UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-QSB

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 1996

Commission file number: 0-27862

REALITY INTERACTIVE, INC.
(Exact name of registrant as specified in its charter)

MINNESOTA	41-1781991
State or other jurisdiction of incorporation of organization	I.R.S. Employer Identification No.
SUITE 300 11200 WEST 78TH STREET EDEN PRAIRIE, MINNESOTA 55344	(612) 996-6777
Address of principal executive offices	Registrant's telephone number

Check whether the registrant (1) filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

X Yes ____ No

At July 31, 1996, 4,677,407 shares of registrant's $.01 par value Common Stock were outstanding.

Transitional Small Business Issuer Format ____ Yes X No

FORM 10-QSB INDEX

PART I - FINANCIAL INFORMATION

PART II - OTHER INFORMATION

SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

This Quarterly Report on Form 10-QSB contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. These forward-looking statements involve risks and uncertainties that may cause the Company's actual results to differ materially from the results discussed in the forward-looking statements. Factors that might cause such differences include, but are not limited to, the uncertainty in growth of a development stage company; limited growth of the market for multimedia education and training products; lack of market acceptance of the Company's products; inability of the Company to expand its marketing capability; inability of the Company to diversify its product offerings; failure of the Company to respond to evolving industry standards and technological changes; inability of the Company to meet its future additional capital requirements; inability of the Company to compete in the business education and training industry; loss of key management personnel; inability to retain subject matter experts; failure of the Company to secure adequate protection for the Company's intellectual property rights; and the Company's exposure to product liability claims. The forward-looking statements are qualified in their entirety by the cautions and risk factors set forth in Exhibit 99.1, under the caption "Cautionary Statement," to this Quarterly Report on Form 10-QSB for the quarter ended June 30, 1996.

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

REALITY INTERACTIVE, INC.
(A DEVELOPMENT STAGE COMPANY)
BALANCE SHEET

	June 30, 1996	December 31, 1995
ASSETS	(Unaudited)	
Current assets:		
Cash and cash equivalents	$ 586,731	$ 118,916
Short-term investments	8,049,686	0
Accounts receivable	136,749	18,237
Interest receivable	47,042	0
Inventory	71,493	28,359
Prepaid expenses	24,213	8,312
Total current assets	8,915,914	173,824
Fixed assets, net	212,850	269,852
Restricted cash	119,000	119,000
Other assets	29,481	14,116
Total assets	$ 9,277,245	$ 576,792
LIABILITIES, MANDATORILY REDEEMABLE PREFERRED STOCK AND STOCKHOLDERS' EQUITY (DEFICIT)		
Current liabilities:		
Accounts payable	$ 187,386	$ 188,623
Accrued liabilities	100,908	90,417
Capitalized lease obligation	4,046	14,127
Notes payable	0	201,002
Other current liabilities	12,695	0
Total current liabilities	305,035	494,169
Long-term liabilities	0	0
Total liabilities	305,035	494,169
Mandatorily redeemable convertible preferred stock, $.01 par value, 5,000,000 shares authorized; 0 and 726,900 shares outstanding, respectively	0	2,125,962
Stockholders' equity (deficit):		
Common stock, $.01 par value, 20,000,000 shares authorized; 4,677,407 and 1,643,611 shares outstanding, respectively	46,774	16,436
Additional paid-in capital	15,391,620	1,384,397
Accumulated deficit during the development stage	(6,466,184)	(3,444,172)
Total stockholders' equity (deficit)	8,972,210	(2,043,339)
Total liabilities, mandatorily redeemable preferred stock and stockholders' equity (deficit)	$ 9,277,245	$ 576,792

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF OPERATIONS
(UNAUDITED)

	Three months ended June 30,		Six months ended June 30,	
	1996	1995	1996	1995
Revenues	$ 125,298	$ 3,223	$ 248,107	$ 6,513
Cost of revenues	22,618	545	46,470	1,082
Gross profit	102,680	2,678	201,637	5,431
Operating expenses:				
Sales and marketing	713,868	166,190	1,146,189	306,613
Research and development	573,830	319,157	920,166	563,125
General and administrative	380,637	183,075	658,752	356,337
Total operating expenses	1,668,335	668,422	2,725,107	1,226,075
Operating loss	(1,565,655)	(665,744)	(2,523,470)	(1,220,644)
Other income (expense):				
Interest income (expense), net	6,771	(7,387)	(165,586)	(6,568)
Debt offering costs	(38,745)	0	(113,486)	0
Total other income (expense)	(31,974)	(7,387)	(279,072)	(6,568)
Income before extraordinary loss	$(1,597,629)	$ (673,131)	$(2,802,542)	$(1,227,212)
Extraordinary loss from early retirement of debt	(219,470)	0	(219,470)	0
Net loss	$(1,817,099)	$ (673,131)	$(3,022,012)	$(1,227,212)
Net loss per common and common equivalent share	$ (.44)	$ (.41)	$ (1.05)	$ (.75)
Weighted average common and common equivalent shares	4,137,438	1,643,611	2,883,636	1,643,611

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
(A DEVELOPMENT STAGE COMPANY)
STATEMENT OF CASH FLOWS
(UNAUDITED)

	Six months ended June 30, 1996	Six months ended June 30, 1995
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net loss	$ (3,022,012)	$ (1,227,212)
Reconciliation of net loss to net cash used by operating activities:		
Depreciation and amortization	60,000	34,152
Noncash interest expense related to warrants	193,979	0
Extraordinary loss related to early retirement of debt (interest expense related to warrants)	142,021	0
Changes in assets and liabilities:		
Accounts receivable	(118,512)	(1,032)
Interest receivable	(47,042)	0
Inventory	(43,134)	(34,753)
Prepaid expenses	(15,901)	(45,029)
Accounts payable	(1,238)	11,171
Accrued liabilities	10,491	9,586
Other current liabilities	12,695	0
Net cash used by operating activities	(2,828,653)	(1,253,117)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Purchase of fixed assets, net of retirements	(269,155)	(97,704)
Purchase of other assets	(15,366)	(12,862)
Purchase of short-term investments	(10,049,686)	0
Sale of short-term investments	2,000,000	29,836
Net cash used by investing activities	(8,334,207)	(80,730)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Repayments of capital lease obligation	(10,080)	(8,404)
Proceeds from convertible notes payable	2,800,000	865,000
Repayment of convertible notes payable	(2,800,000)	0
Repayment of notes payable	(201,002)	0
Proceeds from sale leaseback of fixed assets	266,157	0
Proceeds from initial public offering, net	11,549,607	0
Conversion of bridge notes payable	25,003	0
Proceeds from exercise of stock options	990	0
Net cash provided by financing activities	11,630,675	856,596
Net cash provided (used) during period	467,815	(477,251)
CASH AND CASH EQUIVALENTS:		
Beginning of period	118,916	527,461
End of period	$ 586,731	$ 50,210
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:		
Cash paid for interest	$ 88,867	$ 8,899

See accompanying notes to the financial statements.

REALITY INTERACTIVE, INC.
(A DEVELOPMENT STAGE COMPANY)
NOTES TO FINANCIAL STATEMENTS
JUNE 30, 1996
(UNAUDITED)

NOTE 1. SUMMARY OF ORGANIZATION AND SIGNIFICANT ACCOUNTING POLICIES

Organization and Business

Reality Interactive, Inc. (the "Company") was incorporated on May 24, 1994 to design, develop and market interactive multimedia learning software products primarily for sale to Fortune 2000 companies. The Company's strategy is to identify industry standards and practices that create a need for enterprise-wide education and training. The Company uses digital technology, including animation, video, graphics, audio narration and formatted text, to create its interactive multimedia learning products.

Basis of Presentation

The accompanying unaudited financial statements of the Company have been prepared in accordance with generally accepted accounting principles for interim financial information. The preparation of financial statements in accordance with generally accepted accounting principles require management to make estimates and assumptions. Such estimates and assumptions affect the reported amounts of assets and liabilities as well as disclosure of contingent assets and liabilities at the date of the accompanying interim financial statements, and the reported amounts of revenue and expenses during the reporting period. In the opinion of management, the interim financial statements include adjustments necessary for a fair presentation of the results of operations for the interim periods presented. Operating results for the six months ended June 30, 1996 are not necessarily indicative of the operating results to be expected for the year ending December 31, 1996.

Certain information and footnote disclosures normally included in financial statements in accordance with generally accepted accounting principles have been omitted. The statements should be read in conjunction with the Company's annual financial statements included in its Registration Statement on Form SB-2.

NOTE 2. INITIAL PUBLIC OFFERING

In April 1996, the Company completed an initial public offering (IPO) of 2,200,000 units at a price of $5.75 per unit. Each unit sold consisted of one share of Common Stock and one Redeemable Common Stock Purchase Warrant to purchase one share of Common Stock. The sale of such units resulted in gross proceeds of $12,650,000 and net proceeds of $11,034,982 after payment of the underwriting discount and related expenses. Upon the closing of the offering, all 726,900 outstanding shares of Mandatorily Redeemable Convertible Preferred Stock were converted into 726,900 shares of Common Stock.

In May 1996, the Company issued an additional 100,000 units to its underwriter to cover over-allotments, resulting in gross proceeds of $575,000 and net proceeds of $514,625 after payment of the underwriting discount and related expenses.

NOTE 3. CONVERTIBLE NOTES PAYABLE

In January 1996, the Company closed a $2,800,000 convertible bridge note financing (the "Bridge Notes") in a private placement, resulting in net proceeds to the Company of $2,626,570 after payment of agent's commissions and related expenses. The Bridge Notes provided for interest at 10% per annum and matured on the earlier of July 31, 1996 or 30 days after the effective date of an IPO. In connection with this financing, the Company issued detachable warrants to purchase a total of 560,000 shares of Common Stock to the purchasers of the Bridge Notes. The Bridge Notes were convertible into common stock at a price equal to $3.94, which was 75% of $5.25 (the per share value assigned to the Common Stock at the time of the IPO).

In May 1996, 30 days after the effective date of the IPO, the Company made payments totaling $2,861,281 to repay the Bridge Notes, including accrued interest of $86,285. Approximately $25,000 of the Bridge Notes were converted to Common Stock at the time of this repayment, resulting in the issuance of 6,346 shares. The Company has recognize an extraordinary loss of approximately $220,000 in its second quarter ended June 30, 1996 as a result of the early repayment of its convertible bridge note financing.

NOTE 4. STOCK OPTIONS

Under the terms of the Company's 1994 Stock Incentive Plan, 700,000 shares of Common Stock have been reserved for issuance to officers, employees and independent contractors upon the exercise of stock options. The Company has granted a total of 429,850 options to its officers, employees and independent contractors at prices ranging from $1.80 to $5.25 per share. During the quarter ended June 30, 1996, an employee exercised an option to purchase 550 shares of Common Stock at an exercise price of $1.80 per share.

ITEM 2 - MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

The following presentation of management's discussion and analysis of the Company's financial condition and results of operation should be read in conjunction with the Company's financial statements and notes contained herein.

OVERVIEW

Reality Interactive, Inc. (the "Company") was formed in May 1994 to design, develop and market interactive multimedia learning software products primarily for sale to Fortune 2000 companies. The Company is a development stage company and, as a result, has undergone significant changes since its inception as the focus of the Company's activities has shifted from organization to product design and development to sales and marketing. Accordingly, the Company's revenue and expenses for the periods presented below are not necessarily indicative of future results.

The Company has been unprofitable since its inception and expects to incur operating losses at least through 1997. During the period from May 24, 1994 (inception) through June 30, 1996, the Company incurred cumulative losses of $6,466,184. The Company expects its operating expenses to continue to increase as it continues to develop new products and increase its sales and marketing efforts. To become profitable, the Company must significantly increase revenues from its initial product, the ISO 9000 REGISTRATION SERIES, and must continue to introduce new products to the market. Future operating results will depend upon many factors, including the demand for the Company's products, the level of product and price competition, the Company's success in developing its direct sales force and indirect distribution channels, general economic conditions and the ability of the Company to develop and market new products and to control costs.

RESULTS OF OPERATIONS

REVENUES

Revenues were $125,298 for the quarter ended June 30, 1996, compared to revenues of $3,223 for the quarter ended June 30, 1995. For the six month period ended June 30, 1996, revenues were $248,107, compared to revenues of $6,513 for the comparable period of 1995. The revenue increase was due primarily to the availability of all five titles of the Company's initial product, ISO 9000 REGISTRATION SERIES, which was released as a complete series in August 1995, compared to the availability and sale of only one title of the ISO 9000 REGISTRATION SERIES during the first two quarters of 1995. The addition of 5 direct sales employees and 2 telesales employees between December 1995 and January 1996 also contributed to this revenue increase. In May 1996, the Company added 7 direct sales employees in key geographic markets across the U.S. The Company also added 2 direct sales employees to develop the international market for its products. Although the direct sales employees hired in May did not produce revenue for the second quarter of 1996, the Company believes that the addition of these positions will enhance its efforts to penetrate more deeply into the Fortune 2000 marketplace. During the remainder of 1996, the Company expects revenues to increase as these direct sales employees become more productive, new sales channel partners are identified and new products are introduced.

COST OF REVENUES. Cost of revenues were $22,618 for the quarter ended June 30, 1996, compared to $545 for the quarter ended June 30, 1995. For the six month period ended June 30, 1996, cost of revenues were $46,470, compared to cost of revenues of $1,082 for the comparable period of 1995. The increase in cost of revenues was primarily due to royalties paid on an increasing level of sales. Royalties were paid to the American Society of Quality Control ("ASQC"), a sales channel for the Company, and Process Management International, the Company's subject matter expert for its ISO 9000 REGISTRATION SERIES. Cost of revenues also includes the cost of media duplication and packaging materials.

OPERATING EXPENSES. The Company's operating expenses for the second quarter ended June 30, 1996 were $1,668,335, a 150% increase over operating expenses of $668,422 in the second quarter of 1995. For the six months ended June 30, 1996, operating expenses were $2,725,107, a 122% increase over operating expenses of $1,226,075 for the same period in 1995. This increase in operating expenses between the periods noted for 1996 and 1995 was due primarily to the following:

(a) Sales and marketing expenses were $713,868 for the second quarter of 1996, compared to $166,190 for the second quarter of 1995, a 330% increase. For the six months ended June 30, 1996, sales and marketing expenses were $1,146,189, compared to $306,613 for the same period in 1995, a 274% increase. This increase between periods was due primarily to the addition of new direct sales, telesales and marketing positions and the expansion of direct marketing programs. In May 1996, the Company added 7 new direct sales employees in key geographic areas of the U.S and 2 direct sales employees to develop the international market. The Company expects its sales and marketing expenses to increase as a result of increasing travel expenditures and initiation of marketing programs for its new products currently being developed.

(b) Research and development expenses were $573,830 for the second quarter of 1996, compared to $319,157 for the second quarter of 1995, an 80% increase. For the six months ended June 30, 1996, research and development expenses were $920,166, compared to $563,125 for the same period in 1995, a 63% increase. This increase was attributed to the hiring of additional employees to develop three new products, the QS-9000 COMPLIANCE SERIES, a multi-title product dealing with automotive quality standards, the ISO 14000 EMS CONFORMANCE SERIES, a multi-title product dealing with environmental management standards and POLLUTION PREVENTION, a one-title product dealing with the key concepts of a pollution prevention program. The Company began developing the ISO 14000 CONFORMANCE SERIES in August 1995, the QS-9000 COMPLIANCE SERIES in January 1996 and POLLUTION PREVENTION in February 1996. Management believes that its products currently under development will be released from August to October of 1996. The Company expects its research and development expenses to remain consistent with current levels, unless additional projects, if any, are identified, which may require an increase in staffing.

(c) General and administrative expenses were $380,637 for the second quarter of 1996, compared to $183,075 for the second quarter of 1995, a 108% increase. For the six months ended June 30, 1996, general and administrative expenses were $658,752, compared to $356,337 for the same period in 1995, a 85% increase. This increase was due primarily to increased travel, office rent, depreciation expense, operating leases and professional fees. The Company expects that its general and administrative expenses will increase as it hires additional accounting staff and expands its office space.

OTHER INCOME (EXPENSE). The Company's net other expense was $31,974 for the second quarter of 1996, compared to net other expense of $7,387 for the second quarter of 1995. For the six months ended June 30, 1996, net other expense was $279,072, compared to net other expense of $6,568 for the same period in 1995. This difference was primarily the result of interest expense associated with the Company's convertible bridge note financing and amortization of prepaid costs the Company incurred to obtain the bridge note financing. The Company also realized interest income of $107,243 and $117,260 in the second quarter and first six months of 1996 from the investment of bridge note and IPO proceeds.

NET LOSS. Net loss, after deducting extraordinary losses from the early retirement of debt, was $1,817,099 for the second quarter of 1996, compared to a net loss of $673,131 for the second quarter of 1995. For the six months ending June 30, 1996, net loss, after deducting extraordinary losses from the early retirement of debt, was $3,022,012, compared to a net loss of $1,227,212 for the same period in 1995. The Company expects to continue to experience losses at least through 1997 as it continues to incur substantial expenditures to develop its products and to increase its sales.

LIQUIDITY AND CAPITAL RESOURCES

The Company's cash, cash equivalents and short-term investments were $8,636,417 as of June 30, 1996, compared to $118,916 as of December 31, 1995. The increase in cash, cash equivalents and short-term investments was primarily attributed to the Company's IPO in April 1996. Also contributing to the increase was lease financing of approximately $266,157 that was obtained in a sale-leaseback of computer equipment in May 1996. The decrease in cash and cash equivalents subsequent to the receipt of the net proceeds from the IPO was due primarily to the net loss from operations and repayment of bridge note financing. See Note 3 for further information on financing transactions.

Although the Company anticipates that it will experience operating losses and negative cash flow from operations at least through 1997, and the Company does not currently have bank financing available, the Company believes that its current cash balances will be sufficient to meet its working capital and capital expenditure needs through 1997. Thereafter, the Company may need to raise additional funds to finance its operations. In addition, to the extent the Company's revenues do not meet management's expectations, or the Company's growth exceeds management's expectations, the Company may require additional financing prior to the end of 1997. At such time, there can be no assurance that debt or equity financing would be available on favorable terms or at all.

PART II - OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) EXHIBITS

EXHIBIT NO.	DESCRIPTION
10.1	Equipment Lease between Reality Interactive, Inc. and Dexxon Capital Corporation Dated June 3, 1996
27.1	Financial Data Schedules
99.1	Cautionary Statement

(b) REPORTS ON FORM 8-K

No Reports on Form 8-K were filed during the quarter ended June 30, 1996

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

REALITY INTERACTIVE, INC.

Dated: August 14, 1996   By /s/ Paul J. Wendorff

Paul J. Wendorff
Its Chief Executive Officer

Dated: August 14, 1996   By /s/ Wesley W. Winnekins

Wesley W. Winnekins
Its Chief Financial Officer

EXHIBIT INDEX

ACCOUNT NUMBER 20219

LEASE NUMBER 01

LESSOR: DEXXON CAPITAL CORPORATION

ADDRESS: 6133 Blue Circle Drive, Minnetonka, MN 55343

LESSEE: REALITY INTERACTIVE, INC.

ADDRESS: 11200 West 78th Street, Suite 300, Eden Prairie, MN 55344

1. Lessor hereby leases to Lessee and Lessee hereby leases from Lessor, the equipment set forth herein below, upon the terms and conditions hereinafter set forth.
2. The equipment leased hereunder is as follows:

QTY.	DESCRIPTION	MODEL #	SERIAL #
	See Attached Schedule "A"		

Equipment Location if other than above address:

3. Lessee shall pay Lessor at the office of Lessor or at such other place as Lessor may hereafter designate the following rental payments, plus applicable taxes commencing June 3, 1996 and on the same day of each and every consecutive payment period thereafter in accordance with the following schedule:

INITIAL TERM OF LEASE	RENTAL PAYMENT AMOUNT	RENTAL PAYMENT SCHEDULE
24 Mo (Months)	Rental Payment $12,701.02 Alternate Payment Amounts	The first one and last one payment(s) in the amount of $25,402.04 being payable at the time of signing this agreement with 22 remaining payments.
24 (Number of Payments)	Rental Tax $ (subject to change)	
Rent Payable X Monthly	Credit or A&H Insurance $	Security Deposit of n/a due at time of closing.
Other	TOTAL Mo PAYMENT $12,701.02	

4. LESSEE ACKNOWLEDGES THAT LESSOR IS NOT THE MANUFACTURER OF THE EQUIPMENT. NOR MANUFACTURER'S AGENT, AND LESSEE REPRESENTS THAT LESSEE HAS SELECTED THE EQUIPMENT LEASED HEREUNDER BASED UPON LESSEE'S JUDGEMENT PRIOR TO HAVING REQUESTED LESSOR TO PURCHASE THE SAME FOR LEASING TO LESSEE, AND LESSEE AGREES THAT THE EQUIPMENT LEASED HEREUNDER IS OF A DESIGN, SIZE, FITNESS AND CAPACITY SELECTED BY LESSEE AND THAT LESSEE IS SATISFIED THAT THE SAME IS SUITABLE AND FIT FOR ITS INTENDED PURPOSES. LESSEE FURTHER AGREES THAT LESSOR HAS MADE AND MAKES NO REPRESENTATION OR WARRANTIES OF WHATSOEVER NATURE, DIRECTLY OR INDIRECTLY, EXPRESSED OR IMPLIED, INCLUDING BUT NOT LIMITED TO ANY REPRESENTATIONS OR WARRANTIES WITH RESPECT TO SUITABILITY, DURABILITY, FITNESS FOR USE AND MERCHANTABILITY OR ANY SUCH EQUIPMENT, THE PURPOSES AND USES OF THE LESSEE OR OTHERWISE. LESSEE SPECIFICALLY WAIVES ALL RIGHTS TO MAKE CLAIM AGAINST LESSOR HEREIN FOR BREACH OF ANY WARRANTY OF ANY KIND WHATSOEVER AND LESSOR HEREBY PASSES TO LESSEE ALL WARRANTIES, IF ANY, RECEIVED BY LESSOR BY VIRTUE OF ITS OWNERSHIP OF THE EQUIPMENT. LESSOR SHALL NOT BE LIABLE TO LESSEE FOR ANY LOSS, DAMAGE OR EXPENSE OF ANY KIND OR NATURE CAUSED DIRECTLY OR INDIRECTLY BY ANY EQUIPMENT LEASED HEREUNDER OR FOR THE USE OR MAINTENANCE THEREOF, OR FOR THE FAILURE OF OPERATIONS THEREOF, OR FOR THE REPAIRS, SERVICE, OR ADJUSTMENT THERETO, OR BY ANY DELAY OR FAILURE TO PROVIDE ANY THEREOF, OR BY AN INTERRUPTION OF SERVICE OR LOSS OF USE THEREOF OR FOR ANY LOSS OF BUSINESS OR ANY OTHER DAMAGE WHATSOEVER AND HOWSOEVER CAUSED, NO DEFECT OR UNFITNESS OF THE EQUIPMENT SHALL RELIEVE LESSEE OF THE OBLIGATION TO PAY RENT, OR ANY OTHER OBLIGATION UNDER THIS AGREEMENT TO LESSOR. (Continued on reverse side hereof)

This Lease Agreement consisting of the foregoing AND THE REVERSE SIDE HEREOF, correctly sets forth the entire Agreement between Lessor and Lessee. No agreements or understanding shall be binding on either of the parties hereto unless specifically set forth in this Agreement. The term "Lessee" as used herein shall mean and include any and all Lessees who sign hereunder, each of whom shall be jointly and severally bound thereby.

THIS IS A NON-CANCELLABLE LEASE FOR THE TERM INDICATED ABOVE

Date Signed June 3, 1996

Name of Lessee Reality Interactive, Inc.
(Full Legal Name)

ACCEPTED THIS 3rd DAY OF June, 1996

LESSOR: Dexxon Capital Corporation

THE UNDERSIGNED AFFIRMS THAT HE IS A DULY AUTHORIZED CORPORATE OFFICER, PARTNER OR PROPRIETOR OF THE ABOVE NAMED LESSEE

BY: /s/ Christopher H. Duncan PRES
(Authorized Signature)

BY: /s/ Wesley W. Winnekins CFO/Secretary
(title)

(Continued from reverse side hereof)

5. The equipment is and at all times shall remain the sole and exclusive personal property of Lessor. No right, title or interest in the equipment shall pass to Lessee other than the right to maintain possession and use of the equipment for the full lease term, conditioned upon Lessee's compliance with the terms and conditions of this Agreement. Plates or markings may be affixed to or placed on the equipment indicating ownership.

6. Lessee, at Lessee's own cost and expense, shall keep the equipment in good repair, condition and working order and shall furnish all parts, mechanisms, devices and servicing required therefore and shall not materially alter the equipment without the consent of Lessor.

7. Lessee hereby assumes and shall bear the entire risk of loss for theft, loss, damage, or destruction of the equipment, from any and every cause whatsoever. No such loss or damage shall impair any obligation of Lessee under this Agreement which shall continue in full force and effect. In the event of such loss or damage and irrespective of, but applying full credit for payment from any insurance coverage, Lessee shall, at its own cost and expense at the option of Lessor: (a) place the same in good repair, condition and working order; or (b) replace the same with similar equipment of equal value; or (c) pay all sums due and owing under this Agreement, computed from the date of such loss or damage, in which case this Agreement shall terminate, except for Lessee's duties under paragaph 9, as of the date such payment is received by Lessor.

8. Lessee shall comply with all laws, regulations and orders relating to this Agreement and the use, operation or maintenance of the equipment.

9. Lessee shall indemnify Lessor against and hold Lessor harmless from any and all claims, actions, suits or proceedings, including all costs, expenses, damages, attorney's fees or other liabilities arising out of, connected with or resulting from, including without limitation the selection, delivery, possession, use, operation or return of the equipment.

10. Lessee shall not sell, assign, sublet, pledge, mortgage, hypothecate or otherwise encumber or suffer a lien upon or against any interest in this Agreement or the equipment or remove the equipment from the place of installation set forth herein, unless Lessee obtains the written consent of Lessor which consent shall not be unreasonably withheld.

11. Lessee shall pay directly, or to Lessor, all license fees, registration fees, assessments and taxes which may not or hereafter be imposed upon the ownership, sale (if authorized), possession or use of the equipment, excepting only those based on Lessor's income, and shall keep the equipment free and clear of all levies, liens or encumbrances arising therefrom. All required personal property tax returns relating to the equipment shall be filed by Lessee unless otherwise provided in writing. If Lessee fails to pay any said fees, assessments or taxes, Lessor shall have the right, but not the obligation, to pay the same and such amount, including penalties and costs, shall be repayable to Lessor with the next installment of rent and if not so paid shall be the same as failure to pay any installment of rent due hereunder. Lessor shall not be responsible for contesting any valuation of or tax imposed on the equipment but may do so strictly as an accommodation to Lessee and shall not be liable or accountable to Lessee therefore.

12. Time is of the essence in this Agreement and no waiver by Lessor of any breach or default shall constitute a waiver of any additional or subsequent breach or default by Lessor nor shall it be a waiver of any of Lessor's rights. If any rental payment shall be unpaid for more than ten (10) days after the due date thereof, or if any other sum due and owing under this Agreement shall remain unpaid for more than ten (10) days. Lessor shall have the right to add and collect a reasonable late charge of ten percent (10%) or a lesser amount if established by any state or federal statute applicable thereto, plus interest at the maximum rate permitted by law together with any other expenses necessarily incurred by reason of such nonpayment and Lessor may exercise any one or more of the remedies set forth in paragraph 14.

13. Neither this Agreement nor any interest in the equipment is assignable or transferable by operation of the law. If any proceeding under the Bankruptcy Act, as amended, is commenced by or against Lessee, if Lessee if adjudged insolvent, if Lessee makes any assignment for the benefit of creditors, if any receiver is appointed with power to take possession of the equipment or affect Lessor's rights under this Agreement, or a writ of attachment or execution if levied on the equipment and not released or satisfied within ten (10) days thereafter, this Agreement shall immediately terminate, unless Lessor gives written notice otherwise, and the equipment or this Agreement shall not be treated as an asset of Lessee and Lessor may exercise any one more of the remedies set forth in paragraph 14 for any damages occasioned thereby.

14. If Lessee with regard to any item or items of equipment fails to pay any rent or other amount herein provided with ten (10) days after the same is due and payable, or if Lessee with regard to any item or items of equipment fails to observe, keep or perform any other provision of this Agreement required to be observed, kept or performed by Lessee, Lessor shall have the right to exercise any one or more of the following remedies: (a) to declare the entire amount of rent hereunder immediately due and payable as to any or all items of equipment, without notice or demand to

Lessee; (b) to sue for and recover all rents, and other payments, then accrued or thereafter accuring, with respect to any or all items of equipment; (c) to peaceably take possession of any or all items of equipment without demand or notice, wherever same may be located, without any court order or other process of law and Lessee hereby waives any and all damages occasioned by such taking of possession and any said taking of possession shall not constitute a termination of this Agreement as to any or all items of equipment unless Lessor expressly so notifies Lessee in writing; (d) to terminate this Agreement as to any or all items of equipment; (e) to pursue any other remedy of law or in equity. Lessee shall pay all costs and attorney's fees incurred in collecting or attempting to collect any sums owed under this lease or in securing possession of property and costs of reconditioning the property.

15. Lessee shall keep the equipment insured against all risks of loss or damage from every cause whatsoever for not less than the original purchase price of the equipment without consideration for depreciation and shall carry public liability insurance, both personal injury and property damage covering the equipment and Lessee shall be liable for all deductible portions of all required insurance. All said insurance shall be in form and amount and with companies satisfactory to Lessor. All insurance for loss or damage shall provide that losses, if any, shall be payable to Lessor, and all such liability insurance shall be in the join names of Lessor and Lessee. Lessee shall pay the premiums therefor and deliver to Lessor the policies of insurance or duplicates thereof, or other evidence satisfactory to Lessor of such insurance coverage. Each insurer shall agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor, that it will give Lessor ten (10) days written notice prior to the effective date of any alteration or cancellation of such policy. The proceeds of such insurance payable as a result of loss of or damage to the equipment shall be applied, at the option of Lessor, as set out in Paragraph 7. Lessee hereby irrevocably appoints Lessor as Lessee's attorney-in-fact to make claim for, receive payment of, and execute and endorse all documents, checks or drafts received in payment for loss or damage under any said insurance policies. In case of the failure of Lessee to procure or maintain said insurance or to comply with any other provision of this Agreement, Lessor shall have the right but shall not be obligated, to effect such insurance or compliance on behalf of Lessee. In that event, all moneys spent by and expenses of Lessor in effecting such insurance or compliance shall be deemed to be additional rent, and shall be paid by Lessee to Lessor with the next monthly payment of rent.

16. For the purpose of this Agreement, any notices and demands required to be given shall be given to the parties in writing and by regular mail at the address herein set forth, or to such other address as the parties may hereafter substitute by written notice.

17. This Agreement cannot be cancelled or terminated by Lessee except for nonperformance by Lessor. Lessor shall be deemed to have fully performed at the time the equipment is delivered to and accepted by Lessee.

18. Upon expiration of the lease term, Lessee will immediately return the equipment in as good a condition as received, less normal wear, tear and depreciation, to Lessor's branch office which is nearest to the place of installation or to such other reasonable place as is designated by Lessor. The equipment shall be carefully crated, shipped freight prepaid and properly insured.

19. It is understood that Lessor contemplates assigning this lease, and that said assignee may assign the same. All rights of Lessor in the equipment and hereunder may be assigned, pledged, mortgaged, transferred, or otherwise disposed of, either in whole or in part, without notice to Lessee. The assignee's rights shall be free from all defenses, set-offs or counterclaims which Lessee may be entitled to assert against Lessor. No such assignee shall be obligated to perform any duty, covenant or condition required to be performed by Lessor under the terms of this lease.

20. This agreement shall be interpreted and governed by the laws of the state of Minnesota.

DEXXON CAPITAL CORPORATION
SCHEDULE "A"

Schedule attached and made part of that Equipment Lease/Promissory Note/Security Agreement dated the 3rd day of June, 1996 between the undersigned Lessee/Debtor and Dexxon Capital Corporation.

Qty	Description	Model #	Serial #
1	Apple Power MAC	7500/100	APL-M3102LL/A
1	Apple Power MAC	16/1000	
1	Apple Multi Scan 15" Display		APL-M3089LL/A
1	NEC-XV17 17" Multisync Monitor		NEC-JCI734VMA
1	3COM Fast Etherlink	10/100BT BCI	3CO-3595-TX-5Pk
2	3CO Linkbuilder TP	12Port 10BT	3CO-3CI6170
1	HP Deskjet 340 Inkjet Printer		H-P C2655A
1	H-P Infared Adapter for H-P 340		H-P# C3277A
2	Adobe Photoshop V3.0.1		ADO-0110-3061
1	HP Deskjet 340 color kit		H-P -C3280A
10	Level 5 Patch Cable	3 ft' Yellow	CAB-HPETP-38-2
1	Iomega Zip MAC Format	100MB 3PK DIE	IOM-10019
1	Sony MAC View LX Adapter		SON-MACVIEWLX
5	Level 5 Patch Cab	7 ft.	CAB-HPETP-79
2	ASANTE Friendlynet PB 500 10BT		ASA 99-00168-01
1	Simple Apple	9500 16MB	SIT-STA-9500
1	Simple Apple	32 MB 9500	SIT-STA9500/32
1	IOMEGA ZIP 100MB SCSI DR/PC		IOM-10011
1	Quark MAC Powermac Xpress	V3.32	QRK-HXPUS332259
9	MS office STD WIN 95 Full Prod CDR		MIC-021-056V700
1	MS Word for MAC	V6.01	MIC-034-096V601
3	USR Sportster 28.8 V.34 EXT FAX		USR-000839-00
1	MS Mac Office V.4.21 CDR		MIC-021-088V421
3	At 6ft SER 9f/25m CAB		CAB-ATMDDEM
2	Apple Design KB II		APL-M289LL/A
11	Durina Winfax	Pro V7 CDR	DKL 10-20011067000
1	AESP Level 5 Patch CAB		CAB-C-TR345M-15
4	3COM Etherlink III ENET TP & 28.8		3CO-3C562-TP
1	Ascend Pipeline 25 W/NT-1		ASE-P25-1UBRI-4
1	Ascend Pipeline 50SYS ISDEN BRI U		ASE-P50-1UBRI
1	BOCA Io BD 4 Serv 32 Par		BOC-IO2BY4
1	Simple CPQDeskpro XL 64MB		SIT-STCXL/64
3	TOS 400CDS	400DT-LI-ion BAT	TOS-PA24887UR
1	Simple 8MB	TOS T400 T410 EDO	SIT-STT400/8T

1	Quark Mac Powermac	Express V3.32	QRK-HXPUS332259
1	Adobe Mac Pagemill V1.0		ADO-1770-0001
1	Simple 8MB TOS	T400 T410 EDO	SIT-STT400/8T
1	ADOBE Illustrator	V6.5	ADO-0150-2096
1	MS MAC Office	V4.21 3.5	MIC-021-096V421
1	Adobe Photoshop	V3.0.1 Powermac	ADO-0110-3061
1	Sony Mac view LX Adapter		SON-Macviewlx
1	Simple 32MB	Apple 9500	SIT-STA9500/32
1	NEC XV17 17"	Multisync Monitor	NEC-JC1734VMA
1	Apple Power Mac	7500/100 16/1000CD	APL-M3102LL/A
1	Quark Mac Express	V3.32	QRK-HXPUS332259
1	Adobe Maq Page	V1.0	ADO 1770-0001
1	Apple Design	KB 11	APL-M289LL/A
1	MS Office	V4.21 MAC CD	MIC-021-088V421
2	DIMM	2 x 64-70 (16m)	OKI8/CBS
4	4x32-70 (8) 2k		OKI8/OKI
2	Apple Design	KB 11	APL-M2891II/A
1	Simple 8MB TOS	T400 T410 EDO	SIT-STT400/8T
2	Apple Power Mac	7500/100 16/1000	APL-M3102LL/A
3	Apple Multi Scan	15" Display	APL-M3089LL/A
1	NEC XV17 + 17" MON		NEC-JC1734VMA-1
1	EPS Es1200C Scanner	Mac W/INT	EPS-B027021-PROMAC
1	EPS ESI 1200C Scanner	MAC W/INT	EPS-BO27021 PROMAC
1	NEC XV17 + 17" MON		NEC-JC1734VMA-1
4	9080MB Seagate Wide SCSI Bare KIT		SB800610
	9080MB Seagate Wide SCSI2F		SB812622
			SB809292
			SB812773
1	Adaptec 394OW WIDE	SCSI2 PCI	ADA-AHA-3940WKIT
2	Power Mac	7500/100 16/1000 CDR	APL-M3102LL/A
1	3 CO Linkswitch 1000		3CO-316900
1	3COM 3c562 Modem cable		
2	Apple Multi Scan 15" display		APL-M3089LL/A
1	Simple 8 MB Apple 9500		SIT-StA9500/8
3	Apple Design KB 11		APL-M289LL/A
2	Simple 16MB Apple 9500		SIT-STA950/16
3	Simple 8MB Apple 9500		SIT-STA9500/8
1	Power Mac 7500/100 16/1000		APL-M3102LL/A
1	NEC XV17 + 17" Mon		NEC-JC1734VMA-1
1	3COM Linkbuilder TP 12 Port 10BT		3CO-3C16170
	3COM 3c562 Modem Cable		
2	Apple Multi Scan 15" display		APLM3089LL/A

1	3CO Linkswitch 1000		3CO-3CI6900
1	HP	7050 P100 8/1.2m	U55420396
1	HP	7050 P100 8/1.2m	U554101709
1	HP	7050 P100 8/1.2m	U554101474
1	Tare Notepac Compute		
1	CMPQ 1501	15" .28NI	534BC05JCI80
1	CMPQ 1501	15" .28NI	540BC06JB987
1	CMPQ 1501	15" .28NI	540BC06JB995
6	CMPD Simm	1x32 MB	
1	Simple 64 MB CPQ Desktop XL	(2 modules)	SIT-STCXL/64
1	Apple Multi Scan 15in Display		APL-M3089LL/A
1	Simple 8MB Apple 9500		SIT-STA9500/8
	3com 3c562 modem cable		
	3co Linkswitch 1000	13.0	3co-3c16900
1	UTL/SS After Dark		76-11449
1	BP/DPUB Publisher		59-10474
1	Premium IBM Parall		10-10145
1	Toner f/5L		91-10154
1	Laserjet 5L		36-10492
1	3CO Linkswitch 1000	13.0	3CO-3CI6900
0	3com 3c562 modem cable		
1	New It		
2	Apple Multi Scan 15in DISF		SCJ544CC39X
1	3COM Linkswitch 1000		055859
1	NEC XV17 + 17in MON		NEC-JC1734VMA-1
14	TOS 410CDT 5/90 810MB CT Dual		TOS-PA1215U-T2C
2	Adobe Photoshop V.3.0.5 Powermac		ADO-0110-3061
3	Simple 32MB Apple 9500		SIT-STA9500/32
3	Apple Power Mac 7500/100 16/1000		APL-M3102LL/A
1	Apple Multi Scan 15in Display		APL-M3089LL/A
3	Apple Design KB 11		APL-M2891LL/A
2	NEC XV17 + 17in MON		NEC-JC1734VMA-1
1	Radius Videovision Telecast Upgrade		
3	Apple Design KB 11		APL-M2891LL/A
2	NEC XV17 + 17in MON		NEC-JC1734VMA-1
1	RAdius Videovision Telecast Upgrade		
1	MS Office V4.21 MAC CDR		MIC-021-088V421
1	Apple Design KB 11		APL-M2891LL/A
2	Simple 16 MB Apple 9500		SIT-STA9500/16
1	Power Mac 7500/100 16/1000		APL-M3102LL/A
1	Apple Multi Scan 15in Display		APL-M3089LL/A
1	CMPQ 1510 15" .28NI		
1	CMPQ 7222 P100 8/1.2		

1	EK Windows 95 for DU	
3	BK Windows 95 For DU	
1	Annex Terminal Server	00802D0117F9
1	10' Mirage/cases- Coal Fabric	
1	300 Watt Backlit Light Package	
1	300 Watt Backlit Package for GPS Panel	
1	Backlit Header	
3	30"x30" GPS Panels - 86	
3	15"x20" GPS Panels	
1	Dark Green Vinyl Panel 78.5"x10"	
1	Dark Green, Gold Metallic Copy Panel	
1	Set of 3 Vinyl Strips 2"x9"	
2	Compac 15" monitors 1510	
2	Compac 7222	
1	duracell AA 4pk	
1	CASQV10A	000-1601
2	NEC 17xv + Monitor Cases 3/8th"	
1	CPU, Keyboard Access Comp case	
1	2 in 1 Yamaha Speaker Case	
1	12 Panel Mosiak Back Wall System	
1	Hard Shipping Cases/Wheels	
1	Courier	
2	3COM Etherlink 111 TP & 28.8 5pk	3CO-3C562-TP-5PK
1	Simple 32MB HP Vectra VL2 5/60	SIT-STH32000/586
1	Netserver HP 5/1000 32MB NO HDD	
1	Sun Spar C station 5 ... includes 110 MHZ CPU & Chassis 19" monitor Monochrome Mono Frame Buffer 32-Mbytes RAM 1.05- GBYTE internal SCSI Hard Drive Keyboard, MOuse, Pad	S5M-110-32-P46
1	Solaris 25 on CD with Docs and License	
1	Richoh 3700 fax	M1360101211
1	NEC XV17 + 17in Mon	NEC-JC1734VMA-1
1	3Com Etherlink 111 TP & 28.8 5PK	3CO-3C562-TP-5PK
1	3COM Etherlink 111B TPO Enet 10BT 5	3CO-3C509B-TPO-5pk
3	TOS 400CDS 400CDT LI-ION BAT	TOS-PA2487UR
1	Radius Videovision Telecast UPGD 1	RAD-0464

1	Apple Design KB 11	APL-M2891LL/A
1	Simple 16MB Apple 9500	SIT-STA9500/16
13	Simple 8MB TOS T400 T410 EDO	APL-M281LL/A
11	MS Office STD Win 95 Full Prod 3.5	MIC-021-054V700
12	Symantec Winfax Pro V7.0 CDR 12	SYM-12-00-01529
6	MS Win 95 UPG CDR	MIC-050-052-950
1	HP Netserver LC 5/100 32MB NO HDD	HWP-D3594-A
1	Simple 32MB HP Vectra VL2 5/60	SIT-STH32000/586
1	Novell NW NFS SVCS V2.1 for NW V4.1	NOV-00662644052526
4	429MB Seagate WIDE SCSI Bare	K7527801 K7625835 K7619326 K7629563
1	AW 3.0 Mac Commercial 5 seat site license (w/studio bundle)	APM30-5-SE
1	AW 3.0 Win Commercial 5-seat site license (w/Studio Bundle)	
3	APM30 upgrade	APM 0022-2071-3083 APM 8079-2072-3084 APM 3084-6072-3084
1	APW 3.0 Upgrade	APW 2255-4078-4089
1	DYN Wind Renew Enhance Program	
1	DYN Wind 5-Pack 1-hr client SU	
11	MS Office STD Win 95 Full Prod	MIC-021-054V700
12	Symantec Winfax PRO V7.0 CDR	SYM-12-00-1529
6	MS Win 95 UPG CDR	MIC-050-052-950
1	HP Netserver LC 5/100 32MB NO HDD	HWP-D3594A
1	Simple 32MB HP Vectra VL2 5/60	SIT-STH32000/586
1	Novell NW NFS SVCS V2.1 for NW V4.1	NOV-00662644052526
1	AW 3.0 MAC Commercial	20030-0550-182-25036
1	Novell NW NFS SVCS V2.1 for NW V4.1	NOV-00662644052526
1	HP Netserver 5/100 32MB HP Vectra VL2 5/60	HWP-D3594A
1	Simple 32MB HP Vectra VL2 5/60	SIT-STH32000/586
1	Mitel Digital DN Line Card 12 Circuits	1CDMI141
2	Mitel superset 420 telephone	1LANAO16
1	Mitel Superset 420 telephone	1PHMIOO8
	All equipment now owned or hereinafter acquired.	

- ---

This schedule is hereby verified as correct by the Undersigned Lessee/Debtor who acknowledges receipt thereof.

LESSEE/DEBTOR: REALITY INTERACTIVE, INC.
By: /s/ Wesley W. Winnekins

Title: CF0/Secretary

- --------------------------------
DEXXON CAPITAL CORPORATION

ACCEPTANCE CERTIFICATE

TO: Dexxon Capital Corporation
6975 Washington Ave. South
Minneapolis, MN 55439(Lessor)

FROM: Reality Interactive, Inc.
11200 West 78th Street
Eden Prairie, MN 55344

RE:

We hereby certify that we have satisfactorily received, inspected and installed all the equipment referred to in Schedule # 01 to the Master Equipment Lease Agreement #20219 dated June 3, 1996 between you and us. The subject equipment is accepted as Equipment Leased under the terms and conditions of these agreements. We understand that this acceptance may not be cancelled or revoked.

Per Section #3 of the Master Equipment Lease, Lessee grants Lessor the right to insert the respective commencement and termination dates upon the face of the subject Schedule.

Acceptance Date: June 3, 1996 LESSEE'S NAME: Reality Interactive, Inc.

By: /s/ Wesley W. Winnekins

Its CFO/Secretary

REFERENCE VENDOR INVOICE:

LEASE ADDENDUM

Whereas, DEXXON CAPITAL CORPORATION, doing business in the state of Minnesota, known as Lessor in that certain lease agreement with Reality Interactive, Inc. of the United States of America with principal offices at Eden Prairie, MN known as Lessee in said Lease Agreement # 20219-01 entered in concurrently dated June 3, 1996 has thereby rented and leased to Lessee the personal property referred to as "equipment" as more fully described and identified below.

Now for and in consideration of said Lease, Lessor hereby gives and grants to Lessee the exclusive right and option to purchase said equipment after the term of said Lease, or an extension thereof, upon the following terms and conditions:

1. The purchase option for said equipment shall be its' Fair Market Value. Fair Market Value shall be determined by reasonable appraisal provided by Lessee through a knowledgeable third party independent of Lessee.
2. Lessee shall have paid all installments of rent due and shall have performed all other conditions and covenants of said Lease prior to the exercise of this option.
3. This option may be exercised by Lessee by giving written notice to Lessor of such exercise along with the equipment appraisal and shall be accompanied by payment in full of the purchase price specified.
4. This option shall apply to, inure to the benefit of, and be binding upon the heirs, executors, administrators, successors, or assigns of the respective parties hereto.
5. An extension of the lease term may be granted by Lessor based on the equipments' Fair Market Value.

DESCRIPTION OF LEASED EQUIPMENT:

See Attached Schedule "A"

Dated at Minneapolis, MN this 3rd day of June, 1996.

DEXXON CAPITAL CORPORATION

By: /s/ Christopher H. Duncan

Title: PRES.

- --------------------------------
DEXXON CAPITAL CORPORATION

CERTIFICATE REGARDING CORPORATE RESOLUTIONS

Lessee's Full Name and Address:

Reality Interactive, Inc.
- -------------------------
11200 West 78th Street
- -------------------------
Eden Prairie, MN 55344
- -------------------------

I hereby certify to Dexxon Capital Corporation and its successors, assign and participants that I am the duly elected and acting Secretary of the above named Lessee and I further certify that:

1. The Lessee's principal place of business is at the address set forth above.

2. The following resolution has been duly adopted by the Lessee's Board of Directors and is in full force and effect without limitation.

RESOLVED, that either of president or Chief Financial Officer are hereby authorized for and on behalf of the corporation to execute and deliver to Dexxon Capital Corporation all such lease agreements, loan agreements, and other agreements as he may in his discretion approve, his signature to be conclusive evidence of his approval;

RESOLVED FURTHER, that the signatory or each of signatories named above and any other officer or authorized representative of the corporation are hereby individually authorized and on behalf of the corporation to take such further actions or sign such other documents or agreements as he in his discretion deems appropriate to consummate, supplement, amend or complete the transactions provided for or permitted under the lease agreements, loan agreements or other agreements referred to in the foregoing resolution, his signature or taking such action to be conclusive evidence of his approval;

RESOLVED FURTHER, that these resolutions shall not be amended or revoked without prior written notice to Dexxon Capital Corporation and any such amendment or revocation shall be effective only as to transactions subsequent to delivery of such notice.

IN WITNESS WHEREOF, I have executed this Certificate as of this 3rd day of June, 1996.

/s/ Wesley W. Winnekins

Title Secretary

3-MOS
DEC-31-1996
JUN-30-1996
586,731
8,049,686
183,791
0
71,493
8,915,914
390,356
177,506
9,277,245
305,035
0
0
0
46,774
(8,925,436)
9,277,245
125,298
125,298
22,618
61,363
1,668,335
0
282,846
(1,597,629)
0
(1,597,629)
0
219,470
0
(1,817,099)
(.44)
0

EXHIBIT 99.1

CAUTIONARY STATEMENT

Reality Interactive, Inc. (the "Company"), or persons acting on behalf of the Company, or outside reviewers retained by the Company making statements on behalf of the Company, or underwriters, from time to time make, in writing or orally, "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. When used in conjunction with an identified forward-looking statement, this Cautionary Statement is for the purpose of qualifying for the "safe harbor" provisions of such sections and is intended to be a readily available written document that contains factors which could cause results to differ materially from such forward-looking statements. These factors are in addition to any other cautionary statements, written or oral, which may be made or referred to in connection with any such forward-looking statement.

The following matters, among others, may have a material adverse effect on the business, financial condition, liquidity, results of operations or prospects, financial or otherwise, of the Company. Reference to this Cautionary Statement in the context of a forward-looking statement or statements shall be deemed to be a statement that any or more of the following factors may cause actual results to differ materially from those in such forward-looking statement or statements:

DEVELOPMENT STAGE COMPANY. The Company was incorporated in May 1994, first began to ship the complete series of its initial product in August 1995, and accordingly, has only a limited history of operations. The Company's prospects for success must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the formation and development of a new business in a competitive industry. In addition, due to the uncertainty in growth of a development stage company and the rate of change in the industry perceived by the Company, the Company is uncertain of the time frame or amount of funding required to accomplish its business objectives.

DEVELOPING MARKET; MARKET ACCEPTANCE. The market for educating and training businesses has historically been served by consultants, instructor-led training and training publications such as books, manuals and tapes. Currently, there is little use of interactive multimedia education and training products by businesses, and many of the Company's potential customers do not own or have access to multimedia compatible equipment. The Company's future success will depend upon, among other factors, the extent to which companies acquire multimedia equipment compatible with the Company's products and adopt and use interactive multimedia education and training programs. In addition, the Company's success will depend in part on its ability to market and sell multiple copies of its products to large corporate customers. In the event that adoption and use of multimedia equipment compatible with the Company's products do not become widespread, the number of potential customers of the Company will be limited. There can be no assurance that the Company's products or the prices the Company charges for its products will be acceptable to the market or that the Company will be able to sell multiple copies to large corporate customers.

LIMITED MARKETING CAPABILITY. The Company currently has a small sales and marketing staff and limited number of strategic alliances relating to distribution of its products. There can be no assurance that the Company will be able to build a suitable sales force or enter into satisfactory marketing alliances with third parties, or that its sales and marketing efforts will be successful.

DEPENDENCE ON DIVERSIFICATION OF PRODUCT OFFERINGS. The Company currently has a limited number of product offerings, and purchasers of the Company's products are not required to purchase additional products. Accordingly, the Company's products represent non-recurring revenue sources, and the success of the Company is dependent, in part, on its ability to develop sustained demand for its current products and to develop and sell additional products. There can be no assurance that the Company will be successful in developing and maintaining such demand or in developing and selling additional products.

DEPENDENCE ON EVOLVING INDUSTRY STANDARDS. The Company's initial product offerings prepare businesses for adherence to worldwide management standards. The failure of the Company to enhance its products in a timely manner to changes in the standards, the lack of public acceptance of such standards or the delay in introduction of or enhancement to such standards would materially adversely affect the Company's operations.

TECHNOLOGICAL CHANGE. The industry in which the Company competes is characterized by rapid technological change. The introduction of products embodying new technology can render existing products and product formats obsolete and unmarketable. The Company's success will depend on its ability to anticipate changes in technology and to develop and introduce new and enhanced products in a timely manner in response to technological changes, or if products or product enhancements by the Company do not achieve market acceptance, the Company's business would be materially adversely affected.

FUTURE ADDITIONAL CAPITAL REQUIREMENTS; NO ASSURANCE FUTURE CAPITAL WILL BE AVAILABLE. If the Company is unable to generate substantial revenues from its operations or if the Company's expenses exceed expectations, the Company will likely require additional funds to meet its capital requirements. The Company does not currently have available bank financing. The Company may be required to raise additional funds through public or private financings, including equity financings, or through collaborative arrangements. There can be no assurance that additional financing would be available on favorable terms, or at all. If funding is not available when needed or on acceptable terms, the Company may be forced to curtail its operations significantly or cease operations and abandon its business entirely.

COMPETITION. The business education and training industry is highly competitive. A large number of companies are currently developing interactive, multimedia-based training, educational and instructional aids. Competitors also include national, regional and local accounting firms engaged in industrial consulting and instructor-led training and companies which market training tools such as books, videos and audio tapes. Some of the Company's existing competitors, as well as a number of potential competitors, have larger technical staffs, more established marketing and sales organizations, and greater financial resources than the Company. There can be no assurance the Company will be able to compete successfully with such companies, or at all.

FLUCTUATIONS IN OPERATING RESULTS. The Company's future operating results may vary substantially from quarter to quarter. At its current stage of operations, the Company's quarterly revenues and results of operations may be materially affected by the timing of the development and market acceptance of the Company's products. Generally, operating expenses will be higher during periods in which product development costs are incurred and marketing efforts are commenced. Due to these and other factors, including the general economy, stock market conditions and announcements by the Company or its competitors, the market price of the securities offered hereby may be highly volatile.

DEPENDENCE ON KEY PERSONNEL; LACK OF EMPLOYMENT AND NONCOMPETITION AGREEMENTS. The success of the Company is dependent in large part upon the ability of the Company to attract and retain key management and operating personnel. Qualified individuals are in high demand and are often subject to competing offers. In the future, the Company will need to hire additional skilled personnel in the areas of research and development, sales and marketing. There can be no assurance that the Company will be able to attract and retain the qualified personnel needed for its business. The Company has no employment or noncompetition agreements with any of its management or other personnel.

DEPENDENCE ON ABILITY TO RETAIN SUBJECT MATTER EXPERTS. The Company's product development strategy requires the Company to retain third-party subject matter experts to perform research and development functions by providing accurate and informative content for the Company's products. There can be no assurance that the Company will be able to continue to attract and retain qualified subject matter experts required to develop new products and enhance existing products. The inability of the Company to attract and retain such experts could have a material adverse effect on the Company and its prospects.

INTELLECTUAL PROPERTY. The Company regards its multimedia products as proprietary and relies primarily on a combination of statutory and common law copyright, trademark and trade secret laws, customer licensing agreements, employee and third-party nondisclosure agreements and other methods to protect its proprietary rights. Despite these precautions, it may be possible for a third party to copy or otherwise obtain or use the Company's products or technology without authorization, or to develop similar products or technology independently. If unauthorized use or copying of the Company's product were to occur to any substantial degree, the Company's business and results of operations could be materially adversely affected. There can be no assurance that the Company's means of protecting its proprietary rights will be adequate or that the Company's competitors will not independently develop similar products.

The Company believes that developers of multimedia products may increasingly be subject to such claims as the number of products and competitors in the industry grows and the functionality of such products in the industry overlaps. Any such claim, with or without merit, could result in costly litigation and could have a material effect on the Company.

LACK OF PRODUCT LIABILITY INSURANCE. The Company may face a risk of exposure to product liability claims in the event that use of its product is alleged to have resulted in damage to its customers. The Company does not currently carry product liability insurance. There can be no assurance that such insurance will be available on commercially reasonable terms, or at all, or that such insurance, even if obtained, would adequately cover any product liability claim. A product liability or other claim with respect to uninsured liabilities or in excess of insured liabilities could have a material adverse effect on the business and prospects of the Company.