

**TRADEMARK ASSIGNMENT**

Electronic Version v1.1  
 Stylesheet Version v1.1

<b>SUBMISSION TYPE:</b>	NEW ASSIGNMENT		
<b>NATURE OF CONVEYANCE:</b>	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
<b>CONVEYING PARTY DATA</b>			
<b>Name</b>	<b>Formerly</b>	<b>Execution Date</b>	<b>Entity Type</b>
Mega Media Corporation		01/14/2005	CORPORATION: FLORIDA
<b>RECEIVING PARTY DATA</b>			
<b>Name:</b>	Cracked Entertainment, Inc.		
<b>Street Address:</b>	35 West 35th Street		
<b>Internal Address:</b>	6th Floor		
<b>City:</b>	New York		
<b>State/Country:</b>	NEW YORK		
<b>Postal Code:</b>	10001		
<b>Entity Type:</b>	CORPORATION: DELAWARE		
<b>PROPERTY NUMBERS Total: 1</b>			
<b>Property Type</b>	<b>Number</b>	<b>Word Mark</b>	
Registration Number:	2015215	CRACKED	
<b>CORRESPONDENCE DATA</b>			
<b>Fax Number:</b>	(212)829-2076		
	<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>		
<b>Phone:</b>	(212) 603-2143		
<b>Email:</b>	pfakler@thelenreid.com		
<b>Correspondent Name:</b>	Paul M. Fakler		
<b>Address Line 1:</b>	875 Third Avenue		
<b>Address Line 2:</b>	Thelen Reid & Priest LLP		
<b>Address Line 4:</b>	New York, NEW YORK 10022		
<b>ATTORNEY DOCKET NUMBER:</b>	037303.000002		
<b>NAME OF SUBMITTER:</b>	Paul M. Fakler		
<b>Signature:</b>	/Paul M. Fakler/		

CH \$40.00 2015215

Date:

02/10/2006

**Total Attachments: 42**

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### Bill of Sale

KNOW ALL MEN BY THESE PRESENTS as of this 14 day of January, 2005 that the undersigned, Mega Media Corp., a Florida corporation ("Seller"), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer, assign, convey and deliver to Cracked Entertainment, Inc., a Delaware corporation ("Buyer"), all of Seller's right, title and interest in, to and under those certain Assets (as defined in that certain Asset Purchase Agreement (the "Agreement") dated as of the December 21, 2004 by and among Buyer and the Seller) free and clear of any and all Liens. All capitalized terms used herein and not defined shall have the meanings given to such terms in the Agreement.

TO HAVE AND TO HOLD the aforesaid Assets unto said Buyer and its successors and assigns to and for it and their own proper use and benefit forever. The Assets are hereby sold, transferred and conveyed to Buyer subject to the representations and warranties contained in the Agreement. The Seller hereby acknowledges and agrees that all representations and warranties set forth in the Purchase Agreement shall survive, for the time period specified in the Purchase Agreement, the execution of this Bill of Sale, including without limitation, the representations and warranties pertaining to the title to and condition of the Assets.

The Seller hereby constitutes and appoints Buyer, its successors and assigns, Seller's true and lawful attorney with full power of substitution in the Seller's name and stead, but on behalf of and for the benefit of Buyer and its successors and assigns to demand and receive any and all of the Assets transferred hereunder and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute in Seller's name, or otherwise, at the expense of Buyer and for the benefit of Buyer and its successors and assigns any and all proceedings at law, in equity or otherwise, which Buyer and its successors or assigns may deem proper for the collection or reduction to possession of any of the Assets transferred hereunder or for the collection and enforcement of any claim or rights of any kind hereby sold, conveyed, transferred, assigned and delivered, or intended so to be, and to do all other acts and things in relation to the Assets transferred hereunder which Buyer or its successors and assigns shall deem desirable. Seller hereby declares that the foregoing powers are coupled with an interest and are and shall be irrevocable by Seller in any manner or for any reason whatsoever.

The internal laws of the State of New York shall govern the validity and interpretation of this Bill of Sale and the performance by the parties hereto of their respective duties and obligations hereunder.

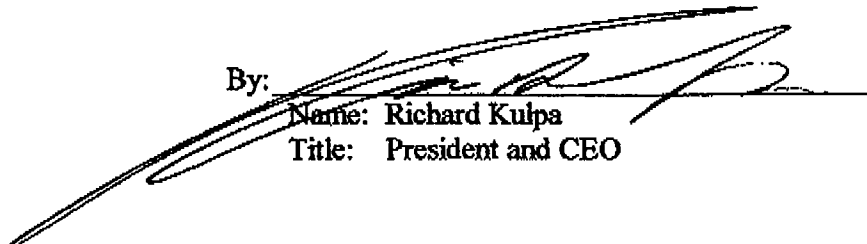
This Bill of Sale shall inure to the benefit of the parties hereto and their respective successors and assigns.

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IN WITNESS WHEREOF, Seller has caused its duly authorized representative to execute and deliver this Bill of Sale on this 14 day of January, 2005.

MEGA MEDIA CORP.

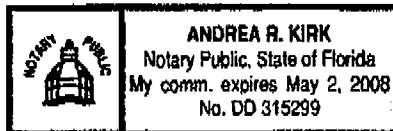
By:



Name: Richard Kulpa  
Title: President and CEO

ATTEST:

*Andrea R. Kirk*  
1/14/05



**ASSET PURCHASE AGREEMENT**

**by and among**

**CRACKED ENTERTAINMENT, INC.,**  
as Buyer

**and**

**MEGA MEDIA CORP.**  
as Seller

**and**

**NOTEHOLDERS OF SELLER**

December 21, 2004

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EXHIBIT A Form of Alternate Payment Schedule and Wire Transfer Instructions  
EXHIBIT B Form of Bill of Sale

Schedule A Wire Transfer Instructions



## ASSET PURCHASE AGREEMENT

This ASSET PURCHASE AGREEMENT (the "Agreement") is made as of the 21<sup>st</sup> day of December, 2004 by and among Cracked Entertainment, Inc., a Delaware corporation ("Buyer"), Mega Media Corp., a Florida corporation ("Seller"), and the noteholders of the Seller listed on the signature pages to this Agreement (each a "Noteholder" and together the "Noteholders").

WHEREAS, Seller owns all right, title and interest in and to that certain magazine entitled *Cracked* ("Cracked" or the "Magazine");

WHEREAS, Seller is engaged in the publication and distribution of the Magazine in print and electronic forms and exploitation of the Intellectual Property (as defined below) in all forms and media (the "Business");

WHEREAS, subject to the terms and conditions set forth herein, Buyer desires to purchase from Seller, and Seller desires to sell, transfer and assign to Buyer, substantially all of the properties and assets of Seller, including all assets used in connection with and relating to the Business, for the consideration specified herein and the assumption by Buyer of certain liabilities and obligations of Seller specified herein;

WHEREAS, the Board of Directors of the Seller has approved this Agreement and the transactions contemplated hereby and determined that this Agreement and the other transactions contemplated hereby are advisable;

WHEREAS, by execution of this Agreement, each Noteholder, to the extent required, has approved this Agreement and the transactions contemplated hereby; and

NOW THEREFORE, in order to consummate the purchase and sale of the Business and in consideration of the mutual agreements and covenants set forth herein, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

### **ARTICLE I - Purchase and Sale of Assets; Assumption of Liabilities**

**Section 1.1. Purchase and Sale of the Assets.** Subject to the provisions of this Agreement, at the Closing (as defined in Section 1.4 hereof), Seller agrees to sell, transfer and assign to Buyer (the "Transfer"), and Buyer hereby agrees to purchase, acquire and accept from Seller, in each case free and clear of all Liens (as defined below), all of Seller's right, title and interest in and to all assets, business, properties, rights, claims and goodwill of every kind and description, wherever located, whether tangible or intangible, vested or unvested, contingent or otherwise, real, personal or mixed, whether or not carried or reflected on the books of Seller, of Seller other than the Excluded Assets (as defined below), which are used in connection with or otherwise relate to the Business (the "Assets") as set forth on Schedule 1.1 and including, without limitation, the following:

(a) All computer software, hardware, systems, technology, process, program, computer disc and/or computer tape that are primarily used in the Business;

(b) All of Seller's right, title and interest in and to the names "Cracked", "Monster Party", "Biggest Greatest", "Extra Special", "Giant", "Party Pack", "Blockbuster" and any and all other intellectual property of the Seller relating or pertaining to the Business including any and all Intellectual Property Rights (as defined below);

(c) The email and website addresses (including the Uniform Resource Locators [www.cracked.com](http://www.cracked.com) and [www.crackedmag.com](http://www.crackedmag.com)) and any files, graphics, programs, links and websites currently located thereto (or forming an integral part thereof, including the website located at [www.themegamall.biz](http://www.themegamall.biz)) (collectively, the "Internet Assets");

(d) Any telephone numbers and other identifying addresses and numbers of Seller used in the conduct of the Business;

(e) Any and all Contracts (as defined below) or other arrangements to which the Seller is a party in connection with the conduct of the Business, as identified on Schedule 1.6 hereto;

(f) All books and records relating to the assets, properties and rights of Seller relating to the Business;

(g) All active and inactive customer files and data relating to the Business, including all subscription information;

(h) All sales data, brochures, catalogues, literature, forms, mailing lists, art work, photographs and advertising material, in whatever form or media, relating to the Business;

(i) All claims, causes of action, choses in action, rights of recovery and rights of set-off of any kind in favor of Seller or pertaining to, or arising out of, the Assets; and

(j) The goodwill of the Business.

## **Section 1.2. Excluded Assets and Liabilities.**

(a) Excluded Assets. It is expressly agreed that the Seller shall retain, and Buyer will not acquire, the assets of the Seller that are not described in Section 1.1 hereof (the "Excluded Assets").

(b) Excluded Liabilities. Upon Transfer of the Assets, Buyer shall assume, and agrees to pay or discharge when due in accordance with their respective terms, the following liabilities of Seller: (i) ~~\_\_\_\_\_~~; and (ii) ~~\_\_\_\_\_~~

[REDACTED] (collectively, the "Assumed Liabilities"). Except for the Assumed Liabilities, Buyer shall not assume, pay or be responsible or liable for (and will be deemed not to have assumed or be responsible or liable for) any Indebtedness (as defined below), obligations, Contracts or liabilities of the Seller of any kind or nature, whether known or unknown, contingent or otherwise, including, without limitation, any and all debts, obligations or Indebtedness of the Seller related to the Business (collectively, the "Excluded Liabilities").

**Section 1.3. Purchase Price and Payment.** In consideration for the Transfer by Seller to Buyer of the Assets in accordance with this Agreement, Buyer shall deliver to Seller consideration in an aggregate amount of [REDACTED] (the "Consideration"), to be held by Seller on behalf of itself and the Noteholders, which will consist of the following:

REDACTED

**Section 1.4. Time and Place of Closing.** The closing of the purchase and sale provided for in this Agreement (the "Closing") shall occur on January 31, 2005; provided, however, that if the conditions set forth in Article VI have not been satisfied on such date and the Agreement has not been terminated pursuant to Article IX hereof, then the Closing shall occur as promptly as practicable; and provided further, that notwithstanding the foregoing, the Closing may occur on any other date agreed upon by the parties. The date that the Closing occurs pursuant to the foregoing sentence is referred to in this Agreement as the "Closing Date." The

Closing shall take place at the offices of Goodwin Procter, LLP, Exchange Place, Boston, MA 02109, or at such other place as agreed to by the parties hereto.

**Section 1.5. Transfer of Assets.** At the Closing, Seller shall have executed and delivered, or shall have caused to be executed and delivered, bills of sale, endorsements, assignments and other good and sufficient instruments of sale, transfer, conveyance and assignment as shall be necessary and effective to transfer to and vest in Buyer good and marketable title (free and clear of all Liens) to the Assets. Such instruments of transfer shall be (a) in the form and will contain the warranties, covenants and other provisions (not inconsistent with the provisions hereof) which are usual and customary for transferring the type of property involved under the laws of the jurisdictions applicable to such transfers, (b) in form and substance reasonably satisfactory to Buyer and its counsel, and (c) where applicable, accompanied by evidence of the discharge of all Liens against the Assets.

**Section 1.6. Third-Party Consents.** Schedule 1.6 sets forth all of Seller's Contracts, commitments, authorizations, Permits, waivers, consents, agreements and rights (other than any Excluded Assets) that relate to the Business and the Assets (collectively, the "**Material Contracts**"). At the Closing, Seller shall deliver or cause to be delivered to Buyer all of the Material Contracts, with such assignments thereof and consents to assignments as are necessary to assure Buyer of the full benefit of the same. If any Assets constituting Material Contracts are not by their terms assignable or require the consent of a third party in connection with the sale by Seller, Seller will use its best efforts, at its expense, to assist Buyer to obtain such consent promptly. During the period in which the applicable Material Contract is not capable of being assigned to Buyer due to the failure to obtain any required consent, Seller shall make such arrangements as may be necessary to enable Buyer to receive all economic benefits under such Material Contract accruing on and after the execution of this Agreement.

**Section 1.7. Employees.**

(a) Buyer shall not assume or have any obligations or liabilities with respect to any employees or independent contractors of Seller. Seller shall pay all wages, salaries, commissions, and the cost of all fringe benefits provided to each employee and independent contractor of the Business which shall have become due for work performed as of and through the Closing Date, and Seller shall collect and pay all taxes in respect of such wages, salaries, commissions and benefits. Seller acknowledges and agrees that Buyer is not assuming and shall not have any obligations or liabilities under, any benefit plan maintained by, or for the benefit of, the employees of the Business, including, without limitation, obligations for severance or vacation accrued but not taken as of the Closing Date.

(b) Buyer specifically reserves to itself the right to employ or reject any of Seller's employees or other applicants in its sole and absolute discretion. Seller acknowledges and agrees that Buyer may interview and discuss employment terms and issues with employees. Nothing in this Agreement shall be construed as a commitment or obligation of Buyer to accept for employment, or otherwise continue the employment of any of Seller's employees.

**Section 1.8. Taxes.** Notwithstanding anything in this Agreement to the contrary, Buyer will not assume and will be deemed not to have assumed and be responsible for, and

Seller will be solely and exclusively liable and responsible for, any debt, obligations or liabilities of the Seller with respect to (a) any federal, state, local or foreign taxes relating to tax periods (or any portion thereof) ending on or prior to the date hereof, or (b) any tax liability of Seller arising out of in connection with the consummation or performance of the transactions contemplated by this Agreement (the "**Retained Taxes**").

**Section 1.9. Further Assurances.** Seller and each of the Noteholders, as the case may be, from time to time after the Closing at the request of Buyer and without further consideration, shall execute and deliver further instruments of transfer and assignment and take such other action as Buyer may reasonably require to more effectively transfer and assign to, and vest in, Buyer each of the Assets. Nothing herein shall be deemed a waiver by Buyer of its right to receive at the Closing an effective assignment of each of the leases, contracts, commitments or rights of Seller as otherwise set forth in this Agreement.

**Section 1.10. Definitions.** For purposes of this Agreement,

(a) "**Contract**" means any contract, license, lease (including for real property), commitment, purchase order or any other agreement, whether written or oral, relating to the Business;

(b) "**GAAP**" means U.S. generally accepted accounting principles, consistently applied;

(c) "**Indebtedness**" means, with respect to any Person, at any date, without duplication, (i) all obligations of Such Person for borrowed money, including, without limitation, all principal, interest, premiums, fees, expenses, overdrafts and penalties with respect thereto, (ii) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (iii) all obligations of such Person to pay the deferred purchase price of the property or services, except trade payables incurred in the ordinary course of business, (iv) all obligations of such Person to reimburse any bank or other Person in respect of amounts paid under a letter of credit or similar instrument, (v) all capitalized lease obligations as defined in accordance with GAAP, (vi) all other obligations of a Person which would be required to be shown as indebtedness on a balance sheet of such Person prepared in accordance with GAAP, and (vii) all indebtedness of any other Person of the type referred to in clauses (i) to (vi) above directly or indirectly guaranteed by such Person or secured by any assets of such Person;

(d) "**Intellectual Property Right**" means any trademark, logo, copyright, jingle, service mark, trade name, business name, design, invention, patent, trade secret, know-how, moral right, shop right, license, development, research data, design, literature, proprietary computer software, computer databases, Internet addresses or domain names (including any registrations or applications for renewal of any of the foregoing and all websites at such addresses or domain names, including the Internet Assets), approval, clearance, permit, consent, waiver, certificate, listing, and exemption submitted to or granted by a regulatory authority (foreign or domestic) or any other similar type of proprietary, intangible, intellectual property or moral right throughout the universe, whether or not patentable or copyrightable (or otherwise subject

to legally enforceable restrictions or protections against unauthorized third party usage), whether used or held for use or otherwise necessary in connection with the conduct of the Business or not, and any and all applications for, registrations of and extensions, divisions, renewals and reissuance of any of the foregoing, and all rights therein, including without limitation rights under any royalty or licensing agreements and exploitation rights in any media or format now known or hereafter created;

(e) "Lien" means any mortgage, pledge, claim, security interest, lien (including tax lien), charge, option or other encumbrance of any kind or nature whatsoever;

(f) "Permit" means any governmental or regulatory license, authorization permit, franchise consent or approval which is obtained in connection with the conduct of the Business;

(g) "Person" means an individual, corporation, partnership, limited liability company, association, trust or other entity or organization, including a government or political subdivision or an agency or instrumentality thereof;

(h) "Taxes" means (i) any net income, alternative or add-on minimum tax, gross income, gross receipts, sales, use, ad valorem, value added, transfer, franchise, profits, license, withholding on amounts paid to or by Seller, payroll, employment, excise, severance, stamp, occupation, premium, property, environmental or windfall profit tax, custom, duty or other tax, governmental fee or other like assessment or charge of any kind whatsoever, together with any interest, penalty, addition to tax or additional amount imposed by any Taxing Authority in connection with the conduct of the Business, (ii) any liability of Seller for the payment of any amounts of any of the foregoing types as a result of being a member of an affiliated, consolidated, combined or unitary group, or being a party to any agreement or arrangement whereby liability of Seller for payment of such amounts was determined or taken into account with reference to the liability of any other Person, and (iii) any liability of Seller for the payment of any amounts as a result of being a party to any tax-sharing agreements in connection with the conduct of the Business or with respect to the payment of any amounts of any of the foregoing types as a result of any express or implied obligation to indemnify any other Person; and

(i) "Taxing Authority" means any Governmental Authority (as defined below) responsible for the imposition of any Tax.

## **ARTICLE II - Representations and Warranties of Seller.**

**Section 2.1. Making of Representations and Warranties.** As a material inducement to Buyer to enter into this Agreement and consummate the transactions contemplated hereby, the Seller hereby makes to Buyer the representations and warranties contained in this Article II, regardless of any examinations, inspections, audits and other investigations Buyer has heretofore made or may hereafter make with respect to such representations and warranties.

**Section 2.2. Ownership of Assets.** Seller owns the Assets and has, and will deliver to Buyer, good, valid and marketable title to all of the Assets, in each case, free and clear of all Liens.

**Section 2.3. Organization, Good Standing, Corporate Power and Qualification.** Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Florida and has all requisite corporate power and authority to carry on its business as presently conducted and as proposed to be conducted. The Seller is duly qualified or licensed to transact business and is in good standing in each jurisdiction in which the property owned, leased or operated by it in connection with the conduct of the Business or the nature of the business conducted by it relating to the Business makes such licensing or qualification necessary and in each jurisdiction in which the failure to so qualify would have a material adverse effect on the business, assets (including intangible assets), liabilities, financial condition, property, prospects or results of operations of the Company (a "**Material Adverse Effect**").

**Section 2.4. Subsidiaries, Investments.** Except as set forth on Schedule 2.4, Seller has no subsidiaries or investments in any other corporation or business organization.

**Section 2.5. Authority and Authorization.** Seller has all requisite power and authority to execute and deliver this Agreement and those other agreements and instruments required to be executed or delivered under this Agreement, and to perform its obligations hereunder. All corporate action required to be taken by the Seller's Board of Directors, stockholders and Noteholders in order to authorize the Seller to enter into this Agreement and any agreements contemplated hereby (the "**Transaction Agreements**"), has been taken or will be taken prior to the Closing. All action on the part of the officers of the Seller necessary for the execution and delivery of the Transaction Agreements and the performance of all obligations of the Seller under the Transaction Agreements to be performed as of the Closing has been taken or will be taken prior to the Closing. The Transaction Agreements, when executed and delivered by the Seller, shall constitute valid and legally binding obligations of the Seller, enforceable against the Seller in accordance with their respective terms except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**Section 2.6. No Conflict.** Neither the execution and delivery by the Seller of this Agreement nor the performance by Seller of its obligations hereunder will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of the Seller; (b) result in (with or without the giving of notice or lapse of time or both) a material violation or breach of, or constitute a default or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of any Indebtedness, license, lease or Contract or similar instrument or obligation to which the Seller, or by which any of the Assets, may be bound; or (c) violate any order, injunction, decree, statute, rule or regulation of any federal, state, local or foreign governmental entity or municipality or subdivision thereof or court, tribunal, commission, board, bureau, agency or legislative, executive, governmental or regulatory authority or agency (a "**Governmental Authority**") to which the Seller or the Business is subject.

**Section 2.7. Taxes.** There are no federal, state, county, local or foreign taxes dues and payable by the Seller which have not been timely paid. There are no accrued and unpaid federal, state, county, local or foreign taxes of the Seller which are due, whether or not assessed or disputed. There have been no examinations or audits of any tax returns or reports by any applicable federal, state, local or foreign governmental agency. The Seller has duly and timely filed all federal, state, county, local and foreign tax returns required to have been filed by it and there are in effect no waivers of applicable statutes of limitations with respect to taxes for any year.

**Section 2.8. Information Technology.** Seller's information technology systems are sufficient for Buyer to operate the Business as operated by Seller immediately prior to the Closing. Seller has maintained such information technology systems in accordance with standard industry practice and no such information technology system is obsolete or otherwise needs to be replaced or upgraded.

**Section 2.9. Ordinary Course; Absence of Certain Changes.** Since January 1, 2004, Seller has conducted the Business only in the ordinary course and consistently with prior practices and there has not been:

(a) Any change in the financial condition, properties, assets or liabilities of the Business, which change by itself or in conjunction with all other such changes, whether or not arising in the ordinary course of business, has materially adversely affected the prospects, condition (financial or otherwise) of, or any of the assets or properties related to, used or held for use in, the Business;

(b) Any contingent liability incurred by Seller with respect to the Business as guarantor or otherwise with respect to the obligations of others or any cancellation of any material debt or claim owing to, or waiver of any material right of, Seller;

(c) Any Encumbrance placed on any of the Subject Assets which remains in existence on the date hereof;

(d) Any obligation or liability of any nature incurred by Seller with respect to the Business, whether accrued, absolute, contingent or otherwise, asserted or unasserted, known or unknown (including, without limitation, liabilities for Taxes due or to become due or contingent or potential liabilities relating to products or services provided by Seller or the conduct of the business of Seller since January 1, 2004 regardless of whether claims in respect thereof have been asserted), other than obligations and liabilities incurred (i) in the ordinary course of business consistent with the terms of this Agreement (it being understood that product liability claims shall not be deemed to be incurred in the ordinary course of business), or (ii) which are not Assumed Liabilities;

(e) Except for the execution and delivery of this Agreement and the transactions to take place pursuant hereto, any purchase, sale or other disposition, or any agreement or other arrangement for the purchase, sale or other disposition, of any of the properties or assets related to, used or held for use in the Business other than in the ordinary course of business;



(f) Any damage, destruction or loss, whether or not covered by insurance, materially and adversely affecting the properties or assets related to, used or held for use in the Business;

(g) Any change in accounting methods or practices, credit practices or collection policies used by a Seller;

(h) Any payment or discharge of a material lien or liability with respect to the Business which was not incurred in the ordinary course of business thereafter; and

(i) Any agreement or understanding whether in writing or otherwise, for a Seller to take any of the actions specified in paragraphs (a) through (h) above.

**Section 2.10. Intellectual Property**

(a) Seller has exclusive ownership of all Intellectual Property Rights pertaining or relating to the Assets and the Business. As of the date of Closing, Seller's rights in all such Intellectual Property Rights are freely transferable and there are no claims or demands of any other person pertaining to any of such Intellectual Property Rights and no proceedings have been instituted, or are pending or, threatened, which challenge the rights of Seller in respect thereof.

(b) Seller has taken all commercially reasonable steps required in accordance with sound business practice to establish and preserve its ownership of all Intellectual Property Rights. To the knowledge of the Seller, none of Seller's Intellectual Property rights have been infringed upon by others. The present and contemplated business, activities and products of Seller do not infringe any intellectual property rights of any other Person.

**Section 2.11. Compliance with Laws.** Seller is in compliance in all respects with all applicable statutes, ordinances, orders, judgments, decrees and rules and regulations promulgated by any federal, state, municipal or other governmental authority which apply to the conduct of the Business, and Seller has not received notice of a violation or alleged violation of any such statute, ordinance, order, rule or regulation.

**Section 2.12. Litigation.** There is no litigation or governmental or administrative proceeding or investigation pending or, to the knowledge of Seller, threatened against Seller or any Seller affiliate (including any noteholder) which may have any adverse effect on the properties, assets, prospects, financial condition or business of Seller or which would prevent or hinder the consummation of the transactions contemplated by this Agreement, nor to the knowledge of Seller has there occurred any event nor does there exist any condition the basis of which any such litigation, proceeding or investigation may be asserted.

**Section 2.13. Powers of Attorney.** Seller has not granted powers of attorney which are presently outstanding with respect to the Business or any shares of capital stock of Seller.

**Section 2.14. Finder's Fee.** Except as set forth on Schedule 2.14, Seller has not incurred or become liable for any broker's commissions and/or finder's fees relating to or in connection with the transactions contemplated by this Agreement.

**Section 2.15. Disclosure.** The representations, warranties and statements contained in this Agreement and in the certificates, exhibits and schedules delivered by Seller pursuant to the Agreement to Buyer do not contain any untrue statement of a material fact, and, when taken together, do not omit to state a material fact required to be stated therein or necessary in order to make such representations, warranties or statements not misleading in light of the circumstances under which they were made. There are no facts known to Seller which presently or may in the future have a material adverse affect on the business, properties, operations or condition of the Business which have not been specifically disclosed herein.

**Section 2.16. Compliance with Laws.** To the knowledge of the Seller, the Seller is not in default or violation of any law, statute, ordinance, regulation, rule, order, judgment or decree applicable to the Seller or by which any property or asset of the Seller is bound, except for any such conflicts, defaults or violations that would not be reasonably likely to have, individually or in the aggregate, a Material Adverse Effect.

### **ARTICLE III - Covenants of Seller and Noteholders.**

**Section 3.1. Making of Covenants and Agreements.** Seller and the Noteholders hereby make the respective covenants and agreements set forth in this Article III.

**Section 3.2. Consummation of Agreement.** Seller and the Noteholders shall use their reasonable best efforts to perform and fulfill all conditions and obligations on their parts to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out. To this end, Seller and the Noteholders will promptly, in connection with the Closing and to the extent applicable, take all appropriate actions to:

- (a) Cancel, terminate and release all Liens in the Assets; and
- (b) Transfer the Assets to Buyer; and
- (c) As promptly as practicable immediately following the Closing, authorize and cause Seller to pay in full of all sums owed to artists, writers and freelancers.

**Section 3.3. Cooperation of Seller and the Noteholders.** Seller and the Noteholders shall cooperate with all reasonable requests of Buyer and Buyer's counsel in connection with the consummation of the transactions contemplated hereby.

**Section 3.4. Certain Remedies.** It is specifically understood and agreed that any breach of this Article III by Seller or the Noteholders will result in irreparable injury to Buyer and that the remedy at law alone will be an inadequate remedy for such breach and that, in addition to any other remedy for such breach and any other remedy it may have, Buyer shall be entitled to enforce the specific performance of the agreements contained in this Article III by Seller and Noteholders and to seek both temporary and permanent injunctive relief as well as other equitable remedies, without the necessity of proving actual damages, but without limitation of its rights to recover damages and any other remedies available to Buyer. Notwithstanding

anything to the contrary, Buyer hereby agrees that the Noteholders shall have no further obligations to Buyer other than as specifically set forth in Section 3.2 hereof.

#### **ARTICLE IV - Representations and Warranties of Buyer.**

**Section 4.1. Making of Representations and Warranties.** As a material inducement to Seller and the Noteholders to enter into this Agreement and consummate the transactions contemplated therein, Buyer hereby makes to Seller and the Noteholders the representations and warranties contained in this Article IV.

**Section 4.2. Organization, Good Standing, Corporate Power and Qualification.** Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has all requisite corporate power and authority to carry on its business as presently conducted and as proposed to be conducted.

**Section 4.3. Authority and Authorization.** Buyer has all requisite power and authority to execute and deliver this Agreement and those other agreements and instruments required to be executed or delivered under this Agreement, and to perform its obligations hereunder. All corporate action required to be taken by the Buyer's Board of Directors and stockholders in order to authorize the Buyer to enter into the Transaction Agreements has been taken or will be taken prior to the Closing. All action on the part of the officers of the Buyer necessary for the execution and delivery of the Transaction Agreements and the performance of all obligations of the Buyer under the Transaction Agreements to be performed as of the Closing has been taken or will be taken prior to the Closing. The Transaction Agreements, when executed and delivered by the Buyer, shall constitute valid and legally binding obligations of the Buyer, enforceable against the Buyer in accordance with their respective terms except (a) as limited by applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance, or other laws of general application relating to or affecting the enforcement of creditors' rights generally or (b) as limited by laws relating to the availability of specific performance, injunctive relief, or other equitable remedies.

**Section 4.4. No Conflict.** Neither the execution and delivery by the Buyer of this Agreement nor the performance by Buyer of its obligations hereunder will (a) conflict with or result in any breach of any provision of the Certificate of Incorporation or Bylaws of the Buyer; (b) result in (with or without the giving of notice or lapse of time or both) a material violation or breach of, or constitute a default or give rise to any right of termination, cancellation or acceleration under any of the terms, conditions or provisions of any Indebtedness, license, lease or Contract or similar instrument or obligation to which the Buyer may be bound; or (c) violate any order, injunction, decree, statute, rule or regulation of any Governmental Authority to which the Buyer is subject.

#### **ARTICLE V - Covenants of Buyer.**

**Section 5.1. Making of Covenants and Agreements.** Buyer hereby makes the respective covenants and agreements set forth in this Article V.

**Section 5.2. Consummation of Agreement.** Buyer shall use its reasonable best efforts to perform and fulfill all conditions and obligations on its part to be performed and fulfilled under this Agreement, to the end that the transactions contemplated by this Agreement shall be fully carried out.

**Section 5.3. Cooperation of Buyer.** Buyer shall cooperate with all reasonable requests of Seller's counsel in connection with the consummation of the transactions contemplated hereby.

**Section 5.4. Payment of Obligations.** Buyer shall pay all of the Assumed Liabilities in the ordinary course as they become due.

## **ARTICLE VI - Conditions.**

**Section 6.1. Conditions to the Obligations of Buyer.** The obligation of Buyer to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) **Representations; Warranties; Covenants.** The representations and warranties of Seller and the Noteholders shall be true and correct as of the Closing Date. Seller and the Noteholders shall, on or before the Closing, have performed all of their respective obligations hereunder which by the terms hereof are to be performed on or before the Closing.

(b) **Performance and Obligations of the Seller.** The Seller shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by it on or prior to the Closing and Buyer shall have received a certificate signed on behalf of the Seller by the Chief Executive Officer or Chief Financial Officer of the Company, dated as of the Closing Date, to the foregoing effect.

(c) **Performance and Obligations of the Noteholders.** The Noteholders shall have performed or complied in all material respects with all agreements and covenants required by this Agreement to be performed or complied with by them on or prior to the Closing.

(d) **No Material Change.** There shall have been no material adverse change in the financial condition, prospects, properties, assets, liabilities, business or operations of the Business since January 1, 2004, whether or not in the ordinary course of business.

(e) **Certificates.** Seller shall have delivered to Buyer (i) a written certification of the Secretary of State of the State of Florida, dated as of a date not earlier than 10 days prior to the Closing Date, respecting the good standing of Seller, (ii) a certificate of the President of Seller dated as of the Closing Date to the effect that the statements set forth in Section 6.1(a) and Section 6.1(b) are true and correct, and (iii) a certificate of the Secretary of Seller certifying the charter and bylaws of Seller and setting

forth the resolutions of the Board of Directors and Noteholder of Seller approving the transactions contemplated hereby.

(f) No Litigation. There shall have been no determination by Buyer, acting in good faith, that the consummation of the transactions contemplated by this Agreement has become inadvisable or impracticable by reason of the institution or threat by any person or any federal, state or other governmental authority of litigation, proceedings or other action against Buyer, Seller or any Noteholder or any material adverse change in the laws or regulations applicable to Seller or the Business.

(g) Due Diligence. Buyer shall have completed, in its sole discretion, a satisfactory due diligence of Seller.

(h) Consents; Assignments. Seller and Buyer shall have received all Material Contracts listed on Schedule 1.1(e), in form and substance reasonably satisfactory to Buyer, which shall include all authorizations, waivers, consents and permits from all third parties, including, without limitation, applicable governmental authorities, regulatory agencies, lessors, lenders and contract parties, required to permit the continuation of the Business and the consummation of the transactions contemplated by this Agreement.

(i) Release of Liens. All Liens on the Assets shall have been released or terminated, as the case may be and Seller shall have delivered to Buyer evidence of such termination and release.

(j) Copyright, Trademark and Patent Assignments. Seller shall have delivered to Buyer assignments of any copyrights, trademarks or patents related to the Business in form for recording in the United States Copyright Office or the United States Patent and Trademark Office, as the case may be.

(k) Bill of Sale. Seller shall have executed and delivered to Buyer a Bill of Sale in substantially the form of Exhibit B attached hereto.

(l) Other Instruments. Delivery to Buyer of such duly executed, good and sufficient instruments of conveyance, transfer and assignment, other than a bill of sale, as may be reasonably required by Buyer and its counsel and as will be necessary to convey to Buyer all of Seller's rights, title and interests in and to the Assets (the "**Other Instruments**"), if any.

(m) Miscellaneous. Delivery to Buyer of all other documents, instruments and writings necessary to consummate the transaction contemplated hereby or expressly required to be delivered by Seller or the Noteholders, as the case may be, in accordance with this Agreement.

**Section 6.2. Conditions to the Obligations of Seller and the Noteholders.** The obligation of Seller and the Noteholder to consummate this Agreement and the transactions contemplated hereby are subject to the fulfillment, prior to or at the Closing, of the following conditions precedent:

(a) Representations; Warranties; Covenants. The representations and warranties of Buyer shall be true and correct as of the Closing Date. Buyer shall, on or before the Closing, have performed all of its respective obligations hereunder which by the terms hereof are to be performed on or before the Closing.

(b) Certificates. Buyer shall have delivered to Seller (i) a written certification of the Secretary of State of the State of Delaware, dated as of a date not earlier than 10 days prior to the Closing Date, respecting the good standing of Buyer and (ii) a certificate of the President of Buyer dated as of the Closing Date (A) to the effect that the statements set forth in Section 6.2(a) are true and correct, and (B) setting forth the resolutions of Buyer approving the transactions contemplated hereby.

(c) No Litigation. No action to enjoin the consummation of the transaction contemplated by this Agreement shall have been instituted or threatened by any person or any federal, state, or governmental authority against Buyer, Seller or the Noteholders.

## **ARTICLE VII - Rights and Obligations Subsequent to Closing.**

**Section 7.1. Covenants.** The covenants of the Seller and the Noteholders, on the one hand, and Buyer, on the other hand, that are set forth in Articles III and V, respectively, and, which by their terms, are to be performed, in whole or in part, after the Closing, shall survive the consummation of the transactions contemplated by this Agreement.

**Section 7.2. Survival of Representations and Warranties.** Unless otherwise set forth in this Agreement, the representations and warranties contained in or made pursuant to this Agreement shall survive the execution and delivery of this Agreement and shall in no way be affected by any investigation of the subject matter thereof.

## **ARTICLE VIII - Additional Agreements.**

**Section 8.1. Access to Information.** Without undue disruption of its business, between the date of this Agreement and the Closing Date, the Seller shall give Buyer and its representatives reasonable access upon reasonable notice and during times mutually convenient to Buyer and senior management of the Seller to the facilities, properties, employees, books and records and other materials of or prepared for the Seller as from time to time may be reasonably requested.

**Section 8.2. Confidentiality.** Buyer and Seller agree that all information received from the other party will be held in confidence, and in the event this Agreement is terminated in connection with Article IX hereof, Buyer agrees that it will keep confidential and will not disclose any confidential, proprietary or secret information which Buyer obtained from the Seller pursuant to financial statements, reports and other materials submitted by the Seller to the Buyer ("**Confidential Information**"), unless such Confidential Information is known, or until such Confidential Information becomes known, to the public (other than as a result of a breach of this

Section 8.2 by Buyer; provided, however, that Buyer may disclose Confidential Information (i) to their attorneys, accountants, consultants and other professionals to the extent necessary to obtain their services, (ii) to any prospective purchaser of shares of Buyer's stock, (iii) to any affiliate of Buyer or to a partner, stockholder or subsidiary of Buyer, or (iv) as may otherwise be required by law, provided that the Buyer take reasonable steps to minimize the extent of any such required disclosure. Upon termination of this Agreement in connection with Section 9.1 hereof and upon written request of the Seller, Buyer shall return all Confidential Information received to the Seller.

**Section 8.3. No Solicitations.** In consideration of the time, costs and resources that the Buyer is devoting to the transactions contemplated hereby, the Seller agrees that during the period beginning on the date of this Agreement and ending on the earlier of (i) the Closing Date or (ii) termination of this Agreement as provided for in Article IX hereof, neither the Seller nor any Noteholder of the Seller shall solicit, initiate, encourage or engage in discussions or negotiations with, or provide any information to, or take any other action to otherwise facilitate the efforts of, any third party with respect to a financing of or investment in the Seller (including by way of the purchase of any capital stock or other securities from the Seller), or acquisition of the Seller (including by way of merger, purchase of capital stock or purchase of assets), or any action that would otherwise be inconsistent with the terms of the this Agreement, or that would prohibit the performance of the Seller's obligations under this Agreement or that could be expected to diminish the likelihood of or render impracticable the consummation of the transactions contemplated hereby (each, a "**Prohibited Transaction**"), or enter into any agreement or arrangement with respect to, or authorize or consummate, a Prohibited Transaction. If the Seller or any officer, director, Noteholder, representative or agent thereof, receives an offer or proposal to enter negotiations relating to any Prohibited Transaction, such party shall immediately notify the Buyer of such offer or proposal (including the terms and conditions thereof and the identity of the third party) and shall not entertain any such offer and shall communicate its unwillingness to entertain such offer to such offering party. Upon the execution and delivery of this Agreement, the Seller and its officers, directors, Noteholders, representatives and agents shall terminate all discussions, if any, it or they may be having with respect to a Prohibited Transaction.

**Section 8.4. Further Action.** Each of the parties hereto shall use its respective commercially reasonable efforts to (a) take or cause to be taken all appropriate action, do or cause to be done all things necessary, proper or advisable and execute and deliver such documents and other papers, as may be required to carry out the provisions of this Agreement and consummate and make effective the transactions contemplated by this Agreement and (b) cause the fulfillment at the earliest practicable date of all of the conditions to their respective obligations, including, but not limited to, the Seller's obligations to obtain all applicable third party consents, to consummate the transactions contemplated by this Agreement.

**Section 8.5. Advice of Changes.** The Seller and Buyer shall promptly advise the other party in writing to the extent any event occurs or situation arises which results or is reasonably likely to result in a breach of a representation, warranty or covenant by any party under this Agreement and such party shall use its commercially reasonable efforts to cure such breach prior to the Closing Date.

## **ARTICLE IX - Termination, Amendment and Waiver.**

**Section 9.1. Termination.** This Agreement may be terminated at any time prior to the Closing, whether before or after stockholder approval thereof:

- (a) by the mutual written consent of Buyer and the Seller;
- (b) by either of the Seller, on the one hand, or Buyer, on the other hand, by written notice to the other:
  - (i) if any Governmental Authority of competent jurisdiction shall have issued an injunction or taken any other action (which injunction or other action the parties hereto shall use their commercially reasonable efforts to lift) that permanently restrains, enjoins or otherwise prohibits the consummation of the transactions contemplated hereby, and such injunction shall have become final and non-appealable; or
  - (ii) if the consummation of the transactions contemplated hereby shall not have occurred on or before January 31, 2005; provided, however, that the right to terminate this Agreement under this Section 9.1(b)(ii) shall not be available to any party whose failure to comply with any provision of this Agreement has been the cause of, or resulted in, the failure of the transactions contemplated hereby to occur on or before such date; and
- (c) by Buyer, if Buyer is not then in material breach of any term of this Agreement, upon written notice to Seller upon a material breach of any representation, warranty or covenant of the Seller or any Noteholder contained in this Agreement, or based upon discovery of any material fact that, in the sole discretion of Buyer, adversely affects the transactions contemplated hereby.

**Section 9.2. Effect of Termination.** In the event of the termination of this Agreement pursuant to Section 9.1, this Agreement shall forthwith become null and void and have no effect, without any liability on the part of Buyer or the Seller and their respective directors, officers, employees, partners, managers, members or stockholders and all rights and obligations of any party hereto shall cease, except for the agreements contained in Sections 7.1 and 7.2, this Section 9.2 and Article X; provided, however, that nothing contained in this Section 9.2 shall relieve any party from liabilities or damages arising out of any fraud or willful breach by such party of any of its representations, warranties, covenants or other agreements contained in this Agreement.

**Section 9.3. Extension; Waiver.** At any time prior to the Closing Date, the parties hereto may, to the extent legally allowed, (a) extend the time for the performance of any of the obligations or other acts of the other parties hereto, (b) waive any inaccuracies in the representations and warranties of the other party contained herein or in any document delivered pursuant hereto and (c) waive compliance by the other party with any of the agreements or conditions contained herein. Any agreement on the part of a party hereto to any such extension or waiver shall be valid only if set forth in a written instrument signed on behalf of the party



against which such waiver or extension is to be enforced. Waiver of any term or condition of this Agreement by a party shall not be construed as a waiver of any subsequent breach or waiver of the same term or condition by such party, or a waiver of any other term or condition of this Agreement by such party.

## **ARTICLE X - Miscellaneous.**

**Section 10.1. Governing Law.** This Agreement shall be construed under and governed by the internal laws of the State of New York without regard to its conflict of laws provisions.

**Section 10.2. Entire Agreement.** This Agreement, including the Schedules and Exhibits referred to herein and other agreements entered into in connection herewith and the other writings specifically identified herein or contemplated hereby, is complete, reflects the entire agreement of the parties with respect to its subject matter, and supersedes all previous written or oral negotiations, commitments and writings. No promises, representations, understandings, warranties and agreements have been made by any of the parties hereto except as referred to herein or in such Schedules and Exhibits or in such other writings; and all inducements to the making of this Agreement relied upon by either party hereto have been expressed herein or in such Schedules or Exhibits or in such other writings.

**Section 10.3. Severability.** In the event that any one or more of the provisions contained in this Agreement, or the application thereof in any circumstances, is held invalid, illegal or unenforceable in any respect for any reason, the validity, legality and enforceability of any such provision in every other respect and of the remaining provisions contained in this Agreement shall not be in any way impaired thereby, it being intended that all of the rights and privileges of the parties hereto shall be enforceable to the fullest extent permitted by law.

**Section 10.4. Notices.** Any notice, request, demand or other communication required or permitted hereunder shall be in writing and shall be deemed to have been given if delivered or sent by facsimile transmission, upon receipt, or if sent by registered or certified mail, upon the sooner of the date on which receipt is acknowledged or the expiration of three (3) business days after deposit in United States post office facilities properly addressed with postage prepaid. All notices to a party will be sent to the addresses set forth below or to such other address or person as such party may designate by notice to each other party hereunder:

**TO BUYER:** Cracked Entertainment, Inc.  
Attn: Monty Sarhan, Esq.  
65 East India Row  
Suite 30H  
Boston, Massachusetts 02110

TO SELLER:

Mega Media Corp.  
Attn: Richard Kulpa  
P.O. Box 3098  
Rockford, Illinois 61104

Any notice given hereunder may be given on behalf of any party by his counsel or other authorized representatives.

**Section 10.5. Consent to Jurisdiction.** For the purpose of allowing a party to enforce its indemnification and other rights hereunder, each of the parties hereby consents to personal jurisdiction, service of process and venue in the federal or state courts of New York, or in the court in which any claim for which indemnification may be sought hereunder is brought against an indemnified party.

**Section 10.6. Indemnification.**

(a) The representations and warranties of the Seller and Noteholders contained herein or in any signed writing delivered in connection with this Agreement will survive for a period of four (4) years after the execution of this Agreement.

(b) Seller shall indemnify Buyer and its employees, officers, directors, agents and representatives, in their capacities as such, and the successors, heirs and personal representatives of any of them (collectively, the "**Buyer Indemnified Parties**") against and hold them harmless from any and all damage, loss, liability and expense (including, without limitation, reasonable expenses of investigation and attorneys' fees and expenses) (collectively, "**Loss**") incurred or suffered by any Buyer Indemnified Party arising out of or relating to (i) any breach of any representation, warranty, covenant or other agreement of Seller contained herein, (ii) any Assumed Liabilities, or (iv) any alleged, claimed or established negligence or breach of Seller (or any of its affiliates or predecessors or any of the respective officers, directors, agents, consultants or employees of Seller, any of its affiliates or predecessors or any of its Noteholders) with respect to the performance by such parties of services, Contracts, agreements, policies or similar undertakings on or prior to the execution of this Agreement.

(c) Any Buyer Indemnified Party seeking indemnification pursuant to Section 10.6(b) with respect to a claim, action or proceeding will give prompt written notice to the Seller of the assertion of any claim, or the commencement of any action or proceeding, in respect of which indemnity may be sought hereunder; provided, however, that the failure to give such notice will not affect the Buyer Indemnified Party's rights to indemnification hereunder, unless such failure would prejudice in any material respect the Seller's ability to defend such claim, action or proceeding. The Seller will have the right to assume the defense of any such action or proceeding at its expense, provided that (x) in the reasonable judgment of the Buyer Indemnified Party, the Seller has adequate resources to undertake such defense and satisfy any indemnifiable Loss arising from such action or proceeding and (y) the selection of counsel is approved by the Buyer Indemnified Party (which approval will not be unreasonably withheld or delayed). If the Buyer Indemnified Party so determines that the Seller does not have adequate resources,

or the Seller does not elect to assume the defense of any such action or proceeding, or fails to make such an election within 20 days after it receives such notice pursuant to the first sentence of this Section 10.6(c), the Buyer Indemnified Party may assume such defense at the expense of the Seller. The Buyer Indemnified Party will have the right to participate in (but not control) the defense of an action or proceeding defended by the Seller hereunder and to retain its own counsel in connection with such action or proceeding, but the fees and expenses of such counsel will be at the Buyer Indemnified Party's expense unless (i) the Seller and the Buyer Indemnified Party have mutually agreed in writing to the retention of such counsel or (ii) the named parties in any such action or proceeding (including impleaded parties) include the Seller and the Buyer Indemnified Party, and representation of the Seller and the Buyer Indemnified Party by the same counsel would create a conflict, provided that, unless otherwise agreed by the Seller, if the Seller is obligated to pay the fees and expenses of such counsel, the Seller will be obligated to pay only the fees and expenses associated with one attorney or law firm, as applicable, for the Buyer Indemnified Party. Seller will not be liable under Section 10.6(b) for any settlement effected without its written consent, which consent will not be unreasonably withheld or delayed, of any claim, action or proceeding in respect of which indemnity may be sought hereunder.

**Section 10.7. Arbitration.** All disputes, claims, or controversies arising out of or relating to this Agreement, or any other agreement executed and delivered pursuant to this Agreement, or the negotiation, breach, validity, termination or performance hereof and thereof or the transactions contemplated hereby and thereby, that are not resolved by mutual agreement shall be resolved solely and exclusively by binding arbitration to be conducted before J.A.M.S./Endispute, Inc. or its successor. The parties understand and agree that this arbitration provision shall apply equally to claims of fraud or fraud in the inducement. The arbitration shall be held in New York, New York before a single arbitrator and shall be conducted in accordance with the rules and regulations promulgated by J.A.M.S./Endispute, Inc. unless specifically modified herein.

The parties covenant and agree that the arbitration shall commence within one hundred twenty (120) days of the date on which a written demand for arbitration is filed by any party hereto. In connection with the arbitration proceeding, the arbitrator shall have the power to order the production of documents by each party and any third-party witnesses. In addition, each party may take up to three depositions as of right, and the arbitrator may in his or her discretion allow additional depositions upon good cause shown by the moving party. However, the arbitrator shall not have the power to order the answering of interrogatories or the response to requests for admission. In connection with any arbitration, each party shall provide to the other, no later than fourteen (14) business days before the date of the arbitration, the identity of all persons that may testify at the arbitration, a copy of all documents that may be introduced at the arbitration or considered or used by a party's witness or expert, and a summary of the expert's opinions and the basis for said opinions. The arbitrator's decision and award shall be made and delivered within sixty (60) days of the conclusion of the arbitration. The arbitrator's decision shall set forth a reasoned basis for any award of damages or finding of liability. The arbitrator shall not have power to award damages in excess of actual compensatory damages and shall not multiply actual damages or award punitive damages or any other damages that are specifically excluded under this Agreement, and each party hereby irrevocably waives any claim to such damages.

The parties covenant and agree that they will participate in the arbitration in good faith and that they will share equally its costs, except as otherwise provided herein. The arbitrator may in his or her discretion assess costs and expenses (including the reasonable legal fees and expenses of the prevailing party) against any party to a proceeding. Any party unsuccessfully refusing to comply with an order of the arbitrators shall be liable for costs and expenses, including attorneys' fees, incurred by the other party in enforcing the award. This Section 10.7 applies equally to requests for temporary, preliminary or permanent injunctive relief, except that in the case of temporary or preliminary injunctive relief any party may proceed in court without prior arbitration for the limited purpose of avoiding immediate and irreparable harm, including, but not limited to, as set forth in Article III hereof. The provisions of this Section 10.7 shall be enforceable in any court of competent jurisdiction.

Subject to the second sentence of the immediately preceding paragraph, the parties shall bear their own attorneys' fees, costs and expenses in connection with the arbitration. The parties will share equally in the fees and expenses charged by J.A.M.S./Endispute.

**Section 10.8. Fees and Expenses.** Except as otherwise provided in this Agreement, the costs and expenses of Buyer will be borne by Buyer and the costs and expenses of Seller and the Noteholders shall be borne by the Seller or the Noteholders, respectively. No expenses of Seller or the Noteholders relating in any way to the transactions contemplated hereby, including, without limitation, legal, accounting or other professional expenses of Seller or the Noteholders, shall be charged to or paid by Buyer or included in the Assumed Liabilities. The foregoing shall not limit, however, any party's right to include expenses in any claim for damages against any other party who breaches any legally binding provision of this Agreement.

**Section 10.9. Assignability; Binding Effect.** Neither this Agreement nor any right, interest or obligation hereunder may be assigned (directly or indirectly, by merger, change in control or otherwise) by any party hereto without the prior written consent of the other parties hereto and any attempt to do so will be void; provided, however, that Buyer shall have the right to assign its rights, interests and obligations under this Agreement to any subsidiary or affiliate of Buyer, its financing sources or to any party in connection with the sale of all or substantially all of the assets or equity interests of Buyer. Subject to the provisions of this Section 10.9, this Agreement shall be binding upon and enforceable by, and shall inure to the benefit of, the parties hereto and their respective heirs, successors and permitted assigns.

**Section 10.10. Captions and Gender.** The captions in this Agreement are for convenience only and shall not affect the construction or interpretation of any term or provision hereof. The use in this Agreement of the masculine pronoun in reference to a party hereto shall be deemed to include the feminine or neuter, as the context may require.

**Section 10.11. Execution in Counterparts.** For the convenience of the parties and to facilitate execution, this Agreement may be executed in two or more counterparts, each of which shall be deemed an original, but all of which shall constitute one and the same document.

**Section 10.12. Severability** If any provision of this Agreement, or the application thereof to any person or circumstance is held invalid or unenforceable, the remainder of this

Agreement, and the application of such provision to other persons or circumstances, shall not be affected thereby, and to such end, the provisions of this Agreement are agreed to be severable.

**Section 10.13. Amendments.** This Agreement may not be amended or modified, nor may compliance with any condition or covenant set forth herein be waived, except by a writing duly and validly executed by each party hereto, or in the case of a waiver, the party waiving compliance.

**Section 10.14. Announcement.** Neither Seller nor any Noteholder shall make any public announcement, issue any press release or make any statement concerning the transactions contemplated hereby. Following the Closing, Buyer shall prepare and issue a press release, the form of which shall be delivered to Seller and the Noteholders prior to release, disclosing the consummation of the transactions contemplated by this Agreement.

**Section 10.15. Further Assurances by Seller and Noteholders.** Seller and the Noteholders shall execute all such additional documents as Buyer may reasonably request to vest or confirm the vesting in Buyer of all of the Assets and title thereto.

**Section 10.16. Seller's Knowledge.** All references to the "Seller's knowledge" or to words of similar import will be deemed to be references to the actual knowledge of one or more of the officers or directors of Seller.

**Section 10.17. Section Headings.** Section headings are for convenience of reference only and shall not affect the meaning or have any bearing whatsoever on the interpretation of any provision of this Agreement.

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IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

**BUYER**

CRACKED ENTERTAINMENT, INC.

By: Monty Sarhan  
Name: Monty Sarhan  
Title: President

**SELLER**

MEGA MEDIA CORP.

By: \_\_\_\_\_  
Name: Richard Kulpa  
Title: President and CEO

[ADDITIONAL SIGNATURES FOLLOW]

IN WITNESS WHEREOF the parties hereto have caused this Agreement to be executed as of the date set forth above by their duly authorized representatives.

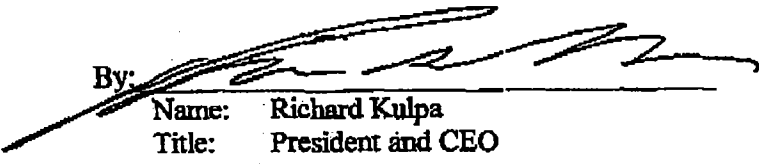
**BUYER**

**CRACKED ENTERTAINMENT, INC.**

By: \_\_\_\_\_  
Name: Monty Sarhan  
Title: President

**SELLER**


**MEGA MEDIA CORP.**

By:   
Name: Richard Kulpa  
Title: President and CEO

[ADDITIONAL SIGNATURES FOLLOW]

**NOTEHOLDERS**

GOODWILL INDUSTRIES OF NORTHERN ILLINOIS

By:   
Name: JON LUNDIN  
Title: PRESIDENT

WILLIAM CHARLES, LTD.

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

DAVID J. ANDERSON

By: \_\_\_\_\_

RICK NIELSEN

By: \_\_\_\_\_

DUANE BACH

By: \_\_\_\_\_



**NOTEHOLDERS**

**GOODWILL INDUSTRIES OF NORTHERN ILLINOIS**

By: \_\_\_\_\_

Name:

Title:

WILLIAM CHARLES, LTD.

By: *John Holmstrom*

Name: JOHN HOLMSTROM

Title: VICE PRESIDENT

DAVID J. ANDERSON

By: \_\_\_\_\_

RICK NIELSEN

By: \_\_\_\_\_

DUANE BACH

By: \_\_\_\_\_

**NOTEHOLDERS**

**GOODWILL INDUSTRIES OF NORTHERN ILLINOIS**

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

**WILLIAM CHARLES, LTD.**

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

**DAVID J. ANDERSON**

By:  \_\_\_\_\_

**RICK NIELSEN**

By: \_\_\_\_\_

**DUANE BACH**

By: \_\_\_\_\_

**NOTEHOLDERS**

**GOODWILL INDUSTRIES OF NORTHERN ILLINOIS**

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

**WILLIAM CHARLES, LTD.**

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

**DAVID J. ANDERSON**

By: \_\_\_\_\_

**RICK NIELSEN**

By: \_\_\_\_\_

**DUANE BACH**

By: \_\_\_\_\_

**NOTEHOLDERS**

**GOODWILL INDUSTRIES OF NORTHERN ILLINOIS**

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

**WILLIAM CHARLES, LTD.**

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

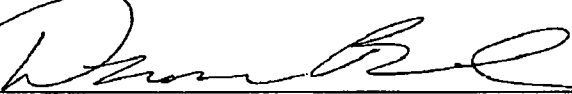
**DAVID J. ANDERSON**

By: \_\_\_\_\_

**RICK NIELSEN**

By: \_\_\_\_\_

**DUANE BACH**

By: 

**Schedule A**  
Wire Transfer Instructions

**Schedule 1.1**

**Assets**

1. All trademarks of or related to the Magazine
2. All copyrights of or related to the Magazine
3. All archives of the Magazine including, without limitation, the following:
  - a. physical archived collection of past editions dating back to 1958;
  - b. CD-Rom collection of archived Cracked features; and
  - c. All other electronic copies of Cracked archives.
4. Negatives and any other archived material
5. Surplus back issues
6. All company records and financials
7. Cracked.com, Crackedmag.com domain names
8. Websites (including all files, graphics and programs) currently located at cracked.com, crackedmag.com and themegamall.biz
9. Computers used in the Business including, without limitation, the following:
  - a. One (1) Macintosh G4 computer
  - b. Two (2) Macintosh G3 computers

**Schedule 1.6**  
Contracts and Third-Party Consents

1. Distribution Agreement dated October 27, 2000 by and between Curtis Circulation Company and Mega Media Corporation.
2. Option/Rights Acquisition Agreement dated November 11, 2003 by and between DPS Film Roman, Inc., Mega Media Corp., Richard Kulpa and Evelyn Gabai.

**Schedule 2.4**  
**Subsidiaries and Investments**

None.



**Schedule 2.14**  
**Finders and Brokers**

Agreement with David Bernstein of Grand Design Agency, all fees to be paid in full by Seller.

**EXHIBIT A**

**Alternate Payment Schedule and Wire Transfer Instructions**

<b><u>Person</u></b>	<b><u>Amount</u></b>	<b><u>Wire Transfer Instructions</u></b>
Mega Media Corp	(artist liabilities, etc.)	
Goodwill Industries of Northern Illinois		
William Charles, Ltd.		
David J. Anderson		
Rick Nielsen		
Duane Bach		
David Bernstein		
<b>TOTAL</b>	<b>\$150,000.00</b>	

**EXHIBIT B**  
Bill of Sale

KNOW ALL MEN BY THESE PRESENTS as of this \_\_\_ day of January, 2005 that the undersigned, Mega Media Corp., a Florida corporation (“**Seller**”), for good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, does hereby sell, transfer, assign, convey and deliver to Cracked Entertainment, Inc., a Delaware corporation (“**Buyer**”), all of Seller’s right, title and interest in, to and under those certain Assets (as defined in that certain Asset Purchase Agreement (the “**Agreement**”) dated as of the December 21, 2004 by and among Buyer and the Seller) free and clear of any and all Liens. All capitalized terms used herein and not defined shall have the meanings given to such terms in the Agreement.

TO HAVE AND TO HOLD the aforesaid Assets unto said Buyer and its successors and assigns to and for it and their own proper use and benefit forever. The Assets are hereby sold, transferred and conveyed to Buyer subject to the representations and warranties contained in the Agreement. The Seller hereby acknowledges and agrees that all representations and warranties set forth in the Purchase Agreement shall survive, for the time period specified in the Purchase Agreement, the execution of this Bill of Sale, including without limitation, the representations and warranties pertaining to the title to and condition of the Assets.

The Seller hereby constitutes and appoints Buyer, its successors and assigns, Seller’s true and lawful attorney with full power of substitution in the Seller’s name and stead, but on behalf of and for the benefit of Buyer and its successors and assigns to demand and receive any and all of the Assets transferred hereunder and to give receipts and releases for and in respect of the same, and any part thereof, and from time to time to institute and prosecute in Seller’s name, or otherwise, at the expense of Buyer and for the benefit of Buyer and its successors and assigns any and all proceedings at law, in equity or otherwise, which Buyer and its successors or assigns may deem proper for the collection or reduction to possession of any of the Assets transferred hereunder or for the collection and enforcement of any claim or rights of any kind hereby sold, conveyed, transferred, assigned and delivered, or intended so to be, and to do all other acts and things in relation to the Assets transferred hereunder which Buyer or its successors and assigns shall deem desirable. Seller hereby declares that the foregoing powers are coupled with an interest and are and shall be irrevocable by Seller in any manner or for any reason whatsoever.

The internal laws of the State of New York shall govern the validity and interpretation of this Bill of Sale and the performance by the parties hereto of their respective duties and obligations hereunder.

This Bill of Sale shall inure to the benefit of the parties hereto and their respective successors and assigns.

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IN WITNESS WHEREOF, Seller has caused its duly authorized representative to execute and deliver this Bill of Sale on this \_\_\_\_ day of January, 2005.

MEGA MEDIA CORP.

By: \_\_\_\_\_  
Name: Richard Kulpa  
Title: President and CEO

ATTEST: