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OMB No. 0651-0027 (exp. 6/30/2005)

RECORDATION FORM COVER SHEET

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

Tab settings ⇨⇨⇨

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

1. Name of conveying party(ies): 10-17-03
Excelligence Learning Corporation

- [ ] Individual(s)
- [ ] Association
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation-State
- [ ] Other

Additional name(s) of conveying party(ies) attached? [ ] Yes [x] No

2. Name and address of receiving party(ies)
Name: Bank of America, N.A.
Internal Address: Commercial Loan Service Center
Street Address: 1560 E. Shaw Ave.
City: Fresno State: CA Zip: 93710

- [ ] Individual(s) citizenship
- [ ] Association
- [ ] General Partnership
- [ ] Limited Partnership
- [x] Corporation-State Delaware
- [ ] 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

3. Nature of conveyance:

- [ ] Assignment
- [ ] Merger
- [x] Security Agreement
- [ ] Change of Name
- [ ] Other

Execution Date: 09/26/03

4. Application number(s) or registration number(s):
A. Trademark Application No.(s) 76/527,861
B. Trademark Registration No.(s) 2,733,120

Additional number(s) attached [ ] Yes [x] No

5. Name and address of party to whom correspondence concerning document should be mailed:
Name: Theresa A. Millier
Internal Address: Commercial Loan Service Center
Bank of America, N.A.
Street Address: 1560 E. Shaw Ave.
City: Fresno State: CA Zip: 93710

6. Total number of applications and registrations involved: 2

7. Total fee (37 CFR 3.41).....$ 65.00

- [x] Enclosed
- [ ] Authorized to be charged to deposit account

8. Deposit account number:

DO NOT USE THIS SPACE

9. Signature.

10/22/2003 GTON11 00000036 76527861
01 FC:8521 40.00 OP
02 FC:8522 25.00 OP

Eric C. Cole, Esq.	Eric C. Cole	09/26/2003
Name of Person Signing	Signature	Date

Total number of pages including cover sheet, attachments, and document: 16

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

DUPLICATE ORIGINAL

SECURITY AGREEMENT - GENERAL INTANGIBLES (PATENTS, TRADEMARKS, COPYRIGHTS, COMPUTER SOFTWARE)

1. THE SECURITY. Pursuant to this Security Agreement, dated as of September 26, 2003 (this "Agreement"), the undersigned, EXCELLIGENCE LEARNING CORPORATION, a Delaware corporation ("Borrower 1"), EARLYCHILDHOOD, LLC, a California limited liability company ("Borrower 2"), EDUCATIONAL PRODUCTS, INC., a Texas corporation ("Borrower 3"), SMARTERKIDS.COM, INC., a Delaware corporation ("Borrower 4"), MARKETING LOGISTICS, INC., a Minnesota corporation dba Early Childhood Manufacturers' Direct ("Borrower 5"), and COLORATIONS, INC., an Ohio corporation ("Borrower 6" and, collectively with Borrower 1, Borrower 2, Borrower 3, Borrower 4 and Borrower 5, "Borrower"), hereby assign and grant to BANK OF AMERICA, N.A., a security interest in any right, title, or interest of Borrower in or to the following personal property, whether now owned or hereafter acquired ("Collateral"):

A. All patents and patent applications and all rights corresponding thereto throughout the world, and all unpatented or unpatentable developments and inventions.

B. All trademarks, service marks, logos, and all United States, state and/or foreign applications for registration and registrations thereof, all trade names, trade styles, designs, and the like, all elements of package or trade dress of goods, the goodwill of the Borrower's business connected with the use of, and symbolized by any of the above, and all property of Borrower necessary to produce any products sold under any of the above.

C. All copyrights and copyrighted works, all derivative works thereof, all mask works of semiconductor chip products, and United States and/or foreign applications for registration and registrations thereof.

D. All computer software programs developed or to be developed by Borrower or in which Borrower asserts or could assert a proprietary interest; all personal property, including but not limited to source codes, object codes or similar information, which is necessary to the practical utilization of such programs; all tangible property of Borrower embodying or incorporating any such programs.

E. All trade secrets, proprietary information, customer lists, instructional materials, working drawings, manufacturing techniques, process technology documentation, and product formulations.

F. All rights to damages or profits due or accrued arising out of past, present or future infringement of the Collateral or injury to Borrower's good will connected with the use of the Collateral and the right to sue therefor.

G. All renewals, modifications, amendments, re-issues, divisions, continuations in whole or part, and extensions of any Collateral.

H. All proceeds of any Collateral.

2. THE INDEBTEDNESS. The Collateral secures and will secure all Indebtedness of Borrower to Bank pursuant to the Loan Documents (as defined in the Loan Agreement), including, but not limited to, indebtedness under that certain Business Loan Agreement dated concurrently with this Agreement, as it may be amended or continued from time to time (the "Loan Agreement"). For the purposes of this Agreement, "Indebtedness" shall mean all loans and advances made by Bank to Borrower and all obligations and liabilities of Borrower to Bank, whether now existing or hereafter incurred or created, whether voluntary or involuntary, whether due or not due, whether absolute or contingent (including but not limited to obligations of Borrower as a guarantor of the indebtedness of another), and whether incurred directly or acquired by Bank by assignment or otherwise, and including any obligation or liability arising pursuant to any derivative or hedge transaction of any kind entered into with Bank and/or any affiliate of Bank. Unless Borrower shall have otherwise agreed in writing or received written notice thereof, "Indebtedness" shall not include "consumer credit" subject to the disclosure requirements of the Federal Truth in Lending Act or any regulations promulgated thereunder.

3. WARRANTIES AND REPRESENTATIONS. Borrower represents and warrants to Bank as follows:

A. Exhibit A to this Agreement is a complete list of all patents, trademark and service mark registrations, copyright registrations, mask work registrations, and all applications therefor, in which Borrower has any right, title, or interest, throughout the world.

B. Borrower has full power and authority to execute this Agreement and perform its obligations hereunder, and to subject the Collateral to the security interest transferred hereby, and Borrower has entered or will enter into written agreements with each of its present and future employees, agents and consultants which will enable it to comply with the covenants herein contained.

C. Borrower is the lawful owner of the entire right, title and interest in and to all the Collateral, free and clear of all liens, charges, encumbrances, claims of infringement, setoffs, counterclaims, licenses, shop rights, and covenants not to sue third persons, except as Bank has consented to in writing.

4. BORROWER'S COVENANTS. Borrower covenants and agrees that, unless compliance is waived by Bank in writing:

A. Borrower will at its expense properly maintain the Collateral and shall not fail to renew and shall not otherwise abandon any Collateral. Borrower will, at its expense, diligently prosecute all patent, trademark or service mark or copyright applications pending on or after the date hereof, will maintain in effect all issued patents and will renew all trademark and service mark registrations, including payment of any and all maintenance and renewal fees relating thereto; Borrower also will promptly make application on any patentable but unpatented inventions, registerable but unregistered trademarks and service marks, and copyrightable but uncopyrighted works.

B. Borrower will at its expense protect and defend all rights in the

Collateral against any claims and demands of all persons other than the Bank and will, at its expense, enforce all rights in the Collateral against any and all infringers of the Collateral. Borrower will not license or transfer any of the Collateral except with Bank's prior written consent.

C. Borrower will notify Bank in writing prior to any change in (i) Borrower's place of business or, if Borrower has or acquires more than one place of business, prior to any change in Borrower's chief executive office or headquarters, and (ii) Borrower's state of organization, if it is a registered organization (e.g. corporation or limited partnership).

D. Borrower will promptly notify Bank of any acquisition (by adoption and use, purchase, license or otherwise) of any patent, trademark or service mark registration, copyright registration, mask work registration, and applications therefor, and unregistered trademarks and service marks and copyrights, throughout the world, which are granted or filed or acquired after the date hereof or which are not listed on Exhibit A hereto. Borrower authorizes Bank, without notice to Borrower, to modify this Agreement by amending Exhibit A to include any such Collateral. Borrower will promptly notify Bank of the abandonment of any application for patent registration, trademark or service mark registration, copyright registration, or mask work registration. Borrower will promptly notify Bank of the termination, expiration, or extension of the term of any patent, trademark or service mark registration, copyright registration, or mask work; *provided, however*, that Borrower's failure to notify Bank of any such expiration or extension shall not be deemed to be an event of default unless Borrower fails to respond to any request by Bank for confirmation of such expiration or extension within thirty (30) days.

E. Borrower will promptly notify Bank of any legal process which is levied against the Collateral and any other event which may have a material adverse effect on the value of the Collateral (including, but not limited to, conduct which might infringe on any Collateral) or the rights and remedies of Bank in relation thereto, and Borrower will enforce all rights in the Collateral against any and all infringers thereof.

F. Borrower will, at the request of Bank, execute such other agreements, documents or instruments in connection with this Agreement as Bank may reasonably deem necessary, including, but not limited to, those documents prepared by Bank which, at Bank's option, Bank chooses to record with any governmental entity, in any State or at the Federal level or in any foreign country, relating to the security interest Bank holds in the Collateral. Upon Bank's request, Borrower will at its expense promptly prepare and record with any foreign governmental entity, such documents or instruments necessary to protect Bank's security interest in any patent, trademark or service mark, copyright, or mask work to be registered with such foreign governmental entity after the date of this Agreement.

G. Borrower will pay to Bank, on demand, the amounts of any fees required to be paid in connection with recordation of this Agreement or any other agreement, document, or instrument evidencing Bank's security interest and any other rights in or to the Collateral.

5. DEFAULTS. Any one or more of the following shall be a default

hereunder:

A. Borrower shall fail to pay any Indebtedness to Bank when due.

B. Borrower breaches any term, provision, warranty or representation under this Agreement, or under any other security agreement, contract between Borrower and Bank, or any other obligation of Borrower to Bank pursuant to the Loan Documents (as defined in the Loan Agreement, including, but not limited to, the Loan Agreement or the other Loan Documents (as defined in the Loan Agreement).

C. Any receiver or trustee shall be appointed with regard to all or a substantial portion of the assets of Borrower.

D. Borrower shall become insolvent or unable to pay debts as they mature, shall make a general assignment for the benefit of creditors or shall voluntarily file under any bankruptcy or similar law.

E. Any involuntary petition in bankruptcy shall be filed against Borrower, and shall not be dismissed within 60 days.

F. Any levies of attachment, executions, tax assessments or similar processes shall be issued against the Collateral and shall not be released within ten days thereof.

G. Any financial statements, profit and loss statements, borrowing certificates or schedules, or other statements furnished by Borrower to Bank prove false or incorrect in any material respect.

6. BANK'S REMEDIES AFTER DEFAULT. In the event of any default Bank may do any one or more of the following:

A. Declare any Indebtedness secured hereby immediately due and payable.

B. Enforce the security interest given hereunder pursuant to the UCC (as defined below) and any other law.

C. Use or transfer any of Borrower's rights and interests in any Intellectual Property now owned or hereafter acquired by Borrower, if Bank deems such use or transfer necessary or advisable in order to take possession of, hold, preserve, process, assemble, prepare for sale or lease, market for sale or lease, sell or lease, or otherwise dispose of, any Collateral. Borrower agrees that any such use or transfer shall be without any additional consideration to Borrower. As used in this paragraph, "Intellectual Property" includes, but is not limited to, all trade secrets, computer software, service marks, trademarks, trade names, trade styles, copyrights, patents, applications for any of the foregoing, customer lists, working drawings, instructional manuals, and rights in processes for technical manufacturing, packaging and labeling, in which Borrower has any right or interest, whether by ownership, license, contract or otherwise.

TRADEMARK
REEL: 002847 FRAME: 0823

7. MISCELLANEOUS.

A. In the event of a sale of Collateral (whether under power of sale herein granted, pursuant to judicial process or otherwise), Borrower will duly execute and acknowledge all documents necessary or advisable to record title to such Collateral in the name of the purchaser, including, without limitation, valid and recordable assignments of such Collateral.

B. Borrower hereby appoints Bank, effective upon the occurrence of a default hereunder, Borrower's attorney-in-fact, with full authority to take any action and to execute any instrument which the Bank may deem necessary or advisable to accomplish the purposes of this Agreement. Such appointment of Bank as Borrower's attorney-in-fact is coupled with an interest and is irrevocable.

C. Any waiver, expressed or implied, of any provision hereunder and any delay or failure by Bank to enforce any provision shall not preclude Bank from enforcing any such provision thereafter.

D. This Agreement shall be governed by and construed according to the laws of the State of California, to the jurisdiction of which the parties hereto submit.

E. All rights and remedies herein provided are cumulative and not exclusive of any rights or remedies otherwise provided by law. Any single or partial exercise of any right or remedy shall not preclude the further exercise thereof or the exercise of any other right or remedy.

F. The security interest granted herein shall survive any dissolution or merger of any Borrower.

G. All terms not defined herein are used as set forth in the Uniform Commercial Code, as in effect from time to time in the State of California (the "UCC").

H. In the event of any action by Bank to enforce this Agreement or to protect the security interest of Bank in the Collateral, Borrower agrees to pay the costs thereof, reasonable attorney's fees and other expenses.

I. This Agreement and any agreement or document attached hereto, referred to herein or executed concurrently herewith, integrate all the terms and conditions mentioned herein or incidental hereto, and supersede all oral negotiations and prior writings in respect to the subject matter hereof.

J. This Agreement may be executed in as many counterparts as necessary or convenient, and by the different parties on separate counterparts each of which, when so executed, shall be deemed an original but all such counterparts shall constitute but one and the same agreement.

[*signature page follows*]

TRADEMARK
REEL: 002847 FRAME: 0824

This Agreement is executed as of the date stated at the top of the first page.

"Bank"

Bank of America, N.A.

By_____
Name: John M. Fitzgerald
Title: Senior Vice President

By_____
Name: _____
Title: _____

"Borrower 1"

EXCELLIGENCE LEARNING CORPORATION, a Delaware corporation

By_____
Name: Ronald C. Elliott
Title: Chief Executive Officer

By_____
Name: Judith McGuinn
Title: Executive Vice President and Chief Operating Officer

"Borrower 2"

EARLYCHILDHOOD LLC, a California limited liability company

By_____
Name: Ronald C. Elliott
Title: President/Chief Executive Officer

By_____
Name: Judith McGuinn
Title: Chief Operating Officer

"Borrower 3"

EDUCATIONAL PRODUCTS, INC., a Texas corporation

By_____
Name: Judith McGuinn
Title: President

By_____
Name: Jeffrey C. Grace
Title: Secretary/Treasurer

TRADEMARK
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"Borrower 4"

SMARTERKIDS.COM, INC.,
a Delaware corporation

By _____
Name: Judith McGuinn
Title: President

By _____
Name: Jeffrey C. Grace
Title: Secretary/Treasurer

"Borrower 5"

MARKETING LOGISTICS, INC.,
a Minnesota corporation dba
Early Childhood Manufacturers' Direct

By _____
Name: Ronald C. Elliott
Title: President/Chief Executive Officer

By _____
Name: Judith McGuinn
Title: Vice President/Secretary

"Borrower 6"

COLORATIONS, INC., an Ohio corporation

By _____
Name: Ronald C. Elliott
Title: President

By _____
Name: Ronald C. Elliott
Title: Vice President/Secretary/Treasurer

TRADEMARK
REEL: 002847 FRAME: 0826

EXHIBIT A

PATENTS

Country	Patent No.	Issue Date	Inventor(s) Name	Title
Borrower 1:				
U.S.	4,597,997	July 1, 1986	Linda Weill	Foam Paint Set
Germany	42 15 439.1	Feb. 15, 2001	Eva-Marie, Marian Springer	Biocolor
Borrower 2:				
U.S.	6,345,400	Feb. 12, 2002	Ronald C. Elliott; Renee D. Farrington; Teresa Martini; Kelly G. Crampton; Timothy F. Lynch	Portable Cot Apparatus

EXHIBIT A

PENDING PATENT APPLICATIONS

Country	Application Serial No.	Application Filing Date	Inventor(s) Name	Title
Borrower 2:				
U.S.	09/624,708	July 25, 2000	Joel Goobich	Expanding Paint Medium (Chemical Make-Up)
U.S.	10/280,850	Oct. 25, 2002	Joel Goobich	Expanding Paint Medium (Application/Use of Paint)
U.S.	Unassigned	July 30, 2003	Ronald C. Elliott	Divided Paint Cup
U.S.	Unassigned	July 30, 2003	Ronald C. Elliott; Renee D. Farrington	Bin w/ Attachable Label Holder

TRADEMARK
REEL: 002847 FRAME: 0828

EXHIBIT A

TRADEMARKS AND SERVICE MARKS

State or Country	Registration No.	Registration Date	Trademark or Service Mark
Borrower 1:			
U.S.	2,733,120	July 1, 2003	EXCELLIGENCE
Borrower 2:			
U.S.	1,344,758	June 25, 1985	DANDI-LI-ON
U.S.	1,412,843	October 14, 1986	RAINBOW
U.S.	1,818,908	February 1, 1994	BIOCOLOR
U.S.	1,852,370	September 6, 1994	EARLY CHILDHOOD NEWS
U.S.	1,968,549	April 16, 1996	FLEXITEMP
U.S.	1,987,941	July 23, 1996	LITTLE BIT O'PAINT*
U.S.	2,004,364	October 1, 1996	BASIC BRIGHTS*
U.S.	2,048,585	April 1, 1997	FIRST ART
U.S.	2,052,213	April 15, 1997	THE IMAGINATION PLAYGROUND
U.S.	2,209,045	December 8, 1998	SQUEEZEABLES
U.S.	2,389,794	September 26, 2000	LIFELONG LEARNING STARTS HERE
U.S.	2,455,515	May 29, 2001	DESIGN LOGO – Child Reaching for Star – Website
U.S.	2,546,548	March 12, 2002	COLORATIONS (Class 16)
U.S.	2,546,549	March 12, 2002	COLORATIONS (Class 2)
U.S.	2,546,836	March 12, 2002	CHILD CARE CENTRAL

U.S.	2,555,560	April 2, 2002	COMPLETING THE CIRCLE BETWEEN TEACHERS AND PARENTS (Catalog and Website)
U.S.	2,555,561	April 2, 2002	DESIGN LOGO – Child Reaching for Star- Catalog
U.S.	2,548,498	April 9, 2002	MOO-NAY
U.S.	2,584,890	June 25, 2002	BIOPUTTY
U.S.	2,661,596	December 17, 2002	COLORS LIKE ME

Borrower 3:

U.S.	2,328,357	March 14, 2000	Proboard
U.S.	2,420,472	January 16, 2001	EPI & Compass and Glue Design
U.S.	2,424,420	January 30, 2001	Econoboard
U.S.	2,426,072	February 6, 2001	EPI
U.S.	2,426,073	February 6, 2001	EPI Pencil Logo
U.S.	2,675,790	January 21, 2003	SCHOOL WRAP PAC

Borrower 4.:

U.S.	2,280,853	September 28, 1999	SMART KIDS'
U.S.	2,449,485	May 8, 2001	SMARTERKIDS.COM (Class 35)
U.S.	2,459,974	June 12, 2001	SMARTERKIDS (Class 9)
U.S.	2,470,076	July 17, 2001	SMARTERKIDS.COM (Class 41)
U.S.	2,471,836	July 24, 2001	SMARTERKIDS (Class 35)
Morocco	70628	Unknown	SMARTKIDS

* To be abandoned.

EXHIBIT A

PENDING TRADEMARK AND
SERVICE MARK APPLICATIONS

State or Country	Application Serial No.	Application Filing Date	Trademark or Service Mark
Borrower 1:			
U.S.	76/527,861	June 26, 2003	DESIGN LOGO – ECMD
Borrower 2:			
U.S.	75/668393	December 8, 1999	MARBLEATIONS*

* To be abandoned.

EXHIBIT A

COPYRIGHTS AND MASK WORKS

Registration No.	Registration Date	Copyright Owner's Name	Title of Work
Borrower 2:			
TX-4 447 974	June 5, 1997	ECC	BioColor Brochure
TX-4 447 973	June 5, 1997	ECC	Discount School Supply Summer 1992 Catalog
TX-4 447 975	June 5, 1997	ECC	Discount School Supply Spring 1996 Catalog
TX-5 704 555	May 2, 2003	ECC	Discount School Supply May 2002 Catalog

TRADEMARK
REEL: 002847 FRAME: 0832

EXHIBIT A

PENDING COPYRIGHT AND MASK WORK APPLICATIONS

Application Serial No.	Application Filing Date	Applicant's Name	Title of Work
NONE			