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TO THE HONORABLE COMMISSIONER OF PATENTS AND TRADEMARKS:

Please record the attached original document or copy thereof.

1-29-99

Name of Conveying Party:

Symbol of Excellence Publishers, Inc.  
an Alabama Corporation

Name of Party Receiving Interest:

Hoffman Media, Inc.  
3116 Bradford Place  
Birmingham, Alabama 35242  
an Alabama corporation

Interest Conveyed:

Assignment of Registrations through Asset  
Purchase Agreement

Registration Numbers:

Just CrossStitch  
Registration Number: 1,727,585  
Registration Date: October 27, 1992



01-29-1999

U.S. Patent & TMO/c/TM Mail Rcpt Dt. #40

Miscellaneous Design Logo (World with a  
Needle Through It)  
Registration Number: 1,750,105  
Registration Date: February 2, 1993

Name of Party to whom Correspondence  
should be sent:

Leslie McMellon  
c/o Sirote & Permutt, P.C.  
2222 Arlington Avenue South  
Birmingham, Alabama 35205  
(205) 930-5145

60E

Number of Registrations Involved:

CHECK Refund Total: \$75.00 2

Filing Fee Enclosed:

05/21/1999 VBROWN 00000004 1727585

01 FC:481 40.00 OP  
02 FC:482 25.00 OP

Refund Ref: 05/21/1999 VBROWN 0000001423

CHECK Refund Total: \$60.00

Adjustment date: 05/21/1999 VBROWN  
02/09/1999 JMWTKINS 00000058 1727585  
FC:567 -60.00 OP

02/09/1999 JMWTKINS 00000058 1727585  
FC:567 60.00 OP

TRADEMARK

REEL: 001900 FRAME: 0080

**ASSET PURCHASE AGREEMENT**

**AGREEMENT**(this "Agreement"), dated as of March 2, 1998, by and between Symbol of Excellence Publishers, Inc., an Alabama corporation ("Seller"), and Hoffman Media, Inc., an Alabama corporation (the "Purchaser").

**WHEREAS**, Seller is the publisher of the magazine entitled Just CrossStitch ("Just CrossStitch" or the "Publication"); and

**WHEREAS**, upon the terms and conditions hereinafter set forth herein, Purchaser desires to purchase from Seller, and Seller desires to sell to Purchaser, certain of the assets and have Purchaser assume certain of the liabilities of Seller relating to the business of publishing, selling and distributing the Publication (the "Business").

**NOW, THEREFORE**, Purchaser and Seller agree as follows:

**ARTICLE I. PURCHASE AND SALE.**

**1.01 Sale of Certain Assets.** Subject to the terms and conditions of this Agreement, on the Closing Date referred to in Article IV of this Agreement, Seller shall sell, assign, transfer and deliver to Purchaser all of Seller's right, title and interest in and to the following assets; provided that such assets relate only to, and are used by Seller in connection with, the Publication and are located within the premises of the Business at 400 Riverhills Business Park, Suite 405, Birmingham, Alabama 35242 (the "Birmingham Facilities") (collectively, the "Assets");

(a) Seller shall sell, assign, transfer and deliver to Purchaser all of the registered trademarks (including the common law trademark Just CrossStitch, subject to the terms and

conditions of the License Agreement set forth on Schedule 1.01(a), a true and correct copy of which has been delivered to Seller) , trade names, service marks and logos owned by Seller that relate only to, and are used by Seller in connection with, the Publication (including any existing and pending registrations and applications therefor) (collectively, the "Marks").

(b) to the extent owned by Seller, all copyrights in and to the Publication and to all articles, photographs, illustrations, layouts, designs and artwork appearing in the Publication through and including the March/April 1998 (cover date) Issue of the Publication (the March/April Issue, and all issues of the Publication published prior thereto, shall be referred to herein collectively as the "Seller's Issues");

(c) all inventories of back issues of the Publication and of Sampler & Antique Needlework Quarterly ("Sampler") in Seller's possession; provided that Seller be entitled to retain two (2) copies of each issue of the Publication and Sampler if there are at least three (3) copies of such issue in Seller's possession on the Closing Date;

(d) all inventories of existing editorial material, photographs, illustrations, layouts, designs and artwork (including all work in process related to the foregoing) used solely in connection with or being prepared for use solely in the Publication and/or Sampler;

(e) to the extent maintained by Neodata, Inc. ("Neodata"), all mailing lists and active, suspended and expired subscription lists, as well as the magnetic or computer tapes containing such lists in such format and condition as the same have been maintained by Neodata in the ordinary course of its business;

(f) to the extent owned by Seller, the "proprietary symbol library" used solely in connection with the Publication;

(g) all existing promotional and marketing materials, stationery, forms, labels and similar supplies and all sales media kits related solely to the Publication; provided, however, that Purchaser shall not use any such existing materials containing the names "PRIMEDIA Inc." "Primedia Special Interest Publications, Inc.", "Primedia", "Symbol of Excellence Publications, Inc." or any derivations of the foregoing (collectively, "Primedia Materials") any later than sixty (60) days after the Closing Date;

(h) all existing records, files and lists (whether in computer format or printed media), including, without limitation, such items relating to: (i) current, former and prospective advertisers in the Publication; and (ii) current, former and prospective list rental customers of the Publication;

(i) all existing personnel records for all employees of the Business that are hired by Purchaser on the Closing Date;

(j) all rights of Seller under and, subject to Section 7.01 below, all revenues in connection with insertion orders and contracts for the sale of advertising in the May/June 1998 (cover date) issue of the Publication and all issues published subsequent thereto (the May/June Issue and all subsequent issues shall be referred to herein collectively as the "Purchaser's Issues");

(k) subject to Section 7.01 of this Agreement, all revenues related to newsstand sales of the Purchaser's Issues;

(l) all subscription and list rental revenues related to the Publication that are received by Purchaser or Seller after the Closing Date in accordance with Section 7.01 of this Agreement;

(m) all of Seller's rights under the Assumed Contracts (as hereinafter defined);

(n) all furniture and fixed assets (whether owned or leased by Seller), used solely in connection with the Business and located within the Birmingham Facilities, except as set forth on

Schedule 1.01(n).

(o) the benefit of any and all prepaid items of the Business, including postage and other deposits, but not any such deposits related to the lease relating to the Birmingham Facilities or prepaid insurance;

(p) to the extent owned by Seller, all existing plates, transparencies and color separations, in such format as maintained by Seller in the ordinary course of business, for all materials published or scheduled to be published in the Publication;

(q) all right, title and interest of Seller to the Creative Lady magazine proposal. Seller makes no representation and warranty whatsoever with respect to such proposal nor with respect to the name Creative Lady, including, whether or not such name infringes any copyright, trademark, intellectual property or any other rights of any third party; and

(r) to the extent existing and owned by Seller any archival materials relating to the Publication, but not any archival material relating to McCall's Needlework and/or Creative Stitches, which shall be retained by Seller.

**1.02 Excluded Assets.** Except for the Assets described in Section 1.01 of this Agreement, Seller is not selling, and Purchaser is not purchasing any assets, properties or rights, tangible or intangible, real, personal or mixed, of any kind or nature whatsoever, owned or used by Seller in connection with its business or operations. Without limiting the generality of the foregoing, Seller is not selling and Purchaser is not acquiring: (a) the stock ledger, minute books or corporate seal of Seller; (b) any and all cash and cash equivalents of Seller; (c) any and all rights to the name "Symbol of Excellence"; (d) any real property leases to which Seller is a party and all deposits relating to such leases; (e) any automobile leases to which Seller is a party and all

deposits relating to such leases; (f) any and all raw materials including paper and ink; and (g) the PBX Telephone Server located at the Birmingham Facilities (collectively, the "Excluded Assets").

## **ARTICLE II. ASSUMPTION OF LIABILITIES.**

**2.01 Assumed Liabilities.** Purchaser hereby agrees, from and after the Closing Date, to assume, pay, discharge, perform or otherwise satisfy the following obligations and liabilities of Seller (collectively, the "Assumed Liabilities"):

- (a) all of Seller's obligations to fulfill any and all subscription liabilities to paid active and inactive and credit active and inactive subscribers to the Publication;
- (b) all obligations and liabilities with respect to refunds and cancellations of subscriptions whether arising after the Closing Date;
- (c) all obligations and liabilities of Seller relating to the Publication and/or the Business under the contracts set forth on Schedule 2.01(c) and such other contracts related wholly and solely to the Publication and/or the Business that, under Section 5.09(a)(i), (ii) or (iii), are not required to be set forth on Schedule 2.01(c); provided, such contracts are not in default and no claim therefor exists on the Closing Date (collectively, the "Assumed Contracts");
- (d) all claims, liabilities and obligations with respect to the Business, the Publication, the Assets and the Assumed Liabilities, in each case, arising and related to a transaction or occurrence that occurs after the Closing Date;
- (e) all expenses incurred by Seller in the ordinary course of business prior to the Closing Date on account of any of the Purchaser's Issues in accordance with Sections 7.02 below; and

(f) all of Seller's obligations and liabilities incurred in the ordinary course prior to the Closing Date to fulfill any and all advertising commitments (i.e. insertion orders for advertising in Purchaser's Issues) for the Purchaser's Issues, whether fully or partially executory on the Closing Date.

**2.02 Excluded Liabilities.** Except for the Assumed Liabilities, Purchaser shall not assume any liabilities or obligations of Seller whatsoever whether arising prior to or after the Closing Date (collectively, the "Excluded Liabilities"). Without limiting the generality of the foregoing, Purchaser is not assuming: (i) any liabilities related to McCall's Quilting or McCall's Needlework magazines; (ii) any liability under any lease for office space of Seller, except as set forth in Section 7.09 below; and (iii) any liability under any automobile leases to which Seller is a party.

### **ARTICLE III. PURCHASE PRICE.**

**3.01 Consideration.** In consideration of the sale, transfer, conveyance and assignment of the Assets by Seller to Purchaser, Purchaser shall:

(a) assume the Assumed Liabilities in accordance with the terms of this Agreement;

and

(b) pay to Seller the sum of Five Hundred Thousand Dollars (\$500,000) (the "Purchase Price") in cash payable by wire transfer at Closing (as hereinafter defined).

### **3.02 Closing Date Payment.**

All payments to be made to Seller on the Closing Date shall be made by wire transfer of immediately available funds in New York City to the account or accounts specified in writing by Seller.

**3.03 Allocation of Purchase Price.** The Purchase Price shall be allocated among the Assets as follows that portion of the Purchase Price allocated to the fixed assets being acquired shall not exceed the net book value of such assets for tax purposes as reflected in the books and records of Seller as of the Closing Date and the balance of the Purchase Price shall be allocated among intangible assets and goodwill. No party shall take, for income tax purposes, any position inconsistent with such allocation of the Purchase Price.

**ARTICLE IV. CLOSING DATE.**

**4.01 Closing Date.** (a) The closing ("Closing") of the sale and purchase of the Assets and the assumption of the Assumed Liabilities is taking place simultaneously with the execution of this Agreement at the offices of PRIMEDIA, Inc., by facsimile in accordance with Section 10.09 below (the "Closing Date"). For purposes of this Agreement, all calculations to be made as of the Closing Date shall be made as of 8:00 a.m. on the Closing Date.

**ARTICLE V. REPRESENTATIONS AND WARRANTIES OF SELLER.**

Seller represents and warrants to Purchaser as follows:

**5.01 Organization and Authority.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the state of Alabama and has all requisite corporate power and authority to own, lease or operate the Assets and to carry on the Business as now being conducted.

**5.02 Authority to Execute and Perform Agreements.** Seller has the full corporate power and authority to enter into, execute and deliver this Agreement and the other agreements and instruments referred to herein that Seller is executing and delivering (the "Seller's



Additional Agreements”), and to carry out the transactions contemplated hereby and thereby.

This Agreement and Seller’s Additional Agreements have been duly authorized, executed and delivered by Seller and constitute the legal, valid and binding obligation of Seller enforceable against Seller in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, reorganization, moratorium, insolvency or other similar laws generally affecting the enforcement of creditors’ rights and by general equitable principles and by an implied covenant of good faith and fair dealing.

**5.03 No Conflicts.** Neither the execution, delivery or performance by Seller of this Agreement and Seller’s Additional Agreements nor the consummation by Seller of the transactions contemplated hereby or thereby shall: (i) conflict with or result in any breach of any provisions of the Certificate of Incorporation or By-Laws of Seller; (ii) result in a material breach of, or constitute (with or without due notice or lapse of time or both) a material default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, indenture, lease, license, contract, permit, commitment or other instrument, to which Seller is a party or by which it or any of the Assets is bound; (iii) result in the material violation of any law or statute or any order, injunction, decree, ordinance, rule or regulation of any court or governmental authority applicable to Seller; or (iv) result in the creation of or imposition of (or obligation to create or impose) any mortgage, pledge, lien, security interest, charge or encumbrance of any kind (“Lien”) upon any of the Assets; except, for such conflicts, defaults, breaches, terminations, suspensions or acceleration of performance under the foregoing clauses (ii), (iii) or (iv), which, taken as a whole, would not have a Material Adverse Effect (as defined in the next succeeding sentence)

on the Assets or financial condition of the Business or the Publication. "Material Adverse Effect" shall mean any contract, commitment, obligation or other agreement requiring payment of more than \$15,000 in each instance, or an effect on the business, assets or financial condition of the Company in excess of \$15,000 in each instance.

**5.04 Broker or Finder's Fees.** Except as set forth on Schedule 5.04, Seller is not obligated to pay any fee or commission to any broker, finder or intermediary in connection with the negotiation, preparation or execution of this Agreement or the performance of the transactions contemplated hereby.

**5.05 Litigation.** Except as set forth on Schedule 5.05 attached hereto, there are no actions, suits, inquiries, proceedings or investigations pending or, to Seller's knowledge, threatened before any court or governmental or administrative body or agency (a) against the Seller or the Publication which, if decided adversely to the Seller or the Publication, would have a Material Adverse Effect or (b) against Seller relating to the transactions contemplated by this Agreement or Seller's Additional Agreements.

**5.06 No Consents.** No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any governmental authority, commission, board, or agency is required to authorize, or is required in connection with, the execution, delivery or performance by Seller of this Agreement or any of Seller's Additional Agreements.

**5.07 Title to Assets.** Seller has, and is transferring to Purchaser, good, valid and marketable title in and to the Assets, free and clear of all Liens, except as set forth on Schedule 5.07 annexed hereto and except for Liens for the payment of taxes not yet due and owing;

mechanics, materialmen's or statutory liens; Liens under equipment leases constituting Assumed Contracts for purchase money security interests; or Liens that do not materially detract from the value of the properties subject thereto and do not materially interfere with the continued operation of such properties in the ordinary course (collectively, "Permitted Liens").

**5.08 Intellectual Property.**

(a) Schedule 5.08 attached hereto contains an accurate and complete list of all of the Marks.

(b) To the knowledge of Seller, none of the Marks or material copyrights in and to any articles, photographs, illustrations or artwork published in Seller's Issues materially infringes on any trademarks, patents, copyrights or any other rights of any third party. Except as set forth on Schedule 5.08, to the knowledge of Seller, there are no existing or threatened claims of any third party for infringement by the Marks or material copyrights, for unfair competition or based on the use or the right to use by or challenging the ownership of Seller of the Marks or material copyrights. Except as set forth on Schedule 5.08, Seller has not licensed any of the Marks or material copyrights to any person or entity (other than such licenses and permissions for one time or limited use granted in the ordinary course of business). To the knowledge of Seller, there are no material infringing or diluting uses of any of the Marks.

(c) Seller makes no representation or warranty that it owns any further rights in and to any articles, photographs, illustrations or artwork that have appeared in any issue of the Publication other than first print publication rights in the United States.

**5.09 Contracts.** (a) Schedule 5.09 lists all contracts, licenses and other agreements (collectively, the "Contracts") relating to the Business, the Assets and the Publication, except

for (i) Contracts with authors and photographers, (ii) advertising insertion orders and (iii) Contracts relating to the purchase of goods and services and leases for equipment that do not require the expenditure of more than \$10,000 in any twelve (12) month period. It is expressly understood that insurance contracts, contracts which relate to benefit plans, and contracts relating to banking and auditing matters to which Seller or any of its affiliates is a party that do not relate solely to the Publication and/or the Assets shall not be deemed to be contracts relating to the Business, the Assets and the Publication and shall not be included on Schedule 5.09. To the knowledge of Seller, none of the Contracts is in material default by Seller or by any other party thereto. Seller has not received any written notice of any claim that Seller is in breach or default under any Assumed Contract.

(b) Each of the Assumed Contracts disclosed on Schedule 2.01(c) is assignable or transferable to Purchaser without the consent or approval of any third party (or such consent or approval has been obtained prior to the Closing Date).

(c) To Seller's knowledge, Seller is not in default nor is there any basis for any claim of such default, under any contracts made or obligations owed by Seller that are being transferred or assigned to Purchaser hereunder. To Seller's knowledge, all of such contracts are in full force and effect and are valid and enforceable.

**5.10 Compliance with Law.** To the knowledge of Seller, Seller currently operates the Publication and the Assets in material compliance with all applicable statutes, laws, rules, regulations, orders and ordinances of any governmental authority, as such laws apply to the Assets and the Publication, except for such failures in compliance that would not have a **Material Adverse Effect**.

## **5.11 Employees.**

(a) Schedule 5.11 hereto lists:

(i) the name, title, date of commencement of employment and current base salary of each employee of the Business, including employees on approved or legally mandated leaves of absence;

(ii) all written employment or severance agreements with any employee of the Business (such employees, collectively, the "Business Employees"), other than agreements for stay bonus or commission payments to any Business Employees in connection with the sale of the Publication (the "SOE Benefits"), which amounts shall be the responsibility of Seller;

(iii) each "employee benefit plan" as such term is defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), that is covered by ERISA and that is maintained for the benefit of the Business Employees (a "Plan; collectively, the "Plans"); and

(iv) each plan or arrangement not subject to ERISA maintained for the benefit of the Business Employees and providing for retirement benefits, termination bonuses, deferred compensation, bonuses, stock options of Seller, employee insurance coverage or any similar compensation or welfare benefit plan (individually, an "Employee Benefit Program"; collectively, the "Employee Benefit Programs").

(b) To the knowledge of Seller, each Plan and Employee Benefit Program has been maintained and administered at all times in material compliance with all applicable laws, rules and regulations, including but not limited to ERISA and the Internal Revenue Code of 1986, as

amended, and the rules and regulations promulgated thereunder (the "Code"), applicable to such Plan and Employee Benefit Program.

(c) To the knowledge of Seller, no "reportable event" (as such term is used in Section 4043 of ERISA), "prohibited transaction" (as such term is used in Section 406 of ERISA or Section 4975 of the Code) or "accumulated funded deficiency" (as such term is used in Section 412 or Section 4971 of the Code) has heretofore occurred with respect to any Plan and there exists no condition or set of circumstances which could result in a "reportable event."

(d) Seller has not contributed to or participated in any pension plan which is a "multi-employer plan," as defined in Section 3(37) of ERISA, in respect of any of the Business Employees.

(e) No litigation or administrative or other proceedings involving a Plan or Employee Benefit Program is pending or, to the knowledge of Seller, is threatened.

**5.12 Financial Statements.** The financial statements (balance sheets and statements of income) attached as Schedule 5.12 hereto fairly present the assets, liabilities, equity, revenue, and expenses of the Business at and for the fiscal years ended December 31, 1996 and December 31, 1997.

**5.13 Taxes.** For purposes of this Agreement, (a) (i) "Taxes" shall mean all Federal, state, local and foreign income, profits, franchise, gross receipts, payroll, sales, employment, use, property, excise, withholding and other taxes, duties or assessments, together with all interest, penalties and additions imposed with respect to such amounts; and (ii) "Income Taxes" shall mean all franchise Taxes and all Taxes imposed on or measured by net income or

gross profits or gross receipts or capital (but excluding sales, use, value added and property Taxes), together with all interest, penalties and additions imposed with respect to such amounts.

(b) Seller has duly and timely filed (including extensions) with the appropriate taxing authorities, all tax returns and reports due on or before the date hereof. Seller has paid, will pay in a timely manner (including extensions), or has made appropriate provision (including accruals on the Financial Statements) for the payment of all Taxes shown due and payable by the tax returns of Seller described in the immediately preceding sentence (it being understood that no representation is being made in this Section 5.13 that all positions taken on all such returns and reports will ultimately be sustained). All items of income and deduction arising on the Closing Date will be reflected in the tax returns filed with respect to that date.

(c) Seller is a member of a "consolidated group" (as defined in Section 1502 of the Code) of which PRIMEDIA Inc., a Delaware corporation, is the parent corporation.

## **ARTICLE VI. REPRESENTATIONS AND WARRANTIES OF PURCHASER.**

Purchaser represents and warrants to Seller as follows:

**6.01 Organization.** Purchaser is a corporation duly organized and validly existing under the laws of the state of Alabama and has all requisite corporate power and authority to own, lease or operate its properties and assets and to carry on its business as now being conducted.

**6.02 Authority to Execute and Perform Agreements.** Purchaser has the full corporate power and authority to enter into, execute and deliver this Agreement and the other agreements and instruments referred to herein that Purchaser is executing and delivering (the

“Purchaser’s Additional Agreements”), and to carry out the transactions contemplated hereby and thereby. This Agreement and Purchaser’s Additional Agreements have been duly authorized, executed and delivered by Purchaser and constitute the legal, valid and binding obligation of Purchaser enforceable against Purchaser in accordance with their respective terms, except as such enforceability may be limited by bankruptcy, reorganization, moratorium, insolvency or other similar laws generally affecting the enforcement of creditors’ rights and by general equitable principles and by an implied covenant of good faith and fair dealing.

**6.03 No Conflicts.** Neither the execution, delivery or performance by Purchaser of this Agreement and Purchaser’s Additional Agreements nor the consummation of the transactions contemplated hereby or thereby shall (i) conflict with or result in any breach of any provisions of the Certificate of Incorporation or By-Laws of Purchaser, (ii) result in a material breach of, or constitute (with or without due notice or lapse of time or both) a material default (or give rise to any right of termination, amendment, cancellation or acceleration) under, any of the terms, conditions or provisions of any note, indenture, lease, license, contract, permit, commitment or other instrument, to which Purchaser is a party or by which it or any of its properties or assets is bound, (iii) result in the material violation of any law or statute or any order, injunction, decree, ordinance, rule or regulation of any court or governmental authority applicable to Purchaser; or (iv) result in the creation of or imposition of (or obligation to create or impose) any Lien upon any of the Assets except for such conflicts, defaults, breaches, terminations, suspensions or acceleration of performance under the foregoing clauses (ii), (iii) or (iv) which, taken as a whole, would not have a material adverse



effect on the assets or financial condition of Purchaser.

**6.04 Broker or Finder's Fees.** Except as set forth on Schedule 6.04, Purchaser is not obligated to pay any fee or commission to any broker, finder or intermediary in connection with the negotiation, preparation or execution of this Agreement or the performance of the transactions contemplated hereby.

**6.05 Litigation.** There are no actions, suits, inquiries, proceedings or investigations pending, or, to Purchaser's knowledge, threatened before any court or governmental or administrative body or agency against Purchaser relating to the transactions contemplated by this Agreement or the Purchaser's Additional Agreements.

**6.06 No Consents.** No order, permission, consent, approval, license, authorization, registration, or validation of, or filing with, or notice to, or exemption by, any governmental authority, commission, board, or agency is required to authorize, or is required in connection with, the execution, delivery or performance by Purchaser of this Agreement or any of Purchaser's Additional Agreements.

## **ARTICLE VII. FURTHER AGREEMENTS OF THE PARTIES.**

The parties hereto hereby covenant and agree as follows:

### **7.01 Revenues.**

(a) **Subscription Revenues.** Seller and Purchaser acknowledge and agree that: (i) Purchaser shall be entitled to (x) all payments for subscriptions to the Publication received (whether by Seller or Purchaser) after the Closing Date and (y) all accounts receivable related to unpaid subscriptions to the Publication as of the Closing Date; and (ii) Seller shall be entitled to all payments for subscriptions for the Publication received by Seller (or on Seller's

behalf by any third party) on or prior to the Closing Date.

(b) Advertising and Newsstand Revenues. Seller and Purchaser acknowledge and agree that: (i) Purchaser shall be entitled to all advertising, newsstand and other single copy revenues associated with the Purchaser's Issues; and (ii) Seller shall be entitled to all advertising, newsstand and other single copy revenues associated with the Seller's Issues. Accordingly, all payments for advertising appearing in, and for newsstand and other single copy revenues related to any of the Purchaser's Issues received by or on behalf of Seller prior to or after the Closing Date shall be remitted promptly to Purchaser and all payments for advertising appearing in or newsstand and other single copy revenues related to any of the Seller's Issues received by Purchaser on and after the Closing Date shall be remitted promptly to Seller, in each case, as provided in Section 7.03 below.

(c) Application of Advertising Receivables. For the purposes of this Section 7.01, the parties acknowledge and agree that, from and after the Closing Date, with respect to any advertiser, in the event that there is an outstanding account receivable related to any advertising that has appeared in the Publication at any time, each party shall act in good faith and use reasonable best efforts to promptly remit to the other any monies received (i) by Seller on behalf of Purchaser or (ii) by Purchaser on behalf of Seller. Monies collected in respect of advertising accounts receivable shall be applied on an invoice by invoice basis.

**7.02 Publication Expenses**. Purchaser and Seller acknowledge and agree that: (i) Purchaser shall be solely responsible to pay and/or shall reimburse Seller for any and all Direct Publication Expenses (as defined in the next succeeding sentence) incurred by Seller prior to the Closing Date on account of the Purchaser's Issues; (provided, Seller shall be responsible

for \$6,000.00 of such Direct Publication Expenses incurred prior to the Closing Date) and (ii) Seller shall be solely responsible to pay and/or shall reimburse Purchaser for any and all Direct Publication Expenses incurred by Purchaser from and after the Closing Date on account of the Seller's Issues. For purposes of this Agreement, "Direct Publication Expenses" shall mean any and all expenses related to paper, ink, pre-press, printing, postage, circulation and distribution; but not including any costs or expenses related to employee salaries or benefits, rent under any real property leases or other administrative expenses and costs or overhead.

**7.03 Payments; Set-Offs.**

(a) Commencing on the Closing Date, Seller promptly shall remit to Purchaser all payments received by Seller for advertising appearing in, and for newsstand and other single copy revenues related to, the Purchaser's Issues, and Purchaser promptly shall remit to Seller all payments received by Purchaser for advertising appearing in, and for newsstand and other single copy revenues related to, the Seller's Issues.

(b) Commencing on the Closing Date: (i) Seller promptly shall forward to Purchaser all invoices received by Seller for Direct Publication Expenses related to the Purchaser's Issues; and (ii) Purchaser promptly shall forward to Seller all invoices received by Purchaser for Direct Publication Expenses related to the Seller's Issues. Seller or Purchaser, as the case may be, shall either pay such invoices directly and in full and certify in writing to such payment or reimburse the other party within five (5) days receipt thereof for all amounts paid by such party with respect to such invoices.

(c) Sixty (60) days after the Closing Date (the "Calculation Date"), (i) Seller shall deliver to Purchaser an itemized statement (the "Seller Statement") setting forth (A) any

additional amounts owed by Purchaser to Seller with respect to Direct Publication Expenses and (B) amounts for advertising, newsstand and other single copy revenues received by Purchaser with respect to the Seller's Issues not yet forwarded to Seller as of the Calculation Date and (ii) Purchaser shall deliver to Seller an itemized statement (the "Purchaser Statement") setting forth (A) any additional amounts owed by Seller to Purchaser with respect to Direct Publication Expenses and (B) advertising, newsstand and other single copy revenues received by Seller with respect to the Future Issues not yet forwarded to Purchaser as of the Calculation Date.

(d) If neither party objects to the other party's itemized statement within fifteen (15) days' receipt thereof, such itemized statements shall be final, binding and conclusive on the parties. In such event, Seller shall pay to Purchaser or Purchaser shall pay to Seller, as the case may be, an amount equal to the difference between the two statements within five (5) days after the final determination thereof by certified check or by wire transfer of immediately available funds to the account designated by the other party. If any party objects to any item on the other's itemized statements, the parties shall endeavor to resolve such disagreement in good faith and as promptly as practicable. In the event that the parties are unable to resolve such dispute within thirty (30) days of notice that a dispute exists, such items in dispute will be resolved in accordance with the terms and conditions of Section 10.05 below. Any and all fees and expenses of the arbitrator or arbitrators selected for resolving any dispute under this Section 7.03 (d) shall be borne fifty percent (50%) by Purchaser and fifty percent (50%) by Seller.

**7.04 Expenses of Sale.** Seller and Purchaser acknowledge and agree that each of

them shall bear their own respective expenses incurred in connection with the negotiation and preparation of this Agreement, Purchaser's Additional Agreements and Seller's Additional Agreements (collectively, the "Additional Agreements") and the consummation and performance of the transactions contemplated hereby and thereby.

**7.05 Further Assurances.** (a) Each of Purchaser and Seller shall execute such documents and other papers and take such further actions as the other party may reasonably request in order to carry out the provisions hereof and the transactions contemplated hereby, including, without limitation, to obtain any consents from any party to a Contract or other agreement which is required in connection with the transactions contemplated hereby; provided that such obligations shall not require the expenditure of money by Purchaser or Seller. The parties shall cooperate with each other in connection with any litigation or tax audit relating to the Publication or the Business, including providing reasonable access during normal business hours upon reasonable notice given to books and records and employees (current or former); provided, that in no event shall either party be required to make any expenditure of money in connection therewith.

(b) To the extent that any of the Contracts are non-assignable or non-transferable to Purchaser, or non-assignable or non-transferable without the consent of a third party, or shall be subject to any option in any third party by virtue of a request for permission to assign or transfer by reason of or pursuant to this Agreement or the transactions contemplated hereby, this Agreement shall not constitute a contract to assign or transfer the same if an attempted assignment or transfer would constitute a breach thereof. If Seller shall have failed to procure consent to any such assignment or transfer or waiver of such option prior to the Closing Date,

Seller shall use reasonable commercial efforts to make the use and benefit of such Contract available to Purchaser to the same extent, as nearly as may be possible, as if such impediment to assignment or transfer did not exist. Purchaser shall assume and pay, discharge, perform or otherwise satisfy all debts, obligations and liabilities of Seller which arise after the Closing Date with respect to those Contracts the use and benefit of which shall have been made available to Purchaser pursuant to this Section 7.05.

**7.06 Record Retention.** Each of Purchaser and Seller shall maintain the agreements, documents, books, records and files relating to the Assets, the Business and the Publication (collectively, "Records") for a period of three (3) years following the Closing Date. From and after the Closing Date, upon reasonable written notice given, Purchaser and Seller shall furnish or cause to be furnished to each other and their representatives, employees, counsel and accountants, during normal business hours and upon reasonable notice given, Records relating to periods prior to the Closing Date, and shall permit such persons to examine and copy, at such persons' sole cost and expense, such Records to the extent reasonably requested by the other party in connection with financial reporting and accounting, litigation and tax matters.

**7.07 Employees.**

(a) On the Closing Date, Purchaser shall make offers of employment to those employees of Seller listed on Schedule 5.11 annexed hereto at no less than the wage or salary, commission and bonus levels in effect with Purchaser on the Closing Date. Those employees who accept such offers of employment shall be referred to herein as the "Hired Employees". Purchaser shall be liable for all salary, bonus, commissions, benefits, severance (as set forth in Section 7.08(b)) and other payments or compensation due to the Hired Employees from and

after the Closing Date. Purchaser shall make available to the Hired Employees medical benefits and such other benefits as may be offered by Purchaser to its employees from time to time..

(b) Purchaser shall, as to the Hired Employees, cause its insurance carriers and administrators to recognize service with Seller ("Prior Service") for purposes of eligibility to enroll in Purchaser's welfare plans (e.g. its medical benefits and such other benefits as may be offered from time to time by Purchaser to its employees.

(c) Purchaser shall recognize Prior Service for the Hired Employees for purposes of determining entitlement to vacation and sick leave as employees under its applicable vacation and sick leave policies.

(d) Purchaser shall recognize Prior Service for Hired Employees for purposes of eligibility and vesting, but not for benefit accrual, under each benefit program that provides pension, savings, or other deferred benefits which is adopted, maintained, or contributed to by Purchaser or any of its affiliates to the extent such programs are made available to the Hired Employees.

**7.08 Severance.** Purchaser shall reimburse Seller for any and all amounts paid by Seller as severance to any Business Employees that do not become Hired Employees for any reason in connection with this Agreement; provided, Purchaser shall reimburse Seller only to the extent such severance payment is calculated in accordance with the practices of Seller as set forth on Schedule 7.08 and Seller shall be responsible for any amount paid in excess thereof. Purchaser shall reimburse Seller within five (5) days' receipt of an invoice from Seller evidencing such severance payment or payments.

(b) Purchaser shall recognize Prior Service for purposes of determining entitlement to and the amount of severance benefits payable to any Hired Employee after the Closing Date; provided, such severance payment shall not, in any case, be less than the amount to which any Hired Employee would have been entitled were such Hired Employee in the employ of Seller on the date of termination.

**7.09 Premises License.** (a) For a period of no greater than sixty (60) days after the Closing Date, Seller hereby grants to Purchaser a license (the "Birmingham Facilities License") for Purchaser and its employees, agents and invites to enter into and use Seller's offices located within the Birmingham Facilities and the equipment located within such premises, including but not limited to, the PBX Telephone Server on a non-exclusive basis, during normal business hours to substantially the same extent and in substantially the same manner as entered into and used by such Business Employees immediately prior to the Closing. Notwithstanding anything to the contrary herein, Purchaser shall have an exclusive license to use that portion of the Birmingham Facilities currently used by the Business Employees as indicated on Schedule 7.09 annexed hereto. Except as set forth in Section 7.09(b), Purchaser shall not be required to make any payment with respect to such Facilities License; provided, however, that if expenses and costs generated by the Purchaser during the period of the Birmingham Facilities License are materially in excess of the expenses and costs generated by the Business Employees during the sixty (60) days prior to the Closing Date, upon request of Seller and provision by Seller to Purchaser of reasonably detailed documentation, Purchaser shall reimburse Seller for such material excess. Upon termination of the Birmingham Facilities License, Purchaser shall leave its formerly occupied area in substantially the same condition as



it was in as of the Closing Date, reasonable wear and tear excepted.

(b) For the duration of the foregoing Birmingham Facilities License, Purchaser shall be responsible for obtaining its own insurance (at Purchaser's sole expense) and for the payment of all cleaning services and all direct telecommunications service, postage, courier and office supply charges incurred by the employees of Purchaser in connection with the operation of its business within such premises. In the event that Seller incurs any charges in connection with the foregoing, Purchaser shall reimburse Seller for all itemized charges appearing on third party billing statements for such services. Such reimbursement shall be made within ten (10) days of receipt of an invoice from Seller evidencing payment of such charges pursuant to this Section 7.09(b).

(c) Immediately upon the conclusion of the Birmingham Facilities License period, Purchaser agrees to vacate the Birmingham Facilities and to leave such facilities in broom clean condition.

**7.10 Covenant Not to Compete.** (a) Seller agrees that for a period of five (5) years from and after the date hereof (the "Non-Compete Period"), Seller and its affiliates shall not (i) own or publish any magazines in print format with a principal focus directed at the hobby of cross-stitching and cross-stitch enthusiasts and that compete with the Publication in the United States ("Competing Publications"), or (ii) solicit any employee of Purchaser to leave such employ or to accept any other position or employment or assist any third party in hiring such employee; provided, however, that the foregoing shall not prohibit Seller from conducting general employment solicitations with respect to open positions of employment.

(b) Notwithstanding the foregoing, nothing shall prohibit Seller or its affiliates

from: (i) owning less than ten percent (10%) of the equity or similar financial interest of any person, corporation or entity that publishes a Competing Publication (a "Competing Entity") so long as neither Seller nor its affiliates shall have the ability or right to direct or control the management of such Competing Entity; (ii) acquiring any corporation or entity that owns, acquires or participates in the business of owning and publishing a Competing Publication; provided, that not greater than ten percent (10%) of the annual revenues of such entity in either the calendar year immediately preceding its acquisition by Seller or its affiliates or, as a result of a disposition or dispositions of certain publications or titles in the calendar year immediately succeeding such acquisition, are derived from the publication and sale of a Competing Publication; or (iii) the continued operation (including expansion through acquisition of a Non-Competing Entity) of any business being conducted or any magazine or publication being published by Seller or its affiliates substantially as conducted on the date hereof.

**7.11 Ancillary Products.** Seller acknowledges and agrees that, prior to December 31, 2006, Seller shall not directly or indirectly engage in (i) the direct or indirect licensing of third party trademarks or logos (e.g. Disney, Warner Brothers) in the production of kits and leaflets, (ii) the direct or indirect sale of kits or leaflets under the "Just CrossStitch" name and (iii) the direct or indirect sale of any books under the "Just CrossStitch" name; provided, however, that Hoffman Media may produce books under the "Just CrossStitch" name so long as such books are distributed (A) by means of advertisements in any of Hoffman Media's magazines or (B) by Leisure Arts, under a distribution agreement containing standard market terms and conditions, such agreement and the terms and conditions thereof to be mutually agreed upon by Hoffman Media and Leisure Arts at a later date in good faith, a true and correct copy of which shall be

delivered to Seller.

**7.12 1-800 Number.** For a period of no more than two (2) months after the Closing Date, Seller hereby agrees that it shall be responsible for all direct telecommunications services associated with the phone number 1 (800) 634-7720 (the "800 Number"). Purchaser agrees that it shall provide answering services for all calls directed to the 800 Number and forward to Seller any and all calls intended for Seller.

## **ARTICLE VIII. DOCUMENTS TO BE DELIVERED AT CLOSING.**

**8.01 Documents to be Delivered by Seller.** At the Closing, Seller shall deliver to Purchaser the following:

(a) a copy of resolutions adopted by (i) the Board of Directors of Seller authorizing the execution, delivery and performance of this Agreement and Seller's Additional Agreements, and a certificate of the secretary or assistant secretary of Seller, dated the Closing Date, stating that such resolutions were duly adopted and are in full force and effect at such date and setting forth the incumbency of each person executing this Agreement or any document required by this Section 8.01, on behalf of Seller;

(b) a bill of sale dated the Closing Date and in form and substance satisfactory to Purchaser, whereby Seller transfers to Purchaser all of Seller's right, title and interest in and to the Assets (the "Bill of Sale");

(c) a trademark assignment dated the Closing Date and in form and substance satisfactory to Purchaser, whereby Seller assigns to Purchaser all of Seller's right, title and interest in and to the Marks (the "Trademark Assignment");

(d) a copyright assignment dated the Closing Date and in form and substance

satisfactory to Purchaser (the "Copyright Assignment"), pursuant to which Seller assigns to Purchaser all of the copyrights owned by Seller in connection with the Publication;

**8.02 Documents to be Delivered by Purchaser.** At the Closing, Purchaser shall deliver to Seller the following:

(a) a copy of resolutions adopted by the board of Directors of Purchaser authorizing the execution, delivery and performance of this Agreement and the Purchaser's Additional Agreements, and a certificate of the secretary or assistant secretary of Purchaser, dated the Closing Date, stating that such resolutions were duly adopted and are in full force and effect at such date, and setting forth the incumbency of each person executing this Agreement, or any document required by this Section 8.02 on behalf of Purchaser;

(b) an assumption agreement, dated the Closing Date and in form and substance satisfactory to Seller, whereby Purchaser agrees to assume the Assumed Liabilities (the "Assumption Agreement");

**8.03 Side Letters.** At the Closing, Seller or Purchaser, as the case may be, shall deliver the following:

(a) an assignment and assumption dated the Closing Date and in form and substance satisfactory to Purchaser, whereby Seller assigns to Purchaser all of Seller's right, title and interest in and to the Trademark License Agreement between Seller and Leisure Arts dated October 31, 1996, subject to the terms of the assignment and assumption;

(b) an assignment and assumption dated the Closing Date and in form and substance satisfactory to Purchaser, whereby Seller assigns to Purchaser all of Seller's right, title and interest in and to the Agreement between Seller and Leisure Arts dated October 31, 1996,

subject to the terms of the assignment and assumption (the "Wentzler Assignment");

(c) a letter dated the Closing Date from Seller and Purchaser to Murdoch Magazines Distributors, Inc. ("Murdoch"), whereby Murdoch agrees to continue to provide distribution services for the Publication to Purchaser after the Closing Date;

(d) a letter dated the Closing Date from Seller and Purchaser to Neodata, whereby Neodata agrees to continue to provide fulfillment services for the Publication to Purchaser after the Closing Date;

(e) a letter dated the Closing Date from Eastern News Distribution, Inc. ("Eastern") to Purchaser, whereby Eastern agrees to continue to provide distribution services for the Publication to Purchaser after the Closing Date; and

(f) a letter dated the Closing Date from Independent Direct Distributors, Inc. ("IDD") to Purchaser, whereby IDD agrees to continue to provide distribution services for the Publication to Purchaser after the Closing Date.

**8.04 Funds to be Delivered.** Purchaser shall cause the wire or other transfer of the Purchase Price to be made to the account or accounts designated in writing by Seller.

## **ARTICLE IX. INDEMNIFICATION.**

**9.01 Survival.** (a) The covenants, representations and warranties of Seller, on the one hand, and Purchaser, on the other, shall survive the Closing Date for a period of twelve (12) months unless specifically provided herein to the contrary to survive for a longer or shorter period. No party providing indemnification under this Article IX shall be obligated to provide such indemnification with respect to any breach of any representation or warranty contained herein unless such party shall have received written notice thereof from the party

seeking indemnification within the applicable time period for survival of such representations and warranties as set forth herein.

(b) Notwithstanding any of the provisions set forth in this Article IX, in the event that Purchaser had knowledge on or prior to the Closing Date of facts constituting a breach of any representation or warranty of Seller contained in Article V hereof, Purchaser shall not be entitled to indemnification for any claim related to or arising out of such facts. For purposes of this Section 9.01(b), knowledge of Purchaser shall include, without limitation, the knowledge of Phyllis Hoffman.

**9.02 Indemnification by Seller.** (a) Seller agrees to protect, defend, indemnify and hold harmless Purchaser and its affiliates, and their respective officers, directors and employees, from, against and in respect of any and all losses, costs, damages, reasonable charges or expenses (including, without limitation, all reasonable fees of counsel and amounts paid in settlement in accordance with this Article IX) (collectively, "Losses") arising in connection with (i) any Excluded Liability, (ii) any misrepresentation by Seller or any breach of any representation or warranty made by Seller under Article V hereof and (iii) any breach or nonfulfillment of any covenant or agreement on the part of Seller contained in this Agreement.

(b) Notwithstanding anything to the contrary contained in this Article IX, Seller shall not be obligated to indemnify Purchaser for any Losses with respect to any claim arising under Section 9.02(a)(ii) unless and until such time as the aggregate amount of such Losses arising therefrom exceeds Twenty Five Thousand Dollars (\$25,000) (the "Basket Amount"), and then only for amounts in excess of the Basket Amount.

(c) The maximum aggregate liability of Seller for any and all Losses incurred by

Purchaser under this Article IX shall not exceed an amount equal to the Purchase Price (the "Cap Amount").

**9.03 Indemnification by Purchaser.** Purchaser agrees to protect, defend, indemnify and hold harmless Seller and its affiliates, and their respective officers, directors and employees from, against and in respect of any and all Losses, resulting from: (i) any Assumed Liability; (ii) any misrepresentation by Purchaser or any breach of any representation or warranty made by Purchaser under Article VI hereof; (iii) any breach or nonfulfillment of any covenant or agreement on the part of Purchaser contained in this Agreement; and (iv) any claim or liability for severance or other termination payments in connection with the termination by Seller of any Business Employee that does not become a Hired Employee on the Closing Date.

**9.04 Notice to the Indemnitor.** Promptly after the assertion of any claim by a third party or the occurrence of any event which may give rise to a claim for indemnification from an indemnifying party ("Indemnitor") under this Article IX, an indemnified party ("Indemnitee") shall notify the Indemnitor in writing of such claim. The Indemnitor shall then have thirty (30) days to advise the Indemnitee whether the Indemnitor accepts the defense of such claim and after such acceptance, Indemnitor shall have no obligation to Indemnitee for legal fees incurred by Indemnitee before or after the date of any assumption of the defense by Indemnitor. The Indemnitor shall in no way be liable to the Indemnitee for any claim not presented to the Indemnitor by the Indemnitee for a defense within thirty (30) days of the claim being presented in writing to the Indemnitee by the party making the claim.

**9.05 Right of Parties to Settle or Defend.** If the Indemnitor determines to accept the

defense of such claim, the Indemnitee shall have the right to be represented by its own counsel at its own expense, its participation to be subject to reasonable direction of the Indemnitor.

The Indemnitee shall provide all requested waivers and authorities for the Indemnitor to act on behalf of the Indemnitee. If the Indemnitor fails to undertake the defense of or settle or pay any such third party claim within thirty (30) days after the Indemnitee has given written notice to the Indemnitor advising it of such claim, or if the Indemnitor, after having given notification to the Indemnitee that it shall accept the defense of such claim, fails within thirty (30) days to defend, settle or pay such claim, then the Indemnitee may take any and all necessary action to dispose of such claim including, without limitation, the settlement or full payment thereof upon such terms as it shall deem appropriate, in its sole discretion, subject to Section 9.06 below with respect to any proposed settlement thereof.

**9.06 Settlement.** (a) In the event the Indemnitee desires to settle any third-party claim the defense of which has not been assumed by Indemnitor in accordance with the terms of this Agreement, the Indemnitee shall advise the Indemnitor in writing of the amount it proposes to pay in settlement thereof (the "Proposed Settlement"). If such Proposed Settlement is unsatisfactory to the Indemnitor, it shall have the right, at its expense, to contest such claim by giving written notice of such election to the Indemnitee within twenty (20) days after the Indemnitor's receipt of the advice of the Proposed Settlement. If the Indemnitor does not deliver such written notice within twenty (20) days after receipt of such advise, or if the Indemnitor, after having given such notice to the Indemnitee, fails forthwith to defend, settle or pay such claim, the Indemnitee may offer the Proposed Settlement to the third party making such claim. If the Proposed Settlement is not accepted by the party making such claim, any



new Proposed Settlement figure which the Indemnitee may wish to present to the party making such claim shall first be presented to the Indemnitor who shall have the right, subject to the conditions hereinabove set forth in Section 9.05 and 9.06, to contest such claim. In all such events, the Indemnitor shall indemnify the Indemnitee and hold it harmless against and from any and all costs of defense, payment or settlement, including reasonable attorneys' fees incurred in connection therewith.

(b) The Indemnitor may settle such third-party claim that it has agreed to accept the defense of on any terms which it may deem reasonable. In the event the Indemnitor desires to settle such third-party claim, the Indemnitor shall not without the Indemnitee's prior written consent, (i) settle or compromise such proceeding, claim or demand, or consent to the entry of any judgment which does not include as an unconditional term thereof the delivery by the claimant or plaintiff to the Indemnitee of a written release from all liability in respect of such proceeding, claim or demand or (ii) settle or compromise any such proceeding, claim or demand, in any manner that may adversely affect the Indemnitee.

(c) Following the Closing, the indemnification obligations of this Article IX shall be the exclusive remedy for breaches of this Agreement and the Additional Agreements and no other remedy shall be had in contract, tort or otherwise.

**9.07 Reimbursement.** At the time the amount of any liability on the part of the Indemnitor under this Article IX is determined (which in the case of payments to third persons shall be the earlier of (i) the date of such payments or (ii) the date that a court of competent jurisdiction shall enter a final judgment, order or decree (after exhaustion of appeal rights) establishing such liability), the Indemnitor shall within thirty (30) days upon notice from the

Indemnatee, pay to the Indemnatee, the amount of the indemnity claim.

**ARTICLE X. MISCELLANEOUS.**

**10.01 Entire Agreement.** This Agreement (including the Schedules annexed hereto) contains the entire agreement between the parties with respect to the sale and purchase of the Publication and the Assets and related transactions and supersedes all prior agreements, written or oral, with respect thereto.

**10.02 Disclosure: Knowledge.** For the purpose of this Agreement, any disclosure made on one Schedule to this Agreement shall be deemed to be a disclosure for the purposes of all Schedules to this Agreement. In addition, any representation made "to the knowledge of Seller" shall mean to the knowledge of the persons listed on Schedule 10.02 attached hereto.

**10.03 Waivers and Amendments.** This Agreement may not be amended, modified, superseded, canceled, renewed or extended, and the terms and conditions hereof may not be waived, except by a written instrument signed by the parties or, in the case of a waiver, by the party making such waiver. No delay on the part of any party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any waiver on the part of any party of any right, power or privilege hereunder, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder. The rights and remedies herein provided are cumulative and are not exclusive of any rights or remedies which any party may otherwise have at law or in equity.

**10.04 Notices.** Any notice or other communication required or which may be given hereunder shall be in writing and either delivered personally to the addressee, telegraphed or

faxed to the addressee or mailed, certified mail, postage prepaid, and shall be deemed given when so delivered personally, telegraphed or faxed, or if mailed, three (3) days after the date of mailing, as follows:

(i) if to Seller, to:

Symbol of Excellence Publishers, Inc.  
Newsplaza  
Peoria, Illinois 61614  
Attention: Tom Masterson  
Telephone: 309-682-6626  
Facsimile: 309-682-7394

with a copy to:

PRIMEDIA Inc.  
745 Fifth Avenue  
New York, New York 10151  
Attention: Charles G. McCurdy  
Telephone: 212-745-0100  
Facsimile: 212-745-0199

and:

PRIMEDIA, Inc.  
745 Fifth Avenue  
New York, New York 10151  
Attention: Joseph C. Tedeschi, Esq.  
Telephone: 212-745-0675  
Facsimile: 212-745-0131

(ii) if to Purchaser, to:

Hoffman Media Inc.  
3116 Bradford Place  
Birmingham, AL 35242  
Attention: Wayne & Phyllis Hoffman  
Phone: (205) 995-8860  
Facsimile: (205) 995-8428

with a copy to:

Sirote & Permutt  
2222 Arlington Avenue South  
Birmingham, AL 35203  
Attention: Jack B. Levy, Esq.  
Telephone: 205-930-5243  
Facsimile: 205-930-5301

**10.05 Arbitration and Choice of Applicable Laws.** In further consideration for the covenants and mutual promises set forth in this Agreement, Purchaser and Seller agree that any and all disputes, claims, controversies or causes of action which have arisen between the parties, or which now exist or may hereafter arise between the parties, including but not limited to claims or disputes arising out of or relating to this Agreement, shall be settled only by binding arbitration in accordance with the Commercial Arbitration Rules of the American Arbitration Association. Purchaser and Seller agree that the making and performance of this Agreement involve interstate commerce, and that this agreement to arbitrate is made pursuant to the Federal Arbitration Act, 9 U.S.C. § et seq. Purchaser and Seller further agree that the laws of the State of New York (without regard to any principles of conflict of laws for such state) and all applicable federal laws shall apply to this entire Agreement, including but not limited to this arbitration provision. Purchaser and Seller further agree that any arbitration between them or involving them shall take place in Birmingham, Alabama.

In making the selection of an arbitrator, the parties may agree on an arbitrator. If the parties cannot agree on an arbitrator, then two (2) arbitrators shall be appointed. One arbitrator shall be appointed by the Seller and one arbitrator shall be appointed by the Purchaser. The two selected arbitrators shall then select a third arbitrator. Any determination, so made by the third

arbitrator, shall be binding on the parties.

**10.06 Interpretation.** Article titles, headings to sections and the table of contents are inserted for convenience of reference only and are not intended to be a part or to affect the meaning or interpretation hereof. The Schedules referred to herein shall be construed with and as an integral part of this Agreement to the same extent as if they were set forth verbatim herein. The specification of any dollar amount in the representations and warranties contained in this Agreement or the inclusion of any specific item in any schedule hereto is not intended to imply that such amounts or higher or lower amounts, or the items so included or other items, are or are not material, and no party hereto shall use the fact of the setting of such amounts or the inclusion of any such item in any dispute or controversy between the parties as to whether any obligation, item or matter not described herein or included in a Schedule is or is not material for purposes hereof. As used herein, "include", "includes" and "including" are deemed to be followed by "without limitation" whether or not they are in fact followed by such words or words of like import; "writing", "written" and comparable terms refer to printing, typing, lithography and other means of reproducing words in a visible form; references to an person are also to its successors and permitted assigns; "hereof", "herein", "hereunder" and comparable terms refer to the entirety hereof and not to any particular article, section or other subdivision hereof or attachment hereto; references to any gender include references to the plural and vice versa; references to this Agreement or other documents are as amended or supplemented from time to time; references to "Article", "Section" or another subdivision or to an attachment or "Schedule" are to an article, section or subdivision hereof or an attachment or "Schedule" hereto; references to "generally accepted accounting principles" shall mean generally accepted accounting principles in the

**10.07 Successors and Assigns.** This Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective legal successors and permitted assigns. Notwithstanding anything in this Agreement to the contrary, each party shall have the right to assign its rights, but not its obligations, under this Agreement to any entity controlling, controlled by or in common control with such party.

**10.08 Severability of Provisions.** If any term or provision of this Agreement, or the application of any such term or provision to any person or circumstances, shall be held invalid by a court of competent jurisdiction, the remainder of this Agreement, or the application of such term or provision to persons or circumstances other than those as to which it is held invalid, shall not be affected thereby.

**10.09 Counterparts.** This Agreement may be executed in two (2) or more counterparts, each of which shall be deemed an original, and each party thereto may become a party hereto by executing a counterpart hereof. This Agreement and any counterpart so executed shall be deemed to be one and the same instrument. Additionally, to the extent receipt is confirmed, this Agreement may be executed and sent by telecopy with the original to follow by documented overnight delivery service.

**10.10 Compliance with Bulk Sales Law.** Purchaser hereby waives compliance by Seller with the provisions of any bulk sales law, if and to the extent applicable to the transactions contemplated by this Agreement.

**10.11 Headings.** The headings in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

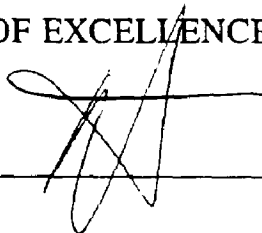
**10.12 No Benefit to Others.** The representations, warranties, covenants and agreements contained in this Agreement are for the sole benefit of the parties hereto and their respective successors and permitted assigns and they shall not be construed as conferring and are not intended to confer any rights on any other persons.

**10.13 Purchaser Acknowledgment.** Purchaser acknowledges, the terms and conditions of that certain Asset Purchase Agreement by and between Seller and Leisure Arts concerning the purchase by Leisure Arts of substantially all of the assets and assumption of certain of the liabilities of the kits and leaflets business previously owned by Seller (the "Purchase Agreement"). Purchaser has a true correct and copy of the Purchase Agreement and the related agreements thereto.


IN WITNESS WHEREOF, the parties have executed this Asset Purchase Agreement

as of the date first above written.

SYMBOL OF EXCELLENCE PUBLISHERS, INC.

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

HOFFMAN MEDIA, INC.

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_



Intellectual Property

Country	Mark	Reg. No.	Class
USA	Just CrossStitch	1727585	16, Magazine Concerning Needlecraft
USA	Miscellaneous Design Logo (World with Sewing Needle)	1750105	16, Magazine Concerning Needlecraft

License Agreements for the "Just CrossStitch" Trademark

License Agreement between Seller and Leisure Arts, Inc. dated October 31, 1996.

## TRADEMARK ASSIGNMENT

**WHEREAS**, Symbol of Excellence Publishers, Inc., an Alabama corporation having its place of business at 400 Riverhills Business Park, Birmingham, Alabama 35242, ("Assignor"), is the owner of certain registered trademarks, trade names, service marks and logos that are listed and described in Exhibit A attached hereto, (along with the goodwill associated with each of the foregoing collectively, the "Marks"); and

**WHEREAS**, Hoffman Media, Inc., an Alabama corporation having its place of business at 3116 Bradford Place, Birmingham, Alabama 35242 ("Assignee") desires to acquire the entire right, title and interest in and to the Marks.

**WHEREAS**, Assignor and Assignee have entered into an Asset Purchase Agreement, dated as of even date herewith (the "Agreement"), pursuant to which Assignor has agreed to sell and Assignee has agreed to purchase certain of the assets of Assignor, and Assignee has agreed to assume certain of the liabilities of Assignor, in each case relating to the business of publishing, selling and distributing the Publication (as defined in the Agreement).

**NOW, THEREFORE**, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Assignor does hereby sell, assign and transfer unto Assignee, its legal successors and permitted assigns all right, title and interest, whether statutory, registered or at common law, in and to the Marks, throughout the world, and any renewals or extensions thereof, and all causes of action for any and all previously occurring infringements of the rights being assigned and the right to receive and retain the proceeds relating to those infringements.

In the event of any conflict or inconsistency between the terms, provisions and conditions of this Trademark Assignment and the Agreement, the terms, provisions and conditions of the Agreement shall govern.

Assignor agrees to execute any further papers and to do such other acts as may be necessary and proper to vest all right, title and interest in and to the Marks in Assignee.

This Trademark Assignment shall be governed by, and construed in accordance with, the laws of the State of New York, and the provisions of Section 10.05 of the Agreement.

**IN WITNESS WHEREOF**, Assignor has caused these presents to be duly executed in a manner appropriate thereto as of the 2nd day of March, 1998.

SYMBOL OF EXCELLENCE PUBLISHERS, INC.

By: 

Name: DOUGLAS B. SMITH

Title: TREASURER

**EXHIBIT A**

<b>Country</b>	<b>Mark</b>	<b>Reg. No.</b>	<b>Class</b>
USA	Just CrossStitch	1727585	16, Magazine Concerning Needlecraft
USA	Miscellaneous Design Logo (World with Sewing Needle)	1750105	16, Magazine Concerning Needlecraft

The parties hereby acknowledge that this Mark is subject to certain restrictions under that certain License Agreement by and between Symbol of Excellence Publishers, Inc. and Leisure Arts, Inc. dated the 31st day of October 1996.

STATE OF NEW YORK     )  
                                  ) ss.:  
COUNTY OF NEW YORK )

On this 2nd day of March, 1998, before me personally came Douglas B. Smith, to me known, who being by me duly sworn, did depose and say that he is the Treasurer of Symbol of Excellence Publishers, Inc., the corporation described in and which executed the foregoing instrument, and that he had the authority to sign his name hereto on behalf of the corporation.

YUN H. PARK  
Notary Public, State of New York  
No. 31-4974679  
Qualified in New York County  
Commission Expires 4/23/99

  
Notary Public