

date of the signing and delivery of this agreement. It is the understanding and agreement that the Company shall begin manufacture and marketing of the Nursing Bottle Holders, and if at the end of the One (1) year period, the manufacture and marketing is satisfactory to Reynolds and to the Company, then this agreement shall continue according to all other terms and conditions hereinafter set forth.

2. The Company shall keep true and accurate books of account in which shall be entered the quantities of Nursing Bottle Holders manufactured and sold by it, together with a record of any sub-contract, which are the subject of this agreement, which said books of account shall be open to the examination and inspection of Reynolds or his authorized agent at any time, during regular hours of business. The Company shall pay to the said Reynolds the annual sum of One Thousand (1,000.00) Dollars, whether or not the accrued royalties on individual units equal said amount, this to be paid semi-annually, and the Company shall pay to said Reynolds the sum of Ten (10¢) Cents on each and every Nursing Bottle Holder made and sold, the royalties mentioned to be computed and paid to Reynolds by the 10th day of each month.

3. It is agreed that the Company shall have right to sub-let rights of manufacture, and shall have the right to contract independently with any supplier of materials or parts incident to the manufacture and distribution of the articles subject to this agreement; the Company, however, in the event of any such sub-letting or sub-contracting to guarantee payment to Reynolds of the sum and royalties mentioned heretofore. All costs of manufacture, selling, promoting and other costs are to be borne by the said Company.

4. The said Reynolds specifically retains all legal title and rights under his Letters Patent, and this agreement is in nowise considered as or is to be construed as assignment to the Company of any such title and rights.