

05-15-2000



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OPR/FINANCE

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  License
- Security Agreement  Nunc Pro Tunc Assignment
- Merger
- Change of Name
- Other \_\_\_\_\_

Effective Date  
Month Day Year  
4 17 2000

Conveying Party

Mark if additional names of conveying parties attached

Name Voyager Expanded Learning, Inc.

Execution Date  
Month Day Year  
04 17 2000

Formerly \_\_\_\_\_

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other \_\_\_\_\_
- Citizenship/State of Incorporation/Organization Texas

Receiving Party

Mark if additional names of receiving parties attached

Name Texas Capital Bank, N.A.

DBA/AKA/TA \_\_\_\_\_

Composed of \_\_\_\_\_

Address (line 1) 2100 McKinney Avenue

Address (line 2) Suite 900

Address (line 3) Dallas TX 75202

- Individual  General Partnership  Limited Partnership
- Corporation  Association
- Other National Banking Association
- 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.)

05/12/2000 JSMBRZZ 00000243 2129258

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02 FC:482

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25.00 OP

FOR OFFICE USE ONLY

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.  
Mail documents to be recorded with required cover sheet(s) information to:  
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

**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)

Trademark Application Number(s)	Registration Number(s)
<input type="text"/>	<input type="text" value="2129258"/>
<input type="text"/>	<input type="text" value="2226416"/>
<input type="text"/>	<input type="text"/>

**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:

#

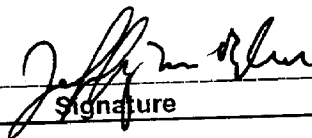
Authorization to charge additional fees:

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.

Jeffrey M. Becker



4/19/2000

Name of Person Signing

Signature

Date Signed

## SECURITY AGREEMENT

THIS SECURITY AGREEMENT (as modified, amended, supplemented, and restated or otherwise modified from time to time, this "*Security Agreement*"), dated as of April 17, 2000 is made by VOYAGER EXPANDED LEARNING, INC., a Texas corporation ("*Grantor*"), in favor of TEXAS CAPITAL BANK, N.A., a national banking association ("*Secured Party*").

### W I T N E S S E T H:

1. Pursuant to that certain Credit Agreement dated as of April 17, 2000 (together with all modifications, amendments, renewals, extensions, and restatements, if any, from time to time thereafter thereto, the "*Credit Agreement*"), among Grantor and Secured Party, Secured Party has extended to Grantor a revolving credit loan facility to fund general working capital needs.

2. As a condition precedent to the making of advances and other extensions of credit under the Credit Agreement, Grantor is required to execute and deliver this Security Agreement.

NOW THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor agrees, for the benefit of Secured Party, as follows:

### SECTION 1

#### DEFINITIONS

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

**1.2 Certain Terms.** The following terms when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"*Code*" means the Uniform Commercial Code, as in effect in the State of Texas.

"*Collateral*" is defined in *Section 2.1*.

"*Collateral Account*" is defined in *Section 5.2*.

"*Computer Hardware and Software Collateral*" means (a) all computer and other electronic data processing hardware, and all peripheral devices and other related computer hardware, (b) all software programs (including both source code, object code, and all related applications and data files), whether now owned, licensed, or leased or hereafter acquired by Grantor, (c) all firmware associated therewith, (d) all documentation with respect to such hardware, software, and firmware described in the preceding *clauses (a)* through *(c)*; and (e) all rights with respect to all of the foregoing.

"*Copyright Collateral*" means all copyrights of Grantor, whether statutory or common law, registered or unregistered, now or hereafter in force throughout the world and all applications for registration thereof,

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Security Agreement

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whether pending or in preparation, all copyright licenses, the right to sue for past, present, and future infringements of any thereof, all extensions and renewals of any thereof and all proceeds of the foregoing including, without limitation, the copyrights listed on *Schedule IV*.

“*Credit Agreement*” is defined in the recitals.

“*Equipment*” is defined in *Section 2.1*.

“*Event of Default*” means the occurrence of any of the following events or conditions:

- (a) an Event of Default under the Credit Agreement; or
- (b) the failure of Grantor to observe any of the terms, conditions, or covenants contained in this Security Agreement and such failure shall continue for twenty (20) days after such failure occurred; or
- (c) except as permitted by permitted by *Section 7.9* of the Credit Agreement, the ownership of any of the Collateral, or any legal or equitable interest therein, becomes vested in a person or entity other than Grantor.

“*Grantor*” is defined in the preamble.

“*Intellectual Property Collateral*” means, collectively, the Computer Hardware and Software Collateral, the Copyright Collateral, the Patent Collateral, the Trademark Collateral, and the Trade Secrets Collateral.

“*Inventory*” is defined in *Section 2.1*.

“*Patent Collateral*” means (a) all letters patent and applications for letters patent throughout the world, including all patent applications in preparation for filing anywhere in the world, (b) all patent licenses, (c) all reissues, divisions, continuations, continuations-in-part, extensions, renewals, and reexaminations of any of the items described in *clauses (a)* and *(b)*, and (d) all proceeds of, and rights associated with, the foregoing.

“*Receivables*” is defined in *Section 2.1*.

“*Secured Indebtedness*” is defined in *Section 2.2*.

“*Secured Party*” is defined in the preamble.

“*Third Party*” is defined in *Section 3.3(a)*.

“*Trademark Collateral*” means (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*”), all registrations and records thereof, and all applications in connection therewith, (b) all Trademark licenses, (c) all reissues, renewals, and extensions 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, without limitation, the trademarks listed on *Schedule V* attached hereto.

**“Trade Secrets Collateral”** means all common law and statutory trade secrets and all other confidential or proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of Grantor (all of the foregoing being collectively called a **“Trade Secret”**), including all documents and things embodying, incorporating, or referring in any way to such Trade Secret, and all Trade Secret licenses.

**1.3 Code Definitions.** Unless otherwise defined herein or the context otherwise requires, terms for which meanings are provided in the Code are used in this Security Agreement, including its preamble and recitals, with such meanings.

## SECTION 2

### SECURITY INTEREST

**2.1 Grant of Security.** Grantor hereby assigns and pledges to Secured Party, and hereby grants to Secured Party, a security interest in all of the following, whether now or hereafter existing or acquired (the **“Collateral”**):

(a) all equipment in all of its forms of Grantor, wherever located, including all machinery, manufacturing, distribution, selling, data processing and office equipment, assembly systems, tools, molds, dies, fixtures, appliances, furniture, furnishings, vehicles, vessels, aircraft, aircraft engines, trade fixtures, and other tangible personal property (other than Inventory), and all parts thereof and all accessions, additions, attachments, improvements, substitutions, and replacements thereto and therefor (any and all of the foregoing being the **“Equipment”**);

(b) all inventory in all of its forms of Grantor, wherever located, including:

(i) all goods, merchandise, and other personal property furnished or to be furnished under any contract of service or intended for sale or lease, all consigned goods and other items which have previously constituted Equipment but are then currently being held for sale or lease in the ordinary course of Grantor’s business, all raw materials and work in process therefor, finished goods thereof, and all other materials and supplies of any kind, nature or description used or consumed in the manufacture, production, packing, shipping, advertising, finishing, or sale thereof;

(ii) all goods in which Grantor has an interest in mass or a joint or other interest or right of any kind (including goods in which Grantor has an interest or right as consignee); and

(iii) all goods which are returned to or repossessed by Grantor;

and all accessions thereto, products thereof, and documents therefore (any and all such inventory, materials, goods, accessions, products, and documents being the **“Inventory”**);

(c) all accounts, chattel paper, documents, and instruments of Grantor, whether or not arising out of or in connection with the sale or lease or other disposition of goods or the rendering of services, and all rights of Grantor now or hereafter existing in and to all security agreements, guaranties, leases, and other contracts securing or otherwise relating to any such accounts, contracts, contract rights, chattel paper, documents, instruments, and general intangibles (any and all such accounts, contracts, contract rights, chattel paper, documents, instruments, and general intangibles being the “*Receivables*”);

(d) all Intellectual Property Collateral of Grantor;

(e) in addition to general intangibles which may be included within Intellectual Property Collateral, all contracts, contract rights, and general intangibles of Grantor, including, without limitation, all tax refunds, claims, causes of action, judgments, franchises, permits, licenses, supply contracts, purchase contracts, and agreements;

(f) all books, records, writings, data bases, information, and other property relating to, used or useful in connection with, evidencing, embodying, incorporating, or referring to, any of the foregoing in this *Section 2.1*;

(g) all of Grantor’s other property and rights of every kind and description and interests therein; and

(h) all products, offspring, rents, issues, profits, returns, income, and proceeds of and from any and all of the foregoing Collateral (including proceeds which constitute property of the types described in *clauses (a), (b), (c), (d), (e), (f), and (g)*, proceeds deposited from time to time in the Collateral Account, and in any lock boxes of Grantor, and, to the extent not otherwise included, all payments under insurance (whether or not Secured Party is the loss payee thereof), or any indemnity, warranty, or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral.

**2.2 Security for the Obligation.** This Security Agreement secures the payment of the Obligation, including, without limitation, all obligations now or hereafter existing under the Credit Agreement, this Security Agreement, and each of the other Loan Documents to which Grantor is or may become a party, whether for principal, interest, costs, fees, expenses, or otherwise (including all such amounts which would become due but for the operation of the automatic stay under *Section 362(a)* of the *United States Bankruptcy Code, 11 U.S.C. § 362(a)*, and the operation of *Sections 502(b)* and *506(b)* of the *United States Bankruptcy Code, 11 U.S.C. §§ 502(b) and 506(b)*) (all of the foregoing, together with all renewals, extensions and modifications of all or any part thereof, being the “*Secured Indebtedness*”).

**2.3 Continuing Security Interest.** This Security Agreement shall create a continuing security interest in the Collateral and shall:

(a) remain in full force and effect until payment in full of the Secured Indebtedness and the termination of the Revolving Credit Commitment;

(b) be binding upon Grantor, its successors, transferees, and assigns; and

(c) inure, together with the rights and remedies hereunder, to the benefit of Secured Party.

Upon the payment in full of the Secured Indebtedness and the termination of the Revolving Credit Commitment, the security interest granted herein shall terminate and all rights to the Collateral shall revert to Grantor. Upon any such termination, Secured Party will, at Grantor's sole expense, execute and deliver to Grantor such documents as Grantor shall reasonably request to evidence such termination.

**2.4 Grantor Remains Liable.** Anything herein to the contrary notwithstanding:

(a) Grantor shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and shall perform all of its duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed;

(b) the exercise by Secured Party of any of its rights hereunder shall not release Grantor from any of its duties or obligations under any such contracts or agreements included in the Collateral; and

(c) Secured Party shall have no obligation or liability under any such contracts or agreements included in the Collateral by reason of this Security Agreement, nor shall Secured Party be obligated to perform any of the obligations or duties of Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

### SECTION 3

#### REPRESENTATIONS AND WARRANTIES

Grantor hereby represents and warrants to Lender as follows:

**3.1 Location of Collateral, etc.** All of the Equipment and Inventory of Grantor is located at the places specified in *Schedule I* hereto, except for Inventory in transit in the ordinary course of Grantor's business; *provided, however*, that Inventory and Equipment may be moved to other locations in accordance with *Section 4.1*. None of the Equipment and Inventory has, within the four (4) months preceding the date of this Security Agreement, been located at any place other than the places specified in *Schedule I* hereto. Each location of Equipment or Inventory which is subject to a lease, sublease, mortgage, or similar instrument is described as such in *Schedule I* hereto and Grantor shall, upon the request of Secured Party, provide Secured Party with the name and address of each lessor, sublessor, lessee, sublessee, and/or mortgagee (other than Grantor) with respect to any or all such locations. All lock boxes of Grantor are located at the places specified in *Schedule II* hereto. The place(s) of business and chief executive office of Grantor and the office(s) where Grantor keeps its records concerning the Receivables are located at the addresses specified in *Schedule III* hereto. Grantor has no trade name. Except as disclosed in *Section 5.19* of the Credit Agreement, Grantor has not been known by any legal name different from the one set forth on the signature page hereto. Grantor has not been the subject of any merger or other corporate reorganization. Grantor is not a party to any Federal, state, or local government contract.

**3.2 Ownership, No Liens, etc.** Grantor has good and marketable title to the Collateral and Grantor is the legal and beneficial owner of the Collateral and owns the Collateral free and clear of any Lien, security interest, charge, or encumbrance except for the security interest created by this Security Agreement and except as permitted by the Credit Agreement. No effective financing statement or other instrument similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have

been filed in favor of Secured Party relating to this Security Agreement and except as permitted by the Credit Agreement.

### **3.3 Possession and Control.**

(a) The name and address of each bailee, processor, warehouseman, consignee, or other Person in possession of any of the Inventory or Equipment (each such Person being a “*Third Party*”) on the date hereof, other than carriers and shippers of Inventory in transit in the ordinary course of Grantor’s business, is set forth in *Schedule I* hereto, together with the address of the location where such Inventory or Equipment is or may be held. Except as otherwise indicated in *Schedule I* hereto, no Person (other than a Person identified in *Schedule I* thereto as being a consignee) in possession of any of the Inventory or Equipment conducts a business at the location of such Inventory or Equipment other than a business in the nature of warehousing or transporting goods for others. In the event that any Inventory is in the possession of a Third Party, such Inventory is not evidenced by a negotiable instrument or document.

(b) Except as indicated in *Section 3.3(a)*, Grantor has exclusive possession and control of the Equipment and Inventory.

**3.4 Negotiable Documents, Instruments and Chattel Paper.** Grantor has, contemporaneously herewith, delivered to Secured Party possession of all originals of all negotiable documents, instruments, and chattel paper currently owned or held by Grantor (duly endorsed in blank, if requested by Secured Party).

**3.5 Intellectual Property Collateral.** With respect to any Intellectual Property Collateral:

(a) such Intellectual Property Collateral is valid and subsisting and has not been adjudged invalid or unenforceable, in whole or in part;

(b) Grantor has made or is in the process of making all necessary filings and recordations to protect its interest in such Intellectual Property Collateral;

(c) Grantor is the exclusive owner of the entire and unencumbered right, title, and interest in and to such Intellectual Property Collateral and (except as disclosed in the Credit Agreement) no claim has been made that the use of such Intellectual Property Collateral does or may violate the asserted rights of any third party; and

(d) Grantor 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 Intellectual Property Collateral in full force and effect throughout the world, as applicable.

**3.6 Validity, etc.** This Security Agreement creates a valid first priority security interest in the Collateral, securing the payment of the Secured Indebtedness, and all filings and other actions necessary or desirable to perfect and protect such security interest have been duly made or taken.

**3.7 Authorization, Approval, etc.** Except for the filing of financing statements pursuant to the Code and filings with the United States Patent and Trademark Office and the United States Copyright Office



(with respect to the Intellectual Property Collateral), no authorization, approval, or other action by, and no notice to or filing with, any Governmental Authority is required either:

- (a) for the grant by Grantor of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by Grantor; or
- (b) for the perfection of or the exercise by Secured Party of its rights and remedies hereunder.

**3.8 Taxes.** All taxes, assessments, and other charges levied against the Collateral have been paid in full.

## SECTION 4

### COVENANTS

Grantor covenants and agrees that, so long as any portion of the Secured Indebtedness shall remain unpaid and until the termination of the Revolving Credit Commitment, Grantor will, unless Secured Party shall otherwise consent in writing, perform the obligations set forth in this *Section 4*.

**4.1 As to Equipment and Inventory.** Grantor hereby agrees that it shall:

(a) keep all the Equipment and Inventory (other than Inventory in transit and Inventory sold in the ordinary course of business) at the places therefor specified in *Section 3.1* or, upon thirty (30) days' prior written notice to Secured Party, at such other places in a jurisdiction where all representations and warranties set forth in *Section 3* (including *Section 3.6*) shall be true and correct, and all action required pursuant to *Section 4.7* shall have been taken with respect to the Equipment and Inventory;

(b) with respect to any Equipment or Inventory in the possession or control of any Third Party or any of Grantor's agents, notify such Third Party or agent of Secured Party's security interest in such Equipment or Inventory and, upon Secured Party's request following the occurrence and during the continuance of an Event of Default, direct such Third Party or agent to hold all such Equipment or Inventory for Secured Party's account and subject to Secured Party's instructions;

(c) cause the Equipment to be maintained and preserved in the same condition, repair, and working order as when new, ordinary wear and tear excepted, and in accordance with any manufacturer's manual; and forthwith, or in the case of any loss or damage to any of the Equipment, as quickly as practicable after the occurrence thereof, make or cause to be made all repairs, replacements, and other improvements in connection therewith which are necessary or desirable to such end; and promptly furnish to Secured Party a statement respecting any loss or damage to any of the Equipment; and

(d) pay promptly when due all property and other taxes, assessments, and governmental charges or levies imposed upon, and all claims (including claims for labor, materials and supplies) against, the Equipment and Inventory, except to the extent the validity thereof is being contested in good faith by appropriate proceedings and for which adequate reserves in accordance with GAAP have been set aside.

**4.2 As to Receivables.** Grantor shall keep its place(s) of business and chief executive office and the office(s) where it keeps its records concerning the Receivables, and all originals of all chattel paper which evidence Receivables, located at the addresses set forth in *Schedule III* hereto, or, upon thirty (30) days' prior written notice to Secured Party, at such other locations in a jurisdiction where all actions required by *Section 4.7* shall have been taken with respect to the Receivables; not change its name except upon thirty (30) days' prior written notice to Secured Party; hold and preserve such records and chattel paper; and permit representatives of Secured Party at any time during normal business hours to inspect and make abstracts from such records and chattel paper.

**4.3 As to all Collateral.**

(a) Until such time as Secured Party shall notify Grantor of the revocation of such power and authority Grantor (i) may in the ordinary course of its business, at its own expense, sell, lease, or furnish under the contracts of service any of the Inventory normally held by Grantor or any Third Party for such purpose, and use and consume, in the ordinary course of its business, any raw materials, work in process, or materials normally held by Grantor or any Third Party for such purpose, (ii) will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as Secured Party may reasonably request or, in the absence of such request, as Grantor may deem advisable, and (iii) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund, or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of goods, the sale or lease of which shall have given rise to such Collateral. Secured Party, however, may, at any time, whether before or after any revocation of such power and authority or the maturity of any of the Secured Indebtedness, notify any parties obligated on any of the Collateral to make payment to Secured Party of any amounts due or to become due thereunder and enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby. Upon the request of Secured Party, Grantor will, at its own expense, notify any parties obligated on any of the Collateral to make payment to Secured Party of any amounts due or to become due thereunder.

(b) Secured Party is authorized to endorse, in the name of Grantor, any item, howsoever received by Secured Party, representing any payment on or other proceeds of any of the Collateral.

**4.4 As to Intellectual Property Collateral.** Grantor shall not do any act, or omit to do any act, whereby (a) any of the Patent Collateral may lapse or become abandoned, dedicated to the public, or unenforceable, (b) any of the Trademark Collateral may lapse or become invalid or unenforceable, or (c) any of the Copyright Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenovable term of a registration thereof. Grantor shall notify Secured Party within thirty (30) days of the filing of any application for registration in the United States Patent and Trademark Office or in the United States Copyright Office, and Grantor shall take all actions necessary to assist Secured Party in recording and perfecting a first priority security interest in such applications.

**4.5 Insurance.** Grantor will maintain insurance with respect to the Equipment and Inventory with companies acceptable to Secured Party. Such insurance shall be in an amount not less than the fair market value of the Equipment and Inventory and shall be against such casualties, with such deductible amounts as Secured Party shall approve. All insurance policies shall be written for the benefit of Grantor and Secured Party, as their interest may appear, payable to Secured Party as loss payee, or in other forms satisfactory to

Secured Party, and such policies or certificates evidencing the same shall be furnished to Secured Party. All policies of insurance shall provide for written notice to Secured Party at least thirty (30) days prior to cancellation.

**4.6 Transfers and Other Liens.** Grantor shall not:

- (a) sell, assign (by operation of law or otherwise), or otherwise dispose of any of the Collateral, except Inventory in the ordinary course of business or as permitted by the Credit Agreement; or
- (b) create or suffer to exist any Lien or other charge or encumbrance upon or with respect to any of the Collateral to secure Indebtedness of any Person or entity, except for the security interest created by this Security Agreement and except as permitted by the Credit Agreement.

**4.7 Further Assurances, etc.** Grantor agrees that, from time to time at its own expense, Grantor will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that Secured Party may request, in order to perfect, preserve, and protect any security interest granted or purported to be granted hereby or to enable Secured Party to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, Grantor will:

- (a) mark conspicuously each document included in the Inventory, each chattel paper included in the Receivables and each Related Contract, and, at the request of Secured Party, each of its records pertaining to the Collateral with a legend, in form and substance satisfactory to Secured Party, indicating that such document, chattel paper, Related Contract, or Collateral is subject to the security interest granted hereby;
- (b) if any Receivable shall be evidenced by a promissory note or other instrument, negotiable document, or chattel paper, deliver and pledge to Secured Party hereunder such promissory note, instrument, negotiable document, or chattel paper, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to Secured Party;
- (c) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices (including, without limitation, any assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as may be necessary or desirable, or as Secured Party may request, in order to perfect and preserve the security interests and other rights granted or purported to be granted to Secured Party hereby; and
- (d) furnish to Secured Party, from time to time at Secured Party's request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

With respect to the foregoing and the grant of the security interest hereunder, Grantor hereby authorizes Secured Party to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of Grantor where permitted by law. A carbon, photographic, or other reproduction of this Security Agreement or any financing statement covering the Collateral or any part thereof shall be sufficient as a financing statement where permitted by law.

## SECTION 5

### REMEDIES

**5.1 Certain Remedies.** If any Event of Default shall have occurred and be continuing:

(a) Secured Party may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the Code (whether or not the Code applies to the affected Collateral) and also may:

(i) require Grantor to, and Grantor hereby agrees that it will, at its expense and upon request of Secured Party forthwith, assemble all or part of the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to both parties; and

(ii) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of Secured Party's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Grantor agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' prior notice to Grantor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) In addition to and without limiting the rights of Secured Party under *Section 5.2* below, all cash proceeds received by Secured Party in respect of any sale of, collection from, or other realization upon all or any part of the Collateral may, in the discretion of Secured Party, be held by Secured Party as collateral for, and/or then or at any time thereafter applied (after payment of any amounts payable to Secured Party pursuant to *Section 5.2*) in whole or in part by Secured Party against, all or any part of the Secured Indebtedness in such order as Secured Party shall elect. Any surplus of such cash or cash proceeds held by Secured Party and remaining after payment in full of all the Secured Indebtedness shall be paid over to Grantor or to whomsoever may be lawfully entitled to receive such surplus.

**5.2 Collateral Account.**

(a) If an Event of Default shall have occurred and be continuing, then upon written notice by Secured Party to Grantor pursuant to this clause, all proceeds of Collateral received by Grantor shall be delivered in kind to Secured Party for deposit to a deposit account (the "*Collateral Account*") of Grantor maintained with Secured Party, and Grantor shall not commingle any such proceeds, and shall hold separate and apart from all other property, all such proceeds in express trust for the benefit of Secured Party until delivery thereof is made to Secured Party. No funds other than proceeds of Collateral will be deposited in the Collateral Account.

(b) Secured Party shall have the right to apply any amount in the Collateral Account to the payment of any of the Secured Indebtedness that is due and payable or payable upon demand, or to the payment of any of the Secured Indebtedness at any time that an Event of Default shall have occurred and be continuing. Secured Party may at any time transfer to Grantor's general demand deposit accounts any or all of the collected funds in the Collateral Account; *provided, however*, that any such transfer shall not be deemed to be a waiver or modification of any of Secured Party's rights under this *Section*.

### 5.3 Indemnity and Expenses.

(a) Grantor agrees to indemnify Secured Party from and against any and all claims, losses, and liabilities arising out of or resulting from this Security Agreement (including, without limitation, enforcement of this Security Agreement), except claims, losses or liabilities resulting from Secured Party's gross negligence or willful misconduct. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO MATTERS WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF THE NEGLIGENCE OF SUCH INDEMNIFIED PERSON.**

(b) Grantor will upon demand pay to Secured Party the amount of any and all reasonable expenses, including the reasonable fees and disbursement of its counsel and of any experts and agents, which Secured Party may incur in connection with:

- (i) the administration of this Security Agreement;
- (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral;
- (iii) the exercise or enforcement of any of the rights of Secured Party hereunder; or
- (iv) the failure by Grantor to perform or observe any of the provisions hereof.

**5.4 Rights Cumulative.** The rights, titles, interests, liens, and securities of Secured Party hereunder shall be cumulative of all of the securities, rights, titles, interests, or liens which Secured Party may now or at any time hereafter hold securing the payment of the Secured Indebtedness, or any part thereof.

## SECTION 6

### MISCELLANEOUS PROVISIONS

**6.1 Terms Commercially Reasonable.** The terms of this Security Agreement shall be deemed commercially reasonable within the meaning of the Uniform Commercial Code in effect and applicable hereto.

**6.2 Loan Document.** This Security Agreement is a Loan Document executed pursuant to the Credit Agreement and shall (unless otherwise expressly indicated herein) be construed, administered, and applied in accordance with the terms and provisions thereof.

**6.3 Amendments.** No change, amendment, modification, cancellation, or discharge of any provision of this Security Agreement shall be valid *unless* consented to in writing by the party or parties against whom enforcement thereof is sought (subject to the terms of the Credit Agreement).

**6.4 Notices.** Any notices or other communications required or permitted to be given by this Security Agreement or any other documents and instruments referred to herein must be given in accordance with *Section 9.4* of the Credit Agreement.

**6.5 Headings.** The headings of sections herein are inserted only for convenience and shall in no way define, describe, or limit the scope or intent of any provision of this Security Agreement.

**6.6 Limitation.** Regardless of any provisions contained in this Security Agreement, the Credit Agreement, or any note, notes, or other evidences of the Secured Indebtedness, or other instruments executed or delivered in connection therewith, Secured Party shall not be entitled to receive, collect, or apply, as interest on the Secured Indebtedness, any amount in excess of the highest lawful rate and, in the event that Secured Party ever receives, collects, or applies, as interest, any such excess, such amount which would be excessive interest shall be applied to the reduction of the unpaid principal balance of the Secured Indebtedness, and if the principal balance of the Secured Indebtedness is paid in full, any remaining excess shall be forthwith paid to Grantor. In determining whether or not the interest paid or payable, under any specific contingency, exceeds the highest lawful rate, Grantor and Secured Party shall, to the maximum extent permitted under applicable law, (a) characterize any non-principal payment as an expense, fee, or premium rather than as interest, (b) exclude voluntary prepayments and the effects thereof, and (c) “*spread*” the total amount of interest throughout the entire term of the Credit Agreement so that the interest rate is uniform throughout the entire term of the Credit Agreement.

**6.7 Assignment of Secured Party’s Rights.** Secured Party shall have the right to assign all or any portion of its rights under this Security Agreement to any subsequent holder or holders of the Secured Indebtedness.

**6.8 Parties in Interest.** As and when used herein, the term “*Grantor*” shall mean and include Grantor herein named and its successors and permitted assigns, and the term “*Secured Party*” shall mean and include Secured Party herein named and its successors and assigns, and all covenants and agreements herein shall be binding upon and inure to the benefit of Grantor and Secured Party and their respective assigns, *provided that* Grantor shall have no right to assign its rights hereunder to any other Person.

**6.9 Financing Statement.** Secured Party shall be entitled at any time to file a photographic or other reproduction of this Security Agreement as a financing statement, but the failure of Secured Party to do so shall not impair the validity or enforceability of this Security Agreement.

**6.10 Applicable Laws.** **THIS SECURITY AGREEMENT AND ALL ISSUES AND CLAIMS ARISING IN CONNECTION WITH OR RELATING TO THE SECURED INDEBTEDNESS, INCLUDING BUT WITHOUT LIMITATION, ALL CONTRACT, TORT, EQUITY, OR OTHER CLAIMS OR COUNTERCLAIMS SHALL BE GOVERNED AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE STATE OF TEXAS (WITHOUT CONSIDERATION OF ITS CONFLICTS OF LAWS RULES) AND THE APPLICABLE LAWS OF THE UNITED STATES OF AMERICA.** If any provision of this Security Agreement is held to be invalid

or unenforceable, the validity and enforceability of the other provisions of this Security Agreement shall remain unaffected.

**6.11 ENTIRETY. THIS SECURITY AGREEMENT AND THE CREDIT AGREEMENT EMBODY THE FINAL, ENTIRE AGREEMENT AMONG GRANTOR AND SECURED PARTY WITH RESPECT TO THE PLEDGE AND ASSIGNMENT OF THE COLLATERAL AND THE OTHER MATTERS ADDRESSED HEREIN AND THEREIN, AND SUPERSEDE ANY AND ALL PRIOR COMMITMENTS, AGREEMENTS, REPRESENTATIONS, AND UNDERSTANDINGS, WHETHER WRITTEN OR ORAL, RELATING TO THE SUBJECT MATTER HEREOF AND THEREOF, AND MAY NOT BE CONTRADICTED OR VARIED BY EVIDENCE OF PRIOR, CONTEMPORANEOUS, OR SUBSEQUENT ORAL AGREEMENTS OR DISCUSSIONS OF THE PARTIES HERETO. THERE ARE NO ORAL AGREEMENTS AMONG THE PARTIES HERETO.**

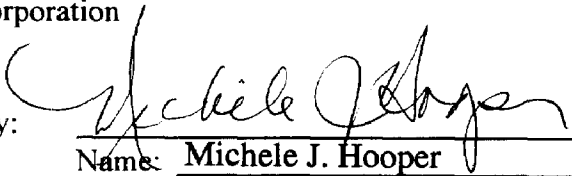
**6.12 WAIVER OF TRIAL BY JURY. TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, GRANTOR HEREBY IRREVOCABLY AND EXPRESSLY WAIVES ALL RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM (WHETHER BASED UPON CONTRACT, TORT, OR OTHERWISE) ARISING OUT OF OR RELATING TO THIS SECURITY AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS OR THE TRANSACTIONS CONTEMPLATED HEREBY OR THEREBY, OR THE ACTIONS OF SECURED PARTY IN THE NEGOTIATION, ADMINISTRATION, OR ENFORCEMENT HEREOF OR THEREOF.**

**6.13 Waiver of Certain Claims.** Grantor hereby waives any right or claim to consequential or punitive damages arising out of or relating to this Security Agreement or any of the other Loan Documents or the transactions contemplated hereby or thereby, or the actions of Secured Party in the negotiation, administration, or enforcement hereof or thereof.

**6.14 WAIVER OF NOTICE AND HEARING.** GRANTOR HEREBY WAIVES ANY AND ALL RIGHTS IT MAY HAVE TO NOTICE OR HEARING PRIOR TO SEIZURE BY SECURED PARTY OF THE COLLATERAL, WHETHER BY WRIT OF POSSESSION OR OTHERWISE.

IN WITNESS WHEREOF, Grantor has caused this Security Agreement to be duly executed and delivered by its officer thereunto duly authorized as of the date first above written.

**VOYAGER EXPANDED LEARNING, INC.,** a Texas corporation

By:   
Name: Michele J. Hooper  
Title: Chief Executive Officer

## SCHEDULE I

### LOCATION OF EQUIPMENT AND INVENTORY

#### A. EQUIPMENT

- (1) Voyager Expanded Learning, Inc. (Creative Center)  
1125 Longpoint Avenue  
Dallas, Texas 75247
- (2) Voyager Expanded Learning, Inc. (Warehouse)  
3665 La Reunion  
Dallas, Texas 75212
- (3) Voyager Expanded Learning, Inc. (National Policy Office)  
1718 Connecticut Avenue, N.W.  
Suite 700  
Washington, D.C. 20009
- (4) Voyager Expanded Learning, Inc. (Field Sales Personnel)  
Various Laptop Computers in the Field

#### B. INVENTORY

- (1) Voyager Expanded Learning, Inc. (Warehouse )  
3665 La Reunion  
Dallas, Texas 75212

#### *Previous Locations within Last 4 Months*

- (1) On Target Supplies and Logistics  
1133 S. Madison Avenue  
Dallas, Texas 75201
- (2) On Target Supplies and Logistics  
2525 Logan Street  
Dallas, Texas 75215
- (3) Voyager Expanded Learning, Inc. (Previous Warehouse)  
3665 La Reunion  
Dallas, Texas 75212



**SCHEDULE II**

**LOCATION OF LOCK BOXES**

- (1) Voyager Expanded Learning, Inc.  
(c/o Comerica Bank - Texas)  
P.O. Box 891492  
Dallas, Texas 75389-1492

**SCHEDULE III**

**LOCATION OF RECORDS CONCERNING RECEIVABLES**

- (1) Voyager Expanded Learning, Inc.  
1125 Longpoint Avenue  
Dallas, Texas 75247

**SCHEDULE IV**

**COPYRIGHTS**

<b>REGISTRATION NO.</b>	<b>CLASS</b>	<b>REG. DATE</b>	<b>TITLE</b>	<b>OWNER</b>
4713384	TX	01/20/98	Dragonfly	Voyager Expanded Learning, Inc.
4713383	TX	01/20/98	Mysteries : Voyager adventure camp : K-6	Voyager Expanded Learning, Inc.
4712283	TX	01/20/98	Twister	Voyager Expanded Learning, Inc.
4712282	TX	01/20/98	Aztecs, Incas & Mayas	Voyager Expanded Learning, Inc.
4712281	TX	01/20/98	Something Wild	Voyager Expanded Learning, Inc.
4712280	TX	01/20/98	Kaleidoscope	Voyager Expanded Learning, Inc.
4712279	TX	01/23/98	Grand Prix	Voyager Expanded Learning, Inc.
4716790	TX	01/23/98	Spaceship of the imagination : in search of Helium 3	Voyager Expanded Learning, Inc.
4716789	TX	01/23/98	Grand Prix	Voyager Expanded Learning, Inc.
4716788	TX	01/23/98	Kaleidoscope	Voyager Expanded Learning, Inc.
4704462	TX	01/16/98	Success City, USA	Voyager Expanded Learning, Inc.
4690719	TX	01/20/98	Success City, USA	Voyager Expanded Learning, Inc.

REGISTRATION NO.	CLASS	REG. DATE	TITLE	OWNER
4675331	TX	01/20/98	Marco Polo	Voyager Expanded Learning, Inc.
4635855	TX	01/20/98	Marco Polo	Voyager Expanded Learning, Inc.
4573170	TX	06/19/97	Voyager pre+med primary	Voyager Expanded Learning, Inc.
4573169	TX	06/19/97	Voyager pre+med intermediate	Voyager Expanded Learning, Inc.

**SCHEDULE V**

**TRADEMARKS**

MARK	STATUS	SERIAL NO./ FILING DATE	REG. NO./ REG. DATE	INTL. CLASS	GOODS
VOYAGER EXPANDED LEARNING	Registered	74/665,812 04/25/95	2,129,258 01/13/98	9,16, 41	(9) Prerecorded audio, prerecorded video tapes and cd-roms in the nature of a learning program for children in kindergarten through 6 <sup>th</sup> grade; (16) Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in kindergarten through 6 <sup>th</sup> grade; (41) Training services, namely providing courses in the field of a learning program for children in kindergarten through 6 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING & DESIGN	Application has not been filed			9,16,41	(9) Prerecorded audio and video tapes, prerecorded floppy disks and cd-roms in the nature of a learning program for children in kindergarten, elementary and secondary schools; (16) Educational books, charts, posters, workbooks, and printed curriculum materials in the nature of a learning program for children in kindergarten, elementary and secondary schools; (41) Training services, namely providing courses in the field of a learning program for children in kindergarten, elementary and secondary schools
VOYAGER EXPANDED LEARNING: CYBERSPACE	Abandoned	74/665,814 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING: DISCOVERY	Abandoned	74/665,451 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING: DRAGONFLY	Abandoned	74/665,813 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING: KALEIDOSCOPE	Abandoned	74/665,819 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING: MAINSRING	Registered	74/665,815 04/25/95	2,226,416 02/23/99	16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 6 <sup>th</sup> grade

MARK	STATUS	SERIAL NO./ FILING DATE	REG. NO./ REG. DATE	INTL. CLASS	GOODS
VOYAGER EXPANDED LEARNING: MARCO POLO	Abandoned	74/665,452 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING: SPACESHIP OF THE IMAGINATION	Abandoned	74/665,473 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER EXPANDED LEARNING: SUCCESS CITY, USA	Abandoned	74/665,472 04/25/95		16	Educational books, charts, posters, workbooks and printed curriculum materials in the nature of a learning program for children in k - 8 <sup>th</sup> grade
VOYAGER UNIVERSITY	Application has not been filed			9,16,41	9) Prerecorded audio tapes, prerecorded video tapes, prerecorded floppy disks and cd-roms in the nature of a learning program for children in kindergarten, elementary and secondary schools; (16) Educational books, charts, posters, workbooks, and printed curriculum materials in the nature of a learning program for children in kindergarten, elementary and secondary schools; (41) Training services, namely providing courses in the field of a learning program for children in kindergarten, elementary and secondary schools
VOYAGER UNIVERSITY & DESIGN	Application has not been filed			9,16,41	(9) Prerecorded audio and video, prerecorded floppy disks and cd-roms in the nature of a learning program for children in kindergarten, elementary and secondary schools; (16) Educational books, charts, posters, workbooks, and printed curriculum materials in the nature of a learning program for children in kindergarten, elementary and secondary schools; (14) Training services, namely providing courses in the field of a learning program for children in kindergarten, elementary and secondary schools