

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT
<b>NATURE OF CONVEYANCE:</b>	Trademark and Trademark Applications Security Agreement

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
J.L. Hammett Co.		05/06/2005	CORPORATION: MASSACHUSETTS

**RECEIVING PARTY DATA**

<b>Name:</b>	Joseph F. Finn Jr.
<b>Street Address:</b>	167 Worcester Street
<b>Internal Address:</b>	Suite 209
<b>City:</b>	Wellesley Hills
<b>State/Country:</b>	MASSACHUSETTS
<b>Postal Code:</b>	02481
<b>Entity Type:</b>	INDIVIDUAL: UNITED STATES

**PROPERTY NUMBERS Total: 8**

Property Type	Number	Word Mark
Registration Number:	1942830	ART UTILITY
Registration Number:	0332600	ART UTILITY
Registration Number:	1750615	LITTLE RED SCHOOL HOUSE
Registration Number:	1647754	J. L. HAMMETT CO.
Registration Number:	2699601	J.L. HAMMETT CO.
Registration Number:	1116484	HAMMETT'S LEARNING WORLD
Registration Number:	2457204	HAMMETT'S LEARNING WORLD
Registration Number:	1942240	

**CORRESPONDENCE DATA**

Fax Number: (617)856-8201  
*Correspondence will be sent via US Mail when the fax attempt is unsuccessful.*  
 Phone: 617-856-8145  
 Email: ip@brownrudnick.com

CH \$215.00 1942830

Correspondent Name: Mark S. Leonardo  
Address Line 1: One Financial Center  
Address Line 2: Brown Rudnick Berlack Israels LLP  
Address Line 4: Boston, MASSACHUSETTS 02111

NAME OF SUBMITTER:	Mark S. Leonardo
Signature:	/s/Mark S. Leonardo
Date:	06/28/2005

**Total Attachments: 11**

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**TRADEMARK AND TRADEMARK  
APPLICATIONS SECURITY AGREEMENT**

This Trademark and Trademark Application Security Agreement (this "**TM Security Agreement**") is made as of the 6 day of May, 2005, by **J.L. HAMMETT CO.** (hereinafter, the "**Company**"), a Massachusetts corporation having a place of business at 570 Liberty Street, Braintree, MA 02184, and **JOSEPH F. FINN, JR.**, an individual with offices located at 167 Worcester Street, Suite 209, Wellesley Hills, MA 02481, as agent (in such capacity and with any successor, the "**Agent**") for itself and certain Noteholders (collectively, the "**Noteholders**").

**RECITALS**

WHEREAS, pursuant to the Composition Agreement dated as of May 6, 2005 (as amended and restated, supplemented or otherwise modified from time to time, the "**Composition Agreement**") made between the Company, Agent and the Noteholders, the Agent and Noteholders have agreed to certain financial accommodations for the benefit of the Company;

WHEREAS, in connection with the execution and delivery of the Composition Agreement, the Company has entered into that certain Security Agreement dated as of May 6, 2005, pursuant to which the Company has granted to the Agent a security interest in the Company's Collateral (as defined in the Composition Agreement) to secure the Obligations (as defined in the Composition Agreement) of the Company to the Agent and Noteholders;

WHEREAS, as a condition, among others, to the effectiveness of the Composition Agreement, and to further secure the Obligations and to more fully vest the security interest granted in the Security Agreement, the Company has executed this TM Security Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are acknowledged, the Company and the Agent agree as follows:

Hammett/TM Security Agreement# 1359333 v1 - BUCCIMD - 025022/0001

**TRADEMARK  
REEL: 003111 FRAME: 0693**

1. Terms used herein which are defined in the Composition Agreement are used as so defined. As used herein, the term "Intercreditor Agreement" shall mean that Intercreditor Agreement dated as of April \_\_, 2005 by and between the Agent and Gordon Brothers Retail Partners, LLC, as amended or extended from time to time.

2. Subject to the terms of the Intercreditor Agreement, to secure the Obligations, the Company hereby grants a security interest in favor of, and collaterally assigns to, the Agent, with power of sale (which power of sale shall be exercisable only following the occurrence and during the continuance of an Event of Default as defined in the Composition Agreement and used herein as so defined), in and to the following and all proceeds thereof:

a. All of the Company's now owned or existing or hereafter acquired or arising trademarks, trademark applications, service marks, registered service marks and service mark applications including, without limitation, those listed on Exhibit A annexed hereto and made a part hereof, together with any goodwill connected with and symbolized by any such trademarks, trademark applications, service marks, registered service marks, and service mark applications.

b. All renewals of any of the foregoing.

c. All income, royalties, damages and payments now and hereafter due and/or payable under and with respect to any of the foregoing, including, without limitation, payments under all licenses entered into in connection therewith and damages and payments for past or future infringements or dilutions thereof.

d. The right to sue for past, present and future infringements and dilutions of any of the foregoing.

e. All of the Company's rights corresponding to any of the foregoing throughout the world.

All of the foregoing trademarks, registered trademarks and trademark applications, and service marks, registered service marks and service mark applications described in Subsection 2(a), together with the items respectively described in Subsections 2(b) through and including 2(e) are hereinafter individually and/or collectively referred to as the "**Marks**".

3. Until the Obligations (other than contingent indemnification obligations) have been satisfied, the Company shall undertake the following:

a. Pay all renewal fees and other fees and costs associated with maintaining the Marks and with the processing of the Marks, unless the Company determines in its good faith business judgment that such Marks are in no way material to the conduct of its business or operations.

b. At the Company's sole cost, expense, and risk, pursue the prompt, diligent processing of each Application for Registration which is the subject of the security interest created herein and not abandon or delay any such efforts, unless the Company determines in its good faith business judgment that such Marks are in no way material to the conduct of its business or operations.

c. At the Company's sole cost, expense, and risk, take any and all action which the Company deems necessary or desirable to protect the Marks, including, without limitation, the prosecution and defense of infringement actions, unless the Company determines in its good faith business judgment that such Marks are in no way material to the conduct of its business or operations.

4. In the event of:

a. the Company's failure, within fifteen (15) days of written notice from the Agent, to cure any failure by the Company to perform any of the Company's obligations set forth in Section 3, above, and/or

- b. the occurrence and continuance of any Event of Default,

then the Agent, subject to the terms of the Intercreditor Agreement, acting in its own name or in that of the Company may (but shall not be required to) act in the Company's place and stead and/or in the Agent's own right in connection therewith.

5. The Company represents and warrants that:

- a. Exhibit A includes all of the registered trademarks, Federal trademark applications, registered service marks and Federal service mark applications owned as of the date hereof by the Company.

- b. No liens or security interests are in effect as of the date hereof or shall be granted after the date hereof in any Mark by the Company to any Person other than to Gordon Brothers Retail Partners, LLC and the Agent.

6. In order to further secure the Obligations:

- a. The Company shall give the Agent written notice (with reasonable detail) of the occurrence of any of the following:

- i. If the Company obtained rights to, and filed applications for registration of, any new trademarks, or service marks, or otherwise acquired ownership of any newly registered trademarks, registered service marks, trademark applications, or service mark applications (other than the Company's right to sell products containing the trademarks of others in the ordinary course of the Company's business) during the previous fiscal quarter, and the Company shall deliver to Agent within ten (10) Business Days after delivery of such notice, documentation reasonably required to perfect the Agent's, for its benefit and the benefit of the Noteholders, first priority security interest and lien in and to the foregoing.

ii. If the Company became entitled to the benefit of any registered trademarks, trademark applications, trademark licenses, trademark license renewals, registered service marks, service mark applications, service mark licenses or service mark license renewals whether as licensee or licensor (other than Company's right to sell products in containing the trademarks of others' the ordinary course of the Company's business) during the previous fiscal quarter, and the Company shall deliver to Agent within ten (10) Business Days after delivery of such notice, documentation reasonably required to perfect the Agent's, for its benefit and the benefit of the Noteholders, security interest and lien in and to the foregoing, subject only to the liens of Gordon Brothers Retail Finance, LLC.

iii. If the Company entered into any new trademark license agreement or service mark license agreement during the previous fiscal quarter, and the Company shall deliver to Agent within ten (10) Business Days after delivery of such notice, documentation reasonably required to perfect the Agent's, for its benefit and the benefit of the Noteholders, security interest and lien in and to the foregoing subject only to the liens of Gordon Brothers Retail Finance, LLC.

b. The provisions of this TM Security Agreement shall automatically apply to any such additional property or rights described in 6(a), above, all of which shall be deemed to be and treated as "Marks" within the meaning of this TM Security Agreement.

c. The Company hereby authorizes the Agent to modify this agreement by amending Exhibit A to include any future registered trademarks, trademark applications, registered service marks and service mark applications, written notice of which is so given, *provided, however*, the modification of said Exhibit A shall not be a condition to the creation or perfection of the security interest created hereby.

7. Upon the occurrence and during the continuance of any Event of Default and subject to the terms of the Intercreditor Agreement, the Agent may exercise all rights and remedies of a secured

party upon default under the Uniform Commercial Code as adopted in the Commonwealth of Massachusetts, with respect to the Marks, in addition to which the Agent, subject to the terms of the Composition Agreement, may sell, license, assign, transfer, or otherwise dispose of the Marks. Any person may conclusively rely upon an affidavit of an officer of the Agent that an Event of Default has occurred and is continuing and that the Agent is authorized to exercise such rights and remedies.

8. Subject to the terms of the Intercreditor Agreement, the Company hereby irrevocably constitutes and designates the Agent as and for the Company's attorney in fact, effective with and upon the Agent's first exercise (the "**First Exercise**") of such powers following the occurrence and continuance of any Event of Default:

a. To exercise any of the rights and powers referenced in Section 3.

b. To execute all and singular such instruments, documents, and papers as the Agent determines to be appropriate in connection with the exercise of such rights and remedies and to cause the sale, license, assignment, transfer, or other disposition of the Marks.

The within grant of a power of attorney, being coupled with an interest, shall be irrevocable until the Obligations (other than contingent indemnification obligations) have been satisfied, but shall be exercisable (subject to the terms of the Intercreditor Agreement) only following the occurrence and during the continuance of an Event of Default.

9. Any use by the Agent of the Marks as authorized hereunder in connection with the exercise of the Agent's rights and remedies under this TM Security Agreement and the Composition Agreement shall be coextensive with the Company's rights thereunder and with respect thereto and without any liability for royalties or other related charges from the Agent to the Company. Such use by the Agent shall be permitted (subject to the terms of the Intercreditor Agreement) only with and upon the First Exercise following the occurrence and during the continuance of an Event of Default.



10. The Agent hereby acknowledges that the Company shall continue to have the exclusive right, prior to notice from the Agent following the occurrence and during the continuance of an Event of Default, to sue for past, present and future infringement of the Marks including the right to seek injunctions and/or money damages, in an effort by Company to protect the Marks against encroachment by third parties. All costs arising in connection with any infringement shall be borne by the Company.

11. Following the payment and satisfaction of all Obligations (other than contingent indemnification obligations), this TM Security Agreement shall terminate and the Agent shall execute and deliver to Company all such instruments as the Company reasonably may request to release any encumbrance in favor of the Agent created hereby or pursuant hereto, *subject, however,* to any disposition thereof which may have been made by the Agent pursuant hereto or pursuant to the Composition Agreement.

12. The Company shall, at the request of the Agent, do any and all acts and execute any and all documents reasonably required by the Agent in connection with the protection, preservation, and enforcement of the Agent's rights hereunder.

13. The Company shall, upon demand, reimburse the Agent for all costs and expenses incurred by the Agent in the exercise of any rights hereunder (including, without limitation, reasonable fees and expenses of counsel).

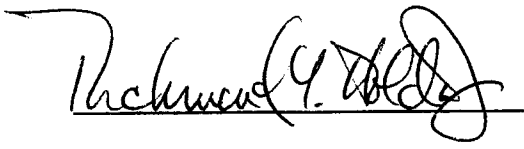
14. Neither anything contained in the within TM Security Agreement or in the Composition Agreement nor any act, omission, or circumstance may be construed as directly or indirectly conveying to the Agent any rights in and to the Marks, which rights are effective except following the occurrence and during the continuance of any Event of Default (and in such circumstances, only with and upon the First Exercise).

15. This TM Security Agreement is intended to be supplemental of the Composition Agreement. All provisions of the Composition Agreement shall apply to the Marks and the Agent and Noteholders shall have the same rights with respect to any and all security interests in the Marks granted the Agent and Noteholders to secure the Obligations hereunder as thereunder. In the event of a conflict between this TM Security Agreement and the Composition Agreement, the terms of this TM Security Agreement shall control with respect to the Marks and the Composition Agreement with respect to all other collateral.

IN WITNESS WHEREOF, the Company and the Agent respectively have caused this TM Security Agreement to be executed by officers duly authorized so to do on the date first above written.

J.L. HAMMETT COMPANY,  
"Company"

JOSEPH F. FINN, JR.,  
"Agent"



By: Richmond Y. Holden, Jr.

Title: President

By: \_\_\_\_\_

Title: \_\_\_\_\_

IN WITNESS WHEREOF, the Company and the Agent respectively have caused this TM Security Agreement to be executed by officers duly authorized so to do on the date first above written.

J.L. HAMMETT COMPANY,  
"Company"

JOSEPH F. FINN, JR.,  
"Agent"

\_\_\_\_\_  
By: Richmond Y. Holden, Jr.

Title: \_\_\_\_\_

By: *Joseph F. Finn, Jr.*  
Title: AGENT

Exhibit A

The Company's now owned or existing or hereafter acquired or arising registered service marks and Federal service mark applications, registered trademarks, and Federal trade mark applications:

Trademark/Service Mark Registrations

<u>Trademark Registrations</u>	<u>Registration Number(s)</u>	<u>Date of Registration</u>
ART UTILITY	194230	12/19/1995
ART UTILITY (stylized form)	0332600	02/18/1936
LITTLE RED SCHOOL HOUSE	1750615	02/02/1993
J.L. HAMMETT CO.	1647754	06/11/1991
J.L. HAMMETT CO	2699601	03/25/2003
HAMMETTS LEARNING WORLD	1116484	04/10/1979
HAMMETTS LEARNING WORLD	2457204	06/05/2001
NEW WHIZ KIDS DESIGN (design only)	1942240	12/19/1995

Trademark Applications

<u>Trademark</u>	<u>Serial Number(s)</u>	<u>Date of Filing</u>
None.		