

TRADEMARK ASSIGNMENT COVER SHEET

Electronic Version v1.1
 Stylesheet Version v1.2

ETAS ID: TM522694

SUBMISSION TYPE:	NEW ASSIGNMENT		
NATURE OF CONVEYANCE:	ASSIGNMENT OF THE ENTIRE INTEREST AND THE GOODWILL		
CONVEYING PARTY DATA			
Name	Formerly	Execution Date	Entity Type
Aeolus Down, Inc.		09/27/2013	Corporation:
RECEIVING PARTY DATA			
Name:	Keeco, LLC		
Street Address:	30736 Wiegman Road		
City:	Hayward		
State/Country:	CALIFORNIA		
Postal Code:	94544		
Entity Type:	Limited Liability Company: CALIFORNIA		
PROPERTY NUMBERS Total: 5			
Property Type	Number	Word Mark	
Registration Number:	3363598	BASIC ELEMENTS	
Registration Number:	3738808	CAMPUS LIFE	
Registration Number:	3562330	INDOOR WEATHER	
Registration Number:	4172704	SIMPLE FIT	
Registration Number:	3959544	STAINTech	
CORRESPONDENCE DATA			
Fax Number:			
<i>Correspondence will be sent to the e-mail address first; if that is unsuccessful, it will be sent using a fax number, if provided; if that is unsuccessful, it will be sent via US Mail.</i>			
Phone:	5104015035		
Email:	kigoe@lkeeco.com		
Correspondent Name:	Keeco, LLC		
Address Line 1:	30736 Wiegman Road		
Address Line 4:	Hayward, CALIFORNIA 94544		
NAME OF SUBMITTER:	Kristine Igoe		
SIGNATURE:	/Kristine Igoe/		
DATE SIGNED:	05/08/2019		
Total Attachments: 65			
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STOCK PURCHASE AGREEMENT

by and between

KEECO, LLC,

as Purchaser,

WEI XU and WEI DONG,

as Sellers,

and

AEOLUS DOWN, INC.

Dated September 19, 2013

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STOCK PURCHASE AGREEMENT

This Stock Purchase Agreement (the "Agreement") is made this 24 day of September, 2013 by and between **KEECO, LLC**, a California limited liability company (the "Purchaser"), **WEI XU** and **WEI DONG** (each a "Seller" and collectively the "Sellers") and **AEOLUS DOWN, INC.**, a California corporation (the "Company").

ARTICLE I. RECITALS AND DEFINITIONS

1.1 Recitals. The Sellers collectively own all of the issued and outstanding Capital Stock of the Company. The Sellers desire to sell all of their shares of Capital Stock in the Company (collectively the "Shares") to the Purchaser, and the Purchaser desires to purchase the Shares on and subject to the terms, covenants and conditions set forth herein.

1.2 Definitions. Defined terms in this Agreement shall have the meanings ascribed to them in the Annex of Defined Terms attached.

1.3 Other Terms. Other terms may be defined elsewhere in this Agreement and, for the purposes of this Agreement, those other terms shall have the meanings specified in those other places of this Agreement unless the context requires otherwise.

1.4 Usage.

(a) Interpretation. In this Agreement, unless a clear contrary intention appears:

- (i) The singular number includes the plural number and vice versa;
- (ii) Reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are not prohibited by this Agreement, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually;
- (iii) Reference to any agreement, document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof;
- (iv) Reference to any Requirements of Law means such Requirements of Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder, and reference to any section or other provision of any Requirements of Law means that provision of such Requirements of Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision;
- (v) "Hereunder," "hereof," "hereto," and words of similar import shall be deemed references to this Agreement as a whole and not to any particular Article, Section or other provision hereof;

(vi) "Including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term;

(vii) "Or" is used in the inclusive sense of "and/or";

(viii) With respect to the determination of any period of time, "from" means "from and including" and "to" means "to but excluding";

(ix) References to documents, instruments or agreements shall be deemed to refer as well to all addenda, exhibits, schedules or amendments thereto.

(b) Accounting Terms and Determinations. Unless otherwise specified herein, all accounting terms used herein shall be interpreted and all accounting determinations hereunder shall be made in accordance with GAAP.

ARTICLE II. TERMS OF PURCHASE

2.1 Purchase and Sale of Shares. The Sellers hereby agree to sell, assign, transfer and deliver the Shares, free and clear of all Encumbrances, to the Purchaser, and the Purchaser hereby agrees to purchase and acquire the Shares, subject to the terms of this Agreement.

2.2 Closing. The consummation of the purchase and sale of the Shares referred to in Section 2.1 above and the other transactions contemplated by this Agreement shall take place at the closing (the "Closing") to be held remotely by exchange of documents and signatures by facsimile or PDF, at 10:00 a.m. local time, on the third (3rd) Business Day following the satisfaction of all conditions provided for in Article VIII hereof (other than those that by their terms are to be satisfied at the Closing) (the "Closing Date") or at such other place and time or on such other date as the parties may agree. The Closing shall be effective at 12:01 a.m. Eastern Standard Time on the Closing Date (the "Effective Time").

2.3 Purchase Price. Subject to the other provisions of this Agreement, the purchase price for the Shares shall be Four Million Fifty Thousand Dollars (\$4,050,000) (the "Purchase Price").

2.4 Payment. Subject to the conditions, representations and warranties and covenants herein, on the Closing Date, the Purchaser shall:

(a) Repay or cause to be repaid on behalf of the Company the Closing Date Indebtedness; and

(b) Pay or cause to be paid to an account or accounts as directed in writing by the Sellers an amount equal to the sum of (i) the Purchase Price, minus (iii) the amount of the Seller Expenses.

2.5 Deliveries.

(a) Deliveries of Sellers. The Sellers hereby agree to deliver, at Closing, each of the following to the Purchaser:

(i) A certificate or certificates evidencing all of the Shares, properly endorsed for transfer or accompanied by duly executed stock powers, executed in favor of the Purchaser and in a form acceptable for transfer on the books of the Company, as applicable;

(ii) A Certificate of the corporate secretary of the Company certifying the incumbency and signatures of the officers of the Company and attaching thereto a true, correct and complete copy of (A) the Articles of Incorporation of the Company, and all amendments thereto (each certified as of a current date by an appropriate governmental official), (B) resolutions of the Board of Directors of the Company, approving this Agreement, and the transactions contemplated hereby and thereby and (C) the By-Laws of the Company, as applicable;

(iii) All consents and approvals from third parties as are required to consummate the transactions contemplated by this Agreement;

(iv) A certificate pursuant to Treasury Regulations Section 1.1445-2(b), duly executed by each Seller and in a form reasonably satisfactory to the Purchaser, certifying that such Seller is not a foreign person within the meaning of Section 1445 of the Code;

(v) The stock certificate books and minute books of the Company;

(vi) Signature cards to all bank and similar accounts of the Company;

(vii) The resignations of the officers and directors of the Company, effective as of the Effective Time;

(viii) Pay off letters for the Closing Date Indebtedness in forms satisfactory to Purchaser.

(b) All Transactions Simultaneous. Except as otherwise expressly provided, all transactions contemplated by this Agreement to be effected on the Closing shall be deemed to be simultaneous and the execution, delivery and closing of each of such transactions shall be a condition of the obligations of the parties to execute, deliver and close all the other transactions contemplated.

ARTICLE III. REPRESENTATIONS AND WARRANTIES REGARDING THE TRANSACTION

3.1 Representations and Warranties of the Sellers.

Except as set forth in the Disclosure Schedule, the Sellers, jointly and severally, represent and warrant to the Purchaser, as follows:

(a) Sellers. The Sellers are each citizens and residents of the United States of America. The Sellers have full power and authority to enter into this Agreement and to carry out the transactions contemplated hereby. This Agreement is a valid and binding Agreement of the Sellers, enforceable in accordance with its terms.

(b) Authorization, Enforceability. The execution, delivery and performance of this Agreement (a) has been duly authorized by all requisite corporate action on the part of the Company and (b) does not and will not (i) violate or conflict with (A) any Requirement of Law, (B) the Articles of Incorporation or By-Laws of the Company or other organizational documents of the Company, (C) any applicable order, judgment, writ, injunction or decree of any Court or Governmental Entity or (D) any indenture, agreement or other instrument to which the Company or a Seller is a party or by which the Company, the Sellers or any of their respective properties or assets are bound or affected, (ii) conflict with the terms of, result in a breach of or constitute (with due notice or lapse of time or both) a default under, or require the consent of the counterparty to, any such indenture, agreement or other instrument, (iii) give rise to any basis for the revocation, cancellation, suspension or refusal of any license, permit, franchise, consent, authorization or application held or sought by the Company, (iv) result in the creation or imposition of any Encumbrance of any nature whatsoever upon any property or assets of the Company, (v) require the Purchaser or its officers, directors or members, solely in its capacity as Purchaser hereunder, to comply with any statutes, regulations or other governmental requirements relating to the regulation of the Business or (vi) cause anti-dilution clauses of any outstanding securities to become operative. This Agreement constitutes, when executed and delivered, the legal, valid and binding obligation of the Company enforceable in accordance with its respective terms.

(c) Stock Ownership. The authorized and outstanding Capital Stock of the Company, and the legal and beneficial holders thereof, are as set forth on the Disclosure Schedule. All of such Capital Stock shown as being outstanding are duly authorized, validly issued and outstanding and fully paid and non-assessable shares and have not been subject to preemptive rights in favor of any Person. There are no outstanding options, warrants, rights, convertible securities, phantom stock, equity appreciation rights or other agreements or plans under which the Company may become obligated to issue, sell, redeem or transfer shares of its Capital Stock or other securities. There are no dividends which have accrued or been declared but are unpaid on the Capital Stock of the Company. There are no shareholders or similar agreements (including any agreements with respect to the voting or transfer of the shares) with respect to the Company in force or effect. The Shares are not subject to any Encumbrances and have not been issued in violation of any rights of first refusal or similar rights or in violation of any applicable securities Laws. Upon the Closing, the Purchaser will acquire title to the Shares, free and clear of all Encumbrances.

(d) Broker's or Finder's Fees. No agent, broker, investment or commercial banker, or other Person or firm acting for on behalf of the Sellers, the Company or under the authority of any of them, is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly in connection with any of the transactions contemplated by this Agreement.

3.2 Representations and Warranties of the Purchaser. Purchaser hereby represents and warrants to the Sellers, as follows:

(a) Authorization; No Contravention. The execution, delivery and performance by Purchaser of this Agreement: (a) is within Purchaser's power and authority and has been duly authorized by all necessary action; (b) does not contravene the terms of the Purchaser's organizational documents or any amendment thereof; and (c) will not violate, conflict with or result in any breach or contravention of any of the material terms of any indenture, agreement or other instrument to which Purchaser is a party, or any order or decree directly relating to Purchaser.

(b) Binding Effect. This Agreement has been duly executed and delivered by the Purchaser, and this Agreement constitutes the Purchaser's legal, valid and binding obligation, enforceable against it in accordance with its terms.

(c) Purchase for Own Account. The Purchaser hereby represents and warrants:

(i) The Shares to be acquired by the Purchaser are being or will be acquired for its own account and with no intention of distributing or reselling such securities or any part thereof in any transaction that would be in violation of the securities laws of the United States of America, or any state, without prejudice, however, to its right at all times to sell or otherwise dispose of all or any part of the securities owned by it, under an effective registration statement under the Securities Act, or under an exemption from such registration available under the Securities Act. If the Purchaser should in the future decide to dispose of any of the Shares, it understands and agrees that it may do so only in compliance with the Securities Act and applicable state securities laws, as then in effect.

(ii) Purchaser understands that the offer and sale of the Shares will not be registered under the Securities Act, by reason of their issuance by the Company in a transaction exempt from the registration requirements of the Securities Act, and that it must hold the Shares indefinitely unless a subsequent disposition thereof is registered under the Securities Act and applicable state securities laws or is exempt from registration.

(iii) The Purchaser has such knowledge and experience in financial and business matters that the Purchaser is capable of evaluating the merits and risks of the proposed purchase of the Shares.

(d) Broker's, Finder's or Similar Fees. There are no brokerage commissions, finder's fees or similar fees or commissions payable in connection with the transactions contemplated hereby based on any agreement, arrangement or understanding with the Purchaser or any action taken by the Purchaser.

(e) Financing. Subject to the consummation of the Purchaser's contemplated financing with PNC Bank, National Association, as agent, the Purchaser has immediate access to all funds necessary to pay, in accordance with this Agreement, the Purchase Price.

(f) Inspection; No Other Representations. The Purchaser has undertaken such investigation and has been provided with and has evaluated such documents and information as it has deemed necessary to enable it to make an informed decision with respect to the execution, delivery and performance of this Agreement and the transaction contemplated hereunder. The Purchaser has, to its knowledge, received all materials relating to the businesses of the Company that it has requested and has been afforded the opportunity to obtain any additional information necessary to verify the accuracy of any such information or to otherwise evaluate the merits of the Transaction. Without limiting the generality of the foregoing, the Purchaser acknowledges that: (a) neither the Company nor the Sellers makes any representation or warranty with respect to (i) any projections, estimates or budgets delivered to or made available to the Purchaser of future revenues, future results of operations (or any component thereof), future cash flows or future financial condition (or any component thereof) of the Company or (ii) any other information or documents made available to the Purchaser or its counsel, accountants or advisors with respect to the Company or its businesses, assets, liabilities or operations, except as expressly set forth in this Agreement; and (b) the Purchaser has not relied or will rely upon any of the information described in clauses (i) and (ii) of clause (a) above or any other information, representation or warranty, except those representations or warranties set forth in this Agreement, in negotiating, executing, delivering and performing this Agreement and the Transaction.

ARTICLE IV.

REPRESENTATIONS AND WARRANTIES REGARDING THE COMPANY

Except as set forth in the Disclosure Schedule, the Sellers and the Company, jointly and severally, represent and warrant to the Purchaser, as follows:

4.1 Organization; Corporate Powers. The Company (a) is duly organized, validly existing and in good standing under the laws of the State of California, (b) has the power and authority to own and lease its property and assets and to carry on its business as currently, and as currently proposed to be, conducted, (c) is duly qualified to do business and is in good standing in every jurisdiction where the nature of the business conducted or the property owned or leased by it requires such qualification, (d) has the power to execute, deliver and perform this Agreement, and (e) has no Subsidiaries or any direct or indirect equity participation or similar interest or voting interest in any corporation, partnership, limited liability company, joint venture, trust or other business association or entity. Set forth on the Disclosure Schedule is a listing of (x) the directors and officers or any direct or indirect equity participation or similar interest or voting interest in any corporation, partnership, limited liability company, joint venture, trust or other business association or entity of the Company and (y) the jurisdictions in which the Company is qualified to do business as a foreign corporation. This Agreement is a valid and binding agreement of Company, enforceable in accordance with its terms.

4.2 Business. The only business in which the Company engages is the Business.

4.3 Governmental and Other Approval; Agreements.

(a) No action, consent or approval of, or registration or filing with, or any other action by any Governmental Entity or any other Person is required in connection with the

execution, delivery or performance by the Company or the Sellers of this Agreement, and the Company now possesses, and on the Closing Date will possess, all such franchises, licenses, Permits and other authorizations as are necessary for the conduct of Business as conducted by the Company. To the Knowledge of the Company, there is no threatened suspension, cancellation or invalidation of any such franchise, license, Permit or other authorization. No consent, approval or authorization of shareholders of the Company is required in connection with any of the foregoing other than such as have been obtained.

(b) The Company is not in default in any manner under any provision of any indenture or other agreement or instrument evidencing any indebtedness, or any other agreement or instrument to which it is a party or by which it or any of its properties or assets are or may be bound.

4.4 Financial Statements.

(a) Copies of the Financial Statements (which have been provided by Company and reviewed by Purchaser) are included in the Disclosure Schedule. Each of the Financial Statements were prepared in accordance with GAAP and fairly present the financial position and condition of the Company as of the respective dates thereof and the results of its operations and changes in financial position for the respective periods then ended, except that the Interim Statements do not include footnote disclosures and are subject to normal year-end adjustments none of which, individually or in the aggregate, could reasonably be expected to be material.

(b) Except to the extent reflected, reserved against, or noted on the Financial Statements, (i) the Company had, as of such date, no liabilities or obligations of any nature, whether accrued, absolute, contingent, or otherwise, for any period prior to the date of said Financial Statements, or arising out of transactions entered into or any set of facts existing prior thereto and (ii) the Company has not incurred since June 30, 2013 any liabilities or obligations of any nature, whether accrued, absolute, contingent or otherwise, except for liabilities and obligations incurred in the ordinary course of business consistent with past practices.

4.5 Major Customers and Supplier.

(a) The Disclosure Schedule sets forth a true and complete list of the top ten (10) customers of the Company for each of (i) the calendar year ending December 31, 2012 and (ii) the six (6) month period ending June 30, 2013. Since January 1, 2012, the Company has not received written notice than any such top ten customer intends to or has threatened to cancel, material decrease (except for variation of purchase volume due to general economic condition, seasonality of products and other factors arising from ordinary course of business or ordinary industry trend) its purchases from the Company or otherwise terminate its relationship with the Company. For purposes of clarity, any customer that cancels, materially decreases or otherwise terminates or modifies its relationship with the Company as a result of the change of control contemplated by this Agreement shall not result in a breach of this representation and warranty.

(b) The Disclosure Schedule sets forth a true and complete list of the top ten (10) suppliers of the Company for each of (i) the calendar year ending December 31, 2012 and (ii) the six (6) month period ending June 30, 2013.

4.6 Intellectual Property. The Disclosure Schedule includes an accurate list or summary description of all Intellectual Property possessed by the Company, either by ownership or by royalty-free license or as a right to use in connection with the Business, which are the only rights used and necessary to conduct the Business as currently conducted. All of the Intellectual Property is the sole property of the Company free and clear of all Encumbrances, does not require the consent of or a payment to any other Person as a condition to their use or the transaction provided for herein and the Company has an enforceable right to use all such Intellectual Property. To its Knowledge, the Company has not interfered with, infringed upon, misappropriated, or violated any material Intellectual Property rights of third parties in any material respect, and has never received, nor, to the Knowledge of the Company, is any party threatening in writing, any charge, complaint, claim, demand, or notice alleging any such interference, infringement, misappropriation, or violation by the Company or its officers or employees (in their capacities as such) (including any claim that the Company must license or refrain from using any Intellectual Property rights of any third party). To the Knowledge of the Company, no third party has interfered with, infringed upon, misappropriated, or violated in any material respect any of the material Intellectual Property rights owned by the Company.

4.7 Significant Agreements. The Disclosure Schedule contains an accurate and complete list of all material contracts, agreements, licenses, and instruments to which the Company is a party or is bound which Purchaser and/or Company reasonably deem to be significant and material to the transaction contemplated by this Agreement, including but not limited to (a) providing for the extension of credit other than consistent with normal credit terms or historical practices; (b) limiting the ability of the Company to conduct its business or to otherwise compete in its or any other business, including as to manner or place; (c) providing for a guarantee or indemnity by the Company; (d) granting a power of attorney, agency or similar authority to another Person or entity; (e) with any Seller or any Affiliate; (f) commission or representative agreements, practices or understandings, whether or not in writing or legally binding, including, without limitation, all agreements with or appointments of distributors; (g) for the employment or retention of any director, officer, employee, agent, shareholder, consultant or advisor which does not provide for termination at will by the Company without further cost or other liability to the Company; (h) in the nature of a profit sharing, bonus, stock option, stock purchase, pension, deferred compensation, retirement, severance, (i) in the nature of an indenture, mortgage, promissory note, loan or credit agreement or other contract relating to the borrowing of money or a line of credit by the Company or to the direct or indirect guarantee or assumption by the Company of obligations of others; (j) leases or subleases with respect to any (X) real property or (Y) personal property involving payments, individually or in the aggregate, of more than \$100,000; (k) for capital expenditures or the acquisition or construction of fixed assets; (l) pursuant to which any party (including employees) agrees not to disclose certain information or not to engage in competition with the other or to solicit the others' customers or to solicit and/or hire the others' employees or agents. Purchaser acknowledges that it has requested and Seller and Company have provided all such listed agreements and contracts, and there have been no material defaults or failures to comply with the provisions of any such agreements by the

Company, and to the Company's Knowledge, the other parties to such agreements are not in default thereof.

4.8 Taxes.

(a) The Company has filed on a timely basis all Tax Returns and reports that are or were required to be filed by it. The Company or its shareholders have paid, or made provision for the payment of, all such Taxes that have or may become due pursuant to such Tax Returns or otherwise, or pursuant to any assessment received by Sellers or the Company.

(b) There is no claim or assessment pending or, to the Knowledge of the Company, threatened against the Company for any alleged deficiency in such taxes. None of the Tax Returns of the Company filed since January 1, 2001 has been or is currently being examined or audited by the IRS or relevant state tax authorities, and no examinations, audits or other administrative or court proceedings relating to such taxes is in progress or pending with respect to which the Company has received written notice.

(c) Neither the Company nor any Seller has given or been requested to give waivers or extensions (nor is the Company subject to a waiver or extension given by any other person or entity) of the statute of limitations related to the payment of taxes owed or due by the Company or for which the Company may be liable. The Company has not entered into a closing agreement with any Taxing Authority.

(d) There exists no proposed tax assessment against the Company, except as disclosed in the Financial Statements. All Taxes that the Company is or was required to withhold or collect have been duly withheld or collected and, to the extent required, have been paid to the proper Governmental Entity. All forms with respect to such withholdings have been completed and timely filed.

(e) All Tax Returns filed by the Company are true, complete and correct and the Company has paid all Taxes due and owing by it.

(f) There are no Encumbrances for Taxes upon any of the Company's assets, other than Encumbrances for Taxes not yet due and payable and for which there are adequate reserves in the Financial Statements in accordance with GAAP.

(g) No Seller is a "foreign person" within the meaning of Section 1445(f) of the Code.

(h) Since January 1, 2013, there has not been any amendment to any Tax Returns, or any election made, any accounting method or fiscal year adopted, or any position taken in any Tax Returns relating to the Company that is inconsistent with any such election, accounting method, fiscal year or position previously made, adopted or taken with respect to the Company.

4.9 Title to Properties, Encumbrances. All real property leased by the Company is set forth on the Disclosure Schedule. The Company has good and marketable title to or other legal right to use all properties and assets (real, personal and mixed, tangible, and intangible) that it

purports to own or have a legal right to use as reflected on the Financial Statements or acquired after the date of the Financial Statements (except for properties and assets disposed of for full and fair value since the date of the Financial Statements, in the ordinary course of business and consistent with past practice). The Company owns no real property. None of such properties or assets is subject to any Encumbrance other than Permitted Encumbrances. The Company is not a party to any contract, agreement, lease or instrument the performance of which, either unconditionally or upon the happening of an event, will result in or require the creation of an Encumbrance, other than Permitted Encumbrances, on any of its properties or assets. All of the material properties and assets of the Company are in good operating condition and in a state of good maintenance and repair, adequate and suitable for the purposes of which they are presently being used, ordinary wear and tear accepted. The Company owns all properties, assets and rights it deems necessary to conduct the Business conducted, and the consummation of the transactions contemplated by this Agreement will not trigger the payment by the Company of any amounts under any written and oral contracts, arrangements, commitments or other agreements with any Person. None of such properties or assets nor the operation or maintenance thereof, violates any restrictive covenant or any provision of any Requirement of Law, or encroaches on any property owned by others. There are no pending, or to the Knowledge of the Company, threatened condemnation Actions or Disputes relating to any leased real property of the Company. Such leased real properties are operated and monitored in compliance with applicable Laws.

4.10 Pending Actions. Neither the Sellers nor the Company has been served with or received notice of any arbitrations, state or federal administrative proceedings, other governmental violations, strikes, lockouts or charges or complaints, or any other action, suit, proceedings or investigations, either at law or in equity or by or before any Governmental Entity ("Actions or Disputes"), nor (a) are there any such Actions or Disputes pending or, to the Knowledge of the Company, threatened against or affecting (directly or indirectly), the Company, the Sellers, or their respective properties or assets, or the Shares or pertaining to this Agreement, or the transactions contemplated hereby or thereby; or (b) to the Knowledge of the Company are there any facts or conditions which exist which could give rise to any such Actions or Disputes.

4.11 Insurance. The Disclosure Schedule contains an accurate and complete listing (showing type of insurance, insurance company and policy number) of all policies of fire, liability, worker's compensation and other forms of insurance currently owned or held by the Company, including, without limitation, policies of life insurance payable to the Company. All such policies are of the type and in the amounts that are customarily carried by Persons conducting businesses similar to the Company's businesses. All such policies are in full force and effect, are valid, outstanding and enforceable policies, will remain in full force and effect through the respective dates set forth in such Disclosure Schedule, and will not in any way be affected by, or terminate or lapse by reason of, the transactions contemplated by this Agreement. All premiums due under such insurance policies have been paid in the ordinary course of business, and the Company has not received notice of cancellation, non-renewal, termination or loss of coverage in respect of any such policy and the Company has no Knowledge of any basis for such cancellation, non-renewal, termination or loss of coverage.

4.12 Accounts and Notes Receivable. With respect to all accounts receivable of the Company as reflected in the Financial Statements, (a) such accounts receivable arose from

bonafide sales in the ordinary course of business of the Company in a manner consistent with the historical credit policies and practices of the Company, and (b) the books and records of the Company correctly reflect the principal balance of such accounts receivable.

4.13 Absence of Certain Changes or Events. Since December 31, 2012, there have not been:

(a) Any transactions by the Company which have or could reasonably be expected to result in a Material Adverse Effect;

(b) Any changes in the assets, liabilities, business, properties, prospects, condition (financial or otherwise) or results of operations of the Company, which have or could reasonably be expected to result in a Material Adverse Effect;

(c) Any damage or destruction to or loss of any physical assets or property of the Company which adversely affects the business or any of the properties of the Company (whether or not covered by insurance);

(d) Any changes in the accounting practices, depreciation or amortization policies or rates theretofore adopted by the Company, or any revaluation of any of the Company's assets;

(e) Any direct or indirect redemption, purchase or other acquisition for value by the Company of, or any dividend or distribution of, its respective Capital Stock, or any agreement to do so;

(f) Any Encumbrance of any Shares, assets or properties of the Company, tangible or intangible;

(g) Any increases in the compensation levels or in the method of determining the compensation of the Company's officers, directors, agents or employees, other than in the ordinary course of business consistent with the past practice of the Company, or any bonus payment or similar arrangement with or for the benefit of any such person, other than in the ordinary course of business consistent with past practice of the Company, any increase in benefits expense to the Company, any payments made or declared into any profit-sharing, pension, or other retirement plan for the benefit of employees of the Company, or any declaration, setting aside or payment of any dividend (whether in cash, stock or property) with respect to the Capital Stock of the Company, or any other distribution to the Sellers or any other shareholders, whether of record or beneficial, other than a one-time bonus to be provided by Company to all of Company's employees, including the Sellers in their capacities as employees, based on each employee's length of service and overall performance before Closing, which will include payment for any accrued benefits required by law through the Closing Date ("Final Employee Bonus Distribution"); provided, however, that (i) such Final Employee Bonus Distribution shall be net of the Company's payroll Tax liability for such distribution and (ii) the aggregate amount of such Final Employee Bonus Distribution shall not exceed, in gross, including any payroll Tax liability, Five Hundred and Seventy Thousand Dollars (\$570,000);

(h) Any amendment or amendments to the Articles of Incorporation or By-Laws of the Company;

(i) Any merger, consolidation, or sale, transfer or assignment of any assets of the Company, except in the ordinary course of business consistent with past practice;

(j) Any borrowing of money or the incurrence of any other liability (absolute or contingent), except in the ordinary course of business consistent with past practice (which ordinary course borrowings, for the avoidance of doubt, shall not include borrowings to finance the Final Employee Bonus Distribution);

(k) Any new capital expenditures other than in the ordinary course of business consistent with past practice or to the extent that such new capital expenditures do not exceed Fifty Thousand Dollars (\$50,000.00) in the aggregate;

(l) Any strikes or threats of strikes, requests for union representation or any event or condition relative to the employees of the Company of any character which, to the Knowledge of the Company, has the potential to affect materially or adversely the assets, liabilities, business, properties, prospects, condition (financial or otherwise) or results of operations of the Company;

(m) Any reclassification of shares of Capital Stock of the Company;

4.14 Labor Relations.

(a) The Disclosure Schedule contains a complete and accurate list of the name of each employee of the Company, together with such employee's current position or function, the current rate of hourly, monthly or annual compensation (as the case may be). The Disclosure Schedule also identifies those employees with whom the Company has entered into an employment Contract limiting, restricting, or qualifying the rights of such parties to alter the terms and conditions of employment and terminate employment at the will of the Company or a Contract obligating the Company to pay severance or similar payments to any employee upon termination of employment for any reason. There are no employment Contracts.

(b) No employee of the Company, since becoming an employee of the Company, has been, or currently is, represented by a labor organization or group that was either certified or voluntarily recognized by any labor relations board (including the NLRB) or certified or voluntarily recognized by any other Governmental Entity.

(c) The Company is not and has never been a signatory to a collective bargaining agreement with any trade union, labor organization or group.

(d) No representation election petition or application for certification has been filed by employees of the Company or is pending with the NLRB or any other Governmental Entity and no union organizing campaign or other attempt to organize or establish a labor union, employee organization or labor organization or group involving employees of the Company has occurred, is in progress or, to the Knowledge of the Company, is threatened.

(e) The Company is not engaged in any unfair labor practice and the Company is not aware of any pending or, to the Knowledge of the Company, threatened labor board proceeding of any kind, including any such proceeding against the Company or any trade union, labor union, employee organization or labor organization representing the Company's employees.

(f) No grievance or arbitration demand or proceeding, whether or not filed pursuant to a collective bargaining agreement is pending or, to the Knowledge of the Company, has been threatened against the Company.

(g) No labor dispute, walk out, strike, slowdown, hand billing, picketing, work stoppage (sympathetic or otherwise), or other "concerted action" involving the employees of the Company has occurred, is in progress or, to the Knowledge of the Company, has been threatened.

(h) No breach of contract or denial of fair representation claim is pending or, to the Knowledge of the Company, threatened against the Company or any trade union, labor union, employee organization or labor organization representing the Company's employees.

(i) No claim, complaint, charge or investigation for unpaid wages, bonuses, commissions, employment withholding taxes, penalties, overtime, or other compensation, benefits, child labor or record keeping violations is pending or, to the Knowledge of the Company, threatened under the Labor Laws.

(j) No discrimination or retaliation claim, complaint, charge or investigation is pending or, to the Knowledge of the Company, threatened against the Company under the Labor Laws.

(k) The Company is not a federal or state contractor.

(l) No citation has been issued by OSHA against the Company and no notice of contest, claim, complaint, charge, investigation, or other administrative enforcement proceeding involving the Company is pending or, to the Knowledge of the Company, threatened against the Company under the Laws administered or enforced by OSHA or any other applicable Law relating to occupational safety and health.

(m) Except as disclosed in the Disclosure Schedule, no workers' compensation or retaliation claim, complaint, charge or investigation is pending or, to the Knowledge of the Company, threatened against the Company.

(n) No investigation or citation of the Company has occurred and no enforcement proceeding is pending or, to the Knowledge of the Company, threatened under federal or foreign immigration Law.

(o) The Company has not taken any action that could constitute a "mass layoff", "mass termination" or "plant closing" within the meaning of WARN or otherwise trigger notice requirements or liability under any federal, local, state or foreign plant closing

notice or collective dismissal law.

(p) No wrongful discharge, retaliation, libel, slander or other claim, complaint, charge or investigation that arises out of the employment relationship between the Company and any of its employees is pending or, to the Knowledge of the Company, threatened against the Company under any applicable Law.

(q) The Company has maintained and currently maintains adequate insurance as required by applicable Law with respect to workers' compensation claims and unemployment benefits claims.

(r) The Company is in material compliance with all applicable Labor Laws.

(s) The Company is not liable for any liability, judgment, decree, order, arrearage of wages or taxes, fine or penalty for failure to comply with any Labor Law.

(t) The Company has paid or accrued all current assessments under workers' compensation legislation, and the Company has not been subject to any special or penalty assessment under such legislation that has not been paid.

(u) The Company has complied with WARN and it has no plans to undertake any action in the future that would trigger WARN.

4.15 Inventory. Purchaser acknowledges that it has been given the opportunity to, and did, conduct a full audit of the Company's inventory and any obsolete inventory identified has been accounted for in Company's books, and Purchaser covenants that, notwithstanding anything to the contrary, it will not make or assert any claims against Sellers or Company for any allegedly obsolete, defective or slow-moving inventory or any product returns which may be made by Company's customers following Closing.

4.16 Accounts and Notes Payable; No Prepayment Penalties. The Company is not required to pay any prepayment penalties or other similar charges, penalties or other fees in connection with the repayment of any of the Company's obligations whether on or before the scheduled maturity date of any such obligation.

4.17 Books of Account and Reports; Absence of Certain Payments.

(a) Books of Account and Reports. The books of account of the Company reflect all of its known items of income and expense, and all of its assets, liabilities and accruals, and are prepared and maintained in form and substance adequate for preparing audited financial statements, in accordance with GAAP. The Company has filed all reports required by any law or regulation to be filed by it and it has duly paid or accrued on its books of account all applicable duties and charges due pursuant to such reports.

(b) Corporate Records. The stock certificate book of the Company reflects accurately all transactions in the capital stock of all classes.

4.18 Intercompany Transactions. During the periods covered by the Financial Statements, the Company has not engaged in any transaction with any officers, trustees, directors, shareholders, employees or Affiliates of the Company or with any Seller or any Affiliates of any Seller other than (a) for payment of compensation for services rendered and indemnity, (b) reimbursement for reasonable expenses incurred on behalf of such entity, (c) for standard employee benefits made generally available to all employees of the Company, and (d) for certain shareholder loans with Sellers which have since been fully repaid. Except as set forth in the Disclosure Schedule, the Company has no liabilities or obligations of whatever kind to any Seller or any Affiliate of any Seller.

4.19 Warranty Matters. All pending warranty claims made by Company's customer(s) arose in the ordinary course of business consistent with past practice of both Company and/or its customer(s). All of the products sold by the Company have been produced in conformity with all express warranties and, in all material respects, with all contractual obligations.

4.20 Product Liability Claims. There are no pending product liability claims against the Company which are not fully covered by product liability insurance coverage with a responsible company and which have not been reserved against in the Financial Statements, and, to the Knowledge of the Company, there is no basis for any such claim.

4.21 Compliance With Laws. Neither the Sellers nor the Company is: (i) in violation of any Requirement of Law; or (ii) subject to or in default with respect to any judgment, writ, injunction, decree, rule or regulation of any Court or Governmental Entity. The Company has not since December 31, 2011 received any written notice from a Governmental Entity alleging the Company has committed, any breach or violation of any Requirement of Law.

4.22 Environmental Matters.

(a) The operations of the Company are in compliance with all applicable Environmental Laws;

(b) The Company has obtained and the Company is in compliance with all necessary Environmental Permits;

(c) There has been no Release at any property presently owned, operated or leased by the Company or any predecessors in interest

(d) No Environmental Claims have been asserted against the Company or any predecessors in interest, nor do the Sellers or the Company have notice or Knowledge of any threatened or pending Environmental Claim against the Company or any predecessors in interest;

(e) No Encumbrances have been filed against any property owned by the Company, pursuant to any Environmental Laws; and

4.23 Bank Accounts, etc.. The Disclosure Schedule sets forth an accurate list of each bank, trust company, savings institution or other financial institution with which the Company has an account or safe deposit box and the names and identification of all persons authorized to

draw thereon or to have access thereto, and sets forth the names of each person holding powers of attorney or agency authority from the Company and a summary of the terms thereof and the names of each person holding credit cards in the name of the Company with the credit cards being so held identified.

4.24 Employee Benefit Plans.

(a) The Company has never had any Employee Programs (and has never had a 401K plan), other than the Company's standard health plan that is described on Schedule 4.24 attached hereto. The Company does not maintain any formal paid vacation, paid sick leave or PTO policy for its employees.

4.25 Broker's or Finder's Fees. No agent, broker, investment or commercial banker, or other Person or firm acting for on behalf of the Sellers, the Company or under the authority of any of them, is or will be entitled to any broker's or finder's fee or any other commission or similar fee directly or indirectly in connection with any of the transactions contemplated by this Agreement.

4.26 Permits. The Disclosure Schedule lists each Permit of the Company. True, correct and complete copies of such Permits have been provided or made available to Purchaser. Each Permit is valid and in full force and effect and is not the subject of any (i) suit or proceedings by which such Permit might reasonably be expected to be suspended, restricted or revoked; or (ii) agreement, stipulation, consent order or other restriction with a Governmental Entity which prevents or restricts the Company from taking any action. The Permits listed on the Disclosure Schedule constitute all of the Permits that are necessary for the conduct of the Business.

ARTICLE V. COVENANTS

5.1 Non-Competition; Non-Solicitation.

(a) Confidential Information. Each Seller acknowledges and agrees that the Confidential Information is the sole and exclusive property of the Purchaser or the Company (or the third party providing such information to the Company) and that the Purchaser or the Company owns all worldwide rights therein under patent, copyright, trade secret, confidential information or other property rights laws. Each Seller acknowledges and agrees that the disclosure to them of, and/or their access to, the Confidential Information does not confer upon such Seller any right, title or interest in the Confidential Information. From and after the Closing, each Seller agrees to hold in confidence and not use, disclose, reproduce, distribute, transmit, reverse engineer, decompile, disassemble or transfer, directly or indirectly, in any form, by any means or for any purpose, the Confidential Information or any portion thereof, without the prior written consent of the Purchaser, which may be withheld in the Purchaser's sole discretion, other than information that is required to be disclosed under applicable Law.

(b) Noncompetition. Each Seller acknowledges and agrees that its prior ownership and experience with the Company enhances their value to competitors of the Company. Each Seller acknowledges and agrees that the nature of the Confidential Information

to which such Seller, directly or indirectly, has had access makes it difficult, if not impossible, for such Seller to invest in, advise or work with any business that is competitive with or would reasonably be expected to become competitive with the Company including, without limitation, the business of manufacturing, distributing or selling down comforters and similar products (the "Competitive Business") without disclosing or utilizing the Confidential Information to which such Seller has had access, directly or indirectly, during its ownership and operation of the Company. During the five (5) year period commencing on the Closing Date (the "Restricted Period"), each Seller further agrees that it shall not, directly or indirectly including through its Affiliates offer, provide, operate or otherwise engage or participate, directly or indirectly, in any Competitive Business in the State of California or any state where the Company sells products (the "Restricted Area") or become interested in (whether as owner, principal, stockholder, lender, partner, co-venturer, independent contractor, proprietor, director, officer, employee, agent, consultant or otherwise) any portion of the business of a person, firm, corporation, association or other entity located or doing business within the Restricted Area, where such portion of such business is a Competitive Business, nor lend any assistance (whether financial, managerial, professional or otherwise) or cooperation to, nor perform any services for, any such Competitive Business. Notwithstanding the foregoing, this section shall not restrict the acquisition by any Seller of less than 2% of the outstanding capital stock of any publicly traded company engaged in the Business.

(c) Non-piracy of Customers. No Seller shall, during the Restricted Period, in any manner, directly, indirectly, individually, in partnership, jointly or in conjunction with any Person, (i) induce or encourage any Customer to decrease or cease to do business with or decrease or cease to use the products or services of Company or the Purchaser; (ii) induce or encourage any Customer to do business with or to use the products or services of any person, firm, or entity in competition with Company; (iii) accept any business from or engage in business with or provide services or sell products to any Customer in connection with any business which is in competition with the business of Company, (iv) sell or market to any Customer any products or services which compete with, replace or are similar to the products or services of either the Company or the Purchaser, or (v) solicit any Customer for the sale of any products or services which compete with, replace or are similar to the products or services of Company. The term "Customers" shall mean any entity or individual that has purchased any items from Company during the period of twenty four (24) months which immediately precedes the Closing.

(d) Nonsolicitation. No Seller shall, during the Restricted Period, in any manner, directly, indirectly, individually, in partnership, jointly or in conjunction with any Person, (i) recruit or solicit or attempt to recruit or solicit, on such Seller's behalf or on behalf of any other Person, any employee of the Company or the Purchaser, (ii) encourage any Person (other than the Purchaser or one of its Affiliates) to recruit or solicit any employee of the Company or the Purchaser, (iii) otherwise encourage any employee of the Company or the Purchaser to discontinue his or her employment by the Company or the Purchaser or (iv) employ or engage any employee of the Company or the Purchaser.

(e) Noninterference. Each of the Sellers acknowledges and agrees that, during the Restricted Period, such party shall not knowingly take any action, or cause any other person to take any action, that would impede, prohibit, restrict or interfere in any way with the

Purchaser's or the Company's ability to own or operate the Business or any other assets relating to the operation of the Business which are acquired by the Company or the Purchaser after the Closing Date.

(f) Reasonableness. The Sellers agree that the duration and geographic scope of the restrictive covenants set forth in this Section 5.1 are reasonable. In the event that any Court determines that the duration, the geographic scope and/or any other provision in this Section 5.1 are unreasonable and that such provision is to that extent unenforceable, the parties agree that the provision shall remain in full force and effect to the greatest extent that would not render it unenforceable. Moreover, notwithstanding the fact that any provision of this Section 5.1 is determined not to be specifically enforceable, the Purchaser shall nevertheless be entitled to recover monetary damages as a result of the breach of such provision by the Sellers, or any of them. The covenants set forth in this Section 5.1 shall be construed as agreements independent of any other agreements between Purchaser and any Seller (or Affiliate of any Seller) and the existence of any claim or cause of action by any Seller or Affiliate against Purchaser shall not constitute a defense to the enforcement of such covenants. The time periods set forth in this Section 5.1 shall be extended automatically for any period of time during which there is a breach of any provision of this Section 5.1. In any successful action brought to enforce this Section 5.1, Sellers, jointly and severally, shall pay Purchaser's attorney fees and court costs.

(g) Injunctive Relief. Each Seller acknowledges and agrees that the restrictions imposed upon it under this Section 5.1 are reasonable and properly required for the adequate protection of the Purchaser's interest in the Company. The parties hereto agree that in the event any court of competent jurisdiction determines the specified time period of the Restricted Period or the specified geographical area of the Restricted Area to be unreasonable, arbitrary or against public policy, a lesser time period or geographical area which is determined to be reasonable, non-arbitrary and not against public policy may be enforced against such Seller. Each Seller agrees that, in the event of any breach or threatened breach of any provision of this Agreement, the Purchaser will not have an adequate remedy in monetary damages; therefore each Seller agrees that, in such event, the Purchaser shall be entitled to seek injunctive relief, against any such actual or threatened breach in any court of competent jurisdiction. Such right to injunctive relief shall be in addition to and shall in no way limit the Purchaser's right to obtain other remedies available under applicable law. In the event an enforcement remedy is sought under Sections 5.1(b) or (c), the time periods provided for in those Sections shall be extended by one day for each day such Seller failed to comply with the restrictions set forth in such Sections.

5.2 Costs. Purchaser (on the one hand) and the Sellers (on the other hand and on behalf of Company) shall each be responsible for and bear all of its or their own costs and expenses incurred in connection with the transaction contemplated hereby, including expenses of their respective representatives, incurred at any time in connection with pursuing or consummating the proposed transaction, and no other party shall be responsible for any such costs and expenses. For purposes of clarity, the Sellers shall be jointly and severally responsible for all of the Company's costs and expenses in connection with the transaction. Notwithstanding the foregoing, the Company may pay such costs and expenses (and shall keep records of such costs and expenses) and the payment of the Purchase Price shall be offset by the amount of such

costs and expenses (the "Seller Expenses"). For the avoidance of doubt, Seller Expenses shall include the costs and expenses of Sellers and the Company incurred in connection with the negotiation, execution and consummation of the transactions contemplated hereby.

5.3 Tax Matters.

(a) Purchaser shall prepare and timely file, or cause to be prepared and timely filed, all Tax Returns of the Company that are due with respect to any Straddle Period on a basis consistent with the past practice of the Company. Purchaser shall provide Sellers at least ten (10) days in which to review such Tax Returns prior to their filing and shall provide to Sellers such information as is reasonably requested by them to confirm the preparation of the returns on a basis consistent with the past practice of the Company. Any dispute relating to the preparation of such returns shall be resolved as provided in Section 5.3(b). Sellers shall pay to Purchaser, within fifteen (15) days before the date on which Taxes are to be paid with respect to such Straddle Periods, an amount equal to the portion of such Taxes which relates to the portion of such Straddle Period ending on the Closing Date. For purposes of this Agreement, in the case of any Taxes that are imposed on a periodic basis and are payable for a Straddle Period, the portion of such Tax which relates to the portion of such Straddle Period ending on the Closing Date shall (x) in the case of any Taxes other than Taxes based upon or related to income, gains or receipts (including sales and use taxes), or employment or payroll Taxes, be deemed to be the amount of such Tax for the entire Straddle Period multiplied by a fraction the numerator of which is the number of days in the Straddle Period ending on the Closing Date and the denominator of which is the number of days in the entire Straddle Period, and (y) in the case of any Tax based upon or related to income, gains or receipts (including sales and use taxes), or employment or payroll Taxes, be deemed equal to the amount which would be payable if the relevant Straddle Period ended on the Closing Date. All determinations necessary to give effect to the foregoing allocations shall be made in a manner consistent with reasonable prior practice of the Company.

(b) If Sellers disagree, in good faith, with the treatment of any item on any Tax Return prepared pursuant to Section 5.3(a), Sellers shall promptly notify Purchaser of such disagreement. Upon delivery of any such notice, Sellers and Purchaser shall promptly consult each other in an effort to resolve such dispute in good faith. If any such point of disagreement cannot be resolved within ten (10) days of the date of such consultation, such point of disagreement shall be submitted to, and all issues having a bearing on such dispute shall be resolved by an independent accounting firm mutually selected by Sellers and Purchaser (the "Independent Accountants"). In resolving any such dispute, the Independent Accountants shall consider only those items or amounts as to which the parties have disagreed. The Independent Accountants' determination of the issue shall be final and binding on the parties. The Independent Accountants shall use commercially reasonable efforts to complete their work within fifteen (15) days following their engagement. The expenses of the Independent Accountants shall be shared equally by the Sellers on the one hand and the Purchaser on the other hand.

(c) In connection with the preparation of Tax Returns, audit examinations and any administrative or judicial proceedings relating to the tax liabilities imposed on the Company for all tax periods ending on or before the Closing Date, Purchaser and Sellers will

cooperate fully with each other, including, but not limited to, the furnishing or making available during normal business hours of records, personnel, books of accounts, powers of attorney or other materials necessary or helpful for the preparation of such Tax Returns or tax contests or the defense of claims by governmental authorities as to the imposition of taxes. Purchaser and Sellers shall preserve all information, returns, books, records and documents relating to any liabilities for taxes for all taxable periods ending on or before the Closing Date until the later of the expiration of all applicable statutes of limitations and any applicable extensions thereof, or a final determination with respect to taxes for such period and shall not destroy or otherwise dispose of any record relating to such tax periods without first providing the other party a reasonable opportunity to review and copy the same.

(d) Purchaser shall notify Sellers in writing within twenty (20) days after receipt by Purchaser or the Company of any official inquiry, examination, audit or proceeding ("Audit") regarding any return or taxable period with respect to which Sellers may have additional tax liability or a right to a refund. Sellers shall reimburse Purchaser for all such Taxes paid by or caused to be paid by Purchaser with respect to such Audit which are attributable to a Pre-Closing Period within twenty (20) days of Purchaser's written request, but Purchaser shall be responsible for the costs associated with responding to any such Audit. Sellers shall have the right to exercise, at their own expense including the payment of any Tax found to be due and owing, control over the handling, disposition and/or settlement of any issue raised in any Audit regarding any taxable period that ends on or before the Closing Date; provided that Sellers may not resolve any issue involved in an Audit on the basis that would result in increased tax liability to Purchaser or the Company for tax periods ending after the Closing Date without the prior written consent of Purchaser. The failure of Purchaser to give reasonably prompt notice of any Audit shall not release, waive or otherwise affect Sellers' obligations with respect thereto except to the extent that Sellers can demonstrate actual loss and prejudice as a result of such failure. Purchaser shall cooperate with Sellers, as reasonably requested by Sellers, in any such Audit.

(e) Purchaser shall have the right, at its own expense, to exercise control at any time over the handling, disposition and/or settlement of any issue raised in any Audit regarding any return or taxable period other than as described in Section 5.3(d) (including the right to settle or otherwise terminate any contest with respect thereto); provided, however, that in the case of any return for a period beginning before the Closing Date and for which Seller has any potential liability with respect thereto, Purchaser shall settle any issue (if such settlement could result in a required reimbursement payment by Seller under Section 5.3(d)) only with the prior written consent of Sellers (which consent will not be unreasonably withheld).

(f) The Sellers shall pay all sales, use, transfer, recording and other similar taxes and fees ("Transfer Expenses") arising out of or in connection with the transactions effected pursuant to this Agreement.

5.4 Release.

(a) Each Seller on behalf of itself and its executors, heirs, beneficiaries, legal representatives, successors and assigns (collectively, the "Releasors"), fully and finally releases,

acquits and forever discharges, effective immediately prior to consummation of the transactions contemplated, the Company, the Purchaser and their respective Affiliates (and, to the extent they would be liable in respect of their position with the foregoing, each of the present and former officers, directors, shareholders, members, partners, managers, representatives, employees, agents, affiliates, subsidiaries, predecessors, successors, assigns, beneficiaries, heirs, executors, insurers, personal representatives and attorneys of the foregoing) (the "Released Parties") from any and all actions, causes of action (whether class, derivative or individual in nature, for indemnity or otherwise), suits, debts, claims, counterclaims, demands, liens, commitments, contracts, agreements, promises, liabilities, demands, damages, losses, costs, expenses and compensation of any kind or nature whatsoever, known or unknown, suspected or unsuspected, fixed or contingent, past, present or future, in law or in equity) ("Claims") in any way connected with or related to any act, omission or state of facts taken or existing on or prior to the date hereof related to the Company and its Affiliates, including, without limitation, any right of contribution by the Company for any breach of any representation, warranty or covenant of the Company set forth in this Agreement. Notwithstanding the foregoing, the Releasors do not release any Claims (i) pursuant to this Agreement or any Transaction Document or (ii) for payment of the Purchase Price payable to Sellers.

(b) Each Seller (on behalf of itself and each Releasor) further agrees not to institute any litigation, lawsuit, claim or action, and will not cooperate or assist in any such litigation, lawsuit, claim or action, against the Released Parties, or any of them, pursuing any Claim released pursuant to Section 5.4(a). Each Seller represents that it has not assigned any Claim or potential Claim against the Released Parties to any other party.

5.5 Other Actions. The Sellers shall not, and shall not permit the Company to, take any action that would result in (a) any of the representations and warranties of the Sellers set forth in this Agreement becoming untrue in any material respect or (b) any of the conditions set forth in Article VIII of this Agreement not being satisfied.

5.6 Confidentiality Obligations of Purchaser. If the Closing does not occur, for a period of two (2) years from and after the Closing Date, the Purchaser shall not, directly or indirectly, disclose, reveal, divulge or communicate to any Person, or use or otherwise exploit for its own benefit or for the benefit of any Person other than the Company, any Confidential Information. The Purchaser shall not have any obligation to keep confidential any Confidential Information if and to the extent disclosure thereof is specifically required by any legal authority; provided, however, that in the event disclosure is required by legal authority, the Purchaser shall, to the extent reasonably possible, provide the Company with prompt notice of such requirement prior to making any disclosure so that the Company may seek an appropriate protective order. If this Agreement is terminated, and if requested in writing by the Company or a Seller, the Purchaser will cause to be delivered to the Company all materials obtained by the Purchaser from or on behalf of the Company or the Sellers, whether obtained before or after the date of this Agreement.

ARTICLE VI. INDEMNIFICATION

6.1 Obligations of the Seller. The Sellers, jointly and severally, hereby agree to indemnify and hold harmless the Purchaser and the Company, and their respective directors, officers, employees, Affiliates, members, managers, owners, attorneys, accountants, agents, controlling persons and assigns from and against any and all losses, liabilities, damages, demands, claims, actions, judgments, amount paid in settlement, or causes of action, assessments, costs and expenses, including, without limitation, interest, penalties and attorneys' and accountants' fees incurred in investigating or in attempting to avoid the same, or opposing the imposition thereof or incurred in enforcing any rights to indemnification hereunder, or other liabilities, losses or diminution in value (collectively, "Losses"), asserted against, resulting from, imposed upon or incurred or suffered by, the Purchaser or the Company or any Affiliate as a result of, or based upon or arising directly or indirectly from:

(a) Any inaccuracy in or breach or nonfulfillment of any of the representations, warranties or covenants or agreements made by the Sellers or the Company in or pursuant to this Agreement; and/or

(b) Any liabilities of the Company or any Seller (defined to include known, contingent, matured, liquidated or unliquidated liabilities of any description) related to the period prior to the Closing Date (other than liabilities that are specifically listed in the Financial Statements of the Company, this Agreement or the Disclosure Schedules.

6.2 Obligations of the Purchaser. The Purchaser hereby indemnifies and holds harmless the Sellers from and against any Losses asserted against, resulting from, imposed upon or incurred or suffered by any Seller as a result of, or based upon or arising from, any inaccuracy in or breach or nonfulfillment of any of the representations, warranties, or covenants or agreements made by the Purchaser in or pursuant to this Agreement.

6.3 Procedure.

(a) In the event that a Person suffers a Loss (or facts become known suggesting that it is reasonably likely that a Person will suffer a Loss) and seeks indemnification under Sections 6.1 or 6.2 (the "Indemnified Party"), the Indemnified Party shall give written notice to (i) the Sellers, in the case of indemnity sought under Section 6.1 or (ii) the Purchaser, in the case of indemnity sought under Section 6.2 (the party(ies) from whom indemnification under these sections is sought, the "Indemnifying Party") of the amount of the Loss, together with reasonably sufficient information to enable the Indemnifying Party to determine the accuracy and nature of the claimed Loss (the "Indemnity Notice"). The failure of any Indemnified Party to give the Indemnifying Party the Indemnity Notice promptly after actual notice of the Loss shall not release the Indemnifying Party of liability under these sections; except to the extent (and only to the extent) that the Indemnifying Party is materially prejudiced thereby. Within thirty (30) days after the receipt by the Indemnifying Party of the Indemnity Notice, the Indemnifying Party shall do one of the following and decide whether or not to raise any objection: (i) pay the Indemnified Party an amount equal to the Loss or (ii) object to such Loss, in which case the Indemnifying Party shall give written notice to the

Indemnified Party of such objection together with the reasons therefor. The Indemnifying Party's objection shall not relieve the Indemnifying Party from its obligations under Section 6.

(b) In the event the facts giving rise to the claim for indemnification under Section 6 shall involve any action or threatened claim or demand in writing by any third party against the Indemnified Party, the Indemnified Party, within thirty (30) days after receiving a written notice of the filing of a lawsuit, shall send written notice of such claim to the Indemnifying Party (the "Claim Notice"). The failure of the Indemnified Party to give the Indemnifying Party the Claim Notice shall not release the Indemnifying Party of liability under Section 6; except to the extent (and only to the extent) that the Indemnifying Party is materially prejudiced thereby. Except for claims resulting from, relating to, or arising out of any dispute with the customers or suppliers of the Company or the Purchaser, the Indemnifying Party shall be entitled to defend such claim in the name of the Indemnified Party at the Indemnifying Party's own expense and through counsel reasonably satisfactory to the Indemnified Party; provided, however, that if the applicable claim or demand is against, or if the defendants in any such third party claim shall include, both the Indemnified Party and the Indemnifying Party, and the Indemnified Party reasonably concludes that there are defenses available to it that are different or additional to those available to the Indemnifying Party or if the interests of the Indemnified Party may be reasonably deemed to conflict with those of the Indemnifying Party, then the Indemnified Party shall have the right to select separate counsel and to assume and control the defense of such claim, demand or action, with the reasonable fees, expenses and disbursements of such counsel to be reimbursed by the Indemnifying Party as incurred (it being the agreement between the parties that the Indemnified Party may retain or use multiple lawyers or law firms but only if and to the extent the discrete tasks performed by each do not unnecessarily replicate the task of another). The Indemnifying Party shall give the Indemnified Party notice in writing within ten (10) days after receiving the Claim Notice from the Indemnified Party in the event of litigation, or otherwise within thirty (30) days, of its intent to defend such claim; provided, however, that the Indemnifying Party acknowledges in writing to the Indemnified Party that the Losses that may be assessed against the Indemnified Party in connection with the claim underlying such Claim Notice constitute Losses for which the Indemnified Party shall be indemnified pursuant to Section 6. In the case of any claim resulting from, relating to or arising out of any dispute with any of the customers or suppliers of the Company or the Purchaser, the Purchaser shall have the sole right to control the defense thereof. Whenever the Indemnifying Party is entitled to defend any claim under this Section 6.3(b), the Indemnified Party may elect, by notice in writing to the Indemnifying Party, to continue to participate through its own counsel, at the Indemnified Party's expense, but the Indemnifying Party shall have the right to control the defense of the claim or the litigation.

(c) If the Indemnifying Party, within thirty (30) days after receipt of a notice of a Claim, fails to assume the defense of the Indemnified Party against such Claim, or if such defense once assumed is not vigorously pursued, the Indemnified Party shall have the right to undertake the defense, compromise or settlement of the Claim on behalf of and for the account and risk of the Indemnifying Party.

(d) Notwithstanding any other provision contained in this Agreement, the party controlling the defense of the claim or the action shall not settle any such claim or action

without the prior written consent of the Indemnifying Party to such settlement, which consent shall not be unreasonably withheld.

(e) The party controlling the defense of the claim or the action shall provide to the non-controlling party a report as to the status of each claim for indemnification pursuant to Section 6 upon request and no less frequently than as is reasonably necessary to provide appropriate information for planning purposes.

(f) The non-controlling party in the defense of the claim or the action shall have the right to consult with the controlling party and the controlling party shall facilitate such consultation with respect to the conduct and results of the claim or the action and the strategy of the controlling party for addressing the matters that are the basis of such claim or action. Upon reasonable request by the non-controlling party, the controlling party shall provide the notice, copies, access and right of consultation provided for herein with respect to any claim for indemnification pursuant to this Agreement.

(g) The obligation of any Indemnifying Party to indemnify any Indemnified Party in accordance with this Section 6 shall expire, with respect to any representation, warranty, covenant or agreement of the Company, Sellers or Purchaser, on the date on which the survival of such representation, warranty, covenant or agreement shall expire in accordance with Section 7.1 below, except that such obligation shall continue with respect to any written claims for indemnification which the party seeking indemnification has delivered to the other party prior to such date until such claims are finally and fully resolved.

6.4 Tax Treatment of Indemnity Payments. Sellers and Purchaser agree to treat any indemnity payment made pursuant to this Agreement as an adjustment to the Purchase Price for all Tax purposes, unless otherwise required by applicable Laws.

ARTICLE VII. SURVIVAL OF REPRESENTATIONS AND WARRANTIES

7.1 Representations and Warranties. All representations and warranties of any of the parties hereto made in this Agreement, or in the Disclosure Schedule or any certificate or document delivered by them pursuant hereto, shall survive the execution and delivery hereof and the Closing hereunder for a period of twelve (12) months from the Closing Date, with the exception of the representations and warranties set forth in (i) Sections 3.1(a), 3.1(b), (c) and (d) and (ii) Sections 4.1 and 4.9, which shall survive the Closing indefinitely. The Purchaser's investigation or knowledge of any matter prior to Closing (whether or not such matter may constitute a breach of any Seller representation or warranty at Closing) will not affect the Purchaser's right to indemnification, payment of Losses or other remedy based on such representations and warranties. Notwithstanding the foregoing, the representation, warranty or covenant that is the subject matter of a claim for indemnification that is submitted prior to the applicable expiration date of such representation, warranty or covenant shall not so expire with respect to such claim, but rather shall remain in full force and effect until such time as each claim that is based upon any breach of such representation, warranty or covenant and that is reasonably related to the subject matter of such claim has been fully and finally resolved.

ARTICLE VIII. CONDITIONS TO CLOSING

8.1 Conditions to Obligations of the Purchaser. The obligations of the Purchaser to consummate the transactions contemplated hereby shall be subject to the fulfillment (or waiver by the Purchaser) at or prior to the Closing of each of the following additional conditions:

(a) Representations and Warranties. The representations and warranties of the Sellers and the Company contained in Articles III and IV hereof shall be true and correct at and as of the Closing Date as if made at and as of such date.

(b) Compliance with this Agreement. The Sellers and the Company shall have performed and complied with all of the agreements and conditions set forth or contemplated herein that are required to be performed or complied with by such Persons on or before the Closing Date.

(c) Purchase of Securities Permitted by Applicable Laws. The acquisition of and payment for the Shares and the consummation of the transactions contemplated hereby (a) shall not be prohibited by any Requirement of Law, (b) shall not subject the Purchaser to any penalty or other onerous condition under or pursuant to any Requirement of Law, and (c) shall be permitted by all Requirements of Law; and the Purchaser shall have received such certificates or other evidence as Purchaser may reasonably request to establish compliance with this condition.

(d) Consents and Approvals. All governmental and third-party consents and approvals necessary in connection with the consummation of this Agreement and the transactions contemplated thereby shall have been obtained and remain in full force and effect and shall be satisfactory to the Purchaser.

(e) Financing. Purchaser shall have (a) obtained all financing necessary, in Purchaser's discretion, for Purchaser to consummate the transactions contemplated by this Agreement, on terms and conditions acceptable to the Purchaser, and (b) obtained the consent of all lenders to the consummation of the transactions contemplated by this Agreement.

(f) No Judgment or Order. There shall not be in effect on the Closing Date any judgment, injunction or order of a court of competent jurisdiction or any ruling of any Governmental Entity or any condition imposed under any Requirement of Law which, in the judgment of the Purchaser, would prohibit the purchase of the Shares hereunder or subject the Purchaser to any penalty or other onerous condition under or pursuant to any Requirement of Law if the Shares were to be purchased hereunder.

(g) No Material Adverse Effect. From the date hereof through and including the Closing Date, there shall not have occurred any event, development or circumstance that has had or could reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(h) No Litigation. No action, suit, proceeding or investigation shall have been instituted or threatened before, and no order, injunction or decree shall have been entered

by, any Governmental Entity, in each case seeking to enjoin, restrain, restrict, set aside or prohibit, to impose material conditions upon, or to obtain damages in respect of, the consummation of this Agreement and the transactions contemplated hereby and thereby or that, in the opinion of the Purchaser, could reasonably be expected to have a Material Adverse Effect.

(i) Due Diligence. Purchaser shall have completed and been satisfied with its due diligence review of the Company and its Subsidiaries and the Disclosure Schedule.

(j) Other Documents. Purchaser shall have received duly executed bailment agreements with any third party logistics provider of Company (in a form acceptable to purchaser and its lender). Purchaser shall have received a landlord waiver and consent for Company's leased real estate (in a form acceptable to Purchaser and its lender).

(k) Sellers' Deliveries. The Purchaser shall have received the deliveries of the Sellers set forth in Section 2.5(a).

(l) Bank Statements. The Purchaser shall have received (i) satisfactory evidence of the cash balance in the bank accounts for the week leading up to the Closing and the cash balance in the accounts as of the Closing to permit the Purchaser to confirm that no distributions were made to the Sellers other than the Final Employee Bonus Distribution and that no other payments were made to the Sellers (other than on account of ordinary course employment obligations) and (ii) a completed "template" from the Sellers and the Company at least every other day of the Company's cash, bank debt, accounts receivable, accounts payable and inventory balances in the form previously delivered by the Sellers to the Purchaser.

8.2 Conditions to Obligations of the Sellers. The obligations of the Sellers to consummate the transactions contemplated hereby shall be subject to the fulfillment (or waiver by the Sellers) at or prior to the Closing of each of the following additional conditions:

(a) Injunction. There shall be no effective injunction, writ or preliminary restraining order or any order of any nature issued by a Governmental Entity of competent jurisdiction to the effect that the acquisition may not be consummated as provided herein, no proceeding or lawsuit shall have been commenced by any Governmental Entity for the purpose of obtaining any such injunction, writ or preliminary restraining order and no written notice shall have been received from any Governmental Entity indicating an intent to restrain, prevent, materially delay or restructure the transactions contemplated hereby, in each case where the Closing would (or would be reasonably likely to) result in a material fine or penalty payable by the Sellers as a result of such matter.

(b) Representations and Warranties. Each of the representations and warranties of the Purchaser set forth in Section 3.2 shall have been true and correct in all material respects as of the date hereof and shall be true and correct in all material respects as of the Closing Date as though made on and as of the Closing Date.

(c) Performance of Obligations by the Purchaser. The Purchaser shall have performed in all material respects all covenants and agreements required to be performed by it hereunder on or prior to the Closing Date.

ARTICLE IX.
OBLIGATIONS TO PARTIES PRIOR TO CLOSING

9.1 Covenants of Sellers. The Sellers and the Company covenant and agree that, from the date of this Agreement to the Closing Date:

(a) Continuity of Business. During the period prior to the Closing Date, the Company shall, and the Sellers shall cause the Company to: (a) conduct its business, operations, activities and practices in the ordinary course; (b) notify the Purchaser of any material adverse change to the business of Company, its customer bases, assets, financial condition or business prospects, (c) consult with Purchaser regarding all material developments and proposals relating to Company and its assets and business, (d) collect its accounts receivable in the ordinary course of business, (e) pay all accounts payable on a timely basis and in the ordinary course, (f) preserve the business organization and relationships of the Company, (g) preserve the rights, franchises, goodwill and relations of the Company's customers and distributors, (h) preserve the Permits issued to the Company in full force and effect, (i) engage only in transactions or other activities which are in the ordinary course of business; (j) not sell or otherwise dispose of any assets (except for inventory in the ordinary course); (k) continue to pay all Taxes, charges and assessments as and when due, make all debt service payments when contractually due and payable, and pay all accounts payable and other liabilities on a current basis; and (l) not issue or sell, or authorize or propose the issuance or sale of (1) additional shares of Capital Stock of any class or securities convertible into or exchangeable for any such shares, or any rights, warrants or options to acquire any such shares or other convertible securities, or (2) any other securities in respect of, in lieu of or in substitution for, the Shares outstanding on the date hereof.

(b) Access to Assets. Following the execution of this Agreement, Purchaser, its representatives and affiliates (including, for this purpose, attorneys, accountants, financing partners and others) shall be permitted to conduct a due diligence review of Company (and the Sellers) and Company's operations during normal business hours and in a manner that does not unnecessarily disrupt Company's business operations. During the period prior to Closing, Purchaser, its representatives and affiliates shall have the appropriate access to all information, records, personnel, contracts, data and other items pertaining to the businesses of Company including, but not limited to:

- (i) vendor and customer purchase agreements and purchase orders;
- (ii) customer and supplier lists;
- (iii) customer and supplier pricing information;
- (iv) any and all financial records; and
- (v) full disclosure and review of liabilities.

(c) Deliveries. Sellers will deliver to Purchaser interim financial statements for the Company comparable in form and substance to the Financial Statements, as of the end

of each month subsequent to June 30, 2013, but prior to the Closing Date, prepared by the Company.

(d) Notice. The Sellers shall provide Purchaser with prompt written notice of (i) any event, fact or circumstance which could have a Material Adverse Effect, (ii) any representation or warranty made by Sellers or the Company contained in this Agreement which has become untrue or inaccurate or (iii) the failure by Company or any Seller to comply with or satisfy any covenant, agreement or condition to be complied with or satisfied under this Agreement, within the time frame set forth in this Agreement; provided, however, that such notification shall not excuse or otherwise affect the representations, warranties, covenants or agreements of the parties, or the conditions to the obligations of the parties, or the parties' rights to indemnification under this Agreement.

(e) Major Operating Decisions. The Sellers shall consult with Purchaser regarding all major operating decisions relating to the Company and obtain Purchaser's prior written approval thereof and, further, the Sellers shall not, without the prior written consent of Purchaser, permit the Company to:

(i) Make any change to the operation of the business of the Company which is inconsistent with historical practices, including changes to the manner of draws of cash, draws on debt, inventory levels, collection of accounts receivable or payment of accounts payable;

(ii) Increase the compensation or benefits of its employees, generally or individually, or pay or commit to any bonus or other benefit to its employees or hire any new employees, other than the Final Employee Bonus Distribution. Notwithstanding anything to the contrary, Parties acknowledge and agree that each Seller shall be allowed to draw his ordinary monthly salary for the entire month of September 2013 even if Closing occurs before September 30, 2013 (and each Seller acknowledges and agrees that such Seller will be generally available as reasonably requested by Purchaser to provide transition planning services to Purchaser through September 30, 2013).

(iii) Pay any dividend or distribution to any Seller, other than the Final Employee Bonus Distribution;

(iv) Enter into any new agreement or commitment (including the amendment of a current agreement or commitment) related to the business (including, without limitation, acquiring new assets or making or committing to make any capital expenditure, assuming new liabilities, increasing liabilities or making new commitments to a customer or supplier);

(v) Transfer any assets, other than inventory in the ordinary course of business;

(vi) Dispose of, or contract to dispose of, any assets except in the ordinary course of business;

(vii) Declare or pay any dividend or other distribution (whether in cash, stock, property or any combination thereof), other than the Final Employee Bonus Distribution, or acquire or redeem any shares of Capital Stock of the Company or any Affiliate of the Company;

(viii) Solicit or enter into any discussions or negotiations with any Person with respect to the acquisition of the Shares or furnish information to any other Person in that connection;

(ix) Incur any indebtedness for borrowed money or any liability or obligation, other than in the ordinary course of business;

(x) Pay any liability or obligation other than current liabilities except in the ordinary course of business;

(xi) Mortgage, pledge or subject any asset to any lien, security interest, or other Encumbrance except in the ordinary course of business;

(xii) Assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the obligations of any other Person or make any loans, advances or capital contributions to, or investments in, any other Person; or

(xiii) Take, agree to take, or knowingly permit to be taken any action or knowingly permit to be done anything which would cause any of the representations or warranties of the Sellers in this Agreement to be untrue, or which would be contrary to any of the covenants, terms and conditions to be complied with, fulfilled and performed by the Sellers or the Company or any other Person or otherwise under this Agreement.

(f) Exclusivity. Company and the Sellers covenant and agree that beginning on the date of this Agreement, neither Company nor any Seller shall, directly or indirectly, (a) solicit or initiate submission of inquiries, proposals or offers from, or enter into any transaction with (or enter into any agreement (whether binding or nonbinding) with respect to a transaction with) any person, corporation, partnership or other entity or group other than Purchaser (a "Third Party") relating to any acquisition or purchase of all or a portion of the assets of, or any equity interest in, Company, or (ii) participate in any discussion or negotiations regarding, or furnish to any Third Party any information with respect to any effort or attempt by any Third Party to do or seek to do, any of the foregoing. Company and the Sellers shall promptly notify Purchaser of any such proposal or offer received, including the material terms and conditions of such proposal or offer.

(g) Cooperation. The Sellers shall cooperate with and shall cause the Company to cooperate with Purchaser and its attorneys, accountants and other agents, and, generally, do such other acts and things in good faith as may be reasonable, necessary or appropriate in order to timely effectuate the intents and purposes of this Agreement, the obtaining of consents, the satisfaction of any conditions precedent contained in this Agreement, and the consummation of the transactions contemplated hereby. Without limiting the foregoing, the Sellers shall use their commercially reasonable efforts to obtain all consents required to complete the transaction and shall cooperate with the Purchaser to do all things

reasonably necessary for the Purchaser to obtain the financing necessary to consummate the transactions contemplated hereby.

ARTICLE X. TERMINATION

10.1 Termination. This Agreement may be terminated:

- (a) In writing by mutual consent of the Purchaser and the Sellers;
- (b) By written notice from the Sellers to the Purchaser, in the event the Purchaser (i) fails to perform in any material respect any of its agreements contained herein required to be performed by it at or prior to the Closing or (ii) materially breaches any of its representations and warranties contained herein, which failure or breach is not cured within ten (10) days following the Sellers having notified the Purchaser of their intent to terminate this Agreement pursuant to this Section 10.1(b);
- (c) By written notice from the Purchaser to the Sellers, in the event the Company or the Sellers (i) fail to perform in any material respect any of their agreements or covenants contained herein required to be performed by it or them at or prior to the Closing or (ii) materially breaches any of their representations and warranties contained herein, which failure or breach is not cured within ten (10) days following the Purchaser having notified the Sellers of its intent to terminate this Agreement pursuant to this Section 10.1(c);
- (d) By written notice by the Sellers to the Purchaser or the Purchaser to the Sellers, as the case may be, in the event the Closing has not occurred on or prior to September 30, 2013 (the "Expiration Date") for any reason other than delay or nonperformance of the party seeking such termination.

10.2 Specific Performance and Other Remedies. Each party hereby acknowledges that the rights of each party to consummate the transactions contemplated hereby are special, unique and of extraordinary character and that, in the event that any party violates or fails or refuses to perform any covenant or agreement made by it herein, the non-breaching party may be without an adequate remedy at law. In the event that any party violates or fails or refuses to perform any covenant or agreement made by such party herein, the non-breaching party or parties may, subject to the terms hereof and in addition to any remedy at law for damages or other relief, institute and prosecute an action in any court of competent jurisdiction to enforce specific performance of such covenant or agreement or seek any other equitable relief.

10.3 Effect of Termination. In the event of termination of this Agreement pursuant to this Article X, this Agreement shall forthwith become void and there shall be no liability on the part of any party or its members, officers, directors or stockholders, except for obligations under Section 10.2 (Specific Performance and Other Remedies), Section 11.7 (Publicity), Section 5.1(a) (Confidential Information) (with respect to information regarding Purchaser and/or its affiliates that is not otherwise available from sources outside Purchaser and its affiliates and all information regarding Purchaser and/or its affiliates that is not generally known to the public), Section 5.2 (Costs) and this Section 10.3, all of which shall survive the termination of this

Agreement pursuant to this Article X. Notwithstanding the foregoing, nothing contained herein shall relieve any party from liability for any breach hereof.

ARTICLE XI. MISCELLANEOUS

11.1 Assignment. Neither the Sellers nor the Company shall assign this Agreement, or their respective rights and obligations hereunder, without the prior written consent of the Purchaser. Without the prior written consent of the Sellers, the Purchaser may assign all or any part of its rights and obligations under this Agreement only to an Affiliate of the Purchaser (in which event the Purchaser shall continue to be liable for its obligations hereunder) or as collateral for the financing required to complete the transactions contemplated hereby.

11.2 Amendment and Waiver.

(a) No failure or delay on the part of any of the parties hereto in exercising any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

(b) Any amendment, supplement or modification of or to any provision of this Agreement, any waiver of any provision of this Agreement and any consent to any departure by any party from the terms of any provision of this Agreement shall be effective only if it is made or given in writing and signed by the parties hereto.

11.3 Remedies. The rights, powers and remedies of the parties under this Agreement are cumulative and not exclusive of any other right, power or remedy which such parties may have under any other agreement or law. No single or partial assertion or exercise of any right, power or remedy of a party hereunder shall preclude any other or further assertion or exercise thereof.

11.4 Construction. This Agreement shall be construed and enforced in accordance with the laws of the State of California. Any action arising out of this Agreement or a claimed breach hereof shall only be brought in a court of competent jurisdiction located in Alameda County, California, and the parties hereto hereby consent to jurisdiction over their persons and the subject matter of any such actions and proper venue lying in such courts.

11.5 Notices. All notices, requests, demands and other communications hereunder shall be in writing to the following addresses:

(a) If to the Purchaser:

Keeco, LLC
30736 Wiegman Road
Hayward, CA 94544
Attention: Martin Berry
Telephone:
Facsimile:

Email: mberry@lkeeco.com

with copies to:

Andrews Kurth LLP
1717 Main Street, Suite 3700
Dallas, TX 75201
Attn: Vincent B. Zanetti
Telephone: (214) 659-4679
Facsimile: (214) 659-4890
Email: vzanetti@akllp.com

(b) If to Sellers:

Telephone: _____
Facsimile: _____
Email: _____

with copies to:

or to such other address, with respect to any party, as such party shall give notice of in accordance with this Section 11.5.

All such notices and communications shall be deemed to have been duly given: when delivered by hand, if personally delivered; when delivered by courier, if delivered by commercial overnight courier service; if mailed, three business days after being deposited in the mail by registered or certified mail, postage prepaid and return receipt requested; if faxed, on the date of delivery when confirmed by the sender's facsimile machine.

11.6 Signatures; Counterparts. Facsimile transmissions of any executed original document and/or retransmission of any executed facsimile transmission shall be deemed to be the same as the delivery of an executed original. At the request of any party hereto, the other parties hereto shall confirm facsimile transmissions by executing duplicate original documents and delivering the same to the requesting party or parties. This Agreement may be executed simultaneously in counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

11.7 Publicity. Purchaser may draft and issue a press release regarding the transaction contemplated by this Agreement (the "Press Release"). Other than the Press Release, all publicity concerning the transactions contemplated by this Agreement shall be coordinated by and between the Purchaser and the Sellers. Other than the Press Release, none of the parties

shall act unilaterally in this regard without the prior approval of the other. Other than the Press Release, the Sellers and the Purchaser each agree not to issue or cause the issuance of, and each will prevent its employees or agents from issuing or causing the issuance of, any press release or other information in the nature of a press release relating to this Agreement or the transactions contemplated hereby except: (a) as may reasonably be deemed, upon the advice of such party's counsel, to be required by law; or (b) upon prior consultation and approval (which approval shall not be unreasonably withheld) of such press release with the other party hereto. Except as required by law, there shall be no disclosure of the economic terms of this Agreement.

11.8 Further Actions. The Purchaser, the Sellers and the Company hereby agree to take all additional actions reasonably requested of them subsequent to the Closing to effectuate the transactions provided for herein.

11.9 Severability. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision hereof. To the extent that any provision of this Agreement may be found to be invalid or unenforceable, it is the intention of the parties to this Agreement that such provision be enforced to the extent that it is valid and enforceable. The parties hereto further agree to replace such invalid, illegal or unenforceable provision of this Agreement with a valid, legal and enforceable provision that will achieve, to the extent possible, the economic, business and other purposes of such invalid, illegal or unenforceable provision.

11.10 Entire Agreement. It is mutually understood that this Agreement, the Exhibits hereto and the Disclosure Schedule and other agreements provided for herein contain and incorporate all the representations, warranties and agreements of the parties hereto.

11.11 Headings. The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

11.12 No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises under any provision of this Agreement, this Agreement shall be construed as if drafted jointly by the parties hereto, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any of the provisions of this Agreement.

11.13 Absence of Third Party Beneficiary Rights. Except as expressly set forth herein, no provision of this Agreement is intended, nor will any provision be interpreted, to provide or to create any third party beneficiary rights or any other rights of any kind in any client, customer, affiliate, shareholder, employee or partner of any party hereto or any other person or entity.

11.14 Disclosure Schedules. Notwithstanding any assistance given by Purchaser, the Sellers agree that the Sellers have prepared and delivered the Disclosure Schedules, and are fully responsible for its content. Such schedules are arranged in numbered and lettered sections corresponding to the numbered and lettered sections contained in Section 4, and disclosures in each section of such disclosure schedules qualify only the corresponding numbered and lettered section of Section 4, except that any information disclosed in a section in such schedules with respect to a corresponding section of this Agreement shall be deemed to have been disclosed

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

KEECO, LLC

AEOLUS DOWN, INC.

By: John D. Stengel

Name: John D. Stengel
Its: Chief Executive Officer

By: _____

Name: Wei Dong
Its: Chief Executive Officer

SELLERS:

WEI XU, Individually

WEI DONG, Individually

[Signature page to Stock Purchase Agreement]

DAL:873082.10

TRADEMARK
REEL: 006640 FRAME: 0826

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered by their respective officers hereunto duly authorized as of the date first above written.

KEECO, LLC

AEOLUS DOWN, INC.

By: _____
Name: John D. Stengel
Its: Chief Executive Officer

By: Wei Dong
Name: Wei Dong
Its: Chief Executive Officer

SELLERS:

Wei Xu
WEI XU, Individually

Wei Dong
WEI DONG, Individually

[Signature page to Stock Purchase Agreement]

DAL:873082.10

TRADEMARK
REEL: 006640 FRAME: 0827

with respect to any other section of this Agreement to the extent the applicability thereto is reasonably apparent from the face of the disclosure. The Disclosure Schedules shall contain lists of applicable disclosure required by this Agreement, and shall not include copies of documents unless the otherwise required by this Agreement. Any copies of documents referred to in the schedules shall not be deemed to incorporate all of the contents of such document and shall only disclose the existence of any such document.

[Signatures on the next page]

ANNEX OF DEFINED TERMS

When used in this Agreement, the following terms shall have the meanings set forth in this Annex of Defined Terms. All Article and Section numbers used in this Annex of Defined Terms or otherwise in the Agreement refer to articles and sections of this Agreement unless otherwise specifically described. All references to Annexes, Schedules and Exhibits in this Annex of Defined Terms or otherwise in the Agreement are references to annexes, schedules and exhibits to this Agreement.

"Accounts Receivable" means all accounts receivable and other rights to payment from any Person, including, without limitation, all trade accounts receivable representing amounts receivable in respect of goods shipped or services rendered to customers of the Company prior to the Closing Date, and all other accounts or notes receivable of the Company, and the benefit of all security for such accounts, rights to payment or notes, and any claim, remedy or other right related to any of the foregoing.

"Actions or Disputes" has the meaning set forth in Section 4.10.

"ADA" means the United States Americans with Disabilities Act and the rules and regulations promulgated thereunder.

"ADEA" means the United States Age Discrimination in Employment Act and the rules and regulations promulgated thereunder.

"Affiliate" means, when used with respect to any Person, (a) if such Person is a corporation, any officer or director thereof and any Person which is, directly or indirectly, the beneficial owner of more than five percent (5%) of any class of any equity security (as defined in the Securities Act) thereof, and any officer, director, partner or Affiliate of such beneficial owner, (b) if such Person is a partnership, any partner thereof, (c) if such Person is a limited liability company or other unincorporated association, any member, officer or manager thereof, (d) if such Person is an individual, such individual's spouse, descendants or a trust primarily for the benefit of such individual or any of the foregoing, (e) if such Person is a trust, any trustee or beneficiary thereof and (f) any other Person which, directly or indirectly, controls or is controlled by or is under common control with such Person. For purposes of this definition, "control" (including the correlative terms "controlling," "controlled by" and "under common control with"), with respect to any Person, means possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, the ability to exercise voting power, or by contract or otherwise.

"Agreement" has the meaning set forth in the Preamble.

"Audit" has the meaning set forth in Section 5.3(d).

"Business" means the business of selling, designing, manufacturing and marketing down comforters.

"Capital Stock" means all shares, interests, participations or other equivalents (however designated) in the equity of any Person, all partnership interests in a partnership, all member or

other equity interests in a limited liability company or other unincorporated association, and all other interests in the equity of any Person and warrants, convertible securities and other rights and options to acquire any of the foregoing whether or not then exercisable.

"Claims Notice" has the meaning set forth in Section 6.3(b).

"Claims" has the meaning set forth in Section 5.4(a).

"Closing Date Indebtedness" means funded indebtedness for borrowed money owed to unrelated third parties (whether in respect of principal, interest, prepayment penalties, reimbursement of costs and expenses, interest swap breakage fees, or otherwise) and includes: (a) obligations related to drawn letters of credit or similar instruments; (b) obligations evidenced by bonds, debentures, notes, and similar instruments; (c) obligations to pay the deferred purchase price of property or services; (d) obligations under leases that are required by GAAP to be classified as capital leases; (e) obligations under any currency or interest rate swap, hedge, or similar protection device; and (f) Indebtedness of third parties that is either guaranteed by the Company or secured by a security interest on the Company's assets. For the avoidance of doubt, "Closing Date Indebtedness" does not include trade payables, accrued expenses, or Seller Expenses.

"Closing Date" has the meaning set forth in Section 2.2.

"Closing" has the meaning set forth in Section 2.2.

"Code" means the Internal Revenue Code of 1986, as amended, any successor statute thereto and the regulations and interpretations promulgated thereunder.

"Commission" means the Securities and Exchange Commission and any other similar or successor agency of the federal government administering the Securities Act or the Exchange Act.

"Company" has the meaning set forth in the Preamble.

"Competitive Business" has the meaning set forth in Section 5.1(b).

"Confidential Information" means information regarding Company or its business or operations which is used in the Company's business and (1) is proprietary to, about or created by the Company; (2) gives the Company some competitive business advantage or the opportunity of obtaining such advantage; (3) is not otherwise available from sources outside Company, (4) is not generally known to the public or (4) is designated as Confidential Information by the Company. Confidential Information shall not include information that (i) is in the public domain or (ii) is or becomes publicly available, other than pursuant to a breach by any Seller of the obligations under this Agreement. Confidential Information shall also include information regarding Purchaser and/or its affiliates that is not otherwise available from sources outside Purchaser and its affiliates and all information regarding Purchaser and/or its affiliates that is not generally known to the public.

"Contract" means any note, bond, mortgage, indenture, lease, license, franchise, contract, agreement, instrument, obligation, understanding, arrangement or commitment, whether written or oral and whether express or implied.

"Court" means any federal, state, municipal, domestic, foreign or other governmental tribunal or any arbitrator or Person with similar power or authority.

"Customers" has the meaning set forth in Section 5.1(c).

"Disclosure Schedule" means the Disclosure Schedule dated the date of this Agreement and delivered by Sellers to the Purchaser.

"Effective Time" has the meaning set forth in Section 2.2.

"Employee Program" means (i) any "employee benefit plan", within the meaning of Section 3(3) of ERISA, whether or not it is subject to ERISA, or (ii) any other employee benefit arrangement which is (A) the portion of any employment or consulting agreement which provides employee benefits, (B) an arrangement providing for insurance coverage or workers' compensation benefits, (C) an incentive bonus or deferred bonus arrangement, (D) a stock purchase or stock option arrangement, (E) a cafeteria plan under Code Section 125, (F) a death benefit arrangement, (G) an arrangement providing termination allowance, salary continuation, severance, retention compensation or similar benefits, (H) an equity compensation or profit-sharing plan, (I) a deferred compensation plan, (J) an employee relocation, a tuition reimbursement, dependent care assistance, or legal assistance plan or arrangement, (K) a fringe benefit arrangement (cash or noncash), (L) a holiday or vacation plan or policy, or (M) any other compensation policy or practice.

"Encumbrance" means any restriction on voting or transfer (including, without limitation, rights of first refusal), or pledge, easement, right of way, mortgage, pledge, assessment, security interest, lease, occupancy agreement, possessory right, lien, adverse claim, levy, charge or other encumbrance or title matter of any kind or character or any conditional sale Contract, title retention Contract or other Contract to give any of the foregoing.

"Environment" means all air, surface water, groundwater, or land, including land surface or subsurface, including all fish, wildlife, biota and all other natural resources.

"Environmental Claim" means any and all administrative or judicial actions, suits, orders, claims or liens, whether criminal or civil, pursuant to or relating to any applicable Environmental Law by any Person (including, but not limited to, any Governmental Entity, private person and citizens' group) based upon, alleging, asserting, or claiming any (i) violation of or liability under any Environmental Law, (ii) violation of any Environmental Permit, or (iii) liability for investigatory costs, cleanup costs, removal costs, remedial costs, response costs, natural resource damages, property damage, personal injury, fines, or penalties arising out of, based on, resulting from, or related to the Release into the Environment of any Hazardous Materials.

"Environmental Law" means any and all federal, state, local, provincial and foreign, civil and criminal laws, statutes, ordinances, orders, common law, codes, rules, regulations, Environmental Permits, relating to the protection of health and the Environment, and/or

governing the handling, use, generation, treatment, storage, transportation, disposal, or Release of Hazardous Materials now existing, including, but not limited to: the Clean Air Act, 42 U.S.C. § 7401 et seq.; the Comprehensive Environmental Response, Compensation and Liability Act of 1980, 42 U.S.C. § 9601 et seq. ("CERCLA"); the Federal Water Pollution Control Act, 33 U.S.C. § 1251 et seq.; the Hazardous Material Transportation Act 49 U.S.C. § 1801 et seq.; the Federal Insecticide, Fungicide and Rodenticide Act 7 U.S.C. § 136 et seq.; the Resource Conservation and Recovery Act of 1976, 42 U.S.C. § 6901 et seq.; the Toxic Substances Control Act, 15 U.S.C. § 2601 et seq.; OSHA; the Oil Pollution Act of 1990, 33 U.S.C. § 2701 et seq.; and the state analogies thereto.

"Environmental Liabilities" means any monetary obligations, losses, liabilities (including strict liability), damages, punitive damages, costs and expenses (including all reasonable out-of-pocket fees, disbursements and expenses of counsel, out-of-pocket costs for environmental site assessments, remedial investigation and feasibility studies), fines, penalties, sanctions and interest incurred as a result of any Environmental Claim which relate to any violations of Environmental Laws, (a) from or onto all property presently or formerly owned, operated or leased by the Company or any predecessors in interest or (b) from or onto any facility which receives Hazardous Materials generated by the Company or any predecessors in interest or (c) arising out of the disposal, storage, transportation, discharge, Release or recycling of Hazardous Materials.

"Environmental Permit" means any federal, state, local, provincial, or foreign permits, licenses, approvals, consents or authorizations required by any Governmental Entity under or in connection with any Environmental Law and includes any and all orders, consent orders or binding agreements issued or entered into by the Company with a Governmental Entity under any applicable Environmental Law.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended, or any successor law, and the rules and regulations promulgated thereunder.

"ERISA Affiliate" means any entity which has ever been considered a single employer with the Company, or with any Subsidiary of the Company, under Section 4001(b) of ERISA or Section 414(b), (c), (m) or (o) of the Code.

"Excess Loss Account" has the meaning set forth in Treasury Regulations Section 1.1502-19.

"Exchange Act" means the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

"Expiration Date" has the meaning set forth in Section 10.1(d).

"Final Employee Bonus Distribution" has the meaning set forth in Section 4.13(g).

"Financial Statements" means, collectively, the Company's financial statements, as reviewed by a certified public accountant pursuant to the statements on standards for Accounting and Review Services issued by the American Institute of Certified Public Accounts Accounting and Review Services Committee, consisting of the balance sheet of the Company as of

December 31 in each of the years 2012, 2011 and 2010 and the related statements of income and retained earnings, stockholders' equity and cash flow for the years then ended, and the unreviewed internally prepared financial statements consisting of the balance sheet of the Company as of August 31, 2013, and the related statements of income and retained earnings, stockholders' equity and cash flow for the eight-month period then ended.

"FLSA" means the United States Fair Labor Standards Act and the rules and regulations promulgated thereunder.

"FMLA" means the United States Family and Medical Leave Act and the regulations promulgated thereunder.

"GAAP" means United States generally accepted accounting principles as currently in effect and applied in a consistent manner.

"Governmental Entity" means the government of the United States of America, any other nation or any political subdivision thereof, whether state or local, and any agency, authority, instrumentality, regulatory body, Court, central bank or other entity exercising executive, legislative, judicial, taxing, regulatory or administrative powers or functions of or pertaining to government.

"Hazardous Materials" means petroleum, petroleum hydrocarbons or petroleum products, petroleum by-products, radioactive materials, asbestos or asbestos-containing materials, gasoline, diesel fuel, pesticides, lead or lead-containing materials, polychlorinated biphenyls; and any other chemicals, materials, substances or wastes which are defined as or included in the definition of "hazardous substances," "hazardous materials," "hazardous wastes," "extremely hazardous wastes," "restricted hazardous wastes," "toxic substances," "toxic pollutants," "pollutants," "regulated substances," "solid wastes," or "contaminants" or words of similar import, under any Environmental Law.

"Indemnified Party" has the meaning set forth in Section 6.3(a).

"Indemnifying Party" has the meaning set forth in Section 6.3(a).

"Indemnity Notice" has the meaning set forth in Section 6.3(a).

"Independent Accountants" has the meaning set forth in Section 5.3(b).

"Intellectual Property" means (i) all discoveries and inventions (whether patentable or unpatentable and whether or not reduced to practice), all improvements thereto, and all patents, patent applications (either filed or in preparation for filing), and patent disclosures, together with all reissuances, continuations, continuations-in-part, revisions, extensions and reexaminations thereof, (ii) all trademarks, service marks, trade dress, brand names, logos, trade names and corporate names, together with all translations, adaptations, derivations and combinations thereof and including all goodwill associated therewith, and all applications (either filed or in preparation for filing), registrations and renewals in connection therewith, (iii) all copyrights and all applications (either filed or in preparation for filing), registrations and renewals in connection therewith, (iv) all trade secrets and confidential business information (including ideas, research

and development, know-how, manufacturing and production processes and techniques, technical data, designs, drawings, specifications, customer and supplier lists, pricing and cost information and business and marketing plans and proposals), (v) all computer software (including source code, data and related documentation), (vi) all internet domain names owned or held for use by or for Company, and all website contents associated therewith, (vii) all copies and tangible embodiments of any of the foregoing (in whatever form or medium), (viii) all licenses or agreements in connection with any of the foregoing, and (ix) the right to sue for past infringement in connection with any of the foregoing and to collect damages in such suits.

"Intercompany Transaction" has the meaning set forth in Treasury Regulations Section 1.1502-13.

"IRS" means the United States Internal Revenue Service.

"Knowledge," with respect to the Company, means the actual knowledge of any Seller or any officer or director or management level employee of the Company and the knowledge that such Persons would have had if such Persons had conducted a reasonable inquiry of the other executives and managers having primary responsibility for such matters.

"Labor Laws" means all Laws governing or concerning labor relations, unions and collective bargaining, conditions of employment, employment discrimination and harassment, civil rights, wages, hours or occupational safety and health, including, without limitation, ERISA, the United States Immigration Reform and Control Act of 1986, the United States National Labor Relations Act, the United States Civil Rights Acts of 1866 and 1964, the United States Equal Pay Act, ADEA, ADA, FMLA, WARN, OSHA, the United States Davis Bacon Act, the United States Walsh-Healy Act, the United States Service Contract Act, United States Executive Order 11246, FLSA and the United States Rehabilitation Act of 1973.

"Laws" means all laws, codes, Orders, decrees, statutes, rules, regulations, ordinances and other pronouncements having the effect of law of the United States, any foreign country or any domestic or foreign state, county, city or other political subdivision or of any Governmental Entity.

"Losses" has the meaning set forth in Section 6.1.

"Material Adverse Effect" means a material adverse effect on (a) the Business and/or the Company or the assets, liabilities, operation, property, financial condition, or results of operations of the Company, (b) the validity or enforceability of this Agreement, or (c) the Shares; other than (i) any change, effect, event or occurrence relating to (A) the United States economy in general, United States or global securities markets in general, the industries in which the Company operates in general, or acts of war or terrorism, or (B) any change in GAAP, Financial Accounting Standards Board pronouncement, or applicable laws or judicial interpretation thereof applicable generally to companies in the industry in which the Company operates, in each case so long as not materially disproportionately adverse to the Company as compared to similarly situated companies; or (ii) any change, effect, event or occurrence resulting from a failure of the Company to meet internal forecasts or projections.

"Multiemployer Plan" means a multiemployer plan as defined in Section 3(37) of ERISA.

"NLRB" means the United States Labor Relations Board.

"Order" means any writ, judgment, decree, injunction, award or similar order of any Governmental Entity (in each such case whether preliminary or final).

"OSHA" means the United States Occupational Safety and Health Administration.

"Permit" means any license, franchise, permit, waiver, consent, concession, Order, approval, authorization or registration from, of or with a Governmental Entity.

"Permitted Encumbrance" means (i) easements, rights of way, minor irregularities of title and Encumbrances for Taxes not yet due and payable, or for Taxes being contested in good faith and (ii) landlord, warehouse and materialmen's liens; provided, however, that any or all of the foregoing do not materially affect the utility or value of the asset.

"Person" means any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, limited liability company, association, corporation, institution, entity, party, or Governmental Entity or any other entity of any kind or nature whatsoever.

"Pre-Closing Periods" means the period of time preceding and including the Closing Date.

"Press Release" has the meaning set forth in Section 11.7.

"Purchase Price" has the meaning set forth in Section 2.3.

"Purchaser" has the meaning set forth in the Preamble.

"Release" means any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, migrating, dumping or disposing of Hazardous Materials into the Environment in violation of Environmental Law.

"Released Parties" has the meaning set forth in Section 5.4(a).

"Releasers" has the meaning set forth in Section 5.4(a).

"Requirements of Law" means as to any Person, provisions of the Articles or Certificate of Incorporation and By-laws or Regulations or other organizational or governing documents of such Person, or any law, treaty, code, rule, regulation, right, privilege, qualification, license or franchise or determination of any Governmental Entity, in each case applicable or binding upon such Person or any of such Person's property or to which such Person or any of such Person's property is subject or pertaining to any or all of the transactions contemplated or referred to herein.

"Restricted Area" has the meaning set forth in Section 5.1(b).

"Restricted Period" has the meaning set forth in Section 5.1(b).

"Retiree" means (i) any retired or former employee, director or officer of the Company or any Subsidiary of the Company or (ii) any former independent contractor of the Company or any Subsidiary of the Company.

"Securities Act" means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder, as in effect from time to time.

"Seller Expenses" has the meaning set forth in Section 5.2.

"Seller" or "Sellers" has the meaning set forth in the Preamble.

"Shares" has the meaning set forth in Section 1.1.

"Straddle Period" means any tax period that begins on or before the Closing Date and ends after the Closing Date.

"Subsidiary" or "Subsidiaries" means, with respect to any Person (a) any other Person of which a sufficient amount of the outstanding Capital Stock having ordinary voting power to elect a majority of the Board of Directors of such Person (irrespective of whether at the time stock of any other class or classes of such Person shall have or might have voting power by reason of the happening of any contingency) is, at the time, directly or indirectly owned by such Person or (b) any Person of which more than fifty percent (50%) of the outstanding equity interests are at the time, directly or indirectly, owned by such Person.

"Tax" or "Taxes" means (a) all federal, state, local or foreign income, gross receipts, license, payroll, employment, excise, severance, stamp, occupation, premium, windfall profits, environmental (including taxes under Section 59A of the Code), customs, duties, capital stock, franchise, margins, profits, withholding, social security (or similar), unemployment, disability, real property, personal property, sales, use, transfer, escheat, registration, value added, wealth, net wealth, net worth, alternative or add-on minimum, estimated or any other taxes, unclaimed property liabilities, any payments in lieu of taxes or other similar payments, charges, fees, fines, levies, imposts, customs or duties of any kind, whatsoever, including any interest, penalty, fines, or addition thereto, whether disputed or not and including any obligations to indemnify or otherwise assume or succeed to the Tax liability of any other Person or (b) any Liability for the payment of any taxes, interest, penalty, addition to tax or like additional amount resulting from the application of Treasury Regulation Section 1.1502-6 or comparable federal, state or local Law.

"Tax Return" means any return, declaration, report, claim for refund, property rendition or information return or statement relating to Taxes, including any schedule or attachment thereto and including any amendment thereof.

"Taxing Authority" means any governmental agency, board, bureau, body, department or authority of any United States federal, state or local jurisdiction or any foreign jurisdiction, having or purporting to exercise jurisdiction with respect to any Tax.

"Third Party" has the meaning set forth in Section 9.1(f).

"Transfer Expenses" has the meaning set forth in Section 5.3(f).

"Treasury Regulations" means the regulations promulgated by the United States Treasury Department under the Code.

"WARN" means the United States Worker Adjustment and Retraining Notification Act.

DISCLOSURE SCHEDULES

Reference is made to that certain Stock Purchase Agreement, dated as of September [], 2013 (including the schedules and exhibits thereto, the "Agreement"), by and among **KEECO, LLC**, a California limited liability company (the "Purchaser"), **WEI XU** and **WEI DONG** (each a "Seller" and collectively the "Sellers") and **AEOLUS DOWN, INC.**, a California corporation (the "Company"). Capitalized terms used, but not defined, herein shall have the meaning ascribed thereto in the Agreement.

Schedule 3.1(c)– Capital

Shareholder	Share percentage	Number of Shares owned
Wei Xu	50%	15,445 shares
Wei Dong	50%	15,445 shares

Schedule 4.1 - Directors and Officers; Foreign Qualifications

1. Directors and Officers

Name	Title
Wei Dong	CEO/Director
Wei Xu	President/Director

2. Foreign Qualifications

None. Similar to Keeco, LLC, the Company shall become qualified to do business in New York post-closing.

Schedule 4.4 - Financial Statements

The Financial Statements have been provided by Sellers and the Company directly to the Purchaser

Schedule 4.5(a) – Major Customers

Top Ten Customers

1. Bed, Bath & Beyond
2. Bonton
3. Marshalls/TJ Maxx
4. Costco Mexico
5. Fred Meyer
6. Costco Canada
7. Costco
8. Kmart
9. AAFES
10. Home Goods

Schedule 4.5(b) - Major Suppliers

Top Ten Suppliers

1. Zhejiang Hengdi Bedding Co. Ltd.
2. Zhejiang LiuQiao Feather Co. Ltd.

Schedule 4.6 - Intellectual Property

Serial Number	Reg. Number	Word Mark	Live/Dead	Registered date	Covered Categories
1	85295740	In process	SIMPLE FIT	LIVE	
2	85616382	In process	HOT CHOCOLATE BRAND	LIVE	
3	85608298	In process	SLUMBERX	LIVE	
4	85012125	3959544	STAINTECH	LIVE	5/10/2011 Blankets, comforters, duvet covers, mattress pads, throws
5	78861494	3363598	BASIC ELEMENTS	LIVE	1/1/2008 Blankets, comforters, duvet covers, mattress pads, throws, pillows
6	78848266		DREAMSOFT	DEAD	
7	78846215		POLARSUEDE	DEAD	
8	78796334	3349915	JUST LIKE DOWN	LIVE	12/4/2007 Blankets, comforters, duvet covers, mattress pads, throws, pillows
9	77619998	3738808	CAMPUS LIFE	LIVE	1/19/2010 Comforters, mattress pads, pillows
10	77390422	3562330	INDOOR WEATHER	LIVE	1/3/2009 Comforters, blankets, throws
11	77337592	3562243	ZEN BREEZE	LIVE	1/13/2009 Bed pads made of bamboo
12	77229508		COMPLETE SLEEP	DEAD	
13	77229498		SOFTSENSE	DEAD	
14	77221792		COMPLETE FIT SKIRT	DEAD	
15	77206081		DUET PILLOW	DEAD	
16	77206046		VENUS MARS	DEAD	
17	77206028		FOOT ZONE	DEAD	
18	77206012		FOCUSED WARMTH	DEAD	
19	77001848		ICED COTTON	DEAD	

Company does not own any patents or copyrights.

Domain name: "aeolusdown.com"

Schedule 4.7 - Significant Agreements

1. Letter Agreement dated December 15, 2005 by and between Aeolus Down, Inc. and Grassi Associates, Inc. describing terms of sales representation relationship.
2. Triple Net Industrial Lease by and between Aeolus Down, Inc. and Shea Center Ontario, LLC dated December 15, 2010, as amended
3. Lease dated April 19, 2011 by and between Manhattan Properties Company, Aeolus Down, Inc. and Grassi Associates, Inc.

Schedule 4.8(j) - Taxable Jurisdictions

1. California

Schedule 4.9 - Owned or Leased Real Property

1. Leased Premises

1.1. 5200 Shea Center Drive
Ontario, CA 91761

1.2. 295 Fifth Avenue, Bays 1 and 2 on the 16th floor,
New York, NY 10016

2. Owned Premises

NONE

Schedule 4.11 - Insurance

Name	Policy#	Type of Insurance
Employers	SMC002559206	Workers Comp
Anthem Blue Cross	364400	Health
Goldden Eagle	GL9794296	Commercial General Liability
Goldden Eagle	9809806	Excess Liability
AGCS Marine	MZI98308906	Inland Marine & Property
Atradius	856984	AR

Schedule 4.14 - Employees; Employment Contracts; Workers Compensation Claims

1. Employees

Name	Position	Date Hired	Salary	Bonus	Last Adjustment Date
Junjia Liu (Jim)	Director EDI & Logistics	9/15/2004	70000	5000	1/1/2012
Yiping Suen (Ellen)	Book Keeping	12/6/2004	50000	4000	1/1/2013
Xiaorong Zhuang (Richard)	Director, Marketing	10/1/2010	63000	4000	1/1/2013
Yanqiang Liang (Kevin)	Account Executive	12/10/2012	48000	300	3/1/2013
Chao Wang (Jacky)	Order Processing, EDI	10/1/2012	42000	1500	1/1/2013
Yaming Lin (Joseph)	Order Processing, Drop Ship	4/1/2008	31000	3000	9/1/2012
Yingzi Yan	John's Wife		300000		
Rigoberto Garcia Gonzalez	Foreman, Warehouse	6/14/2005	16	1000	5/20/2013
Noe Pardo Perez	Packing, Warehouse	3/10/2006	9.5	500	2/1/2013
Bay Garcia Gonzalez	Loading & Unloading, Warehouse	11/2/2011	9.5	500	7/16/2012
Gabriel Jurado Rivera	warehouse	3/1/2006	9	500	8/20/2012
Anabel Garcia Fuentes	warehouse	8/23/2007	9	500	12/4/2012
Jose Manuel Tzir	warehouse	9/10/2007	9	500	8/20/2012
Roselio Lopez Lopez	warehouse	6/16/2008	9	500	4/23/2012
Agustin Xo Caal	warehouse	9/26/2007	9	500	11/26/2012
Benito Lazaro	warehouse	7/25/2011	8.5	500	12/4/2012
Alfredo Aguilar	warehouse	7/25/2011	8	500	
Jose Dineris Gusman Q	warehouse	9/28/2012	8	350	
Ricardo Amaya	warehouse	10/15/2012	8	350	
Pedro Guitierrez Cruz	warehouse	10/15/2012	8	350	
Douglas G Lorenzo	warehouse	12/6/2012	8	0	
Hernan Perdomo	warehouse	1/15/2013	8	0	
Alejandro Bonilla	warehouse	1/18/2013	8	0	

2. Employment Contracts

None

3. Worker's Compensation and Retaliation Claims, Investigations and Charges

On May 14, 2013, Mr. Jose Quintanilla experienced respiratory issues related to his occupation at Aeolus Down, Inc.'s Ontario, California warehouse, resulting in a worker's compensation claim #2013201464. The claim is open and has resulted in total costs of \$12,500 and net expenses of \$1035.

Schedule 4.18 - Intercompany Agreements

None.

Schedule 4.23 - Bank Accounts

AEOLUS CORPORATE BANK ACCOUNTS

8/15/2013

Name	Acc#	Type of Acc	Address	Tele
Cathay Bank	7034784	Checking	18643 S. Pioneer Blvd, Artesia, CA 90701	562-809-1353
Cathay Bank	29115850	Checking	18643 S. Pioneer Blvd, Artesia, CA 90701	562-809-1353
Cathay Bank	291013118	CD	18643 S. Pioneer Blvd, Artesia, CA 90701	562-809-1353
Bank of America	2598970680	Checking	3650 Grand Ave, Chino Hills, CA 91709	909-464-0235
Bank of America	2598970666	Payroll	3650 Grand Ave, Chino Hills, CA 91709	909-464-0235
Bank of America	2598509188	CD	3650 Grand Ave, Chino Hills, CA 91709	909-464-0235

Schedule 4.24 - Company Employee Plans

None.

Schedule 4.26 – Permits

Permit Number	State	Country
C-6026		USA
CA 38909	CA	USA
PA 27107	CA	USA
CA 38909	OHIO	USA
PA 27107	OHIO	USA
CA 38909	VA	USA
PA 27107	VA	USA
PA 27107	VA	USA
CA 38909	OK	USA
PA 27107	OK	USA
CA 38909	NC	USA
PA 27107	NC	USA
MFG.PA.0027107.CN	CT	USA
IMP.0000153	CT	USA
STP.PA.0009829	CT	USA
CA 38909	PA	USA
PA 27107	PA	USA
PA 9829	PA	USA
CA 38909	UTAH	USA
PA 27107	UTAH	USA
CA 38909	TX	USA
PA 27107	TX	USA
CA 38909	DELAWARE	USA
PA 27107	DELAWARE	USA
31851	MB	CANADA
31852	MB	CANADA
1660-243	QB	CANADA
1760-303	QB	CANADA
10T-0380203	ON	CANADA
08T-00037309	ON	CANADA

Copies of each permit listed have been provided to Purchaser by Seller/Company.