

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Lore International Institute, Inc.		07/23/2004	CORPORATION: COLORADO

**RECEIVING PARTY DATA**

Name:	Mr. David G. Pugh
Street Address:	12208 Florida Road
City:	Durango
State/Country:	COLORADO
Postal Code:	81301
Entity Type:	INDIVIDUAL: UNITED STATES

**PROPERTY NUMBERS Total: 5**

Property Type	Number	Word Mark
Registration Number:	2064713	FACILITATIVE SELLING
Registration Number:	2250575	LORE INTERNATIONAL INSTITUTE
Registration Number:	2133143	INTERNATIONAL LEARNING WORKS
Registration Number:	2299000	TARGET...PLANET EARTH
Registration Number:	2557195	EE-LEARNING

**CORRESPONDENCE DATA**

Fax Number: (970)259-3419  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*

Email: ted@tcwright.com  
 Correspondent Name: David G. Pugh  
 Address Line 1: 12208 Florida Road  
 Address Line 4: Durango, COLORADO 81301

NAME OF SUBMITTER:	Ted C. Wright
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Total Attachments: 1  
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OP \$140.00 2064713

## SECURITY AGREEMENT

(07.22.04B)

THIS SECURITY AGREEMENT is made as of the date of the party last signing same by and between **LORE INTERNATIONAL INSTITUTE, INC.**, a Colorado corporation (collectively "Debtor"), whose address is P.O. Box 1287, Durango, CO 81302, and **DAVID G. PUGH** (the "Secured Party"), whose address is ~~451 County Road 251~~, Durango, CO 81301  
*12208 Florida Rd*

For and in consideration of the promises, covenants and agreements herein set forth, the parties hereto agree as follows:

**1. Debt.** The Debtor has incurred an indebtedness to the Secured Party and, to evidence the indebtedness, has executed and delivered to Secured Party a Promissory Note (the "Note") of even date herewith, payable to the order of the Secured Party, providing for payments of principal and interest and maturity as provided for therein, and containing provisions for payment of attorneys' fees and acceleration of maturity in the event of default, as therein set forth. The terms of said Note are more specifically described below:

The principal sum of \$482,182.50 with interest on the unpaid principal balance from July 1, 2004 until paid in full. The initial interest rate shall be 4.25% per annum. Interest shall be adjusted on July 1 of each year, commencing in 2005, with the interest rate set at the prime rate as stated in the Wall Street Journal. The promissory note shall be payable in twenty quarterly installments, commencing October 1, 2004. The first four installments shall be in the amount of \$26,898.93 each. On July 1 of each year commencing on July 1, 2005, the amount of such installments shall be adjusted by reamortizing the then-remaining principal balance over the remainder of the initial term, using the adjusted interest rate as set forth herein. Such payments shall continue until the entire indebtedness evidenced by this Note is fully paid; provided, however, if not sooner paid, the entire principal amount outstanding and accrued interest thereon, shall be due and payable on July 1, 2009.

**2. Collateral.** Debtor hereby grants the Secured Party a security interest in that certain stock in Debtor as specifically described below and all of Debtor's furniture, fixtures, equipment, inventory, receivables, contract rights, leases, general intangibles, intellectual property, trade names and trade marks and the good will associated therewith, copyrights and other assets, whether now existing or hereafter acquired, plus noncompete agreements of additional debtors, together with all similar property now owned or hereafter acquired, additions, substitutions, replacements, proceeds and products thereof, wherever located. Attached hereto as **Exhibit A** and incorporated herein by this reference is a specific description of the copyrights identifying each copyright by title or copyright registration number and the trademarks and trade names together with corresponding registration numbers. All items in which a security interest is granted hereby are referred to as the "Collateral."

a. Pledge of Borrower Shares. Debtor hereby collaterally assigns and delivers to Secured Party the 127,393 shares of stock in Lore International Institute, Inc. (the