Pearson

F2L/ExcelSoft

Agreement

March 20, 2006

PEARSON Education   **f2l**   freedom 2 learn   EXCEL - SOFT TECHNOLOGIES PVT. LTD.

Table of Contents

Development and License Agreement

Warrant (Subscription Agreement)

MOU & Extensions

Memorandum

To: Sudhanva, ExcelSoft
        David Gardner, Freedom Two Learn

From: David O'Connor

Date: 31 March 31, 2006

RE: **Agreement original signatures**

John Garry would like us to execute multiple copies of original, non-faxed signature pages of the Agreement so that we each have a copy for our files. So, I've attached three copies of the Development and License Agreement, all signed by Jim Behnke, for your attention.

Sudhanva – please sign all three copies and send along to David via Fed Ex or something similar, <u>with this memo</u>.

David – please sign all three, keep one copy for yourself, and then return one to me and one to Sudhanva.

Thanks!

My mailing address:

David O'Connor
Pearson Education
75 Arlington Street, Suite 300
Boston, MA 02116

DEVELOPMENT AND LICENSE AGREEMENT

THIS DEVELOPMENT AND LICENSE AGREEMENT is made and entered into as of this 17th day of March, 2006 (the "*Effective Date*"), by and between Pearson, Inc., a Delaware corporation, (including each of Pearson's subsidiaries and affiliates, "Pearson"), by and through its Central Media Group Division, with offices located at 75 Arlington Street, Boston Massachusetts 02118 USA, and (1) Freedom To Learn, Ltd., a company registered under the Companies Act, 1985 of the United Kingdom, registered number 431586, with offices at The Fabriam Centre, Middle Engine Lane, Silverlink Business Park, Newcastle, UK, NE28 9NZ ("*F2L*"), and (2) Excel Soft Technologies, a company incorporated under the companies Act, 1956 of India, with offices at 1B, Hootagalli Industrial Area, Mysore – 570 018, Karnataka, India ("*Excel Soft*," and, together with F2L, the "*Companies*").

RECITALS

WHEREAS, Excel Soft has developed and fully owns, without any claim or interest with any other person or third party, an e-learning delivery platform known as "*Saras*", consisting inter alia, of an Assessment Management System (the "*AMS*") and a Learning Management System (the "*LMS*"), each more fully described in Exhibit A(1) and Exhibit A(2) respectively. The AMS described under Exhibit A (1) shall be hereinafter referred to as the "*Saras Licensed Components*") and

WHEREAS, Excel Soft has appointed F2L as a distributor, without any assigning rights of ownership, licensing or reselling rights, for the territory of the United Kingdom and for certain specified client accounts outside the United Kingdom, through which it conducts business in Europe and with certain specified clients; and

WHEREAS, Pearson intends to develop a powerful Saras-based core assessment platform (the "*Pearson Saras Platform*") capable of providing a broad and extensible array of multi-discipline, multi-level assessment types, as contemplated in its Request For Proposal dated August 4, 2004, attached hereto as Exhibit A(3) as amended and including the applicable Statements of Work as thereafter agreed to between the parties.

WHEREAS, Pearson also intends to develop primarily in collaboration with Excel Soft as provided herein multiple iterations of a Saras-based, line of Pearson assessment products (including the Pearson Saras Platform, the "Pearson Products"), with Excel Soft extending, customizing, and modifying Saras under Pearson's direction, to meet Pearson's functional, design, and technical requirements; and

WHEREAS, Pearson has also agreed to grant to Excel Soft certain distribution rights to certain portions of the Pearson Saras Platform and the Pearson Products on the terms provided herein;

NOW THEREFORE, in consideration of the mutual representations and covenants contained herein and other good and valuable consideration, receipt of which is hereby acknowledged, the parties agree as follows:

1. DEFINITIONS

The following terms when used herein shall have the meanings set forth below:

"Acceptance Tests" shall mean tests designed to determine whether the Deliverables meet the criteria specified in the Design Documents, including but not limited to: (i) such performance and reliability demonstrations and tests as Pearson determines, in its sole discretion, and to be necessary in order to determine whether any Error exists with respect to any Deliverable; and (ii) review of all related documentation to determine whether Excel Soft have delivered to Pearson all such materials as are necessary to install, use, support, maintain and modify the Deliverables, or any portion thereof.

"Agreement" shall mean this agreement, together with all exhibits hereto, and all Statements of Work (as hereinafter defined) prepared in writing hereunder and executed by both parties, each as they may be amended in writing from time to time in accordance with the terms hereof from time to time.

"Companies Trademarks" shall have the meaning set forth in Section 2.5.

"Deliverables" shall mean (i) the work product set forth in the Project Plan attached hereto as Exhibit B or the relevant Statement of Work (as hereinafter defined), and all related Design Documents, and (ii) all other work product to be performed by Excel Soft and delivered to Pearson under the terms of this Agreement.

"Delivery Date" shall mean the respective dates set forth in the Project Plan or the relevant Statement of Work, by which the proposed Deliverables, are to be delivered to Pearson by Excel Soft.

"Design Documents" shall mean the Requirements Document, the Technical Design Document, and the User Interface Specifications, and all such other artifacts that the Relationship Managers shall deem appropriate.

"Error" shall mean (i) any failure of a Deliverable to meet any applicable specification in the Design Documents and/or to meet any written representations made by Excel Soft; (ii) any failure of a Deliverable to interface properly with any related operating system software or related hardware design referenced in the Design Documents and/or as may be otherwise mutually agreed upon by the parties; (iii) any malfunction or defect, or any inability of a Deliverable to perform repeatedly, without interruption, and in compliance with the performance characteristics described in the Design Documents; (iv) any misspelled or incorrect text in any Deliverable; and/or (v) any audiovisual display or programmer signature which in the opinion of Pearson is offensive or inappropriate or could adversely affect the name or reputation or goodwill of Pearson or the sale of the Pearson Product and the related Pearson Texts into

markets for which the Pearson Product is intended.

"Final Master" shall mean the version of the Pearson Saras Platform that has successfully passed all Acceptance Tests and is ready for duplication for general commercial distribution and/or to be made available on-line to customers, as such version may be revised during the Warranty Period pursuant to Section 5.8(a).

"Pearson Product Source Code" shall mean all source code underlying the Pearson Saras Platform and any other Pearson Products (including all pre-existing code of the Saras Licensed Components as modified and incorporated into the Pearson Products pursuant to this Agreement), but specifically excluding any source code contributed by Pearson to the Pearson Products and pre-existing code of Excel Soft other than that code contained within the Saras Licensed Components.

"Pearson Product Information" shall mean all documents, communications, correspondence, notes, knowledge (whether documented in writing or not), data or information of any kind touching upon the Pearson Saras Platform and other Pearson Products.

"Project Plan" shall mean a listing of work breakdown structure, timelines, and resource allocations, developed and amended from time to time by Pearson in consultation with Excel Soft attached hereto as Exhibit B.

"Relationship Manager" shall mean the respective persons appointed by each of Pearson and Companies pursuant to Section 3.1 to serve as the representative of each such party for the purpose of this Agreement.

"Saras Source Code" shall mean all source code constituting the Saras Licensed Components (excluding source code modified and incorporated into the Pearson Products pursuant to this Agreement).

"Statement of Work" shall mean those individual statements of work jointly prepared by both parties outlining the Project Plan and containing the Design Documents and other terms applicable to the preparation of each Pearson Product prepared pursuant to this Agreement, each Statement of Work to be prepared substantially in the form attached hereto as Exhibit C. Each Statement of Work shall be numbered (for example, the first additional project shall be Statement of Work No. 1, the second additional project shall be Statement of Work No. 2, etc.), and dated and shall be signed by both parties and further written amendments to the same from time to time executed between the parties.

"Technical Specifications" shall mean all documents associated with the creation, design, and development of the Pearson Products, including but not limited to materials identifying any and all licensors of any authoring system, applications or tools (including Saras Licensed Components) used by Excel Soft in developing the Pearson Products, licensing information related to any material licensed by Excel Soft in connection with the development of the Pearson Product, files describing the control structure and all functions of the Pearson Product which can be maintained and modified at an object code level, and any and all source files (including, without limitation, uncompiled code, graphics and audio source files), custom programs, utilities, tools, make files, file layouts, instructions, control logic, flow charts, internal documentation,

designs, drawings, prints, technical data, and such other documentation as is necessary to install, use, support, recreate, revise, modify or enhance the Pearson Product or any portion thereof.

"Warranty Period" shall have the meaning set forth in Section 5.8(a).

2. GRANT OF RIGHTS

2.1   The Development License. Subject to Pearson's payment of amounts due the Companies under Article 6 hereunder, the Companies hereby grant to Pearson: (a). the perpetual right and license to use, adapt and modify the Saras Source Code for purposes of integrating it with Pearson and other technologies, either by Pearson itself, by Excel Soft pursuant to this Agreement, or by third-parties selected by Pearson subject to the right of first refusal for Excel Soft to perform such work upon the same terms and conditions that Pearson offers to any third-party (itself subject to Pearson's determination within the exercise of its sole discretion that Excel Soft is technically capable of preparing such modifications), in order to create, modify and extend the Pearson Products; (b). the perpetual right and license to reproduce, manufacture, distribute (subject to the limitations of the Distribution License, as hereinafter defined), and display and otherwise make available copies of the Pearson Products with Saras Licensed Component-based elements, in all versions, languages, formats and media, via all channels of distribution (including, without limitation, via the Internet); and (c). make any other use of the Saras Source Code consistent with this Agreement (collectively, the "*Development License*").

2.2   *The Distribution* License. Subject to PE's payment of amounts due to the Companies under Article 6 hereunder, the Companies hereby grant to Pearson the following perpetual right and license of distribution in all versions, languages, formats and media, via all channels of distribution now known or hereinafter developed (including, without limitation, via the Internet), except as limited within this Section 2.2:

(a). The Exclusive Markets: (i) to exclusively distribute product containing Saras Source Code within the N.A. Higher Education Market (as hereinafter defined) (the "*N.A. Exclusive Market*"); and (ii) to exclusively distribute product containing Saras Source Code within the U.K. Higher Education Market (as hereinafter defined) on a Hosted Service Platform (as hereinafter defined), (the "*U.K. Exclusive Higher Ed Market*"); (iii) to exclusively (excluding the pre-existing distribution obligations of the Companies to Wolters Kluwer and Nelson Thornes, which has been identified by the Companies as the only such pre-existing distribution obligation) and subject to the limitation contained in Section 10.1(d)), distribute product containing the Saras Source Code on a Hosted Service Platform within the U.K. Primary and Secondary School Markets (as hereinafter defined), specifically excluding sales to Consumers/Retail (as hereinafter defined) (the "*U.K. Exclusive School Market*"); and (iv) to exclusively distribute products containing Saras Source Code and the source code underlying the LMS within the U.K Qualifications Market (as hereinafter defined) (which, for the avoidance of doubt means that the Companies may not grant any rights in the source code underlying the LMS or the Saras Source Code to OCR, AQA, City & Guilds, Council for the Curriculum, Examinations and Assessment or Welsh Joint Education Committee or to any other awarding body with a turnover of £1m or greater (whether directly or indirectly or permit by way of sub-license) without the prior consent of Pearson (not to be unreasonably withheld) save for those entities listed in Exhibit D for which Pearson hereby grants consent) (the "*UK Exclusive Qualifications Market*"), and, together with the N.A. Exclusive Market, the U.K. Exclusive

4

School Market, and the U.K. Exclusive Higher Ed Market the "Exclusive Markets".

(b). The Non-Exclusive Markets: non-exclusively distribute products containing the Saras Source Code worldwide, outside the Exclusive Markets. (2.2(a) and (b) together, the "*Distribution License*" and, together with the Development License, the "*Pearson Saras License*"), subject to any otherwise exclusive distribution of non-Pearson Product products containing Saras Source Code that the Companies may enter into with third parties in those territories and markets, with the express understanding that such arrangements shall in no manner impair Pearson's right to distribute the Pearson Products world wide.

(c). Market Definitions:

(i) the "*N.A. Higher Education Market*" shall mean within North America (as hereinafter defined), any and all post-secondary schools and institutions of learning, including, without limitation, all public and private two-year and four-year colleges and universities, proprietary schools, trade schools, and vocational schools, and any all secondary schools and institutions of learning to the extent using college or college-preparatory materials, and teachers, faculty, administrators and students thereof, through all channels of distribution thereto, including, without limitation, book stores, retailers, wholesalers, and on-line services which sell to such entities;

(ii) the "*U.K. Higher Education Market*" shall mean institutions or businesses offering, providing or delivering within the U.K. (as hereinafter defined), instruction, tuition, support, materials, qualification delivery and/or assessment or other service in the field of education targeted at learners above age 18, including Universities, higher education colleges, further education colleges or academies;

(iii) the "*U.K. Primary and Secondary School Markets*" shall mean institutions or businesses offering, providing or delivering any of instruction, tuition, qualification delivery and/or assessment or other service in the field of education targeted at learners of ages 3 -18, including but not limited to academies, schools, centres and colleges;

(iv) the "*U.K Qualifications Market* " shall mean institutions or businesses offering instruction, tuition, materials, support, qualification delivery and/or assessment or materials or other services related to UK high stakes exams including those based outside of the UK. . For the avoidance of doubt, the parties acknowledge that Pearson's exclusivity within this market applies to distribution of the AMS and the LMS or LMS-like products equivalent to the LMS in functionality.

(v) "*Hosted Service Platform*" (for the avoidance of doubt, often called an application service provider) shall mean a framework whereby the distribution and/or management of a product containing Saras Source Code is conducted via a wide area network by the interaction of a local browser or a locally-installed application client with a remote host through the Internet;

(vi) "*Local Installation Platform*" shall mean software installed exclusively on a LAN or a private network and which includes a multi-user/end-user license.

(vii) *"Consumers/Retail"* shall mean installation meant for a single user desktop version, which possesses no capability or interface technology to log onto or access any *Hosted Service Platform or Application Service Provider (ASP)*or Local Installation Platform;

(viii) *"UK"* shall mean the geographical territories of England, Scotland, Wales and Northern Ireland (including British Forces Posted Overseas), save that the Scottish Qualifications Authority shall not be regarded as part of the UK for the interpretation of market definitions; and

(ix) *"North America"* shall mean the United States of America and its territories and protectorates (including the US Virgin Islands and US Department of Defense schools located worldwide), and Canada.

2.3   Exclusivity.   (a).   The Companies agree that the rights granted to Pearson in Section 2.1 above, and the Exclusive Markets rights granted to Pearson in Section 2.2, shall be exclusive to Pearson, and consequently the Companies agree not to grant such rights to any other distributor or publisher in the Exclusive Markets. Pearson will be the exclusive distributor of the Pearson Products worldwide, and the exclusive distributor of products containing Saras Source Code within the Exclusive Markets, and the non-exclusive distributor of products containing Saras Source Code worldwide outside the Exclusive Markets, and no other assessment product based upon the Saras Licensed Components may be distributed by the Companies or any other party, within the Exclusive Markets. Pearson will be exclusively responsible for marketing and distribution of the Pearson Products within the Exclusive Markets, and may distribute same in any and all formats and media, including but not limited to in an application server provider model, as local installations or some combination thereof, and as a standalone product or bundled with other products.

(b). Notwithstanding the foregoing, the parties agree that the Companies may distribute non-Pearson Product products containing the Saras Licensed Components within the Non-Exclusive Markets, and may enter into an "exclusive" distribution arrangement for such with any third party, with the express understanding that such exclusive arrangement/s shall in no manner impair Pearson's right to distribute the Pearson Products world wide. The parties further agree that in the non-Exclusive Australia and New Zealand higher education markets, the Companies shall not license products based on the Saras Licensed Components to McGraw-Hill, International Thomson, Palgrave Macmillan, Elsevier, John Wiley & Sons Publishers, or any of their local affiliates.

(c)   For the purposes of this section 2.3 and the avoidance of doubt, it is hereby clarified between the parties that notwithstanding this section and the other provisions of this Agreement relating to exclusivity of Pearson Saras License , the parties agree that :

(i)   Excel Soft shall be permitted to develop, license and sell, other products containing Saras Licensed Components and similar to Saras or the Pearson Products with in any market other than the Exclusive Markets;

(ii)   With Pearson's prior consent, Excel Soft shall be permitted to develop, license and sell within the Exclusive Markets, certain non-assessment or non-testing

products using specific (i.e. generic code) components of the Saras Licensed Components. Excel Soft shall notify Pearson of, and seek prior consent for the use of such code components of the Saras Licensed Components that Excel Soft desires to use within a non-testing or non-assessment product, such determination and consent to be granted or withheld by Pearson within the reasonable exercise of its discretion.

2.4   Subject to the confidentiality provisions hereof, the Companies hereby grant to Pearson the perpetual right and license to reproduce and publish any documentation, instructions, or other user information created by Excel Soft for use in connection with Saras Licensed Components or the Pearson Products, in all formats, languages and media in connection with the distribution and marketing of the Pearson Products.

2.5   The parties agree that copyright in the Pearson Products shall be registered in the name of Pearson or its designee. In addition to Pearson's trademarks, service marks, trade names and logos, the Pearson Product may bear the trademarks of Excel Soft including Saras (the "Excel Soft Trademarks") with the Companies written permission.

2.6   The Perpetual Source Code License. On or after the fourth anniversary of the Effective Date, Pearson will have the option to purchase a worldwide, non-exclusive, perpetual, irrevocable, royalty-free license to use and distribute the Saras Source Code without limitation (the "Perpetual Source Code License") for an amount paid to the Companies to be calculated by either of the following two methods. (a) 4 times the directly preceding Annual License Fee (as hereinafter defined) (the "*Exclusive PSCL Payment*"). If Pearson elects to purchase the Perpetual Source Code License pursuant to the Exclusive PSCL Payment, the Companies will continue in perpetuity to be subject to Pearson's exclusivity rights under the Pearson Saras License, and Pearson will no longer have any Annual Payment obligations. (b) two times (2) the directly preceding Annual License Fee (as hereinafter defined) paid by Pearson (the "*Non-Exclusive PSCL Payment*"). If Pearson elects to purchase the Perpetual Source Code License pursuant to the Non-Exclusive PSCL Payment, the Companies will no longer be subject to Pearson's exclusivity rights under the Pearson Saras License (provided however, that the Non-Exclusive PSCL Payment shall not affect the exclusivity rights for the UK Exclusive Qualifications Market), and Pearson will no longer have any Annual License Fee payment obligations. In neither case will Pearson be subject to any limitation contained in the Pearson Saras License.

2.7   Saras Source Code; Pearson Product Source Code. (a) Prior to any acquisition by Pearson of the Perpetual Source Code License, Excel Soft will at all times provide Pearson with all necessary access to the required portion of the Saras Source Code for Pearson to increase its knowledge of Saras for purposes of integrating it with Pearson technologies and for creating Pearson Products, for creating QA plans, for evaluating Excel Soft's technical work, and for assessing technical risks; provided, however, that prior to any acquisition by Pearson of The Perpetual Source Code License Pearson may not: (i) use the Saras Source Code or any part thereof in any product not covered by the Pearson Saras License; (ii) transfer its Saras Source Code rights to any other party, excepting a successor company to or wholly-owned subsidiary of Pearson; and (iii) provide access to the Saras Source Code to any Pearson employee or contractor except as required to implement one of the foregoing permitted uses (and in the case of 3rd party contractors execution of a Non-Disclosure Agreement satisfactory to Excel Soft). At all times, Pearson will apply the same standard of care in keeping the Saras Source Code secure

as it applies to its own proprietary software.

(b) Pearson Product Source Code: Pearson will at all times be in possession of the most up-to-date version of the Pearson Product Source Code, to be provided to it by Excel Soft pursuant to Section 5.9, such code to be subject to each of the restrictions contained in the foregoing Section 2.7(a)(i)-(iii).

3. COOPERATION OF PARTIES

3.1 Relationship Managers. Pearson and each of the Companies have each designated one Relationship Manager as specified in Appendix E.

3.2 Responsibilities of Relationship Managers. Pearson and each of the Companies' Relationship Managers shall be responsible for the following activities:

(a) Representing Pearson and each of the Companies, respectively, in matters relating to performance under this Agreement;

(b) Submitting and receiving the Design Documents and Deliverables and other materials and documents required to be delivered under this Agreement;

(c) Proposing and developing any modifications to the Project Plan;

(d) Proposing and developing any modifications to the Design Documents;

(e) Arranging any meetings to be held between the parties;

(f) Maintaining, for record-keeping purposes, a log book containing summaries of all material communications and deliveries between the three Relationship Managers;

(g) Implementing appropriate practices and procedures to assure the security of the items delivered under this Agreement; and

(h) Resolving disagreements, if any, between their respective working groups. The parties agree in advance that if the Relationship Managers cannot resolve a particular conflict or point of disagreement between them, they will escalate such issue to Chief Executive Officer for each of the Companies and to the Vice President of Product Development, Pearson Core Technology Group for Pearson.

4. DESIGN AND DEVELOPMENT OF THE PEARSON PRODUCTS

4.1 The Companies Services. The Companies agree that Excel Soft shall perform such services as are necessary to develop the Pearson Product in accordance with the Design Documents and for the platforms and/or operating systems indicated on the Design Documents. The Companies acknowledge that Pearson may from time to time amend the Design Documents, by way of preparing and executing Statements of Work in accordance with the provisions of this Agreement, in light of commercial or creative considerations or as may be reasonably necessary

to ensure adequate performance of, and end user satisfaction with, the Deliverables and the Pearson Products, as determined in Pearson's discretion. The Companies hereby designate the members of Excel Soft's staff designated in Exhibit F as "Critical Resources" to the team, with the understanding that the departure of these individuals, or a significant reduction in their time allocation to the Pearson products, could significantly increase the risk to project schedules and deliverables. It is agreed that Excel Soft will not voluntarily remove Critical Resources from the team without consulting and obtaining the approval of Pearson, and if an individual Critical Resource leaves Excel Soft's employ, Excel Soft will consult with and obtain the approval of Pearson in the process of hiring or assigning a replacement.

4.2   Pearson Product Information. The Companies shall at all times ensure that Pearson is given possession of or made aware of all Pearson Product Information of whatever kind from whatever source so as to at all times ensure that Pearson is fully apprised of all issues in any way effecting or touching upon any Pearson Product.

4.3   Licensed Product. The parties acknowledge that upon full written notice to Pearson, Excel Soft may, at Pearson's cost as pre-approved in writing by Pearson, incorporate into the Deliverables for use in the Pearson Product certain materials from third parties ("*Licensed Product*"). Excel Soft shall not incorporate such material into the Deliverables for use in the Pearson Product unless it has obtained in writing in content and form deemed reasonably acceptable to Pearson, all rights in such Licensed Product necessary for Pearson to use such material in and in connection with the Pearson Products to the full extent contemplated herein. Together with the first submission of a Deliverable containing any Licensed Product, Excel Soft shall deliver to Pearson all such written licenses and grants of rights relating to such Licensed Product; it being understood that Excel Soft shall be required to deliver to Pearson all such licenses and grants for all Licensed Product by the delivery date for such Deliverable specified in the Project Plan. Pearson shall have the right to review such written licenses and grants of rights to ensure their acceptability. All costs associated with such written licenses and grants of rights and the delivery of any Licensed Product used in the Pearson Product shall be borne by the Excel.

4.4   Other Material in the Pearson Product; Consultants. In addition to Licensed Product, Excel Soft may incorporate in the Deliverables for use in the Pearson Product materials that have been prepared by persons or entities other than Excel Soft and/or its regular employees. Excel Soft shall be entitled to engage the services of such consultants or independent contractors in the development of the Deliverables; provided, however, that Excel Soft shall cause all such consultants or independent contractors to execute a consulting or independent contractor's agreement in the form attached hereto as Exhibit G or in such other content and form as has been deemed in writing by Pearson to be reasonably acceptable , providing that all such services are "*work made for hire*" for Excel Soft or its designee, as such term is defined in the U.S. Copyright Act, and that consultant irrevocably assigns all right, title and interest therein to Excel Soft or its assignee. Such consultants shall not be engaged by Excel Soft without the prior approval of Pearson, and all costs associated with the engagement of such consultants and the delivery of any materials prepared by them, as set forth herein, shall be borne by the Companies.

5.   STATEMENT   OF   WORK,   DELIVERY   AND   ACCEPTANCE   OF DELIVERABLES

5.1   Approval of Design Documents and Statement of Work. Pearson shall pursuant to the terms of this agreement issue from time to time Statements of Work in the form in Exhibit C, so that Excel Soft may perform its obligations to deliver the various Deliverables laid out in the Design Documents, as may be amended from time to time by Pearson.

5.2   Delivery. The Companies will develop and deliver to Pearson the Deliverables, in accordance with the Project Plan, and will demonstrate as a material part of each delivery that the relevant deliverable is complete and satisfies the applicable portion of the Design Documents in accordance with the Acceptance Tests. Delivery shall occur when PE's Relationship Manager (or his or her delegate) delivers a written statement of acceptance in writing pursuant to section 5.4(b) regarding such Deliverable.

5.3   Failure to Deliver the Pearson Product. If the Companies shall fail to deliver any Deliverable in accordance with the Acceptance tests and to reasonable standards of quality within thirty (30) days of the applicable date set forth in the Project Plan, Pearson may itself prepare or complete such Deliverable or retain third-parties to do so, and charge the reasonable cost of such to the Companies or withhold such amount from any payment due to the Companies hereunder, in addition to any other remedies available to it.

5.4   Acceptance of the Deliverables.

(a) Following receipt of each Deliverable, Pearson shall, as appropriate, perform Acceptance Tests on such Deliverable. Pearson shall complete such Acceptance Tests within thirty (30) business days of the delivery of each Deliverable (the "Test Period"). Upon completion of such Acceptance Tests, Pearson shall deliver to the Companies a written statement of acceptance, conditional acceptance or rejection.

(b)   If a Deliverable successfully completes the Acceptance Test, Pearson shall deliver to the Companies a written statement of acceptance.

(c)   If all or any portion of a Deliverable does not successfully complete the Acceptance Tests, Pearson shall deliver to the Companies a written notice of conditional acceptance or rejection, specifying the nature of each and every deficiency. Excel Soft shall promptly take such action as may be required to correct such deficiency within three days, at no additional charge, and shall redeliver such Deliverable to Pearson for further testing. This procedure shall continue until such time as Pearson has delivered to the Companies a written statement of acceptance by PE. If the Companies fail to correct the same error after three (3) successive test passes, the Companies shall be in breach of this Agreement and Pearson may terminate this Agreement under section 9.2, in addition to any other remedies available to it.

5.5   Intentionally left blank.

5.6   Good Faith. The parties shall act in good faith in connection with the delivery and acceptance procedures outlined in this Article 5.

5.7   Companies Precautions Against Surreptitious Code. The Companies will use best efforts and take all precautions required by prudence to prevent the inclusion of "Self-Help Code" not approved in advance by Pearson or "Unauthorized Code" in the Pearson Products, or

any individual unit thereof, developed by Companies pursuant to this Agreement. "Self-Help Code" shall mean any back door, time bomb, drop dead device, or other software routine designed to disable a computer program automatically with the passage of time or under the positive control of a person other than a licensee of the program. "Self-Help Code" does not include software routines in a computer program, if any, designed to permit Pearson (or other person acting by authority of Pearson) to obtain access to a licensee's computer system(s) (e.g., remote access via modem) for purposes of maintenance or technical support. (If Pearson, does expressly authorize in writing the development of the same or the incorporation of the same in the Pearson Products, at such time Pearson will in writing confirm that Pearson shall have the obligation to comply with and ensure that the same is in compliance with the applicable laws of the jurisdiction in which the Pearson Products shall be installed or provided access to and Excel Soft shall not at any time be responsible for compliance). "Unauthorized Code" shall mean any virus, Trojan horse, worm, or other software routines or hardware components designed to permit unauthorized access; to disable, erase, or otherwise harm software, hardware or data; or to perform any other such actions. The term "Unauthorized Code" does not include Self-Help Code. The Companies will defend, indemnify and hold Pearson harmless against any claims, damages, losses and expenses (including reasonable attorneys' fees) arising from any alleged presence of Unauthorized Code or Self-Help Code not approved in writing in advance by PE (If Pearson does request in writing the insertion of a Self Help Code, at such time Pearson will in writing agree to defend, indemnify and hold Excel Soft harmless against any claims, damages, losses and expenses (including reasonable attorneys' fees) arising from the presence of Self-Help Code approved in writing by Pearson in the Pearson Products).

5.8   Companies Continuing Obligations.

(a)   Warranty Period. During the six (6) month period following general commercial release of any Pearson Product (the "Warranty Period"), the Companies shall cause Excel Soft to, at no charge to Pearson (unless such Error has occurred as a result of circumstances beyond the control of Excel Soft): (i) within three (3) days of its receipt of notice of an Error, defect or bug, (to the extent technically feasible, and if not technically feasible the parties will agree upon a reasonable timetable) furnish such materials and services and make whatever revisions as are necessary to correct any such Error, defect or bug and upon completion, promptly redeliver the corrected Final Master to PE; and (ii) provide Pearson with backup technical support for customers, online and via telephone, as provided in the service level agreement (the "S.L.A.") to be executed between Excel Soft and Pearson for this purpose in the form attached hereto as provided in Exhibit H. Pearson and Excel Soft agree that in the event that the foregoing Error and technical support services are not delivered in accordance with reasonable standards of quality, Pearson may itself provide such services or retain third-parties to provide such services, and charge the reasonable cost of such services to the Companies or withhold such amount from any payment due to the Companies hereunder.

(b)   Ongoing Services. Following expiration of the Warranty Period, the Companies agree to continue to provide Error and ongoing technical support services and training to Pearson support personnel, for a period no less than four years, in accordance with the terms of the S.L.A. at the fee schedule in Exhibit K and as may be modified between the parties from time-to-time.

5.9   Delivery of Code. (a) Within ten (10) days of the successful completion of

Acceptance Testing with respect to each Deliverable, including the Final Master, Excel Soft shall deliver to Pearson one copy of the object code and Technical Specifications for the Pearson Products, as such exists as of that date. The Companies shall provide to Pearson any updated object code and Technical Specifications within ten (10) days after completion of any updates or modifications of the applicable Pearson Product.

(b) Simultaneous with its delivery of the object code to Pearson, the Companies shall deliver the Pearson Product Source Code and all source documentation (including source files, custom programs, utilities, tools, information relating to procurement of industry standard utilities and tools required to compile and complete a Pearson Product, make files, file layouts, instructions, control logic, flow charts, and other documentation) as is necessary to install, use support recreate, revise modify, port or enhance a Pearson Product, or any portion thereof. Excel Soft's engineering staff will be allowed access and permission to participate in the software installation process to expedite successful launch of the Pearson Product, and provide appropriate training to Pearson staff.

6. COMPENSATION

6.1 <u>License Fees Payable to Companies</u>. In full consideration of the rights and licenses granted hereunder, Pearson agrees to pay the Companies:

(a). For the Pearson Saras License (excepting the license for the UK Exclusive Qualifications Market, which shall be governed by section 6.1(c) below), pursuant to the Payment Schedule contained in Exhibit J(1), Pearson will pay to Excel Soft a comprehensive annual license fee ("Annual License Fees") as follows: (i) for the first year following the Effective Date, four hundred thousand US dollars (US $400,000); (ii) for the second year following the Effective Date, six hundred thousand US dollars (US $600,000); (iii) for the next three years following the Effective Date, eight hundred thousand US dollars (US $800,000 per annum); and (iv) for subsequent years following the effective date, per the formula in Exhibit J(2). The parties acknowledge that in the event Pearson purchases either, the Exclusive or the Non-Exclusive Perpetual Source Code License in accordance with Section 2.6 above, Pearson will have no further obligation to make Annual License Fee payments.

(b). Pearson may elect to terminate its obligation to pay Annual License Fees at any time after payment of the first Annual License Fee, by making a one-time payment of the greater of 2.5 times the amount of the previous year's Annual License Fee, or two million US dollars (US $2,000,000) whichever shall be the greater (the "Accelerated License Payment")

(c) £50,000 per annum in respect of the license for the UK Exclusive Qualifications Market, which fee shall be fixed for a period of 3 years from the Effective Date and shall be subject to review via good faith negotiations in February 2009 to take effect from 1 March 2009. The reviewed fees for the UK Exclusive Qualifications Market for 1 March 2009 onwards will be calculated by taking into account only the then current license fee for that market (including any uplift as a result of 6 (1)(d) or reduction in accordance with 6 (1)(e)), inflation (in line with the Retail Prices Index) and significant measurable increased distribution of access to the LMS by Pearson beyond that envisaged at the commencement of this Agreement.

(d) Within 3 years of the Effective Date, if within the UK Qualifications Market the distribution by Pearson of access to the LMS to centres outside of the UK exceeds 15% of the total distribution of product containing Saras Source Code or source code constituting the LMS within the UK, the license fee for the UK Exclusive Qualifications Market shall be increased by £350 per percentage point increase above 15%, such increase to be reviewed in February in each year to take effect from 1 March of that year;

(e)   On such date after the Effective Date of this Agreement, that Pearson first uses a non-Saras based assessment platform in the UK Qualifications Market, the exclusivity on the use of the Saras based assessment platform within the UK Exclusive Qualifications Market shall lapse as of such date, and the license fee in respect of the UK Exclusive Qualifications Market shall be reduced by £15,000 in respect of Pearson's loss of such exclusivity; provided, however, that if Pearson wishes to use the Saras based assessment platform in formative testing, then it shall retain exclusivity within the formative testing channel of the UK Qualifications Market, and the license fee shall be reduced by £7,500. Pearson's use of the BTL Group Limited platform in the UK Qualifications Market shall not be considered to be use of a non-Saras based assessment platform for the purposes of this clause.

6.2   Development Fees Payable to Companies.   As full compensation for all development services provided hereunder, Pearson will pay to F2L pursuant to the Schedule of Development Services Compensation provided in Exhibit K hereto.

6.3   Right of First Refusal.   Pearson shall be given the opportunity to acquire, on terms no less favorable as those on offer from any third party (including F2L), any equity or other ownership interest in Excel Soft proposed to be issued by Excel Soft itself or proposed to be sold or otherwise transferred by any shareholder in Excel Soft (other than any disposal between family members); and (ii) a right of first refusal to match any offer to acquire all or substantially all of the assets of Excel Soft, including Saras, from any third party (including, F2L) received by Excel Soft during the Term.   These rights shall be reflected in the constitutional documents of Excel Soft.

6.4   Option to Buy Equity in Excel Soft. Simultaneous with the execution of this Agreement, Pearson and Excel Soft will enter into a mutually agreeable written agreement pursuant to which Pearson will obtain warrants to acquire an equity interest in Excel Soft.

7.   PROPRIETARY RIGHTS; SOURCE CODE OWNERSHIP

7.1   Pre-existing Saras Code.   Pre-existing Saras Code will continue to be owned by Excel Soft, subject to the Pearson Saras License, The Perpetual Source Code License, if any, and any other licenses granted to Pearson herein or elsewhere, subject to such terms and conditions as may be agreed to in writing between the Parties for same.

7.2   Code Developed by the Companies Post-Effective Date.   Any post Memorandum of Understanding code developed by the Companies shall be owned as follows:

(a) Code developed independently by the Excel Soft and not pursuant to this Agreement ("*Excel Soft New Code*"), but which is not part of or integral to any Pearson Product, shall be owned wholly, exclusively unrestrictedly and absolutely by Excel Soft and not included within the Pearson Saras License and The Perpetual Source Code License, if any.

(b) The entire Pearson Product Source Code shall be owned by Pearson; provided however, that upon the Effective Date Pearson and Excel Soft shall enter into a license upon standard terms and conditions to be reasonably negotiated between Excel Soft and Pearson, which license shall be perpetual and irrevocable for as long as this Agreement remains in effect, and for any post-termination distribution right period pursuant to section 8.3 hereunder, which shall provide for the royalty payable to Pearson and the specific license terms contained on Exhibit L attached hereto, pursuant to which Excel Soft may distribute Pearson Product Source Code within the territories identified therein (the "Pearson Product Source Code Distribution License"). Pearson's ownership will not limit Excel Soft's Pre-existing Saras Code rights (subject to all limitations expressly contained in this Agreement.

7.3 Pearson Product. Subject to the foregoing, as between the Companies and Pearson, Pearson shall own all right, title and interest in and to the Pearson Products, including any and all copyrights therein, subject to the Excel Soft rights in the Pre-Existing Saras Code.

8. TERM; TERMINATION

8.1 Term. This Agreement shall remain in full force and effect for ten years from the earlier of (a) the first general commercial exploitation of the Pearson Saras Product; or (b) June 3, 2006, with an option to renew for an additional ten year term at Pearson's discretion (the "Term"), unless and until either party exercises any right it may have to terminate the Agreement under any provision of this Article 8.

8.2 Termination. This Agreement may be terminated in accordance with any of the following provisions:

(a) Either party may terminate this Agreement at any time where the other party is in material breach of its obligations under this Agreement, and such party fails to cure such breach within sixty (60) days after written notice thereof is given by the non-breaching party; or

(b) Either party may, at its option, immediately terminate this Agreement if a receiver is appointed for the other party or its property; the other party becomes insolvent or unable to pay its debts as they mature, or makes an assignment for the benefit of its creditors; the other party seeks relief or if proceedings are commenced against the other party or on its behalf under any bankruptcy, insolvency or debtor's relief law, and such proceedings have not been vacated or set aside within sixty (60) days from the date of commencement thereof; or if the other party is liquidated or dissolved; or

(c) Pearson can terminate this contract at will, subject to its payment of all development fees owed in respect of work done to date, and all Annual License Fees payable during the entirety of such termination year, and any accountings due pursuant to Section 7.2(b), subject to the provisions of section 8.3.

(d)   In the event that Pearson terminates this agreement prior to the expiry of three (3) years from the Effective date, then Pearson may elect to retain the license to the UK Exclusive Qualifications Market, subject to the payment of the then applicable license fees for that market calculated in accordance with clause 6 (1)(c) - (e).

8.3   Post-Termination Provisions.   Upon termination or expiration, Pearson may continue to distribute and exploit existing Pearson Saras Products, subject to its payment of all applicable license fees, if any, and the Companies shall be released from all obligations under this Agreement, except those which continue as a result of clause 8.2.(d) or those regarding confidentiality, indemnification, warranties and representations and all other agreement provisions that by their terms or of necessity survive such termination or expiration.

8.4   No Waiver. The election of either party to terminate this Agreement hereof shall not serve to waive, limit, bar or otherwise extinguish any rights that party may have to pursue and recover any damages that party may have suffered or incurred due to the breach of any term or condition of this Agreement.

8.5   Breach by the Companies. The Companies agree that each shall be liable for the performance, breaches and failure to perform of the other, and that to the extent one of the Companies is in breach of this Agreement both shall be considered in breach of this Agreement, and that their liability for the performance of the other shall be joint and several.

9.   MANAGEMENT AND DISTRIBUTION

9.1   Distribution of the Pearson Product. Promotion, marketing, and distribution of the Pearson Products shall at all times be in Pearson's sole and exclusive control. Among other things, Pearson may, in its sole discretion, at any time and for any reason decline to undertake, suspend, or terminate publication or distribution of the Pearson Products without liability to the Companies and without prejudice to this Agreement or PE's rights.

10.   WARRANTIES AND REPRESENTATION

10.1   Companies' Representations and Warranties.   The Companies warrant and represent that:

(a)   The Companies possesses full power and authority to enter into this Agreement and to fulfill their obligations hereunder; the Companies are financially and technically competent to perform their obligations hereunder, and agree that any change in such status shall be immediately communicated in writing to PE; and the performance of the terms of this Agreement and of the Companies' obligations hereunder shall not breach the Companies' charter or bylaw or any separate agreement by which the Companies are bound;

(b)   Saras Licensed Components, the Saras Source Code, the Pearson Product Source Code and the work, services, source and object code and Deliverables provided to Pearson by the Companies are and will be original to Excel Soft (except for material in the public domain and material as to which written licenses and/or grants of rights have been obtained from the owner as provided in **Section 4** for use in connection with the Pearson Product hereunder);

(c)   Excel Soft is the sole owner and proprietor of, and/or, together with F2L, holds all necessary rights and licenses to the Saras Licensed Components, the Saras Source Code, all contributions by it to the Pearson Product Source Code, the Companies' contributions to the Pearson Products, Excel Soft's Trademarks and the Deliverables, and have good and clear title to Saras, the Saras Source Code, the Pearson Product Source Code, the Companies' contributions to the Pearson Products, Excel Soft's Trademarks and all Deliverables, and to all rights and licenses which are granted to Pearson under this Agreement;

(d)   the Companies have not granted and will not grant any right in Saras Licensed Components, the Saras Source Code, the Pearson Product Source Code, the Companies' contributions to the Pearson Products, the Companies' Trademarks and the Deliverables to any third party that is inconsistent with the rights granted to Pearson in this Agreement;

(e)   The Saras Licensed Components, the Saras Source Code, the Pearson Product Source Code, the Companies' contributions to the Pearson Products, the Companies' Trademarks and the Deliverables do not contain any material owned by a third party for which appropriate licenses authorizing development and distribution consistent with the terms set forth herein have not been obtained;

(f)   The Saras Licensed Components, the Saras Source Code, the Pearson Product Source Code, the Companies' contributions to the Pearson Products, the Companies' Trademarks and the Deliverables do not (i) invade the right of privacy or publicity of any third person, (ii) contain any defamatory, libelous, obscene or otherwise unlawful material, (iii) infringe any patent, statutory or common law copyright, trademark or trade secret right of any third party, or (iv) otherwise contravene any rights of any third party.

(g)   Except to the extent developed by Pearson or its employees, the Deliverables and all portions thereof shall be developed solely by the Companies through the use of Excel Soft employees, or through the services of consultants pursuant to the provisions of **Section 4** hereof, who have provided such services as *"work made for hire"* for the Excel Soft or its assignees and have otherwise irrevocably assigned all rights in the product of their services to Excel Soft or its assignee;

(h)   The Saras Licensed Components, the Saras Source Code, the Pearson Product Source Code, the Pearson Products and the Deliverables do not contain any virus, Trojan horse, worm, or other software routine or hardware component designed to permit unauthorized access, disable, erase or otherwise harm software, hardware or to perform any other such actions, unless commissioned by Pearson,;

(i)   The Pearson Products will be Error-free (such representation not to include Errors primarily attributable to Pearson), including but not limited to any failure of the Pearson Products to perform in accordance with the Design Documents.

10.2   *Pearson's Representations and Warranties*.

(a)   Pearson warrants and represents that it possesses full power and authority to enter into this Agreement and to fulfill its obligations hereunder, and the performance of the

terms of this Agreement and of Pearson's obligations hereunder shall not breach Pearson's charter or bylaw or any separate agreement by which Pearson is bound.

(b)   Design Documents and the requirements therein will be original to Pearson (except for material provided by the Companies or in the public domain and material as to which written licenses and/or grants of rights have been obtained from the owner as provided in **Section 4** for use in connection with the Pearson Product hereunder);

(c)   No material provided by Pearson to the Companies for inclusion in any Pearson Product (i) invade the right of privacy or publicity of any third person, (ii) contain any defamatory, libelous, obscene or otherwise unlawful material, (iii) infringe any patent, statutory or common law copyright, trademark or trade secret right of any third party, or (iv) otherwise contravene any rights of any third party.

11.   INDEMNIFICATION

11.1   The Companies, individually and collectively on the one hand, and Pearson on the other hand, shall each indemnify, and hold the other, and their successors, assigns, agents, officers, directors and employees, harmless from and against any and all liabilities, obligations, losses, claims, damage, cost, charges or other expenses of every kind and character (including but not limited to reasonable attorneys' fees and court costs) which arise out of or result from any breach or alleged breach of any representation or warranty by such party or, in the case of the Companies, arising out of either of the failure to obtain licenses or grants of rights from third parties required in connection with Saras, the Design Documents and/or Deliverables and the Pearson Products. Pearson shall upon receipt of a claim have the right to withhold its reasonable estimate of the total damages and expenses from sums otherwise payable to the Companies hereunder, and to apply such sums to payment of such damages and expenses. Pearson shall have the sole right to control the defense of any such claim and shall consult with the Companies prior to settlement thereof; provided that Pearson shall enter into no settlement that negatively affects any rights of the Companies without first obtaining the Companies permission, which shall not be unreasonably withheld. The Companies agree to provide reasonable assistance to Pearson at their own expense, in the defense of same.

11.2   Premises. If either Party, its agents or employees, shall be required by the terms of this Agreement to perform, or do perform, work on the premises of the other party, such Party agrees to indemnify and hold harmless the other party, its officers, employees, agents and invitees from and against all claims, liabilities, losses, injuries and damages of every nature arising out of or in connection with the performance of such work.

11.3   No Remedy Exclusive. The rights of indemnification of each of the parties and their successors, assigns, officers, directors and employees shall not be limited to the provisions of this Article, and the provisions of this Article shall be in addition to, and shall not be exclusive of any other rights or remedies which may accrue to it and its successors, assigns, officers, directors and employees.

12.   CONFIDENTIALITY

12.1   Confidential Information.   Each party hereto (the "Disclosing Party") will disclose to the other party ("Recipient") information in connection with the performance of this Agreement. All information disclosed by the Disclosing Party to the Recipient during the term of this Agreement, including but not limited to technical and business information relating to Disclosing Party's products, research and development, production, costs, engineering processes, profit or margin information, finances, customers, marketing, and future business plans, shall be deemed "Confidential Information." All Confidential Information shall remain the sole property of Disclosing Party and Recipient shall have no rights to or in the Confidential Information. Recipient agrees that it shall hold the Confidential Information in strict confidence. Recipient further agrees that it shall not make any disclosure of the Confidential Information (including methods or concepts utilized in the Confidential Information) to anyone without the express written consent of Disclosing Party, except to employees, consultants or agents to whom disclosure is necessary to the performance of this Agreement and who shall be bound by the terms hereof, or to the extent it is required to disclose such information in the context of any administrative or judicial proceeding; provided that prior written notice of such required disclosure and an opportunity to oppose or limit disclosure is given to Disclosing Party.

12.2   Return of Information.   After termination of this Agreement, upon written request, Recipient shall return within ten (10) business days all originals and copies thereof of any requested Confidential Information disclosed by Disclosing Party which has been fixed in any tangible means of expression.

12.3   Exceptions.   Notwithstanding the other provisions of this Agreement, nothing received by Recipient shall be considered to be Confidential Information of the other, if: (i) it has been published or is otherwise readily available to the public other than by a breach of this Agreement; (ii) it has been rightfully received by Recipient from a third party without confidentiality limitations; or (iii) it was known to Recipient prior to its first receipt by Recipient, as shown by files existing at the time of initial disclosure.

12.4   No Disclosure of Terms of this Agreement.   Each party agrees that, without the prior written consent of the other party, it will not disclose to any third party the material terms of this Agreement; provided, however, that the existence of this Agreement may be disclosed without prior written consent.

13.   MISCELLANEOUS

13.1   Anti-Assignment.   The Companies may not assign or delegate this Agreement or any of the rights and obligations hereunder (except the right to receive payments) without the prior written consent of Pearson. Any purported assignment or delegation by the Companies in violation of this Agreement shall be null and void. Pearson may assign this Agreement. This Agreement shall be binding upon and inure to the benefit of the parties' successors, Pearson's assignees and the Companies' permitted assignees.

13.2   Notice. Any notice or communication to be given pursuant to the terms of this Agreement shall be sufficient if given in writing to the address first stated above and personally delivered or mailed by first class certified or registered mail, postage prepaid, or by overnight

courier service to the address first stated above.

<div style="margin-left:2em;">

With a copy to: Pearson Education, Inc.

One Lake Street

Upper Saddle River NJ 07458

Attention: Vice President and Deputy Gen. Counsel

</div>

or at such other address as either party shall specify to the other in writing. Any such notice shall be deemed given when received, if personally delivered, or when mailed if mailed by certified or registered mail, postage prepaid, or when sent by overnight courier signed for upon delivery by any person at the address set forth above.

13.3   Survival of Certain Provisions. The warranties, the indemnification obligations, confidentiality requirements, and general provisions set forth in this Agreement shall survive the expiration or termination of this Agreement by either party for any reason.

13.4   Independent Contractor. The parties acknowledge and agree that they are dealing with each other hereunder as independent contractors. Neither party, nor any of its affiliates, agents, employees or representatives are nor shall they be deemed affiliates, agents, employees or legal representatives of the other party. Nothing contained in this Agreement shall be interpreted as constituting either party as the joint venture or other partner of the other party or as conferring upon either party the power or authority to bind the other party in any transaction with third parties.

13.5   Other Documents. In the event of any conflict between the terms of this Agreement and the terms of any other agreement or document entered into in connection with the Pearson Products, or in the event that any other agreement or document contains provisions in addition to those contained herein, the terms of this Agreement alone shall control.

13.6   Paragraph Titles. Titles and captions contained in this Agreement are inserted only for convenient reference, and in no way define, limit or describe the scope or intent of this Agreement or any provision hereof.

13.7   Waiver. Failure to enforce any rights hereunder, irrespective of the length of time for which such failure continues, shall not constitute a waiver of those or any other rights.

13.8   Remedies. The exercise of any one remedy shall not be deemed to be an election of such remedy to the exclusion of other remedies. Notwithstanding the foregoing, Companies waives any and all right to injunctive relief in the event of any dispute with PE, and further agrees that Companies' sole remedy in such a dispute shall be at law.

13.9   Governing Law. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY AND INTERPRETED, CONSTRUED AND ENFORCED ONLY IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK OTHER THAN ITS LAWS ON CONFLICTS OF

LAW. THE COURTS OF NEW YORK COUNTY SHALL HAVE JURISDICTION OVER ALL DISPUTES THAT MAY ARISE OUT OF THIS AGREEMENT. THE PARTIES AGREE TO SUBMIT TO THE EXCLUSIVE JURISDICTION OVER ALL DISPUTES HEREUNDER IN THE FEDERAL AND STATE COURTS IN THE STATE OF NEW YORK LOCATED IN NEW YORK COUNTY. THE UNITED NATIONS CONVENTION ON CONTRACTS FOR THE INTERNATIONAL SALE OF GOODS SHALL NOT APPLY TO THIS AGREEMENT.

13.10 Severability. In the event that any term or provision of this Agreement shall be deemed by a court of competent jurisdiction to be overly broad in scope, duration or area of applicability, the court considering the same shall have the power and is hereby authorized and directed to limit such scope, duration or area of applicability, or all of them, so that such term or provision is no longer overly broad and to enforce the same as so limited. Subject to the foregoing sentence, in the event any provision of this Agreement shall be held to be invalid or unenforceable for any reason, such invalidity or unenforceability shall attach only to such provision and shall not affect or render invalid or unenforceable any other provision of this Agreement.

13.11 Entire Agreement. This Agreement, including the Exhibits annexed hereto, constitutes the full and complete integrated Agreement of the parties hereto and supersedes all prior agreements and understandings relating to the subject matter hereof. No changes or additions to this Agreement shall have effect unless in writing and properly executed by both parties.

13.12 Effective Date. This Agreement shall be effective as of the date first set forth above.

13.13 Amendments. No amendment, modification or waiver of the terms of this Agreement shall be binding unless reduced to writing and signed by both parties.

13.14 Force Majeure. Neither party shall be deemed in default of this Agreement to the extent that performance of its obligations or attempts to cure any breach are delayed or prevented by reason of any act of God, fire, natural disaster, accident, riots, acts of government, shortage of materials or supplies, or any other cause beyond the reasonable control of such party; provided, that the party interfered with gives the other party written notice thereof within ten (10) business days of any such event or occurrence.

13.15 Limitation of Liabilities. (a). NEITHER PARTY SHALL BE LIABLE TO THE OTHER PARTY FOR ANY INCIDENTAL, CONSEQUENTIAL, SPECIAL, OR PUNITIVE DAMAGES OR LOST OR IMPUTED PROFITS OR ROYALTIES ARISING OUT OF THIS AGREEMENT OR ITS TERMINATION, WHETHER FOR BREACH OF WARRANTY OR ANY OBLIGATION ARISING THEREFROM OR OTHERWISE, WHETHER LIABILITY IS ASSERTED IN CONTRACT OR TORT (INCLUDING NEGLIGENCE AND STRICT PRODUCT LIABILITY) AND IRRESPECTIVE OF WHETHER THE PARTY HAS ADVISED OR HAS BEEN ADVISED OF THE POSSIBILITY OF ANY SUCH LOSS OR DAMAGE. EACH PARTY HEREBY WAIVES ANY CLAIMS THAT THESE EXCLUSIONS DEPRIVE SUCH PARTY OF AN ADEQUATE REMEDY. THE TERMS OF THIS PARAGRAPH SHALL NOT APPLY TO INDEMNIFICATIONS UNDER PARAGRAPH 12.

(B)   F2L ACKNOWLEDGES THAT EXCEL SOFT'S DETERMINATION OF THE SUFFICIENCY OF PEARSON'S PERFORMANCE HEREUNDER SHALL BE IN ALL CASES BINDING UPON F2L, AND THAT F2L MAY NOT MAINTAIN ANY CLAIM OR CAUSE OF ACTION AGAINST PEARSON HEREUNDER, EXCEPT TOGETHER WITH, IF AND ONLY TO THE EXTENT THAT EXCEL SOFT HAS ALSO RAISED AND CONTINUES TO JOIN IN THE ASSERTION AND MAINTENANCE SUCH CLAIM AGAINST PEARSON.

13.16   Written Agreement. The parties intend to be bound only upon execution of a final written agreement and no negotiation, exchange of drafts, memorandum of understanding or partial performance shall be deemed to imply an agreement.

IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be duly executed.

Agreed to by:

PEARSON, INC.

By: _____

Title: Chief Publishing Officer, Pearson Education,
        Higher Ed, International & Professional Group

Date: _____

EXCEL SOFT TECHNOLOGIES P. LTD.

By: _____

Title: Chief Executive Officer

Date: _____

FREEDOM2LEARN, LTD.

By: _____

Title: Chief Executive Officer

Date: _____

EXHIBITS

A   Description of Saras AMS

A(2)   Description of Saras LMS

A(3)   RFP

B.   Project Plan

C   FORM OF SOW

D.   Qualifications Market awarding bodies permitted to receive a license from the Companies

E   Designated Relationship Managers

F   List of Critical Resources

G   Form of Independent Contractor Agreement

H   Technical Support and Training Service Agreement

I   INTENTIONALLY OMITTED

J(1)   Annual License Fees Payment Schedule

J(2)   Years 6 Through 10 Annual License Fees Calculation Formulas

K   Schedule of Development Services Compensation

L   Terms of Excel Soft Pearson Products License

(B)   F2L ACKNOWLEDGES THAT EXCEL SOFT'S DETERMINATION OF THE SUFFICIENCY OF PEARSON'S PERFORMANCE HEREUNDER SHALL BE IN ALL CASES BINDING UPON F2L, AND THAT F2L MAY NOT MAINTAIN ANY CLAIM OR CAUSE OF ACTION AGAINST PEARSON HEREUNDER, EXCEPT TOGETHER WITH, IF AND ONLY TO THE EXTENT THAT EXCEL SOFT HAS ALSO RAISED AND CONTINUES TO JOIN IN THE ASSERTION AND MAINTENANCE SUCH CLAIM AGAINST PEARSON.

    13.16   Written Agreement. The parties intend to be bound only upon execution of a final written agreement and no negotiation, exchange of drafts, memorandum of understanding or partial performance shall be deemed to imply an agreement.

    IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be duly executed.

Agreed to by:

PEARSON, INC.

By: _____

Title: Chief Publishing Officer, Pearson Education,
         Higher Ed, International & Professional Group

Date: _____

EXCEL SOFT TECHNOLOGIES P. LTD.

By: _D. SUDHANVA_____

Title: Chief Executive Officer

Date: _____

FREEDOM2LEARN, LTD.

By: __DAVID GARDNER_____

Title: Chief Executive Officer

Date: _____

22

Page: 3 (THREE)

(B) F2L ACKNOWLEDGES THAT EXCEL SOFT'S DETERMINATION OF THE SUFFICIENCY OF PEARSON'S PERFORMANCE HEREUNDER SHALL BE IN ALL CASES BINDING UPON F2L, AND THAT F2L MAY NOT MAINTAIN ANY CLAIM OR CAUSE OF ACTION AGAINST PEARSON HEREUNDER, EXCEPT TOGETHER WITH, IF AND ONLY TO THE EXTENT THAT EXCEL SOFT HAS ALSO RAISED AND CONTINUES TO JOIN IN THE ASSERTION AND MAINTENANCE SUCH CLAIM AGAINST PEARSON.

13.16 <u>Written Agreement</u>. The parties intend to be bound only upon execution of a final written agreement and no negotiation, exchange of drafts, memorandum of understanding or partial performance shall be deemed to imply an agreement.

IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be duly executed.

Agreed to by:

PEARSON, INC.

By: _____

Title: Chief Publishing Officer, Pearson Education,
         Higher Ed, International & Professional Group

Date: 3/20/06

EXCEL SOFT TECHNOLOGIES P. LTD.

By: _____

Title: Chief Executive Officer

Date: _____

FREEDOM2LEARN, LTD.

By: _____

Title: Chief Executive Officer

Date: 24/07/06.

21

(B)   F2L ACKNOWLEDGES THAT EXCEL SOFT'S DETERMINATION OF THE SUFFICIENCY OF PEARSON'S PERFORMANCE HEREUNDER SHALL BE IN ALL CASES BINDING UPON F2L, AND THAT F2L MAY NOT MAINTAIN ANY CLAIM OR CAUSE OF ACTION AGAINST PEARSON HEREUNDER, EXCEPT TOGETHER WITH, IF AND ONLY TO THE EXTENT THAT EXCEL SOFT HAS ALSO RAISED AND CONTINUES TO JOIN IN THE ASSERTION AND MAINTENANCE SUCH CLAIM AGAINST PEARSON.

13.16 Written Agreement. The parties intend to be bound only upon execution of a final written agreement and no negotiation, exchange of drafts, memorandum of understanding or partial performance shall be deemed to imply an agreement.

IN WITNESS WHEREOF, the parties hereto have cause this Agreement to be duly executed.

Agreed to by:

PEARSON, INC.

By: _____

Title: Chief Publishing Officer, Pearson Education,
         Higher Ed, International & Professional Group

Date: _____

EXCEL SOFT TECHNOLOGIES P. LTD.

By: _____

Title: Chief Executive Officer

Date: _____

FREEDOM2LEARN, LTD.

By: _____

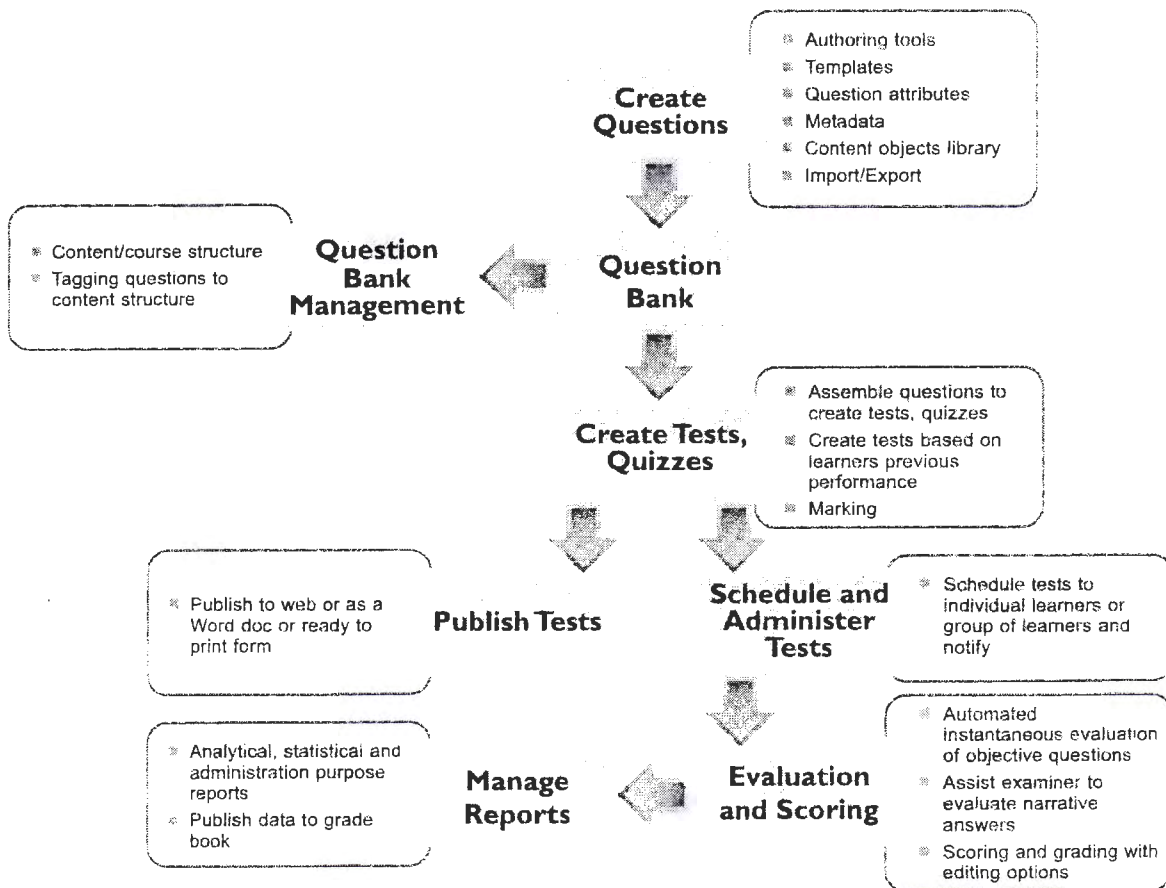Title: Chief Executive Officer

Date: _____

APPENDIX A(1)

DESCRIPTION OF SARAS AMS

Saras
from Excel Soft

Assessment Management System

A new generation online testing tool which enables authoring and storing question items, managing question banks, assembling questions into tests, exams, quizzes, survey questionnaires etc.

Create Questions
- Authoring tools
- Templates
- Question attributes
- Metadata
- Content objects library
- Import/Export

Question Bank Management
- Content/course structure
- Tagging questions to content structure

Question Bank

Create Tests, Quizzes
- Assemble questions to create tests, quizzes
- Create tests based on learners previous performance
- Marking

Publish Tests
- Publish to web or as a Word doc or ready to print form

Schedule and Administer Tests
- Schedule tests to individual learners or group of learners and notify

Manage Reports
- Analytical, statistical and administration purpose reports
- Publish data to grade book

Evaluation and Scoring
- Automated instantaneous evaluation of objective questions
- Assist examiner to evaluate narrative answers
- Scoring and grading with editing options

Saras-AMS

Login Management
- Login
- [...]
- Change Password

Content Structure Management
- Manage content structure
- Manage keywords
- Manage metamapping
- Content mapping

Question Bank Management
- Question [...]
- My question bank
- Question [...]
- Learning objects library

Assessment Management
- Manage Assessment
- Manage Assignments
- Manage Stylesheets
- Print Assignment

Presentation Management
- [...]
- Assessments
- [...] assignment
- [...] & [...]
- Send / view comments

Extmore Management
- Manage [...]
- Manage Surveys
- [...]
- Restrict test to Ip
- Assign Markers

Results Management
- [...]
- Score add [...]
- Send feedback / comment / [...] participant
- View feedback
- [...] participant
- Send / Export Results

Reports Management
- Assignments report
- Participant reports
- Question analysis reports
- [...] reports
- Grade book

Communication
- [...]
- [...]

System Administration
- Manage Groups
- Manage Role
- Manage User
- Manage test Types
- Manage Assessment Types
- Configure Automark
- Manage Grades

Database administration
- Remove old results
- [...] archiving

Help
- [...]
- [...]
- [...]

Course/Content Structure Management

- You can define or import course/content structures.
- Attach keywords/metadata to course structures.
- Option to tag questions to particular courses, lessons and topics.
- A single question can be tagged/mapped to multiple topics in a single course or in multiple courses.
- You can copy/move questions across courses and topics.

Question Bank Management

Create questions:

- Simple and easy-to-use wizard driven question authoring.
- Supports 22+ unique types of questions.
- You can include multimedia content objects such as image, video clips, audio files as part of questions stem or answer choices.
- An embedded HTML editor.
- Support for mathematical symbols.
- You can create questions in Macromedia flash or as Java applets and import into the question bank.
- Questions can have dynamic values generated by the system based on formula.
- You can import IMS QTI compliant questions and export a question as an IMS QTI package.
- Questions can be enhanced by adding hints, feedback.
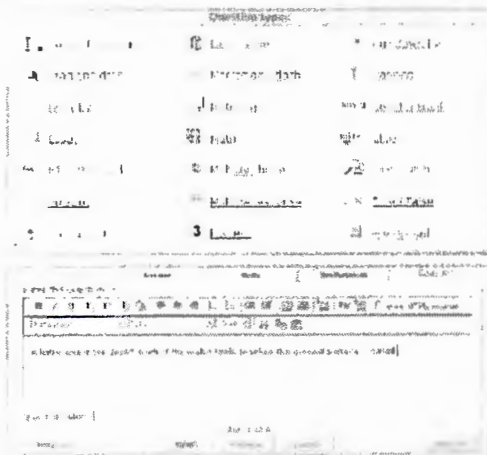
Question preferences:

- Properties/metadata that can be defined at the question level include typical time taken to answer the question, shuffling of answer choices, complexity level of question, classification of question based on taxonomy and attainment targets.
- You can hide a question so that it does not appear to other authors.
- Secure a question so that it is not included in participants' self assessments.

Content Objects Library:

- Searchable Object Library facility to register objects, tag with multiple keywords for efficient search and retrieval while authoring questions.

Question Mapping:

- Option to map questions from different course structures, so that the questions that are common can be created once and be used in other courses.

Search:

- Questions can be searched based on metadata such as author, question type, keywords in question text, content objects used, etc.

My Question Bank:

- Questions you store in "My Question Bank" will not be available to other authors.
- You can easily move questions from "My Question Bank" to the general question bank.

Assessment Management

Create Assessments (Tests):

- You can define/configure
  - Number of questions in the test
  - Distribution of questions based on complexity level
  - Number of questions to be picked up at random
  - Specific mandatory questions to appear in the test
- You can also create tests based on the previous track record of the participant or by randomly selecting the questions from the question bank. Questions can also be selected based on taxonomy or complexity level.
- Tests can be created based on configurable parameters such as time limit at the test level or at the question level and number of attempts on the question.
- You can configure grades and threshold scores for each test.

Scheduling:

- You can schedule tests to an individual participant or for a group of participants. e-mail notification will be sent to participants automatically.
- Markers can be assigned to scheduled tests.

Publishing:

- Scheduled tests can be restricted to specific or range of Ips.
- Tests can be published either to the web or for print.

"Look and Feel":

- "Look and feel" of the tests can be configured by applying customisable style sheets/skins.

Test Presentation

- Simple to use, browser-based tests.
- Notification to participants via email and notice boards.
- Participants take tests, responses are captured.
- Participants can provide feedback on the quality of tests.
- In addition to taking your tests, you can optionally allow participants to view your question bank and generate their own self-tests.

Evaluation/Marking

- Automated online evaluation.
- Assistance to examiner for evaluating & entering score for essay type questions and assignments.

Result and Reports:

- Participants can view results of assessments.
- Participant can benchmark her/his score with group average.
- Analytical and Statistical reports.
- Results can be exported as IMS package for reporting in LMS.
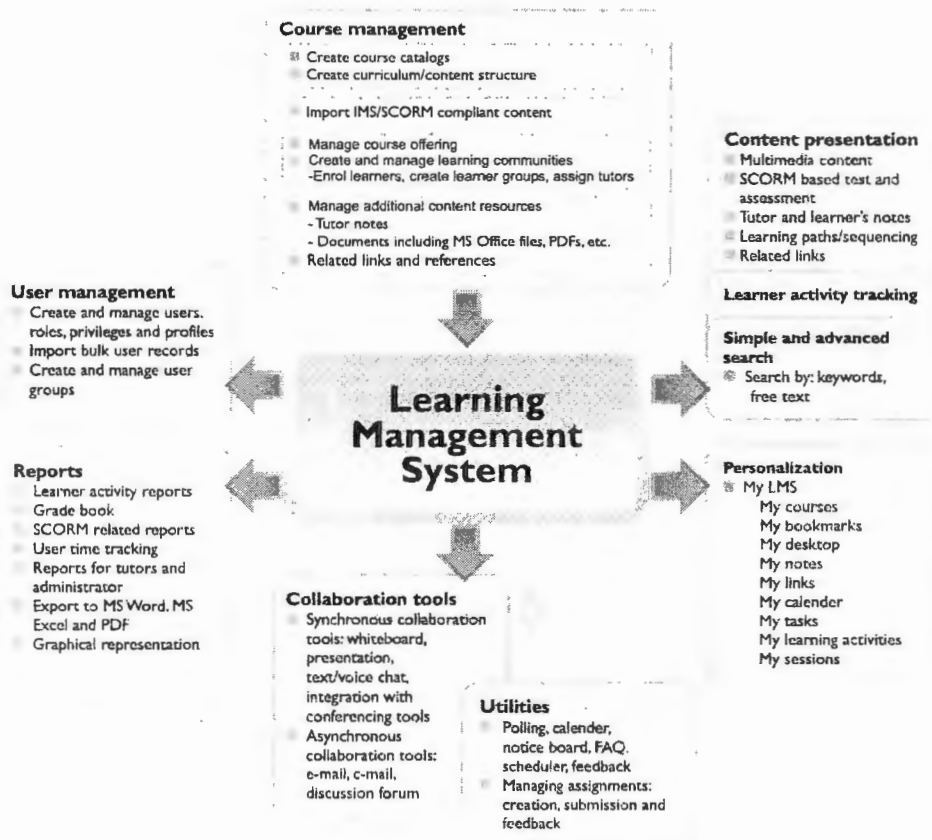- Comments/feedback can be sent to participants.
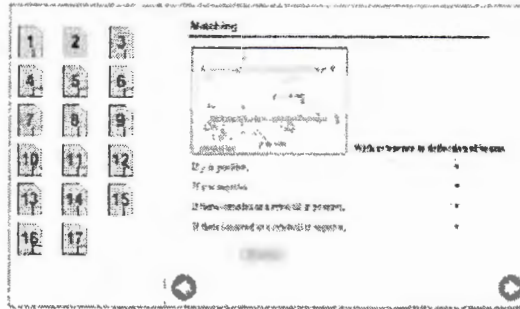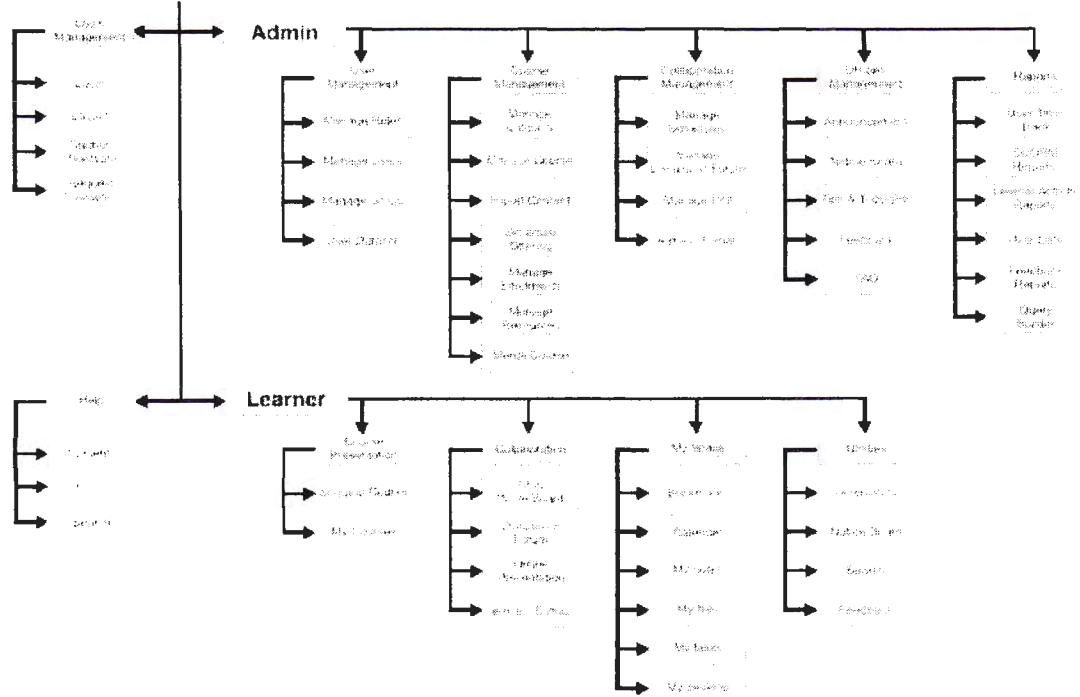
DESCRIPTION OF SARAS LMS

Saras
_ from Excel Soft

Learning Management System

The Saras™ Learning Management System (Saras-LMS) uses technology to enhance and make more effective, the network of relationships between learners, teachers and managers of learning, through integrated support for richer communication and activities.
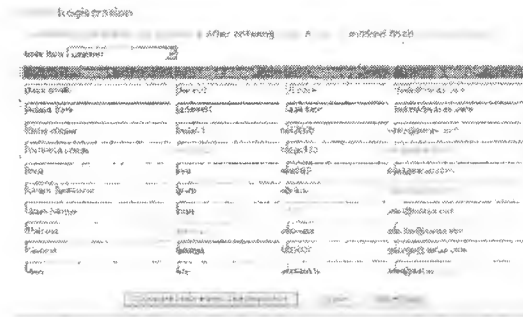
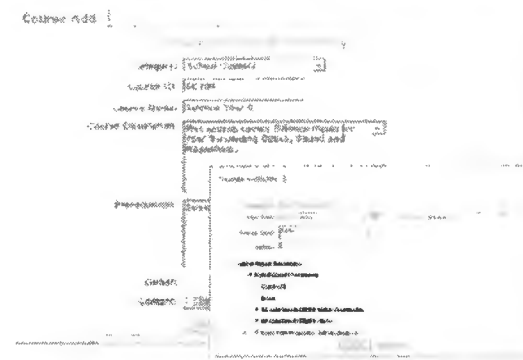**Course management**
- Create course catalogs
- Create curriculum/content structure
- Import IMS/SCORM compliant content
- Manage course offering
- Create and manage learning communities
  - Enrol learners, create learner groups, assign tutors
- Manage additional content resources
  - Tutor notes
  - Documents including MS Office files, PDFs, etc.
- Related links and references

Content presentation
- Multimedia content
- SCORM based test and assessment
- Tutor and learner's notes
- Learning paths/sequencing
- Related links

Learner activity tracking

Simple and advanced search
- Search by: keywords, free text

User management
- Create and manage users, roles, privileges and profiles
- Import bulk user records
- Create and manage user groups

Learning Management System

Reports
- Learner activity reports
- Grade book
- SCORM related reports
- User time tracking
- Reports for tutors and administrator
- Export to MS Word, MS Excel and PDF
- Graphical representation

Personalization
- My LMS
  - My courses
  - My bookmarks
  - My desktop
  - My notes
  - My links
  - My calender
  - My tasks
  - My learning activities
  - My sessions

Collaboration tools
- Synchronous collaboration tools: whiteboard, presentation, text/voice chat, integration with conferencing tools
- Asynchronous collaboration tools: e-mail, c-mail, discussion forum

Utilities
- Polling, calender, notice board, FAQ, scheduler, feedback
- Managing assignments: creation, submission and feedback

Saras-LMS

Admin

Learner

User Management

- You can create different roles and each role can be assigned with different access privileges.
- Create users either by manually entering data or by importing from IMS-LIP or .CSV files.
- LDAP integration for user authentication.
- Organise users into groups and subgroups to mimic an organization structure.
- User accounts can be deactivated at any point in time by the Administrator.

Course Management

- You can build course catalogs containing course details.
- Create curriculum/Content structure.
- Import IMS/SCORM compliant content.
- Build custom courses by merging one or more courses.
- Manage course offerings.
- Create and manage learning communities: enroll learners, create learner groups, assign tutors.
- Map tutors and learners to groups and to courses.

Course Add

Dynamic Content Learning

- Easy to navigate through the content.
- Dockable course structure panel provides more space for content presentation.
- Content can contain all known types of multimedia, graphics, animation, audio, video, applets etc.
- In addition to course notes, you can add supplementary resources such as tutor notes, learner notes and documents including MS Office files, PDFs, image and movie files.
- Sequence of content presentation is configurable enabling a learning path for individual learners or a group of learners.
- Content can be bookmarked/linked to LMS desktop.
- FAQs linked to the course structure can be accessed from the course browsing window. New question can be posted, answered by the tutor and optionally made available as FAQ.

Tracking
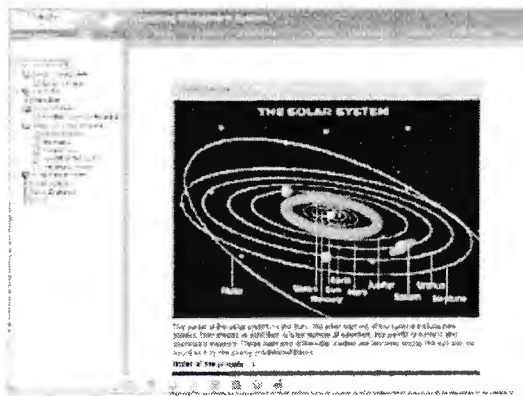
- Learners' activities including course notes browsed, time spent on each level is tracked.

Search

- Simple and advanced search by keywords, free text or wild cards.
- Search in course notes, discussion forums, FAQ and references.

Presentation

Personalised homepage for every user with facility to change contents and layout. My space provides you access to personalised features such as

- My courses
- My bookmarks
- My desktop
- My notes
- My links
- My calendar
- My tasks
- My learning activities
- My sessions

Asynchronous Collaboration Tools

- Through e-mail, internal mail, polling, and discussion forum, the learner can interact with the tutor and other learners.

Synchronous Collaboration Tools

- Synchronous interaction can be held during pre-scheduled sessions.
- Text & voice based chat, online whiteboard and online presentation enable real-time live interaction between the tutor and individual learners or learner groups.
- LMS can be integrated with audio and video conferencing tools.

Utility Tools

- Notice board, calendar, scheduler, search, FAQ are some of the add-on utility features.

Reports

- Learner activity reports
- Content browsing reports
- SCORM-based reports
- Reports can be customised based on client needs

Standards and Compliance

- Compliant to the Instructional Management Systems (IMS) and Shareable Content Object Reference Model (SCORM) standards.
- Saras-LMS implements all the ADL extensions as well as AICC specifications.

REQUEST FOR PROPOSAL

DRAFT

Request for Proposal

Online

Assessment

System

Infrastructure &

Standards

Version 0.9

4 August 2004

CONFIDENTIAL

PEARSON
Education

Table of Contents

1. Goals

While the purpose of assessment is often considered to be to render a *judgment* or a *demonstration* of what a student has or has not learned, more fundamentally the intent of assessment is to *improve* student learning. To do this, assessments must provide the student and her instructor reliable and verifiable feedback on the student's skills and knowledge, both at a point in time and dynamically over time. For the instructor, assessments must not only provide this feedback for each student, but for their class as a whole and for their class versus other classes for normative purposes.

As a leading publisher of educational materials, Pearson's role is to provide the instructor with

(i)   The means to create and administer effective and efficient assessments of their students, and

(ii)   The means to analyze the results of these assessments so that they can appropriately direct student learning activities and their own teaching initiatives.

Assessment Content

While it is somewhat simplistic to separate assessment content from the tools and processes used to create, deliver, and analyze assessments, this breakdown helps to clarify the challenges we face to succeed in our goals. In terms of content, our objectives are simple to state and difficult to deliver:

(1)   Content needs to be **appropriate**
   a. In terms of learning objectives (as specified by the instructor)
   b. In terms of difficulty levels
   c. In terms of language, semantics, terminology, etc.
   d. Culturally

(2)   Content needs to be of highest **quality**
   a. In terms of accuracy and precision
   b. In terms of grammar, spelling, etc.
   c. In terms of usability

Assessment Tools and Processes

For instructors to create, deliver, and analyze appropriate assessments with their classes, we need to deliver:

(1)   **Powerful** assessment-item authoring and content management system
   a. To support the creation of assessment items that meet the criteria above, and

      b. To support best practice workflow processes in assessment content authoring and production.

(2)   Very **easy-to-use** system with minimum training requirements
      a. To create assessments, including adding their own content or changing ours
      b. To deliver assessments in whatever 'format' they choose (e.g. paper, online, online in secure environment, etc.)

(3)   A highly **flexible & adaptable** system to enable
      a. Unique discipline-specific requirements
      b. Extensions and additions as requirements evolve over time
      c. Smooth migration paths as underlying technology changes

(4)   A **reliable and secure** system that allows
      a. Instructors to place their trust in the system for 'mission-critical' uses such as mid-term exams, placement exams, and more
      b. Instructors to integrate the system into their daily teaching and learning practices.

Content + System

The Pearson assessment offering to instructors will be the combination of quality and a software system with the characteristics suggested above. While technically content and the software system are separate, practically they are tightly interwoven in how they are used. From this integrated perspective, the Pearson assessment offering also needs to encompass the following:

(1)   The **latest scholarship** on assessment;
(2)   Usage capabilities required to cover the myriad **different learning styles** of the higher education student body; and
(3)   The ability to support **dynamically improving assessment content quality** as system utilization increases over time.

Pearson Goals

Pearson's goal with this new initiative is to create a long-term substantial and sustainable competitive advantage in the higher-education market in the area of assessment. We believe that if we can deliver a solution that meets the objectives outlined above, then we will have created this competitive advantage.

Your Mission...

We expect to enter into relationships with multiple partners to meet our goals. If you wish to work with Pearson in this endeavor, then your mission is to identify the areas in this RFP where you can add substantial value, your abilities to meet our schedule and other requirements, and your approach to ensuring that your solution will work with technologies or products from other partners or Pearson-development technology.

2. Major Program Elements

Definitions

Assessment: *Assessment comprises for the purposes of this RFP student self-study, skill/knowledge diagnostic and placement tests, assigned homework (practice) problems, surveys, and formal tests (e.g. final exams, certification exams).*

Formative: *Formative assessment, as opposed to the traditional summative assessment, refers to a process of continuous monitoring of student progress in order to guide student learning activities and instructors teaching activities.*
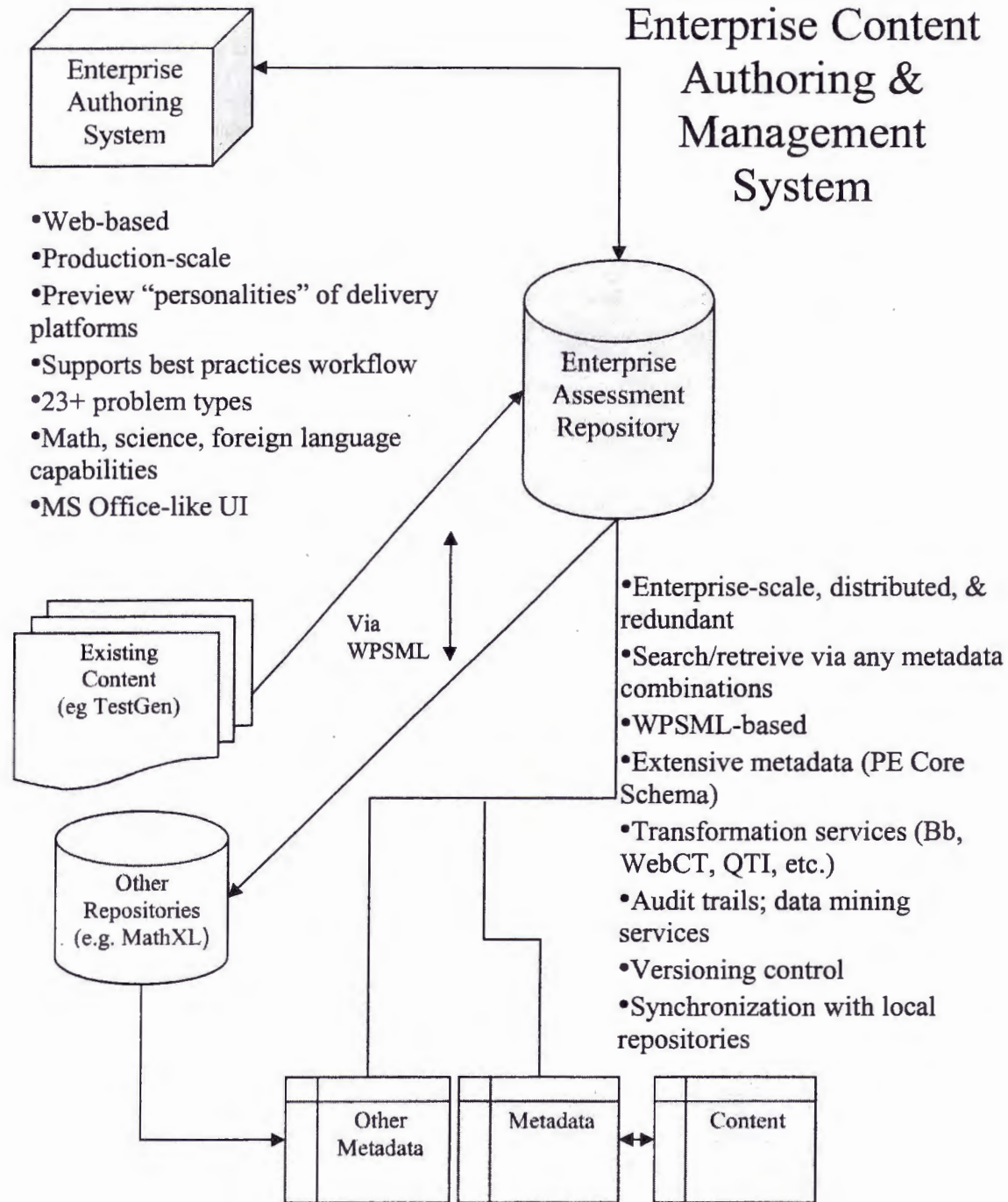
Elements

Pearson OASIS ("Online Assessment Services, Infrastructure, and Standards) has two major elements as follows (diagram follows):

- An **Enterprise Content Authoring & Management System** that:
  - Provides a synchronized offline and online platform for importing, editing, and creating a broad range of types of assessment items & related metadata for Pearson content matter experts and production personnel;
  - A robust, scalable, and distributed Content Storage and Metadata Repository that includes content transformation services (Bb, WebCT, QTI, etc.), version control, data-mining capabilities, and more;

- An **Instructor's Assessment Management System** comprising the elements to support both summative and formative assessments as follows:
  - A desktop-based application to create assessments using items in the Repository as well as non-Pearson items, and then 'publish' these assessments, to either paper, LAN, online, or even mobile devices like PRS transmitters, including into native CMS assessment cartridges;
  - A web-only application with similar or identical functionality that syncs with the desktop application (much like MS Outlook);
  - A local 'instructor's repository' for local assessment copies & custom items;
  - A rich reporting tool to review and analyze student results by item, by topic, by level of difficulty; over time, over multiple sections, and over multiple institutions;
  - Item usage historical tracking and reporting (to Repository) for content QA purposes.

These elements may be comprised of one or more applications from one or more vendors, so interoperability between components is a critical technical requirement. Where ever feasible, we will adhere to existing and emerging industry data and API standards and conventions.
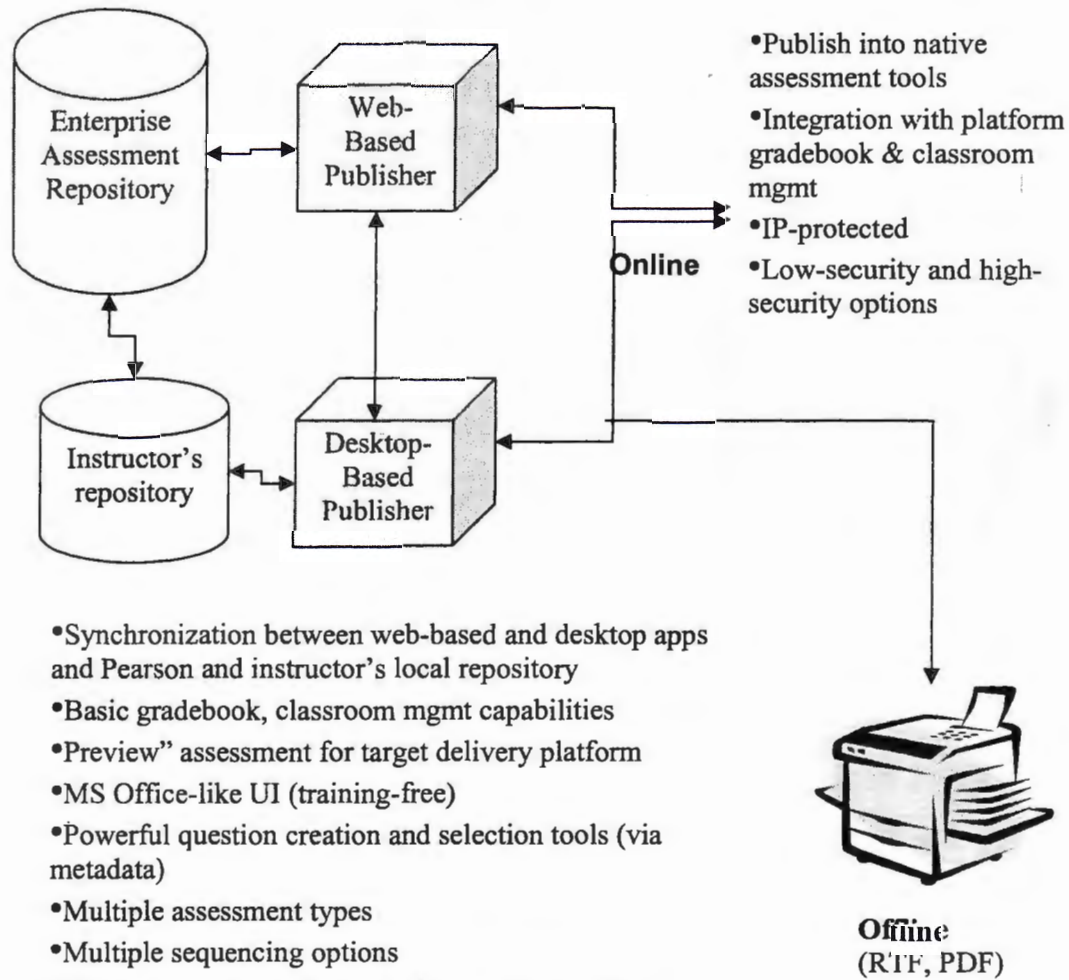
Enterprise Content Authoring & Management System

Enterprise Authoring System

- Web-based
- Production-scale
- Preview "personalities" of delivery platforms
- Supports best practices workflow
- 23+ problem types
- Math, science, foreign language capabilities
- MS Office-like UI

Existing Content (eg TestGen)

Via WPSML

Enterprise Assessment Repository

Other Repositories (e.g. MathXL)

- Enterprise-scale, distributed, & redundant
- Search/retreive via any metadata combinations
- WPSML-based
- Extensive metadata (PE Core Schema)
- Transformation services (Bb, WebCT, QTI, etc.)
- Audit trails; data mining services
- Versioning control
- Synchronization with local repositories

Other Metadata **Metadata** **Content**

Instructor Assessment Management System

Standalone (WPS?)

Bb, WebCT,etc.

CourseCompass

- Enterprise Assessment Repository
- Web-Based Publisher
- Instructor's repository
- Desktop-Based Publisher

Online

- Publish into native assessment tools
- Integration with platform gradebook & classroom mgmt
- IP-protected
- Low-security and high-security options

Offline
(RTF, PDF)

- Synchronization between web-based and desktop apps and Pearson and instructor's local repository
- Basic gradebook, classroom mgmt capabilities
- Preview" assessment for target delivery platform
- MS Office-like UI (training-free)
- Powerful question creation and selection tools (via metadata)
- Multiple assessment types
- Multiple sequencing options
- Results reporting by item, student, section, course
- Item reporting up to Pearson repository

3. Schedule & Contract Factors

3.1. Schedule

Pearson expects that the selected vendor will be able to adhere to a rigorous build schedule. We also expect to break the work into two or more phases, depending upon the starting points of selected partners. The tentative deliverable dates are as follows:

Contract awarded	10/1/2004
Contract signed and development begins	11/1/2004
Phase 1 Beta version deliverable	3/1/2005
Phase 1 Final deliverable	7/1/2005
Phase 2 Beta version deliverable	1/1/2006
Phase 2 Final deliverable	5/01/2006

3.2. Intellectual Property

Pearson prefers to own all code custom developed according to our specifications and with our investment. If previously developed code is used in the implementation, than an appropriate paid-up license, including the ability for Pearson to access source code in certain conditions, will be necessary.

3.3. Technical Security Requirements

Vendor will thoroughly document all designs, specifications, and code. Pearson will conduct regular code-walkthroughs and technical reviews during development and at completion. Source code will be held in escrow in case of company failure or other contingencies.

3.4. Vendor/Pearson Interaction

Pearson will assign staff member(s) to act as liaison between Pearson and selected partner for the term of the relationship. Liaison personnel will have necessary authority and responsibility to manage the project. Partner will channel all correspondence and communication through this liaison. Partner will submit monthly status reports to liaison and meet and/or teleconference monthly or as needed.

Partner must be aware of and strictly adhere to all relevant laws and government regulations regarding confidential student data, intellectual property, and areas as may be required by the project.

4. Audience and Target Market

4.1. Higher Ed Audience Profile

Most simply, the users of this software will be (i) content matter experts and production personnel creating assessment items, (ii) instructors creating assessments for use in their courses, and then (iii) the students as the 'end users' of these assessments. Initially the target segment is Higher Education (Community Colleges, Junior Colleges, and four-year institutions) in U.S. and English-speaking nations but we expect it be the basis for products in non-English speaking nations in the future. These assessments will range from course content/skill mastery diagnostic tests, to graded or ungraded homework assignments, to in-class quizzes, final exams, and to certification exams. These assessments may be delivered via paper and pencil in a classroom; through course management systems; via a stand-alone web interface; or in classrooms using mobile devices. End users may be students in a traditional classroom environment with little online resources utilized or students in web-based distance learning environments in which their interaction with fellow students and instructors in the classroom is limited.

4.1.1. Content Matter Experts, Production Personnel

Under the direction of Pearson editorial staff, content matter experts (CME) will author, edit, and analyze assessment items within the system. Being able to easily import items from other authoring systems to update or modify is critical. CMEs will range in technical capabilities, some using MS Word as their "authoring" tool, while production-level personnel will be quite comfortable with a powerful, sophisticated authoring system.

4.1.2. Instructors

4.1.2.1.   Background – Instructors will range from ones that are very comfortable with technology and have used it extensively (in some cases in Internet-based distance learning courses) to part-time underpaid adjunct faculty that are being told to use the software and are uncomfortable with anything more than MS Office applications. On the content side, many instructors will use the publishers content "as is" out of the box, many will slightly edit or modify our content, and a minority will extensively add to and modify our content.

4.1.2.2.   Deploying -- They have a choice as to how to deploy the assignment to their students: via printing, via a LAN, via the Internet, or in the classroom via PRS technology. If online, they will have standard parameters to set on when the assignment is available, maximum completion time, security level, feedback allowed to students, scoring parameters, etc.

4.1.2.3.   Results – If assignments are completed online, then instructors will have a rich set of reports to review. The more granular the data collected the better.

Results should be exportable to CMS Gradebooks as well as standard office software (Excel). Results will be available on a per-student level, on a section level, aggregated across sections (e.g. for a multi-section course), and on an item level. Multi-semester results should be maintained to allow comparisons across time periods.

4.1.3. Students

4.1.3.1.   Background - Students are not just the stereotypical high school grad, but also include a large number of older returning students, students where English is not their first language, and many students that are technophobic. It is assumed, however, that they can use basic features of Windows and an MS Word-like word processor (or Mac equivalents).

4.1.3.2.   Access - Students will usually gain initial access to OASIS via an access code that they purchase or that is purchased for them by the institution. This code is authenticated by SMS, Pearson's proprietary authentication/authorization system.

4.1.3.3.   Environment - The student will utilize the system in a web browser using standard plug-ins (e.g. Flash) and minimal (ideally zero) custom plug-ins. If the student works within a CMS, then may link out of their course to the appropriate assignment.

4.1.3.4.   Results - Students will be able to review their results by item, by assignment by topic, and more. If they are in a CMS, results will be posted to the CMS gradebook; otherwise, it will be viewable within a OASIS gradebook. For assessments delivered online, it is critical that the system retain work-in-progress in case of loss of connection.

4.2.   Disciplines and Imprints

4.2.1. Imprints

OASIS will be used by a variety of Pearson imprints (e.g. Prentice Hall, Addison-Wesley, Longman, etc). As each imprint has not only its own logo but its own look or style, it is important the OASIS be customizable in appearance via a set of personalities, with visual attributes set by the publishing units.

4.2.2. Disciplines

OASIS must be able to handle the assessment requirements of all Pearson Higher Ed disciplines. These requirements are met primarily through the assessment question types listed in Appendix A, but also through special needs such as foreign-character palettes and voice-recording and playback (for Modern Language assessment), math symbolic characters, algorithmic-based questions, and more.

4.3. International

4.3.1. Non-US English-speaking World

For the English-speaking world, OASIS must accommodate use outside the US as follows:
- allow instructor to set native timezone, so that dated/timed assignments make sense to the students
- country of authoring (of instructors) and use (for students) in metadata

4.3.2. Non-English-speaking World

For the non-English-speaking world, OASIS must accommodate use as follows:
- Native language setting
- Successfully handle non-US character sets, including two-byte character sets (e.g. Kanji, Simplified Chinese, Arabic)

4.4. U.S. K-12

While the primary target market is Higher Education, in at least the US we expect OASIS to be used by institutions for advance placement and college-prep courses in high schools. It is not, however, intended to be a high-stakes standardized exam product.

5. Enterprise Content Authoring & Management System

Assessment is becoming a serious business driver for a significant portion of Pearson Ed business. As assessment content is presently not reviewed, edited, or produced with the depth or care that should be associated with its importance, a new strategy to create and assemble all assessment content in one place, easily search and find it, review it for quality, consistency, breadth, and completeness is called for. Assessment content can be found in numerous types of products and platforms:

- Print: textbook (e.g. end of chapter problems), solution manuals, study guides
- Websites
- Testbanks (TestGen)
- Tutorials
- In-class diagnostics (PRS)
- Online homework systems (PH Grade Assist, MathXL, WebAssign, etc.)
- Course management systems (Blackboard, WebCT, CourseCompass)

Pearson editorial and production personnel will utilize the system, as well as third-party content matter experts. The system must support best-practice workflow procedures for creating the highest-quality assessment content. It must be scalable to hundreds of simultaneous content authors creating and managing millions (possibly tens of millions) of individual assessment items.

5.1. Usage Model

5.1.1. Start-up

Pearson already has substantial databases of assessment content, across numerous Pearson and third-party platforms. As described below, this content is migrating to a XML-based storage and interchange format called WPSML. The Enterprise Assessment Repository will import this content and store it and its metadata. In addition, we may also import metadata information about other repositories where the assessment content stored is not yet in WPSML.

5.1.2. On-Going

Pearson editorial and production personnel will utilize the system, as well as third-party content matter experts. The system must support best-practice workflow procedures for creating the highest-quality assessment content. These practices will evolve over time, and hence the system authoring/reviewing/approving steps must be capable of evolving.

The authoring tools will be web-based and capable of supporting hundreds of simultaneous content authors creating and managing millions (possibly tens of millions) of individual assessment items. Content experts will search and retrieve items from the Repository to review and/or edit, or use the authoring system to create new items. Extensive metadata fields will be available, and workflow procedures will encourage their use. Authors will be able to "preview" what their content looks like (and its interactivity) based on desired delivery platform(s) – e.g. within a CMS, within a particular assessment engine (e.g. TestGen plug-in, MathXL), in a PRS device, etc. Being able to save multiple copies of an item appropriate to a delivery platform should also be easy to do.

5.2. Best Practices Plus

A key objective of OASIS is to support the development and deployment of the highest quality assessment content possible. This goes beyond implementing Best Practices in the area of content development. Also required is a system that provides a steady and detailed stream of real-use feedback on the utilization of the content and analytical tools for understanding the feedback. Only with such feedback, analyzed appropriately, can existing assessment content be consistently and cost-effectively improved. The simplest of metrics – how often a problem is assigned, for example – contains valuable information for judging quality. To refine not only questions but problem hints, step-by-step breakdowns, distracters, etc., demands a substantial data collection, data analysis, and data presentation effort.

The application MasteringPhysics from Addison-Wesley is an example of an application that 'audits' student responses to homework and tutorial problems and through this audit provides (i) useful real-time information to instructors for corrective action and (ii) historical information to editorial and production personnel to guide problem refinement and future authoring efforts.

All aspects of OASIS have a role to play in this "data mining" effort:

- The content repository must be able to store and retrieve efficiently the data collected;
- The authoring system must provide the content matter expert or the editor the appropriate tools to analyze the data, including exception reports to quickly identify problematic content;
- The instructor's ASM must not only collect and report the appropriate feedback, stripped of any information that would compromise privacy, but also must give the instructor easy-to-digest and real-time analysis of their class' performance so they can make appropriate adjustments in their instruction.

5.3. Question Types

The system will need to support a wide variety of question types and styles to suit a number of disciplines and users. Many of these question types are only applicable in certain disciplines but their utility should not be underestimated, as those disciplines are more likely to utilize such an assessment tool. Implementing these question types would not only allow instructors to create dynamic content but would also allow editorial and media groups to enrich assessment content for delivery via numerous channels.

See Appendix A for a list of question types desirable for the initial release. Reference is made to example screen shots of many of these. Pearson's system should duplicate all these types but, most importantly, *the system must be easily expandable to include new problem types as the need arises* or the appropriate technology becomes available.

Any system design must incorporate support for algorithmically generated components in question stems and answer choices. This feature allows instructors to generate questions using variables in the stem and the answer choices. **Note: It is important that the system has the ability to write and play algorithms utilizing WPSML 2.0 format.**

See figures 1-17 for relevant example screen shots in Appendix D.

5.4. Creating Questions

5.4.1. Selecting from Repository

The author should be able to easily find and review questions in the Repository by a number of metadata criteria: title(s), author(s), topic(s), level of difficulty, question type, keyword, usage history, etc. See section 5.7 below for more on search/retrieval capabilities.

See figures 18-23 for relevant example screen shots in Appendix D.

5.4.2. Editing/Creating Questions

The system should have in-line editing capabilities, full spell-check capabilities, support special characters (math, foreign language) via easy-to-use palettes or similar devices, allow import of pictures, animations, and other media (in industry-std formats such as jpeg, gif, ...), allow import of large text blocks (e.g. for reading comprehension assessment), ... Any solution must feature math rendering software and/or Equation Editor capability. The author should also be required to add the minimum standard metadata tags, and others as they are able to or desire to. Full text formatting capabilities must be available, with a UI as close to MS Office standards as possible.

See figures 24-26 for relevant example screen shots in Appendix D.

5.4.3. Importing Questions

One aspect of the system that cannot be overemphasized is its ability to import existing content and metadata tags on and around that content smoothly. Before the system can be utilized Pearson faces the task of importing 1,000,000 items into OASIS. The system would need to support importing documents in .rtf format, xml format, and WPSML format. The importing feature needs to flag with appropriate error messages any items that it has difficulty interpreting, much as Respondus alerts the instructor when exporting items to platforms that do not fully support the item type (see next section).

5.5. Previewing

Content authors or reviewers need to be able to 'preview' new items in the various assessment players available to the instructor, such as:

- Pearson's proprietary players (OASIS, and legacy systems)
- CMS assessment systems (Blackboard, WebCT, Angel, Desire2Learn, Sakai)
- Other industry-standard assessment systems (e.g. QTI-based,RTF)

Functionality required includes:

- authoring interface has hints/tips about what works, in which output format
- system can generate reports about content, highlighting conversion issues
- conversion jobs will generate log data which is accessible through workflow tools
- all conversion tools integrated into similar panels, with similar screen-to-screen workflows, and grouped together in the authoring UI
- conversion screen-to-screen workflows (wizards) guide authors through optional choices for conversion options

The reporting and publishing capability of Respondus is one example of these capabilities. See figure 27 in Appendix D.

5.6. Metadata Requirements

Metadata must also be collected for assessment items. See Appendix B for metadata fields required for initial release. Collection of this metadata will also allow Pearson to maximize re-use of existing assessment content, thus reducing costs and errors. The repository must collect anonymous usage and audit-trail information per item to support efforts to improve the quality and efficacy of content over time, as well as enable powerful reporting capabilities for instructors on the efficacy of assessments they assign.

5.7. Repository Functionality

See Appendix B for a table of functional requirements for the Repository.

The system must allow for content distribution, loading, managing and editing from a national Pearson controlled repository using current Pearson formatting standards. This back end system must provide reconciliation, error correction, item analysis, and classical testing theory analysis including:

- Frequency
- Standard Deviation
- Mean
- Difficulty ranking (p-score) and distribution
- Biserial coefficients

The system must also allow for publishing and distribution of content, online distribution of updates, and notification to daughters that a parent item has been modified.

5.7.1. Searching & Retrieval

5.7.1.1. Phase 1

- Basic Search - including metadata search. The user has ability to specify one particular metadata field to search, for example: Object ID, Title, Page Content, etc. This should help the user who knows exactly what metadata needs to be searched, and should also help search performance for those who choose to select this filter.

- Search and Replace-- replaces all. Will be dependent on user's write permissions to allow replace)

- Other search filters (such as date last modified, etc.)

- Search on any object and its associated metadata fields (all objects in repository)

5.7.1.2. Phase 2

- Matching Rules: Exact phrase; All words (any order); Any words (must have/must not have); Case/not case sensitive

- Limit search to: Object ID, Title, Page Content, Questions, Answers, Hints, Feedback

- Only Search Objects of this Type: Volume, Component, Module, Problem

- For English language content only: Fuzzy search; Stem search; Thesaurus search

5.7.2. Reporting

History reports and User Messaging when content changes/deletions/copies/moves occur.

Assessment status and tracking capability:

- Audit trail indicating where object has been used
- Content creation workflow states
- Status-based alerts/messages sent as content moves from one state to another
- New status flags (in review, OK for use, view only, approval needed,…)

5.7.3. Storage and Interchange Format

A key objective of the development of a standard interchange and repository format for assessment was designing a new xml format (WPSML) that would fully encompass all Pearson assessment content. This would allow Pearson to reduce expense and initiate the freedom of sharing this content across systems and HE/Professional Business Units. The principals of this effort include: XML, Unicode, Fixed Compact Notation for math symbol representation, IMS QTI standard support and support for algorithmic expressions.

WPSML is an evolving specification, and the 2.0 version supports a subset of the functionality required to describe all Pearson HE assessment content. Specifically, the 2.0 specification was designed to support all TestGen and WPS (Pearson's proprietary web-publishing system for companion web sites) content while conforming to the PE Core 1.0 specification. Further, WPSML 2.0 provides a framework for version 3.0 which will fully support PHGA, MathXL, and ExamView content.

The repository storage and interchange format must include support for WPSML v2.0 and future iterations of this markup language.

5.7.4. Synchronization

Repository will offer "Publish" functionality for sending finished (ready for consumption) items to externally-accessible database. System will have abiltiy to publish to local (instructor's) copies of assessments that have been updated (e.g. error's fixed) with appropriate consent or control from the instructor. System shall provide a mechanism for users to schedule deletion of expired content. The system shall have the ability to manage multiple (related) versions to original object (versioning/version control).

System will have check-in/check-out capability to lock content objects while they are being edited or have the ability to edit simultaneously and resolve all conflicts and save multiple editor's changes.

5.7.5. Scalability

System shall provide a robust and scaleable (for content access, search and download capabilities by hundreds of internal authors, thousands of external instructors, and millions of items) Content Store and Metadata Repository.

6. Instructor Assessment Management System (AMS)

6.1. Usage Scenario

OASIS will entail a web based (browser) platform-agnostic interface with desktop application that opens in a standard browser window on the desktop. Users will be able to download the desktop application to enable offline work. The web application, however, will be completely self sufficient and free standing such that any user would be able to work completely online if desired.

Instructors will receive access to OASIS via a handshake with Pearson's authorization and authentication system, SMS. Tasks include: retrieve assessment items, edit item, add additional proprietary items (via authoring or importing), and then organize items into an assessment assignment for their students. The authoring process needs to be as easy as possible, including creation in MS Word and then importing into OASIS. Original items will be considered "private" and not part of the Pearson Repository, unless they are "published" by the instructor without restrictions as to their re-use by others. Edited items will remain as Pearson IP, and will need to have metadata indicating their origin and change history.

6.2. CMS Functionality

6.2.1. Compatibility

There is little debate that the existing assessment platforms within BlackBoard, WebCT and Vista, and eCollege are lacking in the depth and breadth of functionality users require. OASIS should work in tandem with these rather than press users to switch from a sometimes campus wide enterprise CMS installation completely. The system must be designed to be compatible with existing course management systems. Results from OASIS assessments must be easily imported back into the CMS gradebook.

In addition, assessments created must be easily exported for delivery via these systems, much as Respondus does. Export into the CMS formats below should include an ability to preview how the assessment will look.

1. WebCT v. 4x
2. Vista v. 2x
3. BlackBoard v. 6x
4. ECollege v. 4x
5. Desire2Learn v.
6. Sakai (open source)

6.2.2. Classroom Management & Gradebook

OASIS should provide a basic level of CMS functions for those instructors not using a CMS. Specifically, the system should support student and class management, student import and/or enrollment, and gradebook and item analysis functionality (more on reporting below). These capabilities should be modular or componentized so that they can be swapped in/out when different or unique capabilities are required.

6.3. Assessment Creation

6.3.1. Instructional Purpose

The instructor can choose to create an assessment of the following types, all of which can be graded or ungraded:

(1)   Pre-test or diagnostic test
(2)   Low-stakes test (quiz, mid-term, final)
(3)   High-stakes test (e.g. certification)
(4)   Homework
(5)   Tutorial (guided interactive instruction)
(6)   Self-study
(7)   Survey
(8)   Classroom group interaction (PRS)

Some of the practical implications of assessment type are:

(i)   Only certain questions are appropriate for each assessment type
(ii)   Feedback to students vary by assessment type
(iii)   Assignment date/time parameters will vary
(iv)   Dynamic linking to online course content (e.g. eBook) will not be appropriate for some assessment types

6.3.2. Question Creation, Editing, Importing

Instructor's capabilities to create, edit, and import questions will be a subset of those described in the authoring system (Section 5.3) above. There primary interest is in publishing an assessment vehicle (e.g. a test or homework assignment), not in authoring an assessment item (or collection of items). Hence, the "authoring" capabilities of the Instructor AMS will be optimized for assembly of an assignment, including a full suite of editing tools, rather than original creation. It is critical that the learning curve for creating and deploying an assessment be as low as possible – ideally modeled on MS Office UI conventions.

Many instructors have favorite assessment items in other platforms that they would like to import. OASIS must be able to support importing in industry-standard formats (RTF, QTI, and cut/paste).

Instructors should have the option to "publish" their original questions so that they can be shared with other instructors, either at their own institution, or without restriction. Appropriate credit must be registered in the Repository metadata.

Note: as the Enterprise Authoring system expands over time to include new question types, the Instructor AMS must likewise be able to use these new question types.

6.3.3. Question Selection

The system must provide multiple ways for instructors to select and retrieve content from the Repository to use in their assessments:

(1) A wizard-based approach that allows for automatic selection based on instructor-set parameters such as title, topic, mix of level of difficulty, mix of question type, number of questions, etc. The wizard will then create the assessment device, and allow the instructor to individually edit, delete, or add items.
(2) An intuitive, fast way to select items from the 'recommended' set of items (per title) for the non-power user instructor
(3) An intuitive way to select items from the broadest range of available content from the Repository (subject to adequate authorization) for the power-user.

The system must have an interface to allow users to select questions from a pre-populated testbank using a series of criteria for which the assessment items possess the appropriate metadata tags. The more criteria utilized for the selection/search the better. Criteria should include at minimum: question type, previous usage case, difficulty level, chapter/subject, topic, and keyword. It is especially important that instructors be able to quickly discern if a question has been previously assigned (e.g. for homework) before selecting it for a test.

Items selected that are incompatible with the instructors CMS should be flagged for the instructor in some obvious way, though allow downloading for editing purposes if so desired.

Once selected, items to be edited will be downloaded to the users desktop (the "Instructor's Repository in the Section 2 figure) for additional manipulation. If an item changes in the Pearson Repository after it has been downloaded but prior to it being deployed in an assignment, then the instructor should receive a message indicating that the item has changed, how it has changed (if possible to display), and a choice as to whether to substitute the new item for the old.

See figure 18-22 for relevant example screen shots in Appendix D.

6.3.4. Sequencing

6.3.4.1. Randomization of Items and Answer Choices

A critical capability of the system is randomization. Instructors must be able to <u>easily</u> randomize the order in which items appear in an assessment and also scramble the order of answer choices in multiple choice and matching questions. Answer keys must, of course, reflect accurately question randomization.

6.3.4.2. Branching and Computer Adaptive Capability

Branching is the selection of subsequent assessment items based on the response to previous questions. By way of illustration, imagine a survey in which you're asked a series of qualifying demographic questions. If your responses place you in the desired segment you're directed to additional questions. If not you're directed out of the assessment. This capability is useful in homework/practice sessions and in diagnostic testing scenarios.

Computer adaptive testing is a sophisticated evolution of branching in which the assessment starts with a medium level of difficulty item and is redirected again and again based on whether the previous question was answered correctly or incorrectly. The GMAT and NCLEX are both computer adaptive exams and this technology is essential to recreating these testing environments. Adding branching and CAT technology provides potential revenue streams in NCLEX and GMAT simulation products sold direct to students.

Both branching and CAT capabilities are not required for Phase 1, but are for Phase 2.

6.4. Deployment Options

6.4.1. Assignment Options

When deploying an assessment, the instructor should be able to set the following parameters and options:

1) Assignment date: beginning of period, end of period, max time allowed
2) Number of times assignment can be retaken
3) Partial credit
4) Level of real-time feedback to student
5) Randomization of questions and descenders
6) Platform: Paper, online, online secure, online proctored

See figures 28-32 for relevant example screen shots in Appendix D.

6.4.2. Platform & Security

Users will be able to create assessments for delivery on the web, in a secure web browser, in a online proctored setting, in a classroom presentation, or in a paper and pencil printed format, and/or via an internal LAN. It is critical that they have a WYSIWYG preview capability, so that they can see precisely what the assessment will look like (and behave like) in the target platform.

6.4.2.1. Printed Output

In the case of a printed assessment the user should have the option to output finished work to pdf format for delivery to print shops or others for printing. User should also have the option to output to rtf format for editing by support staff.

Phase 2 option: Partner with Pearson NCS to handle scanned printed output and computerized grading.

6.4.2.2. Web-based Online Delivery

It is assumed that the vast majority of self-study and homework activities will be done completely online, that quizzes will be mixed online/print, and that only a small (but growing) proportion of higher-stakes tests will be delivered online.

Options for online delivery will be via a secure browser, or in a proctored setting. Instructors should be able to limit editing/writing capabilities for assessments via password-protection (e.g. for TAs). Access to take assessments can also be password-protected. For higher-stakes testing, instructors or administrators should be able to limit even the particular machines or IP addresses that can access an assessment to facilitate proctored exams in lab settings.

6.4.2.3. LAN Delivery

Because of reliability, security, and privacy issues around Web-based delivery, some institutions will prefer to locally host the OASIS application responsible for delivery of assignments over a LAN. This is a Phase 2 requirement.

6.5. Results Reporting

In addition to providing users with a superior initial experience it is also Pearson's intention to augment that experience over time through the collection of and reporting on data encapsulating the use of items and assessments. Instructors should be able to

compare data over time and other dimensions such as comparison of classes, both the instructor's and others', comparison of individual students, questions, and recommended usage of questions (e.g. homework, quizzes, tests).

Examples of desirable report capability requirements include:

Individual Student Level
- Single item analysis, including collecting wrong answers, hints requested
- Strengths and weaknesses by chapter/cubject
- Strengths and weaknesses by topic (a-head level) or learning objective
- Relative strengths and weaknesses (percentile rank) within class
- Relative strengths and weaknesses (percentile rank) within user pool
- Performance by question type
- Historical analysis (e.g. vs. entry diagnostic test or from previous attempt at the same course)

Section Level
- Item Analysis (most missed, percentage correct, incorrect responses)
- Aggregate strengths and weaknesses (by chapter, topic, and question type)
- Relative strengths and weakness versus other classes (percentile rank)
- Results exportable to Excel and/or CMS Gradebook.

Course Level
- Section-level analysis aggregated over multiple sections
- Section-level analysis aggregated over multiple semesters with comparisons
- Results exportable to Excel and/or CMS Gradebook

Item Level
- Frequency
- Additional usage cases
- Standard deviation
- Mean
- Difficulty ranking (p-score) and distribution
- [Biserial coefficients]

See figures 34-42 for relevant example screen shots in Appendix D.

6.6. Synchronization

Each time the instructor opens or quits the desktop application s/he should be prompted to synchronize or, preferably, the synchronization should be transparent to the user. Additionally, when the user opens or closes the web application from a machine with the desktop version resident the sync should happen as well. The most analogous application

is Quicken in which the sync between the desktop and web top applications is seamless. MS Outlook (with MS Exchange Server) is another example.

Data by synced includes assessments created; assessment items created or edited; assignments; class management changes; and grading.

6.7. Student Privacy; Security

It is critical that OASIS have a high level of security to prevent unauthorized access to student results, to assessment items, assignments, student/class history, etc. Authorization control must be flexible enough to allow instructor's to give limited read or read/write access to TAs or fellow instructors. An audit trail and appropriate alert messages must be used to track changes in critical items (grades, student info, assessment results, etc.).

6.8. User Data Requirements

System must collect the following data from instructors:

- Name
- Title
- School
- Department
- Book in Use (Can be captured with interface with Pearson's Socrates system)
- Subscriptions (Can be captured with interface with Pearson SMS)
- Name & no. of course
- Whether course is multi-semester
- Start/end date of course

It may be possible to collect just a few pieces of data (name, department, and school) and then query these other databases to auto fill the registration screens with the rest of the data.

6.9. Competition

Appendix C is a table comparing products that serve similar functions to those described in this RFP. This is for background information only, but these may prove useful implementation examples.

7. Technology Approach & Standards

7.1. Human Factors, UI Design

The ultimate achievement in this area would be a complete lack of necessity for documentation, help, and training. The software must be ultra intuitive. Capturing users and retaining them is reliant upon it. Pearson will focus close attention on this area. Design, ergonomics, and other human factors will be integral in the winning proposal.

OASIS must meet all legal accessibility requirements for the United States.

7.2. Scale

With the realistic potential for thousands of users using thousands of items and saving files in distinct databases, the data size for an assessment system can grow extremely large. Assume that the initial data size for the system will be calculated by assuming the following:

	Year 1	Year 2	Year 3
No. titles	50	200	1000
Avg. questions/title	1000	2500	4000
Avg. % items edited	5	5	5
No. Instructors	5k	25k	100k
No. Students	250k	1.25M	5M

7.3. Technology Interfaces

7.3.1. Industry standards

OASIS should adhere to all relevant industry interoperability specifications and standards such as IMS Content Packaging, IMS Metadata, IMS QTI (v2), SCORM, IEEE LOM. If applicable, service-based APIs, such as those from the Open Knowledge Initiative, should also be used.

7.3.2. SMS

This is Pearson's proprietary authentication/authorization system, with e-commerce capabilities. Access to proprietary Pearson Ed content must be initially authorized via an SMS-generated access code.

7.3.3. CourseCompass

This is Pearson's private-labeled version of Blackboard v6. OASIS needs to integrate to CC via Blackboard building block APIs and, on a local campus level, via CHALK.

7.3.4. PAL

The Pearson Asset Library (PAL) is a corporate distributed repository initiative for all kinds of media assets (based on Artesia technology). The OASIS Repository must have a metadata and content feed to/from PAL.

7.4. Platforms

7.4.1. Desktop

OASIS must support Windows 2000 and later platforms for all production and end-user applications. Mac OS X and later platforms must be supported in standard browser configurations (including Safari).

7.4.2. Mobile devices

Requirements to come, but with the advent of Personal Response Systems (PRS) technology for use in lectures, OASIS must provide an easy path for an instructor to create and deliver content to PRS platforms and then recover the results and integrate them back into their gradebook. Possibly other scenarios would use cell phones as PRS-style devices.

7.5. Doc/Help

The ability to minimize switching costs for Pearson's current TestGen users and for users of competing products is critical. The best way to accomplish this is to make the system extremely user friendly and intuitive right out of the box while at the same time providing the level of sophistication more advanced users require.

No matter how easy to use it's important that the documentation, help screens, phone and online support and online or live training support users without overwhelming them with information. Examples of exceptional help are:

- QuestionMark's intuitive, context sensitive help screens provide the added feature of a "progress bar" showing the user how far along in the particular tutorial s/he is.

- BCA's support site boasts help via pdf users' guides for students and instructors, flash tutorials, the "ask a question" feature, and context sensitive "how do I?" html pages.

See figures 43-46 for relevant example screen shots in Appendix D.

7.6. Installation

Installation of the Instructors ASM must be as intuitive as possible, with a minimum number of steps (and, as stated above, the minimum number of proprietary plug-ins). See figure 47 for relevant example screen shots in Appendix D.

7.7. Quality/Reliability

Pearson expects the software to meet high standards for quality and reliability. These standards will include but are not limited to:

- Designed for 7/24/365 availability at 99.9% worldwide.
- Must include fail-over such that no re-login is required under all common conditions
- Regular maintenance windows of 2 hours/week or less to accommodate bug-fixes and other system changes.

8. Appendices

A. Question Types

Req. #	Description of Requirement/Feature QUESTION TYPES	Implementation Date	Appendix D Figure
1	Multiple Choice Questions (Options: permuting, non-permuting, algorithmic variables, response-specific feedback, symbolic and numeric math operations)	Initial Phase	1
2	Multiple Selection Questions (Options: permuting, non-permuting, algorithmic variables, symbolic and numeric math operations)	Initial Phase	2
3	Multipart Multiple Selection	Initial Phase	3
4	Multipart Formula Questions	Initial Phase	4
5	Matching Questions (Options: algorithmic, symbolic and numeric math operations)	Initial Phase	5
6	Complete-the-sentence featuring drop-down menus (Options: algorithm, symbolic and numeric math operations)	Initial Phase	6
7	Short-answer Exact match (Options: algorithmic; extra whitespace and capitalization ignored at instructor's option)	Initial Phase	7
8	Ungraded essay (Option: peer-reviewed essays; graded via K-A-T?)	Initial Phase	8
9	Clickable Image (hotspot) (Options: algorithmic)	Initial Phase	9
10	Dynamic figure labels (Options: algorithmic)	Initial Phase	10
11	Student Response Objects (Options: algorithmic)	Initial Phase	11
12	Dynamically-generated Function Plot (Option: algorithmic, symbolic math operations)	Initial Phase	12
13	Table fill-in	Initial Phase	13
14	Drag and Drop	Initial Phase	14
15	3-D Direct-Manipulation	Initial Phase	15
16	True/False, Yes/No	Initial Phase	
17	Modified True/False	Initial Phase	

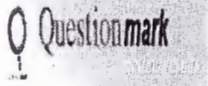| Req. #	Description of Requirement/Feature QUESTION TYPES	Implementation Date	Appendix D Figure
18	Multi-part step-by-step tutorial	Initial Phase	
19	Likert Scale	Initial Phase	16
20	Ranking	Initial Phase	
21	Flash, Java Applet	Initial Phase	
22	Slider	Initial Phase	
23	Audio question types (playback, recording)	Initial Phase	

B. Repository Specifications

Req. #	Description of Requirement/Feature	Implementation Date
1	System shall provide a robust and scaleable Content Store and Metadata Repository.	Initial Phase
2	System shall provide backup and recovery utilities	Initial Phase
3	System shall provide a user-friendly, easy-to-use interface for searching the aggregated Content Store and Metadata Repository.	Initial Phase
4	System shall provide an ability to accept metadata from increasing and varying types of content objects (some of this collection will be in an automated fashion) and store and associate it with these objects in the Content Repository.	Initial Phase
5	Repository shall serve the purpose of aggregating content from existing content silos (CD, file systems, etc.) in various business units, and minimize (or eliminate) duplicate content.	Initial Phase
6	Repository shall track content object revision history (audit trail).	Initial Phase
7	Repository shall support rating and feedback mechanism for specified content objects.	Initial Phase
8	Repository will enable content to be accessed for multiple purposes, including re-formatting or re-packaging as new product	Initial Phase
9	To help with the improvement of test item creation workflow, reporting capabilities should include object metrics, status, history, versioning, reviews, approvals, usage and feedback/comments	Initial Phase
10	Repository will include Transformation Services that enable full-fidelity conversion capabilities to Blackboard, WebCT, QTI and RTF formats	Initial Phase
11	At a minimum, the Repository will include the following metadata fields: **Book related metadata:**	Initial Phase

Req. #	Description of Requirement/Feature	Implementation Date
	Title Edition ISBN Copyright Date Keyword Subject Author **Object metadata:** Date created Date last modified ID status (active or locked) style applied **Website metadata:** launch-live date website ISBN **Question metadata:** Type ID (from TestGen or other assessment system) Chapter number (added by MathXL team) Section number (added by MathXL team)	
12	Viewing and manipulating content objects in the Repository are to be controlled by login rights/permissions set forth by User and Security Manager	Initial Phase
13	Handling of international two-byte character sets	Initial Phase
14	System shall provide facility to define the metadata set associated with a specific content type.	Future
15	System shall provide a mechanism for business units to schedule deletion of expired content.	Future
16	System shall automatically remove old content based on content expiration attributes.	Future

Req. #	Description of Requirement/Feature	Implementation Date
17	System shall provide content categorization mechanisms.	Future
18	Test and assessment items, as well as other content objects, whose rights are either limited or exclusive, need to be restricted from reuse	Future
19	Repository shall support user-defined metadata.	Future
20	System must support bulk editing of metadata across multiple objects	Future
21	Repository should be extended to provide access to all internal and external users to all content objects through a web browser, based on security at the object, user, group and Business Unit level.	Future

C. Competitive System Overview

Summary Competitor Matrix

	TestGen	ExamView		Questionmark (Perception)
Type	TIF	TIF	TIF	Online assessment
Distribution (web/LAN/desktop)	Desktop Only	Desktop	Desktop	Web and Desktop
Delivery Options	Print/Online/LAN	Print/Online /LAN	Print/Online (with interface)	Online
Printed Output	.bok files; RTF in 2004	Rtf	Pdf, rtf	NA
Synchronization	No	No	No	No
Question Types	8	13		16
Algorithmic Support	Yes	Yes	Yes	Yes
Randomization	Yes	Yes	Yes	Yes
Authoring Interface	Fair	Good	Good	Fair
Editing Interface	Good (v6.5)	Good	Fair	Fair
Item Selection	Fair	Good	Fair	Fair
Import Functionality	Fair	Good	Good	Good
Item Metadata Capability	Fair	Excellent	Fair	Excellent
Adaptive Testing	No	No	No	Limited
Results Reporting	Fair	Good	Fair	Good
CMS Compatability	Limited	None	Fair Assessments exportable to CMS	BlackBoard only
Embedded CMS Features	Some	Some	Gradebook	Some
Math Rendering	Yes	Yes	Yes	Yes
Security	No	Yes	Yes	Yes
Ease of Use	Good (v6.5)	Good	Fair	Fair
Documentation/Help /Support	Good	Good	Fair	Good

		clearlearning	EDU	GradeSummit
Type	Test & Homework	Test & Homework	Test & Homework	Homework
Distribution (web/LAN/desktop)	Web Only	Web/LAN/ Desktop	Web Only	Web Only
Delivery Options	Print/Online	Print/Online	Online Only	Online Only
Printed Output	Pdf, rtf	Pdf, rtf	NA	NA
Synchronization	No	Yes	No	No
Question Types	Over 40	Unknown	18	MC Only
Algorithmic Support	Yes	Yes	Yes	No
Randomization	Yes	Yes	Yes	Yes
Authoring Interface	Excellent	Good	Good	NA
Editing Interface	Excellent	Good	Good	NA
Item Selection	Excellent	Good	Excellent	Fair
Import Functionality	???	Excellent	Good	Good
Item Metadata Capability	Excellent	Excellent	Excellent	Good
Adaptive Testing	No	No	No	No
Results Reporting	Excellent	Excellent	???	Good
CMS Compatability	No Gradebook compatability	???	Fair	Poor
Embedded CMS Features	Yes	Yes	No	Some
Math Rendering	Yes	Yes	Yes	No
Security	???	Yes	Yes	No
Ease of Use	Excellent	Currently Poor	Good	Excellent
Documentation/Help /Support	Excellent	Poor	Good	Good

D. Example Screen Shots

DISCLAIMER: These screen shots are for background reference about competing implementations of these ideas, and are not to be considered specific product requirements.

		Pegasus 1.0 - Phase 3 Development Plan					
ID	% Complete	Task Name	Planned Effort Days	Duration	Team Lead	Start	Finish
1	37%	**PEGASUS 1.0 RELEASE**		91 days?		**2005 December 1**	**2006 March 20**
2	0%	**PHASE 2 - CR Resolution**		1 day?		**2005 December 1**	**2005 December 1**
22	38%	**PHASE 3 - Development**		91 days?		**2005 December 1**	**2006 March 20**
23	47%	MILESTONE 3-1 (Phase 2 Work)		91 days?		2005 December 1	2006 March 20
24	52%	**Assessment Tool**		88 days?	Chandru	2005 December 1	2006 March 15
127	100%	**Asset Service**		66 days	Prabha	2005 December 1	2006 February 16
131	24%	**DRT**	104	76 days?	Jag / Brian	2005 December 1	2006 February 28
298	83%	**Import Tool - Remaining Task**		67 days	Prabha	2005 December 1	2006 February 17
301	26%	**Gradebook**		79 days	Jag	2005 December 1	2006 March 3
313	60%	**Question Library**		23 days	Chandru	2006 February 13	2006 March 10
350	88%	**Study Plan**		12 days	Lokesh	2006 February 11	2006 February 24
357	89%	**Teaching Plan**		16.4 days	Lokesh	2006 February 6	2006 February 24
364	48%	**Teaching Plan - Content Browser**		69.45 days	Lokesh	2005 December 1	2006 February 21
369	100%	**Copy Course (My Pegasus)**		3.25 days	Prabha	2006 February 13	2006 February 16
372	0%	**Course Home Page**		4 days	Chandru	2005 December 1	2005 December 5
379	76%	**Course Settings**		68.75 days?	Prabha	2005 December 1	2006 February 20
399	0%	**HTML Editor Integration**		1 day?	Chandru	2006 March 20	2006 March 20
402	100%	Announcement - Paging (Admin Side Announcement Listing and for Non-Admin	2	2 days	Prabha	2006 February 8	2006 February 9
403	0%	Milestone 3-1 Reached		0 days		2006 March 20	2006 March 20
404	15%	MILESTONE 3-2 (Phase 3 Work - End of Phase)		80 days?		2005 December 1	2006 March 4
405	18%	**Search**	20	12 days	Prabha	2006 February 20	2006 March 4
421	0%	**Help Tool**	40	1 day?	Prabha	2005 December 1	2005 December 1
429	34%	**My Account**	20	54 days	Lokesh	2005 December 30	2006 March 2
457	0%	**Reports**	100	1 day?	Mike R. / Deepak / Cl	2005 December 1	2005 December 1
465	0%	**Print Tool**	20	1 day?	Chandru	2005 December 1	2005 December 1
473	0%	Publisher Concept & Login Pages+Branding	25	1 day?	Lubos, Brian, Subbu	2005 December 1	2005 December 1
474	0%	Advanced Assessment Settings (Default Settings Per Assessment Category)	10	1 day?	Prabha, Chandru	2005 December 1	2005 December 1
475	0%	UI Cleanup Tasks (based on UI review of the build, triaged)	30	1 day?	Prabha	2005 December 1	2005 December 1
476	0%	Usability Improvement Tasks (based on input from user testing, triaged)	20	1 day?		2005 December 1	2005 December 1
477	0%	Browser Check and Tuneup	5	1 day?	Lokesh	2005 December 1	2005 December 1
478	0%	MyPEGASUS - Enroll in another course (INS/STU - Fixed link taking user to the	5	1 day?	Prabha	2005 December 1	2005 December 1
479	0%	Opening of Contextual Menus related to Cmenu location on the screen	5	1 day?	Prabha	2005 December 1	2005 December 1
480	0%	**Integration**		1 day?		2005 December 1	2005 December 1
484	14%	**Data Management**		80 days?		2005 December 1	2006 March 4
530	0%	Stylesheet Work for Pegasus Look and Feel	10	10 days	Brian	2006 February 14	2006 February 24
531	0%	**Non-Functional Items**		1 day?		2005 December 1	2005 December 1
546	0%	Milestone 3-2 Reached		0 days		2006 March 4	2006 March 4

FORM of STATEMENT OF WORK

Pearson Education, Central Media Group 75 Arlington Street Boston MA, 02135 USA		**PEARSON** **Education**
WORK ORDER	**Date:** May 26th, 2005	

Issued to:	Freedom 2 Learn, UK

Work Description: Pegasus Phase 1

This Purchase Order is issued for development of new features, and enhancement of the existing features and performance improvements of latest version/code-base of SARAS Assessment Management System, ASP version.

Development is expected to take place during summer of 2005, and take in approximately 3 months, and cost no more than US$ 200,000.

Scope of work for each of the features is listed below. More detailed requirements will follow this purchase order. Based on review of those requirements, final adjustment to the scope of this PO, project plan and estimate will be created and approved for delivery. This Work is governed by the terms of the Memorandum of Understanding signed by Pearson, Freedom 2 Learn, and ExcelSoft on May ___, 2005.

Feature Unique ID	Feature Description
PEG-0001	Introduce concepts of Master and Instructor (Child) Courses.
PEG-0002	Support Cloning of the Master Course into Instructor/Child Course, while maintaining content sharing and ensuring instructors get local copies when trying to modify questions.
PEG-0004	Integration with Pearson Subscription Management System, for creation/sync-up of users, classes/groups, instructor courses, and SSO. (partial implementation)
PEG-0005	Streamlining the Assignment/Publishing of the Assessments by removing the concept of Schedule inside Course. Individual assessments should be possible to assign to students inside course without creating schedule.
PEG-0018	Implement File/Resources Access Management (protect files from non-authenticated/authorized access).
PEG-0019	Allow File/Resource Management at Course Level, with permissions based on roles and not on individual file ownership.
PEG-0009	Implement new PEGASUS Sub-Portal UI (partial implementation)
PEG-0010	Implement new PEGASUS Course UI (partial implementation of selected elements including frameset, navigation, settings management, course option selection and management).
PEG-0028	Implement new PEGASUS Tools UI (partial implementation of question editing and management UI, assessment editing and management UI, question listing and management UI, assessment listing and management UI.
PEG-0030	Work on performance improvement by addressing low hanging fruits identified during architectural review. Approximately 25% of PO effort should be dedicated to this work, subject to conclusion of CMG performance testing that is underway.
Requested by:	David O'Connor, VP of Product Development, CMG Mladen Maljkovic, Exec. Product Manager Assessment, CMG
Approved by:	
Approval date:	
Remarks:	

APPENDIX D

Qualifications Market Awarding Bodies
Permitted to Receive a License from the Companies

SQA
ACP – Association of Computer Professional
ASET – Accreditation, Commercial and General Education
LCCI Examinations Board
University of Cambridge – ESOL Examinations

Professional Boards:
    The Anatomical Society of Great Britain and Ireland
    Association of Accounting Technicians (AAT)
    Association of Art Historians (AAH)
    Association of British Orchestras (ABO)
    Association of Bulding Engineers (ABE)
    Association of Certified Book-keepers (ACB)
    Association of Chartered Certified Accountants (ACCA)
    Association of Corporate Treasurers (ACT)
    Association for Computers and the Humanities (ACH)
    Association of Computer Professionals (ACP)
    Association of Financial Controllers and Administrators (AFCA)
    Association for Language Learning (ALL)
    Association for Learning Technology (ALT)
    Association for Science Education (ASE)
    The Association of Graduate Careers Advisory Services (AGCAS)
    The Association of Law Teachers (ALT)
    The Association of Learned and Professional Society Publishers (ALPSP)
    Association of Medical Secretaries, Practice Managers, Administrators and Receptionists (AMSPAR)
    Association for Project Management (APM)
    Association of Taxation Technicians (ATT)
    The Association of Teachers of Mathematics (ATM)
    The Association of University Administrators (AUA)
            B –
    The Bar Council
    The Biochemical Society
    The Biomedical Engineering Society (BMES)
    The British and Irish Association of Law Librarians (BIALL)
    The British Computer Society (BCS)
    British Dental Association (BDA)
    British Educational Research Association (BERA)
    British Medical Association (BMA)
    British Neuropsychiatry Association (BNPA)
    British Paramedic Association (BPA)
    British Pharmacological Society
    British Psychological Society (BPS)
    British Universities' International Liaison Association (BUILA)
    British Universities Industrial Relations Association (BUIRA)
    British Web Design and Marketing Association (BWDMA)
            C –
    Chartered Institute of Arbitrators (CIArb)
    Chartered Institute of Architectural Technologists (CIAT)
    Chartered Institute of Building (CIOB)
    Chartered Institution of Building Services Engineers (CIBSE)
    The Chartered Institute of Environmental Health (CIEH)
    The Chartered Institute of Housing (CIH)
    CILIP: the Chartered Institute of Library and Information Professionals
    Chartered Institute of Management Accountants (CIMA)
    Chartered Institute of Marketing (CIM)
    The Chartered Institute of Personnel and Development (CIPD)
    The Chartered Institute of Purchasing and Supply (CIPS)
    The Chartered Institute of Taxation
    The Chartered Institution of Wastes Management (CIWM)
    The Chartered Institution of Water and Environmental Management (CIWEM)
    The Chartered Insurance Institute (CII)
    The Chartered Management Institute *was The Institute of Management*
    The Chartered Society of Designers
    Council for Licensed Conveyancers
            D –
    DSA - Development Studies Association
    -- E –
    The Engineering Council including the Directory of Engineering Institutions
    The Ergonomics Society
    The European Association for Jewish Studies

The European Association of Research Managers and Administrators (EARMA)

F --

FISITA - the International Federation of Automotive Engineering Societies

G --

The General Medical Council
The General Teaching Council for England
The Geological Society

H --

Higher Education Marketing Excellence - Maximize
The Higher Education Academy

I --

Information Systems Audit and Control Association (ISACA)
Institute of Acoustics (IoA)
Institute for Learning (IFL)
The Institute of Actuaries
Institute of Agricultural Secretaries and Administrators (IAgSA)
Institute of Biology (IOB)
Institute of Chartered Accountants in England and Wales (ICAEW)
Institute of Chartered Secretaries and Administrators (ICSA)
Institute of Chartered Shipbrokers
Institution of Chemical Engineers (IChemE)
Institution of Civil Engineers (ICE)
Institute of Commercial Management (ICM)
Institute of Cost and Executive Accountants (ICEA)
Institute of Credit Management (ICM)
Institution of Diagnostic Engineers
The Institute of Direct Marketing (IDM)
The Institute of Ecology and Environmental Management (IEEM)
The Institution of Electrical Engineers (IEE)
The Institute of Electrical and Electronics Engineers, Inc. (IEEE) (UK and RoI Section)
The Institute of Energy (InstE)
Institute of Environmental Management and Assessment (IEMA)
Institute of Financial Accountants (IFA)
Institute of Financial Services (IFS) *official brand of the Chartered Institute of Bankers*
The Institute of Food Science and Technology (IFST)
Institute of Healthcare Management (IHM)
The Institution of Incorporated Engineers (IIE)
Institute of IT Training (IITT)
The Institute of Leadership & Management (ILM)
The Institute of Legal Executives (ILEX)
The Institute of Linguists (IoL)
The Institute of Maintenance and Building Management (IMBM)
The Institute for the Management of Information Systems (IMIS)
The Institute of Mathematics and its Applications (IMA)
Institute of Measurement and Control
The Institution of Mechanical Engineers (IMechE)
The Institute of Medical Illustrators (IMI)
The Institution of Occupational Safety and Health (IOSH)
The Institute of Operations Management (IOM)
The Institute of Physics (IOP)
The Institute of Plumbing (IOP)
The Institute of Publishing (IP)
The Insitute of Qualified Professional Secretaries (IQPS)
The Institute of Quality Assurance (IQA)
The Institute of Safety in Technology and Research (ISTR)
The Institute of Training and Occupational Learning (ITOL)
The International Council for Scientific and Technical Information
International Council for Science (ICSU)
International Compliance Association (ICA)
International Professional Managers Association (IPMA)

L --

The Landscape Institute
The Law Society
The Law Society of Scotland
London Mathematical Society

M --

The Market Research Society
The Mathematical Association

N --

National Association for Fine Art Education
NABSE - The National Association for Business Education
National Association of Careers and Guidance Teachers (NACGT)
National Association of Data Protection Officers (NADPO)
National Literacy Association (NLA)
National Youth Agency (NYA)

P --

Political Studies Association of the UK

The Physiological Society - The electronic service is known as Physiology Online

R --

Records Management Society (RMS)
The Royal Academy of Engineering (RAEng)
The Royal Astronomical Society (RAS)
Royal College of General Practitioners
Royal College of Midwives (RCM)
Royal College of Nursing (RCN)
Royal College of Pathologists (RCP)
Royal College of Physicians
Royal College of Physicians of Edinburgh
Royal College of Physicians and Surgeons of Glasgow
Royal College of Surgeons of Edinburgh
Royal College of Surgeons of England
Royal Musical Association (RMA)
The Royal College of Veterinary Surgeons (RCVS)
The Royal Geographical Society (with The Institute of British Geographers)
The Royal Historical Society (RHS)
The Royal Horticultural Society (RHS)
The Royal Incorporation of Architects in Scotland (RIAS)
The Royal Institute of British Architects
The Royal Institution of Chartered Surveyors (RICS)
The Royal Microscopical Society (RMS)
The Royal Meteorological Society
The Royal Pharmaceutical Society of Great Britain
The Royal Photographic Society
The Royal Society
The Royal Society of Arts (RSA)
The Royal Society of Chemistry (RSC)
The Royal Society of Edinburgh
The Royal Society of Medicine (RSM)
The Royal Statistical Society (RSS)
The Royal Television Society (RTS)
The Royal Town Planning Insitute (RTPI)

S --

Securities Institute
Social Policy Association (SPA)
Society of Archivists
Society of College, National and University Libraries (SCONUL)
Society of Glass Technology
Society for Editors and Proofreaders (SfEP)
The Society of Engineers
Society for Medicines Research (SMR)
The Society of Operations Engineers *(includes IPlantE and IRTE)*
The Society of Professional Engineers
The Society for the Promotion of Hellenic Studies (SPHS)
The Society for the Promotion of Roman Studies (SPRS)
Society for Research into Higher Education (SRHE)
The Society of Trust and Estate Practitioners (STEP)
Staff and Educational Development Association (SEDA)

T --

The Textile Institute

U --

UK Academy for Information Systems (UKAIS)

APPENDIX E

RELATIONSHIP MANAGERS

Excelsoft: **Prashanth Handady**

Freedom Two Learn: **Lynne McBean**

Pearson: **Mladen Maljkovic**

APPENDIX F

LIST OF CRITICAL RESOURCES

Development Manager

    Tejaswi-Vashe-Keshava

Project Coordinator(s)

    Anil-Ramamurthy

All Team Leads

    Lokesh-Kudargundi-Raju
    Jagadish-Ramasetty-Mysore
    Prabaharan-Indramohan
    Chandrashekar - Haramballikoppalu – Laxminarayan

All Senior Developers

    Jaree- Abbas
    Joby- George
    Ravikumar-Bhava-Atmaram
    Vijayakumar
    Surendra-Babu
    Umapathi-Naidu-Rayapatti
    Sai-Chandra-Naveen-Kumar
    Tejaswini-Basavaraj
    Manikandan-Balakrishnan
    Rajashekar
    Raju-Avala –Venkanooka

Architect(s)

    Subbakrishna-Mullur-Venkatachalaiah

All Data Management Team Members

    Deepak-Vashdev
    Deeptha-Madhavan

Key QA Team Members

    Suvarna-Seetharam
    Vinod-Mysore-Puttaraju
    Manjunath-Gundlupet-Nagarajanaik
    Deepak-Kempasiddiah
    Rupesh-kiran-Sudhakaran
    Murali

APPENDIX G

FREELANCER NAME (REFERRED TO BELOW AS "INDEPENDENT CONTRACTOR"):

INDEPENDENT CONTRACTOR'S ADDRESS:

SOCIAL SECURITY OR TAXPAYER I.D. NUMBER.

_____ ("Company") hereby engages Independent Contractor to provide the following services (Services") and deliver the following materials to the Company's satisfaction (attach additional sheets if necessary):

TERM.   The term of this Agreement shall commence on _____, and shall continue until _____ or until the Services described above are completed (hereinafter the "Term"). Notwithstanding the foregoing, the Company may at any time during the Term terminate this Agreement on ten day's written notice.

COMPENSATION. In full consideration for the performance of Independent Contractor's Services hereunder, and for any rights granted or relinquished by Independent Contractor under this Agreement, the Company shall pay to the Independent Contractor, by check mailed to the address set forth above, the sum of $_____, to be paid as follows (if other method of payment, specify: _____

ADDITIONAL TERMS.   IN ADDITION TO THE TERMS ON THIS PAGE, INDEPENDENT CONTRACTOR AGREES TO ABIDE BY THE TERMS AND CONDITIONS OF PARAGRAPHS 1 THROUGH 12G ON THE FOLLOWING PAGE WHICH IS PART OF THIS AGREEMENT. PLEASE READ ALL TERMS ON THE FOLLOWING PAGE CAREFULLY. THIS AGREEMENT IS VOID UNLESS PAGE 2 IS ATTACHED.

PROPRIETARY RIGHTS.   ALL SERVICES PERFORMED OR MATERIALS PREPARED BY INDEPENDENT CONTRACTOR UNDER THIS AGREEMENT ARE "WORKS MADE FOR HIRE" FOR THE COMPANY, AND THE COMPANY IS THE "AUTHOR" AND OWNER THEREOF WITHIN THE MEANING OF THE COPYRIGHT ACT. PARAGRAPH 6 ON PAGE 2 OF THIS AGREEMENT CONTAINS IMPORTANT DETAILS REGARDING PROPRIETARY RIGHTS UNDER THIS AGREEMENT; PLEASE READ IT CAREFULLY.

SUBMITTED BY:
(PRINT NAME OF INDEPENDENT CONTRACTOR)

SIGNATURE OF
INDEPENDENT CONTRACTOR
                DATE:

_____ _____ ("COMPANY")

APPROVED BY:
                DATE:

---

1.   **INDEPENDENT CONTRACTOR.** Independent Contractor agrees to perform the Services solely as an Independent Contractor and not as an employee of Company. The parties to this Agreement recognize that this Agreement does not create any actual or apparent agency, franchise, partnership, joint venture, or relationship of employer and employee between the parties. Independent Contractor is not authorized to enter into or commit Company to any agreements, and Independent Contractor shall not represent itself as the agent or legal representative of Company. Company shall exercise no immediate control over the means or manner of Independent Contractor's performance under this Agreement, except to the extent that the Company expects the satisfactory completion of the Services.

2.   **SOLE COMPENSATION.** Independent Contractor's sole compensation under this Agreement shall be the fee provided for on Page 1 of this Agreement. The Independent Contractor shall not be entitled to participate in any of Company's employee benefits, including (but not limited to) Company-paid medical, dental, and life insurance employee benefits. Independent Contractor shall not be reimbursed for travel or other expenses incurred by it in connection with the performance of its duties hereunder. The Independent Contractor shall not be entitled to any remuneration, benefits or expenses other than as is specifically provided for in this Agreement.

3.   **TAXES AND WITHHOLDING.** The Company shall not be liable for workers' compensation, unemployment insurance, employers' liability, employer's FICA, social security, withholding tax, or other taxes or withholding for or on behalf of Independent Contractor or any other person, persons, firms or corporations consulted or employed by Independent Contractor in performing Services under this Agreement. It is understood, however, that in the event Company is found to be liable for worker's compensation, unemployment insurance, employer's liability, social security, employer's FICA, withholding taxes or other taxes, withholding, or employer's liability of a similar nature, Company shall have the right to recover an equivalent amount, including any interest or penalties paid in connection therewith, from Independent Contractor.

4.   **INDEPENDENT CONTRACTOR'S OTHER ACTIVITIES.** This Agreement shall not limit Independent Contractor's right to perform services for parties other than Company or its affiliates. In addition, Company remains free to contract with other consultants to provide the same of similar services.

5.   **RIGHT TO HIRE OTHERS.** The Independent Contractor has the right to hire individuals to assist in its performance under this Agreement, but agrees that Company shall not reimburse Independent Contractor for remuneration paid to such individuals, who shall not be employees or contractors of Company. Company shall have the right to approve the hire all such individuals.

6.   **PROPRIETARY RIGHTS.** Independent Contractor acknowledges that it has no right to or interest in the work or product resulting from the Services, or any of the materials created in connection with the Services, including, but not limited to, all studies undertaken by or reports created by the Independent Contractor, nor any right to or interest in any copyright therein. Independent Contractor acknowledges that its work and Services and the products thereof and/or inventions (hereinafter referred to as the "Materials") have been specially commissioned or ordered by Company as "works made for hire" as that term is used in the Copyright Law of the United States, and that Company is therefore the owner of all copyrights in and to such Materials. In the event that such Materials, or any portion thereof, are for any reason deemed not to have been works made for hire, Independent Contractor hereby assigns to Company any and all right, title, and interest in and to the Materials, including all copyrights, all present and future patent rights, all publishing rights, and all rights to use, reproduce, or otherwise exploit Materials throughout the world in all languages, in any manner whatsoever, including, without limitation, in any format or medium now known or hereafter known. Independent Contractor agrees to execute such further instruments as Company may from time to time deem necessary or desirable to evidence, establish, maintain and protect Company's ownership of such Materials, and all other rights, title and interest therein. Independent Contractor hereby waives any and all claims that it has now or hereafter in any jurisdiction throughout the world to so-called moral rights or *droit moral* with respect to any Materials.

7.   **WARRANTY.** Independent Contractor warrants that it has the full power and authority to enter into and perform this Agreement; that the work, product, or materials resulting from the Services will not infringe any copyright, trademark, patent or other proprietary right, violate any property right, or contain any scandalous, libelous, or unlawful matter. Independent Contractor further represents and warrants that it will perform all obligations in a professional and diligent manner. Independent Contractor also represents and warrants that all its work product shall be clear and presentable in accordance with generally applicable industry standards and that its Services will be performed in accordance with Company's specifications.

8.   **COMPLIANCE WITH LAWS AND POLICIES.**
        A.   In the performance of this Agreement, Independent Contractor agrees to abide by all present and future laws, rules, or regulations of Federal, state, or municipal governments, agencies, or bodies (including all worker's compensation laws and occupational safety laws), and all work performed under this Agreement shall be in compliance with all such laws, rules, and regulations. Independent Contractor shall obtain and keep current all licenses, permits, tax stamps, and related requirements which relate to its work under this Agreement as may be required by law. Independent Contractor agrees to maintain in suitable form books and records of the Services in compliance with the requirements of any applicable laws, rules, or regulations.
        B.   Independent Contractor agrees that it will comply with all of Company policies and procedures while on Company premises and/or in the performance of Services under this Agreement.

9.   **CONFIDENTIALITY.**
        A.   In connection with the performance of the Services hereunder, Independent Contractor will be exposed to confidential and proprietary information belonging to Company or to the publishing operations regarding the Company and its businesses ("Confidential Information"). Independent contractor shall keep strictly confidential all such Confidential Information, and shall not disclose to third parties or use for his own benefit, or copy or reproduce, any such Confidential Information or any information created by Independent contractor in the performance of this Agreement. Further, Independent Contractor agrees to keep confidential the nature of the Services to be performed for Company under this agreement. The provision of this paragraph shall survive termination of this Agreement. Confidential Information shall include, but not be limited to, the following items relating to the Company's business: administrative procedures and manuals; business and financial plans, operations, projections, results and prospects; computer programs; customer, author, employee, price, product, stockholder, and supplier information, data, or lists; agreements, marketing plans, and strategies, research efforts, trade secrets, and technical information; trademarks under consideration; terms and conditions of the Company's contracts and agreements; as well as any information disclosed to the Company in confidence by third parties.
        B.   When this Agreement terminates, Independent Contractor shall promptly deliver to the Company any and all materials in his possession containing such Confidential Information.
        C.   Independent Contractor shall use the highest degree of care in safeguarding the Confidential Information and any Materials created in the performance of the Services hereunder.
        D.   Independent Contractor agrees that the Company will be irreparably injured by disclosure of its Confidential Information. Therefore, Independent Contractor agrees that Company shall be entitled to an injunction and/or other appropriate equitable remedies to enforce these terms, and Independent Contractor hereby waives the claim or defense that the Company has an adequate remedy in damages.

10.   **ADVERTISING.** Independent Contractor shall not, without the prior written consent of Company, use Company's name in any of its advertising or promotional literature or otherwise refer to its retention to render consulting services hereunder.

11.   **INDEMNIFICATION/ REMEDIES.** Company shall not be liable for injury or death occurring to Independent Contractor or any of its employees or other assistants in the course of this Agreement. Independent Contractor shall indemnify Company for any damages, claims, liabilities, and costs, including reasonable attorney's fees and costs, or losses of any kind or nature whatsoever which may in any way arise from the Services, the work of employees of Independent Contractor while performing the Services, or any breach or alleged breach of its warranties and obligations under this Agreement. Company shall have the right, but not the obligation, to defend and/or settle any claim hereunder. Company reserves all remedies available to it at law and in equity. Independent Contractor waives any and all right to injunctive relief in the event of any dispute with Company. Company shall not be liable to the Independent Contractor for incidental, consequential or special damages or lost or imputed profits and/or royalties arising out of Company's performance or failure to perform any part of this Agreement. Independent Contractor hereby waives any claim that these exclusions deprive it of an adequate remedy.

12. GENERAL TERMS.

A.   THIS AGREEMENT SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK APPLICABLE TO CONTRACTS MADE AND FULLY PERFORMED THEREIN, AND THE STATE COURTS LOCATED IN NEW YORK COUNTY, OR THE FEDERAL COURT SITTING IN THE SOUTHERN DISTRICT OF NEW YORK, SHALL HAVE EXCLUSIVE JURISDICTION OF ALL SUITS AND PROCEEDINGS ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT. BOTH PARTIES HEREBY SUBMIT TO THE JURISDICTION OF SAID COURTS FOR PURPOSES OF ANY SUCH SUIT OR PROCEEDING.

B.   Any notices to either party under this agreement shall be in writing and delivered by hand or sent by registered or certified mail, return receipt requested, to the address set forth above or to such other address as that party may hereafter designate by notice.

C.   This Agreement and the obligations under it are not assignable by Independent Contractor. The Company may freely assign this Agreement

D.   The waiver by either party of a breach or violation of any provision of this Agreement shall not constitute a waiver of any subsequent or other breach or violation. The rights and obligations of the parties with respect to Paragraphs 1, 2, 3, 6, 7, 9, 11, and 12 shall survive termination or expiration of this Agreement.

E.   Paragraph headings are for reference only.

F.   The parties intend to be bound only upon full execution of a written agreement, and no negotiation, exchange of draft, partial execution or partial performance shall be deemed to imply an agreement. Neither the continuation of performance nor course of dealing nor any other conduct shall be deemed to imply a continuing agreement upon the expiration of this Agreement.

G.   This Agreement represents the entire agreement between the parties and replaces any and all understandings that may have existed between the parties; this Agreement may not be amended, changed, or supplemented in any way except by written agreement signed by both parties.

APPENDIX H

TECHNICAL SUPPORT AND TRAINING AGREEMENT

The Companies will provide Pearson with Tier 3 technical support per the following terms. Further, at Pearson's request, the Companies will provide product training via telephone, webex (or similar Internet-based technologies), or onsite if requested by Pearson with reasonable notice, under the following terms as applicable.

Rates: If support is provide outside the Warranty Period, Companies will charge Pearson for actual time spent per the rates in Exhibit K, to be billed monthly and paid via wire transfer (or as otherwise instructed by the Companies) in 30 days. For personnel not listed on Exhibit K, the parties will agree upon the appropriate billing rates. On request per hour billing rates to apply. Afterhours emergency support specifically requested by Pearson will be provided at standard billing rates plus 50%.

Out of Pocket Expenses: Companies will bill Pearson at cost for out-of-pocket expenses related to providing support or training, such as for telephone equipment required for support or travel expenses, with prior approval from Pearson for expenses over an agreed upon amount.

Term: Companies will provide Support for the Term of the Agreement, unless otherwise agreed to by the parties.

Delivery: Delivery of Support Services will be performed by a dedicated Third Level Support Team. This team will consist of required (depending on the situation and scope of incidents) number of technical resources, and will have a predetermined Technical Lead who will be supported by a required number of Support Team Lead(s), Sr. Developer(s), Developer(s), QA Engineer(s), Technical Writer(s) as requested by the Pearson Relationship Manager.

Support Team Lead will be designated in advance by the Relationship Managers. Support Team Members will be assigned to the Support Team at a time Support Incident is identified and support team charged with investigating and or resolving it. All effort possible should be made to avoid assigning resources from the PEGASUS development team (in particular those that are on the critical path at the time), but it is recognized that such approach may not be always possible, and that Support Team will need to draw on resources from the Development Team.

Third Level Support Team service delivery will consist of following activities and deliverables:

- Investigation of a Support Incident that results in the Investigation Findings Report.

- Triage and decision making notes.

- Technical design for addressing the Support Incident.

- Level of Effort Estimate and Plan for implementing and deploying solution to the Support Incident.

- Hot Fix to be deployed in order to resolve the Support Incident. Alternatively, solution may be deployed as part of the scheduled or unscheduled Service Pack as decided by thePearson Relationship Manager or his/her designate..

- Documentation that accompanies Hot Fix or Service Pack.

Considering criticality of the Support Services, Relationship Managers will be creating, maintaining, and continually improving Support Team Operating Procedure. All the team members that may be assigned to the Support Team will be familiar with this operating procedure.

Hours of Maintenance

Standard: 08.00 am to 10.00 pm Indian Standard Time (+5.30 hrs GMT)
Extended: Afterhours in case of critical support incidents.

Communication

Telephone, E Mail, Video Conferencing, Collaboration Tool, Website, and/or any other mutually agreed way to communicate, with records of these activities kept together with deliverables.

Escalation Process & Decision Making

The parties agree in advance that if the Relationship Managers cannot resolve a particular conflict or point of disagreement between them, they will escalate such issue according to the process in section 3 of the Agreement..

Documentation

Logging

APPENDIX I

INTENTIONALLY LEFT BLANK

APPENDIX J – 1

ANNUAL LICENSE FEE PAYMENT SCHEDULE

Annual license fee payments will be paid as follows, (all payments to be made via wire transfer):
:

A. **Year One:**

50%   ($200,000), due on the next U.S. business day after the signing of this Agreement.

50%   ($200,000) shall be payable by June 30, 2006.

B. **Year Two and Onward:**

60%   payable quarterly, fifteen percent (15%) of such Annual License Fee to be invoiced by Excel Soft as of the first day of each calendar quarter, and payable by Pearson within 60 days after invoice.

20%   to be invoiced by Excel Soft upon Pearson's acceptance of the gold master for the annual Pearson Saras Platform spring/summer release (as defined in the applicable Statement of Work) and payable by Pearson within 60 days after invoice.

20%   to be invoiced by Excel Soft upon Pearson's acceptance of the feature-complete and/or gold master deliverables (as defined in the applicable Statement of Work). For example, if there is a December release planned, then the 20% may be split between the feature-complete version of the summer release and the gold master of the December release.

NOTE: The milestone-based forty percent (40%) may be modified by mutual written agreement for a particular year via specification in a signed SOW.

APPENDIX J – 2

ANNUAL LICENSE FEE FORMULA

Formula applicable to Annual License Fee for years **after** the 5th Agreement year.   NB: for reference, year 5 License Fee is $800,000.

If at the end of year 5, cumulative Development Fees are US$5M or greater, then:

Annual exclusivity payment =	$400,000
Annual usage payment =	0

If cumulative Development Fees are between US$2M and US$5M, then

Annual exclusivity payment =	$400,000
Annual usage payment =	$200,000

If cumulative Development Fees are less than US$2M, then

Annual exclusivity payment =	$400,000
Annual usage payment =	$400,000

All figures in US $.   Exclusivity license requires usage license, but not vice versa.

APPENDIX K

DEVELOPMENT FEES SCHEDULE

Project Manager	US$ 5,500 per month;
Lead developer/Sys Admin/QA Mgr	4,750 per month;
Senior developer/Senior Test Eng./UI Designer	3,900 per month;
Developer/tester/tech writer	3,200 per month;
Technical Support	3,600 per month.

After 3 years, these rates will be adjusted to reflect U.S. inflation rates during this period.

APPENDIX L

ROYALTY & TERMS FOR PEARSON PRODUCT DISTRIBUTION
BY COMPANIES

ROYALTY

- The Companies will pay a quarterly royalty to Pearson of 35% of all amounts received by the Companies in respect of their distribution of Pearson Products, provided that:

    (a).   within jurisdictions wherein the parties may lawfully agree upon the minimum price that the Companies may charge for distribution of Pearson Products, the distribution price must be agreed to by both parties in writing, and will initially be set at U.S. $60,800 per server per annum; and

    (b).   within jurisdictions wherein the parties may not lawfully agree upon the minimum price that the Companies may charge for distribution of Pearson Products, the companies shall pay a minimum royalty of $21,280 per server per annum.

TERMS

- Standard terms and conditions to be reasonably negotiated between Excel Soft and Pearson.

- License shall be perpetual and irrevocable for as long as the Agreement remains in effect, and for any post-termination distribution right period pursuant to section 8.3 thereunder.

EXCLUSIONS

- May not distribute in Exclusive Markets as defined in Section 2.2.

- May not distribute to other education publishers or cooperatively with other education publishers, unless with Pearson's written agreement.

- May not distribute or market with Pearson trademarks

20 March 2006

EXCEL SOFT TECHNOLOGY PRIVATE LIMITED

PEARSON OVERSEAS HOLDINGS LIMITED

M H DHANANJAYA & D SUDHANVA

UTI-INDIA TECHNOLOGY VENTURE UNIT SCHEME

SUBSCRIPTION AGREEMENT

FRESHFIELDS BRUCKHAUS DERINGER

CONTENTS

THIS SUBSCRIPTION AGREEMENT is made on 20 March 2006

BETWEEN:

(1) **EXCEL SOFT TECHNOLOGIES PRIVATE LIMITED,** a company incorporated in India with registered number 08/27256 whose registered office is at 1-B, Hootagalli Industrial Estate, Mysore, India (*Company*);

(2) **PEARSON OVERSEAS HOLDINGS LIMITED,** a company incorporated under the laws of England whose registered office is at 80 Strand, London WC2R 0RL (*Pearson*);

(3) **M H DHANANJAYA** and **D SUDHANVA,** whose address are at 3, 3rd Block, 7th Main, Jayalakshmipuram, Mysore 570 012, India and (together the *Founders*); and

(4) **UTI - INDIA TECHNOLOGY VENTURE UNIT SCHEME,** a venture capital fund registered under Section 12(1) of the SEBI Act and having Registration No. IN/VC/99-00/021 (*ITVUS* or *Investor*), (which expression unless repugnant to the context or subject shall mean and include its successors-in-interest, nominees and permitted assigns), represented by its lawful and authorized signatory, **UTI VENTURE FUNDS MANAGEMENT COMPANY PRIVATE LIMITED**, a company established under the Companies Act, 1956, having its registered office at 26/27, Raheja Towers, 12th Floor (M), M.G. Road, Bangalore 560 001 (*UTI Investment Manager*).

WHEREAS:

(A) Pearson, Freedom to Learn Ltd (a company incorporated under the laws of England with registration number 4315868) and the Company have entered into a Development and License Agreement dated 20 March 2006 whereby the Company shall license certain software source components, more particularly the Saras Licensed Components defined therein and provide certain services to Pearson (*License Agreement*).

(B) The present authorised share capital of the Company comprises of Rs. 3,00,00,000 (Rupees three crores only) divided into 17,50,000 (Seventeen lakhs fifty thousand) equity shares of face value Rs.10/-each and 12,50,000 (Twelve lakhs fifty thousand) 12% Optionally Convertible Cumulative Redeemable Preference Shares of Rs. 10/- each.

(C) The Founders, Investor and Company have entered into a Share Subscription Agreement (*SSA*) and Shareholders Agreement (*SHA*) each dated 8 January 2001 (*SHA*; the SSA and SHA are collectively referred to as the *Investment Agreements*) wherein the Investor has agreed to subscribe to 5,00,000 Ordinary Shares each at Rs.25/- per share, for a total consideration of Rs.1,25,00,000 (Rupees one crore twenty five lakhs only), representing 33.33% of the total issued and paid up equity share capital of the Company and 12,50,000 12% Optionally Convertible Cumulative Redeemable Preference Shares (*OCCRPS*) of Rs.10/- each at par.

(D)   The Investor, Company and Founders have reached an understanding that upon conversion of the OCCRPS shares into Ordinary Shares, the Investor would have a final shareholding of 35% of the total issued and paid up equity share capital of the Company as mentioned in Annexure B of this Agreement. The Investor has expressed its interest to convert the OCCRPS to Ordinary Shares to give effect to the above. The process of converting and allotting Ordinary Shares to the Investor has been initiated and the same shall be completed by no later than 30 June 2006.

(E)   The Parties agree and acknowledge that the Investment Agreements provide the Investor certain rights that are deemed necessary for protection of the Investor. The Parties agree that all the terms and conditions of the Investment Agreements shall continue to be in force unless any changes are specifically consented to by the Investor.

(F)   The Company has, pursuant to the powers in its Articles and pursuant to the resolutions passed by its shareholders (on 18 March 2006) and Board of Directors (passed on 18 March 2006), authorised the issue of Warrants to subscribe for Ordinary Shares on the terms set out in this Agreement.

NOW IT IS AGREED as follows:

1.   DEFINITIONS AND INTERPRETATION

1.1   In this Agreement and the Schedules:

Acceptance Period shall have the meaning given to it in Clause 9.4;

Adjustment Event means any or all of the following, at any time:

(a)   any allotment or issue of Shares in the Company by way of capitalisation of profits or reserves to shareholders (including any bonus issue);

(b)   any cancellation, redemption or purchase of Shares or any reduction or repayment of share capital or reserves;

(c)   the creation of any new class of shares, securities or stock to be issued to any existing shareholders;

(d)   any sub-division, consolidation or redesignation of Shares in the Company;

(e)   the grant (including any adjustment) of any options, warrants or other rights to subscribe for, or call for the allotment or issue of Shares, other than the Specified Options;

(f)   any Capital Distribution; and

(g)   any merger or demerger involving the Company provided that if, in connection with its approval of any such merger or demerger, a court orders that the Warrants issued hereunder shall not be adjusted, the same shall not be considered as an Adjustment Event;

(For the avoidance of doubt, listing of the Company's Shares on any recognised stock exchange in India or abroad through a IPO shall not be regarded as an Adjustment Event.)

Affiliate means with respect to any party, any other undertaking directly or indirectly controlling, controlled by, or under common control with such party. For the purpose of this definition, the term control (including with correlative meaning, the terms *controlling, controlled by* and *under common control with*), when used with respect to any undertaking, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such undertaking, whether through the ownership of voting securities, by contract or otherwise;

Agreement means this agreement (including the Schedules) as amended from time to time;

Articles means the articles of association of the Company in force on the date of this Agreement, as may be amended from time to time;

Auditors means the auditors of the Company from time to time appointed in accordance with the provisions of the (Indian) Companies Act. 1956;

Business Day means any day (except a Saturday or Sunday or a public holiday) on which banks generally are open for business in India;

Capital Distribution means any dividend or other Distribution paid or made by the Company on Ordinary Shares to the extent that the amount of such Distribution exceeds the amount calculated by reference to the following formula:

$$P-D$$

where

P = the aggregate of the net profits of the Company, in each case after taxation but before exceptional items in any twelve month financial period ending on or after 31 March 2006 in respect of which an audited consolidated profit and loss account of the Company has been published.

D = the aggregate amount of all dividends or other Distributions already paid or made by the Company at the time of the relevant calculation on Ordinary Shares in respect of any such financial period,

Provided that if *D* is greater than *P*, then *D* shall be deemed to be equal to *P*;

and for these purposes a Distribution shall be deemed to be paid or made in respect of the financial period in respect of which it is expressed by the Company to be an interim or final Distribution or, in the case of Distributions which are not so expressed to be in respect of any financial period, in respect of the financial period in which it is paid or made;

Consent means the consent in writing of Warrant Holders holding Warrants conferring not less than 51% of the Warrant Rights;

Continuing Party shall have the meaning given to it in Clause 9.4;

Development Fees means the aggregate fees and expenses paid by Pearson under Section 6.2 of the License Agreement (whether to the Company or any other person) in each financial year from the date of this Agreement;

Distribution means any distribution by the Company of its assets, profits, reserves or capital to any of its shareholders or to any class of its shareholders and any cancellation or purchase or reduction or repayment of share capital or reserves or a reduction in share capital which does not involve a payment to shareholders;

Exercise Date means the date or dates on which all or any of the Warrant Rights are exercised in accordance with this Agreement;

Exercise Notice means any notice in writing exercising all or any of the Warrant Rights to be served by the Warrant Holders from time to time in accordance with Clause 4.1 in the form set out in Schedule 1;

Financial Investor means any private equity fund, venture capital fund, qualified institutional buyer, mutual fund, foreign institutional investor, bank/non-banking finance company, collective investment scheme or financial institution;

Founders has the meaning set out on page 1 of this Agreement and *Founder* means either one of them;

Fully Diluted means the number of Ordinary Shares in issue plus the aggregate number of Ordinary Shares issuable upon exercise in full of the Specified Options;

Group means in relation to any person, its Affiliates;

Investment Agreements has the meaning given to it in Recital (C);

IPO shall have the meaning given to it in Clause 17.2;

License Agreement has the meaning given to it in Recital (A);

New Articles means the memorandum and Articles of association of the Company in the agreed form;

NPAT means the net profit after tax of the Company in respect of any relevant financial period as determined by reference to the Company's audited accounts as prepared on the basis of the standard accounting principles and practices as are generally applicable in India converted into US$ at the exchange rate for purchase of US$ quoted by HSBC (Mumbai) prevailing at the last Business Day of each such financial period;

OCCRPS has the meaning given to it in Recital (C);

Ordinary Shares means ordinary equity shares of Rupees 10 (ten) each in the capital of the Company;

Parties means the Company, the Founders, the Investor and Pearson and *party* shall be construed accordingly;

Pearson Group means Pearson and its Affiliates from time to time;

Permitted Transfer shall have the meaning given to it in Clause 9.2;

Purchaser shall have the meaning given to it in Clause 9.3;

Register means the register of the holders of the Warrants kept by the Company in accordance with this Agreement;

Regulatory Approvals means any approvals, licences and consents required by any competent supernational, regulatory or governmental agencies or authorities in any relevant jurisdiction;

Rupees means the lawful currency from time to time of India;

Sale Shares shall have the meaning given to it in Clause 9.3;

Seller shall have the meaning given to it in Clause 9.3;

SHA shall have the meaning given to it in Recital (C);

Shareholders means the Founders, other existing shareholders of the Company and any member of the Pearson Group which holds Shares;

Shares shall mean all types of share capital or shares to be issued by the Company from time to time, including without limitation the Ordinary Shares;

Specified Options means options to acquire Ordinary Shares which will be granted to existing or future employees and directors of the Company, a description of which is set out in Annexure A to this Agreement;

SSA shall have the meaning given to it in Recital (C);

Subscription Price means Subscription Price one (SP1), Subscription Price Two (SP2) and Subscription Price Three (SP3) as mentioned in Clause 1.1;

Subscription Price One (SP1) means a price for conversion of warrants into ordinary equity shares in respect of warrants granted on 30th June 2006. The calculation of the subscription price is as below

$SP1 = (0.75 \times A)/W1$

wherein

A   is equal to the Development fees paid in the 12 month period ending 31st March 2006.

W1 is defined under Clause 3.2(a);

Subscription Price Two (SP2) means a price for conversion of warrants into ordinary equity shares in respect of warrants granted on 30th June 2007. The calculation of the subscription price is as below

$$SP2 = (0.75 \text{ X A1})/W2$$

wherein

A1 is equal to the Development fees paid in the 12 month period ending 31st March 2007.

W2 is defined under Clause 3.2(b);

Subscription Price Three (SP3) means a price for conversion of warrants into ordinary equity shares in respect of warrants granted on 30th June 2008. The calculation of the subscription price is as below

$$SP3 = (0.75 \text{ X A2})/W3$$

wherein

A2 is equal to the Development fees paid in the 12 month period ending 31st March 2008.

W3 is defined under Clause 3.2(c);

Transfer Notice shall have the meaning given to it in Clause 9.3;

Warrants means the warrants to subscribe for such number of Ordinary Shares as is determined under Clause 3;

Warrant Certificate means a certificate substantially in the form set out in Schedule 1;

Warrant Holder means a person whose name appears in the Register as a holder of Warrants;

Warrant Rights means the rights of a Warrant Holder to subscribe for Ordinary Shares; and

Warranties means the representations and warranties contained in Schedule 2.

1.2   Unless the contrary intention appears terms defined in the Licence Agreement shall have the same meaning herein.

1.3   Unless the contrary intention appears, references:

(a)   to numbered Clauses and Schedules are references to the relevant Clause in, or Schedule to, this Agreement;

(b)   to a numbered paragraph in any Schedule are references to the relevant paragraph in that Schedule; and

(c)   to documents *in the agreed form* means the form of that document initialled for the purposes of identification by or on behalf of the parties.

1.4   References to any statutory provisions shall include references to any re-enactment or amendments of the same.

1.5   The Founders shall use all reasonable endeavours to ensure and procure that the Company fulfils its obligations hereunder.

1.6   In giving any certificate or making any adjustment hereunder, the Auditors shall be deemed to be acting as experts and not as arbitrators and, in the absence of manifest error, their decision shall be conclusive and binding on the Company and on the Warrant Holders.

2.   REGULATORY APPROVALS

Each of the Company and the Founders shall use best endeavours, and provide all reasonable assistance required by Pearson, to obtain approval, on terms reasonably satisfactory to Pearson, of the provisions of this Agreement including, without limitation, the basis of determining the Subscription Price, by all applicable regulatory authorities deemed necessary or appropriate by Pearson. Further, the parties agree to provide all assistance to Pearson Group in seeking Regulatory Approvals for the purposes of procuring allotment, on the terms set out this Agreement and the Warrant Rights, of the Ordinary Shares issuable upon the exercise of the Warrant Rights.

3.   WARRANTS

3.1   In consideration of the mutual obligations contained in this Agreement and the payment of £1 (one pound sterling only) by Pearson to the Company, the receipt of which is hereby acknowledged, the Company shall grant Warrant Rights to Pearson on the terms and subject to the conditions of this Agreement. The Warrants confer rights to subscribe in cash, at the Subscription Price, for such number of Ordinary Shares as is determined pursuant to this Clause 3, subject to adjustment in accordance with the terms of this Agreement and as provided in Clause 4.1.

3.2   The Warrant Rights shall be granted as follows:

(a)   W1 is the total number of warrants issued and allotted on 30th June 2006 to Pearson calculated as below:

$$W1 = ES1 - ES$$

Wherein

ES is the existing number of ordinary equity shares of the Company i.e. 15,76,923 (Fifteen lakhs Seventy six thousand nine hundred twenty three only)

ES1 is the total number of ordinary equity shares of the Company upon dilution due to issue of warrants to Pearson as below:

$$ES1 = ES / (1 - C)$$

Wherein:

C is as calculated below:

$$C = (0.75 \times A) / (35 \times B)$$

Wherein

> (I) A is equal to the Development Fees paid in the 12 month period ending 31st March 2006.

> (II) B is equal to the NPAT for the period ending 31st March 2006,

provided that if A is less than US$ 1 million no Warrant Rights shall be granted.

(b)   W2 is the total number of warrants issued and allotted on 30th June 2007 to Pearson calculated as below:

$$W2 = ES2 - ES1$$

Wherein

ES1 is the existing number of ordinary equity shares of the Company, warrants and options of the Company in issue at 29 June 2007;

ES2 is the total number of ordinary equity shares of the Company upon dilution due to issue of warrants to Pearson on 30th June 2007 as below:

$$ES2 = ES1 / (1 - C1)$$

Wherein

C1 is as calculated below:

> (I) $C1 = (0.75 \times A1) / (M \times B1)$

Wherein

> (aa) A1 is equal to the aggregate of (i) the Development Fees paid in the 12 month period ending 31st March 2007 and (ii) the amount, if

any, of the Development Fees paid in the 12 month period to 31 March 2006 if such amount was less than US$ 1 million.

(bb)   B1 is equal to the NPAT for the period ending 31st March 2007.

(cc)   M is equal to

   (1)   20, if the NPAT for the period to 31 March 2007 is less than 30% greater than the NPAT for the period to 31 March 2006; or

   (2)   (30, if the NPAT for the period to 31 March 2007 is 30% or more but less than 75% greater than the NPAT for the period to 31 March 2006; or

   (3)   35, if the NPAT for the period to 31 March 2007 is 75% or more but less than 100% greater than the NPAT for the period to 31 March 2006; or

   (4)   40, if the NPAT for the period to 31 March 2007 is 100% or more greater than the NPAT for the period to 31 March 2006,

provided that if A1 is less than US$ 1 million no Warrant Rights shall be granted.

(c)   W3 is the total number of warrants issued and allotted on 30th June 2008 to Pearson calculated as below:

$$W3 = ES3 - ES2$$

Wherein

ES2 is the existing number of ordinary equity shares of the Company and warrants and options of the Company in issue at 29 June 2008;

ES3 is the total number of ordinary equity shares of the Company upon dilution due to issue of warrants to Pearson on 30th June 2008 as below:

$$ES3 = ES2 / (1 - C2)$$

Wherein

C2 is as calculated below:

$$C2 = (0.75 \times A2) / (M \times B2)$$

Wherein

(aa)   A2 is equal to the aggregate of (i) Development Fees paid in the 12 month period ending 31st March 2008 and (ii) the amount, if any, of the Development Fees paid in the 12 month period to 31 March 2007 if such amount was less than US$ 1 million.

(bb)   B2 is equal to the NPAT for the period ending 31st March 2008.

(cc)   M is equal to

(1)   20, if the NPAT for the period to 31 March 2008 is less than 30% greater than the NPAT for the period to 31 March 2007; or

(2)   (30, if the NPAT for the period to 31 March 2008 is 30% or more but less than 75% greater than the NPAT for the period to 31 March 2007; or

(3)   35, if the NPAT for the period to 31 March 2008 is 75% or more but less than 100% greater than the NPAT for the period to 31 March 2007; or

(4)   40, if the NPAT for the period to 31 March 2008 is 100% or more greater than the NPAT for the period to 31 March 2007,

provided that if A2 is less than US$1 million no Warrant Rights shall be granted.

3.3   Each Warrant Holder is entitled to a Warrant Certificate, which shall bear the date of entry in the Register, the number of Ordinary Shares and the Subscription Price in respect of each series of Warrant Rights granted under Clause 3.2 above to which the Warrant Holder is entitled.

3.4   Each Warrant Certificate shall be executed by the Company. Joint Warrant Holders will be entitled to only one Warrant Certificate in respect of their holding and the Warrant Certificate shall be delivered to the holder who is named first in the Register or to another person the joint holders may nominate in writing.

4. EXERCISE OF WARRANTS

4.1   Subject to Clause 4.5, Warrant Rights may be exercised in whole on any Business Day at any time in accordance with the schedule of exercise laid out herein below. For the avoidance of doubt, the Warrants issued on a particular date must be exercised in full or not at all and provided that Warrants issued on different dates can be exercised in full on different dates:

(a)   Warrant Rights granted on 30 June 2006 – by not later than 30 June 2007;

(b)   Warrant Rights granted on 30 June 2007 – by not later than 31 December 2008; and

(c)   Warrant Rights granted on 30 June 2008 – by not later than 31 December 2009.

4.2   The exercise of Warrant Rights under this clause shall, at the option of the Investor and the Founders, be either by way of: (i) fresh issue of Ordinary Shares by the Company as mentioned above; or (ii) purchase of existing Ordinary Shares owned by the Investor or the Founders or through a combination of both, provided that, the Company shall be entitled, in its sole discretion, to require that the exercise of Warrant Rights be by way of fresh issue of Ordinary Shares if the Company reasonably determines that it requires additional funding and any such determination shall override any election by the Founders and the Investor in this respect. For the avoidance of doubt, on exercise each Warrant will result in an equivalent of one Ordinary Share of the Company. If the Investor and the Founders do not notify the relevant Warrant Holder of their election as to the form of exercise pursuant to the Clause 4.2 within thirty (30) days after an exercise of Warrant Rights by a Warrant Holder, then the Warrant Rights exercised shall be satisfied by a fresh issue of Ordinary Shares by the Company.

4.3   To exercise Warrant Rights, the Warrant Holders must serve an Exercise Notice on the Company (with a copy marked to the Investor and the Founders) in accordance with Clause 13, accompanied by a remittance of the relevant amount of the Subscription Price for the number of Ordinary Shares to be issued or transferred on exercise of the relevant Warrant Rights. The allotment or transfer of Ordinary Shares pursuant to the terms of Warrant Rights shall be subject to necessary approvals and exchange control regulations of the laws of India.

4.4   On exercise of Warrant Rights by a Warrant Holder and payment of the full Subscription Price for such Warrant Rights, each of the Company, Founders and Investor shall on the date of receipt of the Subscription Price for the Ordinary Shares by the relevant receiving party:

(a)   either allot and issue or transfer, as the case may be, Ordinary Shares in respect of which Warrant Rights have been exercised to the Warrant Holder (or any person nominated by it);

(b)   enter the name of the Warrant Holder (or any person nominated by it) in the Register and in the Company's register of members as the holder of the relevant number of Ordinary Shares; and

(c)   deliver to the Warrant Holder, within two Business Days of allotment and issue or transfer, a share certificate in respect of the relevant number of Ordinary Shares.

4.5   Any Warrant Rights not exercised by 3.00 p.m. (London Time) on or before the dates mentioned hereinabove under Clause 4.1 shall lapse with effect from that time.

4.6   When Warrant Rights have been exercised in full, the relevant Warrants will be cancelled.

4.7   Each of the Parties covenants to Pearson that the Ordinary Shares in respect of which Warrant Rights have been exercised shall be allotted and issued or transferred fully paid free and clear of all encumbrances and shall rank *pari passu* with the other Ordinary Shares then in issue, except for any dividend or other rights attaching to Ordinary Shares by reference to a record date prior to the Exercise Date.   The Company shall give the Warrant Holders at least 21 Business Days prior written notice of any such record date.

4.8   The Company shall ensure that the authorised capital is sufficient to enable issuance of the Ordinary Shares to satisfy the exercise in full of the outstanding Warrant Rights, taking account of any other obligations of the Company to issue Ordinary Shares and that the directors of the Company are empowered to issue the same.

5.   ADJUSTMENT EVENTS

Following an Adjustment Event, the Auditors shall certify to the Company in writing the adjustments to the number and nominal value of the Ordinary Shares and the Subscription Price which the Auditors consider in their opinion to be necessary so that after such adjustment and with effect from the occurrence of the Adjustment Event the Warrant Holders will be entitled to receive the same percentage of the Fully Diluted share capital of the Company, carrying the same entitlement to participate in Distributions for the same price, as nearly-as practicable, as would have been the case if no Adjustment Event had occurred.

6.   UNDERTAKINGS

The Company undertakes that whilst Warrant Rights remain to be exercised, it will:

(a)   in the event of an issue of Shares to a third party other than a Financial Investor, give not less than 30 Business Days prior written notice of the same proposal to the Warrant Holders. Such notice shall specify the number of Shares proposed to be issued and the terms thereof as well as the identity of the proposed investor. At any time prior to the end of such notice period, the Warrant Holder may give notice in writing of its intention to participate and

subscribe to the new issue of Ordinary Shares on the terms set out in the Company's notice. If Shares are to be issued to a Financial Investor at any time after June 30, 2006, the Pearson Group shall be entitled to subscribe for such additional Shares as may be necessary to ensure that the shareholding proportion of the Pearson Group (assuming any Warrant Rights it holds had been exercised in full) shall be the same as it was prior to such issue of Shares. Such allotment of further Shares to the Pearson Group shall be on the same terms as the Shares issued to such Financial Investor save that where a Financial Investor acquires fully paid Shares (in cash) representing an interest which is 15% greater than the proportion of fully paid-up Shares held by Pearson such allotment to the Pearson Group shall be on the same price (but not necessarily the same terms) as the Shares issued to such Financial Investor;

(b)   not, without the prior sanction of a Consent, in any way vary or modify the rights attached to the Warrants;

(c)   notify each Warrant Holder in writing as soon as reasonably practicable after the relevant board or general meeting of shareholders (whichever is the earlier) has resolved to consider or implement an Adjustment Event or a Distribution and, in any event at least 10 Business Days prior to the date on which an Adjustment Event or Distribution is to occur, specifying its prospective date; and

(d)   procure that the Auditors give a certificate in accordance with Clause 5 in the case of an Adjustment Event and give effect to an Adjustment Event.

7.   THE REGISTER

7.1   Warrant Holders shall be entitled to transfer or assign their Warrants to any member of the Pearson Group and the Company shall promptly register any changes in ownership of the Warrants.

7.2   The Company shall cause a Register to be maintained at its registered office showing Warrant Rights held by each Warrant Holder, the date of issue and all subsequent transfers and changes of ownership of all Warrants and the names and addresses of each of the Warrant Holders and the persons deriving title under them. Any Warrant Holder (or any person authorised in writing by a Warrant Holder) is at liberty at all reasonable times during office hours to inspect the Register and to take copies of or extracts from it or any part of it free of charge.

8.   REPLACEMENT OF WARRANT CERTIFICATES

If any Warrant Certificate is lost, stolen, mutilated, defaced or destroyed then a new Warrant Certificate in lieu thereof may be given to the person entitled to the Warrants represented thereby, upon such terms as to evidence and indemnity as the Company may reasonably require. An entry as to the issue of a new Warrant Certificate and as to the provision of an indemnity (if any) shall be made in the Register. Mutilated or defaced Warrant Certificates must be surrendered before replacements will be issued.

9. TRANSFERS

General

9.1 The provisions of Clauses 9.1 to 9.10 apply in relation to any transfer, or proposed transfer, of Shares in the Company or any interest in those Shares and shall take effect upon Pearson being registered as a Shareholder. For the avoidance of doubt, the provisions of Clauses 9.1 to 9.9 shall not apply in relation to the transfer of Warrants.

Restriction on transfer

9.2 Except as permitted by this Clause 9 or with the prior written consent of the other Shareholders or in relation to any transfer of Shares by the Investor and/or the Founders pursuant to an exercise of Warrant Rights under this Agreement (each a *Permitted Transfer*), no party (or any Shareholder in its Group) shall:

(a) transfer any Shares;

(b) grant, declare, create or dispose of any right or interest in any Shares; or

(c) create or permit to exist any pledge, lien, fixed or floating charge or other encumbrance over any Shares other than to secure any debt owed to any financial institution which has executed a deed of adherence to this Agreement which will take effect upon enforcement of any such security.

Transfer Notice

9.3 Before a Shareholder (*Seller*) makes any transfer of some or all of its Shares (*Sale Shares*), other than pursuant to a Permitted Transfer, the Seller shall first give the other parties to this Agreement holding Shares (the *Continuing Parties*) notice (a *Transfer Notice*) of any proposed transfer together with details of any proposed purchaser (a *Purchaser*), the purchase price and other material terms which the Seller and the Purchaser have agreed. A Transfer Notice is irrevocable.

Right of Continuing Parties to purchase

9.4 On receipt of the Transfer Notice, the Continuing Parties shall have the right (but not the obligation) to buy such number of Sale Shares as are equivalent pro rata to their holdings of Shares at the price specified in the Transfer Notice by giving notice to the Seller within thirty (30) days of receiving the Transfer Notice (the *Acceptance Period*). If one or more Continuing Parties decides not to take up the offer within the stipulated period of thirty (30) days to acquire all of the Sale Shares to which they are entitled under this Clause 9.4, the other Continuing Parties shall be entitled to buy them on the terms of this Clause 9.

Obligation to complete

9.5 Any Continuing Party who has given notice to purchase under Clause 9.4 shall be bound (subject only to any Regulatory Approvals) to buy the Sale Shares. In such

event, completion of the sale and purchase of the Sale Shares shall take place within thirty (30) days of the giving of the notice or, if later, the obtaining of all Regulatory Approvals. Each party shall use all reasonable efforts on its part to ensure that any necessary approvals are obtained. Notwithstanding the foregoing, such notice and the Continuing Parties' right to buy the Sale Shares shall cease to have effect if any necessary Regulatory Approval is not obtained within one hundred and eighty (180) days of the giving of the notice.

Seller's right to sell to Purchaser

9.6   If the Continuing Parties do not buy all or any of the Sale Shares under Clause 9.4 or any notice given under those Clauses ceases to have effect pursuant to Clause 9.5, the Seller may transfer the Sale Shares on a bona fide arm's length sale to a Purchaser at a price not less than the purchase price specified in the Transfer Notice provided that the transfer is completed within one hundred and eighty (180) days after the later of:

(a)   the date of the Transfer Notice; or

(b)   if any notice given by the Continuing Party has ceased to have effect pursuant to Clause 9.5, the date on which that notice ceased to have effect.

Further, in the event of a sale of Shares by all Shareholders of the Company other than Pearson Group and in the event that the Pearson Group, being the sole Continuing Party, decides not to take up the opportunity to acquire all of the Sale Shares to which it is entitled under this Clause 9.5, the Pearson Group shall, upon being given written notice by all of the other Shareholders requiring it to do so, sell its entire holding of Shares to the Purchaser together with the Sellers provided that it is being offered not less favourable terms in respect of such sale.

Permitted Transfers

9.7   A Shareholder in the Pearson Group may at any time transfer any of the Shares held by it to a company which is also a member of the Pearson Group, provided it has given all the other Shareholders not less than twenty Business Days prior notice of such transfer.

9.8   Each of the Founders may at any time transfer any of the Shares held by it to each other or any member of their respective immediate families who has agreed to comply with the provisions of this Clause 9 of this Agreement. Any other existing shareholder in the Company (including the Investor) at the date hereof shall be entitled to transfer its Shares to any of its Affiliates.

9.9   Each Shareholder undertakes to ensure that any member of its Group which holds Shares shall transfer all of the Shares which it then holds to another member of its Group before it ceases at any time to be a member of its Group.

Tag-along

9.10   If any Shareholder proposes to sell all or any its Shares on a bona fide arm's length sale to a Purchaser in accordance with Clause 9.6, such Shareholder shall not complete such sale unless it ensures that the Purchaser offers to buy from each Continuing Party such number of Shares as represents such Continuing Party's pro rata interest in the fully diluted share capital of the Company of the number of shares that such Purchaser was willing to acquire (as set out in the Transfer Notice) and on the same terms (including price per Share) as apply to the purchase of the Sale Shares. The offer shall:

(a)   be irrevocable and unconditional (except for any conditions which apply to the proposed transfer of the Sale Shares);

(b)   fully describe all material terms and conditions (including terms relating to price, time of completion and conditions precedent) agreed between the Seller and the Purchaser;

(c)   be open for acceptance by the relevant shareholders during a period of not less than twenty-one (21) days after receipt of such offer.

If the offer is accepted by the relevant shareholders, the sale shall be conditional upon completion of the Seller's sale to the Purchaser and shall be completed at the same time as that sale. Pearson acknowledges that the tag-along right in favour of the Investor under the SHA upon a transfer of all or a part of the Ordinary Shares held by the Founders shall apply to any transfer of Shares by the Founders to any Purchaser and any acquisition of Shares by Pearson from the Founders.

Approval under Articles

9.11   The Parties shall give any approvals required by the Articles in relation to any transfer of Shares permitted by the terms of this Clause 9.

10.   REPRESENTATIONS, WARRANTIES AND UNDERTAKINGS

10.1   Each of the Company and the Founders represents and warrants to Pearson that the terms of the Warranties are true and accurate and not misleading. The Warranties shall be deemed to be repeated by the Company and the Founders at the time of exercise of Warrant Rights by Pearson.

10.2   After Pearson (or any person nominated by it) becomes a Shareholder and acquires Shares representing 15% or more of the Ordinary Shares, no action or decision shall be taken (whether by the Board of Directors or any committee, the shareholders of the Company or any of the employees, officers or managers of the Company) in respect of the following matters unless Pearson's consent for such action or decision is obtained (in writing):

(a)   any Adjustment Event including changing the Company's authorised or issued share capital;

(b)   materially changing the nature or scope of the current business of the Company or any modification to the New Articles;

(c)   acquiring or disposing of (whether in a single transaction or series of transactions) any business (or any material part of any business) or any material asset where the value of the acquisition or disposal exceeds US$ 5 million or increasing (or reducing) its shareholding in any other company;

(d)   entering into (or terminating) any joint venture, profit-sharing agreement, technology licence or collaboration; and

(e)   any proposal to merge, amalgamate or wind up the Company or other voluntary proceeding seeking liquidation, administration (whether out of court or otherwise), reorganisation, readjustment or other relief under any bankruptcy, insolvency or similar law.

For so long as Pearson holds any Warrant Rights, the Company shall provide it with 21 days' prior written notice of any shareholder meeting at which any of the matters set forth in this clause are considered or of any action or decision to implement such a matter.

10.3   Each of the Company and the Founders hereby unconditionally and irrevocably consents to Pearson (and any members of its Group) making investments in or entering into collaboration or trademark agreements with one or more persons engaged in the same or a similar business in India as the business of the Company.

10.4   Until such time as the Warrants have been exercised in full, the Company shall ensure and the Founders shall procure that the Company prepares and delivers to Pearson the Company's audited accounts as soon as reasonably practicable after the financial year end. Pearson shall be entitled to receive from the Company all the information in such form as it reasonably requires to keep it properly informed about the business and affairs of the Company.

10.5   The Company shall (and each of the Founders agrees to procure that the Company shall) no later than 60 Business Days from the date of this Agreement, adopt the New Articles.

11.   FURTHER ASSURANCE

So far as it is legally able, each Party agrees with the others that it will do or procure to be done all such acts and things, execute or procure the execution of all such other documents and exercise all voting rights and powers, direct and indirect, available to it in relation to any person and/or the Company to ensure that the provisions of this Agreement are punctually fulfilled, observed and performed and generally that full effect is given to the principles set out in this Agreement (including, without limitation, the passing of all necessary board and shareholder resolutions to allot and issue or transfer, as the case may be, Shares to any Warrant Holder (or its nominee) consequent to the exercise of any Warrant Rights).

12. INVALIDITY

If any provision of this Agreement is or is held to be invalid or unenforceable, then so far as it is invalid or unenforceable it has no effect and is deemed not to be included in this Agreement. This shall not invalidate any of the remaining provisions of this Agreement. The parties shall then use all reasonable endeavours to replace the invalid or unenforceable provision by a valid provision the effect of which is as close as possible to the intended effect of the invalid or unenforceable provision.

13. NOTICES

13.1 Any notice or document to be given to a Warrant Holder may be given by sending one copy of the same by personal delivery or by post in a pre-paid envelope addressed to the registered office of the relevant Warrant Holder, for the attention of Mr Scott Henderson or to such other person or address as the Warrant Holder may request on giving not less than 30 days' notice to the Company

13.2 Notice to the Company and/or the Founders may be served by sending the same by facsimile to the Company addressed to its Chief Executive Officer, fax number: +91 821 4282208 or by personal delivery or by post or courier in a pre-paid envelope addressed to the Company and/or the Founders (as the case may be) at the Company's registered office.

13.3 Notice to the Investor may be served by sending the same by facsimile to the Investor addressed to Mr. S N Rajesh, Vice President, UTI Venture Funds Management Company Private Limited, 12th M Floor, East Wing, Raheja Towers, 26/27, M G Road, Bangalore, Karnataka – 560 001; Fax No: +91-80-2532-3127 by personal delivery or by post or courier in a pre-paid envelope.

13.4 Any notice given by personal delivery, registered post or courier shall be deemed to be received when delivered and in proving such service it shall be necessary to prove that the envelope containing the notice, was properly delivered. Any notice given by facsimile shall be deemed to be received when a notice confirming successful transmission is received by the sender.

14. WAIVER OF RIGHTS, VARIATION

No waiver by a party of a failure by any other party to perform any provision of this Agreement operates or is to be construed as a waiver in respect of any other failure whether of a like or different character. The rights and remedies of Pearson shall not be affected by any investigation made into the affairs of the Company or any knowledge held or gained of any such affairs. A variation of this Agreement (or of any of the documents referred to in it) is valid only if it is in writing and signed by or on behalf of each party.

15. NO PARTNERSHIP

Nothing in this Agreement (or any of the arrangements contemplated by it) is or shall be deemed to constitute a partnership between the parties nor, except as may be expressly set out in it, constitute either party the agent of the other for any purpose.

16. COSTS

Each of the parties shall pay its own costs, charges and expenses (including taxation) incurred in connection with negotiating, preparing and implementing this Agreement and the transactions contemplated by it.

17. INITIAL PUBLIC OFFERING

17.1 Subject to Clause 17.2, the Company, Founders and Investor are entitled, in their absolute discretion, to decide on the timing, pricing and other modalities of an initial public offering of Shares of the Company or an offer for sale of the Shares of the Company being held by either the Investor or the Founder at a recognised stock exchange in India or overseas.

17.2 In the event the Company decides to list its Ordinary Shares on a recognised stock exchange in India or overseas either through an initial public offering or an offer for sale (**IPO**), the Company shall provide Pearson with notice of its intention to do so at least 21 days prior to the date of the meeting of the Board of Directors of the Company approving the IPO and Pearson may convert the Warrants issued and outstanding into Ordinary Shares of the Company prior to a formal filing of the issuance documents with the respective regulators. Such a conversion will take place at the Subscription Price for each tranche of Warrants issued to Pearson. In the event Pearson decides not to convert any issued and outstanding Warrants into Ordinary Shares with 21 days of receipt of a formal notice from the Company prior to an IPO then such Warrants shall be forfeited conditional upon listing of the Ordinary Shares taking place.

18. RIGHT OF FIRST REFUSAL

Pearson shall be given the opportunity to acquire, on terms no less favourable as those on offer from any third party (including Freedom to Learn Ltd), (i) any equity or other ownership interest in the Company proposed to be issued by the Company itself or proposed to be sold or otherwise transferred by any shareholder in Company (other than any disposal between family members); and (ii) a right of first refusal to match any offer to acquire all or substantially all of the assets of the Company, including Saras Licensed Components, from any third party (including, Freedom to Learn Ltd) received by the Company. The offer for sale and purchase of equity by any Shareholder under this Clause shall be in accordance with the procedure laid out under Clause 9 hereinabove. Further, the offer made pursuant to this clause to Pearson shall be valid for a period of 30 business days from the date of receipt of such notice. Upon expiry of the said period of 30 business days and if Pearson does not accept the offer herein, then the offer so made shall expire and the Selling Shareholders shall have an absolute and unrestricted right for 180 days thereafter to transfer their Shares to the Purchaser. An offer made to Pearson by the Selling Shareholders under this clause shall be deemed to be an offer and compliance under Clause 9.3 and not in addition to the rights under Clause 9 of this Agreement. The offer made under this Clause of any equity or ownership interest in the Company to be newly issued by the Company shall be made in accordance with Clause 6 of this Agreement.

It is clarified that the right under this clause is a restatement of some of the rights Pearson has under Clause 6.3 of the Development and License Agreement.

19. ASSIGNMENT

This Agreement and the rights and liabilities hereunder shall bind and inure to the benefit of the respective successors of the Parties hereto. The Founders and the Company shall not assign or transfer, nor shall they be entitled to assign or transfer, any of their rights and liabilities hereunder to any other Person without the prior written permission of the Investor. However, each of the Investor and Pearson shall be entitled to assign any and/or all of its rights and obligations hereunder to any of its Affiliates, without the written consent of the Founders or the Company.

20. AMENDMENTS

No modification or amendment to this Agreement and no waiver of any of the terms or conditions hereof shall be valid or binding unless made in writing and duly executed by all the Parties.

21. COUNTERPARTS

This Agreement may be executed in any number of counterparts and by the parties to it on separate counterparts, each of which shall be an original but all of which together shall constitute one and the same instrument.

22. GOVERNING LAW AND JURISDICTION

This Agreement shall be governed by and construed in accordance with Indian law. Any disputes which may arise in connection with this Agreement shall be finally settled under the Rules of Arbitration of the International Chamber of Commerce (*Rules*) by a sole arbitrator appointed in accordance with the Rules. The seat of arbitration shall be London. The language of arbitration shall be English.

IN WITNESS whereof this Agreement has been executed by the parties hereto on the day and year first above written.

SIGNED by	)
for and on behalf of	)
Excel Soft Technologies Private Limited	)

SIGNED by	)
for and on behalf of	)
Pearson Overseas Holdings Limited	)

SIGNED by	)
for and on behalf of	)

M H Dhananjaya   )

SIGNED by   )
for and on behalf of   )
D Sudhanva   )

SIGNED by **SN Rajesh, Vice President**)
for and on behalf of   )
UTI-ITVUS   )

SCHEDULE 1

FORM OF WARRANT CERTIFICATE

Warrant No.

Excel Soft Technologies Pvt Limited

Issue of Warrants to subscribe for Ordinary Shares at [   ] Rupees per Ordinary Share (subject to adjustment).

This is to certify that [   ] of [   ] is the registered holder of Warrants to subscribe for [   ] Ordinary Shares. The Warrants represented by this certificate are exercisable in whole in the period to [*specify final date.*] (subject to adjustment).

The Warrants are issued pursuant to and in accordance with agreement instrument executed by the Company and dated [   ] 2006 and are issued subject to the provisions contained in that agreement. Terms defined in that agreement have the same meaning when used in this Warrant Certificate.

Dated

EXECUTED   by   )   Director
[_____ _____ _____ _____]   )
acting by   )   Director

Notes

(1)   The Warrants are only transferable prior to their exercise (in whole or in part) in accordance with the provisions of the Subscription Agreement.

(2)   No transfer will be accepted for registration unless accompanied by this Warrant Certificate and lodged with the Company at its registered office.

Form of Exercise Notice

To: Excel Soft Technologies Pvt Limited

Copy: (1) Mr M H Dhananjaya & Mr D Sudhanva

          (2) UTI-India Technology Venture Unit Scheme

We give notice of exercise of Warrant Rights in respect of [●] Ordinary Shares. Please [allot and issue] [transfer] to [*name of Warrant Holder or any person nominated by it under Clause 4*] [●] Ordinary Shares and deliver the share certificates in respect of such Ordinary Shares and any balancing Warrant Certificate to [*address*].

SCHEDULE 2

REPRESENTATIONS AND WARRANTIES

1.   Each of the Company and the Founder has obtained all corporate authorisations and all other applicable Regulatory Approvals required to empower it to enter into and perform its obligations under this Agreement.

2.   This Agreement will, when executed, constitute valid and binding obligations of the Company and the Founder, and entry into and performance by it of this Agreement will not violate or conflict with the provisions of its memorandum and articles of association, certificate of incorporation, by-laws, or equivalent constitutional documents in any way that would materially adversely affect its ability to enter into or perform its obligations under this Agreement.

3.   Neither entry into this Agreement nor entry into, and implementation of, the proposed transactions by the Company or the Founder will:

   (a)   result in violation or breach of any applicable laws or regulations in any relevant jurisdiction; or

   (b)   amount to a violation or default with respect to any statute, regulation, order, decree or judgment of any court or any governmental or regulatory authority in any jurisdiction,

by it, where, in each case, such breach, conflict or violation would materially adversely affect its ability to enter into or perform its obligations under this Agreement but the implementation and exercise of the rights granted under the Warrants shall be subject to the permissions and approvals of the Reserve Bank of India and the Government of India, as may be applicable.

4.   Other than as referred to in this Agreement, no announcements, consultations, notices, reports or filings are required to be made by the Company or the Founder in connection with the performance of its obligations under this Agreement.

5.   The Company is validly incorporated, in existence and duly registered under the laws of their jurisdiction of incorporation.

6.   No order, proceeding or appointment has been taken or made by the Company or in respect of it for a distress, execution, composition or arrangement with creditors, winding-up, dissolution, administration or receivership (administrative or otherwise) and no analogous event in respect of it has occurred. The Company is not insolvent or unable to pay its debts.

7.   There are no claims or proceedings which exist or which are pending or threatened against the Company, which could have a material adverse effect on its ability to perform its obligations under this Agreement.

8. Neither the Company nor the Founder is party to any outstanding contracts, agreements or arrangements relating to the acquisition or transfer of the Shares (other than this Agreement and the Articles) and there are no ongoing discussions or negotiations between it and any third party in connection with the acquisition of the Shares. The terms and conditions of the Investment Agreements have been recorded in the Articles in full and are accurate and not misleading.

9. The details of the Specified Options and the authorised, issued and Fully Diluted share capital of the Company set out in Annexures A and B to this Agreement are true and accurate in all respects.

ANNEXURE A

Details of Specified Options

The Company has implemented the employee stock option plan (*ESOP*) pursuant to the Company's ESOP Trust. Rights under the ESOP in respect of a number of Ordinary Shares not exceeding the number set out in Annexure B shall be granted by the Company after the allotment of Warrants.

ANNEXURE B

Details of share capital

SHAREHOLDING PATTERN OF
EXCELSOFT TECHNOLOGIES PRIVATE LIMITED*

S.No	Particulars	Initial Shares		Post ESOP		Post Conversion of OCCRPS	
		No. of Shares	%	No. of Shares	%	No. of Shares	%
1	Promoters	1,000,000	66.67%	1,000,000	65.57%	1,000,000	63.41%
2	UTI - ITVUS	500,000	33.33%	500,000	32.79%	551,923	35.00%
3	ESOP Trust	-	0.00%	25,000	1.64%	25,000	1.59%
	Total	1,500,000	100.00%	1,525,000	100.00%	1,576,923	100.00%

*   The regulatory compliance and procedures for the same have been initiated and the above shareholding is subsequent to the completion of such compliance and procedures.

IN WITNESS whereof this Agreement has been executed by the parties hereto on the day and year first above written.
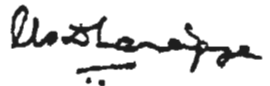
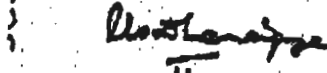SIGNED by
for and on behalf of
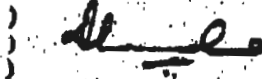Excel Soft Technologies Private
Limited   )
)
)

SIGNED by
for and on behalf of
Pearson Overseas Holdings Limited   )
)
)

SIGNED by
for and on behalf of
M H Dhananjaya   )
)
)

SIGNED by
for and on behalf of
D Sudhanva   )
)
)

SIGNED by
for and on behalf of
UTI-ITVUS by S N Rajesh, Vice   )
President   )
)

IN WITNESS whereof this Agreement has been executed by the parties hereto on the day and year first above written.

SIGNED by
for and on behalf of
Excel Soft Technologies Private
Limited

SIGNED by
for and on behalf of
Pearson Overseas Holdings Limited

SIGNED by
for and on behalf of
M H Dhananjaya

SIGNED by
for and on behalf of
D Sudhindra

SIGNED by
for and on behalf of
UTI-ITVUS by S N Rajesh, Vice
President

Page 2

IN WITNESS whereof this Agreement has been executed by the parties hereto on the day and year first above written.

SIGNED by
for and on behalf of
Excel SBS Technologies Private
Limited

SIGNED by
for and on behalf of
Paycom Overseas Holdings Limited

SIGNED by
for and on behalf of
ACE Enterprises

SIGNED by
for and on behalf of
JB Softwares

SIGNED by
for and on behalf of
UTStarcom by S N Rajesh, Vice
President

PAGE: 2 (TWO)

MEMORANDUM OF UNDERSTANDING

This **Memorandum of Understanding** ("Memorandum"), effective as of this **3rd day of June, 2005** ("Effective Date") is made by and between Freedom2Learn, Ltd., a company incorporated under the Companies Act, 1985 of the United Kingdom, with offices at The Fabriam Building, Middle Engine Lane, Silverlink Business Park, Newcastle, UK, NE28 9NZ ("Freedom2Learn"), and Excel Soft Technologies, a company incorporated under the Companies Act, 1956 of India, with offices at 1B, Hootagalli Industrial Area, Mysore – 570 018, Karnataka, India ("Excel Soft," and, together with Freedom2Learn, Limited the "Companies"), and Pearson, Inc., a Delaware corporation, (including each of Pearson's subsidiaries and affiliates, "Pearson"), by and through its Central Media Group Division, with offices located at 75 Arlington Street, Boston Massachusetts 02118 USA.

This Memorandum memorializes the parties' good faith commitment to negotiate exclusively with each other for a definitive agreement regarding the subject matter ("Definitive Agreement"), with the goal to have such Definitive Agreement completed and signed on or before September 1, 2005.

Both parties acknowledge that they have not agreed upon all of the essential terms of the contemplated Definitive Agreement. The parties agree that neither shall be obligated to proceed with the proposed transaction unless and until the parties execute a Definitive Agreement approved by their respective counsel and officers, and then only in accordance with its terms. Except as expressly set forth in this Memorandum, neither party shall have any obligation to the other, unless and until such obligations are set forth in a Definitive Agreement signed by both parties, provided, however that from the Effective Date of this Memorandum to its expiration or termination, the parties are bound by the Legal Terms, and the exclusive negotiation obligation herein. Each party will bear its own expenses and costs incurred in connection with the Definitive Agreement and the initial activities arising from this Memorandum.

Each party further agrees to abide by the terms of the Non-Disclosure Agreement executed by the parties on February 23, 2005, the terms of which shall remain in effect in accordance with its terms, regardless of whether the parties enter into a Definitive Agreement.

A.   BACKGROUND AND INTENT

(1)   Excel Soft has developed and fully owns an educational assessment software program known as the Saras Assessment Management System (including certain components of the Saras Learning Management System to be designated in the definitive Agreement, "Saras") and F2L has been appointed by Excel Soft as its, worldwide distributor.

(2)   Pearson is the world's largest educational publisher, and would like to develop a powerful core assessment engine capable of providing a broad and extensible array of multi-discipline, multi-level assessment types, as contemplated in its Request For Proposal dated August 4, 2004.

(3)   Pearson and the Companies intend to form an alliance by which they will as provided hereunder co-develop over the next several years multiple iterations of a Saras-based line of Pearson assessment products ("Pearson Products"). The

Companies will extend, customize, and modify Saras, under Pearson's direction, to meet Pearson's functional, design, and technical requirements, under an agreed upon budget, schedule, and development process. In exchange for the products, software, rights and services provided by the Companies, Pearson will pay to the Companies certain agreed-upon development fees and license fees. The parties also contemplate that the Definitive Agreement may provide for additional product co-development and cross-licenses to be identified and undertaken by the parties during the term of the Definitive Agreement.

B.   PROPOSED DEFINITIVE AGREEMENT

Product Development and Production

(1)   Pearson and the Companies will work together to define mutually agreeable plans for the features, functionality, performance, and delivery timeline of the Pearson Products, including quality control standards and procedures for joint approval of final product materials. The parties will also agree upon appropriate remedies in the event such standards or deadlines are not met.

Saras and Pearson Products Source Code License

(2)   A source code escrow will be established upon terms and conditions to be agreed to between the Parties, within which will be deposited and held the entire, regularly updated Saras source code (the "Saras Code"), and Pearson will have full rights to periodically access and review the Saras Code with the cooperation, supervision and assistance of the Companies, as may be required to update, integrate and enhance the Pearson Products, and for other purposes as provided in the Definitive Agreement, pursuant to arrangements and procedures that will be contained in the Definitive Agreement. All Pearson New Code and Code Extensions (as hereinafter defined) and all necessary application programming and other interfaces useful in terms of the needs specified in 2(a) to 2(e), will be delivered to Pearson for possession by Pearson and maintenance on Pearson's servers.

Prior to any acquisition by Pearson of the Perpetual License (as hereinafter defined) Pearson will be provided the necessary access to the required portion of the Saras Code at all times for Pearson to increase its knowledge of Saras for purposes of integrating it with Pearson technologies and for creating Pearson Products, for creating QA plans, for evaluating the Companies' technical work, and for assessing technical risks; and fully licensed for all uses of the Saras Code necessary to permit it to:

(a)   increase its knowledge of Saras for purposes of integrating it with Pearson technologies and for creating Pearson Products, for creating QA plans for Pearson Products, for evaluating the Companies' technical work, and for assessing technical risks;

(b)   modify the Saras Code for purposes of integrating it with Pearson technologies, either by Pearson itself or by third-parties selected by Pearson, subject to a right of first refusal (to be defined in the Definitive Agreement) for the Companies to perform such work upon the same terms and conditions that Pearson offers to any third-party (subject to Pearson's determination

within the exercise of its sole discretion that the Companies are technically capable of preparing such modifications);

(c)   extend the capabilities of the Pearson Saras Products to meet evolving needs of Pearson customers, either by Pearson itself or by third-parties selected by Pearson, subject to a right of first refusal (to be defined in the Definitive Agreement) for the Companies to perform this work upon the same terms and conditions that Pearson offers to any third-party (subject to Pearson's determination within the exercise of its sole discretion that the Companies are technically capable of preparing such modifications).

(d)   to assist the Companies in Pearson Product development and to find and evaluate customer problem reports;

(e)   make any other use of the Saras Code consistent with the Definitive Agreement; and

(f)   subject to payment of the applicable License Fees (as hereinafter defined):

    (i)   exclusively distribute product containing Saras Code within the North American higher education markets (including secondary schools teaching with college product or teaching college-preparatory courses), (the "N.A. Exclusive Market");

    (ii)   exclusively distribute product containing Saras Code within the U.K. higher education market on a hosted service platform (including further education institutions), (the "U.K. Exclusive Higher Ed Market");

    (iii)   exclusively distribute product containing the Saras Code on a hosted service platform, within the U.K. primary and secondary school markets (to be defined further in the Definitive Agreement) and specifically to exclude sales to consumers, subject to any pre-existing distribution by the Companies as expressly identified in the Definitive Agreement, (the "U.K. Exclusive School Market", together with the U.K. Higher Ed Market and the N.A. Exclusive Market, the "Exclusive Markets");

    (iv)   non-exclusively distribute product containing the Saras Code worldwide, outside the Exclusive Markets; and

    (v)   the companies agree to in good faith attempt to negotiate an exclusive arrangement for co-marketing and distribution of Pearson Products directly to U.K. educational institutions for local on-site installation on such terms and conditions as may be agreed to between the Parties under the Definitive Agreement, and with the understanding that such installations will not be covered by the license fees in (14) below.

(paragraphs B.2(a) through (f), the "Pearson Saras License").

(3)　　Prior to Pearson's acquisition of the Perpetual License (as hereinafter defined) Pearson may not: (a) use the Saras Code or any part thereof in any product not covered by the Pearson Saras License; (b) transfer its Saras Code rights to any other party, excepting a successor company to Pearson; and (c) provide access to the Saras Code to any Pearson employee or contractor except as required to implement one of the foregoing permitted uses (and in the case of 3rd party contractors execution of a Non-Disclosure Agreement satisfactory to the Companies). At all times, Pearson will apply the same standard of care in keeping the Saras Code secure as it applies to its own proprietary software.

(4)　　On or after the fourth anniversary of the Definitive Agreement, Pearson will have the option to purchase a worldwide, non-exclusive, perpetual, irrevocable, royalty-free license to use the Saras Code without limitation (the "Perpetual License"), by paying 2.5 times the amount of the prior year's Annual License Fee and any other additional amounts that may be agreed to between the Parties.

Source Code Ownership

(5)　　Preexisting Saras Code, will be owned by the Companies, subject to the Pearson Saras License, the Perpetual License, if any, and any other licenses granted to Pearson within the Definitive Agreement subject to such terms and conditions as may be agreed to between the Parties for same.

(6)　　Extensions of the preexisting Saras Code (i.e. modifications or minor extensions to existing Saras code developed for and funded by Pearson pursuant to the Definitive Agreement or not, which may not feasibly be separated from Preexisting Saras Code ("Extensions")), shall be owned by the Companies, subject to the Pearson Saras License, the Perpetual License, if any, and any other licenses granted to Pearson within the Definitive Agreement, but may not be sold or licensed to other publishers during the Term without Pearson's prior written consent, which consent may be granted or withheld by Pearson within its sole discretion.

(7)　　Code newly developed by the Companies:

(a)　　pursuant to the Definitive Agreement ("Pearson New Code") shall be owned by Pearson, but subject to a license to be negotiated by the parties to permit the Companies to exploit such code (except for within the Exclusive Markets, or for sale to publishers worldwide), in return for credits to be applied against monies due the Companies from Pearson under the Definitive Agreement, such credits to be calculated pursuant to a formula to be agreed to between the Parties in the Definitive Agreement.

(b)　　independently by the Companies and not pursuant to the Definitive Agreement ("Companies New Code"), but which is part of or integral to Saras (as defined above) shall be owned unrestricted and absolutely by Excel Soft, but shall be included within the Pearson Saras License and the Perpetual License, if any.

(c)　　independently by the Companies and not pursuant to the Definitive Agreement and which is not part of or integral to Saras but will be sold or licensed separately by the Companies shall be owned unrestricted and

absolutely by Excel Soft , and not included within the Pearson Saras License and the Perpetual License, if any,

(Pearson New Code and Companies New Code, "New Code").

(8)   The parties agree that the Definitive Agreement will contain a mutually-agreed procedure pursuant to which code developed during the Term shall be designated in advance as "Extension" or "New Code."

(9)   The Companies may propose that they and Pearson co-fund development of particular features or products, which co-funding offer Pearson may accept or reject within its sole discretion, and upon such agreement to co-fund, if any, the source code underlying such co-funded features or products will be co-owned by the parties, with any fees, royalties, or revenue sharing to be agreed to by the parties on a case by case basis.

Technical oversight and Support; Training and Customer Services

(10)   The Companies will provide Pearson with backup technical support for customers, online or via telephone, free for an agreed upon warranty period, and pursuant to an agreed upon fee schedule thereafter. The Companies will train Pearson support personnel pursuant to an agreed upon fee schedule.

(11)   Pearson and the Companies will mutually agree upon reasonable remedies to be sought by either party in the event that the training, support or other customer services are not delivered to reasonable standards of quality. These remedies may involve assuming the responsibility for providing such services and shifting the costs thereof.

Distribution, Marketing and Sales

(12)   Pearson will be the exclusive distributor of the Pearson Products worldwide, and the exclusive distributor of product containing Saras Code within the Exclusive Markets, and the non-exclusive distributor of product containing Saras Code worldwide outside the Exclusive Markets, and no other product based upon or containing elements from Saras may be distributed by the Companies or any other party, within the Exclusive Markets.

(13)   Pearson will be exclusively responsible for the marketing and distribution of the Pearson Products, and may distribute same in any and all formats and mediums, including but not limited to in an application server provider model, as local installations or some combination thereof, and as a standalone product or bundled with other products.

Financial Terms

(14)   For the Pearson Saras License (excluding distribution of Pearson Products governed by any arrangements made, if any, under B.(2)(f)(v) and B. (15) hereunder), Pearson will pay the Companies a comprehensive annual license fee ("**Annual License Fees**") as follows: for the first year from the date of signing of Definitive Agreement, US$400,000; for the second year, US$600,000; for next three years of

the Term, $800,000 For subsequent years of the Term, the Definitive Agreement will define a mutually agreeable mechanism for defining the license fees, if any. The exact payment schedule will be defined in the Definitive Agreement, but Pearson agrees to advance 50% of the first-year's Annual License Fee upon signing the Definitive Agreement.

    (a)   Pearson may elect to terminate its obligation to pay future Annual License Fees, by making a one-time payment of 2.5 times the amount of the previous year's Annual License Fee, subject to an applicable minimum conversion amount to be defined in the Definitive Agreement. Provided that if the said termination is within the fourth anniversary of the effective date of the Definite Agreement, then the amount payable shall be US$ 2 Million.

(15)   For sales of the Pearson Products directly to primary, secondary and higher educational institutions within the UK for local on-site installation, the parties agree to negotiate in good faith to develop a co-marketing and distribution arrangement pursuant to financial terms to be determined in the Definitive Agreement.

(16)   The Companies will charge Pearson fees for software development as provided in 16(a) and 16(b) hereof, pursuant to payment schedules to be included in the Definitive Agreement and made subject to the Companies achieving certain agreed upon milestone and performance targets.

    (a)   For Extension development, or for any agreed upon Co-development as provided in paragraph B.(9), Pearson will pay at a rate, being in compliance with transfer pricing regulations of the respective and applicable jurisdictions, representing the Companies true staff costs plus out-of-pocket expense (e.g. travel, communications), plus a to-be-agreed upon markup to cover local overhead charges (e.g. facilities), but will not include amounts related to UK operations or a profit margin;

    (b)   For development of Pearson New Code, Pearson will pay the Companies at the following rates, subject to an annual inflation mechanism to be defined in the Definitive Agreements:

Project Manager	: $5,500 per month;
Lead developer/Sys Admin/QA Mgr	: $4,750 per month;
Senior developer/Senior Test Eng./UI Designer	: $3,900 per month;
Developer/tester/tech writer	: $3,200 per month.

(17)   The parties will negotiate mutually acceptable provisions, including terms and conditions, regarding (i) a right-of-first-refusal provision pursuant to which Pearson shall be given the opportunity to purchase on terms at least as favorable as those on offer, any equity or ownership interest in the Companies offered to any third-party purchaser; and (ii) a right of first refusal to match any offer to acquire all or substantially all of the shares or assets of the Companies or either of them received by the Companies during the Term. As part of the Definitive Agreement, Pearson will acquire warrants or shares from existing shareholders subject to certain terms and conditions, providing Pearson with the right to purchase an agreed-upon amount of shares in the Companies at an agreed upon price exercisable for an agreed-upon

1087315 v4

period into the future, such price to reflect the strategic interest and value of Pearson to the Companies on a pre-determined date.

Definitive Agreement Term; Termination

(18) The parties contemplate a Definitive Agreement term of ten years from the earlier of (a) the first commercial exploitation of the Pearson Saras Product; or (b) twelve months from the date of execution of the Memorandum of Understanding, with an option to renew for an additional ten year term at Pearson's discretion (the "Term"), and suitable provisions to allow the parties to post-termination or expiration continue to exploit previously developed Pearson Saras Products or co-developed products, subject to payment of all applicable license fees and pursuant to applicable terms under the Definitive Agreement.

(19) The Definitive Agreement will contain termination provisions as follows: (a) Pearson may terminate the Definitive Agreement at will during the Pearson Saras Product development phase, subject to its payment of all development fees owed; (b) standard mutual termination for cause; (c) any termination post-exploitation of the Pearson Saras Products will provide for Pearson's ability to continue to distribute existing Pearson Saras Products, subject to its payment of all applicable license fees, as agreed upon in the Definitive Agreement.

Other Provisions

(20) The parties agree to negotiate in good faith regarding other standard terms and conditions to be included in the Definitive Agreement, including provisions regarding intellectual property, warranties and representations, indemnities, limitations of liability as agreed by the parties, and all other necessary terms.

(21) The Definitive Agreement will provide for joint periodic strategic reviews of the relationship by the parties to improve the relationship created thereunder.

(22) After execution of this Memorandum, the parties will execute a Work Order consistent with the terms of this Memorandum to govern work requested by Pearson prior to execution of the Definitive Agreement, such Work Order to incorporate the ownership provisions herein regarding Saras Code, Extension and New Code.

C.   LEGAL TERMS

(1)   Term and Termination

Unless otherwise agreed by the parties in writing, the term of this Memorandum shall commence on the Effective Date and expire upon execution of a Definitive Agreement, or, if no Definitive Agreement has been reached, on December 31, 2005.

(2)   Integration and Modifications Clause

This Memorandum contains the present and entire agreement of the parties to date regarding the subject matter hereof. No verbal or oral statements, other representations by either party, course of dealing, or any previous written material or

communication shall in any way modify, add to, delete, or otherwise amend this Memorandum.

(3)   Governing Law

This Memorandum, the Definitive Agreement, and all matters related thereto shall be governed by, subject to, and construed only in accordance with the laws of the State of New York, without application of its conflict of laws principles. Venue of any action relating hereto or thereto will be in the state or federal courts of competent jurisdiction in New York, New York. The United Nations Convention on Contracts for the International Sale of Goods shall not apply to this Memorandum or the Definitive Agreement.

Agreed to by: Agreed to by:

PEARSON, INC.   **EXCEL SOFT TECHNOLOGIES P. LTD.**

Signature: _____   Signature: _____

By: _____   By: _____

Title: _____   Title: CHIEF EXECUTIVE OFFICER

Date: _____   Date: _____

Agreed to by:

FREEDOM2LEARN, LTD.

Signature: _____

By: _____

Title: DIRECTOR

Date: _____

PE_F2L_6-03-Final

December 6, 2005

From

Pearson, Inc., a Delaware corporation,
(including each of Pearson's subsidiaries and affiliates, "Pearson"),
by and through its Central Media Group Division,
75 Arlington Street, Boston
Massachusetts 02118 USA.

To

Excel Soft Technologies,
1B, Hootagalli Industrial Area,
Mysore – 570 018,
Karnataka, India.

Excel Soft Technologies ("Excel Soft") has developed and fully owns, an e-learning delivery platform known as *"Saras"*, consisting inter alia, of an Assessment Management System (the *"AMS"*) and a Learning Management System (the *"LMS"*). There are on going negotiations between Excel Soft and Pearson, Inc. respecting a Development and Software License Agreement (the "License") for the AMS and certain components of the LMS, to enable Pearson, in collaboration with Excel Soft, to develop: (i) a powerful Saras-based core assessment platform capable of providing a broad and extensible array of multi-discipline, multi-level assessment types; and (ii) multiple iterations of a Saras-based, line of Pearson assessment products, with Excel Soft extending, customizing, and modifying Saras under Pearson's direction, to meet Pearson's functional, design, and technical requirements.

Pending the completion of negotiations and execution of the License in favor of Pearson, Pearson has requested access to the Saras source code, which Excel Soft shall grant subject to the terms hereof.

1.   *Saras Source Code; Pearson Product Source Code*. (a) Prior to execution of the License, Excel Soft will provide Pearson the necessary access to the required portion of the Saras source code at all times for Pearson to increase its knowledge of Saras for purposes of integrating it with Pearson technologies and for creating Pearson Products, for creating QA plans, for evaluating the Excel Soft' technical work, and for assessing technical risks (the "Permitted Uses").

2. Prior to execution of the License, Pearson may not: (i) use the Saras source code or any part thereof in any product not covered by the Pearson Saras License; (ii) transfer its Saras source code rights to any other party, excepting a successor company to Pearson; and (iii) provide access to the Saras source code to any Pearson employee or contractor except as required to implement one of the foregoing Permitted Uses (and in the case of 3rd party contractors execution of a Non-Disclosure Agreement satisfactory to the Excel Soft). At all times, Pearson will apply the same standard of care in keeping the Saras source code secure as it applies to its own proprietary software.

3. Excel Soft possesses full power and authority to enter into this Agreement and to fulfill its obligations hereunder; and the performance of the terms of this Agreement and of Excel Soft's obligations hereunder shall not breach Excel Soft's charter or bylaw or any separate agreement by which Excel Soft is bound, and the Saras source code provided to Pearson by the Companies are and will be original to Excel Soft (except for material in the public domain and material as to which written licenses and/or grants of rights have been obtained from the owner for use in connection with Saras Product hereunder).

4. Each party hereto shall indemnify the other (the "Indemnifying Party") in the event of any breach of any covenant herein by the Indemnifying party, without any limitation of liability, against all damages from third-party claims flowing from such breach, including actual and consequential, expenses, costs, losses and charges.

John Isley
Executive Vice President, Pearson Education
Authorised Signatory
Pearson, Inc., a Delaware corporation,
by and through its Central Media Group Division,

[   ]
Authorized Signatory
Excel Soft Technologies

2.   Prior to execution of the License, Pearson may not: (i) use the Saras source code or any part thereof in any product not covered by the Pearson Saras License; (ii) transfer its Saras source code rights to any other party, excepting a successor company to Pearson; and (iii) provide access to the Saras source code to any Pearson employee or contractor except as required to implement one of the foregoing Permitted Uses (and in the case of 3rd party contractors execution of a Non-Disclosure Agreement satisfactory to the Excel Soft). At all times, Pearson will apply the same standard of care in keeping the Saras source code secure as it applies to its own proprietary software.

3.   Excel Soft possesses full power and authority to enter into this Agreement and to fulfill its obligations hereunder; and the performance of the terms of this Agreement and of Excel Soft's obligations hereunder shall not breach Excel Soft's charter or bylaw or any separate agreement by which Excel Soft is bound, and the Saras source code provided to Pearson by the Companies are and will be original to Excel Soft (except for material in the public domain and material as to which written licenses and/or grants of rights have been obtained from the owner for use in connection with Saras Product hereunder).

4.   Each party hereto shall indemnify the other (the "Indemnifying Party") in the event of any breach of any covenant herein by the Indemnifying party, without any limitation of liability, against all damages from third-party claims flowing from such breach, including actual and consequential, expenses, costs, losses and charges.

John Isley
Executive Vice President, Pearson Education
Authorised Signatory
Pearson, Inc., a Delaware corporation,
by and through its Central Media Group Division,

[   ]
Authorized Signatory
Excel Soft Technologies

1090290.1

AMENDMENT TO
THE MOU OF
UNDERSTANDING DATED JUNE 3, 2005

This Amendment, dated as of January 1, 2006, will serve to amend the MOU of Understanding ("MOU"), effective as of June 3, 2005 by and between Freedom2Learn, Excel Soft, and Pearson, each as further identified in the MOU. Each capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed thereto in the MOU.

1. The MOU memorialized the parties' good faith commitment to negotiate with each other towards the Definitive Agreement, with the goal to have such Definitive Agreement completed and signed on or before September 1, 2005 and the parties also executed memorandum dt. [●] to record the terms of the use of the Saras Source Code pending and till the finalization and execution of the Definitive Agreement.

2. All parties acknowledge that the negotiations towards such Definitive Agreement continue in good faith, and the parties anticipate that a signed Definitive Agreement will be achievable by February 28th, 2006 and the same shall be executed between the parties by such date.

3. Notwithstanding the foregoing, the parties acknowledge that they have not agreed upon all of the essential terms of the contemplated Definitive Agreement. The parties agree that neither shall be obligated to proceed with the proposed transaction unless and until the parties execute a Definitive Agreement approved by their respective counsel and officers, and then only in accordance with its terms.

4. Further, the memorandum dt. [●] executed between Excel Soft and Pearson, shall also continue and remain in force till such time a Definitive Agreement is finalized and executed between the Parties. All terms contained in the said memorandum shall continue till the execution of the Definitive Agreement.

5. Paragraph C.1 of the MOU is hereby deleted in its entirety, and replaced by the following revised Paragraph C.1:

C.   LEGAL TERMS

(1)   Term and Termination

Unless otherwise agreed by the parties in writing, the term of this MOU shall commence on the Effective Date and expire upon execution of a Definitive Agreement, or, if no Definitive Agreement has been reached, on February 28, 2006.

6. Except as set forth herein, the terms and conditions of the MOU shall remain in full force and effect, and each party hereto agrees to be bound to the terms thereof.

Agreed to by:

PEARSON, INC.   EXCEL SOFT TECHNOLOGIES P. LTD.

Signature: _____   Signature: _____
By: _____   By: _____
Title: _____   Title: CHIEF EXECUTIVE OFFICER
Date: _____   Date: _____

FREEDOM2LEARN, LTD.

Signature: _____

AMENDMENT TO THE MOU OF UNDERSTANDING DATED JUNE 3, 2005

This Amendment, dated as of January 1, 2006, will serve to amend the MOU of Understanding ("MOU"), effective as of June 3, 2005 by and between Freedom2Learn, Excel Soft, and Pearson, each as further identified in the MOU. Each capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed thereto in the MOU.

1. The MOU memorialized the parties' good faith commitment to negotiate with each other towards the Definitive Agreement, with the goal to have such Definitive Agreement completed and signed on or before September 1, 2005 and the parties also executed memorandum dt. 3, June 2005 to record the terms of the use of the Saras Source Code pending and till the finalization and execution of the Definitive Agreement.

2. All parties acknowledge that the negotiations towards such Definitive Agreement continue in good faith, and the parties anticipate that a signed Definitive Agreement will be achievable by February 28th, 2006 and the same shall be executed between the parties by such date.

3. Notwithstanding the foregoing, the parties acknowledge that they have not agreed upon all of the essential terms of the contemplated Definitive Agreement. The parties agree that neither shall be obligated to proceed with the proposed transaction unless and until the parties execute a Definitive Agreement approved by their respective counsel and officers, and then only in accordance with its terms.

4. Further, the memorandum dt. 3, June 2005 executed between Excel Soft and Pearson, shall also continue and remain in force till such time a Definitive Agreement is finalized and executed between the Parties. All terms contained in the said memorandum shall continue till the execution of the Definitive Agreement.

5. Paragraph C.1 of the MOU is hereby deleted in its entirety, and replaced by the following revised Paragraph C.1:

    C.   LEGAL TERMS

    (1)   Term and Termination

            Unless otherwise agreed by the parties in writing, the term of this MOU shall commence on the Effective Date and expire upon execution of a Definitive Agreement, or, if no Definitive Agreement has been reached, on February 28, 2006.
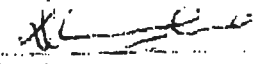
6. Except as set forth herein, the terms and conditions of the MOU shall remain in full force and effect, and each party hereto agrees to be bound to the terms thereof.
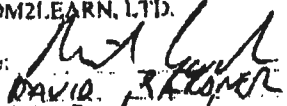
Agreed to by:

PEARSON, INC.

Signature:

By: JAMES W. BEHNKE
Title: Chief Publishing Officer
Date: 24/01/06

FREEDOM2LEARN, LTD.

Signature:
By: DAVID 3 KLONER
Title: DIRECTOR
Date: 24/01/06.

EXCEL SOFT TECHNOLOGIES P. LTD.

Signature:
By: D. Sudhanva
Title: CHIEF EXECUTIVE OFFICER
Date: 24 January 2006

This Amendment, dated as of February 28, 2006, will serve to amend the MOU of Understanding ("MOU"), effective as of June 3, 2005 by and between Freedom2Learn, Excel Soft, and Pearson, each as further identified in the MOU. Each capitalized terms used herein but not otherwise defined herein shall have the meaning ascribed thereto in the MOU.

1. The MOU memorialized the parties' good faith commitment to negotiate exclusively with each other towards the Definitive Agreement, with the goal to have such Definitive Agreement completed and signed on or before September 1, 2005.

2. All parties acknowledge that the negotiations towards such Definitive Agreement continue in good faith, and the parties anticipate that a signed Definitive Agreement will be achievable by March 31st, 2006.

3. Notwithstanding the foregoing, the parties acknowledge that they have not agreed upon all of the essential terms of the contemplated Definitive Agreement. The parties agree that neither shall be obligated to proceed with the proposed transaction unless and until the parties execute a Definitive Agreement approved by their respective counsel and officers, and then only in accordance with its terms.

4. Paragraph C.1 of the MOU is hereby deleted in its entirety, and replaced by the following revised Paragraph C.1:

C.   LEGAL TERMS

(1)   Term and Termination

Unless otherwise agreed by the parties in writing, the term of this MOU shall commence on the Effective Date and expire upon execution of a Definitive Agreement, or, if no Definitive Agreement has been reached, on March 31, 2006.

5. Except as set forth herein, the terms and conditions of the MOU shall remain in full force and effect, and each party hereto agrees to be bound to the terms thereof.

Agreed to by:

PEARSON, INC.   EXCEL SOFT TECHNOLOGIES P. LTD.

Signature: _____   Signature: _____
By: _____   By: _____
Title: _____   Title: CHIEF EXECUTIVE OFFICER
Date: _____   Date: _____

FREEDOM2LEARN, LTD.

Signature: _____
By: _____
Title: DIRECTOR
Date: _____