

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT
NATURE OF CONVEYANCE:	SECURITY INTEREST
EFFECTIVE DATE:	09/08/2006

**CONVEYING PARTY DATA**

Name	Formerly	Execution Date	Entity Type
Study Group, LLC		09/08/2006	LIMITED LIABILITY COMPANY: DISTRICT OF COLUMBIA

**RECEIVING PARTY DATA**

Name:	BWA Custodians Limited
Street Address:	45 Clarence Street
Internal Address:	Level 27
City:	Sydney
State/Country:	AUSTRALIA
Postal Code:	2000
Entity Type:	LTD LIAB JT ST CO: AUSTRALIA

**PROPERTY NUMBERS Total: 1**

Property Type	Number	Word Mark
Registration Number:	1624092	FSL

**CORRESPONDENCE DATA**

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DOMESTIC REPRESENTATIVE

Name:  
Address Line 1:  
Address Line 2:  
Address Line 3:  
Address Line 4:

NAME OF SUBMITTER:	Michelle Mancino Marsh
Signature:	/MMM/
Date:	09/13/2006

**Total Attachments: 44**

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**EXECUTION VERSION**

**SECURITY AGREEMENT**

**DATED SEPTEMBER 8, 2006**

**among**

**STUDY GROUP USA, INC.**

**STUDY GROUP, LLC**

**CENTER FOR ENGLISH STUDIES, LLC**

**and**

**BWA CUSTODIANS LIMITED**  
**in its capacity as Security Trustee,**  
**as Security Agent**

**ALLEN & OVERY**

Allen & Overy LLP

44014-00001 NY:1475559.8

**TRADEMARK**  
**REEL: 003389 FRAME: 0206**

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### Exhibits

Exhibit 1 - Form of Assignment Notice

Exhibit 2 - Form of Assignment Acknowledgement

Exhibit 3 - Form of Bailee Notice

Exhibit 4 - Form of Bailee Acknowledgement

**THIS AGREEMENT** is dated September 8, 2006

**AMONG:**

- (1) **STUDY GROUP USA, INC.**, as a security provider (**SGU**);
- (2) **STUDY GROUP, LLC**, as a security provider (**SG**);
- (3) **CENTER FOR ENGLISH STUDIES, LLC**, as a security provider (**CES** and together with **SGU** and **SG**, each a **Security Provider**); and
- (4) **BWA CUSTODIANS LIMITED**, in its capacity as Security Trustee under the Security Trust Deed (as defined below), as security agent for the benefit of (a) the Finance Parties party to the Senior Facility Agreement described below and (b) the Finance Parties party to the Mezzanine Facility Agreement described below (in this capacity, the **Security Agent**).

**BACKGROUND:**

The Security Providers enter into this Agreement in connection with (a) the Project Sharp Senior Facility Agreement, dated August 3, 2006, among SGI Group (Finance) Pty Limited (the **Australian Borrower**), Study Group Holdings Limited, each party listed in schedule 1 thereto as Original Guarantors, each party listed in schedule 2 thereto as Financiers, BOS International (Australia) Limited as Agent and BWA Custodians Limited as Security Trustee (the **Senior Facility Agreement**), and (b) the Project Sharp Mezzanine Facility Agreement, dated August 3, 2006, among the Australian Borrower, each party listed in schedule 1 thereto as Original Guarantors, each party listed in schedule 2 thereto as Financiers, BOS International (Australia) Limited as Mezzanine Agent and BWA Custodians Limited as Security Trustee (the **Mezzanine Facility Agreement** and together with the Senior Facility Agreement, each a **Facility Agreement**).

**IT IS AGREED** as follows:

**1. INTERPRETATION**

**1.1 Definitions**

In this Agreement:

**Assignment Acknowledgement** means an acknowledgement from a counterparty to the Security Agent and a Security Provider substantially in the form of Exhibit 2 (Form of Assignment Acknowledgement).

**Assignment Notice** means a notice from a Security Provider to a counterparty substantially in the form of Exhibit 1 (Form of Assignment Notice).

**Bailee** means any bailee, processor, shipper, warehouseman, agent or other third party at any time having possession of any Collateral.

**Bailee Acknowledgement** means an acknowledgement from a Bailee to the Security Agent and a Security Provider substantially in the form of Exhibit 4 (Form of Bailee Acknowledgement).

**Bailee Notice** means a notice from a Security Provider to a Bailee substantially in the form of Exhibit 3 (Form of Bailee Notice).

The term **Collateral** means all personal property, wherever located, in which any Security Provider now has or later acquires any right, title or interest, including all:

- (a) accounts;
- (b) chattel paper (including tangible chattel paper and electronic chattel paper);
- (c) goods (including equipment, inventory and fixtures);
- (d) instruments (including promissory notes);
- (e) investment property;
- (f) documents;
- (g) deposit accounts;
- (h) letter-of-credit rights;
- (i) general intangibles (including payment intangibles and software);
- (j) the commercial tort claims described in Schedule 1 (Commercial Tort Claims);
- (k) supporting obligations;
- (l) other assets (including inventions, discoveries, trade secrets, intellectual property rights, patents, Trademarks and copyrights, registrations of and applications relating to any of the foregoing, and all associated goodwill),

and to the extent not listed above as original Collateral, proceeds and products of, and accessions to, each of the above assets. The term **Collateral** excludes any property, right or interest in which a security interest may not be granted under applicable law, rule or regulation or under enforceable contractual restrictions binding on the Security Providers. A list and description of all contractual restrictions that purport to restrict the granting of a security in specific collateral or categories of collateral is set forth in Schedule 2 (Contractual Restrictions). The inclusion of any restriction in Schedule 2 (Contractual Restrictions) does not constitute an agreement or acknowledgement by the Security Providers or any Finance Party that that restriction is enforceable under applicable law.

**Control Agreement** means an agreement, in form and substance reasonably satisfactory to the Security Agent, between the Security Agent, any Security Provider and any other person the Security Agent may require, with the provisions necessary to establish the Security Agent's control of any:

- (a) deposit account;
- (b) investment property;
- (c) letter-of-credit rights; or
- (d) electronic chattel paper;

*provided* that the Security Agent shall be permitted to exercise its rights under any such agreement only after the Security becomes enforceable under this Agreement.

**Event of Default** means an event specified as such in Subclause 9.1 (Events of Default).

**Finance Parties** means, collectively, the Finance Parties as defined in the Senior Facility Agreement and the Finance Parties as defined in the Mezzanine Facility Agreement.

**Lenders** means the Mezzanine Lenders (as defined in the Senior Facility Agreement) and the Senior Lenders (as defined in the Mezzanine Facility Agreement).

**Lien** means any security interest, lien, mortgage, pledge, encumbrance, charge, assignment, hypothecation, adverse claim, claim, or restriction on assignment, transfer or pledge or any other arrangement having the effect of conferring security.

**Possessory Collateral** means all Collateral consisting of:

- (a) certificated securities;
- (b) instruments;
- (c) tangible chattel paper, including tangible chattel paper that has been legended in compliance with Subclause 4.6 (Perfection - special steps for chattel paper); and
- (d) negotiable documents.

**PTO** means the United States Patent and Trademark Office.

**Relevant States** means, with respect to a Security Provider, each of:

- (a) the state of the Security Provider's incorporation or organization;
- (b) the state where the Security Provider has its chief executive office or sole place of business; and
- (c) any state in which Collateral consisting of goods is located.

**Secured Liabilities** means each liability and obligation specified in Clause 2 (Secured Liabilities).

**Security** means any security interest created by this Agreement.

**Security Period** means the period beginning on the date of this Agreement and ending on the date on which all the Secured Liabilities have been indefeasibly, unconditionally and irrevocably paid and discharged in full or the Security created under or in connection with the Finance Documents is otherwise released by the Security Agent. The Security Period will be extended to take into account any extension or reinstatement of this Agreement under Subclause 3.2(b) (General). Furthermore, if the Security Agent reasonably considers that an amount paid to it or a Finance Party under a Finance Document is capable of being avoided or otherwise set aside on the bankruptcy, liquidation, insolvency or administration of the payer or otherwise then that amount will not be considered to have been irrevocably paid for the purposes of this Agreement.



**Security Trust Deed** means the Security Trust Deed, dated August 3, 2006, among each party listed in the schedule as Initial Security Providers, BOS International (Australia) Limited as Senior Agent, BOS International (Australia) Limited as Mezzanine Agent and BWA Custodians Limited as Security Trustee.

**Trademark Security Agreement** means the Trademark Security Agreement, dated as of the date hereof, between Study Group International Limited and the Security Agent.

**Trademarks** means the United States trademarks, service marks, trade names and domain names and all associated goodwill, owned by the Security Providers, whether now or hereafter existing or acquired by the Security Providers, (including those described in Schedule 5 (Trademarks)) and:

- (e) all common law rights therein;
- (f) all applications, whether pending or in preparation for filing, and registrations thereof in the PTO or in any office or agency of the United States of America or any State thereof or political subdivision thereof;
- (g) all renewals and extensions thereof;
- (h) all income, royalties, damages and payments owed to any Security Provider now or hereafter due and/or payable to such Security Provider with respect thereto (including payments under all licenses granted by such Security Provider in connection therewith and damages and payments owed to such Security Provider for past or future infringements thereof); and
- (i) the right to sue or otherwise recover for all past, present and future infringements or other acts to the detriment of the Trademarks and all rights corresponding thereto, in each case within the United States of America; together in each case with the goodwill of the business connected with the use of and symbolized by each trademark.

**UCC** means the Uniform Commercial Code as in effect on the date of this Agreement in the State of New York, as amended from time to time, and any successor statute.

**U.S. Bankruptcy Law** means the United States Bankruptcy Code of 1978 or any other United States Federal or State bankruptcy, insolvency or similar law.

## 1.2 Construction

- (a) Any term defined in the UCC and not defined in this Agreement has the meaning given to that term in the UCC.
- (b) Any term defined in the Senior Facility Agreement or the Mezzanine Facility Agreement and not defined in this Agreement or the UCC has the meaning given to that term in the Senior Facility Agreement and the Mezzanine Facility Agreement.
- (c) No reference to **proceeds** in this Agreement authorizes any sale, transfer or other disposition of Collateral by the Security Providers.

- (d) In this Agreement, unless the contrary intention appears, a reference to:
- (i) an **amendment** includes a supplement, novation, restatement or re-enactment and **amended** will be construed accordingly;
  - (ii) Clause, a Subclause or a Schedule is a reference to a Clause or Subclause of, or a Schedule to, this Agreement (unless indicated otherwise);
  - (iii) a law is a reference to that law as amended or re-enacted and to any successor law;
  - (iv) an agreement is a reference to that agreement as amended;
  - (v) **fraudulent transfer law** means any applicable U.S. Bankruptcy Law or state fraudulent transfer or conveyance statute, and the related case law; and
  - (vi) **law** includes any law, statute, regulation, regulatory requirement, rule, ordinance, ruling, decision, treaty, directive, order, guideline, regulation, policy, writ, judgment, injunction or request of any court or other governmental, inter-governmental or supranational body, officer or official, fiscal or monetary authority, or other ministry or public entity (and their interpretation, administration and application), whether or not having the force of law.
- (e) In this Agreement:
- (i) **includes** and **including** are not limiting;
  - (ii) **or** is not exclusive; and
  - (iii) the headings are for convenience only, do not constitute part of this Agreement and are not to be used in construing it.

## 2. SECURED LIABILITIES

### 2.1 Secured Liabilities

Each obligation and liability whether:

- (a) present or future, actual, contingent or unliquidated; or
- (b) owed jointly or severally (or in any other capacity whatsoever),

of each Transaction Party to any Finance Party under or in connection with each Finance Document is a Secured Liability.

### 2.2 Specification of Secured Liabilities

The Secured Liabilities include any liability or obligation for:

- (a) repayment of the principal of any Funding Portion (including reimbursement of any payments made under any Credit Support Document);

- (b) payment of interest and any other amount payable under any Facility Agreement;
- (c) payment and performance of all other obligations and liabilities of any Transaction Party under the Finance Documents;
- (d) payment of any amount owed under any amendment, modification, renewal, extension or novation of any of the above obligations; and
- (e) payment of an amount which arises after a petition is filed by, or against, any Security Provider or any other Transaction Party under the United States Bankruptcy Code of 1978 even if the obligations do not accrue because of the automatic stay under Section 362 of the United States Bankruptcy Code of 1978 or otherwise.

### **3. CREATION OF SECURITY**

#### **3.1 Security Interest**

As security for the prompt and complete payment and performance of the Secured Liabilities when due (whether due because of stated maturity, acceleration, mandatory prepayment, or otherwise) and to induce the Lenders to make available the Funding Portions, the Security Providers hereby grant to the Security Agent for the benefit of the Finance Parties a continuing security interest in its right, title and interest in and to the Collateral.

#### **3.2 General**

- (a) All the Security created under this Agreement:
  - (i) is continuing security for the irrevocable and indefeasible payment in full of the Secured Liabilities, regardless of any intermediate payment or discharge in whole or in part; and
  - (ii) is in addition to, and not in any way prejudiced by, any other security now or subsequently held by any Finance Party.
- (b) If, at any time for any reason (including the bankruptcy, insolvency, receivership, reorganization, dissolution or liquidation of any Security Provider or any other Transaction Party or the appointment of any receiver, intervenor or conservator of, or agent or similar official for, any Security Provider or any other Transaction Party or any of their respective properties), any payment received by the Security Agent or any other Finance Party in respect of the Secured Liabilities is rescinded or avoided or must otherwise be restored or returned by the Security Agent or any other Finance Party, that payment will not be considered to have been made for purposes of this Agreement, and this Agreement will continue to be effective or will be reinstated, if necessary, as if that payment had not been made.
- (c) This Agreement is enforceable against each Security Provider to the maximum extent permitted by the fraudulent transfer laws.

#### **4. PERFECTION AND FURTHER ASSURANCES**

##### **4.1 General perfection**

Each Security Provider must take, at its own expense, promptly, and in any event within any applicable time limit:

- (a) whatever action is reasonably necessary or desirable; and
- (b) any action which the Security Agent or any other Finance Party may reasonably require,

to ensure that this Security is as of date of this Agreement, and will continue to be until the end of the Security Period, a validly created, attached, enforceable and perfected first priority continuing security interest in the Collateral, in all relevant jurisdictions, securing payment and performance of the Secured Liabilities.

This includes the giving of any notice, order or direction, the making of any filing or registration, the passing of any resolution and the execution and delivery of any documents or agreements which the Security Agent may reasonably think expedient.

##### **4.2 Filing of financing statements**

- (a) Each Security Provider authorizes the Security Agent to prepare and file, at the Security Provider's expense:
  - (i) financing statements describing the Collateral;
  - (ii) continuation statements; and
  - (iii) any amendment in respect of those statements.
- (b) Each Security Provider expressly authorizes the Security Agent, if it so elects, to file financing statements in any filing office or filing jurisdiction it deems necessary or advisable with the collateral description "all assets of the Security Provider", "all personal property of the Security Provider", in each case, whether now owned or hereafter acquired, or other words to that effect.
- (c) Promptly after filing an initial financing statement in respect of the Collateral, each Security Provider must provide the Security Agent with an official report from the Secretary of State of each Relevant State indicating that the Security Agent's security interest is prior to all other security interests or other interests reflected in the report.

##### **4.3 Control**

- (a) The Security Providers and each other necessary party will as soon as reasonably practicable after the execution of this Agreement enter into an appropriate Control Agreement with the Security Agent and have taken all other actions reasonably necessary for the Security Agent to have control of any Collateral consisting of:
  - (i) deposit accounts;
  - (ii) investment property;

- (iii) letter-of-credit rights; and
  - (iv) electronic chattel paper.
- (b) If, after the date of this Agreement, any Security Provider acquires Collateral consisting of any of the Collateral listed in paragraph (a) above, and the new Collateral is not covered by an existing Control Agreement, that Security Provider must enter into a Control Agreement (in substantially the same form as any existing Control Agreement in respect of the same type of Collateral or otherwise in form and substance reasonably satisfactory to the Security Agent) in respect of that new Collateral and take all other actions reasonably necessary for the Security Agent to have control of the new Collateral.

#### **4.4 Delivery of Possessory Collateral**

- (a) Each Security Provider has delivered to the Security Agent (or as directed by the Security Agent) the originals of all Possessory Collateral existing on the date of this Agreement.
- (b) Each Security Provider must deliver to the Security Agent (or as directed by the Security Agent), promptly upon receipt, originals of any other Possessory Collateral arising or acquired by it after the date of this Agreement.
- (c) All Possessory Collateral delivered under this Agreement will be either:
  - (i) duly endorsed and in suitable form for transfer by delivery; or
  - (ii) accompanied by undated instruments of transfer endorsed in blank,and in form and substance reasonably satisfactory to the Security Agent.
- (d) Until the end of the Security Period, the Security Agent will hold (directly or through an agent) all Possessory Collateral and related instruments of transfer delivered to it.

#### **4.5 Notice of security interest**

- (a)
  - (i) Each Security Provider has executed an Assignment Notice in respect of each material account, contract or agreement identified in Schedule 3 (Contracts and Counterparties to Contracts being Assigned) to which it is a party and delivered each of these notices to the appropriate account debtors and contract parties identified in Schedule 3 (Contracts and Counterparties to Contracts being Assigned).
  - (ii) Each Security Provider must use its reasonable best efforts to cause each of the relevant account debtors and contract parties identified in Schedule 3 (Contracts and Counterparties to Contracts being Assigned) to deliver to the Security Agent an Assignment Acknowledgement within 30 days of the date of this Agreement.
  - (iii) Each Security Provider must give notice to the Security Agent of each material account, contract or agreement entered into by it after the date of this Agreement, and at the Security Agent's reasonable request must:
    - (A) send an Assignment Notice to the relevant account debtor or contract party; and

- (B) use its reasonable best efforts to cause that account debtor or contract party to deliver a signed Assignment Acknowledgement promptly to the Security Agent.
- (b) Each Security Provider will not permit any Bailee to hold Collateral unless it has delivered a Bailee Notice to that Bailee and the Security Agent has received from that Bailee a signed Bailee Acknowledgement.

#### **4.6 Perfection - special steps for tangible chattel paper**

- (a) Each Security Provider must deliver to the Security Agent the originals of all tangible chattel paper and each such item of tangible chattel paper must be properly marked with a legend indicating that it is the original and must be properly endorsed to the order of the Security Agent.
- (b) Each Security Provider agrees that it will permit no copies of tangible chattel paper which are not delivered to the Security Agent in accordance with paragraph (a) above to be marked "original" or "chattel paper" or with words of similar import. Each Security Provider further agrees that it will permit no person other than itself to have possession of any tangible chattel paper owned by it.

#### **4.7 Further assurances**

- (a) Each Security Provider must take, at its own expense, promptly, and in any event within any applicable time limit, whatever action the Security Agent may reasonably require for:
  - (i) creating, attaching, perfecting and protecting, and maintaining the priority of, any security interest intended to be created by this Agreement;
  - (ii) facilitating the enforcement of this Security or the exercise of any right, power or discretion exercisable by the Security Agent or any of its delegates or sub-delegates in respect of any Collateral;
  - (iii) obtaining possession of any Possessory Collateral and control of any Collateral described in Subclause 4.3 (Control); and
  - (iv) facilitating the assignment or transfer of any rights and/or obligations of the Security Agent or any other Finance Party under this Agreement.

This includes the execution and delivery of any transfer, assignment or other agreement or document, whether to the Security Agent or its nominee, which the Security Agent may reasonably think expedient.

- (b) Upon the occurrence of an Event of Default, each Security Provider irrevocably constitutes and appoints the Security Agent, with full power of substitution, as its true and lawful attorney-in-fact, in its name or in the Security Agent's name or otherwise, and at its expense, to take any of the actions referred to in paragraph (a) above without notice to or the consent of it. Before the occurrence of an Event of Default, each Security Provider irrevocably constitutes and appoints the Security Agent, with full power of substitution, as its true and lawful attorney-in-fact, in its name or in the Security Agent's name or otherwise, and at its expense, to take any of the actions referred to in paragraph (a) above which it has failed to take within the applicable time period contemplated in this Agreement after receiving notice of such failure to take action from the

Security Agent. This power of attorney is a power coupled with an interest and cannot be revoked. Each Security Provider ratifies and confirms all actions taken by the Security Agent or its agents under this power of attorney except where such attorney is guilty of willful misconduct or gross negligence.

## **5. SURETYSHIP PROVISIONS**

### **5.1 Nature of Security Providers' obligations**

- (a) Each Security Provider's obligations under this Agreement are independent of any obligation of the Transaction Parties or any other person.
- (b) A separate action or actions may be brought and prosecuted against any Security Provider under this Agreement.
- (c) The Security Agent may enforce its rights under this Agreement, whether or not any action is brought or prosecuted against any Transaction Party or any other person and whether or not any Transaction Party or any other person is joined in any action under this Agreement.

### **5.2 Waiver of defenses**

- (a) The obligations of each Security Provider under this Agreement will not be affected by, and each Security Provider irrevocably waives any defense it might have by virtue of, any act, omission, matter or thing which, but for this Clause, would reduce, release or prejudice any of its obligations under this Agreement (whether or not known to it or any Finance Party). This includes:
  - (i) any time, forbearance, extension or waiver granted to, or composition or compromise with, another person;
  - (ii) any taking, variation, compromise, exchange, renewal or release of, or any refusal or failure to perfect or enforce, any rights against, or security over assets of, any person;
  - (iii) any non-presentation or non-observance of any formality or other requirement in respect of any instrument or any failure to realize the full value of any security;
  - (iv) any disability, incapacity or lack of powers, authority or legal personality of or dissolution or change in the members or status of any person;
  - (v) any amendment, restatement or novation (however fundamental) of a Finance Document or any other document, guaranty or security;
  - (vi) any unenforceability, illegality or invalidity of any obligation of any person under any Finance Document or any other document, guaranty or security, the intent of the parties being that the Security Agent's security interest in the Collateral and the Security Providers' obligations under this Agreement are to remain in full force and be construed accordingly, as if there were no unenforceability, illegality or invalidity;
  - (vii) any avoidance, postponement, discharge, reduction, non-provability or other similar circumstance affecting any obligation of any Transaction Party under a Finance

Document resulting from any bankruptcy, insolvency, receivership, liquidation or dissolution proceedings or from any law, regulation or order so that each such obligation is for the purposes of the Security Providers' obligations under this Agreement construed as if there were no such circumstance; or

- (viii) the acceptance or taking of other guaranties or security for the Secured Liabilities, or the settlement, release or substitution of any guaranty or security or of any endorser, guarantor or other obligor in respect of the Secured Liabilities.
- (b) Each Security Provider unconditionally and irrevocably waives:
- (i) diligence, presentment, demand for performance, notice of non-performance, protest, notice of protest, notice of dishonor, notice of the creation or incurring of new or additional indebtedness of the Transaction Parties to the Security Agent or the other Finance Parties, notice of acceptance of this Agreement, and notices of any other kind whatsoever;
  - (ii) the filing of any claim with any court in the event of a receivership, insolvency or bankruptcy;
  - (iii) the benefit of any statute of limitations affecting any Transaction Party's obligations under the Finance Documents or the Security Providers' obligations under this Agreement or the enforcement of this Agreement or the Security Agent's security interest in the Collateral; and
  - (iv) any offset or counterclaim or other right, defense, or claim based on, or in the nature of, any obligation now or later owed to the Security Providers by the Transaction Parties, the Security Agent or any other Finance Party.
- (c) Each Security Provider irrevocably and unconditionally authorizes the Security Agent and the other Finance Parties to take any action in respect of the Secured Liabilities or any collateral or guaranties securing them or any other action that might otherwise be deemed a legal or equitable discharge of a surety, without notice to or the consent of it and irrespective of any change in the financial condition of any Transaction Party.

### **5.3 Immediate recourse**

Each Security Provider waives any right it may have of first requiring the Security Agent or any other Finance Party (or any trustee or agent on their behalf) to proceed against or enforce any other rights, security or other guaranty or claim payment from any person before claiming from it under this Agreement and enforcing the Security Agent's security interest in the Collateral.

### **5.4 Appropriations**

Until the expiry of the Security Period, the Security Agent and each other Finance Party (or any trustee or agent on their behalf) may:

- (a) refrain from applying or enforcing any other moneys, security, guaranties or rights held or received by the Security Agent or that other Finance Party (or any trustee or agent on their behalf) in respect of the Secured Liabilities;



- (b) apply and enforce them in such manner and order as it sees fit (whether against the Secured Liabilities or otherwise); and
- (c) hold in a suspense account any moneys received from any realization of the Collateral, from any Security Provider or on account of any Security Providers' liability under this Agreement or any other Finance Document, without liability to pay interest on those moneys.

## **5.5 Non-competition**

Unless:

- (a) the Security Period has expired; or
- (b) the Security Agent otherwise directs in writing,

the Security Providers will not, after a claim has been made by the Security Agent or any other Finance Party against a Security Provider or any other Transaction Party, or by virtue of any payment or performance by a Security Provider under this Agreement:

- (i) be subrogated to any rights, security or moneys held, received or receivable by the Security Agent or any other Finance Party (or any trustee or agent on their behalf);
- (ii) be entitled to any right of contribution or indemnity in respect of any payment made or moneys received on account of any Security Provider's liability under this Agreement or any other Finance Document;
- (iii) claim, rank, prove or vote as a creditor of any Transaction Party or its estate in competition with the Security Agent or any other Finance Party (or any trustee or agent on their behalf); or
- (iv) receive, claim or have the benefit of any payment, distribution or security from or on account of any Transaction Party, or exercise any right of set-off as against any Transaction Party.

Each Security Provider must hold in trust for and promptly pay or transfer to the Security Agent (or as directed by the Security Agent) for the Finance Parties any payment or distribution or benefit of security received by it contrary to this Subclause or in accordance with any directions given by the Security Agent under this Subclause.

## **5.6 Waiver of subrogation**

Notwithstanding any provision to the contrary in any guaranty given by any Security Provider in respect of the Secured Liabilities, each Security Provider:

- (a) irrevocably and unconditionally waives, for the benefit of the Security Agent and the other Finance Parties; and
- (b) agrees not to claim or assert after the Security Agent has exercised its rights under Clause 8 (When Security Becomes Enforceable),

any right of subrogation, contribution or indemnity it may have against any Transaction Party as a result of any payment under that guaranty or in respect of the Secured Liabilities.

## **5.7 Election of remedies**

- (a) Each Security Provider understands that the exercise by the Security Agent and the other Finance Parties of certain rights and remedies contained in the Finance Documents may affect or eliminate its right of subrogation and reimbursement against the Transaction Parties and that it may therefore incur a partially or totally non-reimbursable liability under this Agreement.
- (b) Each Security Provider expressly authorizes the Security Agent and the other Finance Parties to pursue their rights and remedies with respect to the Secured Liabilities in any order or fashion they deem appropriate, in their sole and absolute discretion.
- (c) Each Security Provider waives any defense arising out of the absence, impairment, or loss of any or all of its rights of recourse, reimbursement, contribution, or subrogation or any other rights or remedies it may have against any Transaction Party, any other person or any security, whether resulting from any election of rights or remedies by the Security Agent or the other Finance Parties, or otherwise.

## **5.8 Information concerning the Transaction Parties**

- (a) Each Security Provider represents and warrants to the Security Agent and the other Finance Parties that it is affiliated with each Transaction Party or is otherwise in a position to have access to all relevant information bearing on the present and continuing creditworthiness of each Transaction Party and the risk that any Transaction Party will be unable to pay the Secured Liabilities when due.
- (b) Each Security Provider waives any requirement that the Security Agent or the other Finance Parties advise it of information known to the Security Agent or any other Finance Party regarding the financial condition or business of any Transaction Party, or any other circumstance bearing on the risk of non-performance of the Secured Liabilities.
- (c) Each Security Provider assumes sole responsibility for keeping itself informed of the financial condition and business of each Transaction Party.

## **6. REPRESENTATIONS AND WARRANTIES**

### **6.1 Representations and warranties**

The representations and warranties set out in this Clause are made by each Security Provider (except as otherwise provided herein) to each Finance Party.

### **6.2 The Security Providers**

- (a) SGU represents and warrants that:
  - (i) It is incorporated under the laws of the State of Delaware.
  - (ii) Its exact legal name, as it appears in the public records of its jurisdiction of incorporation, is Study Group USA, Inc. It has not changed its name, whether by

amendment of its organizational documents, reorganization, merger or otherwise, since its date of incorporation.

- (iii) Its organizational identification number, as issued by its jurisdiction of incorporation, is 3861812.
  - (iv) Its chief executive office is located at 330 Seventh Avenue, Second Floor, New York, New York 10001. SGU has not changed its chief executive office within the past five years.
  - (v) It keeps at its address indicated in Clause 18 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral, except for the Possessory Collateral delivered to the Security Agent in compliance with Subclause 4.4 (Delivery of Possessory Collateral) or any tangible chattel paper delivered to the Security Agent in compliance with Subclause 4.6 (Perfection - special steps for tangible chattel paper).
- (b) SG represents and warrants that:
- (i) It is organized under the laws of the District of Columbia.
  - (ii) Its exact legal name, as it appears in the public records of its jurisdiction of organization, is Study Group, LLC. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, since September 30, 2004.
  - (iii) Its organizational identification number, as issued by its jurisdiction of organization, is L10494.
  - (iv) Its chief executive office is located at 330 Seventh Avenue, Second Floor, New York, New York 10001. SG has not changed its chief executive office within the past five years.
  - (v) It keeps at its address indicated in Clause 18 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral, except for the Possessory Collateral delivered to the Security Agent in compliance with Subclause 4.4 (Delivery of Possessory Collateral) or any tangible chattel paper delivered to the Security Agent in compliance with Subclause 4.6 (Perfection - special steps for tangible chattel paper).
- (c) CES represents and warrants that:
- (i) It is organized under the laws of the State of Delaware.
  - (ii) Its exact legal name, as it appears in the public records of its jurisdiction of organization, is Center for English Studies, LLC. It has not changed its name, whether by amendment of its organizational documents, reorganization, merger or otherwise, since its date of organization.

- (iii) Its organizational identification number, as issued by its jurisdiction of organization, is 0896579.
- (iv) Its chief executive office is located at 330 Seventh Avenue, Second Floor, New York, New York 10001. CES has not changed its chief executive office within the past five years.
- (v) It keeps at its address indicated in Clause 18 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral, except for the Possessory Collateral delivered to the Security Agent in compliance with Subclause 4.4 (Delivery of Possessory Collateral) or any tangible chattel paper delivered to the Security Agent in compliance with Subclause 4.6 (Perfection - special steps for tangible chattel paper).

### 6.3 The Collateral

- (a) It has exclusive possession and control of all of its Collateral except for:
  - (i) Collateral subject to a Control Agreement in compliance with Subclause 4.3 (Control); and
  - (ii) Possessory Collateral delivered to the Security Agent in compliance with Subclause 4.4 (Delivery of Possessory Collateral); and
  - (iii) Collateral held by a Bailee and subject to a Bailee Acknowledgement covering that Collateral in accordance with Subclause 4.5(b) (Notice of security interest).
- (b) Except as permitted under the Facility Agreements:
  - (i) it has not agreed or committed to sell, assign, pledge, transfer, license, lease or encumber any of its Collateral, or granted any option, warrant or right with respect to any of its Collateral, *provided* that nothing herein shall inhibit or impair in any material respect any Security Provider's right to use, exploit, license and enforce the Trademarks as currently used in the business; and
  - (ii) no effective mortgage, deed of trust, financing statement, security agreement or other instrument similar in effect is on file or of record with respect to any of its Collateral, except for those that create, perfect or evidence the Security Agent's security interest.
- (c) All of its Collateral consisting of goods is located solely in the States listed in Schedule 4 (States in which Collateral Consisting of Goods is Located).
- (d) No litigation, arbitration, mediation, conciliation or administrative proceedings involving or affecting the Trademarks are taking place, pending or, to the best of its knowledge and belief after making due inquiry, threatened which, if determined against the Security Provider, may result in an uninsured cost to it of more than A\$1,000,000 or is reasonably likely to have a Material Adverse Effect, and none of its Collateral is subject to any order, writ, injunction, execution or attachment.
- (e) None of the registrations for any Trademarks is expired.

- (f) The Security Providers have made all necessary filings in respect of the Trademarks in the PTO under 15 U.S.C. §§ 1058, 1059 and 1065 to maintain the protection for such registration(s).
- (g) All of the Trademarks which are the subject of the registrations set forth in Schedule 5 (Trademarks) hereto have been in use from the first use dates identified in such registrations in a manner sufficient to avoid the invalidation or abandonment of the Trademarks.
- (h) To any of the Security Providers' knowledge, none of the Trademarks infringes, violates, dilutes, impairs, misappropriates, conflicts with, or breaches any right or interest of any third party (including any trademark right, service mark right, trade name right, Internet domain name right, copyright right, patent right, inventorship right, trade secret right, moral right, privacy right, publicity right, or contractual right), and no third party has asserted a claim in writing, or is currently asserting a claim in writing, with respect thereto.
- (i) To any of Security Providers' knowledge, no third party is infringing, violating, diluting, impairing, or misappropriating any of the Trademarks in any material respect.
- (j) None of the Trademarks is the subject of any outstanding license agreement (whether exclusive or non-exclusive), consent, permission, right-to-use, or release that will inhibit or impair in any material respect any Security Provider's use of the Trademarks as currently used in the business.

#### **6.4 No liability**

- (a) Its rights, interests, liabilities and obligations under contractual obligations that constitute part of its Collateral are not affected by this Agreement or the exercise by the Security Agent of its rights under this Agreement.
- (b) Neither the Security Agent nor any other Finance Party, unless it expressly agrees in writing, will have any liabilities or obligations under any contractual obligation that constitutes part of its Collateral as a result of this Agreement, the exercise by the Security Agent of its rights under this Agreement or otherwise.
- (c) Neither the Security Agent nor any other Finance Party has or will have any obligation to collect upon or enforce any contractual obligation or claim that constitutes part of the Collateral, or to take any other action with respect to the Collateral.

#### **6.5 Consideration and solvency**

- (a) Terms used in this Subclause have the meanings given to them in, and must be construed in accordance with, the fraudulent transfer laws.
- (b) It will receive valuable direct and indirect benefits as a result of the transactions financed by the Funding Portions and these benefits constitute reasonably equivalent value and fair consideration.
- (c) To the best of its knowledge, the Finance Parties have acted in good faith in connection with the transactions contemplated by this Agreement.
- (d) The sum of its debts (including its obligations under this Agreement) is less than the value of its property (calculated at the lesser of fair valuation and present fair saleable value).

- (e) Its capital is not unreasonably small to conduct its business as currently conducted or as proposed to be conducted.
- (f) It has not incurred, does not intend to incur and does not believe it will incur debts beyond its ability to pay as they mature.
- (g) It has not made a transfer or incurred an obligation under this Agreement with the intent to hinder, delay or defraud any of its present or future creditors.

## **6.6 Australian Stamp Duty**

It does not own or have any interest in any asset located or taken to be located for Australian stamp duty purposes in any State or Territory of Australia.

## **6.7 Times for making representations and warranties**

- (a) The representations and warranties set out in this Agreement (including in this Clause) are made on the date of this Agreement.
- (b) Unless a representation and warranty is expressed to be given at a specific date, all representations and warranties under this Agreement are deemed to be repeated by each Security Provider on the date of each Funding Notice and the first day of each Interest Period during the Security Period with reference to the facts and circumstances then existing.
- (c) The representations and warranties of each Security Provider contained in this Agreement or made by it in any certificate, notice or report delivered under this Agreement will survive each Funding Date, the making and repayment (and reimbursement) of the Funding Portions, and any novation, transfer or assignment of any Funding Portion.

## **7. UNDERTAKINGS**

### **7.1 Undertakings**

Each Security Provider agrees to be bound by the covenants set out in this Clause.

### **7.2 The Security Providers**

- (a) Each Security Provider must not change its name without providing the Security Agent with 30 days' prior written notice.
- (b) Each Security Provider must keep at its address indicated in Clause 18 (Notices) its corporate records and all records, documents and instruments constituting, relating to or evidencing Collateral, except for the Possessory Collateral delivered to the Security Agent in compliance with Subclause 4.4 (Delivery of Possessory Collateral) or any tangible chattel paper delivered to the Security Agent in compliance with Subclause 4.6 (Perfection - special steps for tangible chattel paper).
- (c) Each Security Provider permits the Security Agent and its agents and representatives to discuss matters relating to the Collateral directly with its officers and employees.

### 7.3 The Collateral

- (a) Except as expressly permitted by the Facility Agreements or this Agreement, the Security Providers:
  - (i) must maintain sole legal and beneficial ownership of the Collateral;
  - (ii) must not permit any Collateral to be subject to any Lien other than the Security Agent's security interest and must at all times warrant and defend the Security Agent's security interest in the Collateral against all other Liens and claimants;
  - (iii) must not sell, assign, transfer, pledge, license, lease or encumber, or grant any option, warrant, or right with respect to, any of the Collateral, or agree or contract to do any of the foregoing, *provided* that nothing herein shall inhibit or impair in any material respect the Security Providers' right to use, exploit, license and enforce the Trademarks as currently used in the business;
  - (iv) must not waive, amend or terminate, in whole or in part, any accessory or ancillary right or other right in respect of any Collateral other than Trademarks, and must not waive, amend or terminate, in whole or in part, any accessory or ancillary material right or other material right in respect of any Trademarks; and
  - (v) must not take any action which would result in a reduction in the value of any Collateral.
- (b) The Collateral must remain personal property at all times. No Security Provider may affix any of the Collateral to any real property in any manner which would change its nature from that of personal property to real property or to a fixture.
- (c) Except as expressly permitted by the Facility Agreements, the Security Provider must pay when due (and in any case before any penalties are assessed or any Lien is imposed on any Collateral) all taxes, assessments and charges imposed on or in respect of any Collateral, and all claims against any Collateral, including claims for labor, materials and supplies, in either case, except to the extent that (a) the relevant Security Provider is, in good faith and by appropriate proceedings, contesting the validity thereof and (b) the Collateral that is the subject of such proceedings does not become subject to foreclosure or loss as a result of such contest.
- (d) Except as expressly permitted by the Facility Agreements, in any suit, legal action, arbitration or other proceeding involving any Collateral or the Security Agent's security interest, the Security Providers must take all lawful action to avoid impairment of the Security Agent's security interest or the Security Agent's rights under this Agreement or the imposition of a Lien on any Collateral.
- (e) Upon:
  - (i) any Security Provider obtaining an interest in any Trademark; or
  - (ii) any Security Provider or any of its respective agents, employees, designees or licensees filing an application for the registration of any Trademark with the PTO or any similar office or agency or in any political subdivision thereof,

such Security Provider will promptly (and in any event within 60 days) execute and deliver to the Security Agent:

- (A) a trademark security agreement substantially in the form of the Trademark Security Agreement; and
- (B) any other document required to acknowledge, register or perfect the Security Agent's security interest in such Trademark.
- (f) Each Security Provider (either itself or through its licensees or its sublicensees) will (i) take all the necessary steps, including in any proceeding before the United States Patent and Trademark Office or any similar office or agency in the United States of America or any political subdivision thereof, to maintain and pursue any application (and to obtain the relevant registration after application) filed with respect to, and to maintain any registration of, all Trademarks, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes, except to the extent that dedication, abandonment or invalidation is permitted under the Facility Agreements; (ii) maintain as in the past the quality of the products and services offered under such Trademarks; (iii) use such Trademarks with notice of federal registration to the extent sufficient to establish and preserve its rights under applicable law; and (iv) not knowingly use or knowingly permit the use of any Trademark in violation of any third party rights.
- (g) In the event that any Trademark is or has been infringed upon or misappropriated or diluted by a third party, the relevant Security Provider shall notify the Security Agent promptly after it learns thereof. Such Security Provider shall take appropriate action in response to such infringement, misappropriation or dilution, including promptly bringing suit for infringement, misappropriation or dilution and to recover all damages for such infringement, misappropriation or dilution, and shall take such other actions may be appropriate in its reasonable judgment under the circumstances to protect such Trademark.
- (h) Except as expressly permitted by the Facility Agreements, the Security Providers will not permit any Trademark to be subject to any security interest and will at all times warrant and defend the Security Agent's security interest in the Trademark against all other security interests.
- (i) Except as expressly permitted by the Facility Agreements, the Security Providers will not, and will not permit any of its licensees or sublicensees to, commit or omit to perform any act whereby any Trademark may become forfeited, abandoned or dedicated to the public, and shall notify the Security Agent promptly if it knows, or has reason to know, that any application or registration may become forfeited, abandoned or dedicated to the public, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the PTO or any court or tribunal) regarding any Security Provider's ownership of, right to use, interest in, or the validity of, any Trademark or any Security Provider's right to register the same or to own and maintain the same.

#### **7.4 Notices**

- (a) The Security Providers must give the Security Agent prompt notice of the occurrence of any of the following events:



- (i) any pending or threatened claim, suit, legal action, arbitration or other proceeding involving or affecting any Security Provider or any Collateral which could reasonably be expected to impair the Security Agent's security interest or the Security Agent's rights under this Agreement or result in the imposition of a Lien on any Collateral;
  - (ii) any loss or damage to any material portion of the Collateral;
  - (iii) any Security Provider knows, or has reason to know, that any application or registration relating to any of the Trademarks may become abandoned or invalid or unenforceable, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the United States Patent and Trademark Office or any court) regarding any Security Provider's ownership of any of the Trademarks, its right to register the same or to keep and maintain and enforce the same; or
  - (iv) any representation or warranty contained in this Agreement is or becomes untrue, incorrect or incomplete in any material respect.
- (b) Each notice delivered under this Clause, must include:
- (i) reasonable details about the event; and
  - (ii) the relevant Security Provider's proposed course of action.

Delivery of a notice under this Clause does not affect the Security Providers' obligations to comply with any other term of this Agreement.

## **8. WHEN SECURITY BECOMES ENFORCEABLE**

This Security may be enforced by the Security Agent at any time after an Event of Default has occurred and is continuing.

## **9. ENFORCEMENT OF SECURITY**

### **9.1 Events of Default**

Each of the events set out in this Subclause is an Event of Default.

- (a) A Security Provider does not comply with Subclause 7.3 (The Collateral);
- (b) any attachment, execution or levy is made in respect of any part of the Collateral; or
- (c) an "Event of Default" (as that term is defined in the Facility Agreements) occurs and is continuing.

### **9.2 General**

- (a) After this Security has become enforceable, the Security Agent may promptly, in its absolute discretion, exercise any right under:
  - (i) applicable law; or

- (ii) this Agreement,

to enforce all or any part of the Security in respect of any Collateral in any manner or order it sees fit, subject, in the case of Trademarks, to the use of quality control provisions sufficient to avoid the risk of invalidation or abandonment of any of the Trademarks.

- (b) This includes:

- (i) any rights and remedies available to the Security Agent under applicable law and under the UCC (whether or not the UCC applies to the affected Collateral and regardless of whether or not the UCC is the law of the jurisdiction where the rights or remedies are asserted) as if those rights and remedies were set forth in this Agreement in full;
- (ii) transferring or assigning to, or registering in the name of, the Security Agent or its nominees any of the Collateral;
- (iii) exercising any consent and other rights relating to any Collateral;
- (iv) performing or complying with any contractual obligation that constitutes part of the Collateral;
- (v) receiving, endorsing, negotiating, executing and delivering or collecting upon any check, draft, note, acceptance, chattel paper, account, instrument, document, letter of credit, contract, agreement, receipt, release, bill of lading, invoice, endorsement, assignment, bill of sale, deed, security, share certificate, stock power, proxy, or instrument of conveyance or transfer constituting or relating to any Collateral;
- (vi) asserting, instituting, filing, defending, settling, compromising, adjusting, discounting or releasing any suit, action, claim, counterclaim, right of set-off or other right or interest relating to any Collateral;
- (vii) executing and delivering acquittances, receipts and releases in respect of Collateral; and
- (viii) exercising any other right or remedy available to the Security Agent under the other Finance Documents or any other agreement between the parties.

### **9.3 Collections after an Event of Default**

- (a) If an Event of Default occurs and is continuing, each Security Provider must hold all funds and other property received or collected in respect of the Collateral in trust for the Security Agent, and must keep these funds and this other property segregated from all other funds and property so as to be capable of identification.
- (b) Each Security Provider must deliver those funds and that other property to the Security Agent in the identical form received, properly endorsed or assigned if required to enable the Security Agent to complete collection.
- (c) After the occurrence and during the continuation of an Event of Default, each Security Provider may not settle, compromise, adjust, discount or release any claim in respect of Collateral and must not accept any returns of merchandise other than in the ordinary course of business.

#### 9.4 Security Agent's rights upon default

- (a) Each Security Provider irrevocably constitutes and appoints the Security Agent, with full power of substitution, as its true and lawful attorney-in-fact, in its name or in the Security Agent's name or otherwise, and at its expense, to take any of the actions authorized by this Agreement or permitted under applicable law upon the occurrence and during the continuation of an Event of Default, without notice to it or its consent. This power of attorney is a power coupled with an interest and cannot be revoked. Each Security Provider ratifies and confirms all actions taken by the Security Agent or its agents under this power of attorney, except where such attorney is guilty of willful misconduct or gross negligence.
- (b) Each Security Provider agrees that 10 days' notice shall constitute reasonable notice in connection with any sale, transfer or other disposition of Collateral.
- (c) The Security Agent may comply with any applicable state or federal law requirements in connection with a disposition of Collateral and compliance will not be considered adversely to affect the commercial reasonableness of any sale of Collateral.
- (d) The grant to the Security Agent under this Agreement of any right, power or remedy does not impose upon the Security Agent any duty to exercise that right, power or remedy. The Security Agent will have no obligation to take any steps to preserve any claim or other right against any person or with respect to any Collateral.
- (e) Each Security Provider bears the risk of loss, damage, diminution in value, or destruction of the Collateral.
- (f) The Security Agent will have no responsibility for any act or omission of any courier, bailee, broker, bank, investment bank or any other person chosen by it with reasonable care.
- (g) The Security Agent makes no express or implied representations or warranties with respect to any Collateral or other property released to any Security Provider or their successors and assigns.
- (h) Each Security Provider agrees that the Security Agent will have met its duty of care under applicable law if it holds, maintains and disposes of Collateral in the same reasonable manner that it holds, maintains and disposes of property for its own account.
- (i) Except as set forth in this Clause or as required under applicable law or as otherwise agreed by the parties, the Security Agent will have no duties or obligations under this Agreement or otherwise with respect to the Collateral.
- (j) The sale, transfer or other disposition under this Agreement of any right, title, or interest of any Security Provider in any item of Collateral will:
  - (i) operate to divest that Security Provider permanently and all persons claiming under or through that Security Provider of that right, title, or interest; and
  - (ii) be a perpetual bar, both at law and in equity, to any claims by that Security Provider or any person claiming under or through that Security Provider,

with respect to that item of Collateral.

#### 9.5 No marshaling

- (a) The Security Agent need not, and each Security Provider irrevocably waives and agrees that it will not invoke or assert any law requiring the Security Agent to:
  - (i) attempt to satisfy the Secured Liabilities by collecting them from any other person liable for them; or
  - (ii) marshal any security or guarantee securing payment or performance of the Secured Liabilities or any particular asset of any Security Provider.
- (b) The Security Agent may release, modify or waive any collateral or guarantee provided by any other person to secure any of the Secured Liabilities, without affecting the Security Agent's rights against any Security Provider.

#### 10. APPLICATION OF PROCEEDS

Any moneys received in connection with the Collateral by the Security Agent after this Security has become enforceable must be applied in the following order of priority:

- (a) **first**, in or towards payment of or provision for all costs and expenses incurred by the Security Agent or any other Finance Party in connection with the enforcement of this Security;
- (b) **second**, in or towards payment of, or provision for, the Secured Liabilities in the order of priority contemplated in Clause 5.2 of the Security Trust Deed; and
- (c) **third**, in payment of the surplus (if any) to the Security Providers or any other person entitled to it under applicable law.

This Clause is subject to the payment of any claims having priority over this Security. This Clause does not prejudice the right of any Finance Party to recover any shortfall from any Security Provider.

#### 11. EXPENSES AND INDEMNITY

- (a) A liability arising under or in connection with this Agreement (whether such liability arises under a specific provision of this Agreement, from breach of contract or otherwise) can be enforced against the Security Agent only to the extent to which the Security Agent can be indemnified for the liability out of the Collateral.
- (b) The limitation of the Security Agent's liability under sub-Clause 11(a):
  - (i) applies despite any other provision of this Agreement (other than sub-Clause 11(d)); and
  - (ii) extends to all liabilities and obligations of the Security Agent in relation to any representation, warranty, conduct, omission, agreement or transaction related to this Agreement.
- (c) The Security Providers may not:

- (i) sue the Security Agent personally;
  - (ii) seek the appointment of a trustee in bankruptcy, liquidator, administrator, receiver or similar person to the Security Agent; or
  - (iii) prove in the insolvency or bankruptcy or other arrangement of or affecting the Security Agent.
- (d) The provisions of sub-Clauses 11(a), (b) and (c) will not apply to any obligation or liability of the Security Agent to the extent that the Security Agent is not satisfied because there is a reduction in the extent, or an extinguishment, of the Security Agent's indemnification out of the Collateral as a result of the Security Agent's gross negligence or willful misconduct. Payment by any indemnified party will not be a condition precedent to the obligations of any Security Provider under this indemnity.
- (e) This Clause survives the initial Funding Date, the making and repayment (and reimbursement) of the Funding Portions, any novation, transfer or assignment of the Funding Portions and the termination of this Agreement.

## **12. DELEGATION**

### **12.1 Power of attorney**

The Security Agent may delegate by power of attorney or in any other manner to any person any right, power or discretion exercisable by it under or in connection with this Agreement.

### **12.2 Terms**

Any such delegation may be made upon any terms (including power to sub-delegate) which the Security Agent may reasonably consider fit.

### **12.3 Liability**

The Security Agent will not be in any way liable or responsible to any Security Provider for any loss or liability arising from any act, default, omission or misconduct on the part of any delegate or sub-delegate.

## **13. EVIDENCE AND CALCULATIONS**

In the absence of manifest error, the records of the Security Agent are prima facie evidence of the existence and the amount of the Secured Liabilities.

## **14. CHANGES TO THE PARTIES**

### **14.1 Security Providers**

The Security Providers may not assign, delegate or transfer any of their rights or obligations under this Agreement except as permitted under the Facility Agreements, and any purported assignment, delegation or transfer in violation of this provision shall be void and of no effect.

## **14.2 Security Agent**

- (a) The Security Agent may assign or transfer its rights and obligations under this Agreement in the manner permitted under the Facility Agreements.
- (b) Each Security Provider waives and will not assert against any assignee of the Security Agent any claims, defenses or set-offs which it could assert against the Security Agent except for defenses which cannot be waived under applicable law.

## **14.3 Successors and assigns**

This Agreement shall be binding on and inure to the benefit of the respective successors and permitted assigns of the Security Providers and the Security Agent.

## **15. MISCELLANEOUS**

### **15.1 Amendments and waivers**

Any term of this Agreement may be amended or waived only by the written agreement of the Security Providers and the Security Agent.

### **15.2 Waivers and remedies cumulative**

- (a) The rights and remedies of the Security Agent under this Agreement:
  - (i) may be exercised as often as necessary;
  - (ii) are cumulative and not exclusive of its rights under applicable law; and
  - (iii) may be waived only in writing and specifically.
- (b) Delay in exercising, or non-exercise, of any right or remedy under this Agreement is not a waiver of that right or remedy.

### **15.3 Counterparts**

This Agreement may be executed in counterparts, and this has the same effect as if the signatures on the counterparts were on a single copy of this Agreement.

## **16. SEVERABILITY**

If any term of this Agreement is or becomes illegal, invalid or unenforceable in any jurisdiction, that will not affect:

- (a) the legality, validity or enforceability in that jurisdiction of any other term of this Agreement; or
- (b) the legality, validity or enforceability in any other jurisdiction of that or any other term of this Agreement.

**17. RELEASE**

At the end of the Security Period (or if otherwise permitted under the Finance Documents), the Security Agent must, at the request and cost of the Security Providers, take whatever action is reasonably necessary to release the Collateral from this Security and to reassign to each Security Provider its Collateral.

**18. NOTICES**

**18.1 Notices**

Any communication in connection with this Agreement must be in writing and, unless otherwise stated, must be given in person or by fax.

**18.2 Contact details**

(a) The contact details of the Security Providers for this purpose are:

With respect to SGU:

Address: Lorna House  
103 Lorna Road  
Hove, Sussex  
BN3 3EL  
United Kingdom

Fax: +44 1273 746 131  
Attention: Andrew Mills

With respect to SG:

Address: Lorna House  
103 Lorna Road  
Hove, Sussex  
BN3 3EL  
United Kingdom

Fax: +44 1273 746 131  
Attention: Andrew Mills

With respect to CES:

Address: Lorna House  
103 Lorna Road  
Hove, Sussex  
BN3 3EL  
United Kingdom

Fax: +44 1273 746 131  
Attention: Andrew Mills

- (b) The contact details of the Security Agent for this purpose are:
- Address: Level 27, 45 Clarence Street  
Sydney, NSW 2000  
Australia
- Fax: +61 2 8299 8859
- Attention: Michael Dawkins
- (c) Either party may change its contact details by giving five Business Days' notice to the other party.
- (d) Where a party nominates a particular department or officer to receive a communication, a communication will not be effective if it fails to specify that department or officer.

### **18.3 Effectiveness**

- (a) Except as provided below, any communication in connection with this Agreement will be deemed to be given as follows:
- (i) if delivered in person, at the time of delivery;
- (ii) if by fax, when sent with confirmation of transmission.
- (b) A communication given under this Clause but received on a non-working day or after business hours in the place of receipt will only be deemed to be given on the next working day in that place.

## **19. GOVERNING LAW**

This Agreement, the relationship between the Security Providers and the Finance Parties and any claim or dispute (whether sounding in contract, tort, statute or otherwise) relating to this Agreement or that relationship shall be governed by and construed in accordance with law of the State of New York including section 5-1401 of the New York General Obligations Law but excluding any other conflict of law rules that would lead to the application of the law of another jurisdiction. If the law of a jurisdiction other than New York is, under section 1-105(2) of the UCC, mandatorily applicable to the perfection, priority or enforcement of any security interest granted under this Agreement in respect of any particular Collateral, that other law shall apply solely to the matters of perfection, priority or enforcement to which it is mandatorily applicable.

## **20. ENFORCEMENT**

### **20.1 Jurisdiction**

- (a) For the benefit of the Security Agent, the Security Providers agree that the courts of New South Wales, Australia have jurisdiction to settle any disputes and any judgment, order or award in connection with this Agreement and accordingly submit to the jurisdiction of the New South Wales courts.
- (b) For the benefit of the Security Agent, the Security Providers agree that any New York State court or Federal court sitting in the City and County of New York has jurisdiction to settle any



disputes and any judgment, order or award in connection with this Agreement and accordingly submit to the jurisdiction of those courts.

- (c) The Security Providers:
  - (i) waive objection to the New South Wales, New York State and Federal courts on grounds of personal jurisdiction, inconvenient forum or otherwise as regards proceedings in connection with this Agreement; and
  - (ii) agree that a judgment or order of a New South Wales, a New York State or Federal court in connection with this Agreement is conclusive and binding on them and may be enforced against them in the courts of any other jurisdiction.
- (d) Nothing in this Clause limits the right of the Security Agent or any other Finance Party to bring proceedings against any Security Provider in connection with this Agreement:
  - (i) in any other court of competent jurisdiction; or
  - (ii) concurrently in more than one jurisdiction.

## **20.2 Service of Process**

- (a) Each Security Provider irrevocably appoints the Australian Borrower as its agent for service of process in relation to any proceedings before the New South Wales courts in connection with this Agreement.
- (b) In relation to proceedings in connection with this Agreement before any courts located in the State of New York:
  - (i) SGU appoints National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904 as its agent for service of process;
  - (ii) SG appoints National Registered Agents, Inc., 1090 Vermont Avenue N.W., Suite 910, Washington, DC 20005 as its agent for service of process; and
  - (iii) CES appoints National Registered Agents, Inc., 160 Greentree Drive, Suite 101, Dover, Delaware 19904 as its agent for service of process.
- (c) Each Security Provider agrees to maintain an agent for service of process in New South Wales, Australia and the State of New York until the end of the Security Period.
- (d) Each Security Provider agrees that failure by a process agent to notify it of the process will not invalidate the proceedings concerned.
- (e) Each Security Provider consents to the service of process relating to any proceedings by a notice given in accordance with Clause 18 (Notices) above.
- (f) If the appointment of any person mentioned in paragraphs (a) and (b) above ceases to be effective, each Security Provider must promptly appoint a further person in New South Wales, Australia or the State of New York to accept service of process on its behalf in New South

Wales, Australia or the State of New York, and, if any Security Provider does not appoint a process agent within 15 days, it authorizes the Security Agent to appoint a process agent for it.

**20.3 Complete Agreement**

This Agreement and the other Finance Documents contain the complete agreement between the parties on the matters to which they relate and supersede all prior commitments, agreements and understandings, whether written or oral, on those matters.

**20.4 Waiver of Jury Trial**

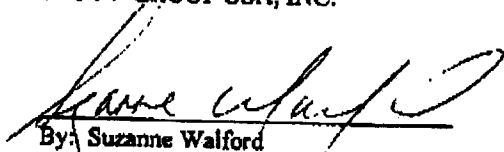
THE SECURITY PROVIDERS AND THE SECURITY AGENT (FOR ITSELF AND ON BEHALF OF THE OTHER FINANCE PARTIES) WAIVE ANY RIGHTS THEY MAY HAVE TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED ON OR ARISING FROM THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. In the event of litigation, this Agreement may be filed as a written consent to a trial by the court.

The undersigned, intending to be legally bound, have executed and delivered this Agreement on the date stated at the beginning of this Agreement.

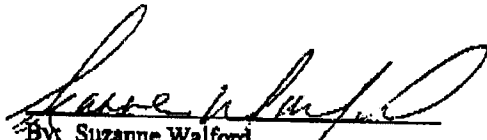
**SIGNATORIES**

**Security Providers**

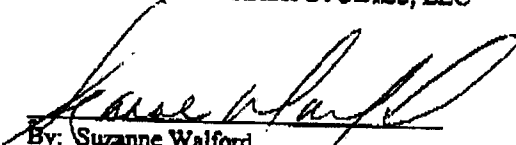
**STUDY GROUP USA, INC.**

  
By: Suzanne Walford  
Title: Treasurer and Secretary

**STUDY GROUP, LLC**

  
By: Suzanne Walford  
Title: Treasurer and Secretary

**CENTER FOR ENGLISH STUDIES, LLC**

  
By: Suzanne Walford  
Title: Treasurer and Secretary

**Security Agent**

Signed, sealed and delivered for  
**BWA CUSTODIANS LIMITED**  
in its capacity as Security Trustee  
under the Security Trust Deed,  
as security agent, by its attorney  
in the presence of:

\_\_\_\_\_  
Witness  
Name:

\_\_\_\_\_  
Attorney  
Name:

*Security Agreement*

**SIGNATORIES**

**Security Providers**

STUDY GROUP USA, INC.

---

By: Suzanne Walford  
Title: Treasurer and Secretary

STUDY GROUP, LLC

---

By: Suzanne Walford  
Title: Treasurer and Secretary

CENTER FOR ENGLISH STUDIES, LLC

---

By: Suzanne Walford  
Title: Treasurer and Secretary

**Security Agent**

Signed, sealed and delivered for  
BWA CUSTODIANS LIMITED  
in its capacity as Security Trustee  
under the Security Trust Deed,  
as security agent, by its attorney  
in the presence of:

---

Witness  
Name: Timothy Cruickshank

---

Attorney  
Name:



**JOHN R SCHEMBRI**

*Security Agreement*

**Schedule 1**

**COMMERCIAL TORT CLAIMS**

None.

**Schedule 2**

**CONTRACTUAL RESTRICTIONS**

None.

**Schedule 3**

**CONTRACTS AND COUNTERPARTIES TO CONTRACTS BEING ASSIGNED**

**Account, Contract or Agreement**

**Account Debtor or Contract Debtor**

None.

**Schedule 4**

**STATES IN WHICH COLLATERAL CONSISTING OF GOODS IS LOCATED**

New York

California

Florida

Massachusetts



**Schedule 5**

**TRADEMARKS**

Mark	Registrant	Registration Number	Date of Registration	International class(es)
FSL	Study Group, LLC	1624092	December 20, 1990	IC 39, IC 41

**Exhibit 1**

**FORM OF ASSIGNMENT NOTICE**

**[on the letterhead of the Security Provider]**

From: [SECURITY PROVIDER]

To: [COUNTERPARTY]

Copy: [SECURITY AGENT]

[DATE]

Ladies and Gentlemen,

**Re:** [describe Contract] (the **Contract**)

**1. Notice**

We give you notice that we have granted to [SECURITY AGENT] the (**Security Agent**) a first-priority security interest in all of our rights and interests under the Contract.

**2. Rights under the Contract**

Until you receive a notice or instruction from the Security Agent to the contrary (an **Enforcement Notice**), we may exercise all our rights and powers under the Contract. After the Security Agent has delivered to you an Enforcement Notice, the Security Agent will have the exclusive right to exercise all of our rights and powers under the Contract. In particular, after the delivery of an Enforcement Notice, you are to pay all sums due under the Contract only as directed by the Security Agent. **If there is a conflict between the instructions you receive from us and the instructions you receive from the Security Agent, you are to follow the Security Agent's instructions.**

**3. Authorization**

We irrevocably instruct and authorize you, from and after the date of this letter, to:

- (a) disclose to the Security Agent any information relating to the Contract which the Security Agent may request;
- (b) comply with the terms of any notice or instruction you receive from the Security Agent relating to the Contract; and
- (c) send copies of any notices and other information required or permitted to be sent to us under the Contract to the Security Agent as follows:

[●]

Fax: [●]

Attention: [●]

**4. Amendments**

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

**5. Acknowledgement**

We request that you indicate your agreement to the terms of this notice by signing and returning to the Security Agent and to us copies of the acknowledgement that is attached.

Yours faithfully,

**[SECURITY PROVIDER]**

(Authorized signatory)

By:

Title:

**Exhibit 2**

**FORM OF ASSIGNMENT ACKNOWLEDGEMENT**

**[on the letterhead of the Counterparty]**

From: [COUNTERPARTY]

To: [SECURITY AGENT]

and

[SECURITY PROVIDER]

[DATE]

Ladies and Gentlemen:

**Re:** [describe the Contract] [the **Contract**]

1. We confirm that we have received from [SECURITY PROVIDER] (the **Security Provider**) a notice dated [ ] (the **Notice**) informing us that the Security Provider has granted to [SECURITY AGENT] (the **Security Agent**) a first-priority security interest in all of its rights and interests under the Contract.
2. We also confirm that:
  - (a) we accept the instructions and authorizations contained in the Notice and undertake to comply with the terms of the Notice;
  - (b) we have not received notice of any other assignment of the Contract or of any interest or claim of any third party in or to the Contract; and
  - (c) we will comply with all notices and instructions we receive from the Security Agent, and after our receipt of the Enforcement Notice referred to in the Notice, we will pay sums due under the Contract only as directed by the Security Agent.

Yours faithfully,

[COUNTERPARTY]  
(Authorized signatory)

By:

Title:

**Exhibit 3**

**FORM OF BAILEE NOTICE**

**[on letterhead of the Security Provider]**

From: [SECURITY PROVIDER]

To: [BAILEE]

Copy: [SECURITY AGENT]

[DATE]

Ladies and Gentlemen:

**1. Notice**

We give you notice that we have granted a first-priority security interest to [SECURITY AGENT] (the **Security Agent**) in all property (the **Property**) belonging to us that is now or later in your possession, including without limitation the following:

[SPECIFY PROPERTY]].

**2. The Property**

Until you receive a notice or instruction from the Security Agent to the contrary (an **Enforcement Notice**), we may exercise all rights with respect to the Property. After the Security Agent has delivered to you an Enforcement Notice, the Security Agent will have the exclusive right to exercise all of our rights and powers with respect to the Property. **If there is a conflict between the instructions you receive from us and the instructions you receive from the Security Agent, you are to follow the Security Agent's instructions.**

**3. Authorization**

We irrevocably direct you to hold possession of the Property for the Security Agent's benefit. In addition, we irrevocably instruct and authorize you, without any further authorization from us or notice to us, from and after the date of this letter, to:

- (a) disclose to the Security Agent any information relating to the Property which the Security Agent may request;
- (b) comply with the terms of any notice or instructions you receive from the Security Agent relating to the Property, including without limitation, at the time or after you receive an Enforcement Notice, instructions from the Security Agent relating to the delivery of the Property;
- (c) permit the Security Agent and its agents and representatives, at any reasonable time and from time to time, to inspect the Property, to examine and make copies of and abstracts from your records concerning the Property and to discuss these records and other matters relating to the Property with the your officers and employees; and

(d) send copies of any notices and other information required or permitted to be sent to us with respect to the Property to the Security Agent as follows:

[●]

Fax: [●]

Attention: [●]

**4. Amendments**

The instructions in this letter may not be revoked or amended without the prior written consent of the Security Agent.

**5. Acknowledgement**

We request that you indicate your agreement to the terms of this notice by signing and returning to the Security Agent and to us copies of the acknowledgment that is attached.

Yours faithfully,

**[SECURITY PROVIDER]**

(Authorized signatory)

By:

Title:

**Exhibit 4**

**FORM OF BAILEE ACKNOWLEDGEMENT**

**[on the letterhead of Bailee]**

From: [BAILEE]

To: [SECURITY AGENT]

and

[SECURITY PROVIDER]

Ladies and Gentlemen:

1. We confirm that we have received from [SECURITY PROVIDER] (the **Security Provider**) a notice dated [ ] (the **Notice**) stating that the Security Provider has granted to [SECURITY AGENT] (the **Security Agent**) a first-priority security interest in all property (the **Property**) belonging to the Security Provider that is now or later in the our possession.
2. We confirm that we:
  - (a) hold possession of the Property for the benefit of the Security Agent;
  - (b) accept the instructions and authorizations contained in the Notice and undertake to comply with the terms of the Notice;
  - (c) have not received notice of any claim or interest of any third party in or to the Property; and
  - (d) will not deliver the Property to the Security Provider or any other person if we receive instructions from the Security Agent to the contrary.

Yours faithfully,

**[BAILEE]**

(Authorized signatory)

By:

Title: