

TRADEMARK ASSIGNMENT

Electronic Version v1.1
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	SECURITY INTEREST		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
SmarterKids.com, Inc.		11/29/2006	CORPORATION: DELAWARE
RECEIVING PARTY DATA			
Name:	Bank of Montreal, as Agent		
Street Address:	115 South LaSalle		
City:	Chicago		
State/Country:	ILLINOIS		
Postal Code:	60603		
Entity Type:	Chartered Bank: CANADA		
PROPERTY NUMBERS Total: 5			
Property Type	Number	Word Mark	
Registration Number:	2280853	SMART KIDS'	
Registration Number:	2449485	SMARTERKIDS.COM	
Registration Number:	2459974	SMARTERKIDS	
Registration Number:	2470076	SMARTERKIDS.COM	
Registration Number:	2471836	SMARTERKIDS	
CORRESPONDENCE DATA			
Fax Number:	(312)803-5299		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
Phone:	(312) 845-3430		
Email:	kalwa@chapman.com		
Correspondent Name:	Richard Kalwa		
Address Line 1:	111 West Monroe		
Address Line 2:	Chapman and Cutler LLP		
Address Line 4:	Chicago, ILLINOIS 60603		
ATTORNEY DOCKET NUMBER:	1638659		

CH \$140.00 2280853

NAME OF SUBMITTER:	Richard Kalwa
Signature:	/richard kalwa/
Date:	12/01/2006
Total Attachments: 6 source=2152996#page1.tif source=2152996#page2.tif source=2152996#page3.tif source=2152996#page4.tif source=2152996#page5.tif source=2152996#page6.tif	

FIRST LIEN TRADEMARK COLLATERAL AGREEMENT

This 29th day of November, 2006, SMARTERKIDS.COM, INC., a Delaware corporation ("*Debtor*"), with its principal place of business and mailing address at 2 Lower Ragsdale Drive, #125 and #200, Monterey, California 93940, in consideration of ten dollars (\$10.00) and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, grants BANK OF MONTREAL, a Canadian chartered bank ("*BMO*") with its mailing address at 115 South LaSalle, Chicago, Illinois 60603, acting as administrative agent for the Secured Creditors defined in that certain Security Agreement hereinafter defined (BMO acting as such administrative agent and any successor or successors to BMO acting in such capacity being hereinafter referred to as the "*Agent*"), a lien on, and a continuing security interest in, the following property:

(i) Each trademark, trademark registration and trademark application listed on Schedule A-1 hereto, and all of the goodwill of the business connected with the use of, and symbolized by, each such trademark, trademark registration and trademark application; and

(ii) Each trademark license listed on Schedule A-2 hereto and all royalties and other sums due or to become due under or in respect of each such trademark license, together with the right to sue for and collect all such royalties and other sums; and

(iii) All proceeds of the foregoing, including without limitation any claim by Debtor against third parties for damages by reason of past, present or future infringement of any trademark or trademark registration listed on Schedule A-1 hereto or of any trademark licensed under a trademark license listed on Schedule A-2 or by reason of injury to the goodwill associated with any such trademark, trademark registration or trademark license, in each case together with the right to sue for and collect said damages;

to secure performance of all Secured Obligations of Debtor as set out in that certain First Lien Security Agreement bearing even date herewith by and among the Debtor, the other debtors party thereto and the Agent, as the same may be amended, modified, supplemented or restated from time to time (the "*Security Agreement*").

Notwithstanding the foregoing, this First Lien Trademark Collateral Agreement shall not operate as a sale, transfer, conveyance or other assignment to the Agent of any applications by the Debtor for any Trademark based on an intent to use the same if and so long as such application is pending without a Statement of Use having been filed and accepted (such pending applications which are based on intent to use being hereinafter referred to collectively as "*Intent-To-Use Applications*"), but rather, if and so long as Debtor's Intent-To-Use-Application is pending without a Statement of Use having been filed and accepted, then this Trademark Collateral Agreement shall operate only to create a security interest for collateral purposes in favor of Agent on such Intent-To-Use Application as collateral security for the Secured

Obligations. When a Statement of Use is filed and accepted by the Trademark Office, then that application shall cease to be partly exempted from this Agreement.

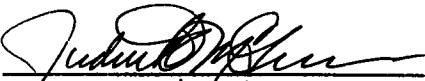
The lien and security interest in the trademarks, trademark registrations and trademark applications granted to the Agent and the exercise of any right or remedy of the Agent are subject to the provisions of that certain Intercreditor Agreement dated as of even date herewith (the Intercreditor Agreement as may be amended, modified, restated or supplemented from time to time, the "*Intercreditor Agreement*"), by and between Bank of Montreal, as First Lien Collateral Agent and Bank of Montreal, as Second Lien Collateral Agent, and certain other persons party or that may become party thereto from time to time. In the event of any conflict between the terms of this First Lien Patent Agreement and the Intercreditor Agreement, the terms of the Intercreditor Agreement shall govern and control.

Debtor does hereby further acknowledges and affirms that the rights and remedies of the Agent with respect to the security interest in the trademarks, trademark registrations, trademark applications and trademark licenses made and granted hereby are more fully set forth in the Security Agreement and in the event of any conflict or ambiguity between this First Lien Trademark Collateral Agreement and the Security Agreement, the Security Agreement shall control.

[Signature page to follow]

IN WITNESS WHEREOF, Debtor has caused this First Lien Trademark Collateral Agreement to be duly executed as of the date and year last above written.

SMARTERKIDS.COM, INC.

By 
Name: Judith McGuinn
Its: President

Accepted and agreed to at Chicago, Illinois as of the day and year last above written.

BANK OF MONTREAL, as Agent

By _____
Name: _____
Its: _____

[Signature Page to SmarterKids.com, Inc.
First Lien Trademark Collateral Agreement]

TRADEMARK
REEL: 003436 FRAME: 0799

IN WITNESS WHEREOF, Debtor has caused this First Lien Trademark Collateral Agreement to be duly executed as of the date and year last above written.

SMARTERKIDS.COM, INC.

By _____
Name: _____
Its: _____

Accepted and agreed to at Chicago, Illinois as of the day and year last above written.

BANK OF MONTREAL, as Agent

By Donald J. Buse
Name: DONALD J. BUSE
Its: MANAGING DIRECTOR

**SCHEDULE A-1
TO TRADEMARK COLLATERAL AGREEMENT**

TRADEMARK REGISTRATION

<u>State or Country</u>	<u>Registration No.</u>	<u>Registration Date</u>	<u>Trademark or Service Mark</u>
<u>SmarterKids.com, Inc.:</u>			
U.S.	2,280,853	September 28, 1999	SMART KIDS' #
U.S.	2,449,485	May 8, 2001	SMARTERKIDS.COM (Class 35)
U.S.	2,459,974	June 12, 2001	SMARTERKIDS (Class 9)
U.S.	2,470,076	July 17, 2001	SMARTERKIDS.COM (Class 41)
U.S.	2,471,836	July 24, 2001	SMARTERKIDS (Class 35)

To be abandoned.

TRADEMARK APPLICATIONS

None.

**SCHEDULE A-2
TO TRADEMARK COLLATERAL AGREEMENT**

TRADEMARK LICENSES

None.