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FORM PTO-1618A
Expires 06/30/99
OMB 0651-0027



04-12-2000

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RECORDATION FORM COVER SHEET TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New
- Resubmission (Non-Recordation)
Document ID #
- Correction of PTO Error
Reel # Frame #
- Corrective Document
Reel # Frame #

Conveyance Type

- Assignment License
- Security Agreement Nunc Pro Tunc Assignment
Effective Date
Month Day Year
- Merger
- Change of Name
- Other

Conveying Party

Mark if additional names of conveying parties attached

Name Execution Date
Month Day Year

Formerly

- Individual General Partnership Limited Partnership Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

Mark if additional names of receiving parties attached

Name

DBA/AKA/TA

Composed of

Address (line 1)

Address (line 2)

Address (line 3)

City State/Country Zip Code

- Individual General Partnership Limited Partnership If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)
- Corporation Association
- Other
- Citizenship/State of Incorporation/Organization

FOR OFFICE USE ONLY

04/12/2000 DNGUYEN 00000038 1799785

01 FC:481 40.00 OP
02 FC:482 50.00 OP

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TRADEMARK
REEL: 002049 FRAME: 0214

Domestic Representative Name and Address

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

Correspondent Name and Address

Area Code and Telephone Number

(202) 861-6939

Name

Adam D. Resnick, Esq.

Address (line 1)

PIPER MARBURY RUDNICK & WOLFE LLP

Address (line 2)

1200 19th Street, N.W.

Address (line 3)

Washington, D.C. 20036

Address (line 4)

Pages

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

#

10

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

Mark if additional numbers attached

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

Trademark Application Number(s)

Registration Number(s)

1,799,785 1,799,784 1,958,188

Number of Properties

Enter the total number of properties involved.

#

3

Fee Amount

Fee Amount for Properties Listed (37 CFR 3.41):

\$

90.00

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

501150

Authorization to charge additional fees:

Yes

No

Statement and Signature

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

Adam D. Resnick

Name of Person Signing

Signature

2/3/00

Date Signed

PLEDGE AND SECURITY AGREEMENT

THIS PLEDGE AND SECURITY AGREEMENT (this "Agreement") is made as of this 21st day of January 2000, by and between American Distribution, Inc., a Virginia corporation, having its principal place of business at Suite 300, 1966 Greenspring Drive, Timonium, Maryland 21093 ("Pledgee" or the "Company") and Fandom, Inc., a Delaware corporation having its principal place of business at 1520 2nd Street, Suite 2, Santa Monica, California 90401 ("Pledgor").

RECITALS:

WHEREAS, the Company and Pledgor have entered into that certain Asset Purchase Agreement, dated as of December 22, 1999 (the "Purchase Agreement"); and

WHEREAS, Pledgor is, as of the date hereof, delivering to Pledgee that certain Initial Promissory Note dated as of the date hereof, in the principal amount of \$1,000,000 (the "Initial Promissory Note") as part of the purchase consideration payable by Pledgor to Pledgee under the Purchase Agreement (the "Purchase Consideration"); and

WHEREAS, Pledgor is, as of the date hereof, also delivering to Pledgee that certain Second Promissory Note, dated as of the date hereof, in the principal amount of \$1,150,000 (the "Second Promissory Note") as part of the Purchase Consideration; and

WHEREAS, Pledgor and Pledgee have agreed that the Initial Promissory Note and the Second Promissory Note (collectively, the "Notes"), in the maximum principal amount of \$2,150,000 (the "Secured Amount"), shall be secured by a pledge of certain assets of Pledgor under the terms of this Agreement.

NOW THEREFORE, in consideration of the Company's execution of the Purchase Agreement, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. Security Interest.

1.1 Creation and Description of Security Interest. In consideration of the loans made to Pledgor by Pledgee, as evidenced by the Initial Promissory Note and the Second Promissory Note, Pledgor hereby collaterally assigns, pledges and grants to Pledgee, its successors and assigns, a security interest in and lien upon all of Pledgor's right, title and interest in, to and under the Collateral (as defined below) (the "Security Interest"). "Collateral" shall mean any and all Acquired Assets (as defined in the Purchase Agreement and as set forth in Schedule 1.1 hereto) transferred to Pledgor by Pledgee pursuant to the Purchase Agreement. Without limiting the foregoing, Pledgor shall cause to be filed and hereby covenants to file one or more financing statements, continuation statements or other documents for the purpose of

perfecting, confirming, continuing, enforcing or protecting the Security Interest granted by Pledgor and naming Pledgor as debtor and Pledgee as secured party.

1.2 Priority of Security Interest.

(a) Except as specifically set forth below in Section 1.2(b), Pledgor and Pledgee agree that the Security Interest created hereby is and shall remain a perfected first priority lien and Security Interest in and upon the Collateral.

(b) Upon written request by Pledgor to Pledgee for subordination of a portion of the Secured Amount, Pledgee shall agree to enter into a subordination agreement (the "Subordination Agreement") with Pledgor and, to the extent requested by Pledgor, one or more third party lenders chosen by Pledgor (each a "Third Party Lender"), under terms mutually agreed upon in the reasonable discretion of the Parties. The Subordination Agreement shall provide for the subordination of the entire Secured Amount to the right of such Third Party Lender to collect amounts due from Pledgor upon enforcement of any security interest granted to the Third Party Lender by Pledgor. Any such subordination by Pledgee of a portion of the Secured Amount shall be conditioned upon the strict compliance by Pledgor with the terms of this Agreement, including, without limitation, that (i) no default or event of Default shall have occurred under this Agreement; and (ii) such request for subordination shall occur no later than 45 days prior to the Maturity Date of the Second Promissory Note, unless the Pledgor shall have agreed to hold in escrow the proceeds received from such Third Party Lender for application to the repayment of the Second Promissory Note.

1.3 No Assumption of Liability. The Security Interest is granted as security only and shall not subject Pledgee to, or in any way alter or modify, any obligation or liability of Pledgor with respect to or arising out of the Collateral.

2. Obligations Secured. The Security Interest in the Collateral granted hereby secures payment and performance of the Notes, together with all interest, fees, charges and expenses with respect to the Notes (the "Obligations").

3. Pledgee's Rights with Respect to the Collateral. Following the occurrence of a default (as defined in Section 5) and continuing until such default is cured by Pledgor, Pledgee shall have the right, but not the obligation, to: (a) demand, sue for, receive and collect all money or money damages payable to Pledgor in connection with any Collateral; (b) protect, preserve or assert any other rights of Pledgor or take any other action with respect to the Collateral; (c) pay any taxes, liens, assessments, insurance premiums or other charges pertaining to Collateral. Any expenses incurred by Pledgee under the preceding sentence shall be paid by Pledgor upon demand and become part of the Obligations secured by the Collateral.

4. Pledgor's Representations and Covenants. To induce Pledgee to make the loans evidenced by the Initial Promissory Note and the Second Promissory Note and enter into this Agreement, Pledgor represents and covenants to Pledgee, and its successors and assigns, as follows:

(a) Payment of Indebtedness. Subject to Pledgor's right of set-off as provided in the Purchase Agreement and the Notes, Pledgor will pay the principal sum due under of each of the Notes secured hereby, together with all accrued and unpaid interest thereon, at the time and in the manner provided in the Notes.

(b) Ownership. Pledgor is the lawful owner of all interests in the Collateral transferred by Pledgee to Pledgor pursuant to the Purchase Agreement and has the corporate authority to pledge the Collateral and otherwise to comply with the provisions hereof.

(c) Encumbrances. Pledgor has not granted any security interests, encumbrances, defenses, restrictions or liens in the Collateral, other than as described or provided herein, and, except to the extent permitted by Section 1.2(b) hereto, Pledgor will not grant an encumbrance on the Collateral that is senior to or on parity with the Security Interest.

(d) Consent. Pledgor has obtained the consent and agreement of all persons who have contractual rights to, or have placed restrictions on, the Collateral (except to the extent such rights or restrictions arise from actions or omissions of Pledgee or any of its affiliates) to the pledge and disposition of the Collateral hereunder and all other rights of Pledgee created hereby.

(e) Further Assurances. Pledgor will do all things necessary or reasonably desirable, including without limitation, the filing of financing statements, to evidence the pledge of the Collateral made hereunder.

(f) Indemnification. Pledgor promises and agrees to indemnify Pledgee and hold Pledgee harmless from and against any losses, liabilities, damages, expenses, costs and reasonable counsel fees incurred by Pledgee in exercising any right, power or remedy of Pledgee hereunder or defending, protecting or enforcing the security interests created hereunder; provided, however, that such losses do not arise from the breach by Pledgee of any of its representations, warranties or covenants contained in the Purchase Agreement. Any such loss, liability or expense so incurred shall be paid by Pledgor upon demand, and shall become part of the Obligations secured by the Collateral.

5. Default. Pledgor shall be deemed to be in default of the Notes and of this Agreement if at any time (i) payment of principal or interest on either of the Notes shall be delinquent after the due date thereof for a period of five days following delivery of written demand therefor, (ii) Pledgor fails, within five business days of written demand therefor, to observe or perform any term, covenant or condition hereof or under the Notes, or (iii) Pledgor shall have breached any representation or warranty contained herein.

6. Pledgee's Rights upon Default. Upon the occurrence of any default as defined in the preceding section, Pledgee may, if Pledgee so elects in its sole option:

(a) accelerate payment of the Notes, and Pledgee shall thereafter be entitled to foreclose upon the Collateral;

(b) at any time and from time to time sell, assign and deliver all or any part of the Collateral, or any interest therein, at any other public or private sale, for cash, on credit or for other property, for immediate or future delivery without any assumption of credit risk, and for such price or prices and on such terms as Pledgee in its absolute discretion may determine, provided, however, that: (i) at least ten days' notice of the time and place of any such sale shall be given to Pledgor; and (ii) in the case of any private sale, such notice shall also contain the minimum terms of the proposed sale. Pledgor acknowledges that any such private sales may be at prices and on terms less favorable to Pledgor than those obtainable through a public sale without such restrictions, and, notwithstanding such circumstances, agree that any such private sale shall be deemed to have been made in a commercially reasonable manner and that Pledgee shall have no obligation to engage in public sales and no obligation to delay the sale of any Collateral for the period of time necessary to permit the respective issuer to register it for public sale; and

(c) exercise all other rights available to a secured party under the Uniform Commercial Code of the Commonwealth of Virginia and other applicable law.

7. Application of Sale Proceeds. In the event of a sale of Collateral by Pledgee in accordance with Section 6 hereof, the proceeds shall first be applied to the payment of the expenses of the sale, including brokers' commissions, counsel fees, any taxes or other charges imposed by law upon the Collateral or the transfer thereof and all other charges paid or incurred by Pledgee pertaining to the sale; and, second, to satisfy outstanding Obligations, in the order in which Pledgee elects in its sole discretion; and, third, the surplus (if any) shall be paid to Pledgor.

8. Withdrawal, Substitution or Relocation of Collateral. Pledgor shall not sell, withdraw, pledge, substitute or otherwise dispose of all or any part of the Collateral without the prior written consent of Pledgee, except for the sale from time to time in the ordinary course of Pledgor's business of such items of Collateral as may constitute part of the business inventory of Pledgor. In the event that Pledgor plans to remove any of the items constituting Collateral from the Commonwealth of Virginia (except for items that constitute business inventory of Pledgor), Pledgor shall, at least 30 days prior to such removal, provide Pledgee with written notice of the location to which the Collateral will be moved.

9. Term. The pledge of the Collateral shall continue until the payment in full of the Obligations, at which time this Agreement shall terminate.

10. Insolvency. Pledgor agrees that if a bankruptcy or insolvency proceeding is instituted by or against it, or if a receiver is appointed for the property of Pledgor, or if Pledgor makes an assignment for the benefit of creditors, the entire amount unpaid on the Notes shall become immediately due and payable, and Pledgee may proceed as provided in Section 6 hereof.

11. Pledgee's Forbearance. Any forbearance, failure or delay by Pledgee in exercising any right, power or remedy hereunder shall not be deemed a waiver of such right, power or remedy. Any single or partial exercise of any right, power or remedy of Pledgee shall continue

in full force and effect until such right, power or remedy is specifically waived in writing by Pledgee.

12. Successors or Assigns. Pledgor and Pledgee agree that this Agreement and all of its terms and provisions shall benefit and bind the heirs, successors, assigns, transferees, executors and administrators of each of the parties hereto, and that the term "Pledgor" and the term "Pledgee" as used herein shall be deemed to include, for all purposes, their respective designees, successors, assigns, heirs, executors and administrators. Pledgor agrees that Pledgee may transfer or assign any or all of his rights hereunder and under the Notes, without Pledgor's consent.

13. Notices. Any notice or other communication required or which may be given hereunder shall be in writing and shall be delivered personally, sent by facsimile transmission or sent by certified, registered or express mail, postage prepaid, and shall be deemed given when so delivered personally, or sent by facsimile transmission or if mailed, five days after the date of mailing, as follows:

(i) if to Buyer, to:

Fandom, Inc.
1520 2nd Street, Suite 2
Santa Monica, CA 90401
Attention: Chief Executive Officer

with a copy to:

Troop Steuber Pasich Reddick & Tobey, LLP
2029 Century Park East, 24th Floor
Los Angeles, CA 90067-3010
Attention: Scott W. Alderton, Esquire

(ii) if to Seller, to:

American Distribution, Inc.
Suite 300
1966 Greenspring Drive
Timonium, MD 21093
Attention: Charles Parker

with a copy to:

Piper Marbury Rudnick & Wolfe LLP
1200 19th Street, N.W.
Washington, D.C. 20036-2430
Attention: Theodore D. Segal, Esquire

Any Party may, by notice given in accordance with this Section 9.4 to the other Party, designate another address or person for receipt of notices hereunder.

14. Governing Law. This Agreement shall be interpreted and governed under the laws of the Commonwealth of Virginia without giving effect to conflicts of laws principles thereof.

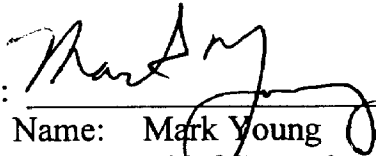
15. Invalidity of Particular Provisions. Pledgor and Pledgee agree that the enforceability or invalidity of any provision or provisions of this Agreement shall not render any other provision or provisions herein contained unenforceable or invalid.

16. Counterparts. This Agreement may be executed in one or more counterparts, all of which together shall constitute a single document.

(Signatures begin on next page)

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PLEDGOR:
Fandom, Inc.

By: 
Name: Mark Young
Title: Chief Executive Officer

PLEDGEE:
American Distribution, Inc.

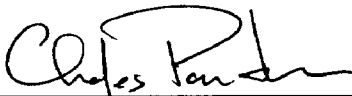
By: _____
Name:
Title:

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year first above written.

PLEDGOR:
Fandom, Inc.

By: _____
Name:
Title:

PLEDGEE:
American Distribution, Inc.

By:  _____
Name: CHARLES PARKER
Title: Vice President.

SCHEDULE 1.1

Acquired Assets Constituting Collateral

- 1) All inventories of Products (“the “Inventory”) of Pledgee, and any rights with respect to any rebates or similar payments relating to purchases of Inventory
- 2) All marketing materials and production, shipping and packaging supplies of Pledgee
- 3) all of Pledgee’s ownership or leasehold rights, as the case may be, in computer and telecommunication equipment, software programs, source codes, object codes, information systems, proprietary interfaces, routines, modules, procedures, functions, program specifications and related documentation
- 4) Except for those excluded rights relating to the trade name “Another Universe” as set orth in Section 1.2(b) of the Purchase Agreement, all rights in and to trade names, domain names (including, without limitation, “www.anotheruniverse.com”) service names, assumed names, marks, copyrights, patents, and all applications and registrations with respect to any of the foregoing, and all telephone and fax numbers, electronic addresses and passwords owned by Pledgee and used in connection with the Business (as defined in the Purchase Agreement), including, without limitation, Pledgee’s “Intellectual Property” (as defined in Section 4.10 of the Purchase Agreement)
- 5) All written or electronic information relating to the vendors, clients or customers of the Business (including, without limitation, vendor and client lists, vendor and client files and other written accounts of Pledgee), sales and marketing data, principal contacts, pricing information, copies of accounting and other financial records and information and contract performance information
- 6) All governmental permits, franchises, licenses, approvals and authorizations used or held by Pledgee in connection with the Business (the “Permits”), to the extent such Permits are transferable under applicable law
- 7) Subject to the prorated reimbursement due to Pledgee as specified in Section 3.4 of the Purchase Agreement, all deposits, credits, pre-paid expenses, pre-paid items, deferred charges, employee advances, advance payments, security deposits, and rights to escrows
- 8) Pledgee’s ownership or leasehold rights, as the case may be, in the tangible assets used in connection with the Business, including, but not limited to, furniture, fixtures, machinery, equipment, supplies, computer hardware and software, leasehold improvements and other personal property and all related warranties
- 9) All Assumed Contracts of Pledgee (as defined in the Purchase Agreement)
- 10) All accounts, notes or other receivables of Pledgee

- 8 -

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