

5/8/02

05-16-2002



Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

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REC

TRADEMARK 102092616

U.S. DEPARTMENT OF COMMERCE
U.S. Patent and Trademark Office

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):

Learning Horizons, Inc.

- ☐ Individual(s) ☐ Association
☐ General Partnership ☐ Limited Partnership
☒ Corporation-State
☐ Other _____

Additional name(s) of conveying party(ies) attached? ☐ Yes ☒ No

3. Nature of conveyance:

- ☐ Assignment ☐ Merger
☒ Security Agreement ☐ Change of Name
☐ Other _____

Execution Date: August 7, 2001

2. Name and address of receiving party(ies)

Name: National City Bank

Internal

Address: _____

Street Address: 101 South Fifth St., 8th Floor

City: Louisville State: KY Zip: 40202

- ☐ Individual(s) citizenship _____
☒ Association National Bank
☐ General Partnership _____
☐ Limited Partnership _____
☐ Corporation-State _____
☐ Other _____

If assignee is not domiciled in the United States, a domestic representative designation is attached: ☐ Yes ☐ No
 (Designations must be a separate document from assignment)
 Additional name(s) & address(es) attached? ☐ Yes ☒ No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) _____
75/756626B. Trademark Registration No.(s) _____
Please see attached.Additional number(s) attached ☒ Yes ☐ No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Deborah B. Uluer

Internal Address: Jones, Day, Reavis, & Pogue

Street Address: 901 Lakeside Avenue

City: Cleveland State: OH Zip: 44114

6. Total number of applications and registrations involved: _____

16

7. Total fee (37 CFR 3.41).....\$ 415.00

- ☒ Enclosed
☐ Authorized to be charged to deposit account

8. Deposit account number: _____

DO NOT USE THIS SPACE

9. Signature.

Deborah B. Uluer
Name of Person Signing
Signature5/8/02
Date

18

Total number of pages including cover sheet, attachments, and document: _____

Mail documents to be recorded with required cover sheet information to:
 Commissioner of Patent & Trademarks, Box Assignments
 Washington, D.C. 20231

05/15/2002 TBIAZ1 00000095 75/756626

01 FC:481

40.00 OP

02 FC:482

375.00 OP

TRADEMARK
REEL: 002506 FRAME: 0001

CONTINUATION OF ITEM 4

Conveying Party: Learning Horizons, Inc.

Nature of Conveyance: Security Agreement

Receiving Party: National City Bank

Execution Date: August 7, 2001

Filing Date: May 8, 2002

Trademark Registration Numbers

1.	2,051,818
2.	2,014,560
3.	2,222,918
4.	1,952,601
5.	1,706,688
6.	1,729,292
7.	2,143,041
8.	2,089,798
9.	1,739,737
10.	2,369,186
11.	2,395,445
12.	2,041,428
13.	2,447,963
14.	1,990,281
15.	2,475,903

Total Number of
Applications and
Registrations
Involved: **16**

COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT
(Subsidiary)

THIS COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (as the same may from time to time be amended, restated or otherwise modified, this "Agreement") is made as of the 7th day of August, 2001, by LEARNING HORIZONS, INC., an Ohio corporation, ("Pledgor"), in favor of NATIONAL CITY BANK, as collateral agent ("Collateral Agent"), for the benefit of the Creditors, as hereinafter defined.

1. Recitals.

AMERICAN GREETINGS CORPORATION, an Ohio corporation ("Borrower"), the financial institutions listed on Schedule 1 to the Credit Agreement (as hereinafter defined) (together with their respective successors and assigns, collectively, the "Lenders" and, individually, each a "Lender"), KEYBANK NATIONAL ASSOCIATION, as documentation agent ("Documentation Agent"), NATIONAL CITY BANK and GOLDMAN SACHS CREDIT PARTNERS L.P., as joint-lead arrangers and co-syndication agents (collectively, the "Lead Arrangers," and, individually, each a "Lead Arranger"), and NATIONAL CITY BANK as the global administrative agent for all of the Lenders (together with its successors and assigns, the "Global Agent") are entering into the Credit Agreement pursuant to which the Lenders will, among other things, grant to Borrower the Loans (as defined in the Credit Agreement) and Letters of Credit (as defined in the Credit Agreement) provided for in the Credit Agreement.

Each of the Securities Holders, as hereinafter defined, has purchased the Senior Securities, as hereinafter defined, from Borrower in accordance with the terms and conditions of the Senior Indenture, as hereinafter defined. Pursuant to the terms of the Senior Indenture, the indebtedness evidenced by the Senior Securities is required to be secured equally and ratably with the indebtedness created or incurred by Borrower pursuant to the Credit Agreement.

Pledgor, a subsidiary of Borrower whose financing is provided by the Loans and Letters of Credit, deems it to be in the direct pecuniary and business interests of Pledgor that Borrower obtain from the Lenders the Commitment, as defined in the Credit Agreement, and the Loans and Letters of Credit provided for in the Credit Agreement.

Pledgor understands that the Global Agent and the Lenders are willing to grant such financial accommodations to Borrower only upon certain terms and conditions, one of which is that Pledgor grant to Collateral Agent, for the benefit of the Creditors, a security interest in and collateral assignment of the Collateral, as hereinafter defined, and this Agreement is being executed and delivered in consideration of the Global Agent and the Lenders entering into the Credit Agreement and for other valuable consideration.

2. Definitions. Except as specifically defined herein, capitalized terms used herein that are defined in the Credit Agreement shall have their respective meanings ascribed to them in the Credit Agreement. Unless otherwise defined in this Section 2, terms that are defined in Chapter 1309 of the Ohio Revised Code as in effect from time to time are used herein as so defined. As used in this Agreement, the following terms shall have the following meanings:

"Assignment" shall mean an Assignment in the form of Exhibit A attached hereto.

"Administrative Expenses" shall mean (a) any and all costs, liabilities, and expenses (including, without limitation, losses, damages, penalties, claims, actions, reasonable attorneys' fees, legal expenses, judgments, suits, and disbursements) incurred by, imposed upon, or asserted against, Collateral Agent in any attempt by Collateral Agent to (i) obtain, preserve, perfect or enforce any security interest evidenced by this Agreement, any other Loan Document or any other Lending Party Document; (ii) obtain payment, performance or observance of any and all of the Obligations; or (iii) maintain, insure, audit, collect, preserve, repossess or dispose of any of the Collateral or any other collateral securing the Obligations, including, without limitation, costs and expenses for appraisals, assessments, and audits of Borrower or any such Collateral; (b) to the extent not included in subpart (a) hereof, any amounts payable to Collateral Agent pursuant to Sections 10.20 or 11.6 of the Credit Agreement; and (c) all costs, liabilities and expenses incidental or related to (a) or (b) hereof, including, without limitation, interest thereupon at the Default Rate.

"Administrative Obligations" shall mean, collectively, (a) all Administrative Expenses, and (b) all other Indebtedness or other obligations now owing or hereafter incurred by Borrower or any other Company to Collateral Agent pursuant to, or in connection with, this Agreement or any other Lending Party Document.

"Collateral" shall mean, collectively, all of Pledgor's existing and future (a) patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications and copyright registrations, whether federal or state, including, but not limited to, those listed on Schedule 1 hereto (as such Schedule 1 may from time to time be amended, supplemented or otherwise modified); (b) common law trademark rights, copyrights, improvements and inventions; (c) renewals, proceeds on infringement suits, and rights to sue for past, present and future infringements relating to any of the foregoing; (d) goodwill associated with any of the foregoing; and (e) proceeds of any of the foregoing.

"Credit Agreement" shall mean the Credit Agreement executed by and among Borrower, the Global Agent, the Documentation Agent, the Lead Arrangers and the Lenders and dated as of the date hereof, as the same may from time to time be amended, restated or otherwise modified.

"Creditor" shall mean any Lender, Securities Holder or Other Lender.

"Event of Default" shall mean an event or condition that constitutes an Event of Default pursuant to Section 8(a) of this Agreement.

"Lender Hedge Agreement" shall mean any hedge agreement, interest rate swap, cap, collar or floor agreement, or other interest rate management device entered into by Borrower with any Lender (or any affiliate of such Lender) in connection with the Debt.

"Lender Hedge Agreement Obligations" shall mean the aggregate amount of Indebtedness under any Lender Hedge Agreement, provided that, in determining the amount of the Indebtedness under any Lender Hedge Agreement, such amount shall be based upon the net termination obligation

of Borrower under such Lender Hedge Agreement, calculated as of any date as if such Lender Hedge Agreement shall have been terminated as of such date.

"Lender Obligations" shall mean, collectively, (a) the Debt, and (b) all other Indebtedness or other obligations incurred by Borrower to the Global Agent, the Swing Line Lender, the Fronting Lender and the Lenders pursuant to the Credit Agreement or any other Loan Document, whether for principal, interest, fees, premiums, costs or indemnities and whether now existing or hereafter arising.

"Lending Party Documents" shall mean, collectively, (a) the Loan Documents, (b) the Senior Indenture and the Senior Securities, together with all other documents, instruments or agreements executed and delivered in connection with the foregoing, and (c) the Other Lender Documents.

"Letter of Credit" shall mean any Letter of Credit, as defined in the Credit Agreement, issued pursuant to the Credit Agreement.

"Loan" shall mean any Loan, as defined in the Credit Agreement, granted pursuant to the Credit Agreement.

"Obligations" shall mean, collectively, (a) the Lender Obligations, (b) the Securities Holder Obligations, (c) the Other Lender Obligations, and (d) the Administrative Obligations.

"Other Lender" shall mean (a) the financial institution set forth on Schedule 10.1 to the Credit Agreement; or (b) any Lender that shall have entered (or in the future enters) into a Lender Hedge Agreement with Borrower; provided that, if any such Lender shall cease to be a Lender under the Credit Agreement, then the Other Lender Obligations owing to such Lender shall no longer be secured by the Creditor Collateral.

"Other Lender Documents" shall mean the promissory notes and other agreements evidencing or relating to the Other Lender Obligations.

"Other Lender Obligations" shall mean (a) the Indebtedness and other obligations incurred by Borrower arising under the Other Lender Documents as described on Schedule 10.1 to the Credit Agreement; provided, however, that the amount owing to such Other Lender with respect to such obligations and secured pursuant to the provisions of this Agreement (other than with respect to Hedge Agreement Obligations) shall not exceed the amount set forth opposite such Other Lender's name on Schedule 10.1 to the Credit Agreement, and (b) the Lender Hedge Agreement Obligations owing to each Lender.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, unincorporated organization, corporation, limited liability company, institution, trust, estate, government or other agency or political subdivision thereof or any other entity.

"Securities Holder Obligations" shall mean all Indebtedness or other obligations incurred by Borrower to the Securities Holders pursuant to the Senior Securities, whether for principal interest, fees, premiums, costs or indemnities, and whether now existing or hereafter arising; provided that the

total principal amount of the Securities Holder Obligations shall not be increased after the date hereof.

"Securities Holders" shall mean, collectively, all holders of the Senior Securities, and their respective successors and assigns.

"Senior Indenture" shall mean the Indenture between Borrower and NBD Bank, as trustee, dated as of July 27, 1998, as the same may from time to time be amended, supplemented, restated or otherwise modified or replaced.

"Senior Securities" shall mean the securities or other instruments issued pursuant to the Senior Indenture, as the same may from time to time be amended, supplemented, restated or otherwise modified or replaced.

3. Grant of Assignment and Security Interest. In consideration of and as security for the full and complete payment of all of the Obligations, Pledgor hereby agrees that Collateral Agent shall at all times have, and hereby grants to Collateral Agent, for the benefit of the Creditors, a security interest in and collateral assignment of all of the Collateral, including, without limitation, all of Pledgor's future Collateral, irrespective of any lack of knowledge by Collateral Agent or any Creditor of the creation or acquisition thereof.

4. Representations and Warranties. Pledgor represents and warrants to Collateral Agent and each Creditor that:

(a) Pledgor owns all of the Collateral and, whether the same are registered or unregistered, no such Collateral has been adjudged invalid or unenforceable;

(b) The Collateral is valid and enforceable;

(c) Pledgor has no knowledge of any claim that the use of any of the Collateral does or may violate the rights of any Person;

(d) Except for liens expressly permitted pursuant to Section 5.9 of the Credit Agreement, Pledgor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to the Collateral, free and clear of any liens, charges and encumbrances, including, without limitation, pledges, assignments, licenses, registered user agreements and covenants by Pledgor not to sue third Persons;

(e) Pledgor has full power, authority and legal right to pledge the Collateral and enter into this Agreement and perform its terms; and

(f) Pledgor has used, and will continue to use, for the duration of this Agreement, proper statutory notice in connection with its use of the Collateral, except where the failure to do so will not have a Material Adverse Effect.

5. Further Assignment Prohibited. Pledgor shall not enter into any agreement that is inconsistent with Pledgor's obligations under this Agreement and shall not otherwise sell or assign its interest in, or grant any license or sublicense with respect to, any of the Collateral, without Collateral Agent's prior written consent. Absent such prior written consent, any attempted sale or license is null and void.

6. Right to Inspect. Pledgor hereby grants to Collateral Agent, for the benefit of the Creditors, and its employees and agents the right, during regular business hours, to visit any location of Pledgor or, if applicable, any other location, and to inspect the products and quality control records relating thereto at Pledgor's expense.

7. Standard Patent and Trademark Use. Pledgor shall not use the Collateral in any manner that would jeopardize the validity or legal status thereof. Pledgor shall comply with all patent marking requirements as specified in 35 U.S.C. § 287. Pledgor shall further conform its usage of any trademarks to standard trademark usage, including, but not limited to, using the trademark symbols ®, ™, and ™ where appropriate.

8. Event of Default.

(a) Any of the following shall constitute an Event of Default under this Agreement: (i) an Event of Default, as defined in the Credit Agreement, shall occur under the Credit Agreement; (ii) any representation, warranty or statement made by Pledgor in or pursuant to this Agreement or in any other writing received by Collateral Agent or the Creditors in connection with the Obligations shall be false or erroneous in any material respect; or (iii) Pledgor shall fail or omit to perform or observe any agreement made by Pledgor in or pursuant to this Agreement or in any other writing received by Collateral Agent or the Creditors pursuant hereto.

(b) Pledgor expressly acknowledges that Collateral Agent, on behalf of the Creditors, shall record this Agreement with the United States Patent and Trademark Office ("USPTO"). Contemporaneously herewith, Pledgor shall execute and deliver to Collateral Agent the Assignment, which Assignment shall have no force and effect and shall be held by Collateral Agent in escrow until the occurrence of an Event of Default; provided, that, anything herein to the contrary notwithstanding, the security interest and collateral assignment granted herein shall be effective as of the date of this Agreement. After the occurrence of an Event of Default, the Assignment shall immediately take effect upon certification of such fact by an authorized officer of Collateral Agent in the form reflected on the face of the Assignment and Collateral Agent may, in its sole discretion, record the Assignment with USPTO.

(c) If an Event of Default shall occur, Pledgor irrevocably authorizes and empowers Collateral Agent, on behalf of the Creditors, to terminate Pledgor's use of the Collateral and to exercise such rights and remedies as allowed by law. Without limiting the generality of the foregoing, to the extent permitted under applicable law, after any delivery or taking of possession of the Collateral, or any thereof, pursuant to this Agreement, then, with or without resort to Pledgor or any other Person or property, all of which Pledgor hereby waives, and upon such terms and in such manner as Collateral Agent may deem advisable, Collateral Agent, on behalf of the Creditors, may in its discretion, sell, assign, transfer and deliver any of the Collateral, together with the associated

goodwill, or any interest that Pledgor may have therein, at any time, or from time to time. To the extent permitted under applicable law, no prior notice need be given to Pledgor or to any other Person in the case of any sale of Collateral that Collateral Agent reasonably determines to be declining speedily in value or that is customarily sold in any recognized market, but in any other case Collateral Agent shall give Pledgor no fewer than ten (10) days prior notice of either the time and place of any public sale of the Collateral or of the time after which any private sale or other intended disposition thereof is to be made. To the extent permitted under applicable law, Pledgor waives advertisement of any such sale and (except to the extent specifically required by the preceding sentence) waives notice of any kind in respect of any such sale. To the extent permitted under applicable law, at any such public sale, Collateral Agent or any Creditor may purchase the Collateral, or any part thereof, free from any right of redemption, all of which rights Pledgor hereby waives and releases. After deducting all Administrative Expenses, and after paying all claims, if any, secured by liens having precedence over this Agreement, Collateral Agent may apply the net proceeds of each such sale to or toward the payment of the Obligations in accordance with the terms and conditions of the Credit Agreement. Any excess, to the extent permitted by law, shall be paid to Pledgor, and the obligors on the Obligations shall remain liable for any deficiency. In addition, Collateral Agent shall, for reasonable cause, at all times have the right to obtain new appraisals of Pledgor or the Collateral, the reasonable cost of which shall be paid by Pledgor.

9. Termination by Pledgor. At such time as the Obligations shall have been irrevocably paid in full, the Commitment terminated, the Lending Party Documents terminated and the Credit Agreement terminated and not replaced by any other credit facility with the Agents and the Lenders, Pledgor shall have the right to terminate this Agreement. Upon written request of Pledgor, Collateral Agent shall execute and deliver to Pledgor all deeds, assignments, and other instruments as may be necessary or proper to release Collateral Agent's security interest in and assignment of the Collateral and to re-vest in Pledgor full title to the Collateral, subject to any disposition thereof that may have been made by Collateral Agent, for the benefit of the Creditors, pursuant hereto.

10. Maintaining Collateral; Attorneys' Fees, Costs and Expenses. Pledgor shall have the obligation and duty to perform all acts necessary to maintain or preserve the Collateral, provided that Pledgor shall not be obligated to maintain any Collateral in the event Pledgor determines, in the reasonable business judgment of Pledgor, that the maintenance of such Collateral is no longer necessary in Pledgor's business. Any and all reasonable fees, costs and expenses, of whatever kind or nature, including, without limitation, the attorneys' fees and legal expenses incurred by Collateral Agent and the Creditors in connection with the amendment and enforcement of this Agreement, all renewals, required affidavits and all other documents relating hereto and the consummation of this transaction, the filing or recording of any documents (including all taxes in connection therewith) in public offices, the payment or discharge of any taxes, counsel fees, maintenance fees, encumbrances or otherwise protecting, maintaining or preserving the Collateral, or in defending or prosecuting any actions or proceedings arising out of or related to the Collateral, shall be borne and paid by Pledgor, upon demand by Collateral Agent and, until so paid, shall be added to the principal amount of the Obligations.

11. Pledgor's Obligation to Prosecute. Except as otherwise agreed to by Collateral Agent in writing, Pledgor shall have the duty to prosecute diligently any patent application or trademark application pending as of the date of this Agreement or thereafter until the Obligations shall have

been paid in full, to file and prosecute opposition and cancellation proceedings and to do any and all acts that are necessary or desirable to preserve and maintain all rights in the Collateral, including, but not limited to, payment of any maintenance fees. Any expenses incurred in connection with the Collateral shall be borne by Pledgor. Pledgor shall not abandon any Collateral without the prior written consent of Collateral Agent, unless such abandonment will not have a material adverse effect on Pledgor or such abandonment is in connection with the abandonment of a product or product line.

12. Collateral Agent's Right to Enforce. Pledgor shall have the right to bring any opposition proceeding, cancellation proceeding or lawsuit in its own name to enforce or protect the Collateral. Collateral Agent, on behalf of the Creditors, shall have the right, but shall have no obligation, to join in any such action. Pledgor shall promptly, upon demand, reimburse and indemnify Collateral Agent and the Creditors for all damages, reasonable costs and expenses, including attorneys' fees, incurred by Collateral Agent and the Creditors in connection with the provisions of this Section 12, in the event Collateral Agent, on behalf of the Creditors, elects to join in any such action commenced by Pledgor.

13. Power of Attorney. Pledgor hereby authorizes and empowers Collateral Agent, on behalf of the Creditors, to make, constitute and appoint any officer or agent of Collateral Agent as Collateral Agent may select, in its exclusive discretion, as Pledgor's true and lawful attorney-in-fact, with the power to endorse, after the occurrence of an Event of Default, Pledgor's name on all applications, documents, papers and instruments necessary for Collateral Agent, on behalf of the Creditors, to use the Collateral, or to grant or issue any exclusive or nonexclusive license under the Collateral to any third party, or necessary for Collateral Agent, on behalf of the Creditors, to assign, pledge, convey or otherwise transfer title in or dispose of the Collateral, together with associated goodwill to a third party or parties. Pledgor hereby ratifies all that such attorney shall lawfully do or cause to be done by virtue hereof. This power of attorney shall be irrevocable for the life of this Agreement.

14. Collateral Agent's Right to Perform Obligations. If Pledgor fails to comply with any of its obligations under this Agreement, Collateral Agent, on behalf of the Creditors, may, but is not obligated to, do so in Pledgor's name or in the name of Collateral Agent, on behalf of the Creditors, but at Pledgor's expense, and Pledgor hereby agrees to reimburse Collateral Agent, upon request, in full for all expenses, including attorneys' fees, incurred by Collateral Agent and the Creditors in protecting, defending and maintaining the Collateral.

15. Additional Documents. Pledgor shall, upon written request of Collateral Agent, enter into such additional documents or instruments as may be required by Collateral Agent in order to effectuate, evidence or perfect the interest of Collateral Agent and the Creditors in the Collateral, as evidenced by this Agreement.

16. New Collateral. If, before the Obligations shall have been satisfied in full, Pledgor shall obtain rights to any new Collateral, the provisions of Section 1 hereby shall automatically apply thereto as if the same were identified on Schedule 1 as of the date hereof and Pledgor shall give Collateral Agent prompt written notice thereof.

17. Modification for New Collateral. Pledgor hereby authorizes Collateral Agent to modify this Agreement by amending Schedule 1 to include any future Collateral as contemplated by Sections 1 and 16 hereof and, at Collateral Agent's request, Pledgor shall execute any documents or instruments required by Collateral Agent in order to modify this Agreement as provided in this Section 17, provided that any such modification to Schedule 1 shall be effective without the signature of Pledgor.

18. Maximum Liability Of Pledgor. Anything in this Agreement to the contrary notwithstanding, in no event shall the amount of the Obligations secured by this Agreement exceed the maximum amount that (after giving effect to the incurring of the obligations hereunder and to any rights to contribution of Pledgor from other affiliates of Borrower) would not render the rights to payment of the Creditors hereunder void, voidable or avoidable under any applicable fraudulent transfer law.

19. No Waiver. No course of dealing between Pledgor and Collateral Agent or any Creditor, nor any failure to exercise, nor any delay in exercising, on the part of Collateral Agent or any such Creditor, any right, power or privilege hereunder or under any of the Lending Party Documents shall operate as a waiver thereof; nor shall any single or partial exercise of any right, power or privilege hereunder or thereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege.

20. Remedies Cumulative. All of the rights and remedies of Collateral Agent and the Creditors with respect to the Collateral, whether established hereby or by the Loan Documents or any Lending Party Document, or by any other agreements or by law shall be cumulative and may be executed singularly or concurrently.

21. Severability. The provisions of this Agreement are severable, and, if any clause or provision shall be held invalid and unenforceable in whole or in part in any jurisdiction, then such invalidity or unenforceability shall affect only such clause or provision, or part thereof, in such jurisdiction, and shall not in any manner affect such clause or provision in any other jurisdiction, or any other clause or provision of this Agreement in any jurisdiction.

22. Modifications. This Agreement may be amended or modified only by a writing signed by Pledgor and Collateral Agent except as provided by Section 17 above. In the event that any provision of this Agreement is deemed to be inconsistent with any provision of any Lending Party Document, other than the Credit Agreement, relating to the Collateral the provisions of this Agreement shall control.

23. Successors and Assigns. This Agreement shall inure to the benefit of and be binding upon the respective successors and permitted assigns of Collateral Agent, the Creditors and Pledgor, except that Pledgor may not assign any of its rights or duties hereunder without the prior written consent of Collateral Agent. Any attempted assignment or transfer without the prior written consent of Collateral Agent shall be null and void.

24. Notice. All notices, requests, demands and other communications provided for hereunder shall be in writing and, if to Pledgor, mailed or delivered to it, addressed to it at the

address specified on the signature page of this Agreement, and, if to Collateral Agent, mailed or delivered to it, addressed to National City Bank, Collateral Agent, 1900 East Ninth Street, Cleveland, Ohio 44114, Attention: Large Corporate Banking, or if to any Creditor, mailed or delivered to it, addressed to the address of such Creditor specified in the appropriate Lending Party Document. All notices, statements, requests, demands and other communications provided for hereunder shall be deemed to be given or made when delivered or forty-eight (48) hours after being deposited in the mails with postage prepaid by registered or certified mail, addressed as aforesaid, or sent by facsimile with telephonic confirmation of receipt, except that notices from Pledgor to Collateral Agent or any Creditor pursuant to any of the provisions hereof shall not be effective until received by Collateral Agent or such Creditor.

25. Governing Law. This Agreement shall be construed and enforced in accordance with, and the rights of the parties shall be governed by, the laws of the State of Ohio, without regard to principles of conflicts of law. Pledgor hereby irrevocably submits to the non-exclusive jurisdiction of any Ohio state or federal court sitting in Cleveland, Ohio, over any action or proceeding arising out of or relating to this Agreement, any Loan Document or any Related Writing, and Pledgor hereby irrevocably agrees that all claims in respect of such action or proceeding may be heard and determined in such Ohio state or federal court. Pledgor hereby irrevocably waives, to the fullest extent permitted by law, any objection it may now or hereafter have to the laying of venue in any action or proceeding in any such court as well as any right it may now or hereafter have to remove such action or proceeding, once commenced, to another court on the grounds of FORUM NON CONVENIENS or otherwise. Pledgor agrees that a final, nonappealable judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law.

26. Designated Senior Indebtedness. The indebtedness secured by this Agreement or evidenced or secured by the Credit Agreement, each of the Notes, each of the Security Documents and each other Loan Document is and shall at all times constitute "Designated Senior Indebtedness" under the provisions of that certain Indenture, dated as of June 29, 2001, between American Greetings Corporation and National City Bank, as trustee.


[Remainder of page intentionally left blank.]

27. JURY TRIAL WAIVER. PLEDGOR, COLLATERAL AGENT AND THE LENDERS, TO THE EXTENT PERMITTED BY LAW, EACH WAIVE ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT OR OTHERWISE, AMONG COLLATERAL AGENT, THE LENDERS, AND PLEDGOR, OR ANY THEREOF, ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED BETWEEN THEM IN CONNECTION WITH THIS AGREEMENT OR ANY NOTE OR OTHER INSTRUMENT, DOCUMENT OR AGREEMENT EXECUTED OR DELIVERED IN CONNECTION THEREWITH OR THE TRANSACTIONS RELATED THERETO.

IN WITNESS WHEREOF, the undersigned has executed this Agreement as of the date set forth above at Cleveland, Ohio.


Address: One American Road
Cleveland, Ohio 44144
Attn: Chief Financial Officer

LEARNING HORIZONS, INC.

By: 
Name: Dale A. Cable
Title: Treasurer

This Agreement is hereby acknowledged
and agreed to by:

NATIONAL CITY BANK, as Collateral
Agent

By: 
Name: Robert S. Coleman
Title: Senior Vice President

ACKNOWLEDGMENTS

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, the undersigned authority, on this day personally appeared Dale A. Cable, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said LEARNING HORIZONS, INC., an Ohio corporation, and that she/he executed the same as the act of such corporation for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 7th day of August, 2001.


NOTARY PUBLIC

LINDA J. MONTGOMERY, Notary Public
State of Ohio
My Commission Expires Sept. 10, 2001

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, the undersigned authority, on this day personally appeared Robert S. Coleman known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of the said NATIONAL CITY BANK, as Collateral Agent, and that she/he executed the same as the act of such bank for the purposes and consideration therein expressed, and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this 7th day of August, 2001.


NOTARY PUBLIC

LINDA J. MONTGOMERY, Notary Public
State of Ohio
My Commission Expires Sept. 10, 2001

EXHIBIT A

FORM OF ASSIGNMENT

THIS DOCUMENT SHALL BE HELD BY COLLATERAL AGENT, FOR THE BENEFIT OF THE LENDERS, IN ESCROW PURSUANT TO AND IN ACCORDANCE WITH THE PROVISIONS OF THE COLLATERAL ASSIGNMENT AND SECURITY AGREEMENT (THE "AGREEMENT"), DATED AS OF AUGUST __, 2001, EXECUTED BY _____, A _____ CORPORATION ("PLEDGOR"), IN FAVOR OF NATIONAL CITY BANK, AS COLLATERAL AGENT FOR THE LENDERS, AS DEFINED IN THE AGREEMENT (TOGETHER WITH ITS SUCCESSORS AND ASSIGNS, "COLLATERAL AGENT"). BY SIGNING IN THE SPACE PROVIDED BELOW, THE UNDERSIGNED OFFICER OF COLLATERAL AGENT CERTIFIES THAT AN EVENT OF DEFAULT, AS DEFINED IN THE AGREEMENT, HAS OCCURRED AND THAT COLLATERAL AGENT HAS ELECTED TO TAKE POSSESSION OF THE COLLATERAL, AS DEFINED BELOW, AND TO RECORD THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE. UPON RECORDING OF THIS DOCUMENT WITH THE UNITED STATES PATENT AND TRADEMARK OFFICE, THIS LEGEND SHALL CEASE TO HAVE ANY FORCE OR EFFECT.

NATIONAL CITY BANK,
as Collateral Agent

By: _____
Name: _____
Title: _____

Date: _____

ASSIGNMENT

WHEREAS, _____, a _____ corporation, ("Pledgor"), is the owner of the Collateral, as hereinafter defined;

WHEREAS, Pledgor has executed a Collateral Assignment and Security Agreement, dated as of August __, 2001 (as the same may from time to time be amended, restated or otherwise modified, the "Agreement"), in favor of NATIONAL CITY BANK, as Collateral Agent for the Creditors, as defined in the Agreement (together with its successors and assigns, "Collateral Agent"), pursuant to which Pledgor has granted to Collateral Agent, for the benefit of the Creditors, a security interest in and collateral assignment of the Collateral as security for the Obligations, as defined in the Agreement;

WHEREAS, the Agreement provides that the security interest in and collateral assignment of the Collateral is effective as of the date of the Agreement;

WHEREAS, the Agreement provides that this Assignment shall become effective upon the occurrence of an Event of Default, as defined in the Agreement, and Collateral Agent's election to take actual title to the Collateral;

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, Pledgor, its successors and assigns, subject to the limitations stated in the paragraph immediately following, does hereby transfer, assign and set over unto Collateral Agent, for the benefit of the Lenders, and their respective successors, transferees and assigns, all of its existing and future (a) patents, patent registrations, patent applications, trademarks, trademark registrations, trademark applications and copyright registrations, whether federal or state; (b) common law trademark rights, copyrights, improvements and inventions; (c) renewals, proceeds on infringement suits, and rights to sue for past, present and future infringements relating to any of the foregoing; (d) goodwill associated with any of the foregoing; and (e) proceeds of any of the foregoing (collectively, the "Collateral"), including, but not limited to, the Collateral listed on Schedule 1 hereto that is registered in the United States Patent and Trademark Office in Washington D.C. or that is the subject of pending applications in the United States Patent and Trademark Office.

This Assignment shall be effective only upon certification of an authorized officer of Collateral Agent, as provided above, that (a) an Event of Default, as defined in the Agreement, has occurred, and (b) Collateral Agent, on behalf of the Creditors, has elected to take actual title to the Collateral.

IN WITNESS WHEREOF, the undersigned has caused this Agreement to be executed by its duly authorized officer on August __, 2001.

ATTEST:

Print Name: _____

Print Name: _____

By: _____

Name: _____

Title: _____

THE STATE OF OHIO)
) SS:
COUNTY OF CUYAHOGA)

BEFORE ME, a Notary Public, the undersigned, on this day personally appeared _____, known to me to be the person and officer whose name is subscribed to the foregoing instrument and acknowledged to me that the same was the act of _____, a[n] _____, and that she/he executed the same as the act of such corporation for the purposes and consideration therein expressed and in the capacity therein stated.

GIVEN UNDER MY HAND AND SEAL OF OFFICE this ____ day of August, 2001.

Notary Public

Schedule 1
Learning Horizons, Inc.

Trademark Registrations Learning Horizons, Inc.

Registered Owner: Learning Horizons, Inc.		Mark	One American Road	App. #	App. Dt	Reg. #	Reg. Dt	Status
ID	Country	Classes	Classes	App. #	App. Dt	Reg. #	Reg. Dt	Status
22812	Australia	LEARNING HORIZONS	16, 28	719135	10/07/1996	719135	12/05/1997	Registered
26224	Canada	BABY FLAP	16	813755	05/29/1996	541869	03/02/2001	Registered
24685	Canada	LEARNING HORIZONS	9, 16, 28	808805	04/02/1996	481373	08/22/1997	Registered
26396	Canada	PERSPECTIVES	9, 16, 28	1092652	02/13/2001			Pending
		D'APPRENTISSAGE and design						
20061	Ireland	LEARNING HORIZONS	16, 28	96/5421	10/10/1996	202733	02/24/1999	Registered
21895	United Kingdom	LEARNING HORIZONS	28	2112124	10/08/1996	2112124	09/10/1999	Registered
26061	United States	HERE WE GROW!	9, 16, 28	75/756626	07/19/1999			Allowed
26302	United States	HERE WE GROW!	16	76/121500	09/05/2000			Published
24215	United States	HORIZONS	9, 16	618032	01/05/1995	2051818	04/15/1997	Registered
26212	United States	I-SEE-YOU	16	74/692448	06/22/1995	2014560	11/05/1996	Registered
26214	United States	KNOW-IT-ALLS	16	75/460405	03/31/1998	2222918	02/09/1999	Registered
26217	United States	LEARN TODAY FOR TOMORROW	16	74/570190	09/06/1994	1952601	01/30/1996	Registered
26216	United States	LEARN TODAY FOR TOMORROW and design	16	74/182074	07/03/1991	1706688	08/11/1992	Registered
26215	United States	LEARN TODAY FOR TOMORROW with design	16	74/224499	11/21/1991	1729292	11/03/1992	Registered
21439	United States	LEARNING HORIZONS	9, 16, 28	693164	06/26/1995	2143041	03/10/1998	Registered
21671	United States	MATCHING CAPS	28	5528	10/13/1995	2089798	08/19/1997	Registered
26210	United States	MCCLANAHAN BOOK COMPANY, INC.	16	74/127957	12/13/1990	1739737	12/15/1992	Registered
25930	United States	NUMBERS & NEIGHBORS	28	75/448967	03/16/1998	2369186	07/18/2000	Registered
26219	United States	POP INTO PHONICS	16	75/756293	07/26/1999	2395445	10/17/2000	Registered
20984	United States	QUIZ-N-LEARN	28	5527	10/13/1995	2041428	02/25/1997	Registered
26230	United States	SHAPES-UP!	28	76/058099	05/26/2000	2447963	05/01/2001	Registered
26221	United States	TODDLER TIME	16	74/506163	03/28/1994	1990281	07/30/1996	Registered