

Attn: KNOWLEDGE 2000 BOARD

Re: RESIGNATION

Gentlemen:

This letter is to notify you that I am resigning from Knowledge 2000, effective after the registration of the transfer of my Knowledge 2000 shares to my sons. My reasons have to do with my deteriorating health due to battling prostate cancer since 2001, and my need to return to Australia where I have family support.

STATE OF KNOWLEDGE 2000

After a prostatectomy on January 31st, 2001 and a 5 month convalescence, I resolved that before I left the company, I would put the company on a stronger financial footing by completing the following two projects:

\* MY INTERNET MARKETING PROJECT

My goal with this project has been to reach first time CPA Exam candidates, something that we have failed to do in the past. For the last couple of years, I have recognised that achieving this goal was the key to accelerating CPAexcel sales. Accordingly, I have established the technical foundation for supporting a permanent presence of our CPAexcel website in the Internet search engines. I have reengineered CPAexcel's website so that the CPAexcel website appears on the first page of search results from a variety of typical search requests that CPA Exam candidates might use when searching for CPA Exam Review products.

\* SALES SURGE

Everything was operational in June this year to capture sales for the November 2002 CPA Exam.

Despite Ted's skepticism of Internet marketing, we can now all celebrate the resultant surge in CPAexcel sales since June, caused by reaching first-time CPA Exam candidates at last. A permanent foundation has been laid in the Internet Search engines to bring CPA Exam candidates to the CPAexcel website to download the product and experience it. I firmly believe that this foundation virtually guarantees that our CPAexcel sales will steadily increase in the future as CPAexcel becomes an increasingly known player in the marketplace.

Basically, because CPAexcel is an excellent and attractive product, the key to achieving financial success has been to expose CPAexcel to a broad set of first time CPA Exam candidates.

\* "EFFICIENT LEARNING PLATFORM" (ELP) UPDATE PROJECT

My second project has been to complete the update of our eLearning technology, now renamed "Efficient Learning Platform" (ELP). The update provides significant improvements to the customer's learning experience, which will bolster CPAexcel's competitive advantage in the marketplace. It also provides an efficient content authoring system under which our professors will be able to efficiently maintain CPAexcel's learning content.

#### \* COMPETITIVE ADVANTAGE

Building on the lessons of the last couple of years, the new update enables the creation and maintenance of ELP based products that provide customers with an "Efficient Study Process" framework in which they benefit from an "Efficient Learning Process" in which their learning is cognitively amplified, accelerated, and reinforced. Through these benefits, I guarantee that ELP-based products will achieve a significant competitive advantage in their markets.

#### IMPLICATIONS FOR KNOWLEDGE 2000'S FUTURE

Since 1998, everyone associated with Knowledge 2000 (Board, employees, investors) have recognized that CPAexcel was an excellent product. As you all know, the one impediment for success has been our inability to reach first time CPA Exam candidates. That impediment has now been emphatically removed by our new Internet search engine marketing initiative.

This is a milestone that marks a turning point in Knowledge 2000's fortunes.

#### RECOMMENDATIONS TO BOARD

Driven by the newly established upward trend in sales, it is now possible to recommend the following:

##### \* STAY "LEAN & MEAN"

Current sales have been supporting 2 fulltime and several part-time employees. Only add employees as permitted by sales which, given the current trend, should break through \$200,000 next year.

##### \* STAY "FOCUSED"

Stay focused on Internet marketing which is very inexpensive and consolidate the gains. Don't waste money or time on attempting to reach repeat candidates using those mailing lists that have previously failed us.

However, the success of my Internet marketing initiative opens up other potentially lucrative Internet-enabled marketing channels.

##### \* IMPLEMENT ELP UPDATE IN STAGES

The ELP Update CD contains a plan for timeboxing its implementation in stages. The results of the first stage purposely contains those features that will have the most impact on the customer's learning experience, which in turn will translate into increased sales. Because it cognitively enhances the learning experience of the customer, completion and deployment of the first stage will provide CPAexcel with a compelling competitive advantage in the CPA Exam Review marketplace. Because it only affects the client component of our current system, the first stage should be easily completed in a couple of months.

Later stages will take longer and can be implemented on the back of the increased sales generated by the first stage enhancements.

\* AUTHORIZING SYSTEM STAGE

This stage addresses the creation of an efficient authoring system that will greatly facilitate the creation and updating of learning content.

\* LIFECYCLE SYSTEM

This is a "product management" stage, addressing the management of learning content databases, the definition of target markets and opportunities in those markets, the definition and maintenance of new products targeting those markets and opportunities, and the deployment and support of individual products.

\* LEVERAGING ELP

Once updated, ELP will become Knowledge 2000's most valuable business asset, measured in terms of potential business leverage. CPAexcel's sales potential is limited to the CPA Exam Review market, whereas ELP has the potential to support eLearning products from an extensive range of markets, within the accounting domain and beyond.

The updated ELP represents several exciting business opportunities

\* ADDITIONAL ACCOUNTING RELATED PRODUCTS

Using our existing learning content database, ELP can be used to create additional products for several accounting related markets. These opportunities would be suitably pursued within the Efficient Learning Systems business framework (see below).

\* LICENSING

By far the largest business opportunity for Knowledge 2000 is to license ELP to education content companies and institutions. This opportunity is compelling for the following reasons:

\* NO DEVELOPMENT COSTS

At the completion of the ELP update, ELP will be stable, and thoroughly user-tested using CPAexcel.

\* EASE OF MARKETING

CPAexcel can be used to demonstrate the competitive advantages provided by products built on ELP. Marketing will be a matter of contacting large learning content organisations and demonstrating the power of ELP. With ELP's new authoring system, demos can be quickly created for a prospective licensee using their sample content.

\* HIGH LEVERAGE

A single license to a large learning content organisation has the potential to generate significant revenues, especially if the licensee uses ELP for multiple products.

\* "EFFICIENT LEARNING SYSTEMS", Inc

In the past, Ted and I have discussed my proposal that a separate corporate entity, "Efficient Learning Systems", be created to pursue the marketing of CPAexcel and future ELP-based products.

Initially Ted completely misinterpreted the idea as one where I was going to unilaterally steal ELP and market it on my own. As you may remember, the ensuing keffuffle was eventually cleared up and put to rest.

Briefly my concept for "Efficient Learning Systems" is the following:

\* DIVISION OF K2000 BUSINESS ASSETS

After "Efficient Learning Systems" is incorporated, CPAexcel would be moved into "Efficient Learning Systems" which would assume all further innovation. K2000 would then exclusively focus on the development and licensing of ELP. Ted knows the legal ins and outs of effecting this division of assets.

\* DIFFERENT CULTURE

ELP is an eLearning technology and its marketing would target a completely different type of market than CPAexcel. Therefore K2000 and "Efficient Learning Systems" would have a different corporate cultures.

\* CAPITAL STRUCTURE

Because all K2000 business assets have been developed by Knowledge 2000, its shareholders should directly or indirectly own all of "Efficient Learning Systems". Once again rely on Ted to do this properly.

ADMINISTRATIVE MATTERS

Having given birth to Knowledge 2000, and worked tirelessly to bring it to life, I am sure that you understand that it is with great reluctance that I now have to retire from the company, and shift my life focus to my own health. This is especially painful for me now that the company is moving forward in a positive direction.

With respect to getting my Knowledge 2000 affairs in order, the following are a couple of administrative matters:

\* DEFERRED SALARY

During the tough years, I accumulated about \$160,000 of deferred salary. I have informed Ted that, now that sales are robust, I have caught up some of that debt in order to support my relocation to Australia. I have asked Ted to extinguish that debt to me by regular payments in an amount that he thinks will be financially comfortable for the company going forward.

\* TRANSFER OF MY SHARES

I have transferred all of my shares to my sons, with my ex-wife, who has legal custody of them, as trustee. However, I have retained the voting rights on all of those shares. From now on the company should contact my ex-wife on all Knowledge 2000 matters. She will have my contact details in Australia once I am settled and will know how to contact me for any voting matters.

Sincerely,



October 30, 2002