

MOTHER OF EDEN™

RETAIL DEALER POLICY

(Effective April 1, 2004)

Mother of Eden, L.L.C. (the “Company”) has determined that in order to compete better against the premium diapers and other products of its competitors, it must exercise greater control over the resale of its goods by establishing this Retail Dealer Policy (“Policy”). The Company has adopted this Policy unilaterally and will enforce it strictly and uniformly.

1. **Relationship.** The Company is a manufacturer and distributor of its FUZZI BUNZ™ diapers and other products (collectively, the “Products”), which it sells to retail dealers (“Dealers”) for resale to consumers. The Company’s Dealers are in the business of selling, at retail, the Products sold by the Company to the Dealers and merchandise that the Dealers obtain from other sources. Dealers exercise independent control over the operation of their businesses and no partnership, joint venture, or franchise relationship exists between the Company and its Dealers.

2. **Policy Compliance.** Although Dealers are free to establish their own resale policies, the Company, without assuming any liability, after it verifies to its satisfaction that a Dealer has advertised, offered, or sold any of the Company’s Products in a manner materially inconsistent with this Policy, without any advance notice to the Dealer, will not accept any orders from the Dealer and will terminate its relationship with the Dealer. Mother of Eden personnel have no authority to modify this Policy or to grant any exceptions to this Policy and will not discuss the Policy on the telephone or in person with any Dealer. The Company will only respond to inquiries regarding the Policy made in writing, addressed to Retail Dealer Policy Compliance, Mother of Eden, L.L.C., 315 Weeks Street, New Iberia, Louisiana 70560-4549, and the Company will only respond in writing.

3. **Changes to the Policy.** The Company may modify this Policy in the Company’s discretion at any time.

4. **No Agreements.** The Company will not discuss any conditions of acceptance related to this Policy. The Policy is not negotiable and the Company will not alter it for any Dealer. The Company neither solicits, nor will it accept or consider, any promise to comply with this Policy. Nothing in this Policy will constitute an agreement between the Company and any Dealer that the Dealer will comply with this Policy.

5. **Communication with Terminated Dealers.** The Company will not disclose, in any Notice of Termination, any reason for the termination. After sending a notice of termination, the Company will not communicate with a terminated Dealer on any matter related to its termination and will not discuss, accept, review, or consider any promise of compliance with the Policy from any terminated Dealer.

6. **Laws, Regulations, Standards, and Taxes.** Dealers must observe all laws and regulations and meet all standards set by any federal, state, local, or other governmental authority or entity regulating or pertaining to the business of Dealers, including collecting all required sales taxes; reporting and remitting all sales taxes to the proper authorities; and filing all required sales tax returns. Before the Company will accept any order from a Dealer, the Company must receive from the Dealer a copy of the state or local license showing that the Dealer is authorized to do business and a certificate demonstrating that the Dealer is exempt from the state sales tax in its state as a reseller. Dealers must maintain the highest standards of integrity, honesty, professionalism, responsibility, and business ethics in promoting and selling the Products.

7. **Orders and Inventory.** Dealers must maintain an adequate stock of inventory to service their customers and must not sell products that are not in the Dealer's inventory. The Company will not make available a direct shipment or "drop shipment" service to its Dealers. (This service is available through the Company's "Make A Difference" program for the Company's sales "Consultants.") The Company will not have any liability for lack of availability of any of its Products for any reason, including, without limitation, uneven demand, inability to obtain a product from its manufacturer or distributor, import, customs, shipping, or postal delays, strikes, war, conflict, terrorism, weather, or any other condition or event beyond the control of the Company. All orders must be in minimum amounts of \$200 and are subject to acceptance by the Company. If a Dealer decides to go out of business, then the Company will repurchase all Products that have not been used, that the Dealer has not sold to a consumer, and that the Dealer has purchased from the Company within the three months prior to the Company's receipt of written notice of the decision, subject to a 15% restocking fee and provided that the Dealer pays the shipping expense for the return of the Products.

8. **Trademarks.** The Company owns certain trademark and trade name rights to its MOTHER OF EDEN™ trademarks, its MOTHER OF EDENSM service marks, and its FUZZI BUNZ™ diapers trademarks and to its MOTHER OF EDEN trade name (collectively, the "Company Trademarks"). Dealers may not (a) use any of the Company's Trademark, or any part of a Company Trademark, in the corporate or trade name of the Dealer, or otherwise to identify the Dealer; (b) state that the consumer is buying "Factory Direct" or imply or suggest in any other manner that the consumer is dealing with the manufacturer of the Products or with the Company; or (3) expressly or impliedly identify itself as an "authorized" MOTHER OF EDEN or FUZZI BUNZ™ diapers dealer. Dealers may use the Company Trademarks solely to promote and sell their inventory of the Company's Products, but must not use the Company Trademarks on or in connection with any web site or in any other written, printed, digital, or electronic promotional material, including traditional advertising and promotional material, without the written permission of the Company obtained after submitting a sample of each proposed separate use of one or more of the Company Trademarks to the Company for approval prior to its use by the Dealer. The Company may withdraw any permission granted upon reasonable written notice. The Company requests that Dealers notify the Company in writing of any third-party use of the Company Trademarks, of any equivalent or variation of them, or of any similar mark or name.

9. **Acknowledgment of Trademark Rights.** By submitting orders to the Company, Dealers acknowledge that: (a) the Company is the owner of the Company Trademarks; (b) the reputation and goodwill associated with the Company Trademarks have significant value; (c) the reputation and goodwill belong exclusively to and inure to the benefit of the Company; (d) the Company Trademarks are distinctive and are associated with the Company's Products and the Company in the minds of the consuming public; (e) they will not adopt, use, or attempt to register any mark or name that is a colorable imitation of, or confusingly similar to, the Company Trademarks; and (f) they will not challenge or contest the Company's ownership of the Company

Trademarks or their equivalents, or the validity of any registrations of the Company for the Company Trademarks, anywhere in the world and will not make any representation that would affect the Company's ownership or the validity of any registration of the Company.

10. **Packaging.** If the Company sells any of its Products in packaging containing any of the Company Trademarks, then Dealers must not repackage the Products in other packaging. Dealers may, however, use other packaging to ship the Products or to enable customers to carry the Products, such as boxes and bags, provided that the Company's Products remain packaged in the packaging bearing the Company Trademark.

11. **The Company Web Sites.** From time to time, the Company may list Dealers on one or more of its web sites, including providing links to the web sites of Dealers. Dealers may use the graphics and promotional text in the "Retailers" section of the FUZZI BUNZ™ web site (www.fuzzibunz.com) to advertise or promote the sale of the Company's products. Except as set forth in the preceding sentence, Dealers may not copy any material, either textual or graphic (including trademarks and logos) from any Company web site for use on any web site, including a Dealer web site, or for use in any other written, printed, digital, or electronic promotional material, including traditional advertising or promotional material, without the written permission of the Company obtained after submitting a sample of each proposed separate use to the Company for approval prior to its use by the Dealer. The Company may withdraw any permission granted upon reasonable written notice.

12. **Internet Auction Sites.** The Company has a reputation for manufacturing premium quality Products and works to position its diapers and other products to compete effectively against other high end cloth diapers and other quality products at competitive prices. In order to further these efforts, the Company will not sell any of its Products to Dealers that sell the Company's Products on or through E-bay or any other Internet or other electronic auction site or program.

13. **Pricing.** The Company sells its products to Dealers at the Company's wholesale prices for Dealers, which prices change from time to time. All orders are subject to acceptance by the Company. In a further effort to promote its goodwill and reputation, the Company may provide its Dealers suggested retail prices for its Products. These suggested retail prices represent the Company's best judgment of how to sell its products most effectively. Dealers must, however, make their own decisions regarding pricing and should sell the Company's products at prices that the Dealers, in their own discretion, determine are appropriate. Although Dealers may set their own prices for the Company's Products, the Company will not accept orders from any Dealer that prices the Company's Products inconsistently with this Policy. The Company neither solicits, nor will it accept, any assurance of compliance with this Policy.

14. **Competitive Products.** Dealers may not sell any diapers that compete with the diapers sold by the Company, except with the written permission of the Company. Competitive diapers do not include fitted diapers, all-in-one diapers, diaper covers, and other traditional styles of diapers. The Company hereby grants written permission to all Dealers to sell all diapers offered on the www.pocketdiapers.com web site.

15. **Confidential Communications.** Dealers may not disclose or reveal the existence or contents of any communications, including e-mail communications, from the Company marked or designated "Confidential" ("Confidential Information") with anyone other than the Company, other Dealers, or lawyers engaged to provide legal advice to the Dealer's business. Dealers may not copy any Confidential Information and must return all Confidential Information to the Company promptly after the termination

of the Dealer's status as a retail dealer, with the sole exception of Confidential Information received electronically or digitally, which the Dealer must promptly permanently delete. Dealers must promptly notify the Company in writing of any third-party use of any of the Company's Confidential Information, including making or using copies of any Confidential Information, using extracts from any Confidential Information, or otherwise infringing any of the Company's rights in its Confidential Information.

16. **Right of Publicity.** By submitting orders to the Company, Dealers agree that the Company may use and reproduce the Dealer's name and photograph or other likeness and quotes from the Dealer about the Company and its Products on any of the Company's web sites and in Company newsletters, promotional materials, publications, broadcasts, and other communications.

17. **Termination.** Either the Company or a Dealer may terminate the relationship between them at any time. The Company will monitor and evaluate the performance of its dealers, including the way that each Dealer promotes and sells the Company's products, and reserves the right to exercise its independent business judgment to terminate any Dealer that fails to promote the Company's products in a manner consistent with the Company's goals and this Policy. Upon termination, the Company will have no obligation to the terminated Dealer and terminated Dealers will be obligated to stop immediately any use of the Company Trademarks and refrain from using any name or mark similar to a Company Trademark in connection with any business of the Dealer.