F-FORM PTO-1619A
Expires 06/30/99
OMB 0651-0027

10-01-2001

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U.S. Department of Commerce
Patent and Trademark Office
TRADEMARK

: SHEET
.Y

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(

09-19-2001
U.S. Patent & TMOfc/TM Mail Rcpt Dt. #58

Submission Type

☒ New 9-19-01

☐ Resubmission (Non-Recordation) Document ID#

☐ Correction of PTO Error Reel # Frame #

☐ Corrective Document Reel # Frame #

Conveyance Type

☐ Assignment ☐ License

☒ Security Agreement ☐ Nunc Pro Tunc Assignment

☐ Merger

Effective Date Month Day Year: 08 31 2001

☐ Change of Name

☐ Other

Conveying Party(ies)

☐ Mark if additional names of conveying parties attached

Name: VALLEY MEDIA, INC.

Execution Date Month Day Year: 08 31 2001

Formerly

☐ Individual ☐ General Partnership ☐ Limited Partnership ☒ Corporation ☐ Association

☐ Other

☒ State of Incorporation State of Delaware

Receiving Party

☐ Mark if additional names of conveying parties attached

Name: CONGRESS FINANCIAL CORPORATION (NORTHWEST)

DBA/AKA/TA

Composed of

Address (line 1): 251 South Lake Avenue

Address (line 2): Ninth Floor

Address (line 3): Pasadena (City) California (State/Country) 91101 (Zip Code)

RECEIVED
2001 SEP 19 P 12:58
US PATENT & TRADEMARK OFFICE
TRADEMARK FEE PROCESS.

☐ Individual ☐ General Partnership ☐ Limited Partnership

☒ Corporation ☐ Association

☐ Other

☒ State of Incorporation State of Oregon

☐ If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative is attached. *(Designation must be a separate document from Assignment)*

FOR OFFICE USE ONLY

09/28/2001 DBYRNE 00000047 2204493
01 FC:481 40.00
02 FC:482 250.00

09/= 3219 (1)

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB nation Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

Mail documents to be recorded with required cover sheet(s) information to:
Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20231

122600-1

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name	Otterbourg, Steindler, Houston & Rosen, P.C.
Address (line 1)	Stephen H. Alpert, Esq.
Address (line 2)	230 Park Avenue
Address (line 3)	New York, New York 10169
Address (line 4)	

Correspondent Name and Address

Area Code and Telephone Number: 212-661-9100

Name	Otterbourg, Steindler, Houston & Rosen, P.C.
Address (line 1)	Joseph T. Makseyn
Address (line 2)	230 Park Avenue
Address (line 3)	New York, New York 10169
Address (line 4)	

Pages

Enter the total number of pages of the attached conveyance document including any attachments. # 14

Trademark Application Number(s) or Registration Number(s)

☒ Mark if additional numbers attached

Enter either the Trademark Application Number or the Trademark Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s) See Attached

Registration Number(s) See Attached

Number of Properties

Enter the total number of properties involved. # 11

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41): $ $290.00

Method of Payment: Enclosed ☒ Deposit Account ☐

Deposit Account
(Enter for payment by deposit account or if additional fees ran be charged to the account)
Deposit Account Number: #

Authorization to charge additional fees: Yes ☐ No ☐

Statement and Signature

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Joseph T. Makseyn — Name of Person Signing

Signature

9/17/01 — Date

122600-1

VALLEY MEDIA, INC.
TRADEMARKS AND SERVICE MARKS

1.	"VALLEY MEDIA"	Registration No. 2,204,493
2.	"VALLEY ENTERTAINMENT"	Registration No. 2,259,894
3.	"VALLEY ENTERTAINMENT"	Registration No. 2,139,295
4.	"DNA"	Registration No. 2,071,369
5.	"EAR WHACKS"	Registration No. 2,107,160
6.	"I.FILL"	Registration No. 2,285,578
7.	"SCHWANN"	In-use application No. 76/199,635
8.	"SCHWANN INSIDE JAZZ AND CLASSICAL"	In-use application No. 76/199,148
9.	"SCHWANN ONLINE"	In-use application No. 76/199,531
10.	"SCHWANN DVD ADVANCE"	In-use application No. 76/199,126
11.	"EMERGE"	In-use application No. 76/152,071

TRADEMARK AND PATENT SECURITY AGREEMENT

AGREEMENT made as of the 31st day of August, 2001, by VALLEY MEDIA, INC., a Delaware corporation ("Debtor"), in favor of CONGRESS FINANCIAL CORPORATION (NORTHWEST) ("Secured Party").

1. SECURITY INTEREST

WHEREAS, Debtor has adopted, used and is using, and is the owner of the entire right, title, and interest in and to the trademarks, trade names, terms, designs and applications therefor and the patents and applications therefor all as described in Schedule A annexed hereto and made a part hereof; and

WHEREAS, Secured Party has agreed to make to Debtor certain loans, advances and other financial accommodations pursuant to that certain Loan and Security Agreement dated May 21, 1998 by and between Debtor and Secured Party (as it may be amended, extended, renewed, supplemented or otherwise modified from time to time or restated, the "Loan Agreement") and the other Financing Agreements, as defined in the Loan Agreement (all of the foregoing, as the same may now exist or may hereafter be amended, extended, renewed, supplemented or otherwise modified, are collectively referred to herein as the "Agreements").

NOW, THEREFORE, in order to induce Secured Party to make additional loans and other financial accommodations to Debtor pursuant to the Agreements and in consideration thereof, and as required by the terms of the Loan Agreement, Debtor hereby grants to Secured Party a security interest in: (a) all of Debtor's now existing or hereafter acquired right, title, and interest in and to: all of Debtor's trademarks, trade names, trade styles and service marks, including without limitation those listed in Part I of Schedule A hereto, as to which there are no registrations or pending applications; all prints and labels on which said trademarks, trade names, trade styles and service marks appear, have appeared or will appear, and all designs and general intangibles of a like nature; all Use-Based Applications, registrations and recordings relating to the foregoing in the United States Patent and Trademark Office or in any similar office or agency of the United States, any State thereof, any political subdivision thereof or in any other countries, and all reissues, extensions and renewals thereof including those trademarks, terms, design and applications described in Part II of Schedule A hereto (the "Trademarks"); (b) the goodwill of the business symbolized by each of the Trademarks, including, without limitation, all customer lists and other records relating to the distribution of products or services bearing the Trademarks; and (c) all of Debtor's now existing or hereafter acquired right, title and interest in and to: all of Debtor's interests in any patents, whether foreign or domestic; all applications, registrations and recordings relating to such patents in the United States Patent and Trademark Office or in any similar office or agency of the United States, any state thereof, any political subdivision thereof and all reissues, extensions and renewals thereof, including, without limitation, those patents, applications, registrations and recordings

without limitation, any claims by Debtor against third parties for infringement of the Trademarks, Patents or any licenses with respect thereto (all of the foregoing are collectively referred to herein as the "Collateral"). The marks listed in Part III of Schedule A hereto are marks that Debtor represents and warrants have never been used to date by Debtor and are the subject of pending Intent-To-Use Applications (each an "ITU Application" and collectively the "ITU Applications"). At such time, if any, that Debtor starts making use of any such mark, (1) the Debtor shall convert the applicable ITU Application to a Use-Based Application by filing an Amendment to Allege Use or Statement of Use with the United States Patent and Trademark Office and providing prompt notice of such filing to Secured Party, and (2) such mark and corresponding Use-Based Application shall automatically become part of the Collateral and fully subject to the security interest of Secured Party hereunder.

2. OBLIGATIONS SECURED

The security interests granted to Secured Party in this Agreement shall secure the prompt and indefeasible payment and performance of all now existing and future obligations, liabilities and indebtedness of Debtor to Secured Party of every kind, nature and description, including without limitation, the "Obligations" as defined in the Loan Agreement (all the foregoing hereinafter referred to as "Obligations").

3. WARRANTIES AND COVENANTS

Debtor hereby covenants, represents and warrants that (all of such covenants, representations and warranties being continuing in nature so long as any of the Obligations are outstanding):

(a) Debtor will pay and perform all of the Obligations according to their terms.

(b) To the best of Debtor's knowledge, all of the existing Collateral is valid and subsisting in full force and effect and Debtor owns sole, full and clear title thereto, and has the right and power to grant the security interests granted hereunder. Debtor will, at Debtor's expense, perform all acts and execute all documents necessary to maintain the existence of the Collateral as valid, subsisting and registered trademarks and patents including without limitation the filing of any renewal affidavits and applications. The Collateral is not subject to any liens, claims, mortgages, assignments, licenses, security interests, or encumbrances of any nature whatsoever except (i) the security interests granted hereunder, (ii) the licenses, if any, which are specifically described in Schedule B hereto, and (iii) any liens permitted under Schedule 9.8 of the Loan Agreement.

(c) Debtor will not assign, sell, mortgage, lease, transfer, pledge, hypothecate, grant a security interest in or lien upon, encumber, grant an exclusive or non-exclusive license relating thereto, except to Secured Party, or otherwise dispose of any of the Collateral without the prior written consent of Secured Party.

(d) Debtor will, at Debtor's expense, perform all acts and execute all documents requested at any time by Secured Party to evidence, perfect, maintain, record, or enforce the security interest in the Collateral granted hereunder or to otherwise further the provisions of this Agreement.

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Debtor hereby authorizes Secured Party to execute and file one or more financing statements (or similar documents) with respect to the Collateral signed only by Secured Party. Debtor further authorizes Secured Party to have this or any other similar security agreement filed with the Commissioner of Patents and Trademarks or other appropriate federal, state or government office.

(e) Debtor will, concurrently with the execution and delivery of this Agreement, execute and deliver to Secured Party five (5) originals of a Power of Attorney in the form of Exhibit 1 annexed hereto for the implementation of the assignment, sale or other disposition of the Collateral pursuant to Secured Party's exercise of the rights and remedies granted to Secured Party in the Loan Agreement and hereunder. Secured Party agrees it will not exercise the Power of Attorney unless and until there is an Event of Default (defined below).

(f) Secured Party may, in its sole discretion, pay any amount or do any act which Debtor fails to pay or do as required hereunder or as requested by Secured Party to maintain and preserve the Collateral, defend, protect, record, amend or enforce the Obligations, the Collateral, or the security interest granted hereunder, including, but not limited to, all filing or recording fees, court costs, collection charges and reasonable attorneys' fees. Debtor will be liable to Secured Party for any such payment, which payment shall be deemed a Prime Rate Loan by Secured Party to Debtor, and shall be payable on demand together with interest at the Interest Rate for Prime Rate Loans and shall be part of the Obligations secured hereby and by the other "Collateral", as defined in the Loan Agreement.

(g) As of the date hereof, Debtor does not have any Trademarks or Patents registered, or subject to pending applications, in the United States Patent and Trademark Office or any similar office or agency in the United States other than those described in Schedules A and B annexed hereto.

(h) Debtor shall notify Secured Party in writing of the filing of any application for the registration of a Trademark or Patent with the United States Patent and Trademark Office or any similar office or agency in the United States or any state therein within thirty (30) days of such filing. Upon request of Secured Party, Debtor shall execute and deliver to Secured Party any and all assignments, agreements, instruments, documents, and such other papers as may be requested by Secured Party to evidence the security interests of Secured Party in such Trademark or Patent.

(i) Debtor has not abandoned any of the Trademarks or Patents material to the conduct of the business and Debtor will not do any act, nor omit to do any act, whereby any such Trademarks or Patents may become abandoned, cancelled, invalidated, unenforceable, avoided, or avoidable. Debtor shall notify Secured Party immediately if Debtor knows or has reason to know of any reason why any application, registration, or recording may become abandoned, cancelled, invalidated, unenforceable, avoided, or avoidable.

(j) Debtor will render any assistance, as Secured Party may determine is necessary, to Secured Party in any proceeding before the United States Patent and Trademark Office, any federal or state court, or any similar office or agency in the United States or any state therein or any other country to maintain such application and registration of the Trademarks or Patents as

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Debtor's exclusive property and to protect Secured Party's interest in and to the Trademarks or Patents.

(k) Debtor will promptly notify Secured Party if Debtor (or any affiliate or subsidiary thereof) learns of any use by any person of any term or design likely to cause confusion with any Trademark or of any use any person of any other process or product which infringes upon any Patent or Trademark. If requested by Secured Party, Debtor, at Debtor's expense, shall join with Secured Party in such action as Secured Party, in Secured Party's discretion, may deem advisable for the protection of Secured Party's interest in and to the Trademarks or Patents.

(l) Debtor assumes all responsibility and liability arising from the use of the Trademarks or Patents by Debtor, and Debtor hereby indemnifies and holds Secured Party harmless from and against any claim, suit, loss, damage, or expense (including reasonable attorneys' fees) arising out of any alleged defect in any product manufactured, promoted, or sold by Debtor (or any affiliate or subsidiary thereof) in connection with any Trademark and Patent or out of the manufacture, promotion, labeling, sale or advertisement of any such product by Debtor (or any affiliate or subsidiary thereof).

(m) In any action or proceeding instituted by Secured Party in connection with any matters arising at any time out of or with respect to this Agreement, Debtor will not interpose any counterclaim of any nature.

4. EVENTS OF DEFAULT

All Obligations shall, at Secured Party's option, become immediately due and payable without notice of demand upon the occurrence of any Event of Default as defined in the Loan Agreement (each an "Event of Default" and collectively, "Events of Default").

5. RIGHTS AND REMEDIES

Upon the occurrence of any Event of Default and at any time thereafter, in addition to all other rights and remedies of Secured Party, whether provided under law, the Agreements or otherwise, and after expiration of any applicable grace period set forth in this Agreement, Secured Party shall have the following rights and remedies which may be exercised without notice to, or consent by, Debtor except as such notice or consent is expressly provided for hereunder.

(a) Secured Party may require that neither Debtor nor any affiliate or subsidiary of Debtor make any use of the Trademarks or any marks similar thereto or any Patent for any purpose whatsoever. Secured Party may make use of any Trademarks or Patents for the sale of goods, or rendering of services in connection with enforcing any other security interest granted to Secured Party by Debtor or any subsidiary of Debtor.

(b) Secured Party may grant such license or licenses relating to the Collateral for such term or terms, on such conditions, and in such manner, as Secured Party shall in its sole discretion deem appropriate. Such license or licenses may be general, special, or otherwise, and may

TRADEMARK
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be granted on an exclusive or non-exclusive basis throughout all or any part of the United States of America, its territories and possessions, and all foreign countries.

(c) Secured Party may assign, sell, or otherwise dispose of the Collateral or any part thereof, either with or without special conditions or stipulations, except that Secured Party agrees to provide Debtor with ten (10) days prior written notice of any proposed disposition of the Collateral. Secured Party shall have the power to buy the Collateral or any part thereof, and Secured Party shall also have the power to execute assurances and perform all other acts which Secured Party may, in Secured Party's sole discretion, deem appropriate or proper to complete such assignment, sale or disposition. In any such event, Debtor shall be liable for any deficiency.

(d) In addition to the foregoing, in order to implement the assignment, sale, or other disposition of any of the Collateral pursuant to subparagraph 5(c) hereof, Secured Party may at any time execute and deliver on behalf of Debtor, pursuant to the authority granted in the Powers of Attorney described in subparagraph 3(e) hereof, one or more instruments of assignment of the Trademarks or Patents (or any application, registration, or recording relating thereto), in form suitable for filing, recording or registration. Debtor agrees to pay Secured Party on demand all costs incurred in any such transfer of the Collateral, including, but not limited to, any taxes, fees, and reasonable attorneys' fees.

(e) Secured Party may apply the proceeds actually received from any such license, assignment, sale, or other disposition of Collateral first to the reasonable costs and expenses thereof, including, without limitation, reasonable attorneys' fees and all legal, travel, and other expenses which may be incurred by Secured Party. Thereafter, Secured Party may apply any remaining proceeds to such of the Obligations and in such order and manner as Secured Party may in its sole discretion determine. Debtor shall remain liable to Secured Party for any expenses or obligations remaining unpaid after the application of such proceeds, and Debtor will pay Secured Party on demand any such unpaid amount, together with interest at the default Interest Rate for Prime Rate Loans set forth in the Loan Agreement.

(f) In the event that any such license, assignment, sale or disposition of the Collateral (or any part thereof) is made after the occurrence of an Event of Default, Debtor shall supply to Secured Party or Secured Party's designee Debtor's knowledge and expertise relating to the manufacture and sale of the products and services bearing the Trademarks or to which the Patents relate and Debtor's customer lists and other records relating to the Trademarks and Patents and the distribution thereof.

Nothing contained herein shall be construed as requiring Secured Party to take any such action at any time. All of Secured Party's rights and remedies, whether provided under law, the Agreements, this Agreement, or otherwise, shall be cumulative and none is exclusive. Such rights and remedies may be enforced alternatively, successively, or concurrently.

6. MISCELLANEOUS

TRADEMARK
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(a) Any failure or delay by Secured Party to require strict performance by Debtor of any of the provisions, warranties, terms and conditions contained herein or in any other agreement, document, or instrument, shall not affect Secured Party's right to demand strict compliance and performance therewith, and any waiver of any default shall not waive or affect any other default, whether prior or subsequent thereto, and whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained herein or in any other agreement, document, or instrument shall be deemed to have been waived by any act or knowledge of Secured Party, its agents, officers, or employees, but only by an instrument in writing, signed by an officer of Secured Party and directed to Debtor, specifying such waiver.

(b) All notices, requests and demands to or upon the respective parties hereto shall be deemed to have been duly given or made: if by hand, immediately upon delivery; if by facsimile (fax), telex or telegram, immediately upon sending; if by any overnight delivery service, one day after dispatch; and if mailed by first class or certified mail, three (3) days after mailing. All notices, requests and demands are to be given or made to the respective parties at the following addresses (or to such other addresses as either party may designate by notice in accordance with the provisions of this paragraph):

If to Debtor:

VALLEY MEDIA, INC.
1280 Santa Anita Court
Woodland, California 95776
Attention: CEO
Telephone: 530 661-6600
Fax: 530 406-5231

If to Secured Party:

CONGRESS FINANCIAL CORPORATION (NORTHWEST)
c/o Congress Financial Corporation (Western)
251 South Lake Avenue
Ninth Floor
Pasadena, California 91101
Attention: Mr. Paul Dodwell
Telephone: 626 304-4935
Fax: 626 304-4949

(c) In the event any term or provision of this Agreement conflicts with any term or provision of the Loan Agreement, the term or provision of the Loan Agreement shall control.

(d) In the event that any provision hereof shall be deemed to be invalid by any court, such invalidity shall not affect the remainder of this Agreement.

(e) This Agreement shall be binding upon and for the benefit of the parties hereto and their respective legal representatives, successors and assigns. No provision hereof shall be modified, altered or limited except by a written instrument expressly referring to this Agreement signed by the party to be charged thereby.

TRADEMARK
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(f) The security interest granted in the Collateral to Secured Party shall terminate and the Collateral will be reassigned to Debtor, at Debtor's sole expense, upon termination of the Loan Agreement and indefeasible payment in full to Secured Party of all Obligations thereunder.

IN WITNESS WHEREOF, Debtor and Secured party have executed this Agreement as of the day and year first above written.

DEBTOR

VALLEY MEDIA, INC.

By: _____

Title: Treasurer

SECURED PARTY

CONGRESS FINANCIAL CORPORATION (NORTHWEST)

By: _____

Title: Vice President

TRADEMARK
REEL: 002375 FRAME: 0572

VALLEY MEDIA, INC.
TRADEMARKS AND SERVICE MARKS

SCHEDULE A, PART I
Common Law Marks and/or Trade Styles

1. audio**file**
2. audio**trax**
3. ENHANCED DVD CONTENT
4. VALLEY
5. FUNATICS
6. "STREET DATE" — Common law rights/in-use application under consideration
7. "VIDEO STREET DATE" — Common law rights/in-use application under consideration
8. "VALLEY- B2B" — Common law rights/in-use application under consideration
9. "VALLEY- MEDIA.COM" — Common law rights/in-use application under consideration

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VALLEY MEDIA, INC.
TRADEMARKS AND SERVICE MARKS

SCHEDULE A, PART II
Registrations and Pending Use-Based Applications

1.	"VALLEY MEDIA"	Registration No. 2,204,493
2.	"VALLEY ENTERTAINMENT"	Registration No. 2,259,894
3.	"VALLEY ENTERTAINMENT"	Registration No. 2,139,295
4.	"DNA"	Registration No. 2,071,369
5.	"EAR WHACKS"	Registration No. 2,107,160
6.	"I.FILL"	Registration No. 2,285,578
7.	"SCHWANN"	In-use application No. 76/199,635
8.	"SCHWANN INSIDE JAZZ AND CLASSICAL"	In-use application No. 76/199,148
9.	"SCHWANN ONLINE"	In-use application No. 76/199,531
10.	"SCHWANN DVD ADVANCE"	In-use application No. 76/199,126
11.	"EMERGE"	In-use application No. 76/152,071
12.	"VM" Design	In-use application in process
13.	"STREET DATE"	Common law rights/in-use application under consideration
8.	"VIDEO STREET DATE"	Common law rights/in-use application under consideration
9.	"VALLEY- B2B"	Common law rights/in-use application under consideration
10.	"VALLEY- MEDIA.COM"	Common law rights/in-use application under consideration

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VALLEY MEDIA, INC.
TRADEMARKS AND SERVICE MARKS

SCHEDULE A, PART III
Intent and Use Applications

NONE

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VALLEY MEDIA, INC.
TRADEMARKS AND SERVICE MARKS

SCHEDULE B
Licenses

NONE

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STATE OF CALIFORNIA)
) ss.:
COUNTY OF YOLO)

On this 31st day of August, 2001, before me personally came Donald E. Rose, to me known, who being duly sworn, did depose and say, that he is the Treasurer of VALLEY MEDIA, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

KATHY L. WEISBECKER
Commission # 1283286
Notary Public - California
Yolo County
My Comm. Expires Nov 6, 2004

Kathy L. Weisbecker
Notary Public

STATE OF CALIFORNIA)
) ss.:
COUNTY OF LOS ANGELES)

On this 6TH day of ~~August~~ SEPT., 2001, before me personally came PAUL DODWELL, to me known, who being duly sworn, did depose and say, that he is the VICE PRESIDENT of CONGRESS FINANCIAL CORPORATION (NORTHWEST), the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Norman F. Reneau
Notary Public

NORMAN F. RENEAU
Commission # 1254269
Notary Public - California
Los Angeles County
My Comm. Expires Feb 20, 2004

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TRADEMARK
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EXHIBIT I

SPECIAL POWER OF ATTORNEY

STATE OF CALIFORNIA)
) ss.:
COUNTY OF YOLO)

KNOW ALL MEN BY THESE PRESENTS, that VALLEY MEDIA, INC., (hereinafter "Debtor"), hereby appoints and constitutes CONGRESS FINANCIAL CORPORATION (NORTHWEST) ("Secured Party") pursuant to that certain Loan and Security Agreement dated as of May 21, 1998 between Debtor and Secured Party and each officer thereof, its true and lawful attorney, with full power of substitution and with full power and authority to perform the following acts on behalf of Debtor;

A. Execution and delivery of any and all agreements, documents, instruments of assignment, or other papers which Secured Party, in its sole discretion, deems necessary or advisable for the purpose of assigning, selling, or otherwise disposing of all of right, title, and interest of Debtor in and to any Trademarks or Patents (as such terms are defined in the Security Agreement referred to below) and all registrations, recordings, reissues, extensions, and renewals thereof, or for the purpose of recording, registering and filing of, or accomplishing any other formality with respect to the foregoing.

B. Execution and delivery of any and all documents, statements, certificates or other papers which Secured Party, in its sole discretion, deems necessary or advisable to further the purposes described in subparagraph A hereof.

This Power of Attorney is made pursuant to a Trademark and Patent Security Agreement between Debtor and Secured party of even date herewith (the "Security Agreement") and may not be revoked until indefeasible payment is full of all Debtor's "Obligations", as such term is defined in the Security Agreement.

Dated as of August 31, 2001

VALLEY MEDIA, INC.

By: Donald E Kane

Title: Treasurer

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TRADEMARK
REEL: 002375 FRAME: 0578

STATE OF CALIFORNIA)
) ss.:
COUNTY OF YOLO)

On this 31st day of August, 2001, before me personally came Donald E. Rose, to me known, who being duly sworn, did depose and say, that he is the Treasurer of VALLEY MEDIA, INC., the corporation described in and which executed the foregoing instrument; and that he signed his name thereto by order of the Board of Directors of said corporation.

Kathy L. Weisbecker
Notary Public

108434-3