



## SECURITY AGREEMENT (TRADEMARK)

**THIS SECURITY AGREEMENT (TRADEMARK)** is entered into as of October 31, 2003 by and between Triarco Arts & Crafts LLC, a Delaware limited liability company, American Educational Products LLC, a Colorado limited liability company, Nasco Exports, Inc., a Wisconsin corporation, Scott Resources LLC, a Colorado limited liability company, Hubbard Scientific LLC, a Colorado limited liability company, and Haan Crafts, LLC, an Indiana limited liability company (the "Initial Debtors," and along with any additional Subsidiaries of the Borrower that become parties to this Security Agreement (Trademark) by executing a supplement hereto in the form attached as Exhibit "A," the "Debtors" and each a "Debtor"), and Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its capacity as agent (the "Agent"), for the Lenders and LC Issuer party to the Credit Agreement referred to below.

### PRELIMINARY STATEMENT

The Aristotle Corporation (the "Borrower"), the Agent, the Lenders and Bank One, NA, as LC Issuer, have entered into a Credit Agreement dated as of October 15, 2003 (as it may be amended, restated or otherwise modified from time to time, the "Credit Agreement"). The Debtors have entered into a Guaranty in favor of the Agent for the benefit of the holders of obligations identified therein (as it may be amended, restated or otherwise modified from time to time) and a Pledge and Security Agreement (as it may be amended, restated or otherwise modified from time to time, the "Guarantor Security Agreement") in order to induce the Lenders and the LC Issuer to enter into and extend credit to the Borrower under the Credit Agreement and are entering into this Security Agreement (Trademark) (as it may be amended, restated or otherwise modified from time to time, this "Agreement") to, among other things, confirm and ratify their grant to the Agent of a continuing security interest in the Trademark Collateral (as defined below).

ACCORDINGLY, each of the Debtors and the Agent, on behalf of the Lenders and the LC Issuer, hereby agree as follows:

**SECTION 1. Definitions.** Unless otherwise defined herein or the context otherwise requires, terms used in this Agreement, including its preamble and recitals, have the meanings provided in the Credit Agreement.

**SECTION 2. Confirmation and Grant of Security Interest.** For good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Debtor hereby confirms such Debtor's grant of a security interest in the Intellectual Property Rights (including, without limitation, the Trademark Collateral defined below) pursuant to the Guarantor Security Agreement and, without limiting such grant, hereby pledges and grants to the Agent, for its benefit and the ratable benefit of the Lenders and the LC Issuer, to secure the prompt and complete payment and performance of the Secured Obligations (as defined in the Guarantor Security Agreement), a continuing security interest in and to all right, title and interest of such Debtor in and to any and all of the following, whether now or hereafter existing or acquired (the "Trademark Collateral");

(a) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos, other source of business identifiers, prints and labels on which any of the foregoing have appeared or appear, designs and general intangibles of a like nature (all of the foregoing items in this clause (a) being collectively called a "Trademark"), now existing anywhere in the world or hereafter adopted or acquired, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the United States Patent and Trademark Office or in any office or agency of the United States of America or any State thereof or any foreign country, including those referred to in Item A of Attachment 1 hereto;

(b) all Trademark licenses, including each Trademark license referred to in Item B of Attachment 1 hereto;

(c) all reissues, extensions or renewals of any of the items described in clauses (a) and (b);

(d) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clauses (a) and (b); and

(e) all proceeds of, and rights associated with, the foregoing, including any claim by such Debtor against third parties for past, present, or future infringement or dilution of any Trademark, Trademark registration or Trademark license, including any Trademark, Trademark registration or Trademark license referred to in Item A and Item B of Attachment 1 hereto, or for any injury to the goodwill associated with the use of any Trademark or for breach or enforcement of any Trademark license.

**SECTION 3. Representations and Warranties.** Each of the Debtors represents and warrants to the Agent and the Lenders that, with respect to any Trademark Collateral of such Debtor, the loss, impairment or infringement of which could reasonably be expected to have a Material Adverse Effect:

(a) Such Trademark Collateral is subsisting and has not been adjudged invalid or unenforceable, in whole or in part;

(b) Such Trademark Collateral is valid and enforceable;

(c) Such Debtor has made all necessary filings and recordations to protect such Debtor's interest in its Trademark Collateral, including, without limitation, recordations of all interests in the Trademark Collateral in the United States Patent and Trademark Office and in corresponding offices throughout the world;

(d) Such Debtor is the exclusive owner of the entire and unencumbered right, title and interest in and to such Debtor's Trademark Collateral and no claim has been made that the use of such Trademark Collateral does or may violate the asserted rights of any third party; and

(e) Such Debtor has performed and will continue to perform all acts and has paid and will continue to pay all required fees and taxes to maintain each and every item of such Debtor's Trademark Collateral in full force and effect throughout the world, as applicable.

The attachments hereto contain true and complete listings and descriptions of all of such Debtor's Trademark Collateral.

SECTION 4. Covenants. Each of the Debtors covenants that:

(a) Such Debtor shall not, and such Debtor shall not permit any of its licensees to, unless such Debtor shall either (i) reasonably and in good faith determine (and notice of such determination shall have been delivered to the Agent) that any of such Debtor's Trademark Collateral is of negligible economic value to such Debtor, or (ii) have a valid business purpose to do otherwise:

i. Fail to continue to use any of such Debtor's Trademark Collateral in order to maintain all of such Trademark Collateral in full force free from any claim of abandonment for non-use;

ii. Fail to maintain as in the past the quality of products and services offered under all of such Debtor's Trademark Collateral;

iii. Fail to employ all of such Debtor's Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration;

iv. Adopt or use any other Trademark which is confusingly similar or a colorable imitation of any Debtors Trademark Collateral;

v. Use any of such Debtor's Trademark Collateral registered with any federal or state or foreign authority except for the uses for which registration or application for registration of all of such Trademark Collateral has been made; and

vi. Do or permit any act or knowingly omit to do any act whereby any of such Debtor's Trademark Collateral may lapse or become invalid or unenforceable.

(b) Such Debtor shall notify the Agent immediately if it knows, or has reason to know, that any application or registration relating to any material item of such Debtor's Trademark Collateral may become abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any foreign counterpart thereof or any court) regarding such Debtor's ownership of any of the Trademark Collateral, its right to register the same or to keep and maintain and enforce the same.

(c) Such Debtor shall, on or before the 30<sup>th</sup> day following the end of each of such Debtor's fiscal quarters, provide the Agent with written notice of any filing during such

quarter by such Debtor or any of its agents, employees, designees or licensees of any application for the registration of any Trademark Collateral with the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, and upon request of the Agent, shall execute and deliver any and all agreements, instruments, documents and papers as the Agent may reasonably request to evidence the Agent's security interest in such Trademark Collateral and the goodwill and general intangibles relating thereto or represented thereby.

(d) Such Debtor shall take all reasonably necessary steps, including in any proceeding before the United States Patent and Trademark Office or any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of such Debtor's Trademark Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the foregoing clause (a)).

SECTION 5. Security Agreement. This Agreement has been executed and delivered by each Debtor for the purpose of, among other things, ratifying and confirming the grant of a security interest in such Debtor's Trademark Collateral to the Agent for the benefit of the Lenders and the LC Issuer and registering the security interest of the Agent in such Trademark Collateral with the United States Patent and Trademark Office and, at the request of the Required Lenders, corresponding offices in other countries of the world. The security interest confirmed and granted hereby has been confirmed and granted as a supplement to, and not in limitation of, the security interest granted to the Agent for its benefit and the benefit of each Lender and the LC Issuer under the Guarantor Security Agreement. The Guarantor Security Agreement (and all rights and remedies of the Agent and each Lender thereunder) shall remain in full force and effect in accordance with its terms.

SECTION 6. Release of Security Interest. Upon termination of the Guarantor Security Agreement in accordance with Section 8.12 thereof, the Agent shall, at the Debtors' expense, execute and deliver to the Debtors all instruments and other documents as may be necessary or proper to release the lien on and security interest in the Trademark Collateral which has been granted hereunder.

SECTION 7. Acknowledgment. Each of the Debtors does hereby further acknowledge and affirm that the rights and remedies of the Agent with respect to the security interest in the Trademark Collateral granted and confirmed hereby are more fully set forth in the Guarantor Security Agreement, the terms and provisions of which (including the remedies provided for therein) are incorporated by reference herein as if fully set forth herein.

SECTION 8. Counterparts. This Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement.

*[Signature Pages Follow]*



IN WITNESS WHEREOF, each of the Debtors and the Agent have executed this Agreement as of the date first above written.

TRIARCO ARTS & CRAFTS LLC, as a Debtor

By: \_\_\_\_\_

Title: Vice President

AMERICAN EDUCATIONAL PRODUCTS LLC, as a Debtor

By: \_\_\_\_\_

Title: Vice President

NASCO EXPORTS, INC., as a Debtor

By: \_\_\_\_\_

Title: Vice President

SCOTT RESOURCES LLC, as a Debtor

By: \_\_\_\_\_

Title: Vice President

HUBBARD SCIENTIFIC LLC, as a Debtor

By: \_\_\_\_\_

Title: Vice President

[Signature Page 1 of 2 to Security Agreement(Trademark)]

HAAN CRAFTS, LLC, as a Debtor

By: [Signature]

Title: President

BANK ONE, NA, as Agent

By: [Signature]

Title: First Vice President

*[Signature Page 2 of 2 to Security Agreement (Trademark)]*

**EXHIBIT "A"**

Reference is hereby made to the Security Agreement (Trademark) (the "Agreement") made as of the 31<sup>st</sup> day of October, 2003, by and between Triarco Arts & Crafts LLC, a Delaware limited liability company, American Educational Products LLC, a Colorado limited liability company, Nasco Exports, Inc., a Wisconsin corporation, Scott Resources LLC, a Colorado limited liability company, Hubbard Scientific LLC, a Colorado limited liability company, and Haan Crafts, LLC, an Indiana limited liability company (the "Initial Debtors") and along with any additional Subsidiaries of the Borrower, which become parties thereto and together with the undersigned, the "Debtors"), and Bank One, NA, a national banking association having its principal office in Chicago, Illinois, in its capacity as agent (the "Agent"), for the lenders and LC Issuer party to the Credit Agreement. Capitalized terms used herein and not defined herein shall have the meanings given to them in the Agreement. By its execution below, the undersigned [NAME OF NEW DEBTOR], a \_\_\_\_\_ [corporation] [partnership] [limited liability company], agrees to become, and does hereby become, a Debtor under the Agreement, agrees to be bound by such Agreement as if originally a party thereto and hereby, among other things, ratifies and confirms the grant to Agent, on behalf of and for the ratable benefit of the Lenders, the LC Issuer and the Affiliates of the Lenders, a security interest in all of Debtor's right, title and interest in and to such Debtor's Trademark Collateral. By its execution below, the undersigned represents and warrants as to itself that all of the representations and warranties contained in Section 3 of the Agreement are true and correct in all respects as of the date hereof.

IN WITNESS WHEREOF, [NAME OF NEW DEBTOR] has caused this Exhibit A counterpart to the Agreement to be duly executed by its authorized officer as of the \_\_\_\_ day of \_\_\_\_\_, \_\_\_\_.

[NAME OF NEW DEBTOR]

By: \_\_\_\_\_

Title: \_\_\_\_\_



**ATTACHMENT 1**  
to  
**Security Agreement (Trademark)**

Item A. Trademarks

Registered Trademarks

Country	Trademark	Registration No.	Registration Date
U.S.A.	Fraction Bars	1,090,295	05/02/78
U.S.A.	Decimal Squares	1,547,327	07/11/89
U.S.A.	Chip Trading	1,077,385	11/15/77
U.S.A.	Fraction Interaction	2,081,506	07/22/97
U.S.A.	Clever Catch	2,041,765	03/04/97
U.S.A.	Checks and Balances	2,073,995	06/24/97
U.S.A.	Math Chase	2,023,545	12/17/96
U.S.A.	Algebits	2,326,167	03/07/00
U.S.A.	Stretch & Shape	2,077,540	07/08/97
U.S.A.	Terrific Triangles	2,207,210	12/01/98
U.S.A.	Microslide	2,305,008	12/28/99
U.S.A.	Digesto-Rama	2,413,897	
U.S.A.	Nature Finder	2,097,590	
U.S.A.	Math In Brief	2,010,148	
U.S.A.	Haan Crafts & Design	1,416,748	
U.S.A.	Earth Science VideoLab	1,842,795	
U.S.A.	Triarco	2,669,088	

**Pending Trademark Applications**

Country	Trademark	Serial No.	Filing Date
U.S.A.	Nature Finder	75/128,571	

**Trademark Applications in Preparation**

Country	Trademark	Expected Docket No.	Products/Filing Date	Services
None.				

Item B. **Trademark Licenses**

Country or Territory	Expiration Trademark	Licensor	Licensee	Effective Date	Date
None.					