

MERCHANDISING LICENSE AGREEMENT STANDARD TERMS AND CONDITIONS

These Standard Terms and Conditions shall be deemed fully incorporated into the Merchandising License Agreement Schedule, and together with the Schedule shall hereinafter be referred to as “the Agreement.” Unless expressly provided to the contrary herein, to the extent that any provision of these Standard Terms and Conditions conflicts with any provision of the Schedule, the Schedule shall control.

1. GRANT OF RIGHTS; LIMITED LICENSE: Licensors hereby grants to Licensee and Licensee hereby accepts the non-transferable, non-assignable right and obligation to utilize the Licensed Property solely on or in connection with the manufacture and sale of Licensed Articles in the Licensed Territory during the Term. The license granted herein includes the non-exclusive right to use, in the Licensed Territory and for the Term, the title of the Licensed Property and the trade and service marks and names of the Licensed Property, of Licensors, and the logos and artwork, if any, embodying them (collectively, the “Trademarks”). Licensee shall be entitled to sell the Licensed Articles solely in the Channels of Distribution set forth in the Schedule. No such sales shall be on an approval, consignment, guaranteed sale or return basis. To the extent that the Licensed Territory is a part of the European Community (“EC”) or European Free Trade Association (“EFTA”), in the event Licensee receives unsolicited requests from third parties outside the Licensed Territory, but within the EC or EFTA, wishing to purchase units of the Licensed Articles, Licensee may fulfill such requests and shall report and account for such sales in the same manner as required to report and account for sales of Licensed Articles in the Licensed Territory, provided that Licensee shall not pursue an active policy of selling Licensed Articles outside the Licensed Territory.

2. “ADVANCE”, “GUARANTEE”, “ROYALTY” PAYMENTS:

(a) “Advance”: Licensee shall pay Licensors a non-refundable Advance in the amount set forth in the Schedule. The Advance shall be applied against the Royalty to be paid to Licensors during the Term.

(b) “Guarantee”: The Guarantee is the minimum amount of Royalties, including the Advance, to be paid to Licensors in the amount set forth in the Schedule. No later than ninety (90) days prior to the end of the Term, Licensee shall pay to Licensors an amount equal to that portion of the Guarantee not previously paid to Licensors in Royalty payments. Should Licensee fail to make any scheduled payments within forty-five (45) days of the applicable due date, Licensors, in its sole discretion, may demand full payment of the balance of the Guarantee against Royalties due Licensors during the Term. If Licensee fails to pay the full balance of the Guarantee upon Licensors’s demand, Licensors may terminate this agreement upon written notice to Licensee.

(c) “Royalty”: Licensee shall pay Licensors a Royalty on Net Sales as stated in the Schedule, determined as follows:

(i) “Net Sales” shall mean Licensee’s actual invoiced billings (i.e., sales quantity multiplied by Licensee’s selling price) for Licensed Articles sold, less only the sum of permitted allowances, markdowns, returns and customary trade discounts; the aggregate of such deductions shall not exceed the percentages set forth in the Royalty provision of the Schedule during any accounting period. It is understood that credit against sales will be allowed only for

actual returns or damaged goods, and that no credit against sales will be allowed on the basis of an accrual or reserve system. No other deductions shall be taken from Net Sales including, without limitation, deductions for cash or other discounts, uncollectible accounts, VAT, or sales tax. No costs incurred in the manufacture, sale, distribution, or promotion of Licensed Articles shall be deducted from any Royalties payable to Licensor. In the event that Licensee's actual selling price includes VAT, notwithstanding anything to the contrary in this provision, VAT may be deducted from Net Sales.

(ii) Licensee shall pay and hold Licensor forever harmless from all taxes, customs, duties, levies, import or any other charges now or hereafter imposed or based upon the manufacture, delivery, license, sale, possession or use hereunder to or by Licensee of the Licensed Articles (including but not limited to sales, use, inventory, banking fees, income and value added taxes on sales of Licensed Articles), which charges shall not be deducted from the Royalties, Advance or Guarantee.

(iii) In addition, Royalties shall be paid by the Licensee based on Licensee's usual sales price where: (i) Licensed Articles are distributed by Licensee on a "no charge" basis for promotional marketing or goodwill purposes, (ii) the billed price for the Licensed Articles is less than the usual sales price and the Licensee receives other compensation, monetary or otherwise (including value-added services, commercial advantages, etc.), attributable to the distribution of the Licensed Articles separate from the price which appears on the respective invoice, or (iii) the Licensed Articles are sold by Licensee to an affiliate.

(iv) Unless otherwise expressly provided in the Schedule, Licensee shall not, without the prior written consent of Licensor, sell the Licensed Articles on an F.O.B. basis. All Licensed Articles sold on an F.O.B. basis without Licensor's prior written consent will be subject to Royalties based on the greater of (i) a royalty rate computed on the same basis as if such Licensed Articles had been shipped directly to Licensee, or (ii) a royalty rate equal to one-half of the Royalty Rate specified in the Schedule, but based on the suggested retail sales price of Licensed Articles sold by Licensee's customers.

(v) The Royalty shall accrue and be due and payable to Licensor when the Licensed Articles are sold, shipped, distributed, billed and/or paid for, whichever occurs first. All Royalty payments shall be made to Licensor, or Licensor's authorized representative.

(vi) Unless otherwise agreed by Licensor, Royalties shall be computed and paid to Licensor in U.S. Dollars at the exchange rate applicable on the date payment is due to Licensor. Licensee shall be solely responsible for all costs of any currency conversion to U.S. Dollars, and such costs shall not reduce the amounts due Licensor hereunder.

(vii) If Licensor does not receive the applicable Royalty payment on or before the thirtieth (30th) day of the month following the close of each calendar quarter during the Term, Licensee shall pay Licensor interest with respect to any Royalties owed to Licensor at the "prime rate" plus three percent (3%). The "prime rate" shall be as published from time to time by The Chase Manhattan Bank N.A. in New York City, adjusted each January 1 and July 1 to reflect the prime rate in effect at such date, each such adjusted rate to apply for the six (6) months immediately following such adjustment.

(d) “Royalty and Sales Forecast Reports”: Licensee shall render royalty reports (“Royalty Reports”) in a form provided to Licensee by Licensor no later than the thirtieth (30th) day of the month following the close of each calendar quarter during the Term, whether or not any payment is shown to be due Licensor hereunder. All Royalty Reports shall be certified by a company officer of Licensee. Neither the acceptance of any Royalty payment or Royalty Report nor the deposit of any check shall preclude Licensor from questioning the correctness of such payment or Royalty Report at any time within the applicable audit period, as described below. If the Licensed Territory covers more than one country, “Royalty Reports” shall be prepared on a country-by-country basis. In addition to the Royalty Report, Licensee shall simultaneously provide Licensor with a Sales Forecast Report, forecasting and projecting anticipated royalties, as well as advertising and promotional expenditures, for the next four calendar quarters, or remainder of the Term.

(e) Audit Rights: Licensee shall keep detailed, accurate and complete books and records as they relate hereto for not less than four (4) years from the termination or expiration of the Term. At least once during each calendar year, and no later than fifteen (15) days of receipt of written notice, Licensor’s duly authorized representative shall have the right to examine said books and records during reasonable business hours, and to make copies and summaries of such books and records as they apply to the Licensed Articles and all transactions under this Agreement, and if any deficiency in Royalties paid to Licensor, or shortfall of expenditures applicable to the Minimum Advertising Guarantee, for any period under audit (“Audit Deficiency”) is discovered, Licensee shall promptly pay such Audit Deficiency and any interest thereon to Licensor. If Licensee fails to provide or make available all invoices billed to its customers, or if such invoices are incomplete, Licensee shall pay a Royalty on such sales equal to the highest price charged to any of Licensee’s retail customer for the Licensed Articles. If any Audit Deficiency exceeds five percent (5%) or more of Royalties paid during any accounting period plus any amounts not spent by Licensee to fulfill its Minimum Advertising Guarantee commitment, Licensee shall pay the audit costs. If such Audit Deficiency is more than fifteen percent (15%) in book inventory versus physical inventory, Licensee shall be required to pay Licensor a Royalty on the missing Licensed Articles. If such Audit Deficiency is twenty percent (20%) or more of the Royalties paid to Licensor for such audit period, then in addition to the above, Licensor may, at its sole option, immediately terminate the Agreement upon notice to Licensee, even if Licensee tenders the audit deficiency and associated costs and expenses to Licensor. Should Licensee fail to maintain auditable books and records, Licensee shall pay Licensor a penalty equal to the greater of: (i) twenty- five percent (25%) of the Guarantee; or (ii) twenty-five percent (25%) of all Royalties paid (or owed) to Licensor, including the Advance from the commencement of the Term through the period subject to audit. Payment of such penalty shall not waive, limit or restrict any other rights or remedies that Licensor may have in law or equity. Licensor’s right to audit Licensee’s books and records shall survive the expiration or earlier termination of this Agreement.

(f) Inventory Report: Licensee shall perform a certified physical inventory of the Licensed Articles at least once for each year of the Term of this Agreement and shall provide Licensor with documentation of the physical inventory count. Notwithstanding, at any time during the Term, Licensor and its authorized representative may, as part of an audit, request a certified physical inventory. If any of the Licensed Articles have been destroyed (including damaged goods), Licensee shall, at Licensor’s request, provide Licensor or its authorized representative with a certificate of destruction.

(g) Withholding Taxes: If withholding taxes based on Licensor’s direct net income are required, Licensee may deduct the required amount from Royalties prior to remitting same to Licensor, provided Licensee provides Licensor with a copy of all documents evidencing such withholding tax payment prior to such deduction and provides Licensor with the appropriate tax credit forms within sixty

(60) days of payment of such withholding tax and affords all necessary cooperation and support to Licensor in order to get reimbursed and/or credited. In the event Licensee does not provide the appropriate tax credit form within sixty (60) days of payment of withholding taxes, Licensee shall be liable to and shall reimburse Licensor for the amounts deducted from Royalties for withholding taxes in the immediately following "Royalty Report".

(h) Retail Analytics: Licensee grants Licensor access to all retailer sales data analytics pertaining to Licensed Articles pursuant to this Agreement, and any previous merchandising license agreements between the parties. Licensee shall provide Licensor the following Licensed Articles product information a minimum of ninety (90) days prior to each product shipping for retail: (i) item details, including SKU and UPC, (ii) item description, and (iii) retail price.

3. NON-EXCLUSIVITY: Unless otherwise stated in the Schedule, the license granted under this Agreement is non-exclusive, and Licensor shall not be prevented from granting third parties the right to use the Licensed Property in any manner for any purposes whatsoever.

4. COPYRIGHT, TRADEMARKS, ETC.:

(a) Use: Licensee's use of the Licensed Property shall inure exclusively to the benefit of Licensor, and Licensee shall not acquire any rights therein by virtue of its use thereof. Licensee recognizes the unique value of the Licensed Property and the value of the goodwill associated therewith, and the secondary meaning that the Licensed Property and goodwill have acquired in the mind of the public. Licensee's use of the Licensed Property shall not confer or imply a grant of rights, title or interest in the Licensed Property or goodwill associated therewith and all ownership of copyrights, trademarks and other rights in the Licensed Property and in all artwork, packaging, copy, literary text, advertising and promotional materials of any sort utilizing the Licensed Property, including all such materials developed by Licensee, and the goodwill pertaining thereto, ("Collateral Materials") shall be and at all times remain in the name of Licensor. Collateral Materials shall not include any trademarks or copyrighted material that was owned and utilized by Licensee prior to its use of the Licensed Property. All Collateral Materials shall constitute "works made for hire" within the meaning of U.S. copyright law, whereby Licensor shall be deemed the author of all such Collateral Materials and all ownership rights will vest initially in Licensor upon creation of the Collateral Materials without any further action by any party hereto. Licensee hereby acknowledges that all works made for hire shall be the sole property of Licensor. All Collateral Materials shall be prepared by an employee-for-hire of Licensee under Licensee's sole supervision, responsibility and monetary obligation. If third parties who are not employees of Licensee contribute to the creation of the Collateral Materials, Licensee shall obtain from such third parties, prior to commencement of work, a full written assignment of rights so that all right, title and interest in the Collateral Materials, throughout the universe, in perpetuity, shall vest immediately in Licensor. Licensee shall not permit any of its employees or third parties to obtain or reserve, by written or oral agreement or otherwise, any rights as "authors" or "inventors" of any artwork or designs (as such terms are used in present or future U.S. copyright and/or patent statutes or judicial decisions).

(b) Notice: Licensee shall fully comply with the notice provisions of the Universal Copyright Convention and, where applicable, trademark laws of the Licensed Territory. All Licensed Articles and Collateral Materials shall bear the copyright/trademark notice set forth in the Schedule, and any other notices which Licensor may from time to time require. If by inadvertence a proper copyright/trademark notice is omitted from any Licensed Article or other materials containing the Licensed Property,

Licensee agrees at its own expense to use all reasonable efforts to correct the omission on all such Licensed Articles or other materials in process of manufacture or distribution. Licensee agrees to advise Licensor promptly and in writing of the steps being taken to correct any such omission and to make the corrections on all existing Licensed Articles that can be located. Any and all additions to, and new renderings, modifications or embellishments of artwork utilizing the Licensed Property shall, notwithstanding their invention, creation and use by Licensee, be and remain the part of the Collateral Materials, and Licensor may use and license others to use the same, subject only to the provisions of this Agreement.

(c) Maintaining Rights: Licensee agrees to assist Licensor, at Licensor's request and expense, in procuring and maintaining the rights of Licensor in the Licensed Property (including trademark, trade dress, patents, design right and/or copyright). In connection therewith, Licensee agrees to execute and/or deliver to Licensor in such form as Licensor may reasonably request all instruments necessary to effectuate trademark and/or copyright protection or to record Licensee as a registered user of any trademarks or copyrights, where applicable, or to cancel such registration. If Licensee fails to execute any such instruments, Licensee appoints Licensor as its attorney-in-fact to do so on Licensee's behalf. Licensor makes no warranty or representation that trademark and/or copyright protection shall be secured in the Licensed Property. Licensor shall control absolutely all infringement litigation brought by or against third parties involving or affecting the Licensed Property and Licensor may join Licensee as a party thereto at Licensor's expense.

(d) Infringements/Unfair Competition: Licensor and Licensee shall cooperate to ensure that third parties may not unlawfully infringe on the Licensed Property or engage in any acts of unfair competition involving the Licensed Property. Licensee shall promptly notify the Licensor of any such infringements or acts of unfair competition by third parties that comes to its attention. Licensee shall have no right to take or to require Licensor to take any action against any alleged infringer, or to prevent infringement of, the Licensed Property, or trademark or copyright or any other protection or other right pertaining thereto or to take any action regarding the potential breach of the intellectual property rights in and to the Licensed Property (including, without limitation, for unfair competition) in connection with the foregoing. Licensor shall have the exclusive right, exercisable at its discretion, to institute in its own name and/or Licensee's name and to control, all actions against third parties relating to Licensor's copyrights, trademarks, and other proprietary rights in and to the Licensed Property, at Licensor's expense. With respect to any such actions, Licensor shall employ counsel of its own choice to direct the handling of the litigation and any settlement thereof. Licensee shall cooperate fully with Licensor in connection with any such action. Licensor shall be entitled to receive and retain all amounts awarded, if any, as damages, profits or otherwise in connection with such suits. Licensee shall not, without Licensor's express prior written consent, institute any suit or take any action on account of such infringements, acts of unfair competition or unauthorized uses (including, without limitation, making any demands or claims, or effecting any settlement). Licensee shall not have any rights against Licensor for damages or any other remedy by reason of Licensor's failure or refusal to prosecute, or Licensor's refusal to permit Licensee to prosecute, or regarding any settlement accepted or rejected by Licensor with respect to any alleged infringement or imitation of the Licensed Property or Licensed Articles by third parties, nor shall any such decisions by Licensor affect the validity or enforceability of this Agreement.

(e) Withdrawal of Elements: Licensor can withdraw any or all elements of the Licensed Property, or any component part thereof, from the terms of this Agreement if Licensor determines that the exploitation thereof would or might violate or infringe the copyright, trademark, or other proprietary rights of third parties, or subject Licensor to any liability or violate any law, court order, government

regulation or other ruling of any governmental agency, or if, on account of the expiration or sooner termination of any agreement between Licensor and a third party from whom Licensor has obtained certain underlying rights relating to the exploitation of the Licensed Property hereunder or otherwise, Licensor shall no longer have the right to act in the capacity herein contemplated on behalf of any third party or parties, or if Licensor determines that it cannot adequately protect its rights in the Licensed Property under the copyright, trademark or other laws of the Licensed Territory. Such a withdrawal shall not be deemed a breach of this Agreement. Upon reasonable notice of such withdrawal, Licensee shall at Licensor's sole discretion: (a) destroy or; (b) deliver to Licensor at Licensor's expense, any Licensed Articles which are in Licensee's inventory. Licensor shall indemnify Licensee for the direct production costs of such destroyed or returned Licensed Articles; provided, however, that Licensee furnishes Licensor with (i) a detailed inventory of such Licensed Articles; (ii) a source documentation supporting such direct production costs; and (iii) an affidavit of destruction, if applicable, in a form acceptable to Licensor, evidencing the same.

(f) Unauthorized Use: Licensee shall not use Licensor's name, or the Licensed Property, other than as permitted hereunder and, in particular, shall not incorporate Licensor's name, or the Licensed Property, in the Licensee's corporate or business name in any manner whatsoever. Licensee agrees that in using the Licensed Property it will in no way represent that it has any rights, title and/or interest in or to the Licensed Property other than those expressly granted under the terms of this Agreement. Licensee further agrees that it will not use or authorize the use, either during or after the Term, of any configuration, trademark, trade name, or other designation confusingly or substantially similar to the Licensed Property, or any element thereof.

5. INDEMNIFICATIONS:

(a) By Licensor: Licensor agrees to defend, indemnify and hold Licensee harmless from and against all claims, actions, liabilities, losses, expenses of any nature (including reasonable attorneys' fees), and costs arising out of any third party claim that Licensee's use as approved hereunder of any representation of the Licensed Property, Artwork or Collateral Materials approved by Licensor infringes the intellectual property rights of any third party, or any right granted by Licensor to a third party, provided Licensee gives Licensor prompt notice of any such claim or actions. Licensor shall not be liable for any claim for indemnity hereunder which arises out of Licensee's failure to obtain the full assignment of rights from any of its employees or third-party contractors who contributed to the creation and production of the Licensed Articles or where Licensee had actual knowledge that its use of the Licensed Property or other conduct would infringe a third party's rights. Licensor shall control absolutely all infringement litigation brought by or against third parties involving or affecting the Licensed Property, and Licensor may join Licensee as a party thereto at Licensor's expense. Licensee will not be entitled to recover for lost profits. If Licensee is precluded from selling any stock of Licensed Articles or utilizing materials in its possession created from the Licensed Property, Licensor shall be obligated to purchase such Licensed Articles and material direct from Licensee at Licensee's direct cost, excluding overhead, and shall have no other responsibility or liability with respect to such Licensed Articles or materials.

(b) By Licensee: Licensee agrees to defend and indemnify Licensor, its respective successors, assigns, parents, subsidiaries, affiliates and all other parties associated with the Licensed Property, and their respective directors, officers, employees and representatives against and hold them harmless from any and all claims, actions, liabilities, losses, expenses of any nature (including without limitation reasonable attorneys' fees) and costs arising out of any third party claim in respect of any actual or alleged breach by Licensee of any representation, warranty or covenant made in this

Agreement, or otherwise arising out of Licensee's activities or omissions under this Agreement, including but not limited to claims of product liability and/or claims arising out of or in connection with the Licensed Articles or their manufacture, packaging, distribution, promotion, sale or exploitation (except with respect to those matters against which Licensor has agreed to indemnify Licensee above), including, but not limited to: (i) any defect in the Licensed Articles (whether obvious or hidden and whether or not present in any sample approved by Licensor) whether or not licensed by this Agreement; (ii) personal injury to any third party by the use of the Licensed Articles; (iii) infringement of any rights of any person or entity by the manufacture, sale, possession or use of the Licensed Articles (except for claims that the Licensed Property infringes any copyright, trademark or patent); (iv) Licensee's failure to comply with applicable laws, regulations and standards (including, without limitation, failure to comply with any labelling or product test requirements applicable in local markets in case of permitted sales outside the Licensed Territory); (v) Licensee's failure to obtain a full assignment of rights from any of its employees or third party contractors who contributed to the creation and production of the Licensed Articles; or (vi) any and all claims that may be brought by any seller, distributor and/or other entity in possession of Licensed Articles devoid of the required trademark and copyright notice; and sale of "seconds" or inferior product in violation of the provisions set forth in this Agreement and Licensor shall not be liable to Licensee should Licensor, or its representative, seize the devoid and/or inferior product in a legal action. Licensor shall have the right to defend any such action or proceeding with counsel of its choice at Licensee's cost and expense.

6. **INSURANCE:** Licensee shall at all times while this Agreement is in effect and for three (3) years thereafter, obtain and maintain at its own expenses, from a qualified insurance carrier with a BEST Guide rating of at least "B" insurance, including, without limitation, products, personal injury, advertising, and contractual liability coverage, which must: (i) include Licensor, its parents, subsidiaries, affiliates, directors, officers, employees, representatives and agents, as additional insureds; or (ii) provide coverage to Licensor on a basis equal to Licensee, without restriction. Such policy must provide minimum coverage of Five Million United States Dollars (USD \$5,000,000.00) for each instance and Five Million United States Dollars (USD \$5,000,000.00) in aggregate. The policy shall not be modified, cancelled or terminated without providing Licensor with thirty (30) days written notice. ***Upon execution of this Agreement,*** Licensee shall provide Licensor with a certificate of insurance or statement of coverage issued by the insurance carrier evidencing the same. In no event shall Licensee manufacture, advertise, distribute or sell any Licensed Articles prior to Licensor's receipt of such certificate or other written evidence of insurance satisfactory to Licensor. In addition, Licensee shall maintain in full force and effect at all times while this Agreement is in effect such Worker's Compensation Insurance as required by applicable provincial or state law. If Licensee is a U.S.-based licensee, Licensee agrees to maintain Employer's Liability Insurance with minimum limits of One Million Dollars (\$1,000,000.00) per occurrence. Notwithstanding the above, Licensee agrees they shall maintain liability insurance as is required by local law of the Licensed Territory, and in the event Licensee is unable to obtain such insurance coverage, or such coverage is not available in the Licensed Territory, Licensee shall further indemnify Licensor against any claims of whatsoever nature, that would otherwise be covered by products liability, personal injury, advertising, and contractual liability insurance.

7. **ARTWORK; APPROVALS; QUALITY CONTROL:**

(a) **Artwork:** Licensor shall provide Licensee with access to Licensor's online style guide for the Licensed Property which provides authorized uses of artwork, designs, logos, themes, characters, names and text related to the Licensed Property and trademarks (the "Artwork") for use in connection

with the Licensed Articles and Licensee agrees to abide by the terms and conditions of use. Upon Licensor's request, Licensee shall identify in writing any and all persons (whether or not employed by Licensee) or companies provided with the Artwork. Except as permitted under this Agreement, Licensee shall not duplicate the Artwork for any other purposes. Artwork should be integrated into the Licensed Articles and Licensed Articles shall not consist of a generic product to which Licensee has affixed a decal containing Artwork.

(b) Approvals: Licensee may not manufacture, use, offer for sale, sell, advertise, ship or distribute any Licensed Articles or Collateral Materials without receiving Licensor's final written approval and furnishing Licensor with the minimum number of samples required herein. Licensee shall submit to Licensor for written approval, one (1) prototype of each Licensed Article ("Prototype") and each Collateral Material and/or one (1) drawing, storyboard or rough cut of each Licensed Article (collectively "Preliminary Artwork"), as applicable, to be submitted not later than sixty (60) days after receipt of Artwork from Licensor. Licensee's failure to comply shall be deemed a breach of this Agreement. Any Prototype and/or Preliminary Artwork not approved in writing by Licensor shall be deemed disapproved and Licensee shall make any changes required by Licensor. With respect to all samples of Licensed Articles that have received Licensor's final written approval, Licensee shall not depart therefrom in any material respect, without Licensor's written approval.

(c) Quality Control and Safety Standards: Licensee undertakes that the Licensed Articles, and the Collateral Materials, shall be of the highest standard and quality and shall be of such style, design, appearance and workmanship as to enhance the Licensed Property, the prestige of Licensor, and the goodwill associated with the Licensed Property and the Licensor. Licensee represents and warrants that the Licensed Articles are and shall be safe and suitable for their intended purpose and do not and will not contain any injurious, poisonous, toxic or harmful substances, and that the Licensed Articles are not and will not be inherently dangerous to users thereof. Licensee shall allow Licensor or its representatives to enter Licensee's premises and all manufacturing facilities during regular business hours, upon three (3) business days' written notice, for the purpose of inspecting the Licensed Articles, Collateral Materials, and the facilities in which they are manufactured and packaged. In the event that the quality, health and safety standards are not met, Licensee shall, upon written notice from Licensor, discontinue the manufacture, sale and distribution of such Licensed Articles and/or Collateral Materials related thereto, unless Licensee shall have remedied such failures to Licensor's satisfaction within ten (10) days after Licensee's receipt of notice thereof; failure to effect such remedial measures shall entitle Licensor to terminate this Agreement upon notice to Licensee. Licensee shall ensure that all Licensed Articles and the manufacture, distribution, sale, promotion and advertisement thereof comply with all applicable international, national, federal, state and local laws, treaties and governmental orders and regulations including, without limitation, all applicable health, safety and hazardous materials regulations of the US Consumer Product Safety Commission ("CPSC") and/or any analogous consumer products regulatory agency in the Licensed Territory. In countries where no such laws or regulations exist, the manufacture of Licensed Articles in such countries should be carefully evaluated, taking into account regional and United States standards. Further, Licensee agrees that it (as well as any third-party manufacturer approved by Licensor) shall abide by Licensor's Manufacturer's Agreement and MGA's Code of Conduct which can be found at mage.com/licensees/mla/exhibit, the terms of such Manufacturer's Agreement and Code of Conduct to be incorporated herein by this reference as Exhibits 1 and 1-A. Licensee shall promptly notify Licensor of any product liability claims or notices received from the CPSC or other agencies related to the Licensed Articles. Upon request by Licensor, Licensee will provide a reasonable number of samples of the Licensed Articles from time to time during the Term so that Licensor may submit the Licensed Articles for further testing.

(d) Recalls: In the event of a voluntary or involuntary recall involving the Licensed Articles, Licensee shall take immediate action to recall the Licensed Articles. Licensor shall have the right to instruct Licensee as to the manner in which the recall will be accomplished. If a recall is ordered by the US Consumer Product Safety Commission or any other regulatory agency within the Licensed Territory, Licensee shall immediately notify Licensor and comply with all required procedures. Licensee shall not issue any press releases regarding a recall of the Licensed Articles without first obtaining written approval from Licensor. All costs associated with a recall shall be borne solely by the party whose actions and/or inactions resulted in the recall for such Licensed.

(e) Consumer Services: At all times during the Term of this Agreement, Licensee shall maintain a toll-free telephone number and/or Internet website (such information to be listed on each Licensed Article) to receive and respond to consumer calls, questions or complaints related to the Licensed Articles.

(f) Third Party Materials: In the event Licensee utilizes photographs, artwork, or any other copyrighted or trademarked materials other than the Artwork ("Third Party Materials") on or in connection with Licensed Articles, then Licensee shall be solely responsible for obtaining any and all consents, licenses and other permissions which may be required for using such Third-Party Materials.

(g) Tags/Labels/Identification: If applicable to the Licensed Articles to be manufactured, sold and distributed under this agreement, Licensee shall comply with and adhere to Licensor's mandatory "Official Licensed Product" identification tracking, identification and anti-counterfeiting systems, tags and labels that Licensor may establish from time to time, which may include the obligation, at Licensee's sole expense, to use product authentication hang tags or stickers which must at all times comply with specific criteria determined by Licensor or to purchase such hang tags or stickers from a third party designated by Licensor from time to time, and to affix such hang tags or stickers on each Licensed Article before sale or distribution.

8. MANUFACTURE AND DISTRIBUTION: Licensee shall be entitled to sublicense the right to manufacture the Licensed Articles to third party manufacturers ("Third Party Manufacturers"), provided that (a) Licensee shall be responsible for full compliance by Third Party Manufacturers with the terms and conditions of this Agreement; (b) such sublicense shall not relieve Licensee of any of its obligations under this Agreement and (c) Licensee shall be responsible and primarily liable for all activities and obligations of Licensee's Third-Party Manufacturers with respect to the Licensed Articles. **Further, Licensor requires that such Third-Party Manufacturer sign a Manufacturer's Agreement in the form provided by and attached as Exhibit 1 or which can be found at mage.com/licensees/mla/exhibit.**

9. ADVERTISING; PROMOTION OF LICENSED ARTICLES: Licensee agrees to spend during the Term of this Agreement for the advertising and promotion of each of the Licensed Articles the amount set forth in the Schedule (the "Minimum Advertising Guarantee"). **Licensee shall provide Licensor with quarterly accountings giving full details of all sums spent by Licensee pursuant to the provisions of this paragraph.** In the event that during any twelve (12) month period of the Term of this Agreement, Licensee fails to meet its Minimum Advertising Guarantee, Licensee shall remit to Licensor an amount equal to the difference between the amounts actually paid by Licensee for advertising and promotion of the Licensed Articles and the Minimum Advertising Guarantee.

10. RESTRICTIONS ON EXPLOITATION:

(a) Without the express prior written consent of Licensor, the Licensed Property shall not be used in conjunction with any other licensed name, character, symbol, design, likeness or literary or artistic material.

(b) The Licensed Articles shall not be packaged for sale or distribution with other articles.

(c) The Licensed Articles shall only be sold and distributed in commercial quantities and commercially reasonable assortments, sufficient to meet public demand, at competitive prices, only to jobbers, wholesalers and distributors for sale and distribution to retail stores and to retail stores for direct sale to the public; and not as closeouts, on an approval or consignment basis, or for use in vending machines.

(d) Licensee shall not offer the exclusive sale of Licensed Articles to any particular retailer without the prior written consent of Licensor. Except for the limited right to supply Licensed Articles to members of the European Union as set forth in paragraph 1, Licensee shall ensure that Licensed Articles are not sold or distributed to any party outside of the Licensed Territory.

(e) Throughout the Term and any sell-off period, Licensee shall not “dump” the Licensed Articles in the marketplace (i.e., Licensee shall not distribute the Licensed Articles at volume levels significantly above Licensee’s prior sales practices, and at price levels so far below prior sales practices with respect to the Licensed Articles as to disparage the Licensed Articles). Notwithstanding the foregoing, nothing contained herein shall be deemed to restrict Licensee’s ability to otherwise set prices at its own unfettered discretion.

(f) Neither Licensee nor its retail customers shall display Licensed Articles or offer them for sale by means of any Internet website that is not a derivative of a “brick and mortar” retail store, except as permitted in writing by Licensor and in conformity with Licensor’s Internet privacy and content policies.

11. REVOCAION OF APPROVAL: In the event that the quality, appearance or style of any previously approved Licensed Article ceases to be acceptable to Licensor, Licensor shall have the right, in its sole discretion, to revoke its approval of such Licensed Article and/or to require Licensee to redesign the Licensed Article in such manner as reasonably directed by Licensor. Provided the revocation of approval is not due to a health or safety hazard, Licensee shall have a period of ninety (90) days to sell off any remaining inventory of such Licensed Articles. If there are other Licensed Articles for which approval has not been revoked, then this Agreement shall remain in full force and effect as to such Licensed Articles.

12. RESERVED RIGHTS: The license granted to Licensee under this Agreement is non-exclusive and Licensor shall not be prevented from granting third parties the right to use the Licensed Property in any manner whatsoever. All premium and promotional or commercial tie-in uses or any secondary uses of the Licensed Articles are reserved to Licensor, and may be exercised by Licensor concurrently herewith.

13. “EVENTS OF DEFAULT”: Licensor shall have the right to terminate this Agreement effective

upon ten (10) days written notice to Licensee in the event that (a) Licensee is in breach of any warranty, representation and/or obligation hereunder and such breach has remained uncured for such ten (10) day notice period (e.g., distribution by Licensee of any unauthorized product, distribution of Licensed Articles that do not contain the required legal line/notice, Licensee's failure to make timely payments, unauthorized sales by Licensee outside of the Licensed Territory and/or Distribution Channel, Licensee's failure to maintain insurance, quality and/or safety standards, Licensee's and/or any third party manufacturer's breach of failure to comply with Licensor's Code of Conduct for Manufacturers, etc.); (b) there is a voluntary or involuntary order of the CPSC or any other regulatory agency in the Licensed Territory involving the recall of any of the Licensed Articles manufactured by Licensee because of safety, health or other hazards or risks to the public, and Licensee fails to take immediate action to recall the Licensed Articles; (c) during any calendar quarter of the Term, Licensee fails to sell, manufacture, and/or distribute commercially reasonable quantities and assortments of any or all Licensed Articles; (d) Licensee or any of its controlling shareholders, officers, directors or employees take any actions in connection with the manufacture, sale, distribution or advertising of the Licensed Articles or takes any other actions which damage or reflect adversely upon Licensor and/or the Licensed Property; and (e) Licensee breaches any material term of any other license agreement between Licensor and Licensee, and such license agreement is terminated for cause.

14. TERMINATION; EXPIRATION: On expiration or termination of this Agreement, all Royalties (including any unpaid portions of the Guarantee, if any) shall be immediately due and payable without set-off of any kind and no Advance or Guarantee paid to Licensor shall be refunded to Licensee. Termination of this Agreement, or any portions thereof, by Licensor pursuant to an Event of Default shall in no way reduce, proportionally or otherwise, the Guarantee required to be paid to Licensor hereunder. Upon expiration of the Term, and in the event of its earlier termination, ten (10) business days after receipt of notice of termination, Licensee shall furnish a statement, showing the number and description of Licensed Articles on hand or in process, to Licensor. Licensor shall have the right to take a physical inventory to ascertain or verify such inventory or statement. Refusal by Licensee to submit to such physical inventory by Licensor and/or failure by Licensee to render the final statement as and when required by this provision, shall result in a forfeiture by Licensee of Licensee's right to dispose of its inventory by sell-off or otherwise, and Licensor shall retain all other legal and equitable rights it may have in the circumstances.

(a) Sell-Off Period: On expiration of the Agreement only (as opposed to early termination), Licensee shall have the period of days as set forth in the Schedule as the Sell-Off Period in which to sell-off (on a non-exclusive basis) Licensed Articles which are on hand or in process as of the Term expiration date; provided, however: (i) Licensee is in full compliance with all the terms and conditions of this Agreement, including, but not limited to, Licensee's obligation to pay Royalties on and to account to Licensor for such sales (such accounting to be provided to Licensor within fifteen (15) days after the expiration of the Sell-Off Period; (ii) Licensee has not manufactured Licensed Articles solely or principally for sale during the Sell-Off Period; and (iii) Licensee has given Licensor the opportunity to purchase such Licensed Articles at Licensee's cost of manufacture thereof, which purchase may be of some or all such units, in Licensor's sole discretion. Royalties earned during the Sell-Off Period may not be applied to any Guarantee shortfall. Licensee shall not be authorized to dispose of the excess inventory in the Sell-Off Period to the extent that it exceeds ten percent (10%) of the total number of Licensed Articles sold during the Term, without Licensor's prior written consent. During the Sell-Off Period, Licensor may use or license the use of the Licensed Property in any manner, at any time, anywhere in the world.

(b) Disposition of Artwork and Collateral Materials: All Artwork and other materials supplied to Licensee by Licensor hereunder shall be immediately returned to Licensor at Licensee's expense. All remaining Collateral Materials and Licensed Articles and component parts thereof shall be destroyed within five (5) business days. Licensee shall within five (5) business days after such destruction to deliver to Licensor a certificate of destruction evidencing same.

15. NOTICES: All notices, demands, contracts or waivers hereunder shall be given in writing by first class mail, overnight air courier or email message addressed as indicated in the Schedule or as otherwise indicated in writing by a party hereto. The date of any email message shall be deemed to be the date of delivery with written verification of receipt. Five (5) business days from the date of mailing shall be deemed to be the date of service for mailed notices. Two (2) business days from the date sent by overnight air courier shall be deemed to be the date of service for couriered notices.

16. NO WAIVER OR MODIFICATION: The terms of this Agreement cannot be modified, except by an agreement in writing signed by both parties hereto. No waiver by either party of a prior breach or default hereunder shall be deemed a waiver by such party of a subsequent breach or default of a like or similar nature.

17. NO ASSIGNMENT: Licensor shall have the right, at any time, to assign, license or otherwise transfer this Agreement, in whole or in part, or any or all of Licensor's rights or obligations hereunder to any third party and this Agreement shall be binding upon and shall inure to the benefit of such successors and assigns of Licensor. This Agreement may not be assigned, transferred or encumbered by Licensee, in whole or in part, by operation of law or otherwise, without Licensor's prior written consent, and any purported assignment in violation of the foregoing shall be null and void from the making thereof. Licensor reserves the right to charge and Licensee agrees to pay a reasonable fee reflective of the time, administrative efforts, and business risk incurred with any such transfer.

18. CONFIDENTIALITY: Other than as may be required by any applicable law, government order or regulation, or by order or decree of any court of competent jurisdiction, Licensee shall not divulge or announce, or in any manner disclose to any third party, any information or matters revealed to Licensee pursuant hereto, or any of the specific terms and conditions (including but not limited to Royalty Rates, Advances, Guarantees and Net Sales of Licensed Articles) of this Agreement.

19. RELATIONSHIP OF PARTIES: This Agreement does not appoint either party as the representative of the other party, or create a partnership or joint venture between the parties.

20. FORCE MAJEURE: Neither party shall be in breach of this Agreement to the extent either party is unable to perform due to any event of "force majeure" such as fire, earthquake, epidemic, war, strike, riot, and similar acts or events not within the control of either party, whether foreseeable or unforeseeable. If this such force majeure event exceeds sixty (60) days, either party may, by written notice to the other, terminate this Agreement.

21. GOVERNING LAW: This Agreement shall be construed and interpreted pursuant to the laws of the State of California applicable to agreements executed and to be wholly performed therein. The parties hereby agree that any suit, action or proceeding arising out of or relating to this Agreement shall be instituted by Licensee, and may be instituted by Licensor, in federal and/or state courts of the State of California in Los Angeles County. Each party irrevocably consents to the personal jurisdiction of such courts.

22. LIMITATION OF ACTIONS: No legal action shall be brought by Licensee under this Agreement unless commenced within twelve (12) months from the date the cause of action arose.

23. SEVERABILITY: Should any paragraph, clause or provision of this Agreement be found invalid or unenforceable by any court having jurisdiction over this Agreement, the subject matter hereof, or the parties hereto, such decision shall affect only the paragraph, clause or provision so construed or interpreted and all remaining paragraphs, clauses or provisions shall remain valid and enforceable.

24. HEADINGS AND CAPTIONS: Headings and captions of paragraphs and quotation marks appearing herein are inserted for reference and convenience only and not to define or limit the scope or intent of any provision hereof.

25. ENTIRE AGREEMENT: This Agreement, Licensor's Manufacturer's Agreement, MGA's Code of Conduct and any confidentiality agreement Licensee may have signed pertaining to the Licensed Property, shall constitute the entire understanding of the parties with respect to the subject matter of this Agreement, superseding all prior and contemporaneous promises, agreements and understandings, whether written or oral pertaining thereto.

END OF STANDARD TERMS AND CONDITIONS