

4/30/04

05-05-2004

Form PTO-1594

(Rev. 03/01)

OMB No. 0651-0027 (exp. 5/31/2002)

RECORDATION FORM CO

TRADEMARKS



COMMERCE
Trademark Office

102737735

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OFFICE OF PUBLIC RECORDS

2004 APR 30 AM 10:46

To the Honorable Commissioner of Patents and Trademarks: Please record the attached original documents or copy thereof.

1. Name of conveying party(ies):
Direct Marketing Services, Inc. **FINANCE SECTION**

Individual(s) Association
 General Partnership Limited Partnership
 Corporation-State
 Other _____

Additional name(s) of conveying party(ies) attached? Yes No

3. Nature of conveyance:
 Assignment Merger
 Security Agreement Change of Name
 Other _____

Execution date: March 25, 2004

2. Name and address of receiving party(ies):
Name: _____
Montgomery Ward, LLC
Internal
Address: c/o NHB Assignments, LLC
822 Montgomery Avenue, Suite
Street Address: 204
City: Narberth State: PA Zip: 19072

Individual(s) citizenship _____
 Association _____
 General Partnership _____
 Limited Partnership _____
 Corporation-State _____
 Other Limited Liability Company - Delaware

If assignee is not domiciled in the United States, a domestic representative designation is attached: Yes No
(Designations must be a separate document from assignment)
Additional name(s) & address(es) attached: Yes No

4. Application number(s) or registration number(s):

A. Trademark Application No.(s) _____
Additional number(s) attached _____

B. Trademark Registration No.(s) 1170705, 1258963, 2210957, 1546833, 1277384, 1618665, 1867017, 1795052, 2454892, 1512141, 1558564, 1558561, 2413019
 Yes No

5. Name and address of party to whom correspondence concerning document should be mailed:

Name: Brielle Weisberg
Internal Address: Weil, Gotshal & Manges, LLP

Street Address: 767 5th Avenue

City: New York State: NY Zip: 10153

6. Total number of applications and registrations involved: 13

7. Total fee (37 CFR 3.41): \$ 340.00
 Enclosed
 Authorized to be charged to deposit account

8. Deposit account number:
230800
(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. 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.

Phyllis Eremitaggio Phyllis Eremitaggio April 30, 2004
Name of Person Signing Signature Date

Total number of pages including cover sheet, attachments, and document: 1

Mall documents to be recorded with required cover sheet information to:
Commissioner of Patent & Trademarks, Box Assignments
Washington, D.C. 20231

05/04/2004 6TON11 00000186 230800 1170705

01 FC:8521 40.00 DA
02 FC:8522 300.00 DA

TRADEMARK SECURITY AGREEMENT

TRADEMARK SECURITY AGREEMENT, dated as of March 25, 2004, by DIRECT MARKETING SERVICES, INC., an Illinois corporation ("Grantor"), in favor of MONTGOMERY WARD, LLC ("Secured Party"), a Delaware limited liability company.

WITNESSETH:

WHEREAS, pursuant to that certain Trademark Purchase Agreement dated as of the date hereof by and between Grantor and Secured Party (including all annexes, exhibits and schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Trademark Purchase Agreement"), Secured Party has agreed to sell all of its right, title and interest in and to (a) the trademark(s), service-mark(s) and domain name(s) associated with the name "Montgomery Ward" and identified on Exhibit A hereto, including any federal and state trademark registrations and/or applications of Secured Party related thereto (collectively, the "Ward House Marks"), and (b) certain other trademark(s), service-mark(s) and domain name(s) identified on Exhibit B hereto, including any federal and state trademark registrations and/or applications of Secured Party related thereto (collectively, the "Other Marks" and, with the Ward House Marks, the "Purchased Trademarks") and Grantor has agreed to purchase such Purchased Trademarks for a down payment in cash in the amount of \$500,000 and a promissory note in the amount of \$1,500,000 (the "Note") and certain quarterly payments based on certain net sales, each as more fully described therein;

WHEREAS, in order to induce Secured Party to enter into the Trademark Purchase Agreement to finance the purchase thereof as evidenced by the Note and to enter into the other related documents provided for in the Trademark Purchase Agreement, Grantor has agreed to grant a continuing Lien (as hereinafter defined) on the Collateral (as hereinafter defined) to secure the Obligations (as hereinafter defined) and to enter into that certain Security Agreement dated as of the date herewith (including all annexes, exhibits or schedules thereto, as from time to time amended, restated, supplemented or otherwise modified, the "Security Agreement");

WHEREAS, pursuant to the Security Agreement, Grantor is required to execute and deliver to Secured Party this Trademark Security Agreement;

NOW, THEREFORE, in consideration of the premises and mutual covenants herein contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Grantor hereby agrees as follows:

1. DEFINED TERMS. All capitalized terms used but not otherwise defined herein have the meanings given to them in the Security Agreement.

2. GRANT OF SECURITY INTEREST IN TRADEMARK COLLATERAL. Grantor hereby grants to Secured Party a continuing first priority security interest in all of Grantor's right, title and interest in, to and under the following, whether presently existing or hereafter created or acquired (collectively, the "Trademark Collateral");

(a) all of its Purchased Trademarks and Trademark Licenses to which it is a party including those referred to on Exhibit A and Exhibit B hereto;

(b) all reissues, continuations or extensions of the foregoing;

(c) all goodwill of the business connected with the use of, and symbolized by, each Purchased Trademark and each Trademark License; and


(d) all products and proceeds of the foregoing, including, without limitation, any claim by Grantor against third parties for past, present or future (i) infringement or dilution of any Purchased Trademark or any Purchased Trademark licensed under any Trademark License or (ii) injury to the goodwill associated with any Purchased Trademark or any Purchased Trademark licensed under any Trademark License.

3. SECURITY AGREEMENT. The security interests granted pursuant to this Trademark Security Agreement are granted in conjunction with the security interests granted to Secured Party pursuant to the Security Agreement. Grantor hereby acknowledges and affirms that the rights and remedies of Secured Party with respect to the security interest in the Trademark Collateral made and granted hereby are more fully set forth in the Security Agreement, the terms and provisions of which are incorporated by reference herein as if fully set forth herein.

[signature page follows]

IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

**DIRECT MARKETING SERVICES,
INC.
as Grantor**

By: 
Name: David Milgrom
Title: President

ACCEPTED AND ACKNOWLEDGED BY:

**MONTGOMERY WARD, LLC,
as Secured Party**

By: NHB Assignments, LLC
as Plan Administrator

By: _____
Name: John Palmer
Title: Managing Director

[SIGNATURE PAGE TO TRADEMARK SECURITY AGREEMENT]

IN WITNESS WHEREOF, Grantor has caused this Trademark Security Agreement to be executed and delivered by its duly authorized officer as of the date first set forth above.

DIRECT MARKETING SERVICES, INC.
as Grantor

By: _____
Name: David Milgrom
Title: President

ACCEPTED AND ACKNOWLEDGED BY:

MONTGOMERY WARD, LLC,
as Secured Party

By: NHB Assignments, LLC
as Plan Administrator

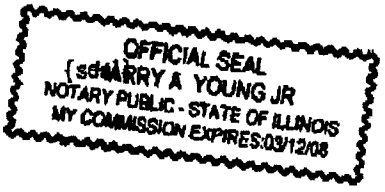
By:  _____
Name: John Palmer
Title: Managing Director

ACKNOWLEDGMENT OF GRANTOR

STATE OF Illinois)
COUNTY OF Cook) SS.

On this 30th day of April, 2004 before me personally appeared David Milgrom, proved to me on the basis of satisfactory evidence to be the person who executed the foregoing instrument on behalf of Direct Marketing Services, Inc. who being by me duly sworn did depose and say that he is an authorized officer of said corporation, that the said instrument was signed on behalf of said corporation as authorized by its Board of Directors and that he acknowledged said instrument to be the free act and deed of said corporation.

Harry A. Young Jr
Notary Public



[NOTARY PAGE TO TRADEMARK SECURITY AGREEMENT]

**EXHIBIT A
PURCHASED TRADEMARKS
WARD HOUSE MARKS**

Mark	Registration Number	Goods/Services
MONTGOMERY WARD	1,170,705	Retail department store and mail order services
MONTGOMERY WARD	1,258,963	Retail department store and mail order services
WARDS	2,210,957	Retail department store services

**EXHIBIT B
PURCHASED MARKS
OTHER MARKS**

Marks That May Be Registered

Mark	Registration Number	Goods/Services
AUTO EXPRESS	1,546,833	Retail automotive store services
AUTO EXPRESS	1,277,384	Automotive repair and maintenance services
GOLD 'N GEMS	1,618,665	Retail store, mail order, and distribution services for jewelry
COLOR CONNECTION	1,867,017	Window coverings; namely, window shades and blinds; curtains, swags, valances and draperies made of fabric
COLOR CONNECTION	1,795,052	Blankets, comforters, sheets, pillowcases, pillow shams, dust ruffles, bedspreads, towels, shower curtains, tablecloths
SLEEP CONNECTION	2,454,892	Pillows, pillow covers, mattress pads, mattress covers, bed sheets, comforters, and bed blankets
HOME IDEAS	1,512,141	Retail department store services
KIDS STORE & DESIGN	1,558,564	Retail department store services
KIDS STORE (stylized)	1,558,561	Retail department store services
YOU CAN'T SHOP SMARTER THAN WARDS	2,413,019	Retail department store services

**PURCHASED TRADEMARKS
OTHER MARKS
(CONTINUED)**

**Names Which May Have Been Used By Wards,
Some Of Which May Be Registered Or
Common Law Trademarks Or Domain Names**

Auto Express.com
Goldngems.com
Rooms and More
Rednose.com
Home Solutions
Edgy Dogs
Luxury fit
NorthWest Blue and derivatives
OutDoor Exchange
Pure Luxury
Tricycle
Urban Works
Wentworth Club Soda
Hill & Archer and Derivatives
Power Kraft
Funkins
Power Plus
Power Grip
Grand Manor
Great House
JBX
Knight-O-Rest
Living Rooms and More
Liz Sheridan
Power Grip
Power Plus
Putogether.com
Riviera
Sea King
Road Guard
Signature Blinds
Spectra
Stratolite
Sun Country
The Gas Miser
Victoria Spencer and Swans