto omits to state a material fact necessary to make the statements herein or therein, in light of the circumstances in which they were made, not misleading, including, without limitation, with respect to any and all representations or warranties made in connection with the Assets.

J. Covenant to Remedy Breaches. Each Contributor covenants to use all reasonable efforts within its control:

(1) to prevent the breach of any representation or warranty of the Contributors hereunder;

(2) to satisfy all covenants of the Contributors hereunder; and

(3) to promptly cure any breach of a representation, warranty or covenant of the Contributors hereunder upon its learning of same, whether prior to, on or after the date hereof.

ARTICLE III.  
REPRESENTATIONS, WARRANTIES AND COVENANTS  
OF THE COMPANY

As a material inducement to each Contributor to enter into this Agreement and to consummate the transactions contemplated hereby, the Company hereby makes each of the representations and warranties set forth in this Article III, which representations and warranties are true as of the date hereof.

A. Authority. The Company is a limited liability company validly existing and in good standing under the laws of the State of Delaware. The Company has full right, authority, power and capacity:

(i) to execute and deliver this Agreement and each other agreement, document and instrument to be executed and delivered by or on behalf of it pursuant to this Agreement;

(ii) to perform the transactions contemplated hereby and thereby; and

(iii) to issue Class A Interests and Class B Interests to each Contributor pursuant to and in accordance with the terms of this Agreement and the Operating Agreement.

B. Enforceability. This Agreement and each agreement, document and instrument executed and delivered by the Company pursuant to this Agreement constitutes, or when executed and delivered will constitute, the legal, valid and binding obligations of the Company, each enforceable in accordance with its respective terms.

C. No Violation. The execution, delivery and performance of this Agreement and each such agreement, document and instrument by the Company:

(i) does not and will not violate the Operating Agreement;

(ii) does not and will not violate any foreign, federal, state, local or other laws applicable to the Company or require the Company to obtain any approval, consent or waiver of, or make any filing with, any person or authority (governmental or otherwise) that has not been obtained or made and which does not remain in effect; and

(iii) does not and will not result in a breach or a violation of, constitute a default under, accelerate any obligation under or give rise to a right of termination of, any indenture, deed of trust, mortgage, loan or credit agreement, any other material agreement, contract,

instrument, lease, permit or authorization, or any order, writ, judgment, injunction, decree, determination or arbitration award to which the Company is a party or by which the property of the Company is bound or affected.

D. No Brokers. The Company has not entered into, and covenants that it will not enter into, any agreement, arrangement or understanding with any person or entity which will result in the obligation of any Contributor to pay any finder's fee, brokerage commission or similar payment in connection with the transactions contemplated hereby.

#### ARTICLE IV. INDEMNIFICATION

A. Indemnification by Contributors.

(1) Subject to the provisions of this Article IV, each Contributor shall jointly and severally indemnify, defend and hold harmless the Company and its affiliates, officers, directors, employees, agents and representatives (collectively the **"Company Indemnified Parties"**) from and against all claims (including, without limitation, claims by third parties), damages, losses, liabilities, taxes, costs and expenses (including, without limitation, settlement costs and any reasonable legal, accounting or other expenses for investigating or defending any actions or threatened actions) (collectively, **"Damages"**) arising out of or caused by (i) the failure of any representation or warranty made by the Contributors (or any of them) in this Agreement, the Operating Agreement or any other transaction document related hereto or thereto (each, a **"Transaction Document"** and collectively, the **"Transaction Documents"**), to be true and correct in all respects or (ii) any breach of any covenant, agreement or obligation of the Contributors (or any of them) contained in this Agreement, the Operating Agreement or any other Transaction Document.

(2) Right to Offset. Subject to Section (4) below, to secure each Contributor's indemnification obligations hereunder, each Contributor agrees that the Company shall have the right to offset against any and all Damages (a) the value, as of the date of this Agreement or as adjusted at any time or from time to time thereafter by the Member Manager in good faith, of each Contributor's Class B Interests, and thereafter (b) the value, as of the date of this Agreement or as adjusted at any time or from time to time thereafter by the Member Manager in good faith, of each Contributor's Class A Interests.

B. Indemnification by the Company. Subject to the provisions of this Article IV, the Company shall indemnify, defend and hold harmless each Contributor and its respective affiliates and the officers, directors, employees and agents of each Contributor and such affiliates, from and against any Damages arising out of or caused by (a) the failure of any representation or warranty made by the Company in this Agreement, in the Operating Agreement or in any other Transaction Document, to be true and correct in all respects or (b) any breach of

any covenant, agreement or obligation of the Company contained in this Agreement, the Operating Agreement or any other Transaction Document.

C. Indemnification Procedures.

1. Notice of Claim. An indemnified party hereunder shall promptly give notice to the indemnifying party after learning of the assertion of any third party claim against the indemnified party as to which recovery may be sought against the indemnifying party pursuant to this Article IV. The failure to give or delay in giving notice as required by this Section in a timely fashion shall not result in a waiver of any right to indemnification hereunder except to the extent the indemnifying party is prejudiced thereby and then only to the extent of such prejudice.

2. Assumption of Defense by Indemnifying Party. Subject to Section 3 below, if any indemnification obligation hereunder shall arise from the claim of a third party, the indemnified party shall permit the indemnifying party to assume the defense of any such claim or any litigation resulting from such claim unless such third party is seeking injunctive or equitable remedies in respect of the indemnified party or its business. If the indemnifying party assumes the defense of such claim or litigation, the obligations of the indemnifying party hereunder shall include, but not be limited to, taking all steps reasonably necessary in the defense or settlement of such claim or litigation and holding the indemnified party harmless from and against any and all Damages caused by or arising out of any settlement approved by the indemnifying party or any judgment in connection with such claim or litigation. The indemnifying party shall not, in the defense of such claim or litigation, unless the indemnified party otherwise expressly consents in writing, such consent not to be unreasonably withheld, consent to entry of any judgment or enter into any settlement unless (i) such judgment or settlement provides only for monetary damages to be paid (and, subject to Section 4 below, will be paid) by the indemnifying party or (ii) such judgment or settlement includes as an unconditional term thereof the giving by the claimant or the plaintiff to the indemnified party of a full release from all liability in respect of such claim or litigation. In cases where the indemnifying party has, by written instrument delivered to the indemnified party, assumed the defense of a claim for which indemnity is being sought, and is not in default, or otherwise unable to perform its obligations, under this Article IV, the indemnifying party shall proceed with the defense or settlement thereof with counsel of its own choosing, which counsel shall be reasonably satisfactory to the indemnified party, provided that the indemnified party (and its counsel) shall be entitled to continue to participate at its own cost in any such action or proceeding or in any negotiations or proceedings to settle or otherwise eliminate any claim for which indemnification is being sought, and the indemnifying party shall consult in good faith with the indemnified party upon the indemnified party's request regarding the conduct of such action, proceeding or claim.

3. Assumption of Defense by Indemnified Party. With respect to any third party claim subject to Section 2 above, if (i) the indemnifying party does not acknowledge, in writing, that it is assuming the defense of such claim within ten (10) business days after being given notice thereof, (ii) the indemnified party is entitled to assume or proceed with the defense of such under Section 2 above, (iii) the indemnifying party is in default or otherwise unable to perform its

obligations under this Article IV, (iv) the indemnified party concludes in good faith that (x) there may be legal defenses available to it that are different from or in addition to those available to the indemnifying party or (y) another conflict of interest exists or may occur in the defense of such action, then in any of such cases, the indemnified party may assume primary responsibility for the defense of such claim, and may select legal counsel reasonably acceptable to the indemnifying party to conduct the defense of such claim. If the indemnified party assumes and undertakes a defense of a third party claim or claims in accordance with the immediately preceding sentence, the indemnifying party shall be liable to the indemnified party for any reasonable attorneys' fees and expenses incurred by the indemnified party in connection with such matter, after receiving notice from the indemnified party to the effect that it intends to take advantage of the provisions set forth in the immediately preceding sentence; provided, however, that the indemnifying party shall continue to have the right to participate in the defense of any such action and to employ separate counsel in connection therewith, but the fees, costs, and expenses related to such participation shall be at the expense of and paid by the indemnifying party. In the event the indemnified party assumes primary responsibility for the defense of any claim, the indemnifying party shall continue to pay the reasonable legal fees and expenses of counsel for the indemnified party and the indemnifying party shall not have the right to direct the defense of such action on behalf of the indemnified party. The indemnified party shall have the right, with the consent of the indemnifying party, to settle or compromise any such action on terms satisfactory to it.

4. Payment by Indemnifying Party. Without limiting the generality of this Article IV, the indemnifying party shall promptly pay or reimburse the indemnified party for (i) the amount of any judgment rendered or settlement entered into, (ii) all Damages and reasonable expenses, legal or otherwise, incurred by the indemnified party in connection with the defense against such third party claim or litigation and (iii) all costs incurred by the indemnified party in the securing of such party's rights under this Article IV.

5. Characterization of Indemnity Payments. The parties agree that any indemnification or other payments under this Article IV to any party shall be treated to the extent permissible as an adjustment to the purchase price for the Assets, unless otherwise required by applicable law.

## ARTICLE V. POWER OF ATTORNEY

A. Grant of Power of Attorney. Each Contributor does hereby irrevocably appoint the Company (or its designee) and each of them individually and any successor thereof from time to time (such Company or designee or any such successor of any of them acting in his, her or its capacity as attorney-in-fact pursuant hereto, the "**Attorney-In-Fact**") as the true and lawful attorney-in-fact and agent of each Contributor, to act in the name, place and stead of each Contributor to make, execute, acknowledge and deliver all such other contracts, orders, other documents (including without limitation the execution of any other documents relating to the acquisition by the Company of the Assets) to do all things and to take all actions which the



Attorney-In-Fact in its sole discretion may consider necessary or proper in connection with or to carry out the transactions contemplated by this Agreement and the Operating Agreement, as fully as could each Contributor if personally present and acting.

B. The power of attorney shall be coupled with an interest and therefore shall be irrevocable and shall not be terminated by any act of any Contributor, by operation of law or by the occurrence of any other event or events, and if any other acts or events shall occur before the completion of the transactions contemplated by this Agreement, the Attorney-In-Fact shall nevertheless be authorized and directed to complete all such transactions as if such other act or event had not occurred and regardless of notice thereof. Each Contributor hereby authorizes the reliance of third parties on the power of attorney provided in this Article V.

## ARTICLE VI. MISCELLANEOUS

A. Amendment. This Agreement may only be amended by a written agreement duly executed by the Company and a majority of the Contributors.

B. Waiver. No waiver of any provision of this Agreement shall be valid unless in writing and signed by the party against whom enforcement is sought.

C. Entire Agreement; Counterparts; Applicable Law. This Agreement (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof, (b) may be executed in several counterparts, each of which will be deemed an original and all of which shall constitute one and the same instrument and (c) shall be governed in all respects, including validity, interpretation and effect, by the laws of the State of Delaware without giving effect to the conflicts of law provisions thereof.

D. Assignment. This Agreement shall be binding upon, and shall be enforceable by and inure to the benefit of, the parties hereto and their respective heirs, legal representatives, successors and assigns; *provided, however*, that this Agreement may not be assigned (except by operation of law) by the Company without the prior written consent of each Contributor or by each Contributor without the prior written consent of the Company, and any attempted assignment without such consent shall be void and of no effect.

E. Titles. The titles and captions of the Articles, Sections and paragraphs of this Agreement are included for convenience of reference only and shall have no effect on the construction or meaning of this Agreement.

F. Severability. If any provision of this Agreement, or the application thereof, is for any reason held to any extent to be invalid or unenforceable, the remainder of this Agreement and application of such provision to other persons or circumstances will be interpreted so as

reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of the void or unenforceable provision and to execute any amendment, consent or agreement deemed necessary or desirable by the Company to effect such replacement.

G. Equitable Remedies. The parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement were not performed in accordance with their specific terms or were otherwise breached. It is accordingly agreed that the parties shall be entitled to an injunction or injunctions to prevent breaches of this Agreement and to enforce specifically the terms and provisions hereof in any federal or state court located in the State of New York (as to which the parties agree to submit to jurisdiction for the purposes of such action), this being in addition to any other remedy to which they are entitled under this Agreement or otherwise at law or in equity.

H. Notices. Any notice or demand which must or may be given under this Agreement or by law shall, except as otherwise provided, be in writing and shall be deemed to have been given (i) when physically received by personal delivery (which shall include the confirmed receipt of a telecopied facsimile transmission), (ii) three (3) business days after being deposited in the United States certified or registered mail, return receipt requested, postage prepaid, or (iii) one (1) business day after being deposited with a nationally known commercial courier service utilizing its next day delivery service (such as Federal Express); addressed and delivered or telecopied in the case of a notice to the Company to the following address and telecopy number:

Personalized Online Photo LLC  
450 West 31<sup>st</sup> Street, 11<sup>th</sup> Floor  
New York, New York 10001  
Attention: David Blumberg, Chairman and Chief Executive Officer

with a copy to:

Paul, Hastings, Janofsky & Walker LLP  
399 Park Avenue  
New York, New York 10022  
Attention: Neil A. Torpey, Esq.  
Phone: (212) 318-6034  
Telecopy: (212) 319-4090

and addressed and delivered or telecopied, in the case of a notice to a Contributor, to the address and telecopy number set forth under such Contributor's name in Exhibit A hereto.

I. Confidentiality. Each Contributor shall treat as confidential the terms of this Agreement to any person other than counsel or advisors to such Contributor who agree to keep such terms confidential. Each Contributor shall treat all information received from the Company or its

counsel or advisors pertaining to the Company confidential and shall disseminate same only to counsel to each such Contributor who agree to keep such information confidential.

J. No Third Party Beneficiary. Except as provided in Article V, Section B, nothing in this Agreement shall entitle any person or entity (other than an assignee of a party hereto and his, her or its respective successors and assigns permitted hereby) to any claim, cause of action, remedy or right of any kind.


J. Computation of Time. Any time period provided for herein which shall end on a Saturday, Sunday or bank or legal holiday shall extend to 5:00 p.m. of the next full business day. All times are New York City time.

K. Survival. It is the express intention and agreement of the parties hereto that the representations, warranties and covenants of the Company and each Contributor set forth in this Agreement shall survive the consummation of the transactions contemplated hereby.

[Signature page follows]

IN WITNESS WHEREOF, each of the parties hereto has executed this Agreement, or caused this Agreement to be duly executed on its behalf, as of the date first written above.

## PERSONALIZED ONLINE PHOTO LLC

By:   
Name: David Bernstein  
Title: Managing Member

## FELTON INVESTMENTS, LTD.

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

## GREATVIEW INVESTMENTS, LTD.

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

## MERMAID INVESTMENTS, LTD.

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

## WHITE RIDGE INVESTMENTS, LTD.

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

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003

P. 04.035

FAX: 6499462933

PAGE 4

7. 04/03

PERSONALIZED ONLINE PHOTO LLC

Name:

Title:

By:

Name: TURKS & CAICOS FIRST SECRETARIAL LTD  
Title: SECRETARY

Title: SECRETARY

By:

Name: GREYTON SECRETARIAL SERVICES LTD

Title: DIRECTOR

By:

Name: TURKS & CAICOS FIRST SECRETARIAL LTD  
Title: SECRETARY

Title: ~~SECRETARY~~

By:

Name: GRETTON SECRETARIAL SERVICES LTD  
Tel: 01223 311111

Title: GRIFFIN  
DIRECTOR

[illegible]

04:14 PM FROM:

TO: TAC FIRST SECRETARIAL PAGE 4

06/19/01 TUE 12:04 [TX/RX NO 65531] 004

**PATENT**  
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JUN-13-2001 12:11

P.02/03

JUN-19-01 TUE 09:52 AM T&amp;C FIRST SECRETARIAL

FAX: 6499462933

PAGE 2

12-JUN-2001 07:19 FROM:

TO: 6499452933

P.023/033

EXHIBIT A  
to  
CONTRIBUTION AGREEMENT

CONTRIBUTION AND ASSUMPTION AGREEMENT

FOR GOOD AND VALUABLE CONSIDERATION, the receipt and sufficiency of which are hereby acknowledged, each of the undersigned hereby assigns, transfers, contributes and conveys to PERSONALIZED ONLINE PHOTO LLC, a Delaware limited liability company (the "Company"), its entire legal and beneficial right, title and interest in and to all of the assets, interests and other rights set forth on Schedule A to this Contribution Agreement (the "Agreement") and described thereon as being assigned, transferred, contributed and conveyed hereunder (the "Assets"), including, without limitation, all rights to receive distributions of money, profits and other assets from or relating to the Assets, presently existing or hereafter at any time arising or accruing TO HAVE AND TO HOLD the same unto the Company, its successors and assigns, forever.

IN WITNESS WHEREOF, the parties hereto have cause this instrument to be executed by their representatives thereunto duly authorized.

Executed June 13, 2001

FELTON INVESTMENTS, LTD.

By: [Signature]

Name: TUCKS & CARRIS FIRST SECRETARIAL LTD  
Title: SECRETARY

Executed June 13, 2001

GREATVIEW INVESTMENTS, LTD.

By: [Signature]

Name: GEMIN SECRETARIAL SERVICES LTD  
Title: DIRECTOR

Executed: June 13, 2001

MERMAID INVESTMENTS, LTD.

By: [Signature]

Name: TUCKS & CARRIS FIRST SECRETARIAL LTD  
Title: SECRETARY

Executed: June 13, 2001

WHITE RIDGE INVESTMENTS, LTD.

By: [Signature]

Name: GEMIN SECRETARIAL SERVICES LTD  
Title: DIRECTOR

\\PCVDOWNS\T&C\secretary\Internat\Private\KYLEM\Contribution Agreement - Exhibit A.doc

JUN 12:21 AM FROM:

TO: T&amp;C FIRST SECRETARIAL

PAGE 2

**[End of signature page]**

## Schedule A

### Assets of Contributors

#### **I. Cash/Credit Card Accounts**

HSBC- Checking Account No. 031709419

First Data Merchant Services Credit Card Processing – Merchant Account No. 160205533997

Discover Card – Merchant Account No. 60110130 1985 519

American Express – Merchant Account No. 6314171778

#### **II. Intellectual Property**

See Schedule II.E.

#### **III. Character Licenses**

Barney - Licensed from Lyrick Studios

Arthur - Licensed from WGBH

#### **IV. Manufacturing Equipment**

75 Desktop Personal Computers (15 under lease)

50 Laser Disc Players

50 Video Cassette Recorders

30 Computer Monitors

3 Flatbed Computer Scanners

6 Television Monitors

4 Computer Racks

#### **V. Manufacturing Inventory**

Computer Servers

5 Computer Servers

#### **VI. Office Furniture / Equipment**

10 Desks

40 Office Chairs

2 Fax Machines

40 Telephone Handsets (under lease)

12 File Cabinets

8 Folding Tables

6 Laser Printers



## **VII. Telecommunications Equipment**

1 Lucent Definity Telephone Switch (under lease)

NY/338952.6

**PATENT**  
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Schedule II.A.(3)

**Exceptions to Assets Owned by or Used in Oldco Operations**

None.

NY/338952.6

Schedule II.A.(4)

**Exceptions to Assets in Good Working Condition**

None.

**Schedule II.D.**

**List and Description of Oldco Contracts**

1. Five year contract with Lyons Partnership, dated as of July 1, 1997, relating to license to produce personalized products featuring Barney<sup>TM</sup> character.
2. Three year agreement with WGBH, dated as of June 20, 2000, relating to license to produce personalized products featuring Arthur<sup>TM</sup> character.
3. Two year contract with PictureVision, Inc., dated as of June 16, 1999, relating to license to produce personalized products featuring Barney<sup>TM</sup>, Mickey Mouse<sup>TM</sup>, Lion King<sup>TM</sup>.
4. One year Agreement among Kideo Productions, Inc., America Online, Inc., and PictureVision, Inc., dated as of May 5, 2000, relating to on-line order fulfillment.

Schedule H.E.

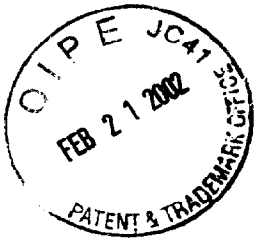
**Intellectual Property**

Patent: U.S. Patent 5,623,587

Trademark: Kideo<sup>TM</sup>

Internet Domain: Kideo.com

Internet Domain: OnlinePhoto.com



PAGE: 1

PATENT NUMBER: 5623587                      ISSUE DATE: 04/22/97  
SERIAL NUMBER: 08/489564                  FILING DATE: 06/12/95  
TITLE: METHOD AND APPARATUS FOR PRODUCING AN ELECTRONIC IMAGE  
APPLICANT: BULMAN, RICHARD L.

REEL: 007568 FRAME: 0169 DATE RECORDED: 06/12/95 NUMBER OF PAGES: 002  
ASSIGNOR: BULMAN, RICHARD  
EXC DATE: 06/09/95  
ASSIGNEE: KIDED PRODUCTIONS, INC.  
SUITE 515  
611 BROADWAY  
NEW YORK, NEW YORK 10012  
BRIEF: ASSIGNMENT OF ASSIGNOR'S INTEREST (SEE DOCUMENT FOR DETAILS).

PRESS XMIT FOR NEXT PAGE OR FOR A SPECIFIC PAGE  
ENTER PAGE NUMBER (2 DIGITS MAX.), PRESS XMIT

02/04/02 09:45  
PAGE: 2

RETURN ADDRESS: KARL F. MILDE, JR.  
FURGANG & MILDE  
2 CROSFIELD AVENUE, SUITE 210  
WEST NYACK, NEW YORK 10994

REEL: 008943 FRAME: 0258 DATE RECORDED: 02/02/98 NUMBER OF PAGES: 002  
ASSIGNOR: KIDRO PRODUCTIONS, INC.

EXC DATE: 01/30/98  
ASSIGNEE: BOLLAG, BENJAMIN (JOINT TENANT)  
LOT 89  
HOLLISTER RANCH  
GARISTA, CALIFORNIA 93117  
BOLLAG, MICHAEL (JOINT TENANT)  
LOT 89  
HOLLISTER RANCH  
GARISTA, CALIFORNIA 93117

BRIEF: ASSIGNMENT OF ASSIGNOR'S INTEREST (SEE DOCUMENT FOR DETAILS).

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02/04/02 09:45  
PAGE: 3

RETURN ADDRESS: MILDE HOFFBERG & MACKLIN LLP  
KARL F. MILDE, JR.  
2 CROSFIELD AVENUE  
SUITE 210  
WEST NYACK, NY 10994

EXC DATE: 05/20/99  
BOLLAG, MICHAEL

EXC DATE: 05/20/99  
ASSIGNEE: GREATVIEW INVESTMENTS, LTD.  
GRETTON HOUSE  
P.O. BOX 65 - DUKE STREET, TURKS/CAICOS IS.  
FELTON INVESTMENTS, LTD.  
GRETTON HOUSE  
P.O. BOX 65 - DUKE STREET, TURKS/CAICOS IS.

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PAGE: 4

MERMAID INVESTMENTS, LTD.  
GRETTON HOUSE  
P.O. BOX 65 - DUKE STREET, TURKS/CAICOS IS.  
BRIEF: ASSIGNMENT OF ASSIGNOR'S INTEREST (SEE DOCUMENT FOR DETAILS).  
RETURN ADDRESS: MILDE, HOFFBERG & MACKLIN, LLP  
KARL F. MILDE, JR.  
10 BANK STREET, SUITE 460  
WHITE PLAINS, NY 10606

REEL: 010628 FRAME: 0556 DATE RECORDED: 02/22/00 NUMBER OF PAGES: 002  
ASSIGNOR: PIANE, ROBERT A. JR.

EXC DATE: 02/13/00  
PIANE, VICTORIA L.

EXC DATE: 02/13/00  
ASSIGNEE: BVP HOLDING, INC.  
2130 NORTH MARKET STREET  
WILMINGTON, DELAWARE 19802

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PAGE: 5

BRIEF: ASSIGNMENT OF ASSIGNOR'S INTEREST (SEE DOCUMENT FOR DETAILS).  
RETURN ADDRESS: MILDE, HOFFBERG & MACKLIN  
KENNETH E. MACKLIN  
10 BANK STREET  
SUITE 460  
WHITE PLAINS, NY 10606

\*\*\* LAST PAGE \*\*\* ENTER PAGE NUMBER (2 DIGITS MAX.)  
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