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Form PTO-1595
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OMB No. 0651-0027 (exp. 5/31/2002)

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

1. Name of conveying party(ies):

NFORMA LEARNING SYSTEMS, Inc.
1523 Crest Drive
455 Weaver Park Road, Suite 400
Encinitas, CA 92024

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

2. Name and address of receiving party(ies)

Name: KNOWLEDGE FACTOR, INC.

Internal Address: _____

11533 Platte Street, Suite 300

Denver, CO 80202

Street Address: 11553 Platte Street, Suite 300

City: Denver State: CO Zip: 80202

3. Nature of conveyance:

- ☒ Assignment ☐ Merger
☐ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: 17 June 2003

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: N/A

A. Patent Application No.(s)
10/115,157

B. Patent No.(s)

Additional numbers attached? ☐ Yes ☒ No

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

Name: Royal W. Craig

Internal Address: Law Offices of Royal Craig

Street Address: 10 North Calvert Street

Suite 153

City: Baltimore State: MD Zip: 21202

6. Total number of applications and patents involved: 1

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

☒ Enclosed

☐ Authorized to be charged to deposit account

8. Deposit account number:

03-3565

(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.

Royal W. CRAIG
Name of Person Signing

Signature

25 February 2005
Date

Total number of pages including cover sheet, attachments, and documents: 72

03/02/2005 ECOOPER 00000309 10115157

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40.00 OP

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

PATENT
REEL: 016308 FRAME: 0843

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT (this "Agreement") is made and entered into as of June 17, 2003, by and between KNOWLEDGE FACTOR, INC. ("KFI"), a Delaware corporation and NFORMA LEARNING SYSTEMS, INC. ("Nforma"), a California corporation.

Preamble

The respective Boards of Directors of Nforma and KFI are of the opinion that the transactions described herein are in the best interests of the Parties to this Agreement. This Agreement provides for the acquisition by KFI of the Assets set forth more specifically in Exhibit 8.1 pursuant to the terms of this Agreement. At the effective time of such Asset Purchase, Nforma shall have the right to receive shares of the common stock of KFI (except as provided herein).

Certain capitalized terms used in this Agreement are defined in Section 8.1 of this Agreement.

NOW, THEREFORE, in consideration of the above and the mutual warranties, representations, covenants, and agreements set forth herein, the Parties agree as follows:

ARTICLE 1

TRANSACTIONS AND TERMS OF ASSET PURCHASE

1.1 Structure.

Subject to the terms and conditions of this Agreement, at the effective time of the Closing, KFI will acquire Assets of Nforma as more specifically set forth in Exhibit 8.1. The purchase of Nforma's Assets shall be consummated pursuant to the terms of this Agreement, which has been approved and adopted by the respective Boards of Directors and shareholders of each of Nforma and KFI.

1.2 Time and Place of Closing.

The closing of the transactions contemplated hereby (the "Closing") will take place and be effective as of 9:00 A.M. on the date hereof (the "Effective Time") at the offices of KFI in the State of Colorado.

ARTICLE 2

ISSUANCE OF SHARES

2.1 Initial Share Grant.

As consideration for the Nforma Assets, at the Closing, KFI shall issue ninety-two thousand one hundred fifty (92,150) shares of KFI Common Stock to Nforma for the benefit of Nforma's shareholders in the amounts set forth on Schedule 2.1 hereof.

2.2 Subsequent Share Grant.

(a) KFI will issue to Nforma an additional seventy-four thousand one hundred fifty (74,150) shares of KFI Common Stock if the U.S. Utility Patent Application filed April 3, 2002 by Nforma and assigned Patent Application Serial No. 10/115,157 by the U.S. Patent and Trademark Office issues as a patent with Claim 1 having substantially the same scope as filed.

(b) If this Section 2.2(a) is triggered, KFI shall issue the additional shares to Nforma (for the benefit of Nforma's shareholders in the amounts set forth on Schedule 2.2 hereof) within ten (10) Business Days of the date of satisfaction of the condition.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF NFORMA AND ITS SHAREHOLDERS

Each of Nforma and its Certain Shareholders jointly and severally represent and warrant to KFI that, except as set forth in the Disclosure Schedule ("Disclosure Schedule") attached to this Agreement as Exhibit 3 (which Disclosure Schedule, when read together with this Article 3, shall be deemed to be representations and warranties to KFI by Nforma under this Article 3), the statements in the following paragraphs of this Section are all true and complete.

3.1 Organization, Standing, and Power.

Nforma is a corporation duly organized, validly existing, and in good standing under the Laws of the State of California, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its assets. Nforma is not qualified or licensed to transact business as a foreign corporation in any state. The organizational documents for Nforma have been made available to KFI for its review and are true and complete in all material respects as in effect as of the date of this Agreement.

3.2 Authority of Nforma and Shareholders; No Breach By Agreement.

(a) Nforma has the corporate power and authority necessary to execute, deliver, and perform this Agreement including its obligations to consummate the transactions contemplated hereby. The execution, delivery, and performance of this Agreement and the consummation of

the transactions contemplated herein, including the Asset Purchase, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of Nforma, including approval by the holders of a majority of the outstanding capital stock of Nforma, which is the only shareholder vote required for approval of this Agreement. This Agreement represents a legal, valid, and binding obligation of Nforma and its Shareholders, enforceable against Nforma and its Shareholders in accordance with its terms. Neither the execution and delivery of this Agreement by Nforma or its Shareholders, nor the consummation by Nforma or its Shareholders of the transactions contemplated hereby, nor compliance by Nforma or its Shareholders with any of the provisions hereof, will (i) conflict with or result in a breach of any provision of Nforma's Articles of Incorporation or Bylaws or any resolution adopted by the board of directors or the Shareholders of Nforma, or (ii) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of Nforma under, any Contract or Permit of Nforma or any of its Shareholders or, (iii) constitute or result in a Default under, or require any Consent pursuant to, any Law or Order applicable to Nforma or any of its Shareholders or any of Nforma's Assets.

(b) No notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by Nforma of the Asset Purchase and the other transactions contemplated in this Agreement.

3.3 Absence of Certain Changes or Events and Conduct of Business

Since November 8, 2002 (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, an Nforma Material Adverse Effect, (ii) neither Nforma nor any Shareholder thereof has taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of Nforma or any Shareholder thereof required under the terms of this Agreement, and (iii) Nforma has continued to conduct its business in the ordinary course materially consistent with past practice and use its best efforts to preserve its business organization in tact, to retain the services of its present employees and to preserve the goodwill of its customers and suppliers.

3.4 Tax Matters.

(a) Nforma has timely filed with the appropriate Taxing authorities all Tax Returns in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all respects. Nforma is not the beneficiary of any extension of time within which to file any Tax Return. All Taxes of Nforma (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or ad valorem Taxes not yet due and payable) on any of the Assets of any of Nforma. No claim has ever been made by an authority in a jurisdiction where Nforma does not file a Tax Return that Nforma may be subject to Taxes by that jurisdiction.

(b) Nforma has not received any notice of assessment or proposed assessment in connection with any Taxes, and there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes of Nforma or the assets of Nforma. No officer or employee

responsible for Tax matters of Nforma expects any Regulatory Authority to assess any additional Taxes for any period for which Tax Returns have been filed. Nforma has not waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

(c) Nforma has complied with all applicable Laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor

3.5 Assets.

(a) Nforma is the sole owner and has good and marketable title, free and clear of all Liens, to all of its respective Assets.

3.6 Intellectual Property.

(a) Nforma owns all of the Assets used by Nforma in the course of its business. Nforma is the owner of the Intellectual Property sold or licensed to a third party by Nforma in connection with Nforma's business operations. To the Knowledge of Nforma, Nforma is not in Default under any of its Intellectual Property agreements, including Nforma's agreement with Jim Bruno dated May 3, 2000, or if in Default, a waiver for that breach has been executed.

(b) No proceedings have been instituted, or are pending or to the Knowledge of Nforma threatened, which challenge the rights of Nforma with respect to Intellectual Property used, sold or licensed by Nforma in the course of its business, nor has any person claimed or alleged any rights to the Intellectual Property. The conduct of the business of Nforma does not infringe any Intellectual Property of any other person. Nforma is not obligated to pay any recurring royalties to any Person with respect to any such Intellectual Property.

(c) Every officer, director, consultant or employee of Nforma is a party to a Contract which requires such officer, director, consultant or employee to assign any interest in any Intellectual Property to Nforma and to keep confidential any trade secrets, proprietary data, customer information, or other business information of Nforma, and no such officer, director, consultant or employee is party to any Contract with any Person other than Nforma which requires such officer, director, consultant or employee to assign any interest in any Intellectual Property to any Person other than Nforma or to keep confidential any trade secrets, proprietary data, customer information, or other business information of any Person other than Nforma. No consultant or contractor has any rights to any Intellectual Property of Nforma.

(d) Other than the agreements attached to this Agreement as Exhibit 3.6(d), no officer, director or employee of Nforma is party to any Contract, which restricts or prohibits such officer, director or employee from engaging in activities competitive with any Person, including Nforma.

(e) The Software performs in substantial accordance with the documentation and other written material used in connection with the Software and is in machine-readable form, contains all current revisions of such software, includes all computer programs, materials, tapes,

know-how, object and source codes, other written materials, know-how and processes related to the Software and to Nforma's Knowledge is free of material defects in programming and operation. Nforma has delivered to KFI complete and correct copies of all user and technical documentation related to the Software.

(f) Neither Nforma nor to the best Knowledge of Nforma, any employee or agent thereof has developed or assisted in the enhancement of the Software except for enhancements included in the Software as delivered to KFI pursuant hereto or the development of any program or product based on the Software or any part thereof. In the event any Derivative Works are developed, they shall be promptly transferred and delivered to KFI by Nforma.

(g) No employee or contractor of Nforma is, or is now expected to be, in default under any term of any employment contract, agreement or arrangement relating to the Software or noncompetition arrangement, or any other Contract or any restrictive covenant relating to the Software or its development or exploitation. The Software was purchased from Jim Bruno under the terms and conditions of the May 3, 2000 agreement with Jim Bruno or developed entirely by the employees of Nforma during the time they were employees only of Nforma or by contractors of Nforma while retained pursuant to Contracts containing enforceable invention assignment agreements and such Software does not include any inventions of the employees made prior to the time such employees became employees of Nforma nor any intellectual property of any previous employer of such employee.

(h) All right, title and interest in and to the Assets are owned by Nforma, free and clear of all liens, claims, charges or encumbrances, are fully transferable to KFI, and no party other than Nforma has any interest in the Assets, including without limitation, any security interest, license, contingent interest or otherwise. Nforma's development, use, sale or exploitation of the Assets licensed or purchased from third parties does not violate any rights of any other person or entity and Nforma has not received any communication alleging such a violation. Nforma does not have any obligation to compensate any Person for the development, use, sale or exploitation of the Assets nor has Nforma granted to any other person or entity any license, option or other rights to develop, use, sell or exploit in any manner the Assets, whether requiring the payment of royalties or not.

(i) Nforma has kept secret and has not disclosed the source code for the Software or any other confidential information related to the Intellectual Property to any person or entity other than certain employees or independent contractors of Nforma who are subject to the terms of a binding confidentiality agreement with respect thereto or appropriate government agencies as required by law or in accordance with the process for obtaining a patent from the U.S. Patent and Trademark Office. Nforma has taken all appropriate measures to protect the confidential and proprietary nature of the Software, including without limitation the use of confidentiality agreements with all of its employees having access to the Software source and object code.

3.7 Compliance with Laws.

Nforma has in effect all Permits necessary for it to own, lease, or operate its material Assets and to carry on its business as now conducted. Nforma:

(a) is not in Default under any of the provisions of its Articles of Incorporation or Bylaws (or other governing instruments);

(b) is not in Default under any Laws, Orders, or Permits applicable to its business or employees conducting its business; or

(c) since January 1, 1999, has not received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that Nforma is not, or may not be, in compliance with any Laws or Orders, (ii) threatening to revoke any Permits, or (iii) requiring Nforma to enter into or consent to the issuance of a cease and desist order, injunction formal agreement, directive, commitment, or memorandum of understanding, or to adopt any board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its employment decisions, its employment or safety policies or practices, its management, or the payment of dividends

3.8 Legal Proceedings.

There is no Litigation instituted or pending, or, to the Knowledge of Nforma or any Shareholder thereof, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable possibility of an unfavorable outcome) against Nforma, or against any director, officer or employee in their capacities as such or Employee Benefit Plan of Nforma, or against any Asset, interest, or right of any of them, nor are there any Orders outstanding against Nforma, that are reasonably likely to have, individually or in the aggregate, an Nforma Material Adverse Effect.

3.9 Reports.

Since January 1, 1999 or the date of organization if later, Nforma has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of its respective date, each such report and document did not, in all material respects, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

3.10 Statements True and Correct.

No statement, certificate, instrument, or other writing furnished or to be furnished by Nforma, or any Affiliate or Shareholder thereof to KFI pursuant to this Agreement or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

3.11 Approval of Transaction.

(a) The Board of Directors of Nforma, by unanimous written consent dated March 24, 2003, has (i) determined that this Agreement and the transactions contemplated hereby, including the Asset Purchase, all agreements attached as Exhibits thereto, and the transactions contemplated thereby, taken together, are fair to and in the best interests of the shareholders and (ii) resolved to recommend that the holders of the shares of Nforma Common Stock approve this Agreement.

(b) The Shareholders of Nforma, by unanimous written consent dated April 24, 2003, have (i) approved the entering into and consummation of the transactions contemplated hereby and (ii) authorized the directors and officers of the Nfoma to take all actions necessary to execute this Agreement and consummate all of the transactions contemplated hereby.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF KFI

KFI hereby represents and warrants to Nforma as follows:

4.1 Organization, Standing, and Power.

KFI is a corporation duly organized, validly existing, and in good standing under the Laws of the State of Delaware, and has the corporate power and authority to carry on its business as now conducted and to own, lease and operate its material Assets. KFI is duly qualified or licensed to transact business as a foreign corporation in good standing in the states of the United States and foreign jurisdictions where the character of its assets or the nature or conduct of its business requires it to be so qualified or licensed, except for such jurisdictions in which the failure to be so qualified or licensed is not reasonably likely to have, individually or in the aggregate, a KFI Material Adverse Effect.

4.2 Authority; No Breach By Agreement.

(a) KFI has the corporate power and authority necessary to execute, deliver and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated herein, including the Asset Purchase, have been duly and validly authorized by all necessary corporate action in respect thereof on the part of KFI. This Agreement represents a legal, valid, and binding obligation of KFI, enforceable against KFI in accordance with its terms (except in all cases as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, receivership, conservatorship, moratorium, or similar Laws affecting the enforcement of creditors' rights generally and except that the availability of the equitable remedy of specific performance or injunctive relief is subject to the discretion of the court before which any proceeding may be brought).

(b) Neither the execution and delivery of this Agreement by KFI, nor the consummation by KFI of the transactions contemplated hereby, nor compliance by KFI with any

of the provisions hereof, will (i) conflict with or result in a breach of any provision of KFI's Certificate of Incorporation or Bylaws, or (ii) constitute or result in a Default under, or require any Consent pursuant to, or result in the creation of any Lien on any Asset of KFI under, any Contract or Permit of KFI.

(c) Other than in connection or compliance with the provisions of the Securities Laws, applicable state corporate and securities Laws, and other than Consents filings, or notifications which, if not obtained or made, are not reasonably likely to have, individually or in the aggregate, a KFI Material Adverse Effect, no notice to, filing with, or Consent of, any public body or authority is necessary for the consummation by KFI of the Asset Purchase and the other transactions contemplated in this Agreement.

4.3 Capital Stock.

(a) The authorized capital stock of KFI consists of (i) one million (1,000,000) shares of KFI Common Stock, of which three hundred and forty-six thousand (346,000) shares are issued and outstanding as of the date of this Agreement, and (ii) twenty thousand (20,000) shares of KFI Preferred Stock, of which zero (0) shares are issued and outstanding. All of the issued and outstanding shares of KFI Capital Stock are, and all of the shares of KFI Common Stock to be issued in exchange for the Assets upon Closing of this Agreement and pursuant to Section 2.2. of this Agreement, when issued in accordance with the terms of this Agreement, will be, duly and validly issued and outstanding and fully paid and nonassessable under the DGCL. None of the outstanding shares of KFI Capital Stock has been, and none of the shares of KFI Common Stock to be issued in exchange for shares of Nforma Common Stock upon consummation of the Asset Purchase and pursuant to Section 2.2. will be, issued in violation of any preemptive rights of the current or past stockholders of KFI.

4.4 Absence of Certain Changes or Events and Conduct of Business

Since November 8, 2002 (i) there have been no events, changes, or occurrences which have had, or are reasonably likely to have, individually or in the aggregate, a KFI Material Adverse Effect, (ii) KFI has not taken any action, or failed to take any action, prior to the date of this Agreement, which action or failure, if taken after the date of this Agreement, would represent or result in a material breach or violation of any of the covenants and agreements of KFI required under the terms of this Agreement, and (iii) KFI has continued to conduct its business in the ordinary course materially consistent with past practice and use its best efforts to preserve its business organization in tact, to retain the services of its present employees and to preserve the goodwill of its customers and suppliers.

4.5 Tax Matters.

(a) KFI has timely filed with the appropriate Taxing authorities all Tax Returns in all jurisdictions in which Tax Returns are required to be filed, and such Tax Returns are correct and complete in all respects. KFI is not the beneficiary of any extension of time within which to file any Tax Return. All Taxes of KFI (whether or not shown on any Tax Return) have been fully and timely paid. There are no Liens for any Taxes (other than a Lien for current real property or ad valorem Taxes not yet due and payable) on any of the Assets of any of KFI. No claim has

ever been made by an authority in a jurisdiction where KFI does not file a Tax Return that KFI may be subject to Taxes by that jurisdiction.

(b) KFI has not received any notice of assessment or proposed assessment in connection with any Taxes, and there are no threatened or pending disputes, claims, audits or examinations regarding any Taxes of KFI. No officer or employee responsible for Tax matters of KFI expects any Regulatory Authority to assess any additional Taxes for any period for which Tax Returns have been filed. KFI has not waived any statute of limitations in respect of any Taxes or agreed to a Tax assessment or deficiency.

(c) KFI has complied with all applicable Laws, rules and regulations relating to the withholding of Taxes and the payment thereof to appropriate authorities, including Taxes required to have been withheld and paid in connection with amounts paid or owing to any employee or independent contractor

4.6 Assets.

(a) KFI is the sole owner and has good and marketable title, free and clear of all Liens, to all of its respective Assets.

4.7 Intellectual Property.

(a) KFI is not in Default under any of its intellectual property agreements.

(b) No proceedings have been instituted, or are pending or to the Knowledge of KFI, threatened, which challenge the rights of KFI with respect to intellectual property used, sold or licensed by KFI in the course of its business, nor has any person claimed or alleged any rights to the intellectual property. The conduct of the business of KFI does not infringe any intellectual property of any other person.

4.8 Compliance with Laws.

KFI has in effect all Permits necessary for it to own, lease, or operate its material assets and to carry on its business as now conducted. KFI:

(a) is not in Default under any of the provisions of its Articles of Incorporation or Bylaws (or other governing instruments);

(b) is not in Default under any Laws, Orders, or Permits applicable to its business or employees conducting its business; or

(c) since January 1, 1999, has not received any notification or communication from any agency or department of federal, state, or local government or any Regulatory Authority or the staff thereof (i) asserting that KFI is not, or may not be, in compliance with any Laws or Orders, (ii) threatening to revoke any Permits, or (iii) requiring KFI to enter into or consent to the issuance of a cease and desist order, injunction formal agreement, directive, commitment, or memorandum of understanding, or to adopt any board resolution or similar undertaking, which restricts materially the conduct of its business or in any manner relates to its employment

decisions, its employment or safety policies or practices, its management, or the payment of dividends

4.9 Legal Proceedings.

There is no Litigation instituted or pending, or, to the Knowledge of KFI, threatened (or unasserted but considered probable of assertion and which if asserted would have at least a reasonable possibility of an unfavorable outcome) against KFI, or against any director, officer or employee in their capacities as such or Employee Benefit Plan of KFI, or against any Asset, interest, or right of any of them, nor are there any Orders outstanding against KFI, that is reasonably likely to have, individually or in the aggregate, a KFI Material Adverse Effect.

4.10 Reports.

Since January 1, 1999 or the date of organization if later, KFI has timely filed all reports and statements, together with any amendments required to be made with respect thereto, that it was required to file with Regulatory Authorities. As of their respective dates, each of such reports and documents, including the financial statements, exhibits, and schedules thereto, complied in all material respects with all applicable Laws. As of its respective date, each such report and document did not, in all material respects, contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements made therein, in light of the circumstances under which they were made, not misleading.

4.11 Statements True and Correct.

No statement, certificate, instrument, or other writing furnished or to be furnished by KFI, or any Affiliate thereof to Nforma pursuant to this Agreement or any other document, agreement, or instrument referred to herein contains or will contain any untrue statement of material fact or will omit to state a material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

4.12 Approval of Transaction.

The Board of Directors of KFI, by unanimous written consent in accordance with applicable Delaware General Corporation Law on February 3, 2003, and attached as Exhibit 4.12 hereto: (i) determined that this Agreement and the transactions contemplated hereby, including the Asset Purchase, all agreements attached as Exhibits thereto, the Voting Agreements, and the transactions contemplated thereby, taken together, are fair to and in the best interests of the shareholders and (ii) approved the execution of this Agreement and any other transactions or agreements ancillary hereto.

ARTICLE 5

ADDITIONAL AGREEMENTS

5.1 Agreement as to Efforts to Consummate.

Subject to the terms and conditions of this Agreement, each Party agrees to use its reasonable efforts to take, or cause to be taken, all actions, and to do, or cause to be done, all things necessary, proper, or advisable under applicable Laws to consummate and make effective, as soon as reasonably practicable after the date of this Agreement, the transactions contemplated by this Agreement, including using its reasonable efforts to lift or rescind any Order adversely affecting its ability to consummate the transactions contemplated herein and to cause to be satisfied the conditions referred to in Article 5; provided, that nothing herein shall preclude either Party from exercising its rights under this Agreement.

5.2 Investigation and Confidentiality.

Each Party shall, and shall cause its advisers and agents to, maintain the confidentiality of all confidential information furnished to it by the other Party concerning its businesses, operations, and financial positions and shall not use such information for any purpose except in furtherance of the transactions contemplated by this Agreement.

5.3 Agreement of Indemnitors to Indemnify.

Subject to the terms and conditions of this Section 5.3, for a period of two (2) years from the Closing Date, Indemnitors jointly and severally agree to indemnify, defend, and hold harmless Indemnitees, and each of them, from, against, for and in respect of any and all Losses asserted against, or paid, suffered or incurred by, an Indemnitee and resulting from, based upon, or arising out of:

(a) the inaccuracy, untruth, incompleteness or breach of any representation or warranty by Nforma or KFI contained in or made pursuant to this Agreement, any ancillary document, or in any certificate, schedule, or exhibit furnished by KFI or Nforma in connection with this Agreement;

(b) a breach of or failure to perform any covenant or agreement of Nforma or KFI made in this Agreement.

5.4 Procedures for Indemnification.

(a) An Indemnification Claim shall be made by an Indemnitee by delivery of a written notice to the Indemnitors requesting indemnification and specifying the basis on which indemnification is sought and the amount of asserted Losses and, in the case of a Third Party Claim, containing (by attachment or otherwise) such other information as such Indemnitee shall have concerning such Third Party Claim.

(b) If the Indemnification Claim involves a Third Party Claim the procedures set forth in Section 5.5 shall be observed by the Indemnitee and the Indemnitors.

(c) If the Indemnification Claim involves a matter other than a Third Party Claim, the Indemnitors shall have thirty (30) days to object to such Indemnification Claim by delivery of a written notice of such objection to such Indemnitee specifying in reasonable detail the basis for such objection. Failure to timely so object shall constitute a final and binding acceptance of the Indemnification Claim by the Indemnitors, and the Indemnification Claim shall be paid in accordance with subsection (d) hereof.

(d) Upon determination of the amount of an Indemnification Claim, whether by agreement between the Indemnitors and the Indemnitee or by an arbitration award or by any other final adjudication, the Indemnitors shall pay the amount of such Indemnification Claim within ten (10) days of the date such amount is determined.

5.5 Third Party Claims.

The obligations and liabilities of the parties hereunder with respect to a Third Party Claim shall be subject to the following terms and conditions:

(a) The Indemnitee shall give the Indemnitors written notice of a Third Party Claim promptly after receipt by the Indemnitee of notice thereof, and the Indemnitors Representative, on behalf of the Indemnitors, may undertake the defense, compromise and settlement thereof by Representatives of its own choosing reasonably acceptable to the Indemnitee. The failure of the Indemnitee to notify the Indemnitors of such claim shall not relieve the Indemnitors of any liability that they may have with respect to such claim except to the extent the Indemnitors demonstrate that the defense of such claim is prejudiced by such failure. The assumption of the defense, compromise and settlement of any such Third Party Claim by the Indemnitors shall be an acknowledgment of the obligation of the Indemnitors to indemnify the Indemnitee with respect to such claim hereunder. If the Indemnitee desires to participate in, but not control, any such defense, compromise and settlement, it may do so at its sole cost and expense. If, however, the Indemnitors fail or refuse to undertake the defense of such Third Party Claim within ten (10) days after written notice of such claim has been given to the Indemnitors by the Indemnitee, the Indemnitee shall have the right to undertake the defense, compromise and settlement of such claim with counsel of its own choosing. In the circumstances described in the preceding sentence, the Indemnitee shall, promptly upon its assumption of the defense of such claim, make an Indemnification Claim as specified in Section 5.4 which shall be deemed an Indemnification Claim that is not a Third Party Claim for the purposes of the procedures set forth herein.

(b) If, in the reasonable opinion of the Indemnitee, any Third Party Claim or the litigation or resolution thereof involves an issue or matter which could have a material adverse effect on the business, operations, assets, properties or prospects of the Indemnitee (including, without limitation, the administration of the tax returns and responsibilities under the tax laws of the Indemnitee), the Indemnitee shall have the right to control the defense, compromise and settlement of such Third Party Claim undertaken by the Indemnitors, and the costs and expenses of the Indemnitee in connection therewith shall be included as part of the indemnification obligations of the Indemnitors hereunder. If the Indemnitee shall elect to exercise such right, the

Indemnitors shall have the right to participate in, but not control, the defense, compromise and settlement of such Third Party Claim at its sole cost and expense.

(c) No settlement of a Third Party Claim involving the asserted liability of the Indemnitors under this Article shall be made without the prior written consent by or on behalf of the Indemnitors, which consent shall not be unreasonably withheld or delayed. Consent shall be presumed where the Indemnitors have not responded within five (5) business days of notice of a proposed settlement. If the Indemnitors assume the defense of such a Third Party Claim, (a) no compromise or settlement thereof may be effected by the Indemnitors without the Indemnatee's consent unless (i) there is no finding or admission of any violation of law or any violation of the rights of any person and no effect on any other claim that may be made against the Indemnatee, (ii) the sole relief provided is monetary damages that are paid in full by the Indemnitors, and (iii) the compromise or settlement includes, as an unconditional term thereof, the giving by the claimant or the plaintiff to the Indemnatee of a release, in form and substance satisfactory to the Indemnatee, from all liability in respect of such Third Party Claim, and (b) the Indemnatee shall have no liability with respect to any compromise or settlement thereof effected without its consent.

(d) In connection with the defense, compromise or settlement of any Third Party Claim, the parties to this Agreement shall execute such powers of attorney as may reasonably be necessary or appropriate to permit participation of counsel selected by any party hereto and, as may reasonably be related to any such claim or action, shall provide access to the counsel, accountants and other representatives of each party during normal business hours to all properties, personnel, books, tax records, contracts, commitments and all other business records of such other party and will furnish to such other party copies of all such documents as may reasonably be requested (certified, if requested).

5.6 Other Rights and Remedies Not Affected.

The rights of the Indemnitees under these Sections 5.3 through 5.6 are independent of and in addition to such rights and remedies as the Indemnitees may have at law or in equity or otherwise based upon any inaccuracy, untruth, incompleteness or breach of any representation or warranty of any Indemnitor contained herein or in any certificate, schedule or exhibit furnished by such party in connection herewith, or based upon the failure of an Indemnitor to perform any covenant, agreement or undertaking required by the terms hereof to be performed by such Indemnitor, including without limitation the right to seek specific performance, recession or restitution, none of which rights or remedies shall be affected or diminished hereby.

ARTICLE 6

CONDITIONS PRECEDENT TO CLOSING

6.1 Conditions to Closing of Each Party.

The respective obligations of each Party to perform this Agreement and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by both Parties pursuant to Section 8.5:

(a) Regulatory Approvals. All Consents of, filings and registrations with, and notifications to, all Regulatory Authorities required for consummation of the Asset Purchase shall have been obtained or made and shall be in full force and effect and all waiting periods required by Law shall have expired.

(b) Consents and Approvals. Each Party shall have obtained any and all Consents required for Closing this Agreement (other than those referred to in Section 6.1) or for the preventing of any Default under any Contract or Permit of such Party which, if not obtained or made, is reasonably likely to have, individually or in the aggregate, an Nforma Material Adverse Effect or a KFI Material Adverse Effect, as applicable.

(c) Legal Proceedings. No court or governmental or Regulatory Authority of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law or Order (whether temporary, preliminary or permanent) or taken any other action which prohibits, restricts or makes illegal consummation of the transactions contemplated by this Agreement.

(d) Securities Exemption. The securities transferred as part of this Agreement shall be exempt from the Securities Laws pursuant to Federal and State private placement exemptions.

6.2 Conditions to Closing of KFI.

The obligations of KFI to perform this Agreement and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by KFI pursuant to Section 8.5(a):

(a) Representations and Warranties. For purposes of this Section 6.2, the accuracy of the representations and warranties of Nforma and its Certain Shareholders set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which are confined to a specified date shall speak only as of such date). There shall not exist inaccuracies in the representations and warranties of Nforma or its Certain Shareholders set forth in this Agreement such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, an Nforma Material Adverse Effect; provided that, for purposes of this sentence only, those representations and warranties which are qualified by references to "material" or "Material Adverse Effect" or to the "Knowledge" of any Person shall be deemed not to include such qualifications.

(b) Performance of Agreements and Covenants. Each and all of the agreements and covenants of Nforma and its Shareholders to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with.

(c) Noncompetition Agreements. Nforma shareholders who own individually greater than ten percent (10%) of Nforma shares prior to the execution of this Agreement shall have executed agreements assuring for a period of one (1) year beginning on the Closing Date non-solicitation of KFI employees, non-solicitation of KFI customers, non-solicitation of KFI suppliers, non-disclosure of trade secrets and confidential information and non-competition with KFI substantially in the form of agreement attached as Exhibit 6.2(c) to this Agreement.

6.3 Conditions to Obligations of Nforma.

The obligations of Nforma to perform this Agreement and the other transactions contemplated hereby are subject to the satisfaction of the following conditions, unless waived by Nforma pursuant to Section 8.5(b):

(a) Representations and Warranties. For purposes of this Section 6.3(a), the accuracy of the representations and warranties of KFI set forth in this Agreement shall be assessed as of the date of this Agreement and as of the Effective Time with the same effect as though all such representations and warranties had been made on and as of the Effective Time (provided that representations and warranties which are confined to a specified date shall speak only as of such date). There shall not exist inaccuracies in the representations and warranties of KFI set forth in this Agreement such that the aggregate effect of such inaccuracies has, or is reasonably likely to have, a KFI Material Adverse Effect; provided that, for purposes of this sentence only, those representations and warranties which are qualified by references to "material" or "Material Adverse Effect" or to the "Knowledge" of any Person shall be deemed not to include such qualifications.

(b) Performance of Agreements and Covenants. Each and all of the agreements and covenants of KFI to be performed and complied with pursuant to this Agreement and the other agreements contemplated hereby prior to the Effective Time shall have been duly performed and complied with in all material respects.

(c) Execution of Voting Agreements. A majority of the KFI shareholders shall have executed a voting agreement whereby they have agreed to elect Charles Smith, CEO of Nforma, as a director on KFI's Board of Directors for a period of two (2) years, substantially in the form of agreement attached as Exhibit 6.3(c) to this Agreement.

(d) Consulting Agreement with Jim Bruno. KFI will have executed with Jim Bruno a consulting agreement in the form of agreement attached as Exhibit 6.3(d) to this Agreement, pursuant to which Dr. Bruno will provide certain consulting services to KFI.

ARTICLE 7

TERMINATION RIGHTS

7.1 Right to Unwind the Transaction.

(a) Nforma shall have the one-time right to elect to fully unwind the transactions contemplated by this Agreement and re-acquire the Assets if and only if KFI, within twelve (12) months of the Effective Time, fails to achieve: 1) equity or debt offerings which raise three hundred thousand (\$300,000) or more in capital for KFI; and 2) average monthly sales revenues of fifty thousand (\$50,000) over any three (3) month period (the "Rescission Right"). Nforma's Rescission Right shall terminate in the event KFI satisfies either one of the two above-listed thresholds. Should both of these conditions not be met, Nforma must notify KFI in writing within thirty (30) days after the twelve (12) month anniversary of the Effective Time. In the event Nforma elects to exercise its Rescission Right and re-acquire the Assets from KFI, Nforma agrees to return all consideration received by it or its Shareholders in connection with this Agreement, including any and all shares of Capital Stock of KFI received.

(b) KFI shall have the right to elect to fully unwind the transactions contemplated by this Agreement and thereby re-acquire its Capital Stock and return the Assets to Nforma ("KFI Unwinding") if Nforma fails to file and record the executed Assignment transferring all right, title, and interest in the patents from Nforma to KFI, as will be evidenced by KFI's receipt of a Notice of Recordation of Assignment Document from the U.S. Patent and Trademark Office.

(c) KFI shall not have the right to unwind the transaction, but will be entitled to reimbursement by Nforma or its majority shareholder, Charles Smith, for any difference between \$9,000 and the amount actually paid by Nforma to begin the national phase process in Canada, Europe and the United States related to International Patent Application No. PCT/US01/31633 filed on October 4, 2001.

(d) In the event that Nforma elects to exercise its Rescission Right or a KFI Unwinding, both parties agree to take all action and execute all documents necessary or appropriate to effectuate the purpose and intent of this Section 7.1, and KFI expressly agrees to sign a non-competition, non-use, and confidentiality agreement substantially similar to the agreement attached hereto as Exhibit 7.1.(d-1). In addition, in the event that Nforma elects to exercise its Rescission Right or in the event of a KFI Unwinding pursuant to this section 7.1, the Parties agree to negotiate in good faith for license or title, as determined by the parties at that time, to any intellectual property, technology, software, know-how, or any direct or indirect contribution by KFI which increases the value or utility of the Assets (the "KFI Contributions"). If KFI and Nforma do not enter into a license or purchase agreement, or do not otherwise negotiate a settlement of the disposition and use of the KFI Contributions, Nforma expressly agrees to sign a non-competition, non-use, and confidentiality agreement substantially similar to the agreement attached hereto as Exhibit 7.1.(d-2).

7.2 Effect of Termination.

In the event of the termination and abandonment of this Agreement pursuant to Section 7.1, this Agreement shall become void and have no effect, except that (i) the provisions of this Section 7.2, Article 5 and Article 8, shall survive any such termination and abandonment, and (ii) no such termination shall relieve the breaching Party from Liability resulting from any breach by that Party of this Agreement.

7.3 Survival of Representations and Covenants.

The respective representations, warranties, obligations, covenants, and agreements of the Parties shall survive the Closing and the Effective Time.

ARTICLE 8 MISCELLANEOUS

8.1 Definitions.

(a) Except as otherwise provided herein, the capitalized terms set forth below shall have the following meanings:

"Affiliate" of a Person means: (i) any other Person directly, or indirectly through one or more intermediaries, controlling, controlled by or under common control with such Person; (ii) any officer, director, partner, employer, or direct or indirect beneficial owner of any 10% or greater equity or voting interest of such Person; or (iii) any other Person for which a Person described in clause (ii) acts in any such capacity.

"Assets" means those assets set forth in Exhibit 8.1. of this Agreement and all Derivative Works related thereto.

"Asset Purchase" means the transactions consummated in accordance with this Agreement.

"Certain Shareholders" means Charles Smith, Co-trustee of the Charles and Diane Smith Family Trust and Robert Serling.

"Consent" means any consent, approval, authorization, clearance, exemption, waiver, or similar affirmation by any Person pursuant to any Contract, Law, Order, or Permit.

"Contract" means any written or oral agreement, arrangement, authorization, commitment, contract, indenture, instrument, lease, license, obligation, plan, practice, restriction, understanding, or undertaking of any kind or character, or other document to which any Person is a party or that is binding on any Person or its capital stock, Assets or business.

"Default" means (i) any breach or violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, (ii) any occurrence of any event that with the passage of time or the giving of notice or both would constitute a breach or

violation of, default under, contravention of, or conflict with, any Contract, Law, Order, or Permit, or (iii) any occurrence of any event that with or without the passage of time or the giving of notice would give rise to a right of any Person to exercise any remedy or obtain any relief under, terminate or revoke, suspend, cancel, or modify or change the current terms of, or renegotiate, or to accelerate the maturity or performance of, or to increase or impose any Liability under, any Contract, Law, Order, or Permit, where, in any such event, such Default is reasonably likely to have, individually or in the aggregate, an Nforma Material Adverse Effect or a KFI Material Adverse Effect, as applicable.

"DGCL" means the Delaware General Corporation Law.

"Derivative Works" means new inventions, new discoveries, new applications, revisions, continuations, modifications, enhancements and improvements related to the Intellectual Property acquired by this Agreement whether by Nforma, Jim Bruno or others in collaboration with either.

"Employee Benefit Plan" means each pension, retirement, profit-sharing, deferred compensation, stock option, employee stock ownership, share purchase, severance pay, vacation, bonus, retention, change in control or other incentive plan, medical, vision, dental or other health plan, any life insurance plan, flexible spending account, cafeteria plan, vacation, holiday, disability or any other employee benefit plan or fringe benefit plan, including any "employee benefit plan," as that term is defined in Section 3(3) of ERISA and any other plan, fund, policy, program, practice, custom understanding or arrangement providing compensation or other benefits, whether or not such Employee Benefit Plan is or is intended to be (i) covered or qualified under the Code, ERISA or any other applicable Law, (ii) written or oral, (iii) funded or unfunded, (iv) actual or contingent or (v) arrived at through collective bargaining or otherwise.

"Authority" means any governmental or quasi-governmental authority, whether administrative, executive, judicial, legislative or other, or any combination thereof, including without limitation any federal, state, territorial, county, municipal or other government or governmental or quasi-governmental agency, arbitrator, authority, board, body, branch, bureau, central bank or comparable agency or Entity, commission, corporation, court, department, instrumentality, master, mediator, panel, referee, system, or other political unit or Subdivision or other Entity of any of the foregoing, whether domestic or foreign.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exhibits" means the Exhibits so marked, copies of which are attached to this Agreement. Such Exhibits are hereby incorporated by reference herein and made a part hereof, and may be referred to in this Agreement and any other related instrument or document without being attached hereto.

"GAAP" means generally accepted accounting principles, consistently applied during the periods involved.

"Indemnitee" means KFI or Nforma.

"Indemnitor" means KFI or Nforma.

"Intellectual Property" means copyrights, patents, including all patents filed and pending by Nforma with the U.S. Patent and Trademark Office or filed under the procedures established by the Patent Cooperation Treaty including filings made in Canada and Europe with respect thereto, trademarks, service marks, service names, trade names, domain names, together with all goodwill associated therewith, registrations and applications therefor, technology rights and licenses, computer software (including any source or object codes therefor or documentation relating thereto), trade secrets, franchises, know-how, inventions, and other intellectual property rights.

"Internal Revenue Code" means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

"KFI Capital Stock" means, collectively, the KFI Common Stock, the KFI Preferred Stock and any other class or series of capital stock of KFI.

"KFI Common Stock" means the 0.001 par value common stock of KFI.

"KFI Material Adverse Effect" means an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on (i) the financial position, business, or results of operations of KFI and its Subsidiaries, taken as a whole, or (ii) the ability of KFI to perform its obligations under this Agreement or to consummate the Asset Purchase or the other transactions contemplated by this Agreement, provided that "KFI Material Adverse Effect" shall not be deemed to include the impact of (A) changes in Laws of general applicability or interpretations thereof by courts or governmental authorities, (B) changes in generally accepted accounting principles, (C) actions and omissions of KFI taken with the prior informed written Consent of Nforma in contemplation of the transactions contemplated hereby, or (D) the direct effects of compliance with this Agreement on the operating performance of KFI, including expenses incurred by KFI in consummating the transactions contemplated by this Agreement.

"KFI Preferred Stock" means the \$0.001 par value preferred stock of KFI.

"Knowledge" as used with respect to a Person (including references to such Person being aware of a particular matter) means the personal knowledge after due inquiry of those facts that are known or should reasonably have been known after due inquiry by the chairman, president, chief financial officer, chief accounting officer, chief operating officer, chief credit officer, general counsel, any assistant or deputy general counsel, or any senior, executive or other vice president of such Person and the knowledge of any such Persons obtained or which would have been obtained from a reasonable investigation.

"Law" means any code, law (including common law), ordinance, regulation, reporting or licensing requirement, rule, or statute applicable to a Person or its Assets, Liabilities, or business, including those promulgated, interpreted or enforced by any Regulatory Authority.

"Liability" means any direct or indirect, primary or secondary, liability, indebtedness, obligation, penalty, cost or expense (including costs of investigation, collection and defense), claim, deficiency, guaranty or endorsement of or by any Person (other than endorsements of notes, bills, checks, and drafts presented for collection or deposit in the ordinary course of business) of any type, whether accrued, absolute or contingent, liquidated or unliquidated, matured or unmatured, or otherwise.

"Lien" means any conditional sale agreement, default of title, easement, encroachment, encumbrance, hypothecation, infringement, lien, mortgage, pledge, reservation, restriction, security interest, title retention or other security arrangement, or any adverse right or interest, charge, or claim of any nature whatsoever of, on, or with respect to any property or property interest, other than (i) Liens for current property Taxes not yet due and payable, and (ii) Liens which do not materially impair the use of or title to the Assets subject to such Lien.

"Litigation" means any action, arbitration, cause of action, lawsuit, claim, complaint, criminal prosecution, governmental or other examination or investigation, audit (other than regular audits of financial statements by outside auditors), compliance review, inspection, hearing, administrative or other proceeding relating to or affecting a Party, its business, its records, its policies, its practices, its compliance with Law, its actions, its Assets (including Contracts related to it), or the transactions contemplated by this Agreement.

"Losses" means any and all demands, claims, actions or causes of action, assessments, losses, diminution in value, damages (including special and consequential damages), liabilities, costs, and expenses, including interest, penalties, cost of investigation and defense, and reasonable attorneys' and other professional fees and expenses.

"Material" or **"material"** for purposes of this Agreement shall be determined in light of the facts and circumstances of the matter in question; provided that any specific monetary amount stated in this Agreement shall determine materiality in that instance.

"Nforma Common Stock" means the common stock of Nforma.

"Nforma Material Adverse Effect" means an event, change or occurrence which, individually or together with any other event, change or occurrence, has a material adverse impact on (i) the financial position, business, or results of operations of Nforma and its Subsidiaries, taken as a whole, or (ii) the ability of Nforma to perform its obligations under this Agreement or to consummate the Asset Purchase or the other transactions contemplated by this Agreement, provided that "Material Adverse Effect" shall not be deemed to include the impact of (A) changes in Laws of general applicability

or interpretations thereof by courts or governmental authorities, (B) changes in generally accepted accounting principles, (C) actions and omissions of Nforma taken with the prior informed written Consent of KFI in contemplation of the transactions contemplated hereby, or (D) the direct effects of compliance with this Agreement on the operating performance of Nforma, including expenses incurred by Nforma in consummating the transactions contemplated by this Agreement.

"Order" means any administrative decision or award, decree, injunction, judgment, order, quasi-judicial decision or award, ruling, or writ of any federal, state, local or foreign or other court, arbitrator, mediator, tribunal, administrative agency, or Regulatory Authority.

"Party" means either Nforma or KFI, and **"Parties"** means both Nforma and KFI.

"Permit" means any federal, state, local, and foreign governmental approval, authorization, certificate, easement, filing, franchise, license, notice, permit, or right to which any Person is a party or that is or may be binding upon or inure to the benefit of any Person or its securities, Assets, or business.

"Person" means a natural person or any legal, commercial or governmental entity, such as, but not limited to, a corporation, general partnership, joint venture, limited partnership, limited liability company, limited liability partnership, trust, business association, group acting in concert, or any person acting in a representative capacity.

"Regulatory Authorities" means, collectively, the SEC, the FTC the DOJ, and all other federal, state, county, local or other governmental or regulatory agencies, authorities (including taxing and self-regulatory authorities), instrumentalities, commissions, boards or bodies having jurisdiction over the Parties and their respective Subsidiaries.

"Representative" means any investment banker, financial advisor, attorney, accountant, consultant, or other representative or agent engaged by a Person.

"Securities Act" means the Securities Act of 1933, as amended.

"Securities Laws" means the Securities Act, the Exchange Act, the Investment Company Act of 1940, as amended, the Investment Advisors Act of 1940, as amended, the Trust Indenture Act of 1939, as amended, and the rules and regulations of any Regulatory Authority promulgated thereunder.

"Software" means the computer software of Nforma included in the Intellectual Property and Derivative Works.

"Tax" or **"Taxes"** means any federal, state, county, local, or foreign taxes, charges, fees, levies, imposts, duties, or other assessments, including income, gross receipts, excise, employment, sales, use, transfer, recording license, payroll, franchise, severance, documentary, stamp, occupation, windfall profits, environmental, federal

highway use, commercial rent, customs duties, capital stock, paid-up capital, profits, withholding, Social Security, single business and unemployment, disability, real property, personal property, registration, ad valorem, value added, alternative or add-on minimum, estimated, or other tax or governmental fee of any kind whatsoever, imposed or required to be withheld by the United States or any state, county, local or foreign government or subdivision or agency thereof, including any interest, penalties, and additions imposed thereon or with respect thereto.

"Tax Return" means any report, return, information return, or other information required to be supplied to a Regulatory Authority in connection with Taxes, including any return of an affiliated or combined or unitary group that includes a Party or its Subsidiaries.

(b) Any singular term in this Agreement shall be deemed to include the plural, and any plural term the singular. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed followed by the words "without limitation."

"Taxing Authority" means any Authority responsible for the imposition of any Tax.

"Third Party Claim" means any claim, suit or proceeding (including, without limitation, a binding arbitration or an audit by any Taxing Authority) that is instituted against an Indemnitee by a person or entity other than an Indemnitor and which, if prosecuted successfully, would result in a loss for which such Indemnitee is entitled to indemnification hereunder.

8.2 Expenses.

(a) Each of the Parties shall bear and pay all direct costs and expenses incurred by it or on its behalf in connection with the transactions contemplated hereunder, including filing, registration and application fees, printing fees, and fees and expenses of its own financial or other consultants, investment bankers, accountants, and counsel.

8.3 Entire Agreement.

Except as otherwise expressly provided herein, this Agreement (including the documents and instruments referred to herein) constitutes the entire agreement between the Parties with respect to the transactions contemplated hereunder and supersedes all prior arrangements or understandings with respect thereto, written or oral. Nothing in this Agreement expressed or implied, is intended to confer upon any Person, other than the Parties or their respective successors, any rights, remedies, obligations, or liabilities under or by reason of this Agreement.

8.4 Amendments.

To the extent permitted by Law, this Agreement may be amended by a subsequent writing signed by each of the Parties upon the approval of each of the Parties, whether before or after shareholder approval of this Agreement has been obtained; provided, that after any such approval by the holders of Nforma Common Stock, there shall be made no amendment, which requires further approval by such shareholders without the further approval of such shareholders.

8.5 Waivers.

(a) Prior to or at the Closing Date, KFI, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by Nforma or its Shareholders, to waive or extend the time for the compliance or fulfillment by Nforma or its Shareholders of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of KFI under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of KFI.

(b) Prior to or at the Closing Date, Nforma, acting through its Board of Directors, chief executive officer or other authorized officer, shall have the right to waive any Default in the performance of any term of this Agreement by KFI, to waive or extend the time for the compliance or fulfillment by KFI of any and all of its obligations under this Agreement, and to waive any or all of the conditions precedent to the obligations of Nforma under this Agreement, except any condition which, if not satisfied, would result in the violation of any Law. No such waiver shall be effective unless in writing signed by a duly authorized officer of Nforma.

(c) The failure of any Party at any time or times to require performance of any provision hereof shall in no manner affect the right of such Party at a later time to enforce the same or any other provision of this Agreement. No waiver of any condition or of the breach of any term contained in this Agreement in one or more instances shall be deemed to be or construed as a further or continuing waiver of such condition or breach or a waiver of any other condition or of the breach of any other term of this Agreement.

8.6 Assignment.

Except as expressly contemplated hereby, neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any Party hereto (whether by operation of Law or otherwise) without the prior written consent of the other Party. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the Parties and their respective successors and assigns.

8.7 Notices.

All notices or other communications which are required or permitted hereunder shall be in writing and sufficient if delivered by hand, by facsimile transmission, by registered or certified mail, postage pre-paid, or by courier or overnight carrier, to the persons at the addresses set forth below (or at such other address as may be provided hereunder), and shall be deemed to have been delivered as of the date so delivered:

Nforma:

Nforma Learning Systems, Inc.
1523 Crest Drive
Encinitas, Ca 92024

Facsimile Number:
Attention: Charles Smith

Copy to Counsel:

Davis Law Associates
380 Stevens Avenue
Suite 205
Solana Beach, CA 92075
Facsimile Number: 858-793-1252

Attention: Nikki Dell'Ara, Esq.

KFI:

Knowledge Factor, Inc.
455 Weaver Park Road
Suite 400 Longmont, Colorado 80501
Facsimile Number: (720) 652-4191

Attention: Patrick Engstrom

Copy to Counsel:

Alston & Bird LLP
3201 Beechleaf Court, Suite 600
Raleigh, North Carolina 27604-1062
Facsimile Number: 919-862-2260

Attention: Brad Markoff, Esq.

8.8 Governing Law.

Regardless of any conflict of law or choice of law principles that might otherwise apply, the Parties agree that this Agreement shall be governed by and construed in all respects in accordance with the laws of the State of Delaware. The Parties all expressly agree and acknowledge that the State of Delaware has a reasonable relationship to the Parties and/or this Agreement. As to any dispute, claim, or litigation arising out of or relating in any way to this Agreement or the transaction at issue in this Agreement, the Parties hereto hereby agree and consent to be subject to the exclusive jurisdiction of the United States District Court for the District of Colorado. If jurisdiction is not present in federal court, then the Parties hereby agree and consent to the exclusive jurisdiction of the state courts of Boulder County, Colorado. Each Party hereto hereby irrevocably waives, to the fullest extent permitted by Law, (a) any objection that it may now or hereafter have to laying venue of any suit, action or proceeding brought in such court, (b) any claim that any suit, action or proceeding brought in such court has been brought in an inconvenient forum, and (c) any defense that it may now or hereafter have based on lack of personal jurisdiction in such forum.

8.9 Counterparts.

This Agreement may be executed in two or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8.10 Captions; Articles and Sections.

The captions contained in this Agreement are for reference purposes only and are not part of this Agreement. Unless otherwise indicated, all references to particular Articles or Sections shall mean and refer to the referenced Articles and Sections of this Agreement.

8.11 Interpretations.

Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against any Party, whether under any rule of construction or otherwise. No Party to this Agreement shall be considered the draftsman. The Parties acknowledge and agree that this Agreement has been reviewed, negotiated, and accepted by all Parties and their attorneys and shall be construed and interpreted according to the ordinary meaning of the words used so as fairly to accomplish the purposes and intentions of all Parties hereto.

8.12 Enforcement of Agreement.

The Parties hereto agree that irreparable damage would occur in the event that any of the provisions of this Agreement was not performed in accordance with its specific terms or was 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 court of the United States or any state having jurisdiction, this being in addition to any other remedy to which they are entitled at law or in equity.

8.13 Severability.

Any term or provision of this Agreement which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Agreement or affecting the validity or enforceability of any of the terms or provisions of this Agreement in any other jurisdiction. If any provision of this Agreement is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as is enforceable.

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

KNOWLEDGE FACTOR, INC.By: 

President

By: 

Secretary

NFORMA LEARNING SYSTEMS, INC.

By: _____

President

By: _____

Secretary

NFORMA SHAREHOLDERS:

Charles Smith, as Co-trustee for the Charles and Diane
Smith Family Trust

Diane Smith, as Co-trustee for the Charles and Diane Smith
Family Trust

Robert Serling

Jay M. Short

Heidi P. Short

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

KNOWLEDGE FACTOR, INC.

By: _____
President

By: _____
Secretary

NFORMA LEARNING SYSTEMS, INC.

By: *Charles P. Smith*
President

By: *Robert Serling*
Secretary

NFORMA SHAREHOLDERS:

 Charles P. Smith
Charles Smith, as Co-trustee for the Charles and Diane
Smith Family Trust

Diane Smith, as Co-trustee for the Charles and Diane Smith
Family Trust

 Robert Serling
Robert Serling

Jay M. Short

Heidi P. Short

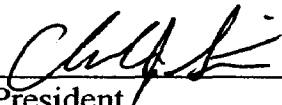
IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

KNOWLEDGE FACTOR, INC.

By: _____
President

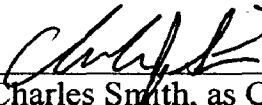
By: _____
Secretary

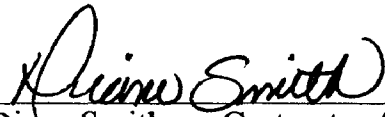
NFORMA LEARNING SYSTEMS, INC.

By: 
President

By: _____
Secretary

NFORMA SHAREHOLDERS:



Charles Smith, as Co-trustee for the Charles and Diane
Smith Family Trust


Diane Smith, as Co-trustee for the Charles and Diane Smith
Family Trust

Robert Serling

Jay M. Short

Heidi P. Short


Clara Lee Smith

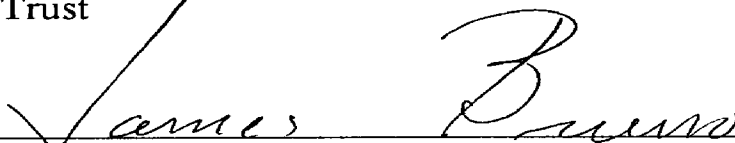
Roberta Lynn Blank, Trustee of the Roberta Lynn Blank
Trust

James Bruno

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

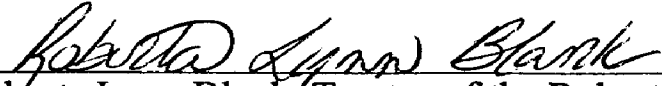
Clara Lee Smith

Roberta Lynn Blank, Trustee of the Roberta Lynn Blank
Trust


James Bruno

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

Clara Lee Smith



Roberta Lynn Blank, Trustee of the Roberta Lynn Blank
Trust

James Bruno

[SIGNATURE PAGE TO ASSET PURCHASE AGREEMENT]

IN WITNESS WHEREOF, each of the Parties has caused this Agreement to be executed on its behalf by its duly authorized officers as of the day and year first above written.

KNOWLEDGE FACTOR, INC.

By: _____
President

By: _____
Secretary

NFORMA LEARNING SYSTEMS, INC.

By: _____
President

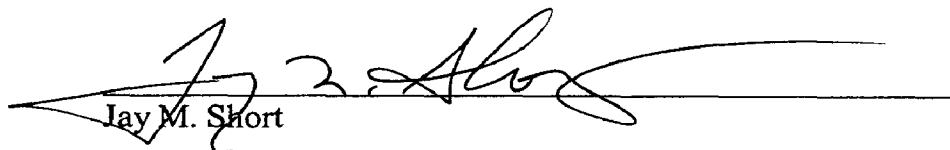
By: _____
Secretary

NFORMA SHAREHOLDERS:

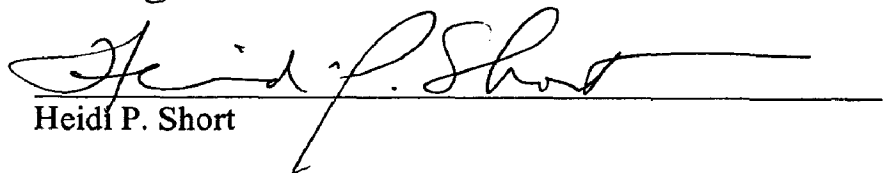
Charles Smith, as Co-trustee for the Charles and Diane
Smith Family Trust

Diane Smith, as Co-trustee for the Charles and Diane Smith
Family Trust

Robert Serling



Jay M. Short



Heidi P. Short

**EXHIBIT 2.1
INITIAL SHARE GRANT**

Shareholder Name	Number of Shares
Charles and Diane Smith Family Trust	55,567
Robert Serling	22,300
James Bruno	5,621
Jay M. Short and Heidi P. Short as joint tenants with rights of survivorship	5,068
Clara Lee Smith	2,488
The Roberta Lynn Blank Trust	<u>1,106</u> 92,150

**EXHIBIT 2.2
SUBSEQUENT SHARE GRANT**

Shareholder Name	Number of Shares
Charles and Diane Smith Family Trust	44,713
Robert Serling	17,944
James Bruno	4,523
Jay M. Short and Heidi P. Short as joint tenants with rights of survivorship	4,078
Clara Lee Smith	2,002
The Roberta Lynn Blank Trust	<u>890</u> 74,150

EXHIBIT 3
DISCLOSURE SCHEDULE

The following are the exceptions to representations and warranties of Nforma Learning Systems, Inc., ("Nforma") set forth in Section 3 of the Asset Purchase Agreement dated as of June __, 2003 (the "Agreement") to which this is an exhibit. All capitalized terms used and not otherwise defined herein shall have the meanings given to them in the Agreement. The numbers sections below correspond to the numbered sections of the Agreement.

3.1. Organization, Standing, and Power. Only those organizational documents specifically requested by KFI have been provided to KFI. KFI has requested only the following documents: Articles of Incorporation (and amendments), Bylaws, and Certificate of Good Standing in the State of California.

3.2. Authority of Nforma and Shareholders; No Breach By Agreement. No disclosures.

3.3. Absence of Certain Changes or Events in the Conduct of Business. No disclosures

3.4. Tax Matters. The corporation inadvertently terminated its S-corporation status by the creation and issuance of preferred stock, and by the issuance of common stock to a person who was not a qualified S-corporation shareholder. The corporation has taken all actions necessary to become a small business corporation as defined in Section 1361 of the Internal Revenue Code, including eliminating the second class of stock and transferring the common stock to an qualified S-corporation shareholder. The corporation's accountants have prepared and will submit a request for a private letter ruling, which would reinstate the corporation's S-corporation status. As a condition to such request, the corporation and its shareholders have agreed to make any adjustments required by the Secretary with respect to the termination period.

Nforma has filed a request for extension of time within which to file its Federal Income Tax Returns for the year 2002

3.5. Assets. A UCC-1 Financing Statement has been filed on all of the assets of Nforma Learning Systems, Inc., by Charles Smith pursuant to loans made to the corporation. On April 22, 2003, a Notice of Attachment Termination (UCC Financing Statement Amendment), was filed with the Secretary of State of California, an Acknowledgment copy of which is attached hereto as Exhibit 3.5.

3.6. Intellectual Property.

3.6. (h) See 3.5.

3.7. Compliance with Laws. No disclosures.

3.8. Legal Proceedings. No disclosures.

3.9. Reports. No disclosures.

3.10. Statements True and Correct. No disclosures.

3.11. Approval of Transaction. No disclosures.

03113C0425

UCC FINANCING STATEMENT AMENDMENT

FOLLOW INSTRUCTIONS (front and back) CAREFULLY

A. NAME & PHONE OF CONTACT AT FILER (optional)

B. SEND ACKNOWLEDGMENT TO: (Name and Address)

*

Nikki Dell'Ara
Davis Law Associates
380 Stevens Avenue, Suite 205
Solana Beach, CA 92075

THE ABOVE SP.

FILED
SACRAMENTO, CA
APR 22, 2003 AT 1333
KEVIN SHELLEY
SECRETARY OF STATE

1a. INITIAL FINANCING STATEMENT FILE #
0127060720

1b. This FINANCING STATEMENT AMENDMENT is
to be filed (for record) (or recorded) in the
REAL ESTATE RECORDS.

2. ☒ TERMINATION: Effectiveness of the Financing Statement Identified above is terminated with respect to security interest(s) of the Secured Party authorizing this Termination Statement.

3. ☐ CONTINUATION: Effectiveness of the Financing Statement Identified above with respect to security interest(s) of the Secured Party authorizing this Continuation Statement is continued for the additional period provided by applicable law.

4. ☐ ASSIGNMENT (full or partial): Give name of assignee in item 7a or 7b and address of assignee in item 7c; and also give name of assignor in item 9.

5. AMENDMENT (PARTY INFORMATION): This Amendment affects ☐ Debtor or ☐ Secured Party of record. Check only one of these two boxes.

Also check one of the following three boxes and provide appropriate information in items 6 and/or 7.

☐ CHANGE name and/or address: Give current record name in item 6a or 6b; also give new name (if name change) in item 7a or 7b and/or new address (if address change) in item 7c. ☐ DELETE name: Give record name to be deleted in item 6a or 6b. ☐ ADD name: Complete item 7a or 7b, and also item 7c; also complete items 7d-7g (if applicable).

6. CURRENT RECORD INFORMATION:

6a. ORGANIZATION'S NAME

OR 6b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

7. CHANGED (NEW) OR ADDED INFORMATION:

7a. ORGANIZATION'S NAME

OR 7b. INDIVIDUAL'S LAST NAME

FIRST NAME

MIDDLE NAME

SUFFIX

7c. MAILING ADDRESS

CITY

STATE

POSTAL CODE

COUNTRY

7d. TAX ID #: SSN OR EIN

ADD'L INFO RE
ORGANIZATION
DEBTOR

7e. TYPE OF ORGANIZATION

7f. JURISDICTION OF ORGANIZATION

7g. ORGANIZATIONAL ID #, if any

☐ NONE

8. AMENDMENT (COLLATERAL CHANGE): check only one box.

Describe collateral ☐ deleted or ☐ added, or give entire ☐ restated collateral description, or describe collateral ☐ assigned.

9. NAME OF SECURED PARTY OF RECORD AUTHORIZING THIS AMENDMENT (name of assignor, if this is an Assignment). If this is an Amendment authorized by a Debtor which adds collateral or adds the authorizing Debtor, or if this is a Termination authorized by a Debtor, check here ☐ and enter name of DEBTOR authorizing this Amendment.

9a. ORGANIZATION'S NAME

OR 9b. INDIVIDUAL'S LAST NAME

Smith

FIRST NAME

Charles

MIDDLE NAME

J.

SUFFIX

Mr.

10. OPTIONAL FILER REFERENCE DATA

FILING OFFICE COPY — NATIONAL UCC FINANCING STATEMENT AMENDMENT (FORM UCC3) (REV. 07/29/98)

PATENT
REEL: 016308 FRAME: 0879

**ACTION TAKEN BY UNANIMOUS WRITTEN CONSENT
OF THE SOLE DIRECTOR OF
KNOWLEDGE FACTOR, INC.**

The undersigned, the sole director of Knowledge Factor, Inc. ("KFI"), a Delaware corporation, does hereby waive any notice requirements and consents to and adopts the following resolutions pursuant to Section 141(f) of the General Corporation Law of the State of Delaware and hereby directs that this consent be filed with the minutes of the proceedings of the Board of Directors of the Corporation:

WHEREAS, the sole director of KFI (the "Company") has determined that it is advisable and in the best interests of the Company to enter into that certain Asset Purchase Agreement dated May 6, 2003 between KFI and Nforma Learning Systems, Inc., a California corporation, in which the Company will acquire certain Assets, as defined in the Asset Purchase Agreement (the "Agreement") in exchange for shares of the Company;

WHEREAS, as a condition to closing, the Company has agreed to provide a seat on the Company's Board of Directors for Charles Smith, President of Nforma Learning Systems, Inc.;

WHEREAS, the Company has determined that it is advisable and in the best interests of the Company to appoint Don Vanlandingham to the Board of Directors;

NOW THEREFORE, LET IT BE RESOLVED, that the sole director hereby increases the number of seats on the Board of Directors from one to three;

RESOLVED FURTHER, that the sole director appoints Charles Smith and Don Vanlandingham fill the new seats created on the Board of Directors;

RESOLVED FURTHER, that the executive officers of the Company, acting alone or together, are hereby authorized and empowered to negotiate and to do or cause to be done all such acts or things and to sign and deliver, or cause to be signed and delivered on behalf of the Company, and amend as necessary, any and all documents, instruments and certificates required to effectuate creation of the board seats and appointments of Charles Smith and Don Vanlandingham as provided in these resolutions;

RESOLVED FURTHER, that all actions taken by the executive officers of the Company and the agents and representatives of the Company prior to the date of these resolutions in connection with the negotiation of the Agreement contemplated by these resolutions and all transactions and documents ancillary thereto, and the accruing of all fees and other costs of such transactions through the date of these resolutions, along with any and all other actions taken by the executive officers, agents and representatives prior to the date of these resolutions in connection with the proposed transactions be, and they hereby are, ratified and approved in all respects; and

RTA01/2135366v1

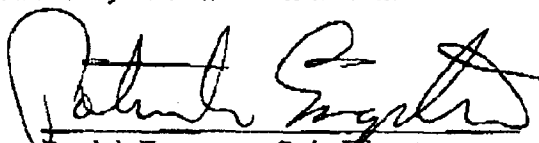
RESOLVED FURTHER, that the executive officers are, and each of them acting alone hereby is, authorized and empowered to take any and all actions and proceedings, execute and deliver any and all instruments, certificates, documents or filings, and do and perform all acts necessary or proper, to carry into effect the full intent and purpose of the foregoing resolutions and to effect the consummation of the transactions outlined above.

[Signatures on Following Page]

RTA01/2135306v1

IN WITNESS WHEREOF, the undersigned hereby consent to the actions described herein.

Date: May 6, 2003


Patrick Engstrom, Sole Director

RTA01/2135306v1

STOCKHOLDER RATIFICATION AND APPROVAL

Pursuant to Section 144 of the General Corporation Law of the State of Delaware (the "DGCL"), the undersigned, being the disinterested stockholders entitled to vote on the following matters at a stockholders meeting of Knowledge Factor, Inc., a Delaware Corporation (the "Corporation"), do hereby waive any and all requirements for the holding of a meeting pursuant to Section 228 of the DGCL, and by signing this written consent in lieu of the holding of a meeting of the stockholders, do hereby take the following actions:

WHEREAS, the Corporation has executed that certain Asset Purchase Agreement dated May 6, 2003 with Nforma Learning Systems, Inc., a California corporation, in which the Corporation acquired certain Assets, as defined in the Asset Purchase Agreement (the "Agreement"), in exchange for shares of the Corporation;

WHEREAS, the sole director increased the size of the Corporation's Board of Directors from one to three and appointed Charles Smith, President of Nforma Learning Systems, Inc., and Don Vanlandingham to fill those vacancies;

NOW, THEREFORE, BE IT RESOLVED, that the undersigned hereby approve, adopt and ratify the actions of the sole director of the Corporation in negotiating, approving and executing the Agreement contemplated by these resolutions and all transactions and documents ancillary thereto;

FURTHER RESOLVED, that the undersigned hereby approve, adopt and ratify the creation of additional seats on the Board of Directors thereby bringing the total number of seats to three;

FURTHER RESOLVED, that the undersigned hereby approve, adopt and ratify the sole director's appointment of Charles Smith and Don Vanlandingham to the Board of Directors to fill the vacancies;

FURTHER RESOLVED, that all actions taken by the executive officers of the Corporation and the agents and representatives of the Corporation prior to the date of these resolutions in connection with the aforementioned Agreement, board seats, board appointments, transactions, negotiations, including the determination of the terms therein, and all transactions and documents ancillary thereto, and the accruing of all fees and other costs of such transactions through the date of these resolutions, along with any and all other actions taken by the executive officers, agents and representatives prior to the date of these resolutions in connection with the proposed transactions be, and they hereby are, ratified and approved in all respects; and

FURTHER RESOLVED, that the executive officers are, and each of them acting alone hereby is, authorized and empowered to take any and all actions and proceedings,

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execute and deliver any and all instruments, certificates, documents or filings, and do and perform all acts necessary or proper, to carry into effect the full intent and purpose of the foregoing resolutions and to effect the consummation of the transactions outlined above.

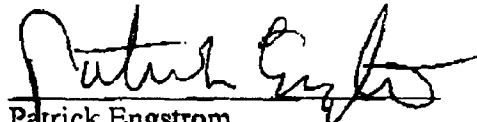
FURTHER RESOLVED, that this written consent be filed as part of the minutes of the stockholders meetings.

[Signatures on Following Page]

- 2 -

RTA01/2135310v2

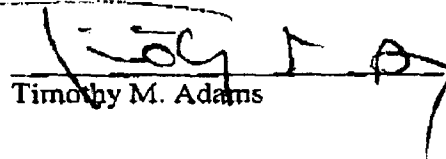
IN WITNESS WHEREOF, that the undersigned stockholders have executed this written consent as of the ____ day of _____, 2003.


Patrick Engstrom


Doris Engstrom


Scott Engstrom

Joe Halpern


Timothy M. Adams

Neal Hardesty

Tim Adams *pe*

Pranod Goel

MTN PARTNERSHIP

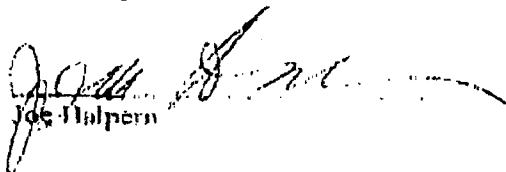
By: _____
Name: Tim C. Wild

IN WITNESS WHEREOF, that the undersigned stockholders have executed this
written consent as of the 4th day of May, 2003.

Patrick Engstrom

Doris Engstrom

Scott Engstrom


Joe Halpern

Timothy M. Adams

Neal Hardesty

Tim Adams

Pramod Goel

MTN PARTNERSHIP

By: _____
Name: Tim C. Wild

IN WITNESS WHEREOF, that the undersigned stockholders have executed this written consent as of the 2 day of May, 2003.

Patrick Engstrom

Doris Engstrom

Scott Engstrom

Joe Halpern

Timothy M. Adams



Neal Hardesty

Tim Adams

Pranod Goel

MTN PARTNERSHIP

By: _____
Name: Tim C. Wild

- 3 -

RTA01/2135310v2

100

TIMES DIRECT IRM

05/02/03 FRI 12:08 FAX 0204725282

PATENT
REEL: 016308 FRAME: 0887

IN WITNESS WHEREOF, that the undersigned stockholders have executed this written consent as of the _____ day of _____, 2003.

Patrick Engstrom

Doris Engstrom

Scott

Scott Engstrom

Joe Halpern

Timothy M. Adams

Neal Hardesty

Tim Adams

Tim Adams

Pramod Goul 5/2/03

Pramod Goul

MTN PARTNERSHIP

By: _____
Name: Tim C. Wild

IN WITNESS WHEREOF, that the undersigned stockholders have executed this written consent as of the 2 day of MAY, 2003.

Patrick Engstrom

Doris Engstrom

Scott Engstrom

Joe Halpern

Timothy M. Adams

Neal Hardesty

Tim Adams *TS*

Pramod Goel

MTN PARTNERSHIP

By: *[Signature]*
Name: Tim C. Wild

- 3 -

RTA01/3135310v2

EXHIBIT 6.2(c)
NON-SOLICITATION, NON-RECRUITMENT, NON-COMPETITION
AND CONFIDENTIALITY AGREEMENT

THIS NON-SOLICITATION, NON-RECRUITMENT, NON-COMPETITION AND CONFIDENTIALITY AGREEMENT (the "Agreement") is made as of the ____ day of _____, 2003 by and between Knowledge Factor, Inc., a Delaware corporation ("KFI"), and _____, an individual resident of the state of _____ and a shareholder of Nforma Learning Systems, Inc., a California corporation, (the "Shareholder"). This Agreement is entered into as a condition to the consummation of the Asset Purchase Agreement between KFI and Nforma Learning Systems, Inc. ("Nforma"). Capitalized terms not otherwise defined herein shall have the meaning defined in the Asset Purchase Agreement.

NOW, THEREFORE, in consideration of the KFI stock received pursuant to the terms of the Asset Purchase Agreement, and the other promises and mutual covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

1. Non-disclosure of Trade Secrets and Confidential Information.

(a) Definitions. The following definitions shall apply to this Agreement:

(i) "*Trade Secrets*" means all information, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret includes any item of Confidential Information that constitutes a "trade secret(s)" under the common law or statutory law of the State of Colorado and generally includes all source codes and object codes for Nforma and KFI software, all buyer and seller information and all lists of clients to the extent that such information fits within the Colorado trade secret protections. Nothing in this Agreement is intended, or shall be construed, to limit the definitions or protections of any applicable law protecting trade secrets or other confidential information. Trade Secrets shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of Nforma or KFI.

(ii) "*Confidential Information*" means information, other than Trade Secrets, which relates to Nforma or KFI (the "Entities"), the Entities' activities, the Entities' business or the Entities' suppliers or customers that is not generally known by persons not employed by the Entities, as to which the Entities have made reasonable attempts to maintain its confidentiality, and which is or has been disclosed to Shareholder or of which Shareholder became aware as a consequence of or through his/her

relationship to the Entities. "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any legal right of the Entities.

(iii) "*Documents*" means originals, copies, summaries, abstracts, electronic versions and other renderings of handbooks, manuals, policy statements, training materials, programs, computer software, databases, contracts, requests for proposal, sales proposals, reports, files, memoranda, customer lists, mailing lists, correspondence, notes, notebooks, photographs, slides, overheads, audio or visual tapes, cassettes, or disks, and records maintained on computer or other electronic media, as well as any other documents provided by the Entities or acquired by the Shareholder as a result of his/her employment, consulting work or involvement with the Entities, and all copies thereof.

(b) Covenant Regarding Non-disclosure of Trade Secrets and Confidential Information. Shareholder covenants and agrees that: (i) for a period of one (1) year from the Closing Date of the Asset Purchase Agreement, Shareholder shall not, directly or indirectly, transmit or disclose any Trade Secrets or Confidential Information of the Entities to any person and shall not make use of any such Trade Secrets or Confidential Information, directly or indirectly, for himself or others, without the prior written consent of KFI, except for a disclosure that is required by any law or order, in which case Shareholder shall provide KFI prior written notice of such requirement and an opportunity to contest such disclosure. However, to the extent that such information is a "trade secret" as that term is defined under a state or federal law, this subparagraph is not intended to, and does not, limit the Entities' rights or remedies thereunder and the time period for prohibition on disclosure or use of such information is until such information becomes generally known to the public through the act of one who has the right to disclose such information without violating a legal right of the Entities.

(c) Return of Information. Shareholder agrees that he/she shall return all Trade Secrets, Confidential Information, Documents, Works, computer equipment, telecommunications equipment and other property of KFI immediately upon the termination of his/her relationship with KFI or upon any earlier request by KFI.

(d) Effect of Disclosure. The Shareholder acknowledges that any disclosure to any third party of Trade Secrets or Confidential Information not expressly allowed by this Agreement, as from time to time amended, is detrimental to the KFI. In the event that any Trade Secret or Confidential Information is disclosed by the Shareholder intentionally or through negligence in violation of this Agreement, the Shareholder shall be immediately, directly and principally, liable with no limitation for any and all costs, claims and damages (including, but not limited to, special, indirect, incidental and consequential damages, and reasonable attorneys' fees and costs of litigation) sustained by the KFI as a result of such disclosure or negligence. The Shareholder acknowledges that any disclosure of Trade Secrets or Confidential Information in violation or breach of this Agreement will result in irreparable injury to KFI and that KFI's remedy at law for such a breach will be inadequate. Accordingly, the Shareholder agrees and consents that KFI, in addition to all other remedies available at law and in equity, shall be entitled to

both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by the Shareholder without necessity of posting bond. Nothing in this Agreement shall limit any definitions of trade secrets or confidential information, or any rights, protections or remedies KFI may have, pursuant to applicable federal, state or local law.

2. Non-competition Covenants. In consideration of the stock received by Shareholder pursuant to the Asset Purchase Agreement, the Shareholder hereby agrees that for a period of one (1) year from the Closing Date of the Asset Purchase Agreement, the Shareholder shall not engage or participate in, as a member of the board of directors or management committee, or as an executive, principal, owner, partner, manager or supervisor, any business or enterprise that directly competes with the KFI's e-learning business or technologies, in the Restricted Territory. For purposes of this Section, the "Restricted Territory" shall mean the States of Colorado and California. Nothing contained in this Section shall prohibit the Shareholder from acquiring or holding, for investment purposes only, less than five percent (5%) of the outstanding publicly traded securities of any corporation which may compete directly or indirectly with KFI. The parties agree to review the geographic area included within the Restricted Territory from time to time at either party's request and the Restricted Territory will thereafter be modified so that its coverage extends to, but only to, the geographic area necessary to protect the interest of KFI. No such reformation will be valid unless it is evidenced by written amendment to this Agreement and signed by both parties.

3. Non-Solicitation Covenant. The Shareholder covenants and agrees that during the term of his or her involvement with KFI and for a period of one (1) year from the Closing Date of the Asset Purchase Agreement, he or she will not, without the prior written permission of KFI, directly or indirectly, for himself or herself or on behalf of any other person or entity, solicit or attempt to solicit or take away any Customer or Supplier of KFI for purposes of selling or otherwise providing e-learning services or technology, or from which KFI purchases, obtains or otherwise exchanges materials for its e-learning services and technology.

The following definitions apply to this Section 3:

- (a) "*Customer*" means any individual or entity to whom KFI has sold or otherwise provided e-learning services or technology.
- (b) "*Supplier*" means any individual or entity from which KFI obtained software, equipment or technology material to KFI providing e-learning services to its Customers.

4. Non-Recruitment Covenant. The Shareholder covenants and agrees that for a period of (1) year from the Closing Date of the Asset Purchase Agreement, he or she will not, without the prior written permission of KFI, solicit or induce, or attempt to solicit or induce, any employee of KFI, with whom the Shareholder interacted with during his or her relationship with KFI whether as an employee, consultant or otherwise, to terminate his or her relationship with KFI or to enter into an employment or agency relationship with the Shareholder or with any other person or entity with whom the Shareholder is affiliated.

5. Injunction and Attorney's Fees for Protective Covenants. The Shareholder acknowledges and agrees that the non-disclosure, non-compete, non-solicitation and non-recruitment covenants contained in Sections 1, 2, 3, and 4 of this Agreement are a reasonable means of protecting KFI from unfair competition by the Shareholder. The Shareholder further agrees that any breach of any of these covenants will result in irreparable damage and injury to KFI and that KFI will be entitled to injunctive relief in any court of competent jurisdiction without the necessity of proving harm or posting any bond.

6. Rights to Materials and Return of Materials. All records, files, software, software code, memoranda, reports, price lists, customer lists, drawings, plans, sketches, documents, technical information, object code, source code, information on the use, development and integration of software, and the like (together with all copies of such documents and things) relating to the business of KFI, which the Shareholder shall use or prepare or come in contact with in the course of, or as a result of, the Shareholder's relationship with KFI shall, as between the parties to this Agreement, remain the sole property of KFI. Laptop computers, other computers, software and related data, information and things provided to the Shareholder by KFI or obtained by the Shareholder, directly or indirectly, from KFI, also shall remain the sole property of KFI. Upon the termination of the Shareholder's employment or consulting relationship with KFI or upon the prior demand of KFI, the Shareholder shall immediately return all such materials and things to KFI and shall not retain any copies or remove or participate in removing any such materials or things from the premises of KFI after termination or KFI's request for return, other than her personal rolodex and other personal effects.

7. Severability. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because its duration, the territory, the definition of activities, the definition of information covered or any other term or definition is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of KFI and the Shareholder in agreeing to the provisions of this Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

8. Jurisdiction. The Shareholder agrees and acknowledges that this Agreement is entered into in the State of Colorado and contemplates performance in Colorado. Accordingly, the Shareholder agrees that he/she is now and will continue to be throughout the duration of the terms of this Agreement subject to personal jurisdiction in the state and federal courts of Colorado for any and all actions in law or equity arising out of the breach or alleged breach of any term of this Agreement and he/she waives objection to such jurisdiction.

9. Miscellaneous. Nothing in this Agreement should be construed as creating an employment contract between the Shareholder and KFI or a guarantee of employment for any specific duration. This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the State of Delaware. No delay or failure by KFI in exercising any of its rights, remedies, powers, or privileges hereunder, at law or in equity, and no course of

dealing between KFI and the Shareholder or any other person shall be deemed to be a waiver by KFI of any such rights, remedies, powers, or privileges, even if such delay or failure is continuous or repeated, nor shall any single or partial exercise of any right, remedy, power, or privilege preclude any other or further exercise thereof by KFI or the exercise of any other right, remedy, power, or privilege by KFI. All prior agreements of the parties concerning the subject matter of this Agreement are expressly superseded by this Agreement. This Agreement contains the entire Agreement of the parties concerning the subject matter hereof. Any oral representations or modifications of this Agreement shall be of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal as of the day and year first above written.

SHAREHOLDER:

Name:

COMPANY:

KNOWLEDGE FACTOR, INC.

By: _____
Name: _____ (Print)
Title: _____

EXHIBIT 6.3(c)**VOTING AGREEMENT**

The Undersigned, being a majority of the voting stockholders (the "Stockholders") of Knowledge Factor, Inc. (the "Company"), a Delaware corporation hereby enter into the following Voting Agreement pursuant to the terms and conditions of that certain Asset Purchase Agreement dated April 30, 2003 (the "Agreement") between the Company and Nforma Learning Systems, Inc. ("Nforma"):

WHEREAS, Nforma is contributing certain assets to the Company as of the date of the Agreement in exchange for shares of common stock of the Company;

WHEREAS, Nforma desires that Charles Smith, Chief Executive Officer of Nforma, become a director of the Company upon consummation of the Agreement;

WHEREAS, the Agreement requires pursuant to section 6.3(c) of the Agreement, as a condition to closing, that the parties hereto enter into this Voting Agreement.

NOW, THEREFORE, in consideration of the mutual covenants herein contained, to induce the parties to enter into this Voting Agreement, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Stockholders do hereby agree during the term of this Voting Agreement, to vote or act with respect to their shares of capital stock of the Company so as to elect Charles Smith to the Company's board of directors (the "Board of Directors").

FURTHER RESOLVED, that the Stockholders agree to the following terms and conditions:

- 1.1 Termination. This Voting Agreement shall terminate upon the earlier of (a) termination of the Agreement between Nforma and the Company or (b) two (2) years from the date of this Voting Agreement.
- 1.2 Representations and Warranties. Each Stockholder represents and warrants that (i) such Stockholder is the record owner of the Company's common stock, (ii) this Voting Agreement has been duly authorized, executed and delivered by such Stockholder and constitutes the valid and binding obligation of such Stockholder, enforceable in accordance with its terms, and (iii) such Stockholder has not granted and is not a party to any proxy, voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Voting Agreement. No holder of shares of Capital Stock shall grant any proxy or become party to any voting trust or other agreement which is inconsistent with, conflicts with or violates any provision of this Voting Agreement.

MISCELLANEOUS

- 2.1 Enforceability/Severability. The parties hereto agree that each provision of this Voting Agreement shall be interpreted in such a manner as to be effective and valid under applicable law. If any provision of this Voting Agreement shall nonetheless be held to be prohibited by or invalid under applicable law (a) such provision shall be effective only to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Voting Agreement, and (b) the parties shall, to the extent permissible by applicable law, amend this Voting Agreement, or enter into a voting trust agreement under which shares of the Stockholders shall be transferred to the voting trust created thereby, so as to make effective and enforceable the intent of this Voting Agreement.
- 2.2 Remedies. Each party hereto will be entitled to enforce its rights under this Voting Agreement specifically, to recover damages by reason of any breach of any provision hereof, and to exercise all other rights existing in its favor. Each party hereto agrees and acknowledges that money damages may not be an adequate remedy for any breach of the provisions of this Voting Agreement and that each party may, in its sole discretion, apply for specific performance and injunctive relief in order to enforce or prevent any violations of the provisions of this Voting Agreement.
- 2.3 Entire Agreement; Successors and Assigns. This Voting Agreement constitutes the entire agreement among the Stockholders relative to the subject matter hereof and supersedes any previous agreement among the parties.
- 2.4 Governing Law. This Voting Agreement shall be governed by and construed in accordance with the laws of the Delaware, without regard to its conflict of law principles.
- 2.5 Counterparts. This Voting Agreement may be executed in counterparts, each of which shall be an original, but all of which together shall constitute one and the same instrument.
- 2.6 Headings. The section headings of this Voting Agreement are for convenience and shall not by themselves determine the interpretation of this Voting Agreement.
- 2.7 Notices. Any notice required or permitted hereunder shall be given in writing and shall be conclusively deemed effectively given upon personal delivery, upon confirmed transmission by telecopier or delivery by overnight courier, or five (5) days after deposit in the United States mail, by registered or certified mail, postage prepaid, addressed to the Company, in care of the Stockholder, or by such other address as the parties may designate by ten (10) days' advance written notice to the other parties.
- 2.8 Amendment of Agreement. Any provision of this Voting Agreement may be amended by a written instrument signed by a majority of the Stockholders.

2.9 Mutual Waiver of Jury Trial. THE PARTIES HERETO WAIVE ALL RIGHT TO TRIAL BY JURY IN ANY ACTION, SUIT OR PROCEEDING BROUGHT TO ENFORCE OR DEFEND ANY RIGHTS OR REMEDIES UNDER THIS VOTING AGREEMENT OR ANY DOCUMENTS RELATED THERETO.

[Signatures on Following Page]

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of ~~February 3, 2003~~ *PE*
MAY 6, 2003

"STOCKHOLDERS"

Patricia G. Gentry

[Signature]

[Signature]

Louis B. Engstrom

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of February 3, 2003.

"STOCKHOLDERS"

James D. [Signature] 5/2/03

RTA01/2131775v2

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of February 3, 2003.

"STOCKHOLDERS"

Null

RTA01/2131775v2

2002

TIMES DIRECT IRM

05/02/03 FRI 12:58 FAX 6264725292

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of February 3, 2003.

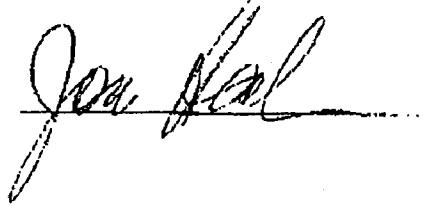
"STOCKHOLDERS"



RTA01/2131775v2

IN WITNESS WHEREOF, the parties hereto have executed this Voting Agreement as of February 3, 2003.

"STOCKHOLDERS"



A handwritten signature, appearing to read "Jon Hal", is written over a horizontal line. Below this line are several more horizontal lines, which are mostly blank, suggesting a list of stockholders or a continuation of the signature block.

01/001/2131775x2

EXHIBIT 6.3(d)

Technology and Services Agreement with Dr. Jim Bruno

Pursuant to the terms and conditions of the Definitive Transaction Agreement with Nforma, Knowledge Factor, Inc. ("KFI") and Dr. Jim Bruno have reached agreement on the acquisition of Dr. Bruno's interest in technology known as IRT and for services Dr. Bruno will provide KFI as stated herein (the "Agreement").

1. Technology Assignment and Transfer Agreement. As consideration for the payments to be made hereunder, Dr. Bruno agrees to forego his entire interest in payments required to be made, and relieve Nforma Learning Systems, Inc., from all obligations to make payment under Section 2 of that certain Technology Assignment and Transfer Agreement dated May 3, 2000 ("Transfer Agreement"). Dr. Bruno, by his signature, also agrees that his right to foreclose on the technology pursuant to Section 3.2 of the Transfer Agreement shall be terminated upon the execution of this Agreement. Aside from the modifications set forth above, all other terms of the Transfer Agreement shall remain in full force and effect.

2. Compensation

2.1. Initial Fee. Mr. Bruno will be entitled to a fee of \$10,000 (the "Initial Fee") payable on the earlier of the 180th day following the date of the signing of the Definitive Transaction Agreement (the "Closing Date"), or within 10 days of the closing of a minimum equity financing round of \$200,000 (the "Financing")

2.2. Subsequent Fee. For the period after the Closing Date, so long as KFI's average monthly sales revenues exceed \$25,000 over any 3 month period, KFI shall pay Mr. Bruno \$1,250 per month (the "Subsequent Fee"), payable on the last day of each month. The aggregate amount of the Subsequent Fees shall be \$80,000 and the total fees paid to Mr. Bruno under Sections 2.1 and 2.2. shall not exceed \$90,000.

2.3. Consulting Services. As further consideration for the payments to be made hereunder, Dr. Bruno agrees to provide KFI with his best efforts Technology Transfer Services of up to 10 hours per month for assistance relating to transfer of technology to KFI and any additions to the technology as may occur over the period of this agreement. These services may include at least two in-depth meetings by conference call or in person at Dr. Bruno's convenience, in which Dr. Bruno will work with KFI personnel to ensure all elements of the referenced technology are captured by KFI. Any additional services provided by Dr. Bruno beyond the 10 hours agreed to herein, for example, consulting services delivered directly to outside customers of KFI, shall be provided subject to a separate

hourly fee of \$150 per hour. Dr. Bruno shall invoice KFI for such time, and such invoices shall be due and payable 30 days after submission to KFI.

3. Counterparts; Governing Law. This Technology and Services Agreement may be executed in counterparts, each of which when so executed shall be deemed to be an original and all of which when taken together shall constitute one and the same Technology and Services Agreement. All questions concerning the validity, operation, interpretation, and construction of this Technology and Services Agreement shall be governed by and determined in accordance with the laws of the State of Colorado, excluding its conflict of law rules.

4. Complete Statement of Agreement. The parties hereto acknowledge that each has read this Technology and Services Agreement, understand it, and agree to be bound by its terms. The parties further agree that this Technology and Services Agreement is the complete and exclusive statement of agreement respecting the subject matters hereof, and supersedes all proposals (oral or written), understandings, representations, conditions, warranties, covenants, and all other communications between the parties relating hereto. The parties further acknowledge and agree that this Agreement may not be modified, unless agreed to, in writing, by the parties.

IN WITNESS WHEREOF, the parties have caused this Consulting Agreement to be executed by their respective duly authorized representatives as set forth below:

KNOWLEDGE FACTOR INC.

DR. JIM BRUNO

By: _____
Title: President
Date: _____

By: _____
Title: _____
Date: _____

NON-DISCLOSURE, NON-USE, AND CONFIDENTIALITY AGREEMENT

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (the "Agreement") is made as of the ____ day of _____, 200__ ("Effective Date") by and between Nforma Learning Systems, Inc., a California corporation ("Nforma") and Knowledge Factor, Inc., a Delaware corporation ("KFI"). Nforma and KFI are sometimes hereafter referred to individually as ("the Party") and collectively as ("the Parties").

WHEREAS, Nforma and KFI are parties to that certain Asset Purchase Agreement dated as of June __, 2003 ("Agreement"), pursuant to which certain Assets of Nforma were transferred to KFI;

WHEREAS, pursuant to Section 7.1, of the Agreement, Nforma has elected to exercise its Rescission Right or a KFI Unwinding has occurred;

WHEREAS, during the negotiations of the Agreement and the time during which such Assets were held by KFI certain confidential information and trade secrets of Nforma were disclosed to KFI;

WHEREAS, the Parties desire to keep and maintain as confidential any such confidential information or trade secrets.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

1. Non-disclosure of Trade Secrets and Confidential Information.

(a) Definitions. The following definitions shall apply to this Agreement:

(i) "*Trade Secrets*" means all information originating with Nforma prior to its relationship with KFI and not including any direct or indirect contribution made to the Assets by KFI pursuant to the Agreement, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret includes any item of Confidential Information that constitutes a "trade secret(s)" under the common law or statutory law of the State of Colorado and generally includes all source codes and object codes for Nforma software, all buyer and seller information and all lists of clients to the extent that such information fits within the Colorado trade secret protections. Nothing in this Agreement is intended, or shall be construed, to limit the definitions or protections of any applicable law protecting trade

secrets or other confidential information. Trade Secrets shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of Nforma.

(ii) *"Confidential Information"* means information originating with Nforma prior to its relationship with KFI and not including any direct or indirect contribution made to the Assets by KFI pursuant to the Agreement, other than Trade Secrets, which relates to the Assets, that is not generally known by persons not employed by Nforma or KFI (the "Entities") during the time it held the Assets, as to which the Parties have made reasonable attempts to maintain its confidentiality, and which is or has been disclosed to KFI or of which KFI became aware as a consequence of or through its ownership of such Assets. "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any legal right of the Entities.

(iii) *"Documents"* means originals, copies, summaries, abstracts, electronic versions and other renderings of handbooks, manuals, policy statements, training materials, programs, computer software, databases, contracts, requests for proposal, sales proposals, reports, files, memoranda, customer lists, mailing lists, correspondence, notes, notebooks, photographs, slides, overheads, audio or visual tapes, cassettes, or disks, and records maintained on computer or other electronic media, as well as any other documents provided by and originating with Nforma prior to its relationship with KFI and not including any documentation created or amended by KFI pursuant to the Agreement and which relate to the Assets.

(b) Covenant Regarding Non-disclosure and Non-use of Trade Secrets and Confidential Information. KFI covenants and agrees that: (i) for a period of one (1) year from the Effective Date, KFI shall not, directly or indirectly, transmit or disclose any Trade Secrets or Confidential Information to any person and shall not make use of any such Trade Secrets or Confidential Information, directly or indirectly, for itself or others, without the prior written consent of Nforma, except for a disclosure that is required by any law or order, in which case KFI shall provide Nforma prior written notice of such requirement and an opportunity to contest such disclosure. This prohibition against KFI's use or transfer of Confidential Information includes, but is not limited to selling, licensing or otherwise exploiting directly or indirectly any product or services (including software in any form) which embody or are derived from Confidential Information, or exercising judgment in performing analysis based on Confidential Information. However, to the extent that such information is a "trade secret" as that term is defined under a state or federal law, this subparagraph is not intended to, and does not, limit Nforma's rights or remedies thereunder and the time period for prohibition on disclosure or use of such information is until such information becomes generally known to the public through the act of one who has the right to disclose such information without violating a legal right of the Entities.

(c) Effect of Disclosure. KFI acknowledges that any disclosure to any third party of Trade Secrets or Confidential Information not expressly allowed by this Agreement, is detrimental to Nforma. In the event that any Trade Secret or Confidential

Information is disclosed by KFI intentionally or through negligence in violation of this Agreement, KFI shall be immediately, directly and principally, liable with no limitation for any and all costs, claims and damages (including, but not limited to, special, indirect, incidental and consequential damages, and reasonable attorneys' fees and costs of litigation) sustained by Nforma as a result of such disclosure or negligence. KFI acknowledges that any disclosure of Trade Secrets or Confidential Information in violation or breach of this Agreement will result in irreparable injury to Nforma and that Nforma's remedy at law for such a breach will be inadequate. Accordingly, the KFI agrees and consents that Nforma, in addition to all other remedies available at law and in equity, shall be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by the KFI without necessity of posting bond. Nothing in this Agreement shall limit any definitions of trade secrets or confidential information, or any rights, protections or remedies Nforma may have, pursuant to applicable federal, state or local law.

2. Injunction and Attorney's Fees for Protective Covenants. KFI acknowledges and agrees that the non-disclosure, non-use, and confidentiality covenants contained in Section 1 of this Agreement are a reasonable means of protecting Nforma from unfair competition by KFI. KFI further agrees that any breach of any of these covenants will result in irreparable damage and injury to Nforma and that Nforma will be entitled to injunctive relief in any court of competent jurisdiction without the necessity of proving harm or posting any bond.

3. Severability. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Confidentiality Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because of its duration, the territory, the definition of activities, the definition of information covered or any other term or definition is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of Nforma and KFI in agreeing to the provisions of this Confidentiality Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

4. Jurisdiction. KFI agrees and acknowledges that this Agreement is entered into in the State of California and contemplates performance in California. Accordingly, KFI agrees that it is now and will continue to be throughout the duration of the terms of this Confidentiality Agreement subject to personal jurisdiction in the state and federal courts of California for any and all actions in law or equity arising out of the breach or alleged breach of any term of this Agreement and waives objection to such jurisdiction.

5. Miscellaneous. This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the State of Delaware. No delay or failure by Nforma in exercising any of its rights, remedies, powers, or privileges hereunder, at law or in equity, and no course of dealing between Nforma and KFI or any other person shall be deemed to be a waiver by Nforma of any such rights, remedies, powers, or privileges, even if such delay or failure is continuous or repeated, nor shall any single or partial exercise of any right, remedy,

power, or privilege preclude any other or further exercise thereof by Nforma or the exercise of any other right, remedy, power, or privilege by Nforma. All prior agreements of the parties concerning the subject matter of this Confidentiality Agreement are expressly superseded by this Confidentiality Agreement. This Confidentiality Agreement contains the entire agreement of the parties concerning the subject matter hereof. Any oral representations or modifications of this Confidentiality Agreement shall be of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality Agreement under seal as of the day and year first above written.

KNOWLEDGE FACTOR, INC.

By: _____
Name: _____ (Print)
Title: _____

NFORMA LEARNING SOLUTIONS, INC.

By: _____
Name: _____ (Print)
Title: _____

EXHIBIT 7.1(d-2)

NON-DISCLOSURE, NON-USE, AND CONFIDENTIALITY AGREEMENT

THIS NON-DISCLOSURE AND CONFIDENTIALITY AGREEMENT (the "Agreement") is made as of the ____ day of _____, 200__ ("Effective Date") by and between Nforma Learning Systems, Inc., a California corporation ("Nforma") and Knowledge Factor, Inc., a Delaware corporation ("KFI"). Nforma and KFI are sometimes hereafter referred to individually as ("the Party") and collectively as ("the Parties").

WHEREAS, Nforma and KFI are parties to that certain Asset Purchase Agreement dated as of June __, 2003 ("Agreement"), pursuant to which all of the Assets of Nforma were transferred to KFI;

WHEREAS, pursuant to Section 7.1, of the Agreement, Nforma has elected to exercise its Rescission Right or a KFI Unwinding has occurred;

WHEREAS, the Parties, despite engaging in good faith negotiations for the right, title and license to KFI Contributions as defined in Section 7.1 of the Agreement, have not entered into a license or purchase agreement or other settlement agreement for the disposition of such KFI Contributions;

WHEREAS, during the negotiations of the Agreement and the time during which such Assets were held by KFI certain confidential information and trade secrets of KFI were disclosed to Nforma;

WHEREAS, the Parties desire to keep and maintain as confidential any such confidential information or trade secrets.

NOW, THEREFORE, in consideration of the promises and mutual covenants contained herein and for other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged by each party hereto, the parties hereby agree as follows:

1. Non-disclosure of Trade Secrets and Confidential Information.

(a) Definitions. The following definitions shall apply to this Agreement:

(i) "*Trade Secrets*" means all information originating with KFI prior to its relationship with Nforma or any direct or indirect contribution to the Assets by KFI pursuant to the Agreement, without regard to form, including, but not limited to, technical or nontechnical data, a formula, a pattern, a compilation, a program, a device, a method, a technique, a drawing, a process, financial data, financial plans, product plans, distribution lists or a list of actual or potential customers, advertisers or suppliers which is not commonly known by or available to the public and which information: (A) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can obtain economic value from its disclosure or use; and (B) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy. Without limiting the foregoing, Trade Secret

includes any item of Confidential Information that constitutes a "trade secret(s)" under the common law or statutory law of the State of Colorado and generally includes all source codes and object codes for KFI software, all buyer and seller information and all lists of clients to the extent that such information fits within the Colorado trade secret protections. Nothing in this Agreement is intended, or shall be construed, to limit the definitions or protections of any applicable law protecting trade secrets or other confidential information. Trade Secrets shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any right or privilege of KFI.

(ii) *"Confidential Information"* means information originating with KFI prior to its relationship with Nforma and any direct or indirect contribution made to the Assets by KFI pursuant to the Agreement, other than Trade Secrets, which relates to the Assets, that is not generally known by persons not employed by Nforma or KFI (the "Entities") during the time it held the Assets, as to which the Parties have made reasonable attempts to maintain its confidentiality, and which is or has been disclosed to Nforma or of which Nforma became aware as a consequence of or through its ownership of such Assets. "Confidential Information" shall not include information that has become generally available to the public by the act of one who has the right to disclose such information without violating any legal right of the Entities.

(iii) *"Documents"* means originals, copies, summaries, abstracts, electronic versions and other renderings of handbooks, manuals, policy statements, training materials, programs, computer software, databases, contracts, requests for proposal, sales proposals, reports, files, memoranda, customer lists, mailing lists, correspondence, notes, notebooks, photographs, slides, overheads, audio or visual tapes, cassettes, or disks, and records maintained on computer or other electronic media, as well as any other documents provided by and originating with KFI prior to its relationship with Nforma and any documentation created or amended by KFI pursuant to the Agreement and which relate to the Assets.

(b) Covenant Regarding Non-disclosure and Non-use of Trade Secrets and Confidential Information. Nforma covenants and agrees that: (i) for a period of one (1) year from the Effective Date, Nforma shall not, directly or indirectly, transmit or disclose any Trade Secrets or Confidential Information to any person and shall not make use of any such Trade Secrets or Confidential Information, directly or indirectly, for itself or others, without the prior written consent of KFI, except for a disclosure that is required by any law or order, in which case Nforma shall provide KFI prior written notice of such requirement and an opportunity to contest such disclosure. This prohibition against Nforma's use or transfer of Confidential Information includes, but is not limited to selling, licensing or otherwise exploiting directly or indirectly any product or services (including software in any form) which embody or are derived from Confidential Information, or exercising judgment in performing analysis based on Confidential Information. However, to the extent that such information is a "trade secret" as that term is defined under a state or federal law, this subparagraph is not intended to, and does not, limit KFI's rights or remedies thereunder and the time period for prohibition on disclosure or use of such information is until such information becomes generally known

to the public through the act of one who has the right to disclose such information without violating a legal right of the Entities.

(c) Effect of Disclosure. Nforma acknowledges that any disclosure to any third party of Trade Secrets or Confidential Information not expressly allowed by this Agreement, is detrimental to KFI. In the event that any Trade Secret or Confidential Information is disclosed by Nforma intentionally or through negligence in violation of this Agreement, Nforma shall be immediately, directly and principally, liable with no limitation for any and all costs, claims and damages (including, but not limited to, special, indirect, incidental and consequential damages, and reasonable attorneys' fees and costs of litigation) sustained by KFI as a result of such disclosure or negligence. Nforma acknowledges that any disclosure of Trade Secrets or Confidential Information in violation or breach of this Agreement will result in irreparable injury to KFI and that KFI's remedy at law for such a breach will be inadequate. Accordingly, Nforma agrees and consents that KFI, in addition to all other remedies available at law and in equity, shall be entitled to both preliminary and permanent injunctions to prevent and/or halt a breach or threatened breach by Nforma without necessity of posting bond. Nothing in this Agreement shall limit any definitions of trade secrets or confidential information, or any rights, protections or remedies KFI may have, pursuant to applicable federal, state or local law.

2. Injunction and Attorney's Fees for Protective Covenants. Nforma acknowledges and agrees that the non-disclosure, non-use, and confidentiality covenants contained in 1 of this Agreement are a reasonable means of protecting KFI from unfair competition by Nforma. Nforma further agrees that any breach of any of these covenants will result in irreparable damage and injury to KFI and that KFI will be entitled to injunctive relief in any court of competent jurisdiction without the necessity of proving harm or posting any bond.

3. Severability. The covenants set forth in this Agreement shall be considered and construed as separate and independent covenants. Should any part or provision of any covenant be held invalid, void or unenforceable in any court of competent jurisdiction, such invalidity, voidness or unenforceability shall not render invalid, void or unenforceable any other part or provision of this Confidentiality Agreement. If any portion of the foregoing provisions is found to be invalid or unenforceable by a court of competent jurisdiction because of its duration, the territory, the definition of activities, the definition of information covered or any other term or definition is considered to be invalid or unreasonable in scope, the invalid or unreasonable term shall be redefined, or a new enforceable term provided, such that the intent of KFI and Nforma in agreeing to the provisions of this Confidentiality Agreement will not be impaired and the provision in question shall be enforceable to the fullest extent of the applicable laws.

4. Jurisdiction. Nforma agrees and acknowledges that this Agreement is entered into in the State of California and contemplates performance in California. Accordingly, Nforma agrees that it is now and will continue to be throughout the duration of the terms of this Confidentiality Agreement subject to personal jurisdiction in the state and federal courts of California for any and all actions in law or equity arising out of the breach or alleged breach of any term of this Agreement and waives objection to such jurisdiction.

5. Miscellaneous. This Agreement and the rights and obligations of the parties hereunder shall be governed by the laws of the State of Delaware. No delay or failure by KFI in exercising any of its rights, remedies, powers, or privileges hereunder, at law or in equity, and no course of dealing between Nforma and KFI or any other person shall be deemed to be a waiver by KFI of any such rights, remedies, powers, or privileges, even if such delay or failure is continuous or repeated, nor shall any single or partial exercise of any right, remedy, power, or privilege preclude any other or further exercise thereof by or the exercise of any other right, remedy, power, or privilege by KFI. All prior agreements of the parties concerning the subject matter of this Confidentiality Agreement are expressly superseded by this Confidentiality Agreement. This Confidentiality Agreement contains the entire agreement of the parties concerning the subject matter hereof. Any oral representations or modifications of this Confidentiality Agreement shall be of no effect.

IN WITNESS WHEREOF, the parties hereto have executed this Confidentiality Agreement under seal as of the day and year first above written.

KNOWLEDGE FACTOR, INC.

By: _____
Name: _____ (Print)
Title: _____

NFORMA LEARNING SOLUTIONS, INC.

By: _____
Name: _____ (Print)
Title: _____

**EXHIBIT 8.1
ASSETS**

1. All right title and interest in and to U.S. Utility Patent application 10/115,157 of: Bruno, James E., et al. for their "METHOD AND SYSTEM FOR KNOWLEDGE ASSESSMENT AND LEARNING INCORPORATING FEEDBACKS"; Filed: April 3, 2002.
2. All right, title and interest in and to the International Application of James E. Bruno, Charles Smith, Arthur Blank, Len Schiedel and Bob Serling for Patent on "METHOD AND SYSTEM FOR KNOWLEDGE ASSESSMENT AND LEARNING" filed October 4, 2001.
3. The Nforma sales database containing all information regarding the companies and contacts that Nforma has solicited or planned to solicit including prospect ratings, names, addresses, phone numbers, email addresses, and contact notes.
4. All right, title and interest in and to all software created, developed or owned by Nforma, any Derivative Works and the electronic or paper documentation related thereto.