



## Schedule 1.1(vi)

U.S. TRADEMARKS

<u>Mark</u>	<u>App. #</u>	<u>App. Date</u>	<u>Reg. #</u>	<u>Reg. Date</u>
BLUE BOOK DOLLS & VALUES	73/419201	3/28/83	1331985	4/23/85
DOLL READER	73/419211	3/28/83	1306958	11/27/84
DOLL READER	74/541708	8/24/98	2325585	3/7/00
DOLL READER (STYLIZED)	74/491580	2/17/94	1883528	3/14/95
DOLLS OF THE YEAR	73/551105	7/31/85	1415437	10/28/86
DOLLS OF THE YEAR	74/408428	6/29/93	1827811	3/22/94
DOTY	76/054043	5/23/00	2512061	11/27/01
DOTY DOLL READER DOLLS OF THE YEAR AND DESIGN	75/281292	4/25/97	2429040	2/20/01
TEDDY BEAR AND FRIENDS (STYLIZED)	74/411935	7/12/93	1875933	1/24/95
THE TEDDY BEAR AND FRIENDS	73/422409	4/20/83	1314524	1/15/85
THE ULTIMATE AUTHORITY	74/287308	6/19/92	1761318	3/30/93
THE ULTIMATE AUTHORITY	75/541714	8/24/98	2334719	3/28/00
THE ULTIMATE DOLL AUTHORITY	76/132026	9/18/00		
TOBY	75/281540	4/25/97	2152456	4/21/98
TOBY AND DESIGN	74/329724	11/9/92	1798117	10/12/93
TOBY TEDDY BEAR AND FRIENDS AND DESIGN	75/281539	4/25/97	2252426	6/15/99
VOLLEYBALL AND DESIGN	74/672115	5/10/95	2100469	9/23/97
VOLLEYBALL (STYLIZED)	74/022407	1/25/90	1675552	2/11/92

Explanatory note:

Pursuant to (i) the attached Secured Promissory Note dated as of July 31, 2002 by and between Ashton International Media, Inc. ("Ashton") and PRIMEDIA Enthusiast Publications, Inc. ("PRIMEDIA") and (ii) the attached Secured Promissory Note dated as of September 30, 2002 by and between Ashton and PRIMEDIA, Ashton granted a security interest to PRIMEDIA in certain Collateral, which includes the trademarks and associated goodwill set forth on Schedule 1.1(vi) attached hereto. Pursuant to (i) the attached Stipulation and Order of Settlement dated as of October 15, 2003 entered by the United States District Court for the Southern District of New York (the "Court") in Case No. 02 Civ 9997(HB) (MHD), Ashton acknowledged PRIMEDIA's perfected security interest in the Collateral and agreed that PRIMEDIA was entitled to collect and enforce its security interests in any manner provided by and subject to the provisions of the N.Y. U.C.C. or other applicable law. The Court affirmed PRIMEDIA's entitlement to collect on the Collateral in the attached Final Judgment and Order dated October 15, 2003.

## EXECUTION COPY

## SECURED PROMISSORY NOTE

\$3,100,000.00

New York, New York  
July 31, 2002

Subject to all the following terms and conditions set forth in this secured promissory note (this "Note"), the undersigned ASHTON INTERNATIONAL MEDIA, INC., a Massachusetts corporation (the "Company"), FOR VALUE RECEIVED, hereby promises to pay to PRIMEDIA ENTHUSIAST PUBLICATIONS INC., (the "Holder"), OR ORDER, the sum of THREE MILLION ONE HUNDRED THOUSAND AND NO/100 DOLLARS (\$3,100,000.00), including interest based on the applicable mid-term federal interest rate as determined on the date hereof (the "Total Amount") in lawful money of the United States of America.

1. **Payment.** The Company shall pay the Total Amount in seventeen (17) installments (each, a "Quarterly Payment"), commencing December 31, 2002 and continuing in accordance with the following schedule:

Payment Date	Payment Amount	Amount Applied to Principal	Amount Applied to Interest
December 31, 2002:	\$100,000	\$32,538.08	\$67,461.92
March 31, 2003:	\$112,500	\$74,554.09	\$37,945.91
June 30, 2003:	\$122,500	\$85,635.12	\$36,864.88
September 30, 2003:	\$132,500	\$96,876.83	\$35,623.17
December 31, 2003:	\$142,500	\$108,281.55	\$34,218.45
March 31, 2004:	\$152,500	\$119,851.63	\$32,648.37
June 30, 2004:	\$162,500	\$131,589.48	\$30,910.52
September 30, 2004:	\$172,500	\$143,497.53	\$29,002.47
December 31, 2004:	\$182,500	\$155,578.24	\$26,921.76
March 31, 2005:	\$192,500	\$167,834.12	\$24,665.88
June 30, 2005:	\$202,500	\$180,267.72	\$22,232.28
September 30, 2005:	\$212,500	\$192,881.60	\$19,618.40
December 31, 2005:	\$222,500	\$205,678.38	\$16,821.62
March 31, 2006:	\$232,500	\$218,660.72	\$13,839.28
June 30, 2006:	\$242,500	\$231,831.30	\$10,668.70
September 30, 2006:	\$252,500	\$245,192.86	\$7,307.14
December 31, 2006:	\$262,500	\$258,748.15	\$3,751.85

Such payments shall be made by wire transfer to an account designated by the Holder to the Company in writing at least five (5) days prior to the scheduled due date of the Quarterly Payment. The Company may prepay this Note in whole or in part without penalty.

2. **Maturity.** All outstanding unpaid portions of the Total Amount hereunder, if not sooner paid, shall be due and payable upon the earlier of (i) December 31, 2006 or (ii) election of the Holder during the occurrence of an "Event of Default" (as defined below) (the "Maturity Date").

3. **Security.** The Company hereby grants to the Holder a security interest in the Collateral (as defined below) to secure the payment of the Quarterly Payments owing to the Holder hereunder. As used in this Section 3, "Collateral" means all of the Company's right, title and interest in and to the Assets (as such term is

defined in that certain Asset Purchase Agreement, dated as of July 31, 2002 by and between the Company and the Holder (the "Purchase Agreement") and each and all of the following, whether now existing or owned or hereafter created or acquired by the Company, as they relate to the Assets: all accounts, accounts receivable, contract rights, rights to payment, chattel paper, letter of credit rights and proceeds of letters of credit, documents, securities, money and instruments, and investment property, whether held directly or through a securities intermediary, and other obligations of any kind owed to the Company; all deposit accounts, and all funds and amounts therein; all general intangibles and other personal property of the Company; and all proceeds, including insurance proceeds, of any and all of the foregoing. In connection herewith, the Company authorizes the Holder to file a Form UCC-1 (or other similar form) and any amendments thereto and other filings or recordings (collectively, "Financing Statements"), without the Company's signature, in all jurisdictions where the Holder determines appropriate to perfect its security interest herein. The Company agrees to take all actions requested by the Holder and reasonably necessary to perfect, to continue the perfection of, and to otherwise give notice of, the lien granted hereunder, including, but not limited to, execution of financing statements. Immediately upon payment in full of the Total Amount, the Holder shall release any and all interest the Holder has in the Collateral, including the filing of termination statements in any jurisdictions where the Holder filed Financing Statements, and the security interest granted pursuant to this Note shall terminate.

**4. Event of Default.** Subject to Section 5 below, if any of the following events shall occur (each individually referred to as an "Event of Default"), the Holder may declare the entire unpaid Total Amount immediately due and payable, without any other presentment, demand, protest or notice of any kind or character, all of which are hereby expressly waived, anything herein to the contrary notwithstanding:

(a) **Bankruptcy or Insolvency.** The Company files any petition or action for relief under any bankruptcy, reorganization or insolvency law; any involuntary petition for such relief is filed against the Company and is not discharged within 60 days thereafter; the Company consents to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee, or other similar official, of the Company, or of any substantial part of its property; the Company makes an assignment for the benefit of creditors; the Company admits in writing of its inability to pay its debts generally as they become due; or the Company takes corporate action in furtherance of any such actions; or

(b) **Company Failure to Make the Quarterly Payment.** The Company fails to make any Quarterly Payment within seven (7) days of the date such Quarterly Payment is due.

(c) **Company Failure to Fulfill its Obligations.** The Company fails in any material respect to take any action required to be taken by this Note, the Purchase Agreement, Purchaser's Additional Agreements (as defined in the Purchase Agreement), that certain Transition Services and Facilities Agreement, dated as of July 31, 2002 by and between the Company and the Holder (the "Services Agreement") or to fulfill in any material respect any of its covenants under this Note (other than failure to make any Quarterly Payment which shall be governed by paragraph 4(b) above), the Purchase Agreement, Purchaser's Additional Agreements or the Services Agreement, where such failure continues for at least thirty (30) days after written notice thereof from the Holder to the Company.

**5. Sale of Collateral.** (a) Notwithstanding anything herein, upon the occurrence of an Event of Default pursuant to Section 4(b) above, the Company shall be entitled for a period of 30 days thereafter, to sell the Collateral; provided that all proceeds from such sale of the Collateral shall be first applied to payment in full of any outstanding portions of the Total Amount due under this Note.

(b) If (i) the Company does not complete a sale of the Collateral before the end of such 30-day period or (ii) the proceeds from the sale of the Collateral are insufficient to pay all outstanding portions of the Total

Amount due under this Note, the Company shall not be relieved of its obligation to pay all outstanding portions of the Total Amount due hereunder and Holder shall be entitled to exercise its rights to obtain immediate payment of all unpaid portions of the Total Amount due hereunder pursuant to the provisions of this Note. The Company shall be entitled to all proceeds from the sale of the Collateral after payment in full of the unpaid portions of the Total Amount due under this Note.

**6. Indemnification.** The Company shall indemnify, defend and hold the Holder harmless from and against any and all liabilities, losses or damages, together with all reasonable costs and expenses related thereto (including legal and accounting fees and expenses), arising from, relating to, or connected with any breach of any covenants or agreements of the Company contained in this Note (without giving effect to any materiality qualifiers contained therein).

**7. Amendment; Waiver.** Any term or provision of this Note may be amended, and the observance of any term or provision of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively) by the written consent of the Company and the Holder. Any amendment or waiver effected in accordance with the previous sentence shall be binding upon each future holder or transferee of this Note (or part thereof) and the Company.

**8. Assignment.** This Note may be assigned or transferred by the Holder to any affiliate of Holder without the prior written consent of the Company, and otherwise, consent shall be required for any transfer or assignment, such consent not to be unreasonably withheld or delayed. Payments made by the Company under this Note, during the period ending three (3) days after receipt of written notice of such assignment or transfer, to the prior Holder hereof shall be deemed to be duly made payments under this Note. Any assignee or transferee hereunder shall be bound the terms hereof.

**9. Subordination.** At the request of the Company from time to time, the holder will subordinate the payment of this Note, and the security interest in the Collateral granted pursuant to Section 3 hereof, to the indebtedness of the Company, not to exceed \$300,000 principal amount, to banks or other financial institutions for loans made to the Company. Pursuant to the foregoing, the Holder will execute such subordination agreements and related documents as may be reasonably requested by such bank or financial institution to evidence such subordination; provided however, that the Holder shall not in any event be required to consent to a "standstill" period exceeding 100 days.

**10. Offset.** Any amounts adjudicated by a court of competent jurisdiction or otherwise determined in accordance with Article VII of the Purchase Agreed to be owing to Purchaser may be offset against amounts due under this Note.

**11. Treatment of Note.** To the extent permitted by generally accepted accounting principles, the Company will treat, account and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with federal, state or local tax authorities.

**12. Headings.** The headings in this Note are for purposes of convenience of reference only, and shall not be used to interpret this Note.

**13. Notices.** Any notice, request or other communication required or permitted hereunder must be given in writing and shall be deemed to have been duly given when personally delivered or when deposited in the United States mail by registered or certified mail, postage prepaid or sent via a nationally recognized overnight courier service to the Company or the Holder at their respective addresses set forth in the Asset Purchase Agreement. The Company or Holder may each by written notice to the other party change its address

overnight courier service to the Company or the Holder at their respective addresses set forth in the Asset Purchase Agreement. The Company or Holder may each by written notice to the other party change its address for future notices hereunder.


14. **Governing Law; Jurisdiction.** THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES FOR SUCH STATE). EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF EITHER THE STATE OF NEW YORK OR THE COMMONWEALTH OF MASSACHUSETTS AND OF THE UNITED STATES OF AMERICA, IN EACH CASE LOCATED IN THE COUNTY OF NEW YORK OR LOCATED IN THE COMMONWEALTH OF MASSACHUSETTS, FOR ANY CLAIM ARISING OUT OF OR RELATING IN ANY MANNER (WHETHER IN CONTRACT, TORT OR OTHERWISE) TO THIS NOTE (AND AGREES NOT TO COMMENCE ANY CLAIM RELATING THERETO EXCEPT IN SUCH COURTS).

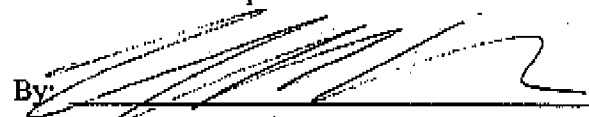
15. **Attorneys' Fees.** If action is brought to enforce the provisions of this Note, the prevailing party shall be entitled to recover its reasonable costs and expenses, including legal fees and disbursements of counsel, from the nonprevailing party.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

**COMPANY**

ASHTON INTERNATIONAL MEDIA, INC.  
a Massachusetts corporation

  
\_\_\_\_\_  
Witness

By:   
Name: MARK A. LUND  
Title: PRESIDENT

## EXECUTION COPY

## SECURED PROMISSORY NOTE

\$750,000

New York, New York  
September 30, 2002

Subject to all the following terms and conditions set forth in this secured promissory note (this "Note"), the undersigned ASHTON INTERNATIONAL MEDIA, INC., a Massachusetts corporation (the "Company"), FOR VALUE RECEIVED, hereby promises to pay to PRIMEDIA ENTHUSIAST PUBLICATION INC., (the "Holder"), OR ORDER, the sum of SEVEN HUNDRED AND FIFTY THOUSAND DOLLARS (\$750,000), including interest based on the applicable mid-term federal interest rate as determined on the date hereof (the "Total Amount") in lawful money of the United States of America.

1. **Payment.** The Company shall pay the Total Amount in fifteen (15) installments (each, a "Quarterly Payment"), commencing April 30, 2003 and continuing in accordance with the following schedule:

Payment Date	Payment Amount	Amount Applied to Principal	Amount Applied to Interest
April 30, 2003:	\$34,250	\$17,342.37	\$16,907.63
June 30, 2003:	\$36,500	\$31,828.69	\$4,671.31
September 30, 2003:	\$38,750	\$32,099.57	\$6,650.43
December 31, 2003:	\$41,000	\$34,689.83	\$6,310.17
March 31, 2004:	\$43,250	\$37,307.54	\$5,942.46
June 30, 2004:	\$45,500	\$39,953.00	\$5,547.00
September 30, 2004:	\$47,750	\$42,626.50	\$5,123.50
December 31, 2004:	\$50,000	\$45,328.34	\$4,671.66
March 31, 2005:	\$52,250	\$48,058.82	\$4,191.18
June 30, 2005:	\$54,500	\$50,818.24	\$3,681.76
September 30, 2005:	\$56,750	\$53,606.92	\$3,143.08
December 31, 2005:	\$59,000	\$56,425.15	\$2,574.85
March 31, 2006:	\$61,250	\$59,273.26	\$1,976.74
June 30, 2006:	\$63,500	\$62,151.55	\$1,348.45
September 30, 2006:	\$65,750	\$65,060.36	\$689.64

Such payments shall be made by wire transfer to an account designated by the Holder to the Company in writing at least five (5) days prior to the scheduled due date of the Quarterly Payment. The Company may prepay this Note in whole or in part without penalty.

2. **Maturity.** All outstanding unpaid portions of the Total Amount hereunder, if not sooner paid, shall be due and payable upon the earlier of (i) September 30, 2006 or (ii) election of the Holder during the occurrence of an "Event of Default" (as defined below) (the "Maturity Date").

3. **Security.** The Company hereby grants to the Holder a security interest in the Collateral (as defined below) to secure the payment of the Quarterly Payments owing to the Holder hereunder. As used in this Section 3, "Collateral" means all of the Company's right, title and interest in and to the Assets (as such term is defined in that certain Asset Purchase Agreement, dated as of September 30, 2002 by and between the Company and the Holder (the "Purchase Agreement")) and each and all of the following, whether now existing or owned or hereafter created or acquired by the Company, as they relate to the

TRADEMARK

REEL: 002838 FRAME: 0276



Assets: all accounts, accounts receivable, contract rights, rights to payment, chattel paper, letter of credit rights and proceeds of letters of credit, documents, securities, money and instruments, and investment property, whether held directly or through a securities intermediary, and other obligations of any kind owed to the Company; all deposit accounts, and all funds and amounts therein; all general intangibles and other personal property of the Company; and all proceeds, including insurance proceeds, of any and all of the foregoing. In connection herewith, the Company authorizes the Holder to file a Form UCC-1 (or other similar form) and any amendments thereto and other filings or recordings (collectively, "Financing Statements"), without the Company's signature, in all jurisdictions where the Holder determines appropriate to perfect its security interest herein. The Company agrees to take all actions requested by the Holder and reasonably necessary to perfect, to continue the perfection of, and to otherwise give notice of, the lien granted hereunder, including, but not limited to, execution of financing statements. Immediately upon payment in full of the Total Amount, the Holder shall release any and all interest the Holder has in the Collateral, including the filing of termination statements in any jurisdictions where the Holder filed Financing Statements, and the security interest granted pursuant to this Note shall terminate.

**4. Event of Default.** Subject to Section 5 below, if any of the following events shall occur (each individually referred to as an "Event of Default"), the Holder may declare the entire unpaid Total Amount immediately due and payable, without any other presentment, demand, protest or notice of any kind or character, all of which are hereby expressly waived, anything herein to the contrary notwithstanding:

(a) **Bankruptcy or Insolvency.** The Company files any petition or action for relief under any bankruptcy, reorganization or insolvency law; any involuntary petition for such relief is filed against the Company and is not discharged within 60 days thereafter; the Company consents to the filing of any such petition or the appointment of a receiver, liquidator, assignee, trustee, or other similar official, of the Company, or of any substantial part of its property; the Company makes an assignment for the benefit of creditors; the Company admits in writing of its inability to pay its debts generally as they become due; or the Company takes corporate action in furtherance of any such actions; or

(b) **Company Failure to Make the Quarterly Payment.** The Company fails to make any Quarterly Payment within seven (7) days of the date such Quarterly Payment is due.

(c) **Company Failure to Fulfill its Obligations.** The Company fails in any material respect to take any action required to be taken by this Note, the Purchase Agreement or any of Purchaser's Additional Agreements (as defined in the Purchase Agreement) or to fulfill in any material respect any of its covenants under this Note (other than failure to make any Quarterly Payment which shall be governed by paragraph 4(b) above), the Purchase Agreement and Purchaser's Additional Agreements, where such failure continues for at least thirty (30) days after written notice thereof from the Holder to the Company.

**5. Sale of Collateral.** (a) For so long as any indebtedness remains outstanding hereunder, the Company shall not sell, lease, transfer or otherwise dispose of any Collateral other than inventory and other assets sold, lease, transferred or otherwise disposed of in the ordinary course of business; provided, however, that the Company is permitted to sell the Collateral pursuant to a transaction with an unrelated third-party at fair market value for cash consideration provided that (i) the consideration paid for such Collateral is paid by such third-party in full on the date such transaction closes (ii) no Event of Default exists and (iii) all consideration from such sale of the Collateral is applied on the date of closing of such transaction to payment of any outstanding portions of the Total Amount due under this Note.

(b) Notwithstanding anything herein, upon the occurrence of an Event of Default pursuant to Section 4(b) above, the Company shall be entitled for a period of 30 days thereafter, to sell the Collateral

pursuant to a transaction with an unrelated third-party at fair market value; provided that all proceeds from such sale of the Collateral shall be first applied to payment in full of any outstanding portions of the Total Amount due under this Note. If (i) the Company does not complete a sale of the Collateral before the end of such 30-day period or (ii) the proceeds from the sale of the Collateral are insufficient to pay all outstanding portions of the Total Amount due under this Note, the Company shall not be relieved of its obligation to pay all outstanding portions of the Total Amount due hereunder and Holder shall be entitled to exercise its rights to obtain immediate payment of all unpaid portions of the Total Amount due hereunder pursuant to the provisions of this Note. The Company shall be entitled to all proceeds from the sale of the Collateral after payment in full of the unpaid portions of the Total Amount due under this Note.

**6. Indemnification.** The Company shall indemnify, defend and hold the Holder harmless from and against any and all liabilities, losses or damages, together with all reasonable costs and expenses related thereto (including legal and accounting fees and expenses), arising from, relating to, or connected with any breach of any covenants or agreements of the Company contained in this Note (without giving effect to any materiality qualifiers contained therein).

**7. Amendment; Waiver.** Any term or provision of this Note may be amended, and the observance of any term or provision of this Note may be waived (either generally or in a particular instance and either retroactively or prospectively) by the written consent of the Company and the Holder. Any amendment or waiver effected in accordance with the previous sentence shall be binding upon each future holder or transferee of this Note (or part thereof) and the Company.

**8. Assignment.** This Note may be assigned or transferred by the Holder to any affiliate of Holder without the prior written consent of the Company, and otherwise, consent shall be required for any transfer or assignment, such consent not to be unreasonably withheld or delayed. Payments made by the Company under this Note, during the period ending three (3) days after receipt of written notice of such assignment or transfer, to the prior Holder hereof shall be deemed to be duly made payments under this Note. Any assignee or transferee hereunder shall be bound the terms hereof.

**9. Subordination.** At the request of the Company from time to time, the holder will subordinate the payment of this Note, and the security interest in the Collateral granted pursuant to Section 3 hereof, to the indebtedness of the Company, not to exceed \$300,000 principal amount, to banks or other financial institutions for loans made to the Company. Pursuant to the foregoing, the Holder will execute such subordination agreements and related documents as may be reasonably requested by such bank or financial institution to evidence such subordination; provided however, that the Holder shall not in any event be required to consent to a "standstill" period exceeding 100 days.

**10. Offset.** Any amounts adjudicated by a court of competent jurisdiction or otherwise determined in accordance with Article VII of the Purchase Agreed to be owing to Purchaser may be offset against amounts due under this Note.

**11. Treatment of Note.** To the extent permitted by generally accepted accounting principles, the Company will treat, account and report the Note as debt and not equity for accounting purposes and with respect to any returns filed with federal, state or local tax authorities.

**12. Headings.** The headings in this Note are for purposes of convenience of reference only, and shall not be used to interpret this Note.

13. **Notices.** Any notice, request or other communication required or permitted hereunder must be given in writing and shall be deemed to have been duly given when personally delivered or when deposited in the United States mail by registered or certified mail, postage prepaid or sent via a nationally recognized overnight courier service to the Company or the Holder at their respective addresses set forth in the Asset Purchase Agreement. The Company or Holder may each by written notice to the other party change its address for future notices hereunder.


14. **Governing Law; Jurisdiction.** THIS NOTE SHALL BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES FOR SUCH STATE). EACH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY CONSENTS TO SUBMIT TO THE EXCLUSIVE JURISDICTION OF THE COURTS OF EITHER THE STATE OF NEW YORK OR THE COMMONWEALTH OF MASSACHUSETTS AND OF THE UNITED STATES OF AMERICA, IN EACH CASE LOCATED IN THE COUNTY OF NEW YORK OR LOCATED IN THE COMMONWEALTH OF MASSACHUSETTS, FOR ANY CLAIM ARISING OUT OF OR RELATING IN ANY MANNER (WHETHER IN CONTRACT, TORT OR OTHERWISE) TO THIS NOTE (AND AGREES NOT TO COMMENCE ANY CLAIM RELATING THERETO EXCEPT IN SUCH COURTS).


15. **Attorneys' Fees.** If action is brought to enforce the provisions of this Note, the prevailing party shall be entitled to recover its reasonable costs and expenses, including legal fees and disbursements of counsel, from the nonprevailing party.

IN WITNESS WHEREOF, the Company has executed and delivered this Note as of the date first written above.

**COMPANY**

ASHTON INTERNATIONAL MEDIA, INC.  
a Massachusetts corporation

  
\_\_\_\_\_  
Witness

By:   
Name: MARK A. LUPO  
Title: OPERATIVE MGR & LEG

LAA  
JR

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

PRIMEDIA ENTHUSIAST  
PUBLICATIONS INC.,

Plaintiff,

- against -

ASHTON INTERNATIONAL  
MEDIA, INC.,

Defendant.

02 Civ. 9997 (EB) (MHD)

**STIPULATION AND ORDER  
OF SETTLEMENT**

Plaintiff/counterclaim defendant PRIMEDIA Enthusiast Publications Inc.  
("PRIMEDIA") and defendant/counterclaim plaintiff Ashton International Media, Inc.  
("Ashton"), by and through their undersigned counsel, enter into this Stipulation of Settlement  
and provide as follows:

WHEREAS, on or about December 18, 2002, PRIMEDIA commenced the above-  
captioned action, alleging breach of contract and related claims and seeking declaratory relief  
arising out of two transactions between the parties pursuant to which Ashton acquired from  
PRIMEDIA three publications: the first transaction for the acquisition of two publications  
entitled *Doll Reader* and *Teddy Bear and Friends* (collectively, the "Collectibles"); and the  
second for the publication entitled *Volleyball*; the complaint was twice amended to include  
related additional claims; and Ashton timely answered denying liability and asserting various  
counterclaims, alleging fraud, breach of contract, and other related claims (collectively, the  
claims and counterclaims, as amended, are referred to herein as the "Action").

WHEREAS, the parties subsequently submitted motions for summary judgment;  
PRIMEDIA on all its claims and for dismissal of all of Ashton's counterclaims, and Ashton on  
its claim for rescission of the *Volleyball* agreements;

NYC 1393761 63411-37

WHEREAS, oral argument was heard on both motions, and in an opinion and order dated ~~September 25, 2002~~ the Court ~~has granted PRIMEDIA summary judgment on its claims related to the Collectibles transaction, (i) dismissed Ashton's counterclaims related thereto and (ii) awarded PRIMEDIA \$3,191,002.63, plus pre-judgment interest; (iv) denied summary judgment on PRIMEDIA's claims concerning the Volleyball transaction; (v) denied Ashton's motion for partial summary judgment; and (vi) scheduled trial to commence October 20, 2003 on the remaining claims in the Action (the "September 25 Order").~~

NOW, THEREFORE, in consideration of the mutual promises and agreements set forth herein and as inducements therefor, the parties agree as follows:

1. In addition to judgment in the amount of \$3,191,002.63 plus pre-judgment interest rendered against Ashton in the September 25 Order, Ashton consents to the entry of judgment against it for the additional amount of \$750,000 on PRIMEDIA's remaining claims in the Action; and agrees to the dismissal with prejudice and without fees or costs of all of Ashton's remaining counterclaims in the Action. The Clerk of the Court is directed to enter judgment forthwith against Ashton in the form annexed hereto as Exhibit A, in the total amount of \$3,941,002.63, plus pre-judgment interest to the date of the September 25 Order (the "Judgment").

2. With respect to PRIMEDIA's Sixth and Ninth Claims for Relief in the Second Amended Complaint for collection and enforcement of its security interests, Ashton expressly acknowledges and agrees that: (i) PRIMEDIA holds a security interest in certain collateral of Ashton described in two secured promissory notes executed by Ashton, dated July 31, 2002 and September 30, 2002; (ii) PRIMEDIA is the holder in due course of both promissory notes; (iii) PRIMEDIA perfected its security interests by duly filing the appropriate UCC-1 Financing Statements listing the collateral with the Massachusetts Secretary of State; and (iv) PRIMEDIA

is entitled to collect and enforce its security interests in any manner provided by and subject to ~~the provisions of the New York Uniform Commercial Code or otherwise in accordance with the~~ applicable law.

3. With respect to PRIMEDIA's Twelfth Claim for Relief in the Second Amended Complaint for declaratory relief, Ashton expressly acknowledges and agrees that PRIMEDIA is not obligated to indemnify Ashton for any of Ashton's demands for indemnification as defined and described in the Second Amended Complaint (the "Indemnification Claims"). Ashton further expressly waives and foregoes any right to pursue and/or seek any and all claims of indemnification, whether known or unknown, against PRIMEDIA arising out of, relating to, resulting from or in any way connected with the asset purchase agreements dated July 31, 2002 and September 30, 2002, the transition services and facilities agreements of the same dates and the promissory notes also so dated.

4. With respect to PRIMEDIA's Thirteenth Claim for Relief in the Second Amended Complaint for violations of the Massachusetts Deceptive Practices Act, PRIMEDIA agrees to withdraw and dismiss such claim, with prejudice and without fees or costs.

5. Upon the full and complete satisfaction of the Judgment, PRIMEDIA, on behalf of itself and its present and former parent companies, subsidiaries, predecessors, affiliates, divisions, officers, directors, shareholders, employees, partners, owners, agents and servants, does hereby remise, release and forever discharge Ashton, and its respective present and former parent companies, subsidiaries, predecessors, affiliates, partners, shareholders, divisions, officers, directors, employees, assigns, agents, attorneys and servants, and each of them, of and from all claims, demands, allegations, obligations, costs, damages, fees or causes of action of any nature whatsoever, arising out of, relating to, resulting from or in any way connected with the

Action. Notwithstanding the foregoing, this release shall not extend to or affect any claims

~~PRIMEDIA may have in or related to the action presently pending in the United States District~~

~~Court for the District Court of Massachusetts, Civil Action No. 03-40211, between Ashton and~~

~~The Jordan Edmiston Group, Inc. and Mark Suchecki (the "Jordan Edmiston Action").~~

6. Upon the filing of the Judgment, Ashton, on behalf of itself and its present and former parent companies, subsidiaries, predecessors, affiliates, divisions, officers, directors, shareholders, employees, partners, owners, agents and servants, does hereby remise, release and forever discharge PRIMEDIA, and its respective present and former parent companies, subsidiaries, predecessors, affiliates, partners, shareholders, divisions, officers, directors, employees, assigns, agents, attorneys and servants, and each of them, of and from all claims, demands, allegations, obligations, costs, damages, fees or causes of action of any nature whatsoever, arising out of, relating to, resulting from or in any way connected with the Action. Notwithstanding the foregoing, this release shall not extend to or affect Ashton's claims against The Jordan Edmiston Group, Inc. and Mark Suchecki in the Jordan Edmiston Action.

7. Subject to the following sentence, the parties and each of them expressly and irrevocably waive any and all rights they may have to request any hearing, or institute any proceeding or appeal of this Stipulation or of the Judgment. This waiver shall not apply to or in any way limit Ashton's right to appeal the September 25 Order. Notwithstanding the foregoing, this Court shall retain jurisdiction over this Stipulation of Settlement, and any applications with regard to enforcement of the Judgment shall be directed to this Court.

8. This Stipulation constitutes the entire agreement between the parties with reference to the subject matter contained herein, and all prior negotiations and understandings

between the parties are merged into this Stipulation. It is the express intent of the parties that

~~this agreement be deemed integrated as a matter of law.~~

9. This Stipulation may not be altered, modified, amended or changed in any respect or particular whatsoever, except by a writing duly executed by the parties hereto.

10. The validity, interpretation and performance of this Stipulation shall be controlled by, and construed under the laws of the State of New York.

11. The parties agree to execute and deliver such other and further documents and to perform such other acts as shall be reasonably necessary to effectuate the purposes of this Stipulation.

Dated: New York, New York  
October 14, 2003

By:

DAVIS WRIGHT TREMAINE LLP

Marcia B. Paul  
Marcia B. Paul (MBP 8427)  
Teena H. (Kim) Lee (TK 3073)  
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Attorneys for Plaintiff/counterclaim  
defendant PRIMEDIA Enthusiast  
Publications Inc.

Dated: New York, New York  
October 14, 2003

By:

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(212) 344-5400/612-1213  
Attorneys for Defendant/counterclaim  
plaintiff Ashton International Media, Inc.

IT IS SO ORDERED:

Oct 15, 2003  
Date

Hon. Harold Baer  
U.S.D.J.



km  
jr

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF NEW YORK

PRIMEDIA ENTHUSIAST  
PUBLICATIONS INC.,

Plaintiff,

- against -

ASHTON INTERNATIONAL  
MEDIA, INC.,

Defendant

02 Civ. 9997 (HB) (MHD)

FINAL JUDGMENT AND ORDER

This Final Judgment and Order ("Judgment") is entered into by and between plaintiff/counterclaim defendant PRIMEDIA Enthusiast Publications Inc. ("PRIMEDIA") and defendant/counterclaim plaintiff Ashton International Media, Inc. ("Ashton") with respect to all claims in this action. The Court having previously issued an Opinion and Order dated September 25, 2003 and the parties having resolved their remaining disputes and having consented to the entry of the following Judgment resolving all claims and counterclaims in this action, and good cause appearing therefor,

**IT IS HEREBY ORDERED, ADJUDGED AND DECREED:**

1. This Court has jurisdiction over the parties and the subject matter of this action.
2. This Judgment is entered in full and final resolution of this civil action.
3. In a desire to resolve the within dispute without further litigation, the parties have entered into a Stipulation of Settlement, the terms of which are incorporated herein by reference.
4. A money judgment in the above-captioned action shall be and is hereby entered by this Court against Ashton in the total amount of Three Million Nine Hundred Seventy

NYC 128380-1 02411-37

Thousand Four Hundred Forty Dollars and Twenty-Eight Cents (\$3,970,440.28).

5. It is hereby declared and determined that (i) PRIMEDIA is entitled to collect on the collateral in which it holds a perfected security interest to satisfy Ashton's indebtedness to PRIMEDIA; and (ii) PRIMEDIA is not obligated or required or has no duty to indemnify Ashton on those claims for which Ashton has sought indemnification in this action.

6. All counterclaims brought by Ashton are hereby dismissed, and PRIMEDIA's Thirteenth Claim for Relief for violations of the Massachusetts Deceptive Practices Act is hereby dismissed, each with prejudice. Each party is to bear its own costs and attorney's fees.

IT IS SO ORDERED:

*7. The clerk is instructed to remove this matter + any open motions from Mrs. Dechert 10/15/03*

Date

*Harold Baer*  
Hon. Harold Baer  
U.S.D.J.