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AMENDMENT TO AGREEMENT

THIS AMENDMENT TO AGREEMENT ("Amendment") is entered into by and between THE CITY OF SAN DIEGO, a California municipal corporation ("CITY"), and KNOWLEDGE LEARNING CORPORATION, a Delaware corporation ("KLC," California Secretary of State No. C1617156), to be effective as of November 1, 2007 (the "Effective Date"), upon execution by the parties and approval by the San Diego City Attorney, as follows:

RECITALS

- A. CITY and KLC are parties to that certain AGREEMENT by and between CITY and KNOWLEDGE BEGINNINGS CORPORATE SOLUTIONS, INC., a Delaware corporation ("Knowledge Beginnings"), dated December 2, 2000 (the "Operating Agreement," San Diego City Clerk Document No. C-11846, filed December 20, 2002, and attached hereto as **Exhibit A: Operating Agreement**), relating to the operation of CITY'S Employees' Child Care facility (the "Operations Center") located at 9192 Topaz Way, San Diego, California 92123, and CITY'S Employees' Child Care facility ("Kiddie Hall") comprising the third floor of the building (the "Building") located at 600 B Street in San Diego, California 92101.
- B. CITY consented to KLC'S assumption of Knowledge Beginnings' position under the Operating Agreement by that certain CONSENT TO ASSIGNMENT dated February 13, 2004.
- C. CITY, as lessor, and KLC, as lessee, have entered into that certain CITY OF SAN DIEGO FLAT RATE SUBLEASE ("Sublease") dated June 1, 2007, relating to CITY'S subleasing of the third floor of the Building to KLC. CITY and KLC agreed that solely as to any reference to Kiddie Hall, the Operating Agreement would be terminated, effective as of June 1, 2007, upon execution and delivery of the Sublease.
- D. By this Agreement, CITY and KLC will terminate the Operating Agreement solely as it relates to Kiddie Hall, and continue it in full force and effect as it relates to the Operations Center.

FOR VALUABLE CONSIDERATION, the sufficiency of which is hereby acknowledged, the parties agree as follows:

1. Exclusion of Kiddie Hall. The Operating Agreement is hereby amended to delete all references to Kiddie Hall and all provisions related solely to Kiddie Hall, for the purpose of terminating the Operating Agreement solely as it relates to Kiddie Hall (the "Kiddie Hall Termination") and such deleted portions shall be void and of no effect except as to any compensation which may have accrued, and as otherwise provide herein. The Operating Agreement shall continue in full force and effect as it relates solely to the Operations Center.
 - 1.1 Notice Waiver. KLC expressly waives notice of the Kiddie Hall Termination provided under Operating Agreement section XVII. Termination.

- 1.2 CITY'S Rights & Remedies. The Kiddie Hall Termination shall not result in a waiver of any right or remedy accrued to CITY under the Operating Agreement prior to the execution of this Amendment.
- 1.3 No Prior Assignments. KLC represents and warrants that prior to the execution of this Amendment it has not assigned, transferred, or purported to have assigned or transferred, in any manner, any right or obligation under the Operating Agreement. KLC shall protect, defend, indemnify, and hold CITY harmless from and against any and all claims asserted or liability established for damages or injuries to any person or property, including without limitation injury to KLC'S officers, employees, agents, or contractors, which arise out of or are in any manner directly or indirectly connected with any person or legal entity claiming to hold any right under the Operating Agreement, and all expenses of investigating and defending against same, including without limitation attorney fees and costs. CITY may, at its election, conduct the defense or participate in the defense of any claim related in any way to this indemnification. If CITY chooses at its own election to conduct its own defense, participate in its own defense, or obtain independent legal counsel in defense of any claim related to this indemnification, KLC shall pay all of the costs related thereto, including without limitation reasonable attorney fees and costs.
2. Construction. The provisions of this Amendment, or this Amendment as a whole, shall not be construed against the drafting party.
3. Waiver. No breach of any provision of this Amendment shall be waived unless in writing. Waiver of any one breach of any provision of this Amendment shall not be deemed to be a waiver of any other breach of the same or any other provision.
4. Governing Law. This Amendment shall be governed by, construed, interpreted and enforced in accordance with the laws of the State of California.

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5. Authority. Each individual executing this Amendment on behalf of another person or legal entity represents and warrants that he/she is authorized to execute and deliver this Amendment on behalf of such person or entity in accordance with duly adopted resolutions or other authorizing actions which are necessary and proper and under such legal entity's articles, charter, bylaws, or other written rules of conduct or governing agreement, and that this Amendment is binding upon such person or entity in accordance with its terms. Each person executing this Amendment on behalf of another person or legal entity shall provide CITY with evidence, satisfactory to CITY, that such authority is valid and that such entity is a valid, qualified corporation, limited liability company, partnership, or other unincorporated association in good standing in its home state and that such entity is qualified to do business in California.

IN WITNESS WHEREOF, this Amendment shall be effective as of the Effective Date.

Date: _____

KNOWLEDGE LEARNING CORPORATION, a
Delaware corporation (California Secretary of State
No. C1617156)

APPROVED BY LEGAL DEPARTMENT

DATE: 11/1/07

SIGNATURE: [Signature]

BY: [Signature]
Name: Bill Robards
Title: Sr. VP Real Estate Development

Date: 11/5/07

THE CITY OF SAN DIEGO, a California municipal
corporation

BY: [Signature]
Name: James F. Barwick, CCIM
Title: Director, Real Estate Assets

APPROVED AS TO FORM AND LEGALITY:

Date: 11/5/07

MICHAEL J. AGUIRRE, City Attorney

BY: [Signature]
Name: Brock Latham
Title: CHIEF DEPUTY CITY ATTORNEY

[Handwritten mark]

Exhibit A: Operating Agreement

Incorporated herein by reference.

A handwritten signature, possibly reading "JL", is located in the bottom right corner of the page.