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MERGER OR SHARE EXCHANGE

KNOWLEDGECAPITOL, INC.

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NOV. 25. 2003 12:55PM

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NO. 145 002

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**ARTICLES OF MERGER OF
LS MERGER, INC.
A FLORIDA CORPORATION**

AND

**KNOWLEDGECAPITOL, INC.,
A FLORIDA CORPORATION**

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SECRETARY OF STATE
TALLAHASSEE, FLORIDA

I.

Effective as of this 24th day of November, 2003, the names and jurisdictions of organization of each constituent business entity that is merging are LS Merger, Inc., a Florida corporation, the merging company, and KnowledgeCapitol, Inc., a Florida corporation, the surviving company.

II.

The name of the surviving company shall be KnowledgeCapitol, Inc.

III.

The Agreement and Plan of Merger is attached hereto as Exhibit A.

IV.

The Agreement and Plan of Merger was duly approved, adopted, certified, executed and acknowledged by the Board of Directors and sole shareholder of LS Merger, Inc., in accordance with Chapter 607 of the Florida Statutes, on November 24, 2003.

V.

The Agreement and Plan of Merger was duly approved, adopted, certified, executed, and acknowledged by the Board of Directors and shareholders of KnowledgeCapitol, Inc. in accordance with Section 607 of the Florida Statutes, on November 24, 2003.

VI.

Pursuant to the Agreement and Plan Merger, the merger of LS Merger, Inc. and KnowledgeCapitol, Inc. shall be effective as of the date these Articles of Merger have been filed with the Department of State of the State of Florida.

[SIGNATURES COMMENCE ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, the constituent companies have each caused these Articles of Merger to be executed on their respective behalves by their duly authorized officers effective as of the day and year first above written.

LS MERGER, INC.

By: [Signature]
Name: William S. Crummett II
Title: President

KNOWLEDGECAPITOL, INC.

By: [Signature]
Name: Eric S. Clark
Title: CEO

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EXHIBIT A

AGREEMENT AND PLAN OF MERGER

See attached.

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AGREEMENT AND PLAN OF MERGER

This **AGREEMENT AND PLAN OF MERGER** (the "Agreement") is made and entered into this ____ day of November 2003, by and among LearnSomething, Inc., a Florida corporation ("Parent"), LS Merger, Inc., a Florida ("Merger Sub"), KnowledgeCapital, Inc., a Florida corporation ("KnowledgeCapital"), Steve Roden, an individual ("Roden"), and Mark Lamberton, an individual ("Lamberton"), Brian Vann ("Vann") and Sam Easterby ("Easterby") (collectively, Roden, Lamberton, Vann and Easterby are referred to herein as the "Individuals").

FACTUAL BACKGROUND

A. Upon the terms and subject to the conditions of this Agreement and in accordance with the Florida Corporation Code ("Florida Law"), the parties hereto deem it advisable and in their respective best interests that Parent acquire ownership of all of the outstanding stock of KnowledgeCapital through the merger of Merger Sub with and into KnowledgeCapital (the "Merger").

B. The Board of Directors and the shareholders of KnowledgeCapital have approved and declared advisable this Agreement, and have approved the Merger and the other transactions contemplated by this Agreement.

C. The Board of Directors of Merger Sub (i) have determined that the Merger is consistent with and in furtherance of the long-term business strategy of Merger Sub and is fair to, and in the best interests of, Merger Sub and its shareholders, and (ii) has approved this Agreement, the Merger and the other transactions contemplated by this Agreement.

D. The Board of Directors of Parent (i) have determined that the Merger is consistent with and in furtherance of the long-term business strategy of Parent and is fair to, and in the best interests of, Parent and its shareholders, and (ii) has approved this Agreement, the Merger and the other transactions contemplated by this Agreement.

E. The parties intend, by executing this Agreement, to adapt a plan of reorganization within the meaning of Section 368 of the Internal Revenue Code of 1986, as amended (the "Code").

NOW, THEREFORE, in consideration of the covenants, promises and representations set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

ARTICLE I

THE MERGER

1.1 **The Merger.** At the Effective Time (as defined in Section 1.2) and subject to and upon the terms and conditions of this Agreement and the applicable provisions of Florida Law, Merger Sub shall be merged with and into KnowledgeCapital, the separate existence of Merger Sub shall cease, and KnowledgeCapital shall continue as the surviving corporation (the "Surviving Corporation").

1.2 **Effective Time; Closing.** Subject to the provisions of this Agreement, the parties hereto shall cause the Merger to be consummated by filing articles of merger with the Secretary of State of the

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State of Florida (the "Articles of Merger"). The Merger shall become effective at the time the Articles of Merger are duly filed with the Secretary of the State of the State of Florida, in accordance with the applicable legal requirements of Florida Law, or at such later time as it is specified in the Articles of Merger (the "Effective Time"). The closing of the Merger (the "Closing") shall take place at the offices of Morris, Manning & Martin, L.L.P., 1400 Atlanta Financial Center, 3343 Peachtree Road, N.E., Atlanta, Georgia or at such other location mutually agreed among the parties on or before October 2003 (the "Closing Date").

1.3 **Effect of the Merger.** At the Effective Time, the effect of the Merger shall be as provided in this Agreement and the applicable provisions of Florida Law. Without limiting the generality of the foregoing, and subject thereto, at the Effective Time all the property, rights, privileges, powers and franchises of KnowledgeCapital and Merger Sub shall vest in the Surviving Corporation, and all debts, liabilities and duties of KnowledgeCapital and Merger Sub shall become the debts, liabilities and duties of the Surviving Corporation.

1.4 **Articles of Incorporation: Bylaws.**

(a) At the Effective Time, the Articles of Incorporation of Merger Sub, as in effect immediately prior to the Effective Time, shall be the Articles of Incorporation of the Surviving Corporation until thereafter amended as provided by law and such Articles of Incorporation.

(b) The Bylaws of Merger Sub, as in effect immediately prior to the Effective Time, shall be, at the Effective Time, the Bylaws of the Surviving Corporation until thereafter amended.

1.5 **Directors and Officers.** At the Effective Time the initial directors of the Merger Sub shall become and remain the directors of Surviving Corporation until their respective successors are duly elected or appointed and qualified. The initial officers of the Surviving Corporation shall be the officers of Surviving Corporation immediately prior to the Effective Time, and such persons shall continue as officers until the respective successors are duly appointed.

1.6 **Effect on Capital Stock.** Subject to the terms and conditions of this Agreement, at the Effective Time, by virtue of the Merger and without any action on the part of Parent, Merger Sub, KnowledgeCapital, Roden, or Lamberson, the following shall occur:

(a) **Merger Consideration.** The holders of shares of capital stock of KnowledgeCapital of whatever class or series (the "KnowledgeCapital Capital Stock"), issued and outstanding immediately prior to the Effective Time, shall be entitled to receive, on a pro rata basis in accordance with their ownership interests in KnowledgeCapital, an aggregate total of up to 250,000 shares of the Series E Preferred Stock of Parent (the "Series E Stock") (the "Merger Consideration"), subject to the following terms and conditions:

(i) the Closing occurs;

(ii) the surrender of the certificates representing the shares of KnowledgeCapital Capital Stock in the manner provided in Section 1.7 of this Agreement;

(iii) pursuant to the terms of the Escrow provided in Section 1.4(b), each holder of shares of KnowledgeCapital Capital Stock issued and outstanding immediately prior to the Effective Time shall receive, on a pro rata basis in accordance with their ownership interests in KnowledgeCapital, 0.5 shares of the Series E Stock for every \$1.00 of revenues ("Earn-out

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Revenues") actually received and recognized as current revenue in accordance with Parent's accounting practices (without duplication and after deducting any uncollectible accounts, discounts, refunds, credits, setoffs or other claims, contingent or otherwise) from customer contracts entered into during the six-month period ("Earn-Out Period") commencing immediately following the Closing Date and ending 180 days thereafter ("Earn-Out Measurement Date") as a result of KnowledgeCapital's operations during the Earn-Out Period, up to total Earn-out Revenues of \$500,000.

(b) *Escrow* At the Effective Time, Parent will, on behalf of the holders of shares of KnowledgeCapital Capital Stock, deposit in escrow certificates representing 350,000 shares of the Series E Stock. Such shares shall be held in escrow for a period of five (5) years on behalf of the persons who are the holders of KnowledgeCapital Capital Stock immediately prior to the Effective Time, unless terminated earlier by the Board of Directors of Parent.

(c) *Merger Sub Stock* Each share of Merger Sub stock held by Parent outstanding immediately prior to the Merger shall continue to remain issued and outstanding and represent the same number of shares of Merger Sub.

1.7 Surrender of Certificates

(a) *Exchange Procedures* At the Closing, all holders of shares of KnowledgeCapital Capital Stock shall surrender such certificate or certificates, which immediately prior to the Effective Time represented outstanding shares of KnowledgeCapital Capital Stock (the "KnowledgeCapital Certificates") to Parent. Upon surrender by each shareholder of the KnowledgeCapital Certificates for which each shareholder is the holder of record for cancellation to the Parent, each shareholder shall be entitled to receive in exchange therefor:

(i) certificates representing the number of whole shares of Series E Stock to which he is entitled as part of the Merger Consideration and pursuant to the terms and condition of Section 1.6 of this Agreement; and

(ii) any dividends or distributions payable pursuant to Section 1.7(b), and the KnowledgeCapital Certificates so surrendered shall forthwith be cancelled.

Until so surrendered, outstanding KnowledgeCapital Certificates held by any shareholder will be deemed from and after the Effective Time, for all corporate purposes, subject to Section 1.7(b) as to the payment of dividends, to evidence only the ownership of the number of full shares of Series E Stock to be issued to the holder of the KnowledgeCapital Capital Stock pursuant to the terms of Section 1.7(a) of this Agreement and any dividends or distributions payable pursuant to Section 1.7(b).

At the Effective Time, the stock transfer books of KnowledgeCapital shall be closed, and no further transfers of the then outstanding KnowledgeCapital Capital Stock shall thereafter be made.

(b) *Distributions with Respect to Unexchanged Shares* No dividends or other distributions declared or made after the date of this Agreement with respect to Series E Stock with a record date after the Effective Time will be paid to any shareholder until such time that such shareholder surrenders the KnowledgeCapital Certificates for which he is the holder of record. Subject to applicable law, following surrender of any such KnowledgeCapital Certificates by any shareholder, the Parent shall deliver to such shareholder, without interest, certificates representing shares of Series E Stock to be

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issued to such shareholder pursuant to the terms and conditions of Section 1.6 of this Agreement, along with the amount of any such dividends or other distributions with a record date after the Effective Time payable with respect to such shares of Series E Stock.

1.8 Stock Repurchase. The holders of KnowledgeCapital Capital Stock at the Effective Time shall enter into an agreement with Parent whereby such holders of KnowledgeCapital Capital Stock agree that at any time after the termination of such shareholder's employment with KnowledgeCapital, Parent, or any of Parent's Affiliates, for whatever reason, with or without cause, Parent shall have the right to repurchase any and all shares of Series E Stock held by such shareholder at the fair market value of such shares at the time of repurchase.

1.9 No Further Ownership Rights in KnowledgeCapital Capital Stock. All of the Merger Consideration issued in accordance with the terms hereof shall be deemed to have been issued in full satisfaction of all rights pertaining to all shares of KnowledgeCapital Capital Stock, and there shall be no further registration of transfers on the records of KnowledgeCapital of shares of KnowledgeCapital Capital Stock which were outstanding immediately prior to the Effective Time.

1.10 Tax Consequences. It is intended by the parties hereto that the Merger shall constitute a reorganization within the meaning of Section 368(a)(1)(A) and Section 368(a)(2)(E) of the Code. The parties hereto adopt this Agreement as a "plan of reorganization" within the meaning of Sections 1.368-2(g) and 1.368-3(a) of the United States Income Tax Regulations.

1.11 Taking of Necessary Action; Further Action. If, at any time after the Effective Time, any further action is necessary or desirable to carry out the purposes of this Agreement and to vest Merger Sub with full rights, title and possession to all assets, property, rights, privileges, powers and franchises of KnowledgeCapital, the current officers and directors of Surviving Corporation and KnowledgeCapital will take all such lawful and necessary action.

1.12 Securities Act Compliance; Registration; Securities Act Exemption. The Parent Series E Stock to be issued pursuant to this Agreement will not be registered under the Securities Act in reliance on the exemptions from the registration requirements of Section 5 of the Securities Act set forth in Section 4(2) thereof. Prior to the Closing Date, each of the KnowledgeCapital shareholders shall have provided Parent such representations, warranties, certifications and additional information as Parent may reasonably request to ensure the availability of such exemptions from the registration requirements of the Securities Act.

1.13 Stock Restrictions.

(a) In addition to any legend imposed by applicable state securities laws or by any contract which continues in effect after the Effective Time, the certificates representing the shares of Parent Series E Stock issued pursuant to this Agreement shall bear a restrictive legend (and stop transfer orders shall be placed against the transfer thereof with Parent's transfer agent), stating substantially as follows:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE UNITED STATES SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), OR APPLICABLE STATE SECURITIES LAWS. THEY MAY NOT BE SOLD, TRANSFERRED, ASSIGNED, OR HYPOTHECATED EXCEPT IN COMPLIANCE WITH RULE 144 IN THE ABSENCE OF

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AN EFFECTIVE REGISTRATION STATEMENT RELATED THERETO, OR AN OPINION OF COUNSEL, SATISFACTORY TO THE COMPANY, THAT SUCH REGISTRATION IS NOT REQUIRED UNDER THE ACT, OR A NO-ACTION LETTER FROM THE SECURITIES AND EXCHANGE COMMISSION

(b) Each shareholder, by virtue of the Merger and the receipt of Parent Series E Stock by any holder of KnowledgeCapital Capital Stock at the Effective Time pursuant to the terms of this Agreement, shall be bound by the following provisions:

(iii) Shareholder will not offer, sell, or otherwise dispose of any shares of Parent Series E Stock except in compliance with the Securities Act and the rules and regulations thereunder.

(iv) Shareholder will not sell, transfer or otherwise dispose of any shares of Parent Series E Stock unless (i) such sale, transfer or other disposition is within the limitations of and in compliance with Rule 144 promulgated by the SEC under the Securities Act and the shareholder furnishes Parent with reasonable proof of compliance with such Rule, (ii) in the opinion of counsel, reasonably satisfactory to Parent and its counsel, some other exemption from registration under the Securities Act is available with respect to any such proposed sale, transfer, or other disposition of Parent Common Stock, or (iii) the offer and sale of Parent Common Stock is registered under the Securities Act.

1.14 **Other Agreements.** The holders of KnowledgeCapital Capital Stock at the Effective Time shall enter into any and all agreements, covenants, and consents with Parent that Parent has thus far entered into, or may in the future enter into, with the holders of the Parent's Series E Stock, including, without limitation, any and all shareholders agreements, voting agreements, right of first refusal and co-sale agreements, and registration rights agreements to which the Parent and the holders of the Parent's Series E Stock are parties.

ARTICLE 2

REPRESENTATIONS AND WARRANTIES

KnowledgeCapital and the individuals hereby jointly and severally represent and warrant to Parent, and covenant with the Parent, as follows:

2.) **KnowledgeCapital: Entry Into Agreements.**

(a) **Organization and Good Standing.**

KnowledgeCapital is a corporation duly organized and validly existing under the laws of the State of Florida and is in good standing under such laws. KnowledgeCapital has all requisite power and authority to own, lease and operate all properties and assets owned or leased by it and to conduct its business as previously and currently conducted by it. KnowledgeCapital is qualified to do business and is in good standing in each jurisdiction in which it is required to be so qualified. KnowledgeCapital has made available to Parent true, correct and complete copies of the organizational documents of KnowledgeCapital, as currently in effect.

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(b) Validity and Authorization, Power and Authority.

This Agreement and the related agreements have been duly authorized, executed and delivered by KnowledgeCapital and constitute the legal, valid and binding obligation of KnowledgeCapital enforceable against KnowledgeCapital in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency and similar laws relating to creditors' rights generally and by general principles of equity (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(c) No Subsidiary.

KnowledgeCapital does not own any capital stock or other equity interests, directly or indirectly, of any corporation, partnership, association or other business entity and is not a party to any agreement relating to the acquisition or disposition of such an interest.

(d) No Conflict.

Neither the execution, delivery or performance of this Agreement or the Related Agreements, nor the consummation of the Mergers or the transactions contemplated hereby or thereby will (i) result in any violation of the terms of, (ii) contravene or conflict with, (iii) accelerate the performance of the obligations required under, (iv) constitute a default under, (v) give any right of termination or cancellation under, or (vi) give any right to make any change in any of the liabilities or obligations under, the organizational documents of KnowledgeCapital, as appropriate, any order, or any agreement, contract, note, bond, debenture, indenture, mortgage, deed of trust, lease, License, judgment, decree, order, law, rule or regulation or other restriction. Neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated hereby will result in the creation of any lien upon any of the properties or assets of KnowledgeCapital.

(e) Consents Required.

The KnowledgeCapital Disclosure Schedule lists all consents required and all other actions necessary for the consummation by KnowledgeCapital of the transactions contemplated by this Agreement.

2.2 Financial Information.

(a) Financial Statements, Books and Records.

Attached are true and correct copies of (i) the consolidated balance sheet for KnowledgeCapital as of October 31, 2003, and the related statement of profit and loss and cash flows for the periods then ended (collectively, the "KnowledgeCapital Financial Statements"). The KnowledgeCapital Financial Statements fairly present the financial position of KnowledgeCapital as of the dates thereof and the results of KnowledgeCapital's operations and cash flows for the periods then ended, in accordance with generally accepted accounting principles.

(b) Conduct of Business.

Except as specifically contemplated herein, since inception, KnowledgeCapital has not (i) authorized or issued equity securities; granted any option or right to purchase equity securities; issued any security convertible into such equity securities; granted any registration rights; purchased, redeemed,

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retired or otherwise acquired any equity securities; or declared or paid any distribution or payment in respect of equity securities; (ii) amended its organizational documents; (iii) sold or transferred (other than in the ordinary course of business) any assets; (iv) mortgaged, pledged or subjected to any lien or other encumbrance any assets; (v) incurred or become subject to any debt, liability (including indemnification, guaranty and repurchase obligations) or lease obligation; (vi) incurred obligations or entered into or amended or terminated contracts outside of the ordinary course of business; (vii) suffered any damage, destruction or loss of any assets; (viii) experienced any equipment malfunction that materially interfered or interferes with the conduct of its business; (ix) waived or relinquished any material rights or canceled or compromised any debt or claim owing to it, in either case, without adequate consideration or not in the ordinary course of business; (x) made any change in its accounting methods or practices; (xi) made any material change in its billing and collection practices and procedures; (xii) paid any bonuses or made any increase in the compensation, commissions or benefits payable or to become payable to any of its officers, directors, employees, consultants or agents other than in the ordinary course of business; (xiii) entered into any transaction with any of its or its Affiliates (including, without limitation, by paying, distributing or transferring any funds or assets); (xiv) made capital expenditures; (xv) granted any options or equity other rights; (xvi) entered into or amended any agreements pursuant to which any other party was granted exclusive marketing, servicing, manufacturing or other exclusive rights of any type or scope with respect to any of its services, products, processes or technology; (xvii) paid, discharged, satisfied, settled or compromised any case, claim, liability or obligation (absolute, accrued, asserted or unasserted, contingent or otherwise) arising other than in the ordinary course of business, other than the payment, discharge or satisfaction of liabilities reflected or reserved against in the KnowledgeCapital Financial Statements; (xviii) reduced the amount of any material insurance coverage provided by existing insurance policies; (xix) revalued any of its assets, including without limitation writing down the value of inventory or writing off notes or accounts receivable other than in the ordinary course of business except as required by GAAP; (xx) entered into any agreement with any third party which limits in any manner the territory or scope of services which KnowledgeCapital may engage; (xxi) made or changed any material election in respect of taxes; or (xxii) agreed to do any of the foregoing. For purposes of this Agreement, "Affiliate" shall mean, with respect to any Person (as defined herein), any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person. For purposes of this Agreement, "Person" shall mean an individual, corporation, partnership, joint venture, limited liability company, association, joint stock company, trust, unincorporated organization or other entity.

(c) No Material Adverse Effect.

Except as contemplated by this Agreement, since the date of the most recent KnowledgeCapital Financial Statements delivered prior to the date hereof, KnowledgeCapital has conducted its business only in the ordinary course consistent with past practice and there has been no event or occurrence that has caused a material adverse effect on such Company other than economic conditions affecting the U.S. economy generally or the telecommunications industry generally.

2.3 Shareholder Equity Capitalization.

The authorized, issued and outstanding equity interests of KnowledgeCapital, as well as the identity of all of the shareholders and their respective ownership of units of equity securities, are as set forth in the KnowledgeCapital Disclosure Schedule. There are no other equity interests of KnowledgeCapital either authorized or outstanding. All of the issued and outstanding units have been duly authorized and validly issued, are fully paid and nonassessable and are free and clear of any preemptive rights. No certificates have been issued to represent the shareholders' KnowledgeCapital

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equity. There are no outstanding preemptive, conversion or other rights, or other options, warrants or agreements granted by, issued by, or binding upon, KnowledgeCapital for the issuance, sale, purchase, repurchase, redemption, acquisition or other transfer of its equity securities.

2.4 Assets.

(i) Personal Property.

(a) Title.

KnowledgeCapital is the owner of the assets reflected in the KnowledgeCapital Financial Statements and has good and marketable title to all such assets that are personal property in each case free and clear of all liens. With respect to any personal property that is leased, KnowledgeCapital is in material compliance with each such lease and is the sole holder of a valid and subsisting leasehold interest, free and clear of any liens. The KnowledgeCapital Disclosure Schedule lists all lease agreements, service agreements or other agreements related to leased personal property (the "Equipment Leases").

(ii) Facilities and Equipment.

All buildings, facilities, offices, improvements on real estate, fixtures, machinery, equipment, vehicles or other properties, owned or leased by KnowledgeCapital for the conduct of its business (A) are in good condition and repair, reasonable wear and tear excepted, and (B) are sufficient for all business operations as presently conducted by such Company.

(iii) Bank Accounts.

The KnowledgeCapital Disclosure Schedule sets forth the names and locations of all banks and other financial institutions at which KnowledgeCapital maintains accounts of any nature (collectively, the "Accounts"), the numbers of such accounts and the names of all persons authorized to draw thereon or to make withdrawals therefrom. The KnowledgeCapital Disclosure Schedule also sets forth the name of each Person holding a general or special power of attorney from KnowledgeCapital and a description of the terms of such power.

(b) Real Property. KnowledgeCapital does not own any real property.

(c) Intellectual Property.

(iv) Intellectual Property.

The term "Intellectual Property" shall include all fictitious business names, trade names, registered and unregistered trademarks, service marks and applications owned, used or licensed by KnowledgeCapital (collectively, "Marks"), all patents and patent applications (if any) owned, used or licensed by KnowledgeCapital (collectively, "Patents"), all registered and unregistered copyrights (if any) in both published works and unpublished works owned, used or licensed by KnowledgeCapital (collectively, "Copyrights"), and all know-how, inventions, trade secrets, confidential information, software, technical information, process technology, plans, drawings and blue prints owned, used or licensed by KnowledgeCapital as licensee or licensor (collectively, "Trade Secrets"). The Intellectual

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Property also includes all such rights and assets of KnowledgeCapital under all contracts to which KnowledgeCapital is a party or by which KnowledgeCapital is bound relating to the Intellectual Property including, without limitation, contracts by which KnowledgeCapital licenses Intellectual Property to third parties and contracts by which third parties license to, or otherwise permit the use of its intellectual property by, KnowledgeCapital (collectively, "Technology Contracts").

(v) Ownership

Except with respect to Intellectual Property licensed by a Company from a third party pursuant to a Technology Contract, KnowledgeCapital is the owner of all right, title and interest in and to the Intellectual Property, free and clear of all liens. The Intellectual Property includes all such property necessary for the operation of the business of KnowledgeCapital. Without limiting the foregoing, KnowledgeCapital is properly licensed to use all computer software (and copies thereof) used by it. No right, license or consent of, or payment to, any third party will be required as a result of consummation of the transactions contemplated hereby for the continued use of the Intellectual Property by KnowledgeCapital. The KnowledgeCapital Disclosure Schedule contains a list of all owned Intellectual Property and Intellectual Property licensed from a third party. KnowledgeCapital have taken reasonable precautions to protect the secrecy, confidentiality and value of the Intellectual Property. Neither KnowledgeCapital, KnowledgeCapital Subsidiary nor the shareholders have ever received, or have any knowledge of, any claim alleging any interference, infringement, misappropriation, or violation of any Intellectual Property of any Person (including any claim that KnowledgeCapital must license or refrain from using any Intellectual Property of any Person). Furthermore, neither KnowledgeCapital, the individuals, nor any employee of KnowledgeCapital have ever (A) infringed the intellectual property of Inline.com, Inc. or any successors to the assets of Inline.com, Inc. (collectively, "Medialis"), or (B) tortiously interfered with Medialis's customers or customer contractual relations. To KnowledgeCapital's knowledge, no Person has interfered with, infringed upon, misappropriated, or otherwise misused any Intellectual Property of KnowledgeCapital or KnowledgeCapital Subsidiary.

(vi) Technology Contracts

The KnowledgeCapital Disclosure Schedule contains an accurate and complete list of all of the Technology Contracts, including all of the parties to each Technology Contract. KnowledgeCapital is, and to KnowledgeCapital's knowledge, each other party to the Technology Contracts is, in compliance with all Technology Contracts in all material respects, is not currently in default thereunder, and no event has occurred that, with the passing of time or the giving of notice or both, would constitute a default thereunder.

(d) Contracts

The KnowledgeCapital Disclosure Schedule lists all agreements, contracts, notes, bonds, leases, licenses, obligations and promises (whether written or oral) to which KnowledgeCapital is a party or is bound. All of such contracts are legal, valid and binding, are in full force and effect and represent legitimate transactions. No party to any such contract is in violation or default thereunder. No event, occurrence or condition exists which, with the lapse of time, the giving of notice, or both, would become a material violation or default by KnowledgeCapital or any other party thereto, under any such contract. There are no outstanding disputes or disagreements with respect to any of such contracts.

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2.5 Liabilities.

(a) No Undisclosed Liabilities.

There are no liabilities of KnowledgeCapital, whether accrued, contingent, absolute, determined, determinable or otherwise, and there is no existing condition, situation or set of circumstances having specific application to KnowledgeCapital (excluding general, economic or industry conditions) which could reasonably be expected to result in any such liability, other than (i) liabilities disclosed and/or provided for in the most recent KnowledgeCapital Financial Statements, (ii) liabilities incurred in the ordinary course of business consistent with past practices since the date of the most recent KnowledgeCapital Financial Statements, or (iii) liabilities under this Agreement or the related agreements or reflected in any schedule, exhibit or other documents delivered in connection herewith or therewith.

(a) Tax Matters.

All material tax returns required to be filed by or on behalf of KnowledgeCapital have been properly prepared and timely filed with the appropriate taxing authorities in all jurisdictions in which such Tax Returns are required to be filed (after giving effect to any valid extensions of time in which to make such filings) and all such Tax Returns were true, complete and correct in all material respects. All taxes (whether or not shown on any tax returns) payable by or on behalf of KnowledgeCapital have been fully and timely paid, including all required estimated tax payments sufficient to avoid any underpayment penalties. There are no Liens as a result of any unpaid Taxes upon any of the assets of KnowledgeCapital.

(b) Litigation.

There is no pending action, arbitration, audit, charge, complaint, demand, litigation or suit (whether civil, criminal or administrative (including, without limitation, Equal Employment Opportunity Commission, Department of Labor or Office of Federal Contract Compliance, National Labor Relations Board, and similar state or federal agencies)) that (A) has been received or commenced by or against KnowledgeCapital, or (B) has been received or commenced by or against KnowledgeCapital and that relates to this Agreement, any related agreement or the transactions contemplated herein or therein (collectively, the "Proceedings"), and no such Proceedings have been threatened.

(c) Employee Liabilities.

The KnowledgeCapital Disclosure Schedule accurately lists as of the date set forth therein, (i) the hire date of and year-to-date cash compensation paid to each employee of KnowledgeCapital (specifying as to each such employee the respective amounts of base salary, bonus and commissions paid to such employee), (ii) the monthly salary of each employee, (iii) all written employee policies of KnowledgeCapital, and (iv) all accrued and unpaid commissions, bonus payments or vacation pay due to employees of KnowledgeCapital as of the date hereof.

2.6 Insurance.

The KnowledgeCapital Disclosure Schedule contains a list of all insurance policies maintained by KnowledgeCapital (including, without limitation, policies on its assets, and upon its business and operations), against loss or damage, risks, hazards and liabilities (the "Policies"). The Policies are valid and enforceable and, to KnowledgeCapital's knowledge, are with insurers that are financially sound and

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reputable. The premiums due and owing with respect to the Policies have been paid, premiums not yet due have been adequately accrued for, and no written notice of cancellation or of intention not to renew any such Policy has been received.

2.7 Employees.

(a) No officer, employee or independent contractor of KnowledgeCapital is in violation of any term of any contract, proprietary information agreement, non-competition agreement, or any other agreement to a former employer relating to the right of any such person to be engaged by KnowledgeCapital or to the use of Intellectual Property of others in KnowledgeCapital's business (an "Outside Confidentiality Agreement"). There are neither pending nor threatened, any Proceedings with respect to any Outside Confidentiality Agreement.

(b) KnowledgeCapital are in material compliance with all applicable laws relating to the employment of labor and the employer-employee relationship and with all agreements relating to the employment of its employees.

2.8 Employee Benefit Plans.

(a) The KnowledgeCapital Disclosure Schedule lists all employee benefit plans, programs, payroll practices, arrangements and contracts (including each "employee benefit plan" as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA")), and all other bonus, scholarship program, retirement, deferred compensation, stock bonus, stock purchase, restricted stock, stock option, oral or written commitment regarding retiree health, life or any other retiree benefit, employment, dependent care, cafeteria plan, hospitalization, medical insurance, termination, stay agreement or bonus, value appreciation, change in control and severance plan, program, arrangement or contract that KnowledgeCapital has in place or effect.

(b) All Employee Benefit Plans (and each related trust, insurance contract or fund) comply in form and in operation in all material respects with the applicable requirements of all laws, rules and regulations governing or applying to such Employee Benefit Plans, including without limitation ERISA and the Code, and each such Plan has been operated in accordance with its terms.

(c) No liability has been incurred, and there exists no material condition or circumstance which could result in any material liability to KnowledgeCapital under any Employee Benefit Plans.

2.9 Licenses.

(a) KnowledgeCapital has all governmental licenses, permits, approvals, authorizations, exemptions, classifications, registrations and certificates, and all consents or agreements with governmental authorities (collectively, "Licenses") necessary to conduct its business in the manner and to the extent that it has been conducted, except where the failure to possess such Licenses would not have a material adverse effect on such Company. All of the Licenses and the parties thereto are listed on the KnowledgeCapital Disclosure Schedule.

2.10 Environmental Matters.

KnowledgeCapital has received no notice of, and has no knowledge with respect to, any current violation of Environmental Laws (as hereinafter defined) related to any leased premises. Neither

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KnowledgeCapital nor KnowledgeCapital Subsidiary has received any written communication from any Person that alleges that KnowledgeCapital is not in compliance with any Environmental Law.

2.11 No Brokers Fees, No Commissions.

All negotiations relative hereto and the transactions contemplated hereby have been carried on directly between Parent and KnowledgeCapital without giving rise to any claim for a brokerage commission, finders fee or other similar payment.

ARTICLE 3

INDEMNIFICATION

3.1 Survival. The representations and warranties of KnowledgeCapital and the individuals contained in this Agreement shall survive the Closing and continue until the earlier of (i) five (5) years or (ii) the expiration of the applicable statute of limitations.

3.2 Indemnification. The Individuals agree to defend, indemnify and hold Parent and its Affiliates, and their respective directors, officers, employees, stockholders or members (as the same may be), agents, advisors, attorneys, accountants, consultants and Affiliates (collectively, the "Parent Indemnitees"), harmless from and against, and promptly reimburse the Parent Indemnitees for, any loss, expense, damage, deficiency, liability, claim or obligation, including investigative costs, costs of defense, settlement costs (subject to approval as provided below), and attorneys' and accountants' fees, (individually, a "Loss" and collectively, "Losses") that any Parent Indemnitee suffers or incurs or to which any Parent Indemnitee becomes subject, which Losses arise out of or in connection with (a) any breach or inaccuracy of any warranty, representation or covenant made by KnowledgeCapital or any individual in this agreement, (b) any claim asserted by any third party that, assuming the truth thereof, would constitute a breach or inaccuracy of any warranty, representation or covenant made by KnowledgeCapital or any individual in this agreement, or (c) any claims asserted against Parent or KnowledgeCapital by Group Anvil Partnership or any other successor to the interests of Intune.com, Inc., d/b/a Medialist; provided, however, that each Individual's liability for all such Losses shall not exceed the value of, and Parent agrees to look solely to, the Series E Stock held in escrow by Parent on behalf of such Individual, provided, further, however, that Roden agrees that in addition to the value of any shares of Series E Stock earned by him and held in escrow by Parent, he will also be liable for up to \$100,000 in cash for Losses through payment by Roden directly to Parent, or in the absence of such direct payment, through payroll deductions from Roden's salary.

3.3 Offset of Series E Stock Held in Escrow. Except as set forth in Section 3.2 above with respect to Roden, to the extent Parent seeks and recovers indemnification pursuant to Section 3.2 herein, Parent shall offset the amount of indemnified Losses owed by the Individuals to the Parent Indemnitees by withholding the number of shares of Series E Stock held in escrow pursuant to Section 1.6 equal to the value of the Losses so indemnified, with the value of a share of Series E Stock being determined at that time in good faith by the Parent's Board of Directors, but not being less than \$1.00 per share.

ARTICLE 4

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MISCELLANEOUS

4.1 **Counterparts.** This Agreement may be executed in one or more counterparts, all of which shall be considered one and the same agreement and shall become effective when one or more counterparts have been signed by each of the parties and delivered to the other party, it being understood that all parties need not sign the same counterpart.

4.2 **Entire Agreement; Third Party Beneficiaries.** This Agreement constitutes the entire agreement among the parties with respect to the subject matter hereof and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof.

4.3 **Severability.** In the event that any provision of this Agreement, or the application thereof, becomes or is declared by a court of competent jurisdiction to be illegal, void or unenforceable, the remainder of this Agreement will continue in full force and effect and the application of such provision to other persons or circumstances will be interpreted so as reasonably to effect the intent of the parties hereto. The parties further agree to replace such void or unenforceable provision of this Agreement with a valid and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such void or unenforceable provision.

4.4 **Governing Law; Binding Arbitration**

(a) This Agreement shall be governed by and construed in accordance with the laws of the State of Florida, regardless of the laws that might otherwise govern under applicable principles of conflicts of law thereof.

(b) Except for actions for equitable relief or as otherwise specifically provided herein, all disputes arising under this Agreement shall be submitted to and settled by arbitration. Arbitration shall be by three (3) arbitrators selected in accordance with the rules of the American Arbitration Association, ("AAA") applicable to the site of arbitration, by the AAA. The hearing before the arbitrator shall be held in Leon County, Florida and shall be conducted in accordance with the rules existing at the date thereof of the AAA, to the extent not inconsistent with this Agreement. The decision of the arbitrators shall be final and binding as to any matters submitted to them under this Agreement. All costs and expense incurred in connection with any such arbitration proceeding and those incurred in any civil action to enforce the same shall be borne by the party against which the decision is rendered.

[SIGNATURES APPEAR ON THE FOLLOWING PAGE]

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IN WITNESS WHEREOF, the parties have each caused this Agreement to be executed as of the date set forth herein.

LEARNSOMETHING, INC.

By: _____
William J. Crumpacker, III, President

LS MERGER, INC.

By: _____
William J. Crumpacker, III, President

KNOWLEDGECAPITOL, INC.

By: _____
Steve Roden, President

INDIVIDUALS:

Mark Lamberton

Steve Roden

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