

Terms and Conditions of Sale

General

The following terms and conditions shall apply to and be deemed a part of the sale of goods ("Goods") by Learning Curve Brands, Inc. (the "Company") to any person or entity, including any party identified on the front of this document (collectively, the "Buyer"). No addition or modification to these terms and conditions shall be valid and enforceable unless specifically agreed in writing by the Company. The Company reserves the right to cancel some or all of its sale of Goods to Buyer at any time prior to shipment. No terms or conditions appearing in Buyer's order form or any other document furnished by or on behalf of Buyer (whether before or after the date of this document) that are in variance or conflict with these terms and conditions shall be binding upon the Company, and any such terms or conditions in variance or conflict with these terms and conditions shall be deemed waived by Buyer. If there are material variances or conflicts between these terms and conditions and the terms and conditions contained in Buyer's order form or any other document furnished by or on behalf of Buyer (whether before or after the date of this document), these terms and conditions shall be deemed a counter-offer to Buyer's order and shall be deemed accepted by Buyer if Buyer does not object in writing, with specific reference to these terms and conditions, within twenty-four hours after Buyer's initial receipt of these terms and conditions.

Price and Payment

The price and payment terms for the Goods and all trade pricing and discounts (if any) granted to Buyer are listed on the front of this document and supersede all prior price sheets. All of the Company's prices and discounts are subject to change without notice. Invoices which have not been paid when due shall bear interest until paid in full at the lesser of (a) eighteen percent (18%) per annum or (b) the highest rate of interest permitted by applicable law until paid in full. Further, all discounts and dating shall be revoked and all invoices, whether past due or not, shall be accelerated and become due immediately.

Minimum Opening Order

Learning Curve Brands, Inc. requires a minimum opening order of \$2,500 to buy into the Thomas & Friends Wooden Railway brand. An opening order is defined as an order placed by a retailer who did not get invoiced for or ordered brand in the current or last calendar year.

The minimum order value is \$250, comprised of merchandise items--not displays or fixtures. This applies to all orders except Drop Ship orders. Items from multiple brands can be combined to satisfy the \$250 requirement.

Merchandise must be ordered in multiples of case packs, where applicable. All sales are subject to availability of product. Orders for early shipment receive priority in the event of product shortages. New customers must submit the Company's completed credit application.

Credit Standing

The Company's obligation to manufacture, sell or deliver Goods to Buyer is conditioned upon maintenance by Buyer of credit standing at least as high as when Buyer's order was accepted, and upon Buyer's prompt payment when due of any sum owing by Buyer to the Company under any agreement between them. If, in the Company's opinion, the prospect of receiving full payment for Goods ordered is impaired, the Company may halt shipment, but Buyer shall remain liable to pay for any such Goods shipped.

Delivery and Freight Terms

All dates quoted for shipment of the Goods are estimates only and are not guaranteed. The Company may make partial deliveries of the Goods. The Company will endeavor to meet the quoted shipment dates, but shall have no liability for any delay in shipment or delivery, and shall be held harmless from any damage or loss incurred by Buyer due to such delay in shipment or delivery. IN NO EVENT SHALL THE COMPANY BE LIABLE TO BUYER OR ANY THIRD PARTY FOR ANY LOST PROFITS OR INCIDENTAL, SPECIAL OR CONSEQUENTIAL DAMAGES.

Full Freight Allowed on all orders over \$2,500 net per destination (including backorders on these orders) within the contiguous U.S.A. Buyers may deduct freight charges billed on invoice if invoice is paid within the due date. Full Freight Allowed is not available for display fixtures.

Inspection, Rejection and Returns

Buyer agrees to inspect fully all Goods delivered to it at the time of delivery. In the event that such inspection reveals any damage in the Goods, Buyer shall have the right to reject such Goods and, in such event, shall notify the Company and the carrier immediately of any such damage. If Buyer fails to notify the carrier and the Company in writing of any such damage within ten days of receipt, Buyer shall be deemed to have accepted the Goods delivered. Such acceptance shall constitute an irrevocable acceptance of the Goods by Buyer and a waiver of any and all claims Buyer may otherwise have had against the Company with respect to such Goods. In addition, the Company must be advised of all shortages, in writing, within ten days of receipt of Goods. The Company shall not accept Goods for return after such Goods are accepted by Buyer. Goods may not be returned prior to the Company's written consent and issuance of a return authorization numbers. Authorized returns are subject to a 20% restocking fee.

Breach; Remedies; Action for Breach

Buyer agrees to indemnify, save and keep the Company free and harmless from and against any loss, liability, damage or expense, including reasonable attorneys' fees and court costs, which the Company suffers as a result of Buyer's failure to pay or other breach or failure to comply with any provision, representation or warranty made by Buyer in any Sales Agreement, as well as from any failure of Buyer to store, maintain or use the Goods other than in a normal, intended and customary manner. The failure of the Company at any time to require performance by Buyer of any provision in a Sales Agreement shall in no way constitute a waiver of that provision or affect the full right of the Company to require such performance by Buyer at any time after such failure, nor shall any waiver by the Company of a breach by Buyer of any provision in a Sales Agreement constitute a waiver of any succeeding breach by Buyer of the same or any other such provision.

Intellectual Property

Buyer acknowledges and agrees not to contest the Company's exclusive ownership of the Company's trade names, service marks and trademarks, and all logos and derivations of such items, or its right to use all names and marks licensed to the Company (collectively, the "Marks"). In addition, Buyer acknowledges that it lacks and will not acquire any right to use any Mark, except in connection with the resale of the Goods which are intended for resale. Buyer shall not register any Mark or use any Mark in its legal or trade name. Buyer agrees to (a) cooperate in all reasonable respects with the Company (at the Company's request) to prevent any unauthorized use of any of the Marks and (b) notify the Company upon its discovery of any unauthorized use of any of the Marks.

Assignment

Buyer may not assign any of its rights or obligations under this sales agreement or any portion of it to any third party without the Company's written consent.

Governing Law; Consent to Jurisdiction

This sales agreement shall be governed by and construed and enforced in accordance with the substantive laws of the State of Illinois without regard to conflicts of law principles. IN CONNECTION WITH ANY CLAIM, MATTER OR DISPUTE ARISING OUT OF OR RELATING TO THE SALE OF GOODS UNDER THIS SALES AGREEMENT, EACH OF THE COMPANY AND BUYER (A) CONSENTS, AT THE COMPANY'S ELECTION AND WITHOUT LIMITING THE COMPANY'S RIGHT TO COMMENCE AN ACTION IN ANY OTHER JURISDICTION, TO THE JURISDICTION AND VENUE OF ANY COURT (FEDERAL OR STATE) SITUATED IN COOK COUNTY, ILLINOIS, (B) WAIVES ANY OBJECTION TO IMPROPER VENUE OR FORUM NON CONVENIENS, (C) CONSENTS TO SERVICE OF PROCESS BY CERTIFIED OR REGISTERED MAIL, POSTAGE PREPAID, ADDRESSED TO THE COMPANY OR BUYER, AS THE CASE MAY BE, AT ITS LAST KNOWN ADDRESS, AND (D) WAIVES TRIAL BY JURY IN CONNECTION WITH ANY SUCH ACTION. Nothing contained in this sales agreement shall limit or affect the right of the Company and Buyer to serve legal process in any other manner permitted by law. ANY ACTION AGAINST THE COMPANY FOR ANY CLAIM RELATED TO OR ASSERTED UNDER THIS AGREEMENT MUST BE COMMENCED WITHIN ONE (1) YEAR AFTER SUCH CAUSE OF ACTION SHALL HAVE ACCRUED.

Severability

If any provision of this agreement shall be prohibited by or be invalid under applicable law, such provision shall be ineffective only to the extent of such prohibition or invalidity without invalidating the remainder of such provision or the remaining provisions.

Force Majeure

The Company shall not be liable for delays in performance caused by act of God, fire or other casualty, accident, strike, shortage of labor or materials, governmental action or other cause beyond the Company's reasonable control, and the time for the Company's performance shall be extended by the period of any such delay. The Company reserves the right to apportion its production among its customers as it may determine.

Corrections and Changes

All stenographic and clerical errors contained in this sales agreement may be corrected by the Company. The Company reserves the right to make changes in its pricing as deemed necessary.