

09-30-2004

RE



102847987

To the Director of the U. S. Patent and Trademark Office, _____
_____ments or the new address(es) below.

1. Name of conveying party(ies)/Execution Date(s):

Provender Opportunities Fund II, L.P.
17 State Street, 39th Floor
New York, NY 10004

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

Citizenship (see guidelines) Delaware

Execution Date(s) _____

Additional names of conveying parties attached? Yes No

3. Nature of conveyance:

- Assignment
- Security Agreement
- Other Release of Security Interest
- Merger
- Change of Name

2. Name and address of receiving party(ies)

Additional names, addresses, or citizenship attached? Yes No

Name: Vanguard Media, Inc.

Internal Address: Suite 646-646

Street Address: 330 Madison Avenue

City: New York

State: New York

Country: USA

Zip: 10017

- Association
- General Partnership
- Limited Partnership
- Corporation
- Other _____
- Citizenship _____
- Citizenship _____
- Citizenship Delaware
- Citizenship _____

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)

4. Application number(s) or registration number(s) and identification or description of the Trademark.

A. Trademark Application No.(s)
See attached.

B. Trademark Registration No.(s)
See attached.

Additional sheet(s) attached? Yes No

C. Identification or Description of Trademark(s) (and Filing Date if Application or Registration Number is unknown):

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

Name: Mike M. Yaghmai

Internal Address: Wildman Harrold Allen & Dixon LLP

Street Address: 225 W. Wacker Drive, Suite 2800

City: Chicago

State: Illinois Zip: 60606

Phone Number: (312) 201-2000

Fax Number: (312) 201-2555

Email Address: yaghmai@wildmanharrold.com

6. Total number of applications and registrations involved:

11

7. Total fee (37 CFR 2.6(b)(6) & 3.41) \$ 290.00

- Authorized to be charged by credit card
- Authorized to be charged to deposit account
- Enclosed

8. Payment Information:

a. Credit Card Last 4 Numbers _____
Expiration Date _____

b. Deposit Account Number _____
Authorized User Name _____

9. Signature:

Signature

9/24/04

Date

Mike M. Yaghmai

Name of Person Signing

Total number of pages including cover sheet, attachments, and document: 29

Documents to be recorded (including cover sheet) should be faxed to (703) 306-5995, or mailed to: Patent Recordation Services, Director of the USPTO, P.O. Box 1450, Alexandria, VA 22313-1450

09/29/2004 DBYRNE

00000013 98093067

01 FC:8521
02 FC:8522

40.00 OP
250.00 OP

"ATTACHMENT"

Trademark Application Nos.	Trademark Registration Nos.
76/093,069	2,346,123
76/093,070	2,583,363
76/522,385	2,767,241
76/552,387	2,589,452
76/552,386	
76/044,233	
76/044,232	

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**Attorneys for Debtors and
Debtors in Possession**

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re

VANGUARDE MEDIA, INC., and
VANGUARDE HOLDINGS, INC.,

Debtors.

Chapter 11

Case Nos. 03-17509 (ALG) and
03-17511 (ALG)

(Jointly Administered)

**ORDER AUTHORIZING SALE OF PROPERTY FREE AND CLEAR
OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES**

This matter having come before the Court on the Motion by Debtors for Order Authorizing, Pursuant to Sections 105, 363(b), (f) and (m), 365, 506(c) and 1146(c) of the Bankruptcy Code, (A) Sale of Property Free and Clear of Liens, Claims, Interests and Encumbrances (B) Assumption and Assignment of Executory Contracts and (C) Bid Protections, Bid Procedures and Terms of Sale (the "Motion")¹; and the Court having reviewed the Motion and the papers submitted by all parties, and having heard the statements of counsel regarding the relief requested in the Motion, and upon the evidence and testimony at hearings before the Court, and upon the entire record (collectively, the "Sale Hearing"); and the Court finding that (a) the Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334, (b) this is a core

¹ All capitalized terms used but not otherwise defined in this Order shall have the meanings ascribed to them in the Motion.

proceeding pursuant to 28 U.S.C. § 157(b)(2), and (c) notice of the Motion and the Sale Hearing was good and sufficient under the circumstances; and the Court having determined that the legal and factual bases set forth in the Motion and at the Sale Hearing establish just cause for the relief granted herein; and the objection filed by Earl G. Graves Limited and Graves Ventures, LLC having been overruled; the Court hereby **FINDS, DETERMINES AND CONCLUDES THAT:**

1. A sound business reason exists for the sale.

2. The relief sought in the Sale Motion, consisting of the sale of the *Savoy*, *Savoy Pro*, and *Code* magazine titles (collectively, the “Publications”) and all intellectual property, assets, property, business, and rights (tangible and intangible) wherever located or utilized relating to those titles, including, without limitation, the subscriber list for the Publications, other than the Excluded Assets, all as more completely defined in the form of asset purchase agreement annexed hereto as Exhibit “A” (or as subsequently modified) (collectively, the “Property”), is in the best interests of the Debtors and their estates and creditors.

3. The purchase price, in the amount of \$375,000.00 (the “Cash Amount”) plus assumption of all subscriber liabilities relating to the Property, in an amount not to exceed \$516,035 (collectively with the Cash Amount, the “Purchase Price”) offered by Jungle Media Group, Inc. (the “Purchaser”) represents fair and reasonable consideration for the Property.

4. The Purchase Price offered by the Purchaser is the highest and best offer for the Property.

5. Earl G. Graves Limited **and its affiliates** (“Graves”) is not entitled to credit bid the value of its alleged lien on the Debtors’ subscriber list (the “Graves Alleged Lien”), pursuant to section 363(k) of the Bankruptcy Code, **in on the grounds that substantial questions**

have been raised as to the extent and priority of Graves' asserted lien and the validity and enforceability of the Graves is not likely to succeed on the merits with its argument that it received a valid and enforceable assignment of the alleged lien.

6. The Graves Alleged Lien is in *bona fide* dispute pursuant to section 363(f)(4) of the Bankruptcy Code.

7. The Purchaser is a good faith purchaser within the meaning of section 363(m) of the Bankruptcy Code.

8. The Purchaser has taken no actions, which would warrant the avoidance of the sale or the imposition of any of the damages, costs, attorneys' fees or expenses provided for in section 363(n) of the Bankruptcy Code.

9. All parties in interest have received proper and timely notice of the Sale Motion.

10. The Purchaser has demonstrated adequate assurance of future performance with respect to assumption and assignment of the subscriber liabilities relating to the Property.

11. As described in the Motion, the sale of the Property to the Purchaser is in contemplation of a confirmed plan or plans of reorganization in satisfaction of the requirements of section 1146(c) of the Bankruptcy Code.

Based on the foregoing and after due deliberation, it is hereby:

ORDERED, that the Motion is granted to the extent provided herein; and it is further

ORDERED, that the Debtors are authorized to sell the Property to the Purchaser for the Purchase Price; and it is further

ORDERED, that the Debtors are authorized to enter into an asset purchase

agreement with the Purchaser substantially similar to the form of asset purchase agreement annexed hereto as Exhibit A (the "Purchase Agreement"), which form may be modified by the Purchaser and the Debtors provided that any such modification, amendment or supplement ("**Modification**") is not materially adverse to the Purchaser or the Debtors, **and provided that** the Committee and Provender Opportunities Fund II ("Provender") do not object; **and provided that the text of any Modification is filed with the Court;** and it is further

ORDERED, that the Debtors are authorized, pursuant to section 363(b) of the Bankruptcy Code, to enter into and perform all of their obligations under and in connection with the Purchase Agreement; and it is further

ORDERED, that pursuant to section 363(f) of the Bankruptcy Code, sale of the Property is free and clear of all liens, claims, interests and encumbrances, **with provided that all** such liens, claims, interests and encumbrances, **including any lien claimed by Graves or by Graves' assignor, shall attach to the proceeds of sale with the same force and effect and to the same extent and priority as the lien had prior thereto, and provided further that if any,** ~~attaching to the proceeds of sale, and~~ the transfers of the Property by the Debtors to the Purchaser pursuant to the Purchase Agreement do not and will not subject the Purchaser to any liability as a successor of the Debtors, ~~provided, however,~~ **except** that notwithstanding the above, the Purchaser does assume and will satisfy all those liabilities and obligations in connection with subscription and/or customer liabilities (including any deferred subscription liabilities) for the Publications that may exist as of closing of the sale (the "Closing"), in a sum not to exceed \$516,035 (the "Subscriber Liabilities"); and it is further

ORDERED, that **as a consequence of the sale and purchase** the Purchaser shall not be liable for any claims against the Debtors, whether pertaining to the Property or the

operation of the Publications or otherwise, of any nature whatsoever, contingent or otherwise, including, without limitation, (i) any liabilities in connection with any severance payments, health benefits or any arrangements with any of the Debtors' current or previous employees and (ii) any liabilities or obligations in connection with any real property lease to which Debtors or an affiliate of the Debtors is party; provided, however, that notwithstanding the above, the Purchaser does assume and will satisfy the Subscriber Liabilities; and it is further

ORDERED, that effective upon the Closing of the sale, except as expressly permitted in the Purchase Agreement, and except with respect to the Purchaser's obligations to satisfy the Subscriber Liabilities, all persons and entities holding claims or liens of any kind and nature with respect to the Debtors and any of the Property are barred from asserting such claims and liens against the Property and/or the Purchaser and its affiliates, successors or assigns, and are hereby enjoined from taking any action against the Purchaser, its affiliates, successors or assigns, to recover any claim, ~~which~~ of such entity ~~has~~ against the Debtors; and it is further

ORDERED, that if any person or entity that has filed financing statements, mortgages, artisan liens, mechanic's liens, *lis pendens*, or other documents or agreements evidencing security interests or liens with respect to the Debtors or the Property shall not have delivered to the Debtors prior to the Closing, in proper form for filing and execution by the appropriate parties, termination statements, instruments of satisfaction, releases of all interests which the person or entity have with respect to the Debtors or the Property or otherwise, then (a) the Purchaser and Debtors are hereby authorized, after the Closing, to execute and file such statements, instruments, releases and other documents on behalf of the person or entity with respect to the Property and (b) the Purchaser is hereby authorized to file, register, or otherwise record a certified copy of this Order, which, once filed, registered, or otherwise recorded, shall

constitute conclusive evidence of the release of all such security interests and liens on and in the Property of any kind or nature whatsoever; and it is further

ORDERED, that the Debtors shall immediately segregate the Cash Amount or any portion thereof received from the Purchaser from all other assets of the Debtors' estates and maintain such proceeds in an interest-bearing account, subject to further order of the Court, until ninety (90) days after the consummation of the sale, at which time the Debtors shall satisfy in cash, to the extent of the Cash Amount less \$50,000 **and any interest earned thereon** (which amount shall remain segregated pending further order of the Court), ~~and any interest earned thereon~~, the claim of Provender unless ordered by the Court to withhold payment of same; and it is further

ORDERED, that the sale of the Property is (i) essential to the ability of the Debtors to confirm and consummate a chapter 11 plan of liquidation, (ii) is being undertaken in contemplation of such plan and (ii) shall be deemed a sale "under a plan" within the meaning of Section 1146(c) of the Bankruptcy Code; and it is further

ORDERED, that this Order is and shall be binding upon and govern the acts of all entities, including without limitation, all filing agents, filing officers, title agents, title companies, recorders of mortgages, recorders of deeds, registrars of deeds, registrars of patents, trademarks or other intellectual property, administrative agencies, governmental departments, secretaries of state, federal, state and local officials, and all other persons and entities who may be required by operation of law, the duties of their office or contract, to accept, file, register or otherwise record or release any documents or instruments, or who may be required to report or insure any title or state of title in or to any of the Property; and it is further

ORDERED, that pursuant to section 1146 of the Bankruptcy Code, the

transactions contemplated by the Purchase Agreement and the Sale Motion are exempt from transfer, stamp, recording, duty and value added taxes, and other similar taxes and fees (including recording costs); and it is further

ORDERED, that the sale of the Property to the Purchaser in accordance with the Purchase Agreement entitles the Purchaser, as a good faith purchaser, to the protections afforded by section 363(m) of the Bankruptcy Code in the event of a reversal or modification on appeal or reconsideration of this Order **without a stay**; and it is further

ORDERED, that the Debtors and Purchaser are authorized and empowered to take such actions to issue, execute and deliver such documents and instruments, as may be reasonably necessary to implement and effectuate the terms and conditions of the Purchase Agreement and the provisions of this Order including all actions necessary to assign, transfer, grant, convey and confer to Purchaser any or all of the Property including the intellectual property, without further Order of this Court; and it is further

ORDERED, that all third parties in custody or control of the subscriber lists and customer mailing lists for the Publications shall deliver the same to Purchaser within five (5) days of the Closing, **provided that such third parties receive immediate notice of the Closing and provided further that any lien rights held by such parties will, as provided herein, attach to the proceeds of sale and be unimpaired by virtue of said turnover**; and it is further

ORDERED, that the Purchase Agreement and the transactions contemplated therein may be modified, amended or supplemented without further order of the Court, provided that any such modification, amendment or supplement is not material and adverse to the Purchaser or the Debtors, ~~and~~ the Committee and Provender do not object, **and any such Modification is filed with the Court**; and it is further

ORDERED, that each and every federal, state and local government agency or department is hereby directed to accept for filing this Order and the documents evidencing the sale to the Purchaser; and it is further

~~**ORDERED**, that this Order shall be effective and enforceable immediately upon entry and shall not be stayed pursuant to Rule 6004(g) and Rule 6006(d) of the Federal Rules of Bankruptcy Procedure; and it is further~~

ORDERED, that the bid for the Property by Graves, in the amount of \$350,000 plus assumption of all subscriber liabilities relating to the Property, up to the amount of \$516,035 (the "Back-up Bid"), shall remain outstanding **to the extent provided in the Court's orders establishing the terms of Sale (the "Sale Orders")** pending closing of the sale of the Property with the Purchaser; and it is further

ORDERED, that in the event that the Purchaser fails to close the Sale of the Property, (a) the Debtors shall retain the Purchaser's deposit as liquidated damages, **and (b) contact shall for a period of 30 days have all of their rights against Graves as second highest bidder as provided in the Sale Orders Graves** for the purpose of requiring Graves to purchase and close on the Property in the amount of the Back-up Bid ~~but~~ **and as otherwise provided** pursuant to the terms of this Order; ~~and (c) Graves shall be bound to purchase the Property;~~ and it is further

ORDERED, that nothing contained in any plan of reorganization or liquidation confirmed in these cases or the order of confirmation of any such plan shall conflict with or derogate from the provisions of the Purchase Agreement or this Order; and it is further

ORDERED, that the terms and provisions of the Purchase Agreement, together with the terms and provisions of this Order, shall be binding in all respects upon, the Debtors,

their estates and creditors, the Purchaser, and its affiliates, successors and assigns, and any affected third parties, including but not limited to entities asserting claims against or interests in the Debtors' estates or any of the Property to be sold to Purchaser pursuant to the Purchase Agreement, notwithstanding any subsequent appointment of any trustee, examiner, responsible officer or similar entity for the Debtors (a "Debtors' Successor/Representative") under any chapter of the Bankruptcy Code, and as to which such terms and provisions likewise shall be binding in all respects upon Debtors' Successor/Representative; and it is further

ORDERED, that this Court retains jurisdiction to resolve any disputes arising under or related to this Order and the Purchase Agreement, and to interpret, implement and enforce the provisions of this Order and the Purchase Agreement.

Dated: New York, New York
May 21, 2004

/s/ Allan L. Gropper
UNITED STATES BANKRUPTCY JUDGE

NYCDMS/420316.7

ASSET SALE AGREEMENT

Asset Sale Agreement dated as of May __, 2004 (this "Agreement"), between VANGUARDE MEDIA, INC., a Delaware corporation ("Seller") as debtor and debtor-in-possession and JUNGLE MEDIA GROUP, INC., a _____ corporation ("Buyer").

Recitals:

Seller desires to sell, and Buyer desires to purchase the following magazines (the "Publications") *Savoy*; *Savoy Professional*; and *Code*, and certain assets related thereto, as more particularly described in Exhibit A hereto (the "Acquired Assets"),

Agreement:

NOW, THEREFORE, in consideration of the mutual covenants, agreements, representations and warranties contained herein, the parties agree as follows:

ARTICLE 1

PURCHASE AND SALE

1.1 Purchase and Sale. Subject to the terms and conditions of this Agreement, at the Closing, (hereinafter defined), Seller shall sell to Buyer the Acquired Assets described in Exhibit A hereto.

1.2 Excluded Assets. Notwithstanding anything to the contrary contained in this Agreement, no real property and no personal property other than the personal property specifically listed in Exhibit A hereof, is or is intended to be sold, assigned, transferred or conveyed to Buyer hereunder. Without limiting the generality of the foregoing, the Acquired Assets do not include *Heart & Soul* and *Honey* magazines or any of the intellectual property related to *Heart & Soul* and *Honey* magazines, any of the Seller's cash, accounts receivable, causes of action, or any avoidance claims under the Bankruptcy Code belonging to the Seller.

ARTICLE 2

PURCHASE PRICE AND PAYMENT TERMS

2.1 Purchase Price. The purchase price for the Acquired Assets shall be Three Hundred and Seventy-five Thousand (\$375,000.00) Dollars (the "Cash Amount") plus the assumption and satisfaction by the Buyer of all subscriber liabilities related to the Acquired Assets (the "Subscriber Liabilities"), in an amount not to exceed Five Hundred Sixteen Thousand and Thirty-Five Dollars (\$516,035) (the "Assumption Amount" and, collectively with the Cash Amount, the "Purchase Price"). The Purchase Price will be paid as follows:

- a. Thirty-Seven Thousand Five Hundred (\$37,500) Dollars, inclusive of the prior

\$10,000 deposit, shall be paid to Seller concurrently with the execution and delivery by Buyer of this Agreement (the "Good Faith Deposit"). Such amount shall be paid by check drawn on a domestic (U.S.) bank; and

- b. the balance of the Purchase Price shall be paid by Buyer on the Closing Date, by wire transfer of immediately available funds in accordance with the wire transfer instructions set forth on Schedule 1 hereto. At such time, Buyer shall also assume the Subscriber Liabilities by execution and delivery of an assignment and assumption agreement (the "Assignment and Assumption Agreement") in the form of Exhibit C hereto. The Buyer shall receive a Bill of Sale, in the form of Exhibit B hereto.

2.2 Taxes and Duties. Buyer shall be solely responsible for and shall pay all domestic and foreign sales, use, excise or other taxes, duties, export or import impositions and any other governmental taxes or assessments payable on account of this transaction. Seller shall be responsible for all taxes and assessments of whatever type or nature imposed or assessed and against, or otherwise relating to, the Acquired Assets, arising with respect to the period prior to the date of the Closing, and Buyer shall be responsible for such taxes on and after the date of the Closing.

2.3 Purchase Price Allocation. The parties to this Agreement agree to allocate those portions of the Purchase Price attributable to various components of the Acquired Assets for all purposes (including financial accounting and tax purposes) in accordance with an allocation schedule to be determined by the parties on or prior to Closing. Such allocation shall be based on the relative value of the components of the Acquired Assets, as may be reasonably determined by the parties to this Agreement.

ARTICLE 3

REPRESENTATIONS AND WARRANTIES OF SELLER

3.1 Representations and Warranties of Seller. Subject to receipt of the Bankruptcy Approval, (hereinafter defined), Seller represents and warrants to Buyer as follows;

(a) Seller is duly organized and validly existing under the laws of the state of its incorporation. Seller has the corporate power and authority to execute and deliver this Agreement and all other documents relating to this Agreement that are required by this Agreement to be executed and delivered in connection herewith or that are otherwise necessary to transfer all right, title and interest in the Acquired Assets to Buyer, and to otherwise perform its obligations under this Agreement;

(b) Except for the Bankruptcy Case, (hereinafter defined), there are no actions, claims, proceedings, lawsuits or investigations pending or, to Seller's actual knowledge, threatened, before or by any court or governmental entity that, if adversely determined, will prevent Seller from performing its obligations under this Agreement;

(c) **Intellectual Property:** (1) For purposes of this Agreement, "Intellectual Property" means, solely with respect to the Publications, all (i) United States and foreign patents, patent applications and the inventions, designs and improvements described and claimed therein, and other patent rights (including the divisions, continuations, continuations-in-part, substitutions, or reissues thereof, whether or not patents are issued on any such applications and whether or not any such applications are amended, modified, withdrawn or resubmitted), (ii) inventions, whether or not patentable, whether or not reduced to practice and whether or not yet made the subject of a pending patent application or applications, ideas and conceptions of potentially patentable subject matter, including, without limitation, any patent disclosures, whether or not reduced to practice and whether or not yet made the subject of a pending patent application or applications, (iii) trademarks, service marks, trade dress, logos, trade names, corporate and company names, and Internet domain names, whether or not registered, including all common law rights therein, and registrations and applications for registration thereof (collectively, "Trademarks"), (iv) copyrights (whether registered or not) and registrations and applications for registration thereof, and all rights therein provided by multinational treaties or conventions, (v) computer software, including, without limitation, source code, object code, operating systems and specifications, data, data bases, files, documentation and other materials related thereto, (vi) trade secrets and confidential, technical or business information (including ideas, formulas, compositions, internal processes and procedures), (vii) whether or not confidential, technology (including know-how and show-how), production processes and techniques, research and development information, drawings, specifications, designs, plans, proposals, technical data, financial, marketing and business data, pricing and cost information, business and marketing plans and customer and supplier lists and information, (viii) copies and tangible embodiments of all the foregoing, in whatever form or medium, and (ix) all rights to sue and recover and retain damages and costs and attorneys' fees for present and past infringement or other violation of any of the rights hereinabove set out. Intellectual Property includes, without limitation, the Seller's subscriber lists (including past subscriber lists), mailing lists, and all information, including files and databases, relating to such past, present and prospective subscribers (and customers) to the Publications, advertiser lists (including name, address and contact person) of all advertisers and prior advertisers, and other proprietary or confidential information used in or relating to the Publications, to the extent protectible under any federal, state or foreign law.

(2) Each item of Intellectual Property owned by or used in the operation of the Seller's business will be owned or available for use by the Buyer on identical terms and conditions immediately following the Closing. The Seller has taken reasonable measures to protect the proprietary nature of each item of Intellectual Property and to maintain in confidence all trade secrets and confidential information that it owns or uses. To the actual knowledge of Seller, no person or entity is infringing, violating or misappropriating any of the Intellectual Property that the Seller owns in violation of Seller's rights..

(3) None of the activities or businesses conducted by the Seller infringes, violates or constitutes a misappropriation of (or in the past infringed, violated or constituted a misappropriation of) any Intellectual Property rights of any other person or entity. The Seller has not received any complaint, claim or written notice alleging any such infringement, violation or misappropriation, and to the actual knowledge of Seller, there is no basis for any such complaint, claim or notice.

(4) Schedule I(c) identifies each (i) patent, Trademark and registered copyright that has been issued to the Seller relating to the Publications and (ii) pending patent application or application for Trademark or copyright registration that has been made by the Seller relating to the Publications. Seller will deliver to Buyer correct and complete copies of all such patents, Trademarks, registered copyrights, patent applications, applications for Trademarks and copyright registrations, as listed in Schedule I(c), and will specifically identify and make available to Buyer correct and complete copies of all other written documentation, if any, evidencing ownership of, and any claims or disputes relating to, each such item to the extent such documentation is in Seller's possession.

(5) With respect to each item of Intellectual Property that Seller owns:

(i) the Seller possesses all right, title and interest in and to such item;

(ii) such item is not subject to any outstanding judgment, order, decree, stipulation or injunction; and

(iii) the Seller has not agreed to indemnify any person or entity from or against any infringement, misappropriation or other conflict with respect to such item.

(d) Except for the fees and expenses payable to Triax Capital Advisors, a no broker's or finder's fee or any other commission, directly or indirectly, is owed or payable by Seller to any person or entity used or consulted by Seller in connection with the negotiation or execution of this Agreement or the closing of the transactions evidenced hereby;

(e) Pursuant to Section 363(f) of the Bankruptcy Code, the purchase and sale of the Acquired Assets shall be free and clear of any adverse interest of any other entity or person, except for any conditions of approval set forth in the Bankruptcy Approval; and

(f) Seller owns the Acquired Assets and, subject to receiving the Bankruptcy Approval, will convey such Acquired Assets to Buyer free and clear of any interest in such property of an entity or person other than Seller as provided herein,

3.2 As-Is Sale. EXCEPT AS EXPRESSLY SET FORTH IN SECTION 3.1 HEREOF, THE PURCHASE AND SALE OF TME ACQUIRED ASSETS IS "AS-IS" AND "WHERE-IS" WITH ALL FAULTS IN ALL RESPECTS.

ARTICLE 4

REPRESENTATIONS AND WARRANTIES OF BUYER

Buyer represents and warrants to Seller as follows:

4.1 Corporate Status. Buyer is a corporation duly organized and validly existing under the laws of the jurisdiction in which it is formed, and has full power and authority to carry on its business as now conducted. Buyer has all requisite corporate power and authority to enter into this Agreement and to perform its obligations and consummate the transactions contemplated hereby in accordance with the terms of this Agreement.

4.2 Authorization. All corporate and other proceedings required to be taken by or on the part of Buyer, including, without limitation, all action required to be taken by the board of directors of Buyer to authorize Buyer to enter into and carry out this Agreement, has been duly and properly taken. This Agreement has been duly executed and delivered by Buyer and is valid and enforceable against Buyer in accordance with its terms.

4.3 Compliance. The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby will not result in the breach of any of the terms or conditions of, or constitute a default under, or violate, as the case may be, the articles of incorporation, by-laws or other organizational documents of Buyer or any material agreement, lease, mortgage, note, bond, indenture, license or other document or undertaking, oral or written, to which Buyer is a party or by which Buyer is bound or by which any of the Acquired Assets may be affected.

4.4 No Consents and Approvals; Compliance with Law. No filing or registration with, no notice to and no governmental authorization, consent or approval of any governmental authority, creditor or other person in a contractual relationship with Buyer is necessary in connection with Buyer's execution and delivery of this Agreement or any document or instrument contemplated hereby, the performance of its obligations hereunder or thereunder or the consummation of the transactions contemplated hereby or thereby.

4.5 No Brokers. No agent, broker, investment banker or similar person has acted directly or indirectly on behalf of Buyer in connection with this Agreement or the transactions contemplated hereby, and no broker's or finder's fee or any other commission or similar fee or expense, directly or indirectly, (collectively, a "Commission") is owed or payable by Buyer to any other person used or resulted by Buyer in connection with the negotiation or execution of this Agreement or the closing of the transactions evidenced hereby. Buyer hereby indemnifies Seller from and against any and all Commissions claimed by any Buyer's broker, and for losses, costs, claims or expenses incurred by Seller as a result of a breach of the foregoing representation and warranty by Buyer.

4.6 Performance. Buyer possesses experience in magazine publication and will satisfy in full all subscriber liabilities in connection with the Publications, in an amount not to

ARTICLE 5

PRE-CLOSING CONDITIONS AND COVENANTS

5.1 Seller's Pre-Closing Conditions. The obligations of Seller under this Agreement are subject to the fulfillment prior to or at the Closing of each of the following conditions

5.1.1 Bankruptcy Approval, Board Approval Seller is a debtor and debtor in possession in a bankruptcy case (the "Bankruptcy Case") pending in the United States Bankruptcy Court (the "Bankruptcy Court") for the Southern District of New York (Case Nos. 03-17509 (ALG)). Seller's obligations under this Agreement are subject to the entry of an order of the Bankruptcy Court approving the sale contemplated by this Agreement, pursuant to Section 363 of the Bankruptcy Code (the "Order"), in form and substance reasonably acceptable to Buyer (the "Bankruptcy Approval"). Seller shall use commercially reasonable efforts to have the Order include provisions to the effect that Buyer's acquisition of the Acquired Assets shall (a) be entitled to the benefits and protections of sections 363(m) and 1146(c) of the Bankruptcy Code.

5.1.2 Accuracy of Representations and Warranties. The representations and warranties of Buyer contained in this Agreement and the documents and instruments contemplated hereby, are true, correct and complete in all material respects as of the Closing Date.

5.1.3 Compliance by Buyer. Buyer shall have performed and complied with all obligations, agreements, covenants and conditions required by this Agreement to be performed or complied with by Buyer on or before the Closing Date.

5.2 Buyer's Pre-Closing Conditions. The obligations of Buyer to complete the Closing under this Agreement are subject to the fulfillment prior to or at the Closing of each of the following conditions:

5.2.1 Bankruptcy Approval Sellers shall have received the Bankruptcy Approval.

5.2.2 Accuracy of Representations and Warranties. The representations and warranties of Seller contained in this Agreement are true, correct and complete in all material respects as of the Closing Date.

5.2.3 Compliance by Seller. Seller shall have performed and complied with all obligations, agreements, covenants and conditions required by this Agreement to be performed or complied with by Seller on or before the Closing Date.

ARTICLE 6

CLOSING

6.1 Closing. The consummation of the purchase and sale contemplated hereby (the "Closing") will take place no later than two (2) business days following the date on which all conditions to the Closing set forth herein have been satisfied, or as may otherwise be mutually agreed between Buyer and Seller. The date upon which the Closing occurs is referred to herein as the "Closing Date". In no event will the Closing Date occur later than June 2, 2004.

6.2 Deliveries by Buyer. At the Closing, Buyer shall (a) pay to Seller, in accordance with Section 2.1(b) above, the balance of the Purchase Price; and (b) deliver to the Seller (i) a duly executed Assignment and Assumption Agreement; and (ii) such other documents as may be reasonably necessary to evidence or effectuate the transactions contemplated hereby.

6.3 Deliveries by Seller. At the Closing, Seller shall (a) deliver to Buyer (i) a duly executed Bill of Sale, in the form of Exhibit B hereto; (ii) a duly executed Assignment and Assumption Agreement; and (iii) such other documents as may be reasonably necessary to evidence or effectuate the transactions contemplated hereby.

ARTICLE 7

DEFAULT; TERM AND TERMINATION

7.1 Breach by Seller. If Seller shall fail to perform any of its obligations hereunder, and such failure shall continue for five (5) business days after notice thereof in writing from Buyer, (or if a longer period is reasonably necessary to cure such default, if Seller does not commence such cure within such five (5) business day period and diligently pursue such cure to completion within a reasonable period), then Buyer may, as its sole and exclusive remedy for such default terminate this Agreement by written notice delivered to Seller, in which event the Good Faith Deposit paid to the Seller shall be returned to Buyer, and the Agreement shall be terminated and be of no further force or effect.

7.2 Breach by Buyer. If Buyer shall fail to perform any of its obligations hereunder, and such failure shall continue for five (5) business days after notice thereof in writing from Seller, (or if a longer period is reasonably necessary to cure such default, if Buyer does not commence such cure within such five (5) business day period and diligently pursue such cure to completion within a reasonable period), then Seller may declare Buyer's default under this Agreement by written notice delivered to Buyer, and at Seller's option (a) without terminating this Agreement, pursue any or all of its rights under this Agreement or available in law or in equity, or (b) terminate this Agreement and retain the Good Faith Deposit as liquidated damages.

7.3 Bankruptcy Court Jurisdiction. Any dispute, claim or controversy between the parties arising out of or relating to this Agreement or any matter that is subject of this Agreement shall be instituted in any federal or state court in New York (subject to the exclusive sole jurisdiction of the Bankruptcy Court during the pendency of the Bankruptcy Case). All parties

agree that such a dispute would constitute a core proceeding in the Bankruptcy Case. Each party waives its right, if any, to a jury in such proceeding.

7.5 Withholding of Delivery. If Buyer fails to comply with the terms of payment hereunder, in addition to its other rights and remedies, Seller reserves the right to withhold delivery of the Acquired Assets, or any portion thereof, until payment is made in accordance herewith or terminate this Agreement and all of Buyer's rights hereunder.

7.6 Failure to Satisfy Closing Conditions. Seller shall incur no damages, whether direct, consequential or incidental, from the termination of this Agreement. In the event any of the conditions to Closing set forth in Section 5.1 are not satisfied, Seller shall have the right to terminate this Agreement and Buyer shall be entitled to a return of the Good Faith Deposit paid to Seller, unless such termination is pursuant to Sections 5.1.2 or 5.1.3.

ARTICLE 8

MISCELLANEOUS

8.1 Expenses. Except as specifically set forth elsewhere herein and except that a party not in breach of this Agreement shall be entitled to recover from a breaching party all expenses and costs incurred by the non-breaching party by reason of such breach (including, without limitation all reasonable actual attorneys' fees, experts' fees, legal expenses and costs), each of the parties hereto shall pay its own expenses and costs incurred or to be incurred by it in negotiating, closing and carrying out this Agreement.

8.2 Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given (i) when delivered personally, (ii) the next business day after being sent by facsimile (with receipt confirmed), or (iii) when received by the addressee, if sent by Express Mail, Federal Express or other express delivery service (receipt requested), in each case to the other party at the following addresses (or to such other address for a party as shall be specified by like notice; provided that notices of a change of address or facsimile number shall be effective only upon receipt thereof):

if to Seller, to:
Vanguard Media, Inc.
330 Madison Avenue
Suite 645-646
New York, N.Y. 10017
Attn: David E. Tripodi
Fax: (646) 654-4212

with a copy (which shall
not constitute notice) to

Baker & McKenzie
805 Third Avenue

New York, New York 10022
Attn: Joseph Samet, Esq.
Fax: (212) 759-9133

if to Buyer, to:
Jungle Media Group

Fax:

with a copy (which shall
not constitute notice) to

Kronish Lieb Weiner & Hellman LLP
1114 Avenue of the Americas
New York, New York 10036
Attn: Gregory Plotko, Esq.
Fax: (212) 479-6275

8.3 Counterparts. This Agreement may be executed simultaneously in two or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

8.4 Entire Agreement. This Agreement is the entire agreement between the parties hereto with respect to the subject matter hereof and supersedes all prior communications, representations, agreements and understandings between the parties hereto, whether oral or written. Any modifications or amendments hereto shall be in writing and signed by both parties.

8.5 Construction. When the context so requires, references herein to the singular number include the plural and vice versa and pronouns in the masculine or neuter gender include the feminine. The headings contained in this Agreement and the tables of contents, exhibits and schedules are for reference purposes only and shall not affect the meaning or interpretation of this Agreement.

8.6 Amendment; Mutual Termination. This Agreement may be amended only by written agreement duly executed by representatives of both of the parties hereto. This Agreement may be terminated upon the mutual written agreement of Seller and Buyer.

8.7 Applicable Law. This Agreement shall be governed by and construed in accordance with the laws of the State of New York in the United States of America in force from time to time, disregarding its conflicts of laws principles that may require the application of the laws of another jurisdiction.

8.8 Time of Essence, Return of Documents. The parties agree that time is of the

essence for the consummation of the transactions contemplated hereby.

8.9 No Third Party Rights. This Agreement is not intended and shall not be construed to create any rights in any parties other than Seller and Buyer and no other person shall assert any rights as a third party beneficiary hereunder.

8.10 Exhibits. The Exhibits attached hereto are incorporated into this Agreement and shall be deemed a part hereof as if set forth herein in full. References herein to "this Agreement" and the words "herein," "hereof" and words of similar import refer to this Agreement (including Exhibits) as an entirety. In the event of any conflict between the provisions of this Agreement and any such Exhibit, the provisions of this Agreement shall control.

8.11 Waivers. Any waiver of rights hereunder must be set forth in writing. A waiver of any breach or failure to enforce any of the terms or conditions of this Agreement shall not in any way affect, limit or waive either party's rights at any time to enforce strict compliance thereafter with every term or condition of this Agreement.

8.12 Severability. If and to the extent that any court of competent jurisdiction holds any provisions (or any part thereof) of this Agreement to be invalid or unenforceable, such holding shall in no way affect the validity of the remainder of this Agreement.

8.13 Casualty. If Acquired Assets are materially damaged or destroyed by any cause whatsoever prior to Closing, Seller shall promptly notify Buyer upon Seller's knowledge of such fact. Buyer's sole recourse therefor shall be to terminate this Agreement by giving notice thereof in writing to Seller prior to Closing and receive a return of the Good Faith Deposit previously paid. If this Agreement is so timely terminated, neither party shall have any further rights or obligations hereunder. Alternatively, Buyer may proceed to consummate the transaction provided for herein with a corresponding reduction in the Purchase Price equal to the value of such damaged or destroyed assets as determined in good faith by Seller and Buyer in accordance with the principles to be used in determining the allocation schedule provided for in Section 2.3 hereof, and the parties shall proceed to Closing pursuant to the terms hereof. Otherwise, Buyer shall accept the Acquired Assets as of the date of Bankruptcy Approval without recourse against Seller and Buyer shall be solely responsible to and shall secure, insure and protect the Acquired Assets from and after such date in a manner and in such amounts as may be acceptable to Seller.

8.14 Computation of Time. Unless otherwise explicitly stated in this Agreement: (a) performance under each Section of this Agreement which references a date shall absolutely be required by 5.00 PM United States Eastern Time on the stated date; and (b) the term "days" shall mean calendar days and shall be counted beginning on the day following the event which triggers the timing requirement.

8.15 Further Action. Each of the parties hereto shall use all reasonable efforts to take, or cause to be taken, all appropriate action, do or cause to be done all things necessary, proper or advisable under applicable laws, and execute and deliver such documents, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions

contemplated by this Agreement.

IN WITNESS WHEREOF, Seller and Buyer have duly executed and delivered this Agreement as of the day and year first above written.

VANGUARDE MEDIA, INC.

By: _____

Printed Name: _____

Title: _____

JUNGLE MEDIA GROUP, INC.

By: _____

Printed Name: _____

Title: _____

EXHIBIT A

TO

ASSET SALE AGREEMENT

Acquired Assets; Excluded Assets; Liabilities

I. Assets. All of Vanguard's right, title and interest in and to all of the assets, property, business and rights of Vanguard (tangible and intangible), wherever located, utilized solely in connection with the following magazines (the "Publications"): *Savoy*; *Savoy Professional*; and *Code*; including without limitation, the following (collectively, the "Acquired Assets"):

(a) Inventory and Library. All available published works, unpublished works and works-in-progress for use exclusively in connection with the Publications, all works-in-process for and finished copies of the Publications, all available manuscripts of the Publications and the right to exploit and utilize the contents thereof (to the extent owned by Vanguard) in all media (collectively, the "Inventory");

(b) Intangibles. All copyrights (whether owned by operation of law or otherwise) and applications therefor, trademarks and applications therefor, trademark registrations, service marks to the following trade names "*Savoy*"; "*Savoy Professional*"; and "*Code*", or other similar rights used in the Publications, including, specifically, the names, copyrights, trademarks and applications therefor, service marks or other similar rights listed on *Schedule I(c)* hereto (the "Trademarks"), the goodwill of the Publications as a going concern (the "Intangible Assets");

(c) Other Materials. All available supplies and letterhead containing the Publication's logo's and Trademarks including other logo materials (whether on zip disks or otherwise), editorial materials, any electronic images contained on its servers in which photographs were incorporated as part of the editorial content, artwork, including periodical libraries, films, all of Vanguard's rights associated with the foregoing, all computer data bases, subscriber codes, tapes, disks and other computer mediums, in electronically readable form (to the extent such materials are used exclusively in connection with the Publications) and the Publications' bipad numbers (*Savoy* – 07148601261, *Savoy Professional* – 07447099146, and any related distribution identifiers (the "Other Materials");

(d) Mailing Lists and Proprietary Information. All mailing lists, subscriber lists (including past subscriber lists), and all information, including files and databases, relating to such past, present and prospective subscribers (and customers) to the Publications, advertiser lists (including name, address and contact person) of all advertisers and prior advertisers, any expired insertion orders/advertising contracts that relate to issues of the Publications that were previously printed and served by Vanguard, subscriptions, trade secrets, and other proprietary or confidential information used in or relating to the Publications (the "Proprietary Assets");

(e) Web Sites. All of Vanguard's right, title and interest in points of presence and/or Internet web sites relating to the Publications including www.savoymag.com and all URL's, web banners, web advertising, and any and all Trademarks associated therewith;

(f) Records. Except to the extent otherwise provided in Section 1.2(d) below, all books, business and financial records and marketing and advertising material used in connection with the Publications (collectively, the "Records"), it being understood, however, that Vanguard is not conveying any of Vanguard's books and records relating to internal corporate matters or any of Vanguard's other Publications; provided, however, that the parties hereto hereby acknowledge and agree that Vanguard has no obligation to provide Buyer with physical delivery of the Records so long as Buyer is granted access to the Records in accordance with Section 1.2(d) below; and

(g) Access. Access to all other documents and information in Vanguard's possession relating to the Publications as may be reasonably necessary to enable Buyer to see to the efficient and proper conduct of the Publications and administration of the Acquired Assets from and after the Closing Date, including, without limitation, all historical files, and records to the extent such information is available in connection with the Publications.

II. Excluded Assets. Based on the definition of "Acquired Assets" set forth above, the "Excluded Assets" consist of assets of Vanguard other than the Acquired Assets, including but not limited to the following categories of assets:

(a) Vanguard's Accounts Receivable. Any and all of Vanguard's accounts receivable in existence on the Closing Date with respect to issues of the Publications and/or any other aspect of Vanguard's business;

(b) Cash. Any cash and/or cash equivalents in Vanguard's direct or indirect possession on the Closing Date. The parties acknowledge and agree that any security deposits held by third party landlords for the benefit of Vanguard shall remain Vanguard's property on and after the Closing Date;

(c) Avoidance Actions; Suits; Claims. Any avoidance or other actions under the Bankruptcy Code, suits and claims to which Vanguard is a party or may become a party at any time;

(d) Records. Any books and records which Vanguard is required by law to retain and any books and records of Vanguard not relating to the Publications, subject to the right of Buyer to have such books and records made available to Buyer for any reasonable business purpose at such times during normal business hours as may be reasonably requested by Buyer, Vanguard's prior books and records relating to internal corporate matters, and any books and records needed for the orderly administration of the chapter 11 cases;

(e) Taxes. Any claims, rights and interest in and to any refunds of federal, state or local franchise, income or other taxes or fees for periods prior to and ending on the Closing Date and any rights under contracts or agreements which are not being assumed by Buyer;

(f) Insurance Policies. Insurance policies and/or insurance claims of Vanguard and any refunds of prepaid insurance premiums;

(g) Vanguard's Rights. The rights of Vanguard under this Agreement;

(h) Other Publications. All of Vanguard's right, title and interest in and to all of the assets, property, business and rights of Vanguard (tangible and intangible), wherever located, utilized in connection with the following magazines: "*Honey*"; "*Heart & Soul*"; *impact! weekly*; *Honey Lush*; *Honey Hair and Beauty*; *Heart & Soul Body Clinic*; *Emerge*; and *BET Weekend*; and (ii) the following conferences: Impact Super Summit; and Impact Marketing Retreat; including without limitation, all property of whatever kind related to or utilized in connection with the foregoing; and

(i) Other Personal Property. Other personal property not related to or included as Acquired Assets.

The parties acknowledge and agree that the Acquired Assets conveyed to Buyer on the Closing Date pursuant to this Agreement will be conveyed to Buyer and received by Buyer free and clear of all liens, claims, and encumbrances.

III. Liabilities. Buyer does not assume and shall not be subject to any liabilities or obligations of Vanguard, whether pertaining to the operation of the Publications or otherwise, of any nature whatsoever, contingent or otherwise, including, without limitation, (i) any liabilities in connection with any severance payments or arrangements with any of Vanguard's current or previous employees and (ii) any liabilities or obligations in connection with any real property lease to which Vanguard or an affiliate of Vanguard is party; provided, however, that notwithstanding the above, Buyer does assume and will satisfy all those liabilities and obligations in connection with subscription and/or customer liabilities (including any deferred subscription liabilities) for the Publications that may exist as of the Closing Date, in a sum not to exceed \$516,035.

VANGUARDE MEDIA, INC. TRADEMARKS
PENDING APPLICATIONS

<u>Country</u>	<u>Mark</u>	<u>Filing Date</u>	<u>Appln. #</u>	<u>Class(es)</u>
United States	SAVOY	7/20/00	76/093,069	35
United States	SAVOY	7/20/00	76/093,070	38
United States	SAVOY PROFESSIONAL	9/29/03	76/552,385	16
United States	SAVOY PROFESSIONAL	9/29/03	76/552,387	38
United States	SAVOY PROFESSIONAL	9/29/03	76/552,386	42
United States	VANGUARDE'S SAVOY	5/8/00	76/044,233	16
United States	VANGUARDE'S SAVOY	5/8/00	76/044,232	42

VANGUARDE MEDIA, INC. TRADEMARKS
REGISTERED MARKS

<u>Country</u>	<u>Mark</u>	<u>Registration Date</u>	<u>Registration No.</u>	<u>Class(es)</u>
United States	CODE	4/25/00	2,346,123	16
United States	SAVOY	6/18/02	2,583,363	16
United States	SAVOY	9/23/03	2,767,241	41
United States	SAVOY	7/2/02	2,589,452	42

EXHIBIT B

TO

ASSET SALE AGREEMENT

Bill of Sale

This BILL OF SALE is made as of May __, 2004 (the "Closing Date") by VANGUARDE MEDIA, INC., as debtor and debtor in possession ("Seller") in favor of JUNGLE MEDIA GROUP, INC. ("Buyer"),

WHEREAS, pursuant to the authorization of the United States Bankruptcy Court for the District of New York (the "Bankruptcy Court") in Seller's Chapter 11 bankruptcy case (the "Bankruptcy Case") and that certain order, as entered by the Bankruptcy Court on May __, 2004 (the "Order"), Seller and Buyer entered into a certain Asset Sale Agreement dated as of May __, 2004 (the "Agreement") for the purchase and sale of certain assets owned by Seller.

NOW, THEREFORE, in consideration of the mutual covenants and premises contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, Seller hereby confirms and acknowledges as follows,

1. Purchase and Sale. Seller hereby sells, conveys, assigns, transfers and sets over to Buyer all of Seller's right, title and interest in and to the assets more specifically described in Exhibit A hereto (the "Assets").

2. No Representations and Warrants Except as expressly set forth in the Agreement, Buyer is acquiring the Assets as is, where is, with all faults and defects, and SELLER MAKES NO REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED WITH RESPECT TO THE ASSETS, INCLUDING, BUT NOT LIMITED TO, ALL WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, QUALITY, OR OTHERWISE, ALL OF WHICH ARE EXPRESSLY DISCLAIMED AND EXCLUDED.

3. No Modification. This Bill of Sale is made pursuant to the terms of the Order and the Agreement and does not create any additional obligations, covenants, representations and warranties or alter or amend any of the obligations, covenants, representations and warranties contained in the Agreement. The provisions of the Agreement shall survive the execution and delivery of this Bill of Sale. In the event of any inconsistency between this Bill of Sale and the Agreement, the Agreement shall control.

4. Binding Effect. This Bill of Sale is binding upon Seller and shall inure to the benefit of Buyer and its respective successors and assigns.

5. Construction The headings of the sections and subsections of this Bill of Sale

are inserted as a matter of convenience and for reference purposes only and in no respect define, limit or describe the scope of this Bill of Sale or of the intent of any section or subsection.

IN WITNESS WHEREOF, this Bill of Sale has been executed and delivered as of the Closing Date.

VANGUARDE MEDIA, INC.,
As Debtor and Debtor-in-Possession

By: _____

STATE OF NEW YORK)
 :
COUNTY OF NEW YORK)

The foregoing Bill of Sale was acknowledged before me on the ___ day of May, 2004 by _____ who is the _____ of Vanguard Media, Inc., as Debtor and Debtor-in-Possession.

Notary Public
Residing in: _____

Commission Expires:

NYCDMS/421265.5