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Form PTO-1594 (Rev. 10/02) OMB No. 0651-0027 (exp. 6/30/2005) Tab settings

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U.S. DEPARTMENT OF COMMERCE U.S. Patent and Trademark Office

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

1. Name of conveying party(ies): Duo Delights, Inc.

2.75.03

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

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

3. Nature of conveyance:

- Assignment Merger Security Agreement Change of Name Other

Execution Date: September 12, 2001

2. Name and address of receiving party(ies)

Name: Cheeseman Acquisition Corp.

Internal Address: 301 Broadway Drive

Street Address:

City: Sun Prairie State: WI Zip: 53590

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

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

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

A. Trademark Application No.(s)

75/679,246

B. Trademark Registration No.(s)

Additional number(s) attached Yes No

SECTION 11 9 50

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

Name: Lydie Arthos Hudson

Internal Address: Lathrop & Clark LLP

P.O. Box 1507

Madison WI 53701-1507

Street Address: 740 Regent Street, Suite 400

City: Madison State: WI Zip: 53715

6. Total number of applications and registrations involved: 1

7. Total fee (37 CFR 3.41): \$ 40.00

- Enclosed Authorized to be charged to deposit account

8. Deposit account number:

15-0660

(Attach duplicate copy of this page if paying by deposit account)

DO NOT USE THIS SPACE

9. Statement and signature.

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document.

Lydie Arthos Hudson Name of Person Signing

Lydie Arthos Hudson Signature

February 13, 2003 Date

02/26/2003 LABELLER 00000246 75679246

Total number of pages including cover sheet, attachments, and document: 17

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

TRADEMARK REEL: 002679 FRAME: 0091

ASSET PURCHASE AGREEMENT

THIS AGREEMENT is made on September 12, 2001, by and between **Cheeseman Acquisition Corp.**, a Wisconsin business corporation, of 301 Broadway Drive, Sun Prairie, Wisconsin 53590 ("Buyer"), and **Duo Delights, Inc.**, a Texas business corporation, of 1515 South Fairgrounds, Midland, Texas 79701 ("Seller"). **Lee Black**, sole owner of Seller ("Owner"), joins this Agreement for the purposes set forth in Section 14.

Recitals. Seller is engaged in the business of selling chocolate, cookies, and other foods under the trade name "Duo Delights" (the "Business"). Seller desires to sell and Buyer desires to purchase certain of the assets, properties, contract rights, and intangibles of Seller pertaining to the Business, on the terms and conditions set forth in this Agreement.

The parties agree as follows:

1. Purchase and Sale of Assets.

1.1 **Assets to be Sold.** Subject to the terms and conditions of this Agreement, and upon the representations and warranties made by each party, at the Effective Time (defined in Section 11) Seller shall sell, transfer, assign, convey, and deliver to Buyer, and Buyer shall purchase and acquire from Seller, the following assets and properties of Seller (the "Assets"):

(a) All of Seller's inventory as of the Effective Time, including all inventory ordered in the ordinary course of business but not received as of the Effective Time, to be determined by a physical inventory conducted jointly by Seller and Buyer immediately prior to the closing date, but excluding all damaged, spoiled, or other unusable items.

(b) All of Seller's trade accounts receivable as of the Effective Time.

(c) All of Seller's tangible personal property and equipment as of the Effective Time, a true and complete listing of which has been provided to Buyer, including, but not limited to, furniture, equipment, supplies, computers, and software.

(d) All of Seller's right, title, and interest in unfulfilled orders from its customers as of the Effective Time.

(e) All of Seller's right, title, and interest in the name "Duo Delights" and any other tradenames, trademarks, copyrights, patents, or service marks held by Seller, as listed on Exhibit A. On the closing date, Seller shall change its corporate name and shall cease all other uses of the property transferred in this Section 1.1(e).

(f) All of Seller's promotional and marketing materials, including but not limited to telephone numbers, customer lists, marketing information, promotional items, sales literature, marketing plans, and any other information relating to Seller's customers.

(g) All of Seller's recipes, know-how, processes, trade secrets, and other intangible property pertaining to the Business.

(h) All of Seller's right, title, and interest in the contracts to be assumed by Buyer, as described in Exhibit A.

(i) All of Seller's prepaid expenses as of the Effective Time, including but not limited to the prepaid and reimbursable expenses for trade shows as listed on Exhibit A.

(j) All of Seller's books, files, papers, and records relating or pertaining to the assets described in this Section 1.1.

1.2 Excluded Assets. Notwithstanding anything contained in Section 1.1 to the contrary, the Assets shall not include any right, title, or interest of Seller in or to any of the following:

- (a) Cash, certificates of deposit, or other cash items;
- (b) Leasehold improvements;
- (c) Marketable securities and policies of life insurance;
- (d) Causes of action, judgments, claims, and demands of whatever nature; and
- (e) Income tax refunds.

2. Purchase Price and Payment Terms.

2.1 Purchase Price. The purchase price for the Assets shall be the sum of the following amounts:

(a) For the inventory described in Section 1.1(a), an amount equal to Seller's invoice cost (including freight) of those items, determined on a first-in, first-out basis;

(b) For the accounts receivable described in Section 1.1(b), an amount equal to the face value of the accounts receivable aged ninety (90) days or less on the Effective Date;

(c) For the prepaid or reimbursable expenses described in Exhibit A (expenses for booth rental, show deposits, travel, and other expenses for trade shows), the amount of [REDACTED] and

(d) For all other Assets, the amount of [REDACTED] to be allocated among those Assets as reasonably determined by the Buyer after the closing.

2.2 Payment Terms. The purchase price for the Assets shall be paid as follows:

(a) At the closing, all but [REDACTED] of the purchase price shall be paid as follows: (i) Buyer will assume and perform unfilled orders as of the closing date for which Seller has received prepayments from customers, and will be credited with the amount of the prepayments, and (ii) the balance of the payment will be paid in full in cash at the closing, by certified or bank cashier's check.

(b) The [REDACTED] remaining balance of the purchase price shall be paid in full in cash, by certified or bank cashier's check, on the earlier of (i) the date that the Business is moved from Texas to Wisconsin or (ii) April 1, 2002.

2.3 Prorations. All items of revenue and expense shall be prorated accordingly between Seller and Buyer, with the result that, except as expressly provided otherwise in this Agreement: (a) for the period prior to the Effective Time, the Seller shall receive all revenues and shall be responsible for all expenses, costs, and liabilities allocable to the Assets or the operation of the Business; and (b) for the period following the Effective Time, Buyer shall receive all revenues and shall be responsible for all expenses, costs, and liabilities allocable to the Assets or the operation of the Business. Nothing in this Section 2.3 shall be construed as obligating Buyer to assume any liabilities of Seller other than those described in Section 3.

2.4 Post-Closing Adjustments. The amount paid by Buyer to Seller at closing shall be based on the best information available to the parties at that time. Not later than sixty (60) days after the closing, the parties shall conduct a reconciliation of the purchase price paid at closing to actual figures for inventory, accounts receivable, prepayments, and prorations, and to reflect any other appropriate adjustments. In addition, the purchase price shall be reduced for customer returns within sixty (60) days after the Effective Date for items sold by Seller before the Effective Date, as follows: (i) for returned items that are in salable condition, by the amount of gross profit for that item, and (ii) for returned items that are not in salable condition, by the full amount of the refund. The net adjustments to the purchase price shall be paid by Buyer or by Seller, as appropriate, within five (5) days after the calculation of the amount due.

3. **Assumption of Liabilities.**

It is expressly acknowledged and agreed that Buyer shall not assume or be responsible for any obligations or liabilities of Seller of any kind or nature relating to Seller, to the Business, or to the Assets purchased under this Agreement, except that Buyer will assume and agree to pay: (a) the obligations or liabilities first arising or occurring after the Effective Time under the unfilled orders assumed by Buyer under Section 1.1(d), and (b) the liabilities first arising or occurring after the Effective Time under the contracts assumed by Buyer under Section 1.1(h).

4. **Representations and Warranties of Seller.**

Seller represents and warrants as follows (any exceptions to warranties are set forth in Exhibit B):

4.1 Organization. Seller is a corporation duly organized and validly existing under the laws of the State of Texas. Seller has the power to own its property and to carry on its

business as and where it is now conducted. Seller has complete and unrestricted power to assign, transfer, convey, and deliver the Assets as contemplated by this Agreement. The transfer of the Assets as contemplated by this Agreement has been duly authorized and approved by the Board of Directors and the Shareholders of Seller, and no other or further corporate approvals are necessary.

4.2 Financial.

(a) Seller has provided to Buyer the combined balance sheet and statement of income of the Business for the years ended December 31, 2000 and 1999, and for the period ended June 30, 2001. Those financial statements fairly present the financial position of the Business as of the dates indicated and the results of its operations for the periods covered.

(b) Since June 30, 2001, there has not been any event or condition that materially and adversely affects the properties, operations, or prospects of the Business.

4.3 Undisclosed Liabilities. The Business has no known liabilities of any nature, whether accrued, absolute, contingent, or otherwise, except for (a) those liabilities specifically set forth in the June 30, 2001 balance sheet, and (b) those liabilities incurred in or as a result of the ordinary course of business from June 30, 2001 to the Effective Date, all of which are consistent with past practices.

4.4 Accounts Receivable. All accounts receivable of Seller are reflected properly on its books and records, are valid receivables subject to no setoffs or counterclaims, are current and collectible, and will be pursued for collection in accordance with their terms at their recorded amounts.

4.5 Inventory. The inventory is of a quality and quantity usable and salable in the ordinary course of business consistent with Seller's past practice. No inventory is held on consignment for others, and no inventory has been consigned to others. The quantity of inventory is sufficient and adequate for, but is not materially in excess of the level appropriate to, the conduct of the Business as it previously has been conducted. Seller has not made any purchase commitments in excess of normal, ordinary, and usual requirements.

4.6 Tax Matters. Seller has filed with the appropriate governmental agencies all tax returns and tax reports required to be filed by it. All such tax returns were, to the best of Seller's knowledge, correct and complete in all respects. All federal and state income, profits, withholding, franchise, sales, use, occupation, property, excise or other taxes due have been fully paid or adequately reserved for by Seller. Seller's federal and/or state income tax returns have not been audited during the last five years by the Internal Revenue Service and/or by any state.

4.7 Title to and Condition of Properties.

(a) At closing, Seller shall convey to Buyer, by bill of sale, good and marketable title to all of the Assets, free and clear of all security interests, liens, pledges, charges, or encumbrances of any nature whatsoever.

(b) To Seller's knowledge, the property and assets utilized in the current and normal operation of the Business, both real and personal, are in good operating condition and repair, subject only to ordinary wear and tear, and no notice of any violation of zoning laws, statutes, ordinances, and regulations relating to that property and assets has been received. Seller makes no other warranties with respect to the condition of its tangible property and equipment.

(c) Seller has delivered to Buyer correct and complete copies of the Leases listed in Exhibit B. Each such Lease is legal, valid, binding, enforceable, and in full force and effect; will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; no party to any Lease is in breach or default, and no event has occurred which, with notice or lapse of time, would constitute a breach or default or permit termination, modification, or acceleration thereunder; and there are no disputes, oral agreements, or forbearance programs in effect as to any Lease.

Intellectual Property. Included in Exhibit B is a complete listing of all Intellectual Property owned by Seller or used by Seller in the Business, and a complete listing of all registrations, applications, and other actions taken by Seller to protect its rights in the Intellectual Property. All Intellectual Property is fully assignable by Seller and is being transferred to Buyer free and clear of any adverse interests. No licenses, sublicenses, covenants or agreements have been granted or entered into by Seller relating to any of the Intellectual Property. There are no known inquiries, investigations, or claims or litigation challenging or threatening to challenge Seller's right, title, and interest with respect to its continued use and right to preclude others from using any of the Intellectual Property. To Seller's knowledge, no other person is infringing on the trade rights and intangible assets of Seller, and none of Seller's Intellectual Property infringes any patent, copyright, trademark, trade name, trade secret or other intellectual property right of any third party in the United States.

4.9 **Government Licenses and Permits.** Seller has all domestic and foreign governmental licenses and permits necessary to conduct the Business and own and use the Assets, and such licenses and permits are in full force and effect. No proceeding is pending or, to the knowledge of Seller, threatened regarding the revocation or limitation of any such governmental license or permit.

4.10 **Contracts and Commitments.**

(a) Seller does not have any contracts or commitments of any kind relating to the Assets or to the Business requiring payment in excess of Five Hundred Dollars (\$500.00), or which involve performance over a period in excess of three (3) months after the closing date, except as set forth in Exhibit B. Seller has not provided any guarantees and has not agreed to act as a surety for any third party, except as specified in Exhibit B.

(b) Seller has complied with all the provisions of all contracts, agreements, or commitments to which it is a party, and is not in default under any of them. With respect to each such agreement: (i) the agreement is legal, valid, binding, enforceable, and in full force and

effect; (ii) the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby (including the assumptions referred to in Section 3 above); (iii) no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default, or permit termination, modification, or acceleration, under the agreement; and (iv) no party has repudiated any provision of the agreement.

4.11 Litigation, Product Liability, Warranties. To Seller's knowledge, there is no suit, action, or legal, administrative, arbitration or other proceeding or governmental investigation, or any event, condition or trend of any character pertaining to the Business and assets of Seller, or any change in the zoning or building ordinances affecting the properties or leasehold interests of Seller, known to be pending or threatened against Seller which might materially and adversely affect the financial condition of the Business, or any of the properties and assets of Seller. In particular, there is not known to be pending against Seller any claim for product liability against Seller or any of its employees, nor does Seller have any reason to believe that any material claim for product liability will be filed in the future. Exhibit B lists all such suits, actions, or other proceedings to which Seller has been a party within the last five (5) years prior to closing. Seller has made no express product warranties to any of its customers, except as described in Exhibit B.

4.12 Employment.

(a) Seller has no collective bargaining or employment agreements, nor any agreements that contain any severance or termination pay liabilities or obligations, nor any stock options or stock related compensation arrangements, nor any bonus or deferred compensation arrangement, either legally binding or not, nor is it presently paying any deferred compensation to anyone.

(b) Seller has fulfilled all obligations to all employees of Seller affected by the sale of assets covered by this Agreement. Buyer has no obligation or liability of any kind to any employee of Seller that is based on or arises from Seller's employment of such employees, the termination or cessation of such employment, or any agreement between Seller and any employee.

4.13 Compliance with Laws. Seller has complied with, and is not subject to any liability for noncompliance with, all laws, regulations, and orders applicable to the Business, its assets, or to the conduct of the Business, including without limitation, all building codes, zoning ordinances, environmental laws, and all statutes, rules, and regulations pertaining to the sale of goods by catalog. Seller is not in default under, and no event has occurred which with the lapse of time or action by a third party could result in the default under the terms of, any judgment, decree, order, writ, rule or regulation of any governmental authority or court, whether federal, state or local and whether at law or in equity.

4.14 No Breach of Statute or Contract. Neither the execution and delivery of this Agreement nor compliance with the terms and provisions of this Agreement on the part of Seller will breach any statute or regulation of any governmental authority or will, on the closing date, conflict with or result in a breach of any of the terms, conditions or provisions of any material

agreement or instrument to which Seller is a party, or by which it may be bound, or constitute a default thereunder.

4.15 Environmental Compliance. Seller has complied with all environmental, health, and safety laws, and no action, suit, proceeding, investigation, claim, demand, or notice has been filed or commenced against Seller, alleging any failure to so comply. Seller has not handled or disposed of any substance that is regulated or controlled by environmental, health, or safety laws, other than in the ordinary course of its Business. All real estate, including leaseholds, and equipment used in the Business, is free of asbestos, PCB's, and other regulated hazardous substances.

4.16 Employee Benefit Plans. Included in Exhibit B is a listing of all employee benefit plans or employee welfare plans of the Seller. Each employee benefit plan operated or funded by Seller complies in form and in operation in all respects with the applicable requirements of ERISA, the Internal Revenue Code, and other applicable laws. All required reports and descriptions (including Form 5500 Annual Reports) have been filed or distributed appropriately with respect to each employee benefit plan. All contributions due have been paid to each employee benefit plan, and all contributions for any period ending on or before the closing date that are not yet due have been paid or accrued in accordance with past custom. Each employee benefit plan that is a "qualified plan" under Section 401(a) of the Internal Revenue Code has received a favorable determination letter from the Internal Revenue Service. There have been no prohibited transactions (as defined in ERISA) with respect to any such employee benefit plan. It is expressly understood that Buyer assumes no liability or obligation for any employee benefit plan of Seller, and that the termination of such plans, and any expenses incidental thereto, shall be the sole responsibility of Seller.

4.17 Disclosure. No representation or warranty by Seller in this Agreement, nor any statement, certificate, schedule or exhibit hereto furnished or to be furnished by or on behalf of Seller pursuant to this Agreement, nor any document or certificate delivered to Buyer pursuant to this Agreement or in connection with the actions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statement contained therein in light of the circumstances not misleading.

4.18 Transfer Fees. Seller shall pay all sales or transfer taxes imposed with respect to the purchase and sale contemplated herein. Upon request of Seller, Buyer shall provide sales tax exemption certificates as may be appropriate.

4.19 Corporate Name. Promptly after the closing, Seller shall change its corporate name to a name that does not include the words "Duo Delights" or a variation thereof, by amending its Articles of Incorporation, and Seller shall cease all uses of the name "Duo Delights" except as may be necessary to wind up its affairs.

5. Representations and Warranties by Buyer.

Buyer represents and warrants as follows:

5.1 Corporate. Buyer is a service corporation duly organized and validly existing under the laws of the State of Wisconsin. Buyer has the power to own its property and to carry on its business as and where such is now conducted. Buyer has complete and unrestricted power to perform this Agreement. The purchase of the Assets as contemplated by this Agreement has been duly authorized and approved by the Board of Directors of Buyer, and no other or further corporate approvals are necessary.

5.2 No Breach of Statute or Contract. Neither the execution and delivery of this Agreement nor compliance with the terms and provisions of this Agreement on the part of Buyer will breach any statute or regulation of any governmental authority or will, on the closing date, conflict with or result in a breach of any of the terms, conditions or provisions of any material agreement or instrument to which Buyer is a party, or by which it may be bound, or constitute a default thereunder.

5.3 Disclosure. No representation or warranty by Buyer in this Agreement nor any statement, certificate, or schedule furnished or to be furnished by or on behalf of Buyer pursuant to this Agreement or any document or certificate delivered to Seller pursuant to this Agreement or in connection with actions contemplated hereby, contains or shall contain any untrue statement of material fact or omits or shall omit a material fact necessary to make the statement contained therein in light of the circumstances not misleading.

5.4 Employment. Buyer shall offer employment to all employees of Seller after the Effective Time, at the same wages as paid by Seller as of the Effective Time. All employees will be "at will" employees unless otherwise agreed by Buyer.

6. Conduct of the Seller's Business Pending Closing Date.

From and after the date of this Agreement and until the closing date:

6.1 Full Access. Buyer and its authorized representatives shall have full access during normal business hours and at times agreeable to Seller to the properties, books, records, contracts, and documents described in Section 1.1 above, and Seller shall furnish or cause to be furnished to Buyer and its authorized representatives all information with respect to those items as Buyer may reasonably request.

6.2 Carry on in Regular Course. Seller shall carry on its business diligently and substantially in the same manner as heretofore and shall not make or institute any unusual or material changes in the methods of purchase, sale, lease, management, accounting, or operation, except with the prior written consent of Buyer.

6.3 Preservation of Organization. Seller shall use its best efforts (without making any commitments on behalf of Buyer) to preserve Seller's business organization intact, to keep available to Buyer the present key employees of Seller, and to preserve for Buyer the present relationships with Seller's customers and others having business relations with it.

7. Conditions Precedent to Buyer's Obligations.

Each and every obligation of Buyer to be performed on the closing date shall be subject to the satisfaction prior thereto of the following conditions:

7.1 Representations and Warranties True at Transfer Date. The representations and warranties made by Seller in this Agreement shall be true and correct in all material respects on and as of the closing date with the same effect as though such representations and warranties had been made or given on and as of the closing date.

7.2 Compliance with Agreement. Seller shall have performed and complied with all its obligations under this Agreement which are to be performed or complied with by it prior to or on the closing date.

7.3 Certificate of Fulfillment of Conditions. Seller shall have delivered on the closing date to Buyer a certificate certifying, in such detail as Buyer may specify, to the fulfillment of the conditions set forth in sections 7.1 and 7.2.

7.4 Instruments of Transfer, Books and Records. Seller shall have delivered to Buyer such bills of sale, assignments, and instruments of transfer and conveyance as shall be reasonably necessary to vest in Buyer good and marketable title to the Assets to be transferred to Buyer hereunder. After the closing date, Seller shall have reasonable rights to inspect and copy the books and records of Seller's business transferred to Buyer.

7.5 Consulting Agreement. Lee Black shall have entered into the consulting agreement in the form attached as Exhibit C.

8. Conditions Precedent to Seller's Obligations.

Each and every obligation of Seller to be performed on the closing date shall be subject to the satisfaction prior thereto of the following conditions:

8.1 Representations and Warranties True at Closing. Buyer's representations and warranties contained in this Agreement shall be true and correct in all material respects on and as of the closing date as though such representations and warranties were made at and as of the closing date.

8.2 Compliance with Agreement. Buyer shall have performed and complied with its obligations under this Agreement which are to be performed or complied with by it prior to or on the closing date.

8.3 Certificate of Fulfillment of Conditions. Buyer shall have delivered on the closing date to Seller certificates certifying, in such detail as Seller may specify, to the fulfillment of the conditions set forth in Sections 8.1 and 8.2.

9. Survival and Effect of Warranties, Representations and Covenants.

All statements contained in any certificate, instrument, or document delivered by or on behalf of any of the parties pursuant to this Agreement and in connection with the transactions contemplated hereby shall be deemed representations and warranties by the respective parties hereunder.

9.1 Seller's Obligations. The representations, warranties, and covenants of the Seller contained in this Agreement shall survive the closing date, and shall survive any investigation made by Buyer or its agents.

9.2 Buyer's Obligations. The representations, warranties, and covenants of Buyer contained in this Agreement shall survive the closing date, and shall survive any investigation made by Seller or its agents.

10. Indemnification.

10.1 Indemnification by Seller. Seller shall indemnify and hold harmless Buyer, at all times after the date of this Agreement, against and in respect of any loss, cost, damage, or expense suffered or incurred by them, resulting from or arising out of:

(a) All liabilities of Seller of any nature, whether accrued, absolute, contingent, or otherwise, to the extent not expressly assumed by Buyer in Section 3;

(b) Any loss, cost, damage, or expense resulting from any false statement, misrepresentation, breach of warranty, material omission, or nonperformance or nonfulfillment of any warranty, representation, or covenant set forth herein on the part of Seller, or from any falsity in, misrepresentation in, or omission from any certificate, document, or other instrument furnished or to be furnished to Buyer hereunder; and

(c) All costs and expenses, including reasonable attorneys' fees, of any and all actions, suits, proceedings, demands, and claims incident to any of the foregoing.

10.2 Indemnification Procedure.

(a) Buyer shall assert any right to indemnification by furnishing Seller (or such agent as may be designated in writing by the Owner) with a written notice and list of such charges detailed by item showing the nature of any breach of any representation, warranty, or covenant, date of payment or assertion of claim, summary of settlement or litigation procedures, and the amount of the loss, cost, or expense. If such right to indemnification is based on a claim of a third party, Buyer shall give the aforesaid notice within sixty (60) days after receipt of notice of any claim, and if Seller acknowledges that indemnification is required, Seller shall have the right to contest any such claim by a third party, but all expenses of such contest shall be borne by Seller. If the claim for indemnification arises on or before April 1, 2002, Buyer shall have the right to offset the claimed amount against the remaining balance of the purchase price under Section 2.2(b).

(b) If Seller does not object to the determination or computation of the total amount of the indemnification shown on the written notice specified in subparagraph (a) within thirty (30) days after receipt, the total amount of indemnification shown by such notice shall be paid by Seller to Buyer within sixty (60) days after receipt. If the designated agent objects in part to such determination, the undisputed portion of such determination shall be paid in full within such sixty (60) day period.

(c) If Seller objects to all or part of the determination or computation of the amount of the indemnification shown on the written notice specified in subparagraph (a) within thirty (30) days after receipt, the parties shall attempt to resolve the dispute through negotiation. If such dispute cannot be resolved within sixty (60) days after such receipt, the parties shall submit the dispute to binding arbitration in accordance with rules to be established by the arbitrator, and the expenses of such arbitration shall be borne equally by Seller and Buyer.

10.3 Indemnification by Buyer. Buyer shall indemnify and hold harmless Seller, at all times after the date of this Agreement, against and in respect of any loss, cost, damage, or expense suffered or incurred by Seller, resulting from or arising out of:

(a) All obligations and liabilities of Seller to the extent expressly assumed by Buyer in Section 3;

(b) Any loss, cost, damage, or expense resulting from any false statement, misrepresentation, breach of warranty, material omission, or nonperformance or nonfulfillment of any warranty, representation, or covenant set forth herein on the part of Buyer, or from any falsity in, misrepresentation in, or omission from any certificate, document, or other instrument furnished or to be furnished to Seller hereunder; and

(c) All costs and expenses, including reasonable attorneys' fees, of any and all actions, suits, proceedings, demands, and claims incident to any of the foregoing.

The procedure for this indemnification shall be as set forth in Section 10.2, with the names of the parties reversed.

11. Closing.

The closing of this transaction (the "closing") shall take place on September 12, 2001, or at such other time and place as the parties hereto shall agree. Such date is referred to in this agreement as the "closing date." The Effective Time of the transfer of the Assets shall be as of 12:01 a.m., September 5, 2001.

12. Termination and Abandonment.

This Agreement may be terminated and the transaction provided for by this Agreement may be abandoned at any time on or before the closing date under the following circumstances:

12.1 Mutual Consent. This Agreement may be terminated by the mutual consent of all of the parties, in which event no party shall have any further obligations or liabilities hereunder.

12.2 By Buyer. If any of the conditions provided for in Section 7 of this Agreement have not been met as of the closing date, and have not been waived in writing by Buyer, then Buyer may terminate this Agreement.

12.3 By Seller. If any of the conditions provided for in Section 8 of this Agreement have not been met as of the closing date, and have not been waived in writing by Seller, then Seller may terminate this Agreement.

12.4 Expenses. In the event of termination and abandonment by any party as provided in this Section 12, written notice shall be given to the other party, and each party shall pay its own expenses incident to preparation for the consummation of this Agreement and the transactions contemplated hereunder.

13. **Miscellaneous.**

13.1 Notice. Notices under this Agreement shall be deemed duly given when (a) personally delivered, (b) sent by electronic transmission, if a hard copy is simultaneously mailed to the recipient, or (c) two (2) business days after mailing by first class mail to the party at the address first given above, or at such other address as may be indicated in writing from time to time.

13.2 Waiver. No failure or delay of any party in exercising any right or power given to it under this Agreement shall operate as a waiver thereof. No waiver of any breach of any provision of this Agreement shall constitute a waiver of any prior, concurrent, or subsequent breach. No waiver of any breach or modification of this Agreement shall be effective unless contained in a writing executed by all parties.

13.3 Governing Law. This Agreement is executed and has been delivered in Wisconsin, and shall be construed and enforced in accordance with the laws of the State of Wisconsin. The parties consent to the jurisdiction of the Dane County Circuit Court in Dane County, Wisconsin, with respect to any proceeding arising out of this Agreement.

13.4 Amendment. No term or provision of this Agreement may be amended, waived, supplemented, modified, or terminated except by an instrument in writing signed by the party against whom the enforcement of the amendment, waiver, supplement, modification, or termination is sought.

13.5 Entire Agreement. This Agreement contains the entire understanding between the parties on the subject matter hereof and no representations, inducements, promises, or agreements, oral or otherwise, not embodied herein shall be of any force or effect. This Agreement supersedes any other oral or written agreement entered into between the parties on the subject matter hereof.

13.6 Assignment. No party may assign this Agreement or any obligation or interest herein without the express written consent of the other parties. Any attempted assignment without such consent shall be invalid, void, and of no effect.

13.7 Binding Effect. This Agreement shall be binding upon and inure to the benefit of the parties hereto, their respective heirs, personal representatives, and permitted successors and assigns, and any corporate successors by merger or other corporate reorganization.

13.8 Public Information. No party will initiate any press conference, press release, or other public disclosure pertaining to this transaction without the prior consent and participation of the other party. Each party will use its best efforts to ensure that responses to media, press, or other third party inquiries are made only by authorized representatives designated by each party.

13.9 Further Documents. Buyer and Seller agree to execute any and all other documents and to take such other action as may be necessary or desirable to carry out the terms hereof.

13.10 Best Efforts. Each of the parties will use its best efforts to take all action and to do all things necessary in order to consummate and make effective the transactions contemplated by this Agreement.

14. Owner.

The Owner joins in this Agreement for the following purposes, and only for the following purposes:

14.1 Warranties. Owner warrants and represents that the warranties and representations made by Seller in Section 4 are true and correct as of the date hereof, and will be true and correct in all material respects on and as of the closing date with the same effect as though such representations and warranties had been made or given on and as of the closing date.

14.2 Indemnification. Owner shall indemnify and hold Buyer harmless, at all times after the date of this Agreement, against and in respect of any loss, cost, damage, or expense suffered or incurred by Buyer resulting from or arising out of any breach of the warranties and representations set forth in Section 4, and for all costs and expenses, including reasonable attorneys' fees, of any and all actions, suits, proceedings, demands, and claims incident to such breach; provided, however, that Owner's liability under Section 14.1 and under this Section 14.2 shall be limited to the amounts received by Owner by reason of this transaction with respect to her stock in Seller, whether such amounts were received from Seller through distributions, dividends, redemptions, or otherwise, or from third parties through sales or exchanges; provided further, that Owner's liability under Section 14.1 and under this Section 14.2 shall terminate as to any claims not made by Buyer on or before December 31, 2002; and provided, further, that the foregoing limitations on liability shall not apply to Owner for any claim based on intentional misrepresentation or fraud on the part of Owner.

14.3 Transition Services. In consideration of the purchase of the Assets by Buyer, from the closing date through March 31, 2002 Owner shall provide personal services to Buyer to assist in the transition of the operation of the Business by Seller to Buyer. Such services shall include training, solicitation of current and former customers, assistance in manufacture, and other tasks as reasonably requested by Buyer. The services shall be provided at Seller's current business location in Midland, Texas, or by telephone upon approval by Buyer. The services shall be provided on a full time, 40 hours per week basis through November 30, 2001, and thereafter shall be provided at approximately forty percent (40%) of full time, at such times and at such places as may be agreed by Buyer and Owner from time to time. Buyer shall reimburse Owner for all travel, meals, lodging, and business entertainment expenses incurred by Owner in providing the transition services, when approved and substantiated according to Buyer's standard policies.

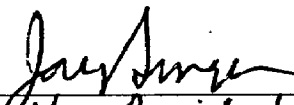
14.4 Consulting Agreement. Owner and Buyer agree to execute at the closing a consulting agreement in the form attached as Exhibit C.

14.5 Covenant Not to Compete. Owner agrees for a period of five (5) years from the closing date not to: (a) either directly or indirectly own, or have a proprietary interest (except for less than 5% of any listed company or company traded in the over-the-counter market) of any kind in, or (b) serve as a consultant, employee, agent, or advisor for, any entity, business, or firm, other than Buyer, engaged in whole or in part in the business of selling confectionary products from one or more locations within the United States to the general public by catalog or through the internet, without the express written permission of Buyer; provided, however, that Owner may engage in the business of manufacture and sale of breakfast food products. Owner agrees that compliance with the covenant contained in this Section 14.5 is necessary to protect the goodwill and other proprietary interest of Seller and that a breach of such covenant will result in irreparable and continuing damage to Buyer for which there will be no adequate remedy at law, and, in the event of any breach of such covenant, Buyer shall be entitled to injunctive and such other and further relief including damages as may be proper.

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

CHEESEMAN ACQUISITION CORP.

DUO DELIGHTS, INC.

By 
Its Vice President

By _____
Its _____

Lee Black, Individually only as to Section 14

Exhibit A - Listing of Certain Assets

Exhibit B - Information Regarding and Exceptions to Seller's Warranties

Exhibit C - Consulting Agreement

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

CHEESEMAN ACQUISITION CORP.

DUO DELIGHTS, INC.

By Jay Singer
Its Vice President

By Lee B. Black
Its President

Lee B. Black
Lee Black, Individually only as to Section 14

- Exhibit A - Listing of Certain Assets
- Exhibit B - Information Regarding and Exceptions to Seller's Warranties
- Exhibit C - Consulting Agreement

EXHIBIT A

Listing of Certain Assets

Section 1.1(a) - Inventory:

Listings of the purchased inventory will be prepared at the time of closing, subject to post-closing adjustments. Copies of the listing will be provided to Seller and Buyer.

Section 1.1(b) - Accounts Receivable:

Listings of the purchased accounts receivable will be prepared at the time of closing, subject to post-closing adjustments. Copies of the listing will be provided to Seller and Buyer.

Section 1.1(e) - Intellectual Property:

Corporate and trade name "Duo Delights" filed with Texas Secretary of State; attempted federal registration in 1999 was suspended.

Domain name "Duodelights.com" filed with Network Solutions

There are no other registrations.

Section 1.1(h) - Contracts Assumed by Buyer:

- (a) Lease dated February 3, 1994 for the premises at 1515 South Fairgrounds Road, Midland, Texas.
- (b) Booth rental agreement dated November 16, 2000, expiring November 30, 2001.

Section 1.1(i) - Prepaid and Reimbursable Expenses for Trade Shows:

Show expenses	[REDACTED]
Brochures	[REDACTED]
Orthodox Union	[REDACTED]
Office supplies	[REDACTED]
Wire transfer - Leeza	[REDACTED]
Wire transfer - Profile	[REDACTED]
Wire transfer - Amadeus	[REDACTED]
Sept. rent - Midland	[REDACTED]
Sept. - Nov. rent - Booth	[REDACTED]
Marketing Booth	[REDACTED]
Total	[REDACTED]

EXHIBIT B

Information Regarding and Exceptions to Seller's Warranties

Section 4.7(c) - Leases

- (a) Lease dated February 3, 1994 for the premises at 1515 South Fairgrounds Road, Midland, Texas.
- (b) Booth rental agreement dated November 16, 2000, expiring November 30, 2001.

Section 4.8 - Intellectual Property

Corporate and trade name "Duo Delights" filed with Texas Secretary of State; attempted federal registration in 1999 was suspended.

Domain name "Duodelights.com" filed with Network Solutions

There are no other registrations.

Section 4.10 - Contracts

None other than disclosed elsewhere in this Exhibit.

Section 4.11 - Litigation and Warranties

None.

Section 4.16 - Employee Benefit Plans

None.