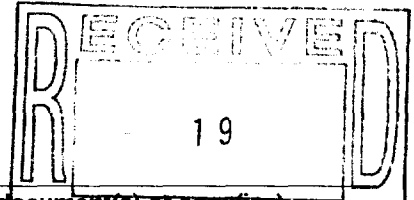


08-25-1999

MDP
8.19.99



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RECORDATION FORM COVER SHEET
TRADEMARKS ONLY



TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment
- Security Agreement
- Merger
- Change of Name
- Other
- License
- Nunc Pro Tunc Assignment
Effective Date
Month Day Year

Conveying Party

Mark if additional names of conveying parties attached

Name

Execution Date
Month Day Year

Formerly

- Individual
- General Partnership
- Limited Partnership
- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

State/Country

Zip Code

- Individual
- General Partnership
- Limited Partnership

- Corporation
- Association

Other

Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

08/24/1999 MTHAI1 00000088 75511069

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Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231
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REEL: 001947 FRAME: 0023

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Pages

Enter the total number of pages of the attached conveyance document including any attachments.

#

Trademark Application Number(s) or Registration Number(s)

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

Number of Properties

Enter the total number of properties involved.

#

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

No

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Kenneth E. Liu

Kenneth E. Liu

8-19-99

Name of Person Signing

Signature

Date Signed

EXHIBIT A**I. Registered Trademarks**

Trademark	Registration No.	Registration Date	Goods/Services
1. ACTIV plus design	1,541,251	5/30/89	Industrial skills training package consisting of a pre-recorded video disk, pre-recorded computer program, and instructional manuals, all for industrial users.
2. ACTIV	1,542,258	6/6/89	Industrial skills training package consisting of a pre-recorded video disk, pre-recorded computer program, and instructional manuals, all for industrial users.
3. ACTIVPRO	2,157,386	5/12/98	Industrial, technical, commercial and/or educational skills training package consisting of a pre-recorded pre-recorded video disk, pre-recorded computer program, and instructional manuals, all for industrial, technical, commercial and/or educational users; pre-recorded computer programs and CD-ROMs for industrial, technical, commercial and/or educational skills training and recordkeeping.
4. ACTIVPRO stylized	2,184,548	8/25/98	Industrial, technical, commercial and/or educational skills training package consisting of a pre-recorded pre-recorded video disk, pre-recorded computer program, and instructional manuals, all for industrial, technical, commercial and/or educational users; pre-recorded computer programs and CD-ROMs for industrial, technical, commercial and/or educational skills training and recordkeeping.
5. ENGINUITY	1,949,365	1/16/96	Industrial, technical, commercial and/or educational skills training package consisting of a pre-recorded video disk, pre-recorded computer program and instructional manuals all for industrial, technical, commercial and/or educational users.
6. INVOLVE	1,655,283	9/3/91	Pre-recorded video discs for use in instructional training.
7. ITC plus design	1,456,363	10/25/85	Industrial skills training package consisting of a pre-recorded video disk, pre-recorded computer program, and instructional manuals.
8. ITC plus design	1,483,827	4/5/88	Educational services, namely, providing others with industrial skills training and training programs.
9. WELD	2,097,280	9/16/97	Pre-recorded computer programs for uses in the development of courseware and multimedia programs for industrial, technical, commercial and/or educational skills training.

II. Pending Trademark Registrations

Trademark	Serial No.	Filing Date	Goods/Services
1. DESKTOP COACH	75-511,069	6/24/98	Pre-recorded computer programs and CD-ROMs for industrial, technical, commercial and/or educational skills training.
2. ENGINUITY	75-246,013	2/24/97	Educational services, namely, providing training in, and developing educational materials, manuals and courses to improve personal computer use skills, basic math, reading and writing skills, technical skills in the use of mechanical and electrical devices, instruments and equipment, workplace safety, regulatory compliance, and job tasks in the gas, utility and industrial process industries.
3. ITC LEARNING	75-571,851	10/16/98	<p>Int'l Class 9: Pre-recorded computer programs and CD-ROMs for industrial, technical, commercial and/or educational skills training.</p> <p>Int'l Class 16: Printed educational and instructional materials.</p> <p>Int'l Class 41: Educational training services; providing software installation and instruction to others; providing industrial, technical, commercial and/or educational skills training; computer training through the use of on-line tutorials and on-line interactive tutorials; providing educational and training information via on-line interactive means and other means.</p>
4. ITC ONLINE	75-571,812	10/16/98	Educational training services; providing software installation and instruction to others; providing industrial, technical, commercial and/or educational skills training; computer training through the use of on-line tutorials and on-line interactive tutorials; providing educational and training information via on-line interactive means and other means.

05185.03

TRADEMARK SECURITY INTEREST AGREEMENT

This Trademark Security Interest Agreement (the "Agreement") is entered into as of this August 11, 1999, by and between ITC Learning Corporation, a Maryland corporation, having its offices at 13515 Dulles Technology Drive, Herndon, Virginia 22071 ("Borrower") and Wachovia Bank, N.A. ("Lender").

WHEREAS, Borrower and Lender have entered into a Loan and Security Agreement of even date whereby Borrower granted Lender a security interest in its intangibles, including trademarks;

WHEREAS, this Agreement is in addition to the rights granted Lender under the Loan and Security Agreement in order to further protect Lender's security interest in Borrower's Trademark Rights (as defined herein); and

WHEREAS, unless otherwise provided herein, the capitalized terms used herein shall have the same meaning ascribed to them in the Loan and Security Agreement.

NOW, THEREFORE, in consideration of Lender entering into the Loan and Security Agreement, the mutual promises contained herein and other good and valuable consideration, the receipt, adequacy and sufficiency of which are hereby acknowledged, the parties, intending to be legally bound, agree as follows:

1. **GRANT OF SECURITY INTEREST:** Borrower hereby grants unto Lender a first position security interest, subject to the terms and conditions of that certain Inter-Lender Agreement dated September 25, 1998 by and between Borrower, Lender and Nova Scotia Business Development Corporation, in all United States trademarks, trademark applications and trademark registrations now owned or hereafter acquired by Borrower, including those listed in Exhibit A hereto, together with all goodwill, licenses, royalties, revenues, claims, actions, and rights associated therewith or arising therefrom, and all products and proceeds therefrom, in every case whether now existing or hereafter arising (collectively, the "Trademark Rights"). Upon request from Lender, Borrower shall promptly provide Lender with a current list of Borrower's Trademark Rights and, execute any certifications, agreements or instruments to perfect Lender's security interest thereunder.

2. **OBLIGATIONS SECURED:** This Agreement secures the Borrower's Obligations (as defined in the Loan and Security Agreement). This Agreement shall continue in full force and effect until terminated in accordance with the provisions of Paragraph 10 hereof. The Borrower hereby represents and warrants that it has not licensed or transferred any of the Trademark Rights to any party, except to its resellers or other distributors pursuant to the terms of its standard distribution agreement and such limited license automatically terminates upon termination of the applicable distribution or reseller agreement. The Borrower agrees that it will not grant any other license for any of the Trademark Rights without the prior written consent of Lender. Nothing herein contained shall relieve the Borrower from the performance of any covenant, agreement or obligation on the Borrower's part to be performed under any license or franchise agreement presently in effect or hereafter entered into by the Borrower licensing the use of the Trademark Rights or any part thereof or from any liability to any licensee under any such license or franchise agreement or other party or impose any liability on Lender for the acts or omissions of the Borrower in connection with any such license or license agreement.

3. **REPRESENTATION AND WARRANTIES:** The Borrower hereby represents and warrants that, except for the security interest granted to Lender hereby, the Borrower is the owner of all Trademark Rights, free and clear of all liens, charges, encumbrances, set-offs, defenses and counterclaims of whatsoever kind or nature and has made and will make no assignment, pledge, mortgage, hypothecation or transfer of any Trademark Rights or of the proceeds thereof; that the execution and delivery of this instrument will not conflict with or contravene any contractual restriction

binding on the Borrower, including any license agreement relating to the Trademark Rights or any part thereof; that, except as heretofore disclosed to Lender in writing, there are no legal actions or administrative proceedings pending or threatened before any court or administrative agency involving the Trademark Rights, or any part thereof; that the Borrower will defend its title to the Trademark Rights against the claims of all persons whatsoever and that the Borrower no longer owns any interest in or license to the federally registered trademark "Smartrainer", registration number 2,071,742, registration date June 17, 1997, for educational software, since such mark was transferred by the Borrower to Anderson Soft-Teach for reasonably equivalent valuable consideration prior to the date of this Agreement.

4. **USE AND OWNERSHIP PRIOR TO DEFAULT:** Unless and until an Event of Default (as defined in the Loan and Security Agreement) shall occur and be continuing, the Borrower shall retain the legal and equitable title to the Trademark Rights, and shall have the right to use and register the Trademark Rights in the ordinary course of the business of the Borrower, but shall not be permitted to sell, assign, transfer or otherwise encumber the Trademark Rights or any part thereof; *provided, however*, that nothing herein contained shall prohibit Borrower from failing to renew or otherwise abandoning any item included within the Trademark Rights if, in Borrower's good faith judgment, the retention of such item is not material to the proper conduct of Borrower's business, except that the Borrower shall not permit the expiration of registrations of trademark in the United States Patent and Trademark Office, listed in Exhibit A hereto, without the prior written consent of Lender, which consent shall not be unreasonably withheld. In the event Borrower does not receive authorization from Lender at least one month before any action must be taken in order to register or maintain registration for the Trademark Rights, Lender will be deemed to have acquiesced in and authorized Borrower to take appropriate action for the sole purpose of registering or maintaining registration of the Trademark Rights.

5. **REMEDIES ON DEFAULT:** Upon the occurrence of an Event of Default (as defined in the Loan and Security Agreement) Lender shall be entitled to exercise in respect to the Trademark Rights all of the rights and remedies available to a secured party upon default under the Uniform Commercial Code at that time, and, in addition thereto, the rights and remedies provided for herein and such other rights and remedies as might be provided for by law.

(a) In the event of sale of the Trademark Rights, or any part thereof, Lender shall give the Borrower reasonable notice of the time and place of any public sale thereof or of the time and place of any private sale or that any other intended disposition thereof is to be made. The requirement of reasonable notice shall be met if notice of the sale or other intended disposition is mailed, by Lender, postage prepaid, to the Borrower at its address set forth on the first page hereof or such other address as the Borrower may by notice have furnished Lender in writing for such purpose, at least ten days prior to the time of such sale or other intended disposition.

(b) If the Borrower shall fail to do any act or thing which it has covenanted to do hereunder or any representation or warranty of the Borrower shall be breached, Lender may (but shall not be obligated to) do the same or cause it to be done or remedy any such breach and there shall be added to the liability of the Borrower hereunder the cost or expense incurred by Lender in doing so, and any and all amounts expended by Lender in taking any such action shall be repayable to it upon its demand to the Borrower thereof and shall bear interest at the same rate which would apply to such amounts if they were advances under the Loan and Security Agreement, from and including the date advanced to the date of repayment.

(c) Borrower will, in the event of a sale, duly execute and acknowledge all documents necessary or advisable to record title to the Trademark Rights in the name of the purchaser, including valid, recordable assignments of any and or all trademark registrations listed in Exhibit A

hereof. In the event that Borrower should then fail or refuse to execute and deliver any or all documents necessary or advisable to record title to the Trademark Rights in the name of the purchaser, Borrower does hereby irrevocably appoint Lender its attorney-in-fact to execute any or all of such documents on Borrower's behalf.

6. APPLICATION OF PROCEEDS: All proceeds of Trademark Rights shall be applied as follows:

(a) First: to the payment of all expenses incurred by Lender in connection with such sale, including but not limited to, the expenses of advertising the Trademark Rights to be sold, all court costs and the reasonable fees of counsel to Lender in connection therewith, and to the repayment of all advances made by Lender hereunder for the account of the Borrower and the payment of all costs and expenses paid or incurred by Lender in connection with this Agreement or the exercise of any right or remedy hereunder, to the extent that such advances, costs and expenses shall not theretofore have been reimbursed to the Lender; and

(b) Second: to the payment in full of the Obligations, any surplus to be paid to the Borrower, its successors or assigns, or as a court of competent jurisdiction may direct.

7. PURCHASERS OF COLLATERAL: Upon any sale of Trademark Rights by Lender hereunder (whether under power of sale herein granted, pursuant to judicial process or otherwise), the receipt of Lender or the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Trademark Rights so sold and such purchaser or purchasers shall not be obligated to see the application of any part of the purchase money paid over to Lender or such officer or be answerable in any way for the misapplication or non-application thereof.

8. INDEMNITY: The Borrower agrees to indemnify and hold harmless Lender from and against any and all claims, demands, losses, judgments and liabilities (including liabilities for penalties) of whatsoever kind or nature, and to reimburse Lender for all costs and expenses, including attorneys' fees, growing out of or resulting from this Agreement, or the exercise by Lender of any right or remedy granted to it hereunder. In no event shall Lender be liable for any matter or thing in connection with this Agreement, other than to account for monies actually received by it in accordance with the terms hereof.

9. FURTHER ASSURANCES: The Borrower agrees that it will join with Lender in executing and, at its own expense, shall file and refile under the Uniform Commercial Code such financing statements, continuation statements and other documents in such offices as Lender may deem necessary or appropriate and wherever required or permitted by law in order to perfect and preserve Lender's security interest in the Trademark Rights, and hereby authorizes creditor to file financial statements and amendments thereto relative to all or any part of the Trademark Rights without the signature of the Borrower where permitted by law, and agrees to do such further acts and things and execute and deliver to Lender such additional conveyances, assignments, agreements and instruments as Lender may require or deem advisable to carry into effect the purpose of this Agreement or to better assure and confirm unto Lender its rights, powers and remedies hereunder.

10. TERMINATION: This Agreement, and the security interest of Lender hereunder, shall terminate when all Obligations (as defined in the Loan and Security Agreement) secured hereby has been fully paid and satisfied, at which time Lender shall release to the Borrower Lender's security interest in the Trademark Rights and, if requested by the Borrower, shall execute and file in each office in which any financial statement or assignment relative to the Trademark Rights, or any part thereof, shall have been filed, a termination statement, assignment or other appropriate instrument releasing Lender's

interest therein, all without recourse upon warranty by Lender and at the cost and expense of the Borrower.

11. NO WAIVER: No delay on the part of the Lender in the exercise of any right or remedy shall operate as a waiver thereof, and no single or partial exercise by the Assignee of any right or remedy shall preclude other or further exercise thereof or the exercise of any other right or remedy.

12. GOVERNING LAW: This Agreement shall be construed in accordance with and governed by the laws of the Commonwealth of Virginia (without regard to conflict of laws principles) and the federal laws of the United States. Whenever possible each provision of this Agreement shall be interpreted in such manner as to be effective and valid under applicable law, but if any provision of this Agreement shall be prohibited by or invalid under applicable law, such provision shall be ineffective to the extent of such prohibition or invalidity, without invalidating the remainder of such provision or the remaining provisions of this Agreement.

13. SUCCESSORS and ASSIGNS: The rights and privileges of Lender shall inure to the benefit of its successors and assigns.

14. COSTS and ATTORNEYS' FEES: In the event of the failure of Borrower to perform or observe any of the provisions hereof required to be performed or observed by Borrower, which failure shall constitute a breach of this Agreement, Lender shall, in addition to its other rights and remedies, have the right to recover from Borrower all costs and expenses including reasonable attorneys' fees incurred by the Lender in exercising or enforcing any of its rights and remedies hereunder. The Borrower's obligation to pay such costs shall survive the termination of this Agreement.

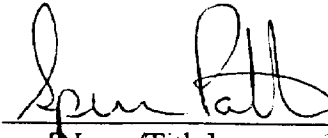
15. MISCELLANEOUS: Neither this Agreement nor any provision hereof may be amended, modified, waived, discharged or terminated orally, nor may any of the Trademark Rights be released or the security interest created hereby extinguished, except by an instrument in writing duly signed on behalf of Lender. Section or paragraph headings used herein are for convenience of reference only and shall not define or limit the provisions of this Agreement. This Agreement may be executed in any number of counterparts and each such counterpart shall be deemed to be an original, but all such counterparts together shall constitute one and the same Agreement.

16. PRECEDENCE: In the event of a conflict between this Agreement and the Loan Agreement the terms of the Loan and Security Agreement shall control.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed by their duly authorized officers as of the 11 day of August, 1999.

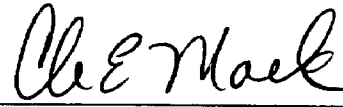
"LENDER"


WACHOVIA BANK, N.A.

By:  Vice President
[Name/Title]

"BORROWER"

ITC LEARNING CORPORATION

By:  (SEAL)
[Name/Title]

Attest:  Secretary
[Name/Title]

505185.03

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FAX WITHIN AREA: (703) 748-0244

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ATTORNEYS & COUNSELORS AT LAW

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AFFILIATE OFFICES:
DETROIT
RIYADH

August 19, 1999

VIA USPS EXPRESS MAIL

US Patent and Trademark Office
Office of Public Record
Crystal Gateway 4
Room 300
Washington, DC 20231

Re: Recordation of Trademark Security Interest Agreement

Dear Sir or Madam:

Enclosed for recordation are the following items:

1. Original Recordation Form Cover Sheet;
2. A copy of the Trademark Security Interest Agreement between ITC Learning Corporation and Wachovia Bank, N.A.;
3. Our check number 2274 payable to Assistant Commissioner of Trademarks in the amount of \$340; and
4. Self-addressed postcard confirming receipt of the Trademark Security Agreement.

Please file the Trademark Security Interest Agreement, and stamp and return the enclosed postcard. Thank you for your attention to this matter.

Very truly yours,



Daniel B. Hassett

Enclosures

cc: G. Andrew Nea, Jr., Esquire