

TRADEMARK ASSIGNMENT

Electronic Version v1.1

Stylesheet Version v1.1

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNS THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Cuddly Corp.	FORMERLY Cuddledown, Incorporated aka Cuddledown, Inc.	08/11/1988	CORPORATION: MAINE
RECEIVING PARTY DATA			
Name:	Bush Equities, Inc.		
Doing Business As:	DBA Cudledown, Inc.		
Street Address:	312 Canco Rd.		
City:	Portland		
State/Country:	MAINE		
Postal Code:	04103		
Entity Type:	CORPORATION: MAINE		
PROPERTY NUMBERS Total: 1			
Property Type	Number	Word Mark	
Registration Number:	1384325	CUDDLEDOWN	
CORRESPONDENCE DATA			
Fax Number:	(207)874-4040		
<i>Correspondence will be sent via US Mail when the fax attempt is unsuccessful.</i>			
Phone:	(207) 874-4000		
Email:	jharris@lambertcoffin.com		
Correspondent Name:	Jonathan T. Harris		
Address Line 1:	P.O. Box 15215		
Address Line 2:	Lambert Coffin		
Address Line 4:	Portland, MAINE 04112		
NAME OF SUBMITTER:	Jonathan T. Harris		
Signature:	/Jonathan T. Harris/		

OP \$40.00 1384325

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TRADEMARK
REEL: 003862 FRAME: 0693

Date:

10/01/2008

Total Attachments: 25

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BILL OF SALE OF ASSETS

KNOW ALL MEN BY THESE PRESENTS, that, pursuant to the terms of an Asset Purchase Agreement (the "Agreement") of even date herewith by and between Cuddly Corp. d/b/a Cuddledown, Inc., a Maine corporation (the "Seller") and Bush Equities, Inc., a Maine corporation (the "Buyer"), and for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt whereof is hereby acknowledged, the undersigned, Seller, does hereby bargain, sell, grant, convey, assign, transfer, set over and deliver unto Buyer, its successors and assigns, the following of its property:

All those assets and property listed in Section 1.2 of the Agreement, together with all other assets of any kind or description which Seller has agreed to sell, assign, transfer and convey to Buyer pursuant to the terms of the Agreement ("Assets").

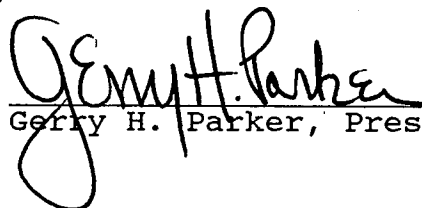
Seller does hereby represent, warrant, covenant and agree with Buyer that Seller owns and has good, valid, marketable and transferable title to the Assets and that the Assets are free and clear of all mortgages, liens, claims and encumbrances; that it has full legal right, power and all authority to sell, assign, transfer and convey the Assets to Buyer hereby, free and clear of any such encumbrances; that it has obtained all necessary corporate action to execute and deliver this Bill of Sale of Assets; and that it will warrant and defend the title, sale, transfer, conveyance and assignment of said Assets against all claims and demands of all persons.

Seller hereby appoints Buyer as its agent and attorney, in its own name or in the name of the Seller, to receive, collect, enforce and sue for any and all of the Assets to be transferred hereunder, and to endorse any check or other instrument payable to the Seller or its order received in payment therefor. The powers granted herein are irrevocable and coupled with an interest.

IN WITNESS WHEREOF, the parties have caused this Bill of Sale of Assets to be executed and delivered as a sealed instrument as of the 11 day of August, 1988.

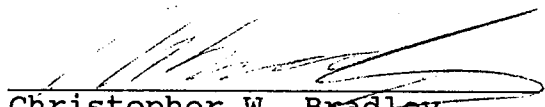
CUDDLY CORP. d/b/a CUDDLEDOWN,
INC.

By:


Gerry H. Parker, President

BUSH EQUITIES, INC.

By:


Christopher W. Bradley,
President

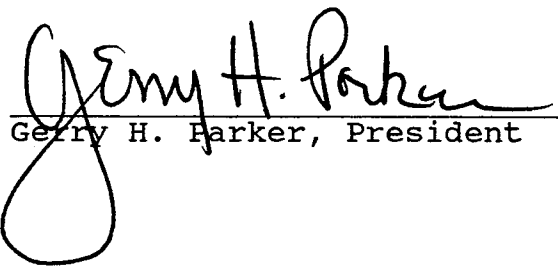
ASSIGNMENT OF INTANGIBLE PROPERTY

KNOW ALL MEN BY THESE PRESENTS, that, pursuant to the terms of an Asset Purchase Agreement (the "Agreement") of even date herewith by and between Cuddly Corp. d/b/a Cuddledown, Inc., a Maine corporation (the "Assignor") and Bush Equities, Inc., a Maine corporation (the "Assignee"), and for and in consideration of the sum of Ten Dollars (\$10.00) and other good and valuable consideration, receipt whereof is hereby acknowledged, the undersigned, Assignor, does hereby bargain, sell, grant, convey, assign, transfer, set over and deliver unto Assignee all of the intangible assets used in the operation of the Business of Assignor as defined in said Agreement.

IN WITNESS WHEREOF, the Assignor has caused this instrument to be executed as a sealed instrument by its President, thereunto duly authorized, this 11 day of August, 1988.

CUDDLY CORP. d/b/a CUDDLEDOWN,
INC.

By:


Gerry H. Parker, President

ASSET PURCHASE AGREEMENT

THIS ASSET PURCHASE AGREEMENT, made and entered into as of the 11th day of August, 1988, by and between Cuddly Corp. d/b/a Cuddledown, Inc., a Maine corporation with its principal place of business at Yarmouth, Maine (hereinafter called "Seller"), and Bush Equities, Inc., a Maine corporation with its principal place of business at Cumberland, Maine (hereinafter called "Buyer").

W I T N E S S E T H:

In consideration of the mutual undertakings hereunder contained, the parties hereto agree as follows:

1. Purchase and Sale.

1.1 Subject to the terms and conditions and based upon the representations, warranties and covenants of the parties set forth in this Agreement, Seller shall sell, assign, transfer and convey to Buyer, and Buyer shall buy from Seller, all of the assets and rights of Seller of every kind and description wherever located, or to which Seller shall be entitled as a going concern, relating to the Business (as hereinafter defined), upon the terms and subject to the conditions herein contained. For the purpose of this Agreement the term "Business" is defined to mean the warehouse, production, retail and mail order (catalog) business owned and operated by Seller out of three locations in Yarmouth, Maine and a single retail store location in Woodstock, Vermont which Buyer

intends to continue to conduct as its own business with assets to be purchased hereunder.

1.2 The above-referenced assets and rights relating to the Business owned by Seller to be sold hereunder as of the Closing Date are generally described as follows:

(a) All of Seller's inventory relating to the Business including, without limitation, finished and unfinished goods and materials, accessories and work in process.

(b) All of Seller's machinery, office supplies, trade fixtures, furniture, tools and equipment including, without limitation, those enumerated on Exhibit A hereto;

(c) All of Seller's securities, contracts, claims and rights under contracts and leases (whether as lessee or lessor) including, without limitation, those enumerated on Exhibit B hereto;

(d) All of Seller's customer deposits (including, without limitation, all amounts collected in cash, charge card credits or receipts, or otherwise for product not delivered as of the Closing);

(e) All good will, know how, customers' and suppliers' lists (mailing, computer and otherwise), trademarks, trade names, slogans, labels, trade secrets, all other trade rights, secret processes, advertising material, technical information, good will and any other intangible property necessary or appropriate to enable Buyer to continue to carry on Seller's Business and any other intangible assets incidental thereto;

(f) The Seller's vehicle identified on Exhibit C hereto, which is being conveyed subject to indebtedness to Chrysler Credit Corp. which indebtedness Buyer assumes and agrees to pay;

(g) The sole right to use the name "Cuddledown" or any variation thereof in connection with the operation of the Business;

(h) Each of Seller's other assets used by or useful or potentially useful to it in the Business; and

(i) The covenants not to compete with Buyer as more particularly set forth in Section 6.

1.3 Except as otherwise specifically provided herein, such sale shall be made free and clear of, and Seller shall remain liable for, all liabilities, obligations and encumbrances (business, legal or otherwise) incurred or accrued as of the Closing Date (including, without limitation, all contingent or accrued Federal and State taxes which are based upon the income of Seller).

1.4 The Closing Date shall be on or before August 11, 1988, unless this Agreement is terminated for failure of any condition set forth in Section 9 to continue to be satisfactorily met as of or on said Date. The Closing Date may be extended pursuant to Section 10.11 hereof provided that such Closing Date shall fall on a Friday unless otherwise agreed by the parties and provided that all conditions set forth in Section 9 continue to be satisfied, as of the new Closing Date, so extended. All documents required to be delivered as of the Closing Date shall be delivered at a meeting of the parties at the offices of Petruccelli, Cohen, Erler and Cox, 50 Monument Square, Portland, Maine, at 10 o'clock a.m. on said Date (the "Closing").

1.5 Seller expressly does not sell or assign to Buyer in connection with the Business and properties being acquired: (i) cash on hand and in banks (other than customer deposits), (ii) payroll escrow, (iii) accounts receivable, and (iv) prepaid insurance. The parties also agree that certain items of personal property owned personally by Gerry H. Parker and Carol Parker have been used in the Business and that the Parkers will remove such items within a reasonable time after Closing.

1.6 On the Closing Date, Buyer shall take possession from Seller and title to all of the assets to be sold pursuant hereto and Seller shall deliver proper and sufficient bills of sale and/or title documents with warranty covenants and other good and sufficient instruments of transfer, assignment, termination and coverage as shall be effective to vest in Buyer good and marketable title to all of the assets being sold hereunder, free and clear of all encumbrances and in form satisfactory to Buyer. From and after the execution of this Agreement, and from time to time after the Closing, Seller shall make available for examination and copying at any time any books, records, insurance policies, correspondence and other documents in Seller's possession and all workpapers and documents relating to the Business in the possession of Seller's auditors and attorneys not transferred to Buyer. It is understood, however, that attorney work product generated by Kelly, Remmel & Zimmerman is not available for examination and is specifically excluded from this paragraph. Before destroying any records or papers connected with the assets of the Business, whether before or after the Closing Date, Seller shall first offer them to Buyer.

1.7 Seller agrees to use its best efforts to obtain the necessary consents for the assignments or transfer of any contract, lease, license, or permit to be assigned or transferred hereunder and to perform its duties under such contracts, leases, licenses, and permits without default until the Closing Date.

2. Purchase Price.

2.1 The Inventory Value of the assets described in Section 1.2(a) hereof is \$113,288.40.

2.2 Subject to the terms of this Agreement and in reliance upon the warranties, representations and covenants of Seller contained herein, Buyer shall, for and in full consideration for the assets set forth in Section 1 hereof, execute and deliver to Seller at the Closing an Assumption Agreement in the form attached hereto as Exhibit D and pay or cause to be paid to Seller the sum of \$251,149.94 as follows:

(a) Five Thousand Dollars (\$5,000.00) has been deposited, in escrow, with New England Venture Group d/b/a VR Business Brokers as Escrow Agent (the "Deposit").

(b) At the Closing: (i) the Deposit shall be paid over to Seller, (ii) Twenty-five Thousand Dollars (\$25,000.00) shall be paid in cash or by bank cashier's or certified check; and (iii) Buyer shall execute and deliver to Seller its promissory note in the amount of \$221,149.94 in the form attached hereto as Exhibit E (the "Note"). All interest earned on the Deposit shall belong to Buyer. The Note shall be personally guaranteed by Buyer's principals, Christopher W. Bradley and Jennifer Bradley Abbott. The Note shall be subordinate to debt owing by Buyer to its primary lender up to a total of Three Hundred Thousand Dollars (\$300,000.00).

3. Operations Subsequent to the Closing Date.

3.1 It is contemplated that Buyer will begin to do business from and after the Closing Date. All sales made and delivered before the Closing Date shall be for the account of Seller. All other sales shall be for the account of Buyer.

3.2 From and after the Closing Date, Buyer shall be responsible for expenses incurred by the Business other than those expenses incurred by Seller prior to the Closing Date as to which

the liability shall remain with Seller (except to the extent specifically assumed herein by Buyer).

4. Leased Real Estate.

Seller is the Lessee of real estate located at Yarmouth, Maine and Woodstock, Vermont under leases noted on Exhibit B hereto and incorporated herein by reference. Seller represents, warrants and covenants that said leases are not in default. The assignments to said leases are conditions precedent to Buyer's obligation to purchase the assets hereunder.

5. Bulk Sales Law Waived.

Buyer hereby waives compliance by Seller with the provisions of the Maine Bulk Sales Law, 11 M.R.S.A. §§6-101 et seq.

6. Covenants Not to Compete After Closing.

As part consideration for this sale and in order to induce Buyer to enter into and consummate this transaction, Seller agrees to enter into a non-competition agreement in the form attached hereto as Exhibit F and to secure the joinder therein of Gerry H. Parker, Seller's sole shareholder, and Carol Parker, his wife.

7. Warranties and Representations.

7.1 Seller makes the following representations and warranties to Buyer, each of which is true and correct as of the date hereof and is being relied upon by Buyer notwithstanding any in-

vestigation made by or on behalf of Buyer, and agrees to carry out the covenants and agreements hereinafter set forth:

(a) Gerry H. Parker holds of record and is the lawful owner of all of the issued and outstanding shares of stock of Seller.

(b) Seller is a corporation duly organized, validly existing and in good standing under the laws of the State of Maine. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of Seller's Articles of Incorporation or By-Laws.

(c) Seller has the full right, power and authority to engage in the Business free from, or claim of, any other person, firm or corporation.

(d) The Board of Directors and sole shareholder of the Seller have approved this Agreement and the performance hereof and no further corporate action by Seller is required in connection therewith.

(e) Seller has physical possession of, and good and marketable title to, all of the assets which Seller has agreed to sell to Buyer hereunder. Except as and to the extent otherwise specifically provided in the leases noted on Exhibit B hereto and except for an outstanding Writ of Execution in favor of James Slack Limited in the amount of \$6,498.97 dated December 11, 1987, there is no limitation or restriction on the sale and transfer of the assets to Buyer as provided herein. Upon delivery of the assets by Seller to Buyer they shall be free and clear of all liens, encumbrances, mortgages, pledges, charges, conditional sales agreements, restrictions on transfer and adverse claims, other than as specifically otherwise set forth in this Agreement or in said leases.

(f) Seller does not hold or use under lease any personal property, except as specifically referred to herein.

(g) Except as specifically set forth in this Agreement and the exhibits attached hereto, Seller is not subject to any order, judgment, decree or any charter or bylaw provision and is not a party to or bound by any mortgage, deed of trust, lease (except for the non-assignability as of right of certain of the leases referred to in Section 4 hereof), agreement, indenture or other instrument which would hinder or prevent the consummation of the transactions contemplated hereunder, or compliance by it or them with the terms, conditions and provisions hereof.

(h) Seller has filed all requisite federal, state, local and other governmental income, payroll, excise, sales, personal property, real estate and franchise or other tax reports or returns required to be filed and has paid all taxes, interest and penalties due in accordance with said returns. Seller has not granted any waiver currently in effect of the statute of limitations on the assessment of any taxes or assessments. Seller has paid or caused to be paid all taxes which would not require the filing of returns and which are required to be paid by it or any person for which it may have an obligation to pay such taxes. Seller has not received notice, formal or informal, of any deficiencies or disputes in connection with any such tax obligations or returns, or payments of tax, penalties or interests. Within fifteen (15) days after the Closing Date, Seller shall file a final sales tax return as required by 36 M.R.S.A. §1762 and shall make payment of any amount due in connection therewith.

(i) The assets described in Section 1 are undamaged, in proper repair and working order, and are adequate and suitable for the purposes for which they are presently being used. No notice of any violation of any law, statute, ordinance or regulation relating to any of such assets has been received by Seller. The inventory to be sold pursuant hereto is in good and merchantable condition, with no known defects. Buyer shall have the right to make or cause to be made an inspection of said assets on or before the Closing Date to determine Seller's compliance with this subsection, and if the inventory is accepted by Buyer after inspection then, for purposes of this paragraph, it shall be deemed to be in good and merchantable condition, without known defects. Dodge van currently under repair (catalytic converter). Seller shall be responsible for bill.

(j) Except for litigation with the Business' former owners, captioned Ellen Manson and David Manson v. Cuddly Corp. and Gerry Parker (Civil Action Docket No. 87-449, Superior Court, Cumberland County) and litigation captioned James Slack Limited v. Cuddly Corp. d/b/a Cuddledown of Maine, et al (Civil Action Docket No. 87-1892, District Court, Division of Southern Cumberland), no action, suit or proceeding is pending or, to Seller's knowledge, threatened before any court or other governmental entity against Seller which might result in any material adverse change in the condition of Seller, which might affect Seller's ability to perform in accordance with the terms of this Agreement or which has the stated purpose or the probable effect of enjoining or preventing the consummation of this Agreement or the transactions contemplated hereby or of recovering damages by reason thereof, or which questions the validity of any action taken or to be taken pursuant to or in connection with the Agreement.

(k) Except for the obligations set forth in Exhibit G hereto and for those of Seller's payables which are being specifically assumed by Buyer herein, Seller is not in default on the payment of any material obligations of the Business and is not in default under any material contracts or agreements pertaining to the Business.

(l) Seller has complied with all applicable federal, state and local laws relating to the employment of labor, including the provisions thereof relating to wages, hours, collective bargaining and the payment of social security taxes; and Seller is not liable for any arrearages of wages or any tax or penalties for failure to comply with any of the foregoing; and there are no controversies pending or, to Seller's knowledge, threatened between Seller and its employees.

(m) Seller is not in violation of any applicable law or regulation of federal, state and local governments relating to the operation of the Business or the ownership or use of the assets. The Seller is not required to obtain any governmental permits or consents, or any other consents, except as specifically specified herein, to effect the transactions contemplated hereby.

(n) In the conduct of the Business, Seller is not infringing upon any trademark, trade names, patents, or copyrights of others.

(o) Except as otherwise specifically provided in Exhibit D hereto (the Assumption Agreement), Seller shall be solely responsible for all accounts payable of the Business as of the Closing.

(p) Except as specifically disclosed in Exhibit G-1 hereto, there are no liens or judgments existing, pending, claimed, threatened or anticipated by or against Seller relating to the Business or other assets to be transferred by Seller hereunder.

(q) Seller has heretofore delivered to Buyer copies of financial statements, related data and tax returns which are described on Exhibit H hereto. All of said financial statements, related data and tax returns are true and correct in all material respects.

(r) OMITTED.

(s) All instruments, agreements, lists, schedules, summaries or other documents that have been or are to be delivered to Buyer in connection with the transactions contemplated by this Agreement and all exhibits hereto are and will be correct and complete.

(t) When executed and delivered this Agreement will be an effective, a valid and a binding agreement and an obligation of Seller enforceable in accordance with its terms.

(u) OMITTED.

(v) OMITTED.

(w) On the Closing Date, Seller will have no contractual commitments (including, without limitation, any pension, profit sharing or bonus plan or other employee benefit agreement or collective bargaining agreement), or be a party to any executory agreements, whether written or oral, that then are, or may thereafter become, binding upon Buyer, which relate to the Business except as otherwise specifically disclosed herein. Acknowledged is Seller's disclosure that it has recently increased the compensation of Kathleen Jackson by \$.62 per hour.

(x) Seller shall use its best efforts to encourage all of its employees to remain employed by the Business prior to Closing and to apply to work for Buyer after the Closing. Seller agrees to pay each employee of Seller in full as of the Closing (including all accrued vacation and other fringe benefits). Buyer shall be under no obligation to hire any employees of Seller after the Closing.

(y) To Seller's best knowledge, the premises on which the Business is located at the present uses thereof are in full compliance with all applicable building code, zoning, environmental and land use laws, and all other applicable laws, ordinances and regulations and there is no asbestos, lead paint or other hazardous, toxic or other dangerous substance, material or waste in, on or under the premises in any condition or quantities which would violate or require reporting, licensing or other remedial or responsive actions under any municipal ordinance or state or federal law or regulation or which might pose a potential or actual threat to the public health, safety and welfare or the environment.

(z) Seller has entered into a commission agreement with New England Venture Group d/b/a VR Business Brokers ("VR") and shall hold Buyer harmless from and shall pay and be responsible for any finder's or brokerage commission or fee claimed by VR or any other entity or individual by virtue of its or such individual's relationship with Seller relative to the sale by Seller to Buyer of the assets described herein.

(aa) Seller will permit Buyer or its representative to examine and inspect at reasonable times during normal business hours any and all of the property and records (financial or otherwise) of Seller relating to the Business in accordance with Section 1.6 hereof.

(bb) No information concerning the operation of the Business since its purchase by Seller and no representation or warranty by Seller contained in this Agreement or in any exhibit, statement, certificate, schedule, or other written document prepared by or on behalf of Seller and furnished (i) to Buyer pursuant to the terms of this Agreement or to any person or firm acting for Buyer or (ii) to Buyer or such person or firm in connection with the transactions contemplated by this Agreement, contains any untrue statement or misstatement of a material fact or omits any statement of a material fact necessary to make the statements of fact contained herein or therein not misleading. Material prepared by or on behalf of previous owners (i.e., Seller's seller) is specifically excepted from this representation.

(cc) None of Seller's employees are union employees and no collective bargaining agreement or other labor agreements exist as to said employees. No efforts, disputes, or proceedings as to union representation of employees have been or are pending, existing or threatened. No organizational solicitations of said employees have been or are being made to the best of Seller's information, knowledge or belief, nor has Seller any written or other notice of the same or any cause to believe that the same occurred or are now existing or pending.

7.2 Buyer hereby makes the following representations and warranties to Seller, each of which is true and correct and is being relied upon by Seller notwithstanding any investigation made by or on behalf of Seller, and Buyer agrees to carry out its covenants and agreements hereinafter set forth:

(a) Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Maine. The execution and delivery of this Agreement does not, and the consummation of the transactions contemplated hereby will not, violate any provision of Buyer's Articles of Incorporation or By-Laws.

(b) The Board of Directors and, to the extent required or necessary, the shareholders of Buyer have approved this Agreement and the performance hereof and no further corporate action by Buyer is required in connection therewith.

(c) No action, suit or proceeding is pending or, to Buyer's knowledge, threatened before any court or other governmental entity against Buyer which might result in any material adverse change in the condition of Buyer, which might affect Buyer's ability to perform in accordance with the terms of this Agreement or which has the stated purpose

or the probable effect of enjoining or preventing the consummation of this Agreement or the transactions contemplated hereby or of recovering damages by reason thereof, or which questions the validity of any action taken or to be taken pursuant to or in connection with the Agreement.

(d) Buyer's principals, Christopher W. Bradley and Jennifer Bradley Abbott, have heretofore delivered to Seller financial statements, copies of which are attached hereto as Exhibit H-1. Said financial statements are true and correct in all material respects.

(e) Buyer has engaged no broker in connection with this transaction, and shall hold Seller harmless from and shall pay and be responsible for any finder's or brokerage commission or fee claimed by any entity or individual by virtue of such entity's or individual's relationship with Buyer relating to the within purchase and sale transaction, except for VR.

8. Conditions Precedent.

8.1 The obligations of Buyer hereunder shall be subject to the fulfillment on or prior to the Closing Date of each of the following conditions (any of which may be waived by Buyer in its sole discretion):

(a) All the terms, covenants and conditions of this Agreement to be complied with and performed by Seller on or before the Closing Date shall have been complied with and performed.

(b) The representations and warranties of 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 all such representations and warranties had been made on and as of such date and Seller shall have executed and delivered to Buyer a certificate to that effect dated the Closing Date. Each and all of the agreements of Seller to be performed at or before the Closing pursuant to the terms hereof shall have been performed in all material respects. Buyer shall have received all of the documents and executed agreements to be delivered to it hereunder.

(c) Buyer shall have received from Kelly, Rummel & Zimmerman of Portland, Maine, counsel for Seller, a favorable opinion, dated the Closing Date, in form and substance satisfactory to Buyer and its counsel, addressed to Buyer and covering the matters set forth in Sections 7.1(a)-(d) and (t) hereof.

(d) Buyer shall have received all licenses and permits which shall be required to operate, as of the Closing Date, the Business as it is presently conducted.

(e) Seller and Gerry H. Parker shall have entered into a non-competition agreement with Buyer in the form attached hereto as Exhibit F.

(f) Ellen K. Manson and David W. Manson shall have entered into a Non-Competition Agreement with Buyer in the form attached hereto as Exhibit I.

(g) The landlords of the premises referred to in Section 4 and the lessor of the telephone equipment lease noted on Exhibit B hereto shall have consented in writing to the assignment of their current leases for such premises and equipment from Seller to Buyer.

(h) Receipt by Buyer from Seller of written statements of corporate good standing and good standing certificates or clearances for franchise, excise, income, unemployment compensation and sales taxes all dated within one week of the Closing Date from the State of Maine and any state or other jurisdiction in which Seller is or should be qualified as a foreign corporation or is required to collect or pay any such tax; receipt by Buyer from Seller of a municipal lien certificate or comparable written statement dated within one week of the Closing Date from the Towns of Yarmouth, Maine, and Woodstock, Vermont, or any other local government unit, showing that payment of any and all real estate taxes or personal property or municipal assessments against Seller are current and that the Towns, or other local government units, have no lien against any of the aforementioned parties except for assessed taxes, the payment of which is not due as of the Closing Date; and the depositing of funds in escrow sufficient to cover any taxes, fees, penalties, interest or other charges shown to be due on said written statements or known or estimated to fall due (whether or not payable on or before the Closing Date) as a result of Seller's operation of the Business between the dates of said statements and the Closing Date whether or not there would be transferee liability for the same.

(i) Seller shall have delivered to Buyer all customer deposits (as inclusively defined in Section 1.2(d) hereof) received as of the Closing.

(j) All instruments and legal and other proceedings in connection with the transactions contemplated by this Agreement shall be reasonably satisfactory in form and substance to Buyer and Buyer shall have received copies of all documents and records which Buyer may have requested in connection therewith, such documents were appropriate to be certified by proper corporate or governmental authorities.

8.2 The obligation of Seller hereunder shall be subject to the fulfillment on or prior to the Closing of the following conditions (any of which may be waived by Seller in its sole discretion):

(a) All the terms, covenants and conditions of this Agreement to be complied with and performed by Buyer on or before the Closing Date shall have been complied with and performed.

(b) The representations and warranties made by Buyer herein shall be true and correct in all material respects on and as of the Closing Date with the same force and effect as though such representations and warranties had been made on such date and Buyer shall have executed a certificate to that effect dated the Closing Date. Each and all of the agreements of Buyer to be performed at or before the Closing pursuant to the terms hereof shall have been performed in all material respects. Seller shall have received all the documents and executed agreements to be delivered to it hereunder.

(c) Seller shall have received from Petruccelli, Cohen, Erler and Cox of Portland, Maine, counsel for Buyer, a favorable opinion, dated the Closing Date, in form and substance satisfactory to Seller and its counsel, addressed to Seller and covering the matter set forth in Sections 7.2(a)-(b) hereof.

(d) All instruments and legal and other proceedings in connection with the transactions contemplated by this Agreement shall be satisfactory in form and substance to Seller, and Seller shall have received copies of all documents, including copies of records of corporate proceedings, which Seller may have reasonably requested in connection therewith, such documents where appropriate to be certified by proper corporate or governmental authorities.

9. Default Prior to Closing.

9.1 In the event that any one or more of the conditions set forth in Section 8.1 hereof has not been fulfilled or complied with as of the Closing Date, then at Buyer's option and upon

written notice to Seller this Agreement shall terminate. Upon such a termination by Buyer, the Deposit shall immediately be paid to Buyer together with all interest earned thereon and all other rights and obligations of the parties hereunder shall be extinguished. If Buyer does not elect to terminate this Agreement, it being acknowledged by the parties hereto that the remedies at law are inadequate, Buyer shall be entitled to seek specific performance of Seller's obligations hereunder, provided, however, that Buyer is not itself in material default hereunder.

9.2 In the event that any one or more of the conditions set forth in Section 8.2 hereof has not been fulfilled or complied with as of the Closing Date, then at Seller's option and upon written notice to Buyer, this Agreement shall terminate. Buyer recognizes that Seller's assets to be sold hereunder will be removed from the market during the existence of this Agreement and that if the failure of consummation of this Agreement is due to a default of Buyer, Seller will suffer damages in an amount which will be extremely difficult to determine. Therefore, Buyer and Seller mutually agree that in the event this Agreement is terminated by Seller pursuant to this paragraph, Seller shall be entitled to liquidated damages in the amount of the Deposit plus all interest earned thereon. The parties agree that such liquidated damages shall be in lieu of any other relief to which Seller might otherwise be entitled by virtue of this Agreement or by operation of law. In the event of Seller's termination under this paragraph, the Deposit shall be paid to Seller as the liquidated damage amount together with all interest earned thereon.

10. Miscellaneous.

10.1 Seller undertakes and agrees to indemnify and hold harmless Buyer from and against any claims, damages, or liabilities (including reasonable attorneys' fees and costs of defense) with respect to: (i) the ownership or use of the assets, or the operation of the Business prior to the Closing, including, without limitation, claims for products liability, all claims of employees of Seller for wages and fringe benefits for employment prior to the Closing, and all other debts and taxes with respect to the Business prior to the Closing, (ii) a material breach of any of the agreements, representations, or warranties made by Seller in this Agreement, (iii) Buyer's waiver of compliance with the provisions of the Maine Bulk Sales Law, supra, and (iv) the consummation of the transactions contemplated hereby. In the event that any claim is asserted against Buyer that, if established, would fall within the scope of the coverage of this indemnification provision, Buyer shall promptly give Seller written notice of such claim. Within ten (10) days following the receipt thereof, Seller shall inform Buyer in writing whether Seller will defend such claim. Should Seller elect not to defend, Buyer may defend or compromise such claim. In either event, Seller shall be liable for the costs of such defense or compromise. Buyer shall have the right to set off any such claims, damages or liabilities against the Note.

10.2 Buyer undertakes and agrees to indemnify and hold harmless Seller from and against any claims, damages or liabilities (including reasonable attorneys' fees and costs of defense) with

respect to: (i) the ownership or use of the assets, or the operation of the Business after the Closing, (ii) a material breach of any of the agreements, representations or warranties made by Buyer in this Agreement, and (iii) the consummation of the transactions contemplated hereby (including, but not by way of limitation, the assumption of certain obligations pursuant to and limited by the terms of the Assumption Agreement in the form attached hereto as Exhibit D). In the event that any claim is asserted against Seller that, if established, would fall within the scope of the coverage of this indemnification provision, Seller shall promptly give Buyer written notice of such claim. Within ten (10) days following the receipt thereof, Buyer shall inform Seller in writing whether Buyer will defend such claim. Should Buyer elect not to defend, Seller may defend or compromise such claim. In either event, Buyer shall be liable for the costs of such defense or compromise.

10.3 Seller will turn over promptly to Buyer all payments, reimbursements and other proceeds of the Business that are the property of Buyer pursuant to this Agreement. Since Seller is retaining its accounts receivable (other than customer deposits) accrued prior to closing and arising out of sales of the Business being transferred, and the parties recognize that some customers may pay such accounts at Buyer's location after closing, Buyer agrees to forward sums designated as in payment of such accounts receivable directly to Seller. Buyer is under no obligation to take any action to collect Seller's accounts receivable.

10.4 Except as otherwise specifically provided herein, Buyer is not assuming any liabilities of Seller, including, without limitation, employee compensation or benefits accrued prior to the Closing.

10.5 At the Closing, Seller will transfer irrevocably to Buyer the use of the name "Cuddledown" and any variations thereof in connection with the operation of the Business, and deliver to Buyer for filing with the Maine Secretary of State's office and the Vermont Secretary of State's office as of the Closing Date any necessary documentation so that Buyer may receive the exclusive use of said name and variations thereof as of the Closing Date.

10.6 This Agreement, together with the Exhibits attached hereto and the instruments and certificates to be delivered pursuant hereto, supersedes all other agreements and understandings between the parties either oral or written and constitutes the entire agreement between the parties with respect to the subject matter hereof.

10.7 This Agreement may be amended only by an instrument in writing, executed by all of the parties hereto.

10.8 All the terms and provision of this Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and assigns of the parties hereto.

10.9 This Agreement is being delivered and is intended to be performed in the State of Maine and shall be construed and enforced in accordance with the laws of the State of Maine.

10.10 Notices hereunder shall be effective if deposited in the United States Mails, postage prepaid, registered or certified,

return receipt requested, and addressed in the case of Buyer, to Christopher W. Bradley, 110 Tuttle Road, Cumberland, Maine 04021 with a copy to David M. Cohen, Esq., Petruccelli, Cohen, Erler & Cox, 50 Monument Square, P. O. Box 9733, Portland, Maine 04104-5033, and in the case of Seller, to Gerry H. Parker, c/o Cuddly Corporation, 42 North Elm Street, Yarmouth, Maine 04096, with a copy to Leland N. Chisholm, Esq., Kelly, Remmel & Zimmerman, 53 Exchange Street, P. O. Box 597 DTS, Portland, Maine 04112. Any party may change the address to which such notices are to be sent, or the attention to whom such notices are to be addressed by giving the other party notice in the manner herein set forth.

10.11 Seller assumes all risk of loss due to fire or other casualty up to the Closing. In the event any such loss occurs prior to the Closing, Seller shall have the option to repair said loss, in full, within seven (7) days of the occurrence thereof and may extend the Closing Date, if necessary, to allow such repairs by giving notice to Buyers pursuant to Section 10.10.; provided however, that if Seller shall not exercise such option or shall fail to complete said repairs within said seven (7) day period, Buyer shall have the right to terminate this Agreement, by giving notice to Seller pursuant to Section 10.10., and upon such termination there shall be no further liability on the part of Seller or Buyer hereunder and all sums paid by Buyer hereunder, together with all interest earned thereon, shall be returned to Buyer.

10.12 Buyer and Seller shall in all federal, state and local tax filings, allocate the amount paid by Buyer under Section 2.2 hereof according to the allocation thereof made by Buyer. The

parties agree that such allocation shall be binding upon them and their respective shareholders.

10.13 This Section and all other headings contained in this Agreement are for reference purposes only and shall not in any way whatsoever affect the meaning or interpretation of this Agreement.

10.14 Wherever the singular number is used for any noun, pronoun or verb in this Agreement, such noun, pronoun or verb shall be deemed to include the plural number, and the plural number shall likewise be deemed to include the singular, as the context may require.

10.15 The parties hereto agree that time is of the essence in the performance of this Agreement.

10.16 All expenses incurred by or on behalf of the parties to this Agreement in connection with the authorization, presentation, execution and consummation of this Agreement, including without limitation, all fees and expenses of agents, brokers, representatives, counsel and accountants, shall be borne solely by the party who shall have incurred the same, whether or not the transaction contemplated by this Agreement is consummated.

10.17 This Agreement may be executed in one or more counterparts and each of such counterparts shall, for all purposes, be deemed to be an original, but all such counterparts shall, together, constitute but one and the same instrument.


10.18 Following the Closing, Seller shall cooperate with Buyer to accomplish the transfer of any and all property rights acquired by Buyer hereunder including, without limitation,

patents, and shall execute any and all documents deemed necessary to accomplish the foregoing.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement under seal, as of the day and year first above written, and signature(s) to any such multiple original counterpart shall be deemed to constitute signature(s) to all of them.


SELLER:

CUDDLY CORPORATION

By: 
Gerry H. Parker, President

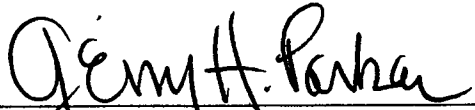
BUYER:

BUSH EQUITIES, INC.

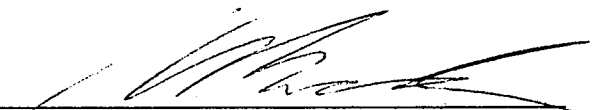
By: 
Christopher W. Bradley,
President

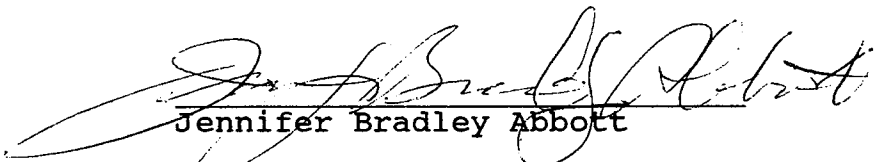
The undersigned hereby joins in this Agreement for the purposes of agreeing to execute and deliver to Buyer the non-competition agreement noted in Section 6 of the Agreement, guaranteeing the obligations of the Seller under Section 10.1 of the Agreement, and agreeing to approve the transaction, subject to the provisions

of the Agreement, as the sole shareholder of Seller.


Gerry H. Parker

The undersigned hereby join in this Agreement for the limited purpose of acknowledging the representation and warranty contained in Section 7.2(d).


Christopher W. Bradley


Jennifer Bradley Abbott