

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF **SFP CANADA LTD.**

APPLICANT

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**APPLICATION RECORD OF THE APPLICANT**

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January 23, 2020

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**TO: THE SERVICE LIST**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

**AND IN THE MATTER OF A PLAN OR COMPROMISE OR ARRANGEMENT OF  
SFP CANADA LTD.**

Applicant

**SERVICE LIST**

(as at January 23, 2020)

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	<b>B.</b>	Schedule B	Blackline of Draft Initial Order to Model Order
<b>2.</b>		Affidavit of Craig M. Boucher, sworn January 23, 2020	
	<b>A.</b>	Exhibit “A”	Amended and Restated Trademark License Agreement dated April 17, 2009 and amendments
	<b>B.</b>	Exhibit “B”	Marketing Services Agreement dated April 17, 2009 and amendments
	<b>C.</b>	Exhibit “C”	POS Data Services Agreement dated April 17, 2009 and amendments
	<b>D.</b>	Exhibit “D”	Unaudited Balance Sheet dated November 30, 2019
	<b>E.</b>	Exhibit “E”	Amended and Restated Wells Fargo Credit Agreement dated April 17, 2009 and amendments
	<b>F.</b>	Exhibit “F”	Canada Pledge and Security Agreement dated April 17, 2009
	<b>G.</b>	Exhibit “G”	American Greetings Guarantee dated April 17, 2009 and amendments
	<b>H.</b>	Exhibit “H”	American Greetings Security Agreement dated June 25, 2019
	<b>I.</b>	Exhibit “I”	Subordination and Intercreditor Agreement dated June 25, 2019
	<b>J.</b>	Exhibit “J”	Proposed Monitor’s Consent dated January 22, 2020
	<b>K.</b>	Exhibit “K”	CRO Engagement Letter dated January 22, 2020
	<b>L.</b>	Exhibit “L”	Cashflow Forecast
	<b>M.</b>	Exhibit “L”	Consulting Agreement dated January 17, 2020
	<b>N.</b>	Exhibit “M”	Proposed Sale Guidelines
<b>3.</b>			Proposed Sale Approval Order (without exhibits)

**TAB 1**

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF **SFP CANADA LTD.**

APPLICANT

**NOTICE OF APPLICATION**

**TO THE RESPONDENT(S)**

**A LEGAL PROCEEDING HAS BEEN COMMENCED** by the Applicant. The claim made by the Applicant appears on the following page.

**THIS APPLICATION** will come on for a hearing before a Judge presiding over the Commercial List on January 23, 2020 in Toronto, Ontario.

**IF YOU WISH TO OPPOSE THIS APPLICATION**, to receive notice of any step in the application or to be served with any documents in the application you or an Ontario lawyer acting for you must forthwith prepare a notice of appearance in Form 38A prescribed by the *Rules of Civil Procedure*, serve it on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in this court office, and you or your lawyer must appear at the hearing.

**IF YOU WISH TO PRESENT AFFIDAVIT OR OTHER DOCUMENTARY EVIDENCE TO THE COURT OR TO EXAMINE OR CROSS-EXAMINE WITNESSES ON THE APPLICATION**, you or your lawyer must, in addition to serving your notice of appearance, serve a copy of the evidence on the Applicant's lawyer or, where the Applicant does not have a lawyer, serve it on the Applicant, and file it, with proof of service, in the court office where the application is to be heard as soon as possible, but at least four days before the hearing.

**IF YOU FAIL TO APPEAR AT THE HEARING, JUDGMENT MAY BE GIVEN IN YOUR ABSENCE AND WITHOUT FURTHER NOTICE TO YOU. IF YOU WISH TO OPPOSE THIS APPLICATION BUT ARE UNABLE TO PAY LEGAL FEES, LEGAL AID MAY BE AVAILABLE TO YOU BY CONTACTING A LOCAL LEGAL AID OFFICE.**



Date January 23, 2020

Issued by \_\_\_\_\_  
Local Registrar

Address of 330 University Avenue, 10th Floor  
court office: Toronto ON M5G 1R7

**TO: THE SERVICE LIST**

## APPLICATION

1. SFP Canada Ltd. (“**SFP Canada**” or the “**Applicant**”) makes this application for an Order substantially in the form attached as Schedule “A” to this Notice of Application (the “**Proposed Initial Order**”) granting, among other things, the following relief:

- (a) Abridging the time for service of this Notice of Application and the Application Record and dispensing with further service thereof;
- (b) Declaring that the Applicant is a company to which the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) applies;
- (c) Appointing Richter Advisory Group Inc. (“**Richter**” or the “**Proposed Monitor**” and, if appointed, the “**Monitor**”) as an officer of this Court to monitor the business and financial affairs of the Applicant;
- (d) Approving the appointment of Craig M. Boucher and Michael Nowlan to act as the Co-Chief Restructuring Officers (the “**CROs**”) of the Applicant;
- (e) Staying all proceedings and enforcement processes taken or that might be taken in respect of the Applicant, the Monitor, or their respective employees and representatives;
- (f) Granting the following charges over the property of the Applicant, listed in order of priority:
  - (i) An Administration Charge in favour of counsel to the Applicant, the Monitor, counsel to the Monitor, and the CROs; and

- (ii) A Directors' Charge in favour of the directors and officers of the Applicant;
  - (g) Granting the authority to make payments to certain "critical" suppliers for pre-filing amounts with the consent of the Monitor; and
  - (h) Such further and other relief as to this Honourable Court may seem just.
2. The grounds for the application are:
- (a) The Applicant is insolvent;
  - (b) The Applicant is a company to which the CCAA applies;
  - (c) The claims against the Applicant exceed \$5 million;
  - (d) SFP Canada is the Canadian operating subsidiary of Schurman Fine Papers ("**SFP U.S.**" and together with its affiliates, including SFP Canada, the "**Schurman Group**");
  - (e) SFP Canada operates 76 retail stores in Canada, selling stationary, greeting cards, paper products and gift items under the *Papyrus*, *Carleton Cards/Cartes Carleton*, and *Paper Destiny* brand names;
  - (f) The Schurman Group's business is highly integrated with and dependent on its relationship with American Greetings Corporation ("**American Greetings**") as, among other things, (i) American Greetings supplied a majority of the products sold by the Schurman Group under a Supply Agreement dated April 17, 2009 (as amended, the "**Supply Agreement**"); and (ii) American Greetings granted a license for the trademarks under which the Schurman Group's stores operate and that are

featured on most of its products (the “**Trademarks**”) under an Amended and Restated Trademark License Agreement made as of April 17, 2009 (as amended, the “**Trademark Agreement**”);

- (g) In the past few years, the Schurman Group has faced various operational and performance issues resulting in growing liquidity pressures which resulted in the Schurman Group falling behind on payments owing to American Greetings;
- (h) The Schurman Group currently owes American Greetings approximately U.S. \$48 million, of which approximately U.S. \$9 million represents direct purchases by SFP Canada;
- (i) On December 5, 2019, American Greetings notified SFP U.S. that it was immediately terminating the Supply Agreement, the Trade Agreement and other agreements with the Schurman Group (the “**American Greetings Agreements**”) on the basis that SFP U.S. was in default under those agreements;
- (j) The termination of the American Greetings Agreements constitutes an event of default under the Schurman Group’s senior secured credit facility with Wells Fargo Bank, National Association (“**Wells Fargo**”) and Wells Fargo Foothill Canada ULC;
- (k) American Greetings has stopped supplying products to the Schurman Group;
- (l) The Schurman Group engaged in discussions with American Greetings in an attempt to agree on new terms by which the Schurman Group could continue using the Trademarks and continue purchasing products from American Greetings.

However, American Greetings ultimately rejected the Schurman Group's proposals and advised that it is not willing to engage in further negotiations;

- (m) As a result of American Greetings' termination of the American Greetings Agreements and unwillingness to engage in further discussion, SFP U.S. concluded that it could no longer continue going concern operations and, on January 22, 2020, SFP U.S. resolved to commence proceedings under Chapter 11 of the *U.S. Bankruptcy Code* to, among other things, pursue an orderly liquidation of the retail stores in the United States;
- (n) SFP Canada is wholly reliant on SFP U.S. for operational, management and administrative services, and cannot survive as a going concern without continued support from SFP U.S.;
- (o) Given the termination of the American Greetings Agreements and the pending wind down of SFP U.S., SFP Canada is insolvent and has no option other than to cease operations in Canada and to conduct an immediate controlled and orderly wind-down of operations for the benefit of its stakeholders;
- (p) A bankruptcy filing by SFP U.S. will result in events of default under certain leases to which SFP Canada is a party. These defaults would potentially result in the ability of certain landlords to terminate these leases with no notice. As such, SFP Canada's need for the protections offered by the CCAA has accelerated;
- (q) SFP Canada has commenced these CCAA proceedings in order to conduct an orderly wind-down of the business;

- (r) The Applicant believes that a controlled and orderly wind-down under Court supervision with the benefit of the inherent flexibility of the CCAA and the oversight of the Monitor is the only practical and responsible method to ensure that all stakeholders are treated as fairly as possible and that recoveries are maximized;
- (s) The Applicant requires an immediate stay of proceedings and other relief to permit it to continue operations as it pursues a controlled and coordinated wind-down;
- (t) To maximize recoveries for all stakeholders, the Applicant must pursue the sale of its remaining inventory, furniture, fixtures, and equipment as soon as possible;
- (u) The Applicant intends to file an urgent motion immediately after the granting of the Initial Order for approval of a process to liquidate the Applicant's inventory, furniture, fixtures, and equipment with the assistance of a joint venture of two third-party professional liquidators;
- (v) In addition to the "breathing space" of a stay of proceedings and a Court-approved and supervised realization process, the Applicant needs SFP U.S. to continue providing critical administrative and business support services, including strategic and marketing functions, selection of external service providers, collection and analysis of customer feedback, logistics and day to day operational needs such as executive, legal, accounting, finance, treasury, tax, insurance/risk management, real estate, human resources, information technology support services and warehousing services;

- (w) SFP U.S. has advised that it will only agree to continue supporting SFP Canada through the provision of such services if it is for the limited purposes of an orderly wind-down with SFP Canada remaining in control of its assets and property and if the orderly wind-down is supervised by this Court in accordance with the CCAA;
  - (x) At this time, it is not contemplated that the Applicant will require debtor-in-possession financing;
  - (y) Richter has consented to act as the Monitor in the CCAA proceedings;
  - (z) The provisions of the CCAA and the inherent and equitable jurisdiction of this Honourable Court;
  - (aa) Rules 2.03, 3.02, 14.05(2) and 16 of the *Rules of Civil Procedure*, R.R.O. 1990, Reg. 194, as amended, and section 106 of the *Courts of Justice Act*, R.S.O. 1990, c. C.43, as amended; and
  - (bb) Such further and other grounds as the lawyers may advise.
3. The following documentary evidence will be used at the hearing of the application:
- (a) The Affidavit of Craig M. Boucher sworn January 23, 2020 and the exhibits thereto;
  - (b) Consent of Richter to act as monitor in the CCAA proceedings; and

- (c) Such further and other evidence as counsel may advise and this Court may permit.

January 23, 2020

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**IN THE MATTER OF THE *COMPANIES' CREDITORS ARRANGEMENT ACT*,  
R.S.C. 1985, c. C-36, AS AMENDED**

Court File No:

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF **SFP CANADA LTD.****

***ONTARIO***  
**SUPERIOR COURT OF JUSTICE**

PROCEEDING COMMENCED AT TORONTO

**NOTICE OF APPLICATION**

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TAB A

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.	)	THURSDAY, THE 23 <sup>RD</sup>
	)	
JUSTICE HAINEY	)	DAY OF JANUARY, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SFP CANADA LTD. (the “**Applicant**”)

**INITIAL ORDER**

**THIS APPLICATION**, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the “**CCAA**”) was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of Craig M. Boucher sworn January 23, 2020 and the Exhibits thereto (the “**Boucher Affidavit**”), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for the Applicant and Richter Advisory Group Inc. (“**Richter**”), in its capacity as proposed monitor of the Applicant, and on reading the consent of Richter to act as the monitor (the “**Monitor**”),

## **SERVICE**

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated so that this Application is properly returnable today and hereby dispenses with further service thereof.

## **APPLICATION**

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

## **POSSESSION OF PROPERTY AND OPERATIONS**

3. **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the “**Property**”). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of the value of its business (the “**Business**”) and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively “**Assistants**”) currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

4. **THIS COURT ORDERS** that the Applicant shall be entitled to continue to use the central cash management system currently in place as described in the Boucher Affidavit or, with the prior consent of the Monitor, replace it with another substantially similar central cash management system (the “**Cash Management System**”) and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as

provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement filed under the CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.

5. **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to, on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements;
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicant prior to the date of this Order by third party suppliers or service providers up to a maximum aggregate amount of \$100,000, if in the opinion of the Applicant the supplier or service provider is critical to the Orderly Wind-down (as hereinafter defined).

6. **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course during the Orderly Wind-down after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, "**Sales Taxes**") required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. **THIS COURT ORDERS** that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to make no payments, transfers or disbursements to, or on account of, any related party to the Applicant, including Schurman Fine Papers and SFP Franchise Corporation; (c) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property; and (d) to not grant credit or incur liabilities except in the ordinary course of the Business.

## **ORDERLY WIND-DOWN**

9. **THIS COURT ORDERS** that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to terminate the employment of such of its employees or temporarily lay off such of its employees as the Applicant deems appropriate and proceed with an orderly wind-down of the Business (the “**Orderly Wind-down**”).

## **REAL PROPERTY LEASES**

10. **THIS COURT ORDERS** that, until a real property lease is disclaimed or resiliated in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicant or the making of this Order) or as otherwise may be negotiated between the Applicant and the landlord from time to time (“**Rent**”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

11. **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant’s intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant’s entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further Order of this Court upon application by the Applicant on at least two (2) days’ notice to such landlord and any such secured creditors. If the Applicant disclaims or resiliates the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer or resiliation of the lease shall be without prejudice to the Applicant’s claim to the fixtures in dispute.

## **NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY**

12. **THIS COURT ORDERS** that until and including January 31, 2020, or such later date as this Court may order (the “**Stay Period**”), no proceeding or enforcement process in any court or tribunal (each, a “**Proceeding**”) shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or its employees or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

## **NO EXERCISE OF RIGHTS OR REMEDIES**

13. **THIS COURT ORDERS** that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the foregoing, collectively being “**Persons**” and each being a “**Person**”) against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (a) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (b) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (c) prevent the filing of any registration to preserve or perfect a security interest, or (d) prevent the registration of a claim for lien.

## **NO INTERFERENCE WITH RIGHTS**

14. **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.



## **CONTINUATION OF SERVICES**

15. **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all trademark license and other intellectual property, computer software, communication and other data services, centralized banking services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, warehouse and logistics services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods, services, trademarks or other intellectual property as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of the trademarks and other intellectual property currently licensed to, used or owned by the Applicant (including *Papyrus* and *Carlton Cards / Cartes Carlton*) and of its premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

## **NON-DEROGATION OF RIGHTS**

16. **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.

## **PROCEEDINGS AGAINST DIRECTORS AND OFFICERS**

17. **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any

obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations.

### **DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE**

18. **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings, except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director's or officer's gross negligence or wilful misconduct.

19. **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "**Directors' Charge**") on the Property, which charge shall not exceed an aggregate amount of \$1,000,000, as security for the indemnity provided in paragraph 18 of this Order. The Directors' Charge shall have the priority set out in paragraphs 30 and 32 hereof.

20. **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph 18 of this Order.

### **APPOINTMENT OF MONITOR**

21. **THIS COURT ORDERS** that Richter is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor and review the Applicant's receipts and disbursements;
- (b) monitor the Orderly Wind-down of the Business and operations of the Applicant, including any liquidation that may be approved;
- (c) report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Orderly Wind-down and such other matters as may be relevant to the proceedings herein;
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements;
- (e) have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (f) be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) perform such other duties as are required by this Order or by this Court from time to time.

23. **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. **THIS COURT ORDERS** that the Monitor shall provide any creditor of the Applicant with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is

confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

25. **THIS COURT ORDERS** that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel to the Monitor and counsel to the Applicant on a weekly basis or on such terms as such parties may agree and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor and counsel to the Applicant, retainers, *nunc pro tunc*, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, counsel to the Applicant and the CROs (as hereinafter defined), shall be entitled to the benefit of and are hereby granted a charge (the “**Administration Charge**”) on the Property, which charge shall not exceed an aggregate amount of \$400,000 as security for their professional fees and disbursements incurred at their standard rates and charges of the Monitor and such counsel, both before and after the making of this Order, and the CROs. The Administration Charge shall have the priority set out in paragraphs 30 and 32 hereof.

**APPOINTMENT OF CO-CHIEF RESTRUCTURING OFFICERS**29. **THIS COURT ORDERS** that:

- (a) the engagement letter in the form attached as Exhibit “K” to the Boucher Affidavit (the “**CRO Engagement Letter**”), pursuant to which Mackinac Partners, LLC shall provide the services of Michael Nowlan and Craig M. Boucher to act as co-chief restructuring officers of the Applicant (collectively, the “**CROs**” and each a “**CRO**”), the execution of CRO Engagement Letter by the Applicant, *nunc pro tunc*, and the appointment of the CROs as co-chief restructuring officers of the Applicant pursuant to the terms thereof, are hereby approved, including, without limitation, with respect to the payment of the fees and expenses contemplated thereby and incurred by the CROs in providing services to the Applicant;
- (b) the CROs shall be responsible for performing the functions and obligations set out in the CRO Engagement Letter for the benefit of the Applicant and shall provide timely updates to the Monitor in respect of such functions and obligations;
- (c) the CROs shall not be deemed to be a director, *de facto* director or employee of the Applicant;
- (d) nothing in this Order shall be construed as resulting in either CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever;
- (e) the CROs shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CROs; and
- (f) no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of either of the CROs and all rights and remedies of any Person against or in respect of each of the CROs are hereby stayed and suspended, except with the written consent of the

applicable CRO or with leave of this Court on notice to the Applicant, the Monitor and the applicable CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor and the applicable CRO at least seven (7) days prior to the return date of any such motion for leave.

### **VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER**

30. **THIS COURT ORDERS** that the priorities of the Administration Charge and the Directors' Charge, as among them, shall be as follows:

First – Administration Charge (to the maximum amount of \$400,000); and

Second – Directors' Charge (to the maximum amount of \$1,000,000).

31. **THIS COURT ORDERS** that the filing, registration or perfection of the Administration Charge or the Directors' Charge (collectively, the “**Charges**”) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

32. **THIS COURT ORDERS** that each of the Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, “**Encumbrances**”) in favour of any Person.

33. **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the Charges unless the Applicant also obtains the prior written consent of the Monitor and the beneficiaries of the Charges, or further Order of this Court.

34. **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

**SERVICE AND NOTICE**

35. **THIS COURT ORDERS** that the Monitor shall (a) without delay, publish in the Globe & Mail a notice containing the information prescribed under the CCAA, and (b) within five days after the date of this Order, (i) make this Order publicly available in the manner prescribed under the CCAA, (ii) send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and (iii) prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

36. **THIS COURT ORDERS** that any employee of the Applicant who is sent a notice of termination of employment shall be deemed to have received such notice by no later than 8:00 a.m. Eastern Standard/Daylight Time on the fourth day following the date any such notice is sent, if such notice is sent by ordinary mail, expedited parcel or registered mail to the individual's address as reflected in the Applicant's books and records; provided, however, that (a) any notice of termination of employment that is provided to an employee of the Applicant in person at one of the Applicant's stores shall be deemed to have been received on the date of such delivery notwithstanding the mailing of any notices of termination of employment, and (b) any notice of termination of employment that is sent to an employee of the Applicant by electronic message to the individual's email address as last shown in the Applicant's books and records shall be deemed to have been received 24 hours after the time such electronic message was sent, notwithstanding the mailing of any notices of termination of employment.

37. **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "**Protocol**") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at <http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court

further orders that a Case Website shall be established in accordance with the Protocol with the following URL: <https://www.richter.ca/insolvencycase/sfp-canada-ltd/>.

38. **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

39. **THIS COURT ORDERS** that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

#### **SEALING**

40. **THIS COURT ORDERS** that Confidential Appendix "A" to the Boucher Affidavit shall be and is hereby sealed, kept confidential and shall not form part of the public record.

#### **GENERAL**

41. **THIS COURT ORDERS** that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of their respective powers and duties hereunder.



42. **THIS COURT ORDERS** that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

43. **THIS COURT HEREBY REQUESTS** the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

44. **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

45. **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SFP CANADA LTD.

Applicant

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at Toronto

**INITIAL ORDER**

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Lawyers for the Applicant

Matter No: 1207156

TAB B

ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST

THE HONOURABLE \_\_\_\_\_MR. ) ~~WEEKDAY~~THURSDAY, THE #23<sup>RD</sup>  
JUSTICE \_\_\_\_\_HAINES )  
DAY OF ~~MONTH~~JANUARY, 20YR20

IN THE MATTER OF THE *COMPANIES' CREDITORS*  
*ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF ~~[APPLICANT'S NAME]~~SFP CANADA  
LTD. (the "Applicant")

INITIAL ORDER

**THIS APPLICATION**, made by the Applicant, pursuant to the *Companies' Creditors Arrangement Act*, R.S.C. 1985, c. C-36, as amended (the "CCAA") was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the affidavit of ~~[NAME]~~Craig M. Boucher sworn ~~[DATE]~~January 23, 2020 and the Exhibits thereto (the "Boucher Affidavit"), and on being advised that the secured creditors who are likely to be affected by the charges created herein were given notice, and on hearing the submissions of counsel for ~~[NAMES], no one appearing for [NAME]<sup>1</sup> although duly served as appears from the affidavit of service of [NAME] sworn [DATE]~~the Applicant and Richter Advisory Group Inc. ("Richter"), in its capacity as proposed monitor of the Applicant, and on reading the consent of ~~[MONITOR'S NAME]~~Richter to act as the monitor (the "Monitor"),

<sup>1</sup> Include names of secured creditors or other persons who must be served before certain relief in this model Order may be granted. See, for example, CCAA Sections 11.2(1), 11.3(1), 11.4(1), 11.51(1), 11.52(1), 32(1), 32(3), 33(2) and 36(2).

## SERVICE

1. **THIS COURT ORDERS** that the time for service of the Notice of Application and the Application Record is hereby abridged and validated<sup>2</sup> so that this Application is properly returnable today and hereby dispenses with further service thereof.

## APPLICATION

2. **THIS COURT ORDERS AND DECLARES** that the Applicant is a company to which the CCAA applies.

## ~~PLAN OF ARRANGEMENT~~

~~3. — THIS COURT ORDERS that the Applicant shall have the authority to file and may, subject to further order of this Court, file with this Court a plan of compromise or arrangement (hereinafter referred to as the "Plan").~~

## POSSESSION OF PROPERTY AND OPERATIONS

3. ~~4.~~ **THIS COURT ORDERS** that the Applicant shall remain in possession and control of its current and future assets, undertakings and properties of every nature and kind whatsoever, and wherever situate including all proceeds thereof (the "Property"). Subject to further Order of this Court, the Applicant shall continue to carry on business in a manner consistent with the preservation of the value of its business (the "Business") and Property. The Applicant is authorized and empowered to continue to retain and employ the employees, advisors, consultants, agents, experts, appraisers, valuers, brokers, accountants, counsel and such other persons (collectively "Assistants") currently retained or employed by it, with liberty to retain such further Assistants as it deems reasonably necessary or desirable in the ordinary course of business or for the carrying out of the terms of this Order.

<sup>2</sup> ~~If service is effected in a manner other than as authorized by the Ontario Rules of Civil Procedure, an order validating irregular service is required pursuant to Rule 16.08 of the Rules of Civil Procedure and may be granted in appropriate circumstances.~~

4. ~~5.~~ **THIS COURT ORDERS** that the Applicant shall be entitled to continue to ~~utilize~~use the central cash management system<sup>3</sup> currently in place as described in the Boucher Affidavit of [NAME] sworn [DATE] ~~or~~or, with the prior consent of the Monitor, replace it with another substantially similar central cash management system (the "Cash Management System") and that any present or future bank providing the Cash Management System shall not be under any obligation whatsoever to inquire into the propriety, validity or legality of any transfer, payment, collection or other action taken under the Cash Management System, or as to the use or application by the Applicant of funds transferred, paid, collected or otherwise dealt with in the Cash Management System, shall be entitled to provide the Cash Management System without any liability in respect thereof to any Person (as hereinafter defined) other than the Applicant, pursuant to the terms of the documentation applicable to the Cash Management System, and shall be, in its capacity as provider of the Cash Management System, an unaffected creditor under any plan of compromise or arrangement filed under the ~~Plan~~CCAA with regard to any claims or expenses it may suffer or incur in connection with the provision of the Cash Management System.~~†~~

5. ~~6.~~ **THIS COURT ORDERS** that the Applicant shall be entitled but not required to pay the following expenses whether incurred prior to , on or after the date of this Order:

- (a) all outstanding and future wages, salaries, employee and pension benefits, vacation pay and expenses payable on or after the date of this Order, in each case incurred in the ordinary course of business and consistent with existing compensation policies and arrangements; ~~and~~
- (b) the fees and disbursements of any Assistants retained or employed by the Applicant in respect of these proceedings, at their standard rates and charges; and
- (c) with the consent of the Monitor, amounts owing for goods or services actually supplied to the Applicant prior to the date of this Order by third party suppliers or service providers up to a maximum aggregate amount of \$100,000, if in the opinion of the Applicant the supplier or service provider is critical to the Orderly Wind-down (as hereinafter defined).

<sup>3</sup> ~~This provision should only be utilized where necessary, in view of the fact that central cash management systems often operate in a manner that consolidates the cash of applicant companies. Specific attention should be paid to cross-border and inter-company transfers of cash.~~

6. ~~7.~~ **THIS COURT ORDERS** that, except as otherwise provided to the contrary herein, the Applicant shall be entitled but not required to pay all reasonable expenses incurred by the Applicant in carrying on the Business in the ordinary course during the Orderly Wind-down after this Order, and in carrying out the provisions of this Order, which expenses shall include, without limitation:

- (a) all expenses and capital expenditures reasonably necessary for the preservation of the Property or the Business including, without limitation, payments on account of insurance (including directors and officers insurance), maintenance and security services; and
- (b) payment for goods or services actually supplied to the Applicant following the date of this Order.

7. ~~8.~~ **THIS COURT ORDERS** that the Applicant shall remit, in accordance with legal requirements, or pay:

- (a) any statutory deemed trust amounts in favour of the Crown in right of Canada or of any Province thereof or any other taxation authority which are required to be deducted from employees' wages, including, without limitation, amounts in respect of (i) employment insurance, (ii) Canada Pension Plan, (iii) Quebec Pension Plan, and (iv) income taxes;
- (b) all goods and services or other applicable sales taxes (collectively, ~~"Sales Taxes"~~) required to be remitted by the Applicant in connection with the sale of goods and services by the Applicant, but only where such Sales Taxes are accrued or collected after the date of this Order, or where such Sales Taxes were accrued or collected prior to the date of this Order but not required to be remitted until on or after the date of this Order, and
- (c) any amount payable to the Crown in right of Canada or of any Province thereof or any political subdivision thereof or any other taxation authority in respect of municipal realty, municipal business or other taxes, assessments or levies of any nature or kind which are entitled at law to be paid in priority to claims of secured creditors and

which are attributable to or in respect of the carrying on of the Business by the Applicant.

8. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to make no payments, transfers or disbursements to, or on account of, any related party to the Applicant, including Schurman Fine Papers and SFP Franchise Corporation; (c) to grant no security interests, trusts, liens, charges or encumbrances upon or in respect of any of its Property; and (d) to not grant credit or incur liabilities except in the ordinary course of the Business.

#### ORDERLY WIND-DOWN

9. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA, have the right to terminate the employment of such of its employees or temporarily lay off such of its employees as the Applicant deems appropriate and proceed with an orderly wind-down of the Business (the “Orderly Wind-down”).

#### REAL PROPERTY LEASES

10. THIS COURT ORDERS that, until a real property lease is disclaimed or resiliated<sup>4</sup> in accordance with the CCAA, the Applicant shall pay all amounts constituting rent or payable as rent under real property leases (including, for greater certainty, common area maintenance charges, utilities and realty taxes and any other amounts payable to the landlord under the lease, but for greater certainty, excluding accelerated rent or penalties, fees or other charges arising as a result of the insolvency of the Applicant or the making of this Order) or as otherwise may be negotiated between the Applicant and the landlord from time to time (“Rent”), for the period commencing from and including the date of this Order, twice-monthly in equal payments on the first and fifteenth day of each month, in advance (but not in arrears). On the date of the first of such payments, any Rent relating to the period commencing from and including the date of this Order shall also be paid.

<sup>4</sup>~~The term “resiliate” should remain if there are leased premises in the Province of Quebec, but can otherwise be removed.~~



~~10. THIS COURT ORDERS that, except as specifically permitted herein, the Applicant is hereby directed, until further Order of this Court: (a) to make no payments of principal, interest thereon or otherwise on account of amounts owing by the Applicant to any of its creditors as of this date; (b) to grant no security interests, trust, liens, charges or encumbrances upon or in respect of any of its Property; and (c) to not grant credit or incur liabilities except in the ordinary course of the Business.~~

## **RESTRUCTURING**

~~11. THIS COURT ORDERS that the Applicant shall, subject to such requirements as are imposed by the CCAA and such covenants as may be contained in the Definitive Documents (as hereinafter defined), have the right to:~~

- ~~(a) permanently or temporarily cease, downsize or shut down any of its business or operations, [and to dispose of redundant or non-material assets not exceeding \$● in any one transaction or \$● in the aggregate]<sup>5</sup>~~
- ~~(b) [terminate the employment of such of its employees or temporarily lay off such of its employees as it deems appropriate]; and~~
- ~~(c) pursue all avenues of refinancing of its Business or Property, in whole or part, subject to prior approval of this Court being obtained before any material refinancing,~~

~~all of the foregoing to permit the Applicant to proceed with an orderly restructuring of the Business (the "Restructuring").~~

11. ~~12.~~ **THIS COURT ORDERS** that the Applicant shall provide each of the relevant landlords with notice of the Applicant's intention to remove any fixtures from any leased premises at least seven (7) days prior to the date of the intended removal. The relevant landlord shall be entitled to have a representative present in the leased premises to observe such removal and, if the landlord disputes the Applicant's entitlement to remove any such fixture under the provisions of the lease, such fixture shall remain on the premises and shall be dealt with as agreed between any applicable secured creditors, such landlord and the Applicant, or by further

<sup>5</sup>~~Section 36 of the amended CCAA does not seem to contemplate a pre-approved power to sell (see subsection 36(3)) and moreover requires notice (subsection 36(2)) and evidence (subsection 36(7)) that may not have occurred or be available at the initial CCAA hearing.~~

Order of this Court upon application by the Applicant on at least two (2) days' notice to such landlord and any such secured creditors. If the Applicant disclaims ~~{or resiliates}~~ the lease governing such leased premises in accordance with Section 32 of the CCAA, it shall not be required to pay Rent under such lease pending resolution of any such dispute (other than Rent payable for the notice period provided for in Section 32(5) of the CCAA), and the disclaimer ~~{or resiliation}~~ of the lease shall be without prejudice to the Applicant's claim to the fixtures in dispute.

~~13. — THIS COURT ORDERS that if a notice of disclaimer ~~{or resiliation}~~ is delivered pursuant to Section 32 of the CCAA, then (a) during the notice period prior to the effective time of the disclaimer ~~{or resiliation}~~, the landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant and the Monitor 24 hours' prior written notice, and (b) at the effective time of the disclaimer ~~{or resiliation}~~, the relevant landlord shall be entitled to take possession of any such leased premises without waiver of or prejudice to any claims or rights such landlord may have against the Applicant in respect of such lease or leased premises, provided that nothing herein shall relieve such landlord of its obligation to mitigate any damages claimed in connection therewith.~~

#### NO PROCEEDINGS AGAINST THE APPLICANT OR THE PROPERTY

12. ~~14.~~ THIS COURT ORDERS that until and including ~~{DATE — MAX. January 31, 20-~~ DAYS}20, or such later date as this Court may order (the "Stay Period"), no proceeding or enforcement process in any court or tribunal (each, a "Proceeding") shall be commenced or continued against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, except with the written consent of the Applicant and the Monitor, or with leave of this Court, and any and all Proceedings currently under way against or in respect of the Applicant, or its employees or representatives acting in such capacities, or affecting the Business or the Property are hereby stayed and suspended pending further Order of this Court.

#### NO EXERCISE OF RIGHTS OR REMEDIES

13. ~~15.~~ THIS COURT ORDERS that during the Stay Period, all rights and remedies of any individual, firm, corporation, governmental body or agency, or any other entities (all of the

foregoing, collectively being "Persons") and each being a "Person") against or in respect of the Applicant or the Monitor, or their respective employees and representatives acting in such capacities, or affecting the Business or the Property, are hereby stayed and suspended except with the written consent of the Applicant and the Monitor, or leave of this Court, provided that nothing in this Order shall (i) empower the Applicant to carry on any business which the Applicant is not lawfully entitled to carry on, (ii) affect such investigations, actions, suits or proceedings by a regulatory body as are permitted by Section 11.1 of the CCAA, (iii) prevent the filing of any registration to preserve or perfect a security interest, or (iv) prevent the registration of a claim for lien.

## NO INTERFERENCE WITH RIGHTS

14. ~~16.~~ **THIS COURT ORDERS** that during the Stay Period, no Person shall discontinue, fail to honour, alter, interfere with, repudiate, terminate or cease to perform any right, renewal right, contract, agreement, lease, sublease, licence or permit in favour of or held by the Applicant, except with the written consent of the Applicant and the Monitor, or leave of this Court.

## CONTINUATION OF SERVICES

15. ~~17.~~ **THIS COURT ORDERS** that during the Stay Period, all Persons having oral or written agreements with the Applicant or statutory or regulatory mandates for the supply of goods and/or services, including without limitation all trademark license and other intellectual property, computer software, communication and other data services, centralized banking services, payroll and benefit services, insurance, freight services, transportation services, customs clearing, warehouse and logistics services, utility or other services to the Business or the Applicant, are hereby restrained until further Order of this Court from discontinuing, altering, interfering with or terminating the supply or license of such goods ~~or~~ services, trademarks or other intellectual property as may be required by the Applicant, and that the Applicant shall be entitled to the continued use of the trademarks and other intellectual property currently licensed to, used or owned by the Applicant (including Papyrus and Carlton Cards / Cartes Carlton) and of its ~~current~~ premises, telephone numbers, facsimile numbers, internet addresses and domain names, provided in each case, that the normal prices or charges for all such goods or services received after the date of this Order are paid by the Applicant in accordance with normal payment

practices of the Applicant or such other practices as may be agreed upon by the supplier or service provider and each of the Applicant and the Monitor, or as may be ordered by this Court.

## NON-DEROGATION OF RIGHTS

16. ~~18.~~ **THIS COURT ORDERS** that, notwithstanding anything else in this Order, no Person shall be prohibited from requiring immediate payment for goods, services, use of leased d or licensed property or other valuable consideration provided on or after the date of this Order, nor shall any Person be under any obligation on or after the date of this Order to advance or re-advance any monies or otherwise extend any credit to the Applicant. Nothing in this Order shall derogate from the rights conferred and obligations imposed by the CCAA.<sup>6</sup>

## PROCEEDINGS AGAINST DIRECTORS AND OFFICERS

17. ~~19.~~ **THIS COURT ORDERS** that during the Stay Period, and except as permitted by subsection 11.03(2) of the CCAA, no Proceeding may be commenced or continued against any of the former, current or future directors or officers of the Applicant with respect to any claim against the directors or officers that arose before the date hereof and that relates to any obligations of the Applicant whereby the directors or officers are alleged under any law to be liable in their capacity as directors or officers for the payment or performance of such obligations, ~~until a compromise or arrangement in respect of the Applicant, if one is filed, is sanctioned by this Court or is refused by the creditors of the Applicant or this Court.~~

## DIRECTORS' AND OFFICERS' INDEMNIFICATION AND CHARGE

18. ~~20.~~ **THIS COURT ORDERS** that the Applicant shall indemnify its directors and officers against obligations and liabilities that they may incur as directors or officers of the Applicant after the commencement of the within proceedings,<sup>7</sup> except to the extent that, with respect to any officer or director, the obligation or liability was incurred as a result of the director<sup>1's</sup> or officer<sup>1's</sup> gross negligence or wilful misconduct.

<sup>6</sup> ~~This non-derogation provision has acquired more significance due to the recent amendments to the CCAA, since a number of actions or steps cannot be stayed, or the stay is subject to certain limits and restrictions. See, for example, CCAA Sections 11.01, 11.04, 11.06, 11.07, 11.08, 11.1(2) and 11.5(1).~~

<sup>7</sup> ~~The broad indemnity language from Section 11.51 of the CCAA has been imported into this paragraph. The granting of the indemnity (whether or not secured by a Directors' Charge), and the scope of the indemnity, are discretionary matters that should be addressed with the Court.~~

19. ~~21.~~ **THIS COURT ORDERS** that the directors and officers of the Applicant shall be entitled to the benefit of and are hereby granted a charge (the "Directors' Charge")<sup>8</sup> on the Property, which charge shall not exceed an aggregate amount of \$~~1,000,000~~, as security for the indemnity provided in paragraph ~~{20}~~18 of this Order. The Directors' Charge shall have the priority set out in paragraphs ~~{38}~~0 and ~~{40}~~herein32 hereof.

20. ~~22.~~ **THIS COURT ORDERS** that, notwithstanding any language in any applicable insurance policy to the contrary, (a) no insurer shall be entitled to be subrogated to or claim the benefit of the Directors' Charge, and (b) the Applicant's directors and officers shall only be entitled to the benefit of the Directors' Charge to the extent that they do not have coverage under any directors' and officers' insurance policy, or to the extent that such coverage is insufficient to pay amounts indemnified in accordance with paragraph ~~{20}~~18 of this Order.

#### APPOINTMENT OF MONITOR

21. ~~23.~~ **THIS COURT ORDERS** that ~~{MONITOR'S NAME}~~Richter is hereby appointed pursuant to the CCAA as the Monitor, an officer of this Court, to monitor the business and financial affairs of the Applicant with the powers and obligations set out in the CCAA or set forth herein and that the Applicant and its shareholders, officers, directors, and Assistants shall advise the Monitor of all material steps taken by the Applicant pursuant to this Order, and shall co-operate fully with the Monitor in the exercise of its powers and discharge of its obligations and provide the Monitor with the assistance that is necessary to enable the Monitor to adequately carry out the Monitor's functions.

22. ~~24.~~ **THIS COURT ORDERS** that the Monitor, in addition to its prescribed rights and obligations under the CCAA, is hereby directed and empowered to:

- (a) monitor and review the Applicant's receipts and disbursements;
- (b) monitor the Orderly Wind-down of the Business and operations of the Applicant, including any liquation that may be approved;

<sup>8</sup>~~Section 11.51(3) provides that the Court may not make this security/charging order if in the Court's opinion the Applicant could obtain adequate indemnification insurance for the director or officer at a reasonable cost.~~

- (c) ~~(b)~~ report to this Court at such times and intervals as the Monitor may deem appropriate with respect to matters relating to the Property, the Business, the Orderly Wind-down and such other matters as may be relevant to the proceedings herein;
- ~~(e) — assist the Applicant, to the extent required by the Applicant, in its dissemination, to the DIP Lender and its counsel on a [TIME INTERVAL] basis of financial and other information as agreed to between the Applicant and the DIP Lender which may be used in these proceedings including reporting on a basis to be agreed with the DIP Lender;~~
- (d) advise the Applicant in its preparation of the Applicant's cash flow statements ~~and reporting required by the DIP Lender, which information shall be reviewed with the Monitor and delivered to the DIP Lender and its counsel on a periodic basis, but not less than [TIME INTERVAL], or as otherwise agreed to by the DIP Lender;~~
- ~~(e) — advise the Applicant in its development of the Plan and any amendments to the Plan;~~
- ~~(f) — assist the Applicant, to the extent required by the Applicant, with the holding and administering of creditors' or shareholders' meetings for voting on the Plan;~~
- (e) ~~(g)~~ have full and complete access to the Property, including the premises, books, records, data, including data in electronic form, and other financial documents of the Applicant, to the extent that is necessary to adequately assess the Applicant's business and financial affairs or to perform its duties arising under this Order;
- (f) ~~(h)~~ be at liberty to engage independent legal counsel or such other persons as the Monitor deems necessary or advisable respecting the exercise of its powers and performance of its obligations under this Order; and
- (g) ~~(i)~~ perform such other duties as are required by this Order or by this Court from time to time.

23. ~~25.~~ **THIS COURT ORDERS** that the Monitor shall not take possession of the Property and shall take no part whatsoever in the management or supervision of the management of the

Business and shall not, by fulfilling its obligations hereunder, be deemed to have taken or maintained possession or control of the Business or Property, or any part thereof.

24. ~~26. THIS COURT ORDERS that nothing herein contained shall require the Monitor to occupy or to take control, care, charge, possession or management (separately and/or collectively, "Possession") of any of the Property that might be environmentally contaminated, might be a pollutant or a contaminant, or might cause or contribute to a spill, discharge, release or deposit of a substance contrary to any federal, provincial or other law respecting the protection, conservation, enhancement, remediation or rehabilitation of the environment or relating to the disposal of waste or other contamination including, without limitation, the *Canadian Environmental Protection Act*, the *Ontario Environmental Protection Act*, the *Ontario Water Resources Act*, or the *Ontario Occupational Health and Safety Act* and regulations thereunder (the "Environmental Legislation"), provided however that nothing herein shall exempt the Monitor from any duty to report or make disclosure imposed by applicable Environmental Legislation. The Monitor shall not, as a result of this Order or anything done in pursuance of the Monitor's duties and powers under this Order, be deemed to be in Possession of any of the Property within the meaning of any Environmental Legislation, unless it is actually in possession.~~

~~27. — THIS COURT ORDERS that~~ that the Monitor shall provide any creditor of the Applicant ~~and the DIP Lender~~ with information provided by the Applicant in response to reasonable requests for information made in writing by such creditor addressed to the Monitor. The Monitor shall not have any responsibility or liability with respect to the information disseminated by it pursuant to this paragraph. In the case of information that the Monitor has been advised by the Applicant is confidential, the Monitor shall not provide such information to creditors unless otherwise directed by this Court or on such terms as the Monitor and the Applicant may agree.

25. ~~28. THIS COURT ORDERS~~ that, in addition to the rights and protections afforded the Monitor under the CCAA or as an officer of this Court, the Monitor shall incur no liability or obligation as a result of its appointment or the carrying out of the provisions of this Order, save and except for any gross negligence or wilful misconduct on its part. Nothing in this Order shall derogate from the protections afforded the Monitor by the CCAA or any applicable legislation.

26. ~~29. THIS COURT ORDERS~~ that the Monitor, counsel to the Monitor and counsel to the Applicant shall be paid their reasonable fees and disbursements, in each case at their standard

rates and charges, whether incurred prior to, on or subsequent to the date of this Order, by the Applicant as part of the costs of these proceedings. The Applicant is hereby authorized and directed to pay the accounts of the Monitor, counsel ~~for~~to the Monitor and counsel ~~for~~to the Applicant on a ~~[TIME INTERVAL]~~weekly basis or on such terms as such parties may agree and, in addition, the Applicant is hereby authorized to pay to the Monitor, counsel to the Monitor, and counsel to the Applicant, retainers ~~in the amount[s] of \$●-~~, ~~respectively~~nunc pro tunc, to be held by them as security for payment of their respective fees and disbursements outstanding from time to time.

27. ~~30.~~ **THIS COURT ORDERS** that the Monitor and its legal counsel shall pass their accounts from time to time, and for this purpose the accounts of the Monitor and its legal counsel are hereby referred to a judge of the Commercial List of the Ontario Superior Court of Justice.

28. ~~31.~~ **THIS COURT ORDERS** that the Monitor, counsel to the Monitor, ~~if any,~~ ~~and counsel to~~ the Applicant's ~~counsel~~ and the CROs (as hereinafter defined), shall be entitled to the benefit of and are hereby granted a charge (the "Administration Charge") on the Property, which charge shall not exceed an aggregate amount of \$●400, 000 as security for their professional fees and disbursements incurred at their ir standard rates and charges of the Monitor and such counsel, both before and after the making of this Order ~~in respect of these proceedings,~~ and the CROs. The Administration Charge shall have the priority set out in paragraphs ~~{38}~~0 and ~~{40}~~32 hereof.

#### **~~DIP FINANCING~~**

~~32.~~—



## APPOINTMENT OF CO-CHIEF RESTRUCTURING OFFICERS

29. **THIS COURT ORDERS** ~~that the Applicant is hereby authorized and empowered to obtain and borrow under a credit facility from [DIP LENDER'S NAME] (the "DIP Lender") in order to finance the Applicant's working capital requirements and other general corporate purposes and capital expenditures, provided that borrowings under such credit facility shall not exceed \$● unless permitted by further Order of this Court.~~

~~33. THIS COURT ORDERS THAT such credit facility shall be on the terms and subject to the conditions set forth in the commitment letter between the Applicant and the DIP Lender dated as of [DATE] (the "Commitment Letter"), filed.~~

~~34. THIS COURT ORDERS that the Applicant is hereby authorized and empowered to execute and deliver such credit agreements, mortgages, charges, hypothecs and security documents, guarantees and other definitive documents (collectively, the "Definitive Documents"), as are contemplated by the Commitment Letter or as may be reasonably required by the DIP Lender pursuant to the terms thereof, and the Applicant is hereby authorized and directed to pay and perform all of its indebtedness, interest, fees, liabilities and obligations to the DIP Lender under and pursuant to the Commitment Letter and the Definitive Documents as and when the same become due and are to be performed, notwithstanding any other provision of this Order.~~

~~35. THIS COURT ORDERS that the DIP Lender shall be entitled to the benefit of and is hereby granted a charge (the "DIP Lender's Charge") on the Property, which DIP Lender's Charge shall not secure an obligation that exists before this Order is made. The DIP Lender's Charge shall have the priority set out in paragraphs [38] and [40] hereof.~~

~~36. THIS COURT ORDERS that, notwithstanding any other provision of this Order:~~

- (a) ~~the DIP Lender may take such steps from time to time as it may deem necessary or appropriate to file, register, record or perfect the DIP Lender's Charge or any of the Definitive Documents;~~ the engagement letter in the form attached as Exhibit "K" to the Boucher Affidavit (the "CRO Engagement Letter"), pursuant to which Mackinac Partners, LLC shall provide the services of Michael Nowlan and Craig M.

Boucher to act as co-chief restructuring officers of the Applicant (collectively, the “CROs” and each a “CRO”), the execution of CRO Engagement Letter by the Applicant, *nunc pro tunc*, and the appointment of the CROs as co-chief restructuring officers of the Applicant pursuant to the terms thereof, are hereby approved, including, without limitation, with respect to the payment of the fees and expenses contemplated thereby and incurred by the CROs in providing services to the Applicant;

- (b) ~~upon the occurrence of an event of default under the Definitive Documents or the DIP Lender’s Charge, the DIP Lender, upon ● days notice to the Applicant and the Monitor, may exercise any and all of its rights and remedies against the Applicant or the Property under or pursuant to the Commitment Letter, Definitive Documents and the DIP Lender’s Charge, including without limitation, to cease making advances to the Applicant and set off and/or consolidate any amounts owing by the DIP Lender to the Applicant against the obligations of the Applicant to the DIP Lender under the Commitment Letter, the Definitive Documents or the DIP Lender’s Charge, to make demand, accelerate payment and give other notices, or to apply to this Court for the appointment of a receiver, receiver and manager or interim receiver, or for a bankruptcy order against the Applicant and for the appointment of a trustee in bankruptcy of the Applicant; and~~ the CROs shall be responsible for performing the functions and obligations set out in the CRO Engagement Letter for the benefit of the Applicant and shall provide timely updates to the Monitor in respect of such functions and obligations;
- (c) ~~the foregoing rights and remedies of the DIP Lender~~ CROs shall not be enforceable against any trustee in bankruptcy, interim receiver, receiver or receiver and manager deemed to be a director, *de facto* director or employee of the Applicant ~~or the Property.~~ ;

~~37. — THIS COURT ORDERS AND DECLARES that the DIP Lender shall be treated as unaffected in any plan of arrangement or compromise filed by the Applicant under the CCAA, or any proposal filed by the Applicant under the *Bankruptcy and Insolvency Act* of Canada (the “BIA”), with respect to any advances made under the Definitive Documents.~~

- (d) nothing in this Order shall be construed as resulting in either CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever;
- (e) the CROs shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any Person from and after the date of this Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or wilful misconduct on the part of the CROs; and
- (f) no action or other proceeding shall be commenced directly, or by way of counterclaim, third party claim or otherwise, against or in respect of either of the CROs and all rights and remedies of any Person against or in respect of each of the CROs are hereby stayed and suspended, except with the written consent of the applicable CRO or with leave of this Court on notice to the Applicant, the Monitor and the applicable CRO. Notice of any such motion seeking leave of this Court shall be served upon the Applicant, the Monitor and the applicable CRO at least seven (7) days prior to the return date of any such motion for leave.

#### VALIDITY AND PRIORITY OF CHARGES CREATED BY THIS ORDER

30. ~~38.~~ **THIS COURT ORDERS** that the priorities of the ~~Directors' Charge, the~~ Administration Charge and the ~~DIP Lender~~Directors's Charge, as among them, shall be as follows<sup>9</sup>:

First – Administration Charge (to the maximum amount of \$~~●~~400,000); and

Second – ~~DIP Lender's Charge; and~~

~~Third~~ – Directors' Charge (to the maximum amount of \$~~●~~1,000,000).

<sup>9</sup> ~~The ranking of these Charges is for illustration purposes only, and is not meant to be determinative. This ranking may be subject to negotiation, and should be tailored to the circumstances of the case before the Court. Similarly, the quantum and caps applicable to the Charges should be considered in each case. Please also note that the CCAA now permits Charges in favour of critical suppliers and others, which should also be incorporated into this Order (and the rankings, above), where appropriate.~~

31. ~~39.~~ **THIS COURT ORDERS** that the filing, registration or perfection of the ~~Directors' Charge, the~~ Administration Charge or the ~~DIP Lender~~Directors's Charge (collectively, the ~~"Charges"~~) shall not be required, and that the Charges shall be valid and enforceable for all purposes, including as against any right, title or interest filed, registered, recorded or perfected subsequent to the Charges coming into existence, notwithstanding any such failure to file, register, record or perfect.

32. ~~40.~~ **THIS COURT ORDERS** that each of the ~~Directors' Charge, the Administration Charge and the DIP Lender's Charge (all as constituted and defined herein)~~Charges shall constitute a charge on the Property and such Charges shall rank in priority to all other security interests, trusts, liens, charges and encumbrances, claims of secured creditors, statutory or otherwise (collectively, ~~"Encumbrances"~~) in favour of any Person.

33. ~~41.~~ **THIS COURT ORDERS** that except as otherwise expressly provided for herein, or as may be approved by this Court, the Applicant shall not grant any Encumbrances over any Property that rank in priority to, or *pari passu* with, any of the ~~Directors' Charge, the Administration Charge or the DIP Lender's Charge,~~Charges unless the Applicant also obtains the prior written consent of the Monitor,~~the DIP Lender~~ and the beneficiaries of the ~~Directors' Charge and the Administration Charge~~Charges, or further Order of this Court.

~~42. — THIS COURT ORDERS that the Directors' Charge, the Administration Charge, the Commitment Letter, the Definitive Documents and the DIP Lender's Charge shall not be rendered invalid or unenforceable and the rights and remedies of the chargees entitled to the benefit of the Charges (collectively, the "Chargees") and/or the DIP Lender thereunder shall not otherwise be limited or impaired in any way by (a) the pendency of these proceedings and the declarations of insolvency made herein; (b) any application(s) for bankruptcy order(s) issued pursuant to BIA, or any bankruptcy order made pursuant to such applications; (c) the filing of any assignments for the general benefit of creditors made pursuant to the BIA; (d) the provisions of any federal or provincial statutes; or (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of Encumbrances, contained in any existing loan documents, lease, sublease, offer to lease or other agreement (collectively, an "Agreement") which binds the Applicant, and notwithstanding any provision to the contrary in any Agreement:~~

- ~~(a) — neither the creation of the Charges nor the execution, delivery, perfection, registration or performance of the Commitment Letter or the Definitive Documents shall create or be deemed to constitute a breach by the Applicant of any Agreement to which it is a party;~~
- ~~(b) — none of the Chargees shall have any liability to any Person whatsoever as a result of any breach of any Agreement caused by or resulting from the Applicant entering into the Commitment Letter, the creation of the Charges, or the execution, delivery or performance of the Definitive Documents; and~~
- ~~(c) — the payments made by the Applicant pursuant to this Order, the Commitment Letter or the Definitive Documents, and the granting of the Charges, do not and will not constitute preferences, fraudulent conveyances, transfers at undervalue, oppressive conduct, or other challengeable or voidable transactions under any applicable law.~~

34. ~~43.~~ **THIS COURT ORDERS** that any Charge created by this Order over leases of real property in Canada shall only be a Charge in the Applicant's interest in such real property leases.

#### SERVICE AND NOTICE

35. ~~44.~~ **THIS COURT ORDERS** that the Monitor shall ~~(i)~~ without delay, publish in ~~[newspapers specified by the Court]~~ Globe & Mail a notice containing the information prescribed under the CCAA, and (ii) within five days after the date of this Order, ~~(A)~~ make this Order publicly available in the manner prescribed under the CCAA, ~~(B)~~ send, or cause to be sent, in the prescribed manner, a notice to every known creditor who has a claim against the Applicant of more than \$1,000, and ~~(C)~~ prepare a list showing the names and addresses of those creditors and the estimated amounts of those claims, and make it publicly available in the prescribed manner, all in accordance with Section 23(1)(a) of the CCAA and the regulations made thereunder.

36. **THIS COURT ORDERS** that any employee of the Applicant who is sent a notice of termination of employment shall be deemed to have received such notice by no later than 8:00 a.m. Eastern Standard/Daylight Time on the fourth day following the date any such notice is sent, if such notice is sent by ordinary mail, expedited parcel or registered mail to the individual's

address as reflected in the Applicant's books and records; provided, however, that (a) any notice of termination of employment that is provided to an employee of the Applicant in person at one of the Applicant's stores shall be deemed to have been received on the date of such delivery notwithstanding the mailing of any notices of termination of employment, and (b) any notice of termination of employment that is sent to an employee of the Applicant by electronic message to the individual's email address as last shown in the Applicant's books and records shall be deemed to have been received 24 hours after the time such electronic message was sent, notwithstanding the mailing of any notices of termination of employment.

37. ~~45.~~ **THIS COURT ORDERS** that the E-Service Protocol of the Commercial List (the "Protocol") is approved and adopted by reference herein and, in this proceeding, the service of documents made in accordance with the Protocol (which can be found on the Commercial List website at

~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/e-service-protocol/>~~<http://www.ontariocourts.ca/scj/practice/practice-directions/toronto/eservice-commercial/>) shall be valid and effective service. Subject to Rule 17.05 this Order shall constitute an order for substituted service pursuant to Rule 16.04 of the Rules of Civil Procedure. Subject to Rule 3.01(d) of the Rules of Civil Procedure and paragraph 21 of the Protocol, service of documents in accordance with the Protocol will be effective on transmission. This Court further orders that a Case Website shall be established in accordance with the Protocol with the following URL:

~~@~~ <https://www.richter.ca/insolvencycase/sfp-canada-ltd/>.

38. ~~46.~~ **THIS COURT ORDERS** that if the service or distribution of documents in accordance with the Protocol is not practicable, the Applicant and the Monitor are at liberty to serve or distribute this Order, any other materials and orders in these proceedings, any notices or other correspondence, by forwarding true copies thereof by prepaid ordinary mail, courier, personal delivery or facsimile transmission to the Applicant's creditors or other interested parties at their respective addresses as last shown on the records of the Applicant and that any such service or distribution by courier, personal delivery or facsimile transmission shall be deemed to be received on the next business day following the date of forwarding thereof, or if sent by ordinary mail, on the third business day after mailing.

39. THIS COURT ORDERS that the Applicant and the Monitor and their respective counsel are at liberty to serve or distribute this Order, any other materials and orders as may be reasonably required in these proceedings, including any notices, or other correspondence, by forwarding true copies thereof by electronic message to the Applicant's creditors or other interested parties and their advisors. For greater certainty, any such distribution or service shall be deemed to be in satisfaction of a legal or judicial obligation, and notice requirements within the meaning of clause 3(c) of the *Electronic Commerce Protection Regulations*, Reg. 81000-2-175 (SOR/DORS).

#### SEALING

40. THIS COURT ORDERS that Confidential Appendix "A" to the Boucher Affidavit shall be and is hereby sealed, kept confidential and shall not form part of the public record.

#### **GENERAL**

41. ~~47.~~ THIS COURT ORDERS that the Applicant or the Monitor may from time to time apply to this Court to amend, vary or supplement this Order or for advice and directions in the discharge of ~~its~~their respective powers and duties hereunder.

42. ~~48.~~ THIS COURT ORDERS that nothing in this Order shall prevent the Monitor from acting as an interim receiver, a receiver, a receiver and manager, or a trustee in bankruptcy of the Applicant, the Business or the Property.

43. ~~49.~~ THIS COURT HEREBY REQUESTS the aid and recognition of any court, tribunal, regulatory or administrative body having jurisdiction in Canada or in the United States, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

44. ~~50.~~ **THIS COURT ORDERS** that each of the Applicant and the Monitor be at liberty and is hereby authorized and empowered to apply to any court, tribunal, regulatory or administrative body, wherever located, for the recognition of this Order and for assistance in carrying out the terms of this Order, and that the Monitor is authorized and empowered to act as a representative in respect of the within proceedings for the purpose of having these proceedings recognized in a jurisdiction outside Canada.

~~51. — THIS COURT ORDERS that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.~~

45. ~~52.~~ **THIS COURT ORDERS** that this Order and all of its provisions are effective as of 12:01 a.m. Eastern Standard/Daylight Time on the date of this Order.

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<u>IN THE MATTER OF THE <i>COMPANIES' CREDITORS ARRANGEMENT ACT</i>, R.S.C. 1985, C. C-36, AS AMENDED</u>		<u>Court File No:</u>
<u>AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SFP CANADA LTD.</u>		<u>Applicant</u>
	<u><i>Ontario</i></u> <u>SUPERIOR COURT OF JUSTICE</u> <u>COMMERCIAL LIST</u>  <u>Proceeding commenced at Toronto</u>	
	<u>INITIAL ORDER</u>	

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Lawyers for the Applicant Matter No: 1207156

TAB 2

Court File No.

**ONTARIO  
SUPERIOR COURT OF JUSTICE**

**COMMERCIAL LIST**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF **SFP CANADA LTD.**

Applicant

**AFFIDAVIT OF CRAIG M. BOUCHER**

I, Craig M. Boucher, of the City of Hollywood, in the State of Florida, MAKE OATH AND  
SAY:

1. This affidavit is made in support of an application by SFP Canada Ltd. ("**SFP Canada**" or the "**Applicant**") for an Initial Order and related relief under the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36 (the "**CCAA**").

2. I am a Senior Managing Director at Mackinac Partners ("**Mackinac**"), a turnaround, restructuring and advisory firm. Among other things, Mackinac has advised companies, creditors and other stakeholders in distressed situations through an in-court or out-of-court process and acted as chief restructuring officer for companies who need experienced restructuring leadership.

3. Mackinac was retained by Schurman Fine Papers ("**SFP U.S.**") on November 12, 2019 to act as financial advisor (in such capacity, the "**Financial Advisor**") in connection with the

restructuring initiatives of SFP U.S. and its subsidiaries, including SFP Canada (collectively, the “**Schurman Group**”) as further described herein. I was one of the Mackinac professionals leading this engagement. Subsequently, on January 22, 2020, the Schurman Group retained Mackinac to provide my services and the services of Michael Nowlan (also a Senior Managing Director at Mackinac) as Co-Chief Restructuring Officers (in such capacity, the “**CROs**”) for SFP U.S. and SFP Canada.

4. In my roles as Financial Advisor and CRO, I have become and am familiar with the Applicant’s businesses, day-to-day operations, and financial affairs. As such, I have personal knowledge of the matters deposed to herein. Where I have relied on other sources for information, I have so stated and I believe them to be true. In preparing this affidavit, I have also consulted with Ms. Dominique Schurman (SFP U.S.’ and SFP Canada’s CEO), the Schurman Group’s senior management team, and the Schurman Group’s financial and legal advisors.

5. All references to monetary amounts in this affidavit are in U.S. dollars unless noted otherwise.

6. This affidavit is organized into the following sections:

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**A. Introduction**

7. SFP Canada operates 76 retail stores across Canada under the *Papyrus*, *Carlton Cards / Cartes Carlton*, and *Paper Destiny* brand names selling stationary, greeting cards, paper products, and gift items. SFP Canada is wholly owned by SFP U.S., the leading, privately held specialty retailer of personal expression products in North America. The Schurman Group operates 254 retail stores across the United States and Canada with approximately 1,400 employees (405 of whom are employed by SFP Canada).

8. The Schurman Group's business is highly integrated with and dependent on its relationship with American Greetings Corporation ("**American Greetings**"), the world's second largest producer of greeting cards. Among other things, the Schurman Group and American Greetings were parties to (a) a Supply Agreement dated April 17, 2009 between SFP U.S. and American Greetings (as amended, the "**Supply Agreement**") under which American Greetings agreed to supply products to the Schurman Group; and (b) an Amended and Restated Trademark License Agreement made as of April 17, 2009 (as amended, the "**Trademark Agreement**") under which American Greetings and its affiliates agreed to provide a royalty-free license to SFP U.S., SFP Franchise Corporation ("**SFP Franchise**") and SFP Canada for the trademarks (including the *Papyrus* and *Carlton Cards / Cartes Carlton* marks) under which the Schurman Group's stores operate and that are featured on most of its products (the "**Trademarks**").

9. In the past few years, the Schurman Group has faced various operational and performance challenges resulting in growing liquidity pressures. In addition to the general downturn in the brick-and-mortar retail industry, the Schurman Group has suffered a loss of profitability due to some unique factors including costs incurred in refurbishing and/or closing old and

underperforming retail stores acquired from American Greetings in 2009, pricing decisions made by American Greetings in respect of the products it sold to the Schurman Group, and unfavorable shifts in the Canada/U.S. exchange rate.

10. As a result of these and other challenges, the Schurman Group fell behind on payments owing to American Greetings under the Supply Agreement. As of the date of the swearing of this Affidavit, the Schurman Group owes American Greetings approximately \$48 million, of which, I have been advised by the Schurman Group, \$9,141,437 represents direct purchases by SFP Canada. Initially, the Schurman Group and American Greetings (under its prior ownership) worked cooperatively to address the operational and financial issues facing the Schurman Group and find a mutually beneficial path forward. However, in early 2018, following a change of control in the ownership of American Greetings, American Greetings became increasingly adamant that the Schurman Group address the arrears owing to American Greetings.

11. Over the past twelve months, the Schurman Group has taken a number of steps to attempt to address its operational and liquidity issues, including negotiating with vendors to obtain credit or more favorable terms for the supply of services, engaging in discussions with certain of its landlords to obtain various forms of rent relief, and pursuing negotiations with parties in connection with the potential sale of equity in SFP U.S. In June 2019, the Schurman Group agreed to grant a continuing lien and security interest in the property of the Schurman Group to American Greetings, pursuant to a Security Agreement, in order to secure the payment of, and performance of, the Schurman Group's Obligations to American Greetings (as defined in the Security Agreement), which security was to rank subordinate in priority to the security previously granted to the Schurman Group's senior secured lender.



12. However, before the Schurman Group was able to consummate an equity transaction or otherwise identify a viable path forward, on December 5, 2019, American Greetings notified SFP U.S. that it was immediately terminating the Supply Agreement, the Trademark Agreement, and various other agreements between the parties (collectively, the “**American Greetings Agreements**”), purportedly on the basis that the Schurman Group was in default under those agreements. American Greetings ceased supplying products to the Schurman Group at the same time.

13. After receiving notice of the purported termination of the American Greetings Agreements, the Schurman Group entered negotiations with American Greetings in an effort to agree on new terms by which the Schurman Group could continue using the Trademarks and continue purchasing products from American Greetings. However, American Greetings ultimately rejected the proposals put forward by the Schurman Group and recently advised that it is not willing to engage in further negotiations.

14. As a result of American Greetings’ purported termination of the American Greetings Agreements and unwillingness to engage in further discussion, SFP U.S. has concluded that it can no longer continue going concern operations. On January 22, 2020 SFP U.S.’ and SFP Franchise’s directors resolved to file voluntary petitions for relief under Chapter 11 of the *U.S. Bankruptcy Code* (the “**Chapter 11 Proceedings**”) in order to, among other things, pursue an orderly liquidation of the retail stores in the United States.

15. Similarly, SFP Canada can no longer operate as a going concern. As a result of the purported termination of the American Greetings Agreements, SFP Canada no longer has access to the supply of products from American Greetings (which account for over 50% of gross sales).

In addition, SFP Canada is entirely dependent on SFP U.S. for operational, management, and administrative services and cannot survive as a going concern without continued support from SFP U.S. SFP Canada has accordingly determined that it is insolvent and must cease operations in Canada.

16. It is my understanding that a Chapter 11 filing by SFP U.S. will result in events of default under certain leases to which SFP Canada is a party. These defaults would potentially result in the ability of those landlords to terminate the leases and lock out SFP Canada.

17. SFP Canada intends to use the CCAA proceedings to implement a liquidation and wind-down of its operations in a responsible, controlled and orderly manner. An orderly wind-down requires the involvement of many stakeholders and Court supervision. SFP Canada urgently requires the flexibility of the CCAA, an immediate stay of proceedings, and breathing space from the unilateral exercise of creditor remedies, as it prepares to implement its orderly wind-down through liquidating its remaining inventory with the assistance of a third-party professional liquidator and vacating its leased retail stores.

18. The Schurman Group, in consultation with its Financial Advisor and Richter Advisory Group Inc., the proposed Monitor in the CCAA proceedings (the “**Proposed Monitor**”), has recently selected a joint venture comprised of two professional third-party liquidators, Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC (collectively, the “**Consultant**”). The Schurman Group believes that the Consultant will assist in maximizing the potential proceeds from the sale of its remaining inventory and furniture, fixtures, and equipment in the United States and Canada. The Consultant and its Canadian affiliates have extensive

experience in the North American retail market and have worked with Canadian landlords on numerous other engagements to conduct orderly retail liquidations.

19. If an Initial CCAA Order is granted, the Applicant intends to promptly serve a motion seeking this Court's approval of an orderly realization process (the "**Realization Process**") for SFP Canada's inventory (the "**Merchandise**") and its furniture, fixtures, and equipment (collectively, the "**FF&E**"), and of the selection of the Consultant to assist with this process. The Consultant is currently in the process of visiting store locations in Canada and the United States to start preparations for the formal Realization Process.

20. I believe that the active participation of SFP Canada in this orderly wind-down process, coupled with continued support from SFP U.S., is essential to maximizing recoveries for the benefit of the stakeholders of the Applicant, including Canadian stakeholders. It is expected that SFP Canada will engage with:

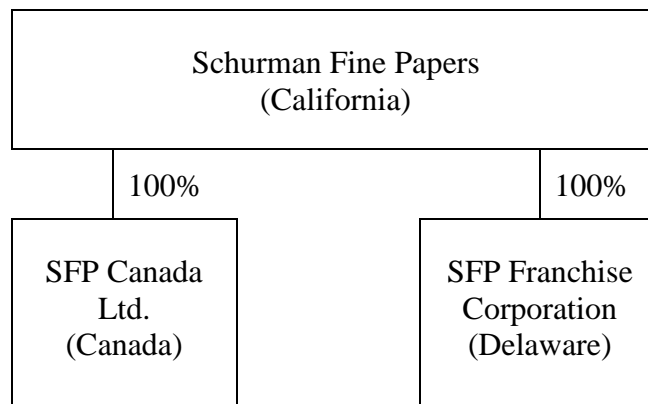
- (a) *SFP Canada's employees*, including the front-line team members, sales associates and store managers who have expertise in the operations of SFP Canada's stores, to implement the Realization Process as smoothly and efficiently as possible;
- (b) *SFP Canada's landlords*, with whom SFP Canada will need to engage during the short window of time available for the realization of assets, with a view to arriving at an efficient Realization Process that benefits all stakeholders; and
- (c) *SFP U.S.*, which provides substantially all back-office business and administrative support services. As set out above, without these services, SFP Canada could not operate and would be forced to immediately shut down, to the detriment of its

stakeholders. Thus, without SFP U.S.'s agreement to continue providing critical services during the wind-down process, the Realization Process would be impeded and chaotic.

21. In summary, SFP Canada requires a stay of proceedings and related relief under the CCAA in order to continue operating throughout the contemplated orderly wind-down and Realization Process with the continued support of SFP U.S. The stay will provide the Applicant with the flexibility to implement a responsible and orderly cessation of operations, under the supervision of the proposed Monitor and the Court, with the ultimate goal of developing a distribution plan as an efficient means of distributing the proceeds of realization to stakeholders.

**B. Corporate Structure**

22. SFP Canada is a New Brunswick corporation with its registered head office in Saint John, New Brunswick. As illustrated below, SFP Canada is a wholly owned subsidiary of SFP U.S., a California corporation that is controlled by the Schurman family:



23. SFP Canada's sole director is Ms. Schurman.

**C. Chief Place of Business**

24. The chief place of business of the Applicant is Ontario. Although the Applicant's registered head office is in New Brunswick, 35 of its 76 currently operating retail stores are located in Ontario. The Applicant therefore has more retail stores and sales in Ontario than in any of the other provinces in which it operates. Further, a plurality of the Applicant's approximately 405 employees work in Ontario.

**D. The Business of the Applicant**

**(a) Background and Relationship between Schurman Group and American Greetings**

25. The Schurman Group was founded by Marcel and Margit Schurman in 1950 as an importer and wholesaler of fine greeting cards and stationery from Europe. Between 1950 and 2009, the Schurman Group was primarily engaged in the business of distributing and selling its products in Canada and the United States through third parties, in addition to operating certain retail stores to exclusively sell the company's products. In April 2009, the Schurman Group entered into a transaction with American Greetings and its affiliates (the "**American Greetings Group**") that fundamentally transformed the Schurman Group's business.

26. More specifically, under a Purchase and Sale Agreement dated April 17, 2009 (the "**Sale Agreement**"), the Schurman Group sold its wholesale business and the *Papyrus* brand and related trademarks to the American Greetings Group. As part of the Sale Agreement, the Schurman Group acquired the retail business operated by the American Greetings Group in Canada and the United States.

27. In conjunction with the Sale Agreement, the Schurman Group and the American Greetings Group entered into several ancillary agreements, including:

- (a) The Supply Agreement under which American Greetings agreed to become the predominant supplier of products sold by the Schurman Group in its retail stores, initially for a term of 7 years (subsequently extended). A copy of the Supply Agreement (with amendments) is appended to this affidavit as Confidential Appendix A. The Applicant is advised by American Greetings that, in its view, the Supply Agreement has confidential and commercially sensitive financial terms, the disclosure of which would be prejudicial to American Greetings. The Supply Agreement includes a confidentiality provision that prohibits disclosing the terms of the Supply Agreement unless both parties consent in writing or disclosure is required by law, a court or government order, or stock exchange rule. Accordingly, as part of the proposed Initial Order, the Applicant are seeking a sealing order over Confidential Appendix A.
- (b) The Trademark Agreement under which the American Greetings Group agreed to provide a royalty-free license for the Trademarks for an initial term of 10 years (subsequently extended). A copy of the Trademark Agreement (with amendments) is attached as **Exhibit A**.
- (c) The Marketing Services Agreement (as amended, the “**Marketing Agreement**”) under which the Schurman Group agreed to provide American Greetings with certain marketing services in exchange for a monthly service fee, with an initial

term of 7 years (subsequently extended). A copy of the Marketing Agreement (with amendments) is attached as **Exhibit B**.

- (d) The POS Data Services Agreement (as amended, the “**POS Agreement**”) under which the Schurman Group agreed to collect and provide point-of-sale data to American Greetings in exchange for a monthly service fee, with an initial term of 7 years (subsequently extended). A copy of the POS Agreement (with amendments) is attached as **Exhibit C**.

28. As a result of these agreements, the Schurman Group became increasingly integrated with and highly dependent on American Greetings. In particular, the Schurman Group relied on American Greetings for the majority of goods it sold and for the Trademarks required to operate its retail business under the *Papyrus* and *Carlton Cards / Cartes Carlton* names.

**(b) SFP Canada’s Retail Business**

29. SFP Canada operates retail stores and sells products featuring a variety of brands. *Papyrus*, a premium greeting card brand that draws inspiration from fashion, art and lifestyle trends, is the company’s flagship brand. SFP Canada also operates stores and sells products under the *Carlton Cards / Cartes Carlton* brand and one store under the *Paper Destiny* brand, and sells products featuring the American Greetings and Recycled Paper Greetings brands.

30. SFP Canada’s stores typically carry and sell the following categories of merchandise:

- (a) Greeting cards, including everyday counter cards and seasonal counter cards.

- (b) Gift packaging, including everyday and seasonal gift wrap and bags, bows, ribbons, accessories, Christmas boxes and Christmas ornaments.
- (c) Specialty products, including everyday and seasonal party accessories, desk accessories, stationery, cellophane, stickers and boxed cards.

31. SFP U.S. operates an e-commerce platform based from their website <https://www.papyrusonline.com/> which is accessible to Canadian consumers. SFP Canada does not operate an independent e-commerce website.

(c) **Leases and Retail Stores**

(i) **Store Formats and Locations**

32. SFP Canada conducts business through retail locations in Ontario, Quebec, British Columbia, Alberta, Manitoba, Nova Scotia, Newfoundland and Labrador, and Saskatchewan. The following chart sets out SFP Canada's current store locations by geographical region:

<b>Province</b>	<b>Number of SFP Canada Locations</b>
Ontario	35
Quebec	6
British Columbia	11
Alberta	12
Manitoba	3
Nova Scotia	5
Newfoundland and Labrador	1
Saskatchewan	3
<b><i>Total</i></b>	<b>76</b>



33. SFP Canada has recently announced the closure of sixteen stores across Canada. A store located in St. Johns, Newfoundland, closed effective January 18, 2020, in large part as a result of the snowstorm that recently hit that province, and is not included in the table above. Seven other stores are scheduled to close on January 31, 2020 and a further eight stores are scheduled to close on February 29, 2020.

34. The average size of SFP Canada's stores is 1,887 square feet.

35. SFP Canada does not own any real property. All of the Applicant's retail operations are conducted in leased facilities.

**(ii) Landlords for Retail Premises**

36. SFP Canada leases stores across Canada from third-party landlords. SFP Canada is party to a number of leases with large landlords, whose subsidiaries own malls and shopping centres across Canada, including Oxford Properties Group, Ivanhoe Cambridge, Cadillac Fairview, and Morguard.

**(iii) Lease Provisions**

37. Typical of retail store leases in Canada, certain of SFP Canada's leases contain provisions that impact SFP Canada store operations, including:

- (a) *Going-Out-of-Business sale restrictions* that relate to going out of business sales in one form or another, including prohibitions on "bankruptcy sales", "going out of business sales", "liquidation sales", and other similar terms; and

- (b) *Operating covenants* that require SFP Canada to continuously occupy and operate its business in the leased premises.

38. SFP U.S. has provided an indemnity to certain landlords under some of SFP Canada's leases and certain of these leases provide that it is an event of default if the indemnifier (*i.e.*, SFP U.S.) takes the benefit of any insolvency statute. Therefore, SFP U.S. commencing the Chapter 11 proceedings will result in events of default under certain leases to which SFP Canada is a party, which defaults will potentially result in the ability of certain landlords to terminate these leases.

**(d) Merchandising and Sourcing**

39. Products sourced from American Greetings represent approximately 53% of SFP Canada's gross sales, all of which is purchased by SFP Canada directly. SFP Canada also sells products purchased from other third-party vendors, some of which is purchased by SFP U.S. Approximately 30% of all SFP Canada merchandise is purchased by SFP U.S. and then shipped to SFP Canada's retail stores directly from the SFP U.S. distribution centre. The remaining 70% is purchased directly by SFP Canada.

40. The costs of merchandise purchased by SFP U.S. on account of SFP Canada is recorded by SFP U.S. as an intercompany receivable. SFP Canada periodically transfers funds to SFP U.S. in order to pay for the costs of the merchandise purchased by SFP U.S.

**(e) Support Services Provided by SFP U.S.**

41. In addition to receiving merchandise directly from SFP U.S., SFP Canada is also dependent on SFP U.S. for a wide range of administrative and business support services. These services include strategic and marketing functions (e.g., development of overall marketing strategy,

performance of market research, design of marketing activities), merchandising, selection of external service providers, collection and analysis of customer feedback, logistics, and day to day operational needs such as executive, legal, accounting, finance, treasury, tax, insurance/risk management, real estate, human resources, information technology support services, and warehousing services (collectively, the “**Shared Services**”).

42. SFP Canada also uses certain business systems of SFP U.S., including merchandizing strategies, store designs, store specifications, and operations manuals.

43. SFP U.S. provides these Shared Services from its head office in Goodlettsville, Tennessee or from remote and satellite offices in the United States. SFP Canada cannot operate or function without the provision of the Shared Services from SFP U.S. as it does not have any operational head office or head office management employees in Canada. If the Shared Services were not provided, SFP Canada would be required to immediately cease operations and shut down in an uncontrolled manner.

44. In exchange for providing certain (but not all) of the Shared Services, SFP U.S. charges SFP Canada approximately \$180,000 per month. This amount does not include SFP Canada’s proportionate share of the cost of the distribution centre, merchandising, advertising, and customer service. As described in further detail below, as part of the proposed CCAA filing, SFP Canada has prepaid SFP U.S. for the provision of Shared Services for the months of January to March 2020, as well as SFP Canada’s proportionate share of the cost of the distribution centre and customer service.

**(f) Intellectual Property**

45. As noted above, the American Greetings Group owns the Trademarks that are necessary for the Schurman Group to carry on its business. Pursuant to the Trademark Agreement, the American Greetings Group granted SFP U.S., SFP Franchise, and SFP Canada a royalty-free license to use the Trademarks in the United States and Canada for an initial term of 10 years (subsequently amended to expire on September 30, 2020, absent the alleged termination event described above). SFP U.S. and SFP Canada had an exclusive license for operating retail stores (with certain exceptions) and an online store, and a non-exclusive license in all other respects.

**(g) Employees**

46. As of January 2020, SFP Canada employed approximately 82 full-time employees and 323 part-time employees. The geographic distribution of employees is as follows:

<b>Province</b>	<b>Number of SFP Canada Employees</b>
Ontario	193
Quebec	30
British Columbia	59
Alberta	60
Manitoba	13
Nova Scotia	24
Newfoundland and Labrador	10
Saskatchewan	16
<b><i>Total</i></b>	<b>405</b>

47. As noted above, SFP Canada has recently announced the closure of sixteen stores across Canada that are scheduled to close by February 29, 2020. All employees in these stores have been provided with working notice of termination based on their statutory entitlements.

48. At this time, it is expected that all other SFP Canada employees will be provided with working notice of termination on, or shortly after, the commencement of these CCAA proceedings. SFP Canada anticipates that it will continue to employ many of its employees through the wind-down and Realization Process.

49. On average, a typical SFP Canada store has five employees and is staffed by both full-time and part-time sales associates and store management. The vast majority of SFP Canada's employees are store level employees. Sales associates report to and work under the supervision of the store management. The store managers oversee and are responsible for operations in their store, and report to district managers and report to district, flagship or area managers.

50. All back-office support and overall corporate guidance functions for SFP Canada are provided by SFP U.S.

51. The vast majority of SFP Canada employees are paid on an hourly basis. Certain employees, such as the area and district managers, are salaried employees. There are no bonus or other incentive compensation plans.

52. Full-time employees are eligible for group health and dental benefits as well as life insurance through Great-West Life Assurance Company starting on the first day of the month after their employment begins. Temporary, part-time and seasonal employees are not eligible for these

benefits. SFP Canada also offers an employee assistance program to both full-time and part-time employees through Life Works at no cost to the employees.

53. SFP Canada has also established a group Registered Retirement Savings Plan (“**RRSP**”) for hourly employees and a registered pension plan for salaried employees. Both plans are administered by Manulife. SFP Canada does not make any matching contributions to the RRSP.

54. SFP Canada’s employees are all non-unionized and there are no applicable collective agreements.

55. SFP Canada’s payroll is administered by SFP U.S., with the payroll, Canadian withholding taxes, and benefits being processed by PAYweb. SFP Canada’s average biweekly payroll during fiscal 2019 was approximately \$0.3 million.

**(h) Gift Cards**

56. SFP Canada customers can purchase gift cards (“**Gift Cards**”) in stores. As of the date of the swearing of this Affidavit, SFP Canada had a net liability for outstanding Gift Cards of approximately \$1.15 million. It is proposed that outstanding Gift Cards will be honoured for another 30 days during the Realization Process.

**(i) Logistics Suppliers**

57. SFP Canada does not have any distribution centres and relies on third-party logistics services providers that ship inventory from SFP U.S.’s distribution centre to SFP Canada’s stores. Any merchandise that is shipped to SFP Canada’s stores from the SFP U.S.’s warehouse in Tennessee is transported by United Parcel Service (“**UPS**”). UPS also provides customs clearing

services for the products it transports. Any merchandise that SFP Canada directly purchases from a third-party vendor is shipped using UPS and other transportation service providers to Impact Logistics (“**Impact**”), a third-party logistics services provider. Impact distributes the merchandise to SFP Canada’s stores. SFP Canada uses various third-party expeditors for customs services.

58. SFP Canada relies on timely and frequent delivery of critical inventory items in conducting its business. Any interruption in this supply, however brief, would disrupt SFP Canada’s operations to the detriment of the Realization Process.

59. SFP Canada’s retail stores are also supplied with essential utilities (*e.g.*, water, fuel and electricity), at SFP Canada’s expense, which, depending on the terms of the particular lease, may be paid to the landlord at first instance. The continuous provision of these utilities is essential to operations and the orderly wind-down.

**(j) Banking and Cash Management**

60. SFP Canada maintains a centralized cash management system which is administered by SFP U.S. from the head office to collect, transfer, and disburse funds generated by the operations of SFP Canada (the “**Cash Management System**”). SFP Canada is dependent upon SFP U.S. for all treasury, banking and related services that are provided by SFP U.S.

61. SFP Canada has store deposits accounts at each of Royal Bank of Canada (“**RBC**”), TD Canada Trust (“**TD**”), Canadian Imperial Bank of Commerce (“**CIBC**”), Bank of Montreal (“**BMO**”), and Bank of Nova Scotia (“**BNS**”). The cash generated at each SFP Canada store is deposited daily at an account at the closest of these banks. In addition, debit and credit card receipts are deposited in an account maintained at BNS.

62. The funds from the store deposit accounts are transferred into a restricted account (the “**Restricted Account**”) maintained by SFP Canada with Wells Fargo Foothill Canada ULC (“**Wells Fargo Canada**”). Wells Fargo Canada in turn has an account with TD to facilitate transfers to and from the Restricted Account. Funds deposited into the BNS and BMO store deposit accounts are transferred to the Restricted Account automatically on a daily basis, whereas funds deposited into the RBC, TD and CIBC accounts are transferred to the Restricted Account manually once they hit a certain threshold (typically \$20,000).

63. SFP Canada maintains three disbursement accounts with Wells Fargo Canada. Two of these accounts are used to pay payroll, rent, Canadian cheques, taxes and vendors. Wells Fargo maintains two accounts at RBC to facilitate transfers from the two active disbursement accounts. The third disbursement account is currently inactive.

64. Cash is not automatically transferred from SFP Canada to SFP U.S. as part of the Cash Management System. Historically, SFP Canada would allow funds to accumulate in the Restricted Account and then would periodically make payments from the Restricted Account to pay amounts owing by SFP Canada to SFP U.S.

65. On January 17, 2020, SFP Canada transferred \$3 million to SFP U.S. as (i) payment for certain costs and expenses that have been paid by SFP U.S. on behalf of SFP Canada prior to these CCAA proceedings; and (ii) prepayment of costs and expenses that will be paid by SFP U.S. during these CCAA proceedings for the benefit of SFP Canada. More specifically, this includes:

- (a) reimbursement of SFP U.S. for SFP Canada’s proportionate share of certain professional fees incurred in preparation of the Chapter 11 filings and the CCAA proceedings;



- (b) reimbursement of SFP U.S. for SFP Canada's proportionate share of certain prepetition costs paid by SFP U.S., including Shared Services for the month of December and January, distribution centre charges, customer service charges, merchandising charges, advertising charges, and the escrow established for the Consultant;
- (c) prepayment of \$700,000 worth of inventory that will be sent by SFP U.S. to SFP Canada during the Realization Process. In the reasonable business judgment of the CROs and the Consultant, this additional inventory will enhance sales during the Realization Process, which will be to the benefit of SFP Canada's estate;
- (d) prepayment of the expected costs of the Shared Services, distribution centre charges, and customer service charges during the Realization Process; and
- (e) replenishment of retainers of the Consultant and professionals in connection with the CCAA proceedings.

66. The proposed Initial Order provides that SFP Canada will not make any payments to or on account of any related party until further Order of the Court.

**E. The Financial Position of SFP Canada**

67. SFP U.S. prepares unaudited financial reporting packages, including stand-alone balance sheets, for SFP Canada's operations. A copy of the balance sheet for SFP Canada as at November 30, 2019 is attached as **Exhibit D**. This balance sheet reflects the financial position of SFP Canada in U.S. dollars and has not been audited. Certain information contained in this unaudited balance sheet is summarized below.

**(a) Assets**

68. As at November 30, 2019, the assets of SFP Canada had a book value of approximately \$9.6 million and consisted of the following:

<b>Current Assets: \$8,294,000</b>	
Cash	\$1,930,000
Total Receivables	\$270,000
Inventory, Net	\$5,236,000
Prepaid Assets	\$858,000
<b>Non-Current Assets: \$1,296,000</b>	
Fixed Assets, Net	\$972,000
Other Assets	\$323,000
Intangibles	\$0
<b>Total Assets</b>	<b>\$9,589,000</b>

**(b) Liabilities**

69. As at November 30, 2019, the liabilities of SFP Canada had a book value of approximately \$11.8 million and consisted of the following:

<b>Current Liabilities: \$11,274,000</b>	
Trade Payables <sup>1</sup>	\$10,416,000
Income Taxes Payable	\$121,000
Sales and Use Tax Payable	\$152,000
Accrued Liabilities	\$585,000
<b>Non-Current Liabilities: \$482,000</b>	
Deferred Rent Long Term	\$306,000
Tenant Improvement Allowance Long Term	\$176,000
<b>Total Liabilities</b>	<b>\$11,757,000</b>

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<sup>1</sup> The vast majority consists of amounts owing from SFP Canada to American Greetings.

**(c) Stockholder's Equity**

70. As at November 30, 2019, the stockholders' equity in respect of SFP Canada was (\$2,168,000) consisting of Retained Earnings of \$85,000, Accumulated Other Comprehensive Income of \$458,000 and an intercompany loss of \$2,711,000.

**(d) Earnings**

71. For the period from February to November 2019, SFP Canada's net loss was \$2,375,000 and its EBITDA was negative \$1,672,000.28.

**(e) Secured Debt of SFP U.S. and SFP Canada**

72. The Schurman Group has secured indebtedness as follows: (i) amounts owing under the Wells Fargo Credit Agreement (defined below); and (ii) security granted to the American Greetings Group.

**(i) Wells Fargo Credit Agreement**

73. SFP U.S., SFP Franchise (with SFP U.S., the "**US Borrowers**") and SFP Canada are parties to an Amended and Restated Loan Agreement with Wells Fargo Bank, National Association ("**Wells Fargo**") as Administrative Agent, Collateral Agent, and a Revolving Credit Lender and with Wells Fargo Canada as a Revolving Credit Lender and Canadian Lender (as amended, the "**Wells Fargo Credit Agreement**"). The Wells Fargo Credit Agreement was originally entered into as of April 17, 2009. A copy of the Amended and Restated Wells Fargo Credit Agreement and amendments are attached as **Exhibit E**.

74. Pursuant to the Wells Fargo Credit Agreement, the U.S. Borrowers may borrow funds in U.S. dollars (the “**U.S. Revolving Facility**”) and SFP Canada may borrow funds under Canadian dollars (the “**Canadian Revolving Facility**”) up to a collective potential maximum of \$35 million on a revolving basis. As at January 20, 2020, the U.S. Borrowers had drawn down approximately \$6.3 million under the U.S. Revolving Facility. SFP Canada has no current outstanding balance under the Canadian Revolving Facility.

75. The Wells Fargo Credit Agreement also provides that Wells Fargo will endeavor to cause the U.S. Issuing Bank to issue letters of credit denominated in U.S. dollars for the account of the U.S. Borrowers and SFP Canada, or to undertake to purchase participations or execute indemnities or reimbursement obligations with respect to letters of credit denominated in U.S. dollars subject to certain conditions. The U.S. Borrowers are applicants for one outstanding letter of credit for \$50,000. There are no outstanding letters of credit for which SFP Canada is an applicant.

76. In addition, the Wells Fargo Credit Agreement provides that Wells Fargo will assist SFP Canada in establishing or opening letters of credit denominated in Canadian dollars or in causing a Canadian issuing bank to purchase participations or execute indemnities or Reimbursement Obligations by joining in the applications for and/or guaranteeing payment or performance of any Canadian letters of credit. There are currently no outstanding letters of credit guaranteed by Wells Fargo in Canada or for which Wells Fargo was a joint applicant.

77. Under the Wells Fargo Credit Agreement, each borrower has granted a security interest in their present and after acquired property to secure all the obligations under the Wells Fargo Credit Agreement. In addition, the assets of SFP Canada also secure any obligations under the Wells

Fargo Credit Agreement pursuant to a Canadian Pledge and Security Agreement dated April 17, 2009. A copy of the Canadian Pledge and Security Agreement is attached as **Exhibit F**.

78. The U.S. Borrowers are jointly and severally liable for all of the obligations under the Wells Fargo Credit Agreement. However, SFP Canada is not jointly and severally liable for the obligations owed by the U.S. Borrowers.

79. American Greetings has provided a limited guarantee dated as of April 17, 2009 (as amended, the “**American Greetings Guarantee**”) guaranteeing the obligations owing by the Schurman Group under the Wells Fargo Credit Agreement up to \$10 million. A copy of the American Greetings Guarantee (with amendments) is attached as **Exhibit G**.

80. The Schurman Group’s defaults under the American Greetings Agreements and the purported termination of those agreements constitute events of default under the Wells Fargo Credit Agreement. As a result, Wells Fargo has the right to cease making any advances and to cease issuing any additional letters of credit to the Schurman Group, to demand immediate payment of all outstanding obligations under the Wells Fargo Credit Agreement, and to exercise the rights and remedies available to Wells Fargo, including foreclosure upon any collateral securing the outstanding obligations. While Wells Fargo has not chosen to exercise any of these rights or remedies at this time, it has expressly reserved all rights and remedies under the Wells Fargo Credit Agreement.

**(ii) American Greetings Security Agreement**

81. On June 25, 2019, SFP U.S., SFP Franchise, SFP Canada and American Greetings entered into a Security Agreement (the “**American Greetings Security Agreement**”) pursuant to which

SFP U.S., SFP Franchise and SFP Canada granted to American Greetings a continuing lien and security interest over their present and after-acquired property to secure the payment of, and performance of, the Obligations (as defined therein) owing under the Supply Agreement, the Trademark License Agreement, the POS Data Services Agreement, the Marketing Services Agreement, the American Greetings Guarantee, and any other documents, purchase orders, or other agreements between the Schurman Group and American Greetings Group. A copy of the American Greetings Security Agreement is attached as **Exhibit H**.

82. Prior to the execution of the American Greetings Security Agreement, American Greetings provided goods and services under the American Greetings Agreements to the Schurman Group on credit on an unsecured basis. The parties entered into the American Greetings Security Agreements to, among other things, secure the receivable owing by the Schurman Group under those agreements.

83. I am advised by Mr. Erik Kortman, Controller at the Schurman Group, and believe that, as of the date of the swearing of this Affidavit, SFP U.S. owed \$38,706,673 and SFP Canada owed \$9,141,437 to American Greetings. In some cases, the amounts owing by SFP Canada to American Greetings are over 180 days old.

84. The relative priorities of Wells Fargo and American Greetings are governed by a Subordination and Intercreditor Agreement made as of June 25, 2019 which provides that Wells Fargo has first priority over the Collateral (as defined in the agreement). A copy of the Subordination and Intercreditor Agreement is attached as **Exhibit I**.

**F. Restructuring Efforts to Date**

85. In addition to the general downturn in the brick-and-mortar retail industry, the Schurman Group has suffered an erosion in its profitability due to unique operational and performance issues including (a) the capital costs incurred in refurbishing or closing a large number of old and underperforming retail stores acquired from American Greetings in 2009; (b) the renegotiation of the Marketing Agreement and POS Agreement which significantly reduced the fees payable to the Schurman Group under those agreements; (c) the decline in value of the Canadian dollar since the Schurman Group acquired the Canadian retail stores from American Greetings in 2009, which has compromised the profitability of the Schurman Group's Canadian operations; and (d) various pricing decisions made by American Greetings, including a significant price increase in their products and imposing a uniform price for products in both the United States and Canada that resulted in a decline in revenues earned in Canada.

86. The financial challenges faced by the Schurman Group caused it to fall behind on amounts owing to American Greetings for products sold and provided to the Schurman Group. I am advised by Ms. Schurman (SFP U.S.' and SFP Canada's CEO) and believe that over the past 24 months, the Schurman Group has taken a number of steps to address the operational and liquidity issues it was facing, including negotiating rent relief and rent holidays with certain landlords and negotiating with vendors to obtain credit on more favorable terms for the supply of services. In addition, the Schurman Group aggressively pursued negotiations with a party that had expressed interest in acquiring equity in the Schurman Group which, if consummated, would have provided additional liquidity to the Schurman Group. However, despite significant efforts, the Schurman Group was unable to find a viable option for addressing the financial pressures it faced before American Greetings sent the notice of termination.



87. In the days following the purported termination of the American Greetings Agreements, the Schurman Group, with the assistance of its financial and legal advisors, engaged in discussions with American Greetings in an attempt to address the concerns raised by American Greetings and cure the defaults under the American Greetings Agreements. At the request of American Greetings management, a term sheet was presented by the Schurman Group to American Greetings. However, the term sheet was rejected by the American Greetings board of directors. Ultimately, American Greetings indicated that it was not willing to engage in further negotiations within the parameters being proposed by the Schurman Group.

**G. The Urgent Need for Relief Under the CCAA**

88. SFP Canada cannot continue going concern operations without the continued supply of products under the Supply Agreement and use of the licenses granted under the Trademark Agreement. Moreover, given its operational dependence on SFP U.S., SFP Canada cannot continue operations without the full support of SFP U.S. Given the purported termination of the American Greetings Agreements, the resulting default under the Wells Fargo Credit Agreement and the pending wind down of SFP U.S., SFP Canada is insolvent and has no option other than to cease operations in Canada and to conduct an immediate controlled and orderly wind-down of operations for the benefit of its stakeholders.

89. The continued support, assistance and co-operation of SFP U.S. is required to conduct a responsible and orderly liquidation of SFP Canada's operations. The continued provision of Shared Services by SFP U.S. is essential for SFP Canada to operate. I understand that SFP U.S. will only agree to continue supporting SFP Canada through the provision of Shared Services if (a) it is for

the limited purpose of an orderly wind-down with SFP Canada remaining in control of its assets and property; and (b) the wind-down is supervised by this Court in accordance with the CCAA.

90. As set out above, an insolvency filing by SFP U.S. will result in events of default under certain leases to which SFP Canada is a party. These defaults will potentially result in the ability of certain landlords to terminate these leases. As such, SFP Canada's urgent need for the protections offered by the CCAA has accelerated.

91. As such, the board of directors of SFP Canada has resolved to commence these CCAA proceedings. Without further financial and operational support from SFP U.S. and product from American Greetings, SFP Canada is unable to meet its liabilities as they become due and is therefore insolvent.

## **H. Relief Sought**

### **(a) Stay of Proceedings**

92. The Applicant urgently requires a stay of proceedings and other protections as provided by the CCAA so that it will have the breathing space to conduct a controlled and orderly wind-down of its operations.

93. Having regard to the circumstances, I believe that the granting of a stay is in the best interests of the Applicant and its stakeholders. The stay will provide the Applicant with the time required to develop and oversee an orderly wind-down process, which in turn will help to protect the interests of the Applicant's stakeholders, including employees, suppliers, landlords, and customers, all with the eventual goal of developing and implementing a distribution plan to efficiently distribute the proceeds of realization to creditors.

**(b) Proposed Monitor**

94. The Proposed Monitor has consented to act as the monitor of the Applicant under the CCAA. A copy of the Proposed Monitor's consent to act as monitor is attached as **Exhibit J**.

**(c) Chief Restructuring Officer**

95. As noted above, the Schurman Group has retained Mackinac to provide my and Mr. Nowlan's services as CROs. A copy of the final form of the engagement letter (the "**CRO Engagement Letter**") is attached as **Exhibit K**.

96. Mr. Nowlan and I have over 25- and 20-years' experience, respectively, in strategic, financial and turnaround and restructuring advisory work in a variety of industries, including the retail industry. In addition, we have both previously served as lead restructuring advisors and chief restructuring officers for companies undergoing Chapter 11 proceedings. Therefore, our appointment as CROs places the management of the proposed Realization Process in the hands of experienced professionals familiar with retail insolvencies and will enhance the likelihood that SFP Canada will maximize value under the Realization Process.

97. The proposed Initial Order provides for the approval of the CRO Engagement Letter and my and Mr. Nowlan's appointment as CROs. The CRO Engagement Letter sets out the applicable fees and disbursements.

98. I am advised by Mr. Marc Wasserman of Osler, Hoskin & Harcourt LLP, counsel for the Applicant, and believe that many of the CROs-related provisions in the proposed Order are similar to protections afforded to chief restructuring officers in other CCAA proceedings. These protections include that:

- (a) the CROs shall not be deemed to be a director, *de facto* director or employee of the Applicant;
- (b) Nothing in the proposed Initial Order shall be construed as resulting in either CRO being an employer, successor employer, a responsible person, operator or person with apparent authority within the meaning of any statute, regulation or rule of law, or equity for any purpose whatsoever;
- (c) the CROs shall not have any liability with respect to any losses, claims, damages or liabilities, of any nature or kind, to any person from and after the date of the Initial Order except to the extent such losses, claims, damages or liabilities result from the gross negligence or willful misconduct on the part of the CROs; and
- (d) no action or other proceeding shall be commenced directly, or by way of counterclaim, third-party claim or otherwise, against or in respect of either of the CROs and all rights and remedies of any Person against or in respect of each of the CROs are hereby stayed and suspended, except with the written consent of the applicable CRO or with leave of this Court on notice to the Applicant, the Monitor and the applicable CRO to be obtained through a motion served upon the Applicant, the Monitor and the applicable CRO at least seven days' before its return date.

99. I believe that the appointment of the CROs is in the best interests of SFP Canada and its stakeholders. I also understand that the Monitor supports the appointment of the CROs.

**(d) Administration Charge**

100. The proposed Initial Order provides that the Proposed Monitor, along with its counsel, the Applicant's counsel and the CROs, will be granted a Court-ordered charge on the present and future assets, property and undertakings of SFP Canada ("**Property**"), as security for their respective fees and disbursements relating to services rendered in respect of SFP Canada up to a maximum of CAD \$400,000 (the "**Administration Charge**"). The Administration Charge is proposed to have first priority over all other charges.

**(e) Directors' and Officers' Protection**

101. I am advised by Mr. Wasserman and believe that, in certain circumstances, directors can be held liable for certain obligations of a company owing to employees and government entities, which may include unpaid accrued wages and unpaid accrued vacation pay, together with unremitted sales, goods and services, and harmonized sales taxes.

102. It is my understanding that the Applicant's director and its past and former officers who are or were employed are potential beneficiaries of director and officer liability insurance (the "**D&O Insurance**") with a \$5 million aggregate limit. These coverage limits are shared with directors and officers of SFP U.S. and SFP Franchise. In light of the insolvency of the Schurman Group, it is unclear whether this insurance policy provides sufficient coverage against the potential liability that the director and officers could incur in relation to these CCAA proceedings.

103. In light of the potential liabilities and the insufficiency of available insurance, the continued service and involvement of the director and officers in this proceeding is conditional upon the granting of an Order under the CCAA which grants a charge in favour of Applicant's director and

officers in the amount of CAD \$1 million on the Property of SFP Canada (the “**Directors’ Charge**”). The Directors’ Charge would be subordinate to the proposed Administration Charge. The Directors’ Charge would act as security for the indemnification obligations for directors’ potential liabilities, as set out above. The Directors’ Charge is necessary so that SFP Canada may benefit from the director’s and officers’ experience with the business as they guide the realization and wind-down efforts. The charge would only be relied upon to the extent of the insufficiency of the existing insurance.

**(f) Cash Flow Forecast**

104. The Applicant, with the assistance of the Proposed Monitor (if appointed, in such capacity, the “**Monitor**”), has prepared 13-week cash flow projections as required by the CCAA. A copy of the cash flow projections is attached as **Exhibit L**. The cash flow projections demonstrate that SFP Canada has sufficient liquidity to continue going concern operations during the proposed stay period should the stay of proceedings be granted and the Realization Process commence as forecast. It is not contemplated that SFP Canada will require debtor-in-possession financing during these CCAA proceedings or in the Chapter 11 proceeding.

105. The Applicant anticipates that the Monitor will provide oversight and assistance and will report to the Court in respect of SFP Canada’s actual results relative to cash flow forecast during this proceeding. Existing accounting procedures will provide the Monitor with the ability to track the flow of funds and assist with any issues that may arise.

**(g) Payments During CCAA Proceedings**

106. During the course of these CCAA proceedings, SFP Canada intends to make payments for goods and services supplied to it post-filing in the ordinary course, as set out in the cash flow projections described above and as permitted by the draft Initial Order.

107. SFP Canada is proposing in the draft Initial Order that it be authorized, with the consent of the Monitor, but not required to make payments for goods or services actually supplied to SFP prior to the date of the Initial Order by third-party suppliers or service providers up to a maximum aggregate amount of \$100,000 if, in the opinion of SFP Canada, the supplier or service provider is critical to the orderly wind-down of SFP Canada's business.

**(h) Liquidation Consultant and Realization Process**

108. As part of the overall wind-down process for the Canadian business, SFP Canada intends to file an urgent motion immediately after the granting of the Initial Order seeking an Order (the **"Proposed Sale Approval Order"**) approving:

- (a) the Consulting Agreement (the **"Consulting Agreement"**) between the Consultant and the Schurman Group dated January 17, 2020 regarding the liquidation of the Merchandise and the FF&E; and
- (b) proposed sale guidelines for the orderly liquidation of the Merchandise and FF&E (the **"Sale Guidelines"**).

109. The proposed Realization Process will take place over a short period of time and is currently contemplated to run till the end of February. It must be commenced as soon as possible to maximize recoveries and limit costs for the following reasons:

- (a) The current schedule will minimize costs by allowing the Schurman Group to exit its retail stores by the end of February.
- (b) If the Proposed Sale Approval Order is granted immediately after the Initial Order, it will add an additional weekend on which sales can take place, which will likely result in greater recoveries.
- (c) Valentine's Day, a significant holiday for the sale of the Schurman Group's products, will be occurring during the proposed Realization Process. The Consultant must begin advertising in connection with the Realization Process as soon as possible in order to maximize sales in the run up to that holiday.

110. In the circumstances, any delay in commencing the formal Realization Process may compromise the net recoveries generated from the sale of SFP Canada's Merchandise and FF&E.

111. The realization process set out in the Consulting Agreement and the Sale Guidelines was designed by SFP Canada and the Consultant in consultation with the Proposed Monitor and the Financial Advisor. I expect that this realization process will maximize the value realized from the sale of SFP Canada's Merchandise and FF&E for the benefit of stakeholders.



**(i) Solicitation and Selection of the Proposed Consultant**

112. In anticipation of potential Chapter 11 and CCAA filings, on November 12, 2019, the Schurman Group retained the Financial Advisor to, among other things, assist in developing and implementing a bid solicitation process for liquidating the Merchandise and FF&E.

113. Before filing for creditor protection in the United States and Canada, the Schurman Group solicited bids from four leading liquidation firms and asked each of them to execute a non-disclosure agreement (“**NDA**”). All four liquidators signed NDAs and were given access to a virtual data room containing financial and other information concerning the Merchandise and FF&E and were given approximately 2 days to review the data in advance of the bid deadline.

114. The Consultant and one other liquidator submitted proposals. After reviewing the two proposals, and in consultation with the Financial Advisor, the Schurman Group selected the Consultant’s proposal. The Schurman Group believes that the Consultant’s proposal will provide for the best recovery for stakeholders as it provided an estimated recovery consistent with a recent appraisal while concluding the Realization Process in a shorter timeframe. In addition, the Consultant had carried out the recent appraisal and therefore is already familiar with the Schurman Group’s stores and inventory.

115. The Consultant is a joint venture between two liquidators:

- (a) Gordon Brothers Retail Partners, LLC, which has extensive experience in conducting retail liquidations. Gordon Brothers’ recent experience in Canada includes Sears Canada, Ben Moss, Target Canada, MINISO Canada, and Forever 21.

- (b) Hilco Merchant Resources, LLC, which also has extensive experience in conducting retail liquidations. Hilco's recent experience in Canada includes Target Canada, Sears Canada, American Apparel Canada, BCBG Canada, Express Fashion Apparel, Danier Leather, and Forever 21.

116. Gordon Brothers and Hilco have acted together as joint ventures on a number of past retail liquidations in both Canada and the United States.

**(ii) Consulting Agreement and Sale Guidelines**

117. On January 17, 2020, the Consultant and the Schurman Group entered into the Consulting Agreement, a copy of which is attached (without the budget appended to the Consulting Agreement) as **Exhibit M** to this affidavit.

118. The Consulting Agreement is expressly subject to, among other things, approval of this Court.

119. The Consulting Agreement provides that the Consultant will serve as the exclusive consultant for the purpose of conducting a sale of the Merchandise and FF&E at all of the Schurman Group's stores, including all SFP Canada stores (collectively, the "**Stores**").

120. Under the Consulting Agreement, the Consultant would earn a Merchandise Fee comprised of a percentage of the gross proceeds from all sales of Merchandise net of applicable HST/GST (the "**Gross Proceeds**"). The applicable percentage will be determined based upon one of the following thresholds of Gross Recovery Percentages (as defined in the Consulting Agreement):

<u>Gross Recovery Percentage</u>	<u>Merchandise Fee</u>
Below 190%	1.75% of Gross Proceeds

Above 190%	2% of Gross Proceeds
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121. In addition, the Consultant would be entitled to a commission of 15% of the gross sales of the FF&E, net only of applicable sales taxes.

122. Some of the key terms of the Consulting Agreement include:

- (a) The sale of the Merchandise (the “**Sale**”) shall commence on or about January 16, 2020 (the “**Sale Commencement Date**”) and conclude no later than February 29, 2020 (the “**Sale Termination Date**”). However, the Consultant and SFP Canada may, in consultation with the Monitor, agree to vary the Sale Commence Date or the Sale Termination Date with respect of any one or more of the Stores.
- (b) At the conclusion of the Sale at each Store, the Consultant will leave such Store in broom clean condition, subject to the Consultant’s right to abandon unsold FF&E.
- (c) The Consultant shall, among other things, (i) provide qualified supervisors to oversee the conduct of the Sale; (ii) recommend appropriate discounts of Merchandise, staffing levels for the Stores, and appropriate bonus and incentive programs (if any) for employees; (iii) establish and monitor accounting functions for the Sale, including evaluation of the sale of goods located at the Stores by category, sales reporting and expense monitoring; (iv) maintain focused and constant communication with Store-level employees and managers to keep them abreast of strategy and timing and to properly effect Store-level communication by the Schurman Group’s employees to customers and others about the Sale; and (v) recommend loss prevention strategies.

- (d) The Schurman Group shall, among other things, (i) have control over the personnel in the Stores; (ii) shall handle the cash, debit and charge card payments for all Merchandise in accordance with its normal cash management procedures (as may be modified by the Court); and (iii) shall be solely responsible for the computing, collecting, holding, reporting, and paying all sales taxes associated with the sale of Merchandise during the Sale.
- (e) From and after the issuance of any Approval Order (as defined in the Consulting Agreement), the Sale shall be conducted in accordance with the terms thereof.
- (f) The Schurman Group shall be responsible for all expenses incident to the conduct of the Sale and the operation of the Stores during the Sale. To manage costs, however, the Schurman Group and the Consultant have established a budget (attached to the Consulting Agreement as Exhibit “B”). The Schurman Group will reimburse the Consultant’s costs up to the aggregate amount of the budget and the Consultant’s reasonable and documented legal fees and expenses incurred in connection with the Consulting Agreement. The parties may amend the budget by mutual consent in writing, with it being acknowledged that (i) the Schurman Group may require the consent of the Monitor to increase the amount of expenses reimbursable by SFP Canada, and (ii) that the Schurman Group will obtain such consent in advance of the occurrence of any such expense by Consultant.
- (g) The Consultant will also sell the “**Offered FF&E**”, which is all FF&E other than any FF&E that the Schurman Group identifies as not to be sold. The Schurman Group shall be responsible for all reasonable and documented costs and expenses

incurred by the Consultant in connection with the sale of the Offered FF&E, which costs and expenses shall be incurred pursuant to a written budget or budgets to be established.

- (h) The parties will meet on each Wednesday during the Sale to review any Sale matters reasonably requested by either party, and all amounts payable or reimbursable to Consultant for the prior week (or the partial week in the case of the first and last weeks) shall be reconciled, in consultation with the Monitor, and paid immediately thereafter. Within 20 days following the end of the Sale, the parties, in consultation with the Monitor, will complete a final reconciliation of all amounts contemplated by the Consulting Agreement.
- (i) The Schurman Group shall be responsible for maintaining insurance with respect to the Merchandise in amounts and on such terms and conditions as are consistent with its ordinary course operations. In addition, both parties shall maintain comprehensive liability insurance covering injuries to persons and property in or in connection with the Stores, in such amounts as are reasonable and consistent with its ordinary practices, for bodily injury, personal injury and/or property damage. Each party shall be added as an additional insured on all such insurance of the other party, all such insurance shall provide that it shall be non-cancelable and non-changeable except after 30 days' prior written notice to the other party, and each party shall provide the other with certificates of all such insurance prior to the commencement of the Sale.
- (j) All sales of Merchandise shall be "final" with no returns allowed.

- (k) The Consulting Agreement provides that the Consultant shall sell Non-Merchandise Goods (defined as (i) goods that belong to sublessees, licensees, or concessionaires of the Schurman Group; (ii) damaged or defective merchandise that cannot be sold; or (iii) goods held by Schurman Group on memo, on consignment, or as bailee) during the Sale at the Stores, subject to the consent of the owners of the Non-Merchandise Goods. The Consultant shall earn a fee equal to the definitive Merchandise Fee percentage earned by Consultant on sales of Merchandise as set out above multiplied by the aggregate gross proceeds, net only of sales taxes, from the sale of Non-Merchandise Goods at the Stores (the “**Non-Merchandise Fee**”).
- (l) Subject to compliance with applicable law and the Approval Order, the Consultant shall have the right, at its sole cost and expense, to supplement the Merchandise in the Sale with additional goods procured that are of like kind, and no lesser quality to the Merchandise in the Sale (the “**Additional Consultant Goods**”). The Consultant will pay to the Schurman Group an amount equal to 7.5% of the gross proceeds (excluding sales taxes) from the sale of the Additional Consultant Goods (the “**Additional Consultant Goods Fee**”).

123. The proposed Sale Approval Order also approves certain Sale Guidelines. A copy of the form of Sales Guidelines is attached as **Exhibit N** to this Affidavit. SFP Canada and the Consultant prepared the Sale Guidelines in consultation with the Financial Advisor and the Proposed Monitor. The Sale Guidelines provide, among other things:

- (a) The Sale shall be conducted in accordance with the terms of the applicable lease, except as otherwise set out in any Court order, the Sale Guidelines, or in any

subsequent written agreements between SFP Canada and the applicable landlord (as approved by the Consultant).

- (b) The Sale shall be conducted so that each of the Stores remains open, before it is vacated, during its normal hours of operation provided for in the applicable lease.
- (c) All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and hung in a professional manner. No sign shall advertise the sale as a “bankruptcy”, “liquidation” or “going out of business” sale. However, notwithstanding anything in the applicable leases, the Consultant may advertise an “everything on sale”, “everything must go”, “store closing”, or similar themed sale.
- (d) The purchasers of FF&E shall only be permitted to remove the FF&E either through the back shipping areas designated by the applicable landlord or through other areas after regular Store business hours or, if the FF&E can fit in a shopping bag, through the front door of the Store during Store business hours. FF&E may only be removed with the landlord’s supervision, if required by the landlord.
- (e) The Consultant shall not conduct any auctions of Merchandise or FF&E at any of the Stores.
- (f) Signs must be posted in the cash register areas of each Store informing customers that all sales are “final”.
- (g) At the conclusion of the Sale in each Store, the Consultant and SFP Canada will arrange for the premises to be cleaned.

125. In accordance with the Consulting Agreement, an advance payment of costs and expenses was made by SFP U.S. to the Consultant in the amount of \$500,000.

126. I believe that the Consulting Agreement and Sale Guidelines would benefit all of SFP Canada's stakeholders and that engaging the Consultant to assist with the sale of the Merchandise and FF&E will produce better results than attempting to liquidate without professional assistance. SFP Canada believes that it is crucial to begin the realization process immediately to implement the orderly wind down of the business and to maximize the value realized for all stakeholders.

# **I. Conclusion**

127. I am confident that granting the Initial Order sought by the Applicant is in the best interests of SFP Canada and its stakeholders, generally. Without the stay of proceedings, the Applicant faces an immediate and uncontrolled cessation of operations rather than a responsible, controlled, and orderly wind-down. I believe that a CCAA proceeding is the only viable method to effect a controlled and orderly wind-down process for the benefit of all stakeholders.

SWORN BEFORE ME at the City of  
Goodlettsville, in the State of Tennessee, on  
January 23, 2020



Notary Public in and for the State of  
Tennessee



Craig M. Boucher





**IN THE MATTER OF the *Companies' Creditors Arrangement Act*, R.S.C. 1985, C. C-36, as amended  
AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT OF SFP CANADA LTD.**

Court File No:

Applicant

***Ontario*  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

Proceeding commenced at TORONTO

**AFFIDAVIT OF CRAIG M. BOUCHER**

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Lawyers for the Applicant

TAB A

THIS IS EXHIBIT "A" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020



Notary Public in and for the State of Tennessee



AMENDED & RESTATED TRADEMARK LICENSE AGREEMENT

This AMENDED & RESTATED TRADEMARK LICENSE AGREEMENT (this "*Agreement*"), by and among American Greetings Corporation, an Ohio corporation ("*AG*"), AGC LLC, an Ohio limited liability company ("*AGC*"), Carlton Cards Retail, Inc., a Connecticut corporation ("*CCRI*"), Schurman Fine Papers, a California corporation ("*Schurman US*"), and SFP Canada Ltd., an entity organized under the laws of Canada ("*Schurman Canada*") amends and restates, effective as of the 17th day of April, 2009, that certain Trademark License Agreement, dated as of April 17, 2009, by and among, AG, AGC, Schurman US and Schurman Canada (the "*Original Agreement*"). Each of AG, AGC, CCRI, Schurman US and Schurman Canada may be referred to hereinafter individually as a "*party*" and together as the "*parties*." Each of Schurman US and Schurman Canada may be referred to hereinafter individually as a "*Licensee*" or together as the "*Licensees*".

WITNESSETH:

WHEREAS, the parties, among others, are parties to the Purchase and Sale Agreement dated as of April 17, 2009 (the "*Purchase Agreement*") pursuant to which AGC has acquired, among other things, all right, title and interest in the Papyrus Marks (as defined below), subject to, in accordance with applicable law, any licenses thereto granted to a third party as of the date hereof, including those licenses granted under the Franchise Agreements (as defined below);

WHEREAS, pursuant to the Purchase Agreement, AG and its Affiliates acquired from Licensees the Wholesale Purchased Assets (as defined therein), and AG and its Affiliates assumed from Licensees the Wholesale Assumed Liabilities (as defined therein), which assets and liabilities constitute substantially all of the Wholesale Business (as defined therein);

WHEREAS, pursuant to the Purchase Agreement, Licensees acquired from AG and its Affiliates the Retail Purchased Assets (as defined therein), and Licensees assumed from AG and its Affiliates, the Retail Assumed Liabilities (as defined therein), which assets and liabilities constitute substantially all of the Retail Business (as defined therein);

WHEREAS, Licensees, as the acquirers of the Retail Purchased Assets, intend to own, operate and control such assets and the business related thereto in a manner that Licensees deem appropriate and in the best interests of them;

WHEREAS, in connection with the ownership, operation and control of the Retail Purchased Assets, Licensees intend to utilize their substantial experience and expertise in the retail industry, including, without limitation, their own business plans, operating manuals, accounting practices and systems, personnel policies, sales training programs and promotional campaigns with respect to operational, marketing and advertising matters;

WHEREAS, Licensees expect to derive substantial benefit from this Agreement in connection with its ownership, operation and control of the business comprising the Retail Purchased Assets;

WHEREAS, in connection with the transactions contemplated by the Purchase Agreement, the parties entered into the Original Agreement to provide Licensees the right to use the Papyrus Marks, as well as certain other trademarks owned by AG, AGC or CCRI, upon the terms and subject to the conditions in this Agreement; and

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WHEREAS, the parties desire to enter into this Agreement to amend and restate the Original Agreement, such amendment and restatement to be effective as of April 17, 2009, to clarify certain of the terms of the Original Agreement.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, the parties agree as follows:

### ARTICLE I

#### DEFINITIONS

1.01. Definitions. Unless otherwise defined herein, the following terms used herein shall have the following meanings:

***"AG Bridge Guaranty"*** shall mean the guarantee of up to Twelve Million and 00/100 Dollars (\$12,000,000.00) by AG of the obligations owed by the members of the Bear Group under the Credit Facility, together with the related letter of credit in the amount of Twelve Million and 00/100 Dollars (\$12,000,000.00).

***"AG Revolving Facility"*** shall mean the loan agreement by and between Licensee and AG, dated April 17, 2009, as amended from time to time.

***"AG Liquidity Guaranty"*** shall mean the guarantee of up to Twelve Million and 00/100 Dollars (\$12,000,000.00) by AG of the obligations owed by the members of the Bear Group under the Credit Facility, together with the related letter of credit in the amount of Twelve Million and 00/100 Dollars (\$12,000,000.00).

***"Affiliate"*** of a Person, shall mean any Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the 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, by contract or otherwise

***"AG Marks"*** shall mean the service marks listed on Schedule 1, all common law rights therein in the Territory for services that constitute the Licensed Use, and all registrations and applications for registration therefor in international classes 035 and 042 in the Territory, including those listed on Schedule 1.

***"Ancillary Agreement Default"*** shall mean a material default or material breach of any of the Transition Services Agreement, Marketing Services Agreement, POS Data Services Agreement or Supply Agreement, which default or breach remains uncured or is not curable within sixty (60) days after notice of such default or breach.

***"Change in Control"*** shall mean: (i) an event or series of related events (whether by merger, stock sale, recapitalization or otherwise) whereby a Licensee or its shareholders effect a transaction or series of transactions in which more than 50% of the voting power of such Licensee is acquired by another Person (or their Affiliates) or group of Persons (or their Affiliates) acting in concert; or (ii) a sale of all or substantially all of a Licensee's assets in a transaction or series of related transactions.

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**"Competitor"** shall mean Hallmark Cards, Incorporated, Target Corporation, Wal-Mart Stores, Inc., any affiliates, successors or assigns of the foregoing as well as any Person whose primary source of revenue is derived from and at least 50% of its total revenue is derived from the manufacture, sale and/or distribution of any combination of greeting cards (including electronic or on-line greeting card), stationery, party goods, gift wrap and bags, scrap books, ornaments, photo sharing products, or personal publishing products.

**"Credit Facility"** shall mean the First Amended and Restated Loan and Security Agreement by and among Schurman US, each of its Subsidiaries party thereto, Wells Fargo Retail Finance, LLC, and each other revolving credit lender party thereto, dated April 17, 2009, as amended from time to time.

**"Franchise Agreements"** shall mean the franchise agreements listed on Schedule I.1(b) to the Purchase Agreement.

**"Insolvency Event"** shall mean, with respect to any Person, (i) the commencement of a voluntary case by such Person under the Bankruptcy Code or the seeking of relief by such Person under any bankruptcy or insolvency or analogous law in any jurisdiction outside of the United States; (ii) the commencement of an involuntary case against such Person under the Bankruptcy Code and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of such Person; (iv) such Person commences (including by way of applying for or consenting to the appointment of, or the taking of possession by, a rehabilitator, receiver, custodian, trustee, conservator or liquidator (collectively, a "*conservator*") of such Person or all or any substantial portion of its property) any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, liquidation, rehabilitation, conservatorship or similar law of any jurisdiction whether now or hereafter in effect relating to such Person; (v) any such proceeding of the type set forth in clause (iv) above is commenced against such Person to the extent such proceeding is consented to by such Person or remains undismissed for a period of 60 days; (vi) such Person is adjudicated insolvent or bankrupt; (vii) any order of relief or other order approving any such case or proceeding is entered; (viii) such Person suffers any appointment of any conservator or the like for it or any substantial part of its property that continues undischarged or unstayed for a period of 60 days; or (ix) such Person makes a general assignment for the benefit of creditors or generally does not pay its debts as such debts become due.

**"Licensed Marks"** shall mean any one or more of the AG Marks or Papyrus Marks.

**"Licensed Use"** shall mean the provision of retail store and custom printing services in the Territory through retail stores (Retail Stores and Internet online retail stores) primarily devoted to the sale of Products, including Papyrus Products. "Licensed Use" includes the advertising, promotion, naming and operation of retail stores, and the advertising, promotion, sale, and offering for sale of the products sold therein, but excludes wholesale business in connection with any products, including Papyrus Products.

**"Licensor"** shall mean either AG, AGC or CCRI, the owner of the subject AGC Marks or Papyrus Marks being licensed, as applicable.

**"Other Agreement"** shall mean the AG Revolving Facility, the Credit Facility, the Supply Agreement or any Sublease Agreement.

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**"Papyrus Marks"** shall mean the PAPYRUS mark and other word, design, or trade dress associated with the Papyrus Products, Internet domain names containing the word PAPYRUS, including papyrusonline.com and papyruscustomprinting.com, or any other proprietary rights that serve as indicia of the source or origin of services and that are used in connection with the Papyrus Products, all common law trademark and copyrights rights in any of the foregoing in the Territory, and all registrations and applications for registration therefor in the Territory, in any case including those marks set forth on Schedule 2 as appropriate.

**"Papyrus Products"** shall mean the items set forth on Schedule 5, as amended by the parties from time to time, or such items as are approved pursuant to the Product License Terms and Conditions.

**"Person"** shall mean an individual, a partnership, a joint venture, a corporation, a trust, a joint-stock company, a union, a business association, a firm, an unincorporated organization, a government or any department or agency thereof, or other entity.

**"Product License Terms and Conditions"** shall mean the terms and conditions set forth on Schedule 6.

**"Products"** shall mean greeting cards, invitations, stationery, gift wrap, giftware and substantially similar products.

**"Purchase Agreement Default"** shall mean a breach of Section 8.2 of the Purchase Agreement.

**"Release Date"** shall mean the latest of the date on which: (i) all letters of credit, guarantees and other similar forms of credit support, including the AG Bridge Guarantee and the AG Liquidity Guarantee, entered into or provided by AG or any of its Affiliates in connection with the Credit Facility are released in full or are otherwise terminated or expire, in each case, with no further liability to AG or its Affiliates; (ii) AG and its Affiliates are no longer guarantors, landlords or sublandlords of, or otherwise financially responsible, in whole or in part, for, any real property leased by the Company or any of its Subsidiaries, including pursuant to any Sublease Agreement; and (iii) the AG Revolving Facility has terminated or expired and all Obligations (as defined therein) have been satisfied in full. For the avoidance of doubt, (i) payables for purchases of inventory in the ordinary course of business shall not be considered for purposes of determining whether the Release Date has occurred and (ii) solely for purposes of Section 4.01(b), credit support of less than \$100,000 in the aggregate by AG and its Affiliates shall not be considered for purposes of determining whether the Release Date has occurred.

**"Retail Store"** shall mean an entire "bricks and mortar" store that is operated and owned or leased solely by a Licensee or its Affiliate and that is devoted to the sales of products to the general public by physical entry and exit of the store by customers. The term "Retail Store" does not include a "store within a store", such as an area or department reserved exclusively for a Licensee or its Affiliate or for Papyrus Products within a retail store operated by or with a person or entity other than a Licensee, a kiosk within a retail establishment, or sales by catalog, online or other methods outside of a physical bricks and mortar store location.

**"Sublease Default"** shall mean (a) a default by a Licensee of its payment obligations under any Sublease Agreement which has not been cured within 90 days of written notice of such default and together with all other payment defaults under all other Sublease Agreements is in an amount in excess of \$250,000 or (b) a default by a Licensee under any Sublease Agreement

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(other than a payment default) that causes a claim, or AG reasonably believes would form the basis of a claim, against AG or its Affiliates as landlord that, together with all other such claims that have not been resolved, exceeds \$250,000.

“*Term*” shall have the meaning set forth in Section 4.01.

“*Termination Event*” means any of the following: (i) any action or actions that, individually or in the aggregate, constitute a Change in Control; (ii) an Insolvency Event of a Licensee or any of its Subsidiaries or (iii) the occurrence of a Key Date (as defined in the AG Bridge Guaranty and AG Liquidity Guaranty), provided, however, that a Change in Control that occurs after the Release Date is not a Termination Event if the Change in Control does not result in a Licensee being controlled, directly or indirectly, by a Competitor.

“*Territory*” shall mean the United States of America, its territories, possessions, and military bases, wherever located, and Canada.

1.02. Other Defined Terms. Any capitalized terms used herein or in any Exhibit but not otherwise defined herein or therein, shall have the meaning as defined in the Purchase Agreement.

## ARTICLE II

### GRANT OF LICENSES

#### 2.01. Grant of License for Papyrus Marks.

(a) Licensors grants to each Licensee, subject to the terms of this Agreement, a royalty-free, non-transferable (except as provided pursuant to Section 7.01), right and license to use the Papyrus Marks for the Licensed Use in connection with:

(i) Retail Stores operating in the Territory as of the date hereof and bearing the Papyrus Mark, as listed on Schedule 3;

(ii) Retail Stores first opened to the public in the Territory after the date hereof with respect to certain of the Licensed Marks as indicated on Schedules 1 and 2, *provided that*, after reasonable prior written notice specifying the location of each such store, Licensor does not object to use of the Papyrus Marks in the geographic area and Licensee is not in material default or material breach under any of the Other Agreements (after giving effect to applicable notice and cure periods) or a Sublease Default for a period of 90 days prior to the date such store first opens and will not be in such a default or breach as a result of such store opening; and

(iii) online retail stores operated through the Internet domain names papyrusonline.com and papyruscustomprinting.com and through other Internet domain names upon written approval by Licensor, which approval shall not be unreasonably withheld, in each case to the extent that orders for such online retail stores are accepted in and fulfilled from the Territory.

(b) The license under Section 2.01(a) is co-exclusive to the Licensees, including exclusive of AGC, solely with respect to: (i) the right to name and operate a physical Retail Store



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bearing a Papyrus Mark other than any Retail Store that has been the subject of the Repurchase Option or Management Option B and (ii) to use a Papyrus Mark as the (or part of an) Internet domain name to operate an online retail store. Such license is non-exclusive for all other purposes.

(c) The license under Section 2.01(a) also includes the right to grant royalty-free, non-exclusive, non-transferable sublicenses (of no greater scope than the license under Section 2.01(a) provides) to the Papyrus Marks upon the terms and subject to the conditions set forth in the Franchise Agreements.

(d) Licensor grants to each Licensee, subject to the terms of this Agreement, a non-exclusive, royalty-free, non-transferable (except as provided pursuant to Section 7.01), right and license to use the Papyrus Marks in connection with the manufacture, advertising, promotion, sale, offering for sale, and distribution of Papyrus Products solely through the retail marketing channels that are the subject of Section 2.01(a) and (c) and otherwise subject to approval by AG or its Affiliate and in accordance with the Product License Terms and Conditions.

**2.02. Grant of License for AG Marks.** Licensor grants to each Licensee, subject to the terms of this Agreement, a royalty-free, non-transferable (except as provided pursuant to Section 7.01), non-exclusive, right and license to use the AG Marks solely for the Licensed Use in connection with (a) those Retail Stores operating as of the date hereof and listed on Schedule 4 and (b) any other Retail Store first opened to the public in the Territory after the date hereof, provided that neither Licensee is not in material default or material breach of this Agreement or any of the Other Agreements (after giving effect to applicable notice and cure periods) or a Sublease Default for a period of 90 days prior to the date such store first uses the AG Marks and will not be in such a default or breach as a result of such store opening.

**2.03. Reservation of Rights.** AG, AGC and CCRI each reserve all rights not expressly granted to a Licensee under Sections 2.01 and 2.02, and no such other rights are granted to either Licensee by implication, estoppel or otherwise. Without limiting the foregoing: (a) no right or license is granted to, and Licensee shall not, sell Products to any wholesaler, distributor or reseller; (b) no right or license is granted to, and Licensee shall not, use the Licensed Marks other than for a Licensed Service, a Papyrus Product or outside of the Territory; (c) other than the Papyrus Products, this Agreement does not grant to either Licensee any right or license to use the Licensed Marks in connection with any Products (or any other products) - any such rights in such Products are only those acquired through Licensee's purchase of such Products (or other products) from AG or its Affiliate; (d) this Agreement does not grant to either Licensee any right or license to, and Licensee shall not, sublicense or use any of the Licensed Marks as a name of a company; (e) this Agreement does not grant to either Licensee any right or license to, and Licensee shall not, use any of the AG Marks in connection with online sales or as (or as part of) an Internet domain name; and (f) Licensor may grant rights under the AG Marks to others without any restrictions hereunder.

**2.04. Company Name Transition.** Each Licensee shall, as promptly as reasonably possible after the Effective Date, change the name of each of its Affiliates such that none of them contain any of the Licensed Marks or any name confusingly similar thereto. AG, AGC and CCRI, each covenant not to sue any Affiliate of a Licensee for the use of any such company name during the period beginning on the date hereof and ending 20 days hereafter.

### ARTICLE III

#### OWNERSHIP: PROTECTION OF THE MARKS

3.01. Ownership. Each Licensee acknowledges Licensor's sole ownership of the Licensed Marks and agrees that all goodwill arising from the use of the Licensed Marks by Licensee shall inure solely to the benefit of Licensor. To the extent that Licensee hereafter owns or acquires any right, title or interest in or to any of the Licensed Marks, other than those expressly granted to Licensee under Article II, Licensee hereby assigns to AG or AGC (as directed by AG) all such rights, title and interests, together with the goodwill of the business in connection with which the Licensed Marks are used. Licensee shall not, directly or indirectly, contest or challenge Licensor's ownership of any right, title and interest in and to the Licensed Marks, the validity thereof, or the goodwill associated therewith.

3.02. Notice and Prosecution of Infringement Claims. Each Licensee shall notify Licensor promptly, in writing, of any alleged, actual or threatened infringement, dilution, unfair competition or other violation of Law involving any of the Licensed Marks of which Licensee becomes aware. Licensor has the first right to determine whether or not to take any action with respect to such violations and the right to engage counsel of its choosing and to direct any actions to enforce its rights in the Licensed Marks. Should Licensor decide to proceed with any such action or defense, Licensor shall be solely responsible for all costs and expenses (including attorney fees) incurred in any such enforcement actions, and Licensor shall be entitled to retain any and all recoveries, damages and awards resulting therefrom. Each Licensee shall provide to Licensor all assistance reasonably requested by Licensor in connection with such enforcement actions. If Licensee notifies Licensor of an alleged, actual or threatened infringement involving the Papyrus Marks and Licensor does not take action within a reasonable period of time (which shall not exceed 30 days), then, subject to Licensor's approval in its sole discretion and Licensor's control of the action, Licensee may, at its own cost, initiate an action to enforce the Licensed Marks. Any amounts received as damages or in settlement of the action shall be paid to reimburse Licensee up to the amount of its actual out-of-pocket costs and expenses for such action and the damages to Licensee for such infringement, and any amounts in excess of such costs, expenses and damages shall be paid to Licensor.

3.03. Trademark Registrations. As to the Papyrus Marks, Licensor shall during the Term maintain and renew existing registrations covering the Licensed Use in the Territory at its sole expense. Each Licensee agrees to cooperate with Licensor to provide any specimens of use required for any such maintenance and renewals. For all AG Marks, Licensor shall have the sole right to apply for registration, register, renew or amend any registrations and applications for registration of the Licensed Marks, at the discretion of Licensor, in its own expense and in the name of Licensor. Licensee shall not adopt, use, register or apply for registrations anywhere for any of the Licensed Marks, any translation, variation, adaptation, derivation or combination of the foregoing, or any marks confusingly similar to any of the foregoing.

### ARTICLE IV

#### TERM: TERMINATION

##### 4.01. Term and Termination.

(a) This Agreement commences on the date of execution and shall continue in full force and effect for ten (10) years, unless otherwise terminated by mutual agreement of each party

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or pursuant to Section 4.02 or extended by mutual agreement (the "*Initial Term*"). "*Term*" shall mean the Initial Term plus the First Renewal Term and each Subsequent Renewal Term, as applicable.

(b) If there is no material breach or material default of this Agreement or any of the Other Agreements during the 90 day period proceeding the expiration of the Initial Term (the "*Notice Period*") and if the Release Date has occurred, then the Licensees have the right to renew this Agreement with respect to the license granted to the Papyrus Marks under Section 2.01 for an additional period of up to ten (10) years (the "*First Renewal Term*") by giving notice to Licensor during the Notice Period. If there is no material breach or material default of this Agreement or any of the Other Agreements and no Sublease Default during the Notice Period and if the Release Date has occurred, then the Licensees have the right to renew this Agreement with respect to the license granted to the AG Marks under Section 2.02 for the First Renewal Term by giving notice to Licensor during the Notice Period. If this Agreement is renewed for the license granted under Section 2.01 but not the license granted under Section 2.02, then the license granted under Section 2.02 shall be deemed terminated. The license granted under Section 2.02 may not be renewed without also renewing the license granted under Section 2.01.

(c) If there is no material breach or material default of this Agreement or any of the Other Agreements for the 90 day period proceeding the expiration of the First Renewal Term or any Subsequent Renewal Term (the "*Renewal Notice Period*"), then the Licensees have the right to renew this Agreement with respect to the license granted to the Papyrus Marks under Section 2.01 (but not the license granted to the AG Marks under Section 2.02 without the approval of AG) for an additional period of up to ten (10) years (the "*Subsequent Renewal Term*") by giving notice to Licensor during the Renewal Notice Period.

4.02. Early Termination. Subject to Section 4.03(d):

(a) Upon six (6) months advance written notice, AG or AGC may terminate the license granted to Licensee under the Papyrus Marks with respect to any particular retail store location for Licensor's good faith belief that the store's use of the Papyrus Marks infringes a service mark used in the geographic area.

(b) AG or AGC may terminate the license granted this Agreement immediately by written notice to Licensees (i) if either Licensee ceases to continue to operate its business as a going concern, (ii) if either Licensee ceases to use the Licensed Marks in commerce anywhere in the Territory for the Licensed Use for a period of two (2) consecutive months or (iii) upon the occurrence of a Termination Event.

(c) AG or AGC may terminate this Agreement immediately upon notice to the Licensees if (i) either Licensee commits a material breach hereof and such breach remains uncured or is not curable within sixty (60) days after notice of the breach by AG or AGC to the Licensees or (ii) a Licensee commits a material breach that has previously been committed and cured.

(d) AG and AGC may terminate this Agreement upon notice if a Licensee or one of its Affiliates is in a Purchase Agreement Default, a Sublease Default or an Ancillary Agreement Default and at the time of the termination continues to be in such default and AG or any Affiliate of AG are not in material default or material breach of the respective Sublease Agreements, Marketing Services Agreement, POS Data Services Agreement or the Transition Services Agreement.

4.03. Effect of Termination.

(a) Termination of this Agreement, for any reason, will not release any party from any liability which at the time it has already incurred to another party, nor affect in any way the survival of any rights, duties or obligations of a party which are expressly stated elsewhere in this Agreement to survive termination. Nothing in the immediately preceding sentence will affect, be construed or operate as a waiver of the right of a party aggrieved by any breach of this Agreement to be compensated for any injury or damage resulting therefrom which is incurred before or after termination.

(b) Upon termination of the license granted hereunder for any particular retail location, the affected Licensee(s) shall as promptly as reasonably possible cease all use of the Licensed Marks in connection with such retail location, and, without limiting the foregoing, remove or cover any exterior and interior signage bearing the Licensed Marks (or remove the Licensed Marks therefrom) within five (5) Business Days of such termination and cease all other uses within twenty (20) days of such termination.

(c) Upon termination of this Agreement, for any reason, the following provisions shall remain in effect: Articles I, III, and VII and Sections 2.03, 4.03, and 6.03.

(d) Anything to the contrary herein notwithstanding, no termination of this Agreement shall be effective unless the Agent, as such term is defined in the Credit Facility, shall have received sixty (60) days prior written notice of such termination from the party so terminating at the address provided for notice to the Agent under Section 12 of the Credit Facility (a copy of which has been provided to the parties hereto). In the event that the Licensor is terminating this Agreement under Section 4.02(b), (c) or (d), the Agent shall have the option, but shall not be required, to cure such breach or default and if such cure is effected the notice of termination delivered by the Licensor shall be deemed rescinded and of no force or effect. Notwithstanding the foregoing, and without requiring the Agent to exercise any cure rights, in the event that, on or before the end of such notice period, an Insolvency Event with respect to the Licensee or Licensor has occurred or an Event of Default (as such term is defined in the Credit Facility) under the Credit Facility exists in consequence of which the Agent has elected to exercise its rights and remedies against the Licensee to conduct a Liquidation (as defined in the Credit Facility), the licenses granted under Sections 2.01(a) and 2.02 and the Term of this Agreement shall be extended automatically (without any requirement of prior written notice) to the Agent or its designee under the Credit Facility for a further period of two hundred and ten (210) days after the Insolvency Event or Event of Default, as applicable, and the parties hereto each agree that the Agent shall have the right to operate Licensee's business using the Licensed Marks in accordance with the terms of this Agreement (excluding the license granted under Section 2.01(d)) for the sole purpose of conducting a Liquidation (as such term is defined in the Credit Facility), including without limitation going out of business sales (and the advertising and publicizing of such sales).

ARTICLE V

QUALITY CONTROLS; MAINTENANCE

5.01. Conduct of Business. Each Licensee shall use its best efforts to: (a) conduct its business in a manner that reflects favorably at all times on AG, AGC, CCRI, the Licensed Marks and the good name, goodwill and reputation of AG, AGC, CCRI and the Licensed Marks; (b) avoid deceptive, misleading or unethical practices that are or might be detrimental to AG, AGC,

CCRI, the Licensed Marks or the goodwill associated therewith; (c) not make any disparaging, false or misleading statements or representations about AG, AGC, CCRI, the Licensed Use or the Licensed Marks; (d) not employ or cooperate in the employment of any deceptive or misleading advertising material with regard to AG, AGC, CCRI, the Licensed Use or the Licensed Marks; (e) continue to operate Retail Stores and online sales that use the Licensed Marks consistent with the look and feel, brand promise and level of quality employed by Licensees as of the date hereof, and (f) otherwise comply with all applicable Laws in performing its duties hereunder and in any of its dealings with respect to AG, AGC, CCRI, the Licensed Use and the Licensed Marks.

5.02. Adherence to Product License Terms and Conditions. Each Licensee agrees to comply with and adhere to the Product License Terms and Conditions in Schedule 6 in respect of Papyrus Products. Prior to Licensee depicting or presenting any of the Licensed Marks on any type of materials, including exterior and interior signage, receipts, invoices, stationery, labels, posters, advertisements and graphics for the Licensed Use, Licensee agrees to submit samples of such materials to Licensor for approval in accordance with the Product License Terms and Conditions. Thereafter, such Licensee shall not be obligated to submit to Licensor materials prepared in conformity with the samples previously approved by Licensor; *provided, however*, that the Licensee shall, at the reasonable request of Licensor, continue to furnish samples of such materials to Licensor from time to time during the term hereof. Licensor agrees that any current authorized use of the Papyrus Marks and the AG Marks by a party shall and do meet the Product License Terms and Conditions and can continue to be used without prior approval of Licensor.

5.03. Modifications of Licensed Marks. Each Licensee understands and agrees that the prior written approval of Licensor is required if Licensee proposes to change in any respect the depiction or presentation of the Licensed Marks. Each Licensee agrees not to use any altered version of any depiction or presentation of the Licensed Marks, without Licensor's prior written approval.

5.04. Right of Inspection. AG and AGC shall have the right during regular business hours, at its own expense, to inspect any facility of Licensee whereon or wherein the Licensed Marks are displayed for the purpose of enabling AG and AGC to determine whether Licensee is adhering to the requirements of this Agreement.

5.05. Marking Compliance with Trademark Laws. Each Licensee shall use its best efforts to cause the appropriate designation "(TM)", "(SM)" (or the equivalent thereof in Canada) or the registration symbol "(R)" to be placed adjacent to the Licensed Marks in connection with its use thereof, wherever practicable, consistent with applicable marking laws for the Territory. Licensor expressly acknowledges that store signage and point of sale materials do not need to bear such a designation if such designation is not reasonably practicable or otherwise interferes with the aesthetics of such materials. Licensee shall cause such additional information as Licensor shall reasonably specify from time to time concerning the rights under which such Licensee uses the Licensed Marks, including by placing the following notice on all printed or electronic materials on or in which the Licensed Marks appear:

"[MARK]", the "[LOGO]" logo and "[NAME]" are service marks of American Greetings Corporation or its Affiliates and are used under license."

or such other equivalent notice as Licensor may specify from time to time.

5.06. Notice of Regulatory Action. Each Licensee shall promptly notify AG and AGC if Licensee receives, or if Licensee becomes aware that, a citation has been issued or investigation commenced by any regulatory agency (federal, provincial, state or local) for violation of any Law that has a reasonable likelihood of having a material adverse effect on AG or AGC or materially diminishing the Licensed Marks or the value or goodwill thereof.

## ARTICLE VI

### WARRANTIES; INDEMNIFICATION

6.01. General Warranties and Representations. AG and AGC each represents and warrants to each Licensee and each Licensee represents and warrants to each of AG and AGC as follows:

(a) It has full power and authority to execute and deliver this Agreement and to perform the transactions contemplated hereby;

(b) The making of this Agreement does not, and during the Term will not, violate or conflict with any agreements, rights or obligations binding on or affecting such party;

(c) This Agreement has been duly and properly authorized, executed and delivered by such party and constitutes the legal, valid and binding obligation of such party enforceable in accordance with its terms; and

(d) There is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that purports to draw into question, or is likely to affect, the legality, validity or enforceability of this Agreement or its ability to perform its obligations under this Agreement.

6.02. Representations and Warranties of Licensees. In addition to the representations and warranties set forth in the Product License Terms and Conditions, each Licensee represents and warrants to each of AG and AGC as follows: (i) Licensee will use its own business plans, operating manuals, accounting practices and systems, personnel policies, sales training programs and promotional campaigns with respect to operational, marketing and advertising matters of Licensee's business; (ii) Licensee has had, within the seven years before the date hereof, at least 24 months' experience being responsible for the financial and operational aspects of a business offering products or services substantially similar to those supplied by AG to Licensee under the Supply Agreement; (iii) Licensee is not controlled by AG or any of its Affiliates; and (iv) Licensee has knowledge and experience in financial and business matters, either alone or with professional advisers of Licensee who are unaffiliated with, and not directly or indirectly compensated by, AG or an Affiliate or selling agent of AG, and is relying on such knowledge and experience to operate its business.

6.03. Indemnification. Each Licensee acknowledges that it will have no claims against AG, AGC, their Affiliates, or their respective officers, directors and employees, for any damage to property or injury to Persons arising out of the operation of Licensee's business. Each Licensee and its successors and assigns agree to indemnify, hold harmless and defend AG, AGC, CCRI, their Affiliates, and their respective officers, directors and employees, with legal counsel acceptable to AG, AGC and CCRI, from and against breach of warranty or representation, product liability or any actual, alleged or threatened claims, liabilities, losses, demands, causes of

action, judgments, settlements and expenses (including, without limitation, settlement costs and legal, accounting and other expenses in connection therewith), or other damages of any kind or nature arising out of or connected with (a) Licensee's use of the Licensed Marks or other exploitation of the rights granted hereunder or the performance of its obligations hereunder, including third party claims relating to the manufacture, distribution, exploitation, advertising, sale, or use of Papyrus Products, or (b) any breach by Licensee of any provision of this Agreement or misrepresentation of any warranty made by Licensee in this Agreement. Licensee shall not, without the prior written consent of AG, AGC and CCRI, settle any claim that is the subject hereof unless such settlement contains a full release of AG, AGC, CCRI and their Affiliates without admission of wrongdoing and does not require payment of any money by AG, AGC, CCRI or any of their Affiliates. Furthermore, AG, AGC and/or CCRI, at its/their sole cost and expense and upon written notice to Licensee, may either assume or participate in the defense of any such claim or proceeding with counsel of its/their own choice.

## ARTICLE VII

### MISCELLANEOUS

7.01. Assignment. This Agreement and all of the provisions hereof shall be binding upon and inure to the benefit of the parties hereto and their permitted assigns. This Agreement is personal to each Licensee. Neither Licensee may assign, transfer, by operation of Law or otherwise, or sublicense any of its rights under this Agreement or delegate any of its obligations under this Agreement without AG's and AGC's prior written approval; *provided, however*, that, after the Release Date, the Licensees may transfer all of their interest in this Agreement together pursuant to a Change in Control that does not result in either Licensee being controlled, directly or indirectly, by a Competitor. Except as permitted in accordance with the preceding sentence, any purported assignment, transfer, sublicense or delegation shall be void *ab initio*.

7.02. Entire Agreement; Modification. This Agreement, including the Schedules hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof and, effective as of April 17, 2009, amends, restates and supersedes the Original Agreement. No modification of this Agreement shall be of any force and effect unless such modification is in writing and signed by the party to be bound thereby.

7.03. Cumulative Effect. The rights and obligations of the parties under this Agreement shall be cumulative to and not exclusive of the rights and obligations of the parties contained in the Other Agreements.

7.04. Specific Performance. The parties acknowledge that they and their Affiliates would be irreparably damaged if any of the provisions of this Agreement are not performed in accordance with their specific terms and that monetary damages would not provide an adequate remedy in such event. Accordingly, in addition to any other remedy to which a party may be entitled for such non-performance, at law or in equity, such party shall be entitled to injunctive relief to prevent breaches of this Agreement and specifically to enforce the terms and provisions hereof without the posting of bond.

7.05. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to its rules of choice of laws or conflict of laws requiring the application of the laws of another jurisdiction. Each party irrevocably submits to the jurisdiction of (i) the State Courts located in the State of Ohio and (ii) the United States District Courts located in the State of Ohio, for the purposes of

any action, lawsuit or proceeding arising out of this Agreement or any transaction contemplated hereby. Each party agrees to commence any such action, lawsuit or proceeding either in a United States District Court located in the State of Ohio or if such action, lawsuit or proceeding may not be brought in such court for jurisdictional reasons, in a State Court located in the State of Ohio. Each party further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth in Section 7.07 hereof shall be effective service of process for any action, lawsuit or proceeding in the State of Ohio with respect to any matters to which it has submitted to jurisdiction in this Section 7.05. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, lawsuit or proceeding arising out of this Agreement or the transactions contemplated hereby in (x) a State Court located in the State of Ohio, or (y) a United States District Court located in the State of Ohio, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, lawsuit or proceeding brought in any such court has been brought in an inconvenient forum.

**7.06. Independent Contractor.** Each Licensee is an independent contractor to AG and AGC. Neither Licensee is an agent, employee, franchisee or joint venturer of AG or AGC, and neither Licensee has any authority to bind AG or AGC by contract or otherwise to any obligation. Neither AG nor AGC is an agent, employee, franchisor or joint venturer of either Licensee, and neither AG nor AGC has any authority to bind either Licensee by contract or otherwise to any obligation. No party will represent to the contrary, either expressly, implicitly, by appearance or otherwise.

**7.07. Notices.** All notices, waivers, demands, approvals, consents and other communications hereunder (each, a "Notice") shall be in writing and shall be deemed to have been duly given if signed by the party giving such Notice (in the case of any entity, the signature shall be by an authorized officer or agent thereof) (i) on the day of receipt if delivered by hand delivery or telecopy transmission, provided the original copy thereof also is sent by certified or registered mail with confirmation of transmission, or (ii) on the next Business Day if deposited with a nationally recognized overnight delivery service, or (iii) on the third Business Day after being mailed by certified or registered mail (return receipt requested), addressed as follows.

(a)	If to the either Licensee, to:	Schurman Fine Papers 500 Chadbourne Road Caller Box 6030 Farifield, CA 94533 United States of America Attn: Chief Executive Officer Facsimile: 707-428-0106
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With a copy to (which shall not constitute notice):

Morgan Lewis & Bockius LLP  
One Market, Spear Street Tower  
San Francisco, CA 94105  
Attn: Scott Karchmer, Esq.  
Facsimile: 415-442-1001

(b)	If to AG, AGC or Licensor, to:	American Greetings Corporation One American Road Cleveland, Ohio 44144
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Attn: Christopher Haffke  
Facsimile: 216-252-6777

With a copy to (which shall not constitute notice):

Jones Day  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114-1190  
Attn: Meredith M. Wilkes, Esq.  
Facsimile: 216-579-0212

Such names and addresses may be changed by the giving of a Notice as provided herein.

7.08. Non-Waiver. Any waiver by any party of any breach of, or failure to comply with, any provision of this Agreement by any other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

7.09. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any term or other provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid, illegal or unenforceable, (i) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity, illegality or unenforceability, nor shall such invalidity, illegality or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

7.10. Further Assurances. Each party will execute all documents and take such other actions as any other party may reasonably request to carry out or give effect to the provisions of this Agreement.

7.11. Counterparts; Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Each party (i) has agreed to permit the use, from time to time, of faxed or otherwise electronically transmitted signatures in order to expedite the consummation of the transactions contemplated hereby, (ii) intends to be bound by its respective faxed or otherwise electronically transmitted signature, (iii) is aware that the other party shall rely on the faxed or otherwise electronically transmitted signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of the documents effecting the transaction contemplated by this Agreement based on the fact that a signature was sent by fax or otherwise electronically transmitted.

7.12. Headings; Interpretation. The following provisions shall be applied wherever appropriate herein: (i) "herein," "hereby," "hereunder," "hereof" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used; (ii) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural; (iii) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and

to cover all genders; (iv) all accounting terms not specifically defined herein shall be construed in accordance with GAAP; (v) this Agreement shall be deemed to have been drafted by the parties and this Agreement shall not be construed against any party as the principal draftsman hereof; (vi) any references herein to a particular Section or Schedule means a Section of, or an Schedule to, this Agreement unless another agreement is specified; (vii) all references or citations in this Agreement to statutes or regulations or statutory or regulatory provisions shall, when the context requires, be considered citations to such statutes, regulations or provisions directly or indirectly superseding such statutes, regulations or provisions; (viii) the Schedules attached hereto are incorporated herein by reference and shall be considered part of this Agreement; (ix) the headings in this Agreement are for convenience of identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof; (x) unless otherwise expressly provided, wherever the consent of any person is required or permitted herein, such consent may be withheld in such person's sole and absolute discretion; and (xi) "including" means "including, without limitation".

7.13. Waiver of Jury Trial. Each party hereby waives to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect to any action, lawsuit or proceeding directly or indirectly arising out of, under or in connection with this Agreement or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of an action, lawsuit or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party hereto has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 7.13.

7.14. Confidentiality. As used in this Agreement, "*Confidential Information*" means all information relating to a party, this Agreement and any other information that is not generally known to the public or which constitutes a trade secret under the Uniform Trade Secrets Act and which is owned, developed or acquired by a party, including, without limitation, all ideas, data, information relating to supplier and customer identities, business and marketing plans, sales forecasts and all similar information, and all copies and tangible embodiments thereof (in whatever form or medium), whether such information is obtained directly from the party or their consultants, contractors or suppliers and whether such disclosure is made in writing, by submission of samples, orally, electronically, visually or otherwise. Confidential Information does not include any information that: (i) is or becomes publicly known through no wrongful act or breach of any obligation of confidentiality by a party; (ii) was in the lawful knowledge and possession of, or was independently developed by, a party prior to the time it was disclosed to, or learned by, a party as evidenced by the party's written records or other documentary proof of actual prior use by Licensee; (iii) was rightfully received by a party from a third party not in violation of any confidentiality obligation by such third party; or (iv) was approved, in writing by a party, for release. Each party shall maintain in strict confidence and not disclose the other party's Confidential Information to any third party without the other party's prior written consent. If a party is required by law or court order to disclose any Confidential Information, the party shall: (i) notify the other party in writing as soon as possible, but in no event less than ten (10) days prior to any such disclosure; (ii) cooperate with the other party to preserve the confidentiality of such Confidential Information consistent with applicable law; and (iii) use its best efforts to limit any such disclosure to the minimum disclosure necessary to comply with such law or court order. Notwithstanding the foregoing, a party may disclose Confidential Information to the extent required by Law or governmental authority (provided that the party gives the other party written notice prior to such disclosure) or on a "need-to-know" basis under an obligation of confidentiality to its employees, legal counsel, accountants, and financing sources.


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[signature page to follow]

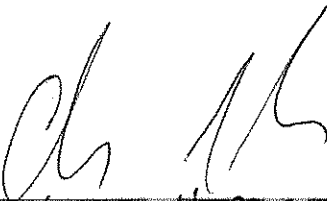
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IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

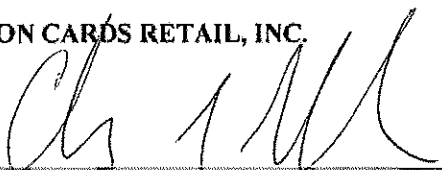
AMERICAN GREETINGS CORPORATION

By:   
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

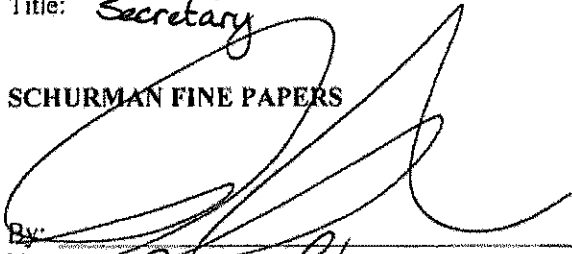
AGC LLC

By:   
Name: Christopher Haffke  
Title: Secretary

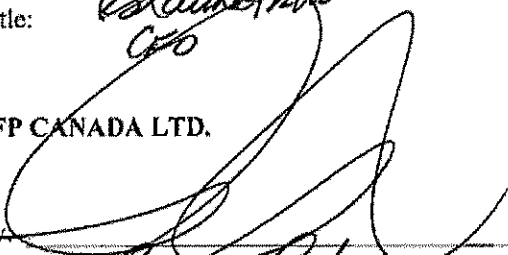
CARLTON CARDS RETAIL, INC.

By:   
Name: Christopher Haffke  
Title: Secretary

SCHURMAN FINE PAPERS




By:   
Name: Roxanne Lahr  
Title: CFO

SFP CANADA LTD.

By:   
Name: Roxanne Lahr  
Title: CFO

**Schedule 1**  
**AG Marks**

**1. The following AG Marks are potentially subject to use in Retail Stores first opened after the date hereof pursuant to Section 2.01(a)(ii):**

Country	Trademark	Status	App./ Reg. No.	Goods/Services	Filing/Reg. Date
United States	AMERICAN GREETINGS WITH ROSE DESIGN   AMERICAN GREETINGS	Registered	2305057	35/retail store services featuring greeting cards and related gift items provided via global computer network  42/computer services, namely, interactive personalization of greeting cards and gifts via global computer network	1/4/2000  1/4/2006-- Section 8 (6-year) accepted & Section 15 acknowledged
United States	CARLTON CARDS	Registered	1672212	42/retail greeting card and gift shop services	1/14/1992  1/14/2002-- Section 8/9 accepted
Canada	CARLTON (ROSE) CARDS  	Registered	468517	42/operation of a retail store selling stationery, greeting cards and gifts	1/10/1997
Canada	CARLTON WITH ROSE DESIGN   CARLTON	Registered	474664	42/Operation of retail stores selling stationery, greeting cards and gifts	

**2. The following AG Marks are NOT subject to use in any Retail Store other than those operating in the Territory as of the date hereof, i.e., they are only licensed under Section 2.01(a)(i) and are not subject to license under Section 2.01(a)(ii):**

Cardmart  
Card, etc.  
Carlton Cards Marketplace  
Carlton Card Shop  
Cartes Carlton  
Forget-Me-Not  
Gorant  
Messages  
Paper Threads  
Social Expressions  
Yum Yum Tree

**Schedule 2**  
**PAPYRUS Marks**

**1. The following PAPYRUS Marks are potentially subject to use in Retail Stores first opened after the date hereof pursuant to Section 2.01(a)(ii):**

Trademark	Status	Place of Registration	Class	Registration Number	Registration Date
PAPYRUS	Renewed	US	42	1159571	6/30/1981
FOR A CARD THAT'S A GIFT	Renewed	US	42	1178636	11/17/1981
PAPYRUS FOR A CARD THAT'S A GIFT (Circle with flower)	Registered	US	42	1514144	11/22/1988
FOR A CARD THAT'S A GIFT	Registered	California	42	9456	3/19/1980
MISCELLANEOUS - Design (Circle with Flower)	Registered	US	42	1514145	11/22/1988
THE ART OF SOCIAL EXPRESSION	Registered	US	16	1972557	5/7/1996
PAPYRUS & DESIGN	Registered	US	35	2364138	7/4/2000
CHELSEAPAPER.COM&DESIGN	Registered	US	35, 42	2786437	11/25/2003
CHELSEA NOTES	Registered	US	16	2875704	8/17/2004
MISCELLANEOUS DESIGN (Hummingbird)	Registered	US	16	3240635	5/8/2007
MISCELLANEOUS DESIGN (Hummingbird)	Registered	US	35	3235090	4/24/2007
PAPYRUS	Registered	California	42	8976	12/3/1979
PAPYRUS	Registered	US	16	3199759	1/16/2007
PAPYRUS (in White) with Hummingbird (in Pink) and Brown Background	Registered	US	04, 16, 20, 35	3390782	3/4/2008
PAPYRUSONLINE.COM	Registered	US	16, 35	3380270	2/12/2008
THE JOY OF EVERYDAY	Registered	US	35	3235089	4/24/2007
MISCELLANEOUS DESIGN (Hummingbird)	Registered	Canada	No classes (Class 16 equivalent)	TMA733303	1/27/2009
MISCELLANEOUS DESIGN (Hummingbird)	Registered	Canada	No classes (Class 35 equivalent)	TMA733304	1/27/2009
PAPYRUS	Allowed	Canada	No classes (Class 16 equivalent)	N/A	N/A

**Schedule 3**  
**Existing PAPYRUS-branded Stores**

<b>Name</b>	<b>Mailing Address</b>	<b>City</b>	<b>State</b>	<b>Nature</b>
Embarcadero (#108)	Two Embarcadero, Lobby Level	San Francisco	CA	Store
Battery Street (#111)	111 Battery St.	San Francisco	CA	Store
Fillmore (#112)	2109 Fillmore St.	San Francisco	CA	Store
Arden Fair (#113)	1689 Arden Way, Suite 1309	Sacramento	CA	Store
College Ave (#116)	2924 College Ave	Berkeley	CA	Store
Fourth Street (#119)	1793 Fourth St.	Berkeley	CA	Store
Fair Oaks (#120)	11912 Fair Oaks Mall	Fairfax	VA	Store
Towson Town Center (#121)	825 Dulaney Valley Rd. #376	Towson	MD	Store
Tysons Corner (#122)	7934 Tysons Corner Center	McLean	VA	Store
Riverside Square (#123)	244 Riverside Square, Space#87	Hackensack	NJ	Store
Stanford (#124)	11 Stanford Shopping Center	Palo Alto	CA	Store



Name	Mailing Address	City	State	Nature
Short Hills (#125)	1200 Morris Turnpike, Suite A-117	Short Hills	NJ	Store
Union Street (#126)	1888 Union St.	San Francisco	CA	Store
Pentagon (#127)	1100 South Hayes St. #2018	Arlington	VA	Store
The Gardens (#128)	3101 PGA Blvd. Space Q203	P.B. Gardens	FL	Store
Somerset (#129)	2800 W Big Beaver Rd, #Suite S-226	Troy	MI	Store
Garden State (#130)	One garden State Plaza, Space#1055	Paramus	NJ	Store
Westside Pavilion (#132)	10800 West Pico Blvd., Space 151	Los Angeles	CA	Store
Roosevelt Field (#133)	630 Old Country Rd., Space 2095	Garden City	NY	Store
The Falls (#134)	8888 SW 136th St., Suite 431	Miami	FL	Store
Bridgewater (#135)	400 Commons Way, Suite 282	Bridgewater	NJ	Store
Montgomery Mall (#136)	7101 Democracy Blvd., Suite 2504	Bethesda	MD	Store
12 Oaks	27684 Novi Road, Space #E-112	Novi	MI	Store

Name	Mailing Address	City	State	Nature
(#137)				
Park Meadows (#141)	8505 Park Meadows Cntr Dr., # 2113	Lone Tree	CO	Store
Westfarms Mall (#145)	408 Westfarms, Space C124	Farmington	CT	Store
Beachwood Place (#146)	26300 Cedar Road, Space 2245	Beachwood	OH	Store
Aventura Mall (#147)	19575 Biscayne Blvd., Space 777	Aventura	FL	Store
Woodfield (#148)	#5 Woodfield Shopping Cntr, # N- 306	Schaumburg	IL	Store
Grand Central Stn (#149)	107 E. 42nd Street, #MC29	New York	NY	Store
Cherry Creek (#151)	3000 E. 1st Ave., Suite 129	Denver	CO	Store
Santa Anita (#155)	400 South Baldwin Ave., # L-3	Arcadia	CA	Store
Davis Commons (#157)	500 1st Street, Suite 5	Davis	CA	Store
Pacific Place (#158)	600 Pine St., Suite 340	Seattle	WA	Store
Old Town (#159)	50 University Ave, Suite B240	Los Gatos	CA	Store

Name	Mailing Address	City	State	Nature
Laurel Village (#161)	3525 California Street	San Francisco	CA	Store
MacArthur Center (#162)	300 East Monticello Ave., Suite 115	Norfolk	VA	Store
Topanga Plaza (#163)	6600 Topanga Canyon Blvd., Spc 1036	Canoga Park	CA	Store
Ross Park Mall (#164)	1000 Ross Park Mall Dr., Space M02	Pittsburgh	PA	Store
Providence Place (#165)	78 Providence Place, Space A101	Providence	RI	Store
SF Center (#166)	865 Market St., Suite 312	San Francisco	CA	Store
Alderwood Mall (#169)	3000 184th St. SW Ste#562	Lynnwood	WA	Store
Dallas Galleria (#170)	13350 Dallas Parkway, Suite 2695	Dallas	TX	Store
NorthPark (#172)	1460 NorthPark Center	Dallas	TX	Store
Franklin Street (#173)	70 Franklin Street	Boston	MA	Store
Fashion Valley (#174)	7007 Friars Rd # 811	San Diego	CA	Store
Bellevue Square	124 Bellevue Square	Bellevue	WA	Store

Name	Mailing Address	City	State	Nature
(#175)				
Stoneridge (#177)	2305 Stoneridge Mall	Pleasanton	CA	Store
Danville (#178)	411 Hartz Ave., Suite E	Danville	CA	Store
New Montgomery (#179)	90 New Montgomery	San Francisco	CA	Store
Stoney Point (#181)	9200 Stony Point Pkwy., Space #157	Richmond	VA	Store
Stamford Town Center (#182)	100 Greyrock, Space #G209	Stamford	CT	Store
Prudential Center (#183)	800 Boylston St., #413	Boston	MA	Store
Natick Mall (#184)	1178 Natick Mall	Natick	MA	Store
Corte Madera, The Village at (#185)	1726 Redwood Highway	Corte Madera	CA	Store
The Oaks (#187)	464 West Hillcrest Dr.	Thousand Oaks	CA	Store
Glendale Galleria (#188)	1116 Glendale Galleria	Glendale	CA	Store
Brea Mall	2106 Brea Mall	Brea	CA	Store

Name	Mailing Address	City	State	Nature
(#189)				
Town Square (#190)	341 Town Square, Sp. # 12	Wheaton	IL	Store
Ventura Blvd (#191)	12142 Ventura Blvd.	Studio City	CA	Store
North Main St.- Walnut Creek (#193)	1376 North Main St.	Walnut Creek	CA	Store
West Diversey Street (#194)	615 West Diversey Street	Chicago	IL	Store
Main Street - Westport (#195)	178 Main Street	Westport	CT	Store
Valley Fair (#196)	2855 Stevens Creek Blvd Suite 2575	Santa Clara	CA	Store
Stonestown Galleria (#197)	3251 20th Avenue Space 166	San Francisco	CA	Store
One Burlington Mall (#198)	75 Middlesex St., Space # 1072	Burlington	MA	Store
Pondfield Road (#199)	72 Pondfield Road	Bronxville	NY	Store
Century City	10250 Santa Monica Blvd., Space 105	Los Angeles	CA	Store

Name	Mailing Address	City	State	Nature
(#201)				
Union Station (#202)	40 Massachusetts Ave. NE # T-18	Washington	DC	Store
Perimeter Mall (#203)	4400 Ashford Dunwoody Rd Sp 1419	Atlanta	GA	Store
Lenox Mall (#204)	3393 Peachtree Road NE Space 4001	Atlanta	GA	Store
3rd Street Promenade (#205)	1458 Third Street	Santa Monica	CA	Store
Evergreen Walk (#206)	201 Evergreen Way, Suite 261	S.Windsor	CT	Store
King of Prussia Plaza (#207)	160 North Gulph Road Space 2156-B	King of Prussia	PA	Store
Northgate Mall – Seattle (#208)	401 NE Northgate Way, Suite 563	Seattle	WA	Store
GCT II (#209)	107 E. 42nd Street, #MC05	New York	NY	Store
Mount Kisco (#210)	51 South Moger Ave	Mount Kisco	NY	Store
South 17th Street (#211)	211 South 17th Street	Philadelphia	PA	Store

Name	Mailing Address	City	State	Nature
Rocky Ridge Town Centr  (#212)	2030 Douglas Blvd., Suite 22	Roseville	CA	Store
Broadway  (#213)	2157 Broadway	New York	NY	Store
1412 Montana Ave  (#214)	1412 Montana Ave	Santa Monica	CA	Store
Rockefeller Center  (#215)	1250 Ave of the Americas, Space 1	New York	NY	Store
JFK Street  (#216)	18 JFK Street	Cambridge	MA	Store
Belmont Shores  (#217)	5259 East 2nd Street	Long Beach	CA	Store
Washington Square  (#218)	9374 SW Washington Sq Rd.	Tigard	OR	Store
243 Montgomery Street  (#219)	243 Montgomery Street	San Francisco	CA	Store
10 S. LaSalle  (#220)	10 S. LaSalle St.	Chicago	IL	Store
1300 Wisconsin Ave.  (#221)	1300 Wisconsin Ave.	Washington	DC	Store
Metlox  (#222)	451 Manhattan Beach Blvd., Ste B104	Manhattan Beach	CA	Store

Name	Mailing Address	City	State	Nature
Galleria II (#223)	3600 Galleria II	Edina	MN	Store
One Colorado (#224)	20 Hugus Alley	Pasadena	CA	Store
The Westchester (#225)	125 Westchester Ave., Space 303B	White Plains	NY	Store
Hindsdale (#226)	12 East 1st Street	Hinsdale	IL	Store
University Town Ctr. (#227)	4465 La Jolla Village Drive Space H-3	San Diego	CA	Store
Keystone Mall (#228)	8702 Keystone Crossing Space 147	Indianapolis	IN	Store
Kenwood Town Ctr. (#229)	7875 Montgomery Road Space 81	Cincinnati	OH	Store
Garden City Center (#230)	6 Midway Road, Space 1006	Cranston	RI	Store
Beverly Center (#231)	8522 Beverley Blvd, Ste. 689	Los Angeles	CA	Store
721 King Street (#232)	721 King Street	Alexandria	VA	Store
1270 Third Ave. (#233)	1270 Third Ave.	New York	NY	Store



<b>Name</b>	<b>Mailing Address</b>	<b>City</b>	<b>State</b>	<b>Nature</b>
852 Lexington Ave (#234)	852 Lexington Ave	New York	NY	Store
Polaris Fashion (#235)	1500 Polaris Pkwy., Space 1030	Columbus	OH	Store
31 Purchases Street (#237)	31 Purchase Street #1A	Rye	NY	Store
Meadowood Mall (#238)	5195 Meadowood Mall Circle, #F131	Reno	NV	Store
Main Place Mall (#239)	28000 North Main St., #300	Santa Ana	CA	Store
Woolworth (#240)	233 Broadway, Ground floor	New York	NY	Store
Ala Moana Center (#241)	1450 Ala Moana Blvd., #2051	Honolulu	HI	Store
Old Orchard (#242)	4999 Old Orchard Center #M10	Skokie	IL	Store
Oakbrook (#243)	100 Oakbrook Center, Space 226	Oak Brook	IL	Store
Flat Iron Crossing (#245)	1 West Flat Iron Circle, Space 1041	Broomfield	CO	Store
753 Broadway (#246)	753 Broadway	New York	NY	Store
42nd Street	11 West 42nd Street. Ground Floor	New York	NY	Store

Name	Mailing Address	City	State	Nature
(#247)				
Chevy Chase Center (#248)	5457 Wisconsin Avenue	Chevy Chase	MD	Store
Scottsdale Mall (#249)	7014 E Camelback Rd., Suite 2212	Scottsdale	AZ	Store
Centre Street (#250)	1251 Centre Street	Newton	MA	Store
Village Arcade (#251)	2551 Amherst Drive	Houston	TX	Store
Houston Galleria (#252)	5061 Westheimer Road, Suite 8000, Unit 800	Houston	TX	Store
Northbrook Court (#253)	1268 Northbrook Ct.	Northbrook	IL	Store
Calabasas (#254)	4719 Commons Way, Suite G	Calabasas	CA	Store
29th Street (#255)	1750 29th Street, Suite 1048	Boulder	CO	Store
Haverford (#256)	385 Lancaster Avenue, Suite #103	Haverford	PA	Store
Water Tower (#257)	835 N. Michigan Avenue, Lvl 6 space 6015	Chicago	IL	Store
Sherman Oaks	14006 Riverside Drive Space 219	Sherman Oaks	CA	Store

Name	Mailing Address	City	State	Nature
(#258)				
South Coast Plaza (#259)	3333 Bristol Ave., Suite 2855	Costa Mesa	CA	Store
Willowbend (#261)	6121 W. Park Boulevard, Bldg C, Space B-207	Plano	TX	Store
Mission Viejo (#262)	27000 Crown Valley Parkway #226	Mission Viejo	CA	Store
641 Avenue of the Americas (#263)	641 Sixth Avenue	New York	NY	Store
San Luis Obispo (#267)	895 Higuera Street, Space #D-2	San Luis Obispo	CA	Store
Partridge Creek (#268)	17370 Hall Road #108A	Clinton Township	MI	Store
Otay Ranch (#269)	2015 Birch Road, Towne Center,Space 903	Chula Vista	CA	Store
Woodbury Commons (#272)	8285 Jericho Turnpike	Woodbury	NY	Store
Del Mar Highlands (#274)	3485 Del Mar Heights Road, #A	San Diego	CA	Store
Street of Chester (#275)	240 State Route 206 South	Chester	NJ	Store
96 & Madison	1380-88 Madison	New York	NY	Store

Name	Mailing Address	City	State	Nature
(#276)	Avenue			
Silverado Plaza (#277)	627 Trancas Street	Napa	CA	Store
Petaluma Boulevard (#278)	36 Petaluma Blvd.	Petaluma	CA	Store
Burlingame Ave (#280)	1227 Burlingame Avenue	Burlingame	CA	Store
Santa Barbara (#284)	Pavilion at Paseo Nuevo, 819 State Street	Santa Barbara	CA	Store
268 Greenwich (#285)	268 Greenwich Avunue	Greenwich	CT	Store
Marlton (#286)	300 S.R. 73, Unit #2	Marlton	NJ	Store
Westfield, NJ (#287)	62 Elm Street	Westfield	NJ	Store
Vernon Hills (#288)	696 White Plains Road	Scarsdale	NY	Store
Arrowhead Towne Center (#291)	7700 West Arrowhead Towne Center	Glendale	AZ	Store
Woodland Mall (#292)	3195 28th Street SE	Grand Rapids	MI	Store
Briarwood Mall	250 Briarwood Circle	Ann Arbor	MI	Store

Name	Mailing Address	City	State	Nature
(#293)	space G-115			
Englewood (#294)	14 East Palisades Avenue	Englewood	NJ	Store
Ridgewood (#295)	76 East Ridgewood Avenue, Ground floor	Ridgewood	NJ	Store
La Encantada (#296)	2905 Skyline Drive Space 271	Tucson	AZ	Store
Southlake (#297)	1435 Mail Street	South Lake	TX	Store
54th & Park Avenue (#298)	400 Park Avenue, Ground floor	New York	NY	Store
New Canaan (#301)	32 Elm Street	New Canaan	CT	Store
SoHo (#302)	73 Spring Street	New York	NY	Store
Northbridge (#303)	520 N. Michigan Avenue, #222	Chicago	IL	Store
Columbus Avenue (#304)	209 Columbus Avenue	New York	NY	Store
940 Broadway (#305)	940 Broadway, ground floor	New York	NY	Store
Columbia Mall (#306)	10300 Little Patuxent Parkway, space 1875	Columbia	MD	Store

Name	Mailing Address	City	State	Nature
North County Fair (#308)	272 East Via Rancho Parkway, Space 109 Level 1	Escondido	CA	Store
Charleston Place (#309)	193 Meeting Street	Charleston	SC	Store
St. Louis Galleria (#310)	1471 St. Louis Galleria	St. Louis	MO	Store
Waterside Shops at Pelican Bay (#311)	5435 Tamiami Trail North, Suite C-2	Naples	FL	Store
Wellington Green (#313)	10300 W. Forest Hill Boulevard, Space 275	Wellington	FL	Store
Summer Street (#314)	107 Summer Street	Boston	MA	Store
Tremont Street (#315)	28 Tremont Street	Boston	MA	Store
South Park (#316)	GL22 South Park Center	Strongsville	OH	Store
Mall of America (#318)	158 West Market	Bloomington	MN	Store
Ridgedale (#319)	12401 Wayzata Blvd, Space #2035	Minnetonka	MN	Store
PP – Vacaville (#902)	311 Nut Tree Road suite B	Vacaville	CA	Store

**Schedule 4**  
**Certain Stores Branded with an AGC Mark**

Location#	Address Line1	Address Line3	City	State/Province	Zip Code
11	AMERICAN GREETINGS	100 CAMBRIDGESIDE PLACE	CAMBRIDGE	MA	02141
20	AMERICAN GREETINGS	27001 US 19 NORTH	CLEARWATER	FL	33761
25	CARLTON CARDS	1357 SOUTH MAIN ST SP B3&B5	ADRIAN	MI	49221
34	AMERICAN GREETINGS	700 HAYWOOD ROAD SUITE 2040B	GREENVILLE	SC	29607
59	AMERICAN GREETINGS	1038 WESTMINSTER MALL	WESTMINSTER	CA	92683
77	AMERICAN GREETINGS	1815 HAWTHORNE BLVD #244	REDONDO BEACH	CA	90278
89	AMERICAN GREETINGS CARDS	230 W. HURON ROAD	CLEVELAND	OH	44113
91	AMERICAN GREETINGS	26300 CEDAR RD SUITE 2090	BEACHWOOD	OH	44122
93	AMERICAN GREETINGS	7857 WEST RIDGEWOOD	PARMA	OH	44129
94	AMERICAN GREETINGS	656 GREAT NORTHERN BLVD.	NORTH OLMSTED	OH	44070
97	AMERICAN GREETINGS	333 MARKET STREET BUILDING	SAN FRANCISCO	CA	94105
100	CARLTON CARDS	5901 UNIVERSITY DRIVE SPACE 87	HUNTSVILLE	AL	35806
109	AMERICAN GREETINGS	6555 EAST SOUTHERN SUITE 1032	MESA	AZ	85206
121	CARLTON CARDS	3246 NW FEDERAL HIGHWAY	JENSEN BEACH	FL	34957
126	AMERICAN GREETINGS	1233 RANCHO VISTA BLVD. #721	PALMDALE	CA	93551
127	AMERICAN GREETINGS	463 PARKWAY PLAZA	EL CAJON	CA	92020
128	AMERICAN GREETINGS	150 LOS CERRITOS CENTER #150	CERRITOS	CA	90703
129	AMERICAN GREETINGS	40820 WINCHESTER ROAD SPACE 1140	TEMECULA	CA	92591
132	AMERICAN GREETINGS	72840 HIGHWAY 111 SUITE 333	PALM DESERT	CA	92260
136	AMERICAN GREETINGS	3030 PLAZA BONITA ROAD #1170	NATIONAL CITY	CA	91950
141	AMERICAN GREETINGS	1185 COLUSA AVE STE	YUBA CITY	CA	95991
142	AMERICAN GREETINGS	1600 SOUTH AZUSA AVENUE SP 546	LA PUENTE	CA	91748
144	CARLTON CARDS	21712 HAWTHORNE BLVD. SPACE 242	TORRANCE	CA	90503
145	AMERICAN GREETINGS	22500 TOWN CIRCLE SP 2175	MORENO VALLEY	CA	92553
167	AMERICAN GREETINGS	2006 BREA MALL	BREA	CA	92821
168	AMERICAN GREETINGS	362 THE SHOPS AT MISSION VIEJO	MISSION VIEJO	CA	92691
181	CARDAMERICA	24155 LAGUNA HILLS MALL #1560	LAGUNA HILLS	CA	92653
192	AMERICAN GREETINGS	194 BUCKLAND HILLS DR. SP 2118	MANCHESTER	CT	06040
193	CARLTON CARDS	470 LEWIS AVE #1000	MERIDEN	CT	06450
200	CARLTON CARDS	495 UNION STREET SUITE 1136	WATERBURY	CT	06706
202	AMERICAN GREETINGS	4737 CONCORD PIKE	WILMINGTON	DE	19803
205	AMERICAN GREETINGS	6901 22ND AVE N	ST PETERSBURG	FL	33710
207	AMERICAN GREETINGS	11401 PINES BLVD 316	PEMBROKE PINES	FL	33026
210	CARLTON CARDS	6200 20TH STREET #840	VERO BEACH	FL	32966
216	AMERICAN GREETINGS	1500 APALACHEE PKWY, #1022	TALLAHASSEE	FL	32301
223	CARLTON CARDS	8000 W BROWARD BLVD #309	FORT LAUDERDALE	FL	33388
225	AMERICAN GREETINGS	451 E. ALTAMONTE DRIVE SUITE 1161	ALTAMONTE	FL	32701
226	AMERICAN GREETINGS	2160 UNIVERSITY MALL	TAMPA	FL	33612
227	FORGET ME NOT BY AMERICAN GRTG	10801 CORKSCREW ROAD SUITE 341	ESTERO	FL	33928
228	AMERICAN GREETINGS	1790 N TAMiami TRAIL K-8	NAPLES	FL	34102
229	CARLTON CARDS	801 N CONGRESS BLVD UNIT 959	BOYNTON BEACH	FL	33426
230	AMERICAN GREETINGS	28152 PASEO DRIVE SUITE 140	WESLEY CHAPEL	FL	33543
231	AMERICAN GREETINGS	3800 US HWY 98 NORTH #522	LAKELAND	FL	33809
232	AMERICAN GREETINGS	2223 N. WEST SHORE BLVD. SPACE 156	TAMPA	FL	33607
233	CARLTON CARDS	3100 SW COLLEGE ROAD #528	OCALA	FL	34474
236	AMERICAN GREETINGS	1635 WEST 49TH STREET SP #1224	HIALEAH	FL	33012

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239	CARLTON CARDS	20505 S DIXIE HWY SPACE 1375	MIAMI	FL	33189
242	CARDAMERICA	1441 TAMiami TRAIL, #725	PORT CHARLOTTE	FL	33948
243	AMERICAN GREETINGS	8126 CITRUS PARK TOWN CTR, SP 1060	TAMPA	FL	33625
246	CARLTON CARDS	3700 ATLANTA HWY	ATHENS	GA	30606
253	AMERICAN GREETINGS	577 BRANDON TOWN CENTER	BRANDON	FL	33511
262	CARLTON CARDS	1232 SPRING HILL MALL	W DUNDEE	IL	60118
267	CARLTON CARDS	1600 NORTH IL HWY 50	BOURBONNAIS	IL	60914
278	AMERICAN GREETINGS	3333 W. TOUHY AVE. SPACE B-02A	LINCOLNWOOD	IL	60712
284	CARLTON CARDS	1735 OVIEDO MARKET PLACE BLVD.	OVIEDO	FL	32765
289	AMERICAN GREETINGS	49 W. MARYLAND ST, G-21, BOX 103	INDIANAPOLIS	IN	46204
290	CARLTON CARDS	555 WALNUT ST	DES MOINES	IA	50309
304	CARLTON CARDS	7900 SHELBYVILLE ROAD B-3	LOUISVILLE	KY	40222
306	AMERICAN GREETINGS	3353 NICHOLASVILLE ROAD SP TK08	LEXINGTON	KY	40503
326	AMERICAN GREETINGS	7000 ARUNDEL MILLS CR. SUITE 153	HANOVER	MD	21076
328	CARLTON CARDS	8200 PERRY HALL BLVD #1185	BALTIMORE	MD	21236
329	AMERICAN GREETINGS	400 N CENTER ST RT 140 SPACE #247	WESTMINSTER	MD	21157
330	AMERICAN GREETINGS	10300 LITTLE PATUXENT PKWY SP 1015	COLUMBIA	MD	21044
332	AMERICAN GREETINGS	7900 GOV. RITCHIE HWY E-139	GLEN BURNIE	MD	21061
333	CARLTON CARDS	7845 EASTPOINT MALL	BALTIMORE	MD	21224
335	AMERICAN GREETINGS	1100 SOUTH HAYES ST. SP Y07B	ARLINGTON	VA	22202
351	AMERICAN GREETINGS	4214 BALDWIN ROAD SPACE 523	AUBURN HILLS	MI	48326
352	CARLTON CARDS	14600 LAKESIDE CIRCLE	STERLING HEIGHTS	MI	48313
355	AMERICAN GREETINGS	5001 MONROE STREET	TOLEDO	OH	43623
403	AMERICAN GREETINGS	114 GATEWAY MALL	LINCOLN	NE	68505
404	CARLTON CARDS	4081 RT 31	CLAY	NY	13041
407	AMERICAN GREETINGS	10000 CALIFORNIA STREET SUITE 2330	OMAHA	NE	68114
409	CARLTON CARDS	750 MIRACLE MILE DRIVE	ROCHESTER	NY	14623
410	AMERICAN GREETINGS	1287A NIAGARA FALLS BLVD.	AMHERST	NY	14226
412	AMERICAN GREETINGS	3001 SOUTH 144TH SPACE 2056	OMAHA	NE	68144
416	CARLTON CARDS	MALL DRIVE WEST 30A-73	JERSEY CITY	NJ	07310
418	AMERICAN GREETINGS	1500 S. WILLOW STREET S135	MANCHESTER	NH	03103
420	AMERICAN GREETINGS	RT 1 & QUAKER BRIDGE RD #180	LAWRENCEVILLE	NJ	08648
421	CARLTON CARDS	1 WALDEN GALLERIA DR SPACE D109	BUFFALO	NY	14225
431	CARLTON CARDS	164 COLONIE CENTER	ALBANY	NY	12205
442	AMERICAN GREETINGS	LOWER LEVEL	STATEN ISLAND	NY	10314
443	AMERICAN GREETINGS	UPPER LEVEL	STATEN ISLAND	NY	10314
444	AMERICAN GREETINGS	4545 TRANSIT ROAD	WILLIAMSVILLE	NY	14221
451	AMERICAN GREETINGS	258 GREECE RIDGE CENTER	ROCHESTER	NY	14626
459	AMERICAN GREETINGS	1750 DEPTFORD CENTER RD SUITE 1006	DEPTFORD	NJ	08096
464	AMERICAN GREETINGS	7401 MARKET STREET #325	YOUNGSTOWN	OH	44512
469	AMERICAN GREETINGS	120 SOUTHPARK CENTER	STRONGSVILLE	OH	44136
470	CARLTON CARDS	3265 W MARKET ST ROOM 142	AKRON	OH	44333
478	AMERICAN GREETINGS	181 FORT COUCH ROAD	BETHEL PARK	PA	15241
479	PAPER THREAD	1500 POLARIS PARKWAY SPACE 1008	COLUMBUS	OH	43240
482	AMERICAN GREETINGS	2890 ROBINSON DRIVE	PITTSBURGH	PA	15205
485	AMERICAN GREETINGS	3320 SILAS CREEK PKWY SP. EL1104	WINSTON SALEM	NC	27103
488	CARLTON CARDS	5043 TUTTLE CROSSING BLVD SUITE 265	DUBLIN	OH	43016
489	CARLTON CARDS	2801 PALISADES CENTER DRIVE H207	WEST NYACK	NY	10994
491	CARLTON CARDS	2501 BURLINGTON/MT. HOLLY ROAD	BURLINGTON	NJ	08016
492	AMERICAN GREETINGS	6910 FAYETTEVILLE ROAD SPACE 113	DURHAM	NC	27713



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498	FORGET ME NOT BY AMERICAN GRTG	8111 CONCORD MILLS BLVD. SP 606	CONCORD	NC	28027
500	AMERICAN GREETINGS	4251 BELDON MALL SPACE B-1	CANTON	OH	44718
501	AMERICAN GREETINGS	3282 MIDWAY MALL	ELYRIA	OH	44035
527	CARLTON CARDS	129 EXTON SQUARE	EXTON	PA	19341
528	AMERICAN GREETINGS	1665 STATE HILL ROAD B15	WYOMISSING	PA	19610
530	CARLTON CARDS	351 WEST SCHUYLKILL SPACE 10	POTTSTOWN	PA	19464
531	MESSAGES CARDS & GIFTS	248 MONTGOMERY MALL	NORTH WALES	PA	19454
532	MESSAGES CARDS & GIFTS	1067 WEST BALTIMORE PIKE SUITE 201	MEDIA	PA	19063
534	AMERICAN GREETINGS	2246 LEBANON VALLEY MALL	LEBANON	PA	17042
535	AMERICAN GREETINGS	2601 PRESTON ROAD, SPACE 1138	FRISCO	TX	75034
536	AMERICAN GREETINGS	166 LEHIGH VALLEY MALL	WHITEHALL	PA	18052
556	CARLTON CARDS	1000 RIVERGATE PARKWAY SUITE 1920	GOODLETTSVILLE	TN	37072
561	CARLTON CARDS	2011 N ROAN ST B-3	JOHNSON CITY	TN	37601
562	AMERICAN GREETINGS	1720 OLD FORT PARKWAY	MURFREESBORO	TN	37129
576	CARLTON CARDS	6909 N. FM 1604 E SUITE #2031	SAN ANTONIO	TX	78247
577	AMERICAN GREETINGS	5135 WEST ALABAMA, SUITE 5115	HOUSTON	TX	77056
578	AMERICAN GREETINGS	16535 SOUTHWEST SP 860	SUGAR LAND	TX	77479
579	CARLTON CARDS	1201 LAKE WOODLANDS DR #1192	THE WOODLANDS	TX	77380
592	CARLTON CARDS	6301 NW LOOP 410, N5	SAN ANTONIO	TX	78238
600	FORGET ME NOT BY AMERICAN GREE	651 KAPKOWSKI ROAD SP. 2200	ELIZABETH	NJ	07201
602	ALICES CARDS & GIFTS	1 N GALLERIA DRIVE SUITE 121	MIDDLETOWN	NY	10941
603	AMERICAN GREETINGS	400 BRIDGEWATER COMMONS, SUITE 277	BRIDGEWATER	NJ	08807
605	CARLTON CARDS	301 MT HOPE AVENUE SUITE 2004	ROCKAWAY	NJ	07866
607	CARLTON CARDS	3535 US ROUTE 1 #304	PRINCETON	NJ	08540
608	CARLTON CARDS	104 WOODBRIDGE CENTER DR SPACE 104	WOODBIDGE	NJ	07095
621	CARLTON CARDS	21100 DULLES TOWN CIRCLE #G-112	STERLING	VA	20166
625	AMERICAN GREETINGS		LAKE GROVE	NY	11755
626	AMERICAN GREETINGS	1201 HOOPER AVENUE SPACE 1013	TOMS RIVER	NJ	08753
627	AMERICAN GREETINGS	1201 HOOPER AVENUE SPACE 1065	TOMS RIVER	NJ	08753
629	AMERICAN GREETINGS	1401 GREENBRIER PARKWAY	CHESAPEAKE	VA	23320
633	AMERICAN GREETINGS	4238 WILSON BLVD SPACE #1170	ARLINGTON	VA	22203
637	AMERICAN GREETINGS	55 PARSONAGE ROAD UNIT 339	EDISON	NJ	8837
644	CARLTON CARDS	261 SOUTHCENTER MALL	TUKWILA	WA	98188
650	AMERICAN GREETINGS	ONE BELLIS FAIR PWY SPACE #610	BELLINGHAM	WA	98226
657	AMERICAN GREETINGS	1411 BROADWAY	NEW YORK	NY	10018
660	AMERICAN GREETINGS	33 MAIDEN LANE	NEW YORK	NY	10038
663	AMERICAN GREETINGS	90-15 QUEENS BLVD. SPACE 1076	ELMHURST	NY	11373
664	AMERICAN GREETINGS		BROOKLYN	NY	11209
665	AMERICAN GREETINGS		NEW YORK	NY	10022
669	CARLTON CARDS	SOUTHRIDGE MALL-1240	GREENDALE	WI	53129
674	AMERICAN GREETINGS	95 N MORELAND ROAD C-13	BROOKFIELD	WI	53005
675	AMERICAN GREETINGS	2500 N. MAYFAIR ROAD SP 336	WAUWATOSA	WI	53226
725	CARLTON CARDS	7850 MENTOR AVENUE SPACE 562	MENTOR	OH	44060
733	GORANTS CANDIES CARDS & GIFTS	400 MILL AVENUE, SE, #211	NEW PHILADELPHIA	OH	44663
744	GORANTS	4325 KIRK ROAD	YOUNGSTOWN	OH	44511
745	GORANTS	5555 YOUNGSTOWN-WARREN ROAD, #474	NILES	OH	44446
750	YUM YUM TREE	8301 MARKET STREET	BOARDMAN	OH	44512
752	YUM YUM TREE	540 WATER STREET	CHARDON	OH	44024
775	GORANTS	1300 BOARDMAN-POLAND ROAD	YOUNGSTOWN	OH	44514
813	SOCIAL EXPRESSIONS	4800 BRIARCLIFF ROAD, SUITE 1043	ATLANTA	GA	30345

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815	AMERICAN GREETINGS	1358 CUMBERLAND MALL	ATLANTA	GA	30339
817	AMERICAN GREETINGS	2100 PLEASANT HILL ROAD, L-12	DULUTH	GA	30096
819	SOCIAL EXPRESSIONS	3333 BUFORD DRIVE, SPACE 1099	BUFORD	GA	30519
825	AMERICAN GREETINGS	5900 SUGARLOAF PARKWAY SUITE 600	LAWRENCEVILLE	GA	30043
857	AMERICAN GREETINGS	32585 GOLDEN LANTERN SUITE C	DANA POINT	CA	92629

Location #	Address Line1	Address Line3	City	State/Province	Zip Code
5100	CARLTON CARDS	9855 AUSTIN AVENUE UNIT #242	BURNABY	BC	V3J 1N4
5102	CARLTON CARDS	680 109 ST.	EDMONTON	AB	T5G 3A6
5108	CARLTON CARDS	2331 66TH ST. N.W. UNIT 205	EDMONTON	AB	T6K 4B5
5111	CARLTON CARDS	3800 MEMORIAL DR. NORTH EAST	CALGARY	AB	T2A 2K2
5112	CARLTON CARDS	83RD ST. & 82ND AVE. UNIT #161	EDMONTON	AB	T6C 4E3
5115	CARLTON CARDS	3292 DUNMORE RD. S.E.	MEDICINE HAT	AB	T1B 2R4
5117	CARLTON CARDS	8882 170TH ST N. UNIT #2908	EDMONTON	AB	T5T 4J2
5143	CARLTON CARDS	101 ST. & 102 ST. SUITE 0020	EDMONTON	AB	T5J 2Y7
5144	CARLTON CARDS	66 ST. & 137 AVE. N.E. UNIT #133	EDMONTON	AB	T5C 3C8
5152	CARLTON CARDS	19705 FRASER HIGHWAY	LANGLEY	BC	V3A 7E9
5153	CARLTON CARDS	5300 NO.3 ROAD UNIT 934	RICHMOND	BC	V6X 2X9
5155	CARLTON CARDS	2929 BARNET HWY	PORT COQUITLAM	BC	V3B 5R5
5156	CARLTON CARDS	2945 JACKLIN ROAD	VICTORIA	BC	V9B 5E3
5158	CARLTON CARDS	1174 GUILDFORD TOWN CTR UNIT	SURREY	BC	V3R 7B7
5163	CARLTON CARDS	1174			
5163	MARKETPLACE	12101 72ND AVENUE UNIT 125	SURREY	BC	V3W 2M1
5165	CARLTON CARDS	95-1644 HILLSIDE DR.	VICTORIA	BC	V8T 2C5
5170	CARLTON CARDS	UNIT 112, 505 BURRAND ST., BOX 49	VANCOUVER	BC	V7X 1B1
5175	CARLTON CARDS	285 6631 ISLAND HWY NORTH UNIT			
5180	CARLTON CARDS	51C	NANAIMO	BC	V9T 4T7
5180	CARLTON CARDS	215-850 OLIVER ST.	WILLIAMS LAKE	BC	V2G 3W1
5185	CARLTON CARDS	UNIT #300 - 3091 - 152ND STREET	SOUTH SURREY	BC	V4P 3K1
5186	CARLTON CARDS	2751 CLIFFE AVE. UNIT #1140	COURTENAY	BC	V9N 2L8
5201	CARLTON CARDS	111TH AVENUE AT GROAT ROAD UNIT			
5201	CARLTON CARDS	126	EDMONTON	AB	T5M 3L7
5202	CARLTON CARDS	2020 SHERWOOD DRIVE UNIT#62	SHERWOOD PARK	AB	T8A 3H9
5226	CARLTON CARDS	1225 ST. MARYS ROAD #25	WINNIPEG	MB	R2M 5E5
5227	CARLTON CARDS	1485 PORTAGE AVENUE	WINNIPEG	MB	R3G 0W4
5300	CARLTON CARDS	48 KENMOUNT ROAD	ST. JOHNS	NL	A1B 1W3
5301	CARLTON CARDS	5657 SPRING GARDEN RD.	HALIFAX	NS	B3J 3R4
5302	CARDS, ETC.	333 ST MARY AVE-UNIT 55	WINNIPEG	MB	R3C 1M8
5303	CARLTON CARDS	1570 - 18TH STREET UNIT 20	BRANDON	MB	R7A 5C5
5326	CARLTON CARDS	21 MICMAC BLVD	DARTMOUTH	NS	B3A 4N3
5340	CARLTON CARDS	2 KING ST. W. UNIT 00146	HAMILTON	ON	L8P 1A1
5341	Carlton Cards	75 CENTENNIAL PKWY N	STONE CREEK	ON	L8E 2P2
5350	CARLTON CARDS	142 S. ALBION ST	AMHERST	NS	B4H 4H4
5353	CARLTON CARDS	300 BOROUGH DRIVE	SCARBOROUGH	ON	M1P 4P5
5354	CARLTON CARDS	2399 PARKEDALE AVE.	BROCKVILLE	ON	K6V 3G9
5355	CARLTON CARDS	240 LEIGHLAND AVE.	OAKVILLE	ON	L6H 3H6
5360	CARLTON CARDS	40 KING STR. WEST	TORONTO	ON	M5H 3Y2
5362	CARLTON CARDS	5100 ERIN MILLS PARKWAY	MISSISSAUGA	ON	L5M 4Z5
5364	CARLTON CARDS	390 NORTH FRONT STREET UNIT # H5	BELLEVILLE	ON	K8P 3E1
5366	CARLTON CARDS	1670 HERON RD.	OTTAWA	ON	K1V 0C2
5367	CARLTON CARDS	320 BAYFIELD STREET	BARRIE	ON	L4M 3C1
5372	CARLTON CARDS	1105 WELLINGTON ROAD SPACE 77	LONDON	ON	N6E 1V4

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5376	CARLTON CARDS	130 KING ST WEST CONCOURSE LVL CW6	TORONTO	ON	M5X 1C9
5377	CARLTON CARDS	2300 YONGE ST.	TORONTO	ON	M4P 1E4
5378	CARLTON CARDS	499 MAIN STREET SOUTH UNIT #16	BRAMPTON	ON	L6Y 1N7
5380	CARLTON CARDS	1 PROMENADE CIRCLE	THORNHILL	ON	L4J 4P8
5381	CARLTON CARDS	221 GLENDALE AVE. UNIT #106A	ST. CATHARINES	ON	L2T 2K9
5382	CARLTON CARDS	2960 KINGSWAY DRIVE G007 1005 OTTAWA STREET NORTH UNIT #45	KITCHENER	ON	N2C 1X1
5384	CARLTON CARDS		KITCHENER	ON	N2H 1H2
5385	CARLTON CARDS	7205 GOREWAY DRIVE	MISSISSAUGA	ON	L4T 2T9
5396	CARLTON CARDS	2269 RIVERSIDE DRIVE UNIT 28	OTTAWA	ON	K1H 8K2
5402	CARLTON CARDS	785 WONDERLAND RD	LONDON	ON	N6K 1M6
5405	CARLTON CARDS	110 PLACE DORLEAN DRIVE	ORLEANS	ON	K1C 2L9
5406	CARLTON CARDS	1200 ST. LAURENT BLVD.PO BOX38	OTTAWA	ON	K1K 3B8
5407	CARLTON CARDS	200 WELLINGTON ST. WEST	TORONTO	ON	M5V 3C7
5408	CARLTON CARDS	161 BAY ST	TORONTO	ON	M5J 2S1
5410	CARLTON CARDS	9350 YONGE STREET	RICHMOND HILL	ON	L4C 5G2
5422	CARLTON CARDS	500 REXDALE BOULEVARD	ETOBICOKE	ON	M9W 6K5
5423	CARLTON CARDS	355 HESPELER RD.	CAMBRIDGE	ON	N1R 6B3
5430	CARLTON CARDS	2121 CARLINGWOOD AVE UNIT #43	OTTAWA	ON	K2A 1H2
5431	CARLTON CARDS	100 BAUSHORE DRIVE UNIT CC1D	NEPEAN	ON	K2B 8C1
5434	CARLTON CARDS				
5436	CARLTON CARDS	210 NORTH SERVICE RD. W. UNIT 9 MARKETPLACE	OAKVILLE	ON	L6M 2Y1
5437	CARLTON CARDS	1000 FORT WILLIAM ROAD	THUNDER BAY	ON	P7B 6B9
5439	CARLTON CARDS	60 BLOOR STREET WEST	TORONTO	ON	M4W 3B8
5440	CARLTON CARDS	199 BAY STREET UNIT C-128	TORONTO	ON	M5L 1E2
5440	CARTES CARLTON	1500 ATWATER ST.	MONTREAL	QC	H3Z 1X5
5441	CARLTON CARDS	945 GARDINERS ROAD	KINGSTON	ON	K7M 7H4
5442	CARLTON CARDS	25 THE WEST MALL UNIT K20	ETOBICOKE	ON	M9C 1B8
5444	CARLTON CARDS				
5444	RETAIL	66 WELLINGTON STREET W UNIT #40	TORONTO	ON	M5K 1A1
5445	CARLTON CARDS	8 LEBOVIC AVENUE UNIT 5 1680 RICHMOND ST NORTH, U L080/1/2	SCARBOROUGH	ON	M1L 4V9
5446	CARLTON CARDS		LONDON	ON	N6G 3Y9
5448	CARLTON CARDS	777 GUELPH LINE, UNIT A16 999 UPPER WENTWORTH ST, UNIT 451	BURLINGTON	ON	L7R 3N2
5449	CARLTON CARDS		HAMILTON	ON	L9A 4X5
5450	CARLTON CARDS	1349 LaSALLE BLVD UNIT 0018A	SUDBURY	ON	P3A 1Z2
5452	CARLTON CARDS	124 YOUNG STREET UNIT NO. T1	ALLISTON	ON	L9R 1P8
5453	CARLTON CARDS	45 OVERLEA BOULEVARD, UNIT 1-31	TORONTO	ON	M4H 1C3
5454	CARLTON CARDS	1250 S SERVICE RD UNIT 151	MISSISSAUGA	ON	L5E 1V4
5455	CARLTON CARDS	475 GRANVILLE ST. N.	SUMMERSIDE	PE	C1N 4P7
5456	CARLTON CARDS	134 KENT ST.	CHARLOTTETOWN	PE	C1A 8R8
5458	CARLTON CARDS	17600 YONGE STREET SPACE CX5	NEWMARKET	ON	L3Y 4Z1
5459	CARLTON CARDS	301 OXFORD STREET WEST UNIT #58	LONDON	ON	N6H 1S6
5460	CARLTON CARDS	800 NIAGARA STREET NORTH L8B	WELLAND	ON	L3C 5Z4
5464	CARTES CARLTON	200 PROMENADE DU PORTAGE	GATINEAU	QC	J8X 4B7
5465	CARLTON CARDS	2900 WARDEN AVENUE	SCARBOROUGH	ON	M1W 2S8
5466	CARTES CARLTON	895 DE LA GAUCHIETIERE ST. W.	MONTREAL	QC	H3B 4G1
5467	CARTES CARLTON	705 OUEST RUE STE CATHERINE 1200 BOUL. ALPHONSE-DESJARDINS BLVD	MONTREAL	QC	H3B 4G5
5473	CARTES CARLTON		LEVIS	QC	G6V 6Y8
5475	CARTES CARLTON	181 RUE PRINCIPAL	GATINEAU	QC	J9H 6A6
5480	CARTES CARLTON	1100 MALONEY BLVD O #H5	GATINEAU	QC	J8T 6G3

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5491	CARTES CARLTON	7999 BOUL. GALERIES DANJOU	VILLE DANJOU	QC	H1M 1W6
5494	CARTES CARLTON	6815 TRANS. CANADA HWY.	POINTE-CLAIRE	QC	H9R 1C4
5499	CARTES CARLTON	320 ST. JOSEPH BLVD.	GATINEAU	QC	J8Y 3Y8
5527	CARLTON CARDS	2102-11TH AVENUE	REGINA	SK	S4P 3Y6
5528	CARLTON CARDS	489 ALBERT STREET NORTH	REGINA	SK	S4R 3C4
5529	CARLTON CARDS	2965 GORDON ROAD	REGINA	SK	S4S 6H7
5530	CARLTON CARDS	134 PRIMROSE DRIVE	SASKATOON	SK	S7K 5S6
5531	SHOP	2011-8TH AVENUE, PO BOX 160	HUMBOLT	SK	S0K 2A0
5532	CARLTON CARDS	3806 ALBERT ST	REGINA	SK	S4S 3R2
5533	CARLTON CARDS	3510 - 8TH STREET EAST	SASKATOON	SK	S7H 5M3
5602	CARLTON CARDS	5201 DUKE STREET	HALIFAX	NS	B3J 1N9
5603	CARLTON CARDS	1658 BEDFORD HIGHWAY UNIT #0095	BEDFORD	NS	B4A 2X9
5702	CARLTON CARDS	#2235 - 4700 KINGSWAY	BURNABY NORTH	BC	V5H 4M1
5703	CARLTON CARDS	34-935 MARINE DRIVE	VANCOUVER	BC	V7P 1S3
5704	CARLTON CARDS	519 WESTMORLAND RD	SAINT JOHN	NB	E2L 3W9
5705	CARLTON CARDS	4900-27TH ST.	VERNON	BC	V1T 7G7
5708	CARLTON CARDS	6060 MINORU BLVD., UNIT 2000	RICHMOND	BC	V6Y 2V7
5713	CARLTON CARDS	1500 CRANBROOK ST.N.	CRANBROOK	BC	V1C 3S8
5715	CARLTON CARDS	45585 LUCKAKUCK WAY	CHILLIWACK	BC	V2R 1A1
5716	CARLTON CARDS	11900 HANEY PLACE	MAPLE RIDGE	BC	V2X 8R9
5717	CARLTON CARDS	4567 LOUGHEED HWY 1 PLACE VILLE MARIE #11254	BURNABY	BC	V5C 3Z6
5719	CARTES CARLTON	BOUTIQUE	MONTREAL	QC	H3B 3Y1
5720	CARLTON CARDS	11000 - 8TH STREET	DAWSON CREEK	BC	V1G 4K6
5721	CARLTON CARDS	2720 CENTRAL CITY UNIT M715	SURREY	BC	V3T 2W1
5722	CARLTON CARDS	1320 TRANS CDA HWY W	KAMLOOPS	BC	V1S 1J2
5723	CARLTON CARDS	#43-3170 TILlicum ROAD	VICTORIA	BC	V9A 7C5
5725	CARLTON CARDS	8100 ROCK ISLAND HWY, UNIT #110	TRAIL	BC	V1R 4N7
5728	CARLTON CARDS	500 SECOND AVE W	PRINCE RUPERT	BC	V8J 3T6
5731	CARLTON CARDS	945 COLUMBIA ST W	KAMLOOPS	BC	V2C 1L5
5734	CARLTON CARDS	3055 MASSEY DRIVE UNIT 246	PRINCE GEORGE	BC	V2N 2S9
5735	CARLTON CARDS	435 STONE RD. WEST	GUELPH	ON	N1G 2X6
5737	CARLTON CARDS	1249 56TH STREET	DELTA	BC	V4L 2A6
5739	CARLTON CARDS	419 KING ST W.	OSHAWA	ON	L1J 2K5
5743	CARLTON CARDS	317 - 7TH AVENUE SW UNIT 196	CALGARY	AB	T2P 2Y9
5744	CARLTON CARDS	3625 SHAGANAPPI TR N.W. UNIT P048	CALGARY	AB	T3A 0E2
5745	CARLTON CARDS	26A 100 ANDERSON SE	CALGARY	AB	T2J 3V1
5746	IN TOUCH	5211-44TH ST NW 4900 MOLLY BANISTER DRIVE, UNIT 105	LLOYDMINSTER	AB	T9V 0A7
5747	CARLTON CARDS	105	RED DEER	AB	T4R 1N9
5748	CARLTON CARDS	2525 36TH ST NE	CALGARY	AB	T1Y 5T4
5750	CARLTON CARDS	3100 HOWARD AVENUE	WINDSOR	ON	N8X 3Y8
5753	CARLTON CARDS	900 DUFFERIN ST. UNIT 515	TORONTO	ON	M6H 4B1
5754	CARLTON CARDS	100 CITY CENTRE DR. UNIT 1-823	MISSISSAUGA	ON	L5B 2C9
5755	CARLTON CARDS	509 BAYFIELD ST. N 24	BARRIE	ON	L4M 4Z8
5756	CARLTON CARDS	1355 KINGSTON RD.	PICKERING	ON	L1V 1B8
5759	CARLTON CARDS	375 ST. ALBERT ROAD	ST. ALBERT	AB	T8N 3K8
5761	CARD MART	901 - 64TH AVENUE NE	CALGARY	AB	T2E 7P4
5762	CARLTON CARDS	2325 PRESTON AVENUE	SASKATOON	SK	S7J 2G2
5763	CARLTON CARDS	5000 HWY#7 E (AT MCCOWAN)	MARKHAM	ON	L3R 4M9

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5765	CARLTON CARDS	1ST AVE & 21ST ST	SASKATOON	SK	S7K 1J9
5766	CARLTON CARDS	1403 CENTRAL AVE	PRINCE ALBERT	SK	S6V 7J4
5769	CARLTON CARDS	277 BROADWAY STREET EAST	YORKTON	SK	S3N 3G7
5771	CARLTON CARDS	110 SOURIS AVE	WEYBURN	SK	S4H 2Z8
5774	CARLTON CARDS	1515 REBECCA ST.	OAKVILLE	ON	L6L 5G8
5781	CARLTON CARDS	133 CHURCH STREET	ANTIGONISH	NS	B2G 2E3
5782	CARLTON CARDS	76 STARRS ROAD UNIT 21	YARMOUTH	NS	B5A 2T5
5783	CARLTON CARDS	7001 MUMFORD ROAD UNIT 121	HALIFAX	NS	B3L 2H8
5784	CARLTON CARDS	1555 REGENT AVE W	WINNIPEG	MB	R2C 4J2
5785	CARLTON CARDS	393 PORTAGE AVE., UNIT 210	WINNIPEG	MB	R3B 3H6
5786	CARLTON CARDS	2305 MCPHILLIPS ST.	WINNIPEG	MB	R2V 3E1
5787	CARLTON CARD SHOP	2860 PEMBINA HWY. 3495 LAWRENCE AVE EAST UNIT #CB33	WINNIPEG	MB	R3T 3L9
5790	CARLTON CARDS	300 LAKESHORE DR. UNIT 719	SCARBOROUGH	ON	M1H 1B3
5800	CARLTON CARDS	RR #2 - BOX #168	NORTH BAY	ON	P1A 3V2
5802	CARLTON CARDS	100 KING STREET WEST	NEW LISKEARD	ON	P0J 1P0
5803	CARLTON CARDS	ONE MOUNT BERNARD ROAD UNIT 0180	CHATHAM	ON	N7M 6A9
5804	CARLTON CARDS	1642 MERIVALE ROAD	CORNER BROOK	NL	A2H 6G1
5805	CARLTON CARDS	1933 REGENT ST S	NEPEAN	ON	K2G 4A1
5806	CARLTON CARDS	84 LYNDEN ROAD	SUDBURY	ON	P3E 5R2
5807	CARLTON CARDS	2150 BURNHAMTHORPE RD.W	BRANTFORD	ON	N3R 6B8
5810	CARLTON CARDS	150 GOVERNMENT ROAD W	MISSISSAUGA	ON	L5L 3A2
5811	CARLTON CARDS	900 MAPLE AVENUE	KIRKLAND LAKE	ON	P2N 2E9
5819	CARLTON CARDS	444 YONGE STREET UNIT #F2	BURLINGTON	ON	L7S 2J8
5827	CARLTON CARDS	5111 NEW STREET	TORONTO	ON	M5B 2H4
5828	CARLTON CARDS	70 MCCLOUD AVE	BURLINGTON	ON	L7L 1V2
5835	CARLTON CARDS	501 1ST AVE SOUTHWEST	SPRUCE GROVE	AB	T7X 3C7
5836	CARLTON CARDS	220 YONGE ST.	LETHBRIDGE	AB	T1J 4M1
5837	CARLTON CARDS	7039 COTE ST. LUC RD.	TORONTO	ON	M5B 2H1
5840	CARTES CARLTON	50 ST CHARLES BLVD LOCAL 5	COTE SAINT-LUC	QC	H4V 1J2
5841	CARTES CARLTON	5401 GALERIES BLVD.	BEACONSFIELD	QC	H9W 2X3
5848	CARTES CARLTON	7077 NEWMAN BLVD UNIT 15	QUEBEC CITY	QC	G2K 1N4
5853	CARTES CARLTON	1401 BOUL TALBOT	LASALLE	QC	H8N 1X1
5855	CARTES CARLTON	1381 REGENT STREET	CHICOUTIMI	QC	G7H 5N6
5863	CARLTON CARDS	P O BOX #321	FREDERICTON	NB	E3C 1A2
5865	CARLTON CARDS	477 PAUL STREET	CAMPBELLTON	NB	E3N 3G7
5868	CARLTON CARDS	430 TOPSAIL RD	MONCTON	NB	E1C 4X5
5871	CARLTON CARDS	120 COLUMBUS DRIVE	ST. JOHNS	NL	A1E 4N1
5872	CARLTON CARDS	69 MANITOBA DRIVE SUITE #109	CARBONEAR	NL	A0A 1T0
5873	CARLTON CARD SHOP	QUEEN & MAIN STREET	CLARENVILLE	NL	A5A 1K3
5874	CARLTON CARDS	19 CROMER AVE	STEPHENVILLE	NL	A2N 3A7
5875	CARLTON CARDS	44 MAPLE VALLEY ROAD	GRAND FALLS	NL	A2A 2K5
5878	CARLTON CARDS	9226 HWY 93 UNIT #18	CORNER BROOK	NL	A2H 6L8
5880	CARLTON CARDS	645 LANSLOWNE ST. W.	MIDLAND	ON	L4R 4K4
5882	CARLTON CARDS	RR 4 BOX 11, 1029 BRODIE DRIVE	PETERBOROUGH	ON	K9J 7Y5
5883	CARLTON CARDS	85 ELLESMERE RD.	ORILLIA	ON	L3V 6H4
5884	CARLTON CARDS	47 PAINT STREET UNIT 16	SCARBOROUGH PORT	ON	M1R 4B8
5885	CARLTON CARDS	9256 COMMERCIAL ST	HAWKESBURY	NS	B9A 3J9
5886	CARLTON CARDS		NEW MINAS	NS	B4N 4A9

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5887	CARLTON CARDS	800 GRAND LAKE RD.	SYDNEY	NS	B1P 6S9
5891	CARLTON CARD SHOP	116 KING STREET	NORTH SYDNEY	NS	B2A 3R7
5892	CARLTON CARDS	689 WESTVILLE ROAD	NEW GLASGOW	NS	B2H 2J6
5893	CARLTON CARDS	421 LA HAVE STREET	BRIDGEWATER	NS	B4V 3A2
5894	CARLTON CARDS	7555 MONTROSE RD.	NIAGARA FALLS	ON	L2H 2E9

**Schedule 5**  
**Papyrus Products**

- 1) The Group 1, Group 2 and Group 3 products (each as listed below) to the extent existing in inventory of a Licensee or its Affiliates as of the date of this Agreement.
- 2) The Group 2 products (listed below) to the extent any such product (a) does not incorporate a photo, (b) is not supplied under the Supply Agreement and (c) is not otherwise available for purchase from AG or any of its Affiliates.
- 3) The Group 3 products (listed below) to the extent being sold as of the date of this Agreement, solely in the form so sold, excluding any of such products that incorporate a photo.

**Group 1**

Birthday candles;  
stationery;  
gift wrap;  
tissue paper; and  
notecards.

**Group 2**

Picture frames;  
greeting cards;  
boxes of paper or cardboard;  
paper;  
fabric and textile gift bags;  
pen & pencil sets;  
journals; and  
invitations (whether or not custom printed).

**Group 3**

Ornaments;  
collectibles;  
bookmarks;  
trinket boxes;  
letter openers;  
compacts;  
keychains;  
desk accessories;  
plush;  
flower stems;  
wedding and baby gift accessories;  
photo albums;  
guest books;  
journals;  
calendars; and

ribbons by the yard.



## Schedule 6

**PRODUCT LICENSE TERMS AND CONDITIONS****SECTION A. QUALITY CONTROLS AND APPROVAL PROCEDURES FOR PAPYRUS PRODUCTS AND ADVERTISING MATERIALS.****A(1) Warranty of Quality; Employment Practices.**

(a) **Warranty of Quality.** Each Licensee acknowledges that if the Papyrus Products manufactured and sold by it hereunder are of inferior quality in design, material or workmanship as Licensor determines in its sole discretion, Licensor's reputation and the substantial goodwill associated with the Property would be impaired. Accordingly, each Licensee warrants that the Papyrus Products will be of very good quality in design, material, and workmanship and suitable for their intended purpose and that satisfies consumer expectations; that no injurious, deleterious, or toxic substances will be used in or on the Papyrus Products; that the Papyrus Products will not cause harm when used as instructed and with ordinary care for their intended purpose; that the Papyrus Products will be of a standard suited to exploitation to the best advantage and to the protection and enhancement of the Property and the goodwill pertaining thereto, and that the Papyrus Products will be manufactured, tested, sold, and distributed in strict compliance with all applicable laws, regulations, and industry guidelines, including Local Manufacturing Laws and Standards. "**Local Manufacturing Laws and Standards**" means those local laws, regulations, and standards applicable to sourcing and/or manufacturing in any country or territory where the Licensee may employ or contract a third party manufacturer, and include, but are not limited to, laws concerning import, export, certificate licenses, quota allocations, country of origin, safety, employment standards, and wages and benefits, sold, and distributed in strict compliance with all applicable laws, regulations, and industry guidelines.

(b) **Employment Practices.** Each Licensee warrants that neither the Licensee nor any manufacturer used by the Licensee: (i) shall use in connection with the manufacture, distribution, and sale of the Papyrus Products labor provided by persons younger than the age for completing compulsory education in the jurisdiction where the relevant activity occurs; (ii) shall use in connection with the manufacture, distribution, and sale of the Papyrus Products any children younger than 15 years of age; (iii) shall employ any persons whose labor is provided involuntarily (such as prison laborers); (iv) shall use corporal punishment or other forms of mental or physical coercion in disciplining its employees; (v) shall discriminate in hiring and employment practices on grounds of race, religion, national origin, political affiliation, sexual orientation, or gender; (vi) shall fail to comply with local labor laws and regulations, including, but not limited to, laws and regulations designed to provide employees with a safe and healthy workplace and wage and hour laws and regulations (including those setting minimum wages, maximum overtime, and maximum daily hours that may be worked).

**A(2) Approval Procedures for Papyrus Products and Advertising Materials; Approval Standards; Time for Approval by Licensor.**

(a) **General.** Each Licensee shall comply with all commercially reasonable procedures which Licensor may from time to time adopt regarding its approval of Papyrus Products and advertising materials which the Licensee proposes to manufacture, sell, or use under this Agreement. These approval procedures shall be implemented using prescribed forms to be supplied to the Licensee by Licensor, and shall incorporate the basic approval requirements and steps outlined in the following sections. The Licensee agrees to retain all materials relating to approvals in its files while this Agreement remains in effect and for one year thereafter and to be responsible for all shipping costs in connection with this Section A(2).

(b) **Approval of Papyrus Products.** With respect to each different Papyrus Product which the Licensee proposes to manufacture and sell under this Agreement (whether including the PAPYRUS word mark or not), the Licensee shall submit to Licensor for its review and approval the following materials in the order stated:

a generic sample of the type of Papyrus Product in question (that is, a sample of the kind of merchandise article to which the Licensee proposes to add one or more of the Papyrus Marks in producing the Papyrus Product, showing the general quality standard which will be met by the Papyrus Product), including any mechanical, video, and/or sound elements.

Each Licensee shall comply with the foregoing approval step for each Papyrus Product, obtaining Licensor's written approval, unless by prior written notice from Licensor it is exempted from any such step with respect to a specific Papyrus Product. If the Licensee submits to Licensor for approval under this Section A(2)(b) an item which is not contained in the definition of "Papyrus Products" set forth in this Agreement, and Licensor inadvertently approves such item, such approval shall not be deemed to add such item to said definition; in any such circumstance, the Licensee shall, upon receipt of written notice from Licensor, immediately and permanently cease manufacturing the item in question, and also cease selling and advertising such item if requested by Licensor because Licensor has determined in its reasonable discretion there is a substantial risk of infringing third party intellectual property rights.

(c) **Approval of Advertising Material.** With respect to each different item of advertising material which the Licensee (or any party acting on its behalf) proposes to produce and use under this Agreement, the Licensee shall submit to Licensor for its review and approval the following materials:

proposed written copy for the item of advertising material, with attached rough art showing how the Papyrus Marks will be used in connection with the copy and, where appropriate, a description of all mechanical, video, and/or sound elements, including storyboards;

Each Licensee shall comply with the foregoing approval step for each item of advertising material, obtaining Licensor's written approval, unless by prior written notice from Licensor it is exempted from any such step with respect to a specific item of advertising material.

(d) **Approval Standards.** Licensor shall have the right to disapprove any materials submitted to it under Sections A(2)(b) or A(2)(c) if it determines, in the exercise of its good faith judgment, that the materials in question would impair the value and goodwill associated with the Papyrus Marks or Licensor's licensing program, by reason of (i) their failure to satisfy the general quality standards set forth in Section A(1)(a); (ii) their use of artwork, designs, or concepts which fail to depict accurately events or themes portrayed; (iii) their use of materials which are unethical, immoral, or offensive to good taste or would otherwise cause harm to image or reputation; (iv) their failure to carry proper copyright or trademark notices; or (v) any other reasonable cause. Licensor reserves the right to revoke approval of any Papyrus Product that was approved previously; however, Licensor agrees that it will not do so unless Licensor reasonably concludes in its sole discretion that such Papyrus Product no longer reflects the taste, style, or quality associated with the Papyrus Marks.

(e) **Time for Approval by Licensor.** Licensor agrees to use reasonable efforts to notify the submitting Licensee in writing of its approval or disapproval of any materials submitted to it under Sections A(2)(b) and A(2)(c) within 20 business days after its receipt of such materials, and agrees, in the case of its disapproval, to notify the Licensee in writing of its reasons for disapproval. In the event of a dispute between Licensor and Licensee regarding any Papyrus Product, Licensor will have final control and approval with respect to the design, material, workmanship, materials sourcing, product safety, and other similar matters. Licensee shall not show, distribute, or sell any Papyrus Product that has not been approved in advance by

Licensor or that is, at any time, disapproved by Licensor in accordance with the terms of this Agreement.

(f) **Requests for Approval by Licensor.** All requests for approval shall be written, accompanied by representative materials and addressed as follows:

American Greetings Corporation  
One American Road  
Cleveland, Ohio 44144  
Attn: [ ]  
email: [ ]

with a copy to (without enclosure):

American Greetings Corporation  
One American Road  
Cleveland, Ohio 44144  
Attn: Chief Intellectual Property Counsel  
Email: patty.motta@amgreetings.com

A(3) **Maintenance of Quality of Papyrus Products; Inspection of Production Facilities; Agency Inquiry or Recall.** Each Licensee agrees to maintain the quality of each Papyrus Product manufactured under this Agreement up to the specifications, quality, and finish of the production sample of such Papyrus Product approved by Licensor under Section A(2)(b), and agrees not to change the Papyrus Product in any material respect without first submitting to Licensor samples showing such proposed changes and obtaining Licensor's written approval of such samples. From time to time after it has commenced manufacturing the Papyrus Products, the Licensee, upon request, shall furnish free of charge to Licensor a reasonable number of random production samples of any Papyrus Product specified by Licensor. Each Licensee shall also furnish to Licensor upon request the addresses of the production facilities used by the Licensee for manufacturing the Papyrus Products, and shall make arrangements for Licensor or its representatives to inspect such production facilities during reasonable business hours.

A(4) **Agency Inquiry or Recall.** If a Licensee is contacted by any governmental body or agency including but not limited to the United States Food and Drug Administration, Federal Trade Commission, Consumer Product Safety Commission, Federal Communications Commission, U.S. Environmental Protection Agency (or any state equivalent), U.S. Department of Justice, any state weights and measures division, or any state attorney general's office or has knowledge that is the subject of any consumer advocacy group report, study, or news announcement concerning any issue or allegation of product non-compliance, product safety, product quality, false, deceptive, or unfair trade or advertising practices or any alleged failure to comply with any governmental regulations, laws, or orders, then the Licensee shall so notify Licensor within two (2) business days of such contact (report, study, or news announcement as the case may be). If the Licensee is ordered to withdraw, discontinue, remove or recall any Papyrus Products from the market by a government or governmental agency, regulatory body, court or the like, and the Licensee does not promptly remove such Papyrus Products from retail distribution or otherwise promptly cure the situation within ten (10) days, then, in such case and at Licensor's option, Licensor may terminate the Agreement, effective immediately upon written notice to the Licensee. Further, in such case, Licensor shall also have the option to physically remove any withdrawn, discontinued, or recalled Papyrus Products from retail distribution, at Licensee's sole cost and expense, including internal costs.

A(5) **[Intentionally Omitted]**

A(6) **Provisions on Web Sales and Web Advertising.** Each Licensee shall have the right to market the Papyrus Products using the Internet domain names authorized pursuant to Section 2.01(a)(iii) (each, a "Licensee Site"), subject to the following conditions and limitations:

(i) The Licensee Site shall offer a full range of retail services for Papyrus Products offered on the Licensee Site, including, but not limited to, automated order taking, credit card verification, and customer service.

(ii) Each Licensee shall be entitled to promote the presence of the Papyrus Products on the Licensee Site via print, on-line, and other types of advertising materials; provided, however, that the use of the Papyrus Marks in such advertising materials promoting the presence of the Papyrus Products on the Licensee Site shall be limited to depictions of the Papyrus Products themselves; and provided further, that such advertising materials shall not be expressly targeted at potential customers outside the Territory.

(iii) Licensee shall not place on the page or pages of the Licensee Site on which the Papyrus Products are offered any advertising for the goods or services of any third party.

(iv) The Licensee Site shall not contain images or content that are unethical, immoral, offensive to good taste, or would otherwise cause harm to image or reputation.

Nothing in this Agreement shall be deemed to authorize a Licensee to authorize any third party on-line distribution of the Papyrus Products.

A(7) **Establishment of Policies and Procedures.** Each Licensee shall, at its sole expense, establish policies and procedures reasonably calculated to insure that the Papyrus Products are produced in accordance with all of the provisions of this Section A.

**SECTION B. RESTRICTIONS ON SALE OF PAPYRUS PRODUCTS.** The Papyrus Products shall be sold to the public only in the manner in which merchandise articles of the same general description are customarily merchandised to the public. Neither Licensee shall sell Papyrus Products to wholesalers or distributors.

**SECTION C. STATEMENTS. [Intentionally Omitted]**

**SECTION D. BOOKS OF ACCOUNT AND OTHER RECORDS; AUDITS.** While this Agreement remains in effect and for three years thereafter, each Licensee shall keep full and accurate books of account and copies of all documents, including all documents related to approval of the Papyrus Products or advertising materials and other material relating to this Agreement at the Licensee's principal office. Licensor, by its duly authorized agents and representatives, shall have the right on reasonable prior notice to audit such books, documents, and other material, shall have access thereto during ordinary business hours, and shall be at liberty to make copies of such books, documents, and other material. At Licensor's request, the Licensee shall provide an authorized employee to assist in the examination of the Licensee's records.

**SECTION E. PRODUCT LIABILITY INSURANCE.** Each Licensee agrees to obtain and maintain during the period of this Agreement, and for three years following the expiration or termination of this Agreement, at its own expense, product liability insurance providing protection (at a minimum, in the amount of U.S.\$3,000,000 per occurrence/U.S.\$5,000,000 annual aggregate) applicable to any claims, liabilities, damages, costs, or expenses arising out of any defects or alleged defects in the Papyrus Products. Such insurance shall include coverage of Licensor, its directors, officers, agents, employees,

assignees, and successors. Within 30 days after execution of this Agreement by Licensor, the Licensee shall cause the insurance company issuing such policy to issue a certificate to Licensor, to the attention of Licensor's Assistant General Counsel, Intellectual Property, confirming that such policy has been issued and is in full force and effect and provides coverage of Licensor, as required by this Section E, and also confirming that before any cancellation, modification, or reduction in coverage of such policy, the insurance company shall give Licensor 30 days prior written notice of such proposed cancellation, modification, or reduction.



**AMENDMENT NO. 1  
TO THE AMENDED AND RESTATED TRADEMARK LICENSE AGREEMENT**

THIS AMENDMENT NO. 1 TO THE AMENDED AND RESTATED TRADEMARK LICENSE AGREEMENT (this "*Amendment*") is entered into as of this \_\_\_\_ day of April, 2018, by and among Papyrus Recycled Greetings, Inc., an Illinois corporation ("*PRG*"), PRGCO, LLC, an Ohio limited liability company ("*PRGCO*"), American Greetings Corporation, an Ohio corporation ("*AG*"), AGC LLC, an Ohio limited liability company ("*AGC*"), Carlton Cards Retail, Inc., a Connecticut corporation ("*CCRI*"), and Schurman Fine Papers, a California corporation ("*Schurman US*"), and SFP Canada, Ltd. an entity organized under the laws of Canada, ("*Schurman Canada*"). This Amendment amends in certain respects that certain Amended and Restated Trademark License Agreement effective as of April 17, 2009 (the "*Agreement*"). All capitalized terms not otherwise amended or defined herein shall have the meanings ascribed to them in the Agreement. Each of PRG, PRGCO, AG, AGC, CCRI, and Schurman US and Schurman Canada may be referred to hereinafter individually as a "*party*" and together with the undersigned as the "*parties*". Each of Schurman US and Schurman Canada may be referred to hereinafter individually as a "*Licensee*" or together as the "*Licensees*".

**RECITALS**

WHEREAS, the parties desire to add PRG and PRGCO as additional parties to the Agreement, effective as of March 28, 2011;

WHEREAS, PRGCO is the beneficial and title owner of the Papyrus Marks, and has since at least as early as March 28, 2011, been the entity controlling the nature and quality of the Licensed Use of the Papyrus Marks on the terms and conditions of the Agreement;

WHEREAS, the parties wish to memorialize and acknowledge that all goodwill generated by use of the Papyrus Mark by the Licensees shall at all times be deemed to have accrued to PRGCO.

WHEREAS, the parties also desire to amend and extend the Initial Term of the Agreement, as set forth below.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree to amend the Agreement as follows:

1. Effective as of March 28, 2011, the definition of "*Licensor*" shall be replaced and amended to read:

"*Licensor*" shall mean PRG, PRGCO, AG, AGC or CCRI, the owner of the subject AGC Marks or Papyrus Marks being licensed, as applicable.

2. Effective as of March 28, 2011, all references to AGC in the Agreement related to the grant of license for or use of the Papyrus Marks, including without limitation, termination, reservation of rights, ownership, protection of marks, notice, application or registration, quality control, maintenance, modification, markings, or representations and warranties of AGC, shall be deemed to be PRGCO.
3. Effective March 28, 2011, the Licensees acknowledge that:
  - (a) as among the parties, all rights in the Papyrus Marks belong to PRGCO;
  - (b) the Licensees shall not acquire or claim any title to any of the Papyrus Marks by virtue of the rights granted to it by the Agreement or through its use of the Papyrus Marks either before or after the date of this Amendment;
  - (c) the Licensees shall not at any time do or omit to do anything which is reasonably likely to prejudice PRGCO's rights in the Papyrus Marks;
  - (d) all goodwill generated by use of the Papyrus Marks by the Licensees shall at all times be deemed to have accrued to PRGCO; and
  - (e) any rights accrued to the Licensees through use of the Papyrus Marks, including but not limited to any mixed brand rights shall be deemed to have accrued to PRGCO.
4. Term. The parties mutually agree to extend the Initial Term of the Agreement until May 31, 2020 (the "**Initial Term**").
5. The Recitals set forth above are hereby incorporated into the terms of this Amendment.
6. This Amendment and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Amendment, this Amendment shall control. Except as amended by this Amendment, the terms of the Agreement, including the respective rights and obligations of the parties shall remain in full force and effect.
7. This Amendment may be executed in two or more counterparts (and by facsimile signature or by scanned documents via e-mail transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

***[The remainder of this page has been intentionally left blank. Signature page follows.]***



IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above. The signatures below indicate the parties' acceptance of the terms and conditions herein described.

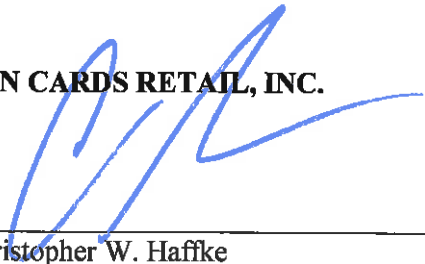
**AMERICAN GREETINGS CORPORATION**

By:   
Name: Gregory M. Steinberg  
Title: SVP and Chief Financial Officer

**AGC LLC**

By:   
Name: Christopher W. Haffke  
Title: Secretary

**CARLTON CARDS RETAIL, INC.**

By:   
Name: Christopher W. Haffke  
Title: Secretary

**SCHURMAN FINE PAPERS**

By: \_\_\_\_\_  
Name:  
Title:

**SFP CANADA, LTD.**

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF, the parties have executed this Amendment as of the day and year first written above. The signatures below indicate the parties' acceptance of the terms and conditions herein described.

**AMERICAN GREETINGS CORPORATION**

By: \_\_\_\_\_  
Name: Gregory M. Steinberg  
Title: SVP and Chief Financial Officer

**AGC LLC**

By: \_\_\_\_\_  
Name: Christopher W. Haffke  
Title: Secretary

**CARLTON CARDS RETAIL, INC.**

By: \_\_\_\_\_  
Name: Christopher W. Haffke  
Title: Secretary

**SCHURMAN FINE PAPERS**

By: \_\_\_\_\_  
Name: Roxanne M. Haffke  
Title: CFO

**SFP CANADA, LTD.**

By: \_\_\_\_\_  
Name: Roxanne M. Haffke  
Title: CFO

**PAPYRUS-RECYCLED GREETINGS, INC.**

By: 

Name: Christopher W. Haffke

Title: Secretary

**PRGCO, LLC**

By: 

Name: Christopher W. Haffke

Title: Secretary



**AMENDMENT NO. 2  
TO THE AMENDED AND RESTATED TRADEMARK LICENSE AGREEMENT**

THIS AMENDMENT NO. 2 TO THE AMENDED AND RESTATED TRADEMARK LICENSE AGREEMENT (this “*Amendment No. 2*”) is entered into as of this 26th day of April, 2019, by and among Papyrus Recycled Greetings, Inc., an Illinois corporation (“*PRG*”), PRGCO, LLC, an Ohio limited liability company (“*PRGCO*”), American Greetings Corporation, an Ohio corporation (“*AG*”), AGC LLC, an Ohio limited liability company (“*AGC*”), Carlton Cards Retail, Inc., a Connecticut corporation (“*CCRI*”), and Schurman Fine Papers, a California corporation (“*Schurman US*”), and SFP Canada, Ltd. an entity organized under the laws of Canada, (“*Schurman Canada*”). Each of PRG, PRGCO, AG, AGC, CCRI, and Schurman US and Schurman Canada may be referred to hereinafter individually as a “*party*” and together with the undersigned as the “*parties*”. Each of Schurman US and Schurman Canada may be referred to hereinafter individually as a “*Licensee*” or together as the “*Licensees*”.

**RECITALS**

WHEREAS, the parties entered into a Trade Mark License Agreement, date April 17, 2009, as amended and restated in the Amended and Restated Trademark License Agreement, effective as of April 17, 2009, and as further amended in Amendment No 1 to the Amended and Restated Trademark License Agreement, dated April 2018 (collectively, the “*Trademark License Agreement*”); and

WHEREAS, the parties desire to amend the term of the Trademark License Agreement, as set forth below.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereby agree as follows:

1. Effective as of date hereof, Article IV, Section 4.01, entitled “Term and Termination”, is hereby deleted in its entirety and amended and restated to read:

4.01 Term and Termination. This Agreement commences on the date of execution and shall continue in full force and effect until September 30, 2020, unless otherwise terminated by mutual agreement of each party or pursuant to Section 4.02 or extended by mutual agreement (the “*Term*”).

2. Except as amended by this Amendment No. 2, the terms of the Trademark License Agreement, including the respective rights and obligations of the parties shall remain in full force and effect.

3. All capitalized terms used and not defined or amended herein shall have the meaning ascribed to them in the Trademark License Agreement.


4. This Amendment No. 2 may be executed in two or more counterparts (and by facsimile signature or by scanned documents via e-mail transmission), each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

5. This Amendment No 2 and the Trademark License Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Trademark License Agreement and this Amendment No. 2, this Amendment No. 2 shall control.

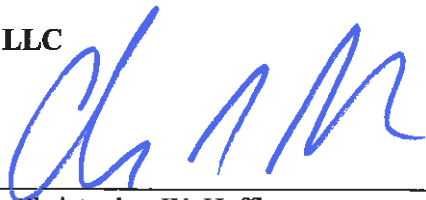
*[The remainder of this page has been intentionally left blank. Signature page follows.]*

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 to the Amended and Restated Trademark License Agreement to be effective as of the first date and year written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment No. 2 on behalf of the applicable party.

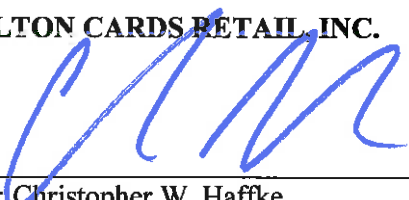
**AMERICAN GREETINGS CORPORATION**

By:   
Name: Gregory M. Steinberg  
Title: Senior Vice President and Chief Financial Officer

**AGC LLC**

By:   
Name: Christopher W. Haffke  
Title: Vice President, General Counsel & Secretary

**CARLTON CARDS RETAIL, INC.**

By:   
Name: Christopher W. Haffke  
Title: Vice President, General Counsel & Secretary

**SCHURMAN FINE PAPERS**

By: \_\_\_\_\_  
Name:  
Title:

**SFP CANADA, LTD.**

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF, the parties have executed this Amendment No. 2 to the Amended and Restated Trademark License Agreement to be effective as of the first date and year written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment No. 2 on behalf of the applicable party.

**AMERICAN GREETINGS CORPORATION**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**AGC LLC**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**CARLTON CARDS RETAIL, INC.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SCHURMAN FINE PAPERS**

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

**SFP CANADA, LTD.**

By: \_\_\_\_\_  
Name: \_\_\_\_\_



**PAPYRUS-RECYCLED GREETINGS, INC.**

By: 

Name: Christopher W. Haffke

Title: Vice President, General Counsel & Secretary

**PRGCO, LLC**

By: 

Name: Christopher W. Haffke

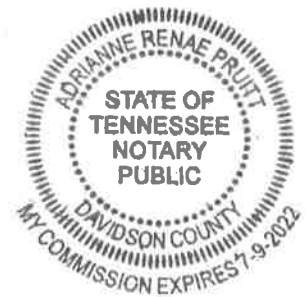
Title: Vice President, General Counsel & Secretary

TAB B

THIS IS EXHIBIT "B" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020



Notary Public in and for the State of Tennessee



## MARKETING SERVICES AGREEMENT

This MARKETING SERVICES AGREEMENT (this "*Agreement*"), is made and entered into as of this 17th day of April, 2009, by and between American Greetings Corporation, an Ohio corporation ("*AG*"), and Schurman Fine Papers, a California corporation (the "*Company*").

### WITNESSETH:

WHEREAS, the Company and AG entered into that certain Purchase and Sale Agreement, dated April 17, 2009 (the "*Purchase Agreement*");

WHEREAS, pursuant to the Purchase Agreement, AG and its Affiliates are acquiring from the Company and its Affiliates the Wholesale Purchased Assets (as defined therein), and AG and its Affiliates are assuming from the Company and its Affiliates the Wholesale Assumed Liabilities (as defined therein), which assets and liabilities constitute substantially all of the Wholesale Business (as defined therein);

WHEREAS, pursuant to the Purchase Agreement, the Company and its Affiliates are acquiring from AG and its Affiliates the Retail Purchased Assets (as defined therein), and the Company and its Affiliates are assuming from AG and its Affiliates the Retail Assumed Liabilities (as defined therein), which assets and liabilities constitute substantially all of the Retail Business (as defined therein);

WHEREAS, the Company and its Affiliates, as the acquirors of the Retail Purchased Assets, intend to own, operate and control such assets and the business related thereto in a manner that the Company and its Affiliates deem appropriate and in the best interests of the Company;

WHEREAS, in connection with the ownership, operation and control of the Retail Purchased Assets, the Company and its Affiliates intend to utilize their substantial experience and expertise in the retail industry, including, without limitation, their own business plans, operating manuals, accounting practices and systems, personnel policies, sales training programs and promotional campaigns with respect to operational, marketing and advertising matters; and

WHEREAS, pursuant to the Purchase Agreement, the parties wish to enter into an agreement setting forth the terms pursuant to which the Company will render, or cause its Affiliates to render, certain services to AG after the Closing.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, the parties agree as follows:

### ARTICLE I

#### DEFINITIONS

1.01. Definitions. Unless otherwise defined herein, the following terms used herein shall have the following meanings:

***"AG Bridge Guaranty"*** shall mean the guarantee of up to Twelve Million and 00/100 Dollars (\$12,000,000.00) by AG of the obligations owed by the members of the Bear Group under the Credit Facility, together with the related letter of credit in the amount of Twelve Million and 00/100 Dollars (\$12,000,000.00).

***"AG Revolving Facility"*** shall mean the loan agreement by and between the Company and AG, dated April 17, 2009, as amended from time to time.

***"AG Liquidity Guaranty"*** shall mean the guarantee of up to Twelve Million and 00/100 Dollars (\$12,000,000.00) by AG of the obligations owed by the members of the Bear Group under the Credit Facility, together with the related letter of credit in the amount of Twelve Million and 00/100 Dollars (\$12,000,000.00).

***"Affiliate"*** of a Person, shall mean any Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the 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, by contract or otherwise

***"Ancillary Agreement Default"*** shall mean a material default or material breach of any of the Transition Services Agreement, POS Data Services Agreement or Supply Agreement, which default or breach remains uncured or is not curable within sixty (60) days after notice of such default or breach.

***"Change in Control"*** shall mean: (i) an event or series of related events (whether by merger, stock sale, recapitalization or otherwise) whereby the Company or its shareholders effect a transaction or series of transactions in which more than 50% of the voting power of the Company is acquired by another Person (or their Affiliates) or group of Persons (or their Affiliates) acting in concert; or (ii) a sale of all or substantially all of the Company's assets in a transaction or series of related transactions.

***"Competitor"*** shall mean shall mean Hallmark Cards, Incorporated, Target Corporation, Wal-Mart Stores, Inc., any affiliates, successors or assigns of the foregoing as well as any Person whose primary source of revenue is derived from and at least 50% of its total revenue is derived from the manufacture, sale and/or distribution of any combination of greeting cards (including electronic or on-line greeting card), stationery, party goods, gift wrap and bags, scrap books, ornaments, photo sharing products, or personal publishing products.

***"Credit Facility"*** shall mean the First Amended and Restated Loan and Security Agreement by and among the Company, each of its Subsidiaries party thereto, Wells Fargo Retail Finance, LLC, and each other revolving credit lender party thereto, dated April 17, 2009, as amended from time to time.

***"Insolvency Event"*** shall mean, with respect to any Person, (i) the commencement of a voluntary case by such Person under the Bankruptcy Code or the seeking of relief by such Person under any bankruptcy or insolvency or analogous law in any jurisdiction outside of the United States; (ii) the commencement of an involuntary case against such Person under the Bankruptcy Code and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of such Person; (iv) such Person

commences (including by way of applying for or consenting to the appointment of, or the taking of possession by, a rehabilitator, receiver, custodian, trustee, conservator or liquidator (collectively, a "**conservator**") of such Person or all or any substantial portion of its property) any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, liquidation, rehabilitation, conservatorship or similar law of any jurisdiction whether now or hereafter in effect relating to such Person; (v) any such proceeding of the type set forth in clause (iv) above is commenced against such Person to the extent such proceeding is consented to by such Person or remains undismissed for a period of 60 days; (vi) such Person is adjudicated insolvent or bankrupt; (vii) any order of relief or other order approving any such case or proceeding is entered; (viii) such Person suffers any appointment of any conservator or the like for it or any substantial part of its property that continues undischarged or unstayed for a period of 60 days; or (ix) such Person makes a general assignment for the benefit of creditors or generally does not pay its debts as such debts become due.

**"Other Agreement"** shall mean the AG Revolving Facility, the Credit Facility, the Supply Agreement, the Trademark License Agreement or any Sublease Agreement.

**"Purchase Agreement Default"** shall mean a breach of Section 8.2 of the Purchase Agreement.

**"Release Date"** shall mean the latest of the date on which: (i) all letters of credit, guarantees and other similar forms of credit support, including the AG Bridge Guarantee and the AG Liquidity Guarantee, entered into or provided by AG or any of its Affiliates in connection with the Credit Facility are released in full or are otherwise terminated or expire, in each case, with no further liability to AG or its Affiliates; (ii) AG and its Affiliates are no longer guarantors, landlords or sublandlords of, or otherwise financially responsible, in whole or in part, for, any real property leased by the Company or any of its Subsidiaries, including pursuant to any Sublease Agreement; and (iii) the AG Revolving Facility has terminated or expired and all Obligations (as defined therein) have been satisfied in full.

**"Service Fees"** shall mean the fees set forth on Exhibit A hereto, as may be amended from time to time.

**"Sublease Default"** shall mean (a) a default by the Company of its payment obligations under any Sublease Agreement which has not been cured within 90 days of written notice of such default and together with all other payment defaults under all other Sublease Agreements is in an amount in excess of \$250,000 or (b) a default by the Company under any Sublease Agreement (other than a payment default) that causes a claim, or AG reasonably believes would form the basis of a claim, against AG or its Affiliates as landlord that, together with all other such claims that have not been resolved, exceeds \$250,000.

**"Services"** shall mean those services set forth on Exhibit A hereto, as may be amended from time to time.

**"Termination Event"** shall mean any of the following: (i) any action or actions that, individually or in the aggregate, constitute a Change in Control; (ii) an Insolvency Event of the Company or any of its Subsidiaries or (iii) the occurrence of a Key Date (as defined in the AG Bridge Guaranty and AG Liquidity Guaranty), provided, however, that a Change in Control that occurs after the Release Date is not

a Termination Event if the Change in Control does not result in the Company being controlled, directly or indirectly, by a Competitor.

*"Territory"* shall mean the United States and Canada.

## ARTICLE II

### DESCRIPTION OF SERVICES

2.01. Appointment. AG hereby appoints the Company, and the Company hereby accepts appointment, as a non-exclusive marketing services provider to provide, or cause its Affiliates to provide, the Services to AG and its Affiliates throughout the Territory in accordance with the terms and conditions of this Agreement.

2.02. Obligations of the Company.

(i) The Company shall use commercially reasonable efforts to provide, or cause its Affiliates to provide, the Services to AG and its Affiliates throughout the Territory in accordance with the terms of this Agreement.

(ii) The Company shall, and shall cause its Affiliates to, perform the Services with the degree of care, skill, diligence and compliance with applicable Law and in substantially the same manner as is customary for similar arrangements in the retail sector.

(iii) The Company shall be responsible for the prompt return to AG, upon AG's request or termination of this Agreement, of any and all AG Materials.

2.03. Obligations of AG.

(i) AG shall pay the Company the Service Fees as compensation for the Company providing, or causing its Affiliates to provide, the Services to AG and its Affiliates.

(ii) To assist the Company in performing its obligations hereunder, AG, at its cost, will provide the Company and its Affiliates with sufficient supplies of marketing, advertising and promotional materials, and other sales materials (the "**AG Materials**"). Unless otherwise approved by AG in writing, in providing the Services, the Company will only use those materials provided by AG. Any materials provided hereunder shall not be altered by the Company or its representatives without the prior written consent of AG.

2.04. Independent Contractor. AG shall not have the power or authority to direct or control the Company in the means, methods or manner of performance of the Services. The Company is acting independently and as an independent contractor with the full power and authority and responsibility to select the means, methods and manner of performing the Services. AG and the Company each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationship of AG to the Company and of the Company to AG hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, franchise, partnership or other

relationship. Notwithstanding the foregoing, the Company and AG may develop and agree upon general instructions to facilitate coordination of the performance of the Services.

2.05. Set-off Rights. AG may, at its option, deduct or offset any amounts due and owed by the Company or any of its Affiliates (collectively, "***Company Entities***") to AG or any of its Affiliates (collectively, "***AG Entities***") under this Agreement, the Transition Services Agreement or the POS Data Services Agreement from any refunds, allowances, discounts, advances or any other sums payable or creditable by any AG Entities to any Company Entities.

### ARTICLE III

#### LICENSE

3.01. Compliance with Trademark License Agreement.

(i) The Company shall, and shall cause its Affiliates to, supply or otherwise provide the Services to AG and its Affiliates in accordance with the applicable terms and conditions of the Trademark License Agreement.

(ii) AG's trade names, service marks, trademarks, trade dress, patents, inventions, copyrights, designs, logos, and other intellectual property rights (collectively, the "***Rights***") are, and shall at all times remain, the sole property of AG or its licensor. The Company shall not in any respect or for any purpose use said Rights except in connection with the provision of the Services in accordance with this Agreement or as may otherwise be permitted under the Trademark License Agreement. AG's Rights may not be used on letterhead, business cards and similar documents or advertising, marketing, selling or other distribution materials of the Company, except in accordance with the terms of the Trademark License Agreement. Except as permitted hereby or as otherwise authorized under the Trademark License Agreement, none of the Rights, nor any coined words or combination of words including said Rights or any substantial part of the same, shall be used in the corporate, business, or trade name of the Company. Except as permitted hereby or as otherwise authorized under the Trademark License Agreement, the Company shall not permit or authorize use of the Rights in such a way so as to give the impression that the Rights, or any modifications thereof, are the property of the Company.

3.02. Right to Use AG's Rights. AG hereby grants the Company a limited, non-transferable (except as otherwise permitted in the Trademark License Agreement), royalty free right to use AG's Rights provided hereunder in the Territory for the sole and limited purpose of exercising its rights and performing its obligations under this Agreement and unless authorized in advance by AG in writing, or except as otherwise permitted under the Trademark License Agreement, shall not authorize any other individual or entity to use such Rights.

3.03. Covenants. The Company shall not:

(i) Make any modifications to the AG Materials;



(ii) Alter, remove or tamper with any Rights of AG (including but not limited to Rights constituting trademarks) or alter, remove or tamper with any numbers, or other means of identification used on or in relation to the AG Materials; and

(iii) Use any of the Rights in any way, which might prejudice their distinctiveness or validity or the goodwill of the Company therein.

3.04. No Other Rights. Except as provided herein or in the Trademark License Agreement, the Company shall have no rights in respect of any trade names used by AG or other Rights of AG.

## ARTICLE IV

### TERM; TERMINATION

4.01. Term. Subject to Section 4.02 hereof, the term of this Agreement shall commence on the date hereof and shall end on the earlier of (i) the seven (7) year anniversary of the date hereof and (ii) the termination of the Supply Agreements (the "**Term**").

4.02. Earlier Termination. (a) The obligation of the Company and its Affiliates to supply or otherwise provide to AG and its Affiliates any Service hereunder may terminate before the end of the Term: (i) by mutual agreement of the Company and AG or (ii) in the event that either party materially or repeatedly fails to perform any of its material duties or material obligations pursuant to this Agreement and such failure is not cured within fifteen (15) calendar days after notice to such party specifying the nature of such material or repeated failure, the other party may terminate this Agreement upon further notice to the defaulting party.

(b) AG may terminate this Agreement, at AG's election, upon the occurrence of any Termination Event.

(c) AG may terminate this Agreement upon notice if the Company or one of its Affiliates is in a Purchase Agreement Default, a Sublease Default or an Ancillary Agreement Default and at the time of the termination continues to be in such default and AG or any Affiliate of AG are not in material default or material breach of a material term of the respective Sublease Agreements, the Transition Services Agreement or the POS Data Services Agreement.

4.03. Effect of Termination. Expiration or termination of this Agreement or any Service hereunder, for any reason, will not release either party from any liability which at the time it has already incurred to the other party, nor affect in any way the survival of any rights, duties or obligations of either party which are expressly stated elsewhere in this Agreement to survive said expiration or prior termination. Nothing in the immediately preceding sentence will affect, be construed or operate as a waiver of the right of the party aggrieved by any breach of this Agreement to be compensated for any injury or damage resulting therefrom which is incurred before or after such expiration or termination.

## ARTICLE V

### REPRESENTATIONS, WARRANTIES AND COVENANTS

5.01. General Warranties and Representations. AG represents and warrants to the Company and the Company represents and warrants to AG as follows:

(i) It has full power and authority to execute and deliver this Agreement and to perform the transactions contemplated hereby;

(ii) The making of this Agreement does not, and during the Term will not, violate or conflict with any agreements, rights or obligations binding on or affecting such party;

(iii) This Agreement has been duly and properly authorized, executed and delivered by such party and constitutes the legal, valid and binding obligation of such party enforceable in accordance with its terms; and

(iv) There is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that purports to draw into question, or is likely to affect, the legality, validity or enforceability of this Agreement or its ability to perform its obligations under this Agreement.

5.02. Representations and Warranties of the Company. The Company represents and warrants to AG as follows: (i) the Company will use its own business plans, operating manuals, accounting practices and systems, personnel policies, sales training programs and promotional campaigns with respect to operational, marketing and advertising matters of the Company's business; (ii) the Company has had, within the seven years before the date hereof, at least 24 months' experience being responsible for the financial and operational aspects of a business offering products or services substantially similar to those supplied by AG to the Company under the Supply Agreement; (iii) the Company is not controlled by AG or any of its Affiliates; and (iv) the Company has knowledge and experience in financial and business matters, either alone or with professional advisers of the Company who are unaffiliated with, and not directly or indirectly compensated by, AG or an Affiliate or selling agent of AG, and is relying on such knowledge and experience to operate its business.

## ARTICLE VI

### DAMAGES

6.01. LIMITATION ON DAMAGES. NEITHER THE COMPANY NOR AG WILL BE RESPONSIBLE TO THE OTHER PARTY, AS THE CASE MAY BE, IN CONNECTION WITH THIS AGREEMENT FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE, OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, LOST REVENUE OR DIMINUTION IN VALUE, HOWEVER ARISING AND REGARDLESS OF WHETHER SUCH PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. IN NO EVENT SHALL A PARTY TO THIS AGREEMENT BE LIABLE TO THE OTHER PARTY FOR ANY DAMAGES IN EXCESS OF THE FEES PAID TO THE COMPANY PURSUANT

TO THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATION SHALL NOT APPLY TO ANY DAMAGES ARISING OUT OF THE GROSS NEGLIGENCE, BAD FAITH OR INTENTIONAL BREACH BY AG OF ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT. This Article VII constitutes the sole and exclusive remedy of AG, on the one hand, and the Company, on the other, for money damages with respect to any matters arising under or with respect to this Agreement. The provisions of this Article VI shall survive the expiration or earlier termination of this Agreement.

## ARTICLE VII

### MISCELLANEOUS

7.01. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but shall not be assignable by either party hereto without the prior written consent of the other party hereto. Notwithstanding the foregoing, in the event of the assignment of this Agreement by the Company as part of a transaction or a series of transactions that constitutes a Change in Control after the Release Date, the prior written consent of AG shall not be required provided that the Change of Control does not result in the Company being controlled, directly or indirectly, by a Competitor.

7.02. Force Majeure. Except for the payment of money, neither party shall be in default hereunder by reason of any failure or delay in the performance of its obligations hereunder where such failure or delay is due to circumstances or causes beyond such party's reasonable control, such as acts of God, labor disputes, strikes, war, threat of war, riot, act of terrorism, intervention by governmental authorities, embargoes, priorities repealed or required by civil authorities, floods, fire, accident, delays in transportation or other occurrences of a similar nature. Any party affected by a "*Force Majeure*" occurrence shall provide written notice thereof to the other and shall indicate the projected length of such Force Majeure occurrence.

7.03. Entire Agreement; Modification. This Agreement, including the Exhibits hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof. No modification of this Agreement shall be of any force and effect unless such modification is in writing and signed by the party to be bound thereby, and no modification shall be effected by acceptance of Services at variance with those set forth herein.

7.04. Cumulative Effect. The rights and obligations of the parties under this Agreement shall be cumulative to and not exclusive of the rights and obligations of the parties contained in the Purchase Agreement.

7.05. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to its rules of choice of laws or conflict of laws requiring the application of the laws of another jurisdiction. Each party irrevocably submits to the jurisdiction of (i) the State Courts located in the State of Ohio and (ii) the United States District Courts located in the State of Ohio, for the purposes of any action, lawsuit or proceeding arising out of this Agreement or any transaction contemplated hereby. Each party agrees to commence any such action, lawsuit or proceeding either in a

United States District Court located in the State of Ohio or if such action, lawsuit or proceeding may not be brought in such court for jurisdictional reasons, in a State Court located in the State of Ohio. Each party further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth in Section 7.06 hereof shall be effective service of process for any action, lawsuit or proceeding in the State of Ohio with respect to any matters to which it has submitted to jurisdiction in this Section 7.05. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, lawsuit or proceeding arising out of this Agreement or the transactions contemplated hereby in (x) a State Court located in the State of Ohio, or (y) a United States District Court located in the State of Ohio, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, lawsuit or proceeding brought in any such court has been brought in an inconvenient forum.

7.06. Notices. All notices, waivers, demands, approvals, consents and other communications hereunder (each, a "**Notice**") shall be in writing and shall be deemed to have been duly given if signed by the party giving such Notice (in the case of any entity, the signature shall be by an authorized officer or agent thereof) (i) on the day of receipt if delivered by hand delivery or telecopy transmission, provided the original copy thereof also is sent by certified or registered mail with confirmation of transmission, or (ii) on the next Business Day if deposited with a nationally recognized overnight delivery service, or (iii) on the third Business Day after being mailed by certified or registered mail (return receipt requested), addressed as follows.

(a) If to the Company, to: Schurman Fine Papers  
500 Chadbourne Road  
Caller Box 6030  
Fairfield, CA 94533  
Attn: Chief Executive Officer  
Facsimile: 707-428-0106

With a copy to (which shall not constitute notice):

Morgan Lewis & Bockius LLP  
One Market, Spear Street Tower  
San Francisco, CA 94105  
Attn: Scott D. Karchmer  
Facsimile: 415-442-1001

(b) If to AG, to: American Greetings Corporation  
One American Road  
Cleveland, Ohio 44144  
Attn: Catherine M. Kilbane  
Facsimile: 216-252-6777

With a copy to (which shall not constitute notice):

Jones Day  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114-1190  
Attn: James P. Dougherty  
Facsimile: 216-579-0212

Such names and addresses may be changed by the giving of a Notice as provided herein.

7.07. Non-Waiver. Any waiver by any party of any breach of, or failure to comply with, any provision of this Agreement by any other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

7.08. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any term or other provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid, illegal or unenforceable, (i) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity, illegality or unenforceability, nor shall such invalidity, illegality or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

7.09. Further Assurances. Each party will execute all documents and take such other actions as any other party may reasonably request to carry out or give effect to the provisions of this Agreement.

7.10. Counterparts: Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Each party (i) has agreed to permit the use, from time to time, of faxed or otherwise electronically transmitted signatures in order to expedite the consummation of the transactions contemplated hereby, (ii) intends to be bound by its respective faxed or otherwise electronically transmitted signature, (iii) is aware that the other party shall rely on the faxed or otherwise electronically transmitted signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of the documents effecting the transaction contemplated by this Agreement based on the fact that a signature was sent by fax or otherwise electronically transmitted.

7.11. Headings: Interpretation. The following provisions shall be applied wherever appropriate herein: (i) "herein," "hereby," "hereunder," "hereof" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used; (ii) all definitions set forth herein shall be deemed

applicable whether the words defined are used herein in the singular or the plural; (iii) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders; (iv) all accounting terms not specifically defined herein shall be construed in accordance with GAAP; (v) this Agreement shall be deemed to have been drafted by the parties and this Agreement shall not be construed against any party as the principal draftsman hereof; (vi) any references herein to a particular Section or Exhibit means a Section of, or an Exhibit to, this Agreement unless another agreement is specified; (vii) all references or citations in this Agreement to statutes or regulations or statutory or regulatory provisions shall, when the context requires, be considered citations to such statutes, regulations or provisions directly or indirectly superseding such statutes, regulations or provisions; (viii) the Exhibits attached hereto are incorporated herein by reference and shall be considered part of this Agreement; (ix) the headings in this Agreement are for convenience of identification only and are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof; (x) unless otherwise expressly provided, wherever the consent of any person is required or permitted herein, such consent may be withheld in such person's sole and absolute discretion; and (xi) "including" means "including, without limitation". Any capitalized terms used herein or in any Exhibit but not otherwise defined herein or therein, shall have the meaning as defined in the Purchase Agreement.

7.12. Waiver of Jury Trial. Each party hereby waives to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect to any action, lawsuit or proceeding directly or indirectly arising out of, under or in connection with this Agreement or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of an action, lawsuit or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party hereto has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 7.12.

7.13. Confidentiality. During the period commencing on the Closing Date and ending on the second anniversary of the date on which this Agreement terminates, all Confidential Information of the Company disclosed to AG in connection herewith and all Confidential Information of AG disclosed to the Company in connection herewith will be held in confidence and not disclosed by the other party to any third party or used outside the scope of this Agreement, except that the Company or AG, as the case may be, may disclose such Information to their respective Affiliates, employees, suppliers or subcontractors, all of whom are under similar obligation of secrecy, in furtherance of the purposes of this Agreement. "**Confidential Information**," for purposes of this Section 7.13, shall not include information (i) that is or becomes publicly available without the fault of the Receiving Party; (ii) legally received from a third party not acting on behalf of the Disclosing Party and without knowledge of the Receiving Party of any breach of such third party of any obligation to keep such information confidential; or (iii) independently developed by the Receiving Party without reference to the confidential information of the Disclosing Party. If the party receiving Confidential Information of the other party (the "**Receiving Party**") is requested in any judicial or administrative proceeding or by any governmental entity to disclose any Confidential Information of the other party (the "**Disclosing Party**"), the Receiving Party will give the Disclosing Party prompt notice of such request so that the Disclosing Party may seek an appropriate protective order. The Receiving Party will cooperate fully with the Disclosing Party in obtaining such an order. If in the absence of a

protective order the Receiving Party is nonetheless compelled to disclose Confidential Information of the Disclosing Party, the Receiving Party may make such disclosure without liability hereunder, provided that the Receiving Party gives the Disclosing Party written notice of the Confidential Information to be disclosed as far in advance of its disclosure as is practicable and, upon the Disclosing Party's request and at its expense, the Receiving Party will use its reasonable best efforts to obtain reasonable assurances that confidential treatment will be accorded to such Confidential Information. The obligations of confidentiality in this Section 7.13 will survive the expiration or earlier termination of this Agreement.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

AMERICAN GREETINGS CORPORATION

By:   
Name:  
Title:

SCHURMAN FINE PAPERS

By: \_\_\_\_\_  
Name:  
Title:

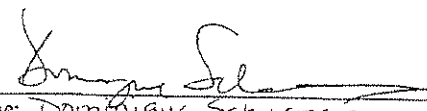


IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

AMERICAN GREETINGS CORPORATION

By: \_\_\_\_\_  
Name: \_\_\_\_\_  
Title: \_\_\_\_\_

SCHURMAN FINE PAPERS

By:   
Name: Dominique Schurman  
Title: President & CEO

## **Exhibit A**

### **Services; Service Fees**

#### **Services**

In each of the Company's retail stores, or such select stores as may be agreed to from time to time by the parties, located in the United States and Canada, whether now existing or otherwise acquired or operated by the Company during the Term, the Company will promote the American Greetings, Carlton and Papyrus brand, including by, without limitation, through in store signage, caption headers, and such other marketing and promotional materials provided by AG from time to time. The Company agrees that such brand promotion shall include, during the Term, maintenance of the brand signage on the exterior of the Company's retail stores and that such brand signage and any visual displays in store windows must be consistent with AG's usage guidelines for the depiction and presentation of such brands, or such usage guidelines as are provided to the Company from time to time. In addition, the Company will work with AG with respect to promotional programs for American Greetings, Carlton and Papyrus branded product.

#### **Service Fees**

- For the stores located in the United States, US\$550 per store per month.
- For the stores located in Canada, CDN\$670 per store per month.



**CONFIDENTIAL**

**AMENDMENT TO MARKETING SERVICES AGREEMENT**

THIS AMENDMENT TO MARKETING SERVICES AGREEMENT (this "*Amendment*") is entered into as of this \_\_\_\_ day of April, 2015, by and between **Schurman Fine Papers**, a California corporation ("*Company*"), and **American Greetings Corporation**, an Ohio corporation ("*AG*").

**RECITALS**

WHEREAS, Company and AG entered into a Marketing Services Agreement dated April 17, 2009 (the "*Agreement*"); and

WHEREAS, Company and AG desire to amend the Agreement, as set forth herein.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and AG hereby agree to amend the Agreement as follows:

1. Effective as of the date hereof, Section 4.01 of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as follows:

"4.01. Term. Subject to Section 4.02 hereof, the term of this Agreement shall commence on the date hereof and shall end on the earlier of (i) March 4, 2019, and (ii) the termination of the Supply Agreement (the "*Term*")."

2. Effective as of the date hereof, Exhibit A of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as set forth on Annex A.

3. Except as amended by this Amendment, the terms of the Agreement, including the respective rights and obligations of the parties, shall remain in full force and effect.

4. All capitalized terms used and not defined or amended herein are used herein as defined in the Agreement.

5. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

6. This Amendment, including without limitation, the Attachment referenced herein and incorporated into this Amendment by reference, and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Amendment, this Amendment shall control.

[Signature page follows.]

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment to Marketing Services Agreement to be effective as of the first date written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment to Marketing Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name:

Title:

Date:

*CFO*

**AMERICAN GREETINGS CORPORATION**

BY: 

Name: Gregory M. Steinberg

Title: Chief Financial Officer

Date:

**CONFIDENTIAL**

**ANNEX A**

**Exhibit A**

**Services; Service Fee**

**Services**

In each of the Company's retail stores, or such select stores as may be agreed to from time to time by the parties, located in the United States and Canada, whether now existing or otherwise acquired or operated by the Company during the Term, the Company will promote the American Greetings, Carlton and Papyrus brand, including by, without limitation, through in store signage, caption headers, and such other marketing and promotional materials provided by AG from time to time. The Company agrees that such brand promotion shall include, during the Term, maintenance of the brand signage on the exterior of the Company's retail stores and that such brand signage and any visual displays in store windows must be consistent with AG's usage guidelines for the depiction and presentation of such brands, or such usage guidelines as are provided to the Company from time to time. In addition, the Company will work with AG with respect to promotional programs for American Greetings, Carlton and Papyrus branded product.

**Service Fees**

- For the stores located in the United States, US\$550 per store per month until February 28, 2017 and US \$225 per store per month from March 1, 2017 until February 28, 2018.
- For the stores located in Canada, CDN\$670 per store per month until February 28, 2017, and CDN \$335 per store per month from March 1, 2017 until February 28, 2018.



**CONFIDENTIAL**

**AMENDMENT NUMBER 2 TO MARKETING SERVICES AGREEMENT**

THIS AMENDMENT NUMBER 2 TO MARKETING SERVICES AGREEMENT (this "***Amendment***") is entered into as of this 20<sup>th</sup> day of July, 2015, by and between **Schurman Fine Papers**, a California corporation ("***Company***"), and **American Greetings Corporation**, an Ohio corporation ("***AG***").

**RECITALS**

WHEREAS, Company and AG entered into a Marketing Services Agreement dated April 17, 2009, as amended on April 13, 2015 (the "***Agreement***"); and

WHEREAS, Company and AG desire to amend the Agreement, as set forth herein.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and AG hereby agree to amend the Agreement as follows:

1. Effective as of the June 1, 2015, Exhibit A of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as set forth on Annex A.
2. Except as amended by this Amendment, the terms of the Agreement, including the respective rights and obligations of the parties, shall remain in full force and effect.
3. All capitalized terms used and not defined or amended herein are used herein as defined in the Agreement.
4. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.
5. This Amendment, including without limitation, the Attachment referenced herein and incorporated into this Amendment by reference, and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Amendment, this Amendment shall control.

[Signature page follows.]



**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 2 to Marketing Services Agreement Number 2 and each person, by his or her signature, acknowledges his or her authority to sign this Amendment to Marketing Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name:

Title:

Date:

*Roxanne Fraher*  
*CEO*  
*July 20, 2015*

**AMERICAN GREETINGS CORPORATION**

BY: 

Name: Gregory M. Steinberg

Title: Chief Financial Officer

Date:

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 2 to Marketing Services Agreement Number 2 and each person, by his or her signature, acknowledges his or her authority to sign this Amendment to Marketing Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name:

Title:

Date:

*Roxanne Fraire*  
*CFO*  
*July 20, 2015*

**AMERICAN GREETINGS CORPORATION**

BY: \_\_\_\_\_

Name: Gregory M. Steinberg

Title: Chief Financial Officer

Date:

**CONFIDENTIAL**

**ANNEX A**

**Exhibit A**

**Services; Service Fee**

**Services**

In each of the Company's retail stores, or such select stores as may be agreed to from time to time by the parties, located in the United States and Canada, whether now existing or otherwise acquired or operated by the Company during the Term, the Company will promote the American Greetings, Carlton and Papyrus brand, including by, without limitation, through in store signage, caption headers, and such other marketing and promotional materials provided by AG from time to time. The Company agrees that such brand promotion shall include, during the Term, maintenance of the brand signage on the exterior of the Company's retail stores and that such brand signage and any visual displays in store windows must be consistent with AG's usage guidelines for the depiction and presentation of such brands, or such usage guidelines as are provided to the Company from time to time. In addition, the Company will work with AG with respect to promotional programs for American Greetings, Carlton and Papyrus branded product.

**Service Fees**

1. As consideration for the Services, AG shall pay the Company the following amounts, less the amount set forth in Section 2 below:

- (a) For the stores located in the United States, AG shall pay the Company a monthly service fee of US\$550 per store per month until February 28, 2017 and US \$275 per store per month from March 1, 2017 until February 28, 2018.
- (b) For the stores located in Canada, AG shall pay the Company a monthly service fee of CDN\$670 per store per month until February 28, 2017, and CDN \$335 per store per month from March 1, 2017 until February 28, 2018.

2. AG and the Company agree that the amounts due to the Company under Section 1 will be reduced by an aggregate of \$150,000 (the "Reduction Amount") in each of the three fiscal years ended February 28, 2018, reduced as follows:

- (a) The amount due by AG to the Company with respect to each of January and February of 2016, 2017, and 2018 will be reduced by US\$75,000; provided, however, that if the service fee for any such month is less than US\$75,000, then the difference will be applied to reduce the monthly service fee owed by AG to the Company in the immediately following calendar month in which a monthly service fee is due and thereafter until the full an aggregate of \$150,000 has been applied. If there is no monthly service due under Section 1 above from which to deduct the Reduction Amount, AG may set-off the unapplied portion of the Reduction Amount to any amounts AG may owe from time to time, whether under this Agreement or otherwise.



183251

9350-05000

Verified  
Ret. Contract Mgmt.**CONFIDENTIAL**

MAY 16 2018

**AMENDMENT NUMBER 3 TO MARKETING SERVICES AGREEMENT**By: 

THIS AMENDMENT NUMBER 3 TO MARKETING SERVICES AGREEMENT (this "*Third Amendment*") is entered into as of this \_\_\_\_ day of April, 2018, by and between SCHURMAN FINE PAPERS, a California corporation ("*Company*") and American Greetings Corporation, an Ohio corporation ("*AG*").

**RECITALS**

WHEREAS, Company and AG entered into a Marketing Services Agreement, dated April 17 2009, as amended in Amendment to Marketing Services Agreement, dated April 13, 2015, and as further amended in Amendment Number 2 to Marketing Services Agreement, dated July 20, 2015 (collectively, the "*Agreement*"); and

WHEREAS, Company and AG desire to extend the Term of the Agreement, as set forth below.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and AG hereby agree to amend the Agreement as follows:

1. Effective as of the date hereof, Section 4.01 of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as follows:

"4.01. Term. Subject to Section 4.02 hereof, the term of this Agreement shall commence as of the date hereof and shall end on the earlier of (i) May 31, 2020, and (ii) the termination of the Supply Agreement (the "*Term*")."

2. Except as amended by this Third Amendment, the terms of the Agreement, including the respective rights and obligations of the parties, shall remain in full force and effect.

3. All capitalized terms used and not defined or amended herein are used herein as defined in the Agreement.

4. This Third Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Third Amendment by signing any such counterpart.

5. This Third Amendment and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Third Amendment, this Third Amendment shall control.

[Signature page follows.]


**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 3 to Marketing Services Agreement to be effective as of the first date written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment Number 3 to Marketing Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: \_\_\_\_\_  
Name:  
Title:

**AMERICAN GREETINGS CORPORATION**

BY:   
Name: Christopher W. Haffke  
Title: SVP, General Counsel, CHRO & Secretary

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 3 to Marketing Services Agreement to be effective as of the first date written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment Number 3 to Marketing Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name:

Title:

*CEO*

**AMERICAN GREETINGS CORPORATION**

BY: \_\_\_\_\_

Name: Christopher W. Haffke

Title: SVP, General Counsel, CHRO & Secretary

TAB C



THIS IS EXHIBIT "C" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee



**POS DATA SERVICES AGREEMENT**

This POS DATA SERVICES AGREEMENT (this "*Agreement*"), is made and entered into as of this 17th day of April, 2009, by and between American Greetings Corporation, an Ohio corporation ("*AG*"), and Schurman Fine Papers, a California corporation (the "*Company*").

**WITNESSETH:**

WHEREAS, the Company and AG entered into that certain Purchase and Sale Agreement, dated April 17, 2009 (the "*Purchase Agreement*");

WHEREAS, pursuant to the Purchase Agreement, AG and its Affiliates are acquiring from the Company and its Affiliates the Wholesale Purchased Assets (as defined therein), and AG and its Affiliates are assuming from the Company and its Affiliates the Wholesale Assumed Liabilities (as defined therein), which assets and liabilities constitute substantially all of the Wholesale Business (as defined therein);

WHEREAS, pursuant to the Purchase Agreement, the Company and its Affiliates are acquiring from AG and its Affiliates the Retail Purchased Assets (as defined therein), and the Company and its Affiliates are assuming from AG and its Affiliates the Retail Assumed Liabilities (as defined therein), which assets and liabilities constitute substantially all of the Retail Business (as defined therein);

WHEREAS, the Company and its Affiliates, as the acquirors of the Retail Purchased Assets, intend to own, operate and control such assets and the business related thereto in a manner that the Company and its Affiliates deem appropriate and in the best interests of the Company;

WHEREAS, in connection with the ownership, operation and control of the Retail Purchased Assets, the Company and its Affiliates intend to utilize their substantial experience and expertise in the retail industry, including, without limitation, their own business plans, operating manuals, accounting practices and systems, personnel policies, sales training programs and promotional campaigns with respect to operational, marketing and advertising matters; and

WHEREAS, pursuant to the Purchase Agreement, the parties wish to enter into an agreement setting forth the terms pursuant to which the Company will render, or cause its Affiliates to render, certain services to AG after the Closing.

NOW, THEREFORE, in consideration of the premises and mutual covenants and agreements hereinafter set forth, the parties agree as follows:

**ARTICLE I**

**DEFINITIONS**

1.01. Definitions. Unless otherwise defined herein, the following terms used herein shall have the following meanings:

**"AG Bridge Guaranty"** shall mean the guarantee of up to Twelve Million and 00/100 Dollars (\$12,000,000.00) by AG of the obligations owed by the members of the Bear Group under the Credit Facility, together with the related letter of credit in the amount of Twelve Million and 00/100 Dollars (\$12,000,000.00).

**"AG Revolving Facility"** shall mean the loan agreement by and between the Company and AG, dated April 17, 2009, as amended from time to time.

**"AG Liquidity Guaranty"** shall mean the guarantee of up to Twelve Million and 00/100 Dollars (\$12,000,000.00) by AG of the obligations owed by the members of the Bear Group under the Credit Facility, together with the related letter of credit in the amount of Twelve Million and 00/100 Dollars (\$12,000,000.00).

**"Affiliate"** of a Person, shall mean any Person which, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term "control" (including, with correlative meaning, the terms "controlled by" and "under common control with"), as used with respect to any Person, means the 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, by contract or otherwise

**"Ancillary Agreement Default"** shall mean a material default or material breach of any of the Transition Services Agreement, the Marketing Services Agreement or Supply Agreement, which default or breach remains uncured or is not curable within sixty (60) days after notice of such default or breach.

**"Change in Control"** shall mean: (i) an event or series of related events (whether by merger, stock sale, recapitalization or otherwise) whereby the Company or its shareholders effect a transaction or series of transactions in which more than 50% of the voting power of the Company is acquired by another Person (or their Affiliates) or group of Persons (or their Affiliates) acting in concert; or (ii) a sale of all or substantially all of the Company's assets in a transaction or series of related transactions.

**"Competitor"** shall mean Hallmark Cards, Incorporated, Target Corporation, Wal-Mart Stores, Inc., any affiliates, successors or assigns of the foregoing as well as any Person whose primary source of revenue is derived from and at least 50% of its total revenue is derived from the manufacture, sale and/or distribution of any combination of greeting cards (including electronic or on-line greeting card), stationery, party goods, gift wrap and bags, scrap books, ornaments, photo sharing products, or personal publishing products.

**"Credit Facility"** shall mean the First Amended and Restated Loan and Security Agreement by and among the Company, each of its Subsidiaries party thereto, Wells Fargo Retail Finance, LLC, and each other revolving credit lender party thereto, dated April 17, 2009, as amended from time to time.

**"Insolvency Event"** shall mean, with respect to any Person, (i) the commencement of a voluntary case by such Person under the Bankruptcy Code or the seeking of relief by such Person under any bankruptcy or insolvency or analogous law in any jurisdiction outside of the United

States; (ii) the commencement of an involuntary case against such Person under the Bankruptcy Code and the petition is not controverted within 10 days, or is not dismissed within 60 days, after commencement of the case; (iii) a custodian (as defined in the Bankruptcy Code) is appointed for, or takes charge of, all or substantially all of the property of such Person; (iv) such Person commences (including by way of applying for or consenting to the appointment of, or the taking of possession by, a rehabilitator, receiver, custodian, trustee, conservator or liquidator (collectively, a "*conservator*") of such Person or all or any substantial portion of its property) any other proceeding under any reorganization, arrangement, adjustment of debt, relief of debtors, dissolution, insolvency, liquidation, rehabilitation, conservatorship or similar law of any jurisdiction whether now or hereafter in effect relating to such Person; (v) any such proceeding of the type set forth in clause (iv) above is commenced against such Person to the extent such proceeding is consented to by such Person or remains undismissed for a period of 60 days; (vi) such Person is adjudicated insolvent or bankrupt; (vii) any order of relief or other order approving any such case or proceeding is entered; (viii) such Person suffers any appointment of any conservator or the like for it or any substantial part of its property that continues undischarged or unstayed for a period of 60 days; or (ix) such Person makes a general assignment for the benefit of creditors or generally does not pay its debts as such debts become due.

**"Other Agreement"** shall mean the AG Revolving Facility, the Credit Facility, the Supply Agreement, the Trademark License Agreement or any Sublease Agreement.

**"Purchase Agreement Default"** shall mean a breach of Section 8.2 of the Purchase Agreement.

**"Release Date"** shall mean the latest of the date on which: (i) all letters of credit, guarantees and other similar forms of credit support, including the AG Bridge Guarantee and the AG Liquidity Guarantee, entered into or provided by AG or any of its Affiliates in connection with the Credit Facility are released in full or are otherwise terminated or expire, in each case, with no further liability to AG or its Affiliates; (ii) AG and its Affiliates are no longer guarantors, landlords or sublandlords of, or otherwise financially responsible, in whole or in part, for, any real property leased by the Company or any of its Subsidiaries, including pursuant to any Sublease Agreement; and (iii) the AG Revolving Facility has terminated or expired and all Obligations (as defined therein) have been satisfied in full.

**"Services"** shall mean those services set forth on Exhibit A hereto, as may be amended from time to time.

**"Service Fees"** shall mean the fees set forth on Exhibit A hereto, as may be amended from time to time.

**"Sublease Default"** shall mean (a) a default by the Company of its payment obligations under any Sublease Agreement which has not been cured within 90 days of written notice of such default and together with all other payment defaults under all other Sublease Agreements is in an amount in excess of \$250,000 or (b) a default by the Company under any Sublease Agreement (other than a payment default) that causes a claim, or AG reasonably believes would

form the basis of a claim, against AG or its Affiliates as landlord that, together with all other such claims that have not been resolved, exceeds \$250,000.

**"Termination Event"** shall mean any of the following: (i) any action or actions that, individually or in the aggregate, constitute a Change in Control; (ii) an Insolvency Event of the Company or any of its Subsidiaries or (iii) the occurrence of a Key Date (as defined in the AG Bridge Guaranty and AG Liquidity Guaranty), provided, however, that a Change in Control that occurs after the Release Date is not a Termination Event if the Change in Control does not result in the Company being controlled, directly or indirectly, by a Competitor.

**"Territory"** shall mean the United States and Canada.

## ARTICLE II

### DESCRIPTION OF SERVICES

2.01. Appointment. AG hereby appoints the Company, and the Company hereby accepts appointment, as a non-exclusive POS data services provider to provide, or cause its Affiliates to provide, the Services to AG and its Affiliates throughout the Territory in accordance with the terms and conditions of this Agreement.

2.02. Obligations of the Company.

(i) The Company shall use commercially reasonable efforts to provide, or cause its Affiliates to provide, the Services to AG and its Affiliates throughout the Territory in accordance with the terms of this Agreement.

(ii) The Company shall, and shall cause its Affiliates to, perform the Services with the degree of care, skill, diligence and compliance with applicable Law and in substantially the same manner as is customary for similar arrangements in the retail sector.

2.03. Obligations of AG. AG shall pay the Company the Service Fees as compensation for the Company providing, or causing its Affiliates to provide, the Services to AG and its Affiliates.

2.04. Independent Contractor. AG shall not have the power or authority to direct or control the Company in the means, methods or manner of performance of the Services. The Company is acting independently and as an independent contractor with the full power and authority and responsibility to select the means, methods and manner of performing the Services. AG and the Company each acknowledge and agree that they are separate entities, each of which has entered into this Agreement for independent business reasons. The relationship of AG to the Company and of the Company to AG hereunder are those of independent contractors and nothing contained herein shall be deemed to create a joint venture, franchise, partnership or other relationship. Notwithstanding the foregoing, the Company and AG may develop and agree upon general instructions to facilitate coordination of the performance of the Services.

2.05. Set-off Rights. AG may, at its option, deduct or offset any amounts due and owed by the Company or any of its Affiliates (collectively, **"Company Entities"**) to AG or any of its

Affiliates (collectively, "*AG Entities*") under this Agreement, the Transition Services Agreement or the Marketing Services Agreement from any refunds, allowances, discounts, advances or any other sums payable or creditable by any AG Entities to any Company Entities.

### ARTICLE III

#### TERM: TERMINATION

3.01. Term. Subject to Section 3.02 hereof, the term of this Agreement shall commence on the date hereof and shall end on the earlier of (i) the seven (7) year anniversary of the date hereof and (ii) the termination of the Supply Agreements (the "*Term*").

3.02. Earlier Termination. (a) The obligation of the Company and its Affiliates to supply or otherwise provide to AG and its Affiliates any Service hereunder may terminate before the end of the Term: (i) by mutual agreement of the Company and AG or (ii) in the event that either party materially or repeatedly fails to perform any of its material duties or material obligations pursuant to this Agreement and such failure is not cured within fifteen (15) calendar days after notice to such party specifying the nature of such material or repeated failure, the other party may terminate this Agreement upon further notice to the defaulting party.

(b) AG may terminate this Agreement, at AG's election, upon the occurrence of any Termination Event.

(c) AG may terminate this Agreement upon notice if the Company or one of its Affiliates is in a Purchase Agreement Default, a Sublease Default or an Ancillary Agreement Default and at the time of the termination continues to be in such default and AG or any Affiliate of AG are not in material default or material breach of a material term of the respective Sublease Agreements, the Transition Services Agreement or the Marketing Services Agreement.

3.03. Effect of Termination. Expiration or termination of this Agreement or any Service hereunder, for any reason, will not release either party from any liability which at the time it has already incurred to the other party, nor affect in any way the survival of any rights, duties or obligations of either party which are expressly stated elsewhere in this Agreement to survive said expiration or prior termination. Nothing in the immediately preceding sentence will affect, be construed or operate as a waiver of the right of the party aggrieved by any breach of this Agreement to be compensated for any injury or damage resulting therefrom which is incurred before or after such expiration or termination.

### ARTICLE IV

#### REPRESENTATIONS, WARRANTIES AND COVENANTS

4.01. General Warranties and Representations. AG represents and warrants to the Company and the Company represents and warrants to AG as follows:

(i) It has full power and authority to execute and deliver this Agreement and to perform the transactions contemplated hereby;

(ii) The making of this Agreement does not, and during the Term will not, violate or conflict with any agreements, rights or obligations binding on or affecting such party;

(iii) This Agreement has been duly and properly authorized, executed and delivered by such party and constitutes the legal, valid and binding obligation of such party enforceable in accordance with its terms; and

(iv) There is not pending or, to its knowledge, threatened against it any action, suit or proceeding at law or in equity or before any court, tribunal, governmental body, agency or official or any arbitrator that purports to draw into question, or is likely to affect, the legality, validity or enforceability of this Agreement or its ability to perform its obligations under this Agreement.

4.02. Representations and Warranties of the Company. The Company represents and warrants to AG as follows: (i) the Company will use its own business plans, operating manuals, accounting practices and systems, personnel policies, sales training programs and promotional campaigns with respect to operational, marketing and advertising matters of the Company's business; (ii) the Company has had, within the seven years before the date hereof, at least 24 months' experience being responsible for the financial and operational aspects of a business offering products or services substantially similar to those supplied by AG to the Company under the Supply Agreement; (iii) the Company is not controlled by AG or any of its Affiliates; and (iv) the Company has knowledge and experience in financial and business matters, either alone or with professional advisers of the Company who are unaffiliated with, and not directly or indirectly compensated by, AG or an Affiliate or selling agent of AG, and is relying on such knowledge and experience to operate its business.

## ARTICLE V

### DAMAGES; ASSUMPTION

5.01. LIMITATION ON DAMAGES. NEITHER THE COMPANY NOR AG WILL BE RESPONSIBLE TO THE OTHER PARTY, AS THE CASE MAY BE, IN CONNECTION WITH THIS AGREEMENT FOR ANY CONSEQUENTIAL, INCIDENTAL, INDIRECT, PUNITIVE, OR SPECIAL DAMAGES, INCLUDING LOST PROFITS, LOST REVENUE OR DIMINUTION IN VALUE, HOWEVER ARISING AND REGARDLESS OF WHETHER SUCH PARTY WAS ADVISED OF THE POSSIBILITY OF SUCH DAMAGE. IN NO EVENT SHALL A PARTY TO THIS AGREEMENT BE LIABLE TO THE OTHER PARTY FOR ANY DAMAGES IN EXCESS OF THE FEES PAID TO THE COMPANY PURSUANT TO THIS AGREEMENT; PROVIDED, HOWEVER, THAT THE FOREGOING LIMITATION SHALL NOT APPLY TO ANY DAMAGES ARISING OUT OF THE GROSS NEGLIGENCE, BAD FAITH OR INTENTIONAL BREACH BY AG OF ANY OF ITS OBLIGATIONS UNDER THIS AGREEMENT. This Article V constitutes the sole and exclusive remedy of AG, on the one hand, and the Company, on the other, for money damages with respect to any matters arising under or with respect to this Agreement. The provisions of this Article V shall survive the expiration or earlier termination of this Agreement.

## ARTICLE VI

### MISCELLANEOUS

6.01. Assignment. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, but shall not be assignable by either party hereto without the prior written consent of the other party hereto. Notwithstanding the foregoing, in the event of the assignment of this Agreement by the Company as part of a transaction or a series of transactions that constitutes a Change in Control after the Release Date, the prior written consent of AG shall not be required provided that the Change of Control does not result in the Company being controlled, directly or indirectly, by a Competitor.

6.02. Force Majeure. Except for the payment of money, neither party shall be in default hereunder by reason of any failure or delay in the performance of its obligations hereunder where such failure or delay is due to circumstances or causes beyond such party's reasonable control, such as acts of God, labor disputes, strikes, war, threat of war, riot, act of terrorism, intervention by governmental authorities, embargoes, priorities repealed or required by civil authorities, floods, fire, accident, delays in transportation or other occurrences of a similar nature. Any party affected by a "*Force Majeure*" occurrence shall provide written notice thereof to the other and shall indicate the projected length of such Force Majeure occurrence.

6.03. Entire Agreement; Modification. This Agreement, including the Exhibits hereto, constitutes the entire agreement between the parties with respect to the subject matter hereof. No modification of this Agreement shall be of any force and effect unless such modification is in writing and signed by the party to be bound thereby, and no modification shall be effected by acceptance of Services at variance with those set forth herein.

6.04. Cumulative Effect. The rights and obligations of the parties under this Agreement shall be cumulative to and not exclusive of the rights and obligations of the parties contained in the Purchase Agreement.

6.05. Governing Law; Consent to Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of Ohio, without giving effect to its rules of choice of laws or conflict of laws requiring the application of the laws of another jurisdiction. Each party irrevocably submits to the jurisdiction of (i) the State Courts located in the State of Illinois and (ii) the United States District Courts located in the State of Illinois, for the purposes of any action, lawsuit or proceeding arising out of this Agreement or any transaction contemplated hereby. Each party agrees to commence any such action, lawsuit or proceeding either in a United States District Court located in the State of Illinois or if such action, lawsuit or proceeding may not be brought in such court for jurisdictional reasons, in a State Court located in the State of Illinois. Each party further agrees that service of any process, summons, notice or document by U.S. registered mail to such party's respective address set forth in Section 6.06 hereof shall be effective service of process for any action, lawsuit or proceeding in the State of Illinois with respect to any matters to which it has submitted to jurisdiction in this Section 6.05. Each party irrevocably and unconditionally waives any objection to the laying of venue of any action, lawsuit or proceeding arising out of this Agreement or the transactions contemplated



hereby in (x) a State Court located in the State of Illinois, or (y) a United States District Court located in the State of Illinois, and hereby and thereby further irrevocably and unconditionally waives and agrees not to plead or claim in any such court that any such action, lawsuit or proceeding brought in any such court has been brought in an inconvenient forum.

6.06. Notices. All notices, waivers, demands, approvals, consents and other communications hereunder (each, a "**Notice**") shall be in writing and shall be deemed to have been duly given if signed by the party giving such Notice (in the case of any entity, the signature shall be by an authorized officer or agent thereof) (i) on the day of receipt if delivered by hand delivery or telecopy transmission, provided the original copy thereof also is sent by certified or registered mail with confirmation of transmission, or (ii) on the next Business Day if deposited with a nationally recognized overnight delivery service, or (iii) on the third Business Day after being mailed by certified or registered mail (return receipt requested), addressed as follows.

(a) If to the Company, to: Schurman Fine Papers  
500 Chadbourne Road  
Caller Box 6030  
Fairfield, CA 94533  
Attn: Chief Executive Officer  
Facsimile: 707-428-0106

With a copy to (which shall not constitute notice):

Morgan Lewis & Bockius LLP  
One Market, Spear Street Tower  
San Francisco, CA 94105  
Attn: Scott D. Karchmer  
Facsimile: 415-442-1001

(b) If to AG, to: American Greetings Corporation  
One American Road  
Cleveland, Ohio 44144  
Attn: Catherine M. Kilbane  
Facsimile: 216-252-6777

With a copy to (which shall not constitute notice):

Jones Day  
North Point  
901 Lakeside Avenue  
Cleveland, Ohio 44114-1190  
Attn: James P. Dougherty  
Facsimile: 216-579-0212

Such names and addresses may be changed by the giving of a Notice as provided herein.

6.07. Non-Waiver. Any waiver by any party of any breach of, or failure to comply with, any provision of this Agreement by any other party shall not be construed as, or constitute, a continuing waiver of such provision, or a waiver of any other breach of, or failure to comply with, any other provision of this Agreement.

6.08. Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any term or other provision of this Agreement, or the application thereof to any person or entity or any circumstance, is invalid, illegal or unenforceable, (i) a suitable and equitable provision shall be substituted therefore in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (ii) the remainder of this Agreement and the application of such provision to other persons, entities or circumstances shall not be affected by such invalidity, illegality or unenforceability, nor shall such invalidity, illegality or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

6.09. Further Assurances. Each party will execute all documents and take such other actions as any other party may reasonably request to carry out or give effect to the provisions of this Agreement.

6.10. Counterparts; Facsimile. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original but all of which together will constitute one and the same instrument. Each party (i) has agreed to permit the use, from time to time, of faxed or otherwise electronically transmitted signatures in order to expedite the consummation of the transactions contemplated hereby, (ii) intends to be bound by its respective faxed or otherwise electronically transmitted signature, (iii) is aware that the other party shall rely on the faxed or otherwise electronically transmitted signature, and (iv) acknowledges such reliance and waives any defenses to the enforcement of the documents effecting the transaction contemplated by this Agreement based on the fact that a signature was sent by fax or otherwise electronically transmitted.

6.11. Headings; Interpretation. The following provisions shall be applied wherever appropriate herein: (i) "herein," "hereby," "hereunder," "hereof" and other equivalent words shall refer to this Agreement as an entirety and not solely to the particular portion of this Agreement in which any such word is used; (ii) all definitions set forth herein shall be deemed applicable whether the words defined are used herein in the singular or the plural; (iii) wherever used herein, any pronoun or pronouns shall be deemed to include both the singular and plural and to cover all genders; (iv) all accounting terms not specifically defined herein shall be construed in accordance with GAAP; (v) this Agreement shall be deemed to have been drafted by the parties and this Agreement shall not be construed against any party as the principal draftsman hereof; (vi) any references herein to a particular Section or Exhibit means a Section of, or an Exhibit to, this Agreement unless another agreement is specified; (vii) all references or citations in this Agreement to statutes or regulations or statutory or regulatory provisions shall, when the context requires, be considered citations to such statutes, regulations or provisions directly or indirectly superseding such statutes, regulations or provisions; (viii) the Exhibits attached hereto are incorporated herein by reference and shall be considered part of this Agreement; (ix) the headings in this Agreement are for convenience of identification only and

are not intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof; (x) unless otherwise expressly provided, wherever the consent of any person is required or permitted herein, such consent may be withheld in such person's sole and absolute discretion; and (xi) "including" means "including, without limitation". Any capitalized terms used herein or in any Exhibit but not otherwise defined herein or therein, shall have the meaning as defined in the Purchase Agreement.

6.12. Waiver of Jury Trial. Each party hereby waives to the fullest extent permitted by applicable Law, any right it may have to a trial by jury in respect to any action, lawsuit or proceeding directly or indirectly arising out of, under or in connection with this Agreement or any transaction contemplated hereby. Each party (i) certifies that no representative, agent or attorney of any other party has represented, expressly or otherwise, that such other party would not, in the event of an action, lawsuit or proceeding, seek to enforce the foregoing waiver and (ii) acknowledges that it and the other party hereto has been induced to enter into this Agreement by, among other things, the mutual waivers and certifications in this Section 6.12.

6.13. Confidentiality. During the period commencing on the Closing Date and ending on the second anniversary of the date on which this Agreement terminates, all Confidential Information of the Company disclosed to AG in connection herewith and all Confidential Information of AG disclosed to the Company in connection herewith will be held in confidence and not disclosed by the other party to any third party or used outside the scope of this Agreement, except that the Company or AG, as the case may be, may disclose such Information to their respective Affiliates, employees, suppliers or subcontractors, all of whom are under similar obligation of secrecy, in furtherance of the purposes of this Agreement. "**Confidential Information,**" for purposes of this Section 6.13, shall not include information (i) that is or becomes publicly available without the fault of the Receiving Party; (ii) legally received from a third party not acting on behalf of the Disclosing Party and without knowledge of the Receiving Party of any breach of such third party of any obligation to keep such information Confidential; or (iii) independently developed by the Receiving Party without reference to the confidential information of the Disclosing Party. If the party receiving Confidential Information of the other party (the "**Receiving Party**") is requested in any judicial or administrative proceeding or by any governmental entity to disclose any Confidential Information of the other party (the "**Disclosing Party**"), the Receiving Party will give the Disclosing Party prompt notice of such request so that the Disclosing Party may seek an appropriate protective order. The Receiving Party will cooperate fully with the Disclosing Party in obtaining such an order. If in the absence of a protective order the Receiving Party is nonetheless compelled to disclose Confidential Information of the Disclosing Party, the Receiving Party may make such disclosure without liability hereunder, provided that the Receiving Party gives the Disclosing Party written notice of the Confidential Information to be disclosed as far in advance of its disclosure as is practicable and, upon the Disclosing Party's request and at its expense, the Receiving Party will use its reasonable best efforts to obtain reasonable assurances that confidential treatment will be accorded to such Confidential Information. The obligations of confidentiality in this Section 6.13 will survive the expiration or earlier termination of this Agreement.

[signature page to follow]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

AMERICAN GREETINGS CORPORATION

By: 

Name: \_\_\_\_\_

Title: \_\_\_\_\_

SCHURMAN FINE PAPERS

By: \_\_\_\_\_

Name: \_\_\_\_\_


Title: \_\_\_\_\_

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement by their authorized representatives as of the date first above written.

AMERICAN GREETINGS CORPORATION

By: \_\_\_\_\_  
Name:  
Title:

SCHURMAN FINE PAPERS

By:   
Name: Dominique Schurman  
Title: President & CEO

## Exhibit A

### Services; Service Fees

#### Services

In each of the Company's retail stores, or such select stores as may be agreed from time to time by the parties, located in the United States and Canada, whether now existing or otherwise acquired or operated by the Company during the Term, the Company shall deliver to AG in electronic format, in a format reasonably acceptable to AG, not later than forty-eight (48) hours following the completion of each calendar week, a report setting forth for such week point of sale level sales data (the "**POS Data**"), by store, and by both pieces and prices by SKU, with respect to (i) all "AG Products" furnished by AG pursuant to the Supply Agreements, (ii) all other products sold by the Company through the retail channel, and (iii) such other sales information as AG may reasonably request from time to time.

Except as AG may otherwise agree:

1. The Company will utilize and communicate all POS Data via Electronic Data Interchange ("**EDI**") over the internet. All EDI transactions will conform to the rules of structure and codification as defined by either the UCS, the ANSI X12 or the VICS standards (as such terms are used in connection with EDI transactions).
2. The Company will provide AG with EDI transaction Set No. 852 "Product Activity Data" via EDI within forty-eight (48) hours of the end of each calendar week. Weekly sales will be provided to AG by store, UPC detail and SKU detail.

In connection with providing the POS Data, the Company will:

1. use reasonable business efforts to ensure complete and accurate POS Data;
2. within three (3) business days: (a) notify AG in writing of any EDI 852 point of sale ("**POS**") data content error and the cause of such error, (b) send an EDI 852 correction for the any erroneous EDI 852 data, (c) adjust the Company's files regarding the error, (d) take corrective action in regard to any EDI 852 required correction, and (e) commence and diligently pursue the completion of a permanent resolution to prevent the occurrence of the error in future transactions. The Company will also promptly respond to AG's questions in regard to EDI 852 POS data, including questions regarding missing transmissions and duplicated data and the Company will employ best practices to ensure all EDI 852 data is correct and sent on time; and
3. provide at least thirty (30) days prior written notice of any systems or related changes that would effect or impact the Company's ability to provide POS Data contemplated hereunder, including any changes related to the Company's EDI specifications and/or communication method(s).

> Have we been getting  
> Proposed Quarterly as well  
to H/R.

> Laura  
> Tom Bolan

> Gary Weiss

> Al Palgali

### Service Fees

- For the stores located in the United States, US\$200 per store per month.
- For the stores located in Canada, CDN\$245 per store per month.





**CONFIDENTIAL**

**AMENDMENT TO POS DATA SERVICES AGREEMENT**

THIS AMENDMENT TO POS DATA SERVICES AGREEMENT (this "*Amendment*") is entered into as of this \_\_\_\_ day of April, 2015, by and between **Schurman Fine Papers**, a California corporation ("*Company*"), and **American Greetings Corporation**, an Ohio corporation ("*AG*").

**RECITALS**

WHEREAS, Company and AG entered into a POS Data Services Agreement dated April 17, 2009 (the "*Agreement*"); and

WHEREAS, Company and AG desire to amend the Agreement, as set forth herein.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and AG hereby agree to amend the Agreement as follows:

1. Effective as of the date hereof, Section 3.01 of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as follows:

"3.01. Term. Subject to Section 3.02 hereof, the term of this Agreement shall commence as of the date hereof and shall end on the earlier of (i) March 4, 2019, and (ii) the termination of the Supply Agreement (the "*Term*")."

2. Effective as of the date hereof, Exhibit A of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as set forth on Annex I hereto.

3. Except as amended by this Amendment, the terms of the Agreement, including the respective rights and obligations of the parties, shall remain in full force and effect.

4. All capitalized terms used and not defined or amended herein are used herein as defined in the Agreement.

5. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.

6. This Amendment, including without limitation, the Attachment referenced herein and incorporated into this Amendment by reference, and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Amendment, this Amendment shall control.

[Signature page follows.]

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment to POS Data Services Agreement to be effective as of the first date written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment to POS Data Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name: *Roxanne Pahr*

Title: *CEO*

Date:

**AMERICAN GREETINGS CORPORATION**

BY: 

Name: Gregory M. Steinberg

Title: Chief Financial Officer

Date:

**CONFIDENTIAL**

**ANNEX I**

**Exhibit A**

**Services; Service Fees**

**Services**

In each of the Company's retail stores, or such select stores as may be agreed from time to time by the parties, located in the United States and Canada, whether now existing or otherwise acquired or operated by the Company during the Term, the Company shall deliver to AG in electronic format, in a format reasonably acceptable to AG, not later than forty-eight (48) hours following the completion of each calendar week, a report setting forth for such week point of sale level sales data (the "**POS Data**"), by store, and by both pieces and prices by SKU, with respect to (i) all "AG Products" furnished by AG pursuant to the Supply Agreements, (ii) all other products sold by the Company through the retail channel, and (iii) such other sales information as AG may reasonably request from time to time.

Except as AG may otherwise agree:

1. The Company will utilize and communicate all POS Data via Electronic Data Interchange ("**EDI**") over the internet. All EDI transactions will conform to the rules of structure and codification as defined by either the UCS, the ANSI X12 or the VICS standards (as such terms are used in connection with EDI transactions).
2. The Company will provide AG with EDI transaction Set No. 852 "Product Activity Data" via EDI within forty-eight (48) hours of the end of each calendar week. Weekly sales will be provided to AG by store, UPC detail and SKU detail.

In connection with providing the POS Data, the Company will:

1. use reasonable business efforts to ensure complete and accurate POS Data;
2. within three (3) business days: (a) notify AG in writing of any EDI 852 point of sale ("**POS**") data content error and the cause of such error, (b) send an EDI 852 correction for the any erroneous EDI 852 data, (c) adjust the Company's files regarding the error, (d) take corrective action in regard to any EDI 852 required correction, and (e) commence and diligently pursue the completion of a permanent resolution to prevent the occurrence of the error in future transactions. The Company will also promptly respond to AG's questions in regard to EDI 852 POS data, including questions regarding missing transmissions and duplicated data and the Company will employ best practices to ensure all EDI 852 data is correct and sent on time; and
3. provide at least thirty (30) days prior written notice of any systems or related changes that would effect or impact the Company's ability to provide POS Data contemplated hereunder, including any changes related to the Company's EDI specifications and/or communication method(s).

**CONFIDENTIAL**

**Service Fees**

- For the stores located in the United States, US\$200 per store per month until February 28, 2017 and US\$100 per store per month from March 1, 2017 until February 28, 2018.
- For the stores located in Canada, CDN\$245 per store per month until February 28, 2017, and CDN\$122.50 per store per month from March 1, 2017 until February 28, 2018.



**CONFIDENTIAL**

**AMENDMENT NUMBER 2 TO POS DATA SERVICES AGREEMENT**

THIS AMENDMENT NUMBER 2 TO POS DATA SERVICES AGREEMENT (this "*Amendment*") is entered into as of this 20th day of July, 2015, by and between **Schurman Fine Papers**, a California corporation ("*Company*"), and **American Greetings Corporation**, an Ohio corporation ("*AG*").

**RECITALS**

WHEREAS, Company and AG entered into a POS Data Services Agreement dated April 17, 2009, as amended on April 13, 2015 (the "*Agreement*"); and

WHEREAS, Company and AG desire to amend the Agreement, as set forth herein.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and AG hereby agree to amend the Agreement as follows:

1. Effective as of the June 1, 2015, Exhibit A of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as set forth on Annex I hereto.
2. Except as amended by this Amendment, the terms of the Agreement, including the respective rights and obligations of the parties, shall remain in full force and effect.
3. All capitalized terms used and not defined or amended herein are used herein as defined in the Agreement.
4. This Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Amendment by signing any such counterpart.
5. This Amendment, including without limitation, the Attachment referenced herein and incorporated into this Amendment by reference, and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Amendment, this Amendment shall control.

[Signature page follows.]

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 2 to POS Data Services Agreement Number 2 and each person, by his or her signature, acknowledges his or her authority to sign this Amendment to POS Data Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name:

Title:

Date:

*Pamela LaHue*  
*CEO*  
*July 26, 2015*

**AMERICAN GREETINGS CORPORATION**

BY: 

Name: Gregory M. Steinberg

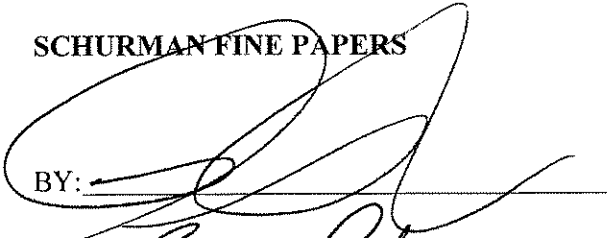
Title: Chief Financial Officer

Date:

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 2 to POS Data Services Agreement Number 2 and each person, by his or her signature, acknowledges his or her authority to sign this Amendment to POS Data Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name: *Pamela LaHue*

Title: *CEO*

Date: *July 26, 2015*

**AMERICAN GREETINGS CORPORATION**

BY: \_\_\_\_\_

Name: Gregory M. Steinberg

Title: Chief Financial Officer

Date:



**CONFIDENTIAL**

**ANNEX I**

**Exhibit A**

**Services; Service Fees**

**Services**

In each of the Company's retail stores, or such select stores as may be agreed from time to time by the parties, located in the United States and Canada, whether now existing or otherwise acquired or operated by the Company during the Term, the Company shall deliver to AG in electronic format, in a format reasonably acceptable to AG, not later than forty-eight (48) hours following the completion of each calendar week, a report setting forth for such week point of sale level sales data (the "**POS Data**"), by store, and by both pieces and prices by SKU, with respect to (i) all "AG Products" furnished by AG pursuant to the Supply Agreements, (ii) all other products sold by the Company through the retail channel, and (iii) such other sales information as AG may reasonably request from time to time.

Except as AG may otherwise agree:

1. The Company will utilize and communicate all POS Data via Electronic Data Interchange ("**EDI**") over the internet. All EDI transactions will conform to the rules of structure and codification as defined by either the UCS, the ANSI X12 or the VICS standards (as such terms are used in connection with EDI transactions).
2. The Company will provide AG with EDI transaction Set No. 852 "Product Activity Data" via EDI within forty-eight (48) hours of the end of each calendar week. Weekly sales will be provided to AG by store, UPC detail and SKU detail.

In connection with providing the POS Data, the Company will:

1. use reasonable business efforts to ensure complete and accurate POS Data;
2. within three (3) business days: (a) notify AG in writing of any EDI 852 point of sale ("**POS**") data content error and the cause of such error, (b) send an EDI 852 correction for the any erroneous EDI 852 data, (c) adjust the Company's files regarding the error, (d) take corrective action in regard to any EDI 852 required correction, and (e) commence and diligently pursue the completion of a permanent resolution to prevent the occurrence of the error in future transactions. The Company will also promptly respond to AG's questions in regard to EDI 852 POS data, including questions regarding missing transmissions and duplicated data and the Company will employ best practices to ensure all EDI 852 data is correct and sent on time; and
3. provide at least thirty (30) days prior written notice of any systems or related changes that would effect or impact the Company's ability to provide POS Data contemplated hereunder, including any changes related to the Company's EDI specifications and/or communication method(s).

**CONFIDENTIAL**

**Service Fees**

1. As consideration for the Services, AG shall pay the Company the following amounts, less the amount set forth in Section 2 below:

- (a) For the stores located in the United States, AG shall pay the Company a monthly service fee of US\$200 per store per month until February 28, 2017 and US \$100 per store per month from March 1, 2017 until February 28, 2018.
- (b) For the stores located in Canada, AG shall pay the Company a monthly service fee of CDN\$245 per store per month until February 28, 2017, and CDN \$122.5 per store per month from March 1, 2017 until February 28, 2018.

2. AG and the Company agree that the amounts due to the Company under Section 1 will be reduced by an aggregate of \$150,000 (the "Reduction Amount") in each of the three fiscal years ended February 28, 2018, reduced as follows:

- (a) The amount due by AG to the Company with respect to each of January and February of 2016, 2017, and 2018 will be reduced by US\$75,000; provided, however, that if the service fee for any such month is less than US\$75,000, then the difference will be applied to reduce the monthly service fee owed by AG to the Company in the immediately following calendar month in which a monthly service fee is due and thereafter until the full an aggregate of \$150,000 has been applied. If there is no monthly service due under Section 1 above from which to deduct the Reduction Amount, AG may set-off the unapplied portion of the Reduction Amount to any amounts AG may owe from time to time, whether under this Agreement or otherwise.



183251

9350-05000

Verified  
Res. Contract Mgmt.CONFIDENTIAL

MAY 16 2018

By: AMENDMENT NUMBER 3 TO POS DATA SERVICES AGREEMENT

THIS AMENDMENT NUMBER 3 TO POS DATA SERVICES AGREEMENT (this "*Third Amendment*") is entered into as of this \_\_\_ day of April, 2018, by and between SCHURMAN FINE PAPERS, a California corporation ("*Company*") and American Greetings Corporation, an Ohio corporation ("*AG*").

RECITALS

WHEREAS, Company and AG entered into a POS Data Services Agreement, dated April 17 2009, as amended in Amendment to POS Data Services Agreement, dated April 13, 2015, and as further amended in Amendment Number 2 to POS Data Services Agreement, dated July 20, 2015 (collectively, the "*Agreement*"); and

WHEREAS, Company and AG desire to extend the Term of the Agreement, as set forth below.

NOW THEREFORE, in consideration of the mutual promises, agreements and benefits herein, and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, Company and AG hereby agree to amend the Agreement as follows:

1. Effective as of the date hereof, Section 3.01 of the Agreement is hereby deleted in its entirety and amended and restated in its entirety as follows:

"3.01. Term. Subject to Section 3.02 hereof, the term of this Agreement shall commence as of the date hereof and shall end on the earlier of (i) May 31, 2020, and (ii) the termination of the Supply Agreement (the "*Term*")."

2. Except as amended by this Third Amendment, the terms of the Agreement, including the respective rights and obligations of the parties, shall remain in full force and effect.

3. All capitalized terms used and not defined or amended herein are used herein as defined in the Agreement.

4. This Third Amendment may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument, and any of the parties hereto may execute this Third Amendment by signing any such counterpart.

5. This Third Amendment and the Agreement constitute the entire agreement between the parties with respect to the subject matter hereof and supersede all prior or contemporaneous agreements and understandings, whether oral or written. In the event of any conflict or inconsistency between the terms of the Agreement and this Third Amendment, this Third Amendment shall control.

[Signature page follows.]

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 3 to POS Data Services Agreement to be effective as of the first date written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment Number 3 to POS Data Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: \_\_\_\_\_  
Name:  
Title:

**AMERICAN GREETINGS CORPORATION**

BY:  \_\_\_\_\_  
Name: Christopher W. Haffke  
Title: SVP, General Counsel, CHRO and Secretary

**CONFIDENTIAL**

IN WITNESS WHEREOF, the parties have executed this Amendment Number 3 to POS Data Services Agreement to be effective as of the first date written above and each person, by his or her signature, acknowledges his or her authority to sign this Amendment Number 3 to POS Data Services Agreement on behalf of the applicable party.

**SCHURMAN FINE PAPERS**

BY: 

Name:

Title:

**AMERICAN GREETINGS CORPORATION**

BY: \_\_\_\_\_

Name: Christopher W. Haffke

Title: SVP, General Counsel, CHRO and Secretary

TAB D

THIS IS EXHIBIT "D" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020



Notary Public in and for the State of Tennessee





	February	March	April	May	June	July	August	September	October	November
BBF	P1	P2	P3	P4	P5	P6	P7	p8	P9	P10

### Current Assets

## Cash

Petty Cash Total	0	0	0	0	0	0	0	0	0	0	0
Cash - Store Accounts Total	36	34	33	33	33	34	34	33	33	33	38
Cash in Bank Total	373	1,036	531	654	705	560	197	585	1,349	495	1,507
Depository Accounts Total	147	173	153	183	175	193	121	216	146	142	383
Cash Clearing Total	(2)	0	0	0	0	0	1	1	1	1	2
Cash Total	555	1,243	718	870	913	787	352	835	1,530	671	1,930

## Trade Receivables

[illegible]

## Trade Receivables, Net

[illegible]

## Other Receivables Total

Total Receivables	248	151	160	185	126	105	92	100	107	124	270
-------------------	-----	-----	-----	-----	-----	-----	----	-----	-----	-----	-----

## Inventory

Inventory on-hand (Minor 100) Total	4,872	4,828	5,055	4,991	4,733	4,502	4,338	4,479	4,966	5,767	5,504
Inventory on-hand Total	482	408	403	400	379	359	371	353	332	289	271
Inventory in Transit Total	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(0)	(55)	(0)
Inventory Reserves Total	(357)	(387)	(389)	(406)	(423)	(460)	(472)	(485)	(500)	(521)	(539)

## Inventory, Net

Prepaid Assets											
Prpd. - Vendors	0	0	0	0	0	0	0	0	0	0	0
Prpd. - Rent	871	838	821	1,653	811	833	830	819	66	823	816
Prepaid Assets Total	907	868	849	1,706	833	861	903	883	123	873	858

**Current Assets Total**

### Non-Current Assets

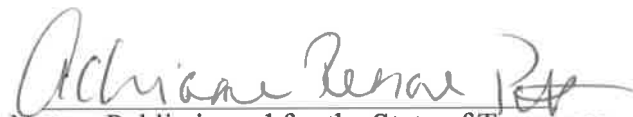
## Fixed Assets



N/P - Comerica	0	0	0	0	0	0	0	0	0	0	0
N/P - Comerica Term Loan	0	0	0	0	0	0	0	0	0	0	0
Notes Payable - Current Portion Total	0	0	0	0	0	0	0	0	0	0	0
Current Liabilities Total	8,093	8,217	8,286	9,323	8,718	9,343	9,264	9,715	10,194	11,016	11,274
Long-Term Liabilities											
Other Note Payable											
LT Note Payable -Canada	0	0	0	0	0	0	0	0	0	0	0
LT Note Payable - EPI	0	0	0	0	0	0	0	0	0	0	0
LT Related Pty Note Payable - MS	0	0	0	0	0	0	0	0	0	0	0
Other Note Payable Total	0	0	0	0	0	0	0	0	0	0	0
Other Long-Term Payables											
Deferred Rent Long Term	382	374	364	356	349	355	345	337	319	316	306
Deferred Interest	0	0	0	0	0	0	0	0	0	0	0
Tennant Improve Allow Long Term	248	239	229	220	212	213	204	196	190	184	176
Papyrus Gift Card	0	0	0	0	0	0	0	0	0	0	0
Other Long-Term Payables Total	630	613	593	576	561	568	549	533	509	500	482
Long-Term Liabilities	630	613	593	576	561	568	549	533	509	500	482
LIABILITIES TOTAL	8,723	8,830	8,879	9,899	9,280	9,911	9,813	10,248	10,702	11,516	11,757
OWNERS EQUITY											
Common Stock Total	0	0	0	0	0	0	0	0	0	0	0
Paid-in Capital Total	0	0	0	0	0	0	0	0	0	0	0
Translation Gain (Loss)	(2,794)	(2,239)	(2,185)	(2,212)	(2,978)	(4,092)	(4,212)	(3,697)	(3,374)	(3,334)	(2,711)
Retained Earnings											
RETAINED EARNINGS-SFP	9,687	9,687	9,687	9,687	9,687	9,687	9,687	9,687	9,687	9,687	9,687
RETAINED EARNINGS-PFC	0	0	0	0	0	0	0	0	0	0	0
RETAINED EARNINGS-Invest in Sub / I	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)	(7,226)
Current Year Income	0	(341)	(933)	(1,044)	(837)	(802)	(1,286)	(1,798)	(2,311)	(2,682)	(2,375)
Retained Earnings Total	2,460	2,119	1,528	1,417	1,623	1,659	1,175	662	149	(222)	85
OTHER COMPREHENSIVE INCOME											
OTHER COMPREHENSIVE INCOME	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)	(6)
FX Affect	(0)	57	156	166	111	165	243	346	453	531	464
ACCUM OTHER COMPREHENSIVE INCOME	(6)	51	150	161	105	159	238	340	447	525	458
TOTAL SHAREHOLDERS DEFICIT	(340)	(69)	(508)	(634)	(1,249)	(2,274)	(2,800)	(2,694)	(2,778)	(3,030)	(2,168)

TAB E

THIS IS EXHIBIT "E" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee



**FIRST AMENDED & RESTATED  
LOAN AND SECURITY AGREEMENT**

**by and among**

**SCHURMAN FINE PAPERS, d/b/a PAPYRUS**

**and**

**EACH OF ITS SUBSIDIARIES PARTY HERETO**

**as Borrowers,**

**WELLS FARGO RETAIL FINANCE, LLC**

**as Administrative Agent, Collateral Agent, and a Revolving Credit Lender,**

**and**

**EACH OTHER REVOLVING CREDIT LENDER PARTY HERETO**

**Dated as of April 17, 2009**

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**FIRST AMENDED & RESTATED**  
**LOAN AND SECURITY AGREEMENT**

THIS FIRST AMENDED & RESTATED LOAN AND SECURITY AGREEMENT (as hereafter amended, restated, supplemented or replaced, this "Agreement") is entered into as of April 17, 2009 by and among **WELLS FARGO RETAIL FINANCE, LLC**, in its capacities as administrative agent (together with its respective successors and assigns in such capacity, the "Administrative Agent") and as collateral agent (together with its respective successors and assigns in such capacity, the "Collateral Agent") with offices at One Boston Place, 18<sup>th</sup> Floor, Boston, Massachusetts 02108, and the banks and other financial institutions from time to time parties to this Agreement as revolving credit lenders (the "Revolving Credit Lenders") and **SCHURMAN FINE PAPERS d/b/a PAPYRUS** ("Papyrus"), and any of its Subsidiaries that is or becomes a party hereto (each individually a "Borrower" and collectively with Papyrus, the "Borrowers"), in consideration of mutual covenants contained herein and benefits derived herefrom.

**RECITALS**

WHEREAS, certain of the Borrowers, Agent, and Lenders have previously entered into the Existing Loan Agreement, as defined herein;

WHEREAS, in connection with the Purchase & Sale, as defined herein, the Borrowers have requested that the Existing Loan Agreement be amended and restated in its entirety by this Agreement in order to permit the Borrowers to enter into, and consummate the terms of, the Purchase & Sale and make certain other amendments and modifications to the Existing Loan Agreement as provided herein; and

WHEREAS, Agent and Lenders are willing to agree to the amendment and restatement of the Existing Loan Agreement as provided herein;

NOW THEREFORE, in consideration of the mutual covenants contained herein and the benefits to be derived herefrom, the parties hereto hereby agree as follows.

**WITNESSETH:**

**1. DEFINITIONS AND CONSTRUCTION.**

**1.1. Definitions.**

As used in this Agreement, the following terms shall have the following definitions:

"Acceleration" means with respect to any Indebtedness, the making of a demand or declaration that it has become due and payable prior to its stated maturity. Derivations of the word "Acceleration" (such as "Accelerate") are used with like meaning in this Agreement.

"Acceleration Notice" means a written notice as follows:

- (a) From an Agent to the Lenders, as provided in Section 17.1(a).
- (b) From the Majority Lenders to an Agent, as provided in Section 17.1 (b).

"Acceptable Financial Institution" means, with respect to the issuer of any Guarantor L/C, any financial institution acceptable to Agent in its Permitted Discretion and, without limitation of the foregoing, which has a rating from S&P of at least BBB- and from Moody's of at least Baa or in the event either or both such ratings agencies are no longer publishing ratings, has a creditworthiness ascertainable and equivalent to such S&P and Moody's ratings as determined by Agent in its Permitted Discretion.

“Account Debtor” means any Person who is or who may become obligated under, with respect to, or on account of, an Account, Chattel Paper, or a General Intangible.

“Accounts” means all of each Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “accounts” (as such term is defined from time to time in the Code or the PPSA, as applicable, and including, without limitation, credit card receivables), and any and all supporting obligations in respect thereof.

“Account Reserves” means such Reserves as Agent determines from time to time in its Permitted Discretion as being appropriate to reflect impediments to the Agent’s ability to realize upon an Account included in the Borrowing Base. Without limiting the generality of the foregoing, Account Reserves may include (but are not limited to) reserves based upon the following, but without duplication of items excluded from, and without exclusion of items expressly permitted by, the definition of Eligible Credit Card Accounts: (a) any Account or portion thereof which is past due, delinquent or otherwise at risk of non-payment, (b) any Account or portion thereof which is subject to counterclaim, defense, or dispute, (c) any Account or portion thereof which is subject to setoff or chargeback, (d) any facts, events or circumstances which impair the validity, enforceability or collectability of such Account or reduce the amount payable or delay payment thereunder, (e) any material adverse change in the financial condition of the Credit Card Processor as determined by Agent in its Permitted Discretion, or (f) any event of default under any Credit Card Agreement which event of default gives the Credit Card Processor the right to setoff against amounts otherwise payable to Borrower or the right to establish reserves or establish or demand collateral.

“ACH Transactions” means any cash management or related services (including the Automated Clearing House processing of electronic funds transfers through the direct Federal Reserve Fedline system) provided by Wells Fargo or its Affiliates for the account of Borrowers and their Affiliates.

“Acquired Assets” means the “Retail Purchased Assets” as such term is defined in the Purchase & Sale Agreement.

“Additional Documents” has the meaning set forth in Section 4.5.

“Adjusted Borrowing Base” means the Borrowing Base plus the aggregate undrawn amount of the Guarantor L/Cs then available for drawing plus the amount of funds in any Guarantor Collateral Account.

“Administrative Fee” has the meaning set forth in Section 2.11(d).

“Advances” has the meaning set forth in Section 2.1(b).

“Affiliate” means, as applied to any Person, any other Person who, directly or indirectly, controls, is controlled by, or is under common control with, such Person. For purposes of this definition, “control” means the possession, directly or indirectly, of the power to direct the management and policies of a Person, whether through the ownership of Stock, by contract, or otherwise; provided, however, that, for purposes of Section 7.14 hereof: (a) any Person which owns directly or indirectly 10% or more of the securities having ordinary voting power for the election of directors or other members of the governing body of a Person or 10% or more of the partnership or other ownership interests of a Person (other than as a limited partner of such Person) shall be deemed to control such Person; (b) each director (or comparable manager) of a Person shall be deemed to be an Affiliate of such Person; and (c) each partnership or joint venture in which a Person is a partner or joint venturer shall be deemed to be an Affiliate of such Person it being acknowledged and agreed that AG and its Affiliates shall not be deemed to be “Affiliates” of Borrower or any Loan Party except for purposes of Section 7.14 hereof.

“AG” means American Greetings Corporation, an Ohio corporation, and its successors and assigns.

“AG Inventory” means all Inventory other than Papyrus Inventory.

“AG Subordination Agreement” means the subordination agreement from AG to Agent dated as of the Restatement Date.

“AG US Inventory” means all AG Inventory owned at any time by a US Borrower.

“Agent” means when not preceded by “Administrative” or “Collateral”, collectively and individually, the Administrative Agent and the Collateral Agent.

“Agent’s Account” means with respect to amounts paid in CAD, the Agent’s Canadian Account, and with respect to amounts paid in Dollars, the Agent’s US Account, individually and collectively as the context may require.

“Agent’s Canadian Account” means the account described on Schedule A-1, as the Agent’s Canadian Account.

“Agent’s Closing Fee” has the meaning given such term in Section 2.11(b).

“Agent Expenses” means the Dollar Equivalent of all (a) costs or expenses (including taxes, and insurance premiums) required to be paid by a Borrower under any of the Loan Documents that are paid or incurred by the Agent, (b) reasonable out-of-pocket fees or charges paid or incurred by Agent in connection with the Agent’s transactions with Borrowers, including, reasonable fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, UCC, and PPSA searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording, publication, appraisal, real estate surveys, real estate title policies and endorsements, and environmental audits (including periodic Collateral appraisals or business valuations to the extent of the fees and charges (and in all cases subject to the limitations and restrictions) contained in this Agreement), (c) reasonable costs and expenses incurred by Agent in the disbursement of funds to or for the account of Borrowers (by wire transfer or otherwise), (d) charges paid or incurred by Agent resulting from the dishonor of checks, (e) reasonable out-of-pocket costs and expenses paid or incurred by the Agent to correct any default or enforce any provision of the Loan Documents, or in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) reasonable audit fees and expenses of Agent related to audit examinations of the Books to the extent of the fees and charges (and in all cases subject to the limitations and restrictions) contained in this Agreement, (g) reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by the Agent in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents, (h) Agent’s reasonable out-of-pocket fees and expenses (including attorneys’ fees) incurred in advising, structuring, drafting, reviewing, administering, or amending the Loan Documents, and (i) Agent’s reasonable out-of-pocket fees and expenses (including attorneys’ fees) incurred in terminating, enforcing (including attorneys fees and expenses incurred in connection with a “workout,” a “restructuring,” or an Insolvency Proceeding concerning any Borrower or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral.

“Agent’s Liens” means the Liens granted by Borrowers to Agent under this Agreement or the other Loan Documents.

“Agent’s US Account” means the account described on Schedule A-1 as the Agent’s US Account.

“Agent-Related Person” means the Agent, together with the Agent’s Affiliates, and the officers, directors and employees of the Agent.

“Agreement” has the meaning set forth in the preamble hereto.

“Alternate Base Rate” shall mean, for any day, a rate per annum (rounded upward, if necessary, to the next 1/100 of 1%) equal to the greatest of (a) the Base Rate in effect on such day, (b) the thirty day LIBO Rate in effect on such day plus 1.00% and (c) the Federal Funds Effective Rate in effect on such day plus 0.50%. If the Agent shall have determined (which determination shall be conclusive absent manifest error) that it is unable to ascertain the Federal Funds Effective Rate for any reason, including the inability or failure of the Agent to obtain sufficient quotations in accordance with the terms of the definition thereof, the Alternate Base Rate shall be determined

without regard to clause (c) of the preceding sentence until the circumstances giving rise to such inability no longer exist. Any change in the Alternate Base Rate due to a change in the Base Rate, the LIBO Rate or the Federal Funds Effective Rate shall be effective on the effective date of such change in the Base Rate, LIBO Rate or the Federal Funds Effective Rate, respectively.

“Alternate Base Rate Loan” means each portion of an Advance that bear interest at a rate determined by reference to the Alternate Base Rate.

“Applicable Law” means as to any Person: (i) all statutes, rules, regulations, orders, treaties, or other requirements having the force of law, and (ii) all court orders, judgments, opinions, decrees and injunctions, arbitrator’s decisions, and/or similar rulings, in each instance (i) and (ii) of or by any federal, state, Provincial, municipal, and other Governmental Authority, or court, tribunal, panel, or other body which has or claims jurisdiction over such Person, or any property of such Person, or of any other Person for whose conduct such Person would be responsible.

“Applicable Prepayment Premium” means, as of any date of determination, the Dollar Equivalent of an amount equal to 1.00% times the Maximum Revolver Amount as of the date of such determination (before giving effect to any contemplated prepayment or Commitment reduction) in respect to a prepayment of the Obligations prior to the Revolving Credit Maturity Date pursuant to Section 3.5(b) hereof or 1.00% times the amount by which the Commitment is reduced in respect to a reduction of the Commitment pursuant to Section 3.5(c) hereof; provided, however, that on and after the third anniversary of the Restatement Date, the Applicable Prepayment Premium shall in all events be 0.00%.

“Assignment of Leases and Rents” means any Collateral Assignment of Leases and Rents in form and substance acceptable to Agent, whereby leases and rents are collectively assigned to Agent.

“Assignment of Purchase & Sale Documents” means the Assignment of Purchase & Sale Documents, dated as of the Restatement Date, among the Agent, AG, and Lead Borrower, as it may hereafter be amended, restated, supplemented, or replaced.

“Assignment of Trademark Security Agreement” means an assignment agreement among US Borrowers and Agent, pursuant to which US Borrowers pledge all of their right, title, and interest in and to the Trademark Security Agreement.

“Authorized Person” means the Chief Executive Officer or the Chief Financial Officer of Lead Borrower, or any other officer or employee designated by the Board of Directors of the Lead Borrower.

“Auto-Extension Letter of Credit” has the meaning set forth in Section 2.12.

“Availability” means, as of any date of determination, the lesser of (a) or (b) where:

(a) is the result of

(i) The Maximum Revolver Amount

*Minus*

(ii) The aggregate unpaid balance of the Loan Account

*Minus*

(iii) The aggregate undrawn Stated Amount of all then outstanding L/C’s, and

(b) is the result of

(i) The Adjusted Borrowing Base



*Minus*

- (ii) The aggregate unpaid balance of the Loan Account

*Minus*

- (iii) The aggregate undrawn Stated Amount of all then outstanding L/C's.

**"Availability Reserves"** means such Reserves as Agent from time to time determines in its Permitted Discretion as being appropriate to reflect the impediments to Agent's ability to realize upon the Collateral included in the Borrowing Base. Without limiting the generality of the foregoing, Availability Reserves may include (but are not limited to) reserves based on the following, but without duplication of items excluded from being eligible for inclusion in the Borrowing Base in the applicable definition of any item of eligible Collateral: (a) rent (in an amount to be determined in Agent's Permitted Discretion) for any leased store or distribution center location in a Landlord Lien Jurisdiction for which an acceptable Collateral Access Agreement has not been received by Agent (irrespective of whether any rent is currently due) or book overdrafts in excess of historical practices with respect thereto; (b) Customer Credit Liabilities, including returns, customer credits, gift certificates and frequent shopper programs; (c) payables (based upon payables which are 30 days or more past due); (d) customer deposits; (e) Taxes and other governmental charges, including Tax Liens, ad valorem, personal property, sales, and other Taxes which may have priority over the security interests of the Agent in the Collateral; (f) cash management reserves, including with respect to held or post-dated checks issued by any Borrower; (g) any judgment lien against Borrowers or Collateral; (h) Borrowers' failure to pay when due and payable any liabilities owing to any trade creditor; (i) the Royalty Reserve; (j) finance and other non-purchase related charges and late fees with respect to credit card receivables; (k) Inventory shrinkage; (l) negative on-hand Inventory; (m) letter of credit reserves; (n) Excluded Contracts; (o) the Integration Reserve; (p) amounts of Priority Payables; (q) goods and services taxes, Quebec sales taxes, Provincial sales taxes and retail sales taxes (net of input tax credits); (r) employee source deductions including in respect of accrued employee vacation time (including accrued personal days, floating holidays, and sick days), income tax, Canada Pension Plan, Quebec Pension Plan, other pension plan contributions, employment insurance, savings plans, and workers compensation; (s) employer contributions under the Canada Pension Plan and Quebec Pension Plan, employment insurance employer premiums; (t) any other taxes required to be withheld under the ITA or other applicable income taxation laws and (u) the Sublease Reserve.

**"Average Excess Availability"** means, as of any date determined, the average of daily Excess Availability during a Fiscal quarter of the Borrowers.

**"Average Excess Availability Certificate"** has the meaning set forth in Section 6.3(b) hereof.

**"Bailee Acknowledgment"** means a record in form and substance satisfactory to Agent in its Permitted Discretion authenticated by any bailee, warehouseman or other third party in possession of any Equipment or Inventory acknowledging that it holds possession of the applicable Inventory and/or Equipment for the benefit of Agent.

**"Bank Product Agreements"** means any agreement between Wells Fargo or any Affiliate of Wells Fargo with respect to Bank Products including, without limitation, those certain cash management service agreements entered into from time to time by Lead Borrower or its Subsidiaries.

**"Bank Product Obligations"** means all obligations, liabilities, contingent reimbursement obligations, fees, and expenses owing by the Borrowers or their Affiliates to Wells Fargo or its Affiliates pursuant to or evidenced by the Bank Product Agreements and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all such amounts that a Borrower is obligated to reimburse to Agent as a result of Agent purchasing participations or executing indemnities or reimbursement obligations with respect to the Bank Products provided to Lead Borrower or its Subsidiaries pursuant to the Bank Product Agreements.

“Bank Products” means any service or facility extended to Lead Borrower or its Subsidiaries by Wells Fargo or any Affiliate of Wells Fargo including: (a) credit cards, (b) credit card processing services, (c) debit cards, (d) purchase cards, (e) ACH Transactions, (f) cash management, including controlled disbursement, accounts or services, or (g) Hedge Agreements.

“Bank Product Reserves” means, as of any date of determination, the amount of reserves that Agent has established in its Permitted Discretion (based upon Wells Fargo’s or its Affiliate’s reasonable determination of the credit exposure in respect of then extant Bank Products) for Bank Products then provided or outstanding.

“Bankruptcy Code” means the United States Bankruptcy Code, *the Bankruptcy and Insolvency Act* (Canada), and the *Companies Creditors’ Arrangement Act* (Canada), each as now and hereafter in effect, any successors to such statutes and any other applicable insolvency or other similar law of any jurisdiction including, without limitation, any law of any jurisdiction permitting a debtor to obtain a stay or a compromise of the claims of its creditors against it.

“Base LIBO Rate” means the rate per annum, determined by Agent in accordance with its customary procedures, and utilizing such electronic or other quotation sources as it considers appropriate (rounded upwards, if necessary, to the next 1/16%), on the basis of the rates at which Dollar deposits are offered to major banks in the London interbank market on or about 1:00 p.m. (Boston, Massachusetts time) 2 Business Days prior to the commencement of the applicable Interest Period, for a term and in amounts comparable to the Interest Period and amount of the LIBO Rate Loan requested by Lead Borrower in accordance with this Agreement, which determination shall be conclusive in the absence of manifest error.

“Base Rate” means the rate of interest announced within Wells Fargo at its principal office in San Francisco as its “prime rate”, with the understanding that the “prime rate” is one of Wells Fargo’s base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publication or publications as Wells Fargo may designate.

“Benefit Plan” means a U.S. Benefit Plan or a Canadian Benefit Plan.

“Board of Directors” means the board of directors (or comparable managers) of each Borrower or any committee thereof duly authorized to act on behalf thereof.

“Books” means all of each Borrower’s and its Subsidiaries’ now owned or hereafter acquired books and records (including all of its Records indicating, summarizing, or evidencing its assets (including the Collateral) or liabilities, all of each Borrower’s or its Subsidiaries’ Records relating to its or their business operations or financial condition, and all of its or their goods or General Intangibles related to such information).

“Borrower” and “Borrowers” have the respective meanings set forth in the preamble to this Agreement.

“Borrowing” means a borrowing hereunder consisting of Advances or Letters of Credit made or issued on the same day by the Agent or Issuing Bank, as applicable.

“Borrowing Base” means the Dollar Equivalent of the combined US Borrowing Base and Canadian Borrowing Base, as determined by Agent in its Permitted Discretion; provided, however, that Agent, in its Permitted Discretion, reserves the right to establish separate Borrowing Bases for each Borrower, establish Borrowing sublimits for each Borrower or additional Reserves, if Agent in its Permitted Discretion, deems such establishment, or separation, as necessary or desirable to protect, perfect, enforce, or preserve any of the Agents’ or Lenders’ rights and remedies, particularly with regard to the Agents’ and Lenders’ interests in the Collateral.

“Borrowing Base Certificate” means a certificate in the form of Exhibit F-1, as such form may be revised from time to time by Agent and to include, without limitation, a demonstration of Borrowers’ compliance with the Minimum Excess Availability Covenant.

“Bridge Guaranty” means the Guaranty by AG to Agent for the benefit of the Lenders in connection with the subleasing of the AG retail stores and other locations to Borrowers pursuant to the Purchase & Sale.

“Bridge L/C” means the Guarantor L/C to be issued by an Acceptable Financial Institution pursuant to the Bridge Guaranty in an amount equal to \$12,000,000 on the Restatement Date and subject to reduction pursuant to the terms of the Bridge Guaranty.

“Business Day” means any day that is not a Saturday, Sunday, or other day on which commercial banks are authorized or required to close in Boston, MA, San Francisco, CA, or Toronto, Ontario, except that, if a determination of a Business Day shall relate to a Fixed Rate Loan, the term “Business Day” also shall exclude any day on which banks are closed for dealings in Dollar deposits in the London interbank market.

“Business Plan” means the set of Projections of Borrowers for the period following the Restatement Date to January 2011 (on a year by year basis) attached hereto as Exhibit B-1, and similar sets of monthly and annual Projections required to be delivered pursuant to Section 6.3, together, in each case, with any amendment, modification or revision thereto approved by Agent in its Permitted Discretion.

“CAD” means the lawful currency of Canada.

“CAD Advances” has the meaning set forth in Section 2.1(b).

“Canadian Benefit Plans”: means all plans, arrangements, agreements, programs, policies, practices or undertakings, whether oral or written, formal or informal, funded or unfunded, insured or uninsured, registered or unregistered to which any Borrower is a party or bound or in which any such Borrower’s employees participate or under which any Borrower has, or will have, any liability or contingent liability, or pursuant to which payments are made, or benefits are provided to, or an entitlement to payments or benefits may arise with respect to any such Borrower’s employees or former employees of such Borrower’s business, directors or officers, individuals working on contract with any Borrower or in relation to such Borrower’s business or other individuals providing services to any Borrower relating to such Borrower’s business of a kind normally provided by employees (or any spouses, dependants, survivors or beneficiaries of any such persons), excluding statutory plans.

“Canadian Borrower” means 644064 N.B. Inc., a New Brunswick corporation, and its successors and assigns.

“Canadian Borrowing Base” means, of any date of determination, an amount equal to the result of:

(A) 80% of the amount of the Dollar Equivalent of Eligible Credit Card Accounts of Canadian Borrower;

plus

(B) *the lesser of*

(I) 70% of the Dollar Equivalent of the Cost of Eligible Canadian Inventory of Borrowers, and

(II) until the Sublease Requirement has been satisfied, 70% of the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible Canadian Inventory, and thereafter, 85% of the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible Canadian Inventory;

minus

(C) the aggregate Dollar Equivalent of Reserves (without duplication), if any, established by Agent under Section 2.1(b);

“Canadian Commitment” means the Dollar Equivalent of the amount in CAD set forth on Exhibit 2.1(f) hereto (as supplemented from time to time in accordance with the terms of this Agreement) as the amount of each Canadian Lender’s commitment to make Canadian Advances and to participate in Canadian Letters of Credit hereunder.

“Canadian Commitment Percentage” means, as to each Canadian Lender, such Lender’s pro rata share of the aggregate Canadian Commitment, as set forth on Exhibit 2.1(f) annexed hereto (as such amounts may change in accordance with the provisions of this Agreement).

“Canadian Index Rate” means, for any day, the rate of interest per annum equal to the greater of (i) the per annum rate of interest quoted or established as the “prime rate” of Wells Fargo which it quotes or establishes for such day as its reference rate of interest in order to determine interest rates for commercial loans in CAD in Canada to its Canadian borrowers; and (ii) the average rate for CAD banker’s acceptances having a term of one month that appears on Reuters Service page CDOR (or such other page as is a replacement page for such banker’s acceptances) at approximately 10:00 a.m. (Toronto time) on such day plus 100 basis points per annum, adjusted automatically with each quoted or established change in such rate, all without the necessity of any notice to any Borrower or any other Person.

“Canadian Index Rate Loan” means any CAD Advance or portion thereof which bears interest at a rate based on the Canadian Index Rate.

“Canadian Inventory” means all Inventory of a Borrower located in Canada.

“Canadian Issuing Bank” means TD Bank or such other Person as the Agent may select in its sole and absolute discretion.

“Canadian L/C Guarantees” means one or more guarantees by the Agent in favor of the Canadian Issuing Bank guaranteeing or relating to the Canadian Borrower’s obligations to the Canadian Issuing Bank under a reimbursement agreement, Letter of Credit Application, or other similar document in respect of any Canadian L/C issued by the Canadian Issuing Bank.

“Canadian L/Cs” has the meaning given such term in Section 2.12(b).

“Canadian L/C Undertaking” has the meaning given such term in Section 2.12(b).

“Canadian Lenders” means each Lender identified on the signature pages hereto as a “Canadian Lender” or which becomes a “Canadian Lender” after the Restatement Date in accordance with the terms of this Agreement.

“Canadian Letter of Credit Application” has the meaning given such term in Section 2.12(b).

“Canadian Obligations” means the Obligations arising with respect to Canadian Advances, Canadian L/Cs, and other Obligations arising hereunder denominated in CAD.

“Canadian Pension Plans”: means all Canadian Benefit Plans which are required to be registered under Canadian Provincial or federal pension benefits standards legislation, or such plans which are subject to the funding requirements of the *Pension Benefits Act* (Ontario) or applicable pension benefits legislation in any other Canadian jurisdiction.

“Canadian Security Documents” means (a) the pledge and security agreement (common law) delivered by the Canadian Borrower; (b) Quebec (civil law) security documents delivered by the Canadian Borrower including deed of hypothec, demand bond, delivery order and bond pledge agreement and (c) any other Loan Document delivered by the Canadian Borrower securing the Obligations of the Canadian Borrower.

“Canadian Sublimit” means the lesser of (i) the Dollar Equivalent of the Canadian Borrowing Base or (ii) the Canadian Commitment then in effect (which, subject to reduction under Section 3(c) hereof is the Dollar Equivalent of \$10,000,000 on the Restatement Date).

“Cash Collateralize” has the meaning set forth in Section 2.12.

“Capital Expenditures” means expenditures for the purchase or construction of fixed assets, plant and equipment which are capitalized in accordance with GAAP.

“Capital Lease” means a lease that is required to be capitalized for financial reporting purposes in accordance with GAAP.

“Capitalized Lease Obligation” means any Indebtedness represented by obligations under a Capital Lease.

“Cash Equivalents” means the Dollar Equivalent of (a) marketable direct obligations issued or unconditionally guaranteed by the United States or Canada or issued by any agency thereof and backed by the full faith and credit of the United States or Canada, in each case maturing within 1 year from the date of acquisition thereof, (b) marketable direct obligations issued by any state of the United States or any political subdivision of any such state or any public instrumentality thereof maturing within 1 year from the date of acquisition thereof and, at the time of acquisition, having the highest rating obtainable from either S&P or Moody’s, (c) commercial paper maturing no more than 270 days from the date of acquisition thereof and, at the time of acquisition, having a rating of A-1 or P-1, or better, from S&P or Moody’s, and (d) certificates of deposit or bankers’ acceptances maturing within 1 year from the date of acquisition thereof either (i) issued by any bank organized under the laws of the United States or any state thereof or Canada which bank has a rating of A or A2, or better, from S&P or Moody’s, or (ii) certificates of deposit less than or equal to \$100,000 in the aggregate issued by any other bank insured by the Federal Deposit Insurance Corporation.

“Cash Management Bank” has the meaning set forth in Section 2.7(a).

“Cash Management Account” has the meaning set forth in Section 2.7(a).

“Cash Management Agreements” means those certain cash management service agreements, each in form and substance satisfactory to Agent in its Permitted Discretion, and each of which is among Lead Borrower, Agent, and one of the Cash Management Banks.

“CDOR Rate”: means, in respect to any Interest Period applicable to a CDOR Rate Loan or to any determination of Cost of Funds, the rate per annum determined by Agent by reference to the average rate quoted in the Reuters Monitor Screen (Page CDOR, or such other Page as may replace such Page on such Screen on the purpose of displaying Canadian interbank bid rates for Canadian Dollar bankers’ acceptance) applicable to Canadian Dollars bankers’ acceptances with a term comparable to such Interest Period as of 10:00 a.m. (Toronto time) on the first day of such Interest Period. If for any reason the Reuters Monitor Screen rates are unavailable, the CDOR Rate shall be determined from such financial report service or other information as shall be selected by Agent, acting reasonably. No adjustment shall be made to account for the difference between the number of days in a year on which the rates referred to in this definition are based on the number of days in a year on the basis of which interest is calculated in the Agreement.

“CDOR Rate Loan” means any CAD Advance or portion thereof which bears interest at a rate based on the CDOR Rate.

“Change of Control” means (a) any “person” or “group” (within the meaning of Sections 13(d) and 14(d) of the Exchange Act), other than Permitted Holders, becomes the beneficial owner (as defined in Rule 13d-3 under the Exchange Act), directly or indirectly, of more than 20% of the Stock of Lead Borrower having the right to vote for the election of members of the Board of Directors of Lead Borrower; (b) a majority of the members of the Board of Directors of Lead Borrower do not constitute Continuing Directors; (c) other than AG, Permitted Holders or a Subsidiary of any Permitted Holder ceases to own and control, directly or indirectly, fifty-five percent (55%) of the

outstanding capital Stock or limited liability company membership interests of Lead Borrower; or (d) Lead Borrower ceases to own and control, directly or indirectly, one hundred percent (100%) of the outstanding capital Stock or limited liability company membership interests of any of its direct or indirect Subsidiaries.

“Chattel Paper” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “chattel paper”, including, without limitation, “tangible chattel paper” and “electronic chattel paper”, as such terms are defined from time to time in the Code or the PPSA, as applicable, and any and all supporting obligations in respect thereof.

“Closing Date” means June 24, 2008.

“Closing Letter” means the Closing Disbursement and Memorandum dated as of the Restatement Date, among the Borrowers and the Agent.

“Code” means the Uniform Commercial Code, as in effect from time to time in the Commonwealth of Massachusetts.

“Collateral” means all of each Borrower’s now owned or hereafter acquired right, title, and interest in and to all personal property and assets including, without limitation, each of the following:

- (a) Accounts,
- (b) Chattel Paper,
- (c) DDAs,
- (d) Documents,
- (e) General Intangibles,
- (f) Goods (including, without limitation, Inventory and Equipment),
- (g) Instruments,
- (h) Investment Property,
- (i) Letter of Credit Rights and Payment Intangibles,
- (j) [Reserved.]
- (k) the Commercial Tort Claims set forth on Schedule 5.10(c),
- (l) Supporting Obligations,
- (m) Books,
- (n) money or other assets of each such Borrower that now or hereafter come into the possession, custody, or control of any Agent or Lender or any affiliate thereof,
- (o) [Reserved],
- (p) All money, policies and certificates of insurance, deposits, impressed accounts, compensating balances, cash or other property,

(q) All insurance policies proceeds, refunds, and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds and premium rebates arise out of any of the foregoing (subparagraphs (a) through (s) hereof) or otherwise,

(r) All liens, guarantees, rights, remedies and privileges pertaining to any of the foregoing (subparagraphs (a) through (p) hereof), including the right of stoppage in transit, and

(s) any and all proceeds and products, whether tangible or intangible, of any of the foregoing, including proceeds of insurance covering any or all of the foregoing, and any and all Accounts, Books, General Intangibles, Goods (including, without limitation, Equipment and Inventory), Investment Property, Negotiable Collateral, Real Property, money, DDAs, or other tangible or intangible property resulting from the sale, exchange, collection, or other disposition of any of the foregoing, or any portion thereof or interest therein, and the proceeds thereof.

“Collateral Access Agreement” means a waiver or consent in form and substance satisfactory to Agent, in its Permitted Discretion, executed by any lessor of Real Property leased by a Borrower.

“Collateral Agent” is defined in the preamble hereto.

“Collections” means all cash, checks, credit card slips or receipts, notes, instruments, and other items of payment (including insurance proceeds, proceeds of cash sales, rental proceeds, and tax refunds) of Borrowers and proceeds of Collateral.

“Commercial Tort Claim” means any now existing or hereafter arising “commercial tort claim”, as such term is defined from time to time in the Code.

“Commitment” means each Lender’s US Commitments and Canadian Commitments.

“Commitment Percentage” means, as to each Lender, such Lender’s pro rata share of the aggregate Commitment, as set forth on Exhibit 2.1(f) annexed hereto (as such amounts may change in accordance with the provisions of this Agreement).

“Compliance Certificate” means a certificate substantially in the form of Exhibit C-1 delivered by the chief financial officer of Lead Borrower to Agent.

“Concentration Account” means account number 419-0060558 held at Wells Fargo and any other account designated by Agent as a “Concentration Account”.

“Consent” means actual consent given by a Lender from whom such consent is sought; or the passage of three (3) Business Days from receipt of written notice to a Lender from the Agent of a proposed course of action to be followed by the Agent without such Lender’s giving the Agent written notice of that Lender’s objection to such course of action, provided that the Agent may rely on such passage of time as consent by a Lender only if such written notice states that consent will be deemed effective if no objection is received within such time period.

“Consolidated” means when used to modify a financial term, test, statement, or report, refers to the application or preparation of such term, test, statement or report (as applicable) based upon the consolidation, in accordance with GAAP, of the financial condition or operating results of the Borrowers and their Subsidiaries.

“Continuing Director” means (a) any member of the Board of Directors of the Borrowers who was a director (or comparable manager) of a Borrower on the Restatement Date, and (b) any individual who becomes a member of the Board of Directors after the Restatement Date if such individual was appointed or nominated for election to the Board of Directors by a majority of the Continuing Directors, but excluding any such individual originally proposed for election in opposition to the Board of Directors in office at the Restatement Date in an actual or threatened election contest relating to the election of the directors (or comparable managers) of such Borrower (as

such terms are used in Rule 14a-11 under the Exchange Act) and whose initial assumption of office resulted from such contest or the settlement thereof.

“Control Agreement” means an agreement, in form and substance satisfactory to Agent, in its Permitted Discretion, executed and delivered by the applicable Borrower, Agent, and the applicable securities intermediary, depository institution, or bank, which agreement is sufficient to give Agent “control” over the subject Securities Account, DDA or Investment Property as provided in the Code or the PPSA or the Securities Transfer Act (Ontario), as applicable.

“Conversion Option” has the meaning given such term in Section 2.13.

“Cost” means the Dollar Equivalent of the calculated cost of Inventory, as determined from invoices received by Borrowers, Borrowers’ purchase journals or stock ledgers, based upon Borrowers’ accounting practices, as disclosed to the Agent by the Lead Borrower, which practices are in effect on the Restatement Date or such revised practices which are consented to by the Agent in its Permitted Discretion. “Cost” does not include any inventory capitalization costs inclusive of advertising, but may include other charges used in Borrowers’ determination of cost of goods sold and bringing goods to market, determined in accordance with GAAP and consistent with Borrowers’ past accounting practices or as otherwise approved by Agent within Agent’s Permitted Discretion.

“Credit Card Agreements” means those certain credit card receipts agreements, each substantially in the form attached as Exhibit C-2 hereto, and otherwise reasonably satisfactory to Agent and each of which is among Agent, the applicable Borrower and one of Borrowers’ Credit Card Processors.

“Credit Card Processor” means any Person that acts as a credit card clearinghouse or processor of credit card payments accepted by Borrowers or any Borrower.

“Customer Credit Liabilities” means gift certificates, customer deposits, merchandise credits, layaway obligations, frequent shopper programs, and similar liabilities of Borrowers to their retail customers and prospective customers.

“Daily Balance” means, with respect to each day during the term of this Agreement, the amount of an Obligation owed at the end of such day.

“DDA” means any checking (chequing) or other “Deposit Account” maintained by any Borrower.

“Default” means an event, condition, or default that, with the giving of notice, the passage of time, or both, would be an Event of Default.

“Default Rate” means the applicable interest as set forth in Section 2.6(d).

“Defaulting Lender Rate” means the Alternate Base Rate.

“Delinquent Lender” as defined in Section 16.3.

“Deposit Account” has the meaning given that term in the Code or the PPSA, as applicable, and also includes all demand, time, savings, passbook, or similar accounts maintained with a depository institution.

“Designated Account” means the DDA of Lead Borrower identified on Schedule D-1.

“Disbursement Letter” means an instructional letter executed and delivered by Lead Borrower to Agent regarding the extensions of credit to be made on the Restatement Date, the form and substance of which is satisfactory to Agent.



“Disposed Assets” means the “Wholesale Purchased Assets” as such term is defined in the Purchase & Sale Agreement.

“Distribution” means, with respect to any Person, (a) the declaration or payment of any dividend on or in respect of any shares of any class of capital Stock of such Person, other than dividends payable solely in shares of common Stock of such Person, (b) the purchase, redemption, or other retirement of any shares of any class of capital Stock of such Person, directly or indirectly, (c) the return of capital by such Person to its shareholders or members, or (d) any other distribution on or in respect of any shares of any class of capital Stock of such Person.

“Document” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to any “document” or “documents of title” as such terms are defined in the Code or the PPSA, as applicable, and any and all supporting obligations in respect thereof.

“Documentary Letter of Credit” has the meaning set forth in Section 2.12.

“Dollars” or “\$” means United States dollars.

“Dollar Equivalent” means, as to any amount denominated in CAD as of any date of determination, the amount of Dollars that would be required to purchase the amount of such CAD based upon the Spot Selling Rate and, as to any amount denominated in Dollars, such amount in Dollars.

“Eligible AG US Inventory” means any AG US Inventory that constitutes, as of any date of determination, Eligible Inventory and includes all Acquired Assets of any US Borrower that are Eligible Inventory.

“Eligible Canadian Inventory” means any Canadian Inventory that constitutes, as of any date of determination, Eligible Inventory.

“Eligible Credit Card Accounts” means those Accounts due on a non-recourse basis from major Credit Card Processors, as determined by Agent in its Permitted Discretion, other than due on account of Private Label Accounts, which Accounts have been outstanding for no more than five (5) consecutive Business Days, net of all Reserves. For the purposes of this provision, major Credit Card Processors shall include, without limitation, Paymentech Canada, Fifth Third Bank Visa, MasterCard, Discover, American Express, JCB and any other major Credit Card Processors who have an agreement with Wells Fargo Merchant Services, LLC to provide credit card processing services for Borrowers’ Credit Card Accounts or which are otherwise deemed by Agent in its Permitted Discretion, in writing, to be major Credit Card Processors. Any Accounts that are not Eligible Credit Card Accounts shall nevertheless be part of the Collateral.

“Eligible Inventory” means Inventory of Borrowers consisting of merchantable, finished Goods held for sale in the ordinary course of Borrowers’ business located at one of Borrowers’ business locations set forth on Schedule 5.5 that complies with each of the representations and warranties respecting Eligible Inventory made by Borrowers in the Loan Documents, and that is not excluded as ineligible by virtue of one or more of the criteria set forth below, which criteria may be fixed and revised from time to time by Agent in its Permitted Discretion after the Restatement Date.

An item of Inventory shall not be included in Eligible Inventory if:

- (a) a Borrower does not have good, valid and marketable title thereto (including Inventory acquired or held on consignment by a Borrower) or valid, enforceable licenses or other rights in the intellectual property used in such Inventory,
- (b) it is not located at one of the locations in the United States or Canada set forth on Schedule 5.5, or otherwise in transit to or between such locations,
- (c) it is located at a warehouse, distribution center or other real property (other than a retail store location) leased by a Borrower or in a fulfillment center, consolidator, or contract warehouse or other

third party storage facility, in each case, unless it is subject to a Collateral Access Agreement executed by the lessor, consolidator, fulfillment services provider or other applicable third party,

(d) it is located at a retail store location subject to the Sublease Requirement but for which location such requirement has not been fulfilled or that is leased by a Borrower that is not subject to a Collateral Access Agreement (with the understanding that Agent requires a Collateral Access Agreement for any such leased retail store in a Landlord Lien Jurisdiction) but for which location Agent, from time to time in its Permitted Discretion, has required a Collateral Access Agreement,

(e) it is located in a contract warehouse or is otherwise stored with a bailee, warehouseman or similar third party unless it is subject to a Bailee Acknowledgment or Collateral Access Agreement executed by the bailee, warehouseman, or other third party, as the case may be, and unless it is segregated or otherwise separately identifiable from goods of others, if any, stored on the premises,

(f) it is not subject to a valid and perfected first priority security Agent's Lien or is subject to any other Lien (except Permitted Liens),

(g) it consists of Goods returned or rejected by a Borrower's customers,

(h) it is comprised of Goods which (i) are damaged, defective, "second," or otherwise unmerchantable, (ii) are to be returned to the vender, (iii) are obsolete or slow moving, or custom items, work-in-progress, raw materials, or that constitute spare parts, promotional, marketing, packaging and shipping materials or supplies used or consumed in a Borrower's business, (iv) are not in compliance with all standards imposed by any Governmental Authority having regulatory authority over such Inventory, its use or sale, or (v) are bill and hold Goods,

(i) it consists of samples (not including inventory consisting of floor stock which is saleable in the ordinary course of Borrowers' business), labels, bags, packaging, and other similar non-merchandise categories, and

(j) it consists of Goods that have been sold but not yet delivered.

"Eligible Papyrus US Inventory" means any Papyrus US Inventory that constitutes, as of any date of determination, Eligible Inventory except for any Papyrus US Inventory that is comprised of Acquired Assets, was transferred or conveyed to Papyrus by any other Borrower, or is AG or Carlton product (even if owned by Papyrus).

"Environmental Actions" means any complaint, summons, citation, notice, directive, order, claim, litigation, investigation, judicial or administrative proceeding, judgment, letter, or other communication from any Governmental Authority, or any third party involving violations of Environmental Laws or releases of Hazardous Materials from (a) any assets, properties, or businesses of any Borrower or any predecessor in interest, (b) from adjoining properties or businesses, or (c) from or onto any facilities which received Hazardous Materials generated by any Borrower or any predecessor in interest.

"Environmental Law" means any applicable federal, state, Provincial, foreign or local statute, law, rule, regulation, ordinance, code, binding and enforceable guideline, binding and enforceable written policy or rule of common law now or hereafter in effect and in each case as amended, or any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, to the extent binding on Borrowers, relating to the environment, employee health and safety, or Hazardous Materials, including CERCLA; RCRA; the Federal Water Pollution Control Act, 33 USC § 1251 *et seq.* the Toxic Substances Control Act, 15 USC, § 2601 *et seq.* the Clean Air Act, 42 USC § 7401 *et seq.*; the Safe Drinking Water Act, 42 USC, § 3803 *et seq.*; the Oil Pollution Act of 1990, 33 USC. § 2701 *et seq.*; the Emergency Planning and the Community Right-to-Know Act of 1986, 42 USC. § 11001 *et seq.*; the Hazardous Material Transportation Act, 49 USC § 1801 *et seq.*; and the Occupational Safety and Health Act, 29 USC. §651 *et seq.* (to the extent it regulates occupational exposure to Hazardous Materials), the *Canadian Environmental Protection Act* (Canada), the *Pest Control Product Act* (Canada), the *Environmental Protection Act* (Ontario), the *Ontario Water Resources Act*, and any and all regulations

promulgated under any of the foregoing, any state, Provincial, local or foreign counterparts or equivalents, in each case as amended from time to time.

**“Environmental Liabilities and Costs”** means all liabilities, monetary obligations, Remedial Actions, losses, damages, punitive damages, consequential damages, treble damages, costs and expenses (including all reasonable fees, disbursements and expenses of counsel, experts, or consultants, and costs of investigation and feasibility studies), fines, penalties, sanctions, and interest incurred as a result of any claim or demand by any Governmental Authority or any third party, and which relate to any Environmental Action.

**“Environmental Lien”** means any Lien in favor of any Governmental Authority for Environmental Liabilities and Costs.

**“EPI”** means EPI Printers, Inc.

**“EPI Notes”** means. [NEED FINALIZATION OF NOTES]

**“EPI Intercreditor & Subordination Agreement”** means that certain Amended and Restated Intercreditor & Subordination Agreement, in form and substance satisfactory to Agent in its Permitted Discretion, among EPI and the Agent, dated as of the Restatement Date, pursuant to which EPI subordinates its repayment rights and other rights and interest in the EPI Notes in favor of the Agent.

**“Equipment”** means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “equipment” (as such term is defined from time to time in the Code or the PPSA, as applicable), fixtures and vehicles (including motor vehicles), including all attachments, accessories, accessions, replacements, substitutions, additions, and improvements to any of the foregoing.

**“ERISA”** means the Employee Retirement Income Security Act of 1974, as amended, and any successor statute thereto.

**“ERISA Affiliate”** means (a) any Person subject to ERISA whose employees are treated as employed by the same employer as the employees of a Borrower under IRC Section 414(b), (b) any trade or business subject to ERISA whose employees are treated as employed by the same employer as the employees of a Borrower under IRC Section 414(c), (c) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any organization subject to ERISA that is a member of an affiliated service group of which a Borrower is a member under IRC Section 414(m), or (d) solely for purposes of Section 302 of ERISA and Section 412 of the IRC, any Person subject to ERISA that is a party to an arrangement with a Borrower and whose employees are aggregated with the employees of a Borrower under IRC Section 414(o).

**“Event of Default”** has the meaning set forth in Section 8.

**“Excess Availability”** means the Dollar Equivalent of an amount, as of the date any determination thereof is to be made, equal to Availability existing as of such date after giving effect to the Dollar Equivalent of any Advances or payments made on such date and any Letters of Credit to be issued on such date.

**“Exchange Act”** means the Securities Exchange Act of 1934, as in effect from time to time.

**“Excluded Taxes”** has the meaning in Section 10.2.

**“Existing Loan Agreement”** means that certain Loan and Security Agreement, dated as of June 24, 2008, among the Agents, the Lenders, and the Borrowers, as amended prior to the Restatement Date.

**“Existing Warrants”** means the warrants listed on Schedule 5.8(b).

**“Existing Warrant-holder”** means each of the Persons identified as holders of Existing Warrants on Schedule 5.8(b).

“Excluded Contracts” has the meaning given such term in Section 4.1.

“federal” means, individually and collectively, as the context requires, the federal government of the US and the federal government of Canada.

“Federal Funds Effective Rate” shall mean, for any day, the weighted average of the rates on overnight federal funds transactions with members of the Federal Reserve System arranged by federal funds brokers, as published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day that is a Business Day, the average of the quotations for the day for such transactions received by the Agent from three federal funds brokers of recognized standing selected by it.

“FEIN” means Federal Employer Identification Number.

“Fiscal” means, when followed by “month” or “quarter”, the relevant fiscal period based on the Borrowers’ fiscal year and accounting conventions (e.g. a reference to “April Fiscal 2008” is to the fiscal month of April of the Borrowers’ 2008 fiscal year). When followed by reference to a specific year, the fiscal year which encompasses the majority of months in such fiscal year (e.g. if the Borrowers’ 2008 fiscal year ends in January 2008 reference to that year would be to the Borrowers’ “Fiscal 2008”).

“Fixed Rate” means the LIBO Rate and/or the CDOR Rate.

“Fixed Rate Deadline” has the meaning set forth in Section 2.13(b)(i).

“Fixed Rate Loan” means any Advance that bears interest at a Fixed Rate.

“Fixed Rate Margin” means, as of any date of determination, the “Fixed Rate Margin” specified in the Margin Pricing Grid based on the Borrowers’ maintenance of the corresponding Average Excess Availability specified in the Margin Pricing Grid, tested as of the last day of each Fiscal quarter for the quarter then ended. The Fixed Rate Margin shall adjust in accordance with the Margin Pricing Grid as provided herein.

“Fixed Rate Notice” means a written notice in the form of Exhibit L-1.

“Floating Rate” means the Alternate Base Rate and/or the Canadian Index Rate.

“Floating Rate Loan” means any Advance that bears interest at a Floating Rate.

“Floating Rate Margin” means, as of any date of determination, the “Floating Rate Margin” specified in the Margin Pricing Grid based on the Borrowers’ maintenance of the corresponding Average Excess Availability specified in the Margin Pricing Grid, tested as of the last day of each Fiscal quarter for the quarter then ended. The Floating Rate Margin shall adjust in accordance with the Margin Pricing Grid as provided herein.

“Funding Date” means any date on which a Borrowing occurs.

“Funding Losses” has the meaning set forth in Section 2.13(b)(ii).

“GAAP” means, with respect to the US Borrower and any reports or certificates delivered by Lead Borrower hereunder on a consolidated basis, generally accepted accounting principles as in effect from time to time in the United States, consistently applied and, with respect to Canadian Borrower, generally accepted accounting principles as in effect from time to time in Canada or the US (whichever is in use as of the Restatement Date), consistently applied.

“General Intangibles” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “general intangibles” or “intangibles” (as such terms are defined from time to time in the Code or the PPSA, as applicable), and any and all supporting obligations in respect thereof.

“Goods” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “goods”, as that term is defined from time to time in the Code or the PPSA, as applicable, including, without limitation, any and all Inventory and Equipment.

“Governing Documents” means, with respect to any Person, the certificate or articles of incorporation, by-laws, or other organizational documents of such Person.

“Governmental Authority” means any federal, state, Provincial, local or other political subdivision thereof, or other governmental or administrative body, instrumentality, department, or agency or any court, tribunal, administrative hearing body, arbitration panel, commission, or other similar dispute-resolving panel or body.

“Guarantor” means AG.

“Guarantor Collateral Account” means a “Guarantor Collateral Account” as defined in the Liquidity Guaranty or the Bridge Guaranty.

“Guarantor L/C” means any irrevocable standby letter of credit issued by AG pursuant to Section 6.22 or Section 6.23, with a minimum tenor of 365 days from the date of issuance, containing customary “evergreen” provisions, issued by an Acceptable Financial Institution, for the account of Guarantor, in all respects satisfactory to the Agent in its Permitted Discretion.

“Guarantor L/C End Date” means, in connection with the Bridge Guaranty, the “Guarantor L/C End Date” as defined in the Bridge Guaranty and, in connection with the Liquidity Guaranty, the “Guarantor L/C End Date” as defined in the Liquidity Guaranty.

“Guaranty” means individually and collectively the Bridge Guaranty and the Liquidity Guaranty.

“Hazardous Materials” means (a) substances that are defined or listed in, or otherwise classified pursuant to, any applicable laws or regulations as “hazardous substances,” “hazardous materials,” “hazardous wastes,” “toxic substances,” or any other formulation intended to define, list, or classify substances by reason of deleterious properties such as ignitability, corrosivity, reactivity, carcinogenicity, reproductive toxicity, or “EP toxicity”, (b) oil, petroleum, or petroleum derived substances, natural gas, natural gas liquids, synthetic gas, drilling fluids, produced waters, and other wastes associated with the exploration, development, or production of crude oil, natural gas, or geothermal resources, (c) any flammable substances or explosives or any radioactive materials, and (d) asbestos in any form or electrical equipment that contains any oil or dielectric fluid containing levels of polychlorinated biphenyls in excess of 50 parts per million.

“Hedge Agreement” means any and all transactions, agreements, or documents now existing or hereafter entered into between Lead Borrower or its Subsidiaries and Wells Fargo or its Affiliates, which provide for an interest rate, credit, commodity or equity swap, cap, floor, collar, forward foreign exchange transaction, currency swap, cross currency rate swap, currency option, or any combination of, or option with respect to, these or similar transactions, for the purpose of hedging Lead Borrower’s or its Subsidiaries’ exposure to fluctuations in interest or exchange rates, loan, credit exchange, security or currency valuations or commodity prices.

“Honor Date” has the meaning set forth in Section 2.12.

“Indebtedness” means (a) all obligations for borrowed money, (b) all obligations evidenced by bonds, debentures, notes, or other similar instruments and all reimbursement or other obligations in respect of letters of credit, bankers acceptances, interest rate swaps, or other financial products, (c) all obligations under Capital Leases, (d) all obligations or liabilities of others secured by a Lien on any asset of Lead Borrower or its Subsidiaries, irrespective of whether such obligation or liability is assumed, (e) all obligations for the deferred purchase price of assets (other than trade debt incurred in the ordinary course of business and repayable in accordance with customary trade practices), and (f) any obligation guaranteeing or intended to guarantee (whether directly or indirectly guaranteed, endorsed, co-made, discounted, or sold with recourse) any obligation of any other Person.

“Indemnified Liabilities” has the meaning set forth in Section 11.3.

“Indemnified Person” has the meaning set forth in Section 11.3.

“Insolvency Proceeding” means any proceeding commenced by or against any Person under any provision of any Bankruptcy Code or under any other state, Provincial, or federal bankruptcy or insolvency law, assignments for the benefit of creditors, formal or informal moratoria, compositions, extensions generally with creditors, or proceedings seeking reorganization, arrangement, or other similar relief.

“Instruments” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “instruments”, including, without limitation, any “promissory notes”, as such terms are defined from time to time in the Code or the PPSA, as applicable, and any and all supporting obligations in respect thereof.

“Intangible Assets” means, with respect to any Person, that portion of the book value of all of such Person’s assets that would be treated as intangibles under GAAP.

“Integration Reserve” means such Reserves as Agent determines from time to time in its Permitted Discretion as being appropriate to reflect the impediments to Agent’s ability to realize upon the Collateral included in the Borrowing Base in consequence of the Purchase & Sale and in consequence of the integration, following the Purchase & Sale, of the Acquired Assets into corporate systems, policies, and operations of Papyrus and other matters reasonably related thereto.

“Interest Period” means, with respect to each Fixed Rate Loan, a period commencing on the date of the making of such Loan and ending 1, 2, 3 or 6 months thereafter; provided, however, that (a) if any Interest Period would end on a day that is not a Business Day, such Interest Period shall be extended (subject to clauses (c)-(e) below) to the next succeeding Business Day, (b) interest shall accrue at the applicable rate based upon the applicable Fixed Rate, from and including the first day of each Interest Period to, but excluding, the day on which any Interest Period expires, (c) any Interest Period that would end on a day that is not a Business Day shall be extended to the next succeeding Business Day unless such Business Day falls in another calendar month, in which case such Interest Period shall end on the next preceding Business Day, (d) with respect to an Interest Period that begins on the last Business Day of a calendar month (or on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period), the Interest Period shall end on the last Business Day of the calendar month that is 1, 2, 3 or 6 months after the date on which the Interest Period began, as applicable, and (e) Borrowers (or Lead Borrower on behalf thereof) may not elect an Interest Period which will end after the Revolving Credit Maturity Date.

“Inventory” means all Borrowers’ now owned or hereafter acquired right, title, and interest with respect to inventory, including goods held for sale or lease or to be furnished under a contract of service, goods that are leased by a Borrower as lessor, goods that are furnished by a Borrower under a contract of service, and raw materials, work in process, or materials used or consumed in a Borrower’s business.

“Inventory Reserves” means such Reserves as Agent determines from time to time in its Permitted Discretion as being appropriate to reflect the impediments to Agent’s ability to realize upon the Eligible Inventory included in the Borrowing Base. Without limiting the generality of the foregoing, Inventory Reserves may include (but are not limited to) Reserves based on the following, but without duplication of items excluded from, and without exclusion of items expressly permitted by, the definition of Eligible Inventory: (a) the extent to which Inventory consists of goods that (i) are obsolete, slow-moving, restrictive or custom items, bills and hold goods, defective, damaged, prepared for return to vendor, not merchantable, work-in-process or raw materials or (ii) constitute spare parts, packaging and shipping materials or supplies; (b) shrinkage; (c) imbalance or change in inventory character, composition or mix; (d) markdowns; (e) the estimated costs relating to unpaid freight charges, warehousing or storage charges, taxes, duties, and other similar unpaid costs associated with the acquisition of Eligible Inventory by Borrowers; (f) the estimated reclamation claims of unpaid sellers of Inventory sold to Borrowers; (g) the estimated costs for processing goods in the possession of consolidators.

“Investment” means, with respect to any Person, any investment by such Person in any other Person (including Affiliates) in the form of loans, guarantees, advances, or capital contributions (excluding (a) commission, travel, and similar advances to officers and employees of such Person made in the ordinary course of business, and (b) bona fide Accounts arising in the ordinary course of business consistent with past practices), purchases or other acquisitions for consideration of Indebtedness or Stock, and any other items that are or would be classified as investments on a balance sheet prepared in accordance with GAAP.

“Investment Property” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “investment property”, as such term is defined from time to time in the Code or the PPSA, as applicable, and any and all supporting obligations in respect thereof.

“IRC” means the Internal Revenue Code of 1986, as amended.

“Issuer Documents” means with respect to any Letter of Credit, the Letter Credit Application, and any other document, agreement and instrument entered into by, among or between the Issuing Bank, Administrative Agent and a Borrower (or any Subsidiary) or in favor of the Administrative Agent or Issuing Bank and relating to any such Letter of Credit.

“Issuing Bank” means, individually and collectively, the US Issuing Bank and the Canadian Issuing Bank.

“ITA” means the *Income Tax Act* (Canada), R.S.C. 1985, c. 1 (5<sup>th</sup> Supplement), as amended.

“JCB” means JCB International Credit Card Company.

“Judgment Currency” has the meaning set forth in Section 20.15.

“Judgment Currency Conversion Date” has the meaning set forth in Section 20.15.

“Landlord Lien Jurisdiction” means Washington, Virginia and Pennsylvania and such other states and Provinces in which a landlord’s claim for rent has priority over the Liens of the Agent in the Collateral.

“L/C” means individually and collectively, a Canadian L/C or a US L/C.

“LC Advance” has the meaning set forth in Section 2.12.

“L/C Borrowing” has the meaning set forth in Section 2.12.

“L/C Commitment” means the commitment of the Issuing Bank to issue L/Cs from time to time in an aggregate face amount not to exceed the L/C Sublimit at any time.

“L/C Disbursement” means a payment made by the Issuing Bank pursuant to a Letter of Credit.

“L/C Fee” means, as of any date of determination, the “L/C Fee” specified in the Margin Pricing Grid based on the Borrower’s maintenance of the corresponding Average Excess Availability specified in the Margin Pricing Grid, as tested pursuant to the definition of “Margin Pricing Grid”. For documentary Letters of Credit, the L/C Fee shall be the applicable Margin specified under the “Documentary” column of the Margin Pricing Grid. For standby Letters of Credit, the L/C Fee shall be the applicable Margin specified under the “Standby” column of the Margin Pricing Grid. The L/C Fee shall adjust in accordance with the Margin Pricing Grid as provided herein.

“L/C Issuance Fee” has the meaning set forth in Section 2.11(c).

“L/C Sublimit” means the Dollar Equivalent of \$2,000,000.

“L/C Undertaking” means, individually and collectively, a Canadian L/C Undertaking or a US L/C Undertaking.

“Lead Borrower” has the meaning set forth in Section 2.15(a).

“Leasehold Interest” means any leasehold estate or interest in each of the properties at or upon which any of the Borrowers conduct business or maintain any of the Collateral, together with any interest of any of the Borrowers in any of the improvements and fixtures located upon or appurtenant to each leasehold interest, including without limitation, any rights of any of the Borrowers to payments, proceeds of value of any kind or nature realized upon the sale or transfer of such estate or interest.

“Lender(s)” means the Revolving Credit Lenders, or any one of them.

“Lender Expenses” means any Dollar Equivalent of all (a) out-of-pocket costs or expenses (including taxes, and insurance premiums) required to be paid by a Borrower under any of the Loan Documents that are paid or incurred by any Lender, (b) reasonable out-of-pocket fees or charges paid or incurred by any Lender in connection with the Lender’s transactions with Borrowers, including, reasonable fees or charges for photocopying, notarization, couriers and messengers, telecommunication, public record searches (including tax lien, litigation, UCC, and PPSA searches and including searches with the patent and trademark office, the copyright office, or the department of motor vehicles), filing, recording, publication, appraisal (including periodic Collateral appraisals or business valuations to the extent of the fees and charges (and up to the amount of any limitation) contained in this Agreement, real estate surveys, real estate title policies and endorsements, and environmental audits, (c) reasonable costs and expenses incurred by any Lender in the disbursement of funds to or for the account of Borrowers (by wire transfer or otherwise), (d) charges paid or incurred by any Lender resulting from the dishonor of checks, (e) reasonable out-of-pocket costs and expenses paid or incurred by any Lender to correct any default or enforce any provision of the Loan Documents, or in gaining possession of, maintaining, handling, preserving, storing, shipping, selling, preparing for sale, or advertising to sell the Collateral, or any portion thereof, irrespective of whether a sale is consummated, (f) reasonable out-of-pocket audit fees and expenses of any Lender related to audit examinations of the Books to the extent of the fees and charges (and up to the amount of any limitation) contained in this Agreement, (g) reasonable out-of-pocket costs and expenses of third party claims or any other suit paid or incurred by any Lender in enforcing or defending the Loan Documents or in connection with the transactions contemplated by the Loan Documents or any Lender’s relationship with any Borrower or any guarantor of the Obligations, (h) any Lender’s reasonable fees and expenses (including attorneys fees) incurred in advising, structuring, drafting, reviewing, administering, or amending the Loan Documents, and (i) any Lender’s reasonable out-of-pocket fees and expenses (including attorneys fees) incurred in terminating, enforcing (including attorneys fees and expenses incurred in connection with a “workout,” a “restructuring,” or an Insolvency Proceeding concerning any Borrower or in exercising rights or remedies under the Loan Documents), or defending the Loan Documents, irrespective of whether suit is brought, or in taking any Remedial Action concerning the Collateral.

“Letter of Credit Guaranty” has the meaning set forth in Section 2.12(b)(i).

“Letter of Credit” means an L/C or an L/C Undertaking, as the context requires.

“Letter of Credit Application” means, individually and collectively, a US Letter of Credit Application or a Canadian Letter of Credit Application.

“Letter of Credit Expiration Date” has the meaning set forth in Section 2.12.

“Letter of Credit Rights” means all of Borrowers’ now owned or hereafter acquired right, title, and interest with respect to “letter of credit rights”, as that term is defined from time to time in the Code or the PPSA, as applicable, and any and all supporting obligations in respect thereof.

“Letter of Credit Usage” means, as of any date of determination, the Dollar Equivalent of aggregate undrawn amount of all outstanding Letters of Credit plus 100% of the Dollar Equivalent of the amount of outstanding time drafts accepted by an Underlying Issuer as a result of drawings under Underlying Letters of Credit.

“LIBO Rate” means, for each Interest Period for each LIBO Rate Loan, the rate per annum determined by Agent (rounded upwards, if necessary, to the next 1/16%) by *dividing* (a) the Base LIBO Rate for such Interest



Period, by (b) 100% minus the Reserve Percentage. The LIBO Rate shall be adjusted on and as of the effective day of any change in the Reserve Percentage.

"LIBO Rate Loan" means each portion of an Advance that bears interest at a rate determined by reference to the LIBO Rate.

"Lien" means any interest in an asset securing an obligation owed to, or a claim by, any Person other than the owner of the asset, whether such interest shall be based on the common law, statute, or contract, whether such interest shall be recorded or perfected, and whether such interest shall be contingent upon the occurrence of some future event or events or the existence of some future circumstance or circumstances, including the lien or security interest arising from a mortgage, deed of trust, encumbrance, pledge, hypothecation, assignment, deposit arrangement, security agreement, conditional sale or trust receipt, or from a lease, consignment, or bailment for security purposes or from a sale of accounts receivable or chattel paper, or the interest of a lessor under a Capital Lease or other arrangement pursuant to which any Person is entitled to any preference or priority with respect to the property or assets of another Person or the income or profits of such other Person and also including reservations, exceptions, encroachments, easements, rights-of-way, covenants, conditions, restrictions, leases, and other title exceptions and encumbrances affecting Real Property each of the foregoing whether consensual or non-consensual and whether arising by way of agreement, operation of law, legal process or otherwise.

"Liquidation" means the exercise, by the Agent, of those rights and remedies accorded to the Agent under the Loan Documents and applicable law as a creditor of the Borrowers following and on account of the occurrence of an Event of Default looking towards the realization on the Collateral. Derivations of the word "Liquidation" (such as "Liquidate") are used with like meaning in this Agreement. "Liquidation" shall include the conduct of sale or disposition of all or substantially all the Borrowers' assets by the Borrowers, including without limitation, the conduct of "going out of business" or similar sales with the consent of the Agent.

"Liquidity Guaranty" means the Guaranty by AG to the Agent for the benefit of the Lenders.

"Liquidity L/C" means each Guarantor L/C issued by an Acceptable Financial Institution pursuant to the Liquidity Guaranty in an aggregate undrawn face amount equal to \$12,000,000.

"Loan Account" has the meaning set forth in Section 2.10.

"Loan Documents" means this Agreement and all other documents executed or delivered in connection with this Agreement, including, without limitation, Bank Product Agreements, Cash Management Agreements, Credit Card Agreements, all Control Agreements, the Disbursement Letter, Letters of Credit, Issuer Documents, each Guarantor L/C, the Guarantees, the Pledge Agreements, the Canadian Security Documents, the Closing Letter, the Assignment of Trademark Security Agreement, the Transitional Services Recognition Agreement, the Assignment of Purchase & Sale Documents, the Subordination Agreements, any Bank Product Agreement, any Mortgages, any Assignments of Rents and Leases, any certificates (including without limitation, each Perfection Certificate, Borrowing Base Certificate, Solvency Certificate, each Average Excess Availability Certificate, and each Compliance Certificate) from time to time delivered by a Borrower pursuant to this Agreement or any other Loan Document, any note or notes executed by a Borrower in connection with this Agreement and payable to the Agent or Lenders, and any other agreement entered into, now or in the future, by any Borrower, Guarantor and the Agent or Lenders in connection with this Agreement.

"Majority Lenders": means the Lenders (other than Delinquent Lenders) holding 51% or more of the Commitments (other than such Commitments held by a Delinquent Lender).

"Margin" means any of the Floating Rate Margin, Fixed Rate Margin, any L/C Fee, and all of the foregoing collectively.

"Margin Pricing Grid" means the pricing grid set forth below:

#### **Margin Pricing Grid**

Level	Average Excess Availability (determined each Fiscal quarter)	Floating Rate Margin	Fixed Rate Margin	Documentary L/Cs	Standby L/Cs
I	Less than or equal to the Dollar Equivalent of \$5,000,000	2.25%	3.50%	3.00%	3.50%
II	Greater than the Dollar Equivalent of \$5,000,000	1.75%	3.00%	2.50%	3.00%

provided that, (a) each Margin shall be calculated and established once each Fiscal quarter based on the Average Excess Availability of Borrowers for the immediately preceding Fiscal quarter ending as of the last day of the immediately preceding Fiscal quarter and shall remain in effect until adjusted thereafter after the end of the next Fiscal quarter, (b) each adjustment to any Margin shall be effective on the date that Agent receives the Average Excess Availability Certificate for the immediately preceding Fiscal quarter in accordance with Section 6.3(b) hereof and shall remain in effect until adjusted thereafter during the next Fiscal quarter, (c) the failure to deliver the Average Excess Availability Certificate pursuant to Section 6.3(b) hereof on the required date shall automatically cause the applicable Margin for each Alternate Base Rate Loan, Canadian Index Rate Loan, LIBOR Rate Loan, CDOR Rate Loan, and Letter of Credit to be the highest applicable rate set forth above, effective as of the date on which the delivery of Average Excess Availability Certificate was otherwise required until the date on which such Average Excess Availability Certificate is so delivered to Agent at which time each Margin shall be adjusted in accordance with clause (a) above, (d) in the event that any of the information provided to Agent which is used in the calculation of any Margin for any period is subsequently restated or is otherwise changed thereafter, then if the Margins for the applicable period would have resulted in a higher rate for any Advance or Letter of Credit, Borrowers shall promptly upon demand pay to Agent (for the benefit of Lenders) any additional amount in respect of interest that would have been required based on the higher Margins, and (e) notwithstanding anything to the contrary in the foregoing, the applicable Margins from the Restatement Date until the quarter ending in July 2009 shall be set at Level I.

“Material Adverse Change” means (a) a material adverse change in the business, prospects, operations, results of operations, assets, liabilities or condition (financial or otherwise) of Borrowers taken as a whole, (b) any impairment of a Borrower’s or Guarantor’s ability to perform its material obligations under the Loan Documents to which it is a party or of the Agent’s or any Lender’s ability to enforce the Obligations or realize upon the Collateral, or (c) a material impairment of the enforceability or priority of the Agent’s Liens with respect to the Collateral.

“Maximum Revolver Amount” means \$35,000,000.

“Minimum Excess Availability Covenant” means the covenant set forth in Section 7.20 hereof.

“Minimum Guarantor L/C Amount” means with respect to the Bridge L/C, \$12,000,000, and with respect to the Liquidity L/C, \$12,000,000.

“Moody’s” means Moody’s Investors Service, Inc. and any successor company thereto which is a nationally recognized statistical rating organization and otherwise reasonably acceptable to Agent in its Permitted Discretion.

“Mortgage Option” has the meaning given such term in Section 4.9.

“Mortgages” means, individually and collectively, one or more mortgages, deeds of trust, or deeds to secure debt, executed and delivered by a Borrower in favor of Agent for the benefit of the Lenders, in form and substance satisfactory to Agent, that encumber any Real Property, including any Leasehold Interests.

“Negotiable Collateral” means all of Borrowers’ now owned and hereafter acquired right title and interest with respect to letters of credit, Instruments, Documents, Goods covered by Documents, Chattel Paper and all supporting obligations of the foregoing.

“Net Liquidation Percentage” means, at any date of determination, the percentage of the Cost value of Borrowers’ Eligible Inventory that is estimated to be recoverable in an orderly Liquidation of such Eligible Inventory, net of Liquidation expenses, such percentage to be as determined from time to time by Agent in its Permitted Discretion with reference to an appraisal prepared by a qualified appraisal company selected or approved by Agent.

“Net Orderly Liquidation Value” means, at any date of determination, the result (expressed in Dollars) of the Net Liquidation Percentage times the Cost value of Eligible Inventory as of such date.

“Nominee” means a business entity (such as a corporation or limited partnership) formed by the Agent or any Lender to own or manage any Post Foreclosure Asset.

“Non-Extension Letter of Credit” has the meaning set forth in Section 2.12.

“Obligation Currency” has the meaning set forth in Section 20.15.

“Obligations” means (a) all Advances (including, without limitation, OverLoans, and Permitted Protective OverAdvances), debts, principal, interest (including any interest that, but for the provisions of the Bankruptcy Code, would have accrued), contingent reimbursement obligations with respect to outstanding Letters of Credit, Bank Product Obligations, premiums, liabilities (including all amounts charged to Borrowers’ Loan Account pursuant hereto), obligations, fees (including, without limitation, the Unused Line Fee, any L/C Fees, and any Applicable Revolving Credit Prepayment Premium), charges, costs, Agent Expenses and Lender Expenses (including in respect of Agent Expenses and Lender Expenses any fees or expenses that, but for the provisions of the Bankruptcy Code, would have accrued), lease payments, guaranties, covenants, indemnification obligations arising pursuant to the Loan Documents (including, without limitation, under Section 11.3), and duties of any kind and description owing by Borrowers to the Agent or Lenders pursuant to or evidenced by the Loan Documents and irrespective of whether for the payment of money, whether direct or indirect, absolute or contingent, due or to become due, now existing or hereafter arising, and including all interest not paid when due and all Agent Expenses and Lender Expenses that Borrowers are required to pay or reimburse by the Loan Documents, by law, or otherwise, and (b) all Bank Product Obligations. Any reference in this Agreement or in the Loan Documents to the Obligations shall include all amendments, changes, extensions, modifications, renewals replacements, substitutions, and supplements, thereto and thereof, as applicable, both prior and subsequent to any Insolvency Proceeding.

“OverLoan” has the meaning set forth in Section 2.5.

“Papyrus” has the meaning given such term in the Preamble hereto.

“Papyrus Franchise” means Papyrus Franchise Corp., a Delaware corporation.

“Papyrus Inventory” means all Inventory owned by Papyrus.

“Papyrus US Inventory” means, as of any date of determination, Papyrus Inventory located in the United States.

“Payment Intangible” has the meaning given such term in the Code or the PPSA, as applicable, and also includes any General Intangible under which the Account Debtor’s primary obligation is monetary.

“Participant” has the meaning set forth in Section 14.1(b).

“Pension Plan Termination Event” means an event which would entitle a Person (without the consent of any Borrower ) to wind-up or terminate a Canadian Pension Plan in full or in part, or the institution of any steps by

any Person to terminate or order the termination or wind-up of, in full or in part, any Canadian Pension Plan, or the receipt by any Obligor or Affiliate of material correspondence from a Governmental Authority relating to a potential or actual, partial or full, termination or wind-up of any Canadian Pension Plan, or an event respecting any Canadian Pension Plan which would result in the revocation of the registration of such Canadian Pension Plan or which would otherwise reasonably be expected to result in or cause a Material Adverse Change in the tax status of any such Canadian Pension Plan.

“Pension Plan Unfunded Liability” means an unfunded liability in respect of any Canadian Pension Plan, including a going concern unfunded liability, a solvency deficiency, or wind-up deficiency.

“Perfection Certificate” means the perfection certificates submitted by Lead Borrower to Agent with respect to each Borrower, together with Borrowers’ completed responses to the inquiries set forth therein, the form and substance of such responses to be satisfactory to Agent.

“Permitted Discretion” means a determination made in good faith and in the exercise of reasonable (from the perspective of a secured asset-based lender) business judgment.

“Permitted Dispositions” means (a) sales or other dispositions by Lead Borrower or its Subsidiaries of Equipment that is substantially worn, damaged, or obsolete in the ordinary course of business, (b) sales by Lead Borrower or its Subsidiaries of Inventory to buyers in the ordinary course of business, (c) the use or transfer of money or Cash Equivalents by Lead Borrower or its Subsidiaries in a manner that is not prohibited by the terms of this Agreement or the other Loan Documents, (d) the licensing by Lead Borrower or its Subsidiaries, on a non-exclusive basis, of patents, trademarks, copyrights, and other intellectual property rights in the ordinary course of business, (e) sales, including “going-out-of-business” sales and other dispositions in respect of locations being closed in compliance with Section 7.15 hereof, (f) Permitted Liens, and (g) the sale or transfer of the Disposed Assets in accordance with the Purchase & Sale Documents.

“Permitted Holder” means any of Weston Presidio Capital IV, L.P., WPC Entrepreneur Fund II, L.P., Dorset Capital L.P., AG, or their Affiliates and the Schurman Family.

“Permitted Investments” means (a) investments in Cash Equivalents, (b) advances made in connection with purchases of goods or services in the ordinary course of business; (c) investments received in connection with the bankruptcy or reorganization of customers or suppliers and in settlement of delinquent obligations of, and other disputes with, such customers or suppliers arising in the ordinary course of business, (d) Investments existing as of the Restatement Date set forth on Schedule 5.35, and (e) other Investments not to exceed the Dollar Equivalent of \$20,000 in the aggregate at any time outstanding.

“Permitted Liens” means (a) Liens held by Agent, (b) Liens for unpaid Taxes that either (i) are not yet delinquent, or (ii) do not constitute an Event of Default hereunder and are the subject of Permitted Protests, (c) Liens set forth on Schedule P-1, (d) the interests of lessors under operating leases, (e) Liens or the interests of lessors under Capital Leases to the extent that such Liens or interests secure Permitted Purchase Money Indebtedness and so long as such Lien attaches only to the asset purchased or acquired and the proceeds thereof, (f) Liens arising by operation of law or pursuant to contract in favor of warehousemen, landlords, carriers, mechanics, materialmen, laborers, or suppliers, incurred in the ordinary course of business and not in connection with the borrowing of money, and which Liens either (i) are for sums not yet delinquent, or (ii) are the subject of Permitted Protests, or (iii) result from the Purchase & Sale, (g) Liens arising from deposits made in connection with obtaining worker’s compensation or other unemployment insurance, (h) Liens or deposits to secure performance of bids, tenders, or leases incurred in the ordinary course of business and not in connection with the borrowing of money, (i) Liens granted as security for surety or appeal bonds in connection with obtaining such bonds in the ordinary course of business, (j) Liens resulting from any judgment or award that is not an Event of Default hereunder, (k) if Agent exercises the Real Property Mortgage Option, Liens with respect to the Real Property that are exceptions to the commitments for title insurance issued in connection with the Mortgages, as accepted by Agent, (l) with respect to any Real Property, easements, rights of way, and zoning restrictions that do not materially interfere with or impair the use or operation thereof, (m) non-exclusive licenses or sublicenses entered in the ordinary course of Borrowers’ business which do not materially impair the value of the Collateral, (n) Liens on insurance proceeds in favor of insurance companies granted solely as security for financed premiums, (o) Liens which constitute rights of set-off of

a customary nature or bankers' or securities intermediaries' Liens with respect to amounts on deposit or investment property, as applicable, whether arising by operation of law or by contract, in connection with arrangements entered into with banks or securities intermediaries, to the extent permitted by the Loan Documents, and (p) subleases entered in the ordinary course of Borrowers' business.

"Permitted Protective OverAdvances" means Advances which are OverLoans, but as to which either of the following conditions are satisfied: (a) when aggregated with all other Permitted Protective OverAdvances, such Advances do not aggregate more than 10% of the Maximum Revolver Amount; or (b) such Advances are made or undertaken in the Agent's discretion to protect and preserve the interests of the Agents and Lenders.

"Permitted Protest" means the right of any Borrower or any of its Subsidiaries, as applicable, to protest any Lien (other than any such Lien that secures the Obligations), Taxes (other than payroll Taxes or other Taxes that are the subject of a federal tax lien by a Governmental Authority), or rental payment, provided that (a) a reserve with respect to such obligation is established on the Books in such amount as is required under GAAP, (b) any such protest is instituted promptly and prosecuted diligently by Lead Borrower or any of its Subsidiaries, as applicable, in good faith, and (c) Agent is satisfied that, while any such protest is pending, there will be no impairment of the enforceability, validity, or priority of any of the Agent's Liens.

"Permitted Purchase Money Indebtedness" means, as of any date of determination, (i) Purchase Money Indebtedness, and (ii) Capitalized Lease Obligations in an aggregate amount outstanding at any one time not in excess of the Dollar Equivalent of \$500,000. In no event shall Permitted Purchase Money Indebtedness include Indebtedness incurred for the purpose of financing all or any part of the acquisition cost of any Inventory.

"Person" means natural persons, corporations, limited liability companies, limited partnerships, general partnerships, limited liability partnerships, joint ventures, trusts, land trusts, business trusts, or other organizations, irrespective of whether they are legal entities, and governments and agencies and political subdivisions thereof.

"Personal Property Collateral" means all Collateral other than Real Property.

"Pledge Agreement" means the Pledge Agreement between Lead Borrower and Agent, dated as of the Restatement Date pursuant to which Lead Borrower pledges all of its right, title and interest in the stock of its Subsidiaries.

"Post Foreclosure Asset" means any asset of the Borrowers for which the Agent "credit bids" in the course of the exercise of its rights and remedies pursuant to any Loan Document.

"PPSA": means the Personal Property Security Act of Ontario, Canada, and the regulations thereunder, as from time to time in effect; provided, however, with respect to Collateral located in Canada only, if attachment, perfection or priority of the Agent's Lien in any such Collateral or the rights and remedies of the Agent are governed by the personal property security laws of any Province other than Ontario, PPSA shall mean those personal property security laws (including the Civil Code of Quebec) in such other Province for the purposes of the provisions hereof relating to such attachment, perfection, priority, rights, or remedies and for the definitions related to such provisions.

"Preferred Stock" means the Series A Preferred Stock and Series B Preferred Stock of Papyrus.

"Priority Payables" means, (a) the full amount of the liabilities of the Borrowers which (i) have a trust imposed to provide for payment or a security interest, pledge, lien or charge ranking or capable of ranking senior to or pari passu with Liens securing the Obligations on any of the Accounts of the Borrowers under federal, Provincial, state, county, district, municipal, or local law, or (ii) have a right imposed to provide for payment ranking or capable of ranking senior to or pari passu with the Obligations under Applicable Laws, including, but not limited to, claims for unremitted and/or accelerated rents, taxes, wages, withholding taxes, and other amounts payable to an insolvency administrator, employee withholdings or deductions and vacation pay, workers' compensation obligations, government royalties or pension fund obligations in each case to the extent such trust, or security interest, lien or charge has been or may be imposed.

"Private Label Accounts" means Accounts due on the Borrowers' private label credit card programs.

"Projections" means Borrowers' forecasted (a) balance sheets, (b) profit and loss statements, and (c) cash flow statements, all prepared on a consistent basis with Borrowers' historical financial statements, together with appropriate supporting details and a statement of underlying assumptions.

"Province" means any province or territory of Canada and "Provincial" means provincial or territorial.

"Purchase & Sale" means the series of transactions between AG and its Affiliates, on the one hand, and Papyrus and its Affiliates, on the other hand, pursuant to which Papyrus purchases from AG and its Affiliates the Acquired Assets and sells, transfers and conveys to AG and its Affiliates the Disposed Assets;

"Purchase & Sale Agreement" means the Purchase & Sale Agreement among AG and its Subsidiaries party thereto and Papyrus and its Subsidiaries party thereto dated as of the Restatement Date.

"Purchase & Sale Documents" means each "Ancillary Agreement" as defined in the Purchase & Sale Agreement.

"Purchase Money Indebtedness" means Indebtedness (other than the Obligations, but including Capitalized Lease Obligations) incurred at the time of, or within 20 days after, the acquisition of any fixed assets for the purpose of financing all or any part of the acquisition cost thereof.

"Real Property" means any fee, leasehold or other estate or interest in real property now or hereafter owned or leased hereafter acquired by any Borrower and the improvements thereto.

"Record" means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

"Remedial Action" means all actions taken to (a) clean up, remove, remediate, contain, treat, monitor, assess, evaluate, or in any way address Hazardous Materials in the indoor or outdoor environment, (b) prevent or minimize a release or threatened release of Hazardous Materials so they do not migrate or endanger or threaten to endanger public health or welfare or the indoor or outdoor environment, (c) perform any pre-remedial studies, investigations, or post-remedial operation and maintenance activities, or (d) conduct any other actions authorized by Applicable Law, including 42 USC § 9601 and the Canadian Environmental Protection Act, as amended.

"Reimbursement Obligations" means the obligation of the Borrowers to reimburse the Agent and Lenders for amounts payable by the Agent and Lenders under a Letter of Credit Guaranty together with interest thereon as provided in Section 2.12.

"Reserve Percentage" means, on any day, for any Lender, the maximum percentage prescribed by the Board of Governors of the Federal Reserve System (or any successor Governmental Authority) for determining the reserve requirements (including any basic, supplemental, marginal, or emergency reserves) that are in effect on such date with respect to Eurocurrency funding (currently referred to as "Eurocurrency liabilities") of that Lender, but so long as such Lender is not required or directed under applicable regulations to maintain such reserves, the Reserve Percentage shall be zero.

"Reserves" means collectively, all Inventory Reserves, Account Reserves, Availability Reserves, Bank Products Reserves, Royalty Reserves, Integration Reserves, and any other reserve created by Agent hereunder in its Permitted Discretion in each case without duplication and without duplication of items excluded from, and without exclusion of items expressly permitted by, the definitions included in the Borrowing Base.

"Restatement Date" means the date on which all of the conditions precedent set forth at Section 3.1 are satisfied as determined by Agent in its Permitted Discretion.

“Restricted Payment” means (i) any cash dividend or other cash distribution or payment, direct or indirect, on or on account of any shares of any class of stock of any Borrower now or hereafter outstanding (including any payments to any holders of Preferred Stock or warrants in their capacity as holders of such Stock but excluding any regular salary or bonus payments or other payments which such Borrower may make to any Person who holds Stock or warrants in such Borrower in such Person’s capacity as an employee of Borrower or any capacity other than as a shareholder or warrant holder in the ordinary course of such Borrower’s business); (ii) any dividend or other distribution in respect of, or redemption, purchase or other acquisition, direct or indirect, of any shares of any class of stock of any Borrower (including Preferred Stock) now or hereafter outstanding or of any warrants (including Existing Warrants), options or rights to purchase any such stock (including, without limitation, the repurchase of any such stock, warrant, option or right or any refund of the purchase price thereof in connection with the exercise by the holder thereof of any right of rescission or similar remedies with respect thereto); and (iii) any direct salary, non-salary managerial fees, fee (consulting, management or other), fringe benefit, allowance or other expense directly or indirectly paid or payable by any Borrower (as compensation or otherwise) to any shareholder or Affiliate of any Borrower (other than to an employee or consultant, to the extent of such employee’s or consultant’s compensation; provided that the terms of such compensation are approved by the applicable board of directors or the compensation committee thereof) and (iv) meeting fees, travel and expense reimbursement and clothing allowance payable to the directors of any Borrower or any partner, shareholder or Affiliate (in his capacity as a director, partner, shareholder or Affiliate, but not as an employee) thereof, solely for purposes of this subsection (iv), not to exceed the Dollar Equivalent of \$100,000 per annum in the aggregate (and not for each director, partner, shareholder or Affiliate) or such greater amount as may be agreed to in writing by Administrative Agent, in its Permitted Discretion, upon request from Lead Borrower provided that such cap on the meeting fees, travel and expense reimbursement and clothing allowance referenced in this clause (iv) shall not apply to the meeting fees, travel and expense reimbursement and clothing allowance payable to any director of Borrowers or any partner, shareholder or Affiliate, in each case, solely in his or her capacity as an employee of a Borrower.

“Revolver Usage” means, as of any date of determination, the sum of (a) the then extant amount of outstanding principal Dollar Equivalent of Advances, plus (b) the then extant amount of the Letter of Credit Usage.

“Revolving Credit” has the meaning set forth in Section 2.1(a).

“Revolving Credit Lender” has the meaning set forth in the preamble hereto.

“Revolving Credit Maturity Date” means June 24, 2013.

“Revolving Credit Note” has the meaning set forth in Section 2.1(f).

“Revolving Credit Termination Date” shall mean the earliest to occur: (a) the Revolving Credit Maturity Date; (b) termination of this Agreement by the Lenders pursuant to Section 3.5 for reasons other than an occurrence of an Event of Default pursuant to Sections 8.4 or 8.5; or (c) automatically upon the occurrence of an Event of Default pursuant to Sections 8.4 or 8.5.

“Revolving Credit Obligations” means the aggregate of the Borrowers’ liabilities, obligations, and indebtedness of any character on account of or in respect to the Revolving Credit.

“Risk Participation Liability” means, as to each Letter of Credit, all Reimbursement Obligations of Borrowers to the Issuing Bank with respect to an L/C Undertaking, consisting of (a) the amount available to be drawn or which may become available to be drawn, (b) all amounts that have been paid by the Issuing Bank to the Underlying Issuer to the extent not reimbursed by Borrowers, whether by the making of an Advance or otherwise, and (c) all accrued and unpaid interest, fees, and expenses payable with respect thereto.

“Royalty Reserves” means such reserves as Agent from time to time determines in its Permitted Discretion as being appropriate to reflect the Agent’s impediments to realize upon the Collateral in connection with royalty payments. Without limiting the generality of the foregoing, Royalty Reserves may include (but are not limited to) reserves based on royalty payments owed to any Person, pursuant to any agreement or understanding between any Borrower or any of its Affiliates and any other Person.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw Hill Companies, Inc., and any successor company thereto which is a nationally recognized statistical rating organization and is otherwise reasonably acceptable to Agent in its Permitted Discretion.

“Schurman Family” means Dominique Schurman, Marcel Schurman (and each of their lineal heirs and descendants) and the Schurman 1988 Family Trust.

“Schurman Family Intercreditor & Subordination Agreement” means each of those subordination agreements, in form and substance satisfactory to Agent in its Permitted Discretion, each among a member of the Schurman Family and the Agent, dated as of the Closing Date or Restatement Date, pursuant to which a member of the Schurman Family subordinates its repayment rights under the Schurman Family Notes in favor of the Agent.

“Schurman Family Notes” means, collectively, that certain Promissory Note dated as of April 17, 2009, issued by Papyrus to Marcel Schurman and that certain Promissory Note dated as of April 17, 2009, issued by Papyrus to Margrit Schurman.

“SEC” means the United States Securities and Exchange Commission and any successor thereto.

“Securities Account” means a “securities account” as such term is defined from time to time in the Code or the PPSA, as applicable.

“Shareholder Consent” means an agreement from any shareholder of Borrower, including holders of Preferred Stock, consenting to Borrowers entering into the Loan Documents and the transactions contemplated hereby.

“Solvency Certificate” means a certificate signed by an Authorized Person of the Borrowers, dated as of the Restatement Date, demonstrating the Solvency of the Borrowers.

“Solvent” means, with respect to any Person on a particular date, that such Person is not insolvent (as such term is defined in the Uniform Fraudulent Transfer Act).

“Spot Selling Rate” shall mean the spot selling rate at which Wells Fargo offers to exchange CAD for Dollars in the London foreign exchange market at approximately 3:00 p.m. Central Standard Time on such date for delivery two (2) Business Days later or such other rate as Agent shall determine from time to time.

“Standby Letter of Credit” has the meaning set forth in Section 2.12.

“Stated Amount” means the maximum amount for which any L/C may be honored.

“Stock” means all shares, options, warrants, interests, participations, or other equity equivalents (regardless of how designated) of or in a Person, whether voting or nonvoting, including common stock, preferred stock, or any other “equity security” (as such term is defined in Rule 3a11-1 of the General Rules and Regulations promulgated by the SEC under the Exchange Act).

“Sublease Requirement” means the requirement that a Borrower possesses a Leasehold Interest in each of the retail stores and other locations where the Acquired Assets are located pursuant to a sublease between such Borrower, AG or a Subsidiary of AG, which sublease has been consented to by the landlord of such location, each such sublease in form and substance satisfactory to Agent.

“Sublease Reserve” means such reserves as Agent from time to time determines in its Permitted Discretion as being appropriate to reflect the Agent’s impediments to realize upon the Collateral due to the Borrowers failure to fulfill the Sublease Requirement.

“Subordination Agreement” means each of the AG Subordination Agreement, the Schurman Family Intercreditor and Subordination Agreement, the EPI Intercreditor and Subordination Agreement, and each other Subordination Agreement executed in favor of Agent pursuant to the terms hereof.



**“Subordinated Indebtedness”** means aggregate Indebtedness of the Borrowers that is subordinate in right of payment and priority to the Obligations in a manner which is satisfactory to the Administrative Agent in its Permitted Discretion.

**“Subsidiary”** of a Person means a corporation, partnership, limited liability company, or other entity in which that Person directly or indirectly owns or controls the shares of Stock having ordinary voting power to elect a majority of the board of directors (or appoint other comparable managers) of such corporation, partnership, limited liability company, or other entity.

**“Super Majority Lenders”**: means Lenders (other than Delinquent Lenders) holding 66 2/3% or more of the Commitments (other than Commitments held by Delinquent Lenders).

**“Supporting Obligation”** has the meaning given that term in the Code or the PPSA, as applicable, and also refers to a Letter-of-Credit Right or secondary obligation which supports the payment or performance of an Account, Chattel Paper, a Document, a General Intangible, an Instrument, or Investment Property.

**“Taxes”** or **“Tax”** includes any taxes, duties, fees, premiums, assessments, levies, tariffs and any other charges whatsoever imposed, assessed, reassessed or collected by any Governmental Authority, including all fines, penalties, interest, additions to tax, installments on account of taxes, or other additional amounts imposed, assessed or collected by any Governmental Authority in respect thereof, and including those related to any tax-sharing agreement or any other contract relating to the sharing or payment of any such Taxes, or levied on, or measured by, or referred to as, gross income, net income, gross receipts, profits, royalty, capital, capital gains, transfer, land transfer, sales, goods and services, harmonized sales, use, alternative, net worth, value-added, severance, premium, real property, capital stock, personal property, *ad valorem*, windfall profits, environmental, excise, stamp, withholding, business, franchise, property development, occupancy, employer health, payroll, employment, health, social services, education and social security taxes, all surtaxes, all customs duties and import and export taxes, countervail and anti-dumping, all license, franchise and registration fees and all employment insurance, health insurance and other government pension plan premiums or contributions, all withholdings on amounts paid to or by the relevant Person, and any liability for any of the foregoing as a transferee, successor, guarantor or by contract or by operation of Applicable Law, whether disputed or not.

**“Tax Returns”** includes all returns, elections, filings, forms, and any other documents (whether in electronic, tangible or any other form whatsoever) made, prepared or filed, or to be made, prepared or filed in respect of Taxes under Applicable Law;

**“Trademark License Agreement”** means the Trademark License Agreement, dated as of the Restatement Date, among AG, AGC LLC, an Ohio limited liability company, Carlton Cards Retail, Inc., a Connecticut corporation, and Lead Borrower and Canadian Borrower.

**“Trademark Security Agreement”** means a security agreement executed and delivered by AG and its Subsidiaries party to the Trademark License Agreement and Lead Borrower, dated as of the Restatement Date.

**“Transitional Services Recognition Agreement”** means the Services Recognition and Consent Agreement among AG, any of its Subsidiaries party thereto, Agent, and the Borrowers party thereto, dated as of the Restatement Date.

**“Unanimous Consent”**: shall mean Consent of Lenders (other than Delinquent Lenders) holding 100% of the Commitments (other than Commitments held by Delinquent Lenders).

**“Underlying Issuer”** means a third Person which is the beneficiary of an L/C Undertaking and which has issued a letter of credit at the request of the Issuing Bank for the benefit of Borrowers.

**“Underlying Letter of Credit”** means a letter of credit that has been issued by an Underlying Issuer.

**“Unreimbursed Amount”** has the meaning set forth in Section 2.12.

“Unused Line Fee” has the meaning set forth in Section 2.11(a).

“US Benefit Plan” means a “defined benefit plan” (as defined in Section 3(35) of ERISA) for which any Borrower or any Subsidiary or ERISA Affiliate of any Borrower has been an “employer” (as defined in Section 3(5) of ERISA) within the past six years.

“US Borrowers” means Papyrus and Papyrus Franchise.

“US Borrowing Base” means, of any date of determination, an amount equal to the result of:

(A) 80% of the amount of Eligible Credit Card Accounts of US Borrowers;

plus

(B) *the lesser of*

(I) 95% of the Cost of Eligible Papyrus US Inventory, and

(II) until the Sublease Requirement has been satisfied, 70% of the then extant Net Orderly Liquidation Value of Eligible Papyrus Inventory, and thereafter, 85% of the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible Papyrus Inventory;

(III) 85% of the then extant Net Orderly Liquidation Value of Eligible Papyrus US Inventory;

plus

(C) *the lesser of*

(I) 70% of the Cost of Eligible AG US Inventory, and

(II) until the Sublease Requirement has been satisfied, 70% of the then extant Net Orderly Liquidation Value of Eligible AG US Inventory, and thereafter, 85% of the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible AG US Inventory;+

minus

(D) the aggregate amount of Reserves (without duplication), if any, established by Agent under Section 2.1(b).

“US Commitment” means the amount set forth on Exhibit 2.1(f) hereto (as supplemented from time to time in accordance with the terms of this Agreement) as the amount of each US Lender’s commitment to make US Advances and to participate in US Letters of Credit hereunder.

“US Commitment Percentage” means, as to each US Lender, such Lender’s pro rata share of the aggregate US Commitment, as set forth on Exhibit 2.1(f) annexed hereto (as such amounts may change in accordance with the provisions of this Agreement).

“US Issuing Bank” means Wells Fargo or any U.S. Lender that, at the request of Lead Borrower and with the consent of Agent agrees, in Agent’s sole discretion, to become a U.S. Issuing Bank for the purpose of issuing US L/Cs or US L/C Undertakings pursuant to Section 2.12.

“US L/C” has the meaning given such term in Section 2.12(a).

“US L/C Undertakings” has the meaning given such term in Section 2.12(a).

“US Lender” means each Lender identified on the signature pages hereto as a “US Lender” or which becomes a “US Lender” after the Restatement Date in accordance with the terms of this Agreement.

“US Letter of Credit Application” has the meaning given such term in Section 2.12(c).

“US Obligations” means the Obligations arising with respect to US Advances, US Letters of Credit, and other Obligations arising hereunder denominated in Dollars.

“US Reference Rate” means, at any time, the higher of (a) Alternate Base Rate plus the Floating Rate Margin or (b) the Base LIBO Rate plus the Fixed Rate Margin.

“USD Advances” has the meaning set forth in Section 2.1(a).

“Voidable Transfer” has the meaning set forth in Section 20.7.

“Wells Fargo” means Wells Fargo Bank, National Association, a national banking association.

“WFRF” means Wells Fargo Retail Finance, LLC.

1.2. Accounting Terms. All accounting terms not specifically defined herein shall be construed in accordance with GAAP. When used herein, the term “financial statements” shall include the notes and schedules thereto. Whenever the term “Borrowers” is used in respect of a financial covenant or a related definition, it shall be understood to mean each Borrower and their respective Subsidiaries on a Consolidated basis unless the context clearly requires otherwise.

1.3. Code. Any terms used in this Agreement that are defined in the Code or the PPSA shall be construed and defined as set forth from time to time in the Code or the PPSA, as applicable, and as the context may require, unless otherwise defined herein.

1.4. Construction. Unless the context of this Agreement or any other Loan Document clearly requires otherwise, references to the plural include the singular, references to the singular include the plural, the term “including” is not limiting, and the term “or” has, except where otherwise indicated, the inclusive meaning represented by the phrase “and/or.” The words “hereof,” “herein,” “hereby,” “hereunder,” and similar terms in this Agreement or any other Loan Document refer to this Agreement or such other Loan Document, as the case may be, as a whole and not to any particular provision of this Agreement or such other Loan Document, as the case may be. Section, subsection, clause, schedule, and exhibit references herein are to this Agreement unless otherwise specified. Any reference in this Agreement or in the other Loan Documents to any agreement, instrument, or document shall include all alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements, thereto and thereof, as applicable (subject to any restrictions on such alterations, amendments, changes, extensions, modifications, renewals, replacements, substitutions, joinders, and supplements set forth herein). Any reference herein to any Person shall be construed to include such Person’s successors and assigns. Any requirement of a writing contained herein or in the other Loan Documents shall be satisfied by the transmission of a Record and any Record transmitted shall constitute a representation and warranty as to the accuracy and completeness of the information contained therein.

1.5. Schedules and Exhibits. All of the schedules and exhibits attached to this Agreement shall be deemed incorporated herein by reference.

1.6. Quebec Matters. For purposes of any property located in the Province of Quebec or charged by any deed of hypothec (or any other Canadian Loan Document) and for all other purposes pursuant to which the interpretation or construction of a Loan Document may be subject to the laws of the Province of Québec or a court or tribunal exercising jurisdiction in the Province of Québec, (q) “personal property” shall be deemed to include “movable property”, (r) “real property” shall be deemed to include “immovable property”, (s) “tangible property”

shall be deemed to include “corporeal property”, (t) “intangible property” shall be deemed to include “incorporeal property”, (u) “security interest” and “mortgage” shall be deemed to include a “hypothec”, (v) all references to filing, registering or recording under applicable personal property security Laws shall be deemed to include publication under the Civil Code of Quebec, as amended from time to time, (w) all references to “perfection” of or “perfected” Liens shall be deemed to include a reference to the “opposability” of such Liens to third parties, (x) any “right of offset”, “right of setoff” or similar expression shall be deemed to include a “right of compensation”, (y) “goods” shall be deemed to include “corporeal movable property” other than chattel paper, documents of title, instruments, money and securities, and (z) an “agent” shall be deemed to include a “mandatary”.

## **2. LOAN AND TERMS OF PAYMENT.**

### **2.1. Revolving Credit.**

(a) Subject to Section 2.17 and the other terms and conditions of this Agreement, and during the term of this Agreement, each U.S. Lender agrees severally but not jointly to make in each case, cash advances in Dollars (“USD Advances”) to the U.S. Borrowers; provided that (i) after giving effect to the making of each Advance, the Obligations then existing shall not exceed the Maximum Revolver Amount and (ii) each such additional Advance shall not exceed the Availability as then in effect..

(b) Subject to Section 2.17 and the other terms and conditions of this Agreement, and during the term of this Agreement, each Canadian Lender agrees severally but not jointly to make in each case, cash advances in CAD (“CAD Advances”) and together with the USD Advances, the “Advances”) to the Canadian Borrower; provided that (i) after giving effect to the making of each such CAD Advance, the Obligations then existing shall not exceed the Maximum Revolver Amount and the aggregate outstanding CAD Advances shall not exceed the Canadian Sublimit and (ii) each such additional Advance shall not exceed the Availability as then in effect.

(c) The making of an Advance shall be subject to, among other things, Availability and Borrowers’ compliance with the Minimum Excess Availability Covenant, each as determined by Administrative Agent based on Borrowing Base Certificate furnished by Borrowers to Administrative Agent pursuant to Section 6.2 below. The Advances to be made under this Section 2 shall be referred to as the “Revolving Credit”.

(d) Anything to the contrary in this Section 2.1 notwithstanding, Agent shall have the right, without declaring an Event of Default, to reduce its advance rates or establish Reserves (including Bank Products Reserves and Availability Reserves) in such amounts, and with respect to such matters, as Agent in its Permitted Discretion shall deem necessary or appropriate, against the Borrowing Base, including, without limitation, with respect to (i) sums that Borrowers are required to pay (such as Taxes, assessments, insurance premiums, or, in the case of leased assets, rents or other amounts payable under such leases) and have failed to pay under any Section of this Agreement or any other Loan Document, (ii) amounts as determined by Agent in its Permitted Discretion based on noncompliance with the covenants set forth in Sections 6 and 7, and (iii) amounts owing by Borrowers to any Person to the extent secured by a Lien on, or trust over, any of the Collateral (other than any Permitted Lien set forth on Schedule P-1 which is specifically identified thereon as entitled to have priority over the Agent’s Liens), which Lien or trust, in the Permitted Discretion of Agent likely would have a priority superior to the Agent’s Liens (such as Liens or trusts in favor of landlords, warehousemen, carriers, mechanics, materialmen, laborers, or suppliers, or Liens or trusts for Taxes where given priority under Applicable Law) in and to such item of the Collateral, (iv) Inventory Reserves, Availability Reserves, Integration Reserves, or any other Reserves, (v) Customer Credit Liabilities, (vi) landing costs, and (vii) customer returns of Inventory.

(e) The U.S. Lenders and U.S. Issuing Bank shall have no obligation to make additional U.S. Advances or issue U.S. Letters of Credit hereunder to the extent an Event of Default has occurred and is continuing or, after giving effect to the issuing of such additional U.S. Advances or U.S. Letters of Credit (i) the Revolver Usage exceeds the lesser of Availability or the Maximum Revolver Amount; (ii) the Borrowers are not to be in compliance with the Minimum Excess Availability Covenant; or (iii) a Default or an Event of Default has occurred.

(f) The Canadian Lenders and Agent shall have no obligation to make additional CAD Advances or issue Canadian L/C Guarantees hereunder to the extent an Event of Default has occurred and is

continuing or, after giving effect to the issuing of such additional CAD Advances or Canadian L/C Guarantees (i) the Dollar Equivalent of the aggregate outstanding Canadian Obligations exceeds the Canadian Commitments and/or the Canadian Sublimit; (ii) Revolver Usage exceeds the lesser of Availability or the Maximum Revolver Amount; (iii) the Borrowers are not in compliance with the Minimum Excess Availability Covenant; or (iv) a Default or Event of Default has occurred.

(g) Amounts borrowed pursuant to this Section shall be repaid and, subject to the terms and conditions of this Agreement, may be reborrowed at any time during the term of this Agreement. At no time shall the Lead Borrower request, or the Issuing Bank be obligated to issue (or the Agent be obligated to arrange for the issuance of a Canadian Letter of Credit), Letters of Credit or L/C Undertaking in excess of the L/C Sublimit then in effect.

(h) All amounts borrowed pursuant to this Section, together with all other Obligations, shall be due and payable on the Revolving Credit Termination Date; provided, however, that Agent or any of its Affiliates may determine, in their sole and absolute discretion and with no obligation to do so, to extend the termination or maturity date for any Bank Product Obligations beyond the Revolving Credit Termination Date subject to the applicable Borrower's satisfaction of any conditions therefor required by Agent or its Affiliate.

(i) The Borrowers' obligation to repay Advances, reimbursement obligations under any Letter of Credit and other financial accommodations under the Revolving Credit, with interest as provided herein, may be evidenced by a note or notes substantially in the form of Exhibit 2.1(f) (the "Revolving Credit Note"), executed by the Borrowers, payable to each Revolving Credit Lender. Neither the original nor a copy of any Revolving Credit Note shall be required, however, to establish or prove any Obligation. Upon the Lead Borrower being provided with an affidavit (which shall include an indemnity reasonably satisfactory to the Lead Borrower) from any Revolving Credit Lender to the effect that the Revolving Credit Note has been lost, mutilated, or destroyed, the Borrowers shall execute and deliver a replacement thereof to such Revolving Credit Lender.

## 2.2. Advances in Excess of Borrowing Base (OverLoans).

(a) Except as requested by the Administrative Agent pursuant to Section 19.3(k), no Lender has any obligation to the Borrowers to make any Advance, or Letter of Credit or otherwise to provide any credit to or for the benefit of the Borrowers, where the result of such Advance, Letter of Credit or credit is an OverLoan.

(b) The Lenders' providing of an OverLoan on any one occasion does not affect the obligations of each Borrower hereunder (including each Borrower's obligation to immediately repay any amount which otherwise constitutes an OverLoan) nor obligate the Lenders to do so on any other occasion.

(c) All OverLoans (including, without limitation, Permitted Protective OverAdvances) shall be due on demand.

(d) Except as expressly provided in Section 19.3(l) to the contrary, Agent may make Permitted Protective Overadvances in its Permitted Discretion without the consent of Lenders.

## 2.3. Borrowing Procedures and Settlements.

(a) Procedure for Borrowing of US Advances. Each Borrowing of a US Advance and election of an applicable interest rate shall be made by an irrevocable written request by an Authorized Person delivered to Agent, which notice must be received by Agent (i) no later than 1:00 p.m. (Boston, Massachusetts time) on the date that is the requested Funding Date in the case of a request for an Advance bearing interest at the Alternate Base Rate or (ii) at least three (3) Business Days prior to the date that is the requested Funding Date in the case of a request for an Advance bearing interest at the LIBO Rate, in each case specifying (i) the amount of such Borrowing, and (ii) the requested Funding Date, which shall be a Business Day. At Agent's election, in lieu of delivering the above-described written request, any Authorized Person may give Agent telephonic notice of such request by the required time, with such telephonic notice to be confirmed in writing within 24 hours of the giving of such notice.

(b) Procedure for Borrowing of Canadian Advances. Each Borrowing of a CAD Advance shall be made by an irrevocable written request by an Authorized Person delivered to Agent, which notice must be received by Agent (i) no later than 12:00 noon (Boston, Massachusetts time) on the date that is the requested Funding Date specifying (i) the amount of such Borrowing, and (ii) the requested Funding Date, which shall be a Business Day. At Agent's election, in lieu of delivering the above-described written request, any Authorized Person may give Agent telephonic notice of such request by the required time, with such telephonic notice to be confirmed in writing within 24 hours of the giving of such notice. All CAD Advances will be made as Canadian Index Rate Loans, subject to Borrowers' option to convert such Advances to CDOR Rate Loans pursuant to Section 2.13.

#### 2.4. Payments.

##### (a) Payments by Borrowers.

(i) Except as otherwise expressly provided herein, all payments by Borrowers shall be made to Agent's Account and shall be made in immediately available funds, no later than 1:00 p.m. (Boston, Massachusetts time) on the date specified herein. Any payment received by Agent later than 1:00 p.m. (Boston, Massachusetts time), shall be deemed to have been received on the following Business Day and any applicable interest or fee shall continue to accrue until such following Business Day.

(ii) Unless Agent receives notice from Lead Borrower prior to the date on which any payment is due to the Lenders that Borrowers will not make such payment in full as and when required, Agent may assume that Borrowers have made (or will make) such payment in full to Agent on such date in immediately available funds and Agent may (but shall not be so required), in reliance upon such assumption, distribute to each Lender on such due date an amount equal to the amount then due such Lender. If and to the extent Borrowers do not make such payment in full to Agent on the date when due, each Lender severally shall repay to Agent on demand such amount distributed to such Lender, together with interest thereon at the Defaulting Lender Rate for each day from the date such amount is distributed to such Lender until the date repaid.

##### (b) Application of Payments.

Except as otherwise provided in the Loan Documents, all payments shall be remitted to Agent and all such payments and all proceeds of Accounts or other Collateral received by Agent, shall be applied first to any Agents' and Lenders' Expenses and any fees and charges then due and payable hereunder, second to any accrued but unpaid interest then due and payable hereunder and, third, to reduce the outstanding principal balance of the Obligations.

2.5. OverLoans. If, at any time or for any reason (including by reason of currency fluctuations), the amount of Obligations (other than Bank Product Obligations) owed by Borrowers to the Revolving Credit Lenders pursuant to Sections 2.1 and 2.17 is greater than either the Dollar Equivalent or percentage limitations set forth in Sections 2.1 or 2.17 or if the Borrowers at any time fail to satisfy the Minimum Excess Availability Covenant (the result of any of the foregoing, an "OverLoan"), Borrowers immediately (or, upon demand from Agent, if such OverLoan exists on account of a Permitted Protective OverAdvance), shall pay to Agent, in cash, the Dollar Equivalent of such excess, which amount shall be applied by Agent to the Obligations in accordance with Section 2.4(b). In addition, Borrowers hereby promise to pay the US Obligations (including principal, interest, fees, costs, and expenses) in Dollars in full to the Agent and the Canadian Obligations (including principal, interest, fees, costs, and expenses) in CAD in full to the Agent as and when all such Obligations are due and payable under the terms of this Agreement and the other Loan Documents.

#### 2.6. Interest Rates and Letter of Credit Fee: Rates, Payments, and Calculations.

(a) Interest Rates on US Obligations. Except as provided in clause (d) below, all US Obligations (except for undrawn US Letters of Credit and except for Bank Product Obligations) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof as follows

(i) if the relevant Obligation is an Advance that is a LIBO Rate Loan, at a per annum rate equal to the LIBO Rate plus the Fixed Rate Margin then applicable to LIBO Rate Loans, or (ii) if the relevant Obligation is an Advance that is an Alternate Base Rate Loan, at a per annum rate equal to the Alternate Base Rate plus the Floating Rate Margin then applicable to Alternate Base Rate Loans. All other US Obligations shall bear interest at a per annum rate equal to the Alternate Base Rate plus the Floating Rate Margin then applicable to Alternate Base Rate Loans.

(b) Interest Rates on Canadian Obligations. Except as provided in clause (d) below, all Canadian Obligations (except for undrawn Canadian Letters of Credit and except for Bank Product Obligations) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof as follows (i) if the relevant Obligation is a Canadian Advance that is a CDOR Rate Loan, at a per annum rate equal to the CDOR Rate plus the Fixed Rate Margin then applicable to CDOR Rate Loans, or (ii) if the relevant Obligation is a Canadian Advance that is an Canadian Index Rate Loan, at a per annum rate equal to the Canadian Index Rate plus the Floating Rate Margin then applicable to Canadian Index Rate Loans. All other Canadian Obligations shall bear interest at a per annum rate equal to the Canadian Index Rate plus the Floating Rate Margin then applicable to Canadian Index Rate Loans.

(c) Letter of Credit Fees. As to each outstanding Letter of Credit, Borrowers shall pay the applicable L/C Issuance Fee and shall also pay to Agent an L/C Fee (in addition to the charges, commissions, fees, and costs set forth in Section 2.12(e)) which shall accrue at a rate equal to the aggregate L/C Fees applicable to such Letters of Credit times the Daily Balance of the undrawn Dollar Equivalent of all outstanding standby and documentary Letters of Credit.

(d) Default Rate. Upon the occurrence and during the continuation of an Event of Default, and without notice to Borrowers;

(i) all Obligations (except for undrawn Letters of Credit and except for Bank Product Obligations) that have been charged to the Loan Account pursuant to the terms hereof shall bear interest on the Daily Balance thereof at a per annum rate equal to 2 percentage points above the per annum rate otherwise applicable hereunder, and

(ii) the L/C Fees provided for above shall be increased to 2 percentage points above the per annum rate otherwise applicable hereunder.

the interest rates set forth in these subsections (i) and (ii) of this Section 2.6(c) shall each be referred to individually as the "Default Rate".

(e) Payment. Interest (except, for the sake of clarity, all accrued interest on LIBO Rate Loans or CDOR Rate Loans), L/C Fees, and all other fees payable hereunder shall be due and payable, in arrears, on the first day of each month at any time that Obligations are outstanding except for interest in respect to LIBO Rate Loans or CDOR Rate Loans, which shall be due and payable, in arrears, on the last day of the applicable Interest Period. Borrowers hereby authorize Agent, from time to time, without prior notice to Borrowers, to charge such interest and fees, all Agent Expenses (as and when incurred), Lender Expenses (as and when incurred), the charges, commissions, fees, and costs provided for in Section 2.11 (as and when accrued or incurred), the fees and costs provided for in Section 2.12(e) (as and when accrued or incurred), and all other payments as and when due and payable under any Loan Document (including any amounts due and payable to Wells Fargo or its Affiliates in respect of Bank Products up to the amount of the then extant Bank Products Reserve) to Borrowers' Loan Account, which amounts thereafter shall constitute Advances hereunder and shall accrue interest at the rate then applicable to Alternate Base Rate Loans or Canadian Index Rate Loans, as applicable and determined in Agent's Permitted Discretion, hereunder. Any interest not paid when due shall be compounded by being charged to Borrowers' Loan Account and shall thereafter constitute additional US or CAD Advances, as applicable and determined by the Agent in its Permitted Discretion, hereunder and shall accrue interest at the rate then applicable to Alternate Base Rate Loans or Canadian Index Rate Loans, as applicable, hereunder. The Administrative Agent shall provide Lead Borrower with copies of invoices it receives in respect to Lender Expenses upon request.

(f) Computation. All interest and fees chargeable under the Loan Documents shall be computed on the basis of a 360 day year for the actual number of days elapsed. In the event the Alternate Base Rate

or the Canadian Index Rate is changed from time to time hereafter, the rates of interest hereunder based upon the Alternate Base Rate or the Canadian Index Rate automatically and immediately shall be increased or decreased by an amount equal to such change in such rate. For purposes of disclosure under the Interest Act (Canada), where interest is calculated pursuant thereto at a rate based upon a three hundred sixty (360) day year or three hundred sixty five (365) day year (the “First Rate”), the rate or percentage of interest on a yearly basis is equivalent to such First Rate multiplied by the actual number of days in the year divided by three hundred sixty (360) or three hundred sixty five (365), as applicable.

(g) Intent to Limit Charges to Maximum Lawful Rate. In no event shall the interest rate or rates payable under this Agreement, plus any other amounts paid in connection herewith, exceed the highest rate permissible under any law that a court of competent jurisdiction shall, in a final determination, deem applicable. Borrowers and the Agent, in executing and delivering this Agreement, intend legally to agree upon the rate or rates of interest and manner of payment stated within it; provided, however, that, anything contained herein to the contrary notwithstanding, if said rate or rates of interest or manner of payment exceeds the maximum allowable under applicable law, then, *ipso facto*, as of the date of this Agreement, Borrowers are and shall be liable only for the payment of such maximum as allowed by law, and payment received from Borrowers in excess of such legal maximum, whenever received, shall be applied to reduce the principal balance of the Obligations to the extent of such excess or held as Collateral for the Obligations in Collateral Agent’s Permitted Discretion. Without limiting the generality of the foregoing, in no event shall the aggregate “interest” (as that term is defined in Section 347 of the Criminal Code (Canada)) with respect to any Canadian Obligations exceed the effective annual rate of interest on the “credit advanced” (as defined therein) lawfully permitted under Section 347 of the Criminal Code (Canada). The effective annual rate of interest for such purpose shall be determined in accordance with generally accepted actuarial practices and principles over the term of the applicable Canadian Obligations by or on behalf of the Canadian Lenders, and in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent will be conclusive for the purposes of such determination.

(h) Criminal Rate of Interest. If any provision of this Agreement or any of the other Loan Documents would obligate a Canadian Borrower to make any payment of interest with respect to the Canadian Obligations or other amount payable to Canadian Lenders in an amount or calculated at a rate which would be prohibited by law or would result in a receipt by Canadian Lenders of interest with respect to the Canadian Obligations at a criminal rate (as such terms are construed under the Criminal Code (Canada)) then, notwithstanding such provision, such amount or rates shall be deemed to have been adjusted with retroactive effect to the maximum amount or rate of interest, as the case may be, as would not be so prohibited by law or so result in a receipt by Canadian Lenders of interest with respect to the Canadian Obligations at a criminal rate, such adjustment to be effected, to the extent necessary, as follows: (1) first, by reducing the amount or rates of interest on the Canadian Obligations required to be paid to Canadian Lenders under this Article 2; and (2) thereafter, by reducing any fees, commissions, premiums and other amounts required to be paid to Canadian Lenders by a Canadian Borrower which would constitute interest with respect to the Canadian Obligations for purposes of Section 347 of the Criminal Code (Canada). Notwithstanding the foregoing, and after giving effect to all adjustments contemplated thereby, if Canadian Lenders shall have received an amount in excess of the maximum permitted by such section of the Criminal Code (Canada), then each affected Canadian Borrower shall be entitled, by notice in writing to the Agent, to obtain reimbursement from the Canadian Lenders in an amount equal to such excess, and pending such reimbursement, such amount shall be deemed to be an amount payable by the Canadian Lenders to such Canadian Borrower. Any amount or rate of interest referred to in this Section shall be determined in accordance with generally accepted actuarial practices and principles as an effective annual rate of interest over the term that any Canadian Obligations remain outstanding on the assumption that any charges, fees or expenses that fall within the meaning of “interest” (as defined in the Criminal Code (Canada)) shall, if such charges, fees or expenses relate to a specific period of time, be pro-rated over that period of time and otherwise be pro-rated over the period from the Restatement Date to the Revolving Credit Termination Date and, in the event of a dispute, a certificate of a Fellow of the Canadian Institute of Actuaries appointed by Agent shall be conclusive for the purposes of such determination.

## 2.7. Cash Management.

(a) Borrowers shall (i) establish and maintain cash management services of a type and on terms satisfactory to Agent at one or more of the banks set forth on Schedule 2.7 (each a “Cash Management”



Bank”), and shall request in writing and otherwise take such reasonable steps to ensure that all of its Account Debtors forward payment of the amounts owed by them directly to one of the cash management accounts at such Cash Management Banks, and (ii) deposit or cause to be deposited promptly, and in any event no later than the first Business Day after the date of receipt thereof, all Collections (including those sent directly by Account Debtors to a Cash Management Bank) into one of the DDAs set forth on Schedule 2.7 (a “Cash Management Account”) at one of the Cash Management Banks. If, notwithstanding the provisions of this Section 2.7, any Borrower receives or otherwise has dominion over or control of any Collections, such Borrower shall hold such Collections in trust for Agent and Lenders and shall not commingle such Collections with any Person’s other funds or deposit such Collections in any account of Borrowers or any other Person except as instructed by Agent.

(b) Borrowers shall establish and maintain Cash Management Agreements with Agent and each Cash Management Bank set forth on Schedule 2.7 and, upon the request of Agent at any time, at any other DDA. Each such Cash Management Agreement shall be a Control Agreement and provide, among other things, that (i) upon notice from Agent, the Cash Management Bank will comply with instructions of Agent directing the disposition of funds in the Cash Management Account without further consent by Borrowers, (ii) the Cash Management Bank has no rights of setoff or recoupment or any other claim against the applicable Cash Management Account, other than for payment of its service fees and other charges directly related to the administration of such Cash Management Account and for returned checks (cheques) or other items of payment, and (iii) the Cash Management Bank immediately will forward by daily sweep all amounts in the applicable Cash Management Account to the Concentration Account and (iv) Borrowers shall have no (A) access to such Cash Management Account(s) or the contents thereof and (B) right to direct the distribution of any funds from such Cash Management Account(s).

(c) Each Borrower has established or shall establish and maintain a Cash Management Agreement with Collateral Agent and each Cash Management Bank that maintains a Concentration Account (which shall govern such Concentration Account). Such Cash Management Agreement(s) shall each be a Control Agreement and provide, among other things, that (i) upon notice from Collateral Agent, such Cash Management Bank will comply with instructions of Collateral Agent directing the disposition of funds in such Concentration Account without further consent by any Borrowers, (ii) such Cash Management Bank has no rights of setoff or recoupment or any other claim against such Concentration Account, other than for payment of its service fees and other charges directly related to the administration of such Concentration Account and for returned checks or other items of payment, (iii) the Cash Management Bank immediately will forward by daily sweep all amounts in such Concentration Account to the Agent’s Account and (iv) Borrowers shall have no (A) access to such Concentration Account or the contents thereof and (B) right to direct the distribution of any funds from such Concentration Account.

(d) Borrowers shall establish and maintain Credit Card Agreements with Agent and each Credit Card Processor. Each such Credit Card Agreement shall provide, among other things, that each such Credit Card Processor shall transfer all proceeds of credit card charges for sales by Borrowers received by it (or other amounts payable by such Credit Card Processor) into a designated Cash Management Account on a daily basis. Borrowers shall not attempt to change any direction or designation set forth in the Credit Card Agreements regarding payment of charges without the prior written consent of Agent.

(e) At the request of the Collateral Agent, each Borrower has or shall deliver to the Collateral Agent notification, executed by such Borrower, to each depository institution at which such Borrower maintains any DDA (other than DDA’s established for petty cash), in form and substance satisfactory to the Collateral Agent in its Permitted Discretion, of the Agent’s Liens in such DDA and, shall instruct such depository institution, upon direction of the Collateral Agent, to remit all amounts deposited from time to time in the DDA to the Agent’s Account or as otherwise directed from time to time by the Collateral Agent. No Borrower shall establish any DDA hereafter unless, contemporaneous with such establishment, such Borrower notifies Collateral Agent and, if requested by Collateral Agent, delivers to such depository institution the notification described herein and together with a Cash Management Agreement. No Borrower shall change such direction or designation without the prior written consent of the Collateral Agent. If no Event of Default has occurred and is continuing, the Collateral Agent shall not direct any such depository institution referred to in this Section 2.7(e) to remit amounts to the Collateral Agent without taking into consideration other expenditures to be made from such accounts provided that the provisions of this sentence shall not apply to Cash Management Accounts or the Concentration Account(s).

Notwithstanding the foregoing, Borrowers shall not be required to provide a cash management agreement or other control agreement with respect to any DDA in which a balance of the Dollar Equivalent of \$2,500 or less is maintained at all times (provided that the aggregate amount of such balances in all accounts does not exceed the aggregate Dollar Equivalent of \$50,000 and the full balance in such accounts is swept into the Concentration Account at least twice per week).

(f) So long as no Default or Event of Default has occurred and is continuing, Lead Borrower may amend Schedule 2.7 to add or replace a Cash Management Bank or Cash Management Account; provided, however, that (i) such prospective Cash Management Bank shall be satisfactory to Agent in its Permitted Discretion and Agent shall have consented in its Permitted Discretion in writing in advance to the opening of such Cash Management Account with the prospective Cash Management Bank, and (ii) prior to the time of the opening of such Cash Management Account, Borrowers and such prospective Cash Management Bank shall have executed and delivered to Agent a Cash Management Agreement. Borrowers shall close any of their Cash Management Accounts (and establish replacement cash management accounts in accordance with the foregoing sentence) promptly and in any event within 30 days of notice from Agent that the creditworthiness of any Cash Management Bank is no longer acceptable in Agent's reasonable judgment, or as promptly as practicable and in any event within 60 days of notice from Agent that the operating performance, funds transfer, or availability procedures or performance of the Cash Management Bank with respect to Cash Management Accounts or Agent's liability under any Cash Management Agreement with such Cash Management Bank is no longer acceptable in Agent's reasonable judgment.

(g) The Cash Management Accounts, Concentration Accounts, and all other DDA's of Borrowers shall be cash collateral accounts, with all cash, checks (cheques) and similar items of payment in such accounts securing payment of the Obligations, and in which Borrowers are hereby deemed to have granted a Lien on each such account to Agent.

2.8. Crediting Payments. The receipt of any payment item by Agent (whether from transfers to Agent by the Cash Management Banks pursuant to the Cash Management Agreements or otherwise) shall not be considered a payment on account unless such payment item is a wire transfer of immediately available federal funds made to the Agent's Account or unless and until such payment item is honored when presented for payment. Should any payment item not be honored when presented for payment, then Borrowers shall be deemed not to have made such payment and interest shall be calculated accordingly. Anything to the contrary contained herein notwithstanding, any payment item shall be deemed received by Agent only if it is received into the Agent's Account on a Business Day on or before 1:00 p.m. (Boston, Massachusetts time). If any payment item is received into the Agent's Account on a non-Business Day or after 1:00 p.m. (Boston, Massachusetts time) on a Business Day, it shall be deemed to have been received by Agent as of the opening of business on the immediately following Business Day.

2.9. Designated Account. Agent is authorized to make the Advances, issue a Letter of Credit Guaranty and Issuing Bank is authorized to issue the Letters of Credit under this Agreement based upon telephonic or other instructions received from anyone purporting to be an Authorized Person, or without instructions if pursuant to Section 2.6(d). Lead Borrower agrees to establish and maintain the Designated Account with the Designated Account Bank for the purpose of receiving the proceeds of the Advances requested by Borrowers and made by Agent or the Lenders hereunder; with the understanding that the Lead Borrower may elect to have a separate Designated Account Bank and/or separate Designated Accounts for each of the US Advances and CAD Advances. So long as no Default or Event of Default has occurred and is continuing, Lead Borrower may add or replace the Designated Account Bank(s) or the Designated Account(s) on 30 days prior written notice to Agent; provided, however, that (i) such prospective Designated Account Bank shall be satisfactory to Agent and Agent shall have consented in writing in advance to the opening of such Designated Account with the prospective Designated Account Bank, and (ii) prior to the time of the opening of such Designated Account, Borrowers, Agent and such prospective Designated Account Bank shall have executed and delivered to Agent a Control Agreement with respect to the Designated Account. Unless otherwise agreed by Agent and Lead Borrower, any Advance requested by Borrowers and made by the Lenders hereunder shall be made to the appropriate Designated Account for such Advance.

2.10. Maintenance of Loan Account; Statements of Obligations.

(a) Agent shall maintain an account on its books in the name of Borrowers (the "Loan Account") on which Borrowers will be charged with all Advances made by the Revolving Credit Lenders, to Borrowers or for Borrowers' account, the Letters of Credit issued by Issuing Bank for Borrowers' account, reimbursement obligations, and with all other payment Obligations hereunder or under the other Loan Documents (except for Bank Product Obligations), including, accrued interest, fees and expenses, and Agent Expenses and Lender Expenses incurred by the Agent and Revolving Credit Lenders. All amounts received in the Agent's Account from any Cash Management Bank shall be applied in accordance with Section 2.8 and the Loan Account shall be credited accordingly. Agent shall render statements regarding the Loan Account to Lead Borrower, including principal, interest, fees, and including an itemization of all charges and expenses constituting Agent Expenses and Lender Expenses incurred by the Agent or any Revolving Credit Lender, and such statements shall be conclusively presumed to be correct and accurate and constitute an account stated between Borrowers and the Agent and Revolving Credit Lenders unless, within 30 days after receipt thereof by Lead Borrower, Lead Borrower shall deliver to Agent written objection thereto describing the error or errors contained in any such statements. In Agent's Permitted Discretion, Agent may establish separate Loan Accounts or subaccounts of the Loan Accounts for the US Obligations and the Canadian Obligations.

2.11. Fees. Borrowers shall pay to Agent the Dollar Equivalent of the following fees and charges, which fees and charges shall be non-refundable when paid (irrespective of whether this Agreement is terminated thereafter):

(a) Unused Line Fee. On the first day of each month during the term of this Agreement, an unused line fee for the benefit of the Revolving Credit Lenders in an amount equal to 0.50% per annum *times* the result of (a) the Maximum Revolver Amount then in effect, *less* (b) the sum of (i) the average Daily Balance of Advances that were outstanding during the immediately preceding month, *plus* (ii) the average Daily Balance of the Letter of Credit Usage during the immediately preceding month.

(b) Agent's Closing Fee. The Borrowers shall pay to Administrative Agent, for its sole account, a closing fee in an amount equal to 1.00% of the Maximum Revolver Amount (the "Agent's Closing Fee"). The Agent's Closing Fee is fully earned and payable on the Restatement Date.

(c) L/C Issuing Fee. The Borrowers shall pay the US Issuing Bank, with respect to any US Letters of Credit, or the Agent, with respect to any Canadian Letters of Credit, a fee upon the issuance of any Letter of Credit or Letter of Credit Guaranty for the account of the US Issuing Bank or the Agent, as applicable, in an amount equal to the Dollar Equivalent of 0.50% of the Stated Amount of the applicable Letter of Credit (the "L/C Issuance Fee").

(d) Administrative Fee. The Borrowers shall pay the Agent, for its sole account, an administrative fee of \$100,000 during the term of this facility, which has been fully earned as of the Restatement Date by the Agent's execution of this Agreement (the "Administrative Fee"). The Administrative Fee shall in no way limit Borrowers' obligations to pay any other fee, or reimburse the Agents for any cost or expense, under the Loan Documents. The Administrative Fee shall be payable as follows:

(i) In monthly installments of \$2,000 each, without interest as follows:

(I) Appropriation of such monthly installment shall be paid out of the first Advance for the period beginning with the date of this Agreement and ending on the last day of the month of execution.

(II) A monthly installment shall be paid on the first day of the month next following that during which this Agreement is executed and on the first day of each month thereafter, until the entire Administrative Fee has been paid.

(III) The unpaid balance of the Administrative Fee shall be due and payable upon termination of the Revolving Credit.

(ii) Upon the occurrence of any Event of Default described in Sections 8.4 or 8.5 and, at the option of the Agent, upon the occurrence of any other Event of Default, any remaining installments of the Administrative Fee shall be immediately due and payable.

(e) Audit, Appraisal, and Valuation Charges. For the separate account of Agent, Borrowers shall, to the extent provided for in Section 4.8, pay the Dollar Equivalent of all audit, appraisal, and valuation fees plus out-of-pocket expenses, for each audit, appraisal, and valuation of the Collateral performed by or at the request of Agent, or the actual charges paid or incurred by Agent if it elects to employ the services of one or more third Persons to perform financial audits of Borrowers, to appraise the Collateral, or any portion thereof, or to assess a Borrower's business valuation.

(f) Applicable Revolving Credit Prepayment Premium. The Applicable Revolving Credit Prepayment Premium shall be due upon the occurrence of the Revolving Credit Termination Date prior to the Maturity Date as provided in Section 3.5(b) hereof or upon any reduction in the Commitment as provided in Section 3.5(c) hereof.

## 2.12. Letters of Credit.

### (a) US Letter of Credit Commitment.

(i) Subject to the terms and conditions set forth herein, (A) the Administrative Agent, in reliance upon the agreements of the Lenders set forth in this Section 2.12 shall endeavor to cause the US Issuing Bank from time to time on any Business Day during the period from the Restatement Date until the Letter of Credit Expiration Date, to issue letters of credit denominated in Dollars for the account of the Borrowers (each, a "US L/C") or to undertake to purchase participations or execute indemnities or Reimbursement Obligations (each such undertaking, a "US L/C Undertaking") with respect to letters of credit denominated in Dollars issued by an Underlying Issuer for the account of Borrowers, and to cause the US Issuing Bank to amend or extend Letters of Credit previously issued by the US Issuing Bank, in accordance with Section 2.12(c) below and (B) the US Lenders severally agree to participate in US Letters of Credit issued for the account of the Borrowers and any drawings thereunder; provided that after giving effect to the issuance of any requested US Letter of Credit, (w) the Revolver Usage shall not exceed the lesser of the Commitment or Availability, (x) any Lender's Commitment Percentage of Revolver Usage shall not exceed such Lender's individual Commitment as set forth on Exhibit 2.17, (y) L/C Usage shall not exceed the L/C Sublimit, and (z) the expiry date of the proposed Letter of Credit is no later than thirty (30) days prior to the Revolving Credit Maturity Date (the "Letter of Credit Expiration Date"). Each request by the Lead Borrower for the issuance or amendment of a US Letter of Credit shall be deemed to be a representation by the Borrowers that the issuance or amendment so requested complies with the conditions set forth in the proviso to the preceding sentence. Within the foregoing limits, and subject to the terms and conditions hereof, the US Borrowers' ability to obtain US Letters of Credit shall be fully revolving, and accordingly the US Borrowers may, during the foregoing period, obtain US Letters of Credit to replace US Letters of Credit that have expired or that have been drawn upon and reimbursed.

### (b) Canadian Letters of Credit.

(i) In order to assist the Canadian Borrower in establishing or opening letters of credit denominated in CAD (each, a "Canadian L/C") with the Canadian Issuing Bank, or to assist the Canadian Borrower in causing the Canadian Issuing Bank to purchase participations or execute indemnities or Reimbursement Obligations (each such undertaking, a "Canadian L/C Undertaking"), the Borrowers have requested the Agent to join in the applications for such Canadian Letters of Credit, and/or guarantee payment or performance of such Canadian Letters of Credit and any drafts thereunder through the issuance of a letter of credit guaranty (each such guaranty, a "Letter of Credit Guaranty"), thereby lending the Agent's credit to that of the Canadian Borrower, and the Canadian Lenders, relying on the agreements contained herein, have agreed to do so. These arrangements shall be coordinated by the Agent, subject to the terms and conditions

set forth below. Agent shall not be required to be the issuer of any Letter of Credit. The Canadian Borrower will be the account parties under each Canadian Letter of Credit Application (which shall be substantially in the form of Exhibit 2.12 hereto or on a computer transmission system approved by the Agent and the Canadian Issuing Bank, or such other written form or computer transmission system as may from time to time be approved by the Agent and the Canadian Issuing Bank) and shall be duly completed in a manner and at a time reasonably acceptable to the Agent, together with such other certificates, agreements, documents and other papers and information as the Agent and the Canadian Issuing Bank may reasonably request (the "Canadian Letter of Credit Application"). In the event of any conflict between the terms of any Letter of Credit Application and this Agreement, for purposes of this Agreement, the terms of this Agreement shall control.

(ii) The terms and conditions of all Letters of Credit and all changes or modifications thereof by the Borrowers and/or the L/C Issuer shall in all respects be subject to the prior approval of the Agent in its Permitted Discretion.

(iii) In the event that the Agent makes any payment in respect of any Letter of Credit Guaranty and the Borrowers shall not have repaid such amount, the Agent shall charge the Loan Account in the amount of the Reimbursement Obligation, in accordance with Section 2.04 and Section 2.10. The Agent shall have the right, without notice to the Borrowers, to charge the Loan Account with the amount of any and all Indebtedness, liabilities and obligations of any kind (including indemnification for breakage costs, capital adequacy and reserve requirement charges) incurred by the Agent and Lenders under any Letter of Credit Guaranty or incurred by the Canadian Issuing Bank with respect to a Letter of Credit at the earlier of (i) payment by the Agent under any Letter of Credit Guaranty or (ii) the occurrence of any Default or Event of Default. Any amount charged to the Loan Account shall be deemed a Canadian Index Rate Loan hereunder made by the Lenders to the Borrowers, funded by the Lenders and subject to Section 2.1 of this Agreement. Any charges, fees, commissions, costs and expenses charged to the Agent for the Borrowers' account by the Canadian Issuing Bank in connection with or arising out of Letters of Credit or transactions relating thereto will be charged to the Loan Account in full when charged to or paid by the Agent and, when charged, shall be conclusive absent manifest error. The Agent, Lenders, and the Borrowers agree that the Agent shall have the right to make such charges regardless of whether any Default or Event of Default shall have occurred and be continuing or whether any of the conditions precedent in Section 3.2 have been satisfied.

(iv) Upon any payments made to the Canadian Issuing Bank under the Letter of Credit Guaranty, the Agent and Lenders shall, without prejudice to their rights under this Agreement (including that such unreimbursed amounts shall constitute Advances hereunder), acquire by subrogation, any rights, remedies, duties or obligations granted or undertaken by the Borrowers in favor of the Canadian Issuing Bank in any Letter of Credit Application, any standing agreement relating to Letters of Credit or otherwise, all of which shall be deemed to have been granted to the Agent and apply in all respects to the Agent, for the benefit of the Lenders, and shall be in addition to any rights, remedies, duties or obligations contained herein.

(c) Letters of Credit Generally. No Letter of Credit or Letter of Credit Guaranty shall be issued, if:

(i) with respect to Standby Letters of Credit, subject to Section 2.12(c)(iii), the expiry date of such Standby Letter of Credit would occur more than twelve months after the date of issuance or last extension, unless the Majority Lenders have approved such expiry date; or

(ii) with respect to Documentary Letters of Credit, subject to Section 2.12(c)(iii), the expiry date of such Documentary Letter of Credit would occur more than 120 days after the date of issuance or last extension, unless the Majority Lenders have approved such expiry date; or

(iii) the expiry date of such Letter of Credit would occur after the Letter of Credit Expiration Date, unless either such Letter of Credit (or Letter of Credit Guaranty) is Cash Collateralized on or prior to the Letter of Credit Expiration Date or all the Lenders have approved such expiry date.

(iv) No Letter of Credit or Letter of Credit Guaranty shall be issued without the prior consent of the Administrative Agent and Issuing Bank if:

(I) any order, judgment or decree of any Governmental Authority or arbitrator shall by its terms purport to enjoin or restrain the Issuing Bank from issuing such Letter of Credit (or the Lenders from issuing a Letter of Credit Guaranty), or any Applicable Law or any request or directive (whether or not having the force of law) from any Governmental Authority with jurisdiction over the Issuing Bank shall prohibit, or request that the Issuing Bank refrain from, the issuance of letters of credit generally or such Letter of Credit in particular or shall impose upon the Issuing Bank with respect to such Letter of Credit any restriction, reserve or capital requirement (for which the Issuing Bank is not otherwise compensated hereunder) not in effect on the Closing Date, or shall impose upon the Issuing Bank any unreimbursed loss, cost or expense which was not applicable on the Closing Date and which the Issuing Bank in good faith deems material to it;

(II) the issuance of such Letter of Credit would violate one or more policies of the Issuing Bank applicable to letters of credit generally;

(III) a Letter of Credit is to be denominated in a currency other than Dollars or CAD; provided that if the US Issuing Bank, in its discretion and with the consent of the Administrative Agent, issues a US Letter of Credit denominated in a currency other than Dollars, all reimbursements by the Borrowers of the honoring of any drawing under such Letter of Credit shall be paid in the Dollar Equivalent; or

(IV) a default of any Lender's obligations to fund under Section 2.12(e) exists or any Lender is at such time a Defaulting Lender hereunder, unless, with respect to US Letters of Credit only, the Administrative Agent or the US Issuing Bank has entered into satisfactory arrangements with the Borrowers or such Defaulting Lender to eliminate the US Issuing Bank's risk with respect to such Lender.

(v) The Issuing Bank shall not amend any Letter of Credit if the Issuing Bank would not be permitted at such time to issue such Letter of Credit in its amended form under the terms hereof or if the beneficiary of such Letter of Credit does not accept the proposed amendment to such Letter of Credit.

(vi) The US Issuing Bank shall act on behalf of the Lenders with respect to any US Letters of Credit issued by it and the documents associated therewith, and the US Issuing Bank shall have all of the benefits and immunities (A) provided to the Administrative Agent in Article XVIII with respect to any acts taken or omissions suffered by the US Issuing Bank in connection with US Letters of Credit issued by it or proposed to be issued by it and Issuer Documents pertaining to such US Letters of Credit as fully as if the term "Administrative Agent" as used in Article XVIII included the US Issuing Bank with respect to such acts or omissions, and (B) as additionally provided herein with respect to the Issuing Bank.

(d) Procedures for Issuance and Amendment of Letters of Credit; Auto-Extension Letters of Credit.

(i) Each Letter of Credit shall be issued or amended, as the case may be, upon the request of the Lead Borrower delivered to the Administrative Agent in the form of a Letter of Credit Application in form and substance satisfactory to the Issuing Bank appropriately completed and signed by an Authorized Person. Any Letter of Credit Application or other document delivered hereunder that is signed by an Authorized Person shall be conclusively presumed to have been authorized by all necessary corporate, partnership and/or other action and such Authorized Person shall be conclusively presumed to have acted on behalf of the Lead Borrower. Such Letter of Credit Application must be received by the Administrative Agent not later than 1:00 p.m., Boston, Massachusetts time, at least two Business Days (or such other date and time as the Administrative Agent may agree in a particular instance in its sole discretion) prior to the proposed issuance date or date of amendment, as the case may be. In the case of a request for an initial

issuance of a Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the Administrative Agent and Issuing Bank: (A) the proposed issuance date of the requested Letter of Credit (which shall be a Business Day); (B) the amount thereof; (C) the expiry date thereof; (D) the name and address of the beneficiary thereof; (E) the documents to be presented by such beneficiary in case of any drawing thereunder; (F) the full text of any certificate to be presented by such beneficiary in case of any drawing thereunder; and (G) such other matters as the Administrative Agent or Issuing Bank may reasonably require. In the case of a request for an amendment of any outstanding Letter of Credit, such Letter of Credit Application shall specify in form and detail reasonably satisfactory to the Administrative Agent and Issuing Bank: (A) the Letter of Credit to be amended; (B) the proposed date of amendment thereof (which shall be a Business Day); (C) the nature of the proposed amendment; and (D) such other matters as the Administrative Agent and Issuing Bank may require in their Permitted Discretion. Additionally, the Lead Borrower shall furnish to the Issuing Bank and the Administrative Agent such other documents and information pertaining to such requested Letter of Credit issuance or amendment, including any Issuer Documents, as the Issuing Bank or the Administrative Agent may reasonably require.

(ii) Immediately upon the issuance or amendment of each Letter of Credit (and L/C Guaranty), each Lender shall be deemed to (without any further action), and hereby irrevocably and unconditionally agrees to, purchase from the US Issuing Bank, without recourse or warranty, a risk participation in such Letter of Credit (and L/C Guaranty) in an amount equal to the product of such Lender's Commitment Percentage times the amount of such Letter of Credit. Upon any change in the Commitments under this Agreement, it is hereby agreed that with respect to all L/C Usage, there shall be an automatic adjustment to the participations hereby created to reflect the new Commitment Percentages of the assigning and assignee Lenders.

(iii) If the Lead Borrower so requests in any applicable Letter of Credit Application, the Administrative Agent, in its sole and absolute discretion, may endeavor to cause the Issuing Bank to issue a Standby Letter of Credit that has automatic extension provisions (each, an "Auto-Extension Letter of Credit"); provided that any such Auto-Extension Letter of Credit must permit the Issuing Bank to prevent any such extension at least once in each twelve-month period (commencing with the date of issuance of such Standby Letter of Credit) by giving prior notice to the beneficiary thereof not later than a day (the "Non-Extension Notice Date") in each such twelve-month period to be agreed upon at the time such Standby Letter of Credit is issued. Unless otherwise directed by the Administrative Agent or Issuing Bank, the Lead Borrower shall not be required to make a specific request to the Administrative Agent or Issuing Bank for any such extension. Once an Auto-Extension Letter of Credit has been issued, the Lenders shall be deemed to have authorized (but may not require) the Issuing Bank to permit the extension of such Standby Letter of Credit at any time to an expiry date not later than the Letter of Credit Expiration Date; provided, however, that the Administrative Agent shall instruct the Issuing Bank not to permit any such extension if (A) the Administrative Agent has determined that it would not be permitted, or would have no obligation, at such time to cause the issuance of such Standby Letter of Credit in its revised form (as extended) under the terms hereof, or (B) the Issuing Bank has received notice (which may be by telephone or in writing) on or before the day that is thirty days before the Non-Extension Notice Date (1) from the Administrative Agent that the Required Lenders have elected not to permit such extension or (2) from the Administrative Agent or the Lead Borrower that one or more of the applicable conditions specified in Section 3.2 is not then satisfied, and in each such case directing the Issuing Bank not to permit such extension.

(iv) Promptly after its delivery of any Letter of Credit or any amendment to a Letter of Credit to an advising bank with respect thereto or to the beneficiary thereof, the US Issuing Bank will make available to the Lead Borrower and the Administrative Agent a true and complete copy of such Letter of Credit or amendment.

(e) Drawings and Reimbursements; Funding of Participations.

(i) Upon receipt from the beneficiary of any Letter of Credit of any notice of a drawing under such Letter of Credit, the Issuing Bank shall notify the Administrative Agent thereof and the Administrative Agent shall notify the Lead Borrower; provided, however, that any failure to give or delay in giving such notice shall not relieve the Borrowers of their obligation to reimburse the Issuing Bank and the

Lenders with respect to any such payment. Not later than 1:00PM, Boston, Massachusetts time, on the date of any payment by the Issuing Bank under a Letter of Credit (each such date, an “Honor Date”), the Borrowers shall reimburse the Issuing Bank through the Administrative Agent in an amount equal to the amount of such drawing. If the Borrowers fail to so reimburse the Issuing Bank by such time, the Administrative Agent shall promptly notify each Lender of the Honor Date, the amount of the unreimbursed drawing (the “Unreimbursed Amount”), and the amount of such Lender’s Commitment Percentage thereof. In such event, the Borrowers shall be deemed to have requested a Borrowing of Alternate Base Rate Loans or Canadian Index Rate Loans, as applicable, to be disbursed on the Honor Date in an amount equal to the Unreimbursed Amount subject to the amount of the unutilized Commitments and the conditions set forth in Section 3.2. Any notice given by the Issuing Bank or the Administrative Agent pursuant to this Section 2.12(l)(i) may be given by telephone or electronic means.

(ii) Each Lender shall upon any notice pursuant to Section 2.12(e)(i) make funds available to the Administrative Agent for the account of the Issuing Bank in an amount equal to its Commitment Percentage of the Unreimbursed Amount not later than 1:00PM, Boston, Massachusetts time, on the Business Day specified in such notice by the Administrative Agent, whereupon, subject to the provisions of Section 2.12(c)(iii), each Lender that so makes funds available shall be deemed to have made a Alternate Base Rate Loan or Canadian Index Rate Loan, as applicable, to the Borrowers in such amount. The Administrative Agent shall remit the funds so received to the Issuing Bank.

(iii) With respect to any Unreimbursed Amount of any US Letter of Credit that is not fully refinanced by a Borrowing of Alternate Base Rate Loans because the conditions set forth in Section 3.02 cannot be satisfied or for any other reason, the Borrowers shall be deemed to have incurred from the US Issuing Bank a Borrowing in the amount of the Unreimbursed Amount that is not so refinanced (such Borrowing, an “L/C Borrowing”), which L/C Borrowing shall be due and payable on demand (together with interest) and shall bear interest at Alternate Base Rate plus the Default Rate. In such event, each Lender’s payment to the Administrative Agent for the account of the US Issuing Bank pursuant to Section 2.12(c)(ii) shall be deemed payment in respect of its participation in such L/C Borrowing and shall constitute an Advance from such Lender in satisfaction of its participation obligation under this Section 2.12 (each such Advance, an “L/C Advance”).

(iv) Until each Lender funds its Alternate Base Rate Loan, Canadian Index Rate Loan, or L/C Advance pursuant to this Section 2.12(e) to reimburse the Issuing Bank or Agent for any amount drawn under any Letter of Credit or L/C Guaranty, interest in respect of such Lender’s Commitment Percentage of such amount shall be solely for the account of the Issuing Bank, with respect to US Letters of Credit, and the Agent, with respect to Reimbursement Obligations.

(v) Each Lender’s obligation to make Alternate Base Rate Loans, Canadian Index Rate Loans, or L/C Advances to reimburse the Issuing Bank or Agent for amounts drawn under Letters of Credit or L/C Guaranty, as contemplated by this Section 2.12(e), shall be absolute and unconditional and shall not be affected by any circumstance, including (A) any setoff, counterclaim, recoupment, defense or other right which such Lender may have against the Agent, Issuing Bank, any Borrower or any other Person for any reason whatsoever; (B) the occurrence or continuance of a Default or Event of Default, or (C) any other occurrence, event or condition, whether or not similar to any of the foregoing. No such making of an L/C Advance shall relieve or otherwise impair the obligation of the Borrowers to reimburse the Issuing Bank or Agent for the amount of any payment made by the Issuing Bank or Agent under any Letter of Credit or L/C Guaranty, together with interest as provided herein.

(vi) If any Lender fails to make available to the Administrative Agent any amount required to be paid by such Lender pursuant to the foregoing provisions of this Section 2.12(e) by the time specified in Section 2.12(e)(ii), the Agent shall be entitled to recover from such Lender, on demand, such amount with interest thereon for the period from the date such payment is required to the date on which such payment is immediately available at a rate per annum equal to the greater of the Alternate Base Rate or Canadian Index Rate, as applicable, and a rate determined by the Issuing Bank or Agent, as applicable, in accordance with banking industry rules on interbank compensation plus any administrative, processing or similar fees customarily charged by the Issuing Bank or Agent, as applicable, in connection with the



foregoing. If such Lender pays such amount (with interest and fees as aforesaid), the amount so paid shall constitute such Lender's Advance included in the relevant Borrowing or L/C Advance in respect of the relevant L/C Borrowing, as the case may be. A certificate of the Issuing Bank or Agent, as applicable, submitted to any Lender (through the Administrative Agent) with respect to any amounts owing under this clause (vi) shall be conclusive absent manifest error.

(f) Repayment of Participations.

(i) At anytime after the Issuing Bank or Agent has made a payment under any Letter of Credit or L/C Guaranty and has received a Lender's L/C Advance in respect of such payment in accordance with Section 2.12(e), if the Administrative Agent receives any payment in respect of the related Unreimbursed Amount or interest thereon (whether directly from the Borrowers or otherwise, including proceeds of Cash Collateral, in form and substance satisfactory to Agent, applied thereto by the Administrative Agent), the Administrative Agent will distribute to such Lender its Commitment Percentage thereof (appropriately adjusted, in the case of interest payments, to reflect the period of time during which such Lender's L/C Advance was outstanding) in the same funds as those received by the Administrative Agent.

(ii) If any payment received by the Administrative Agent for the account of the Issuing Bank or Agent pursuant to Section 2.12(e)(i) is required to be returned under any of the circumstances described in Section 2.07 (including pursuant to any settlement entered into by the Issuing Bank or Agent in its discretion), each Lender shall pay to the Administrative Agent for the account of the Issuing Bank or Agent its Commitment Percentage thereof on demand of the Administrative Agent, plus interest thereon from the date of such demand to the date such amount is returned by such Lender, at a rate per annum equal to the Alternate Base Rate or Canadian Index Rate, as applicable, from time to time in effect. The obligations of the Lenders under this clause shall survive the payment in full of the Obligations and the termination of this Agreement.

(g) Obligations Absolute. The obligation of the Borrowers to reimburse the Issuing Bank and Agent for each drawing under each Letter of Credit, to reimburse the Agent and Lenders for any Reimbursement Obligations under any L/C Guaranty, and to repay each L/C Borrowing shall be absolute, unconditional and irrevocable, and shall be paid strictly in accordance with the terms of this Agreement under all circumstances, including the following:

(i) any lack of validity or enforceability of such Letter of Credit, this Agreement, or any other Loan Document;

(ii) the existence of any claim, counterclaim, setoff, defense or other right that the Borrowers or any Subsidiary may have at any time against any beneficiary or any transferee of such Letter of Credit (or any Person for whom any such beneficiary or any such transferee may be acting), the Issuing Bank or any other Person, whether in connection with this Agreement, the transactions contemplated hereby or by such Letter of Credit or any agreement or instrument relating thereto, or any unrelated transaction;

(iii) any draft, demand, certificate or other document presented under such Letter of Credit proving to be forged, fraudulent, invalid or insufficient in any respect or any statement therein being untrue or inaccurate in any respect; or any loss or delay in the transmission or otherwise of any document required in order to make a drawing under such Letter of Credit, provided that the Issuing Bank has acted commercially reasonably;

(iv) any payment by the Issuing Bank under such Letter of Credit against presentation of a draft or certificate that does not strictly comply with the terms of such Letter of Credit; or any payment made by the Issuing Bank under such Letter of Credit to any Person purporting to be a trustee in bankruptcy, debtor-in-possession, assignee for the benefit of creditors, liquidator, receiver or other representative of or successor to any beneficiary or any transferee of such Letter of Credit, including any arising in connection with any Insolvency Proceeding;

(v) any other circumstance or happening whatsoever, whether or not similar to any of the foregoing, including any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Borrowers or any of their Subsidiaries; or

(vi) the fact that any Default or Event of Default shall have occurred and be continuing.

The Lead Borrower shall promptly examine a copy of each Letter of Credit and each amendment thereto that is delivered to it and, in the event of any claim of noncompliance with the Lead Borrower's instructions or other irregularity, the Lead Borrower will immediately notify the Administrative Agent and the Issuing Bank. The Borrowers shall be conclusively deemed to have waived any such claim against the Agent, the Issuing Bank and its correspondents unless such notice is given as aforesaid.

(h) Role of Issuing Bank. Each Lender and the Borrowers agree that, in paying any drawing under a Letter of Credit or L/C Guaranty, the Issuing Bank or Agent shall not have any responsibility to obtain any document (other than any sight draft, certificates and documents expressly required by the Letter of Credit) or to ascertain or inquire as to the validity or accuracy of any such document or the authority of the Person executing or delivering any such document. None of the Issuing Bank, the Administrative Agent, any Agent-Related Person, or each of their respective officers, directors, employees, agents, attorneys, and attorneys-in-fact nor any correspondent, participant or assignee of the Issuing Bank shall be liable to any Lender for (i) any action taken or omitted in connection herewith at the request or with the approval of the Lenders or the Majority Lenders, as applicable; (ii) any action taken or omitted in the absence of a breach of this Agreement, violation of Applicable Law, gross negligence or willful misconduct; (iii) any error, omission, interruption, loss or delay in transmission or delivery of any draft, notice or other communication under or relating to any Letter of Credit or any error in interpretation of technical terms; or (iv) the due execution, effectiveness, validity or enforceability of any document or instrument related to any Letter of Credit or Issuer Document. The Borrowers hereby assume all risks of the acts or omissions of any beneficiary or transferee with respect to its use of any Letter of Credit; provided, however, that this assumption is not intended to, and shall not, preclude the Borrowers' pursuing such rights and remedies as it may have against the beneficiary or transferee at law or under any other agreement. None of the Issuing Bank, the Administrative Agent, any of their respective officers, directors, employees, agents, attorneys, and attorneys-in-fact nor any correspondent, participant or assignee of the Issuing Bank shall be liable or responsible for any of the matters described in clauses (i) through (vi) of Section 2.12(g); provided, however, that anything in such clauses to the contrary notwithstanding, the Borrowers may have a claim against the Issuing Bank, and the Issuing Bank may be liable to the Borrowers, to the extent, but only to the extent, of any direct, as opposed to consequential or exemplary, damages suffered by the Borrowers which the Borrowers prove were caused by the Issuing Bank's breach of this Agreement, violation of Applicable Law, willful misconduct or gross negligence or the Issuing Bank's willful failure to pay under any Letter of Credit after the presentation to it by the beneficiary of a sight draft and certificate(s) strictly complying with the terms and conditions of a Letter of Credit. In furtherance and not in limitation of the foregoing, the Issuing Bank may accept documents that appear on their face to be in order, without responsibility for further investigation, regardless of any notice or information to the contrary (or the Issuing Bank may refuse to accept and make payment upon such documents if such documents are not in strict compliance with the terms of such Letter of Credit), and the Issuing Bank shall not be responsible for the validity or sufficiency of any instrument transferring or assigning or purporting to transfer or assign a Letter of Credit or the rights or benefits thereunder or proceeds thereof, in whole or in part, which may prove to be invalid or ineffective for any reason.

(i) Underlying L/Cs.

(i) Each Borrower agrees to be bound by the Underlying Issuer's regulations and interpretations of any Underlying Letter of Credit. Each Borrower understands that the L/C Undertakings may require Issuing Bank to indemnify the Underlying Issuer for certain costs or liabilities arising out of claims by Borrowers against such Underlying Issuer. Each Borrower hereby agrees to indemnify, save, defend, and hold the Issuing Bank harmless with respect to any loss, cost, expense (including reasonable attorneys' fees), or liability incurred by the Issuing Bank under any L/C Undertaking as a result of the Issuing Bank's indemnification of any Underlying Issuer; provided, however, that no Borrower shall be obligated hereunder to indemnify for any loss, cost, expense, or liability that is caused by the gross negligence or willful misconduct of the Issuing Bank.

(ii) Each Borrower hereby authorizes and directs any Underlying Issuer to deliver to the Issuing Bank all instruments, documents, and other writings and property received by such Underlying Issuer pursuant to such Underlying Letter of Credit and to accept and rely upon the Issuing Bank's instructions with respect to all matters arising in connection with such Underlying Letter of Credit and the related application.

(iii) Any and all charges, commissions, fees, and costs incurred by the Issuing Bank relating to Underlying Letters of Credit shall be Agent Expenses for purposes of this Agreement and immediately shall be reimbursable by Borrowers to Agent for the account of the Issuing Bank; it being acknowledged and agreed by each Borrower that, as of the Restatement Date, the issuance charge imposed by the prospective Underlying Issuer is 0.50% per annum times the face amount of each Underlying Letter of Credit, that such issuance charge may be changed from time to time, and that the Underlying Issuer also imposes a schedule of charges for amendments, extensions, drawings, and renewals.

(j) Increased Cost.

If by reason of (i) any change in any Applicable Law, or any change in the interpretation or application thereof by any Governmental Authority, or (ii) compliance by the Underlying Issuer, Issuing Bank, or the Agent with any direction, request, or requirement (irrespective of whether having the force of law) of any Governmental Authority or monetary authority including, Regulation D of the Federal Reserve Board as from time to time in effect (and any successor thereto):

(I) any reserve, deposit, or similar requirement is or shall be imposed or modified in respect of any Letter of Credit issued hereunder, or

(II) there shall be imposed on the Underlying Issuer, Issuing Bank or the Agent any other condition regarding any Underlying Letter of Credit or any Letter of Credit issued pursuant hereto;

and the result of the foregoing is to increase, directly or indirectly, the cost to the Underlying Issuer, Issuing Bank, or Agent of issuing, making, guaranteeing, or maintaining any Letter of Credit or L/C Guaranty or to reduce the amount receivable in respect thereof by the Underlying Issuer, Issuing Bank, or Agent, then, and in any such case, Agent may, at any time within a reasonable period after the additional cost is incurred or the amount received is reduced, notify Lead Borrower (or Agent may so notify Lead Borrower on Issuing Bank's behalf), and Borrowers shall pay on demand such amounts as Agent may specify to be necessary to compensate for such additional cost or reduced receipt, together with interest on such amount from the date of such demand until payment in full thereof at the rate then applicable to Alternate Base Rate Loans or Canadian Index Rate Loans, as applicable. The determination by Underlying Issuer, Issuing Bank, or Agent of any amount due pursuant to this Section, as set forth in a certificate setting forth the calculation thereof in reasonable detail, shall, in the absence of manifest or demonstrable error, be final and conclusive and binding on all of the parties hereto.

(k) Cash Collateral. Upon the request of the Administrative Agent, (i) if the Issuing Bank has honored any full or partial drawing request under any Letter of Credit and such drawing has resulted in an L/C Borrowing or a Reimbursement Obligation, or (ii) if, as of the Letter of Credit Expiration Date, any Letter of Credit for any reason remains outstanding, the Borrowers shall, in each case, immediately Cash Collateralize the aggregate stated amounts of all such Letters of Credit. For purposes of this Section 2.12, "Cash Collateralize" means to pledge and deposit with or deliver to the Collateral Agent, for the benefit of the US Issuing Bank, the Agent, and the Lenders, as collateral for Letters of Credit, cash or deposit account balances in an amount equal to 105% (in the case of Letters of Credit denominated in a currency other than Dollars in an amount at least equal to 110%) of the then extant L/C Usage, pursuant to documentation in form and substance satisfactory to the Collateral Agent (which documents are hereby Consented to by the Lenders, the Agent and US Issuing Bank). The Borrowers hereby grant to the Collateral Agent a security interest in all such cash, deposit accounts and all balances therein and all proceeds of the foregoing. Cash Collateral shall be maintained in blocked, non-interest bearing deposit accounts at Wells Fargo or an account maintained by the Administrative Agent. If at any time the Agent determines that any funds held as Cash Collateral are subject to any right or claim of any Person other than the Agent or that the total amount of such funds is less than the aggregate L/C Usage, the Borrowers will, forthwith upon demand by the

Administrative Agent, pay to the Administrative Agent, as additional funds to be deposited as Cash Collateral, an amount equal to the excess of (x) such aggregate Outstanding Amount over (y) the total amount of funds, if any, then held as Cash Collateral that the Administrative Agent determines to be free and clear of any such right and claim. Upon the drawing of any Letter of Credit for which funds are on deposit as Cash Collateral, such funds shall be applied, to the extent permitted under Applicable Law, to reimburse the Issuing Bank and, to the extent not so applied, shall thereafter be applied to satisfy other Obligations.

(l) Documentary and Processing Charges Payable to Issuing Bank. The Borrowers shall pay to the Administrative Agent on behalf of the Issuing Bank for the Issuing Bank's own account the customary issuance, presentation, amendment and other processing fees, and other standard costs and charges, of the Issuing Bank relating to letters of credit as from time to time in effect. Such customary fees and standard costs and charges are due and payable on demand and are nonrefundable.

(m) Consignment of Bill of Lading. The Borrowers shall upon the request of the Administrative Agent consign to the Collateral Agent any bill of lading in connection with the Borrowers' purchase of any Inventory which is supported by a Documentary Letter of Credit issued by the Issuing Bank.

(n) Conflict with Issuer Documents. In the event of any conflict between the terms hereof and the terms of any Issuer Document, the terms hereof shall control.

(o) Indemnity. Each Borrower hereby, severally each as to 100%, agrees to indemnify, save, defend, and hold Agent, US Issuing Bank and each Lender harmless from any loss, cost, expense, or liability, and reasonable attorneys fees incurred by Agent, US Issuing Bank or any Lender arising out of or in connection with any Letter of Credit or L/C Guaranty including any such loss or claim due to any action taken by any Issuing Bank; provided, however, that Borrowers shall not be obligated hereunder to indemnify the Agent, US Issuing Bank or any Lender for any loss, cost, expense, or liability that is caused by the bad faith, gross negligence or willful misconduct of such Person. The Borrowers further agree, severally as to 100%, to hold Agent and each Lender harmless from any errors or omission, negligence or misconduct by the Issuing Bank. Each Borrower agrees to be bound by the Agent's, Issuing Bank's or Underlying Issuer's regulations and interpretations of any Letter of Credit, even though this interpretation may be different from a Borrower's own, and each Borrower understands and agrees that none of the Agent, the Lenders, or any Issuing Bank shall be liable for any error, negligence, or mistake, whether of omission or commission, in following any Borrower's instructions or those contained in the Letter of Credit or any modifications, amendments, or supplements thereto other than those caused by its own bad faith, gross negligence or willful misconduct. Each Borrower understands that L/C Undertakings may require Lenders to indemnify the Issuing Bank for certain costs or liabilities arising out of claims by any Borrower against such Issuing Bank. Each Borrower hereby agrees, severally each as to 100%, to indemnify, save, defend, and hold each Lender harmless with respect to any loss, cost, expense (including reasonable attorneys fees), or liability incurred by Lender under any L/C Undertaking as a result of Lender's indemnification of any Underlying Issuer; provided, however, that no Borrower shall be obligated hereunder to indemnify for any loss, cost, expense, or liability that is caused by the bad faith, gross negligence or willful misconduct of such Lender.

## 2.13. Interest Rate Conversion Option.

(a) Interest and Interest Payment Dates. In lieu of having interest on Floating Rate Loans charged at the applicable Floating Rate plus the applicable Margin, Borrowers shall have the option, exercisable by Lead Borrower (the "Conversion Option") to have interest on all or a portion of the Floating Rate Loans be charged at a rate of interest based upon the Fixed Rate plus the applicable Margin. Accrued and unpaid interest on Fixed Rate Loans shall be payable on the earliest of (i) the first Business Day of each calendar month after the Restatement Date; (ii) the occurrence of an Event of Default in consequence of which the Agent elects to accelerate the maturity of all or any portion of the Obligations, or (iii) termination of this Agreement pursuant to the terms hereof. On the last day of each applicable Interest Period, unless Lead Borrower properly has exercised the Conversion Option with respect thereto, the interest rate applicable to such Fixed Rate Loan automatically shall convert to the rate of interest then applicable to Floating Rate Loans of the same type hereunder. At any time that an Event of Default has occurred and is continuing, Borrowers no longer shall have the option to request that Advances bear interest at the Fixed Rate and Agent shall have the right to convert the interest rate on all outstanding Fixed Rate Loans to the rate

then applicable to Floating Rate Loans hereunder. In the event that Agent exercises such right of conversion, each Borrower shall indemnify, defend, and hold Agent, Lenders, and their Participants harmless against any and all Funding Losses resulting from such conversion in accordance with Section 2.13(b)(ii). The Conversion Option may not be exercised to convert any Alternate Base Rate Loan into a CDOR Rate Loan, or vice versa, or any Canadian Index Rate Loan into a LIBO Rate Loan, or vice versa, except as otherwise permitted by Agent in its sole discretion.

(b) Fixed Rate Election.

(i) Lead Borrower may, at any time and from time to time, so long as no Event of Default has occurred and is continuing, elect to exercise the Conversion Option by notifying Agent prior to 1:00 p.m. (Boston, Massachusetts time) at least 3 Business Days prior to the commencement of the proposed Interest Period (the “Fixed Rate Deadline”). Notice of Lead Borrower’s election of the Conversion Option for a permitted portion of the Advances and an Interest Period pursuant to this Section shall be made by delivery to Agent of a Fixed Rate Notice received by Agent before the Fixed Rate Deadline, or by telephonic notice received by Agent before the Fixed Rate Deadline (to be confirmed by delivery to Agent of a Fixed Rate Notice received by Agent prior to 5:00 p.m. (Boston, Massachusetts time) on the same day).

(ii) Each Fixed Rate Notice shall be irrevocable and binding on Borrowers. In connection with each Fixed Rate Loan, each Borrower shall indemnify, defend, and hold Agent and Revolving Credit Lenders harmless against any loss, cost, or expense incurred by Agent and/or Revolving Credit Lenders as a result of (a) the payment of any principal of any Fixed Rate Loan other than on the last day of an Interest Period applicable thereto (including as a result of an Event of Default), (b) the conversion of any Fixed Rate Loan other than on the last day of the Interest Period applicable thereto, or (c) the failure to borrow, convert, continue or prepay any Fixed Rate Loan on the date specified in any Fixed Rate Notice delivered pursuant hereto (such losses, costs, and expenses, collectively, “Funding Losses”). Funding Losses shall, with respect to each Revolving Credit Lender, be deemed to equal the amount determined by Revolving Credit Lender to be the excess, if any, of (i) the amount of interest that would have accrued on the principal amount of such Fixed Rate Loan had such event not occurred, at the Fixed Rate plus the applicable Margin that would have been applicable thereto, for the period from the date of such event to the last day of the then current Interest Period therefor (or, in the case of a failure to borrow, convert or continue, for the period that would have been the Interest Period therefor), minus (ii) the amount of interest that would accrue on such principal amount for such period at the interest rate which Revolving Credit Lender would be offered were it to be offered, at the commencement of such period, Dollar or CAD deposits (as applicable based on the currency of the Advance) of a comparable amount and period in the London interbank market. A certificate of a Revolving Credit Lender delivered to Lead Borrower setting forth any amount or amounts that Revolving Credit Lender is entitled to receive pursuant to this Section shall be conclusive absent manifest error.

(iii) Borrowers shall have not more than 5 Fixed Rate Loans in effect at any given time. Borrowers only may exercise the Conversion Option for Fixed Rate Loans of at least the Dollar Equivalent of \$1,000,000 and integral multiples of the Dollar Equivalent of \$250,000 in excess thereof.

(c) Prepayments. Borrowers may prepay Fixed Rate Loans at any time; provided, however, that in the event that Fixed Rate Loans are prepaid on any date that is not the last day of the Interest Period applicable thereto, including as a result of any automatic prepayment through the required application by Agent of proceeds of Collections in accordance with Section 2.4(b) or for any other reason, including early termination of the term of this Agreement or acceleration of all or any portion of the Obligations pursuant to the terms hereof, each Borrower shall indemnify, defend, and hold Agent, Lenders, and their Participants harmless against any and all Funding Losses in accordance with Section 2.13(b)(ii).

(d) Special Provisions Applicable to Fixed Rate.

(i) The LIBO Rate and/or the CDOR Rate may be adjusted by Agent on a prospective basis to take into account any additional or increased costs to the Agent or Revolving Credit Lenders of maintaining or obtaining any eurodollar deposits or increased costs due to changes in Applicable Law occurring subsequent to the commencement of the then applicable Interest Period, including changes in

tax laws (except changes of general applicability in corporate income tax laws) and changes in the reserve requirements imposed by the Board of Governors of the Federal Reserve System (or any successor or any comparable authority in Canada), excluding the Reserve Percentage, which additional or increased costs would increase the cost of funding loans bearing interest at the applicable Fixed Rate. In any such event, the Agent shall give Lead Borrower notice of such a determination and adjustment and, upon its receipt of such notice from the Agent, Lead Borrower may, by notice to the Agent (y) require the Agent to furnish to Lead Borrower a statement setting forth the basis for adjusting such Fixed Rate and the method for determining the amount of such adjustment, or (z) repay the Fixed Rate Loans with respect to which such adjustment is made (together with any amounts due under clause (b)(ii) above).

(ii) In the event that any change in market conditions or any Applicable Law or any change therein or in the interpretation of application thereof, shall at any time after the date hereof, in the reasonable opinion of the Agent or any Revolving Credit Lender, make it unlawful or impractical for the Agent or any Lender to fund or maintain Fixed Rate Advances or to continue such funding or maintaining, or to determine or charge interest rates at a Fixed Rate, the Agent shall give notice of such changed circumstances to Lead Borrower and (y) in the case of any affected Fixed Rate Loans that are outstanding, the date specified in the Agent's notice shall be deemed to be the last day of the Interest Period of such Fixed Rate Loans, and interest upon the Fixed Rate Loans shall accrue interest at the rate then applicable to Floating Rate Loans of the same currency as such Fixed Rate Loan, and (z) Borrowers shall not be entitled to elect the Conversion Option until the Agent determines that it would no longer be unlawful or impractical to do so.

(e) No Requirement of Matched Funding. Anything to the contrary contained herein notwithstanding, none of the Agent, any Revolving Credit Lender nor any Participant, is required actually to acquire eurodollar deposits to fund or otherwise match fund any Obligation as to which interest accrues at a Fixed Rate. The provisions of this Section shall apply as if the Agent, Revolving Credit Lenders, or their Participants had match funded any Obligation as to which interest is accruing at a Fixed Rate by acquiring eurodollar deposits for each Interest Period in the amount of the applicable Fixed Rate Loans.

2.14. Capital Requirements. If, after the date hereof, the Agent or any Revolving Credit Lender determines that (i) the adoption of or change in any Applicable Law or guideline regarding capital requirements for banks or bank holding companies, or any change in the interpretation or application thereof by any Governmental Authority charged with the administration thereof, or (ii) compliance by the Agent or Revolving Credit Lender or their respective parent bank holding company with any guideline, request or directive of any such entity regarding capital adequacy (whether or not having the force of law), will have the effect of reducing the return on the Agent's or Revolving Credit Lender's or such holding company's capital as a consequence of its commitments hereunder to a level below that which the Agent or Revolving Credit Lender or such holding company could have achieved but for such adoption, change, or compliance (taking into consideration the Agent's or Revolving Credit Lender's or such holding company's then existing policies with respect to capital adequacy and assuming the full utilization of such entity's capital) by any amount deemed by the Agent or Revolving Credit Lender to be material, then the Agent may notify Lead Borrower thereof. Following receipt of such notice, Borrowers agree to pay the Agent or the affected Lenders on demand the amount of such reduction of return of capital as and when such reduction is determined, payable within 90 days after presentation by the Agent of a statement in the amount and setting forth in reasonable detail the Agent's or Revolving Credit Lender's calculation thereof and the assumptions upon which such calculation was based (which statement shall be deemed true and correct absent manifest error). In determining such amount, the Agent and Revolving Credit Lender may use any reasonable averaging and attribution methods.

2.15. Designation of Lead Borrower as Borrowers' Agent.

(a) Each Borrower hereby irrevocably designates and appoints Papyrus as that Borrower's agent (in such capacity, the "Lead Borrower") to obtain Advances and the issuance of Letters of Credit, the proceeds of which shall be available to each Borrower for those uses permitted hereunder. As the disclosed principal for its agent, each Borrower shall be obligated to the Agents and each Lender, as applicable, on account of Advances, or Letters of Credit so made as if made directly by the Lenders, to that Borrower, notwithstanding the manner by which such Advances are recorded on the books and records of the Lead Borrower and of any Borrower.

(b) Each Borrower recognizes that credit available to it under the Revolving Credit is in excess of and on better terms than it otherwise could obtain on and for its own account and that one of the reasons therefor is its joining in the credit facilities contemplated herein with all other Borrowers. Consequently, each Borrower hereby assumes and agrees to fully, faithfully, and punctually discharge all Obligations of all of the Borrowers.

(c) The Lead Borrower shall act as a conduit for each Borrower (including itself, as a "Borrower") on whose behalf the Lead Borrower has requested an Advance.

The proceeds of each Advance which is requested by the Lead Borrower shall be deposited into the Designated Account or as otherwise indicated by the Lead Borrower. The Lead Borrower shall cause the transfer of the proceeds thereof to the (those) Borrower(s) on whose behalf such Loan and Advance was obtained. Neither the Agents nor any Lender shall have any obligation to see to the application of such proceeds by the Lead Borrower.

2.16. Intentionally Deleted.

2.17. Lenders' Commitments.

(a) Subject to Section 14.1 (which provides for assignments and assumptions of Commitments), each Lender's "Commitment Percentage", and "Commitment" (respectively so referred to herein) is set forth on Exhibit 2.17, annexed hereto.

(b) The obligations of each Lender are several and not joint. No Lender shall have any obligation to make any Advance under the Revolving Credit in excess of either of the following:

(i) That Lender's Commitment Percentage of the subject Advance or of Availability.

(ii) Any Advance which, when aggregated with the Dollar Equivalent of (i) all other Advances made by that Lender then outstanding and (ii) the amount of the Lender's Commitment Percentage of the Stated Amount of all Letters of Credit outstanding, exceed that Lender's Commitment.

(c) No Lender shall have any liability to the Borrowers on account of the failure of any other Lender to provide any Advance nor any obligation to make up any shortfall which may be created by such failure.

(d) The Commitments, Commitment Percentages, and identities of the Lenders may be changed, from time to time by the reallocation or assignment of Commitments and Commitment Percentages amongst the Lenders or with other Persons who determine to become "Lenders" pursuant to Section 14.1 hereof.

(e) Upon written notice given to the Lead Borrower from time to time by the Administrative Agent, of any assignment or allocation referenced in Section 2.17(d):

(i) Each Borrower shall execute one or more replacement Revolving Credit Notes to reflect such changed Commitments, Commitment Percentages, and identities, and shall deliver such replacement Revolving Credit Notes to the Administrative Agent (which promptly thereafter shall deliver to the Lead Borrower the Revolving Credit Notes so replaced) provided however, in the event that a Revolving Credit Note is to be exchanged following its acceleration or the entry of an order for relief under the Bankruptcy Code with respect to any Borrower, the Administrative Agent, in lieu of causing the Borrowers to execute one or more new Revolving Credit Notes, may issue a certificate confirming the resulting Commitments and Commitment Percentages.

(ii) Such change shall be effective from the effective date specified in such written notice and any Person added as a Lender shall have all rights and privileges of a Lender hereunder thereafter as if such Person had been a signatory to this Agreement and any other Loan Document to which a Lender is a signatory and any Person removed as a Lender shall be relieved of any obligations or responsibilities of a Lender hereunder thereafter.

2.18. Joint and Several Liability of US Borrowers.

(a) Each US Borrower is accepting joint and several liability hereunder and under the other Loan Documents in consideration of the financial accommodations to be provided by the Agent and Lenders under this Agreement, for the mutual benefit, directly and indirectly, of each Borrower and in consideration of the undertakings of the other US Borrowers to accept joint and several liability for the Obligations.

(b) Each US Borrower, jointly and severally, hereby irrevocably and unconditionally accepts, not merely as a surety but also as a co-debtor, joint and several liability with the other US Borrowers, with respect to the payment and performance of all of the Obligations (including, without limitation, any Obligations arising under this Section 2.18), it being the intention of the parties hereto that all the Obligations shall be the joint and several obligations of each Person composing US Borrowers without preferences or distinction among them.

(c) If and to the extent that any of Borrowers shall fail to make any payment with respect to any of the Obligations as and when due or to perform any of the Obligations in accordance with the terms thereof, then in each such event the US Borrowers will make such payment with respect to, or perform, such Obligation.

(d) The Obligations of each US Borrower under the provisions of this Section 2.18 constitute the absolute and unconditional, full recourse Obligations of each US Borrower enforceable against each such US Borrower to the full extent of its properties and assets, irrespective of the validity, regularity or enforceability of this Agreement or any other circumstances whatsoever.

(e) Except as otherwise expressly provided in this Agreement, each US Borrower hereby waives notice of acceptance of its joint and several liability, notice of any Advances or Letters of Credit issued under or pursuant to this Agreement, notice of the occurrence of any Default, Event of Default, or of any demand for any payment under this Agreement, notice of any action at any time taken or omitted by Agent or any Lender under or in respect of any of the Obligations, any requirement of diligence or to mitigate damages and, generally, to the extent permitted by applicable law, all demands, notices and other formalities of every kind in connection with this Agreement (except as otherwise provided in this Agreement). Each US Borrower hereby assents to, and waives notice of, any extension or postponement of the time for the payment of any of the Obligations, the acceptance of any payment of any of the Obligations, the acceptance of any partial payment thereon, any waiver, consent or other action or acquiescence by Agent or any Lender at any time or times in respect of any default by any Borrower in the performance or satisfaction of any term, covenant, condition or provision of this Agreement, any and all other indulgences whatsoever by Agent or any Lender in respect of any of the Obligations, and the taking, addition, substitution or release, in whole or in part, at any time or times, of any security for any of the Obligations or the addition, substitution or release, in whole or in part, of any Person composing Borrowers. Without limiting the generality of the foregoing, each Borrower assents to any other action or delay in acting or failure to act on the part of the Agent or any Lender with respect to the failure by any of the Borrowers to comply with any of its respective Obligations, including, without limitation, any failure strictly or diligently to assert any right or to pursue any remedy or to comply fully with applicable laws or regulations thereunder, which might, but for the provisions of this Section 2.18 afford grounds for terminating, discharging or relieving any Person composing Borrowers, in whole or in part, from any of its Obligations under this Section 2.18, it being the intention of each US Borrower that, so long as any of the Obligations hereunder remain unsatisfied, the Obligations of such US Borrower under this Section 2.18 shall not be discharged except by performance and then only to the extent of such performance. The Obligations of each US Borrower under this Section 2.18 shall not be diminished or rendered unenforceable by any winding up, reorganization, arrangement, liquidation, reconstruction or similar proceeding with respect to any Person composing Borrowers, Agent or any Lender. The joint and several liability of the Borrowers hereunder shall continue in full force and effect notwithstanding any absorption, merger, amalgamation or any other change whatsoever in the name, constitution or place of formation of any of the Persons composing Borrowers, the Agent or any Lender.

(f) Each Person composing Borrowers represents and warrants to Agent and Lenders that such Borrower is currently informed of the financial condition of Borrowers and of all other circumstances which a diligent inquiry would reveal and which bear upon the risk of nonpayment of the Obligations. Each Person



composing Borrowers further represents and warrants to Agent and Lenders that such Borrower has read and understands the terms and conditions of the Loan Documents. Each Person composing Borrowers hereby covenants that such Borrower will continue to keep informed of Borrowers' financial condition, the financial condition of other guarantors, if any, and of all other circumstances which bear upon the risk of nonpayment or nonperformance of the Obligations.

(g) Each of the Persons composing Borrowers waives all rights and defenses arising out of an election of remedies by the Agent or any Lender, even though that election of remedies, such as a nonjudicial foreclosure with respect to security for a guaranteed obligation, has destroyed the Agent's or any Lender's rights of subrogation and reimbursement against such Borrower by the operation of Section 580(d) of the California Code of Civil Procedure or otherwise:

(h) Each of the Persons composing Borrowers waives all rights and defenses that such Borrower may have in the event that the Obligations become secured by Real Property after Agent exercises the Mortgage Option. This means, among other things:

(i) Agent may collect from such Borrower without first foreclosing on any Collateral pledged by Borrowers.

(ii) If Agent exercises its rights of foreclosure under any Mortgage,

(A) The amount of the Obligations may be reduced only by the price for which that Collateral is sold at the foreclosure sale, even if the Collateral is worth more than the sale price.

(B) Agent may collect from such Borrower even if Agent or Lenders, by foreclosing on the Real Property, has destroyed any right such Borrower may have to collect from the other Borrowers.

This is an unconditional and irrevocable waiver of any rights and defenses such Borrower may have in the event that the Obligations become secured by Real Property. These rights and defenses include, but are not limited to, any rights or defenses based upon Section 580a, 580b, 580d or 726 of the California Code of Civil Procedure.

(i) The provisions of this Section 2.18 are made for the benefit of the Agent and Lenders, and their successors and assigns, and may be enforced by Agent or them from time to time against any or all of the Persons composing Borrowers as often as occasion therefor may arise and without requirement on the part of the Agent or any Lender, successor or assign first to marshal any of its claims or to exercise any of its rights against any of the other Persons composing Borrowers or to exhaust any remedies available to it against any of the other Persons composing Borrowers or to resort to any other source or means of obtaining payment of any of the Obligations hereunder or to elect any other remedy. The provisions of this Section 2.18 shall remain in effect until all of the Obligations shall have been paid in full or otherwise fully satisfied. If at any time, any payment, or any part thereof, made in respect of any of the Obligations, is rescinded or must otherwise be restored or returned by the Agent or any Lender upon the insolvency, bankruptcy or reorganization of any of the Persons composing Borrowers, or otherwise, the provisions of this Section 2.18 will forthwith be reinstated in effect, as though such payment had not been made.

(j) Each of the Borrowers hereby agrees that it will not enforce any of its rights of contribution or subrogation against the other Borrowers with respect to any liability incurred by it hereunder or under any of the other Loan Documents, any payments made by it to the Agent or any Lender with respect to any of the Obligations or any collateral security therefor until such time as all of the Obligations have been paid in full in cash. Any claim which any U.S. Borrower may have against any other Borrower with respect to any payments to any Agent or any Lender hereunder or under any other Loan Documents are hereby expressly made subordinate and junior in right of payment, without limitation as to any increases in the Obligations arising hereunder or thereunder, to the prior payment in full in cash of the Obligations and, in the event of any insolvency, bankruptcy, receivership, liquidation, reorganization or other similar proceeding under the laws of any jurisdiction relating to any Borrower, its debts or its assets, whether voluntary or involuntary, all such

Obligations shall be paid in full in cash before any payment or distribution of any character, whether in cash, securities or other property, shall be made to any other Borrower therefor.

(k) Each of the U.S. Borrowers hereby agrees that, after the occurrence and during the continuance of any Default or Event of Default, the payment of any amounts due with respect to the indebtedness owing by any Borrower to any other Borrower is hereby subordinated to the prior payment in full in cash of the Obligations. Each U.S. Borrower hereby agrees that after the occurrence and during the continuance of any Default or Event of Default, such U.S. Borrower will not demand, sue for or otherwise attempt to collect any indebtedness of any other Borrower owing to such U.S. Borrower until the Obligations shall have been paid in full in cash. If, notwithstanding the foregoing sentence, such U.S. Borrower shall collect, enforce or receive any amounts in respect of such indebtedness, such amounts shall be collected, enforced and received by such U.S. Borrower as trustee for the Agent, and such U.S. Borrower shall deliver any such amounts to Agent for application to the Obligations in accordance with Section 2.4(b).

(l) Each of the Lenders and Agent hereby agree that, notwithstanding any provision to the contrary in this Agreement or any Loan Document, the Borrowers that are not U.S. Borrowers, including but not limited to Canadian Borrower, are not guarantors of, and are not liable (directly or as joint and several obligors) for, any of the Obligations of the U.S. Borrowers.

### **3. CONDITIONS; TERM OF AGREEMENT**

3.1. Conditions Precedent to Initial Extension of Credit. The obligation of the Lenders to make the initial Advance (or otherwise to extend any credit provided for hereunder on the Restatement Date) and of the US Issuing Bank to issue any Letters of Credit and of the Agent to endeavor to arrange for the issuance of any Canadian Letter of Credit on the Restatement Date, are subject to the prior fulfillment, to the satisfaction of Agents and Lenders in their sole discretion, of each of the conditions precedent set forth below:

(a) the Restatement Date shall occur on or before April 17, 2009;

(b) the Agent shall have received true, accurate and complete copies of the Purchase & Sale Documents, all of which shall be satisfactory to the Agent;

(c) On or prior to Restatement Date, (i) Lead Borrower shall have provided evidence reasonably satisfactory to Agent that it or a wholly-owned Subsidiary has purchased one hundred percent (100%) of the Acquired Assets pursuant to the Purchase & Sale Documents (no provision of which shall have been amended or otherwise modified or waived after the initial execution and delivery of same without the prior written consent of Administrative Agent) and sold, transferred, and conveyed to AG or a Subsidiary of AG one hundred percent (100%) of the Disposed Assets, and has become the owner of the Acquired Assets, free and clear of all Liens (other than Permitted Liens), (ii) on or prior to the Restatement Date, each of the parties to the Purchase & Sale Documents has fully performed all of the obligations to be performed by them under the Purchase & Sale Documents, by the Restatement Date, (iii) the performances of each party's obligations and covenants under the Purchase & Sale Documents, including the Borrower's acquisition of the Acquired Assets and its sale of the Disposed Assets, has been duly authorized by the board of directors (or other managing body) and (if required by applicable law) the shareholders or members of the parties to the Purchase & Sale Documents and all such documents have been duly executed and delivered by the parties thereto and shall be in full force and effect in all respects as if made on and as of the Restatement Date, (iv) the representations and warranties set forth in the Purchase & Sale Documents are true and correct in all material respects as if made on and as of the Restatement Date (except to the extent such representations and warranties expressly relate to an earlier date, in which case such representations and warranties were true and correct in all material respects on such earlier date), (v) each of the conditions precedent to the obligations of each of the parties to the Purchase & Sale Documents to consummate the transfer of the Acquired Assets, and Disposed Assets as set forth in the Purchase & Sale Documents (other than the making of the Advances hereunder) have been satisfied or waived with the consent of Agent, (vi) there is no, and there is not reasonably anticipated by Lead Borrower to be, any default or other breach by any party of any terms of the Purchase & Sale Documents and (vii) the receipt by all parties to the Purchase & Sale Documents of all necessary regulatory, creditor, and other third-party approvals and as to compliance with all laws applicable to any of such parties;

(d) Evidence reasonably satisfactory to the Agent that: (i) AG has extended a revolving line of credit to Papyrus in the amount of \$10,000,000 for purposes acceptable to Agent and constituting Subordinated Indebtedness; (ii) Borrowers have received \$19,000,000 cash proceeds from AG as provided in the Purchase & Sale Documents (inclusive of up to \$2,000,000 in payments made by AG from an escrow account with JPMorgan Chase pursuant to an escrow arrangement established by AG and Papyrus on April 10, 2009); and (iii) Borrowers have received any other consideration payable or performable by AG under the Purchase & Sale Documents to be paid or performed as of the Restatement Date;

(e) Collateral Agent shall have filed all UCC and PPSA financing statements and intellectual property related filings required by Collateral Agent, and Collateral Agent shall have received searches reflecting (x) the filing of all such financing statements and (y) that Agent's Liens in the personal property Collateral are (after giving effect to this Agreement and subject to the Permitted Liens) perfected first priority security interests;

(f) Agent shall have received the following duly executed and delivered Loan Documents, and each in full force and effect:

- (i) This Agreement (with all exhibits and schedules attached);
- (ii) The Revolving Credit Note;
- (iii) The Bridge Guaranty;
- (iv) The Bridge L/C;
- (v) The Liquidity Guaranty;
- (vi) The Liquidity L/C;
- (vii) The Pledge Agreement from Lead Borrower to Agent with respect to the Canadian Borrower;
- (viii) Subordination Agreements from:
  - AG;
  - EPI;
  - Dominique Schurman; and
  - The Schurman 1998 Trust
- (ix) Control Agreements;
- (x) Credit Card Processor Notifications;
- (xi) Trademark Security Agreement;
- (xii) Assignment of Trademark Security Agreement;
- (xiii) the Assignment of Purchase & Sale Documents;
- (xiv) the Transitional Services Recognition Agreement;
- (xv) Closing Statement and Memorandum and Disbursement Letter;
- (xvi) Collateral Access Agreements;
- (xvii) Bailee Acknowledgements;

- (xviii) Canadian Security Documents;
  - (xix) the Closing Letter; and
  - (xx) Any other documents or agreements required by Agent;
- (g) Agent shall have received a pro forma Compliance Certificate dated as of the Restatement Date;
- (h) Agent shall have received an opening Borrowing Base Certificate dated as of the Restatement Date;
- (i) Agent shall have received the Solvency Certificate and Agent and Lenders shall otherwise be satisfied, in their Permitted Discretion, with the capital structure of the Borrowers and their Affiliates;
- (j) Agent shall have received a certificate from the Secretary of each Borrower and Guarantor attesting to the resolutions of such Borrower's or Guarantor's Board of Directors authorizing its execution, delivery, and performance of this Agreement and the other Loan Documents to which such Person is a party and authorizing specific officers of such Borrower or Guarantor to execute the same;
- (k) Agent shall have received Shareholder Consents from at least 85% of all shareholders of Lead Borrower and copies of all consents, approvals, and registrations described on Schedule 5.9;
- (l) Agent shall have received copies of Borrowers' and each Guarantor's Governing Documents, as amended, modified, or supplemented to the Restatement Date, certified by the Secretary of each respective Borrower or Guarantor, each in form and substance satisfactory to Administrative Agent;
- (m) Agent shall have received a certificate of status with respect to each Borrower and Guarantor, dated within 10 days of the Restatement Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of the applicable Borrower or Guarantor, which certificate shall indicate that such Borrower or Guarantor is in good standing in such jurisdiction;
- (n) Agent shall have received certificate(s) of insurance, together with the endorsements thereto, evidencing the insurance policies required under Section 6.7, the form and substance of which shall be satisfactory to Administrative Agent;
- (o) Agent shall have received opinions of each Borrowers' and Guarantor's counsel with respect to this Agreement, the other Loan Documents, and such other opinions and opinion letters as Administrative Agent may request, each in form and substance satisfactory to Agents and Lenders;
- (p) Borrowers shall have in the aggregate Excess Availability of not less than \$10,000,000 after giving effect to the minimum amount necessary to satisfy the Minimum Excess Availability Covenant, the initial Advances and the Letters of Credit outstanding or to be issued as of the Restatement Date (if any), and all due and unpaid obligations or indebtedness (other than trade payables estimated by Lead Borrower to be in an aggregate amount of \$27,000,000 as of the Restatement Date) accounts payable disclosed to Agent as of the Restatement Date) of a Borrower to any Person as of the Restatement Date, whether such payments are made or not;
- (q) Agent, Lenders, and Issuing Bank shall have received all necessary credit committee and other internal approvals required for their execution and delivery of the Loan Documents and shall have completed their preliminary business, legal, and collateral due diligence, including (i) all requirements related to the Patriot Act, anti-money laundering rules and regulations, and all other "know your customer" requirements with respect to Borrowers and Guarantors and their Affiliates; (ii) a preliminary collateral audit and review of Borrowers' Books and verification of Borrowers' representations and warranties to the Agents and Lenders, after

giving effect to the Purchase & Sale, the results of which shall be satisfactory to Agents and Lenders, and (iii) a preliminary inspection of such locations where Inventory is located as Agents may elect, the results of which shall be satisfactory to Agents in their sole discretion;

(r) Agent shall have received the Business Plan, in form and substance satisfactory to the Agent and the Lenders in their Permitted Discretion;

(s) Agent shall have received a preliminary reference check with respect to Borrowers' senior management, the results of which are satisfactory to Agent and Lenders in their sole discretion;

(t) Agent shall have received a preliminary appraisal of the Net Orderly Liquidation Percentage applicable to Borrowers' Inventory, the results of which shall be satisfactory to Agents and Lenders;

(u) Borrowers shall have paid all Agent Expense and Lender Expenses incurred in connection with the transactions evidenced by this Agreement;

(v) Agent shall have received evidence satisfactory to it in its Permitted Discretion that each Borrower and Guarantor has received all consents, licenses, approvals or evidence of other actions required by any Person, including any Governmental Authority, in connection with the execution and delivery by such Borrower or Guarantor of this Agreement or any other Loan Document to which such Person is a party or with the consummation of the transactions contemplated hereby or thereby;

(w) Agent shall have received an Officer's Closing Certificate dated as of the Restatement Date, the form and substance of which shall be satisfactory to Agent and Lenders;

(x) Agent shall have received a Perfection Certificate from each Borrower dated as of the Restatement Date, the form and substance of which shall be satisfactory to Agent and Lenders;

(y) Agent shall be satisfied with the capital structure of Papyrus and its Subsidiaries in all respects;

(z) Agent shall have received certified copies of any Shareholder Agreements; and

(aa) all other documents and legal matters in connection with the transactions contemplated by this Agreement shall have been delivered, executed, or recorded and shall be in form and substance satisfactory to Agents and Lenders.

3.2. Conditions Precedent to all Extensions of Credit. The obligation of any Lender to make any Advance (or to extend any other credit hereunder) or of the US Issuing Bank to issue any US Letter of Credit or of the Agent to endeavor to arrange for the issuance of any Canadian Letter of Credit shall be subject to the following conditions precedent:

(a) the representations and warranties contained in this Agreement and the other Loan Documents shall be true and correct in all material respects on and as of the date of such extension of credit, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date);

(b) no Default or Event of Default shall have occurred and be continuing on the date of such extension of credit, nor shall either result from the making thereof;

(c) no injunction, writ, restraining order, or other order of any nature prohibiting, directly or indirectly, the extending of such credit shall have been issued and remain in force by any Governmental Authority against any Borrower, Agent, Lender, or any of their Affiliates; and

(d) no Material Adverse Change shall have occurred since April 1, 2009.

3.3. Term. This Agreement shall become effective upon the Restatement Date. The Agent, Issuing Bank and Lenders shall have the right to terminate their obligations under this Agreement immediately and without notice upon the occurrence and during the continuation of an Event of Default other than an Event of Default pursuant to Sections 8.4 or 8.5. This Agreement shall automatically terminate without notice upon the occurrence of an Event of Default pursuant to Sections 8.4 or 8.5. The Borrowers shall have the right to terminate this Agreement pursuant to Section 3.5. If not earlier terminated, this Agreement shall terminate on the Revolving Credit Maturity Date.

3.4. Effect of Termination.

(a) On the Revolving Credit Termination Date, all Revolving Credit Obligations (including contingent reimbursement obligations of Borrowers with respect to any outstanding Letters of Credit or Letter of Credit Guaranty and including all Bank Products Obligations) immediately shall become due and payable without notice or demand (and, with respect to any outstanding Letters of Credit or Letter of Credit Guaranty, Borrowers shall (a) either (i) provide cash collateral to be held by Agent in an amount equal to at least 105% of the then extant Letter of Credit Usage, or (ii) cause the original Letters of Credit to be cancelled or returned to the Issuing Bank and, if applicable, cause the Canadian Issuing Bank to acknowledge, in form and substance satisfactory to Agent, the termination of any L/C Guaranty and the release of the obligations and liability of Agent thereunder, and (b) provide a cash collateral reserve in an amount to be determined by Agent to be held by Agent for the benefit of Wells Fargo or its Affiliates with respect to the then extant Bank Products Obligations).

(b) Agent's Liens in the Collateral shall remain in effect until all Obligations (other than any inchoate Obligations which have not been asserted and are not otherwise known to Borrowers, or Agent) have been fully and finally discharged and the Lenders' obligations to provide additional credit hereunder have been terminated. When this Agreement has been terminated and all of the Obligations (other than any inchoate Obligations which have not been asserted and are not otherwise known to Borrowers, or Agent) have been fully and finally discharged and the Lenders' obligations to provide additional credit under the Loan Documents have been terminated irrevocably, Agent will, at Borrowers' sole expense, execute and deliver any UCC or PPSA termination statements, lien releases, mortgage releases, re-assignments of trademarks, discharges of security interests, and other similar discharge or release documents (and, if applicable, in recordable form) as are reasonably necessary to release, as of record, the Agent's Liens and all notices of security interests and liens previously filed by Agent with respect to the Obligations.

3.5. Early Termination by Borrowers; Reduction of Commitment.

(a) Borrowers have the option, at any time upon 90 days prior written notice by Lead Borrower to Agent, to terminate the Revolving Credit by paying to Agent, in cash, the Obligations (other than any inchoate Obligations which have not been asserted and are not otherwise known to Borrowers, or Agent) (including (a) either (i) providing cash collateral to be held by Agent for the benefit of the Issuing Bank with respect to the US Letter of Credit or the Agent, with respect to the Canadian Letter of Credit, in an amount equal to 105% of the then extant Letter of Credit Usage, or (ii) causing the original Letters of Credit to be returned to the Issuing Bank and, if applicable, cause the Canadian Issuing Bank to acknowledge, in form and substance satisfactory to Agent, the termination of any L/C Guaranty and the release of the obligations and liability of Agent thereunder, (b) providing a cash collateral reserve in an amount to be determined by Agent to be held by Agent for the benefit of Wells Fargo or its Affiliates with respect to the then extant Bank Products Obligations), in full, together with the Applicable Prepayment Premium, if any. If Lead Borrower has sent a notice of termination pursuant to the provisions of this Section, then the Commitments shall terminate and Borrowers shall be obligated to repay the Obligations (other than any inchoate Obligations which have not been asserted and are not otherwise known to Borrowers or Agent) (including (a) either (i) providing cash collateral to be held by Agent in an amount equal to 105% of the then extant Letter of Credit Usage, or (ii) causing the original Letters of Credit to be returned to the Issuing Bank and, if applicable, cause the Canadian Issuing Bank to acknowledge, in form and in substance satisfactory to Agent, the termination of any L/C Guaranty and the release of the obligations and liability of Agent thereunder, and (b) providing cash collateral in an amount to be determined by Agent to be held by Agent for the benefit of Wells Fargo or its Affiliates with respect to the then extant Bank Products Obligations), in full, together with the Applicable Prepayment Premium, on the date set forth as the date of termination of this Agreement in such notice.

(b) In the event of the termination of this Agreement and repayment of the Obligations at any time prior to the Revolving Credit Maturity Date, for any other reason, including (i) voluntary prepayment and termination by the Borrowers pursuant hereto, (ii) termination following the occurrence of an Event of Default, (iii) foreclosure and sale of Collateral, (iv) sale of the Collateral in any Insolvency Proceeding, or (v) restructure, reorganization or compromise of the Obligations by the confirmation of a plan of reorganization, or any other plan of compromise, restructure, or arrangement in any Insolvency Proceeding, then, in view of the impracticability and extreme difficulty of ascertaining the actual amount of damages to any Lender or profits lost by any Lender as a result of such early termination, and by mutual agreement of the parties as to a reasonable estimation and calculation of the lost profits or damages of any Lender, Borrowers shall pay the Applicable Prepayment Premium to Agent for the benefit of the Revolving Credit Lenders, measured as of the date of such termination.

(c) The Borrowers may from time to time, by written notice to the Agent, reduce the unused Commitment, provided that (i) the Borrowers shall not reduce the Commitment if, after giving effect to any concurrent prepayment of any outstanding Obligations in accordance with this Section, the Dollar Equivalent of the outstanding Obligations would exceed Availability; (ii) each such reduction shall be in an amount that is an integral multiple of the Dollar Equivalent of \$2,500,000 and not less than the Dollar Equivalent of \$2,500,000; and (iii) the Borrowers, as a condition precedent to the effectiveness of such reduction, pay the Applicable Prepayment Premium on the amount of the Commitment to be reduced. Any reduction of the Commitments shall reduce the Canadian Sublimit proportionately.

(d) All parties to this Agreement agree and acknowledge that the Lenders will each suffer damages on account of any reduction in the Commitment or any termination and repayment of the Obligations before the Revolving Credit Maturity Date and that, in view of the difficulty in ascertaining the amount of such damages, the Applicable Revolving Credit Prepayment Premium constitutes reasonable compensation and liquidated damages to compensate the Lenders on account thereof. In the event that a court of competent jurisdiction shall rule that any portion of the Applicable Revolving Credit Prepayment Premium is invalid, the Borrowers shall still be liable to pay such portion that is not deemed to be invalid.

#### **4. CREATION OF SECURITY INTEREST.**

4.1. Grant of Security Interest. Each Borrower hereby grants to Collateral Agent for the respective benefit of the Agents, Lenders, US Issuing Bank, and any other holder of Obligations, a continuing security interest in all of its right, title, and interest in all currently existing and hereafter acquired or arising Collateral in order to secure prompt repayment of any and all of the Obligations in accordance with the terms and conditions of the Loan Documents and in order to secure prompt performance by Borrowers of each of their covenants and duties under the Loan Documents. The Agent's Liens in and to the Collateral shall attach to all Collateral without further act on the part of any Agent or Borrowers. Anything contained in this Agreement or any other Loan Document to the contrary notwithstanding, except for Permitted Dispositions, Borrowers have no authority, express or implied, to dispose of any item or portion of the Collateral. Notwithstanding anything herein to the contrary, and without limitation to the continuing grant of a security interest over, and the perfection, priority, or rights and remedies of Agent in and to such Collateral, the Agent agrees that, prior to the occurrence of any Default or Event of Default, it shall not send notices of, or exercise any other rights or remedies of a secured creditor under the Code or PPSA over, any Lien over any Collateral constituting General Intangibles or other rights arising under any contracts, instruments, licenses or other documents set forth on Schedule 5.36 (the "Excluded Contracts") as to which the grant or enforcement of a security interest, unless and until any required consents or waivers, shall have been obtained from such third party would (A) constitute a violation of a valid and enforceable restriction in favor of a third party on such grant, or (B) give any other party to any such contract, instrument, license or other document an enforceable right to terminate its obligations thereunder.

4.2. Control of Collateral. If from time to time any Collateral, including any proceeds or supporting obligations, consists of property or rights of a Borrower in which the perfection or priority of Agent's Liens is dependent upon or enhanced by Agent's gaining control of such Collateral, such Borrower shall promptly notify Agent and, at Agent's request, deliver the appropriate Control Agreements or take such actions as may be necessary to give Agent control over such Collateral as provided in the Code or PPSA.

4.3. Negotiable Collateral. If from time to time any Collateral, including any proceeds, is evidenced by or consists of letters of credit, Instruments, Documents, Goods covered by Documents, Investment Property or Chattel Paper, and if perfection or priority of Agent's Lien in such Collateral is dependent on or enhanced by possession, the applicable Borrower, promptly upon the request of Agent, shall endorse and deliver physical possession of such Collateral to Agent except that the foregoing shall not apply to any non-negotiable bills of lading relating to Goods in transit.

4.4. Collection of Accounts, General Intangibles, and Negotiable Collateral. At any time after the occurrence and during the continuation of an Event of Default, Agent or Agent's designee may (a) notify Account Debtors of Borrowers that the Accounts, Chattel Paper, or General Intangibles have been assigned to Agent or that Agent has a Lien thereon, or (b) collect the Accounts, Chattel Paper, or General Intangibles directly and charge the collection costs and expenses to the Loan Account. Each Borrower shall hold any Collections that it receives in trust for the Agent, as the Agent's trustee, and within one (1) Business Day of receipt thereof will deliver said Collections to Agent or a Cash Management Bank in their original form as received by the applicable Borrower.

4.5. Delivery of Additional Documentation Required. At any time upon the request of Agent, Borrowers shall execute and deliver to Agent any and all security agreements, pledges, assignments, endorsements of certificates of title and bailee acknowledgments (together with any and all financing statements, including, without limitation, any amendments thereto and any "in lieu" continuation statements, which Agent deems necessary in its Permitted Discretion, each of the foregoing, an "Additional Documents") that Agent may request in its Permitted Discretion, each in form and substance satisfactory to Agent, to perfect and continue perfected or to better perfect the Agent's Liens in the Collateral (whether now owned or hereafter arising or acquired), to create and perfect Liens in favor of Agent in any Real Property if and to the extent Agent exercises the Real Property Mortgage Option, and all other documents that Agent may request in its Permitted Discretion in order to fully consummate all of the transactions contemplated hereby and under the other Loan Documents. To the maximum extent permitted by Applicable Law, each Borrower authorizes Agent to execute any such Additional Documents in the applicable Borrower's name and authorizes Agent to file such Additional Documents in any appropriate filing office. Without limiting the foregoing, Borrowers shall (a) give the Agent prompt written notice of any Commercial Tort Claim of Borrowers not specifically identified on Schedule 5.10(c) and any Letter of Credit Right of any Borrower. Borrowers shall grant to the Agent a security interest in any such Commercial Tort Claim or Letter of Credit Right and the proceeds thereof, and (b) on such periodic basis as Agent shall require, (i) provide Agent with a report of all new patents, registered copyrights and registered trademarks (or any licenses granted to any Borrower with respect thereto) (ii) cause to be prepared, executed, and delivered to Agent supplemental schedules to the applicable Loan Documents to identify such patents, registered copyrights and registered trademarks (or any such licenses) as being subject to the security interests created thereunder, and (iii) execute and deliver to Agent at Agent's request Patent, Trademark or Copyright Security Agreements with respect to such patents, registered trademarks or registered copyrights for filing with the appropriate filing office.

4.6. Power of Attorney. Each Borrower hereby irrevocably makes, constitutes, and appoints Collateral Agent (and any of Collateral Agent's officers, employees, or agents designated by Collateral Agent) as such Borrower's true and lawful attorney, coupled with an interest, with power to (a) if such Borrower refuses to, or fails timely to execute and deliver any of the Additional Documents, sign the name of such Borrower on any Additional Documents, (b) at any time that an Event of Default has occurred and is continuing, sign such Borrower's name on any invoice or bill of lading relating to the Collateral, drafts against Account Debtors, or notices to Account Debtors, (c) send requests for verification of Accounts, (d) endorse such Borrower's name on any Collection item that may come into any Agent's or Lender's possession, (e) at any time that an Event of Default has occurred and is continuing, make, settle, and adjust all claims under such Borrower's policies of insurance and make all determinations and decisions with respect to such policies of insurance, and (f) at any time that an Event of Default has occurred and is continuing, settle and adjust disputes and claims respecting the Accounts, Chattel Paper, or General Intangibles directly with Account Debtors, for amounts and upon terms that Agent determines to be reasonable, and Agent may cause to be executed and delivered any documents and releases that Agent determines to be necessary. The appointment of Collateral Agent as each Borrower's attorney, and each and every one of its rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully and finally repaid and performed and the Lenders' and Issuing Bank's obligations to extend credit hereunder are terminated.



4.7. Control Agreements. No arrangement provided for herein or by any Control Agreement in respect of any DDA or any Securities Account or other Investment Property shall be modified by Borrowers without the prior written consent of Agent.

4.8. Right to Inspect; Inventories, Appraisals and Audits. Agent (through any of its respective officers, employees, or agents) shall have the right (subject to the following paragraphs (a), (b) and (c) with respect to physical inventories, appraisals, and commercial finance audits), from time to time hereafter to inspect the Books and to check, test, and appraise the Collateral in order to verify Borrowers' financial condition or the amount, quality, value, condition of, or any other matter relating to, the Collateral. The Borrowers shall reasonably cooperate with the Agent or its designees in the conduct of such inventories, appraisals, and audits. The first such inventory, appraisal, and audit shall be completed within sixty (60) days of the Restatement Date, with results satisfactory to Agent in its Permitted Discretion. Without limiting the generality of the foregoing, the following subparagraphs (a), (b) and (c) of this Section 4.8 shall apply in respect only to physical inventories, appraisals, and commercial finance audits:

(a) At Borrowers' sole cost and expense, parties reasonably acceptable to Agent (following consistent methodology substantially the same as used by Borrowers' inventory takers for the most recent inventory conducted prior to the Restatement Date or otherwise acceptable to Agent in its Permitted Discretion) shall conduct at least one physical inventory during the Fiscal year following the Restatement Date and at least one physical inventory each Fiscal year thereafter at all of Borrowers' store locations and distribution centers. Agent, at the reasonable expense of Borrowers, may participate in and/or observe each physical count of inventory undertaken on behalf of Borrowers. The Lead Borrower, within 20 days following the completion of such inventory, shall provide Agent with a reconciliation of the results of such inventory (as well as of any other physical inventory conducted by a Borrower) and shall post such results to the Borrowers stock ledgers and general ledgers, as applicable. The Collateral Agent, during the continuation of a Default or Event of Default, may cause additional such inventories to be taken as the Collateral Agent determines, each at the expense of the Borrowers.

(b) At Borrowers' sole cost and expense Collateral Agent may from time to time and shall upon the direction of any Lender obtain or conduct appraisals of Inventory and other Collateral by such appraisers as are satisfactory to Collateral Agent. If Collateral Agent determines that there have been changes in markdowns, inventory mix and composition, accounting methods or any other factors affecting the value of the Collateral, Collateral Agent may, in its Permitted Discretion, at all times at Borrowers' expense, have the Inventory reappraised by a qualified appraisal company selected by Collateral Agent from time to time after the Restatement Date for the purpose of redetermining the Net Liquidation Percentage of the Eligible Inventory portion of the Collateral and, as a result, redetermining the Borrowing Base (or any component thereof).

(c) At Borrowers' sole cost and expense Agent may from time to time, and shall upon the direction of any Lender, conduct commercial finance audits of Borrowers' Books.

4.9. Real Estate Mortgage Option. The Collateral Agent reserves the right, at any time after the Restatement Date in its Permitted Discretion and at Borrowers' sole cost and expense, to require the Borrowers to execute and deliver to the Collateral Agent certain Mortgages, Assignments of Leases and Rents, additional Loan Documents or amendments to any existing Loan Documents, as requested by Agent, together with title insurance policies provided by a nationally recognized title insurance company acceptable to Agent in its Permitted Discretion insuring the Agent's Lien granted by such Mortgages (including such endorsements as required by Collateral Agent in its Permitted Discretion), as well as surveys, resolutions of the Borrowers' Boards of Directors authorizing all of the foregoing certified by an Authorized Person, and legal opinions from Borrowers' counsel covering such matters of law as Collateral Agent's legal counsel shall require, in each case in respect of Real Property that is owned by the Borrowers (the "Mortgage Option"). Borrowers hereby authorize the Agent to file and/or record, in any filing location necessary under Applicable Law to perfect the Agent's Lien in such Real Estate, such Mortgages, Assignments of Leases and Rents, and any related UCC-1 or PPSA financing statements related thereto and any other or filing deemed necessary by Collateral Agent in its Permitted Discretion.

## 5. REPRESENTATIONS AND WARRANTIES.

In order to induce the Agent, Lenders, and US Issuing Bank to enter into this Agreement, each Borrower makes the following representations and warranties to the Agent, each Lender, and US Issuing Bank which shall be true, correct, and complete, in all material respects, as of the Restatement Date, and at and as of the date of each certificate delivered pursuant to Sections 6.2 and 6.3 hereof (except to the extent that such representations and warranties relate solely to an earlier date) and such representations and warranties shall survive the execution and delivery of this Agreement. Any fact or other information set forth in the Schedules that is disclosed with respect to one section of Article 5 shall be deemed to constitute disclosure of such fact or information with respect to each other section of Article 5 to which such fact or other information is applicable.

5.1. No Encumbrances. Each Borrower has good and legally marketable title to all of the property constituting the Collateral, free and clear of Liens except for Permitted Liens.

5.2. Eligible Credit Card Accounts. The Eligible Credit Card Accounts are bona fide existing payment obligations of Credit Card Processors arising in the ordinary course of Borrowers' business and otherwise consistent with the definition of "Eligible Credit Card Accounts" contained herein. As to each Account that is identified by Lead Borrower as an Eligible Credit Card Account in a Borrowing Base Certificate submitted to Agent, such Account is not excluded as ineligible by virtue of one or more of the excluding criteria set forth in the definition of Eligible Credit Card Accounts.

5.3. Eligible Inventory. All Eligible Inventory is of good and merchantable quality, free from material defects. As to each item of Inventory that is identified by Lead Borrower as Eligible Inventory in a Borrowing Base Certificate submitted to Agent, such Eligible Inventory is located at one of the locations set forth on Schedule 5.5 and is not otherwise excluded as ineligible by virtue of one or more of the excluding criteria set forth in the definition of Eligible Inventory.

5.4. Equipment. All of the Equipment (other than obsolete or damaged Equipment) is used or held for use in Borrowers' business and is fit for such purposes. No such obsolete or damaged Equipment is material to Borrowers' business.

5.5. Location of Inventory and Equipment. Except as set forth on Schedule 5.5 and except for Inventory and Equipment in transit to or between one of the locations listed on Schedule 5.5, no material portion of the Inventory and Equipment is stored with a bailee, warehouseman, or similar party.

5.6. Records. Each Borrower keeps correct and accurate Books itemizing and describing the type, and quantity of its Inventory and Equipment and the book value thereof.

5.7. Legal Status. Each Borrower represents and warrants that (a) such Borrower's exact legal name is that indicated on the Perfection Certificate and on the signature page hereof and that it does not have a French form of its name; (b) such Borrower is an organization of the type, and is organized in the jurisdiction, set forth in the applicable Certificate; (c) the Perfection Certificate accurately sets forth such Borrower's organizational identification number or accurately states that such Borrower has none; (d) the Perfection Certificate accurately sets forth such Borrower's place of business or, if more than one, its chief executive office, as well as such Borrower's mailing address, if different; (e) all other information set forth on the Perfection Certificate pertaining to such Borrower is accurate and complete as of the date hereof; and (f) there has been no change in any of such information from the date on which the Perfection Certificate was signed by such Borrower to the Restatement Date.

5.8. Due Organization and Qualification; Subsidiaries.

(a) Except as set forth on Schedule 5.8(a), each Borrower is duly organized and existing and in good standing under the laws of the jurisdiction of its organization and qualified to do business in any state where the failure to be so qualified reasonably could be expected to result in a Material Adverse Change.

(b) Set forth on Schedule 5.8(b), is a complete and accurate description of the authorized capital Stock of each Borrower, by class, and, as of the Restatement Date, a description of the number of shares of each such class that are issued and outstanding. Other than as described on Schedule 5.8(b), there are no subscriptions, options, warrants, or calls relating to any shares of each Borrower's capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. No Borrower is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of its capital Stock or any security convertible into or exchangeable for any of its capital Stock. As of the Restatement Date, there is no preferred Stock. The preferred Stock was converted to common Stock in connection with the Purchase & Sale. No previous holder of any preferred Stock received any Restricted Payment, or is entitled to receive any Restricted Payment, in connection with such conversion or otherwise.

(c) Set forth on Schedule 5.8(c), is a complete and accurate list of each Borrower's direct and indirect Subsidiaries, showing: (i) the jurisdiction of their organization; (ii) the number of shares of each class of common and preferred Stock authorized for each of such Subsidiaries; and (iii) the number and the percentage of the outstanding shares of each such class owned directly or indirectly by the applicable Borrower. All of the outstanding capital Stock of each such Subsidiary has been validly issued and is fully paid and non-assessable.

(d) Except as set forth on Schedule 5.8(d), there are no subscriptions, options, warrants, or calls relating to any shares of any Borrower's or its Subsidiaries' capital Stock, including any right of conversion or exchange under any outstanding security or other instrument. The Existing Warrants have been cancelled and terminated in connection with the Purchase & Sale. No previous Existing Warrant-holder received any Restricted Payment, or is entitled to receive any Restricted Payment, in connection with such cancellation or otherwise.

(e) No Borrower or any of its respective Subsidiaries is subject to any obligation (contingent or otherwise) to repurchase or otherwise acquire or retire any shares of any Borrower's or Subsidiary's capital Stock or any security convertible into or exchangeable for any such capital Stock.

#### 5.9. Due Authorization; No Conflict.

(a) As to each Borrower, the execution, delivery, and performance by such Borrower of this Agreement, the Loan Documents, and the Purchase & Sale Documents to which it is a party have been duly authorized by all necessary action on the part of such Borrower.

(b) As to each Borrower, the execution, delivery, and performance by such Borrower of this Agreement, the Loan Documents, and the Purchase & Sale Documents to which it is a party do not and will not (i) violate any provision of Applicable Law, or the Governing Documents of any Borrower, (ii) conflict with, result in a breach of, or constitute (with due notice or lapse of time or both) a default under any contractual obligation of any Borrower which could reasonably be expected to result in a Material Adverse Effect, (iii) result in or require the creation or imposition of any Lien of any nature whatsoever upon any properties or assets of any Borrower, other than Permitted Liens, or (iv) require any approval of any Borrower's interestholders or any approval or consent of any Person under any material contractual obligation of any Borrower other than consents and approvals which have been already obtained prior to the Restatement Date, or as set forth on Schedule 5.9.

(c) Other than the filing of financing statements, fixture filings, and, if the Mortgage Option is exercised, the Mortgages (and other related filings), the execution, delivery, and performance by each Borrower of this Agreement, the Loan Documents, and the Purchase & Sale Documents to which such Borrower is a party do not and will not require any registration with, consent, or approval of, or notice to, or other action with or by, any Governmental Authority or other Person other than registrations, consents and approvals which have been already made or obtained prior to the Restatement Date, or as set forth on Schedule 5.9.

(d) As to each Borrower, this Agreement, the other Loan Documents, and the Purchase & Sale Documents to which such Borrower is a party, and all other documents contemplated hereby and thereby, when executed and delivered by such Borrower will be the legally valid and binding obligations of such Borrower, enforceable against such Borrower in accordance with their respective terms, except as enforcement

may be limited by equitable principles or by bankruptcy, insolvency, reorganization, moratorium, or similar laws relating to or limiting creditors' rights generally.

(e) Agent's Liens are validly created, perfected, and first priority Liens, subject only to Permitted Liens.

5.10. Litigation.

(a) Other than those matters disclosed on Schedules 5.10(a) and immaterial matters where the amount in controversy is less than the Dollar Equivalent of \$250,000, there are no actions, suits, or proceedings pending or, to the knowledge of Borrowers, threatened against Borrowers or any of their Subsidiaries, as applicable. Schedules 5.10(a) includes, as applicable, for each matter set forth thereon (i) the name, docket number and jurisdiction for such matter, (ii) the status of such proceeding, and (iii) whether such matter is covered by an insurance policy and, if so, the insurance carrier, the policy number and the deductible amount associated with such insurance policy.

(b) There are no actions, suits or proceedings pending or, to the knowledge of Borrowers, threatened against Borrowers or any of their Subsidiaries, as applicable, that question the validity or enforceability of this Agreement, any other Loan Document or the Purchase & Sale Documents or any action taken by Borrowers in connection with any of the foregoing.

(c) Schedule 5.10(c) lists all Commercial Tort Claims held by any Borrower existing as of the date hereof.

5.11. No Material Adverse Change. All financial statements relating to Borrowers (including any Projections with respect to the Acquired Assets and the Purchase & Sale) that have been delivered by Borrowers to the Agent or any Lender have been prepared in accordance with GAAP (except, in the case of unaudited financial statements, for the lack of footnotes and being subject to year-end audit adjustments) and present fairly in all material respects Borrowers' financial condition as of the date thereof and results of operations for the period then ended. There has not been a Material Adverse Change with respect to Borrowers since the date of the latest financial statements submitted to the Agent or Lenders. The consummation of the transactions contemplated in the Purchase & Sale Documents shall not cause a Material Adverse Change.

5.12. Fraudulent Transfer. After giving effect to the Purchase & Sale (and the transactions contemplated thereby and hereby),

(a) Each Borrower is Solvent;

(b) No transfer of property is being made by any Borrower and no obligation is being incurred by any Borrower in connection with the transactions contemplated by this Agreement or the other Loan Documents with the intent to hinder, delay, or defraud either present or future creditors of Borrowers; and

(c) No transfer of property is being made by the Borrowers without receiving a reasonably equivalent value in exchange for such transfer and the Borrowers' remaining assets are not unreasonably small in relation to their businesses.

5.13. Employee Benefits. None of Borrowers, any of their Subsidiaries, or any of their ERISA Affiliates maintains or contributes to any Benefit Plan other than the Canadian Benefit Plans.

5.14. Environmental Condition. Except as set forth on Schedule 5.14, (a) to Borrowers' knowledge, none of Borrowers' properties or assets has ever been used by Borrowers or by previous owners or operators in the disposal of, or to produce, store, handle, treat, release, or transport, any Hazardous Materials, where such production, storage, handling, treatment, release or transport was in violation, in any material respect, of applicable Environmental Law, (b) to Borrowers' knowledge, none of Borrowers' properties or assets has ever been designated or identified in any manner pursuant to any environmental protection statute as a Hazardous Materials disposal site,

(c) none of Borrowers have received notice that a Lien arising under any Environmental Law has attached to any revenues or to any Real Property owned or operated by Borrowers, and (d) none of the Borrowers have received a summons, citation, notice, or directive from the Environmental Protection Agency or any other federal Provincial or state governmental agency concerning any action or omission by any Borrower resulting in the releasing or disposing of Hazardous Materials into the environment.

5.15. Brokerage Fees. Borrowers have not utilized the services of any broker or finder in connection with Borrowers' obtaining financing from the Lenders under this Agreement and no brokerage commission or finders fee is payable by Borrowers in connection herewith.

5.16. Intellectual Property. Each Borrower owns, or holds licenses in, all trademarks, trade names, copyrights, patents, patent rights, and licenses that are necessary to the conduct of its business as currently conducted. Attached hereto as Schedule 5.16 is a true, correct, and complete listing of all patents, patent applications, registered trademarks, trademark applications, registered copyrights, and copyright registration applications as to which each Borrower is the owner or is an exclusive licensee or co-licensee. All licenses set out in Schedule 5.16 are in good standing and there have been no defaults thereunder by any of the Borrowers or, to the knowledge of the Borrower, by any other party thereto. All royalty fees have been paid on the patents and patent applications owned by any of the Borrowers and set out in Schedule 5.16 and all renewal fees have been paid on the registered trademarks owned by any of the Borrower.

5.17. Leases. Each Borrower enjoys peaceful and undisturbed possession under all leases (including subleases) under which any of the Borrowers have a Leasehold Interest material to the business of Borrowers and to which Borrowers are a party or under which Borrowers are operating other than any sublease to which the Sublease Requirement applies but has not been satisfied. Except for any failure to comply with the Sublease Requirement, all of such leases are valid and subsisting and no material default by Borrowers exists under any of them.

5.18. DDAs. Set forth on Schedule 5.18 are all of the DDAs of each Borrower, including, with respect to each depository (i) the name and address of that depository, (ii) the account numbers of the accounts maintained with such depository, and (iii) the purpose for which each deposit account is used (i.e., payroll, benefits, collections, disbursement, etc.).

5.19. Credit Card Receipts. Schedule 5.19 sets forth each of Borrowers' Credit Card Processors and any other similar arrangements to which Borrowers are a party with respect to the payment to Borrowers of the proceeds of all credit card charges for sales by Borrowers.

5.20. Indebtedness. Set forth on Schedule 5.20 is a true and complete list of all Indebtedness of each Borrower outstanding immediately prior to the Restatement Date that is to remain outstanding immediately after the Restatement Date. Such Schedule accurately reflects the aggregate principal amount of such Indebtedness and the principle terms thereof and whether (and to what extent) such Indebtedness is secured.

5.21. Filing of Tax Returns and Payment of Taxes. Except where the failure to do so could not reasonably result in a Material Adverse Change:

(a) Each Borrower has duly and timely filed, or caused to be duly and timely filed, all Tax Returns required to be filed by it in respect of Taxes, and has duly and timely paid, or caused to be duly and timely paid, all Taxes due and payable by it as required by Applicable Law, including all Taxes assessed, reassessed or for which a demand for payment was made by any Governmental Authority, except when and so long as the validity of any such Taxes is being contested in good faith by it or any other Person on its behalf through appropriate proceedings, such contest is a Permitted Protest, and adequate provisions for such Taxes have been made in its financial statements in accordance with GAAP.

(b) Each Borrower has duly and timely withheld, or caused to be duly and timely withheld, all Taxes and other amounts required to be withheld by it in accordance with Applicable Law from any amount paid, or credited, or deemed to be paid or credited by it to or for the account of any Person (including any employees, officers or any non-resident Person), and has duly and timely remitted, or caused to be duly and timely remitted, to the appropriate Governmental Authority such Taxes required by Applicable Law to be remitted by it.

(c) Each Borrower has not failed to pay any Taxes which has or would result in a Lien (other than a Permitted Lien) on its property. Each Borrower has only contested a Permitted Lien that is subject to a Permitted Protest.

5.22. Royalty Payments. Schedule 5.22 lists all contracts or other agreements between a Borrower and any other Person pursuant to which Borrowers have made any royalty or similar payments in either of the two Fiscal years prior to the Restatement Date.

5.23. Complete Disclosure. All factual information (taken as a whole) furnished by or on behalf of Borrowers in writing to Agent or any Lender (including all information contained in the Schedules hereto or in the other Loan Documents) for purposes of or in connection with this Agreement, the other Loan Documents or any transaction contemplated herein or therein is, and all other such factual information (taken as a whole) hereafter furnished by or on behalf of Borrowers in writing to Agent or any Lender will be, as of the date provided, true and accurate in all material respects on the date as of which such information is dated or certified or otherwise speaks and not incomplete by omitting to state any fact necessary to make such information (taken as a whole) not misleading in any material respect at such time in light of the circumstances under which such information was provided. On the Restatement Date, the Business Plan (giving effect to the Purchase & Sale) represents, and as of the date on which any other Business Plan is delivered to Agent, such additional Business Plans represent, Borrowers' good faith best estimate of its future performance for the periods covered thereby.

5.24. Patriot Act. None of any Borrower or any of their respective Subsidiaries is (nor will it be) a Person with whom the Agents or Lenders are restricted from doing business under regulations of the Office of Foreign Asset Control ("OFAC") of the Department of Treasury of the United States of America (including, those persons named on the OFAC's specially designated and Blocked Persons list) or under any similar statute, executive order (including the September 24, 2001 Executive Order Blocking Property and Prohibiting Transactions With Persons Who Commit, Threaten To Commit, or Support, or Terrorism) or other governmental action; none of any Borrower or any of their respective Subsidiaries is knowingly engaging in and (shall not knowingly engage in) any dealings or transactions or otherwise associated with such persons. In addition, each Borrower hereby agrees to provide the Administrative Agent with any additional information that the Administrative Agent deems reasonable and necessary from time to time in connection with the transactions contemplated by this Agreement in order to assure compliance with all Applicable Law concerning money laundering and similar activities.

5.25. Insurance. Schedule 5.25 annexed hereto, is a schedule of all insurance policies owned by the Borrowers or under which Borrowers are the named insured. Each such policy is in full force and effect. Neither the issuer of any such policy nor any Borrower is in default or violation of any such policy. The coverage reflected on Schedule 5.25 satisfies the requirements of Section 6.7.

5.26. Requirements of Law. To the Borrowers' knowledge, each Borrower is in compliance with, and shall hereafter comply with and use its assets in compliance with, all requirements of Applicable Law except where the failure of such compliance will not be reasonably likely to result in a Material Adverse Change. No Borrower has received any notice of any violation of any requirement of law (other than of a violation which could not be reasonably likely to result in a Material Adverse Change) which violation has not been cured or otherwise remedied.

5.27. No Margin Stock. No Borrower is engaged in the business of extending credit for the purpose of purchasing or carrying any margin stock (within the meaning of Regulations U, T, and X of the Board of Governors of the Federal Reserve System of the United States). No part of the proceeds of any Borrowing hereunder will be used at any time to purchase or carry any such margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

5.28. Investment Company Status. No Borrower is an "investment company" as defined in, or subject to regulation under, the Investment Company Act of 1940.

5.29. Accounts. Unless otherwise indicated in writing to Administrative Agent and except to the extent of reserves for returns and bad debts as reflected in the Borrowers' Books and established in the ordinary course of

Borrowers' business: (a) each Account of each Borrower (i) is genuine and in all material respects what it purports to be and is not evidenced by a judgment, (ii) arises out of a completed, bona fide sale and delivery of Goods by such Borrower in the ordinary course of business, (iii) is for a liquidated amount maturing as stated in a claim or invoice covering such sale of Goods, (iv) together with Agent's Lien therein, is not and will not be in the future (by voluntary act or omission by any Borrower), be subject to any Lien, deduction, defense, dispute, counterclaim or other adverse condition, is absolutely owing to such Borrower and is not contingent in any material respect or for any reason (other than pursuant to Permitted Liens or offsets, deductions, defenses, disputes or counterclaims arising in the ordinary course of business), and (b) to each Borrower's knowledge, there are no facts, events or occurrences which would in any way impair the validity thereof, or tend to reduce in any material respect the amount payable thereunder from the face amount of the claim or invoice or statements delivered to Administrative Agent with respect thereto (other than arising in the ordinary course of business).

5.30. Consignment. As of the Restatement Date, no Person maintains any property on consignment with Borrowers.

5.31. Intentionally Deleted.

5.32. No Events of Default. As of any date of determination, both before and after giving effect to the making of any Advances or the issuance of any Letters of Credit, there are no Events of Default.

5.33. Use of Proceeds. The proceeds of any Advance or any Letter of Credit is neither intended or anticipated to be used nor been used in any way which would cause a breach of Section 7.17 or otherwise result in an Event of Default.

5.34. Shareholder Agreements. Schedule 5.34 lists all Shareholder Agreements in place as of the Restatement Date, including any voting agreements among shareholders, concerning any class or all classes of any Borrower's capital stock, including Preferred Stock.

5.35. Investments. Schedule 5.35 lists all Investments of the Borrowers, or any agreements or other legally binding commitments made by the Borrowers to invest in any Person, existing as of the Restatement Date.

5.36. Excluded Contracts. Schedule 5.36 sets forth all Excluded Contracts in existence as of the Restatement Date except for any Real Property lease, sublease or other occupancy agreement, standard term purchase orders, or any other contract under which a Borrower pays, or which generates revenue to Borrowers of, less than the Dollar Equivalent of \$50,000 per Fiscal year provided that such lease or other contract is not material to Agent's ability to realize upon any of the Collateral or to the Borrowers' operation of its business in the ordinary course.

5.37. Consummation of Purchase & Sale Documents.

(a) On or before the Restatement Date, the Purchase & Sale Documents have been duly executed and delivered in accordance with their terms by AG and Papyrus (and each of their required Subsidiaries) and the transactions contemplated to be consummated under the Purchase & Sale Documents on or before the Restatement Date shall have been consummated in all material respects, including the fulfillment (not merely the waiver, except as may be disclosed to Administrative Agent and consented to in writing by Administrative Agent) of all conditions precedent set forth therein. After giving effect to the terms of the Purchase & Sale Documents and the satisfaction of the Sublease Requirement, Papyrus or its Subsidiaries have acquired and have good and marketable title to one hundred percent (100%) of the Acquired Assets, free and clear of all Liens of any kind, except as permitted hereunder; have sold, transferred, and conveyed one hundred percent (100%) of the Disposed Assets; and have received all compensation and other consideration due to it under the Purchase & Sale Documents (including, without limitation, the consideration described in Section 3.1(d)). Other than the sale, transfer, and conveyance of the Disposed Assets, Papyrus and its Subsidiaries have not provided any compensation or other consideration to AG or its Subsidiaries for the Purchase & Sale.

(b) On or before the Restatement Date, all actions and proceedings required by the Purchase & Sale Documents, Applicable Law (including, but not limited to, compliance with the Hart-Scott-Rodino Anti-Trust Improvements Act of 1976, as amended, the Investment Canada Act and the Competition Act (Canada) if required) to be taken on or before the Restatement Date have been taken and the transactions required to be consummated on or before the Restatement Date thereunder have been duly and validly taken and consummated.

(c) No court of competent jurisdiction has issued any injunction, restraining order or other order which prohibits consummation of the transactions described in the Purchase & Sale Documents and no governmental or other action or proceeding has been commenced or, to the knowledge of any Borrower, threatened, seeking any injunction, restraining order or other order which seeks to void or otherwise modify the transactions described in the Purchase & Sale Documents

5.38. Purchase & Sale Documents.

(a) Borrowers have delivered, or caused to be delivered, to Administrative Agent, true, correct and complete copies of the Purchase & Sale Documents. Each of the Purchase & Sale Documents are listed on Schedule 5.38(a) attached hereto.

(b) The Purchase & Sale Documents set forth the entire agreement and understanding of the parties thereto relating to the subject matter thereof, and there are no other agreements, arrangements or understandings, written or oral, relating to the matters covered thereby.

(c) None of the Purchase & Sale Documents have been amended, waived, modified, supplemented, or terminated since the date of their initial execution and delivery without the prior written consent of Administrative Agent.

(d) The execution, delivery and performance of the Purchase & Sale Documents have been duly authorized by all necessary action on the part of Papyrus and, to the best of Borrowers' knowledge AG and each other party thereto. Each of the Purchase & Sale Documents is the legal, valid and binding obligation of Papyrus and, to the best of Borrowers' knowledge each of the other parties thereto, enforceable against such party in accordance with its terms, except as enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium, liquidation or other similar laws affecting creditors' rights generally. All actions taken by Borrowers, and to the best of Borrowers' knowledge, AG and its Subsidiaries pursuant to or in connection with the Purchase & Sale have been taken in compliance with the terms of the Purchase & Sale Documents and Applicable Law.

(e) No Borrower nor to the best knowledge of Borrower, AG or any of its Subsidiaries is in default with respect to any of its obligations under any Purchase & Sale Documents to which it is a party in any material respect and all representations and warranties made by the Borrowers, and to the best of Borrowers' knowledge, AG and its Subsidiaries in the Purchase & Sale Documents and in the certificates delivered in connection therewith are true and correct as of the date hereof, except as waived in writing with the approval of Administrative Agent. The reports, financial statements, certificates and other written information with respect to the Purchase & Sale, furnished to Administrative Agent by (or on behalf of) Borrowers, taken as a whole (as modified or supplemented by other written information so furnished), do not contain any material misstatement of fact or omit to state any material fact necessary to make the statements therein, in the light of the circumstances under which it was made, not misleading.

(f) As of the Restatement Date, Schedule 5.38(f) lists all Canadian Benefits Plans and Canadian Pension Plans currently maintained or contributed to by any Borrower and no Borrower nor any of its respective Subsidiaries maintains or contributes to any Benefit Plan except as set forth on such Schedule. The Canadian Benefit Plans are, and have been established, registered, amended, funded, invested and administered in compliance with the terms of such Canadian Benefits Plans (including the terms of any documents in respect of such Canadian Benefit Plans), all Applicable Laws, including the ITA, and any applicable collective agreements except where non-compliance therewith would not reasonably be expected to have a Material Adverse Effect. There have been no improper withdrawals or applications of the assets of the Canadian Pension Plans or the Canadian Benefit Plans. Except as set forth on Schedule 5.38(f), as of the Restatement Date, there are no outstanding disputes (except for



routine claims for payment of benefits that do not exceed in the aggregate the Dollar Equivalent of \$50,000 concerning the assets of the Canadian Pension Plans or the Canadian Benefit Plans). There is no investigation by a Governmental Authority pending or, to the knowledge of any Borrower, threatened involving any Canadian Benefit Plan or its assets, and no facts exist which could reasonably be expected to give rise to any such investigation, proceeding, action or claim. There is no Pension Plan Unfunded Liability and no Pension Plan Termination Event has occurred. Except as set forth on Schedule 5.38(f), as of the Restatement Date, each of the Canadian Pension Plans, other than any union sponsored multi-employer pension plans in respect of which the Credit Parties' obligations are limited to a fixed percentage of the payroll thereof, is fully funded both on an ongoing basis and on a solvency basis as disclosed in the valuations last filed with the applicable Governmental Authorities and which valuations are consistent with generally accepted actuarial principles. None of the Canadian Benefit Plans, other than the Canadian Pension Plans, provide benefits beyond retirement or other termination of service to employees or former employees of the Business or to the beneficiaries or dependants of such employees.

## **6. AFFIRMATIVE COVENANTS.**

Each Borrower covenants and agrees that, so long this Agreement and any other Loan Document remains in effect and until full and final payment of the Obligations (other than any inchoate Obligations which have not been asserted and are not otherwise known to Borrowers or Agent), Borrowers shall and shall cause each of their respective Subsidiaries to do all of the following:

6.1. Accounting System. Maintain a system of accounting that enables Borrowers to produce financial statements in accordance with GAAP and maintain records pertaining to the Collateral that contain information as from time to time reasonably may be requested by Agent or any Lender. Borrowers also shall keep an inventory reporting system that shows all additions, sales, claims, returns, and allowances with respect to the Inventory.

6.2. Collateral Reporting. Provide Agent and Lenders with the documents set forth on Schedule 6.2 in accordance with the delivery schedule set forth thereon.

6.3. Financial Statements, Reports, Certificates. Deliver to Agent and Lenders:

(a) as soon as available, but in any event within 15 days after the end of each month during each of Borrowers' Fiscal years,

(i) a Borrower prepared Consolidated and individual balance sheet, income statement, and statement of cash flow covering Borrowers' and its Subsidiaries' operations during such period and comparing the then current Business Plan and the same period during the prior year on a Consolidated, consolidating and individual basis,

(ii) a certificate signed by the chief financial officer of each Borrower to the effect that:

(A) the financial statements delivered hereunder have been prepared in accordance with GAAP (except for the lack of footnotes and being subject to fiscal year-end audit adjustments) and fairly present in all material respects the financial condition of Borrowers and their Subsidiaries,

(B) the representations and warranties of Borrowers contained in this Agreement and the other Loan Documents are true and correct in all material respects on and as of the date of such certificate, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date), and

(C) there does not exist any condition or event that constitutes a Default or Event of Default (or, to the extent of any non-compliance, describing such non-compliance as to which he or she may have knowledge and what action Borrowers have taken, are taking, or propose to take with respect thereto),

(iii) for each month, a rental, tax, and insurance compliance certificate demonstrating, in reasonable detail, that Borrowers have paid all rentals, taxes and insurance premiums due during such period without material penalty prior to such date and that all required insurance is in effect, and

(iv) each of the reports listed under the heading “Financial Reports” on Schedule 6.2.

(b) as soon as available, but in any event within fifteen (15) days after the end of each Fiscal quarter of Borrowers, a certificate which sets forth the Average Excess Availability for the immediately preceding quarter, together with detailed calculations thereof (the “Average Excess Availability Certificate”);

(c) as soon as available, and within ninety (90) days after the end of each Borrowers’ Fiscal years, Consolidated and consolidating financial statements of each Borrower and its Subsidiaries for each such Fiscal year, audited by independent certified or chartered public accountants selected by Borrowers and reasonably acceptable to Agent and certified, without any qualifications, by such accountants to have been prepared in accordance with GAAP (such audited financial statements to include a balance sheet, income statement, and statement of cash flow and, if prepared, such accountants’ letter to management) together with a certificate of such accountants addressed to Agent and Lenders stating that such accountants do not have knowledge of the existence of any Default or Event of Default;

(d) as soon as available but in any event:

(i) within 15 days after the end of each month during the first twelve calendar months after the Restatement Date copies of Borrowers’ monthly Business Plan, for the next four week period, on a week-by-week basis; and

(ii) prior to the last Business Day of each January, in each Fiscal year of Borrowers; copies of Borrowers’ annual Business Plan, for the forthcoming year, on a month-by-month basis, year by year;

(iii) each such Business Plan to be in form and substance (including as to scope and underlying assumptions) satisfactory to Agent in its Permitted Discretion certified by the chief financial officer of Borrowers (in such officer’s capacity as such and not individually) as being such officer’s good faith best estimate of the financial performance of Borrowers and their Subsidiaries during the period covered thereby (it being understood that Agent may in its Permitted Discretion, but shall not be under any obligation to, adjust, create or expand Reserves as a result of its review of such Business Plans),

(e) if and when filed by any Borrower,

(i) any filings made by any Borrower with the SEC or any other securities commission in any other jurisdiction,

(ii) copies of Borrowers’ federal and Provincial income tax returns, and any amendments thereto, filed with the Internal Revenue Service, the Canada Revenue Agency and any other relevant Governmental Authority, and

(iii) any other information that is provided by either Borrower to its shareholders generally solely in their capacities as shareholders,

(f) if and when filed by any Borrower and as reasonably requested by Agent, satisfactory evidence of payment of any applicable Taxes in each jurisdiction in which (i) any Borrower is required to pay any Taxes; (ii) where any Borrower’s failure to pay any such applicable Taxes would result in a Lien (other than a Permitted Lien) on the properties or assets of any Borrower or (iii) where any Borrower’s failure to pay any such applicable Taxes reasonably could be expected to result in a Material Adverse Change,

(g) as soon as a Borrower has knowledge of any event or condition that constitutes a Default or an Event of Default, notice thereof and a statement of the curative action that Borrowers propose to take with respect thereto,

(h) upon the request of Agent or any Lender, any other report reasonably requested relating to the financial condition of Borrowers,

(i) the inventory reconciliation, when and as required under Section 4.8(a),

(j) Intentionally Deleted, and

(k) the notices and updates required under Section 7.22.

Borrowers agree that they and their Subsidiaries will have the same Fiscal year. Borrowers agree that their independent certified or chartered public accountants are authorized to communicate with Agent and any Lender and to release to Agent and any Lender whatever financial information concerning Borrowers that Agent or any Lender reasonably may request. Each Borrower waives the right to assert a confidential relationship, if any, it may have with any accounting firm or service bureau in connection with any information requested by Agent or any Lender pursuant to or in accordance with this Agreement, and agree that Agent or any Lender may contact directly any such accounting firm or service bureau in order to obtain such information.

6.4. Returns. Account for returns of Inventory and Customer Credit Liabilities and record the effects thereof on the general ledger on the same basis and in accordance with the usual customary practices of the applicable Borrower, as they exist at the time of the execution and delivery of this Agreement.

6.5. Maintenance of Properties. Maintain and preserve all of their properties which are necessary or useful in the proper conduct to their business in good working order and condition, ordinary wear and tear excepted, and comply at all times with the provisions of all material leases to which it is a party as lessee, so as to prevent any loss or forfeiture thereof or thereunder.

6.6. Tax Matters.

(a) Duly and timely file, or cause to be duly and timely filed, all Tax Returns required to be filed by it in respect of Taxes, and duly and timely pay, or cause to be duly and timely paid, all Taxes due and payable by it as required by Applicable Law, including all Taxes assessed, reassessed or for which a demand for payment is made by any Governmental Authority, except when and so long as the validity of any such Taxes is being contested in good faith by it or any other Person on its behalf through appropriate proceedings, and such contest is a Permitted Protest and adequate provisions for such Taxes have been made in its financial statements in accordance with GAAP or where failure to pay such Tax will not be reasonably likely to result in, or result in, a Material Adverse Change.

(b) Each Borrower will duly and timely withhold, or cause to be duly and timely withheld, all material Taxes required to be withheld by it in accordance with Applicable Law from any amount paid, or credited, or deemed to be paid or credited by it to or for the account of any Person (including any employees, officers or any non-resident Person), and will duly and timely remit, or cause to be duly and timely remitted, to the appropriate Governmental Authority such Taxes required by Applicable Law to be remitted by it.

(c) Each Borrower will not fail to pay any Taxes or other amounts which would result in a Lien (other than a Permitted Lien) on its property. Each Borrower shall only contest a Permitted Lien that is subject to a Permitted Protest.

(d) Each Borrower will, upon written request, furnish to the Agent on behalf of the Lenders satisfactory evidence that such Borrower has paid such Taxes in each jurisdiction in which the Borrower is required to pay such Taxes.

6.7. Insurance.

(a) At Borrowers' expense, maintain insurance respecting its property and assets wherever located, covering loss or damage by fire, theft, explosion, and all other hazards and risks as ordinarily are insured against by other Persons engaged in the same or similar businesses. Borrowers also shall maintain business interruption, public liability, and product liability insurance, as well as insurance against larceny, embezzlement, and criminal misappropriation. All such policies of insurance shall be in such amounts and with such insurance companies as are reasonably satisfactory to Agent. Borrowers shall deliver copies of all such policies to Agent with a satisfactory lender's loss payable endorsement naming Agent as loss payee or additional insured, as appropriate. Each policy of insurance or endorsement shall contain a clause requiring the insurer to give not less than 30 days prior written notice to Agent in the event of cancellation of the policy for any reason whatsoever.

(b) Lead Borrower shall give Agent prompt notice of any material loss covered by such insurance. During the continuation of an Event of Default, Agent shall have the exclusive right to adjust any losses payable under any such insurance policies, without any liability to Borrowers whatsoever in respect of such adjustments. Any monies received as payment for any loss under any insurance policy mentioned above (other than liability insurance policies) or as payment of any award or compensation for condemnation or taking by eminent domain, shall be paid over to Agent to be applied at the option of the Agent either to the prepayment of the Obligations or shall be disbursed to Lead Borrower under staged payment terms reasonably satisfactory to the Agent for application to the cost of repairs, replacements, or restorations. Any such repairs, replacements, or restorations shall be affected with reasonable promptness and shall be of a value at least equal to the value of the items or property destroyed prior to such damage or destruction.

(c) Borrowers shall not take out separate insurance concurrent in form or contributing in the event of loss with that required to be maintained under this Section 6.8, unless Agent is included thereon as named insured with the loss payable to Agent under a lender's loss payable endorsement or its equivalent. Lead Borrower immediately shall notify Agent whenever such separate insurance is taken out, specifying the insurer thereunder and full particulars as to the policies evidencing the same, and copies of such policies promptly shall be provided to Agent.

(d) In the event that Borrower obtains key person life insurance policies with respect to any officer or director of the Borrower, Borrower shall furnish Agent with an "Absolute Assignment" of each such key person life insurance policy, shall record each such "Absolute Assignment" with the issuer of the respective policy, and shall furnish proof of such issuer's acceptance of such assignment. All proceeds payable under such key person life insurance policies shall be payable to Agent to be applied on account of the Obligations in accordance with Section 2.4(b).

6.8. Location of Inventory and Equipment. Keep the Inventory and Equipment only at the locations identified on Schedule 5.5 (except for Inventory or Equipment in transit and except for samples); provided, however, that, so long as there is no Event of Default continuing, Lead Borrower may amend Schedule 5.5 so long as such amendment occurs by written notice to Agent not less than 10 Business Days prior to the date on which the Inventory or Equipment is moved to such new location, so long as such new location is within the continental United States or, with respect to Inventory owned by any Canadian Borrower, Canada, and so long as, at the time of such written notification, the applicable Borrower provides any financing statements, fixture filings or other documents necessary to perfect and continue perfected the Agent's Liens on such assets and also provides to Agent a Bailee Acknowledgment or Collateral Access Agreement, if and as applicable, all as determined by Agent in its Permitted Discretion; provided that, so long as there is no Event of Default continuing, no such Bailee Acknowledgment or Collateral Access Agreement shall be required for any location if (x) the value of the Inventory and Equipment at such locations is less than the Dollar Equivalent of \$10,000; and that the aggregate value of Inventory and Equipment at all such locations shall not exceed the Dollar Equivalent of \$25,000 or (y) for retail store locations not located in a Landlord Lien Jurisdiction at any time and, provided, further, however, that the foregoing shall not restrict Agent's right to establish a rental Reserve for any retail store or other location at which Borrowers' maintain Inventory for which there is no such Bailee Acknowledgment or Collateral Access Agreement.

6.9. Compliance with Laws. Comply with the requirements of all Applicable Law, including the Fair Labor Standards Act and the Americans With Disabilities Act, other than laws, rules, regulations, and orders the non-compliance with which, individually or in the aggregate, would not result in and reasonably could not be expected to result in a Material Adverse Change.

6.10. Leases. Pay when due all rents and other amounts payable and perform all material obligations under any material leases and subleases under which any of the Borrowers has a Leasehold Interest, unless such payments are the subject of a Permitted Protest.

6.11. Brokerage Commissions. Pay any and all brokerage commission or finders fees incurred in connection with or as a result of Borrowers' obtaining financing from the Lenders under this Agreement. Borrowers agree and acknowledge that payment of all such brokerage commissions or finders fees shall be the sole responsibility of Borrowers, and each Borrower agrees to indemnify, defend, and hold Agent harmless from and against any claim of any broker or finder arising out of Borrowers' obtaining financing from the Agent and Lenders under this Agreement.

6.12. Existence. At all times preserve and keep in full force and effect each Borrower's valid existence and good standing and any rights and franchises material to Borrowers' businesses, including those with respect to trademark licenses and the Purchase & Sale Documents.

6.13. Environmental. Keep any property either owned or operated by any Borrower free of any Environmental Liens or post bonds or other financial assurances sufficient to satisfy the obligations or liability evidenced by such Environmental Liens, (b) comply, in all material respects, with Environmental Laws and provide to Agent documentation of such compliance which Agent reasonably requests, (c) promptly notify Agent of any release of a Hazardous Material of any reportable quantity from or onto property owned or operated by any Borrower and take any Remedial Actions required to abate said release or otherwise to come into compliance with applicable Environmental Law, and (d) promptly provide Agent with written notice within 10 days of the receipt of any of the following: (i) notice that an Environmental Lien has been filed against any of the real or personal property of any Borrower, (ii) commencement of any Environmental Action or notice that an Environmental Action will be filed against any Borrower, and (iii) notice of a violation, citation, or other administrative order which reasonably could be expected to result in a Material Adverse Change.

6.14. Canadian Benefit and Pension Plans. Borrowers shall cause the Canadian Pension Plan to be administered in accordance with the requirements of the applicable pension plan texts, funding agreements, the ITA and applicable Provincial pension benefits legislation laws relating to licensing, employment and labor matters except where non-compliance therewith would not reasonably be expected to have a Material Adverse Effect. Borrowers shall promptly notify the Lender on becoming aware of: (i) a Pension Plan Termination Event; (ii) the failure to make a required contribution or payment under any Canadian Pension Plan when due; (iii) the occurrence of any event which is reasonably likely to result in any Borrower incurring any liability, fine or penalty with respect to any Canadian Benefit Plan; (iv) a material increase in the liabilities of the Canadian Pension Plan; (v) the establishment of a new registered pension plan; (vi) commencing payment of contributions to the Canadian Pension Plan to which any Borrower had not previously been contributing; (vii) the existence of any report which discloses a Pension Plan Unfunded Liability, prior to the filing of such report with any Governmental Authority; and (viii) the establishment of any new Canadian Benefit Plans or any change to an existing Canadian Benefit Plan having a material increase in liabilities. In the notice to Lender of the foregoing, copies of all documentation relating thereto shall be provided. Each Borrower, with respect to each Canadian Benefit Plan, in a timely fashion perform in all respects all obligations (including funding, investment and administration obligations) required to be performed in connection with such Canadian Benefit Plan except where non-compliance therewith would not reasonably be expected to have a Material Adverse Effect. Each Borrower, with respect to each Canadian Pension Plan, will pay all contributions, premiums and payments when due in accordance with its terms and all Applicable Law, and if requested by Lender, promptly deliver to Lender copies of: (i) annual information returns, actuarial valuations and any other reports which have been filed with a Governmental Authority with respect to each Canadian Pension Plan; (ii) any direction, order, notice, ruling or opinion that any Borrower may receive from a Governmental Authority with respect to any Canadian Benefit Plan; and (iii) any documentation relating to the Canadian Pension Plan as Lender may reasonably request. Without the prior written consent of Lender, Borrowers shall not terminate, or cause to be terminated, the Canadian Pension Plan, if such plan would have a solvency deficiency on termination.

6.15. Investment Proceeds, Etc. The proceeds of any Investment from any source in any Borrower or any Subsidiary of a Borrower and any other funds received by any Borrower other than from ordinary course business operations (including, without limitation, sales or other dispositions of any Borrowers' assets other than in the ordinary course of such Borrower's business, the proceeds from the issuance of any debt or the incurrence of any Indebtedness by any Borrower other than Indebtedness permitted under Section 7.1 hereof, any proceeds from the issuance of Stock of any Borrower after the date hereof, tax refunds, damage awards, or insurance or condemnation proceeds) shall be deposited directly into a Cash Management Account.

6.16. Immediate Notice to Agent. The Lead Borrower shall provide Agent with written notice promptly upon the occurrence of any of the following events, which written notice shall state with reasonable particularity the facts and circumstances of the event for which such notice is being given:

- (i) Any change in the Authorized Persons;
- (ii) Any cessation by Borrowers of their making payment to its creditors generally as Borrowers' debts become due;
- (iii) Any failure by Borrowers to pay rent at any of Borrowers' locations, which failure continues for more than 3 Business Days following the last day on which such rent was payable without more than a minimal adverse effect on Borrowers;
- (iv) Any Material Adverse Change;
- (v) The occurrence of any Default or Event of Default;
- (vi) Any intention on the part of any Borrower to discharge the Borrowers' present independent accountants or any withdrawal or resignation by such independent accountants from their acting in such capacity; or
- (vii) Any litigation which, if determined adversely to Borrowers, could reasonably be expected to result in a Material Adverse Change;
- (viii) At Agent's request, the Lead Borrower shall provide Agent and Lenders, when so distributed, with copies all national or otherwise material advertising copy (including print advertising and video and radio advertising);
- (ix) Provide Agent and Lenders, when received by Borrowers, with a copy of any management letter or similar communications from any accountant of the Borrowers;
- (x) Provide Agent with prompt written notice upon the acquisition or formation of any Subsidiary;
- (xi) Provide Agent with prompt written notice in the event that AG, or any of its Subsidiaries, becomes party to an Insolvency Proceeding of which Borrowers are aware, or indicates to Borrowers, or Borrowers otherwise reasonably believe, that AG is likely to become party to any Insolvency Proceeding.

6.17. Disclosure Updates. Promptly and in no event later than 5 Business Days after an Authorized Officer obtains actual knowledge thereof, (a) notify Agent if any written information, exhibit, schedule, or report furnished to the Agent contained any untrue statement of a material fact or omitted to state any material fact necessary to make the statements contained therein not misleading in light of the circumstances in which made at the time made, or (b) correct any defect or error that may be discovered therein or in any Loan Document or in the execution, acknowledgement, filing, or recordation thereof.

6.18. Solvency. The Borrowers taken as a whole, and each Borrower taken individually, shall be in compliance with Section 5.12 hereof.

6.19. Line of Business: Borrowers & Subsidiaries. No Borrower or Subsidiary shall engage in any business other than the business in which it is currently engaged or a business reasonably related thereto (the conduct of which reasonably related business is reflected in the then current Business Plan).

6.20. Additional Subsidiaries. If any additional Subsidiary of any Borrower is formed or acquired after the Restatement Date, the Lead Borrower will promptly notify the Administrative Agent thereof. Within twenty (20) Business Days after the formation or acquisition of any Subsidiary, Lead Borrower will: (a) cause such Subsidiary to become a Borrower hereunder within twenty (20) Business Days after such Subsidiary is formed or acquired and promptly take such actions to create and perfect Liens on all of such Subsidiary's assets to secure the Obligations as the Agent shall reasonably request and (b) cause 100% of any US Subsidiary and up to 65% of the stock of any non-US Subsidiary and any promissory notes evidencing Indebtedness of such Subsidiary owed to a Borrower to be pledged to the Collateral Agent for the benefit of Agents and Lenders, within ten (10) Business Days after such Subsidiary is formed or acquired. Notwithstanding any provision to the contrary in this Agreement or any other Loan Document, the U.S. Borrowers shall not be required to pledge more than 65% of the stock of any non-US Subsidiary.

6.21. Royalty Payments. In the event that, as of the end of any Fiscal quarter, Schedule 5.22 fails to list the Persons to which Borrowers paid royalty payments or any other similar payment in the previous Fiscal quarter, Borrowers shall, within fifteen (15) days after the end of such Fiscal quarter, provide Agent with an appendix to such Schedule providing details of the Persons to which Borrowers paid royalty payments or any other similar payment in the previous Fiscal quarter.

6.22. Liquidity L/C.

(a) The Borrowers shall cause the Guarantor to have issued and outstanding, as of the Restatement Date and at all times until the Guarantor L/C End Date described in the Liquidity Guaranty has occurred (including, but not limited to, after the Revolving Credit Maturity Date), sufficient Liquidity L/Cs which, together with any funds in any "Guarantor Collateral Account" (as such term is defined in the Liquidity Guaranty), equal an aggregate undrawn face amount at least equal to \$12,000,000.

(b) In the event that, at any time, the aggregate outstanding amount of then-existing Liquidity L/Cs together with any funds in any "Guarantor Collateral Account" (as such term is defined in the Liquidity Guaranty) would not at least equal \$12,000,000, the Borrowers shall cause the Guarantor to issue, within five (5) Business Days after notice from Agent to Lead Borrower of such deficiency, additional Liquidity L/Cs sufficient so that, when such additional L/Cs are issued, the aggregate undrawn face amount of all outstanding Liquidity L/Cs, together with any funds in any "Guarantor Collateral Account" (as such term is defined in the Liquidity Guaranty), would in the aggregate at least equal \$12,000,000.

(c) If the Agent, Lenders and Borrowers jointly elect to extend the Revolving Credit Maturity Date beyond the expiration date stated in the definition thereof, they, with the agreement of the Guarantor, may negotiate terms and conditions under which the requirements of this Section shall be modified or terminated based on the Borrowers' financial condition and prospects and liquidity and Availability needs as of such date.

6.23. Bridge L/C.

(a) The Borrowers shall cause the Guarantor to have issued and outstanding, as of the Restatement Date and at all times until the Guarantor L/C End Date described in the Bridge Guaranty has occurred (including, but not limited to, after the Revolving Credit Maturity Date if applicable), sufficient Bridge L/Cs which equal an aggregate undrawn face amount, together with any funds in any "Guarantor Collateral Account" (as such term is defined in the Bridge Guaranty) at least equal to the "Maximum Guaranty Amount" as defined from time to time in the Bridge Guaranty.

(b) In the event that, at any time, the aggregate outstanding amount of then-existing Bridge L/Cs would not at least equal the "Maximum Guaranty Amount" as defined from time to time in the Bridge Guaranty, the Borrowers shall cause the Guarantor to issue, within five (5) Business Days after notice from Agent to Lead Borrower of such deficiency, additional Bridge L/Cs sufficient so that, when such additional L/Cs are issued, the aggregate undrawn face amount of all outstanding Liquidity L/Cs, together with any funds in any "Guarantor Collateral Account" (as such term is defined in the Bridge Guaranty) would in the aggregate at least equal such Maximum Guaranty Amount.

(c) If the Agent, Lenders and Borrowers jointly elect to extend the Revolving Credit Maturity Date beyond the expiration date stated in the definition thereof, and the Sublease Requirement has not yet been satisfied, they, with the agreement of the Guarantor, may negotiate terms and conditions under which the requirements of this Section shall be modified or terminated based on the Borrowers' progress towards satisfying the Sublease Requirement.

6.24. Sublease Requirement. Borrowers shall use commercially reasonable efforts to satisfy the Sublease Requirement on or before the 180<sup>th</sup> day after the Restatement Date, unless such period is otherwise extended by Agent in its Permitted Discretion and with no obligation to do so.

## 7. NEGATIVE COVENANTS.

Each Borrower covenants and agrees that, so long this Agreement and any other Loan Document remains in effect and until full and final payment of the Obligations (other than any inchoate Obligations which have not been asserted and are not otherwise known to Borrowers or Agent), Borrowers will not, and will not permit any of their respective Subsidiaries to do, any of the following:

7.1. Indebtedness. Create, incur, assume, permit, guarantee, or otherwise become or remain, directly or indirectly, liable with respect to any Indebtedness, except:

(a) Indebtedness evidenced by this Agreement and the other Loan Documents, together with Indebtedness owed to Underlying Issuers with respect to Underlying Letters of Credit;

(b) Indebtedness set forth on Schedule 5.20;

(c) Permitted Purchase Money Indebtedness;

(d) refinancings, renewals, or extensions of Indebtedness permitted under clauses (b) and (c) of this Section 7.1 (and continuance or renewal of any Permitted Liens associated therewith) so long as: (i) the terms and conditions of such refinancings, renewals, or extensions do not, in Agent's reasonable judgment, materially impair the prospects of repayment of the Obligations by Borrowers or materially impair Borrowers' creditworthiness, (ii) such refinancings, renewals, or extensions do not result in an increase in the principal amount of the Indebtedness so refinanced, renewed, or extended or add one or more of the Borrowers as liable with respect thereto if such additional Borrowers were not liable with respect to the original Indebtedness, (iii) such refinancings, renewals, or extensions do not result in a shortening of the average weighted maturity of the Indebtedness so refinanced, renewed, or extended, nor are they on terms or conditions, that, taken as a whole, are materially more burdensome or restrictive to the applicable Borrower, and (iv) if the Indebtedness that is refinanced, renewed, or extended was subordinated in right of payment to the Obligations, then the terms and conditions of the refinancing, renewal, or extension Indebtedness must include subordination terms and conditions that are at least as favorable to the Lenders as those that were applicable to the refinanced, renewed, or extended Indebtedness;

(e) Indebtedness comprising Permitted Investments; and

(f) Indebtedness secured by Permitted Liens;

(g) Subordinated Indebtedness; and



(h) other Indebtedness not to exceed the Dollar Equivalent of \$20,000 in the aggregate at any time outstanding.

7.2. Liens. Create, incur, assume, or permit to exist, directly or indirectly, any Lien on or with respect to any of its assets, of any kind, whether now owned or hereafter acquired, or any income or profits therefrom, except for Permitted Liens (including Liens that are replacements of Permitted Liens to the extent that the original Indebtedness is refinanced, renewed, or extended under Section 7.1(d) and so long as the replacement Liens only encumber those assets that secured the refinanced, renewed, or extended Indebtedness).

7.3. Restrictions on Fundamental Changes.

(a) Enter into any merger, consolidation, reorganization, or recapitalization, or reclassify its Stock or otherwise change any Borrower's type of organization, jurisdiction of organization or other legal or corporate structure.

(b) Liquidate, wind up, or dissolve itself (or suffer any liquidation or dissolution).

(c) Convey, sell, lease, license, assign, transfer, or otherwise dispose of, in one transaction or a series of transactions, all or any substantial part of its assets (other than as a Permitted Disposition).

(d) Purchase or otherwise acquire substantially all of the capital stock or all or substantially all of the assets of any other Person with a value of more than the Dollar Equivalent of \$250,000 in the aggregate.

7.4. Disposal of Assets. Other than Permitted Dispositions, convey, sell, lease, license, assign, transfer, or otherwise dispose of any of the assets of any Borrower.

7.5. Change of Name or Address. Change any Borrower's name (including the change or addition of any French form name) or organizational identification number or relocate any Borrower's chief executive office to a new location; provided, however, that a Borrower may change its name or chief executive office location upon at least 30 days prior written notice by Lead Borrower to Agent of such change and so long as, at the time of such written notification, such Borrower provides (i) any financing statements, fixture filings or other agreements or documents necessary to perfect and continue perfected Agent's Liens and (ii) in the case of such a relocation, if the new chief executive office location is leased by such Borrower, a Collateral Access Agreement with respect thereto.

7.6. Reserved.

7.7. Nature of Business. Make any change in the principal nature of Borrowers' business except as otherwise permitted by Section 6.18.

7.8. Prepayments and Amendments.

(a) Except in connection with a refinancing permitted by Section 7.1(d) and regularly scheduled payments not prohibited under the terms of any subordination agreement, prepay, redeem, defease, purchase, or otherwise acquire any Indebtedness of any Borrower, other than the Obligations in accordance with this Agreement, and

(b) Except in connection with a refinancing permitted by Section 7.1(d), directly or indirectly, amend, modify, alter, increase, or change any of the terms or conditions of any agreement, instrument, document, indenture, or other writing evidencing or concerning Indebtedness (including, without limitation, any Subordinated Indebtedness) permitted under Sections 7.1(b), (c), (f), or (g).

(c) Directly or indirectly, amend, modify, alter, increase or change any of the terms or conditions of any Purchase & Sale Document without Agent's prior consent.

7.9. Change of Control. Cause, permit, or suffer, directly or indirectly, any Change of Control.

7.10. Reserved.

7.11. Distributions. Except for distributions made in capital Stock, make or permit any other Borrower to, directly or indirectly (i) declare, order, pay or make any Restricted Payment or (ii) set aside any sum or property therefore or exercise any set-off or similar rights of any Borrower, if any, with respect to any Subordinated Indebtedness.

7.12. Accounting Methods. Modify or change its method of accounting (other than as may be required to conform to GAAP) or enter into, modify, or terminate any agreement currently existing, or at any time hereafter entered into with any third party accounting firm or service bureau for the preparation or storage of Borrowers' accounting records without said accounting firm or service bureau agreeing to provide Agent information regarding the Collateral or Borrowers' financial condition.

7.13. Investments. Except for Permitted Investments, directly or indirectly, make or acquire any Investment, or incur any liabilities (including contingent obligations) for or in connection with any Investment; provided, however, that Lead Borrower and its Subsidiaries shall not have Permitted Investments (other than in the Cash Management Accounts) in deposit accounts or Securities Accounts, except as permitted under Section 2.7(e) hereof, unless Lead Borrower or any of its Subsidiaries, as applicable, and the applicable securities intermediary or bank have entered into a Control Agreement or similar arrangements governing such Permitted Investments, as Agent shall determine in its Permitted Discretion, to perfect (and further establish) the Agent's Liens in such Permitted Investments.

7.14. Transactions with Affiliates. Directly or indirectly enter into or permit to exist any transaction with any Affiliate of any Borrower (including, without limitation, purchases of Inventory and other transactions between the Borrowers or any of their Affiliates) except for transactions that are in the ordinary course of Borrowers' business, upon fair and reasonable terms, fully disclosed to Agent in reasonable detail, no less favorable to Borrowers than would be obtained in an arm's length transaction with a non-Affiliate.

7.15. Store Openings and Closings. Commit to open, open or close any location at which any Borrower maintains, offers for sale or stores any of the Collateral unless such Borrower has provided Administrative Agent at least 30 days' prior written notice of such commitment, opening or closing and (i) in the case of any such opening, such opening is consistent with the then current Business Plan or Administrative Agent has consented thereto in writing or (ii) in the case of any such closing, such closing is consistent with the then current Business Plan or Administrative Agent has consented thereto in writing and is conducted in a manner consistent with the Borrowers' historical store closing practices, including, without limitation, as to any third party agent that Borrowers propose to employ in connection therewith, provided further that if Borrowers intend that five percent (5%) or more of Borrowers' (individually as to each Borrower or in the aggregate among both Borrowers and their Subsidiaries) stores are to be closed within any Fiscal year or within any period of twelve consecutive months ("Multiple Closing Minimum"), the Borrowers must retain a nationally-recognized liquidator (or such other Person approved by the Administrative Agent) as either a consultant or liquidator in connection with the closing of each of such stores. The Borrowers may purchase Real Property as part of any store opening permitted hereunder provided that (i) such purchase is consistent with the current Business Plan approved by Administrative Agent, (ii) the financing of such purchase of Real Property is permitted hereunder and is consistent with the current Business Plan approved by Administrative Agent, (iii) such purchase and, if applicable, the financing thereof, are consented to by Administrative Agent in its sole discretion and (iv) upon Collateral Agent's written request, Borrowers shall provide Collateral Agent with a mortgage (junior to the mortgage granted to any lender who has provided the Permitted Purchase Money Indebtedness used to purchase such Real Property), in favor of Collateral Agent for the benefit of Lenders, and Issuing Bank encumbering such Real Property, in form and substance satisfactory to Collateral Agent.

7.16. Suspension. Suspend or go out of a substantial portion of any Borrower's business.

7.17. Use of Proceeds. Use the proceeds of the Revolving Credit for any purpose other than (a) on the Restatement Date, to pay transactional fees, costs, and expenses incurred in connection with this Agreement and the transactions contemplated hereby, including the refinance of any existing Obligations under the Existing Loan

Agreement, and (b) thereafter, consistent with the terms and conditions hereof, for Borrowers' general corporate purposes and working capital (including the reasonable costs and expenses incurred in the integration of the Acquired Assets), capital expenditures and all other lawful and permitted purposes.

7.18. Inventory and Equipment with Bailees. The Inventory and Equipment shall not at any time now or hereafter be stored with a bailee, warehouseman, or similar party unless Agent has granted its prior written consent and Borrowers have delivered to Agent a Bailee Acknowledgment or Collateral Access Agreement with respect to the applicable Inventory and/or Equipment; provided, however, that, so long as there is no Event of Default continuing, no such Bailee Acknowledgment or Collateral Access Agreement shall be required for any location if the value of the Inventory and Equipment at such location is less than the Dollar Equivalent of \$10,000; and the aggregate value of Inventory and Equipment at all such locations shall not exceed the Dollar Equivalent of \$25,000 at any time or (y) for retail store locations not located in a Landlord Lien Jurisdiction and provided, further, however that the foregoing shall not restrict Agent's right to establish a rental Reserve for any retail store or other location at which Borrowers' may maintain Inventory for which there is no such Bailee Acknowledgment or Collateral Access Agreement.

7.19. Securities Accounts. Establish or maintain any Securities Account unless Agent shall have received a Control Agreement in respect of such Securities Account. No Borrower shall transfer assets out of any Securities Account; provided, however, that, so long as no Event of Default has occurred and is continuing or would result therefrom, Borrowers may use such assets (and the proceeds thereof) to the extent not prohibited by this Agreement.

7.20. Minimum Excess Availability Covenant. Permit Excess Availability at any time to be less than the greater of the Dollar Equivalent of (i) \$2,625,000 or (ii) 7.5% of the Adjusted Borrowing Base then currently in effect, (the "Minimum Excess Availability Covenant"); provided, however, that for purposes of this Section 7.20 only, "Excess Availability" shall be calculated using a definition of "Availability" based solely on the amount determined under clause (b) of the definition of Availability (i.e., without regard to whether the amount determined under clause (a) of such definition is less than the amount determined under clause (b) of such definition).

7.21. Benefit Plans. None of Borrowers, any of their Subsidiaries, or any of their ERISA Affiliates shall maintain or contribute to any Benefit Plan other than Canadian Benefit Plans.

7.22. Intentionally Deleted.

7.23. Warrants. No Borrower shall grant or issue any warrants with respect to its stock.

7.24. Shareholder Agreements. None of the Shareholder Agreements described on Schedule 5.34 shall be amended, modified, superseded, waived, or replaced without Agent's prior written consent (not to be unreasonably withheld or delayed).

7.25. Fiscal Year. The Borrowers shall not change their Fiscal year from the current twelve month period that comprises each Fiscal year.

## 8. EVENTS OF DEFAULT.

Any one or more of the following events shall constitute an event of default (each, an "Event of Default") under this Agreement:

8.1. Payment. If Borrowers fail to pay when due and payable or when declared due and payable, all or any portion of the Obligations (whether of principal, interest (including any interest which, but for the provisions of the Bankruptcy Code, would have accrued on such amounts), fees and charges due the Agent, Issuing Bank, or any Lender, reimbursement of Agent Expenses and Lender Expenses, or other amounts constituting Obligations);

8.2. Covenants, etc.

(a) If Borrowers fail to perform, keep, or observe any term, provision, condition, covenant, or agreement contained in Articles 4, 6 (other than clause “c” of Schedule 6.2) or 7 of this Agreement or in any of the other Loan Documents;

(b) If Borrowers fail to perform, keep, or observe any other term, provision, condition, covenant, or agreement contained in clause “c” of Schedule 6.2 of this Agreement, and such failure shall continue unremedied for a period of three (3) Business Days;

(c) If Borrowers fail to perform, keep, or observe any other term, provision, condition, covenant, or agreement contained in this Agreement or any other Loan Document, and such failure shall continue unremedied for a period of 15 days after the first to occur of any Borrower’s actual knowledge thereof or notice thereof from the Administrative Agent to the Lead Borrower;

8.3. Attachment. If any material portion of any Borrower’s or any of its Subsidiaries’ assets is attached, seized, subjected to a writ or distress warrant, levied upon, or comes into the possession of any third Person;

8.4. Insolvency. If an Insolvency Proceeding is commenced by any Borrower or any of its Subsidiaries or by Guarantor;

8.5. Involuntary Insolvency. If an Insolvency Proceeding is commenced against any Borrower or Guarantor or any of Borrowers’ Subsidiaries and any of the following events occur: (a) the applicable Borrower, Guarantor or Subsidiary consents to the institution of the Insolvency Proceeding against it, (b) the petition commencing the Insolvency Proceeding is not timely controverted, (c) the petition commencing the Insolvency Proceeding is not dismissed within 60 calendar days of the date of the filing thereof, (d) an interim trustee or interim receiver or a trustee or receiver is appointed to take possession of all or any substantial portion of the properties or assets of, or to operate all or any substantial portion of the business of, any Borrower, Guarantor, or any of Borrowers’ Subsidiaries, or (e) an order for relief shall have been entered therein;

8.6. Injunction. If any Borrower, Guarantor, or any of Borrowers’ Subsidiaries is enjoined, restrained, or in any way prevented by court order or otherwise from continuing to conduct all or any material part of its business affairs;

8.7. Levy. If a notice of Lien, levy, or assessment is filed of record with respect to any material portion of Borrower’s or any of its Subsidiaries’ assets by the United States or Canada, or any department, agency, or instrumentality thereof, or by any state, Provincial, county, municipal, governmental agency or other Governmental Authority, or if any taxes or debts owing at any time hereafter to any one or more of such entities becomes a Lien, whether choate or otherwise, upon any Borrower’s or any of its Subsidiaries’ assets and the same is not paid on the payment date thereof;

8.8. Judgment. If one or more judgments or orders for the payment of money is rendered against any Borrower or any of its Subsidiaries in excess of the Dollar Equivalent of \$250,000 in the aggregate (provided, that, any judgment covered by insurance where the insurer has assumed responsibility in writing for such judgment and acknowledged that the applicable Borrower will receive the proceeds of such insurance within thirty (30) days of the issuance of a final, non-appealable judgment and execution thereon is effectively stayed shall not be included in calculating such amount) and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed, or any judgment other than for the payment of money, or injunction, attachment, garnishment or execution is rendered against any Borrower or any of the Collateral having a value in excess of the Dollar Equivalent of \$250,000 and shall remain undischarged or unvacated for a period in excess of thirty (30) days or execution shall at any time not be effectively stayed;

8.9. Material Agreements. If there is a default by any party in any Purchase & Sale Document or other agreement (including agreements between AG and Papyrus with respect to the line of credit extended by AG to Papyrus) material to the operations of the business of the Borrowers to which any Borrower or any of its Subsidiaries is a party and such default (a) occurs at the final maturity of the obligations thereunder (with respect to

monetary obligations) or on the date required for performance (with respect to performance obligations) or (b) results in a right by the other party thereto, irrespective of whether exercised, to accelerate the maturity of the applicable Borrower's or its Subsidiaries' obligations thereunder, to terminate such agreement, or to refuse to renew such agreement pursuant to an automatic renewal right therein, unless such default is a monetary default and the amount necessary for such Borrower to pay to cure such default is less than the Dollar Equivalent of \$250,000 and such Borrower has established adequate reserves therefor and is contesting such default in good faith;

8.10. Insurance. Any event occurs, as a result of which revenue-producing activities (except to the extent such lost revenue is promptly replaced with business interruption insurance) cease or are substantially curtailed at (a) any of Borrowers' principal distribution centers and such cessation or curtailment continues for more than 5 Business Days or (b) any other facility or facilities of any Borrower generating more than 10% of Borrowers' Consolidated revenues for Borrowers' Fiscal year preceding such event, and such cessation or curtailment continues for more than 20 days;

8.11. Subordinated Debt. If any Borrower or any of its Subsidiaries makes any payment on account of Subordinated Indebtedness, except to the extent such payment is permitted by the terms of the subordination provisions applicable to such Indebtedness;

8.12. Misrepresentation. If any material misstatement or misrepresentation exists in any warranty, representation, statement, or Record made to the Agent or any Lender by any Borrower, its Subsidiaries, or any officer, employee, agent, or director of any Borrower or any of its Subsidiaries;

8.13. Guarantor and Guarantor L/Cs. If: (i) there is an event of default or any other breach under any Guaranty, (ii) any Guaranty is terminated or the Guarantor asserts that any Guaranty is terminated (except pursuant to its terms), (iii) any Guarantor L/C is terminated (or is to be terminated upon the expiration of any notice period), or cancelled, (iv) Agent receives notice from an issuer of any Guarantor L/C that any Guarantor L/C shall not be renewed or that draw requests thereunder shall not be honored, or (v) any other event or circumstance occurs with respect to any Guarantor L/C the result of which prevents the Agent from drawing under any Guarantor L/C, except any termination or cancellation or non-renewal that occurs pursuant to Section 6.22 or Section 6.23 hereof, the terms of the Guaranty pursuant to which such Guarantor L/C was issued, or the terms of any Guarantor L/C;

8.14. Liens. If this Agreement or any other Loan Document that purports to create a Lien, shall, for any reason, fail or cease to create a valid and perfected and, except to the extent permitted by the terms hereof or thereof, first priority Lien on or security interest in the Collateral;

8.15. Loan Documents. Any provision of any Loan Document or Purchase & Sale Document shall at any time for any reason be declared to be null and void, or the validity or enforceability thereof shall be contested by or on behalf of any Borrower or Guarantor (as the case may be), or a proceeding shall be commenced seeking to establish the invalidity or unenforceability thereof (as the case may be), or any Borrower or Guarantor shall deny that any Borrower or Guarantor has any liability or obligation purported to be created under any Loan Document or Purchase & Sale Document, as the case may be, in each case other than in connection with any Leasehold Interest subject to the Sublease Requirement;

8.16. Material Adverse Change. If there is a Material Adverse Change;

8.17. Change of Control. If a Change of Control shall occur without the consent of the Administrative Agent;

8.18. Material Restraint. The indictment of, or institution of any legal process or proceeding against any Borrower or Subsidiary thereof where the relief, penalties or remedies sought or available include the forfeiture of any property of any Borrower or Subsidiary and/or the imposition of any stay or other order, the effect of which could be to restrain in any material way the conduct by any Borrower of its business in the ordinary course or would otherwise result in a Material Adverse Change; and

8.19. Trademark Licenses. Any License granting Borrowers rights to use any trademark, copyright or other intellectual property interest is terminated, cancelled, voided, rescinded or otherwise impaired for any reason if the occurrence of any of the foregoing would be reasonably likely to result in a Material Adverse Change.

8.20. Canadian Pension Plan and Benefits Plans. A Pension Plan Termination Event occurs which event results in any Borrower owing an amount having, or which would reasonably be expected to result in, a Material Adverse Effect or any Borrower fails to make a required contribution to or payment under any Canadian Pension Plan when due which failure results in any Borrower owing an amount having, or which would reasonably be expected to result in, a Material Adverse Effect.

(b) Any Governmental Authority initiates an investigation or gives notice to Obligors that such an investigation is pending, or, to the knowledge of any Borrower, such an investigation is threatened, involving any Canadian Benefit Plan or its assets, or any fact comes into existence, to any Borrower's knowledge, which could reasonably be expected to give rise to any such investigation, proceeding, action, or claim, if any such investigation, proceeding, action, or claim would reasonably be expected to result in a Material Adverse Effect, or a Pension Plan Unfunded Liability and/or Pension Plan Termination Event has occurred if any such Pension Plan Unfunded Liability or Pension Plan Termination Event would reasonably be expected to result in a Material Adverse Effect.

## **9. THE AGENT AND LENDER RIGHTS AND REMEDIES.**

9.1. Rights and Remedies. Upon the occurrence, and during the continuation, of an Event of Default, the Agent may exercise any of the rights and remedies of a secured party under the Code or PPSA and any other rights and remedies provided for in this Agreement or any other Loan Document or otherwise available to it at law or in equity, such rights and remedies to include, without limitation, the following, all of which are authorized by Borrowers:

(a) Declare all Obligations, whether evidenced by this Agreement, by any of the other Loan Documents, or otherwise, immediately due and payable;

(b) Cease advancing money or extending credit to or for the benefit of Borrowers under this Agreement, under any of the Loan Documents, or under any other agreement between Borrowers and the Agent or any Lender;

(c) Terminate this Agreement and any of the other Loan Documents as to any future liability or obligation of the Agent, any Lender, or the Issuing Bank but without affecting any of the Agent's Liens in the Collateral and without affecting the Obligations;

(d) Notify Account Debtors and other Persons obligated on the Collateral to make payment or otherwise render performance to or for Agent, and, to the extent permitted under the Code or PPSA, enforce the obligations of Account Debtors and other Persons obligated on the Collateral and exercise the rights of Borrowers with respect to such obligations and any property that may secure such obligations;

(e) Take any proceeds of the Collateral, fully or partially draw any outstanding Guarantor L/C in accordance with its terms, or otherwise enforce the terms of any Guaranty in accordance with its terms;

(f) Make any filings with the applicable recording offices required to enforce any of Collateral Agent's rights as a mortgagee of Real Property, if any;

(g) Cause Borrowers to hold all returned Inventory in trust for the Agent, segregate all returned Inventory from all other assets of Borrowers or in Borrowers' possession and conspicuously label said returned Inventory as the property of the Agent;

(h) Without notice to or demand upon any Borrower, make such payments and do such acts as Agent considers necessary or reasonable to protect its security interests in the Collateral. Each Borrower agrees

to assemble the Personal Property Collateral if Agent so requires, and to make the Personal Property Collateral available to Agent at a place that Agent may designate which is reasonably convenient to both parties. Each Borrower authorizes Agent to enter the premises where the Personal Property Collateral is located, to take and maintain possession of the Personal Property Collateral, or any part of it, and to pay, purchase, contest, or compromise any Lien that in Agent's determination appears to conflict with the Agent's Liens and to pay all expenses incurred in connection therewith and to charge Borrowers' Loan Account therefor. With respect to any of Borrowers' owned or leased premises, each Borrower hereby grants Agent a license to enter into possession of such premises and to occupy the same, without charge, in order to exercise any of the Agent's rights or remedies provided herein, at law, in equity, or otherwise;

(i) Without notice to any Borrower (such notice being expressly waived), and without constituting a retention of any collateral in satisfaction of an obligation (within the meaning of the Code or PPSA, as applicable), set off and apply to the Obligations any and all (i) balances and deposits of any Borrower held by the Agent or any Lender (including any amounts received in the Cash Management Accounts), or (ii) Indebtedness at any time owing to or for the credit or the account of any Borrower held by the Agent or any Lender;

(j) Hold, as cash collateral, any and all balances and deposits of any Borrower held by the Agent or any Lender, and any amounts received in the Cash Management Accounts, to secure the full and final repayment of all of the Obligations;

(k) Instruct each Cash Management Bank and any other depository with whom a DDA subject to a Control Agreement is maintained, to pay any and all balances and deposits in the applicable Cash Management Account or other DDA to the Agent's Account;

(l) Instruct any securities intermediary to liquidate the applicable Securities Account or any related Investment Property maintained or held thereby and remit the proceeds thereof to the Agent's Account;

(m) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale, and sell (in the manner provided for herein) the Personal Property Collateral. Each Borrower hereby grants to Agent an irrevocable license or other right to use, apply, and/or affix, without charge, such Borrower's labels, patents, copyrights, trade secrets, trade names, trademarks, service marks, and advertising matter, or any property of a similar nature, as it pertains to the Personal Property Collateral, in completing production of, advertising for sale, and selling any Personal Property Collateral and such Borrower's rights under all licenses and all franchise agreements shall inure to the Agent's benefit;

(n) Sell, or cause to be sold, the Collateral at either a public or private sale, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrowers' premises) as Agent determines is commercially reasonable. It is not necessary that the Collateral be present at any such sale;

(o) Agent shall give notice of the disposition of the Collateral as follows:

(i) Agent shall give Lead Borrower (for the benefit of the applicable Borrower) a notice in writing of the time and place of public sale, or, if the sale is a private sale or some other disposition other than a public sale is to be made of the Collateral, the time on or after which the private sale or other disposition is to be made; and

(ii) The notice shall be personally delivered or mailed, postage prepaid, to Lead Borrower as provided in Section 12, at least 10 days before the earliest time of disposition set forth in the notice; no notice needs to be given prior to the disposition of any portion of the Collateral that is perishable or threatens to decline speedily in value or that is of a type customarily sold on a recognized market;

(iii) Borrowers agree that such written notice shall satisfy all requirements for notice to the Borrowers which are imposed under the Code or the PPSA, as applicable, or other applicable law with respect to the exercise of the Collateral Agent's rights and remedies upon default.

(p) Agent and/or any Lender may credit bid and purchase at any public sale;

(q) Agent and/or any Lender may seek the appointment of a receiver or keeper to take possession of all or any portion of the Collateral or to operate same and, to the maximum extent permitted by law, may seek the appointment of such a receiver without the requirement of prior notice or a hearing and may conduct one or more going-out-of-business sales in respect to the Collateral;

(r) The Agent shall have all other rights and remedies available to it at law or in equity or pursuant to any other Loan Documents;

(s) Any deficiency that exists after disposition of the Collateral as provided above will be paid immediately by Borrowers. Any excess will be returned, without interest and subject to the rights of third Persons, by Agent to Lead Borrower (for the benefit of the applicable Borrower);

(t) The Collateral Agent, in the exercise of the Collateral Agent's rights and remedies upon default, may conduct one or more going out of business sales, in the Collateral Agent's own right or by one or more agents and contractors. Such sale(s) may be conducted upon any premises owned, leased, or occupied by any Borrower. The Collateral Agent's and any such agent or contractor, in conjunction with any such sale, may augment the Inventory with other goods (all of which other goods shall remain the sole property of the Collateral Agent's or such agent or contractor). Any amounts realized from the sale of such goods which constitute augmentations to the Inventory (net of an allocable share of the costs and expenses incurred in their disposition) shall be the sole property of the Collateral Agent' or such agent or contractor and none of the Lenders, Borrowers nor any Person claiming under or in right of the Borrowers shall have any interest therein;

(u) In connection with the Collateral Agent's exercise of its rights under this Agreement, the Collateral Agent may enter upon, occupy, and use any premises owned or occupied by any Borrower, and may exclude the Borrowers from such premises or portion thereof as may have been so entered upon, occupied, or used by the Collateral Agent. The Collateral Agent shall not be required to remove any of the Collateral from any such premises upon the Collateral Agent's taking possession thereof, and may render any Collateral unusable to the Borrowers. In no event shall the Collateral Agent be liable to the Borrowers for use or occupancy by the Collateral Agent of any premises pursuant to this Agreement, nor for any charge (such as wages for the Borrowers' employees and utilities) incurred in connection with the Collateral Agent's exercise of the Collateral Agent's rights and remedies; and

(v) The Borrowers hereby grant to the Collateral Agent a royalty free nonexclusive irrevocable license to use, apply, and affix any trademark, trade name, logo, or the like in which any of the Borrowers now or hereafter has rights, such license being with respect to the Collateral Agent's exercise of its rights and remedies hereunder including, without limitation, in connection with any completion of the manufacture of Inventory or sale or other disposition of Inventory.

9.2. Remedies Cumulative. The rights and remedies of the Agent, the Lenders, and the US Issuing Bank under this Agreement, the other Loan Documents, and all other agreements shall be cumulative and may be exercised simultaneously. The Agent, the Lenders, and the US Issuing Bank shall have all other rights and remedies not inconsistent herewith as provided under the Code, the PPSA by Applicable Law or in equity. No exercise by the Agent, the Lenders, or the US Issuing Bank of one right or remedy shall be deemed an election, and no waiver by the Agent, the Lenders, or the US Issuing Bank of any Event of Default shall be deemed a continuing waiver. No delay by the Agent, the Lenders, or the US Issuing Bank shall constitute a waiver, election, or acquiescence by it.



## 10. TAXES, EXPENSES AND WITHHOLDINGS.

10.1. Third Party Payments. If any Borrower fails to pay any monies (whether Taxes, or, in the case of leased properties or assets, rents or other amounts payable under such leases) due to third Persons, or fails to make any deposits or furnish any required proof of payment or deposit, all as required under the terms of this Agreement, then, Agent, in its sole discretion and without prior notice to any Borrower, may do any or all of the following: (a) make payment of the same or any part thereof, (b) set up such reserves in Borrowers' Loan Account as Agent deems necessary to protect the Lenders from the exposure created by such failure, or (c) in the case of the failure to comply with Section 6.8 hereof, obtain and maintain insurance policies of the type described in Section 6.8 and take any action with respect to such policies as Agent deems prudent. Any such amounts paid by Agent shall constitute Agent Expenses and any such payments shall not constitute an agreement by the Agent or any Lender to make similar payments in the future or a waiver by the Agent or any Lender of any Event of Default under this Agreement. Agent or Lenders need not inquire as to, or contest the validity of, any such expense, tax, or Lien and the receipt of the usual official notice for the payment thereof shall be conclusive evidence that the same was validly due and owing.

### 10.2. Taxes

(a) All payments required to be made by a Borrower under the Loan Documents shall be made free and clear of, and without deduction or withholding for, or on account of any Taxes unless such deduction or withholding is required by Applicable Law.

(b) If any Taxes are required to be deducted or withheld by Applicable Law from any amounts payable under the Loan Documents by a Borrower, (a) such Borrower shall promptly pay an additional amount ("Additional Amount") to the Administrative Agent or the applicable Lender as may be necessary so that after making all required Tax deductions or withholdings (including deductions or withholdings applicable to all Taxes on, or arising by reason of, the payment of Additional Amounts), the Administrative Agent or applicable Lender receives and retains, an amount equal to the amount that it would have received had no such deductions or withholdings been required, (b) such Borrower shall deduct or withhold all Taxes (including Taxes on Additional Amounts) required to be withheld or deducted under Applicable Law from any payments made to the Administrative Agent or the Lenders pursuant to the Loan Documents, and (c) the Borrower shall pay the full amount of all Taxes deducted or withheld under this Section 10.2 to the relevant Governmental Authority on a timely basis all in accordance with Applicable Law.

(c) The obligations of the Borrower to pay Additional Amounts under this Section 10.2 shall not apply with respect to "Excluded Taxes" which shall mean in relation to the Administrative Agent or any Lender any Taxes imposed on the net income or capital of the Administrative Agent or any Lender and franchise taxes imposed on the Administrative Agent or any Lender (in lieu of net income taxes) by any Governmental Authority, withholding Tax exigible under Regulation 105 of the ITA, and also Taxes that are branch profits taxes or any similar tax imposed by any Governmental Authority, in each case as a result of the Administrative Agent or the Lender (a) carrying on a trade or business or having a permanent establishment in any jurisdiction or political subdivision thereof, (b) being organized under the laws of such jurisdiction or any political subdivision thereof, or (c) being or being deemed to be resident in such jurisdiction or political subdivision thereof.

(d) The Borrower shall, promptly following receipt of a request from the Administrative Agent, pay to the Agent, on its behalf or on behalf of any Lender, any and all Taxes in the nature of sales, use, goods and services, and harmonized sales Taxes payable under the laws of Canada, any Province of Canada, the United States of America, any State of the United States of America or any other country or jurisdiction with respect to any and all goods and services made available under the Loan Documents to any Borrower by the Administrative Agent and the Lenders.

(e) Whenever any Taxes are required to be paid by a Borrower to a Governmental Authority under this Section 10.2, the Borrower shall send or cause to be sent to the Administrative Agent, for the account of the Administrative Agent and each affected Lender, a certified copy of an original official receipt evidencing

payment of such Taxes, or other evidence of such payment reasonably satisfactory to the Administrative Agent, within 30 days after the date of any payment of Taxes thereunder.

(f) If a Borrower fails to pay any Taxes under this Section 10.2 when due or if a Borrower fails to send to the Administrative Agent the required documentary evidence of the payment of Taxes pursuant to Section 10.2, the US Borrowers shall jointly and severally indemnify and save harmless the Administrative Agent and the Lenders from any Taxes, interest, penalties or other liabilities that may become payable by the Administrative Agent or by any Lender or to which the Administrative Agent or any Lender may be subjected to as a result of any such failure and the Canadian Borrower shall indemnify and save harmless the Administrative Agent and the Lenders from any Taxes, interest, penalties or other liabilities that may become payable by the Administrative Agent or by any Lender or to which the Administrative Agent or any Lender may be subjected to as a result of any such failure by the Canadian Borrower. A certificate of the Administrative Agent or any applicable Lender as to the amount of any such Taxes, interest, penalties or other liabilities and containing reasonable details of the calculation of such Taxes, interest, penalties or other liabilities shall be, absent manifest error, prima facie evidence of the amount of such Taxes, interest, penalties or other liabilities, as the case may be. The indemnification in this Section 10.2 shall be made within 30 days after the date the Administrative Agent or any applicable Lender has submitted a certificate under this Section 10.2.

(g) A Lender that is entitled to an exemption from or reduction of non-U.S. withholding tax under the law of the jurisdiction in which a Borrower is located, or any treaty to which such jurisdiction is a party, with respect to payments under this Agreement shall deliver to the Lead Borrower (with a copy to the Agent), at the time or times prescribed by Applicable Law or reasonably requested by the Lead Borrower, such properly completed and executed documentation prescribed by applicable law as will permit such payments to be made without withholding or at a reduced rate, provided that such Lender is legally entitled to complete, execute and deliver such documentation and in such Lender's judgment such completion, execution or submission would not materially prejudice the legal position of such Lender.

(h) If the Administrative Agent or any Lender determines, in its Permitted Discretion, that it has received a refund of any Taxes as to which it has been indemnified by a Borrower or with respect to which a Borrower has paid additional amounts pursuant to this Section 10.2, it shall pay over such refund to the Lead Borrower (but only to the extent of indemnity payments made, or additional amounts paid, by such Borrower under this Section 10.2 with respect to the Taxes giving rise to such refund), net of all out-of-pocket expenses of the Agent or such Lender and without interest (other than any interest paid by the relevant Governmental Authority with respect to such refund); provided, that the Borrowers, upon the request of the Agent or such Lender, agrees to repay the amount paid over to for the account of such Borrower (plus any penalties, interest or other charges imposed by the relevant Governmental Authority) to the Administrative Agent or such Lender in the event the Administrative Agent or such Lender is required to repay such refund to such Governmental Authority. This paragraph shall not be construed to require the Administrative Agent or any Lender to make available its tax returns (or any other information relating to its taxes which it deems confidential) to the Borrowers or any other Person.

(i) Without prejudice to the survival of any other obligation contained in the Loan Documents, the obligations of a Borrower under this section 10.2 shall survive the termination of the Loan Documents and the payment of all amounts payable to the Agent or the Lenders under the Loan Documents or with respect to the Loan Documents.

## **11. WAIVERS; INDEMNIFICATION.**

11.1. Demand; Protest; etc. Each Borrower waives demand, protest, notice of protest, notice of intention to accelerate, notice of acceleration, notice of default or dishonor, notice of payment and nonpayment, nonpayment at maturity, release, compromise, settlement, extension, or renewal of documents, instruments, chattel paper, and guarantees at any time held by the Agent or any Lender on which each such Borrower may in any way be liable.

11.2. The Agent's Liability for Collateral. Each Borrower hereby agrees that: (a) so long as the Agent complies with its obligations, if any, under the Code or the PPSA, Agent and Lenders shall not in any way or manner be liable or responsible for: (i) the safekeeping of the Collateral, (ii) any loss or damage thereto occurring or

arising in any manner or fashion from any cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, warehouseman, bailee, forwarding agency, or other Person, and (b) all risk of loss, damage, or destruction of the Collateral shall be borne by Borrowers.

11.3. Indemnification. Each Borrower shall pay, indemnify, defend, and hold the Agent and Lenders, the Agent-Related Persons, each Participant, and each of their respective officers, directors, employees, agents, attorneys, and attorneys-in-fact (each, an “Indemnified Person”) harmless (to the fullest extent permitted by law) from and against any and all claims, demands, suits, actions, investigations, proceedings, and damages, and all reasonable attorneys and solicitors fees and disbursements and other costs and expenses actually incurred in connection therewith (as and when they are incurred and irrespective of whether suit is brought), at any time asserted against, imposed upon, or incurred by any of them (a) in connection with or as a result of or related to the execution, delivery, enforcement, performance, or administration of this Agreement, any of the other Loan Documents, or the transactions contemplated hereby or thereby, and (b) with respect to any investigation, litigation, or proceeding related to this Agreement, any other Loan Document, or the use of the proceeds of the credit provided hereunder (irrespective of whether any Indemnified Person is a party thereto), or any act, omission, event, or circumstance in any manner related thereto (all the foregoing, collectively, the “Indemnified Liabilities”). The foregoing to the contrary notwithstanding, Borrowers shall have no obligation to any Indemnified Person under this Section 11.3 with respect to any Indemnified Liability that a court of competent jurisdiction finally determines to have resulted from the gross negligence or willful misconduct of such Indemnified Person. This provision shall survive the termination of this Agreement and the repayment of the Obligations. If any Indemnified Person makes any payment to any other Indemnified Person with respect to an Indemnified Liability as to which Borrowers were required to indemnify the Indemnified Person receiving such payment, the Indemnified Person making such payment is entitled to be indemnified and reimbursed by Borrowers with respect thereto. Borrowers shall be subrogated to an Indemnified Person’s rights of recovery to the extent of any liabilities satisfied by the Borrowers and such Indemnified Person shall execute and deliver such instruments and papers as are necessary to assign such rights and assist in the execution thereof; provided, however, that, and, notwithstanding the foregoing to the contrary, such subrogation rights of Borrowers may not be exercised until payment in full of all Obligations due hereunder and the termination of the Lenders’ obligation to make Advances under the Revolving Credit and shall be subordinate to the Obligations due Agents, the Issuing Bank, and Lenders in all respects. **WITHOUT LIMITATION, THE FOREGOING INDEMNITY SHALL APPLY TO EACH INDEMNIFIED PERSON WITH RESPECT TO INDEMNIFIED LIABILITIES WHICH IN WHOLE OR IN PART ARE CAUSED BY OR ARISE OUT OF ANY NEGLIGENT ACT (NOT CONSTITUTING GROSS NEGLIGENCE) OR OMISSION OF SUCH INDEMNIFIED PERSON OR OF ANY OTHER PERSON.**

11.4. Costs and Expenses of the Agents and Lenders.

(a) The Borrowers shall pay from time to time on demand all costs of collection, Agent Expenses and Lender Expenses and all reasonable costs, expenses, and disbursements (including reasonable attorneys’ fees and expenses) which are incurred by Agents, the Issuing Bank, and/or the Lenders in connection with the preparation, negotiation, execution, administration and delivery of this Agreement and of any other Loan Documents, and all other reasonable costs, expenses, and disbursements which may be incurred in connection with or in respect to the credit facility contemplated hereby or which otherwise are incurred with respect to the Obligations.

(b) The Borrowers shall pay from time to time on demand all Agent Expenses and Lender Expenses (including reasonable attorneys’ and solicitors’ fees and reasonable attorneys’ and solicitors’ expenses) incurred, following the occurrence of any Event of Default, by the Lenders or Agents.

(c) Each Borrower authorizes the Administrative Agent to pay all such fees and expenses, and in the Administrative Agent’s discretion, to add such fees and expenses to the Loan Account.

(d) The undertaking on the part of each Borrower in this Section 11.4 shall survive payment of the Obligations and/or any termination, release, or discharge executed by any Agent in favor of any Borrower, other than a termination, release, or discharge which makes specific reference to this Section 11.4.

**12. NOTICES.**

Unless otherwise provided in this Agreement, all notices or demands by Borrowers, Agent or any Lender to the others relating to this Agreement or any other Loan Document shall be in writing and (except for financial statements and other informational documents which may be sent by first-class mail, postage prepaid) shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, electronic mail (at such email addresses as the Lead Borrower, Agent or any Lender, as applicable, may designate to each other in accordance herewith), or telefacsimile (with a confirming receipt from the sending machine) to Borrowers in care of Lead Borrower or to Agent or any Lender, as the case may be, at its address set forth below:

If to Lead Borrower: Schurman Fine Papers, d/b/a Papyrus  
500 Chadbourne Road  
Caller Box 6030  
Fairfield, CA 94533  
Attn: Tom Shaw  
With a copy to: Dominique Schurman  
Fax No: (707) 428-0641

With copies to: Morgan Lewis & Bockius LLP  
One Market  
Spear Street Tower  
San Francisco, CA 94024  
Attn: Scott Karchmer, Esquire  
Fax No: (415) 442-1001

If to Agent, or  
Lender, Issuing Bank: Wells Fargo Retail Finance, LLC  
One Boston Place, 18<sup>th</sup> Floor  
Boston, MA 02108  
Attn: Joseph Burt  
Fax No. (617) 523-4032

with copies to: Brown Rudnick LLP  
One Financial Center  
Boston, MA 02111  
Attn: Steven Levine, Esquire  
Fax No. (617) 856-8201

Agent, any Lender, US Issuing Bank, and Borrowers may change the address at which they are to receive notices hereunder, by notice in writing in the foregoing manner given to the other party. All notices or demands sent in accordance with this Section 12, other than notices by Agent in connection with enforcement rights against the Collateral under the provisions of the Code or PPSA, shall be deemed received on the earlier of the date of actual receipt or 3 Business Days after the deposit thereof in the mail. Each Borrower acknowledges and agrees that notices sent by the Agent in connection with the exercise of enforcement rights against Collateral under the provisions of the Code or PPSA shall be deemed sent when deposited in the mail or personally delivered, or, where permitted by law, transmitted by telefacsimile or any other method set forth above.

**13. CHOICE OF LAW AND VENUE; JURY TRIAL WAIVER.**

**(a) THE VALIDITY OF THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS (UNLESS EXPRESSLY PROVIDED TO THE CONTRARY IN ANOTHER LOAN DOCUMENT IN RESPECT OF SUCH OTHER LOAN DOCUMENT), THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF AND THEREOF, AND THE RIGHTS OF THE PARTIES HERETO AND THERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR THEREUNDER OR RELATED HERETO OR THERETO SHALL BE DETERMINED UNDER,**

**GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS.**

(b) EACH BORROWER, AGENT, AND EACH LENDER IRREVOCABLY CONSENT AND SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE SUFFOLK COUNTY SUPERIOR COURT OF THE COMMONWEALTH OF MASSACHUSETTS AND ANY COURT TO WHICH AN APPEAL MAY BE TAKEN THEREFROM AND THE UNITED STATES DISTRICT COURT FOR THE DISTRICT OF MASSACHUSETTS, WHICHEVER AGENT MAY ELECT, AND IN ADDITION, BORROWERS IRREVOCABLY CONSENT AND SUBMIT TO THE NON-EXCLUSIVE JURISDICTION OF THE ONTARIO SUPERIOR COURT OF JUSTICE, IN EACH CASE, WHICHEVER AGENT MAY ELCT. THE PARTIES AGREE THAT ALL ACTIONS OR PROCEEDINGS ARISING IN CONNECTION WITH THIS AGREEMENT AND THE OTHER LOAN DOCUMENTS SHALL BE TRIED AND LITIGATED ONLY IN THE STATE AND FEDERAL COURTS LOCATED IN THE COUNTY OF SUFFOLK, COMMONWEALTH OF MASSACHUSETTS, PROVIDED, HOWEVER, THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT AGENT'S OPTION, IN THE COURTS OF ANY JURISDICTION WHERE AGENT ELECTS TO BRING SUCH ACTION OR WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. BORROWERS WAIVE, TO THE EXTENT PERMITTED UNDER APPLICABLE LAW, ANY RIGHT EACH MAY HAVE TO ASSERT THE DOCTRINE OF FORUM NON CONVENIENS OR TO OBJECT TO VENUE TO THE EXTENT ANY PROCEEDING IS BROUGHT IN ACCORDANCE WITH THIS SECTION 13(b) AND AGREE THAT ANY DISPUTE WITH RESPECT TO ANY SUCH MATTERS SHALL BE HEARD ONLY IN THE COURTS DESCRIBED ABOVE.

(c) BORROWERS, AGENT AND LENDERS HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. BORROWERS, AGENT AND LENDERS REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

**14. ASSIGNMENTS AND PARTICIPATIONS; SUCCESSORS.**

**14.1. Assignments and Participations.**

(a) Any Lender (an "Assignor") may assign and delegate to one or more assignees (each an "Assignee") all, or any ratable part of all, of the Obligations, the Commitments and the other rights and obligations of the Assignor hereunder and under the other Loan Documents (except that any documents or agreements concerning Bank Products may only be assigned in accordance with their terms); provided, however, that (i) the Administrative Agent and US Issuing Bank consents in advance to such Assignee, which consent shall not be unreasonably withheld or delayed and (ii) Borrowers and Lenders and Agents may continue to deal solely and directly with such Assignor in connection with the interest so assigned to an Assignee until (A) written notice of such assignment, together with payment instructions, addresses, and related information with respect to the Assignee, have been given to Lead Borrower and (B) the Assignor and its Assignee have delivered to Lead Borrower an Assignment and Acceptance substantially in the form of Exhibit 14.1(a) hereto.

(b) Each Lender may at any time sell to one or more commercial banks, financial institutions, or other Persons (other than Borrowers or their Affiliates) (a "Participant") participating interests in its Obligations, and the other rights and interests of such Lender.

(c) In connection with any such assignment or participation or proposed assignment or participation, the Assignor may disclose all documents and information which it now or hereafter may have relating to Borrowers or Borrowers' business to any proposed Assignee.

(d) Any other provision in this Agreement notwithstanding, the Agent or any Lender may at any time create a security interest in, or pledge, all or any portion of its rights under and interest in this Agreement in favor of any Federal Reserve Bank in accordance with Regulation A of the Federal Reserve Bank or U.S. Treasury Regulation 31 CFR §203.14, and such Federal Reserve Bank may enforce such pledge or security interest in any manner permitted under applicable law.

14.2. Successors. This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that Borrowers may not assign this Agreement or any rights or duties hereunder without the Agent's and Lenders' prior written consent and any prohibited assignment shall be absolutely void *ab initio*. No consent to assignment by the Agent or the Lenders shall release any Borrower from its Obligations. The Agent and Lenders may assign this Agreement and the other Loan Documents and their respective rights and duties hereunder and thereunder pursuant to Section 14.1 hereof and, except as expressly required pursuant to Section 14.1 hereof, no consent or approval by any Borrower is required in connection with any such assignment.

## 15. AMENDMENTS; WAIVERS.

### 15.1. Amendments and Waivers.

Subject to the provisions of Article 19 hereof, no amendment or waiver of any provision of this Agreement or any other Loan Document, and no consent with respect to any departure by any Borrower therefrom, shall be effective unless the same shall be in writing and signed by the Agents, US Issuing Bank, Lenders and Lead Borrower (on behalf of all Borrowers) and then any such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given. In addition, any amendment which would have the effect of making any of the following sections less restrictive on the Borrowers, or waive any non compliance with the following sections must also be approved in writing by AG: Sections 6.4, 6.5, 6.6, 6.7, 6.8, 6.9, 6.10, 6.12, 6.13, 6.17, 6.18 or Section 7.1 through Section 7.24 inclusive.

15.2. No Waivers; Cumulative Remedies. No failure by Agent, any Lender, or US Issuing Bank to exercise any right, remedy, or option under this Agreement or any other Loan Document nor any delay by Agent, any Lender, or any US Issuing Bank in exercising the same, will operate as a waiver thereof. No waiver by any Agent, US Issuing Bank, or any Lender will be effective unless it is in writing, and then only to the extent specifically stated. No waiver by any Agent, US Issuing Bank, or any Lender on any occasion shall affect or diminish its rights thereafter to require strict performance by Borrowers of any provision of this Agreement. Agent's, each Lender's, and US Issuing Bank's rights under this Agreement and the other Loan Documents will be cumulative and not exclusive of any other right or remedy that Agents or Lenders may have.

15.3. Replacement of Holdout Lender. If any action to be taken by the Lenders or Agents hereunder requires the unanimous consent, authorization, or agreement of all Lenders, and a Lender ("Holdout Lender") fails to give its consent, authorization, or agreement, then Administrative Agent, upon at least 5 Business Days prior irrevocable notice to the Holdout Lender, may permanently replace the Holdout Lender with one or more substitute Lenders (each, a "Replacement Lender"), and the Holdout Lender shall have no right to refuse to be replaced hereunder. Such notice to replace the Holdout Lender shall specify an effective date for such replacement, which date shall not be later than 15 Business Days after the date such notice is given. Prior to the effective date of such replacement, the Holdout Lender and each Replacement Lender shall execute and deliver an Assignment and Acceptance Agreement, subject only to the Holdout Lender being repaid its share of the outstanding Obligations (including an assumption of its Pro Rata Share of the Risk Participation Liability) without any premium or penalty of any kind whatsoever. If the Holdout Lender shall refuse or fail to execute and deliver any such Assignment and Acceptance Agreement prior to the effective date of such replacement, the Holdout Lender shall be deemed to have executed and delivered such Assignment and Acceptance Agreement. The replacement of any Holdout Lender shall be made in accordance with the terms of Section 14.1. Until such time as the Replacement Lenders shall have acquired all of the Obligations, the Commitments, and the other rights and obligations of the Holdout Lender hereunder and under the other Loan Documents, the Holdout Lender shall remain obligated to make the Holdout Lender's Pro Rata Share of Advances and to purchase a participation in each Letter of Credit, in an amount equal to its Pro Rata Share of the Risk Participation Liability of such Letter of Credit.

**16. REVOLVING CREDIT FUNDINGS AND DISTRIBUTION.**

**16.1. Distributions.**

(a) On such day as may be set from time to time by the Administrative Agent, not less frequently than weekly (or more frequently at the Administrative Agent's option) the Administrative Agent, each Lender and the US Issuing Bank shall settle up on amounts advanced under the Revolving Credit and collected funds received in a Concentration Account.

(b) The Administrative Agent shall distribute to each Lender and the US Issuing Bank, such Person's respective pro-rata share of payments of principal, interest and fees on the Obligations when actually received and collected by the Administrative Agent (excluding the one Business Day for settlement provided for in Section 2.8, which shall be for the account of the Administrative Agent only). For purposes of calculating interest due to a Lender, that Lender shall be entitled to receive interest on the actual amount contributed by that Lender towards the principal balance of the Obligations outstanding during the applicable period covered by the interest payment made by the Borrowers. Any net principal reductions to the Obligations received by the Administrative Agent in accordance with the Loan Documents during such period shall not reduce such actual amount so contributed, for purposes of calculation of interest due to that Lender (but will reduce the principal amount for purposes of calculation of interest due from the Borrowers), until the Administrative Agent has distributed to that Lender its pro-rata share thereof.

(c) The Administrative Agent shall distribute fees paid on account of the Revolving Credit to each Lender, based upon such Lender's Commitment Percentage when actually received and collected by the Administrative Agent.

(d) No Lender shall have any interest in, or right to receive any part of any interest which reflects "float" as described in the proviso included in Section 2.8 or in the Commitment Fee (except as otherwise agreed by the Administrative Agent in writing). Any such fees shall be for the account of the Administrative Agent only.

(e) Any amount received by the Administrative Agent or the Collateral Agent as reimbursement for any cost or expense (including without limitation, reasonable attorneys' fees) shall be distributed by the Administrative Agent to that Person which is entitled to such reimbursement as provided in this Agreement (and if such Person(s) is (are) the Lenders, pro-rata based upon their respective Commitment Percentages at the date on which the expense, in respect of which such reimbursement is being made, was incurred).

**16.2. Revolving Credit Funding Procedures.**

(a) The Administrative Agent shall advise each Lender, no later than 1:00PM, Boston, Massachusetts time, on the date on which any Advance is to be made. Such advice, in each instance, may be by telephone or facsimile transmission, provided that if such advice is by telephone, it shall be confirmed in writing. Advice of an Advance shall include the amount of and interest rate applicable to the subject Advance.

(b) Subject to that Lender's Commitment, and the limitations set forth in Section 16.4 below, each Lender, by no later than the end of business on the day on which the subject Advance is to be made, shall electronically transfer that Lender's Commitment Percentage of the subject Advance to the Administrative Agent.

**16.3. Administrative Agent's Covering of Fundings.**

(a) Each Lender shall make available to the Administrative Agent, as provided herein, that Lender's Commitment Percentage of the following:

(i) Each Advance, up to the maximum amount of that Lender's Commitment.

(ii) Up to the maximum amount of that Lender's Commitment of each L/C Disbursement (to the extent that such L/C Disbursement is not "covered" by an Advance as provided herein).

(b) In all circumstances, the Administrative Agent may:

(i) Assume that each Lender timely shall make available to the Administrative Agent that Lender's Commitment Percentage of each Advance, notice of which is provided pursuant to Section 16.2(a) and shall make available, to the extent not "covered" by an Advance, that Lender's Commitment Percentage of any honoring of a Letter of Credit.

(ii) In reliance upon such assumption, make available the corresponding amount to the Lead Borrower.

(iii) Assume that each Lender timely shall pay, and shall make available, to the Administrative Agent all other amounts which that Lender is obligated to so pay and/or make available hereunder or under any of the Loan Documents.

(c) In the event that, in reliance upon any of such assumptions, the Administrative Agent makes available, a Lender's Commitment Percentage of one or more Advances, or any other amount to be made available hereunder or under any of the Loan Documents, which amount a Lender (a "Delinquent Lender") fails to provide to the Administrative Agent within one (1) Business Day of written notice of such failure, then:

(i) The amount which had been made available by the Administrative Agent is an "Administrative Agent's Cover" (and is so referred to herein).

(ii) All interest paid by the Borrowers on account of the Advances or coverage of the subject L/C Disbursement which consist of the Administrative Agent's Cover shall be retained by the Administrative Agent and applied by Administrative Agent to Administrative Agent's Cover until the Administrative Agent's Cover, with interest, has been paid.

(iii) The Delinquent Lender shall pay to the Administrative Agent, on demand, interest at a rate equal to the prevailing federal funds rate on any Administrative Agent's Cover in respect of that Delinquent Lender.

(iv) The Administrative Agent shall have succeeded to all rights to payment to which the Delinquent Lender otherwise would have been entitled hereunder in respect of those amounts paid by or in respect of the Borrowers on account of the Administrative Agent's Cover together with interest until it is repaid. Such payments shall be deemed made first towards the amounts in respect of which the Administrative Agent's Cover was provided and only then towards amounts in which the Delinquent Lender is then participating. For purposes of distributions to be made hereunder, amounts shall be deemed distributable to a Delinquent Lender (and consequently, to the Administrative Agent to the extent to which the Administrative Agent is then entitled) at the highest level of distribution (if applicable) at which the Delinquent Lender would otherwise have been entitled to a distribution.

(v) Subject to Section 16.3(c)(iv), the Delinquent Lender shall be entitled to receive any payments from the Borrowers to which the Delinquent Lender is then entitled, provided however there shall be deducted from such amount and retained by the Administrative Agent any interest to which the Administrative Agent is then entitled on account of Section 16.3(c)(ii), above.

(d) A Delinquent Lender shall not be relieved of any obligation of such Delinquent Lender hereunder (all and each of which shall constitute continuing obligations on the part of any Delinquent Lender).

(e) A Delinquent Lender may cure its status as a Delinquent Lender by paying the Administrative Agent the aggregate of the following:



(i) The Administrative Agent's Cover (to the extent not previously repaid by the Borrowers and retained by the Administrative Agent in accordance with Section 16.3(c)(iv), above) with respect to that Delinquent Lender.

Plus

(ii) The aggregate of the amount payable under Section 16.3(c)(iii), above (which relates to interest to be paid by that Delinquent Lender).

Plus

(iii) All such costs and expenses as may be incurred by the Administrative Agent in the enforcement of the Administrative Agent's rights against such Delinquent Lender.

## **17. ACCELERATION AND LIQUIDATION.**

### **17.1. Acceleration Notices.**

(a) The Agent may give the Revolving Credit Lenders an Acceleration Notice at any time following the occurrence and during the continuation of an Event of Default.

(b) The Majority Lenders may give the Agent an Acceleration Notice at any time following the occurrence and during the continuation of an Event of Default. Such notice may be by multiple counterparts, provided that counterparts executed by the requisite Lenders are received by the Administrative Agent within a period of five (5) consecutive Business Days.

### **17.2. Acceleration.**

(a) Unless stayed by judicial or statutory process, the Agent shall Accelerate the Obligations within a commercially reasonable time following:

(i) The Agent's giving of an Acceleration Notice to the Revolving Credit Lenders as provided in Section 17.1(a).

(ii) The Agent's receipt of an Acceleration Notice from the Majority Lenders, in compliance with Section 17.1(b).

17.3. Initiation of Liquidation. Unless stayed by judicial or statutory process, a Liquidation shall be initiated by the Agent within a commercially reasonable time following Acceleration of Obligations.

### **17.4. Actions At and Following Initiation of Liquidation.** At the initiation of a Liquidation:

(a) The Administrative Agent and the Lenders shall "net out" each Lender's respective contributions towards the Advances, so that each Lender holds that Lender's Commitment percentage of the Advances.

(b) Each Lender shall contribute, towards any Letter of Credit or L/C Guaranty thereafter honored and not immediately reimbursed by the Borrowers, that Lender's Commitment percentage of such honoring.

### **17.5. Agent's Conduct of Liquidation.**

(a) Any Liquidation, including, without limitation, the exercise of any rights of set off or offset, shall be conducted solely by the Collateral Agent (or any of the Lenders solely if so directed by Collateral Agent), with the advice and assistance of the Administrative Agent and the Lenders.

(b) The Collateral Agent may establish one or more Nominees to “bid in” or otherwise acquire ownership to any Post Foreclosure Asset.

(c) The Collateral Agent shall manage the Nominee and manage and dispose of any Post Foreclosure Assets with a view towards the realization of the economic benefits of the ownership of the Post Foreclosure Assets and in such regard, the Collateral Agent and/or the Nominee may operate, repair, manage, maintain, develop, and dispose of any Post Foreclosure Asset in such manner as the Collateral Agent determines as appropriate under the circumstances.

(d) Each Agent may decline to undertake or to continue taking a course of action or to execute an action plan (whether proposed by an Agent or a Lender) unless indemnified to that Agent’s satisfaction by the Lenders against any and all liability and expense which may be incurred by that Agent by reason of taking or continuing to take that course of action or action plan if such action was taken in the absence of gross negligence, actual bad faith, or willful misconduct.

(e) The Administrative Agent and each Lender shall execute all such instruments and documents not inconsistent with the provisions of this Agreement as the Administrative Agent and/or the Nominee reasonably may request with respect to the creation and governance of any Nominee, the conduct of the Liquidation, and the management and disposition of any Post Foreclosure Asset.

(f) The Administrative Agent, with the advice of the Lenders, may Liquidate (through a public or private sale in its discretion) or sell or otherwise dispose of any of the Collateral or all or any portion of the Borrowers’ assets or stock following the occurrence and during the continuance of an Event of Default hereunder and in connection therewith release the Lien thereon granted to the Collateral Agent hereunder. Each Lender hereby consents to the Collateral Agent’s release of the Liens granted to it in the Collateral in connection with a Liquidation or other sale of the Borrowers’ assets or stock following the occurrence and during the continuance of an Event of Default hereunder which the Collateral Agent determines is in the Lenders’ best interest.

#### 17.6. Distribution of Liquidation Proceeds by Collateral Agent.

(a) The Collateral Agent may establish one or more reasonably funded reserve accounts into which proceeds of the conduct of any Liquidation may be deposited in anticipation of future expenses which may be incurred by the Agent in the exercise of rights as a secured creditor and prior claims which the Agent anticipates may need to be paid.

(b) The Collateral Agent shall distribute the proceeds of any Liquidation to the Administrative Agent.

(c) The Administrative Agent shall distribute the net proceeds of Liquidation in accordance with the relative priorities set forth in Section 17.7.

(d) Each Lender, on the written request of the Agent and/or any Nominee, not more frequently than once each month, shall reimburse the Agent and/or any Nominee, pro-rata, for any cost or expense reasonably incurred by the Agent and/or the Nominee in the conduct of a Liquidation, which amount is not covered out of current proceeds of the Liquidation, which reimbursement shall be paid over to and distributed by the Agent.

#### 17.7. Distributions of Liquidation Proceeds by Administrative Agent and Ordinary Loan Payments.

(a) Proceeds of a Liquidation shall be distributed based on levels of priority with respect to each classification of Collateral as specified below.

(b) All distributions of proceeds of a Liquidation shall be net of payment over to the Agents as reimbursement for all reasonable third party costs and expenses incurred by the Agents and their counsel and to any funded reserve established pursuant to Section 17.6(a).

(c) The relative priorities to the proceeds of a Liquidation or any other sale of Collateral outside of the ordinary course of business shall be distributed based on the following relative priorities:

(A) First, to pay all fees and expenses then due and payable to the Administrative Agent, Collateral Agent, or any Lender, including, but not limited to, all Agent and Lender Expenses due to either the Administrative Agent or Collateral Agent or any Lender;

(B) Second, to the Lenders, in respect to the Obligations owed to such Lenders or their Affiliates (including, but not limited to the Applicable Revolving Credit Prepayment Premium) in respect of the Revolving Credit until all of such Obligations are indefeasibly paid in full and the Loan Agreement is terminated; and then

(C) Third, to the holders of any and all other Obligations due to the Agents or any Lender or any of their Affiliates (including, but not limited to Bank Product Obligations).

## **18. THE AGENT.**

### **18.1. Appointment of The Agents.**

(a) Each Lender, the US Issuing Bank and any Affiliate of any Lender providing any Bank Products (by virtue of providing such products) to Borrowers appoints and designates Wells Fargo Retail Finance, LLC as the “Administrative Agent” hereunder and under the Loan Documents.

(b) Each Lender, the US Issuing Bank and any Affiliate of any Lender providing any Bank Products (by virtue of providing such products) to Borrowers appoints and designates Wells Fargo Retail Finance, LLC as the “Collateral Agent” hereunder and under the Loan Documents.

(c) Each Lender, the US Issuing Bank and any Affiliate of any Lender providing any Bank Products (by virtue of providing such products) to Borrowers authorizes each Agent:

(i) To the Administrative Agent’s Cover (to the extent not previously repaid by the Borrowers and retained by the Administrative Agent in accordance with Section 16.3(c)(iv), above) with respect to that Delinquent Lender.

(ii) To execute those of the Loan Documents and all other instruments relating thereto to which that Agent is a party.

(iii) To take such action on behalf of the Lenders, the Issuing Bank and any Affiliate of any Lender providing any Bank Products to Borrowers and to exercise all such powers as are expressly delegated to that Agent hereunder and in the Loan Documents and all related documents, together with such other powers as are reasonably incident thereto.

### **18.2. Responsibilities of Agents.**

(a) The Administrative Agent shall have principal responsibilities for and primary authority for the administration of the credit facilities contemplated by the Loan Agreement and for all matters for which the Collateral Agent is not responsible. In all instances where the allocation of responsibility and authority, as between the Collateral Agent and the Administrative Agent is in doubt, the Administrative Agent shall be vested with such responsibility and authority.

(b) The Collateral Agent shall have principal responsibilities for maintaining the perfection of the Agent’s Liens and primary authority for the conduct of the Liquidation and the distribution of the proceeds of such Liquidation.

(c) Neither Agent shall have any duties or responsibilities to, or any fiduciary relationship with, any Lender or any Lender Affiliate except for those expressly set forth in this Agreement.

(d) Neither Agent nor any of its Affiliates shall be responsible to any Lender or any Lender Affiliate for any of the following:

(i) Any recitals, statements, representations or warranties made by any Borrower or any other Person.

(ii) Any appraisals or other assessments of the assets of any Borrower or of any other Person responsible for or on account of the Obligations.

(iii) The value, validity, effectiveness, genuineness, enforceability, or sufficiency of the Loan Agreement, the Loan Documents or any other document referred to or provided for therein.

(iv) Any failure by any Borrower or any other Person (other than the subject Agent) to perform its obligations under the Loan Documents or any other document referred to or provided for therein.

(e) Each Agent may employ attorneys, accountants, and other professionals and agents and attorneys-in-fact and shall not be responsible for the negligence or misconduct of any such attorneys, accountants, and other professionals or agents or attorneys-in-fact selected by the subject Agent with reasonable care. No such attorney, accountant, other professional, agent, or attorney-in-fact shall be responsible for any action taken or omitted to be taken by any other such Person.

(f) Neither Agent, nor any of its directors, officers, or employees shall be responsible for any action taken or omitted to be taken or omitted to be taken by any other of them in connection herewith in reliance upon advice of their respective counsel nor, in any other event except for any action taken or omitted to be taken as to which a final judicial determination has been or is made (in a proceeding in which such Person has had an opportunity to be heard) that such Person had acted in a grossly negligent manner, in actual bad faith, or in willful misconduct.

(g) Neither Agent shall have any responsibility in any event for more funds than that Agent actually receives and collects.

(h) The Agents, in their separate capacities as Lenders, shall have the same rights and powers hereunder as any other Lender.

(i) It is the purpose of this Agreement and the other Loan Documents that there shall be no violation of any law of any jurisdiction denying or restricting the right of banking corporations or associations to transact business as agent or trustee in such jurisdiction. It is recognized that in case of litigation under this Agreement or any of the other Loan Documents, and in particular in case of the enforcement of any of the Loan Documents, or in case the Collateral Agent deems that by reason of any present or future law of any jurisdiction it may not exercise any of the rights, powers or remedies granted herein or in any of the other Loan Documents or take any other action which may be desirable or necessary in connection therewith, it may be necessary that the Collateral Agent appoints an additional individual or institution as a separate trustee, co-trustee, collateral agent or collateral co-agent (any such additional individual or institution being referred to herein individually as a "Supplemental Collateral Agent" and collectively as "Supplemental Collateral Agents").

(j) If the Collateral Agent appoints a Supplemental Collateral Agent with respect to any Collateral, (i) each and every right, power, privilege or duty expressed or intended by this Agreement or any of the other Loan Documents to be exercised by or vested in or conveyed to the Collateral Agent with respect to such Collateral shall be exercisable by and vest in such Supplemental Collateral Agent to the extent, and only to the extent, necessary to enable such Supplemental Collateral Agent to exercise such rights, powers and privileges with respect to such Collateral and to perform such duties with respect to such Collateral, and every covenant and obligation contained in the Loan Documents and necessary to the exercise or performance thereof by such

Supplemental Collateral Agent shall run to and be enforceable by either the Collateral Agent or such Supplemental Collateral Agent, and (ii) the provisions of Articles 18 and 19 of this Agreement that refer to the Collateral Agent or Agent shall inure to the benefit of such Supplemental Collateral Agent and all references therein to the Collateral Agent shall be deemed to be references to the Collateral Agent and/or such Supplemental Collateral Agent, as the context may require.

(k) Should any instrument in writing from a Borrower be required by any Supplemental Collateral Agent so appointed by the Collateral Agent for more fully and certainly vesting in and confirming to him or it such rights, powers, privileges and duties, such Borrower shall execute, acknowledge and deliver any and all such instruments promptly upon request by the Collateral Agent. In case any Supplemental Collateral Agent, or a successor thereto, shall die, become incapable of acting, resign or be removed, all the rights, powers, privileges and duties of such Supplemental Collateral Agent, to the extent permitted by law, shall vest in and be exercised by the Collateral Agent until the appointment of a new Supplemental Collateral Agent.

(l) For the purposes of the grant of security under the laws of the Province of Quebec which may now or in the future be required to be provided by any Borrower, the Collateral Agent is hereby irrevocably authorized and appointed to act as the holder of an irrevocable power of attorney (*fondé de pouvoir*) (within the meaning of Article 2692 of the *Civil Code of Quebec*) in order to hold any hypothec granted under the laws of the Province of Quebec as security for any debenture, bond or other title of indebtedness that may be issued by any such Borrower pursuant to a deed of hypothec and to exercise such rights and duties as are conferred upon a *fondé de pouvoir* under the relevant deed of hypothec and applicable laws (with the power to delegate any such rights or duties). Moreover, in respect of any pledge by any such Borrower of any such debenture, bond or other title of indebtedness as security for any obligations arising under the Loan Documents, the Collateral Agent shall also be authorized to hold such debenture, bond or other title of indebtedness as agent and pledgee for its own account and for the benefit of all Agents, Lenders, US Issuing Bank and any other holder of Obligations (collectively, the “Secured Parties”), the whole notwithstanding the provisions of Section 32 of *An Act respecting the Special Powers of Legal Persons* (Quebec). The execution prior to the date hereof by the Collateral Agent of any deed of hypothec or other security documents made pursuant to the laws of the Province of Quebec, is hereby ratified and confirmed. Any person who becomes a Lender or successor Collateral Agent shall be deemed to have consented to and ratified the foregoing appointment of the Collateral Agent as *fondé de pouvoir*, agent and mandatary on behalf of all Secured Parties, including such person designated above as a Secured Party. For greater certainty, the Collateral Agent, acting as the holder of an irrevocable power of attorney (*fondé de pouvoir*), shall have the same rights, powers, immunities, indemnities and exclusions from liability as are prescribed in favour of the Collateral Agent in this Agreement, which shall apply *mutatis mutandis*. In the event of the resignation and appointment of a successor Collateral Agent, such successor Collateral Agent shall also act as the holder of an irrevocable power of attorney (*fondé de pouvoir*).

### 18.3. Concerning Distributions By the Agents; Lenders’ Exercise of Set-Off.

(a) Each Agent, in that Agent’s reasonable discretion based upon that Agent’s determination of the likelihood that additional payments will be received, expenses incurred, and/or claims made by third parties to all or a portion of such proceeds, may delay the distribution of any payment received on account of the Obligations.

(b) Each Agent may disburse funds prior to determining that the sums that Agent expects to receive have been finally and unconditionally paid to that Agent. If and to the extent that Agent does disburse funds and it later becomes apparent that the Agent did not then receive a payment in an amount equal to the sum paid out, then any Lender to whom the Agent made the funds available, on demand from the Agent, shall refund to the Administrative Agent the sum paid to that Person.

(c) If, in the opinion of an Agent, the distribution of any amount received by that Agent might involve that Agent in liability, or might be prohibited hereby, or might be questioned by any Person, then that Agent may refrain from making distribution until that Agent’s right to make distribution has been adjudicated by a court of competent jurisdiction.

(d) The proceeds of any Lender's exercise of any right of, or in the nature of, set-off shall be shared with the other Lenders as if distributed pursuant to (and shall be deemed as distributions under) Section 17.7(c) hereof.

(e) Each Lender recognizes that the crediting the Borrowers with the "proceeds" of any transaction in which a Post Foreclosure Asset is acquired is a non-cash transaction and that, in consequence, no distribution of such "proceeds" will be made by the Administrative Agent to any Lender.

(f) In the event that (x) a court of competent jurisdiction shall adjudge that any amount received and distributed by the Administrative Agent is required to be repaid or disgorged or (y) those Lenders adversely affected thereby determine to effect such repayment or disgorgement, then each Lender to which any such distribution shall have been made shall repay, to the Agent which had made such distribution, that Lender's Pro-Rata share of the amount so adjudged or determined to be repaid or disgorged.

18.4. Distributions of Notices and Other Documents. The Administrative Agent will forward to each Lender, promptly after the Administrative Agent's receipt thereof, a copy of each notice or other document furnished to the Administrative Agent pursuant to this Agreement, including monthly, quarterly, and annual financial statements received from the Lead Borrower pursuant to Article 6 of this Agreement, other than any of the following (except upon specific request by a Lender):

(a) Routine communications associated with requests for Advances and/or the issuance of L/C's.

(b) Routine or nonmaterial communications.

(c) Any notice or document required by any of the Loan Documents to be furnished to the Lenders by the Lead Borrower.

(d) Any notice or document of which the Administrative Agent has knowledge that such notice or document had been forwarded to the Lenders other than by the Administrative Agent.

18.5. Confidential Information.

(a) The Agent and each Lender will maintain, as confidential, all of the following:

(i) Any recitals, statements, representations or warranties made by any Borrower or any other Person.

(ii) Proprietary approaches, techniques, and methods of analysis which are applied by the Agent in the administration of the credit facilities contemplated by this Agreement.

(iii) Proprietary forms and formats utilized by the Administrative Agent in providing reports to the Lenders pursuant hereto, which forms or formats are not of general currency.

(iv) The results of financial examinations, reviews, inventories, analysis, appraisals, and other information concerning, relating to, or in respect of any Borrower or Guarantor and prepared by or at the request of, or furnished to any of, the Agent or Lenders by or on behalf of the Borrowers or Guarantors.

(v) Nothing included herein shall prohibit the disclosure of any such information as may be required to be provided by judicial process or by regulatory authorities having jurisdiction over any party to this Agreement.

18.6. Reliance by Agents. Each Agent shall be entitled to rely upon any certificate, notice or other document (including any cable, telegram, telex, or facsimile) reasonably believed by that Agent to be genuine and

correct and to have been signed or sent by or on behalf of the proper Person or Persons, and upon advice and statements of attorneys, solicitors, accountants and other experts selected by that Agent. As to any matters not expressly provided for in this Agreement, any Loan Document, or in any other document referred to therein, that Agent shall in all events be fully protected in acting, or in refraining from acting, in accordance with the applicable Consent required by this Agreement. Instructions given with the requisite Consent shall be binding on all Lenders.

18.7. Non-Reliance on Agents and Other Lenders.

(a) Each Lender represents to all other Lenders and to the Agents that such Lender:

(i) Independently and without reliance on any representation or act by any Agent or by any other Lender, and based on such documents and information as that Lender has deemed appropriate, has made such Lender's own appraisal of the financial condition and affairs of the Borrowers and decision to enter into this Agreement.

(ii) Has relied upon that Lender's review of the Loan Documents by that Lender and by counsel to that Lender as that Lender deemed appropriate under the circumstances.

(iii) Each Lender agrees that such Lender, independently and without reliance upon any Agent or any other Lender, and based upon such documents and information as such Lender shall deem appropriate at the time, will continue to make such Lender's own appraisals of the financial condition and affairs of the Borrowers when determining whether to take or not to take any discretionary action under this Agreement.

(b) Except as otherwise provided herein, neither Agent in the discharge of that Agent's duties hereunder, shall:

(i) Be required to make inquiry of, or to inspect the properties or books of, any Person.

(ii) Have any responsibility for the accuracy or completeness of any financial examination, review, inventory, analysis, appraisal, and other information concerning, relating to, or in respect of any Borrowers and prepared by or at the request of, or furnished to any of, the Lenders by or on behalf of the Administrative Agent.

(iii) Except for notices, reports, and other documents and information expressly required to be furnished to the Lenders by the Administrative Agent hereunder, the Agents shall not have any affirmative duty or responsibility to provide any Lender with any credit or other information concerning any Person, which information may come into the possession of Agents or any Affiliate of an Agent.

(iv) Each Lender, at such Lender's request, shall have reasonable access to all nonprivileged documents in the possession of the Agents, which documents relate to the Agents' performance of their duties hereunder.

18.8. Indemnification. Without limiting the liabilities of the Borrowers under this Agreement or any of the other Loan Documents, each Lender shall indemnify each Agent, pro-rata, for any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever (including reasonable attorneys' fees and expenses and other out-of-pocket expenditures) which may at any time be imposed on, incurred by, or asserted against that Agent and in any way relating to or arising out of this Agreement or any other Loan Document or any documents contemplated by or referred to therein or the transactions contemplated thereby or the enforcement of any of terms hereof or thereof or of any such other documents, provided, however, no Lender shall be liable for any of the foregoing to the extent that any of the foregoing arises from any action taken or omitted to be taken by the subject Agent as to which a final judicial determination has been or is made (in a proceeding in which the subject Agent has had an opportunity to be heard) that the subject Agent had acted in a grossly negligent manner, in actual bad faith, or in willful misconduct.

18.9. Resignation of Agent.

(a) An Agent may resign at any time by giving 30 days prior written notice thereof to the Lenders and to the other Agent. Upon receipt of any such notice of resignation, the Majority Lenders shall have the right to appoint a successor to such Agent. If a successor Agent shall not have been so appointed and accepted such appointment within 20 days after the giving of notice by the resigning Agent, then the resigning Agent may appoint a successor Agent, which shall be a financial institution having a combined capital and surplus in excess of \$500,000,000.00.

(b) Upon the acceptance of any appointment as an Agent hereunder by a successor Agent, such successor shall thereupon succeed to, and become vested with, all the rights, powers, privileges, and duties of the (resigning) Agent so replaced, and the (resigning) Agent shall be discharged from the (resigning) Agent's duties and obligations hereunder, other than on account of any responsibility for any action taken or omitted to be taken by the (resigning) Agent as to which a final judicial determination has been or is made (in a proceeding in which the (resigning) Person has had an opportunity to be heard) that such Person had acted in a grossly negligent manner or in bad faith.

(c) After any retiring Agent's resignation, the provisions of this Agreement and of all other Loan Documents shall continue in effect for the retiring Person's benefit in respect of any actions taken or omitted to be taken by it while it was acting as an Agent.

19. ACTION BY AGENT; CONSENTS; AMENDMENTS; WAIVERS.

19.1. Administration of Credit Facilities.

(a) Except as otherwise specifically provided in this Agreement, each Agent may take any action with respect to the credit facility contemplated by the Loan Documents as the Agent determines to be appropriate within their respective areas of responsibility and authority, as set forth in Article 18 hereof, *provided, however*, neither Agent is under any affirmative obligation to take any action which it is not required by this Agreement or the Loan Documents specifically to so take.

(b) Except as specifically provided in the Sections 19.2, 19.3, 19.4, and 19.6 of this Agreement, whenever a Loan Document or this Agreement provides that action may be taken or omitted to be taken in an Agents' discretion, that Agent shall have the sole right to take, or refrain from taking, such action without, and notwithstanding, any vote of the Lenders.

(c) The rights granted to the Lenders in those sections referenced in Article 19.1(b) shall not otherwise limit or impair any Agent's exercise of its discretion under the Loan Documents.

19.2. Actions Requiring or On Direction of Majority Lenders. Except as otherwise provided in this Article 19, the Consent or direction of only the Majority Lenders is required for any amendment, waiver, or modification of any Loan Document.

19.3. Actions Requiring Certain Consent. The following Consent shall be required for the following actions:

ACTION	REQUIRED CONSENT
(a) Any increase in any Lender's Commitment percentage or amount (other than by reason of the application of <u>Section 13(a)</u> (which deals with assignments and participations)), or in the Issuing Bank Commitment it being understood that this <u>Section 19.3(a)</u> addresses changes to Commitments	All Lenders affected thereby other than any Delinquent Lender and, as to any increase in the Issuing Bank Commitment, the Issuing Bank.



inter se and not any increase in the overall size of the Revolving Credit.	
(b) Forgiveness of any portion of the Obligations in respect to principal, interest, or fees due in respect of the Revolving Credit	All Lenders whose payment Obligation is being so forgiven (other than any Delinquent Lender, if otherwise applicable.)
(c) Any decrease in any interest rate, fee or assessment payable under any of the Loan Documents	All Lenders adversely affected thereby (other than any Delinquent Lender, if otherwise applicable).
(d) Disgorgement as described in <u>Section 18.3(f)</u> .	Majority Lenders.
(e) Any extension of the Maturity Date.	Unanimous Consent.
(f) Any release of all or substantially all of the Collateral not otherwise required or provided for in the Loan Documents or to facilitate a Liquidation or sale or other transfer of the Collateral following the occurrence and during the continuance of an Event of Default hereunder as permitted hereunder.	Unanimous Consent.
(g) Any release of any Person obligated on account of the Obligations.	Unanimous Consent.
(h) The waiver of the obligation of the Borrowers to reduce the unpaid principal balance of Advances or cash collateralize outstanding Letters of Credit under the Revolving Credit to an amount which does not exceed a Permitted Protective OverAdvance.	Unanimous Consent.
(i) Any amendment of <u>Section 7.20</u> or in the definition of any defined term used in <u>Section 7.20</u> ; provided, however, that Lenders hereby consent to any amendment of such section or terms if the effect of such amendment is to increase the Minimum Excess Availability Covenant so that it is more restrictive as against the Borrowers.	Unanimous Consent.
(j) Any amendment of this <u>Article 19</u> .	Unanimous Consent.
(k) The making of any Advance which, when made, is an OverLoan but is not a Permitted Protective OverAdvance; <i>provided, however,</i>  (i) no Consent shall be required in connection with the making of any Advance to “cover” any honoring of a drawing under any L/C; and  (ii) each Lender recognizes that subsequent to the making of a Advance which does not constitute a Permitted Protective OverAdvance, the unpaid principal balance of the Loan Account	Unanimous Consent.

may exceed the Adjusted Borrowing Base or the Minimum Excess Availability Covenant on account of changed circumstances beyond the control of the Administrative Agent (such as a drop in collateral value).	
(l) Allowing a Permitted Protective OverAdvance to be outstanding for more than forty-five (45) consecutive Business Days or more than three (3) times during any twelve (12) month period; provided, however, that any Advance under the Revolving Credit which results in a Permitted Protective OverAdvance may be made by the Administrative Agent, in its Permitted Discretion, without the prior Consent of any of the Lenders and that each Lender shall be bound thereby except that the Consent of Super Majority Lenders shall be required in respect to any Permitted Protective OverAdvance which would cause the outstanding principal balance of all Advances to exceed 110% of the Maximum Revolver Amount.	Super Majority Lenders.
(m) The sending of an Acceleration Notice to the Administrative Agent pursuant to <u>Section 17.1(b)</u> hereof.	Super Majority Lenders.
<p>(n) Any amendment of the definition of the terms “Adjusted Borrowing Base”, “Borrowing Base”, “Availability”, “Minimum Excess Availability Covenant”, or of any definition of any component thereof, such that more credit would be available to the Borrowers, based on the same assets, as would have been available to the Borrowers immediately prior to such amendment, <i>it being understood, however, that:</i></p> <p>(i) The foregoing shall not limit the adjustment by the Administrative Agent of any Reserve in the Administrative Agent’s administration of the Revolving Credit as otherwise permitted by this Agreement.</p> <p>(ii) The foregoing shall not prevent the Administrative Agent, in its administration of the Revolving Credit, from restoring any component of Borrowing Base which had been lowered by the Administrative Agent back to the value of such component, as stated in this Agreement or to an intermediate value.</p>	Unanimous Consent.
(o) Any amendment of the definition of the terms Majority Lenders, Permitted Protective Overadvance, Unanimous Consent and Super Majority Lenders	Unanimous Consent

19.4. Actions Requiring Agents' or Issuing Bank's Consent.

(a) No action, amendment, or waiver of compliance with, any provision of the Loan Documents or of this Agreement which affects an Agent or US Issuing Bank in its capacity as an Agent or US Issuing Bank respectively may be undertaken without the written consent of such Agents or US Issuing Bank, as applicable.

(b) No action referenced herein which affects the rights, duties, obligations, or liabilities of an Agent or US Issuing Bank shall be effective without the written consent of such Agent or US Issuing Bank.

19.5. Miscellaneous Actions.

(a) Notwithstanding any other provision of this Agreement, no single Lender independently may exercise any right of action or enforcement against or with respect to any Borrower or Guarantor.

(b) Each Agent shall be fully justified in failing or refusing to take action under this Agreement or any Loan Document on behalf of any Lender unless that Agent shall first:

(i) receive such clear, unambiguous, written instructions as that Agent deems appropriate; and

(ii) be indemnified to that Agent's satisfaction by the Lenders against any and all liability and expense which may be incurred by that Agent by reason of taking or continuing to take any such action, unless such action had been grossly negligent, in willful misconduct, or in bad faith.

(iii) Each Agent may establish reasonable procedures for the providing of direction and instructions from the Lenders to that Agent, including its reliance on multiple counterparts, facsimile transmissions, and time limits within which such direction and instructions must be received in order to be included in a determination of whether the requisite Lenders have provided their direction, Consent, or instructions.

19.6. Actions Requiring Lead Borrower's Consent. Provided that an Event of Default has not then occurred and is continuing, the Lead Borrower's consent is required for any amendment of this Agreement, except that each of the following Articles of this Agreement may be amended without the consent of the Lead Borrower:

Article	Title of Article
16	Revolving Credit Fundings and Distributions
17	Acceleration and Liquidation
18	The Agents (except 18.5)
19	Action By Agents – Consents – Amendments – Waivers (except this <u>Section 19.6</u> )

19.7. Actions Requiring Agent's Consent.

(a) No action, amendment, or waiver of compliance with any provision of the Loan Documents or of this Agreement which affects the Agent in its capacity as Agent may be undertaken without the written consent of the Agent.

(b) No action referenced herein which affects the rights, duties, obligations, or liabilities of the Agent shall be effective without the written consent of the Agent.

## 20. GENERAL PROVISIONS.

20.1. English Language/Langue Anglaise. The parties hereto have expressly required that this Agreement and all deeds, documents and notices relating thereto be drafted in the English language.

Les parties aux présentes ont expressément exigé que la présente convention et tous les autres contrats, documents ou avis qui y sont afférents soient rédigés en anglais.

20.2. Effectiveness. This Agreement shall be binding and deemed effective when executed by Agents, Borrowers, Lenders and US Issuing Bank.

20.3. Section Headings. Headings and numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each Section applies equally to this entire Agreement.

20.4. Intentionally Deleted.

20.5. Severability of Provisions. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

20.6. Amendments in Writing. This Agreement only can be amended by writing in accordance with Section 15.1.

20.7. Counterparts; Telefacsimile Execution. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*, except as otherwise specifically provided therein or therefor.

20.8. Revival and Reinstatement of Obligations. If the incurrence or payment of the Obligations by any Borrower or the transfer to any Agent or any Lender of any property should for any reason subsequently be declared to be void or voidable under any state or federal law relating to creditors' rights, including provisions of the Bankruptcy Code relating to fraudulent conveyances, preferences, or other voidable or recoverable payments of money or transfers of property (collectively, a "Voidable Transfer"), and if such Agent or Lender is required to repay or restore, in whole or in part, any such Voidable Transfer, or elects to do so upon the reasonable advice of its counsel, then, as to any such Voidable Transfer, or the amount thereof that such Agent or Lender is required or elects to repay or restore, and as to all reasonable costs, expenses, and attorneys fees of the Agent(s) and/or Lender(s) related thereto, the liability of Borrowers automatically shall be revived, reinstated, and restored and shall exist as though such Voidable Transfer had never been made.

20.9. Integration. This Agreement, together with the other Loan Documents, reflects the entire understanding of the parties with respect to the transactions contemplated hereby and shall not be contradicted or qualified by any other agreement, oral or written, before the date hereof.

20.10. Right of Set-Off. Any and all deposits or other sums at any time credited by or due to any Borrower from any Agent or any Lender or any Participant or from any Affiliate of any of the foregoing, and any cash, securities, instruments or other property of any Borrower in the possession of any of the foregoing, whether for safekeeping or otherwise (regardless of the reason such Person had received the same) shall at all times constitute security for any and all Obligations of each Borrower to each Agent and such Lender or any Participant or such Affiliate and may be applied or set off against Obligations and against such obligations at any time, whether or not such are then due and whether or not other collateral is then available to any Agent or that Lender.

20.11. Pledges To Federal Reserve Banks. Nothing included in this Agreement shall prevent or limit any Lender, to the extent that such Lender is subject to any of the twelve Federal Reserve Banks organized under §4 of the Federal Reserve Act (12 U.S.C. §341) from pledging all or any portion of that Lender's interest and rights under this Agreement, provided, however, neither such pledge nor the enforcement thereof shall release the pledging Lender from any of its obligations hereunder or under any of the Loan Documents.

20.12. Dispute Resolution. Any dispute among the Lenders and/or any Agent concerning the interpretation, administration, or enforcement of the financing arrangements contemplated by this or any other Loan Document or the interpretation or administration of this or any other Loan Document which cannot be resolved amicably shall be resolved in the United States District Court for the District of Massachusetts, sitting in Boston or in the Superior Court of Suffolk County, Massachusetts, to the jurisdiction of which courts each Lender hereto hereby submits.

20.13. USA Patriot Act Notice. Each Lender that is subject to the Act (as hereinafter defined) and the Administrative Agent (for itself and not on behalf of any Lender) hereby notifies each Borrower that pursuant to the requirements of the USA Patriot Act (Title III of Pub. L. 107-56 (signed into law October 26, 2001)) (the "Act"), it is required to obtain, verify and record information that identifies each Borrower and their respective Subsidiaries, which information includes the name and address of each Borrower and Subsidiary, and other information that will allow such Lender or the Administrative Agent, as applicable, to identify each Borrower and Subsidiary in accordance with the Act. Each Borrower and their Subsidiaries is in compliance, in all materials respects, with the Patriot Act. No part of the proceeds of the Revolving Credit will be used by the Borrowers, directly or indirectly, for any payments to any governmental official or employee, political party, official of a political party, candidate for political office, or anyone else acting in official capacity, in order to obtain, retain or direct business or obtain any improper advantage, in violation of the United States Foreign Corrupt Practices Act of 1977, as amended.

20.14. Press Releases. Each Borrower agrees that neither it nor its Affiliates will in the future issue any press releases or other public disclosure using the name of Agents or their Affiliates or referring to this Agreement or the other Loan Documents without at least two (2) Business Days' prior notice to Administrative Agent and without the prior written consent of the Administrative Agent unless (and only to the extent that) such Borrower or Affiliate is required to do so under Applicable Law and then, in any event, such Borrower or Affiliate will consult with Administrative Agent before issuing such press release or other public disclosure. Each Borrower, on their own behalf and on behalf of their Affiliates, consents to the publication by Administrative Agent or any Lender of advertising material relating to the financing transactions contemplated by this Agreement using any Borrower's or Affiliates name, product photographs, logo or trademark. Administrative Agent or such Lender shall provide a draft reasonably in advance of any advertising material to the Lead Borrower for review and comment prior to the publication thereof. Administrative Agent reserves the right to provide to industry trade organizations information necessary and customary for inclusion in league table measurements.

20.15. No Strict Construction. The parties hereto have participated jointly in the negotiation and drafting of this Agreement and the other Loan Documents. In the event an ambiguity or question of intent or interpretation arises, this Agreement and the other Loan Documents 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 provisions of this Agreement and the other Loan Documents.

20.16. Judgment Currency.

(a) The Borrowers' obligation hereunder and under the other Loan Documents to make payments in a certain currency (pursuant to such obligation, the "Obligation Currency") shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any currency other than the Obligation Currency, except to the extent that such tender or recovery results in the effective receipt by the Administrative Agent or the respective Lender of the full amount of the Obligation Currency expressed to be payable to the Administrative Agent or such Lender under this Agreement or the other Loan Documents. If, for the purpose of obtaining or enforcing judgment against the Borrowers in any court or in any jurisdiction, it becomes necessary to convert into or from any currency other than the Obligation Currency (such other currency being hereinafter referred to as the "Judgment Currency") an amount due in the Obligation Currency, the conversion shall be made at the Dollar Equivalent, and in the case of other currencies, the rate of exchange (as

quoted by the Administrative Agent or if the Administrative Agent does not quote a rate of exchange on such currency, by a known dealer in such currency designated by the Administrative Agent) determined, in each case, as of the Business Day immediately preceding the day on which the judgment is given (such Business Day being hereinafter referred to as the "Judgment Currency Conversion Date")

(b) If there is a change in the rate of exchange prevailing between the Judgment Currency Conversion Date and the date of actual payment of the amount due, the Borrowers covenant and agree to pay, or cause to be paid, such additional amounts, if any (but in any event not a lesser amount) as may be necessary to ensure that the amount paid in the Judgment Currency, when converted at the rate of exchange prevailing on the date of payment, will produce the amount of the Obligation Currency which could have been purchased with the amount of Judgment Currency stipulated in the judgment or judicial award at the rate of exchange prevailing on the Judgment Currency Conversion Date.

(c) For purposes of determining the Dollar Equivalent or any other rate of exchange for this Section 20.15, such amounts shall include any premium and costs payable in connection with the purchase of the Obligation Currency.

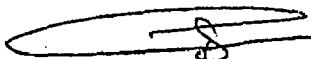
20.17. Dollar Equivalent Calculations. For purposes of this Agreement, the Dollar Equivalent of each Advance that is CAD Advance and the Dollar Equivalent of the stated amount of each Letter of Credit that is a CAD Letter of Credit shall be calculated on the date when any such Advance is made, or such Letter of Credit is issued, on the first Business Day of each month and at such other times as designated by the Administrative Agent. Such Dollar Equivalent shall remain in effect until the same is recalculated by the Administrative Agent as provided above and notice of such recalculation is received by the Borrowers, it being understood that until such notice of such recalculation is received, the Dollar Equivalent shall be that Dollar Equivalent as last reported to the Borrowers by the Administrative Agent. The Administrative Agent shall promptly notify the Borrowers and the Lenders of each such determination of the Dollar Equivalent.

20.18. Amendment and Restatement. This Agreement amends and restates in its entirety the Existing Credit Agreement and upon the effectiveness of this Agreement, the terms and provisions of the Existing Credit Agreement, subject to this Section 20.17, shall be superseded hereby. All references to the "Credit Agreement" contained in the Loan Documents delivered in connection with the Existing Credit Agreement or this Agreement shall, and shall be deemed to, refer to this Agreement. Notwithstanding the amendment and restatement of the Existing Credit Agreement by this Agreement, the Obligations of the Borrowers outstanding under the Existing Credit Agreement and the other Loan Documents as of the Restatement Date shall remain outstanding and shall constitute continuing Obligations and shall continue as such to be secured by the Collateral. Such Obligations shall in all respects be continuing and this Agreement shall not be deemed to evidence or result in a novation or repayment and reborrowing of such Obligations. The Liens securing payment of the Obligations under the Existing Credit Agreement, as amended and restated in the form of this Agreement, shall in all respects be continuing, securing the payment of all Obligations.

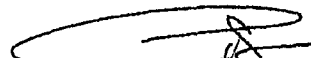
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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed and delivered as of the date first above written.

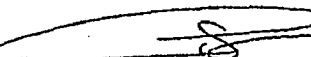
**SCHURMAN FINE PAPERS d/b/a PAPYRUS,**  
as Lead Borrower and a Borrower

By:   
Name: Thomas A. Shan  
Title: CFO

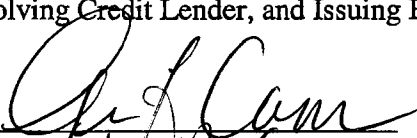
**PAPYRUS FRANCHISE CORPORATION,** as a  
Borrower

By:   
Name: Thomas A. Shan  
Title: Treasurer


**644064 N.B. INC.,** as a Borrower

By:   
Name: Thomas A. Shan  
Title: CFO

**WELLS FARGO RETAIL FINANCE, LLC,**  
as Administrative Agent, Collateral Agent, a  
Revolving Credit Lender, and Issuing Bank

By:   
Name: Jennifer Camp  
Title: Senior Vice President

**WELLS FARGO FOOTHILL CANADA ULC,**  
as Lender

By:   
Name: FRANCIS D O'CONNOR  
Title: Senior Vice President





**OMNIBUS FIRST AMENDMENT TO LOAN DOCUMENTS**

This OMNIBUS FIRST AMENDMENT TO LOAN DOCUMENTS (the "Omnibus Amendment"), dated as of May 7, 2009, is entered into by and among the lenders party hereto (the "Lenders"), Wells Fargo Retail Finance, LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus ("Lead Borrower"), a California corporation, SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise"), and SFP Canada Ltd. (formerly known as 644064 N.B. INC.), a New Brunswick corporation ("SFP Canada" and together with Lead Borrower and SFP Franchise, the "Borrowers").

**RECITALS**

WHEREAS, Borrowers, the Agent and Lenders have executed and delivered that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as amended hereby and as such may be amended, restated, supplemented and/or modified from time to time, hereafter, the "Loan Agreement") and Lead Borrower has notified the Agent and the Lenders that SFP Franchise has changed its name from "Papyrus Franchise Corporation" to "SFP Franchise Corporation" (the "SFP Franchise Name Change") and that SFP Canada has changed its name from "644064 N.B. INC." to "SFP Canada Ltd." (the "Canada Name Change"; and each together, the "Name Change");

WHEREAS, Borrowers, in connection with the execution and delivery of the Loan Agreement also entered into the Purchase & Sale with AG pursuant to which, as more particularly provided in the Purchase & Sale Documents, the Borrowers sold, conveyed, and transferred to AG and its Subsidiaries the Disposed Assets and acquired from AG and its Subsidiaries the Acquired Assets;

WHEREAS, the Borrowers have requested that, in light of the changes to Borrowers' assets and Business Plan after the Purchase & Sale, Agent waive (the "Reporting Waiver"), on a one-time basis only, the requirement under Section 6.3(c) of the Loan Agreement that the Borrowers deliver audited financial statements and an accountant's certificate for the Borrowers' Fiscal year most recently ended;

WHEREAS, the Agent is willing to enter into this Omnibus Amendment to, among other things, confirm its consent to the Name Change and grant the Reporting Waiver;

NOW THEREFORE, for good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, and upon the terms and conditions set forth herein, the parties hereby agree as follows:

**1. RELATION TO THE LOAN AGREEMENT.** Capitalized terms used herein and not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement. This Omnibus Amendment constitutes an integral part of the Loan Agreement and Loan Documents and shall be deemed to be a Loan Document for all purposes. Upon the effectiveness

of this Omnibus Amendment, on and after the date hereof each reference in the Loan Agreement and other Loan Documents to “this Agreement,” “hereunder,” “hereof,” or words of like import referring to the Loan Agreement or other Loan Documents, and each reference in the other Loan Documents to “the Loan Agreement,” “thereunder,” “thereof” or words of like import referring to the Loan Agreement, shall mean and be a reference to the Loan Agreement or Loan Documents (as applicable) as amended hereby.

**2. NAME CHANGE.**

- (a) SFP Franchise. The Borrowers represent, warrant, and covenant that the Borrower formerly known as “Papyrus Franchise Corporation, a Delaware corporation” is and remains the same Person now known as “SFP Franchise Corporation, a Delaware corporation”, is and shall remain after giving effect to the SFP Franchise Name Change a corporation in good standing in the State of Delaware, and agrees that all liabilities, commitments, and obligations of SFP Franchise that existed as of the date of the SFP Franchise Name Change shall continue after giving effect to the SFP Franchise Name Change without release or impairment and shall not constitute a novation. Each reference in the Loan Documents (other than this Omnibus Amendment) to “Papyrus Franchise Corporation” shall hereafter be deemed to be a reference to “SFP Franchise Corporation.” To reflect the Name Change with respect to SFP Franchise, Borrowers hereby authorize the Agent to file a UCC-3 amendment with the Delaware Secretary of State’s Office and to take any and all other actions deemed necessary by Agent in its Permitted Discretion to ensure continued perfection of its liens on the Collateral.
  
- (b) SFP Canada. The Borrowers represent, warrant, and covenant that the Borrower formerly known as “644064 N.B. INC., a New Brunswick corporation” is and remains the same Person now known as “SFP Canada Ltd., a New Brunswick corporation”, is and shall remain after giving effect to the Canada Name Change a corporation in good standing in the Province of New Brunswick, and agrees that all liabilities, commitments, and obligations of SFP Canada that existed as of the date of the Canada Name Change shall continue after giving effect to the Canada Name Change without release or impairment and shall not constitute a novation. Each reference in the Loan Documents (other than this Omnibus Amendment) to “644064 N.B. INC.” shall hereafter be deemed to be a reference to “SFP Canada Ltd.” To reflect the Name Change with respect to SFP Canada, Borrowers hereby agree to register, or cause to be registered, financing change statements and any similar filings with the applicable Governmental Authorities in the all applicable Provinces of Canada, and authorize the Agent to file a UCC-3 amendment with the appropriate Governmental Authority in the District of Columbia and to take any and all other actions deemed necessary by Agent in its Permitted Discretion to ensure continued perfection of its liens on the Collateral.

### 3. **WAIVERS.**

- (a) The Borrowers have notified Agent that, because of the changes to Borrowers' assets, liabilities, organizational structure, and Business Plan that resulted from the Purchase & Sale, the Borrowers shall, with Agent's consent and notwithstanding the requirements of Section 6.3(c) of the Loan Agreement to the contrary, not prepare audited financial statements and provide an accountant's certificate for the Borrowers' Fiscal year that ended on January 31, 2009. Agent confirms its consent to the foregoing and hereby grants the Reporting Waiver. The Reporting Waiver shall not extend to any other reporting requirements of the Borrowers under Section 6.3 and shall not apply to any other Fiscal years of the Borrowers.
- (b) Notwithstanding any provision set forth in the Loan Agreement or other Loan Documents to the contrary, Agent and Lenders hereby waive the thirty day notice requirement for the Name Change otherwise required under Section 7.5 of the Loan Agreement (the "Notice Waiver").
- (c) Except as expressly provided for in connection with the Reporting Waiver or the Notice Waiver, nothing in this Omnibus Amendment shall extend to or affect in any way any of the rights or obligations of the Borrowers or any of the Agent's or the Lender's obligations, rights and remedies arising under the Loan Documents and neither the Agent nor any Lender shall be deemed to have waived any or all of its rights or remedies with respect to any Default or any Event of Default which may exist on the date hereof or arise hereafter. Borrowers acknowledge that the Reporting Waiver and the Notice Waiver are each a one-time waiver and that the Agent and Lenders shall not be obligated to provide any further waiver of any requirements of the Loan Documents.

4. **AUDITED BALANCE SHEET.** Notwithstanding the Reporting Waiver, the Lead Borrower shall deliver to the Agent on or before August 31, 2009 a Consolidated and individual balance sheet covering Borrowers' and its Subsidiaries' operations as of the Restatement Date after giving effect to the Purchase & Sale, audited by independent certified or chartered public accountants selected by Borrowers and reasonably acceptable to Agent and certified, without any qualifications, by such accountants to have been prepared in accordance with GAAP together with a certificate of such accountants addressed to Agent and Lenders stating that such accountants do not have knowledge of the existence of any Default or Event of Default, and accompanied by a certificate from the chief financial officer of each Borrower stating that: (i) the balance sheet and other information delivered thereunder have been prepared in accordance with GAAP (except for the lack of footnotes and being subject to fiscal year-end audit adjustments) and fairly present in all material respects the financial condition of Borrowers and their Subsidiaries; (ii) the representations and warranties of Borrowers contained in the Loan Agreement and the other Loan Documents are true and correct in all material respects on and as of the date of such certificate, as though made on and as of such date (except to the extent that such representations and warranties relate solely to an earlier date), and; (iii) there does not exist any condition or event that constitutes a Default or Event of Default (or, to the extent of any non-

compliance, describing such non-compliance as to which he or she may have knowledge and what action Borrowers have taken, are taking, or propose to take with respect thereto).

5. **REPRESENTATIONS AND WARRANTIES.** The Borrowers hereby represent and warrant to Agent and Lenders that all of their representations and warranties set forth in the Loan Agreement and other Loan Documents to which it is a party are true, complete and accurate in all respects as of the date hereof, after giving effect to this Omnibus Amendment. The Borrowers further represent and warrant to Agent and Lenders that: (i) this Omnibus Amendment is a legal, valid and binding obligation of the Borrowers enforceable against the Borrowers in accordance with its terms, and (ii) no Defaults or Events of Default have occurred and are continuing as of the date hereof.

6. **RATIFICATION OF LOAN AGREEMENT AND LOAN DOCUMENTS.** Each of the Borrowers hereby ratifies and confirms its agreements and obligations under the Loan Agreement and other Loan Documents, each of which continue in full force and effect without amendment or modification of any kind, except for the Name Change. In the event of a conflict between the terms and provisions of this Omnibus Amendment and the terms and provisions of the Loan Agreement and the other Loan Documents, the terms and provisions of this Omnibus Amendment shall govern.

7. **RELEASE.** In consideration of Agent and Lenders entering into this Omnibus Amendment, each of the Borrowers hereby releases and forever discharges Agent and Lenders, and their respective successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, and each of them, from any and all claims, counterclaims, off-sets, debts, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, whether or not related to the subject matter of this Omnibus Amendment or the other Loan Documents, which Borrowers now have or at any time may have held, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Omnibus Amendment; provided, however, that such release and discharge shall in all events exclude any and all continuing obligations of Agent or Lender under or pursuant to the Loan Documents. This release is fully effective on the date hereof. Agent and Lenders are not releasing Borrowers from any claims, debts, Obligations, demands, obligations, costs, expenses, actions or causes of action.

8. **CONDITIONS PRECEDENT.** This Omnibus Amendment shall become effective only upon Agent's receipt of each of the following in form and substance satisfactory to it:

- (i) an executed copy of this Omnibus Amendment;
- (ii) an executed and filed-stamped copy of the Certificate of Amendment of Certificate of Incorporation filed with the Delaware Secretary of State Office ;
- (iii) a secretary's certificate of SFP Franchise attesting to the resolutions of its Board of Directors and stockholders authorizing the SFP Franchise Name

Change and attaching copies of any Governing Documents of SFP Franchise that have been modified since the Restatement Date;

- (iv) an executed copy of the Form 3 Articles of Amendment issued by the Director pursuant to the New Brunswick Business Corporations Act; and
- (v) a secretary's certificate of SFP Canada attaching a copy of the special resolution of its sole shareholder authorizing the Canada Name Change and attaching copies of any Governing Documents of SFP Canada that have been modified since the Restatement Date.

9. **COSTS AND EXPENSES.** Borrowers shall pay to Agent all of Agent's out-of-pocket costs and expenses (including, without limitation, the fees and expenses of its counsel, which counsel may include any local counsel deemed necessary, search fees, filing and recording fees, documentation fees, appraisal fees, travel expenses; and other fees) arising in connection with the preparation, execution, and delivery of this Omnibus Amendment and all related documents. Agent shall be authorized to charge the Loan Account with such fees and expenses.

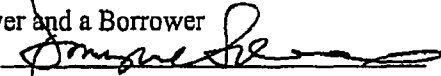
10. **COUNTERPARTS.** This Omnibus Amendment may be executed in any number of counterparts and by different parties on separate counterparts, each of which when so executed and delivered shall be deemed to be an original. All such counterparts, taken together, shall constitute but one and the same Omnibus Amendment.

11. **GOVERNING LAW.** THIS OMNIBUS AMENDMENT IS INTENDED TO TAKE EFFECT AS AN AGREEMENT UNDER SEAL UNDER THE LAWS OF THE COMMONWEALTH OF MASSACHUSETTS AND SHALL FOR ALL PURPOSES BE CONSTRUED IN ACCORDANCE WITH AND GOVERNED BY THE LAWS OF SAID COMMONWEALTH.

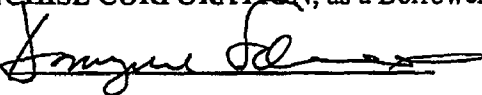
[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have caused this Omnibus Amendment to be executed and delivered as of the date first above written.

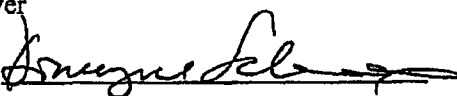
SCHURMAN FINE PAPERS D/B/A PAPYRUS, as Lead  
Borrower and a Borrower

By:   
Title:

SFP FRANCHISE CORPORATION, f/k/a PAPYRUS  
FRANCHISE CORPORATION, as a Borrower

By:   
Title:

SFP CANADA LTD., f/k/a 644064 N.B. INC., as a  
Borrower

By:   
Title:

WELLS FARGO RETAIL FINANCE, LLC,  
as Agent and as a Lender

By: \_\_\_\_\_  
Title:

WELLS FARGO FOOTHILL CANADA, ULC,  
as a Lender

By: \_\_\_\_\_  
Title:

**IN WITNESS WHEREOF**, the parties hereto have caused this Omnibus Amendment to be executed and delivered as of the date first above written.

**SCHURMAN FINE PAPERS D/B/A PAPYRUS**, as Lead Borrower and a Borrower

By: \_\_\_\_\_  
Title: \_\_\_\_\_

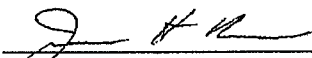
**SFP FRANCHISE CORPORATION, f/k/a PAPYRUS FRANCHISE CORPORATION**, as a Borrower

By: \_\_\_\_\_  
Title: \_\_\_\_\_


**SFP CANADA LTD., f/k/a 644064 N.B. INC.**, as a Borrower

By: \_\_\_\_\_  
Title: \_\_\_\_\_

**WELLS FARGO RETAIL FINANCE, LLC**, as Agent and as a Lender

By:   
Title: *Vice President*

**WELLS FARGO FOOTHILL CANADA, ULC**, as a Lender

By:   
Title: *Senior Vice President*



## ACKNOWLEDGEMENT AND CONSENT

Reference is made to the First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as subsequently amended or amended and restated, the "Loan Agreement"), by and among the lenders party thereto (the "Lenders"), Wells Fargo Retail Finance, LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus ("Lead Borrower"), a California corporation, SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise"), and SFP Canada Ltd. (formerly known as 644064 N.B. INC.), a New Brunswick corporation ("SFP Canada" and together with Lead Borrower and SFP Franchise, the "Borrowers"). Defined terms used in this Acknowledgement and Consent have the meanings given such terms in the Loan Agreement unless otherwise defined herein.

The undersigned, as a party to one or more Loan Documents, hereby acknowledges and consents to the Omnibus First Amendment to Loan Documents, dated as of even date herewith (the "Amendment"), to which this Acknowledgement and Consent is attached, together with all prior amendments to the Loan Agreement.

The undersigned confirms and agrees that each of the Guarantees issued by the undersigned as a Guarantor, is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects.

Dated: May 7, 2009

AMERICAN GREETINGS CORPORATION,  
as Guarantor

By: Guy M. Stelf  
Title: Treasurer

# 1649865



**AMENDMENT NUMBER TWO TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT**

This AMENDMENT NUMBER TWO TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment"), dated as of April 1, 2011 (the "Effective Date"), is entered into by and among the lenders party hereto (the "Lenders"), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus, a California corporation ("Lead Borrower"), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise"), and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation ("SFP Canada" and together with Lead Borrower and SFP Franchise, the "Borrowers").

**RECITALS**

WHEREAS, reference is made to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009, by and among the Borrowers, the Agent, and the Lenders named therein, as amended by that certain Omnibus First Amendment to the Loan Documents, dated as of May 7, 2009 (such agreement, as amended, and as it may be further amended, restated, modified, or supplemented from time to time, the "Loan Agreement"). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, as amended hereby;

WHEREAS, the Borrowers and Lenders have agreed to make certain amendments and modifications to the Loan Agreement as provided herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned, each of the undersigned hereby agrees as follows:

**1. AMENDMENTS TO LOAN AGREEMENT**

**1.1. NEW DEFINITIONS.** The following shall be added as new definitions to Section 1.1 of the Loan Agreement in their appropriate alphabetical location:

**"AG Loan Agreement"**: means that certain Loan Agreement dated as of April 17, 2009 by and between Papyrus and AG.

**"AG Line of Credit"**: means the revolving line of credit extended by AG to Papyrus in the maximum amount of \$10,000,000 pursuant to the AG Loan Agreement.

**"AG Liquidity Advance"**: has the meaning given such term in Section 6.25.

**"Amendment Number Two"**: means that certain Amendment Number Two to First Amended and Restated Loan and Security Agreement, dated as of the Effective Date stated therein, by and among the Borrowers and Wells Fargo in its capacities as Administrative Agent and Collateral Agent and as a Revolving Credit Lender.

**“Canadian Cash Collateral Account”**: has the meaning given to such term in Section 7(d) of Amendment Number Two.

**“EALE Period”**: means, initially, the period from the date of the Amendment Number Two through January 31, 2012 and any subsequent period beginning on the first Business Day of any Fiscal year and ending on the next applicable EALE Termination Date and any other period commencing upon the occurrence of the EALE Reinstatement Event.

**“EALE Reinstatement Event”** means, after the conclusion of the initial EALE Period, the delivery of an annual Business Plan by the Borrowers in any subsequent Fiscal year to Agents and Lenders under Section 6.3(d) of this Agreement that demonstrates that, at any point for the Fiscal year covered by such Business Plan, Excess Availability will be less than the sum of (1) \$3,500,000.00 plus (2) the minimum amount of Excess Availability required to be in compliance with the Minimum Excess Availability Covenant.

**“EALE Termination Date”**: means, for the EALE Period commencing on the date of the Amendment Number Two, January 31, 2012 and, for any other EALE Period, the period commencing on the occurrence of an EALE Reinstatement Event and ending on the last day of the then current Fiscal year of Borrowers.

**“Excess Availability Liquidity Amount”**: means, as of any day, (i) \$1,500,000 plus (ii) the minimum amount of Excess Availability required to be in compliance with the Minimum Excess Availability Covenant on such day.

**“Excess Availability Liquidity Event”**: has the meaning given such term in Section 6.25.

**“Liquidity Event Repayment Amount”**: has the meaning given such term in Section 6.25.

**1.2. MODIFIED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be modified as set forth below:

(a) Canadian Borrowing Base. The definition of **“Canadian Borrowing Base”** is amended by deleting the reference to “80%” in clause (A) thereof and replacing it with a reference to “85%”.

(b) US Borrowing Base. The definition of **“US Borrowing Base”** is amended by deleting the reference to “80%” in clause (A) thereof and replacing it with a reference to “85%”.

The foregoing modifications to the Canadian Borrowing Base and the US Borrowing Base shall not waive or relinquish any right of the Agent under Section 2.1(d) of the Loan Agreement to reduce any advance rate for any component of the Borrowing Base.

**1.3. CASH MANAGEMENT.**

(a) Section 2.7(a) of the Loan Agreement is amended by, after the following phrase “at one or more of the Cash Management Banks” inserting “other than Collections constituting funds on deposit in the Canadian Cash Collateral Account, which funds shall be held by Agent as additional Collateral for the Obligations.”

(b) Section 2.7(g) of the Loan Agreement is amended by inserting the following phrase after “Concentration Accounts,” and before the phrase “and all other DDA’s of Borrowers”: “the Canadian Cash Collateral Account”.

**1.4. IMMEDIATE NOTICE TO AGENT.** Section 6.16 of the Loan Agreement is amended by (i) deleting the word “or” at the end of clause (x) therein; (ii) deleting the “.” at the end of clause (xi) therein and replacing it with “;”; and (iii) adding the following new clauses (xii) and (xiii) thereto:

“(xii) (a) any notice or other material written communication from AG to Papyrus under the AG Loan Agreement, together with a copy thereof; (b) the occurrence of any breach or default by any party to the AG Loan Agreement known to Papyrus; (c) any application by Papyrus for an advance under the AG Loan Agreement; (d) funding of an advance under the AG Line of Credit and the application of the proceeds of such advance; (e) any refusal, abstention, or failure of AG to timely fund any advance under the AG Line of Credit; (f) any reduction, cancellation, or termination of the AG Line of Credit or the AG Loan Agreement or the commitment of AG thereunder; (g) the exercise of any rights or remedies by AG, including the acceleration of any outstanding loans and other obligations of the Papyrus outstanding under the AG Loan Agreement, after the occurrence of a Default or Event of Default (each as defined in the AG Loan Agreement) under the AG Loan Agreement or any declaration of a Default or Event of Default (each as defined in the AG Loan Agreement) by AG; (h) AG’s or Borrower’s determination not to permit the automatic renewal of the “Revolving Credit Maturity Date” as defined in the AG Loan Agreement or to amend the definition of such term; or (i) any amendment, waiver, restatement, supplement, replacement, or refinancing of the AG Line of Credit and/or the AG Loan Agreement or any other “Loan Documents” as defined in the AG Loan Agreement or the execution and delivery of additional such “Loan Documents”, together with copies of any of the foregoing; or

(xiii) the occurrence of any Excess Availability Liquidity Event, unless Agent has already given Borrowers notice of such event.”

**1.5. EXCESS AVAILABILITY LIQUIDITY EVENT.** A new Section 6.25 is hereby added to the Loan Agreement as follows:

**6.25 Excess Availability Liquidity Event.**

(a) If, at any time and each time during any EALE Period, Excess Availability is less than or equal to the Excess Availability Liquidity Amount (an “Excess Availability Liquidity Event”), the Borrowers shall (i) repay the principal balance of the Obligations in an amount equal to the greater of (A) \$500,000 or (B) the amount necessary to cause Excess Availability, after receipt by Agent of the proceeds of the AG Liquidity Advance,

to exceed the Excess Availability Liquidity Amount in accordance with the terms of this Agreement (such required prepayment, the “Liquidity Event Repayment Amount”), and (ii) the Borrowers shall promptly submit a borrowing request, and satisfy the conditions precedent for such borrowing set forth in Section 3.2 of the AG Loan Agreement, for an advance under the AG Line of Credit (an “AG Liquidity Advance”) in an amount equal to the Liquidity Event Repayment Amount. Papyrus shall cause the proceeds of each AG Liquidity Advance to be deposited via wire transfer to the following account or such other account as may be specified by the Agent from time to time in writing to the Borrowers:

**Bank:**

Wells Fargo Bank, N.A.  
420 Montgomery Street  
San Francisco, CA  
ABA # 121-000-248

**Account Name:**

Wells Fargo Bank, N.A.  
A/C # 4124923723

Ref: Schurman Fine Papers / Papyrus

Agent may, but shall not be required to, give notice of any Excess Availability Liquidity Event; provided however that (i) any such notice delivered by Agent shall be deemed conclusive absent manifest error and (ii) any failure or delay on the part of the Agent in delivering any such notice after the occurrence of any applicable Excess Availability Liquidity Event shall not waive any Default or Event of Default, whether arising from the Excess Availability Liquidity Event or otherwise, or any right or remedy of the Agent or Lenders with respect to any Default or Event of Default.

(b) Each EALE Period will end on the applicable EALE Termination Date therefor. If an EALE Reinstatement Event shall occur after any EALE Termination Date, a new EALE Period will commence and the Borrowers shall be automatically required to comply with the terms of Section 6.25(a) during any such EALE Period. The Agent shall give notice to the Borrowers of any new EALE Period; provided, however, that the Agent’s failure to deliver any such notice shall not limit the obligations of the Borrowers under Section 6.25(a).

**1.6. AG LINE OF CREDIT.** The following new Section 7.26 is hereby added to the Loan Agreement as follows:

**7.26 AG Line of Credit.**

(a) Use the proceeds of any advances under the AG Line of Credit for any purpose other than to repay outstanding Obligations, including, without limitation, the payments required to be made by Borrowers pursuant to Section 6.25 hereof.

(b) Amend, restate, supplement, replace, or modify the AG Loan Agreement or any other “Loan Documents” as defined in the AG Loan Agreement or the execution and delivery of additional such “Loan Documents” without the prior written consent of the Agent in its Permitted Discretion.

**1.7. EVENTS OF DEFAULT.** The following new Section 8.21 is hereby added to Article VIII of the Loan Agreement as follows:

**8.21 Excess Availability.**

(i) If Excess Availability is less than the sum of (i) \$3,500,000.00 plus (ii) the minimum amount of Excess Availability required to be in compliance with the Minimum Excess Availability Covenant at any time following (A) the termination, cancellation, or expiration of the AG Line of Credit or the commitment of AG thereunder (or the assertion by AG or Papyrus that the AG Line of Credit or the commitment of AG thereunder has been terminated, cancelled, or has expired) or (B) a reduction of the Commitment (as defined in the AG Loan Agreement) under the AG Loan Agreement,; or

(ii) In the event that the AG Line of Credit is not available (for any reason whatsoever) for Papyrus to borrow under and Excess Availability is less than the sum of (i) \$3,500,000.00 plus (ii) the minimum amount of Excess Availability required to be in compliance with the Minimum Excess Availability Covenant.

This Section 8.21 shall terminate and be of no further force or effect at any time after Papyrus has fully drawn \$10,000,000 under the AG Loan Agreement.

**1.8. WELLS FARGO REFERENCES.** All references to “Administrative Agent”, “Collateral Agent”, “WFRF”, and “Wells Fargo Retail Finance, LLC” in the Loan Agreement and the other Loan Documents, including, without limitation, any supplements, amendments, restatements, and/or modifications executed in connection therewith, and in any exhibits and schedules attached to the Loan Agreement or any other Loan Document shall mean “Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC”.

**2. RATIFICATION OF OBLIGATIONS.** Each Borrower confirms and agrees that it continues to remain liable for the punctual and full payment of all Obligations, whether presently existing or hereafter incurred including, without limitation, all reasonable and documented out-of-pocket fees and expenses (including reasonable and documented attorneys' fees and expenses) under the Loan Documents, and, except for any bankruptcy, insolvency, moratorium, or similar defenses, each Borrower has no defenses, counterclaims or setoffs with respect to full, complete and timely payment of all Obligations.

**3. RATIFICATION OF FINANCING.** Except as modified by this Amendment, all terms and conditions of each of the Loan Documents shall remain unmodified and in full force and effect, which terms and conditions, the parties to this Amendment hereby ratify and affirm. This Amendment shall be deemed to be one of the Loan Documents and, together with the other Loan Documents, constitutes the entire agreement between the parties with respect to

the subject matter hereof and supersede all prior dealings, correspondence, conversations or communications between the parties with respect to the subject matter hereof. Each Borrower acknowledges, ratifies, and affirms the continuing security interest granted pursuant to the Loan Agreement and other Loan Documents, including, but not limited to the Canadian Pledge and Security Agreement dated as of April 17, 2009 by and between SFP Canada Ltd. and Collateral Agent, in any and all Collateral secures any and all Obligations presently existing or hereafter incurred in connection with the Loan Agreement and the other Loan Documents. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Loan Agreement and the other Loan Documents, the terms and provisions of this Amendment shall govern.

**4. RELEASE.** In consideration of Agent and Lenders entering into this Amendment, each of the Borrowers hereby releases and forever discharges Agent and Lenders, and their respective successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, and each of them, from any and all claims, counterclaims, off-sets, debts, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, whether or not related to the subject matter of this Amendment or the other Loan Documents, which Borrowers now have or at any time may have held, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Amendment; provided, however, that such release and discharge shall in all events exclude any and all continuing obligations of Agent or Lender under or pursuant to the Loan Documents. This release is fully effective on the date hereof. Agent and Lenders are not releasing Borrowers from any claims, debts, Obligations, demands, obligations, costs, expenses, actions or causes of action.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS.** The Borrowers represent, warrant and covenant with and to the Agent and the Revolving Credit Lenders as follows, which representations, warranties and covenants are continuing and shall survive the execution and delivery hereof, the truth and accuracy of, or compliance with each, together with the representations, warranties and covenants in the other Loan Documents, being a continuing condition of the making or providing of any Revolving Credit or Letters of Credit by the Revolving Credit Lenders to Borrowers:

(a) This Amendment has been duly authorized, executed and delivered by all necessary action of the Borrowers, and is in full force and effect, and the agreements and obligations of the Borrowers contained here constitute legal, valid and binding obligations of the Borrowers enforceable against such Borrower in accordance with its terms.

(b) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

(c) The execution and delivery of this Amendment, the performance of Borrowers' obligations hereunder and the consummation of the transactions contemplated by this Amendment do not, and will not, impair in any material respect any provision of any Applicable Law or give rise to a default or event of default under any material agreement to which Borrowers are a party or result in the creation or imposition of, or the obligation to create or



impose, any Liens upon any assets of the Borrowers pursuant to any Applicable Law or any such agreement, except for Permitted Liens.

(d) All representations and warranties made in the Loan Agreement and the other Loan Documents remain true, accurate and complete in all material respects as of the Effective Date as if made on such date unless such representations and warranties expressly by their terms are limited to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

(e) The AG Loan Agreement and the other documents executed in connection therewith are in full force and effect and have not been amended, restated, or modified since April 17, 2009. No "Default" or "Event of Default" has occurred and is continuing, as such terms are defined in the AG Loan Agreement, under the AG Loan Agreement. There are, and as of the Effective Date, have been no outstanding loans, advances or other outstanding Indebtedness of Papyrus under the AG Loan Agreement and, as of the Effective Date, "Availability", as defined in the AG Loan Agreement, shall be equal to \$10,000,000, and Papyrus is capable of satisfying each of the conditions precedent for a borrowing under the AG Loan Agreement.

**6. CONDITIONS PRECEDENT.** This Amendment shall become effective only upon satisfaction of each of the following conditions precedent as determined by the Agent and Lenders in their reasonable discretion:

(a) Receipt by Administrative Agent of this Amendment duly executed by the parties hereto.

(b) Receipt by Administrative Agent of a certificate from the Secretary of each Borrower attesting to the resolutions of such Borrower's Board of Directors or, in the case of SFP Canada, its sole shareholder, authorizing its execution, delivery, and performance of this Amendment and authorizing specific officers of such Borrower to execute the same.

(c) Receipt by Administrative Agent of copy of duly executed officer's certificate addressed to AG and signed by an Authorized Officer attesting to and attaching the resolution of Papyrus' Board of Directors authorizing Papyrus to request advances under the AG Loan Agreement in an aggregate amount of up to Five Million Dollars (\$5,000,000) to be used in accordance with the Loan Agreement (as amended hereby) and making the acknowledgment required by Section 3.2(c)(ii) of the AG Loan Agreement.

(d) Borrowers shall have deposited CAD One Million Five Hundred Thousand Dollars (CAD \$1,500,000) into a deposit account in Canada that is subject to a Control Agreement, in form and substance satisfactory to Collateral Agent (the "Canadian Cash Collateral Account").

(e) All representations and warranties contained herein shall be true and correct in all material respects.

(f) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

7. **MISCELLANEOUS.** Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose. **This Amendment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.**

8. **COUNTERPARTS.** This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original hereof and submissible into evidence and all of which together shall be deemed to be a single instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall have the same force and effect as delivery of an original executed counterpart of this Amendment.

9. **EXPENSES.** Without limiting Section 11.4 of the Loan Agreement, the Borrower agrees to pay to Agent all reasonable documented and out-of-pocket fees and expenses incurred by Agent in connection with preparation, execution and delivery of this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable and documented fees and expenses of Brown Rudnick LLP.

**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

**EXECUTION VERSION**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their authorized officers as of the day and year first above written.

**SCHURMAN FINE PAPERS D/B/A PAPYRUS**, as Lead  
Borrower and a Borrower

By: \_\_\_\_\_

Title: \_\_\_\_\_  
CFO

**SFP FRANCHISE CORPORATION, f/k/a PAPYRUS  
FRANCHISE CORPORATION**, as a Borrower

By: \_\_\_\_\_

Title: \_\_\_\_\_  
CFO

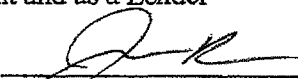
**SFP CANADA LTD., f/k/a 644064 N.B. INC.**, as a  
Borrower

By: \_\_\_\_\_

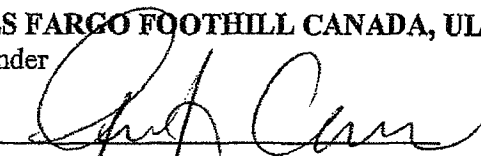
Title: \_\_\_\_\_  
CFO

***EXECUTION VERSION***

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Agent and as a Lender

By:   
Title: Director

**WELLS FARGO FOOTHILL CANADA, ULC,**  
as a Lender

By:   
Title: Manag. Director

## ACKNOWLEDGEMENT AND CONSENT

Reference is made to the First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as subsequently amended or amended and restated, the "Loan Agreement"), by and among the lenders party thereto (the "Lenders"), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus, a California corporation ("Lead Borrower"), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise"), and SFP Canada Ltd., f/k/a 644064 N.B. INC., a New Brunswick corporation ("SFP Canada" and together with Lead Borrower and SFP Franchise, the "Borrowers"). Defined terms used in this Acknowledgement and Consent have the meanings given such terms in the Loan Agreement unless otherwise defined herein.

The undersigned, as a party to one or more Loan Documents, hereby acknowledges and consents to Amendment Number Two to First Amended and Restated Loan and Security Agreement, dated as of even date herewith (the "Amendment"), to which this Acknowledgement and Consent is attached, together with all prior amendments to the Loan Agreement.

The undersigned confirms and agrees that the Liquidity Guaranty issued by the undersigned as a Guarantor, is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects.

Dated: March \_\_, 2011

**AMERICAN GREETINGS CORPORATION,**  
as Guarantor

By: Greg M. Stelly  
Title: Treasurer

# 1805566



### AMENDMENT NUMBER THREE TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This AMENDMENT NUMBER THREE TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “Amendment”), dated as of January 22, 2013 (the “Third Amendment Effective Date”), is entered into by and among the lenders party hereto (the “Lenders”), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the “Agent”), Schurman Fine Papers, d/b/a Papyrus, a California corporation (“Lead Borrower”), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation (“SFP Franchise”), and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation (“SFP Canada” and together with Lead Borrower and SFP Franchise, the “Borrowers”).

#### RECITALS

WHEREAS, reference is made to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009, by and among the Borrowers, the Agent, and the Lenders named therein, as amended by that certain Omnibus First Amendment to the Loan Documents, dated as of May 7, 2009, as amended by that certain Amendment Number Two to First Amended and Restated Loan and Security Agreement dated as of April 1, 2011 (such agreement, as amended, and as it may be further amended, restated, modified, or supplemented from time to time, the “Loan Agreement”). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, as amended hereby;

WHEREAS, the Borrowers and Lenders have agreed to make certain amendments and modifications to the Loan Agreement as provided herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned, each of the undersigned hereby agrees as follows:

#### 1. AMENDMENTS TO LOAN AGREEMENT

**1.1. NEW DEFINITIONS.** The following shall be added as new definitions to Section 1.1 of the Loan Agreement in their appropriate alphabetical location:

“Accounts Receivable Advance Rate”: means:

<u>Applicable Period</u>	<u>Advance Rate</u>
From and after the Third Amendment Effective Date through the second anniversary thereof	92.5%

After the second anniversary of the Third Amendment Effective Date	90.0%
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**"AG Canadian Inventory"** means all AG Inventory located in Canada.

**"Amendment Number Three"**: means that certain Amendment Number Three to First Amended and Restated Loan and Security Agreement, dated as of the Third Amendment Effective Date stated therein, by and among the Borrowers, Guarantor and Wells Fargo in its capacities as Administrative Agent and Collateral Agent and as a Revolving Credit Lender.

**"Eligible AG Canadian Inventory"** means any AG Canadian Inventory that constitutes, as of any date of determination, Eligible Inventory.

**"Eligible Papyrus Canadian Inventory"** means any Papyrus Canadian Inventory that constitutes, as of any date of determination, Eligible Inventory.

**"Inventory Advance Rate"**: means:

<u>Applicable Period</u>	<u>Advance Rate</u>
From and after the Third Amendment Effective Date through the second anniversary thereof	92.5%
After the second anniversary of the Third Amendment Effective Date	90.0%

**"Papyrus Canadian Inventory"** means all Papyrus Inventory located in Canada.

**"Third Amendment Effective Date"** has the meaning set forth in Amendment Number Three.

**1.2. MODIFIED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be modified as set forth below:



(a) “Applicable Prepayment Premium”. The definition of “**Applicable Prepayment Premium**” is amended by deleting the reference to “0.00%” contained therein and replacing it with a reference to “\$0.00”.

(b) “Canadian Borrowing Base”. The definition of “**Canadian Borrowing Base**” is amended and restated in its entirety as follows:

“Canadian Borrowing Base” means, of any date of determination, an amount equal to the result of:

(A) Accounts Receivable Advance Rate times the amount of the Dollar Equivalent of Eligible Credit Card Accounts of Canadian Borrower;

plus

(B) Inventory Advance Rate times the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible Papyrus Canadian Inventory;

plus

(C) Inventory Advance Rate of the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible AG Canadian Inventory;

minus

(D) the aggregate Dollar Equivalent of Reserves (without duplication), if any, established by Agent under Section 2.1(b);

(c) “Canadian Commitment”. The definition of “**Canadian Commitment**” is amended by deleting the reference to “Exhibit 2.1(f)” contained therein and replacing it with a reference to “Exhibit 2.17”.

(d) “Canadian Commitment Percentage”. The definition of “**Canadian Commitment Percentage**” is amended by deleting the reference to “Exhibit 2.1(f)” contained therein and replacing it with a reference to “Exhibit 2.17”.

(e) “Fixed Rate Margin”. The definition of “**Fixed Rate Margin**” is amended and restated in its entirety as follows:

“Fixed Rate Margin” means 2.25% per annum.

(f) “Floating Rate Margin”. The definition of “**Floating Rate Margin**” is amended and restated in its entirety as follows:

“Floating Rate Margin” means 1.25% per annum.

(g) “Guarantor Collateral Account”. The definition of “**Guarantor Collateral Account**” is amended and restated in its entirety as follows:

“Guarantor Collateral Account” means a “Guarantor Collateral Account” as defined in the Liquidity Guaranty.

(h) “Guarantor L/C”. The definition of “**Guarantor L/C**” is amended and restated in its entirety as follows:

“Guarantor L/C”: means any irrevocable standby letter of credit issued by Guarantor pursuant to Section 6.22 of the Loan Agreement with a minimum tenor of 365 days from the date of issuance, containing customary “evergreen” provisions, issued by an Acceptable Financial Institution, for the account of Guarantor, in all respects satisfactory to the Agent in its Permitted Discretion.

(i) “Guaranty L/C End Date”. The definition of “**Guaranty L/C End Date**” is amended and restated in its entirety as follows:

“Guarantor L/C End Date” means the “Guarantor L/C End Date” as defined in the Liquidity Guaranty.

(j) “Guaranty”. The definition of “**Guaranty**” is amended and restated in its entirety as follows:

“Guaranty” means the Liquidity Guaranty.

(k) “L/C Fee”. The definition of “**L/C Fee**” is amended and restated in its entirety as follows:

“L/C Fee”: means, with respect to documentary Letters of Credit, L/C Fee shall be 1.75% and with respect to standby Letters of Credit, the L/C Fee shall be 2.25%.

(l) “L/C Sublimit”. The definition of “**L/C Sublimit**” is amended and restated in its entirety as follows:

“L/C Sublimit” means the Dollar Equivalent of \$5,000,000.

(m) “Minimum Guarantor L/C Amount”. The definition of “**Minimum Guarantor L/C Amount**” is amended and restated in its entirety as follows:

“Minimum Guarantor L/C Amount” means \$10,000,000.

(n) “Obligations”. The definition of “**Obligations**” is hereby amended by deleting the reference to “Applicable Revolving Credit Prepayment Premium” contained therein and replacing it with a reference to “Applicable Prepayment Premium”.

(o) “Revolving Credit Maturity Date”. The definition of “**Revolving Credit Maturity Date**” is amended and restated in its entirety as follows:

“Revolving Credit Maturity Date” means the earlier of (i) January 18, 2016 or (ii) the date which is thirty (30) days prior to the date of the scheduled maturity date of the Schurman Family Notes if such scheduled maturity date has not been previously extended to a date which is at least thirty (30) days after January 18, 2016.

(p) US Borrowing Base. The definition of “**US Borrowing Base**” is amended and restated in its entirety as follows:

“US Borrowing Base” means, of any date of determination, an amount equal to the result of:

(A) Accounts Receivable Advance Rate times the amount of Eligible Credit Card Accounts of US Borrowers;

plus

(B) Inventory Advance Rate times the then extant Net Orderly Liquidation Value of Eligible Papyrus US Inventory;

plus

(C) Inventory Advance Rate of the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible AG US Inventory;

minus

(D) the aggregate amount of Reserves (without duplication), if any, established by Agent under Section 2.1(b).

(q) “US Commitment”. The definition of “**US Commitment**” is amended by deleting the reference to “Exhibit 2.1(f)” contained therein and replacing it with a reference to “Exhibit 2.17”.

(r) “US Commitment Percentage”. The definition of “**US Commitment Percentage**” is amended by deleting the reference to “Exhibit 2.1(f)” contained therein and replacing it with a reference to “Exhibit 2.17”.

**1.3. DELETED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be deleted in their entirety:

“AG Loan Agreement”

“AG Line of Credit”

“AG Liquidity Advance”

“Bridge Guaranty”

“Bridge L/C”

"Canadian Inventory"  
"Canadian Sublimit"  
"EALE Period"  
"EALE Reinstatement Event"  
"EALE Termination Date"  
"Eligible Canadian Inventory"  
"Excess Availability Liquidity Event"  
"Liquidity Event Repayment Amount"  
"Liquidity L/C"  
"Margin Pricing Grid"

**1.4. REVOLVING CREDIT.** Section 2.1 of the Loan Agreement is hereby amended as follows:

(a) Clause (i) of Section 2.1(b) of the Loan Agreement is amended and restated in its entirety as follows: "(i) after giving effect to the making of each such CAD Advance, the Obligations then outstanding shall not exceed the Maximum Revolver Amount and".

(b) Clause (i) of Section 2.1(f) of the Loan Agreement is amended and restated in its entirety as follows: "(i) the Dollar Equivalent of the aggregate outstanding Canadian Obligations exceeds the Canadian Commitments;".

**1.5. FEES.** Section 2.11 of the Loan Agreement is amended as follows:

(a) Clause (a) of Section 2.11 of the Loan Agreement is amended deleting the reference to "0.50%" contained therein and replacing it with a reference to "0.375%".

(b) Clause (d) of Section 2.11 of the Loan Agreement is amended and restated in its entirety as follows:

"(d) The Borrowers shall pay the Agent, for its sole account, an administrative fee of \$54,000 during the term of this facility, which has been fully earned as of the Third Amendment Effective Date by the Agent's execution of Amendment Number Three (the "Administrative Fee"). The Administrative Fee shall in no way limit Borrowers' obligations to pay any other fee, or reimburse the Agents for any cost or expense, under the Loan Documents. The Administrative Fee shall be payable as follows:

(ii) In monthly installments of \$1,500 each, without interest as follows:

(I) Appropriation of such monthly installment shall be paid out of the first Advance for the period beginning with the date of this Agreement and ending on the last day of the month of execution.

(II) A monthly installment shall be paid on the first day of the month next following that during which this Agreement is executed and

on the first day of each month thereafter, until the entire Administrative Fee has been paid.

(III) The unpaid balance of the Administrative Fee shall be due and payable upon termination of the Revolving Credit.

(iii) Upon the occurrence of any Event of Default described in Sections 8.4 or 8.5 and, at the option of the Agent, upon the occurrence of any other Event of Default, any remaining installments of the Administrative Fee shall be immediately due and payable.”

(c) Clause (f) of Section 2.11 is amended and restated in its entirety as follows:

“(f) Agent’s Amendment Fee. The Borrowers shall pay to Administrative Agent, for its sole account, a one-time amendment fee in an amount equal to 0.40% of the Maximum Revolver Amount (the “Agent’s Amendment Fee”). The Agent’s Amendment Fee is fully earned and payable on the Third Amendment Effective Date.”

**1.6. EARLY TERMINATION BY BORROWER; REDUCTION OF COMMITMENTS.** Section 3.5 of the Loan Agreement is amended as follows:

(a) Clause (c) of Section 3.5 is amended by deleting the last sentence thereof.

(b) Clause (d) of Section 3.5 is deleted in its entirety and “Intentionally Omitted” is substituted in lieu thereof.

**1.7. IMMEDIATE NOTICE TO AGENT.** Clauses (xii) and (xiii) of Section 6.16 of the Loan Agreement are deleted in their entirety and “Intentionally Omitted” is substituted in lieu thereof.

**1.8. LIQUIDITY L/C.** Section 6.22 is amended by (x) deleting each reference to “\$12,000,000” in clauses (a) and (b) thereof and replacing each with a reference to “\$10,000,000” and (y) deleting each reference to “Liquidity L/C” contained therein and replacing each with a reference to “Guarantor L/C”.

**1.9. BRIDGE L/C.** Section 6.23 of the Loan Agreement is deleted in its entirety and “Intentionally Omitted” is substituted in lieu thereof.

**1.10. EXCESS AVAILABILITY LIQUIDITY EVENT.** Section 6.25 of the Loan Agreement is deleted in its entirety.

**1.11. Minimum Excess Availability Covenant.** Section 7.20 of the Loan Agreement is amended by deleting the reference to “7.5%” in clause (ii) thereof and replacing it with a reference to “10%”.

**1.12. AG LINE OF CREDIT.** Section 7.26 of the Loan Agreement is hereby deleted in its entirety.

**1.13. EXCESS AVAILABILITY.** Section 8.21 of the Loan Agreement is deleted in its entirety.

**1.14. DISTRIBUTIONS OF LIQUIDATION PROCEEDS BY ADMINISTRATIVE AGENT AND ORDINARY LOAN PAYMENTS.** Subclause (B) of clause (c) of Section 17.7 of the Loan Agreement is amended and restated in its entirety as follows: “Second, to the Lenders, in respect to the Obligations owed to such Lenders or their Affiliates in respect of the Revolving Credit until all such Obligations are indefeasibly paid in full and the Loan Agreement is terminated; and then”

**1.15. Exhibit.** Exhibits F-1 and 2.17 of the Loan Agreement are hereby deleted in their entirety and replaced by the amended and restated exhibits attached hereto as Exhibit 1.15 (the “Amended and Restated Exhibits”).

**1.16. Schedules.** Schedules P-1, 2.7, 5.5, 5.8-5.10, 5.14, 5.16, 5.18-5.20, 5.25, 5.34-5.36, and 5.38 to the Loan Agreement are hereby deleted in their entirety and replaced by the amended and restated disclosure schedules attached hereto as Exhibit 1.16 (the “Amended and Restated Disclosure Schedules”).

**2. RATIFICATION OF OBLIGATIONS.** Each Borrower confirms and agrees that it continues to remain liable for the punctual and full payment of all Obligations, whether presently existing or hereafter incurred including, without limitation, all reasonable and documented out-of-pocket fees and expenses (including reasonable and documented attorneys' fees and expenses) under the Loan Documents, and, except for any bankruptcy, insolvency, moratorium, or similar defenses, each Borrower has no defenses, counterclaims or setoffs with respect to full, complete and timely payment of all Obligations.

**3. RATIFICATION OF FINANCING.** Except as modified by this Amendment, all terms and conditions of each of the Loan Documents shall remain unmodified and in full force and effect, which terms and conditions, the parties to this Amendment hereby ratify and affirm. This Amendment shall be deemed to be one of the Loan Documents and, together with the other Loan Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior dealings, correspondence, conversations or communications between the parties with respect to the subject matter hereof. Each Borrower acknowledges, ratifies, and affirms the continuing security interest granted pursuant to the Loan Agreement and other Loan Documents, including, but not limited to the Canadian Pledge and Security Agreement dated as of April 17, 2009 by and between SFP Canada Ltd. and Collateral Agent, in any and all Collateral secures any and all Obligations presently existing or hereafter incurred in connection with the Loan Agreement and the other Loan Documents. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Loan Agreement and the other Loan Documents, the terms and provisions of this Amendment shall govern.

**4. RELEASE.** In consideration of Agent and Lenders entering into this Amendment, each of the Borrowers hereby releases and forever discharges Agent and Lenders, and their respective successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates,

and each of them, from any and all claims, counterclaims, off-sets, debts, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, whether or not related to the subject matter of this Amendment or the other Loan Documents, which Borrowers now have or at any time may have held, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Amendment; provided, however, that such release and discharge shall in all events exclude any and all continuing obligations of Agent or Lender under or pursuant to the Loan Documents. This release is fully effective on the date hereof. Agent and Lenders are not releasing Borrowers from any claims, debts, Obligations, demands, obligations, costs, expenses, actions or causes of action.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS.** The Borrowers represent, warrant and covenant with and to the Agent and the Revolving Credit Lenders as follows, which representations, warranties and covenants are continuing and shall survive the execution and delivery hereof, the truth and accuracy of, or compliance with each, together with the representations, warranties and covenants in the other Loan Documents, being a continuing condition of the making or providing of any Revolving Credit or Letters of Credit by the Revolving Credit Lenders to Borrowers:

(a) This Amendment has been duly authorized, executed and delivered by all necessary action of the Borrowers, and is in full force and effect, and the agreements and obligations of the Borrowers contained here constitute legal, valid and binding obligations of the Borrowers enforceable against such Borrower in accordance with its terms.

(b) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

(c) The execution and delivery of this Amendment, the performance of Borrowers' obligations hereunder and the consummation of the transactions contemplated by this Amendment do not, and will not, impair in any material respect any provision of any Applicable Law or give rise to a default or event of default under any material agreement to which Borrowers are a party or result in the creation or imposition of, or the obligation to create or impose, any Liens upon any assets of the Borrowers pursuant to any Applicable Law or any such agreement, except for Permitted Liens.

(d) All representations and warranties made in the Loan Agreement and the other Loan Documents remain true, accurate and complete in all material respects as of the Third Amendment Effective Date as if made on such date unless such representations and warranties expressly by their terms are limited to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**6. CONDITIONS PRECEDENT.** This Amendment shall become effective only upon satisfaction of each of the following conditions precedent as determined by the Agent and Lenders in their reasonable discretion:

(a) Receipt by Administrative Agent of this Amendment duly executed by the parties hereto.

(b) Receipt by Administrative Agent of a certificate from (i) the Secretary of each Borrower attesting to the resolutions of such Borrower's Board of Directors or, in the case of SFP Canada, its sole shareholder, authorizing its execution, delivery, and performance of this Amendment and authorizing specific officers of such Borrower to execute the same; and (ii) the Secretary of Guarantor authorizing specific officers of Guarantor to execute Amendment No. 1 to Liquidity Guaranty.

(c) Receipt by Administrative Agent of Amendment No. 1 to Liquidity Guaranty, duly executed by the parties thereto.

(d) Receipt by Administrative Agent of the amendment to the Guarantor L/C, in form and substance satisfactory to Administrative Agent in its sole discretion.

(e) Receipt by the Administrative Agent of the Trademark and Trademark Applications Security Agreement dated as of the date hereof by and among Lead Borrower, SFP Franchise and Agent, duly executed by the parties thereto.

(f) Receipt by Administrative Agent of copies of Borrowers' and Guarantor's Governing Documents, as amended, modified, or supplemented to the Third Amendment Effective Date, certified by the Secretary of each respective Borrower, each in form and substance satisfactory to Administrative Agent.

(g) Receipt by Administrative Agent of a certificate of status with respect to each Borrower and Guarantor, dated within 30 days of the Third Amendment Effective Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of the applicable Borrower or Guarantor, which certificate shall indicate that such Borrower or Guarantor is in good standing in such jurisdiction.

(h) Receipt by Administrative Agent of opinions of Borrower's U.S. counsel with respect to this Amendment, dated as of the Third Amendment Effective Date, and such other opinions and opinion letters as Agent may request, each in form and substance reasonably satisfactory to the Agent and Lenders.

(i) Receipt by Administrative Agent of opinions of Borrower's Canadian counsel with respect to this Amendment, dated as of the Third Amendment Effective Date, and such other opinions and opinion letters as Agent may request, each in form and substance reasonably satisfactory to the Agent and Lenders.

(j) Receipt by Administrative Agent of the Acknowledgment and Consent duly executed by the Guarantor.

(k) All representations and warranties contained herein shall be true and correct in all material respects.

(l) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

**7. Intentionally Omitted.**



8. **MISCELLANEOUS.** Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose. **This Amendment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.**


9. **COUNTERPARTS.** This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original hereof and submissible into evidence and all of which together shall be deemed to be a single instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall have the same force and effect as delivery of an original executed counterpart of this Amendment.

10. **EXPENSES.** Without limiting Section 11.4 of the Loan Agreement, the Borrower agrees to pay to Agent all reasonable documented and out-of-pocket fees and expenses incurred by Agent in connection with preparation, execution and delivery of this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable and documented fees and expenses of Brown Rudnick LLP.

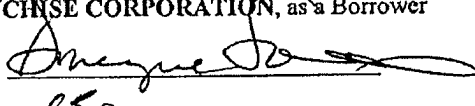
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IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered by their authorized officers as of the day and year first above written.


SCHURMAN FINE PAPERS D/B/A PYPYRUS, as Lead  
Borrower and a Borrower

By:   
Title: CEO


SFP FRANCHISE CORPORATION, f/k/a PYPYRUS  
FRANCHISE CORPORATION, as a Borrower

By:   
Title: CEO

SFP CANADA LTD., f/k/a 644064 N.B. INC., as a  
Borrower

By:   
Title: CEO

**WELLS FARGO BANK, NATIONAL ASSOCIATION,**  
as Agent and as a Lender

By:   
Title: Director


**WELLS FARGO FOOTHILL CANADA, ULC,**  
as a Lender

By: \_\_\_\_\_  
Title: \_\_\_\_\_

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Agent and as a Lender

By: \_\_\_\_\_  
Title:

WELLS FARGO FOOTHILL CANADA, ULC,  
as a Lender

By:   
Title: **Domenic Cosentino**  
**Vice President**  
**Wells Fargo Foothill**  
**Canada ULC**

**EXHIBIT 1.15**

**AMENDED AND RESTATED EXIBITS**

**AMENED AND RESTATED EXHIBIT F-1**

**Attached.**

Schurman Fine Papers d/b/a Papyrus  
US Borrowing Base Certificate

Cert. #: 1  
As of Date: 1/0/1900  
Date Prepared: 1/0/1900

Please fax to: Lisa Govan  
Fax #: 866-358-0023

Accounts Receivable:

Papyrus Credit Card Receivables	As of: 1/0/1900	\$ -	( 1A )
LESS: Account Reserve		\$ -	
Eligible Papyrus Credit Card Receivables		\$ -	
Available Papyrus Credit Card Receivables	Advance Rate 92.5%	\$ -	
American Greetings US Credit Card Receivables		\$ -	
LESS: Account Reserve		\$ -	
Eligible American Greetings US Credit Card Receivables		\$ -	
Available American Greetings US Credit Card Receivables	Advance Rate 92.5%	\$ -	
Total A/R Availability		\$ -	(A)

Papyrus US Beginning Stock Ledger Inventory	As of: 1/0/1900	<u>Retail</u>	<u>Cost</u>			
ADD: Purchases		\$ -	\$ -	( 3 )	-	-
Other Adjustments		\$ -	\$ -	( 3 )	-	\$ -
Total Additions		\$ -	\$ -			
Total Inventory		\$ -	\$ -			
LESS: COGS		\$ -	\$ -	( 3 )		
Other Adjustments		\$ -	\$ -			
Total Reductions		\$ -	\$ -			
Ending Stock Ledger Inventory	As of: 1/0/1900	\$ -	\$ -			
LESS: Shrink (0.8% of YTD Sales)	YTD Sales \$ - ( 2 )	\$ -	\$ -		<-----Formula	
Negative On-Hand (already reducing gross inventory)		\$ -	\$ -			
Store Supplies		\$ -	\$ -	( 4 )		
Closed Stores		\$ -	\$ -	( 3 )		
Other Adjustments		\$ -	\$ -			
Total Papyrus Inventory Ineligibles	As of: 1/0/1900	\$ -	\$ -			
Total Eligible Papyrus US Inventory		\$ -	\$ -			
Total Available Papyrus US Inventory	Advance Rate 0.0%	\$ -	\$ -	(B)		

American Greetings US Beginning Stock Ledger Inventory	As of: 1/0/1900	\$ -	\$ -	( 3 )	-	-
ADD: Purchases		\$ -	\$ -	( 3 )	-	-
Other Adjustments		\$ -	\$ -			
Total Additions		\$ -	\$ -			
Total Inventory		\$ -	\$ -			
LESS: COGS		\$ -	\$ -	( 3 )	-	-
Other Adjustments		\$ -	\$ -			
Total Reductions		\$ -	\$ -			
Ending Stock Ledger Inventory	As of: 1/0/1900	\$ -	\$ -		<-----Formula	
LESS: Store Supplies		\$ -	\$ -	( 4 )		
Closed Stores		\$ -	\$ -	( 3 )		
Corporate Display Room # 2 - N/A incl in closed stores		\$ -	\$ -			
Inventory in Stores Without Sublease		\$ -	\$ -	( 3 )		
Shrink (0.8% of YTD Sales)	YTD Sales \$ - ( 2 )	\$ -	\$ -		<-----Formula	
Total American Greetings Inventory Ineligibles		\$ -	\$ -			
Total Eligible American Greetings Inventory		\$ -	\$ -			
Total Available American Greetings Inventory	Advance Rate 0.0%	\$ -	\$ -	(C)		
TOTAL AVAILABLE US INVENTORY		\$ -	\$ -	(D)	B+C	

Papyrus Availability Reserves						
LESS: Customer Credit Liabilities (100%) (Store Credits)		\$ -	\$ -	( 5 )		
Customer Deposits (85%) GL 54.3f		\$ -	\$ -	( 6 )		
Rent Reserve (2 months) GL 74.1f		\$ -	\$ -	( 7A )		
Bank Product Reserve (PCard) - standard		\$ -	\$ -	( 8 )		
Past Due Payables (excl. AG, Pymnt Plns, Disputes)		\$ 200,000	\$ -	( 9A )		
Gift Cards Reserve (100%)		\$ -	\$ -	( 10 )		
Payable Due on 3rd Party Gift Cards (100%)		\$ -	\$ -	( 11 )		
Self Funded Health		\$ -	\$ -	( 12 )		
Ad Valorem		\$ -	\$ -	( 13 )		
TX Sales Tax		\$ -	\$ -	( 14 )		
Total Papyrus Availability Reserves	As of: 1/0/1900	\$ 200,000	\$ -			
American Greetings US Availability Reserves						
LESS: Customer Credit Liabilities (100%) (Store Credits)		\$ -	\$ -	( 5 )		
Customer Deposits (100%) GL 54.3f		\$ -	\$ -	( 6 )		
Rent Reserve (2 months) GL 74.1f		\$ -	\$ -	( 7A )		
Bank Product Reserve (PCard) - standard - see PPY		\$ -	\$ -			
Past Due Payables - see PPY		\$ -	\$ -			
Gift Cards Reserve (100%) - see PPY		\$ -	\$ -			
Payable Due on 3rd Party Gift Cards (100%) - see PPY		\$ -	\$ -			
Self Funded Health - see PPY		\$ -	\$ -			
Ad Valorem		\$ -	\$ -	( 13 )		
TX Sales Tax		\$ -	\$ -	( 14 )		
Total American Greetings US Availability Reserves	As of: 1/0/1900	\$ -	\$ -			

TOTAL AVAILABILITY RESERVE:	\$ 200,000	(E)	
INVENTORY Availability	\$ (200,000)	(F)	D-E
TOTAL BORROWING BASE	\$ (200,000)		A+F
	\$ (200,000)		#VALUE!

Please fax to: Lisa Govan  
Fax #: 866-358-0023Spot  
Selling  
Rate  
1.0264

1/0/1900

## Accounts Receivable:

	US \$	CAD \$	US \$
As of: 1/0/1900			
American Greetings Canada Credit Card Receivables	\$ -	\$ -	(1B)
LESS: Account Reserve	\$ -	\$ -	
Eligible American Greetings Canada Credit Card Receivables	\$ -	\$ -	
Available American Greetings Canada Credit Card Receivables	\$ -	\$ -	
Advance Rate 92.5%			
Total A/R Availability	\$ -	(A)	(A)

	Retail	Cost	Cost
As of: 1/0/1900	\$ -	\$ -	\$ -
Papyrus Canada Beginning Stock Ledger Inventory	\$ -	\$ -	(3)
ADD: Purchases	\$ -	\$ -	(3)
Other Adjustments	\$ -	\$ -	
Total Additions	\$ -	\$ -	
Total Inventory	\$ -	\$ -	
LESS: COGS	\$ -	\$ -	(3)
Other Adjustments	\$ -	\$ -	
Total Reductions	\$ -	\$ -	
Papyrus Canada Ending Stock Ledger Inventory	\$ -	\$ -	
LESS: Inventory in Stores Without A Perfected Lien	\$ -	\$ -	
Store Supplies	#REF!	#REF!	(4)
Closed Stores	#REF!	#REF!	(3)
Shrink (0.8% of YTD Sales)	YTD Sales \$ -	\$ -	\$ -
Inventory in Stores Without Sublease	CAD	\$ -	\$ -
Total Papyrus Canada Ineligibles		#REF!	#REF!
Total Eligible Papyrus Canada Inventory		#REF!	#REF!
Total Available Papyrus Canada Inventory	0.0%	#REF!	#REF! (B)

As of: 1/0/1900	\$ -	\$ -	\$ -	(3)
ADD: Purchases	\$ -	\$ -	\$ -	(3)
Other Adjustments	\$ -	\$ -	\$ -	
Total Additions	\$ -	\$ -	\$ -	
Total Inventory	\$ -	\$ -	\$ -	
LESS: COGS	\$ -	\$ -	\$ -	(3)
Other Adjustments	\$ -	\$ -	\$ -	
Total Reductions	\$ -	\$ -	\$ -	
Ending American Greetings Canada Stock Ledger Inventory	\$ -	\$ -	\$ -	
LESS: Inventory in Stores Without A Perfected Lien	\$ -	\$ -	\$ -	
Store Supplies	\$ -	\$ -	\$ -	(4)
Closed Stores	\$ -	\$ -	\$ -	(3)
Shrink (0.8% of YTD Sales)	YTD Sales \$ -	\$ -	\$ -	
Inventory in Stores Without Sublease	CAD	\$ -	\$ -	
Total American Greetings Canada Ineligibles		\$ -	\$ -	
Total Eligible American Greetings Canada Inventory		\$ -	\$ -	
Total Available American Greetings Canada Inventory	0.0%	\$ -	\$ -	(C)

TOTAL AVAILABLE CANADA INVENTORY: #REF! #REF! (D) B+C

As of: 1/0/1900	\$ -	\$ -	\$ -	(5)
LESS: Customer Credit Liabilities (100%) (Store Credits)	\$ -	\$ -	\$ -	(6)
Customer Deposits (100%) GL 54.3f	\$ -	\$ -	\$ -	(7A)
Rent Reserve (1 month) GL 74.1C	\$ -	\$ -	\$ -	
Bank Product Reserve (Pcard) (see Papyrus US reserve)	\$ -	\$ -	\$ -	
Past Due Payables (excl AG, Pymnt Plns, Disputes)	\$ -	\$ -	\$ -	
Gift Cards Reserve (100%) - N/A	\$ -	\$ -	\$ -	
Payable Due on 3rd Party Gift Cards (see AG)	\$ -	\$ -	\$ -	
Accrued Vacation (see AG) GL 54.1i	\$ -	\$ -	\$ -	(11)
Accrued Payroll (see AG) GL 54.3i	\$ -	\$ -	\$ -	(16)
GST/PST (see AG)	\$ -	\$ -	\$ -	(17)
PST (see line above)	\$ -	\$ -	\$ -	(18)
Total Papyrus Canada Availability Reserves	\$ -	\$ -	\$ -	

As of: 1/0/1900	#REF!	\$ -	(5)
LESS: Customer Credit Liabilities (100%) (Store Credits)	#REF!	\$ -	(6)
Customer Deposits (100%) GL 54.3f	#REF!	\$ -	(7B)
Rent Reserve (1 month) GL 74.10	\$ -	\$ -	
Bank Product Reserve (Pcard) (see Papyrus reserve)	\$ -	\$ -	
Past Due Payables (excl AG, Pymnt Plns, Disputes)	\$ -	\$ -	(9B)
Gift Cards Reserve (100%) - N/A	\$ -	\$ -	
Payable Due on 3rd Party Gift Cards (100%)	\$ -	\$ -	
Accrued Vacation GL 54.1i	\$ -	\$ -	(11)
Accrued Payroll GL 54.3i	\$ -	\$ -	(16)
GST/PST (receivable this month)	\$ -	\$ -	(17)
PST (see line above)	\$ -	\$ -	(18)
Total American Greetings Canada Availability Reserves	#REF!	\$ -	
TOTAL AVAILABILITY RESERVES	#REF!	\$ -	(E)
INVENTORY Availability	#REF!	#REF!	(F)
TOTAL BORROWING BASE (A + B)	#REF!	#REF!	D-E A+F



**Cert. #:** 1  
**As of Date:** 1/0/1900  
**Date Prepared:** 1/0/1900

\$	(200,000)
	#REF!
\$	10,000,000
	#REF!

#REF!  
#REF!

**\$ 35,000,000**

US Beginning Principal Balance	As of:	1/0/1900	\$	-
ADD:	Advances through	1/0/1900	\$	-
	Adjustments	1/0/1900	\$	-
LESS:	Payments through	1/0/1900	\$	-
Ending US Principal Balance Prior to Advance Request	As of:	1/0/1900	\$	- ( 19 )
CAD Beginning Principal Balance	As of:	1/0/1900	\$	-
ADD:	Advances through		\$	-
	Adjustments		\$	-
LESS:	Payments through		\$	-
Ending CAD Principal Balance Prior to Advance Request In C\$	As of:	1/0/1900	\$	-
Ending CAD Principal Balance Prior to Advance Request In US\$	As of:		Spot Selling Rate	0
			\$	-

#REF!

Ending Loan Balance			\$	-
Total L/C's Outstanding	Standby L/C's	\$ -	Doc L/C's	\$ -
Total Usage			\$	-
Availability after Advance				#REF!

WFRF Authorized Signer: \_\_\_\_\_ Printed Name: \_\_\_\_\_  
Signature: \_\_\_\_\_

**Signature:** \_\_\_\_\_  
Name: Roxanne Prahser  
Title: CFO

**Signature:** \_\_\_\_\_  
Name: Roxanne Prahser  
Title: CFO

**Signature:** \_\_\_\_\_  
Name: Roxanne Prahser  
Title: CFO

**AMENDED AND RESTATED EXHIBIT 2.17**

**Revolving Credit Commitment**

<b>Lender</b>	<b>Commitment (in Dollars or Dollar Equivalent)</b>	<b>Commitment Percentage</b>
Wells Fargo Bank, National Association	up to the Dollar Equivalent of \$35,000,000 (provided, however, that the US Lender's Commitment shall be reduced by the Dollar Equivalent of any Canadian Advances and Canadian Letters of Credit)	the percentage from time to time equal to the Commitment of Wells Fargo Bank, National Association at such time, divided by \$35,000,000
Wells Fargo Foothill Canada, ULC	up to the Dollar Equivalent of \$35,000,000 (provided, however, that the Canadian Lender's Commitment shall be reduced by the Dollar Equivalent of any US Advances and US Letters of Credit)	the percentage from time to time equal to the Commitment of Wells Fargo Foothill Canada, ULC at such time, divided by \$35,000,000

**EXHIBIT 1.16**

Amended and Restated Disclosure Schedules

Attached.

## ACKNOWLEDGEMENT AND CONSENT


Reference is made to the First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as subsequently amended or amended and restated, the "Loan Agreement"), by and among the lenders party thereto (the "Lenders"), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus, a California corporation ("Lead Borrower"), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise"), and SFP Canada Ltd., f/k/a 644064 N.B. INC., a New Brunswick corporation ("SFP Canada" and together with Lead Borrower and SFP Franchise, the "Borrowers"). Defined terms used in this Acknowledgement and Consent have the meanings given such terms in the Loan Agreement unless otherwise defined herein.

The undersigned, as a party to one or more Loan Documents, hereby acknowledges and consents to Amendment Number Three to First Amended and Restated Loan and Security Agreement, dated as of even date herewith (the "Amendment"), to which this Acknowledgement and Consent is attached, together with all prior amendments to the Loan Agreement.

The undersigned confirms and agrees that the Liquidity Guaranty, as amended by that certain First Amendment to the Limited Guaranty dated on the date hereof, issued by the undersigned as a Guarantor, is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects.

Dated: January \_\_, 2013

**AMERICAN GREETINGS CORPORATION,**  
as Guarantor

By:   
Title: Gregory M. Steinberg  
Treasurer and Executive Director  
of Investor Relations



AMENDMENT NUMBER FOUR TO FIRST AMENDED AND RESTATED LOAN  
AND SECURITY AGREEMENT

This AMENDMENT NUMBER FOUR TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “Amendment”), dated as of April 14, 2015 (the “Fourth Amendment Effective Date”), is entered into by and among the lenders party hereto (the “Lenders”), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the “Agent”), Schurman Fine Papers, d/b/a Papyrus, a California corporation (the “Lead Borrower”), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation (“SFP Franchise”), and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation (“SFP Canada” and together with Lead Borrower and SFP Franchise, the “Borrowers”).

RECITALS

WHEREAS, reference is made to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009, by and among the Borrowers, the Agent, and the Lenders named therein, as amended by that certain Omnibus First Amendment to the Loan Documents, dated as of May 7, 2009, as amended by that certain Amendment Number Two to First Amended and Restated Loan and Security Agreement dated as of April 1, 2011, and as amended by that certain Amendment Number Three to First Amended and Restated Loan and Security Agreement dated as of January 22, 2013 (such agreement, as amended, and as it may be further amended, restated, modified, or supplemented from time to time, the “Loan Agreement”). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, as amended hereby; and

WIIEREAS, the Borrowers and Lenders have agreed to make certain amendments and modifications to the Loan Agreement as provided herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned, each of the undersigned hereby agrees as follows:

**1. AMENDMENTS TO LOAN AGREEMENT**

**1.1. NEW DEFININTIONS.** The following shall be added as new definitions to Section 1.1 of the Loan Agreement in their appropriate alphabetical location:

“Amendment Number Four” means that certain Amendment Number Four to First amended and Restated Loan and Security Agreement, dated as of the Fourth Amendment Effective Date stated herein, by and among the Borrowers, Guarantor and Wells Fargo in its capacities as Administrative Agent and Collateral Agent and as a Revolving Credit Lender.

“Fourth Amendment Effective Date” has the meaning set forth in Amendment Number Four.

**1.2 MODIFIED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be modified as set forth below:

(a) **“Canadian Borrowing Base”**. The definition of **“Canadian Borrowing Base”** is amended and restated in its entirety as follows:

**“Canadian Borrowing Base”** means, as of any date of determination, an amount equal to the result of:

(A) (i) from July 1 through November 30 of each year, so long as no Event of Default has occurred and is continuing, 92.5%, and (ii) at all other times, 90%, *multiplied by* the amount of the Dollar Equivalent of Eligible Credit Card Accounts of Canadian Borrower; plus

(B) (i) from July 1 through November 30 of each year, so long as no Event of Default has occurred and is continuing, 92.5%, and (ii) at all other times, 90%, *multiplied by* the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible Papyrus Canadian Inventory; plus

(C) (i) from July 1 through November 30 of each year, so long as no Event of Default has occurred and is continuing, 92.5%, and (ii) at all other times, 90%, *multiplied by* the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible AG Canadian Inventory; minus

(D) the aggregate Dollar Equivalent of Reserves (without duplication), if any, established by Agent under Section 2.1(b).

(c) **“Fixed Rate Margin”**. The definition of **“Fixed Rate Margin”** is amended and restated in its entirety as follows:

**“Fixed Rate Margin”** means (i) from December 1 of each year through June 30 of the following year, 2.25% per annum, and (ii) from July 1 of each year through November 30 of such year, 2.50% per annum.

(d) **“Floating Rate Margin”**. The definition of **“Floating Rate Margin”** is amended and restated in its entirety as follows:

**“Floating Rate Margin”** means (i) from December 1 of each year through June 30 of the following year, 1.25% per annum, and (ii) from July 1 of each year through November 30 of such year, 1.50% per annum.

(e) **“L/C Sublimit”**. The definition of **“L/C Sublimit”** is amended and restated in its entirety as follows:

**“L/C Sublimit”** means the Dollar Equivalent of \$1,000,000.

(f) **“Revolving Credit Maturity Date”**. The definition of **“Revolving Credit Maturity Date”** is amended and restated in its entirety as follows:

**“Revolving Credit Maturity Date”** means the earliest of (i) January 31, 2019, or (ii) the date which is thirty (30) days prior to the date of the scheduled maturity date of the Schurman Family Notes if such scheduled maturity date has not been previously extended to a date which is at least thirty (30) days after January 31, 2019, or (iii) the date which is thirty (30) days prior to the date of expiration of each of the Supply Agreement by and among the Lead Borrower and AG and the Trademark License Agreement by, among others, the Lead

Borrower, SFP Canada and AG.

(g) **“US Borrowing Base”**. The definition of **“US Borrowing Base”** is amended and restated in its entirety as follows:

**“US Borrowing Base”** means, as of any date of determination, an amount equal to the result of:

(A) (i) from July 1 through November 30 of each year, so long as no Event of Default has occurred and is continuing, 92.5%, and (ii) at all other times, 90%, *multiplied by* the amount of Eligible Credit Card Accounts of US Borrowers; plus

(B) (i) from July 1 through November 30 of each year, so long as no Event of Default has occurred and is continuing, 92.5%, and (ii) at all other times, 90%, *multiplied by* the then extant Net Orderly Liquidation Value of Eligible Papyrus US Inventory; plus

(C) (i) from July 1 through November 30 of each year, so long as no Event of Default has occurred and is continuing, 92.5%, and (ii) at all other times, 90%, *multiplied by* the then extant Net Orderly Liquidation Value of Eligible AG US Inventory; plus

(D) the amount of the Guarantor L/C; minus

(D) the aggregate amount of Reserves (without duplication), if any, established by Agent under Section 2.1(b).

**1.3. DELETED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be deleted in their entirety:

“Accounts Receivable Advance Rate”

“Inventory Advance Rate”

**1.4. FEES.** Section 2.11 of the Loan Agreement is amended as follows:

(a) Clause (f) of Section 2.11 is amended and restated in its entirety as follows:

“(f) Agent’s Amendment Fee. The Borrowers shall pay to Administrative Agent, for its sole account, a one-time amendment fee in an amount equal to 0.25% of the Maximum Revolver Amount (the “Agent’s Amendment Fee”). The Agent's Amendment Fee is fully earned and payable on the Fourth Amendment Effective Date.”

**2. RATIFICATION OF OBLIGATIONS.** Each Borrower confirms and agrees that it continues to remain liable for the punctual and full payment of all Obligations, whether presently existing or hereafter incurred including, without limitation, all reasonable and documented out-of-pocket fees and expenses (including reasonable and documented attorneys’ fees and expenses) under the Loan Documents, and, except for any bankruptcy, insolvency, moratorium, or similar defenses, each Borrower has no defenses, counterclaims or setoffs with respect to full, complete and timely payment of all Obligations.

**3. RATIFICATION OF FINANCING.** Except as modified by this Amendment, all terms and conditions of each of the Loan Documents shall remain unmodified and in full



force and effect, which terms and conditions, the parties to this Amendment hereby ratify and affirm. This Amendment shall be deemed to be one of the Loan Documents and, together with the other Loan Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior dealings, correspondence, conversations or communications between the parties with respect to the subject matter hereof. Each Borrower acknowledges, ratifies, and affirms the continuing security interest granted pursuant to the Loan Agreement and other Loan Documents, including, but not limited to the Canadian Pledge and Security Agreement dated as of April 17, 2009 by and between SFP Canada Ltd. and Collateral Agent, in any and all Collateral secures any and all Obligations presently existing or hereafter incurred in connection with the Loan Agreement and the other Loan Documents. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Loan Agreement and the other Loan Documents, the terms and provisions of this Amendment shall govern.

**4. RELEASE.** In consideration of Agent and Lenders entering into this Amendment, each of the Borrowers hereby releases and forever discharges Agent and Lenders, and their respective successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, and each of them, from any and all claims, counterclaims, off-sets, debts, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, whether or not related to the subject matter of this Amendment or the other Loan Documents, which Borrowers now have or at any time may have held, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Amendment; provided, however, that such release and discharge shall in all events exclude any and all continuing obligations of Agent or Lender under or pursuant to the Loan Documents. This release is fully effective on the date hereof. Agent and Lenders are not releasing Borrowers from any claims, debts, Obligations, demands, obligations, costs, expenses, actions or causes of action.

**5. REPRESENTATIONS, WARRANTIES AND COVENANTS.** The Borrowers represent, warrant and covenant with and to the Agent and the Revolving Credit Lenders as follows, which representations, warranties and covenants are continuing and shall survive the execution and delivery hereof, the truth and accuracy of, or compliance with each, together with the representations, warranties and covenants in the other Loan Documents, being a continuing condition of the making or providing of any Revolving Credit or Letters of Credit by the Revolving Credit Lenders to Borrowers:

(a) This Amendment has been duly authorized, executed and delivered by all necessary action of the Borrowers, and is in full force and effect, and the agreements and obligations of the Borrowers contained here constitute legal, valid and binding obligations of the Borrowers enforceable against such Borrower in accordance with its terms.

(b) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

(c) The execution and delivery of this Amendment, the performance of Borrowers' obligations hereunder and the consummation of the transactions contemplated by this Amendment do not, and will not, impair in any material respect any provision of any Applicable Law or give rise to a default or event of default under any material agreement to which Borrowers are a party or result in the creation or imposition of, or the obligation to create or impose, any Liens upon any assets of the Borrowers pursuant to any Applicable Law or any such agreement, except for Permitted Liens.

(d) All representations and warranties made in the Loan Agreement and the other Loan Documents remain true, accurate and complete in all material respects as of the Fourth Amendment Effective Date as if made on such date unless such representations and warranties expressly by their terms are limited to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**6. CONDITIONS PRECEDENT.** This Amendment shall become effective only upon satisfaction of each of the following conditions precedent as determined by the Agent and Lenders in their reasonable discretion:

(a) Receipt by Administrative Agent of this Amendment duly executed by the parties hereto.

(b) Receipt by Administrative Agent of a certificate from the Secretary of each Borrower attesting to the resolutions of such Borrower's Board of Directors or, in the case of SFP Canada, its sole shareholder, authorizing its execution, delivery, and performance of this Amendment and authorizing specific officers of such Borrower to execute the same.

(c) Receipt by Administrative Agent of a certificate of status with respect to each Borrower and Guarantor, dated within 30 days of the Fourth Amendment Effective Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of the applicable Borrower or Guarantor, which certificate shall indicate that such Borrower or Guarantor is in good standing in such jurisdiction.

(d) Receipt by Administrative Agent of opinions of Borrower's U.S. counsel with respect to this Amendment, dated as of the Fourth Amendment Effective Date, and such other opinions and opinion letters as Agent may request, each in form and substance reasonably satisfactory to the Agent and Lenders.

(e) Receipt by Administrative Agent of opinions of Borrower's Canadian counsel with respect to this Amendment, dated as of the Fourth Amendment Effective Date, and such other opinions and opinion letters as Agent may request, each in form and substance reasonably satisfactory to the Agent and Lenders.

(f) Receipt by Administrative Agent of an Acknowledgment and Consent duly executed by the Guarantor.

(g) All representations and warranties contained herein shall be true and correct in all material respects.

(h) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

**7. MISCELLANEOUS.** Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose. **This Amendment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.**

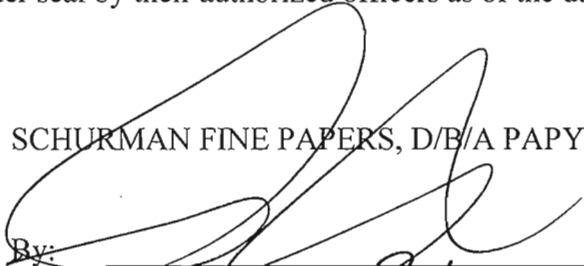
**8. COUNTERPARTS.** This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original hereof and submissible into evidence and all of which together shall be deemed to be a single instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall have the same force and effect as delivery of an original executed counterpart of this Amendment.

**9. EXPENSES.** Without limiting Section 11.4 of the Loan Agreement, the Borrower agrees to pay to Agent all reasonable documented and out-of-pocket fees and expenses incurred by Agent in connection with preparation, execution and delivery of this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable and documented fees and expenses of Riemer & Braunstein LLP.


**[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]**

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as an instrument under seal by their authorized officers as of the day and year first above written.


SCHURMAN FINE PAPERS, D/B/A PAPYRUS

By:   
Name: Roxanne Pahlke  
Title: CFO

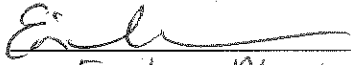
SFP FRANCHISE CORPORATION

By:   
Name: Roxanne Pahlke  
Title: CFO


SFP CANADA LTD.

By:   
Name: Roxanne Pahlke  
Title: CFO

WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Agent and as a Revolving Credit  
Lender

By:   
Name: Emily Abrahamson  
Title: Vice President

WELLS FARGO FOOTHILL CANADA, ULC, as a  
Lender

By:   
Name: David G. Phillips  
Title: Senior Vice President

## ACKNOWLEDGEMENT AND CONSENT

Reference is made to the First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as subsequently amended or amended and restated, the "Loan Agreement") by and among the lenders party thereto (the "Lenders"), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus, a California corporation (the "Lead Borrower") SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise") and SFP Canada Ltd., f/k/a 644064 N.B. INC., a New Brunswick corporation ("SFP Canada"), and together with Lead Borrower and SFP Franchise, the "Borrowers"). Defined terms used in this Acknowledgement and Consent have the meanings given such terms in the Loan Agreement unless otherwise defined herein.

The undersigned, as a party to one or more Loan Documents, hereby acknowledges and consents to Amendment Number Four to First Amended and Restated Loan and Security Agreement, dated as of even date herewith (the "Amendment") to which this Acknowledgement and Consent is attached, together with all prior amendments to the Loan Agreement.

The undersigned confirms and agrees that the Liquidity Guaranty issued by the undersigned as a Guarantor, is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects.

Dated: April 14, 2015

**AMERICAN GREETINGS CORPORATION,**  
as Guarantor

By: \_\_\_\_\_



Name: Gregory M. Steinberg

Title: Chief Financial Officer





## EXECUTION VERSION

### AMENDMENT NUMBER FIVE TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

This AMENDMENT NUMBER FIVE TO FIRST AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this “Amendment”), dated as of April 27, 2018 (the “Fifth Amendment Effective Date”), is entered into by and among the lenders party hereto (the “Lenders”), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the “Agent”), Schurman Fine Papers, d/b/a Papyrus, a California corporation (the “Lead Borrower”), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation (“SFP Franchise”), and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation (“SFP Canada” and together with Lead Borrower and SFP Franchise, the “Borrowers”).

#### RECITALS

WHEREAS, reference is made to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009, by and among the Borrowers, the Agent, and the Lenders named therein, as amended by that certain Omnibus First Amendment to the Loan Documents, dated as of May 7, 2009, as amended by that certain Amendment Number Two to First Amended and Restated Loan and Security Agreement dated as of April 1, 2011, as amended by that certain Amendment Number Three to First Amended and Restated Loan and Security Agreement dated as of January 22, 2013, and as amended by that certain Amendment Number Four to First Amended and Restated Loan and Security Agreement dated as of April 14, 2015 (such agreement, as amended, and as it may be further amended, restated, modified, or supplemented from time to time, collectively, the “Loan Agreement”). All capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement, as amended hereby; and

WHEREAS, the Borrowers and Lenders have agreed to make certain amendments and modifications to the Loan Agreement as provided herein.

NOW THEREFORE, in consideration of the foregoing and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by each of the undersigned, each of the undersigned hereby agrees as follows:

#### **1. AMENDMENTS TO LOAN AGREEMENT**

**1.1. NEW DEFINITIONS.** The following shall be added as new definitions to Section 1.1 of the Loan Agreement in their appropriate alphabetical location:

(a) “Amendment Number Five” means that certain Amendment Number Five to First amended and Restated Loan and Security Agreement, dated as of the Fifth Amendment Effective Date stated herein, by and among the Borrowers, Guarantor and Wells Fargo in its capacities as Administrative Agent and Collateral Agent and as a Revolving Credit Lender.

(b) “Federal Funds Rate” means, for any period, a fluctuating interest rate per annum equal to, for each day during such period, the weighted average of the rates on overnight Federal funds transactions with members of the Federal Reserve System, as

published on the next succeeding Business Day by the Federal Reserve Bank of New York, or, if such rate is not so published for any day which is a Business Day, the average of the quotations for such day on such transactions received by Agent from three Federal funds brokers of recognized standing selected by it (and, if any such rate is below zero, then the rate determined pursuant to this definition shall be deemed to be zero).

(c) “Fifth Amendment Effective Date” has the meaning set forth in Amendment Number Five.

(d) “LIBOR Rate” means the rate per annum as published by ICE Benchmark Administration Limited (or any successor page or other commercially available source as the Agent may designate from time to time) as of 11:00 a.m., London time, two Business Days prior to the commencement of the requested Interest Period, for a term, and in an amount, comparable to the Interest Period and the amount of the LIBOR Rate Loan requested (whether as an initial LIBOR Rate Loan or as a continuation of a LIBOR Rate Loan or as a conversion of a Base Rate Loan to a LIBOR Rate Loan) by Borrowers in accordance with this Agreement (and, if any such published rate is below zero, then the rate shall be deemed to be zero). Each determination of the LIBOR Rate shall be made by the Agent and shall be conclusive in the absence of manifest error.

(e) “LIBOR Rate Loan” means each portion of an Advance that bears interest at a rate determined by reference to the LIBOR Rate.

**1.2 MODIFIED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be modified as set forth below:

(a) “Base Rate”. The definition of “Base Rate” is amended and restated in its entirety as follows:

“Base Rate” means the greatest of (a) the Federal Funds Rate *plus* ½%, (b) the LIBOR Rate (which rate shall be calculated based upon an Interest Period of one month and shall be determined on a daily basis), *plus* one percentage point, and (c) the rate of interest announced, from time to time, within Wells Fargo at its principal office in San Francisco as its “prime rate”, with the understanding that the “prime rate” is one of Wells Fargo’s base rates (not necessarily the lowest of such rates) and serves as the basis upon which effective rates of interest are calculated for those loans making reference thereto and is evidenced by the recording thereof after its announcement in such internal publications as Wells Fargo may designate (and, if any such announced rate is below zero, then the rate determined pursuant to this clause (c) shall be deemed to be zero).

(b) “Canadian Borrowing Base”. The definition of “Canadian Borrowing Base” is amended and restated in its entirety as follows:

“Canadian Borrowing Base” means, as of any date of determination, an amount equal to the result of:

(A) 90%, *multiplied by* the amount of the Dollar Equivalent of Eligible Credit Card Accounts of Canadian Borrower; *plus*

(B) 90%, *multiplied by* the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible Papyrus Canadian Inventory; *plus*

(C) 90%, *multiplied* by the Dollar Equivalent of the then extant Net Orderly Liquidation Value of Eligible AG Canadian Inventory; minus

(D) the aggregate Dollar Equivalent of Reserves (without duplication), if any, established by Agent under Section 2.1(b).

(c) “Fixed Rate Margin”. The definition of “Fixed Rate Margin” is amended and restated in its entirety as follows:

“Fixed Rate Margin” means 2.50% per annum.

(d) “Floating Rate Margin”. The definition of “Floating Rate Margin” is amended and restated in its entirety as follows:

“Floating Rate Margin” means 1.50% per annum.

(e) “Revolving Credit Maturity Date”. The definition of “Revolving Credit Maturity Date” is amended and restated in its entirety as follows:

“Revolving Credit Maturity Date” means the earliest of (i) April 30, 2020, or (ii) the date which is sixty (60) days prior to the date of the scheduled maturity date of the Schurman Family Notes if such scheduled maturity date has not been previously extended to a date which is at least thirty (30) days after April 30, 2020, or (iii) the date which is sixty (60) days prior to the date of expiration of each of the Supply Agreement by and among the Lead Borrower and AG and the Trademark License Agreement by, among others, the Lead Borrower, SFP Canada and AG.

(f) “US Borrowing Base”. The definition of “US Borrowing Base” is amended and restated in its entirety as follows:

“US Borrowing Base” means, as of any date of determination, an amount equal to the result of:

(A) 90%, *multiplied* by the amount of Eligible Credit Card Accounts of US Borrowers; plus

(B) 90%, *multiplied* by the then extant Net Orderly Liquidation Value of Eligible Papyrus US Inventory; plus

(C) 90%, *multiplied* by the then extant Net Orderly Liquidation Value of Eligible AG US Inventory; plus

(D) the amount of the Guarantor L/C; minus

(D) the aggregate amount of Reserves (without duplication), if any, established by Agent under Section 2.1(b).

**1.3 NEW DEFINITION REFERENCES.** The following definition references in the Loan Agreement shall be revised as set forth below:

(a) All references to “Federal Funds Effective Rate” shall be replaced with “Federal Funds Rate”.

- (b) All references to “LIBO Rate” shall be replaced with “LIBOR Rate”.
- (c) All references to “LIBO Rate Loan” shall be replaced with “LIBOR Rate Loan”.

**1.4 DELETED DEFINITIONS.** The following definitions set forth in Section 1.1 of the Loan Agreement shall be deleted in their entirety:

- (a) “Base LIBO Rate”.
- (b) “Federal Funds Effective Rate”.
- (c) “LIBO Rate”.
- (d) “LIBO Rate Loan”.
- (e) “Reserve Percentage”.
- (f) “US Reference Rate”.

**1.5 MINIMUM EXCESS AVAILABILITY COVENANT.** Section 7.20 of the Loan Agreement is amended and restated in its entirety as follows:

“7.20 Minimum Excess Availability Covenant. From the Third Amendment Effective Date until January 31, 2019, permit Excess Availability at any time to be less than the greater of the Dollar Equivalent of (i) \$2,625,000 or (ii) 10% of the Adjusted Borrowing Base then currently in effect, and then from February 1, 2019 and at all times thereafter, permit Excess Availability at any time to be less than the greater of the Dollar Equivalent of (i) \$4,000,000 or (ii) 15% of the Adjusted Borrowing Base then currently in effect (collectively, the “Minimum Excess Availability Covenant”); provided however, that for purposes of this Section 7.20 only, “Excess Availability” shall be calculated using a definition of “Availability” based solely on the amount determined under clause (b) of the definition of Availability (i.e., without regard to whether the amount determined under clause (a) of such definition is less than the amount determined under clause (b) of such definition).”

**1.6 FEES.** Section 2.11 of the Loan Agreement is amended as follows:

- (a) Clause (f) of Section 2.11 is amended and restated in its entirety as follows:

“(f) Agent’s Amendment Fee. The Borrowers shall pay to Agent, for its sole account, a one-time amendment fee in an amount equal to 0.25% of the Maximum Revolver Amount (the “Agent’s Amendment Fee”). The Agent's Amendment Fee is fully earned and payable on the Fifth Amendment Effective Date.”

**2. RATIFICATION OF OBLIGATIONS.** Each Borrower confirms and agrees that it continues to remain liable for the punctual and full payment of all Obligations, whether presently existing or hereafter incurred including, without limitation, all reasonable and documented out-of-pocket fees and expenses (including reasonable and documented attorneys’ fees and expenses) under the Loan Documents, and, except for any bankruptcy, insolvency, moratorium, or similar defenses, each Borrower has no defenses, counterclaims or setoffs with respect to full, complete and timely payment of all Obligations.

**3. RATIFICATION OF FINANCING.** Except as modified by this Amendment,

all terms and conditions of each of the Loan Documents shall remain unmodified and in full force and effect, which terms and conditions, the parties to this Amendment hereby ratify and affirm. This Amendment shall be deemed to be one of the Loan Documents and, together with the other Loan Documents, constitutes the entire agreement between the parties with respect to the subject matter hereof and supersede all prior dealings, correspondence, conversations or communications between the parties with respect to the subject matter hereof. Each Borrower acknowledges, ratifies, and affirms the continuing security interest granted pursuant to the Loan Agreement and other Loan Documents, including, but not limited to the Canadian Pledge and Security Agreement dated as of April 17, 2009 by and between SFP Canada Ltd. and Collateral Agent, in any and all Collateral secures any and all Obligations presently existing or hereafter incurred in connection with the Loan Agreement and the other Loan Documents. In the event of a conflict between the terms and provisions of this Amendment and the terms and provisions of the Loan Agreement and the other Loan Documents, the terms and provisions of this Amendment shall govern.

4. **RELEASE.** In consideration of Agent and Lenders entering into this Amendment, each of the Borrowers hereby releases and forever discharges Agent and Lenders, and their respective successors, assigns, agents, shareholders, directors, officers, employees, agents, attorneys, parent corporations, subsidiary corporations, affiliated corporations, affiliates, and each of them, from any and all claims, counterclaims, off-sets, debts, demands, obligations, costs, expenses, actions and causes of action, of every nature and description, known and unknown, whether or not related to the subject matter of this Amendment or the other Loan Documents, which Borrowers now have or at any time may have held, by reason of any matter, cause or thing occurred, done, omitted or suffered to be done prior to the date of this Amendment; provided, however, that such release and discharge shall in all events exclude any and all continuing obligations of Agent or Lender under or pursuant to the Loan Documents. This release is fully effective on the date hereof. Agent and Lenders are not releasing Borrowers from any claims, debts, Obligations, demands, obligations, costs, expenses, actions or causes of action.

5. **REPRESENTATIONS, WARRANTIES AND COVENANTS.** The Borrowers represent, warrant and covenant with and to the Agent and the Revolving Credit Lenders as follows, which representations, warranties and covenants are continuing and shall survive the execution and delivery hereof, the truth and accuracy of, or compliance with each, together with the representations, warranties and covenants in the other Loan Documents, being a continuing condition of the making or providing of any Revolving Credit or Letters of Credit by the Revolving Credit Lenders to Borrowers:

(a) This Amendment has been duly authorized, executed and delivered by all necessary action of the Borrowers, and is in full force and effect, and the agreements and obligations of the Borrowers contained here constitute legal, valid and binding obligations of the Borrowers enforceable against such Borrower in accordance with its terms.

(b) After giving effect to this Amendment, no Default or Event of Default has occurred and is continuing.

(c) The execution and delivery of this Amendment, the performance of Borrowers' obligations hereunder and the consummation of the transactions contemplated by this Amendment do not, and will not, impair in any material respect any provision of any Applicable Law or give rise to a default or event of default under any material agreement to which Borrowers are a party or result in the creation or imposition of, or the obligation to create or impose, any Liens upon any assets of the Borrowers pursuant to any Applicable Law or any

such agreement, except for Permitted Liens.

(d) All representations and warranties made in the Loan Agreement and the other Loan Documents remain true, accurate and complete in all material respects as of the Fifth Amendment Effective Date as if made on such date unless such representations and warranties expressly by their terms are limited to an earlier date, in which case such representations and warranties shall have been true and correct in all material respects on such earlier date.

**6. CONDITIONS PRECEDENT.** This Amendment shall become effective only upon satisfaction of each of the following conditions precedent as determined by the Agent and Lenders in their reasonable discretion:

(a) Receipt by Agent of this Amendment duly executed by the parties hereto.

(b) Receipt by Agent of a certificate from the Secretary of each Borrower attesting to the resolutions of such Borrower's Board of Directors or, in the case of SFP Canada, its sole shareholder, authorizing its execution, delivery, and performance of this Amendment and authorizing specific officers of such Borrower to execute the same.

(c) Receipt by Agent of a certificate of status with respect to each Borrower and Guarantor, dated within 30 days of the Fifth Amendment Effective Date, such certificate to be issued by the appropriate officer of the jurisdiction of organization of the applicable Borrower or Guarantor, which certificate shall indicate that such Borrower or Guarantor is in good standing in such jurisdiction.

(d) Receipt by Agent of an Acknowledgment and Consent duly executed by the Guarantor.

(e) Receipt by Agent of amendments to both the Supply Agreement by and among the Lead Borrower and AG and the Trademark License Agreement by, among others, the Lead Borrower, SFP Canada and AG, each in form and substance reasonably satisfactory to the Agent and Lenders.

(f) All representations and warranties contained herein shall be true and correct in all material respects.

(g) After giving effect to this Amendment, no Default or Event of Default shall have occurred and be continuing.

**7. MISCELLANEOUS.** Section and paragraph headings herein are included for convenience of reference only and shall not constitute a part of this Amendment for any other purpose. This Amendment shall be governed by, and construed in accordance with, the laws of the Commonwealth of Massachusetts.

**8. COUNTERPARTS.** This Amendment may be executed in any number of counterparts, each of which shall be deemed to be an original hereof and submissible into

evidence and all of which together shall be deemed to be a single instrument. In making proof of this Amendment, it shall not be necessary to produce or account for more than one counterpart thereof signed by each of the parties hereto. Delivery of an executed counterpart of this Amendment by telefacsimile or other electronic method of transmission shall have the same force and effect as delivery of an original executed counterpart of this Amendment.

9. **EXPENSES.** Without limiting Section 11.4 of the Loan Agreement, the Borrower agrees to pay to Agent all reasonable documented and out-of-pocket fees and expenses incurred by Agent in connection with preparation, execution and delivery of this Amendment and the transactions contemplated hereby, including, without limitation, the reasonable and documented fees and expenses of Riemer & Braunstein LLP.

*[REMAINDER OF THIS PAGE INTENTIONALLY LEFT BLANK]*

IN WITNESS WHEREOF, the parties hereto have caused this Amendment to be duly executed and delivered as an instrument under seal by their authorized officers as of the day and year first above written.

SCHURMAN FINE PAPERS, D/B/A PAPYRUS

By: 

Name: ~~Roxanne Prahser~~

Title: Chief Financial Officer

SFP FRANCHISE CORPORATION

By: 

Name: ~~Roxanne Prahser~~

Title: Chief Financial Officer

SFP CANADA LTD.

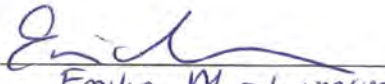
By: 

Name: ~~Roxanne Prahser~~

Title: Chief Financial Officer



WELLS FARGO BANK, NATIONAL  
ASSOCIATION, as Agent and as a Revolving Credit  
Lender

By:   
Name: Emily Abrahamson  
Title: Vice President

WELLS FARGO CAPITAL FINANCE  
CORPORATION CANADA, as a Lender

By:   
Name: \_\_\_\_\_  
Title: David G. Phillips  
Senior Vice President  
Credit Officer - Canada  
Wells Fargo Capital Finance  
Corporation Canada

## ACKNOWLEDGEMENT AND CONSENT

Reference is made to the First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as subsequently amended or amended and restated, the "Loan Agreement") by and among the lenders party thereto (the "Lenders"), Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC, a Delaware limited liability company, as Administrative Agent and Collateral Agent for the Lenders (in such capacities, the "Agent"), Schurman Fine Papers, d/b/a Papyrus, a California corporation (the "Lead Borrower") SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("SFP Franchise") and SFP Canada Ltd., f/k/a 644064 N.B. INC., a New Brunswick corporation ("SFP Canada"), and together with Lead Borrower and SFP Franchise, the "Borrowers"). Defined terms used in this Acknowledgement and Consent have the meanings given such terms in the Loan Agreement unless otherwise defined herein.

The undersigned, as a party to one or more Loan Documents, hereby acknowledges and consents to Amendment Number Five to First Amended and Restated Loan and Security Agreement, dated as of even date herewith (the "Amendment") to which this Acknowledgement and Consent is attached, together with all prior amendments to the Loan Agreement.

The undersigned confirms and agrees that the Liquidity Guaranty issued by the undersigned as a Guarantor, is, and shall continue to be, in full force and effect and is hereby ratified and confirmed in all respects.

Dated: April 27, 2018

AMERICAN GREETINGS CORPORATION,  
as Guarantor

By: 

Name: Christopher W. Haffner

Title: SVP, General Counsel CHRO & Secretary

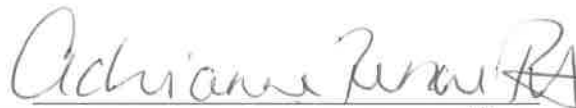
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TAB F

THIS IS EXHIBIT "F" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN

BEFORE ME THIS 23<sup>RD</sup> DAY

OF JANUARY, 2020



Notary Public in and for the State of Tennessee



**CANADIAN PLEDGE AND SECURITY AGREEMENT**

**dated April 17, 2009**

**among**

**644064 N.B. INC.,**

**as Grantor**

**and**

**Wells Fargo Retail Finance, LLC,  
as Collateral Agent**

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**CANADIAN PLEDGE AND SECURITY AGREEMENT** dated April 17, 2009 (this "**Agreement**"), among 644064 N.B. Inc., a New Brunswick corporation (the "**Grantor**") and Wells Fargo Retail Finance, LLC, as collateral agent (herein referred to as the "**Collateral Agent**") for the Agent, Lenders, US Issuing Bank (each as defined in the Credit Agreement) and any other holder of Obligations (as defined in the Credit Agreement) (the Agent, Lenders, US Issuing Bank and any other holder of Obligations are collectively referred to herein as the "**Secured Parties**").

## **RECITALS**

A. Schurman Fine Papers, d/b/a Papyrus and each of its subsidiaries party thereto, as borrowers, Wells Fargo Retail Finance, LLC, as administrative agent, collateral agent and a revolving credit lender and each other revolving credit lender party thereto have entered into a first amended and restated loan and security agreement dated April 17, 2009 (the "**Credit Agreement**").

B. Pursuant to the terms of the Credit Agreement, the Grantor is required to execute and deliver this Agreement.

In consideration of the premises and for other valuable consideration, the receipt and sufficiency of which the parties hereto hereby acknowledge, the Grantor and the Collateral Agent, on behalf of itself and each of the Secured Parties (and each of their respective successors or permitted assigns), hereby agree as follows:

## **ARTICLE 1 DEFINITIONS; RULES OF INTERPRETATION**

### **1.1 Definition of Terms Used Herein**

Unless the context otherwise requires, all capitalized terms used but not defined herein shall have the meanings set forth in the Credit Agreement.

### **1.2 PPSA**

Terms used herein that are defined in the PPSA but not defined herein have the meanings given to them in the PPSA, including the following which are capitalized herein:

Accessions  
Account  
Certificated Security  
Chattel Paper  
Consumer Goods  
Document of Title  
Financial Asset  
Futures Account  
Futures Contract  
Futures Intermediary



Instrument  
Investment Property  
Money  
Personal Property  
Securities Account  
Security Entitlement  
Securities Intermediary  
Security

### 1.3 General Definitions

In this Agreement:

**"Accounts Debtor"** means a person obligated on an Account, Chattel Paper or Intangible. The term does not include persons obligated to pay a negotiable Instrument, even if the Instrument constitutes part of Chattel Paper.

**"Accounts Receivable"** means all the Grantor's now owned or hereafter acquired right, title and interest with respect to "Accounts" (as such term is defined from time to time in the PPSA) and includes, without limitation, credit card receivables, and any and all Supporting Obligations in respect thereof.

**"Accounts Receivable Records"** means (a) all originals and copies of all documents, instruments or other writings or electronic records, other Records, books, correspondence, credit or other files, ledger sheets or cards and invoices evidencing or relating to Accounts Receivable, including all tapes, cards, computer tapes, computer discs, computer runs, record keeping systems and other papers and documents relating to Accounts Receivable, whether in the possession or under the control of the Grantor or any computer bureau or agent from time to time acting for the Grantor or otherwise, (b) all evidences of the filing of financing statements and the registration of other instruments in connection therewith, and amendments, supplements or other modifications thereto, notices to other creditors or secured parties, and certificates, acknowledgments or other writings, including lien search reports, from filing or other registration officers, (c) all credit information, reports and memoranda relating thereto and (d) all other written, electronic or other non-written forms of information related in any way to the foregoing or any Accounts Receivable.

**"Agreement"** has the meaning set forth in the preamble hereto.

**"Approved Depository Bank"** means a bank selected or approved by the Collateral Agent, acting reasonably, and with respect to which the Grantor has delivered to the Collateral Agent an executed Deposit Account Control Agreement.

**"Approved Securities Intermediary"** means a Securities Intermediary or Futures Intermediary reasonably acceptable to the Collateral Agent and with respect to which the Grantor has delivered to the Collateral Agent an executed Control Account Agreement.

**"CIPO"** means the Canadian Intellectual Property Office.

**"Capital Stock"** means shares in the capital of any corporation, company or other body corporate (whether denominated as common shares or preferred shares or otherwise), beneficial, partnership or membership interests, participations or other equivalents (regardless of how designated) of or in a corporation, partnership, limited liability company or equivalent entity, whether voting or non-voting and all rights to subscribe for, purchase or otherwise acquire any of the foregoing.

**"Cash Collateral Account"** means any Deposit Account or Securities Account established by the Collateral Agent in which cash and Cash Equivalents may from time to time be on deposit or held therein as provided herein.

**"Collateral"** means the property of the Grantor described in Section 2.1 in which Security Interests are granted to the Collateral Agent for the benefit of the Secured Parties.

**"Collateral Agent"** has the meaning set forth in the preamble hereto.

**"Collateral Records"** means books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks and related data processing software and similar items that at any time evidence or contain information relating to any of the Collateral or are otherwise necessary to or helpful in the collection thereof or realization thereon.

**"Collateral Support"** means all property (real or personal) assigned, hypothecated or otherwise securing any Collateral described in Section 2.1(a) and includes any security agreement or other agreement granting a lien or security interest in such real or personal property.

**"Control Account"** means a Securities Account or Futures Account maintained by the Grantor with an Approved Securities Intermediary which account is the subject of an effective Control Account Agreement, and includes all financial assets held therein and all certificates and Instruments, if any, representing or evidencing such Control Account.

**"Control Account Agreement"** means an agreement, in a form reasonably acceptable to the Collateral Agent, executed by the Grantor and the Collateral Agent and acknowledged and agreed to by the relevant Approved Securities Intermediary.

**"Copyright Licenses"** means any and all agreements providing for the granting of any right in or to Copyrights (whether the Grantor is licensee or licensor thereunder).

**"Copyright"** has the meaning set forth in the definition of Intellectual Property.

**"Credit Agreement"** has the meaning set forth in the preamble hereto.

**"Deposit Account"** means a demand, time, savings, passbook or similar account maintained with a bank. The term does not include Securities or Accounts evidenced by an Instrument.

**"Deposit Account Control Agreement"** means an agreement, in a form reasonably acceptable to the Collateral Agent, executed by the Grantor and the Collateral Agent and acknowledged and agreed to by the relevant Approved Depositary Bank.

**"Dividends"** means, in relation to any Capital Stock, all present and future: (a) dividends and distributions of any kind and any other sum received or receivable in respect of that Capital Stock, (b) rights, shares, money or other assets accruing or offered by way of redemption, substitution, exchange, bonus, option, preference or otherwise in respect of that Capital Stock, (c) allotments, offers and rights accruing or offered in respect of that Capital Stock and (d) other rights and assets attaching to, deriving from or exercisable by virtue of the ownership of, that Capital Stock.

**"Equipment"** means "equipment" as defined in the PPSA, and includes all machinery, manufacturing equipment, data processing equipment, computers, office equipment, furnishings, furniture, appliances, fixtures and tools (in each case, regardless of whether characterized as "equipment" under the PPSA) and any and all Accessions, additions, modifications, improvements, alterations or repairs thereon or accessories thereto, all parts thereof, whether or not at any time of determination incorporated or installed therein or attached thereto, and all replacements or substitutions therefor, wherever located, now or hereafter existing, including any fixtures.

**"Excluded Deposit Account"** means any Deposit Account used exclusively for payroll, payroll taxes or other employee wage and benefit payments.

**"Goods"** means "goods" as defined in the PPSA, and includes all Inventory and Equipment (in each case, regardless of whether characterized as goods under the PPSA).

**"Grantor"** has the meaning set forth in the preamble hereto.

**"Insurance"** means all contracts and policies of insurance of any kind now or in the future taken out by or on behalf of the Grantor or (to the extent of the Grantor's interest) in which it now or in the future has an interest to the extent claims under such contracts or policies may trigger a mandatory prepayment event under the Credit Agreement.

**"Intangibles"** means "intangibles" as defined in the PPSA, and includes all interest rate or currency protection or hedging arrangements, all tax refunds, claims for tax refunds and tax credits, all licenses, permits, approvals, consents, variances, certifications, concessions and authorizations, all Intellectual Property, corporate or other business records, indemnification claims, contract rights (including rights under leases, whether entered into as lessor or lessee), franchises, and any letter of credit, guarantee, claim, security interest or other security held by or granted to the Grantor to secure payment by an Account Debtor of any of the Accounts Receivable including the Grantor's rights in all security agreements, leases and other contracts securing or otherwise relating to any Account Receivable, and all warranties, rights and claims against third parties including carriers and shippers and otherwise.

**"Intellectual Property"** means any and all:

- (a) trade secrets; confidential or proprietary information or data and know-how;

- (b) patents, patent applications and like protections including without limitation provisionals, divisions, continuations, renewals, reissues, extensions, continuations-in-part of the same and patentable inventions and/or improvements thereto (collectively "**Patents**");
- (c) trade-marks, service marks, brands, designs, logos, indicia, trade dress, distinguishing guises, domain names, taglines, trade names, corporate names, company names, business names, trading styles, business identifiers, fictitious names or characters, whether registered or not, applications to register and registrations of the same and like protection, and the entire goodwill of the business connected with and symbolized by such rights (collectively "**Trademarks**");
- (d) copyrights, copyright applications, copyright registrations and like protections in each work or authorship and derivative work thereof, whether published or unpublished (collectively "**Copyrights**");
- (e) design rights, registrations and applications, design patents and industrial designs and like protections including without limitation provisionals, divisions, continuations, renewals, reissues, extensions, continuations-in-part of the same and patentable design inventions and/or improvements thereto;
- (f) other industrial or intellectual property of whatever kind and any item or part thereof;
- (g) all Proceeds of any and all of the foregoing, including, without limitation, license royalties and proceeds of suits relating to industrial or intellectual property of any sort; and
- (h) the Copyright Licenses, the Patent Licenses, the Trademark Licenses, the Trade Secrets and the Trade Secret Licenses.

**"Inventory"** means **"inventory"** as defined in the PPSA, and includes all goods held for sale or lease or to be furnished under contracts of service or so leased or furnished, all raw materials, work in process, all supplies, all merchandise, and all goods in which the Grantor has an interest or right of any kind, including consigned goods; and all goods that are returned to or repossessed by the Grantor, all computer programs embedded in any goods and all Accessions thereto and products thereof (in each case, regardless of whether characterized as inventory under the PPSA).

**"LLC"** means any limited liability company in which the Grantor has an interest, including those set forth on Schedule 3.2.

**"LLC Agreement"** means the limited liability company agreement or such analogous agreement governing the operation of any LLC.

**"Leasehold Interests"** means the Grantor's leasehold estate or interest in each of the properties at or upon which the Grantor conducts business or maintains any of the Collateral, together with the Grantor's interest in any of the improvements and fixtures

located upon or appurtenant to each leasehold interest, including without limitation, any rights of the Grantor to payments, proceeds of value of any kind or nature realized upon the sale or transfer of such estate or interest.

**"Obligations"** has the meaning ascribed to such term in the Credit Agreement.

**"Partnership"** means any partnership or limited partnership in which the Grantor has an interest, including those set forth on Schedule 3.2.

**"Partnership Agreement"** means the partnership agreement of any Partnership or such analogous agreement governing the operation of any Partnership.

**"Patent Licenses"** means all agreements providing for the granting of any right in or to Patents (whether the Grantor is licensee or licensor thereunder).

**"Patents"** has the meaning set forth in the definition of Intellectual Property.

**"Pledged Collateral"** means, collectively, the Pledged Notes, the Pledged Stock, the Pledged Partnership Interests, the Pledged LLC Interests, any other Investment Property of the Grantor, all certificates or other instruments representing any of the foregoing, all Security Entitlements of the Grantor in respect of any of the foregoing, all Dividends, interest distributions, cash, warrants, rights, instruments and other property or Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of the foregoing. Pledged Collateral may be Intangibles, Investment Property, Instruments or any other category of Collateral.

**"Pledged LLC Interests"** means all of the Grantor's right, title and interest as a member of any LLC and all of the Grantor's right, title and interest in, to and under any LLC Agreement to which it is a party.

**"Pledged Notes"** means all right, title and interest of the Grantor in each Instrument or other document evidencing Indebtedness owed to the Grantor, including all Indebtedness described on Schedule 3.2 issued by the obligors named therein, and all cash, Instruments and other property or Proceeds from time to time received, receivable or otherwise distributed in respect of or in exchange for any or all of such Indebtedness.

**"Pledged Partnership Interests"** means all of the Grantor's right, title and interest as a limited partner, general partner and/or partner in any Partnership and all of the Grantor's right, title and interest in, to and under any Partnership Agreement to which it is a party.

**"Pledged Stock"** means the shares of Capital Stock owned by the Grantor, including all shares of Capital Stock listed on Schedule 3.2.

**"PPSA"** means the *Personal Property Security Act* (Ontario) and the regulations thereunder, as from time to time in effect; provided, however, with respect to Collateral located in Canada only, if attachment, perfection or priority of the Collateral Agent's Lien in any such Collateral or the rights and remedies of the Agent are governed by the personal property security laws of any Province other than Ontario, PPSA shall mean those personal property security laws (including the Civil Code of Quebec) in such other

province for the purposes of the provisions hereof relating to such attachment, perfection, priority, rights, or remedies and for the definitions related to such provisions.

**"Proceeds"** means **"proceeds"** as defined in the PPSA, and includes all Dividends, payments or distributions made with respect to any Investment Property and whatever is receivable or received when Collateral or Proceeds are sold, exchanged, collected, converted or otherwise disposed of, whether such disposition is voluntary or involuntary.

**"Real Property"** means any fee, leasehold or other estate or interest in real property now or hereafter owned or leased hereafter or acquired by the Grantor and the improvements thereto.

**"Receiver"** means any interim receiver, receiver or receiver and manager for the Collateral or any of the business, undertakings, property and assets of the Grantor appointed by the Collateral Agent pursuant to this Agreement or by a court on application by the Collateral Agent.

**"Record"**, except as used in "for record", "of record", "record or legal title" and "record owner", means information that is inscribed on a tangible medium or which is stored in an electronic or other medium and is retrievable in perceivable form.

**"Representative"** of any Person means any director, officer, trustee, employee, agent, legal counsel, accountant, financial advisor, expert, manager, consultant or other representative appointed, engaged or employed by such Person.

**"Secured Parties"** has the meaning ascribed to such term in the preamble hereto.

**"Securities Laws"** means the *Securities Act* (Ontario) and any similar statute of any other province, territory, state, federal government or other jurisdiction, as now or hereafter in effect, or any similar statute hereafter enacted that is analogous in purpose or effect.

**"Security Interest"** means, collectively, the continuing security interests in the Collateral granted to the Collateral Agent for the benefit of the Secured Parties pursuant to Section 2.1.

**"Supporting Obligation"** means a letter of credit right or secondary obligation that supports the payment or performance of an Account, Chattel Paper, Document of Title, Intangible, Instrument or any Security.

**"Trademark Licenses"** means any and all agreements providing for the granting of any right in or to Trademarks (whether the Grantor is licensee or licensor thereunder).

**"Trademarks"** has the meaning set forth in the definition of Intellectual Property.

**"Trade Secret Licenses"** means any and all agreements providing for the granting of any right in or to Trade Secrets (whether the Grantor is licensee or licensor thereunder), including each agreement referred to in Schedule 3.8 under the heading "Trade Secrets Licenses" and all extensions and renewals thereof.

**"Trade Secrets"** means all trade secrets and all other confidential or proprietary information and know-how now or hereafter owned or used in, or contemplated at any time for use in, the business of the Grantor, whether or not such trade secret has been reduced to a writing or other tangible form, including all documents and things embodying, incorporating, or referring in any way to such trade secret, the right to sue for past, present and future infringement of any trade secret, and all Proceeds of the foregoing, including licenses, royalties, fees, income, payments, claims, damages, and Proceeds of suit.

#### **1.4 Rules of Construction**

The rules of construction specified in Clause 1.4 of the Credit Agreement shall be applicable to this Agreement. In this Agreement, unless otherwise specified, (a) the Schedules and Exhibits to this Agreement, in each case as amended, amended and restated, supplemented or otherwise modified from time to time in accordance with the provisions hereof are incorporated herein by reference and (b) all obligations of the Grantor hereunder shall be satisfied by the Grantor at the Grantor's sole cost and expense. If any conflict or inconsistency exists between this Agreement and the Credit Agreement, the Credit Agreement shall govern. All references herein to provisions of the PPSA include all successor provisions under any subsequent version or amendment to any section of the PPSA.

#### **1.5 Certain Terms**

The definitions of terms herein shall apply equally to the singular and plural forms of the terms defined. Whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms. The words "include," and "includes" shall be deemed to be followed by the phrase "without limitation." The word "will" shall be construed to have the same meaning and effect as the "shall." Unless the context requires otherwise (a) any definition of or reference to any agreement, instrument or other document herein shall be construed as referring to such agreement, instrument or other document as from time to time amended, amended and restated, supplemented or otherwise modified (subject to any restrictions on such amendments, supplements or modifications set forth herein), (b) any reference herein to any Person shall be construed to include such Person's successors and assigns, (c) the words "herein," "hereof" and "hereunder," and words of similar import, shall be construed to refer to this Agreement in its entirety and not to any particular provision hereof, (d) all references herein to Sections, Exhibits and Schedules shall be construed to refer to Sections of, and Exhibits and Schedules to, this Agreement, (e) any reference to any law or regulation herein shall, unless otherwise specified, refer to such law or regulation as amended, modified or supplemented from time to time and (f) the words "asset" and "property" shall be construed to have the same meaning and effect and to refer to any and all tangible and intangible assets and properties, including cash, securities, accounts and contract rights.

#### **1.6 Permitted Liens**

The inclusion of references in this Agreement to Permitted Liens shall mean that such Liens are permitted to exist (whether in priority or subsequent in priority to the Security Interests, as determined by applicable law) and such references to Permitted Liens shall not be construed to subordinate, and shall not have the effect of subordinating, the Security Interest to any Permitted Lien.

## ARTICLE 2 GRANT OF SECURITY

### 2.1 Grant of Security

As security for the prompt and complete payment and performance in full when due (whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise) of all Obligations, the Grantor hereby pledges, assigns, transfers, mortgages, charges and grants to the Collateral Agent, for its benefit and for the benefit of the Secured Parties, a continuing security interest in and Lien on, and a security interest is taken in, all of the Grantor's right, title and interest in, to and under its present and after owned or acquired property, both real and personal (including without limitation its present and after acquired Personal Property other than Consumer Goods) including, without limitation, all of the Grantor's right, title and interest in, to and under each of the following, in each case whether now owned or existing or hereafter owned or acquired or arising and wherever located:

- (a) all Accounts (including without limitation, any Supporting Obligations);
- (b) all Chattel Paper;
- (c) all Documents of Title;
- (d) all Intangibles, including all Intellectual Property and that portion of the Pledged Collateral constituting Intangibles;
- (e) all Goods (including without limitation, Inventory and Equipment);
- (f) all Money, including all rights of payment or performance under letters of credit, and any secondary obligation that supports the payment or performance of an Account, Chattol Paper, a Document of Title, an Intangible, an Instrument, Investment Property or any other Collateral;
- (g) all Instruments, including that portion of Pledged Collateral constituting Instruments;
- (h) all Deposit Accounts, including all Cash Collateral Accounts constituting Deposit Accounts;
- (i) all Insurance;
- (j) all Real Property;
- (k) all Leasehold Interests;
- (l) all Investment Property, including all Cash Collateral Accounts constituting Investment Property, and that portion of the Pledged Collateral constituting Investment Property and any Financial Assets;
- (m) all property of the Grantor held by the Collateral Agent or any other Secured Party, including all property of every description in the possession or custody of



or in transit to the Collateral Agent or such Secured Party for any purpose, including safekeeping, collection or pledge, for the account of the Grantor, or as to which the Grantor may have any right or power;

- (n) all Accounts Receivable and Accounts Receivable Records;
- (o) all motor vehicles;
- (p) all books and Records pertaining to the property described in this Section 2.1, including all Collateral Records;
- (q) to the extent not otherwise included, all Money or other property of any kind which is received by the Grantor in connection with refunds with respect to taxes, assessments and governmental charges imposed on the Grantor or any of its property or income;
- (r) to the extent not otherwise included, all causes of action and all Money and other property of any kind received therefrom, and all Money and other property of any kind recovered by the Grantor;
- (s) to the extent not otherwise included, all Collateral Support and Supporting Obligations relating to any of the foregoing; and
- (t) to the extent not otherwise included, all proceeds (including all Proceeds) of each of the foregoing and all Accessions to, substitutions and replacements for, and rents, profits and products of or in respect of any of the foregoing, and any and all proceeds of any insurance, indemnity, warranty or guarantee payable to the Grantor from time to time with respect to the foregoing.

## **2.2 First Ranking Security Interest**

Notwithstanding anything to the contrary contained in this Article 2 or elsewhere in this Agreement, the Grantor and the Collateral Agent (on behalf of the Secured Parties) acknowledge and agree that, subject to Permitted Liens, the Security Interests granted pursuant to this Agreement to the Collateral Agent for the benefit of the Secured Parties shall be a "first" priority Security Interest in the Collateral, junior to no other Security Interests.

## **2.3 Certain Limited Exclusions**

Notwithstanding anything herein to the contrary, (a) in no event shall the Collateral include and the Grantor shall not be deemed to have granted a Security Interest in, any of their right, title or interest (i) in or to any Consumer Goods, (ii) in or to any Intellectual Property if the grant of such Security Interest shall constitute or result in the abandonment of, invalidation of or rendering unenforceable any of its right, title or interest therein, or (iii) in or to any license, contract or agreement to which the Grantor is a party or any of its rights or interests thereunder, to the extent, but only to the extent, that such a grant would, under the terms of such license, contract or agreement, or otherwise, result in a breach or termination of the terms of, or constitute a default under or termination of any such license, contract or agreement; provided that upon the reasonable request of the Collateral Agent the Grantor agrees to use all commercially reasonable

efforts to obtain all requisite consents to enable the Grantor to provide a Security Interest in such license, contract or agreement and, in any event, immediately upon the ineffectiveness, lapse or termination of any such provision, the Collateral shall include, and the Grantor shall be deemed to have granted a Security Interest in, all such rights and interests as if such provision had never been in effect and (b) the Security Interest shall not extend or apply to the last day of the term of any lease of real property or any agreement therefor now held or hereafter acquired by the Grantor but should such Security Interest become enforceable, the Grantor shall thereafter stand possessed of such last day and shall hold it in trust to assign the same to any Person acquiring such term or the part thereof mortgaged and charged in the course of any enforcement of the said mortgage, charge and security or any realization of the subject matter thereof.

#### **2.4 Grantor Remains Liable**

Anything contained herein to the contrary notwithstanding:

- (a) the Grantor shall remain liable under all contracts and agreements included in the Collateral, to the extent set forth therein, to perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed;
- (b) the exercise by the Collateral Agent of any of its rights hereunder shall not release the Grantor from any of its duties or obligations under any contract or agreement included in the Collateral; and
- (c) neither the Collateral Agent nor any other Secured Party shall have any obligation or liability under any contract or agreement included in the Collateral by reason of this Agreement, nor shall the Collateral Agent or any other Secured Party be obligated to perform any of the obligations or duties of the Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

Neither the Collateral Agent nor any other Secured Party nor any purchaser at a foreclosure sale under this Agreement shall be obligated to assume any obligation or liability under any contract or agreement included in the Collateral unless the Collateral Agent, any such other Secured Party or any such purchaser otherwise expressly agrees in writing to assume any or all of said obligations.

#### **2.5 Attachment**

The Grantor acknowledges that value has been given, that the Grantor and the Collateral Agent have not agreed to postpone the time for attachment of the Security Interest and that the Security Interest is intended to attach, as to all of the Collateral in which the Grantor now has rights, when the Grantor executes this Agreement, and as to all Collateral in which the Grantor only has rights after the execution of this Agreement, when the Grantor first has such rights. For certainty, the Grantor confirms and agrees that the Security Interest is intended to attach to all present and after owned or acquired Collateral of the Grantor and each successor of the Grantor.

### **ARTICLE 3 REPRESENTATIONS AND WARRANTIES**

The Grantor represents and warrants to the Collateral Agent and the Secured Parties on and as of the date hereof, that:

#### **3.1 Security Interests**

The Security Interests constitute (a) legal and valid security interests in all Collateral securing the payment and performance of the Obligations and (b) subject to the completion of the filings, recordings or registrations necessary or required to be made in connection with the Security Interest granted to the Collateral Agent and to value being given, perfected Security Interests in all Collateral (i) in which a security interest may be perfected by filing, recording or registering a financing statement or analogous document in Canada pursuant to the PPSA or other applicable law in such jurisdiction and (ii) having the priorities described in Section 2.2. Subject to Sections 2.1 and 2.2, the Security Interests are and shall be prior to any other Lien on any of the Collateral, other than Permitted Liens.

#### **3.2 Pledged Collateral, Deposit Accounts**

- (a) Schedule 3.2 sets forth under the headings "Securities Accounts" and "Futures Accounts", all of the Securities Accounts and Futures Accounts in which the Grantor has an interest. The Grantor is the sole entitlement holder of each such Securities Account and Futures Account and the Grantor has not consented to, and is not otherwise aware of, any Person (other than the Collateral Agent pursuant to this Agreement) having "control" (as determined for purposes of the PPSA) over, or any other interest in, any such Securities Account or Futures Account or any Securities or other property credited thereto.
- (b) Schedule 3.2 sets forth under the heading "Pledged Notes" all of the Pledged Notes.
- (c) The Grantor has taken all actions necessary, including those specified in Section 3.2, to:
  - (i) establish the Collateral Agent's control over any portion of the Investment Property constituting Securities Accounts or Securities Entitlements and ensure that all Pledged Collateral held by a Securities Intermediary is held in Control Accounts; or
  - (ii) ensure that all Deposit Accounts (other than Excluded Deposit Accounts) of the Grantor are subject to Deposit Account Control Agreements;
- (d) Schedule 3.2 sets forth under the heading "Pledged Stock, Pledged Partnership Interests and Pledged LLC Interests", all Pledged Stock, Pledged Partnership Interests and Pledged LLC Interests of the Grantor. The Pledged Stock, Pledged Partnership Interests and Pledged LLC Interests pledged hereunder by the Grantor constitute, as of the date hereof, that percentage of the issued and outstanding equity of all classes of each issuer thereof as set forth on Schedule 3.2 under the

heading "Pledged Stock, Pledged Partnership Interests and Pledged LLC Interests." Schedule 3.2 identifies any such Pledged Stock, Pledged Partnership Interests and Pledged LLC Interests that are represented by Certificated Securities.

- (e) All of the Pledged Stock, the Pledged Partnership Interests and the Pledged LLC Interests have been duly and validly issued and are fully paid and non-assessable.
- (f) No Person other than the Collateral Agent has "control" (as determined for purposes of the PPSA) over any Pledged Collateral of the Grantor and, other than the Pledged Partnership Interests and the Pledged LLC Interests that constitute Intangibles, there is no Pledged Collateral other than (i) Pledged Collateral that is represented by Certificated Securities or Instruments that are in the possession of the Collateral Agent and (ii) Pledged Collateral held in a Control Account.
- (g) Any Pledged Collateral consisting of Certificated Securities or Instruments has been delivered to the Collateral Agent.
- (h) There are no restrictions on transfer in any LLC Agreement governing any Pledged LLC Interests or in any Partnership Agreement governing any Pledged Partnership Interests, or any other agreement relating to the foregoing which would limit or restrict (i) the grant of a security interest in the Pledged LLC Interests or the Pledged Partnership Interests, (ii) the perfection of such security interest or (iii) the exercise of remedies in respect of such perfected security interest in the Pledged LLC Interests and the Pledged Partnership Interests, as contemplated by this Agreement.
- (i) Each of the Pledged Notes constitutes the legal and valid obligation of the obligor with respect thereto, enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization, moratorium and other similar laws relating to or affecting creditors' rights generally, and general equitable principles (whether considered in a proceeding in equity or at law).
- (j) The holders of any Pledged Stock are not party to any shareholder agreement or any sole shareholder declaration with respect to any Pledged Stock.

### **3.3 Survival of Representations and Warranties**

The representations and warranties of the Grantor made in this Agreement shall be considered to have been relied upon by the Secured Parties and shall survive and shall not merge upon the execution and delivery of this Agreement, regardless of any investigation made by the Secured Parties or on their behalf.

### **3.4 Representations and Warranties Supplementary**

The Grantor acknowledges and agrees that its representations and warranties made in this Agreement are supplementary and in addition to the representations and warranties made by the

Grantor in the Credit Agreement, all of which representations and warranties are made to induce the Secured Parties to enter into the Credit Agreement.

#### **ARTICLE 4 COVENANTS**

##### **4.1 Change of Name (including French language Names); Location of Collateral; Place of Business**

Unless the Grantor has given the Collateral Agent at least 30 days prior written notice, the Grantor will not change (i) its name (nor will it take on a French language form of name), (ii) its jurisdiction of incorporation or amalgamation, or (iii) the location of its chief executive office, its principal place of business, any office in which it maintains books or records relating to Collateral owned by it or any office or facility at which Collateral owned by it is located (including the establishment of any such new office or facility), or (iv) its identity or organizational structure. The Grantor agrees to cooperate with the Collateral Agent in making all filings that are required in order for the Collateral Agent to continue at all times following such change to have a legal, valid and perfected Security Interest in all the Collateral having the priorities described in Section 2.2. The Grantor agrees promptly to notify the Collateral Agent if any material portion of the Collateral owned or held by the Grantor is damaged or destroyed.

##### **4.2 Protection of Security**

The Grantor shall, at its own cost and expense, take any and all actions necessary to defend title to the Collateral and to defend the Security Interest of the Collateral Agent in the Collateral and the priority thereof against any Lien (except Permitted Liens) against all Persons. The Grantor shall not take or permit to be taken any action that could be reasonably likely to impair the Collateral Agent's rights in the Collateral.

##### **4.3 Negotiable Collateral**

If from time to time any Collateral, including any proceeds, is evidenced by or consists of letters of credit, Instruments, Documents, Goods covered by Documents, Investment Property or Chattel Paper, and if perfection or priority of Agent's Lien in such Collateral is dependent on or enhanced by possession, the Grantor, promptly upon the request of the Collateral Agent, shall endorse (if applicable) and deliver physical possession of such Collateral to the Collateral Agent except that the foregoing shall not apply to any non-negotiable bills of lading relating to Goods in transit.

##### **4.4 Accounts Receivable, Chattel Paper and Instruments**

- (a) The Grantor hereby covenants and agrees that it shall keep and maintain at its own cost and expense satisfactory and complete records of its Accounts Receivable, including the originals of all documentation with respect to its Accounts Receivable and records of all payments received and all credits granted on such Accounts Receivable, all merchandise returned and all other dealings therewith.

- (b) The Grantor hereby covenants and agrees that it shall mark conspicuously, in form and manner reasonably satisfactory to the Collateral Agent, all Chattel Paper and Instruments (other than any delivered to the Collateral Agent as provided herein), with an appropriate reference to the fact that such Collateral has been collaterally assigned to the Collateral Agent for the benefit of the Secured Parties and that the Collateral Agent has a security interest therein.
- (c) At any time after the occurrence and during the continuation of an Event of Default, the Collateral Agent or Collateral Agent's designee may (i) notify Account Debtors of the Grantor that the Accounts, Chattel Paper, or General Intangibles have been assigned to the Collateral Agent or that Collateral Agent has a Lien thereon, or (ii) collect the Accounts, Chattel Paper, or General Intangibles directly and charge the collection costs and expenses to the Loan Account. The Grantor shall hold any Collections that it receives in trust for the Collateral Agent, as the Collateral Agent's trustee, and within one (1) Business Day of receipt thereof will deliver said Collections to the Collateral Agent or a Cash Management Bank in their original form as received by the Grantor.
- (d) The Grantor hereby covenants and agrees that it shall use its commercially reasonable efforts to keep in full force and effect any Supporting Obligation or Collateral Support relating to its Accounts Receivable except as may be done in the ordinary course of business using reasonable business judgment.

#### **4.5 Pledged Collateral, Deposit Accounts**

- (a) The Grantor hereby covenants and agrees that, without the prior written consent of the Collateral Agent, which shall not be unreasonably withheld, delayed or conditioned, it shall not vote or take any other action to amend or terminate any Partnership Agreement, LLC Agreement, constating documents, by-laws or other organizational documents in any way that materially adversely changes the rights of the Grantor with respect to any Pledged Collateral or adversely affects the validity, perfection or priority of the Collateral Agent's Security Interests.
- (b) The Grantor hereby covenants and agrees that it shall enforce all of its rights with respect to any Pledged Collateral and Deposit Accounts. No arrangement provided for in this Agreement or by any Control Agreement in respect of any Deposit Account or any Securities Account or other Investment Property shall be modified by Grantor without the prior written consent of the Collateral Agent.
- (c) The Grantor agrees that with respect to any Pledged Collateral or Deposit Accounts hereafter acquired by the Grantor it shall comply with the provisions of this Section 4.5(c) immediately and in any event within thirty (30) days of the Grantor acquiring rights therein, in each case in form and substance reasonably satisfactory to the Collateral Agent.
  - (i) With respect to any Pledged Collateral consisting of Securities Accounts or Securities Entitlements or Futures Accounts or Futures Contracts, it shall use commercially reasonable efforts to induce the Securities Intermediary or Futures Intermediary, as applicable, maintaining such

Securities Account, Securities Entitlement or Futures Contract to enter into a Control Agreement.

- (ii) With respect to any Deposit Account (other than any Excluded Deposit Account), it shall use commercially reasonable efforts to induce the depositary institution maintaining such account to enter into a Deposit Account Control Agreement. With respect to any Excluded Deposit Account, the Grantor shall not accumulate or maintain cash in such account as of any date of determination in excess of cheques outstanding against such account as of that date and amounts necessary to meet minimum balance requirements for such account.
  - (iii) With respect to any Pledged Collateral constituting a Certificated Security and any Instruments acquired or pledged after the date hereof, it shall deliver or cause to be delivered to the Collateral Agent all such Certificated Securities and Instruments, stock powers duly executed in blank or other instruments of transfer reasonably satisfactory to the Collateral Agent and all such instruments and documents as the Collateral Agent may reasonably request in order to give effect to the pledge granted hereby.
  - (iv) (A) With respect to any Pledged Stock, if any issuer of any Pledged Collateral is located in a jurisdiction outside of Canada, the Grantor shall take such additional, commercially reasonable actions, including causing the issuer to register the pledge on its books and records or making such filings or recordings, in each case as may be necessary under the laws of such issuer's jurisdiction to ensure the validity, perfection and priority of the Security Interests of the Collateral Agent in such Pledged Stock. (B) With respect to all Pledged Collateral other than Pledged Stock, if any issuer of any Pledged Collateral is located in a jurisdiction outside Canada, to the extent that such issuer is located in a jurisdiction in which the Grantor is granting a security interest, the Grantor shall take such additional, commercially reasonable actions, including causing the issuer to register the pledge on its books and records or making such filings or recordings, in each case as may be necessary under the laws of such issuer's jurisdiction to ensure the validity, perfection and priority of the Security Interests of the Collateral Agent.
  - (v) Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent shall have the right, without notice to the Grantor, to transfer all or any portion of the Pledged Collateral to its name or the name of its nominee or agent. In addition, the Collateral Agent shall have the right upon the occurrence and during the continuance of an Event of Default, without written notice to the Grantor, to exchange any certificates or Instruments representing any Investment Property for certificates or Instruments of smaller or larger denominations.
- (d) Voting and Distributions

- (i) So long as no Event of Default shall have occurred and be continuing:
- (A) except as otherwise provided in this Section 4.5 or elsewhere herein or in the Credit Agreement, the Grantor shall be entitled to exercise or refrain from exercising any and all voting and other consensual rights pertaining to the Pledged Collateral or any part thereof for any purpose not inconsistent with the terms of this Agreement, the Credit Agreement or the other Loan Documents; provided, however, that the Grantor will not be entitled to exercise any such right if the result thereof could reasonably be expected to adversely affect the validity, enforceability, perfection or priority of the Security Interests or cause an Event of Default;
  - (B) the Collateral Agent shall promptly execute and deliver (or cause to be executed and delivered) to the Grantor all proxies and other instruments as the Grantor may from time to time reasonably request for the purpose of enabling the Grantor to exercise the voting and other consensual rights when and to the extent that it is entitled to exercise the same pursuant to clause (d)(i)(A) above and to receive the cash Dividends that it is entitled to receive pursuant to clause (d)(i)(C) below; and
  - (C) the Grantor shall be entitled to receive and retain any and all cash Dividends, interest, principal, distributions, Securities or other property paid on the Pledged Collateral to the extent and only to the extent that such cash Dividends, interest, principal, distributions, Securities or other property are permitted by, and otherwise paid in accordance with, the terms and conditions of the Credit Agreement, the other Loan Documents and applicable laws. All non-cash Dividends, interest, principal, distributions, any Security or other property, and all Dividends, interest, principal, distributions, any Security or other property paid or payable in cash or otherwise in connection with a partial or total liquidation or dissolution, return of capital, capital surplus or paid-in surplus, and all other distributions (other than distributions referred to in the preceding sentence) made on or in respect of the Pledged Collateral, whether paid or payable in cash or otherwise, whether resulting from a subdivision, combination or reclassification of the outstanding Capital Stock of the issuer of any Pledged Collateral or received in exchange for Pledged Collateral or any part thereof, or in redemption thereof, or as a result of any merger, consolidation, acquisition or other exchange of assets to which such issuer may be a party or otherwise, shall be and become part of the Collateral without any further action. The Grantor shall immediately take all steps, if any, required and necessary to ensure the validity, perfection, priority and, if applicable, control of the Collateral Agent over such Dividends, interest, principal, distributions, any Security or other property (including delivery thereof to the



Collateral Agent) and pending any such action the Grantor shall be deemed to hold such Dividends, interest, principal, distributions, any Security or other property in trust for the benefit of the Collateral Agent and shall be segregated from all other property of the Grantor.

(ii) Upon the occurrence and during the continuance of an Event of Default:

- (A) all rights of the Grantor to exercise or refrain from exercising the voting and other consensual rights that they would otherwise be entitled to exercise pursuant hereto shall cease and all such rights shall thereupon become vested in the Collateral Agent who shall thereupon have the sole right to exercise such voting and other consensual rights provided that, subject to the terms of the Credit Agreement, the Collateral Agent shall have the right from time to time following the occurrence and during the continuance of an Event of Default to permit the Grantor to exercise such rights;
- (B) in order to permit the Collateral Agent to exercise the voting and other consensual rights that it may be entitled to exercise pursuant hereto and to receive all Dividends, interest and other distributions that it may be entitled to receive hereunder: (1) the Grantor shall promptly execute and deliver (or cause to be executed and delivered) to the Collateral Agent all proxies, Dividend payment orders and other instruments as the Collateral Agent may from time to time reasonably request and (2) the Grantor acknowledges that the Collateral Agent may utilize the power of attorney set forth in Article 6; and
- (C) all rights of the Grantor to Dividends, interest or principal that the Grantor is authorized to receive pursuant to clause (d)(i)(C) above shall cease, and all such rights shall thereupon become vested in the Collateral Agent, which shall have the sole and exclusive right and authority to receive and retain such Dividends, interest or principal.

After all Events of Default have been cured or waived, the Grantor will have the right to exercise the voting and consensual rights and powers that it would otherwise be entitled to exercise pursuant to the terms of clause (d)(i) above.

#### **4.6 Covenants Supplementary**

The Grantor acknowledges and agrees that its covenants made in this Agreement are supplementary and in addition to the covenants made by the Grantor in the Credit Agreement, all of which shall survive the making by the Secured Parties of any extension of credit, and shall continue in full force and effect until this Agreement shall terminate.

**ARTICLE 5**  
**ACCESS; RIGHT OF INSPECTION AND FURTHER ASSURANCES**

**5.1 Right to Inspect; Inventories, Appraisals, Audits**

The provisions of Section 4.8 of the Credit Agreement are hereby incorporated by reference into this Agreement.

**5.2 Further Assurances**

- (a) The Grantor agrees that from time to time, at its expense, it shall promptly execute and deliver all further instruments and documents and take all further action, that may be necessary, or that the Collateral Agent may reasonably request, in order to create and/or maintain the validity, perfection or priority of and protect any Security Interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Grantor shall:
  - (i) execute, acknowledge, deliver and cause to be duly filed all such further instruments, documents, endorsements, powers of attorney or notices, and take all such actions as may be necessary, or as the Collateral Agent may from time to time reasonably request, to preserve, protect and perfect the Security Interests and the rights and remedies created hereby, including the payment of any fees and taxes required in connection with the execution and delivery of this Agreement, the granting of the Security Interests and the filing of any financing statements (including fixture filings) or other documents in connection herewith or therewith;
  - (ii) take all actions necessary to ensure the recordation at CIPO of appropriate evidence of the Security Interests granted hereunder in the Intellectual Property registered with CIPO; and
  - (iii) at the Collateral Agent's request, appear in and defend any action or proceeding that may affect the Grantor's title to or the Collateral Agent's Security Interests in all or any material part of the Collateral.
- (b) The Grantor hereby authorizes the Collateral Agent to file a Record or Records, including financing statements, continuation statements and, in each case, amendments thereto, in all jurisdictions and with all filing offices as the Collateral Agent may determine, in its sole discretion, are necessary to perfect the Security Interests granted to the Collateral Agent herein, without the signature of the Grantor. Such financing statements may describe the Collateral in the same manner as described herein or may contain an indication or description of the Collateral that describes such property in any other manner as the Collateral Agent may reasonably determine are necessary to ensure the perfection of the Security Interests in the Collateral granted to the Collateral Agent herein, including describing such property as "all assets" or "all personal property."

## **ARTICLE 6**

### **COLLATERAL AGENT APPOINTED ATTORNEY-IN-FACT**

#### **6.1 Power of Attorney**

The Grantor hereby irrevocably makes, constitutes, and appoints Collateral Agent (and any of Collateral Agent's officers, employees, or agents designated by Collateral Agent) as the Grantor's true and lawful attorney, coupled with an interest, with power to (a) if the Grantor refuses to, or fails timely to execute and deliver any of the Additional Documents, sign the name of the Grantor on any Additional Documents, (b) at any time that an Event of Default has occurred and is continuing, sign the Grantor's name on any invoice or bill of lading relating to the Collateral, drafts against Account Debtors, or notices to Account Debtors, (c) send requests for verification of Accounts, (d) endorse the Grantor's name on any Collection item that may come into any Agent's or Lender's possession, (e) at any time that an Event of Default has occurred and is continuing, make, settle, and adjust all claims under the Grantor's policies of insurance and make all determinations and decisions with respect to such policies of insurance, and (f) at any time that an Event of Default has occurred and is continuing, settle and adjust disputes and claims respecting the Accounts, Chattel Paper, or Intangibles directly with Account Debtors, for amounts and upon terms that the Collateral Agent determines to be reasonable, and Agent may cause to be executed and delivered any documents and releases that Agent reasonably determines to be necessary. The appointment of Collateral Agent as the Grantor's attorney, and each and every one of its rights and powers, being coupled with an interest, is irrevocable until all of the Obligations have been fully and finally repaid and performed and the Lenders' and Issuing Bank's obligations to extend credit under the Credit Agreement are terminated.

#### **6.2 No Duty on the Part of Collateral Agent or Secured Parties**

Notwithstanding any other provision of this Agreement, nothing herein contained shall be construed as requiring or obligating the Collateral Agent or any other Secured Party to make any commitment or to make any inquiry as to the nature or sufficiency of any payment received by the Collateral Agent or any Secured Party, or to present or file any claim or notice, or to take any action with respect to the Collateral or any part thereof or the moneys due or to become due in respect thereof or any property covered thereby, and no action taken or omitted to be taken by the Collateral Agent or any Secured Party with respect to the Collateral or any part thereof shall give rise to any defence, counterclaim or offset in favour of the Grantor or to any claim or action against the Collateral Agent or any Secured Party. It is understood and agreed that the appointment of the Collateral Agent as the agent and attorney-in-fact of the Grantor for the purposes set forth in this Article 6 is coupled with an interest and is irrevocable until all of the Obligations have been fully and finally repaid and performed and the Lenders' and Issuing Bank's obligations to extend credit under the Credit Agreement are terminated. The provisions of this Article shall in no event relieve the Grantor of any of its obligations hereunder or under any other Loan Document with respect to the Collateral or any part thereof or impose any obligation on the Collateral Agent or any Secured Party to proceed in any particular manner with respect to the Collateral or any part thereof, or in any way limit the exercise by the Collateral Agent or any Secured Party of any other or further right that it may have on the date of this Agreement or hereafter, whether hereunder, under any other Loan Document, by law or otherwise. The Collateral Agent and the Secured Parties shall be accountable only for amounts that they actually receive as a result of the exercise of such powers, and neither they nor any of

their officers, directors, employees or agents shall be responsible to the Grantor for any act or failure to act hereunder, except for their own gross negligence or wilful misconduct.

## **ARTICLE 7 REMEDIES**

### **7.1 Remedies Upon an Event of Default**

Upon the occurrence and during the continuance of an Event of Default (as defined in the Credit Agreement), the Security Interest shall become enforceable and the Collateral Agent may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein and in the Credit Agreement or otherwise available to it at law or in equity, all the rights and remedies of a secured party on default under the PPSA or any other applicable law, and the Collateral Agent also may pursue any of the following separately, successively or simultaneously:

- (a) with respect to any Collateral consisting of Intellectual Property, on demand, the Grantor shall assign, transfer and convey of any or all of the Collateral to the Collateral Agent, or license or sublicense, whether general, special or otherwise, and whether on an exclusive or non-exclusive basis, any such Collateral throughout the world on such terms and conditions and in such manner as the Collateral Agent shall determine (other than in violation of any law, or of then-existing licensing arrangements to the extent that waivers cannot be obtained, and subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favour of the Grantor to avoid the risk of invalidation of such Trademark);
- (b) require the Grantor to, and the Grantor hereby agrees that it shall at its expense and promptly upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties;
- (c) with or without legal process and with or without prior notice or demand for performance, to take possession of the Collateral and to enter without breach of the peace any premises owned or leased by the Grantor where the Collateral may be located for the purpose of taking possession of or removing the Collateral;
- (d) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent the Collateral Agent deems appropriate;
- (e) issue a notice of sole control with respect to and refuse to permit further withdrawals (whether of Money, a Security, Instruments or other property) from any Cash Collateral Account maintained with the Collateral Agent constituting part of the Collateral, it being acknowledged by the Collateral Agent that a notice of sole control will be issued by the Collateral Agent only upon the occurrence and during the continuance of an Event of Default;

- (f) carry on all or any part of the business or businesses of the Grantor and may, in connection therewith employ or discharge any person on such terms and at the remuneration or compensation as are commercially reasonable and, to the exclusion of all others, the Collateral Agent may enter upon, occupy and use all or any of such premises, buildings, plant, undertaking and other property of or (subject to the rights of third parties) used by the Grantor as part of or for such time and in such manner as the Collateral Agent sees fit, free of charge, and in furtherance of its rights and remedies under this section 7.1(f) the Collateral Agent may select and appoint the management of the Grantor or may nominate and appoint an interim operator of the Grantor, and the Collateral Agent shall not be liable to the Grantor for any act, omission, or negligence (except to the extent constituting wilful misconduct or gross negligence) in so doing or for any rent, charges, depreciation, damages or other amount in connection therewith or resulting therefrom and any sums expended by the Collateral Agent shall become obligations of the Grantor to the Collateral Agent and shall bear interest at the rate or rates set out in the Credit Agreement;
- (g) file such proofs of claim or other documents as may be necessary or desirable to have its claim lodged in any bankruptcy, winding-up, liquidation, dissolution or other proceedings (voluntary or otherwise) relating to the Grantor;
- (h) pay any liability secured by any actual or threatened Lien against any Collateral and the Collateral Agent may borrow money for the maintenance, preservation or protection of any Collateral or for carrying on any of the business or undertaking of the Grantor and may grant Liens in any Collateral in priority to the Security Interest as security for the money so borrowed, and the Grantor will forthwith on demand reimburse the Collateral Agent for all such payments and borrowings;
- (i) seize, collect, realize, dispose of, enforce, release to third parties or otherwise deal with any Collateral in such manner, upon such terms and conditions and at such time as the Collateral Agent deems advisable without notice to the Grantor (except as otherwise required by applicable law), and may charge on its own behalf and pay to others its reasonable costs and expenses (including legal, Receiver's and accounting fees and expenses on a full indemnity basis) incurred in connection with such actions, and the Grantor will forthwith upon demand reimburse the Collateral Agent for all such costs or expenses;
- (j) have, enjoy and exercise all of the rights of and enjoyed by the Grantor with respect to the Collateral or incidental, ancillary, attaching or deriving from the ownership by the Grantor of the Collateral, including the right to enter into agreements pertaining to the Collateral, the right to commence or continue litigation to preserve or protect the Collateral and the right to grant or agree to Liens and grant or reserve easements, rights of ways, rights in the nature of easements and licenses over or pertaining to the whole or any part of the Collateral;
- (k) without prior notice except as specified below, sell, assign, lease, license (on an exclusive or non-exclusive basis) or otherwise dispose of the Collateral or any

part thereof in one or more parcels at public or private sale or at any broker's board or on any securities exchange, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as are commercially reasonable; provided that (i) the Collateral Agent shall be authorized at any such sale (if it deems it advisable to do so) to restrict the prospective bidders or purchasers to Persons who will represent and agree that they are purchasing the Collateral for their own account for investment and not with a view to the distribution or sale thereof, (ii) upon consummation of any such sale the Collateral Agent shall have the right to assign, transfer and deliver to the purchaser or purchasers thereof the Collateral so sold, (iii) each such purchaser at any such sale shall hold the property sold absolutely, free from any claim or right on the part of the Grantor, and (iv) the Grantor hereby waives (to the extent permitted by law) all rights of redemption, stay, valuation and appraisal that the Grantor now has or may at any time in the future have under any rule of law or statute now existing or hereafter enacted;

- (l) appoint by instrument in writing or apply to a court of competent jurisdiction for the appointment of, a Receiver;
- (m) with respect to any Collateral consisting of a contract or an agreement:
  - (i) notify or require the Grantor to notify any counterparty to any such contract or agreement to make all payments thereunder directly to the Collateral Agent;
  - (ii) renew, amend or otherwise deal with (including without limitation, the authority to demand, sue for, recover, receive and give receipts for all revenue or other moneys in connection with) such contracts and agreements on such terms as it may deem appropriate;
  - (iii) perform, at the Grantor's expense, any and all obligations or covenants of the Grantor under such contracts and agreements and enforce performance by the other party thereto of its respective obligations, covenants and agreements thereunder;
  - (iv) deal with such contracts and agreements to the same extent as the Grantor could do; and
  - (v) to take possession of and collect the revenues and other moneys of all kinds payable to the Grantor in respect of such contracts and agreements and pay therefrom all reasonable expenses and charges, the payment of which may be necessary to preserve and protect such contracts or agreements.

## **7.2 Appointment of Receiver**

Any Receiver appointed pursuant to Section 7.1(l) shall have the rights and powers set out in this Article 7 including, without limitation, the rights and powers of the Collateral Agent under this

Article 7. In exercising such rights, any Receiver shall act as and for all purposes shall be deemed to be the agent of the Grantor and no Secured Party shall be responsible for any act or default of any Receiver. The Collateral Agent may remove any Receiver and appoint another from time to time. An officer or employee of the Collateral Agent may be appointed as a Receiver. No Receiver appointed by the Collateral Agent need be appointed by, nor need its appointment be ratified by, or its actions in any way supervised by, a court. If two or more Receivers are appointed to act concurrently, they shall, unless otherwise expressly provided in the instrument appointing them, so act severally and not jointly and severally. The appointment of any Receiver or anything done by a Receiver or the removal or termination of any Receiver shall not have the effect of constituting any Secured Party a mortgagee in possession in respect of the Collateral.

### **7.3 Court Appointment of Receiver**

The Collateral Agent may, upon the occurrence and continuance of an Event of Default, apply to a court of competent jurisdiction for the appointment of a Receiver, or other official, who may have powers the same as, greater or lesser than, or otherwise different from, those capable of being granted to a Receiver appointed by the Collateral Agent pursuant to this Agreement.

### **7.4 Securities Laws**

The Grantor understands that compliance with the Securities Laws might very strictly limit the course of conduct of the Collateral Agent if the Collateral Agent were to attempt to dispose of all or any part of the Collateral, and might also limit the extent to which or the manner in which any subsequent transferee of any Collateral could dispose of the same. The Grantor recognizes that in light of such restrictions and limitations the Collateral Agent may, with respect to any sale of the Collateral, limit the purchasers to those who are qualified or permitted to acquire the Collateral in compliance with applicable Securities Laws. The Grantor acknowledges and agrees that in light of such restrictions and limitations, the Collateral Agent, in its sole and absolute discretion exercised in good faith, (a) may proceed to make such a sale in compliance with applicable Securities Laws including in reliance on any available prospectus or registration exceptions; and (b) may approach and negotiate with a single potential purchaser to effect such sale. The Grantor acknowledges and agrees that any such sale might result in prices and other terms less favourable to the seller than if such sale were a public sale without such restrictions. In the event of any such sale, the Collateral Agent shall incur no responsibility or liability for selling all or any part of the Collateral at a price that the Collateral Agent, in its sole and absolute discretion, may in good faith deem reasonable under the circumstances, notwithstanding the possibility that a substantially higher price might have been realized if the sale were effected pursuant to a prospectus or other public offering or if more than a single purchaser were approached. The provisions of this Section 7.4 will apply notwithstanding the existence of a public or private market upon which the quotations or sales prices might exceed substantially the price at which the Collateral Agent sells.

### **7.5 Sale of Collateral**

With respect to any sale of Collateral by the Collateral Agent or any Secured Party, upon the occurrence and continuance of an Event of Default, the Collateral Agent or any Secured Party may be the purchaser of any or all of the Collateral at any sale thereof and the Collateral Agent, as Collateral Agent for and representative of the Secured Parties, shall be entitled, for the

purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any such public sale, to use and apply any of the Obligations as a credit on account of the purchase price for any Collateral payable by the Collateral Agent at such sale.

The Grantor hereby waives notice of the time and place of any public sale or the time after which any private sale or other disposition of all or any part of the Collateral may be made. To the extent such notice may not be waived under applicable law, any notice made shall be deemed reasonable if sent to the Grantor, addressed and delivered as set forth in the notice provisions of the Credit Agreement, at least fifteen days prior to (i) the date of any such public sale or (ii) the time after which any such private sale or other disposition may be made. Such notice, in the case of a public sale, shall state the time and place for such sale and, in the case of a sale at a broker's board or on a securities exchange, shall state the board or exchange at which such sale is to be made and the day on which the Collateral, or any portion thereof, will first be offered for sale at such board or exchange. Any such public sale shall be held at such time or times during ordinary business hours and at such place or places as the Collateral Agent or the Receiver may fix and state in the notice (if any) of such sale. At any such sale, the Collateral, or any portion thereof, to be sold may be sold in one lot as an entirety or in separate parcels, as the Collateral Agent or Receiver may (in its sole and absolute discretion) determine. The Collateral Agent or Receiver shall not be obligated to make any sale of any Collateral if it shall determine not to do so, regardless of the fact that notice of sale of such Collateral shall have been given. The Collateral Agent may, without notice or publication, adjourn any public or private sale or cause the same to be adjourned from time to time by announcement at the time and place fixed for sale, and such sale may, without further notice, be made at the time and place to which the same was so adjourned. In case any sale of all or any part of the Collateral is made on credit or for future delivery, the Collateral so sold may be retained by the Collateral Agent or Receiver until the sale price is paid by the purchaser or purchasers thereof, but neither the Collateral Agent nor the Receiver shall incur any liability in case any such purchaser or purchasers shall fail to take up and pay for the Collateral so sold and, in case of any such failure, such Collateral may be sold again upon like notice. For purposes hereof, a written agreement to purchase the Collateral or any portion thereof shall be treated as a sale thereof; the Collateral Agent or the Receiver shall be free to carry out such sale pursuant to such agreement and the Grantor shall not be entitled to the return of the Collateral or any portion thereof subject thereto, notwithstanding the fact that after the Collateral Agent or the Receiver shall have entered into such an agreement all Events of Default shall have been remedied and the Obligations paid in full. As an alternative to exercising the power of sale herein conferred upon it, the Collateral Agent or the Receiver may proceed by a suit or suits at law or in equity to foreclose upon the Collateral and to sell the Collateral or any portion thereof pursuant to a judgment or decree of a court or courts having competent jurisdiction or pursuant to a proceeding by a court-appointed receiver. The Grantor hereby waives any claims against the Collateral Agent or Receiver arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price that might have been obtained at a public sale, even if the Collateral Agent or Receiver accepts the first offer received and does not offer such Collateral to more than one offeree.

If the Proceeds of any sale or other disposition of the Collateral are insufficient to pay the entire outstanding amount of the Obligations, the Grantor shall be liable for the deficiency and the legal fees (on a full indemnity basis) incurred by the Collateral Agent or Receiver to collect such deficiency. The Grantor further agrees that a breach of any of the covenants contained in this Section will cause irreparable injury to the Collateral Agent or Receiver, that the Collateral



Agent or Receiver has no adequate remedy at law in respect of such breach and, as a consequence, that each and every covenant contained in this Section shall be specifically enforceable against the Grantor, and the Grantor hereby waives and agrees not to assert any defences in an action for specific performance of such covenants except for a defence that no default has occurred giving rise to the Obligations becoming due and payable prior to their stated maturities. Nothing in this Section shall in any way alter the rights of the Collateral Agent hereunder.

The Collateral Agent or Receiver may sell the Collateral without giving any warranties as to the Collateral. The Collateral Agent or Receiver may specifically disclaim any warranties of title or the like. This procedure will not be considered to adversely affect the commercial reasonableness of any sale of the Collateral.

Neither the Collateral Agent nor the Receiver shall have any obligation to marshal any of the Collateral.

## **7.6 Intellectual Property**

For the purpose of enabling the Collateral Agent to exercise rights and remedies under this Section at such time as the Collateral Agent shall be lawfully entitled to exercise such rights and remedies, the Grantor hereby grants to the Collateral Agent (but only to the extent that such grant does not result in a breach or termination of the terms of any of the Collateral consisting of any licensed Intellectual Property) an irrevocable, non-exclusive license (exercisable without payment of royalty or other compensation to the Grantor) to use, license or sub-license any of the Collateral consisting of Intellectual Property subject, in the case of Trademarks, to sufficient rights to quality control and inspection in favour of the Grantor to avoid the risk of invalidation of such Trademark, now owned or hereafter acquired by the Grantor, and wherever the same may be located, and including in such license reasonable access to all media in which any of the licensed items may be recorded or stored and to all computer software and programs used for the compilation or printout thereof. Such license to the Collateral Agent may be exercised, at the option of the Collateral Agent, upon the occurrence and during the continuance of an Event of Default; provided that any license, sub-license or other transaction entered into by the Collateral Agent with any third party in accordance herewith shall be binding upon the Grantor notwithstanding any subsequent rescission of an Event of Default.

## **7.7 Application of Proceeds**

The Collateral Agent shall apply the Proceeds of any collection or sale of the Collateral as provided in the Credit Agreement. The Collateral Agent shall have absolute discretion as to the time and manner of application of any such Proceeds. Upon any sale of the Collateral by the Collateral Agent (including pursuant to a power of sale granted by statute or under a judicial proceeding), the receipt of the Collateral Agent or of the officer making the sale shall be a sufficient discharge to the purchaser or purchasers of the Collateral so sold and such purchaser or purchasers shall not be obligated to see to the application of any part of the purchase money paid over to the Collateral Agent or such officer or be answerable in any way for the misapplication thereof. Any Proceeds received by the Grantor shall be held in trust for and forthwith paid over to the Collateral Agent. All Proceeds received by the Collateral Agent hereunder shall be held by the Collateral Agent in a Cash Collateral Account. All Proceeds while held by the Collateral Agent (or by the Grantor in trust for the Collateral Agent) shall continue to be held by the

Collateral Agent (for itself and for the benefit of the Secured Parties) as collateral security for the Obligations and shall not constitute payment thereof until applied as provided in the Credit Agreement (and shall promptly be so applied).

#### **7.8 Extensions of Time**

Upon the occurrence and during the continuance of an Event of Default, the Collateral Agent and any Receiver may grant renewals, extensions of time and other indulgences, take and give up Liens, accept compositions, grant releases and discharges, perfect or fail to perfect any Liens, release any Collateral to third parties and otherwise deal or fail to deal with the Grantor, debtors of the Grantor, guarantors, sureties and others and with any Collateral and other Liens as the Collateral Agent may see fit, all without prejudice to the liability of the Grantor to each of them.

#### **7.9 Set-Off, Combination of Accounts and Crossclaims**

The Obligations will be paid by the Grantor without regard to any equities between the Grantor and any Secured Party or any right of set-off or cross-claim. Any indebtedness owing by any Secured Party to the Grantor, direct or indirect, extended or renewed, actual or contingent, mutual or not, may be set off or applied against, or combined with, the Obligations by any Secured Party at any time either before or after maturity, without demand upon or notice to anyone.

#### **7.10 Validity of Sale**

No Person dealing with the Collateral Agent or any Receiver or with any representative of the Collateral Agent or any Receiver shall be concerned to inquire whether the Security Interest has become enforceable, whether any right of the Collateral Agent or any Receiver has become exercisable, whether any Obligations remain outstanding or otherwise as to the propriety or regularity of any dealing by the Collateral Agent or any Receiver with any Collateral or to see to the application of any money paid to the Collateral Agent or any Receiver, and in the absence of fraud on the part of such Person such dealings shall be deemed, as regards such Person, to be within the rights hereby conferred and to be valid and effective accordingly.

#### **7.11 Effect of Appointment of Receiver**

As soon as the Collateral Agent takes possession of any Collateral or appoints a Receiver over any Collateral, all rights of each of the Representatives of the Grantor with respect to that Collateral shall cease, unless specifically continued by the written consent of the Collateral Agent or the Receiver.

#### **7.12 Collateral Agent Not Obligated to Preserve Third Party Interests**

To the extent that any Collateral constitutes an Instrument or Chattel Paper, neither the Collateral Agent nor any Receiver shall be obliged to take any steps to preserve rights against prior parties in respect of any such Instrument or Chattel Paper.

### **7.13 Standard of Care; Collateral Agent May Perform**

The powers conferred on the Collateral Agent and any Receiver hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, neither the Collateral Agent nor any Receiver shall have a duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Collateral Agent and the Receiver shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Collateral Agent or the Receiver accords its own property. Neither the Collateral Agent nor any Receiver nor any of their respective directors, officers, employees or agents shall be liable for failure to demand, collect or realize upon all or any part of the Collateral or for any delay in doing so or shall be under any obligation to sell or otherwise dispose of any Collateral upon the request of the Grantor or otherwise. If the Grantor fails to perform any agreement contained herein, the Collateral Agent or Receiver may (if the Grantor has failed to comply within twenty (20) Business Days, of being notified of such failure and being requested to comply, or after an Event of Default and while such Event of Default is continuing) itself perform, or cause performance of, such agreement, and the expenses of the Collateral Agent or Receiver incurred in connection therewith shall be payable by the Grantor in accordance with the Credit Agreement. If any Receiver or the Collateral Agent takes possession of any Collateral, neither the Collateral Agent, the Receiver nor any Secured Party shall have any liability as a mortgagee in possession or be accountable for anything except actual receipts.

### **7.14 Rights in Addition**

The rights conferred by this Article 7 are in addition to, and not in substitution for, any other rights any of the Secured Parties may have under this Agreement, at law or in equity or by or under any other Loan Document. The Collateral Agent may proceed by way of any action, suit or other proceeding at law or in equity, including (a) the right to take proceedings in any court of competent jurisdiction for the sale or foreclosure of the Collateral and (b) filing proofs of claim and other documentation to establish the claims of the Secured Parties in any litigation or insolvency proceeding relating to the Grantor. No right of the Collateral Agent or any Receiver shall be exclusive of or dependent on any other. Any such right may be exercised separately or in combination, and at any time. The exercise by the Collateral Agent or any Receiver of any right hereunder does not preclude the Collateral Agent or any Receiver from further exercise of such right in accordance with this Agreement.

## **ARTICLE 8 MISCELLANEOUS**

### **8.1 Notices**

All communications and notices hereunder shall (except as otherwise expressly permitted herein) be in writing and given as provided in the notice provisions of the Credit Agreement.

## **8.2 Security Interests Absolute**

All rights of the Collateral Agent hereunder, the Security Interests and all obligations of the Grantor hereunder shall be absolute and unconditional irrespective of (a) any lack of validity or enforceability of Credit Agreement, any other Loan Document, any agreement with respect to any of the Obligations or any other agreement or instrument relating to any of the foregoing, other than this Agreement, (b) any change in the time, manner or place of payment of, or in any other term of, all or any of the Obligations, or any other amendment or waiver of or any consent to any departure from the Credit Agreement, any other Loan Document or any other agreement or instrument relating to any of the foregoing, (c) any exchange, release or non-perfection of any Lien on other collateral, or any release or amendment or waiver of or consent under or departure from any other Security Document or guarantee securing or guaranteeing all or any of the Obligations, or (d) any other circumstance that might otherwise constitute a defence available to, or a discharge of, the Grantor in respect of the Obligations or this Agreement (other than the payment in full in cash of the Obligations).

## **8.3 Survival of Agreement**

All covenants and agreements made by the Grantor herein and in the certificates or other instruments prepared or delivered in connection with or pursuant to this Agreement shall survive the making by the Secured Parties of any extensions of credit, and shall continue in full force and effect until this Agreement shall terminate.

## **8.4 Continuing Security**

This Agreement shall not be considered to be satisfied or discharged, in whole or in part, by any intermediate payment of all or part of the Obligations and shall operate as a continuing Security Interest for a current, running or revolving account or credit facility.

## **8.5 Binding Effect**

The provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and permitted assigns, except that the Grantor may not assign, or otherwise transfer any of its rights or obligations hereunder or any interest in the Collateral (and any such assignment, or transfer shall be null and void) except as expressly contemplated by this Agreement or the Credit Agreement.

## **8.6 Successors and Assigns**

Whenever in this Agreement any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all covenants, promises and agreements by or on behalf of the Grantor or the Collateral Agent that are contained in this Agreement shall bind and inure to the benefit of their respective successors and assigns.

## **8.7 Governing Law**

This Agreement and the rights and obligations of the parties hereto shall be governed by, construed and interpreted in accordance with, the laws of the Province of Ontario and the federal

laws of Canada applicable therein, without regard to conflict of laws principles that would require application of the law of another jurisdiction.

#### **8.8 Waivers; Amendment**

- (a) No failure on the part of the Collateral Agent to exercise and no delay in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power, or any abandonment or discontinuance of steps to enforce such a right or power, preclude any other or further exercise thereof or the exercise of any other right or power. The rights and remedies of the Collateral Agent and the Secured Parties hereunder and under the other Loan Documents are cumulative and are not exclusive of any rights or remedies that they would otherwise have. No waiver of any provisions of this Agreement or any other Loan Document or consent to any departure by the Grantor therefrom shall in any event be effective unless the same shall be permitted by paragraph (b) below, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Grantor in any case shall entitle the Grantor to any other or further notice or demand in similar or other circumstances.
- (b) Neither this Agreement nor any provision hereof may be waived, amended or modified except pursuant to an agreement or agreements in writing entered into by the Collateral Agent and the Grantor, subject to any consent required in accordance with the Credit Agreement.

#### **8.9 Waiver of Jury Trial**

EACH PARTY HERETO IRREVOCABLY WAIVES THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF ANY OF THE LOAN DOCUMENTS OR ANY OF THE TRANSACTIONS CONTEMPLATED THEREIN, INCLUDING CONTRACT CLAIMS, TORT CLAIMS, BREACH OF DUTY CLAIMS, AND ALL OTHER COMMON LAW OR STATUTORY CLAIMS. EACH OF THE PARTIES REPRESENT THAT EACH HAS REVIEWED THIS WAIVER AND EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS FOLLOWING CONSULTATION WITH LEGAL COUNSEL. IN THE EVENT OF LITIGATION, A COPY OF THIS AGREEMENT MAY BE FILED AS A WRITTEN CONSENT TO A TRIAL BY THE COURT.

#### **8.10 Severability**

Any provision of this Agreement held to be invalid, illegal or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such invalidity, illegality or unenforceability without affecting the validity, legality and enforceability of the remaining provisions hereof; and the invalidity of a particular provision in a particular jurisdiction shall not invalidate such provision in any other jurisdiction.

#### **8.11 Execution in Counterparts**

This Agreement and any amendments, waivers, consents or supplements hereto or in connection herewith may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or pdf. transmission shall be equally as effective as delivery of an original executed counterpart of this Agreement. Any party delivering an executed counterpart of this Agreement by telefacsimile or pdf. transmission also shall deliver an original executed counterpart of this Agreement but the failure to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement. The foregoing shall apply to each other Loan Document *mutatis mutandis*, except as otherwise specifically provided therein or therefore. This Agreement shall become effective upon the execution of a counterpart hereof by each of the parties hereto.

#### **8.12 Section Titles**

The Section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement between the parties hereto.

#### **8.13 Jurisdiction; Consent to Service of Process**

Each party hereby irrevocably attorns to and submits to the non-exclusive jurisdiction of the courts of the Province of Ontario with respect to any matter arising hereunder or related hereto. Such choice of law shall, however, be without prejudice to or limitation of any other rights available to the Secured Parties under the laws of any other jurisdiction where Collateral may be located.

#### **8.14 Currency Conversions**

The provisions of Section 20.15 of the Credit Agreement are hereby incorporated by reference into this Agreement.

#### **8.15 Time of the Essence**

Time is and shall remain of the essence of this Agreement and each of its provisions.

#### **8.16 Receipt of Copy**

The Grantor acknowledges receipt of a copy of this Agreement.

#### **8.17 Information**

At any time the Collateral Agent may provide to any Person that claims an interest in the Collateral copies of this Agreement or information about it or about the Collateral or the Obligations.

#### **8.18 Waiver of PPSA Financing Statement**

The Grantor hereby waives the right to receive a copy of any financing statement, financing change statement or any verification statement in connection therewith filed by the Agent relating to this Agreement to the extent permitted to be waived under any PPSA legislation in any Province that relates to any such financing statement.

**[Remainder of page intentionally left blank]**

In Witness Whereof, the Grantor and the Collateral Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

644064 N.B. INC., as the Grantor

Per: 

Name: Thomas A. Simon

Title: CFO

I have the authority to bind the corporation

WELLS FARGO RETAIL FINANCE,  
LLC, as Collateral Agent

Per: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

I/We have the authority to bind the corporation



**In Witness Whereof**, the Grantor and the Collateral Agent have caused this Agreement to be duly executed and delivered by their respective officers thereunto duly authorized as of the date first written above.

**644064 N.B. INC., as the Grantor**

Per: \_\_\_\_\_

Name:

Title:

I have the authority to bind the corporation

**WELLS FARGO RETAIL FINANCE,  
LLC, as Collateral Agent**

Per: \_\_\_\_\_

Name:

Title:

*Jennifer Conri*  
*Senior Vice President*  
I/We have the authority to bind the corporation

**Schedule 3.2**  
**To the Canadian Pledge and Security Agreement**

**Securities Accounts**

NIL

**Futures Accounts**

NIL

**Pledged Notes**

NIL

**Pledged Stock, Pledged Partnership Interests and Pledged LLC Interests**

NIL

Kevin Leonard and Associates, notaries  
1200 McGill College Avenue, Suite 2250  
Montreal, Quebec, H3B 4G7

To the attention of Mtre Sylvie Houle, Notary

Re: Deed of Hypothec and Issue of Bonds by 644064 NB INC. in favour of WELLS FARGO  
RETAIL FINANCE, LLC (the "Deed")

Minute number: 666

Dear Notary,

We, the undersigned, acknowledge having entrusted you with the mandate strictly limited to the reception of the Deed under your above referred minute number and delivering certified copies of it to the Land Registry Office for registration purposes.

Without limiting the generality of the foregoing, we hereby confirm that:

- a) you are not responsible for the preparation nor the content of the Deed;
- b) you have not and are not to verify the capacity and quality of the parties to the Deed; and
- c) we acknowledge that you do not guarantee the rank or enforceability of the hypothecs created under the terms of the Deed.

If any provisions or paragraphs or part thereof of this limitation are held invalid or unenforceable for any reason, any damages claimed against you (or any firm you may be or become a member of) will be limited to the amount of your professional fees received for your mandate.

Furthermore, we hereby exonerate you from any and all liability with respect to the above and renounce any recourse against you (or any firm you may be or become a member of) for any damage and cost we might incur as a result of our execution of the Deed and undertake to hold and save you harmless of any damage and cost you may incur as a result of your receiving the Deed under your minute number

Lastly, we acknowledge having full knowledge of the consequences of the present limitation of mandate.

And We have signed at Montreal, on April 16, 2009.

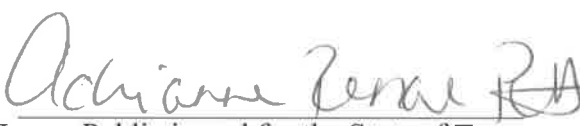
WELLS FARGO RETAIL FINANCE, LLC

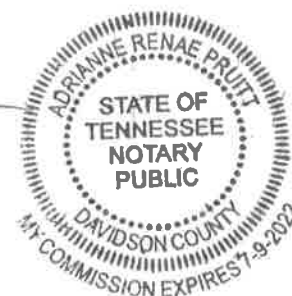
per: Pierz Marquis, special attorney

644064 NB INC  
per: Danyelle Scl...

TAB G

THIS IS EXHIBIT "G" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee



## LIMITED GUARANTY

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FOR GOOD AND VALUABLE CONSIDERATION, THE RECEIPT AND SUFFICIENCY OF WHICH ARE ACKNOWLEDGED, the undersigned unconditionally guaranties to Wells Fargo Retail Finance, LLC, (together, with any of its successors-in-interest the "Agent"), with an address at One Boston Place, 18<sup>th</sup> Floor, Boston, Massachusetts 02108, in its capacity as Agent for the benefit of the Lenders under the Loan Agreement (as defined below), in accordance with the terms and conditions hereof, the payment of the Guaranteed Amount (as defined below); provided, however, that in no event shall Guarantor's Liability under this Guaranty exceed the Maximum Guaranty Amount, plus Costs of Collection (as defined below) as provided herein.

1. DEFINITIONS. All initially capitalized terms used here shall have the same meaning as set forth in the Loan Agreement, unless otherwise defined herein. As used herein, the following terms have the following meanings:

"Costs of Collection" means, all reasonable attorneys' fees and reasonable out-of-pocket expenses incurred by the Agent's attorneys, and all reasonable costs and expenses incurred by the Agent (including, without limitation, reasonable and documented costs and expenses associated with travel), which fees, costs and expenses arise out of enforcement against Guarantor of this Guaranty.

"Guaranteed Amount" means as of any date of determination thereof, the lesser of (i) the Maximum Guaranty Amount or (ii) the aggregate amount of the outstanding Liabilities as of such date, plus all reasonable and documented Costs of Collection incurred by Agent or Lenders in connection with this Guaranty.

"Guarantor L/C" means one or more irrevocable standby letters of credit, which must aggregate at all times at least the Maximum Guaranty Amount, which Guarantor L/C shall have a minimum tenor of 365 days from the date of issuance, contain customary "evergreen" provisions, be for the account of the Guarantor, be for the benefit of Agent, on behalf of the Lenders, and be issued by an Acceptable Financial Institution (which at all times must remain an Acceptable Financial Institution during the term of the Guarantor L/C) and otherwise be in form and substance reasonably satisfactory to Agent in all material respects in Agent's Permitted Discretion, together with any supplement thereto, renewal thereof or replacement thereof.

"Guarantor L/C End Date" means the earliest of (A) the date on which all of the following have occurred: (i) all Liabilities due and payable under the Loan Agreement have been indefeasibly repaid to Agent and/or Lenders in full (except that any outstanding L/C's may be cash collateralized rather than paid as permitted under the Loan Agreement), (ii) the Commitments have been terminated and (iii) the Revolving Credit Termination Date shall have occurred or (B) January 1, 2014.

"Key Date" means the date after Acceleration of the Liabilities on which any of the following events first occur:

(a) Substantial completion by the Agent of the Agent's disposition of the Collateral or substantial completion of the exercise by the Agent of the Agent's rights and remedies as a secured creditor of the Borrowers, following the occurrence of an Event of Default under the Loan Agreement or other Loan Document, in respect of the Collateral;

(b) Substantial completion of store closing or going-out-of business sales in respect to substantially all of the Borrowers' Inventory Collateral;

(c) Consummation of a sale of substantially all of the assets of the Borrowers or confirmation of reorganization plan in a bankruptcy proceeding or other Insolvency Proceeding involving the Borrowers as debtors; or

(d) The ninety-first (91<sup>st</sup>) day after Agent or Lenders have accelerated the Obligations on account of the occurrence of an Event of Default under the Loan Agreement and has commenced to Liquidate the Collateral provided that such Acceleration has not been rescinded in writing by the Agent.

"Liabilities" means all Obligations, whether now existing or hereafter arising, of the Borrowers to the Agent and Lenders under the Loan Agreement and other Loan Documents including, but not limited to, any interest arising after the commencement of any case with respect to any of the Borrowers under the Bankruptcy Code or other Insolvency Proceeding against any of the Borrowers as debtors (including the payment of interest and other amounts, which would accrue and become due but for the commencement of such case, whether or not such amounts are allowed or allowable in whole or in part in any such case and including loans, interest, fees, charges and expenses related thereto and all other Liabilities of any Borrower to Agent or Lenders under the Loan Agreement or other Loan Documents) due in connection with the Loan Agreement and the Loan Documents.

"Loan Agreement" means that certain First Amended and Restated Loan and Security Agreement dated as of even date herewith by and between Schurman Fine Papers, d/b/a Papyrus, a California corporation, Papyrus Franchise Corporation, a Delaware corporation, both with its principal executive offices at 500 Chadbourne Road, Caller Box 6030, Fairfield, CA 94533, and 644064 N.B. Inc., a New Brunswick corporation with its principal executive offices at 44 Chipman Hill, Postoffice Box 7289, Stn: A, Suite 1000, Saint John, NB E2L4S6, Canada, and each of their respective Subsidiaries which are Borrowers under the Loan Agreement, from time to time, (collectively, the "Borrowers"), and Wells Fargo Retail Finance, LLC, and its respective successors-in-interest, as the Agent (the "Agent"), with an address at One Boston Place, 18<sup>th</sup> Floor, Boston, Massachusetts 02108, and each of the Lenders under the Loan Agreement, as it may be amended, modified, supplemented extended, renewed or replaced in accordance with the terms thereof (provided that definitions from the Loan Agreement of "Accelerate" and

“Liquidate” as used in the definition of “Key Date” herein shall be such definitions as defined in the Loan Agreement on the date hereof).

“Maximum Guaranty Amount” means \$12,000,000.

“Subordinated Loan Documents” means the “Loan Documents” as defined in the Loan Agreement, dated as of the date hereof, by and between Schurman Fine Papers, d/b/a Papyrus and Guarantor, as it may be amended, modified, supplemented extended, renewed or replaced.

“Transaction Documents” means the Purchase & Sale Documents.

## 2. GUARANTEE.

(a) The undersigned Guarantor absolutely and unconditionally guarantees and agrees to be liable for the full and indefeasible payment in cash of the Guaranteed Amount as in effect on the date when demand for payment is made hereunder on or after the occurrence of the Key Date plus all reasonable and documented Costs of Collection incurred by Agent in connection with this Guaranty.

(b) In order to secure the undersigned’s obligations hereunder with respect to the Guaranteed Amount, the undersigned has arranged for the issuance of one or more Guarantor L/Cs in an aggregate amount at least equal to the Maximum Guaranty Amount to the Agent as beneficiary. Guarantor agrees that, except as expressly permitted under Section 2(c) hereof, it shall at all times until the Guarantor L/C End Date has occurred, maintain Guarantor L/Cs in an amount at least equal to the Maximum Guaranty Amount. Notwithstanding anything to the contrary contained in this Guaranty, Agent agrees that (i) so long as Guarantor maintains a Guarantor L/C in full force and effect in an aggregate undrawn amount at least equal to the Maximum Guaranty Amount, Agent’s sole recourse against Guarantor pursuant to this Guaranty shall be to draw upon the Guarantor L/C for the Guaranteed Amount plus any Costs of Collection (or to apply cash proceeds from a draw on the Guarantor L/C pursuant to Section 2(c) hereof) and to recover any other Costs of Collection due hereunder from Guarantor and (ii) except as provided in subparagraph 2(c) hereof, it shall not draw upon the Guarantor L/C or exercise any other right or remedy available to it against the Guarantor until the Key Date has occurred. Guarantor acknowledges that if, for any reason whatsoever, Agent has not received payment in full of the Liabilities by the Key Date (regardless of whether Agent has been able to complete the liquidation of the Collateral by such date), the Agent may, at any time after the second business day following the Key Date, draw upon the Guarantor L/C (without the requirement of further notice of the Guarantor or exhaustion or completion of any other rights and remedies) in an amount equal to the Guaranteed Amount due as of the date of such draw, plus Costs of Collection then due under subparagraph 2(a) hereof. The Guarantor acknowledges that the Agents’ and Lenders’ efforts to liquidate the Collateral or pursue other rights and remedies may become subject to a stay, injunction or restraining order issued by a court in an Insolvency Proceeding or another court, which order prohibits or delays the Agent and Lenders from pursuing liquidation or sale of the Collateral or other rights and remedies and further acknowledges and agrees that the dates set



forth in the definition of “Key Date” (or its right to draw on the Guarantor L/Cs on or after the occurrence of the Key Date) shall not be deemed to have been extended by virtue of such stay, injunction or restraining order. If Agent determines that it has received indefeasible payment in full in cash of all of the Liabilities at any time during or after the occurrence of the Key Date without having to draw upon the Guarantor L/C or that Agent only needs to draw upon a portion of the Guarantor L/C in order for Guarantor’s obligations then due and payable hereunder to be paid in cash and satisfied in full, promptly following such determination, after having drawn any amount necessary for it to receive payment of all obligations due hereunder, Agent shall return the Guarantor L/C to Guarantor and Guarantor shall be permitted to terminate it or permit it to expire.

(c) Notwithstanding anything contained herein to the contrary, the Agent shall also be permitted to draw upon the Guarantor L/C at any time prior to the occurrence of the Guarantor L/C End Date if either or both of the following events described in the following clauses “i” or “ii” occur:

(i) Prior to the date that is at least thirty (30) days before the expiry date of the Guarantor L/C (if such expiry date is before January 1, 2014), the expiry date of the Guarantor L/C has not been extended or a replacement Guarantor L/C has not been provided to Agent with a later expiry date and the Key Date has not previously occurred. The Agent must provide notice of its failure to receive a notice of renewal of the Guarantor L/C at least fifteen (15) days prior to the Agent’s drawing on the Guarantor L/C (the Agent may send such a notice either before, on, or after the sixtieth (60<sup>th</sup>) day prior to the date of the expiration of the term (or renewal term) of any Guarantor L/C, provided that the Agent may make a drawing premised on the failure to renew a Guarantor L/C (as opposed to the occurrence of the Key Date) only on or after the thirtieth (30<sup>th</sup>) day prior to the date of the expiration of the term (or renewal term) of a Guarantor L/C.

(ii) At any time after the date hereof, the issuer of any Guarantor L/C ceases to comply with the definition of “Acceptable Financial Institution” set forth in the Loan Agreement as determined by Agent in its Permitted Discretion.

If, on or prior to the fifteenth (15<sup>th</sup>) day after the Agent receives the proceeds of a drawing on the Guarantor L/C made after the occurrence of one of the events described in the immediately preceding clauses “i” and “ii”, the undersigned delivers a replacement Guarantor L/C to the Agent that is identical to the initial Guarantor L/C from an Acceptable Financial Institution, or that contains modifications acceptable to the Agent in the Agent’s good faith discretion, and is in an amount at least equal to the Maximum Guaranty Amount, then the Agent shall return the cash amount so drawn to the undersigned or as the undersigned may otherwise direct; provided that, if no such replacement Guarantor L/C is delivered prior to the expiration of such fifteen (15) day period, the Agent shall retain all cash proceeds realized from the draw on the Guarantor L/C on deposit in a separate depository account at Wells Fargo (such account, the “Guarantor Collateral Account”) in respect to which Agent shall have a duly perfected first lien security interest as security for Guarantor’s obligations hereunder. Following the occurrence of the Key Date, Agent shall apply the funds in the Guarantor Collateral Account to reduce the Liabilities in an amount

not in excess of the Guaranteed Amount then due hereunder (plus any Costs of Collection incurred by Agent or Lender) at any time that it would be entitled to draw on the Guarantor L/C pursuant to Section 2(b) hereof. Any funds remaining in the Guarantor Collateral Account following the indefeasible payment in full in cash of all obligations of the Guarantor to the Agent and Lenders hereunder shall be released to the undersigned or as the undersigned otherwise directs.

(d) Any amounts paid by the Guarantor pursuant to this Guarantee on account of the Guaranty Amount (including by virtue of draws on the Guarantor L/C) shall reduce the Maximum Guaranty Amount and once so reduced, the Maximum Guaranty Amount may not be increased above such decreased amount, except with the Guarantor's prior written consent.

(e) Agent agrees that in the event that Agent seeks to replace any original Guarantor L/C provided by Guarantor which has been lost stolen or destroyed, Agent will deliver to Guarantor a Lost Letter of Credit Indemnity Agreement in the form attached hereto as Exhibit A.

(f) Agent shall use commercially reasonable efforts to give notice to the Guarantor pursuant to Section 11 hereof of the occurrence of any Key Date with the understanding that, in the event AG is party to any Insolvency Proceeding, the parties agree that Agent shall have no obligation under this Guaranty to send any such notice to AG or any other Person. Agent's failure to notify Guarantor (or of Guarantor to receive such notice) of the occurrence of the Key Date shall not waive, diminish, restrict, stay, interfere with, impair, or otherwise negatively impact the Agent's rights and remedies hereunder (including Agent's right to request and receive a drawing on the Guarantor L/C) or under any other Loan Document or at law or equity. Guarantor agrees that Agent is under no obligation to provide any notice to Guarantor of Agent's intention to draw on a Guarantor L/C or of any actual drawings on the Guarantor L/C.

3. OBLIGATIONS NOT AFFECTED. The obligations of the undersigned hereunder shall not be affected by: any fraudulent, illegal, or improper act by the Borrowers, the undersigned or any person liable or obligated to the Agent or any Lender for or on the Liabilities; any release, discharge, or invalidation, by operation of law or otherwise, of the Liabilities; or the legal incapacity of the Borrowers, the undersigned, or any other person liable or obligated to the Agent or any Lender for or on the Liabilities. Interest and Agent's and Lenders' Expenses included in the Liabilities shall continue to accrue and shall continue to be deemed Liabilities guaranteed hereby notwithstanding any stay to the enforcement thereof against the Borrowers or the disallowance of any claim therefor against the Borrowers.

4. INCORPORATION OF ALL DISCUSSIONS. This Guarantee and the Loan Agreement incorporate all discussions and negotiations between the undersigned and the Agent, for the benefit of the Lenders, concerning the guaranty provided by the undersigned hereby. No such discussions or negotiations shall limit, modify, or otherwise affect the provisions hereof. No provision hereof may be altered, amended, waived cancelled or modified, except by a written instrument executed, sealed, and acknowledged by a duly authorized officer of the Agent and the undersigned.

5. GENERAL WAIVERS. The undersigned waives: presentment, demand, notice, and protest with respect to the Liabilities and this Guaranty (except as provided herein); any delay on the part of the Agent; any claim which the undersigned may have or to which the undersigned may become entitled to the extent that such claim might otherwise cause any transfer to the Agent by or on behalf of the Borrowers to be avoided as having been, or in the nature of, a preference; and notice of acceptance of this Guaranty.

6. WAIVER OF SURETYSHIP. The undersigned hereby expressly waives all suretyship defenses, including, without limitation: (i) surrender, release, exchange, substitution, dealing with or taking any additional collateral, and (ii) any impairment of Collateral, including but not limited to failure to perfect a security interest in the Collateral.

7. WAIVER OF SUBROGATION. The undersigned shall not exercise any right against the Borrowers, by way of subrogation, set-off, reimbursement, indemnity, contribution, or the like with respect to any amounts paid or deemed paid from a draw under the Guarantor L/C in respect of the guaranteed obligations unless and until the Guarantor L/C End Date (defined for purposes of this Section 7 without regard to clause "B" of the definition of such term contained herein) has occurred; provided, however, that nothing contained herein shall restrict the ability of the Guarantor to exercise any rights or remedies available to it under any other agreement with any Borrower or affiliate, including, without limitation, under any Transaction Document or Subordinated Loan Document.

8. SUBORDINATION. The payment of any amounts due with respect to any indebtedness of the Borrowers now or hereafter owed to the undersigned arising in any way from the exercise of the Agent's rights and remedies under this Guaranty is hereby subordinated to the prior payment in full of the Liabilities. Any amounts which are collected, enforced and received by the undersigned in violation of this Section 8 shall be held by the undersigned as trustee for the Agent and shall be paid over to the Agent on account of the Liabilities without affecting in any manner the liability of the undersigned under this Guaranty.

9. AGENT'S BOOKS AND RECORDS. The books and records of the Agent showing the account between the Agent and the Borrowers shall be admissible in any action or proceeding and constitute prima facie evidence and proof of the items contained therein.

10. CHANGES IN LIABILITIES. Subject to the terms of the Loan Agreement, the undersigned assents to any indulgence or waiver which the Agent might grant or give the Borrowers and/or any other person liable or obligated to the Agent or Lenders for or on the Liabilities. The undersigned authorizes the Agent and Lenders to alter, amend, cancel, waive, or modify any term or condition of the Liabilities and of the obligations of any other person liable or obligated to the Agent or any Lender for or on the Liabilities, without notice to, or consent from, the undersigned. No compromise, settlement, or release by the Agent of the Liabilities or of the obligations of any such other person (whether or not jointly liable with the undersigned) and no release of any collateral securing the Liabilities or securing the obligations of any such other

person shall affect the obligations of the undersigned hereunder provided that such compromise, settlement or release is in accordance with the provisions of the Loan Agreement. No action by the Agent which has been assented to herein shall affect the obligations of the undersigned to the Agent or the Lenders hereunder.

11. NOTICES. Unless otherwise provided in this Guaranty, all notices hereunder shall be in writing and shall be personally delivered or sent by registered or certified mail (postage prepaid, return receipt requested), overnight courier, by one party to the other party hereunder at the address set forth below:

To Agent: Wells Fargo Retail Finance, LLC  
One Boston Place, 18<sup>th</sup> Floor  
Boston, MA 02108  
Attn: Joseph Burt  
Fax No. (617) 523-4032

With copies to: Brown Rudnick LLP  
One Financial Center  
Boston, MA 02111  
Attn: Steven Levine, Esquire  
Fax No. (617) 856-8201

To Guarantor: American Greetings Corporation  
One American Road  
Cleveland, OH 44144  
Attn: Catherine M. Kilbane, SVP

With copies to: Jones Day  
One American Road  
901 Lakeside Avenue  
Cleveland, OH 44114  
Attn: Rachel L. Rawson  
Fax: (216) 579-0212

All notices or demands sent in accordance with this Section 11, other than notices by Agent in connection with enforcement of any of its rights or remedies hereunder, shall be deemed received on the earlier of the date of actual receipt or 3 Business Days after the deposit thereof in the mail. Guarantor acknowledges and agrees that notices sent by the Agent in connection with the exercise of its rights and remedies hereunder shall be deemed sent when deposited in the mail or personally delivered, or, where permitted by law, transmitted by telefacsimile or any other method set forth above.

12. COSTS OF ENFORCEMENT. The undersigned will pay on demand, without limitation, all reasonable and documented Costs of Collection that have not been reimbursed with the proceeds of a draw on the Guarantor L/C.

13. BINDING EFFECT. This instrument shall inure to the benefit of the Agent, its successors and assigns; shall be binding upon the successors and assigns of the undersigned; and shall apply to all Liabilities of the Borrowers and any successor to the Borrowers, including any successor by operation of law.

14. AGENT'S RIGHTS AND REMEDIES. The rights, powers, privileges, and discretions of the Agent hereunder (herein, the "Agent's Rights and Remedies") shall be cumulative and not exclusive of any rights or remedies which it would otherwise have. No delay or omission by the Agent in exercising or enforcing any of the Agent's Rights and Remedies shall operate as, or constitute a waiver thereof. No waiver by the Agent of any of the Agent's Rights and Remedies or of any default or remedies under any other agreement with the undersigned, or of any default under any agreement with the Borrowers, or any other person liable or obligated for or on the Liabilities, shall operate as a waiver of any other of the Agent's Rights and Remedies or of any default or remedy hereunder or thereunder. No exercise of any of the Agent's Rights and Remedies and no other agreement or transaction of whatever nature entered into between the Agent the undersigned, and the Borrowers; and/or any such other person at any time shall preclude any other exercise of the Agent's Rights and Remedies, but without prejudice to the definition of Key Date. No waiver by the Agent of any of the Agent's Rights and Remedies on any one occasion shall be deemed a waiver on any subsequent occasion, nor shall it be deemed a continuing waiver. All of the Agent's Rights and Remedies, and all of the Agent's rights, remedies, powers, privileges, and discretions under any other agreement or transaction with the undersigned, the Borrowers, or any such other person, shall be cumulative and not alternative or exclusive, and may be exercised by the Agent at such time or times and in such order of preference as the Agent in its sole discretion may determine.

15. COPIES AND FACSIMILES. This instrument and all documents which have been or may be hereinafter furnished by the undersigned to the Agent may be reproduced by the Agent by any photographic, microfilm, xerographic, digital imaging, or other process. Any such reproduction shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business). Any facsimile which bears proof of transmission shall be binding on the party which or on whose behalf such transmission was initiated and likewise so admissible in evidence as if the original of such facsimile had been delivered to the party which or on whose behalf such transmission was received.

16. CHOICE OF LAWS. This instrument shall be governed, construed, and interpreted in accordance with the laws of the State of New York.

17. CONSENT TO JURISDICTION.

(a) The undersigned agrees that any legal action, proceeding, case, or controversy brought against or by the undersigned with respect to this Guaranty, may be brought in the United States District Court of the Southern District of New York (or any appellate court thereof). By execution and delivery of this Guaranty, the undersigned accepts, submits, and consents generally and unconditionally, to the jurisdiction of the aforesaid courts.

(b) The undersigned WAIVES personal service of any and all process and irrevocably consents to the service of process out of any of the aforementioned courts in any such action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, to the undersigned at the address listed underneath its signature or such other address of the undersigned of which the Agent then has been provided with written notice by Guarantor, such service to become effective five (5) business days after such mailing.

(c) The undersigned WAIVES, at the option of Agent, any objection based on forum non conveniens and any objection to venue of any action or proceeding instituted hereunder in the aforementioned courts.

(d) Nothing herein shall affect the right of the Guarantor or Agent to bring legal actions or proceedings in any other competent jurisdiction.

18. BROAD SCOPE OF GUARANTY. Subject to the limitations set forth herein in Section 2 of this Guaranty and elsewhere herein, it is the intention of the undersigned that the provisions of the within Guaranty be liberally construed to the end that the Agent, for the benefit of the Lenders, may be put in as good a position as if the Borrowers had promptly, punctually, and faithfully performed all Liabilities and that the undersigned had promptly, punctually, and faithfully performed hereunder.

19. SEVERABILITY. Any determination that any provision herein is invalid, illegal, or unenforceable in any respect in any instance shall not affect the validity, legality, or enforceability of such provision in any other instance and shall not affect the validity, legality, or enforceability of any other provision contained herein.

20. RIGHT OF SET-OFF. Any and all deposits or other sums at any time credited by or due to the undersigned from the Agent or any Lender or from any participant with any Lender in the Liabilities (a "Participant") and any cash, securities, instruments or other property of the undersigned in the possession of the Agent, any Lender or any Participant, whether for safekeeping or otherwise (regardless of the reason the Agent, any Lender or any Participant had received the same) may be applied or set off against the obligations of the undersigned to the Agent hereunder.

21. TERMINATION. The obligations of the undersigned hereunder shall remain in full force and effect as to all Liabilities, without regard to any reduction of the Liabilities (other than on account of payments made pursuant to the within Guaranty and as provided in Section 2 hereof) until the Guarantor L/C End Date. This Guaranty shall continue to be effective or, if previously terminated, shall be automatically reinstated, without any further action, if at any time payment made or value received with respect to a Liability is rescinded or must otherwise be returned by the Agent or any Lender upon the insolvency, bankruptcy or reorganization of the undersigned, or otherwise, all as though such payment had not been made or value received. THE UNDERSIGNED GUARANTOR ACKNOWLEDGES THAT ITS TERMINATION OF THIS GUARANTY OR FAILURE TO MAINTAIN A GUARANTOR L/C AS REQUIRED HEREUNDER FROM AN ACCEPTABLE FINANCIAL INSTITUTION WITHOUT AGENT'S PRIOR WRITTEN CONSENT SHALL CONSTITUTE AN EVENT OF DEFAULT UNDER THE LOAN AGREEMENT.

22. MISCELLANEOUS. The undersigned represents and warrants that, prior to the execution of this Guaranty, the undersigned carefully read and reviewed all of the provisions of this Guaranty and was afforded an opportunity to consult with counsel independently selected by the undersigned. The undersigned further represents and warrants that the undersigned has freely and willingly executed this Guaranty with full appreciation of the legal effect of this Guaranty. The undersigned recognizes that the titles to the paragraphs of the within Guaranty are for ease of reference; are not part of this Guaranty; and do not alter or affect substantive provisions hereof.

23. WAIVER OF JURY TRIAL. The undersigned makes the following waiver knowingly, voluntarily, and intentionally, and understands that the Agent, in the establishment and maintenance of the Agent relationship with the Borrowers and the undersigned, is relying thereon. THE UNDERSIGNED HEREBY IRREVOCABLY WAIVES ANY PRESENT OR FUTURE RIGHT OF THE UNDERSIGNED, THE BORROWERS OR ANY ENDORSER OR ANY OTHER GUARANTOR OF THE BORROWERS, OR ANY OTHER SIMILAR PERSON, TO A TRIAL BY JURY OF ANY CASE OR CONTROVERSY IN WHICH THE AGENT IS OR BECOMES A PARTY (WHETHER SUCH CASE OR CONTROVERSY IS INITIATED BY OR AGAINST THE AGENT OR IN WHICH THE AGENT IS JOINED AS A PARTY LITIGANT), WHICH CASE OR CONTROVERSY ARISES OUT OF, OR IS IN RESPECT OF THIS GUARANTY OR THE LOAN DOCUMENTS.

24. AUTHORIZATION. Guarantor is a corporation duly organized and in good standing under the laws of the State of Ohio. The execution, delivery and performance of this Guaranty is within the corporate powers of Guarantor, has been duly authorized and is not in contravention of (i) law or (ii) the terms of the organizational documentation of Guarantor, or (iii) any indenture, agreement or undertaking to which Guarantor is a party or by which Guarantor or its property are bound. This Guaranty constitutes the legal, valid and binding obligation of Guarantor enforceable in accordance with its terms, except as may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws relating to or limiting creditors' rights generally or by equitable principles relating to enforceability. Guarantor is a holder of the

Borrowers' Common Stock and in its capacity as such, will derive material financial benefit from the extensions of credit to the Borrowers to be made under the Loan Agreement.

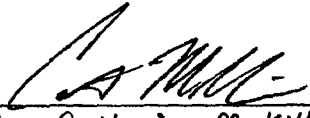
25. AMENDMENTS TO LOAN DOCUMENTS. Notwithstanding any other provision of this Guaranty, Agent and Lenders shall not, without Guarantor's prior written consent: (i) increase the aggregate amount of Guarantor L/C required to be provided by the Guarantor above the Maximum Guaranty Amount, (ii) amend or otherwise modify Section 6.21 of the Loan Agreement, or (iii) extend the Revolving Credit Maturity Date beyond June 30, 2013 if a condition of such extension requires that the Guarantor L/C must be maintained beyond January 1, 2014.

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It is intended that this Guaranty take effect as a sealed instrument this 17 day of April, 2009.

AMERICAN GREETINGS CORPORATION

By:   
Name: Catherine M. Kilbare  
Title: SVP  
Address: \_\_\_\_\_

## EXHIBIT A

### LOST LETTER OF CREDIT INDEMNITY AGREEMENT

This Agreement is made between [ ] (the "Bank") and [ ] (the "Guarantor") with respect to that certain Irrevocable Standby Letter of Credit No. [ ] (the "L/C") issued by [ ] (the "Issuer") to Bank as beneficiary on behalf of Guarantor as applicant.

#### WHEREAS

1. The L/C requires that Issuer, promptly, upon Bank's demand, issue a certified true copy of the L/C to replace the original L/C in the event that the original L/C is lost, stolen or destroyed (a "Lost L/C"), and Bank has requested the issuance of such a certified true copy (a "Replacement L/C").

2. In connection with the issuance of the replacement L/C Bank may be required to issue to Issuer an Indemnity Agreement in the form exhibited to the L/C (an "Issuer Indemnity").

3. The Bank has additionally agreed to enter into this agreement in favor of the Guarantor.

#### BANK HEREBY AGREES,

1. To indemnify and hold harmless each of the Guarantor, its members, its affiliates and the respective successors and assigns of the foregoing from and against any and all liability, loss, damage and expense (including reasonable attorneys' fees) (collectively "Losses") arising from or on account of any Lost L/C, including on account of the presentment for payment of any Lost L/C.

2. Notwithstanding anything to the contrary herein, the Bank not be liable to Guarantor pursuant to Section 1 to the extent that the Bank has indemnified for such Losses by payment to Issuer pursuant to the Issuer Indemnity.

3. This Agreement shall be governed by and construed in accordance with the laws of the State of California. EACH OF THE PARTIES HERETO HEREBY WAIVE THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING ARISING UNDER OR PURSUANT TO THIS INDEMNITY AGREEMENT.

4. This Agreement may only be amended by a written instrument signed by all of the parties hereto.

IN WITNESS WHEREOF, this Agreement has been duly executed as an instrument under seal this \_\_\_\_ day of \_\_\_\_\_, 20\_\_.

By \_\_\_\_\_  
Name:  
Title:

By \_\_\_\_\_  
Name:  
Title:

1643130



FIRST AMENDMENT TO LIMITED GUARANTY

January 22, 2013

Wells Fargo Bank, National Association  
One Boston Place, 18th Floor  
Boston, MA 02108  
Attention: Joseph Burt

Re: Limited Guaranty of American Greetings Corporation (the "Guarantor") in favor of Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC (the "Agent") for the benefit of Wells Fargo Bank, National Association and Wells Fargo Foothill Canada, ULC (each a "Lender" and collectively, the "Lenders")

Ladies and Gentlemen:

Reference is made to that certain Limited Guaranty dated as of April 17, 2009 by the Guarantor in favor of the Agent for the benefit of the Lenders (the "Guaranty" and as supplemented by this First Amendment to Limited Guaranty and as it may be further supplemented, modified or amended, the "Guaranty"). Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Guaranty.

On the date hereof, the Agent, Lenders and Borrowers (as defined in the Guaranty) are entering into a Third Amendment to the First Amended and Restated Loan and Security Agreement. In connection therewith, the Guarantor, Agent and Lenders each desire to amend the terms of the Guaranty. Accordingly, in consideration of the mutual covenants and agreements set forth in the Guaranty and herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor, the Agent and the Lenders hereby agree to amend the Guaranty as set forth herein.

1. Amendments.

(a) Guarantor L/C End Date. The definition of "Guarantor L/C End Date" is amended by deleting the reference to "January 1, 2014" contained in clause (B) and replacing it with a reference to "July 18, 2016".

(b) Maximum Guaranty Amount. The definition of "Maximum Guaranty Amount" is amended and restated in its entirety as follows:

"Maximum Guaranty Amount" means \$10,000,000.

(c) Amendments to Loan Documents. Section 25 of the Guaranty is amended by (i) deleting the reference to "January 1, 2014" contained therein and replacing it with a reference to "July 18, 2016" and (ii) deleting the reference to "Section 6.21" contained therein and replacing it with a reference to "Section 6.22".

(d) Notices. Section 11 of the Guaranty is amended by (i) deleting the reference to "Catherine M. Kilbane, SVP" contained therein and replacing it with a reference to "Office of the

General Counsel” and (ii) deleting the reference to “Wells Fargo Retail Finance, LLC” contained therein and replacing it with a reference to “Wells Fargo Bank, N.A.”.

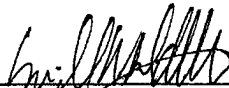
2. Acknowledgement and Consent. Pursuant to Section 25 of the Guaranty, no amendment of certain provisions of the Loan Agreement may be made without the Guarantor’s prior written consent if a condition of such amendment requires the Guarantor L/C to be maintained beyond January 1, 2014. The Guarantor hereby consents to the extension of the Revolving Credit Maturity Date to January 18, 2016 and the extension of the Guarantor L/C End Date to July 18, 2016.

3. All Other Guaranty Provisions Remain In Effect; No Defaults. Unless expressly modified hereby, all other terms and provisions of the Guaranty shall remain in full force and effect and are hereby ratified in all respects. Each of the Guarantor and Lender hereby represent that, to the best of its knowledge, there are no uncured defaults under the Guaranty as of the date hereof.

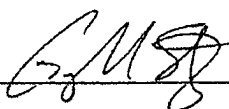
IN WITNESS WHEREOF, Guarantor has executed and delivered this First Amendment to the Guaranty as of the day and year first above written.

ATTEST:

AMERICAN GREETINGS CORPORATION

By: 


Name: GUILHERME N. DE MELLO

By: 

Name: Gregory M. Steinberg  
Treasurer and Executive Director  
Title: of Investor Relations

ACKNOWLEDGED:

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Agent and as a Lender

By: 

Name: Joseph Bert

Title: Director

WELLS FARGO FOOTHILL CANADA, ULC,  
as Lender

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_



ACKNOWLEDGED:

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Agent and as a Lender

By: \_\_\_\_\_

Name: \_\_\_\_\_

Title: \_\_\_\_\_

WELLS FARGO FOOTHILL CANADA, ULC,  
as Lender

By:  \_\_\_\_\_

Name: **Domenic Cosentino**  
**Vice President**

Title: **Wells Fargo Foothill**  
**Canada ULC**



**EXECUTION VERSION**

**SECOND AMENDMENT TO LIMITED GUARANTY**

April 27, 2018

Wells Fargo Bank, National Association  
One Boston Place, 18th Floor  
Boston, MA 02108  
Attention: Emily Abrahamson

Re: Limited Guaranty of American Greetings Corporation (the “Guarantor”) in favor of Wells Fargo Bank, National Association, as successor by merger to Wells Fargo Retail Finance, LLC (the “Agent”) for the benefit of Wells Fargo Bank, National Association and Wells Fargo Capital Finance Corporation Canada (each a “Lender” and collectively, the “Lenders”)

Ladies and Gentlemen:

Reference is made to that certain Limited Guaranty dated as of April 17, 2009 by the Guarantor in favor of the Agent for the benefit of the Lenders, as amended by that certain First Amendment to Limited Guaranty dated January 22, 2013 (as amended, and as may be further amended, restated, supplemented, or modified from time to time, collectively the “Guaranty.”) Capitalized terms used but not defined herein shall have the respective meanings ascribed to them in the Guaranty.

On the date hereof, the Agent, Lenders and Borrowers (as defined in the Guaranty) are entering into that certain Amendment Number Five to First Amended and Restated Loan and Security Agreement. In connection therewith, the Guarantor, Agent and Lenders each desire to amend the terms of the Guaranty. Accordingly, in consideration of the mutual covenants and agreements set forth in the Guaranty and herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Guarantor, the Agent and the Lenders hereby agree to amend the Guaranty as set forth herein.

1. Amendments.

(a) Guarantor L/C End Date. The definition of “Guarantor L/C End Date” is amended by deleting the reference to “July 18, 2016” contained in clause (B) and replacing it with a reference to “May 31, 2020”.

(b) Amendments to Loan Documents. Section 25 of the Guaranty is amended by deleting the reference to “July 18, 2016” contained therein and replacing it with a reference to “May 31, 2020.”

(c) Notices. Section 11 of the Guaranty is amended by deleting the reference to “American Greetings Corporation, One American Road, Cleveland, OH 44144” and replacing it with a reference to “American Greetings Corporation, One American Boulevard, Cleveland, OH 44145.”

2. Acknowledgement and Consent. Pursuant to Section 25 of the Guaranty, no amendment of certain provisions of the Loan Agreement may be made without the Guarantor's prior written consent if a condition of such amendment requires the Guarantor L/C to be maintained beyond January 1, 2014. The Guarantor hereby consents to the extension of the Revolving Credit Maturity Date to April 30, 2020 and the extension of the Guarantor L/C End Date to May 31, 2020.

3. All Other Guaranty Provisions Remain In Effect: No Defaults. Unless expressly modified hereby, all other terms and provisions of the Guaranty shall remain in full force and effect and are hereby ratified in all respects.

*[SIGNATURE PAGE TO FOLLOW]*

IN WITNESS WHEREOF, Guarantor has executed and delivered this Second Amendment to Limited Guaranty as of the day and year first above written.

ATTEST:

AMERICAN GREETINGS CORPORATION

By: Mary Kay Incandella

By:

Name: MARY KAY INCANDELLA

Name:

Christy L. Hoff

Title:

SVP, General Counsel, CHRO & Secretary

ACKNOWLEDGED:

WELLS FARGO BANK, NATIONAL ASSOCIATION,  
as Agent and as a Lender

By: 

Name: Emily Abrahamson

Title: Vice President

WELLS FARGO CAPITAL FINANCE CORPORATION CANADA,  
as Lender

By: 

Name: \_\_\_\_\_

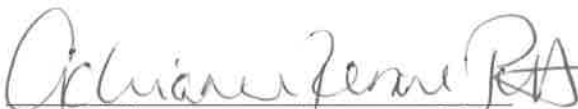
Title: \_\_\_\_\_

2301640.4

David G. Phillips  
Senior Vice President  
Credit Officer, Canada  
Wells Fargo Capital Finance  
Corporation Canada

TAB H

THIS IS EXHIBIT "H" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee





*This agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "Subordination Agreement") dated as of June 25, 2019 between American Greetings Corporation ("Subordinated Creditor") and Wells Fargo Bank, National Association, as Administrative and Collateral Agent (the "Senior Lender") to the indebtedness (including interest) owed by Schurman Fine Papers d/b/a Papyrus, a California corporation, SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation, and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation (collectively, the "Borrowers") pursuant to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 between the Borrowers and the Senior Lender, as such agreement has been and hereafter may be amended, supplemented, or otherwise modified from time to time and to indebtedness refinancing the indebtedness under that agreement as contemplated by the Subordination Agreement; and each holder of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement.*

## **SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (this "**Agreement**"), dated as of this 25th day of June, 2019, is made by and between **Schurman Fine Papers d/b/a Papyrus**, a California corporation, SFP Franchise Corporation, a Delaware corporation, and SFP Canada Ltd., a New Brunswick corporation (collectively, the "**Debtors**"), on the one hand, and **American Greetings Corporation**, an Ohio corporation, as agent (for its own benefit and for the benefit of the Secured Parties) (the "**Agent**"), on the other hand.

Under the terms hereof, the Agent desires to obtain and the Debtor desires to grant the Agent (for its own benefit and for the benefit of the Secured Parties) security for all of the Obligations (as hereinafter defined).

**NOW, THEREFORE**, the Debtor and the Agent (for its own benefit and for the benefit of the Secured Parties), intending to be legally bound, hereby agree as follows:

### **1. Definitions.**

(a) "**Collateral**" means any and all assets and properties in which the Debtors have any right, title or interest, whether now owned or hereafter acquired, wherever located, and whether now or hereafter existing, and includes, without limitation, any and all (i) cash, (ii) accounts, deposit accounts, accounts receivable and credit card receivables, (iii) instruments, (iv) chattel paper, (v) goods, (vi) inventory, (vii) equipment, (viii) fixtures, (ix) furniture, (x) intangibles and general intangibles, (xi) commercial tort claims, (xii) investment property, (xiii) letter of credit rights and payment intangibles, (xiv) books and records, (xv) money or other assets that now or hereafter come into the possession, custody or control of the Agent (for its own benefit and for the benefit of the Secured Parties) or any affiliate of the Agent (for its own benefit and for the benefit of the Secured Parties), (xvi) policies and certificates of insurance, deposits, impressed accounts, compensating balances and other property of similar kind or character, (xvii) all insurance policies proceeds, refunds and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds and premium rebates arise from any of the foregoing, (xviii) all of Debtor's contract rights under any contract, (xix) any prepaids, deposits or security deposits of any kind or nature, (xx) documents, bills of lading, documents of title, (xxi) vehicles, (xxii) promissory notes, (xxiii) intellectual property of any kind or nature including, without limitation, any patents, copyrights and trademarks, whether owned by or licensed to the Debtors, (xxiv) rights to tax refunds, (xxv) all liens, guarantees, rights, remedies and privileges pertaining to any of the foregoing (subparagraphs (i) through (xxiv) hereof), including the right of stoppage in transit, and (xxvi) any and all proceeds, products, additions, attachments, accessions, replacements, substitutions, improvements, renewals or other rights or interests of any kind or nature relating in any way to any of the foregoing (subparagraphs (i) through (xxv) hereof), whether tangible or intangible.

(b) "**Obligations**" shall include all debts, liabilities, obligations, covenants and duties owing from the Debtors to the Agent or to one or more of the Secured Parties of any kind or nature, present or future (including any interest accruing thereon at any time), whether absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, arising out of or relating in any way to (i) that certain Supply Agreement by and between one or more of Debtors and one or more of the Secured Parties dated April 17, 2009, as amended or amended and restated from time to time, (ii) that certain Trademark

License Agreement by and among one or more of the Debtors, one or more of the Secured Parties and the other parties thereto dated April 17, 2009, as amended or amended and restated from time to time, (iii) that certain POS Data Services Agreement by and between one or more of the Debtors and one or more of the Secured Parties dated April 17, 2009, as amended or amended and restated from time to time, (iv) that certain Marketing Services Agreement by and between one or more of the Debtors and one or more of the Secured Parties dated April 17, 2009, as amended or amended and restated from time to time, (v) that certain Limited Guaranty of American Greetings Corporation, dated April 17, 2009 (the “**Limited Guaranty**”), as amended by that certain First Amendment to Limited Guaranty, dated January 22, 2013 and that certain Second Amendment to Limited Guaranty, dated April 27, 2018, and any “Guarantor L/C” (as defined in the Limited Guaranty) and (vi) any other documents, purchase orders, or other agreements between or among any Debtor and one or more of the Secured Parties. The foregoing agreements identified in subparagraphs (i) through (vi) hereof shall be referred to in this Agreement as, individually, an “**AG Agreement**” and, collectively, as the “**AG Agreements**”).

(c) “**PPSA**” means the Personal Property Security Act, as adopted and enacted and as in effect from time to time in Canada. Where applicable, terms used herein which are defined in the PPSA and not otherwise defined herein shall have the respective meanings ascribed to such terms in the PPSA.

(d) “**Receiver**” means an interim receiver, a receiver, a manager or a receiver and manager.

(e) “**Secured Parties**” means American Greetings Corporation, an Ohio corporation, Carlton Cards Limited, a federal Canada corporation, and Papyrus-Recycled Greetings Canada Ltd., a federal Canada corporation.

(f) “**UCC**” means the Uniform Commercial Code, as adopted and enacted and as in effect from time to time in the State of Ohio. Terms used herein which are defined in the UCC and not otherwise defined herein shall have the respective meanings ascribed to such terms in the UCC.

**2. Grant of Security Interest.** The Debtors, as debtors, hereby grant, convey and assign to the Agent (for its own benefit and for the benefit of the Secured Parties) a continuing lien on and security interest in the Collateral in order to secure the payment of, and performance of, the Obligations. The security interests do not attach to consumer goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day shall be held by the applicable Debtor in trust for the Agent (for its own benefit and for the benefit of the other Secured Parties) and, on the exercise by the Agent of any of its rights or remedies under this Agreement following an Event of Default, shall be assigned by such Debtor as directed by the Agent.

**3. Change in Name or Locations.** The Debtors hereby agree that if the location of the Collateral changes from the locations listed on Exhibit “A” hereto and made part hereof, or if one or more of the Debtors changes its name or form or jurisdiction of organization, or establishes a name in which it may do business, the Debtors will immediately notify the Agent in writing of the additions or changes. The Debtors’ chief executive office(s) is/are listed in the Notice section below.

**4. Representations and Warranties.** The Debtors represent, warrant and covenant to the Agent (for its own benefit and for the benefit of the Secured Parties) that the Debtors have good, marketable and indefeasible title to the Collateral, have not made any prior sale, pledge, encumbrance, assignment or other disposition of any kind of any of the Collateral, and the Collateral is free from all encumbrances and rights of setoff of any kind except the lien and security interest in favor of the Agent (for its own benefit and for the benefit of the Secured Parties) created by this Agreement and any liens and security interests of Wells Fargo Bank, National Association, as Administrative Agent and as Collateral Agent (“**Wells Fargo**”) under that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009, as it may have been and may hereafter be amended, modified, supplemented or restated and in effect from time to time.

**5. Debtors' Covenants.** The Debtors covenant that they shall:

(a) from time to time and at all reasonable times allow the Agent, by or through any of its officers, agents, attorneys, or accountants, to examine or inspect the Collateral, and obtain valuations and audits of the Collateral, wherever located. The Debtors shall do, obtain, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Agent may require to vest in and assure to the Agent its rights hereunder and in or to the Collateral, and the proceeds thereof, including waivers from landlords, warehousemen and mortgagees;

(b) keep the Collateral in good order and repair at all times and immediately notify the Agent of any event causing a material loss or decline in value of the Collateral, whether or not covered by insurance, and the amount of such loss or depreciation;

(c) only use or permit the Collateral to be used in accordance with all applicable federal, state, county, municipal and other applicable laws and regulations; and

(d) have and maintain insurance at all times with respect to all Collateral as the Agent may reasonably require, in such form, as may be reasonably satisfactory to the Agent. If applicable, each such insurance policy shall contain a standard Lender's Loss Payable Clause issued in favor of the Agent (for its own benefit and for the benefit of the Secured Parties) under which all losses thereunder shall be paid to the Agent (for its own benefit and for the benefit of the Secured Parties) as the Agent's interest may appear. Such policies shall expressly provide that the requisite insurance cannot be altered or canceled without at least thirty (30) days prior written notice to the Agent and shall insure the Agent notwithstanding the act or neglect of one or more of the Debtors. Upon the Agent's demand, the applicable Debtor shall furnish the Agent with evidence of insurance as the Agent may require. In the event of failure to provide insurance as herein provided, the Agent may, at its option, obtain such insurance and the Debtors shall pay to the Agent, on demand, the cost thereof. Proceeds of insurance may be applied by the Agent (for its own benefit and for the benefit of the Secured Parties) to reduce the Obligations or to repair or replace Collateral, all in the Agent's sole discretion.

(e) If any of the Collateral is, at any time, in the possession of a bailee, Debtors shall promptly notify Agent thereof and, if requested by Agent, shall promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to Agent, that the bailee holds such Collateral for the benefit of Agent (for its own benefit and for the benefit of the Secured Parties) and shall act upon the instructions of Agent, without the further consent of any of the Debtors.

**6. Negative Pledge; No Transfer.** The Debtors will not sell or offer to sell or otherwise transfer or grant or allow the imposition of a lien or security interest upon the Collateral or use any portion thereof in any manner inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon.

**7. Further Assurances.** Debtors hereby irrevocably authorize the Agent (for its own benefit and for the benefit of the Secured Parties) at any time and from time to time to file in any UCC or other applicable jurisdiction in the United States and Canada any initial or other financing or continuation statements and amendments thereto, and any similar or related documents, that (a) indicate the Collateral (i) as all assets of Debtors or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of the Ohio UCC or other such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by the Ohio UCC or other applicable jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, and any similar or related documents, including, but not limited to (i) whether any Debtor is an organization, the type of organization and (ii) any organization identification number issued to any Debtor. The Debtors agree to furnish any such information to Agent promptly upon request. Debtors also ratify their respective authorizations for Agent to have filed in any UCC or other applicable jurisdiction in the United States and Canada any like initial financing statements or amendments thereto if filed prior to the date hereof.

**8. Events of Default.** The Debtors shall, at the Agent's option, be in default under this Agreement upon the happening of any of the following events or conditions (each, an "**Event of Default**"): (a) a default under any AG Agreement that is not cured within the time frame, if any, set forth in any AG Agreement; (b) the failure by any of the Debtors to perform any of their other obligations

under this Agreement; (c) falsity, inaccuracy or material breach by the Debtors of any written warranty, representation or statement made or furnished to the Agent or any other Secured Party by or on behalf of any of the Debtors; (d) any uninsured material loss, theft, damage, or destruction to any of the Collateral, or the entry of any judgment against any Debtor or any lien against or the making of any levy, seizure or attachment of or on the Collateral; (e) the failure of the Agent (for its own benefit and for the benefit of the Secured Parties) to have a perfected security interest in the Collateral; or (f) any indication or evidence received by the Agent or any other Secured Party that any Debtor may have directly or indirectly been engaged in any type of activity which, in the Agent's discretion, might result in the forfeiture of any property of any Debtor to any governmental entity, whether federal, state or local.

**9. Remedies.** Upon the occurrence of any Event of Default and at any time thereafter, the Agent shall have, in addition to any remedies provided in any AG Agreement, herein or by any applicable law or in equity, all the remedies of a secured party under the UCC and the PPSA, as applicable. The Agent's remedies include, but are not limited to, to the extent permitted by law, the right to (a) peaceably by its own means or with judicial assistance enter any Debtor's premises and take possession of the Collateral without prior notice to any Debtor or the opportunity for a hearing, (b) render the Collateral unusable, (c) dispose of the Collateral on the applicable Debtor's premises, (d) require the Debtors to assemble the Collateral and make it available to the Agent at a place designated by the Agent, (e) appoint one or more Receivers of any or all Debtors or any or all of the Collateral of any or all Debtors with such rights, powers and authority as may be necessary and appropriate, and (f) obtain from any court of competent jurisdiction an order for the appointment of a Receiver of any or all Debtors or of any or all of the Collateral of any or all Debtors. Unless the Collateral is perishable or threatens to decline speedily in value, including, without limitation, due to the seasonality of the Collateral, or is of a type customarily sold on a recognized market, the Agent will give the Debtors reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of commercially reasonable notice shall be met if such notice is sent to the Debtors at least five (5) days before the time of the intended sale or disposition. The Debtors waive all relief from all appraisal or exemption laws now in force or hereafter enacted.

**10. Payment of Expenses.** At its option, the Agent may, but is not required to: discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral; pay for required insurance on the Collateral; and pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral, as determined by the Agent to be necessary. The Debtors agree to reimburse the Agent on demand for any payment so made or any expense incurred by the Agent pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Agent.

**11. Notices.** All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by facsimile transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to a party's address set forth above or to such other address as any party may give to the other in writing for such purpose.

**12. Preservation of Rights.** No delay or omission on the Agent's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Agent's action or inaction impair any such right or power. The Agent's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Agent may have under other agreements, at law or in equity.

**13. Illegality.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

**14. Changes in Writing.** No modification, amendment or waiver of any provision of this Agreement nor consent to any departure by the Debtors therefrom will be effective unless made in a writing signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Debtors in any case will entitle any Debtor to any other or further notice or demand in the same, similar or other circumstance.

**15. Entire Agreement.** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

**16. Counterparts.** This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

**17. Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the Debtors and the Agent and their respective heirs, executors, administrators, successors and assigns; provided, however, that no Debtor may assign this Agreement in whole or in part without the Agent's prior written consent and the Agent at any time may assign this Agreement in whole or in part.

**18. Interpretation.** In this Agreement, unless the Agent and the Debtors otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement unless otherwise indicated. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. If this Agreement is executed by more than one Debtor, the obligations of such persons or entities will be joint and several.

**19. Governing Law and Jurisdiction.** This Agreement has been delivered to and accepted by the Agent and will be deemed to be made in the State of Ohio. **THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, EXCEPT THAT THE LAWS OF THE STATE WHERE ANY COLLATERAL IS LOCATED, IF DIFFERENT, SHALL GOVERN THE CREATION, PERFECTION AND FORECLOSURE OF THE LIENS CREATED HEREUNDER ON SUCH PROPERTY OR ANY INTEREST THEREIN.** The Debtors hereby irrevocably consent to the exclusive jurisdiction of any state or federal court in Ohio; provided that nothing contained in this Agreement will prevent the Agent from bringing any action, enforcing any award or judgment or exercising any rights against the Debtor individually, against any security or against any property of any Debtor within any other county, state or other foreign or domestic jurisdiction. The Agent and the Debtors agree that the venue provided above is the most convenient forum for both the Agent and each Debtor. The Debtors waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

**20. Appointment of Agent.** Each of the Secured Parties hereby appoints the Agent as their agent to hold, for the benefit of the Secured Parties, the security interests granted herein in the Collateral, and any registrations in respect hereof or pledged collateral delivered hereunder, and to take such actions hereunder as such Agent may from time to time deem necessary or desirable to preserve, protect or enforce such interest in Collateral, in each case to secure the Obligations.

**21. Currency Indemnity.** If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") any amount due under this Agreement in any currency other than the Judgment Currency (the "**Currency Due**"), then conversion shall be made at the rate of exchange prevailing on the business day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which the Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office. In the event that there is a change in the rate of exchange prevailing between the business day immediately preceding the day on which the

judgment is given and the date of receipt by the Agent of the amount due, the Debtors shall, on the date of receipt by the Agent, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Agent is the amount then due under this Agreement in the Currency Due. If the amount of the Currency Due which the Agent is so able to purchase is less than the amount of the Currency Due originally due to it, the Debtors shall indemnify and save the Agent harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or under any judgment or order.

**22. WAIVER OF JURY TRIAL. EACH OF THE DEBTORS AND THE AGENT (ON BEHALF OF ITSELF AND ON BEHALF OF THE SECURED PARTIES) IRREVOCABLY WAIVE ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE DEBTORS AND THE AGENT ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

(EXECUTION PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written.

DEBTORS:

SCHURMAN FINE PAPERS d/b/a Papyrus, a California corporation

By: 

Print Name: DOMINIQUE SCHURMAN

Its: CEO


SFP FRANCHISE CORPORATION

By: 

Print Name: DOMINIQUE SCHURMAN

Its: CEO

SFP CANADA LTD.

By: 

Print Name: DOMINIQUE SCHURMAN

Its: CEO

[AGENT'S AND SECURED PARTIES' SIGNATURES APPEAR ON NEXT PAGE]

AGENT:

AMERICAN GREETINGS CORPORATION, an Ohio corporation, as Agent

By: GMSt

Print Name: Gregory M. Steinberg

Its: Senior Vice President & CFO

SECURED PARTIES:

AMERICAN GREETINGS CORPORATION, an Ohio corporation, as a Secured Party

By: GMSt

Print Name: Gregory M. Steinberg

Its: Senior Vice President & CFO

CARLTON CARDS LIMITED, a federal Canada corporation, as a Secured Party

By: GMSt

Print Name: Gregory M. Steinberg

Its: Vice President & CFO

PAPYRUS-RECYCLED GREETINGS CANADA LTD., a federal Canada corporation, as a Secured Party

By: GMSt

Print Name: Gregory M. Steinberg

Its: Vice President & CFO



**Exhibit A**

Location	Address	City	State	Zip
Tennessee DC/HQ	300 Oak Bluff Lane	Goodlettsville	TN	37072
West coast satellite office	230 Lark Ln	Alamo	CA	94507
Marcel Designs, printing facility	610 Maple Ave unit 610	Torrance	CA	90503
San Diego Design Office	517 4th Ave, Suite 401	San Diego	CA	92101

**U.S. store locations**

STORE	STORE NAME	ADDRESS	CITY	STATE	ZIP
89	0089-AG TOWER CITY CTR	230 W. HURON ROAD	CLEVELAND	OH	44113
97	0097-AG MARKET ST BLDG	333 MARKET STREET BUILDING	SAN FRANCISCO	CA	94105
330	0330-AG MALL IN COLUMBIA	10300 LITTLE PATUXENT PKWY SP 1015	COLUMBIA	MD	21044
478	0478-AG SOUTH HILLS VILL	181 FORT COUCH ROAD	BETHEL PARK	PA	15241
482	0482-AG ROBINSON	2890 ROBINSON DRIVE	PITTSBURGH	PA	15205
625	0625-AG SMITH HAVEN MALL	185 SMITH HAVEN MALL (MACY'S WING)	LAKE GROVE	NY	11755
626	0626-AG OCEAN COUNTY	1201 HOOPER AVENUE SPACE 1013	TOMS RIVER	NJ	08753
637	0637-AG MENLO PARK MALL	55 PARSONAGE ROAD UNIT 339	EDISON	NJ	08837-2497
660	0660-AG MAIDEN LANE	33 MAIDEN LANE	NEW YORK	NY	10038
1701	1701-PT BROWARD MALL	8000 W. BROWARD BOULEVARD	PLANTATION	FL	33388
1703	1703-PD SOUTH CENTER	633 SOUTHCENTER MALL, SPACE 271	TUKWILA	WA	98188
1706	1706-PD STONEBRIAR CENTER	2601 PRESTON ROAD, SUITE 1022	FRISCO	TX	75034
2108	2108-PPY EMBARCADERO	TWO EMBARCADERO, LOBBY LEVEL	SAN FRANCISCO	CA	94111
2111	2111-PPY BATTERY STREET	111 BATTERY STREET	SAN FRANCISCO	CA	94111
2112	2112-PPY FILLMORE	2109 FILLMORE STREET	SAN FRANCISCO	CA	94115
2113	2113-PPY ARDEN FAIR	1689 ARDEN WAY, SUITE 1309	SACRAMENTO	CA	95815
2116	2116-PPY COLLEGE AVENUE	2924 COLLEGE AVENUE	BERKELEY	CA	94705
2119	2119-PPY FOURTH STREET	1793 FOURTH STREET	BERKELEY	CA	94710
2120	2120-PPY FAIR OAKS	11792U FAIR OAKS MALL, SPACE 200 A	FAIRFAX	VA	22033
2121	2121-PPY TOWSON	825 DULANEY VALLEY RD., #376	TOWSON	MD	21204
2122	2122-PPY TYSONS CORNER	7934 TYSONS CORNER CENTER	MCLEAN	VA	22102
2123	2123-PPY RIVERSIDE SQUARE	244 RIVERSIDE SQUARE, SPACE 94	HACKENSACK	NJ	07601
2124	2124-PPY STANFORD	11 STANFORD SHOPPING CENTER	PALO ALTO	CA	94304
2125	2125-PPY SHORT HILLS	1200 MORRIS TURNKPIKE, SUITE A-117	SHORT HILLS	NJ	07078
2126	2126-PPY UNION STREET	1888 UNION STREET	SAN FRANCISCO	CA	94123
2127	2127-PPY PENTAGON	1100 SOUTH HAYES STREET, #2018	ARLINGTON	VA	22202
2128	2128-PPY THE GARDENS	3101 PGA BLVD.,SPACE Q203	PALM BEACH GARDENS	FL	33410
2129	2129-PPY SOMERSET	2800 BIG BEAVER RD., SUITE S-226	TROY	MI	48084
2130	2130-PPY GARDEN STATE	ONE GARDEN STATE PLAZA, SPACE 1055	PARAMUS	NJ	07652
2133	2133-PPY ROOSEVELT FIELD	630 OLD COUNTRY RD., SPACE 2095	GARDEN CITY	NY	11530
2134	2134-PPY THE FALLS	8888 SW 136th STREET, SUITE 431	MIAMI	FL	33176

2135	2135-PPY BRIDGEWATER	400 COMMONS WAY, SUITE 282	BRIDGEWATER	NJ	08807
2136	2136-PPY MONTGOMERY MALL	7101 DEMOCRACY BLVD., SUITE 2504	BETHESDA	MD	20817
2137	2137-PPY TWELVE OAKS	27832 NOVI ROAD, SPACE E-112	NOVI	MI	48377
2141	2141-PPY PARK MEADOWS	8505 PARK MEADOWS CNTR DR., #2113	LONE TREE	CO	80124
2145	2145-PPY WESTFARMS MALL	408 WESTFARMS, SPACE C124	FARMINGTON	CT	06032 44122-
2146	2146-PPY BEACHWOOD PLACE	26300 CEDAR ROAD, SPACE 2245	BEACHWOOD	OH	1176
2149	2149-PPY GRAND CENTRAL I	107 E. 42nd STREET, #MC29	NEW YORK	NY	10017
2151	2151-PPY CHERRY CREEK	3000 E. 1st AVENUE, SUITE 129	DENVER	CO	80206
2158	2158-PPY PACIFIC PLACE	600 PINE STREET, SUITE 340	SEATTLE	WA	98101
2161	2161-PPY LAUREL VILLAGE	3525 CALIFORNIA STREET 300 EAST MONTICELLO AVE., SUITE	SAN FRANCISCO	CA	94118
2162	2162-PPY MAC ARTHUR	115 6600 TOPANGA CANYON BLVD., SPC	NORFOLK	VA	23510
2163	2163-PPY TOPANGA PLAZA	24A	CANOGA PARK	CA	91303
2166	2166-PPY SF CENTER	865 MARKET STREET, SUITE 312	SAN FRANCISCO	CA	94103 98037-
2169	2169-PPY ALDERWOOD MALL	3000 184th STREET SW, SUITE 562	LYNNWOOD	WA	4768
2170	2170-PPY DALLAS GALLERIA	13350 DALLAS PARKWAY, SUITE 2695	DALLAS	TX	75240
2172	2172-PPY NORTH PARK	1460 NORTH PARK CENTER	DALLAS	TX	75225
2173	2173-PPY FRANKLIN STREET	70 FRANKLIN STREET	BOSTON	MA	02110
2174	2174-PPY FASHION VALLEY	7007 FRIARS ROAD, #811	SAN DIEGO	CA	92108
2175	2175-PPY BELLEVUE SQUARE	205 BELLEVUE SQUARE	BELLEVUE	WA	98004
2177	2177-PPY STONERIDGE	2305 STONERIDGE MALL	PLEASANTON	CA	94588
2178	2178-PPY DANVILLE	522 Hartz Avenue Suite B	DANVILLE	CA	94526
2179	2179-PPY NEW MONTGOMERY	90 NEW MONTGOMERY STREET 9200 STONY POINT PARKWAY, SPACE	SAN FRANCISCO	CA	94105
2181	2181-PPY STONY POINT	157	RICHMOND	VA	23235
2182	2182-PPY STAMFORD	100 GREY ROCK, SPACE G209	STAMFORD	CT	06901
2183	2183-PPY PRUDENTIAL CENTER	800 BOYLSTON STREET, #413	BOSTON	MA	02199
2184	2184-PPY NATICK MALL	1178 NATICK MALL	NATICK	MA	01760
2185	2185-PPY CORTE MADERA	1726 REDWOOD HIGHWAY	CORTE MADERA	CA	94925
2187	2187-PPY THE OAKS	464 WEST HILLCREST DRIVE	THOUSAND OAKS	CA	91360
2188	2188-PPY GLENDALE GALLERIA	1116 GLENDALE GALLERIA	GLENDALE	CA	91210
2189	2189-PPY BREA MALL	2106 BREA MALL	BREA	CA	92821
2191	2191-PPY VENTURA BLVD	12142 VENTURA BLVD.	STUDIO CITY	CA	91604
2195	2195-PPY WESTPORT	178 MAIN STREET	WESTPORT	CT	06880
2197	2197-PPY STONESTOWN GALLERIA	3251 20th AVENUE SPACE 166	SAN FRANCISCO	CA	94132 01803-
2198	2198-PPY BURLINGTON	75 MIDDLESEX ST., SPACE 1072	BURLINGTON	MA	4108 10708-
2199	2199-PPY PONDFIELD	72 PONDFIELD ROAD 10250 SANTA MONICA BLVD., SPACE	BRONXVILLE	NY	3801
2201	2201-PPY CENTURY CITY	105	LOS ANGELES	CA	90067
2202	2202-PPY UNION STATION	40 MASSACHUSETTES AVE. NE, #T-18	WASHINGTON	DC	20002 30326-
2204	2204-PPY LENOX MALL	3393 PEACHTREE ROAD NE SPACE 4001	ATLANTA	GA	1162
2205	2205-PPY 3rd STREET	1458 3rd STREET	SANTA MONICA	CA	90401-

	PROMENADE				2322
2207	2207-PPY KING OF PRUSSIA	160 NORTH GULPH ROAD, SPACE 2156-B	KING OF PRUSSIA	PA	19406
2208	2208-PPY NORTHGATE MALL	401 NE NORTHGATE WAY, SUITE 563	SEATTLE	WA	98125
2211	2211-PPY SOUTH 17th STREET	211 SOUTH 17th STREET	PHILADELPHIA	PA	19103-6316
2213	2213-PPY BROADWAY @ 76th	2157 BROADWAY	NEW YORK	NY	10023
2214	2214-PPY MONTANA AVENUE	1412 MONTANA AVENUE	SANTA MONICA	CA	90403-1711
2215	2215-PPY ROCKEFELLER CENTER	1250 AVENUE OF THE AMERICAS, SP 1	NEW YORK	NY	10020
2216	2216-PPY HARVARD SQUARE	18 JFK STREET	CAMBRIDGE	MA	02138
2217	2217-PPY BELMONT SHORES	5259 EAST 2nd STREET	LONG BEACH	CA	90803-5327
2218	2218-PPY WASHINGTON SQUARE	9374 SW WASHINGTON SQ. ROAD	TIGARD	OR	97223-4450
2219	2219-PPY 243 MONTGOMERY STREET	243 MONTGOMERY STREET	SAN FRANCISCO	CA	94104-2901
2220	2220-PPY LASALLE	10 SOUTH LASALLE STREET	CHICAGO	IL	60603
2221	2221-PPY GEORGETOWN	1300 WISCONSIN AVENUE	WASHINGTON	DC	20007-3310
2222	2222-PPY METLOX	451 MANHATTAN BEACH BLVD., STE B104	MANHATTAN BEACH	CA	90266
2223	2223-PPY GALLERIA II	3600 GALLERIA II	EDINA	MN	55435
2225	2225-PPY THE WESTCHESTER	125 WESTCHESTER AVE., SPACE 303B	WHITE PLAINS	NY	10601
2227	2227-PPY UNIVERSITY TOWN CTR	4445 LA JOLLA VILLAGE DR, SPACE H15	SAN DIEGO	CA	92122
2228	2228-PPY KEYSTONE MALL	8702 KEYSTONE CROSSING, SPACE 147	INDIANAPOLIS	IN	46240
2231	2231-PPY BEVERLY CENTER	8522 BEVERLY BLVD., STE 689	LOS ANGELES	CA	90048
2232	2232-PPY KING STREET	721 KING STREET	ALEXANDRIA	VA	22314-3014
2233	2233-PPY THIRD AVENUE	1270 THIRD AVENUE	NEW YORK	NY	10021
2234	2234-PPY LEXINGTON AVENUE	852 LEXINGTON AVENUE	NEW YORK	NY	10065
2237	2237-PPY PURCHASE STREET	31 PURCHASE STREET #1A	RYE	NY	10580-3013
2238	2238-PPY MEADOWOOD MALL	5195 MEADOWOOD MALL CIRCLE, #F131	RENO	NV	89502
2240	2240-PPY WOOLWORTH	233 BROADWAY, GROUND FLOOR	NEW YORK	NY	10279
2241	2241-PPY ALA MOANA CENTER	1450 ALA MOANA BLVD., #2011	HONOLULU	HI	96814
2242	2242-PPY OLD ORCHARD	4999 OLD ORCHARD CENTER #K-24	SKOKIE	IL	60077
2243	2243-PPY OAKBROOK	226 OAKBROOK CENTER,	OAK BROOK	IL	60523
2245	2245-PPY FLAT IRON CROSSING	1 WEST FLAT IRON CIRCLE, SPACE 1041	BROOMFIELD	CO	80021-8881
2246	2246-PPY BROADWAY AT 8th	753 BROADWAY	NEW YORK	NY	10003-6810
2248	2248-PPY CHEVY CHASE CENTER	5457 WISCONSIN AVENUE	CHEVY CHASE	MD	20815
2249	2249-PPY SCOTTSDALE MALL	7014 E CAMELBACK RD., SUITE 2212	SCOTTSDALE	AZ	85251-1227
2252	2252-PPY HOUSTON GALLERIA	5061 WESTHEIMER ROAD, SUITE 8000	HOUSTON	TX	77056
2253	2253-PPY NORTHBROOK COURT	1268 NORTHBROOK COURT	NORTHBROOK	IL	60062
2257	2257-PPY WATER TOWER	835 N. MICHIGAN AVE., LEVEL 6	CHICAGO	IL	60611
2258	2258-PPY SHERMAN OAKS	14006 RIVERSIDE DRIVE, SPACE 219	SHERMAN OAKS	CA	91423

2259	2259-PPY SOUTH COAST PLAZA	3333 BRISTOL AVE., SUITE 2855	COSTA MESA	CA	92626
2261	2261-PPY WILLOWBEND	6121 W.PARK BOULEVARD, BLDG C	PLANO	TX	75093
2262	2262-PPY MISSION VIEJO	226 THE SHOPS AT MISSION VIEJO	MISSION VIEJO	CA	92691
2267	2267-PPY SAN LUIS OBISPO	895 HIGUERA STREET, SPACE #D-2	SAN LUIS OBISPO CLINTON	CA	93401
2268	2268-PPY PARTRIDGE CREEK	17370 HALL ROAD, #108A	TOWNSHIP	MI	48038
2274	2274-PPY DEL MAR HIGHLANDS	3485 DEL MAR HEIGHTS DRIVE, #A	SAN DIEGO	CA	92130
2275	2275-PPY STREETS OF CHESTER	240 STATE ROUTE 206 SOUTH	CHESTER	NJ	07930 10029-
2276	2276-PPY 96th & MADISON	1380-88 MADISON AVENUE	NEW YORK	NY	6903
2277	2277-PPY SILVERADO PLAZA	627 TRANCAS STREET	NAPA	CA	94558
2280	2280-PPY BURLINGAME AVENUE	1227 BURLINGAME AVENUE	BURLINGAME	CA	94010
2285	2285-PPY GREENWICH	268 GREENWICH AVENUE	GREENWICH	CT	06830
2286	2286-PPY MARLTON SQUARE	300 S.R. 73. UNIT #2	MARLTON	NJ	08053
2288	2288-PPY VERNON HILLS	696 WHITE PLAINS ROAD	SCARSDALE	NY	10583
2289	2289-PPY NEWPORT	30 MALL DRIVE W	KERSEY CENTRE	NJ	07310
2293	2293-PPY BRIARWOOD MALL	250 BRIARWOOD CIRCLE, SPACE G-115	ANN ARBOR	MI	48108
2295	2295-PPY RIDGEWOOD	76 EAST RIDGEWOOD AVENUE, GROUND FL	RIDGEWOOD	NJ	07450
2296	2296-PPY LA ENCANTADA	2905 SKYLINE DRIVE, SPACE 271	TUCSON	AZ	85718
2298	2298-PPY 54th & PARK	400 PARK AVENUE, GROUND FLOOR	NEW YORK	NY	10022
2301	2301-PPY NEW CANAAN	32 ELM STREET 65 Prince Street (270 Lafayette Street Building)	NEW CANAAN	CT	06840
2302	2302-PPY SOHO		NEW YORK	NY	10012
2303	2303-PPY NORTHBRIDGE	520 N MICHIGAN AVENUE, #222	CHICAGO	IL	60611
2304	2304-PPY COLUMBUS AVENUE	209 COLUMBUS AVENUE	NEW YORK	NY	10023
2305	2305-PPY 940 BROADWAY	940 BROADWAY, GROUND FLOOR	NEW YORK	NY	10010
2306	2306-PPY MALL AT COLUMBIA	10300 LITTLE PATUXENT PARKWAY	COLUMBIA	MD	21044
2310	2310-PPY ST. LOUIS GALLERIA	1155 ST. LOUIS GALLERIA, #1471	ST. LOUIS	MO	63117
2312	2312-PPY LOS CERRITOS	347 LOS CERRITOS CENTER 5435 TAMiami TRAIL NORTH, SUITE C-2	LOS CERRITOS	CA	90703
2311	2311-PPY WATERSIDE SHOPS		NAPELS	FL	34108
2315	2315-PPY TREMONT STREET	28 TREMONT STREET	BOSTON	MA	02108
2316	2316-PPY SOUTH PARK	GL22 SOUTH PARK CENTER	STRONGVILLE	OH	44136
2319	2319-PPY RIDGEDALE	12623 WAYZATA BLVD., SPACE #2035	MINNETONKA	MN	55305
2322	2322-PPY TEMECULA	40770 WINCHESTER ROAD, SPACE 780 3500 PEACHTREE ROAD NE SUITE 1047B	TEMECULA	CA	92591
2324	2324-PPY PHIPPS PLAZA		ATLANTA SOUTH	GA	30326
2327	2327-PPY MAINE MALL	364 MAINE MALL ROAD, SPACE S153	PORTLAND	ME	04106
2332	2332-PPY INTERNATIONAL PLAZA	2223 N. WEST SHORE BLVD., SPACE 156	TAMPA	FL	33607
2333	2333-PPY BILTMORE FASHION PARK	2502 E. CAMELBACK ROAD, SPACE 179	PHOENIX	AZ	85016
2335	2335-PPY FASHION SHOW MALL	3200 LAS VEGAS BLVD, SPACE 2345	LAS VEGAS	NV	89109
2336	2336-PPY CITY CREEK	51 SOUTH MAIN STREET, SPACE 133 15204 N. SCOTTSDALE RD. SPACE 120G1A	SALT LAKE CITY	UT	84101
2337	2337-PPY KIERLAND		SCOTTSDALE	AZ	85254

2338	2338-PPY LA CUMBRE	121 SOUTH HOPE AVENUE, SPACE #E148	SANTA BARBARA	CA	93105
2339	2339-PPY LEHIGH VALLEY	104 LEHIGH VALLEY MALL, SPACE 1072A	WHITEHALL	PA	18052
2340	2340-PPY CHESTNUT HILL 2341-PPY SOUTH SHORE PLAZA	199 BOYLSTON STREET, SPACE # S203A	CHESTNUT HILL	MA	02467
2341		250 GRANITE STREET, SUITE 2031	BRAINTREE	MA	02031
2342	2342-PPY ANNAPOLIS	1730 ANNAPOLIS MALL, SPACE 48	ANNAPOLIS	MD	21401
2343	2343-PPY 25th & 7th	275 7TH AVENUE	NEW YORK	NY	10001
2344	2344-PPY WELLESLEY	63 CENTRAL STREET, GROUND FLOOR 140 University Town Center Drive, Space 149	WELLESLEY	MA	02482
2345	2345-PPY UTC SARASOTA		Sarasota	FL	34243
2346	2346-PPY 1ST AVENUE 2347-PPY STREETS @ SOUTHPOINT	1285 FIRST AVENUE, GROUND FLOOR	NEW YORK	NY	10021
2347		6910 FAYETTEVILLE ROAD, SPACE 113	DURHAM	NC	27713
2348	2348-PPY CAROUSEL	1 Destiny USA Drive, Suite 208	SYRACUSE	NY	13204
2349	2349-PPY LAFAYETTE	3645-C MT. DIABLO BOULEVARD	LAFAYETTE	CA	94549
2351	2351-PPY TIME WARNER 2352-PPY UNIVERSITY VILLAGE	10 COLUMBUS CIRCLE, #307B	NEW YORK	NY	10019
2352		2621 NE UNIVERSITY VILLAGE STREET	SEATTLE	WA	98105
2354	2354-PPY MALL OF MILLENIA	4200 CONROY ROAD	ORLANDO	FL	32839
2355	2355-PPY 6TH AVENUE	655 AVENUE OF THE AMERICAS	NEW YORK	NY	10010
2356	2356-PPY EASTVIEW MALL	526 EASTVIEW MALL	VICTOR	NY	14564
2357	2357-PPY CRABTREE	4325 GLENWOOD AVE, SPACE 1032	RALEIGH	NC	27612
2358	2358-PPY DEL AMO	21712 HAWTHORNE BLVD., #214C	TORRANCE	CA	90503
2359	2359-PPY WALDEN GALLERIA	A112 WALDEN GALLERIA	BUFFALO	NY	14225
2360	2360-PPY PALISADES	2771 PALISADES CENTER DRIVE 99 ROCKINGHAM PARK BVLD., SP W145A	WEST NYACK	NY	10994
2361	2361-PPY ROCKINGHAM		SALEM	NH	03079
2362	2362-PPY SOUTH PARK	4400 SHARON ROAD, G29A	CHARLOTTE	NC	28211
2364	2364-PPY DANBURY	7 BACKUS AVENUE, SPACE D103	DANBURY	CT	06810
2365	2365-PPY WORLD TRADE	185 GREENWICH STREET	NEW YORK	NY	10006
2366	2366-PPY NORTHSHORE	210 ANDOVER STREET, SPACE E131D	PEABODY	MA	01960
2367	2367-PPY RIDGE HILL	166 MARKET STREET	YONKERS	NY	10710
2369	2369-PPY TRIBECA	149 READE STREET 400 SOUTH BALDWIN AVENUE, #231-E19	NEW YORK	NY	10013
2370	2370-PPY SANTA ANITA		ARCADIA	CA	91007
2371	2371-PPY TURNSTYLES	1000 S EIGHT AVENUE, SPACE #10	NEW YORK	NY	10019
2372	2372-PPY 86TH & LEXINGTON	1291 LEXINGTON AVENUE	NEW YORK	NY	10028
2373	2373-PPY SOUTH BEND	6501 GRAPE ROAD, ROOM 290	MISHAWAKA	IN	46545
2374	2374-PPY DENVER PAVILIONS	500 16TH STREET, SPACE 132	DENVER	CO	80202
2375	2375-PPY COLUMBIA SQUARE 2376 - PPY BOCA TOWN CENTER	1270 F Street NW	Washington	DC	20004
2376		6000 Glades Road Space 1015B	BOCA RATON	FL	33431
2377	2377- BROADWAY PLAZA	15 Broadway Lane	WALNUT CREEK	CA	94596
2378	2378- CROCKER PARK	243 Main Street	WESTLAKE	OH	44145
2379	2379-PPY 1359 BROADWAY 2381-INTERNATIONAL MARKET PLACE	1359 Broadway	NEW YORK	NY	10018
2381		2330 KALAKAUA AVENUE	HONOLULU	HI	96815
2382	2382- PENN PLAZA	One Penn Plaza Suite W-111B	New York	NY	10119

### Canada store locations

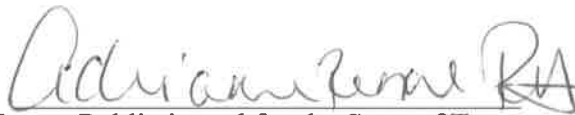
STORE	STORE NAME	ADDRESS	CITY	STATE	ZIP
5102	5102-CCR KINGSWAY GARDEN	680 109 ST.	EDMONTON	AB	T5G 3A6
5112	5112-CCR BONNIE DOON	83RD ST.& 82ND AVE. UNIT #161	EDMONTON	AB	T6C 4E3
5117	5117-CCR WEST EDMONTON	8882 170TH ST N. UNIT #2908	EDMONTON	AB	T5T 4J2
5202	5202-CCR SHERWOOD PARK MALL	2020 SHERWOOD DRIVE UNIT#62	SHERWOOD PARK	AB	T8A 3H9
5203	5203-CCR CROSSIRON MILLS	261055 CROSSIRON BLVD. SP #374	ROCKY VIEW	AB	T4A 0G3
5744	5744-CCR MARKET MALL	3625 SHAGANAPPI TR N.W. UNIT P048	CALGARY	AB	T3A 0E2
5745	5745-CCR SOUTH CENTRE	26A 100 ANDERSON SE	CALGARY	AB	T2J 3V1
5759	5759-CCR ST ALBERT CENTRE	375 ST. ALBERT ROAD	ST. ALBERT	AB	T8N 3K8
5836	5836-CCR PARK PLACE	501 FIRST AVENUE SOUTH - UNIT A12	LETHBRIDGE	AB	T1J 4L9
6100	6100-PPY TORONTO DOMINION	317 - 7TH AVENUE SW, UNIT 161	CALGARY	AB	T2P 2Y9
6103	6103-PPY EDMONTON CITY CT	101 ST & 102 ST, SUITE C213	EDMONTON	AB	T5J 2Y7
6104	6104-PPY SOUTHGATE CENTRE	#51, 5015-111 STREET NW, SPACE 320	EDMONTON	AB	T6H-4M6
6118	6118-PPY CHINOOK	6455 MACLEOD TRAIL SW, SPACE #283	CALGARY	AB	T2H 0K8
5152	5152-CCR WILLOWBROOK CTR	19705 FRASER HIGHWAY	LANGLEY PORT	BC	V3A 7E9
5155	5155-CCR COQUITLAM CENTRE	2929 BARNET HWY	COQUITLAM	BC	V3B 5R5
5156	5156-CCR WESTSHORE TOWN CENTRE	2945 JACKLIN ROAD	VICTORIA	BC	V9B 5E3
5170	5170-CCR BENTALL CENTRE	UNIT 112, 505 BURRARD ST., BOX 49	VANCOUVER	BC	V7X 1B1
5175	5175-CCR WOODGROVE CENTRE	285 6631 ISLAND HWY NORTH UNIT 51C	NANAIMO	BC	V9T 4T7
5705	5705-CCR VILLAGE GREEN	4900-27TH ST.	VERNON	BC	V1T 7G7
5715	5715-CCR COTTONWOOD MALL	45585 LUCKAKUCK WAY	CHILLIWACK	BC	V2R 1A1
5721	5721-CCR CENTRAL CITY	2720 CENTRAL CITY UNIT M715	SURREY	BC	V3T 2W1
5722	5722-CCR ABERDEEN MALL	1320 TRANS CDA HWY W	KAMLOOPS	BC	V1S 1J2
6110	6110-PPY BURRARD	765 Burrard Street	Vancouver	BC	V6Z 1X6
6130	6130-OAKRIDGE - BC	650 West 41st Street Unit 255	VANCOUVER	BC	V5Z 2M9
5227	5227-CCR POLO PARK	1485 PORTAGE AVENUE	WINNIPEG	MB	R3G 0W4
5302	5302-CCR CITY PLACE	333 ST MARY AVE-UNIT 55	WINNIPEG	MB	R3C 1M8
5784	5784-CCR KILDONAN PLACE	1555 REGENT AVE W	WINNIPEG	MB	R2C 4J2
5300	5300-CCR AVALON MALL	48 KENMOUNT ROAD	ST.JOHN'S	NL	A1B 1W3
5878	5878-CCR CORNER BROOK	44 MAPLE VALLEY ROAD	CORNER BROOK	NL	A2H 6L8
5326	5326-CCR MICMAC MALL	21 MICMAC BLVD	DARTMOUTH	NS	B3A 4N3
5602	5602-CCR SCOTIA SQUARE	5201 DUKE STREET	HALIFAX	NS	B3J 1N9
5782	5782-CCR YARMOUTH MALL	76 STARRS ROAD UNIT 21	YARMOUTH	NS	B5A 2T5
5783	5783-CCR HALIFAX CENTRE	7001 MUMFORD ROAD UNIT 121	HALIFAX	NS	B3L 2H8
5887	5887-CCR MAYFLOWER MALL	800 GRAND LAKE RD.	SYDNEY	NS	B1P 6S9
5340	5340-CCR JACKSON SQUARE	2 KING ST. W. UNIT 00146	HAMILTON	ON	L8P 1A1
5341	5341-CCR EASTGATE SQUARE	75 CENTENNIAL PKWY N	STONEY CREEK	ON	L8E 2P2
5362	5362-CCR ERIN MILLS CTR	5100 ERIN MILLS PARKWAY	MISSISSAUGA	ON	L5M 4Z5
5372	5372-CCR WHITE OAKS MALL	1105 WELLINGTON ROAD SPACE 77	LONDON	ON	N6E 1V4
5376	5376-CCR EXCHANGE TOWER	130 KING ST WEST CONCOURSE LVL CW6	TORONTO	ON	M5X 1C9
5380	5380-CCR THE PROMENADE	1 PROMENADE CIRCLE	THORNHILL	ON	L4J 4P8

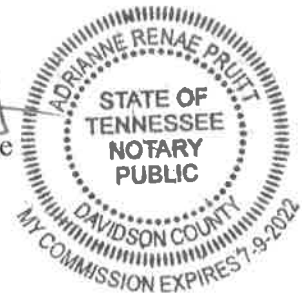
5381	5381-CCR PEN CENTRE	221 GLENDALE AVE. UNIT #106A	ST. CATHARINES	ON	L2T 2K9
5382	5382-CCR FAIRVIEW PARK	2960 KINGSWAY DRIVE G007	KITCHENER	ON	N2C 1X1
5396	5396-CCR BILLINGSBRIDGE	2269 RIVERSIDE DRIVE UNIT 28	OTTAWA	ON	K1H 8K2
5402	5402-CCR WESTMOUNT MALL	785 WONDERLAND RD, SPACE C6	LONDON	ON	N6K 1M6
5405	5405-CCR PLACE D'ORLEANS	110 PLACE D'ORLEAN DRIVE	ORLEANS	ON	K1C 2L9
5410	5410-CCR HILLCREST MALL	9350 YONGE STREET	RICHMOND HILL	ON	L4C 5G2
5423	5423-CCR CAMBRIDGE CTR. 5430-CCR CARLINGWOOD MALL	355 HESPELER RD. 2121 CARLINGWOOD AVE UNIT #43	CAMBRIDGE	ON	N1R 6B3
5430			OTTAWA	ON	K2A 1H2
5431	5431-CCR BAYSHORE CENTRE	100 BAYSHORE DRIVE UNIT CC1D	NEPEAN	ON	K2B 8C1
5436	5436-CCR INTERCITYCENTRE	1000 FORT WILLIAM ROAD	THUNDER BAY	ON	P7B 6B9
5445	5445-CCR EGLINTON CENTRE 5459-CCR CHERRYHILL VILLAGE	8 LEBOVIC AVENUE UNIT 5 301 OXFORD STREET WEST UNIT #58	SCARBOROUGH	ON	M1L 4V9
5459			LONDON	ON	N6H 1S6
5460	5460-CCR SEAWAY MALL	800 NIAGARA STREET NORTH L8B	WELLAND	ON	L3C 5Z4
5735	5735-CCR STONE ROAD MALL	435 STONE RD. WEST	GUELPH	ON	N1G 2X6
5739	5739-CCR OSHAWA CENTRE	419 KING ST W.	OSHAWA	ON	L1J 2K5
5756	5756-CCR PICKERING TOWN	1355 KINGSTON RD. UNIT#146	PICKERING	ON	L1V 1B8
5819	5819-CCR MAPLEVIEW CENTRE	900 MAPLE AVENUE	BURLINGTON	ON	L7S 2J8
5827	5827-CCR COLLEGE PARK	444 YONGE STREET UNIT #F2	TORONTO	ON	M5B 2H4
6101	6101-PPY BROOKFIELD PLACE	161 BAY STREET	TORONTO	ON	M5J 2S1
6102	6102-PPY SCOTIA PLAZA	40 KING STREET WEST	TORONTO	ON	M5H 3Y2
6105	6105-BAYVIEW VILLAGE	2901 BAYVIEW AVENUE, SPACE #22D	TORONTO	ON	M2K 1E6
6106	6106-PPY YORKDALE	3401 DUFFERIN ST, SPACE 302	TORONTO	ON	M6A 2T9
6111	6111-PPY LIME RIDGE MALL	999 UPPER WENTWORTH ST	HAMILTON	ON	L9A 4X5
6113	6113-PPY MARKVILLE CENTRE	5000 HWY#7 E (AT MCCOWAN)	MARKHAM	ON	L3R 4M9
6117	6117-PPY METRO CENTRE	200 WELLINGTON ST. WEST	TORONTO	ON	M5V 3C7
6124	6124-PPY SQUARE ONE	100 CITY CENTRE DR. UNIT 1-823	MISSISSAUGA	ON	L5B 2C9
6128	6128-PPY YONGE EGLINTON	2300 YONGE STREET, SUITE C034	TORONTO	ON	M4P 1E4
6131	6131-PPY TD CENTRE PATH	66 WELLINGTON STREET WEST	TORONTO	ON	M5K 1G8
6701	6701-PD ST. LAURENT CENTER	1200 ST. LAURENT BLVD, UNIT G530	OTTAWA	ON	K1K 3B8
5440	5440-CCR PLACE ALEXIS NIH	1500 ATWATER ST.	MONTREAL	QC	H3Z 1X5
5464	5464-CCR PLACE DU CENTRE	200 PROMENADE DU PORTAGE 1200 BOUL. ALPHONSE-DESJARDINS BLVD	GATINEAU	QC	J8X 4B7
5473	5473-CCR CHAGNON GALLERIE		LEVIS	QC	G6V 6Y8
5499	5499-CCR DE HULL GALERIES	320 ST. JOSEPH BLVD. 6815 TRANS CANADA HWY, SPACE E001B	GATINEAU	QC	J8Y 3Y8
6114	6114-PPY FAIRVIEW POINTE		POINTE-CLAIRE	QC	H9R 1C4
6129	5719-CCR PLACE VILLE MARI	1 PLACE VILLE MARIE #11152	MONTREAL	QC	H3B 3Y1
5529	5529-CCR SOUTHLAND MALL	2965 GORDON ROAD	REGINA	SK	S4S 6H7
5530	5530-CCR LAWSON HEIGHTS	134 PRIMROSE DRIVE	SASKATOON	SK	S7K 5S6
5762	5762-CCR MARKET CENTRE	2325 PRESTON AVENUE	SASKATOON	SK	S7J 2G2

# TAB I



THIS IS EXHIBIT "I" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee



## **SUBORDINATION AND INTERCREDITOR AGREEMENT**

**THIS SUBORDINATION AND INTERCREDITOR AGREEMENT** (this "**Agreement**") is entered into as of June 25, 2019 by and among:

**AMERICAN GREETINGS CORPORATION**, an Ohio corporation, **CARLTON CARDS LIMITED**, a federal Canada corporation, and **PAPYRUS-RECYCLED GREETINGS CANADA LTD.**, a federal Canada corporation (collectively, the "**Subordinated Creditor**");

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent and as Collateral Agent (in such capacity, the "**Agent**") for itself and the other Lenders party to the Credit Agreement (as hereinafter defined) (collectively, with the Agent, the "**Senior Lender**").

### **BACKGROUND:**

**A.** The Senior Lender and Schurman Fine Papers d/b/a Papyrus, a California corporation (the "**Lead Borrower**"), SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation ("**SFP Franchise**"), and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation ("**SFP Canada**" and together with Lead Borrower and SFP Franchise, the "**Borrowers**"), are parties to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 (as it has been and may hereafter be amended, modified, supplemented, or restated and in effect from time to time, the "**Credit Agreement**"). (Capitalized terms used in this Agreement and not otherwise defined shall have the meanings as defined in the Credit Agreement). All of the Borrowers' Obligations under the Credit Agreement and the other Loan Documents are secured by liens on and security interests in substantially all of the now existing and hereafter acquired business assets of the Borrowers (the "**Collateral**").

**B.** Prior to the date hereof, the Subordinated Creditor sold and provided goods and services on credit to one or more of the Borrowers and Borrowers' affiliates, if any, on an unsecured basis, and is or may be owed as of the date hereof certain other amounts by the Borrowers under certain agreements with one or more of the Borrowers or otherwise (the "**Vendor Account Receivable**"). At this time, the Borrowers intend to enter into that certain Security Agreement (the "**Junior Security Agreement**"), a copy of which is annexed hereto marked Exhibit "A", with the Subordinated Creditor and grant the Subordinated Creditor liens on and security interests in all or a portion of the Collateral (the "**Junior Liens**") to secure the Vendor Account Receivable. As an inducement to and as one of the conditions precedent to the agreement of the Senior Lender to consent to the Borrowers granting the Junior Liens to the Subordinated Creditor, the Senior Lender has required the execution and delivery of this Agreement by the Subordinated Creditor in order to set forth the relative rights and priorities of the Senior Lender and the Subordinated Creditor under the Senior Debt Documents (as hereinafter defined) and the Subordinated Debt Documents (as hereinafter defined).

**NOW, THEREFORE**, for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Senior Lender and the Subordinated Creditor hereby agree as follows:

1. **Definitions.** The following terms shall have the following meanings in this Agreement:

"**Bankruptcy Code**" shall mean Chapter 11 of Title 11 of the United States Code, as amended from time to time and any successor statute and all rules and regulations promulgated thereunder.

**"Borrowers"** shall mean the Persons described as the Borrowers in the recitals to this Agreement and any other Person which hereafter guaranties, or grants a security interest or lien in any of its assets as collateral for, all or any part of the Senior Debt or the Subordinated Debt.

**"Distribution"** means, with respect to any indebtedness, obligation or security, (a) any voluntary or involuntary payment or distribution by any Person of cash, securities or other property, by set-off or otherwise, on account of such indebtedness, obligation or security, (b) any redemption, purchase or other acquisition of such indebtedness, obligation or security by any Person or (c) the granting of any lien or security interest to or for the benefit of the holders of such indebtedness, obligation or security in or upon any property of any Person.

**"Enforcement Action"** shall mean (a) to take from or for the account of any of the Borrowers, by set-off or in any other manner, the whole or any part of any moneys which may now or hereafter be owing by the Borrowers with respect to the Subordinated Debt, (b) to sue for payment of, or to initiate or participate with others in any suit, action or proceeding against the Borrowers or any guarantor to (i) enforce payment of or to collect the whole or any part of the Subordinated Debt other than in the ordinary course of business or (ii) commence judicial enforcement of any of the rights and remedies under the Subordinated Debt Documents or applicable law with respect to the Subordinated Debt, (c) to accelerate the Subordinated Debt, (d) to exercise any put option or to cause the Borrowers or any guarantor to honor any redemption or mandatory prepayment obligation under any Subordinated Debt Document, (e) to notify account debtors or directly collect accounts receivable or other payment rights of the Borrowers or any guarantor, (f) to take any action under the provisions of any state or federal law, including, without limitation, the Uniform Commercial Code, to foreclose upon, take possession of, or sell any property or assets of the Borrowers or any guarantor, including the Collateral, (g) the commencement of any action seeking or requesting relief from or modification of the automatic stay or any other stay under the Bankruptcy Code or in any Proceeding in respect of the Collateral, or any proceeds thereof, subject to the terms hereof, (h) the commencement of any action seeking appointment of a receiver, administrator, controller, interim receiver, trustee, monitor, custodian, conservator, liquidator, compulsory manager, rehabilitator, or similar officer for any of the Borrowers or all or part of the Collateral. Notwithstanding anything to the contrary contained in this Agreement, the term "Enforcement Action" shall not include any action by Subordinated Creditor to terminate or exercise any other non-monetary right of Subordinated Creditor under any of the Subordinated Debt Documents.

**"Limited Guaranty"** shall have the meaning ascribed to such term in Section 4.3 hereof.

**"Person"** means any natural person, corporation, general or limited partnership, limited liability company, firm, trust, association, government, governmental agency or other entity, whether acting in an individual, fiduciary or other capacity.

**"Proceeding"** shall mean any voluntary or involuntary insolvency, bankruptcy, receivership, custodianship, liquidation, dissolution, reorganization, assignment for the benefit of creditors, appointment of a custodian, receiver, trustee or other officer with similar powers or any other proceeding for the liquidation, dissolution or other winding up of a Person.

**"Refinancing Senior Debt Documents"** shall mean any financing documentation which replaces the Loan Documents and pursuant to which the Senior Debt under the Loan Documents

is refinanced, as such financing documentation may be amended, supplemented, or otherwise modified from time to time.

**“Senior Debt”** shall mean all obligations, liabilities and indebtedness of every nature of the Borrowers from time to time owed to the Senior Lender under the Senior Debt Documents, including, without limitation, the Obligations, whether before or after the filing of a Proceeding under the Bankruptcy Code together with (a) any amendments, modifications, renewals, or extensions thereof and (b) any interest accruing thereon after the commencement of a Proceeding, without regard to whether or not such interest comprises part of an allowed claim. Senior Debt shall be considered to be outstanding whenever any Commitment under any Senior Debt Document is outstanding.

**“Senior Debt Documents”** shall mean the Loan Documents and, after any refinancing of the Senior Debt under the Loan Documents, the applicable Refinancing Senior Debt Documents.

**“Senior Lender”** shall mean the Persons described as the Senior Lender in the recitals to this Agreement, and any Persons from time to time holding any portion of the Senior Debt.

**“Subordinated Creditor”** shall mean the Person described as the Subordinated Creditor in the recitals to this Agreement, and any Person from time to time holding any portion of the Subordinated Debt.

**“Subordinated Debt”** shall mean all of the obligations of the Borrowers evidenced by or incurred pursuant to the Subordinated Debt Documents, now existing or hereafter arising, including the Vendor Account Receivable. As of the date of this Agreement, a schedule of the outstanding Subordinated Debt is set forth on Exhibit “B” annexed hereto.

**“Subordinated Debt Documents”** shall mean the documents, instruments, and agreements pursuant to which the Subordinated Creditor established the Vendor Account Receivable, any notes evidencing the Vendor Account Receivable, any guaranty with respect to the Subordinated Debt, the Junior Security Agreement, any other security agreement or other collateral document securing the Subordinated Debt, and all other documents, agreements, and instruments now existing or hereinafter entered into evidencing or pertaining to all or any portion of the Subordinated Debt.

## 2. **Subordination.**

2.1 **Subordination of Junior Liens.** The Subordinated Creditor covenants and agrees, notwithstanding anything to the contrary contained in any of the Subordinated Debt Documents, that the Junior Liens are and shall be at all times subject to and subordinate in priority to the liens and security interest granted to the Senior Lender in and to the Collateral. Each holder of Senior Debt, whether such Senior Debt is now outstanding or hereafter created, incurred, assumed, or guaranteed, shall be deemed to have acquired Senior Debt in reliance upon the provisions contained in this Agreement. Each holder of Subordinated Debt, whether such Subordinated Debt is now outstanding or hereafter created, incurred, assumed, or guaranteed, shall be deemed to have acquired Subordinated Debt subject to the provisions contained in this Agreement.

2.2 **No Subordinated Debt Payment Restrictions.** Notwithstanding the foregoing and subject only to Sections 2.3 and 2.4 hereof, the Subordinated Creditor may receive and the Borrowers may make

payments on the Subordinated Debt, including the Vendor Account Receivable, at any time, and from time to time, as the Subordinated Creditor and the Borrowers may agree. Nothing herein shall prohibit Subordinated Creditor from converting any Subordinated Debt into Equity Interests of the Lead Borrower.

2.3 Liquidation, Bankruptcy. In the event of any Proceeding involving any one or more of the Borrowers:

(a) All Senior Debt first shall have been indefeasibly paid in full in cash and all Commitments under the Senior Debt Documents shall have been terminated before any Distribution, whether in cash, securities, or other property, shall be made to any Subordinated Creditor on account of any Subordinated Debt that shall have been incurred prior to the commencement of such Proceeding.

(b) Any Distribution, whether in cash, securities, or other property which would otherwise, but for the terms hereof, be payable or deliverable in respect of the Subordinated Debt incurred prior to the commencement of a Proceeding shall be paid or delivered directly to the Senior Lender until all Senior Debt shall have been indefeasibly paid in full in cash and all Commitments under the Senior Debt Documents shall have been terminated. The Subordinated Creditor irrevocably authorizes, empowers, and directs any debtor, debtor in possession, receiver, trustee, liquidator, custodian, conservator, or other Person having authority, to pay or otherwise deliver all such Distributions to the Senior Lender. The Subordinated Creditor also irrevocably authorizes and empowers the Senior Lender, in the name of Subordinated Creditor, to demand, sue for, collect, and receive any and all such Distributions.

(c) The Subordinated Creditor agrees not to initiate, prosecute, or participate in any claim, action, or other proceeding challenging the enforceability, validity, perfection, or priority of any portion of the Senior Debt or any liens and security interests in any Collateral securing any portion of the Senior Debt.

(d) The Subordinated Creditor agrees that the Senior Lender may consent to the use of cash collateral or provide financing to the Borrowers on such terms and conditions and in such amounts as the Senior Lender, in its sole and exclusive discretion, may decide, including the consent to use of cash collateral or use of financing by the Borrowers in accordance with an agreed upon budget approved by the Senior Lender to pay, among other things, pre-petition claims, unsecured or administrative claims that do not have priority over the Senior Debt or the Subordinated Debt, so-called "503(b)(9) claims" and other similar items customarily required to be paid in a Proceeding. In connection therewith, the Borrowers may grant to the Senior Lender liens and security interests upon all of the property of the Borrowers, which liens and security interests (i) shall secure payment of all Senior Debt (whether such Senior Debt arose prior to the commencement of any Proceeding or at any time thereafter) and all other financing provided by the Senior Lender during such Proceeding and (ii) shall be superior in priority to the Junior Liens in favor of the Subordinated Creditor on the property of the Borrowers. The Subordinated Creditor agrees that it will not object to or oppose a good faith sale or other disposition of any property securing all of any part of the Senior Debt free and clear of security interests, liens, or other claims of the Subordinated Creditor under Section 363 of the Bankruptcy Code or any other provision of the Bankruptcy Code, if the Senior Lender has in good faith consented to such sale or disposition. The Subordinated Creditor agrees not to assert any right it may have to "adequate protection" of the Subordinated Creditor's interest in any Collateral in any Proceeding incidental to any such use of cash collateral or financing in any Proceeding, or incidental to any sale or other disposition of any property securing all or any part of the Senior Debt, and agrees that it will not seek to have the automatic stay lifted with respect to any Collateral without the prior written

consent of the Senior Lender. The Subordinated Creditor waives any claim it may now or hereafter have arising out of the Senior Lender's election, in any Proceeding instituted under the Bankruptcy Code, of the application of Section 1111(b)(2) of the Bankruptcy Code, and/or any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code by the Borrowers, as debtors in possession.

(e) The Subordinated Creditor agrees to execute, verify, deliver, and file any proofs of claim in respect of the Subordinated Debt requested by the Senior Lender in connection with any such Proceeding and hereby irrevocably authorizes, empowers, and appoints the Senior Lender as its agent and attorney-in-fact to (i) execute, verify, deliver and file such proofs of claim upon the failure of such Subordinated Creditor to do so prior to 60 days before the expiration of the time to file any such proof of claim and (ii) vote such claim in any such Proceeding upon the failure of such Subordinated Creditor to do so prior to 30 days before the expiration of the time to vote any such claim; provided, that (A) the Subordinated Creditor shall not vote its claim in a manner inconsistent with the terms and conditions of this Agreement, and (b) the Senior Lender shall have no obligation to execute, verify, deliver, file, and/or vote any such proof of claim. In the event that the Senior Lender votes any claim in accordance with the authority granted hereby, the Subordinated Creditor shall not be entitled to change or withdraw such vote.

(f) The Senior Debt shall continue to be treated as Senior Debt and the provisions of this Agreement shall continue to govern the relative rights and priorities of the Senior Lender and the Subordinated Creditor even if all or part of the Senior Debt or the security interests securing the Senior Debt are subordinated, set aside, avoided, invalidated, or disallowed in connection with any such Proceeding, and this Agreement shall be reinstated if at any time any payment of any of the Senior Debt is rescinded, disgorged, or must otherwise be returned by any holder of Senior Debt or any representative of such holder.

(g) This Agreement shall constitute a "subordination agreement" in any Proceeding and shall continue in effect and be enforceable in accordance with Section 510(a) of the Bankruptcy Code.

2.4 Subordinated Debt Standstill Provisions. In the event of a Proceeding, the Subordinated Creditor shall not, without the prior written consent of the Senior Lender which may be granted or withheld by the Senior Lender in its sole and exclusive discretion, take any Enforcement Action with respect to the Subordinated Debt unless and until the Senior Debt has been indefeasibly paid in full in cash and all Commitments under the Senior Debt Documents shall have been terminated. Notwithstanding the foregoing, the Subordinated Creditor may, (i) receive ordinary course payments from the Borrowers in accordance with any budgets agreed to by Senior Lender and (ii) subject to Section 2.3 of this Agreement, file proofs of claim against the Borrowers in any Proceeding involving the Borrowers. Any Distributions or other proceeds of any Enforcement Action obtained by the Subordinated Creditor in violation of the foregoing prohibition shall in any event be deemed to be held in trust by it for the benefit of the Senior Lender and promptly paid or delivered to the Senior Lender in the form received until all Senior Debt has been indefeasibly paid in full in cash and all Commitments under the Senior Debt Documents have been terminated.

2.5 Incorrect Payments. If any Distribution on account of the Subordinated Debt not permitted to be made by the Borrowers or accepted by the Subordinated Creditor under this Agreement is made and received by the Subordinated Creditor, such Distribution shall be deemed to be held in trust by the Subordinated Creditor for the benefit of the Senior Lender, and shall be promptly paid over to the Senior Lender for application to the payment of the Senior Debt then remaining unpaid, until all of the Senior Debt has been indefeasibly paid in full and all Commitments under the Senior Debt Documents

have been terminated.

2.6 Subordination of Liens and Security Interests; Agreement Not to Contest; Agreement to Release Liens. Until the Senior Debt has been indefeasibly paid in full in cash and all Commitments under the Senior Debt Documents have been terminated, the Borrowers shall not grant to the Subordinated Creditor, and the Subordinated Creditor shall not take, any lien, security interest, or other collateral of any kind, nature, or description as security for the Subordinated Debt, except as provided in the Junior Security Agreement and the Subordinated Debt Documents as in effect on the date of this Agreement. The Subordinated Creditor agrees that all liens and security interests of the Subordinated Creditor in the Collateral shall be and hereby are subordinated for all purposes and in all respects to the liens and security interests of the Senior Lender in the Collateral, regardless of the time, manner, or order of perfection of any such liens and security interests. The Subordinated Creditor agrees that it will not at any time contest the validity, perfection, priority or enforceability of the Senior Debt, the Senior Debt Documents, or the liens and security interests of the Senior Lender in the Collateral securing the Senior Debt. In the event that the Senior Lender releases or agrees to release any of its liens or security interests in any portion of the Collateral in connection with the sale or other disposition thereof, including incidental to a sale under Section 363 of the Bankruptcy Code as provided in subsection 2.3(d) above, or any of the Collateral is sold or retained pursuant to a foreclosure or similar action, the Subordinated Creditor shall promptly consent to such sale or other disposition and promptly execute and deliver to the Senior Lender such termination statements and releases as the Senior Lender shall reasonably request to effect the release of the liens and security interests of the Subordinated Creditor in such Collateral. In furtherance of the foregoing, the Subordinated Creditor hereby irrevocably appoints the Senior Lender as its attorney-in-fact, with full authority in the place and stead of such Subordinated Creditor and in the name of such Subordinated Creditor or otherwise, to execute and deliver any document or instrument which such Subordinated Creditor may be required to deliver pursuant to this subsection 2.6.

2.7 Application of Proceeds from Sale or other Disposition of the Collateral. In the event of any sale, transfer, or other disposition (including a casualty loss or taking through eminent domain) of all or any portion of the Collateral, the proceeds resulting therefrom (including insurance proceeds) shall be applied in accordance with the terms of the Senior Debt Documents or as otherwise consented to by the Senior Lender in its sole and exclusive discretion until such time as the Senior Debt has been indefeasibly paid in full in cash and all Commitments under the Senior Debt Documents have been terminated.

2.8 Sale, Transfer or other Disposition of Subordinated Debt. The subordination effected hereby shall survive any sale, assignment, pledge, disposition, or other transfer of all or any portion of the Subordinated Debt, and the terms of this Agreement shall be binding upon the successors and assigns of the Subordinated Creditor, as provided in Section 10 hereof.

2.9 Legends. Until the termination of this Agreement in accordance with Section 16 hereof, the Subordinated Creditor will cause to be clearly, conspicuously, and prominently inserted on the face of the Junior Security Agreement, as well as any renewals or replacements thereof, the following legend:

*"This agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "Subordination Agreement") dated as of June 25, 2019 between American Greetings Corporation ("Subordinated Creditor") and Wells Fargo Bank, National Association, as Administrative and Collateral Agent (the "Senior Lender") to the indebtedness (including interest) owed by Schurman Fine Papers d/b/a Papyrus, a California corporation, SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation, and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation (collectively, the "Borrowers") pursuant*

*to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 between the Borrowers and the Senior Lender, as such agreement has been and hereafter may be amended, supplemented, or otherwise modified from time to time and to indebtedness refinancing the indebtedness under that agreement as contemplated by the Subordination Agreement; and each holder of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement.”*

**3. Modifications to Senior Debt Documents.** Subject to Section 4.3 hereof, the Senior Lender may at any time and from time to time without the consent of or notice to the Subordinated Creditor, without incurring liability to the Subordinated Creditor and without impairing or releasing the obligations of the Subordinated Creditor under this Agreement, increase the principal amount of the Senior Debt, change the manner or place of payment or extend the time of payment of or renew or alter any of the terms of the Senior Debt, or amend in any manner any agreement, note, guaranty or other instrument evidencing or securing or otherwise relating to the Senior Debt.

**4. Waiver of Certain Rights by Subordinated Creditor.**

4.1 Marshaling. The Subordinated Creditor hereby waives any rights it may have under applicable law to assert the doctrine of marshaling or to otherwise require the Senior Lender to marshal any property of any of the Borrowers for the benefit of the Subordinated Creditor.

4.2 Rights Relating to Senior Lender's Actions with Respect to the Collateral. The Subordinated Creditor hereby waives, to the extent permitted by applicable law, any rights which it may have to enjoin or otherwise obtain a judicial or administrative order preventing the Senior Lender from taking, or refraining from taking, any action with respect to all or any part of the Collateral. Without limitation of the foregoing, the Subordinated Creditor hereby agrees (a) that it has no right to direct or object to the manner in which the Senior Lender applies the proceeds of the Collateral resulting from the exercise by the Senior Lender of rights and remedies under the Senior Debt Documents to the Senior Debt and (b) that the Senior Lender has not assumed any obligation to act as the agent for the Subordinated Creditor with respect to the Collateral. The Senior Lender shall have the exclusive right to enforce rights and exercise remedies with respect to the Collateral until the Senior Debt has been paid in full. In exercising rights and remedies with respect to the Collateral, the Senior Lender may enforce the provisions of the Senior Debt Documents and exercise remedies thereunder, all in such order and in such manner as it may determine in the exercise of its sole and exclusive discretion. Such exercise and enforcement shall include, without limitation, the rights to sell or otherwise dispose of Collateral, to incur expenses in connection with such sale or disposition and to exercise all the rights and remedies of a secured lender under the Uniform Commercial Code of any applicable jurisdiction. In conducting any public or private sale under the Uniform Commercial Code, the Senior Lender shall give the Subordinated Creditor such notice of such sale as may be required by the applicable Uniform Commercial Code; provided, however, that ten (10) days' notice shall be deemed to be commercially reasonable notice.

4.3 No Effect on Limited Guaranty Provisions. Notwithstanding anything to the contrary contained in this Agreement, nothing contained in this Agreement shall alter, amend, modify, supersede or replace any of the rights and obligations, as applicable, of Senior Lender and Subordinated Creditor under that certain Limited Guaranty, dated April 17, 2009, executed by Subordinated Creditor (the “**Limited Guaranty**”), as amended by that certain First Amendment to Limited Guaranty, dated January 22, 2013, executed by Subordinated Creditor and acknowledged by Senior Lender and Wells Fargo Foothill Canada, ULC, and that certain Second Amendment to Limited Guaranty, dated April 27, 2018, executed by Subordinated Creditor, Senior Lender and Wells Fargo Capital Finance Corporation Canada, and Lost Letter of Credit Indemnity Agreement, and any Guarantor L/C (as defined in the Limited Guaranty).



5. **Representations and Warranties.** The Subordinated Creditor hereby represents and warrants to the Senior Lender that as of the date hereof : (a) the outstanding balance of the Subordinated Debt is as set forth on Exhibit B annexed hereto; (b) the Subordinated Creditor has the power and authority to enter into, execute, deliver, and carry out the terms of this Agreement, all of which have been duly authorized by all proper and necessary action; (c) the execution of this Agreement by the Subordinated Creditor will not violate or conflict with the organizational documents of the Subordinated Creditor, any material agreement binding upon the Subordinated Creditor or any law, regulation or order or require any consent or approval which has not been obtained; and (d) this Agreement is the legal, valid, and binding obligation of the Subordinated Creditor, enforceable against the Subordinated Creditor in accordance with its terms.

6. **Subrogation.** Subject to the indefeasible payment in full in cash of all Senior Debt and the termination of all Commitments under the Senior Debt Documents, the Subordinated Creditor shall be subrogated to the rights of the Senior Lender to receive Distributions with respect to the Senior Debt until the Subordinated Debt has been paid in full. The Subordinated Creditor agrees that, subject to Section 2.2 hereof, in the event that all or any part of a payment made with respect to the Senior Debt is recovered from the holders of the Senior Debt in a Proceeding or otherwise, any Distribution that had been or is thereafter received by the Subordinated Creditor with respect to the Subordinated Debt, except for Distributions otherwise permitted by this Agreement, whether pursuant to the right of subrogation provided for in this Agreement or otherwise, shall be deemed to have been received by the Subordinated Creditor in trust as property of the holders of the Senior Debt and the Subordinated Creditor shall forthwith deliver the same to the Senior Lender for application to the Senior Debt, until the Senior Debt has been paid in full. Any Distribution made pursuant to this Agreement to the Senior Lender which otherwise would have been made to the Subordinated Creditor is not, as between the Borrowers and the Subordinated Creditor, a payment by the Borrowers to or on account of the Subordinated Debt.

7. **Modification.** Any modification or waiver of any provision of this Agreement, or any consent to any departure by any party from the terms hereof, shall not be effective in any event unless the same is in writing and signed by the Senior Lender and the Subordinated Creditor, and then such modification, waiver, or consent shall be effective only in the specific instance and for the specific purpose given. Any notice to or demand on any party hereto in any event not specifically required hereunder shall not entitle the party receiving such notice or demand to any other or further notice or demand in the same, similar or other circumstances unless specifically required hereunder.

8. **Further Assurances.** Each party to this Agreement promptly will execute and deliver such further instruments and agreements and do such further acts and things as may be reasonably requested in writing by any other party hereto that may be necessary or desirable in order to effect fully the purposes of this Agreement.

9. **Notices.** Unless otherwise specifically provided herein, any notice delivered under this Agreement shall be in writing addressed to the respective party as set forth below and may be personally served, sent via e-mail or other electronic transmission, or sent by overnight courier service or certified or registered United States mail and shall be deemed to have been given (a) if delivered in person, when delivered; (b) if delivered electronically or by telecopy, on the date of transmission if transmitted on a business day before 4:00 p.m. (prevailing eastern time) or, if not, on the next succeeding business day; (c) if delivered by overnight courier, one business day after delivery to such courier properly addressed; or (d) if by United States mail, four business days after deposit in the United States mail, postage prepaid and properly addressed, as follows:

If to the Subordinated Creditor:

American Greetings Corporation  
One American Boulevard  
Cleveland, Ohio 44145  
Attention: Christopher W. Haffke, General Counsel and Chief Human  
Resources Officer  
E-mail: Chris.Haffke@AmGreetings.com

With a copy to:

Baker & Hostetler LLP  
Key Tower  
127 Public Square, Suite 2000  
Cleveland, Ohio 44114-1214  
Attention: Michael A. VanNiel  
Telecopy: (216) 696-0740  
E-mail: mvanniel@bakerlaw.com

If to the Senior Lender:

Wells Fargo Bank, National Association  
One Boston Place, 18<sup>th</sup> Floor  
Boston, Massachusetts 02108  
Attention: Emily J. Abrahamson  
E-mail: [Emily.J.Abrahamson@wellsfargo.com](mailto:Emily.J.Abrahamson@wellsfargo.com)

With a copy to:

Rierner & Braunstein LLP  
100 Cambridge Street  
Boston, Massachusetts 02114  
Attention: Donald E. Rothman, Esquire  
E-mail: [drothman@riernerlaw.com](mailto:drothman@riernerlaw.com)

or in any case, to such other address as the party addressed shall have previously designated by written notice to the serving party, given in accordance with this Section 9.

10. **Successors and Assigns.** This Agreement shall inure to the benefit of, and shall be binding upon, the respective successors and assigns of the Senior Lender and the Subordinated Creditor. To the extent permitted under the Senior Debt Documents, the Senior Lender may, from time to time, without notice to the Subordinated Creditor, assign or transfer any or all of the Senior Debt or any interest therein to any Person and, notwithstanding any such assignment or transfer, or any subsequent assignment or transfer, the Senior Debt shall, subject to the terms hereof, be and remain Senior Debt for purposes of this Agreement, and every permitted assignee or transferee of any of the Senior Debt or of any interest therein shall, to the extent of the interest of such permitted assignee or transferee in the Senior Debt, be entitled to rely upon and be the third party beneficiary of the subordination provided under this Agreement and shall be entitled to enforce the terms and provisions hereof to the same extent as if such assignee or transferee were initially a party hereto.

11. **Relative Rights.** Subject to Section 4.3 hereof, this Agreement shall define the relative rights of the Senior Lender and the Subordinated Creditor, and nothing in this Agreement shall (a) impair, as between the Borrowers and the Senior Lender, or as between the Borrowers and the Subordinated Creditor, the obligation of the Borrowers with respect to the payment of the Senior Debt and the Subordinated Debt in accordance with their respective terms or (b) affect the relative rights of the Senior Lender or the Subordinated Creditor with respect to any other creditors of the Borrowers.
12. **Conflict.** Subject to Section 4.3 hereof, in the event of any conflict between any term, covenant, or condition of this Agreement and any term, covenant or condition of any of the Subordinated Debt Documents, the provisions of this Agreement shall control and govern.
13. **Headings.** The section headings used in this Agreement are for convenience only and shall not affect the interpretation of any of the provisions hereof.
14. **Counterparts.** This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same agreement.
15. **Severability.** In the event that any provision of this Agreement is deemed to be invalid, illegal, or unenforceable by reason of the operation of any law or by reason of the interpretation placed thereon by any court or governmental authority, the validity, legality, and enforceability of the remaining provisions of this Agreement shall not in any way be affected or impaired thereby, and the affected provision shall be modified to the minimum extent required by law so as most fully to achieve the intention of this Agreement.
16. **Continuation of Subordination; Termination of Agreement.** This Agreement shall remain in full force and effect until the indefeasible payment in full in cash of the Senior Debt and the termination of all Commitments under the Senior Debt Documents, after which this Agreement shall terminate without further action on the part of the parties hereto.
17. **Termination of Commitments.** Notwithstanding anything to the contrary set forth herein, Senior Lender agrees that, once it has received indefeasible payment in full in cash of the Senior Debt, Senior Lender shall not forbear from exercising its rights to terminate all Commitments under the Senior Debt Documents if the effect of such forbearance would be to prevent the Subordinated Creditor from exercising rights it has under this Agreement, or any other agreements between or among Subordinated Creditor, the Borrowers, or Senior Lender, while no Senior Debt is outstanding.
18. **Prior Intercreditor and Subordination Agreement.** This Agreement shall amend, supersede and replace that certain Intercreditor and Subordination Agreement, dated as of April 17, 2009, by and among Schurman Fine Papers D/B/A Papyrus, American Greetings Corporation, and Wells Fargo Retail Finance LLC, as may have been amended from time to time (the "**Prior Subordination Agreement**"). The parties hereto acknowledge and agree that the Prior Subordination Agreement was terminated prior to the date hereof.
19. **Applicable Law.** This Agreement shall be governed by and shall be construed and enforced in accordance with the internal law of the State of New York, without regard to principles of conflicts of law.
20. **Consent to Jurisdiction.** THE SUBORDINATED CREDITOR HEREBY CONSENTS TO THE JURISDICTION OF ANY STATE OR FEDERAL COURT LOCATED WITHIN THE COUNTY OF NEW YORK OR THE CITY OF NEW YORK IN THE STATE OF NEW YORK, AND IRREVOCABLY AGREES THAT, SUBJECT TO THE SENIOR LENDER'S ELECTION, ALL ACTIONS OR PROCEEDINGS

ARISING OUT OF OR RELATING TO THIS AGREEMENT SHALL BE LITIGATED IN SUCH COURTS, EXCEPT IN THE EVENT OF THE COMMENCEMENT OF A PROCEEDING, IN WHICH EVENT ALL SUCH ACTIONS OR PROCEEDINGS SHALL BE BROUGHT IN THE APPLICABLE COURT PRESIDING OVER SUCH PROCEEDING. THE SUBORDINATED CREDITOR EXPRESSLY SUBMITS AND CONSENTS TO THE JURISDICTION OF THE AFORESAID COURTS AND WAIVES ANY DEFENSE OF FORUM NON CONVENIENS. THE SUBORDINATED CREDITOR HEREBY WAIVES PERSONAL SERVICE OF ANY AND ALL PROCESS AND AGREES THAT ALL SUCH SERVICE OF PROCESS MAY BE MADE UPON IT BY CERTIFIED OR REGISTERED MAIL, RETURN RECEIPT REQUESTED, ADDRESSED TO THE SUBORDINATED CREDITOR AT ITS ADDRESS SET FORTH IN THIS AGREEMENT AND SERVICE SO MADE SHALL BE COMPLETE TEN (10) DAYS AFTER THE SAME HAS BEEN POSTED.

21. **Waiver of Jury Trial.** THE SUBORDINATED CREDITOR AND THE SENIOR LENDER HEREBY WAIVE THEIR RESPECTIVE RIGHTS TO A JURY TRIAL OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF THIS AGREEMENT, ANY OF THE SUBORDINATED DEBT DOCUMENTS, OR ANY OF THE SENIOR DEBT DOCUMENTS. EACH OF THE SUBORDINATED CREDITOR AND THE SENIOR LENDER ACKNOWLEDGES THAT THIS WAIVER IS A MATERIAL INDUCEMENT TO ENTER INTO A BUSINESS RELATIONSHIP, THAT EACH HAS RELIED ON THE WAIVER IN ENTERING INTO THIS AGREEMENT, AND THAT EACH WILL CONTINUE TO RELY ON THE WAIVER IN THEIR RELATED FUTURE DEALINGS. EACH OF THE SUBORDINATED CREDITOR AND THE SENIOR LENDER WARRANTS AND REPRESENTS THAT EACH HAS HAD THE OPPORTUNITY OF REVIEWING THIS JURY WAIVER WITH LEGAL COUNSEL, AND THAT EACH KNOWINGLY AND VOLUNTARILY WAIVES ITS JURY TRIAL RIGHTS.

[Signature page follows]

**IN WITNESS WHEREOF**, the Subordinated Creditor and the Senior Lender have caused this Agreement to be executed as of the date first above written.

Subordinated Creditor:

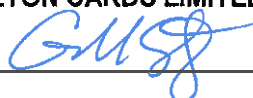
**AMERICAN GREETINGS CORPORATION**

By: 

Name: Gregory M. Steinberg

Title: Senior Vice President & CFO

**CARLTON CARDS LIMITED**

By: 

Name: Gregory M. Steinberg

Title: Vice President & CFO

**PAPYRUS-RECYCLED GREETINGS CANADA LTD.**

By: 

Name: Gregory M. Steinberg

Title: Vice President & CFO

Senior Lender:

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent and as Collateral Agent

By: \_\_\_\_\_

Name: Emily Abrahamson

Title: Vice President

**IN WITNESS WHEREOF**, the Subordinated Creditor and the Senior Lender have caused this Agreement to be executed as of the date first above written.

Subordinated Creditor:

**AMERICAN GREETINGS CORPORATION**

By: \_\_\_\_\_

Name: Gregory M. Steinberg

Title: Senior Vice President & CFO

**CARLTON CARDS LIMITED**

By: \_\_\_\_\_

Name: Gregory M. Steinberg

Title: Vice President & CFO

**PAPYRUS-RECYCLED GREETINGS CANADA LTD.**

By: \_\_\_\_\_

Name: Gregory M. Steinberg

Title: Vice President & CFO

Senior Lender:

**WELLS FARGO BANK, NATIONAL ASSOCIATION**, as Administrative Agent and as Collateral Agent

By:  \_\_\_\_\_

Name: Emily Abrahamson

Title: Vice President

**WELLS FARGO CAPITAL FINANCE  
CORPORATION CANADA**

By: \_\_\_\_\_



Name:

Title:

David G. Phillips  
Senior Vice President  
Credit Officer, Canada  
Wells Fargo Capital Finance  
Corporation Canada

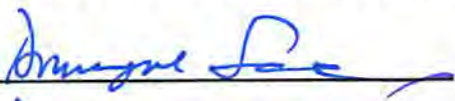
### **BORROWERS' ACKNOWLEDGMENT**

This Acknowledgement is made as of June 25, 2019 (or as may be supplemented, modified or reaffirmed from time to time) by the undersigned, being the current Borrowers referred to in the foregoing Subordination and Intercreditor Agreement.


Each of the undersigned acknowledges that it has received a copy of such Subordination and Intercreditor Agreement and hereby approves of, and consents to the terms of such Subordination and Intercreditor Agreement. Nothing in such Subordination and Intercreditor Agreement will or will be deemed to alter any Borrower's obligations set forth in the Credit Agreement and the other Loan Documents. Each of the undersigned further acknowledges and agrees that it is not an intended beneficiary of, nor third party beneficiary under such Subordination and Intercreditor Agreement.

Each of the undersigned further agrees that such Subordination and Intercreditor Agreement may be amended in accordance with such Subordination and Intercreditor Agreement without notice to, or the consent of, any of the Borrowers; provided that no such amendment shall alter any Borrower's obligations set forth in the Credit Agreement and the other Loan Documents or create any obligations in addition to the obligations set forth in the Credit Agreement and the other Loan Documents without the Lead Borrower's consent.

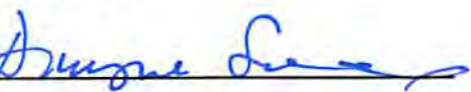
#### **SCHURMAN FINE PAPERS d/b/a PAPYRUS**

By:   
Name: DOMINIQUE SCHURMAN  
Title: CEO

#### **SFP FRANCHISE CORPORATION**

By:   
Name: DOMINIQUE SCHURMAN  
Title: CEO

#### **SFP CANADA LTD.**

By:   
Name: DOMINIQUE SCHURMAN  
Title: CEO



**Exhibit A**

[Junior Security Agreement]

*This agreement and the rights and obligations evidenced hereby are subordinate in the manner and to the extent set forth in that certain Subordination and Intercreditor Agreement (the "Subordination Agreement") dated as of June 25, 2019 between American Greetings Corporation ("Subordinated Creditor") and Wells Fargo Bank, National Association, as Administrative and Collateral Agent (the "Senior Lender") to the indebtedness (including interest) owed by Schurman Fine Papers d/b/a Papyrus, a California corporation, SFP Franchise Corporation (formerly known as Papyrus Franchise Corporation), a Delaware corporation, and SFP Canada Ltd. (formerly known as 644064 N.B. Inc.), a New Brunswick corporation (collectively, the "Borrowers") pursuant to that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009 between the Borrowers and the Senior Lender, as such agreement has been and hereafter may be amended, supplemented, or otherwise modified from time to time and to indebtedness refinancing the indebtedness under that agreement as contemplated by the Subordination Agreement; and each holder of this instrument, by its acceptance hereof, irrevocably agrees to be bound by the provisions of the Subordination Agreement.*

## **SECURITY AGREEMENT**

**THIS SECURITY AGREEMENT** (this "**Agreement**"), dated as of this 25th day of June, 2019, is made by and between **Schurman Fine Papers d/b/a Papyrus**, a California corporation, SFP Franchise Corporation, a Delaware corporation, and SFP Canada Ltd., a New Brunswick corporation (collectively, the "**Debtors**"), on the one hand, and **American Greetings Corporation**, an Ohio corporation, as agent (for its own benefit and for the benefit of the Secured Parties) (the "**Agent**"), on the other hand.

Under the terms hereof, the Agent desires to obtain and the Debtor desires to grant the Agent (for its own benefit and for the benefit of the Secured Parties) security for all of the Obligations (as hereinafter defined).

**NOW, THEREFORE**, the Debtor and the Agent (for its own benefit and for the benefit of the Secured Parties), intending to be legally bound, hereby agree as follows:

### **1. Definitions.**

(a) "**Collateral**" means any and all assets and properties in which the Debtors have any right, title or interest, whether now owned or hereafter acquired, wherever located, and whether now or hereafter existing, and includes, without limitation, any and all (i) cash, (ii) accounts, deposit accounts, accounts receivable and credit card receivables, (iii) instruments, (iv) chattel paper, (v) goods, (vi) inventory, (vii) equipment, (viii) fixtures, (ix) furniture, (x) intangibles and general intangibles, (xi) commercial tort claims, (xii) investment property, (xiii) letter of credit rights and payment intangibles, (xiv) books and records, (xv) money or other assets that now or hereafter come into the possession, custody or control of the Agent (for its own benefit and for the benefit of the Secured Parties) or any affiliate of the Agent (for its own benefit and for the benefit of the Secured Parties), (xvi) policies and certificates of insurance, deposits, impressed accounts, compensating balances and other property of similar kind or character, (xvii) all insurance policies proceeds, refunds and premium rebates, including, without limitation, proceeds of fire and credit insurance, whether any of such proceeds, refunds and premium rebates arise from any of the foregoing, (xviii) all of Debtor's contract rights under any contract, (xix) any prepaids, deposits or security deposits of any kind or nature, (xx) documents, bills of lading, documents of title, (xxi) vehicles, (xxii) promissory notes, (xxiii) intellectual property of any kind or nature including, without limitation, any patents, copyrights and trademarks, whether owned by or licensed to the Debtors, (xxiv) rights to tax refunds, (xxv) all liens, guarantees, rights, remedies and privileges pertaining to any of the foregoing (subparagraphs (i) through (xxiv) hereof), including the right of stoppage in transit, and (xxvi) any and all proceeds, products, additions, attachments, accessions, replacements, substitutions, improvements, renewals or other rights or interests of any kind or nature relating in any way to any of the foregoing (subparagraphs (i) through (xxv) hereof), whether tangible or intangible.

(b) "**Obligations**" shall include all debts, liabilities, obligations, covenants and duties owing from the Debtors to the Agent or to one or more of the Secured Parties of any kind or nature, present or future (including any interest accruing thereon at any time), whether absolute or contingent, joint or several, due or to become due, now existing or hereafter arising, arising out of or relating in any way to (i) that certain Supply Agreement by and between one or more of Debtors and one or more of the Secured Parties dated April 17, 2009, as amended or amended and restated from time to time, (ii) that certain Trademark

License Agreement by and among one or more of the Debtors, one or more of the Secured Parties and the other parties thereto dated April 17, 2009, as amended or amended and restated from time to time, (iii) that certain POS Data Services Agreement by and between one or more of the Debtors and one or more of the Secured Parties dated April 17, 2009, as amended or amended and restated from time to time, (iv) that certain Marketing Services Agreement by and between one or more of the Debtors and one or more of the Secured Parties dated April 17, 2009, as amended or amended and restated from time to time, (v) that certain Limited Guaranty of American Greetings Corporation, dated April 17, 2009 (the “**Limited Guaranty**”), as amended by that certain First Amendment to Limited Guaranty, dated January 22, 2013 and that certain Second Amendment to Limited Guaranty, dated April 27, 2018, and any “Guarantor L/C” (as defined in the Limited Guaranty) and (vi) any other documents, purchase orders, or other agreements between or among any Debtor and one or more of the Secured Parties. The foregoing agreements identified in subparagraphs (i) through (vi) hereof shall be referred to in this Agreement as, individually, an “**AG Agreement**” and, collectively, as the “**AG Agreements**”).

(c) “**PPSA**” means the Personal Property Security Act, as adopted and enacted and as in effect from time to time in Canada. Where applicable, terms used herein which are defined in the PPSA and not otherwise defined herein shall have the respective meanings ascribed to such terms in the PPSA.

(d) “**Receiver**” means an interim receiver, a receiver, a manager or a receiver and manager.

(e) “**Secured Parties**” means American Greetings Corporation, an Ohio corporation, Carlton Cards Limited, a federal Canada corporation, and Papyrus-Recycled Greetings Canada Ltd., a federal Canada corporation.

(f) “**UCC**” means the Uniform Commercial Code, as adopted and enacted and as in effect from time to time in the State of Ohio. Terms used herein which are defined in the UCC and not otherwise defined herein shall have the respective meanings ascribed to such terms in the UCC.

**2. Grant of Security Interest.** The Debtors, as debtors, hereby grant, convey and assign to the Agent (for its own benefit and for the benefit of the Secured Parties) a continuing lien on and security interest in the Collateral in order to secure the payment of, and performance of, the Obligations. The security interests do not attach to consumer goods or extend to the last day of the term of any lease or agreement for lease of real property. Such last day shall be held by the applicable Debtor in trust for the Agent (for its own benefit and for the benefit of the other Secured Parties) and, on the exercise by the Agent of any of its rights or remedies under this Agreement following an Event of Default, shall be assigned by such Debtor as directed by the Agent.

**3. Change in Name or Locations.** The Debtors hereby agree that if the location of the Collateral changes from the locations listed on Exhibit “A” hereto and made part hereof, or if one or more of the Debtors changes its name or form or jurisdiction of organization, or establishes a name in which it may do business, the Debtors will immediately notify the Agent in writing of the additions or changes. The Debtors’ chief executive office(s) is/are listed in the Notice section below.

**4. Representations and Warranties.** The Debtors represent, warrant and covenant to the Agent (for its own benefit and for the benefit of the Secured Parties) that the Debtors have good, marketable and indefeasible title to the Collateral, have not made any prior sale, pledge, encumbrance, assignment or other disposition of any kind of any of the Collateral, and the Collateral is free from all encumbrances and rights of setoff of any kind except the lien and security interest in favor of the Agent (for its own benefit and for the benefit of the Secured Parties) created by this Agreement and any liens and security interests of Wells Fargo Bank, National Association, as Administrative Agent and as Collateral Agent (“**Wells Fargo**”) under that certain First Amended and Restated Loan and Security Agreement, dated as of April 17, 2009, as it may have been and may hereafter be amended, modified, supplemented or restated and in effect from time to time.

**5. Debtors' Covenants.** The Debtors covenant that they shall:

(a) from time to time and at all reasonable times allow the Agent, by or through any of its officers, agents, attorneys, or accountants, to examine or inspect the Collateral, and obtain valuations and audits of the Collateral, wherever located. The Debtors shall do, obtain, make, execute and deliver all such additional and further acts, things, deeds, assurances and instruments as the Agent may require to vest in and assure to the Agent its rights hereunder and in or to the Collateral, and the proceeds thereof, including waivers from landlords, warehousemen and mortgagees;

(b) keep the Collateral in good order and repair at all times and immediately notify the Agent of any event causing a material loss or decline in value of the Collateral, whether or not covered by insurance, and the amount of such loss or depreciation;

(c) only use or permit the Collateral to be used in accordance with all applicable federal, state, county, municipal and other applicable laws and regulations; and

(d) have and maintain insurance at all times with respect to all Collateral as the Agent may reasonably require, in such form, as may be reasonably satisfactory to the Agent. If applicable, each such insurance policy shall contain a standard Lender's Loss Payable Clause issued in favor of the Agent (for its own benefit and for the benefit of the Secured Parties) under which all losses thereunder shall be paid to the Agent (for its own benefit and for the benefit of the Secured Parties) as the Agent's interest may appear. Such policies shall expressly provide that the requisite insurance cannot be altered or canceled without at least thirty (30) days prior written notice to the Agent and shall insure the Agent notwithstanding the act or neglect of one or more of the Debtors. Upon the Agent's demand, the applicable Debtor shall furnish the Agent with evidence of insurance as the Agent may require. In the event of failure to provide insurance as herein provided, the Agent may, at its option, obtain such insurance and the Debtors shall pay to the Agent, on demand, the cost thereof. Proceeds of insurance may be applied by the Agent (for its own benefit and for the benefit of the Secured Parties) to reduce the Obligations or to repair or replace Collateral, all in the Agent's sole discretion.

(e) If any of the Collateral is, at any time, in the possession of a bailee, Debtors shall promptly notify Agent thereof and, if requested by Agent, shall promptly obtain an acknowledgment from the bailee, in form and substance satisfactory to Agent, that the bailee holds such Collateral for the benefit of Agent (for its own benefit and for the benefit of the Secured Parties) and shall act upon the instructions of Agent, without the further consent of any of the Debtors.

**6. Negative Pledge; No Transfer.** The Debtors will not sell or offer to sell or otherwise transfer or grant or allow the imposition of a lien or security interest upon the Collateral or use any portion thereof in any manner inconsistent with this Agreement or with the terms and conditions of any policy of insurance thereon.

**7. Further Assurances.** Debtors hereby irrevocably authorize the Agent (for its own benefit and for the benefit of the Secured Parties) at any time and from time to time to file in any UCC or other applicable jurisdiction in the United States and Canada any initial or other financing or continuation statements and amendments thereto, and any similar or related documents, that (a) indicate the Collateral (i) as all assets of Debtors or words of similar effect, regardless of whether any particular asset comprised in the Collateral falls within the scope of the Ohio UCC or other such jurisdiction, or (ii) as being of an equal or lesser scope or with greater detail, and (b) contain any other information required by the Ohio UCC or other applicable jurisdiction for the sufficiency or filing office acceptance of any financing statement or amendment, and any similar or related documents, including, but not limited to (i) whether any Debtor is an organization, the type of organization and (ii) any organization identification number issued to any Debtor. The Debtors agree to furnish any such information to Agent promptly upon request. Debtors also ratify their respective authorizations for Agent to have filed in any UCC or other applicable jurisdiction in the United States and Canada any like initial financing statements or amendments thereto if filed prior to the date hereof.

**8. Events of Default.** The Debtors shall, at the Agent's option, be in default under this Agreement upon the happening of any of the following events or conditions (each, an "**Event of Default**"): (a) a default under any AG Agreement that is not cured within the time frame, if any, set forth in any AG Agreement; (b) the failure by any of the Debtors to perform any of their other obligations

under this Agreement; (c) falsity, inaccuracy or material breach by the Debtors of any written warranty, representation or statement made or furnished to the Agent or any other Secured Party by or on behalf of any of the Debtors; (d) any uninsured material loss, theft, damage, or destruction to any of the Collateral, or the entry of any judgment against any Debtor or any lien against or the making of any levy, seizure or attachment of or on the Collateral; (e) the failure of the Agent (for its own benefit and for the benefit of the Secured Parties) to have a perfected security interest in the Collateral; or (f) any indication or evidence received by the Agent or any other Secured Party that any Debtor may have directly or indirectly been engaged in any type of activity which, in the Agent's discretion, might result in the forfeiture of any property of any Debtor to any governmental entity, whether federal, state or local.

**9. Remedies.** Upon the occurrence of any Event of Default and at any time thereafter, the Agent shall have, in addition to any remedies provided in any AG Agreement, herein or by any applicable law or in equity, all the remedies of a secured party under the UCC and the PPSA, as applicable. The Agent's remedies include, but are not limited to, to the extent permitted by law, the right to (a) peaceably by its own means or with judicial assistance enter any Debtor's premises and take possession of the Collateral without prior notice to any Debtor or the opportunity for a hearing, (b) render the Collateral unusable, (c) dispose of the Collateral on the applicable Debtor's premises, (d) require the Debtors to assemble the Collateral and make it available to the Agent at a place designated by the Agent, (e) appoint one or more Receivers of any or all Debtors or any or all of the Collateral of any or all Debtors with such rights, powers and authority as may be necessary and appropriate, and (f) obtain from any court of competent jurisdiction an order for the appointment of a Receiver of any or all Debtors or of any or all of the Collateral of any or all Debtors. Unless the Collateral is perishable or threatens to decline speedily in value, including, without limitation, due to the seasonality of the Collateral, or is of a type customarily sold on a recognized market, the Agent will give the Debtors reasonable notice of the time and place of any public sale thereof or of the time after which any private sale or any other intended disposition thereof is to be made. The requirements of commercially reasonable notice shall be met if such notice is sent to the Debtors at least five (5) days before the time of the intended sale or disposition. The Debtors waive all relief from all appraisal or exemption laws now in force or hereafter enacted.

**10. Payment of Expenses.** At its option, the Agent may, but is not required to: discharge taxes, liens, security interests or such other encumbrances as may attach to the Collateral; pay for required insurance on the Collateral; and pay for the maintenance, appraisal or reappraisal, and preservation of the Collateral, as determined by the Agent to be necessary. The Debtors agree to reimburse the Agent on demand for any payment so made or any expense incurred by the Agent pursuant to the foregoing authorization, and the Collateral also will secure any advances or payments so made or expenses so incurred by the Agent.

**11. Notices.** All notices, demands, requests, consents, approvals and other communications required or permitted hereunder must be in writing and will be effective upon receipt. Such notices and other communications may be hand-delivered, sent by facsimile transmission with confirmation of delivery and a copy sent by first-class mail, or sent by nationally recognized overnight courier service, to a party's address set forth above or to such other address as any party may give to the other in writing for such purpose.

**12. Preservation of Rights.** No delay or omission on the Agent's part to exercise any right or power arising hereunder will impair any such right or power or be considered a waiver of any such right or power, nor will the Agent's action or inaction impair any such right or power. The Agent's rights and remedies hereunder are cumulative and not exclusive of any other rights or remedies which the Agent may have under other agreements, at law or in equity.

**13. Illegality.** In case any one or more of the provisions contained in this Agreement should be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained herein shall not in any way be affected or impaired thereby.

**14. Changes in Writing.** No modification, amendment or waiver of any provision of this Agreement nor consent to any departure by the Debtors therefrom will be effective unless made in a writing signed by the Agent, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on the Debtors in any case will entitle any Debtor to any other or further notice or demand in the same, similar or other circumstance.

**15. Entire Agreement.** This Agreement (including the documents and instruments referred to herein) constitutes the entire agreement and supersedes all other prior agreements and understandings, both written and oral, between the parties with respect to the subject matter hereof.

**16. Counterparts.** This Agreement may be signed in any number of counterpart copies and by the parties hereto on separate counterparts, but all such copies shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Agreement by facsimile transmission shall be effective as delivery of a manually executed counterpart. Any party so executing this Agreement by facsimile transmission shall promptly deliver a manually executed counterpart, provided that any failure to do so shall not affect the validity of the counterpart executed by facsimile transmission.

**17. Successors and Assigns.** This Agreement will be binding upon and inure to the benefit of the Debtors and the Agent and their respective heirs, executors, administrators, successors and assigns; provided, however, that no Debtor may assign this Agreement in whole or in part without the Agent's prior written consent and the Agent at any time may assign this Agreement in whole or in part.

**18. Interpretation.** In this Agreement, unless the Agent and the Debtors otherwise agree in writing, the singular includes the plural and the plural the singular; words importing any gender include the other genders; references to statutes are to be construed as including all statutory provisions consolidating, amending or replacing the statute referred to; the word "or" shall be deemed to include "and/or", the words "including", "includes" and "include" shall be deemed to be followed by the words "without limitation"; references to articles, sections (or subdivisions of sections) or exhibits are to those of this Agreement unless otherwise indicated. Section headings in this Agreement are included for convenience of reference only and shall not constitute a part of this Agreement for any other purpose. If this Agreement is executed by more than one Debtor, the obligations of such persons or entities will be joint and several.

**19. Governing Law and Jurisdiction.** This Agreement has been delivered to and accepted by the Agent and will be deemed to be made in the State of Ohio. **THIS AGREEMENT WILL BE INTERPRETED AND THE RIGHTS AND LIABILITIES OF THE PARTIES HERETO DETERMINED IN ACCORDANCE WITH THE LAWS OF THE STATE OF OHIO, EXCEPT THAT THE LAWS OF THE STATE WHERE ANY COLLATERAL IS LOCATED, IF DIFFERENT, SHALL GOVERN THE CREATION, PERFECTION AND FORECLOSURE OF THE LIENS CREATED HEREUNDER ON SUCH PROPERTY OR ANY INTEREST THEREIN.** The Debtors hereby irrevocably consent to the exclusive jurisdiction of any state or federal court in Ohio; provided that nothing contained in this Agreement will prevent the Agent from bringing any action, enforcing any award or judgment or exercising any rights against the Debtor individually, against any security or against any property of any Debtor within any other county, state or other foreign or domestic jurisdiction. The Agent and the Debtors agree that the venue provided above is the most convenient forum for both the Agent and each Debtor. The Debtors waive any objection to venue and any objection based on a more convenient forum in any action instituted under this Agreement.

**20. Appointment of Agent.** Each of the Secured Parties hereby appoints the Agent as their agent to hold, for the benefit of the Secured Parties, the security interests granted herein in the Collateral, and any registrations in respect hereof or pledged collateral delivered hereunder, and to take such actions hereunder as such Agent may from time to time deem necessary or desirable to preserve, protect or enforce such interest in Collateral, in each case to secure the Obligations.

**21. Currency Indemnity.** If, for the purposes of obtaining judgment in any court in any jurisdiction with respect to this Agreement, it becomes necessary to convert into a particular currency (the "**Judgment Currency**") any amount due under this Agreement in any currency other than the Judgment Currency (the "**Currency Due**"), then conversion shall be made at the rate of exchange prevailing on the business day before the day on which judgment is given. For this purpose "rate of exchange" means the rate at which the Agent is able, on the relevant date, to purchase the Currency Due with the Judgment Currency in accordance with its normal practice at its head office. In the event that there is a change in the rate of exchange prevailing between the business day immediately preceding the day on which the

judgment is given and the date of receipt by the Agent of the amount due, the Debtors shall, on the date of receipt by the Agent, pay such additional amounts, if any, or be entitled to receive reimbursement of such amount, if any, as may be necessary to ensure that the amount received by the Agent on such date is the amount in the Judgment Currency which when converted at the rate of exchange prevailing on the date of receipt by the Agent is the amount then due under this Agreement in the Currency Due. If the amount of the Currency Due which the Agent is so able to purchase is less than the amount of the Currency Due originally due to it, the Debtors shall indemnify and save the Agent harmless from and against all loss or damage arising as a result of such deficiency. This indemnity shall constitute an obligation separate and independent from the other obligations contained in this Agreement, shall give rise to a separate and independent cause of action, shall apply irrespective of any indulgence granted by the Agent from time to time and shall continue in full force and effect notwithstanding any judgment or order for a liquidated sum in respect of an amount due under this Agreement or under any judgment or order.

**22. WAIVER OF JURY TRIAL. EACH OF THE DEBTORS AND THE AGENT (ON BEHALF OF ITSELF AND ON BEHALF OF THE SECURED PARTIES) IRREVOCABLY WAIVE ANY AND ALL RIGHT IT MAY HAVE TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR CLAIM OF ANY NATURE RELATING TO THIS AGREEMENT, ANY DOCUMENTS EXECUTED IN CONNECTION WITH THIS AGREEMENT OR ANY TRANSACTION CONTEMPLATED IN ANY OF SUCH DOCUMENTS. THE DEBTORS AND THE AGENT ACKNOWLEDGE THAT THE FOREGOING WAIVER IS KNOWING AND VOLUNTARY.**

(EXECUTION PAGE FOLLOWS)

IN WITNESS WHEREOF, the parties have executed this Agreement as of the day and date first above written.

DEBTORS:

SCHURMAN FINE PAPERS d/b/a Papyrus, a California corporation

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

SFP FRANCHISE CORPORATION

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

SFP CANADA LTD.

By: \_\_\_\_\_

Print Name: \_\_\_\_\_

Its: \_\_\_\_\_

[AGENT'S AND SECURED PARTIES' SIGNATURES APPEAR ON NEXT PAGE]



AGENT:

AMERICAN GREETINGS CORPORATION, an Ohio corporation, as Agent

By: \_\_\_\_\_

Print Name: Gregory M. Steinberg

Its: Senior Vice President & CFO

SECURED PARTIES:

AMERICAN GREETINGS CORPORATION, an Ohio corporation, as a Secured Party

By: \_\_\_\_\_

Print Name: Gregory M. Steinberg

Its: Senior Vice President & CFO

CARLTON CARDS LIMITED, a federal Canada corporation, as a Secured Party

By: \_\_\_\_\_

Print Name: Gregory M. Steinberg

Its: Vice President & CFO

PAPYRUS-RECYCLED GREETINGS CANADA LTD., a federal Canada corporation, as a Secured Party

By: \_\_\_\_\_

Print Name: Gregory M. Steinberg

Its: Vice President & CFO

**Exhibit A**

Location	Address	City	State	Zip
Tennessee DC/HQ	300 Oak Bluff Lane	Goodlettsville	TN	37072
West coast satellite office	230 Lark Ln	Alamo	CA	94507
Marcel Designs, printing facility	610 Maple Ave unit 610	Torrance	CA	90503
San Diego Design Office	517 4th Ave, Suite 401	San Diego	CA	92101

**U.S. store locations**

STORE	STORE NAME	ADDRESS	CITY	STATE	ZIP
89	0089-AG TOWER CITY CTR	230 W. HURON ROAD	CLEVELAND	OH	44113
97	0097-AG MARKET ST BLDG	333 MARKET STREET BUILDING	SAN FRANCISCO	CA	94105
330	0330-AG MALL IN COLUMBIA	10300 LITTLE PATUXENT PKWY SP 1015	COLUMBIA	MD	21044
478	0478-AG SOUTH HILLS VILL	181 FORT COUCH ROAD	BETHEL PARK	PA	15241
482	0482-AG ROBINSON	2890 ROBINSON DRIVE	PITTSBURGH	PA	15205
625	0625-AG SMITH HAVEN MALL	185 SMITH HAVEN MALL (MACY'S WING)	LAKE GROVE	NY	11755
626	0626-AG OCEAN COUNTY	1201 HOOPER AVENUE SPACE 1013	TOMS RIVER	NJ	08753
637	0637-AG MENLO PARK MALL	55 PARSONAGE ROAD UNIT 339	EDISON	NJ	08837-2497
660	0660-AG MAIDEN LANE	33 MAIDEN LANE	NEW YORK	NY	10038
1701	1701-PT BROWARD MALL	8000 W. BROWARD BOULEVARD	PLANTATION	FL	33388
1703	1703-PD SOUTH CENTER	633 SOUTHCENTER MALL, SPACE 271	TUKWILA	WA	98188
1706	1706-PD STONEBRIAR CENTER	2601 PRESTON ROAD, SUITE 1022	FRISCO	TX	75034
2108	2108-PPY EMBARCADERO	TWO EMBARCADERO, LOBBY LEVEL	SAN FRANCISCO	CA	94111
2111	2111-PPY BATTERY STREET	111 BATTERY STREET	SAN FRANCISCO	CA	94111
2112	2112-PPY FILLMORE	2109 FILLMORE STREET	SAN FRANCISCO	CA	94115
2113	2113-PPY ARDEN FAIR	1689 ARDEN WAY, SUITE 1309	SACRAMENTO	CA	95815
2116	2116-PPY COLLEGE AVENUE	2924 COLLEGE AVENUE	BERKELEY	CA	94705
2119	2119-PPY FOURTH STREET	1793 FOURTH STREET	BERKELEY	CA	94710
2120	2120-PPY FAIR OAKS	11792U FAIR OAKS MALL, SPACE 200 A	FAIRFAX	VA	22033
2121	2121-PPY TOWSON	825 DULANEY VALLEY RD., #376	TOWSON	MD	21204
2122	2122-PPY TYSONS CORNER	7934 TYSONS CORNER CENTER	MCLEAN	VA	22102
2123	2123-PPY RIVERSIDE SQUARE	244 RIVERSIDE SQUARE, SPACE 94	HACKENSACK	NJ	07601
2124	2124-PPY STANFORD	11 STANFORD SHOPPING CENTER	PALO ALTO	CA	94304
2125	2125-PPY SHORT HILLS	1200 MORRIS TURNKPIKE, SUITE A-117	SHORT HILLS	NJ	07078
2126	2126-PPY UNION STREET	1888 UNION STREET	SAN FRANCISCO	CA	94123
2127	2127-PPY PENTAGON	1100 SOUTH HAYES STREET, #2018	ARLINGTON	VA	22202
2128	2128-PPY THE GARDENS	3101 PGA BLVD.,SPACE Q203	PALM BEACH GARDENS	FL	33410
2129	2129-PPY SOMERSET	2800 BIG BEAVER RD., SUITE S-226	TROY	MI	48084
2130	2130-PPY GARDEN STATE	ONE GARDEN STATE PLAZA, SPACE 1055	PARAMUS	NJ	07652
2133	2133-PPY ROOSEVELT FIELD	630 OLD COUNTRY RD., SPACE 2095	GARDEN CITY	NY	11530
2134	2134-PPY THE FALLS	8888 SW 136th STREET, SUITE 431	MIAMI	FL	33176

2135	2135-PPY BRIDGEWATER	400 COMMONS WAY, SUITE 282	BRIDGEWATER	NJ	08807
2136	2136-PPY MONTGOMERY MALL	7101 DEMOCRACY BLVD., SUITE 2504	BETHESDA	MD	20817
2137	2137-PPY TWELVE OAKS	27832 NOVI ROAD, SPACE E-112	NOVI	MI	48377
2141	2141-PPY PARK MEADOWS	8505 PARK MEADOWS CNTR DR., #2113	LONE TREE	CO	80124
2145	2145-PPY WESTFARMS MALL	408 WESTFARMS, SPACE C124	FARMINGTON	CT	06032 44122-
2146	2146-PPY BEACHWOOD PLACE	26300 CEDAR ROAD, SPACE 2245	BEACHWOOD	OH	1176
2149	2149-PPY GRAND CENTRAL I	107 E. 42nd STREET, #MC29	NEW YORK	NY	10017
2151	2151-PPY CHERRY CREEK	3000 E. 1st AVENUE, SUITE 129	DENVER	CO	80206
2158	2158-PPY PACIFIC PLACE	600 PINE STREET, SUITE 340	SEATTLE	WA	98101
2161	2161-PPY LAUREL VILLAGE	3525 CALIFORNIA STREET 300 EAST MONTICELLO AVE., SUITE	SAN FRANCISCO	CA	94118
2162	2162-PPY MAC ARTHUR	115 6600 TOPANGA CANYON BLVD., SPC	NORFOLK	VA	23510
2163	2163-PPY TOPANGA PLAZA	24A	CANOGA PARK	CA	91303
2166	2166-PPY SF CENTER	865 MARKET STREET, SUITE 312	SAN FRANCISCO	CA	94103 98037-
2169	2169-PPY ALDERWOOD MALL	3000 184th STREET SW, SUITE 562	LYNNWOOD	WA	4768
2170	2170-PPY DALLAS GALLERIA	13350 DALLAS PARKWAY, SUITE 2695	DALLAS	TX	75240
2172	2172-PPY NORTH PARK	1460 NORTH PARK CENTER	DALLAS	TX	75225
2173	2173-PPY FRANKLIN STREET	70 FRANKLIN STREET	BOSTON	MA	02110
2174	2174-PPY FASHION VALLEY	7007 FRIARS ROAD, #811	SAN DIEGO	CA	92108
2175	2175-PPY BELLEVUE SQUARE	205 BELLEVUE SQUARE	BELLEVUE	WA	98004
2177	2177-PPY STONERIDGE	2305 STONERIDGE MALL	PLEASANTON	CA	94588
2178	2178-PPY DANVILLE	522 Hartz Avenue Suite B	DANVILLE	CA	94526
2179	2179-PPY NEW MONTGOMERY	90 NEW MONTGOMERY STREET 9200 STONY POINT PARKWAY, SPACE	SAN FRANCISCO	CA	94105
2181	2181-PPY STONY POINT	157	RICHMOND	VA	23235
2182	2182-PPY STAMFORD	100 GREY ROCK, SPACE G209	STAMFORD	CT	06901
2183	2183-PPY PRUDENTIAL CENTER	800 BOYLSTON STREET, #413	BOSTON	MA	02199
2184	2184-PPY NATICK MALL	1178 NATICK MALL	NATICK	MA	01760
2185	2185-PPY CORTE MADERA	1726 REDWOOD HIGHWAY	CORTE MADERA	CA	94925
2187	2187-PPY THE OAKS	464 WEST HILLCREST DRIVE	THOUSAND OAKS	CA	91360
2188	2188-PPY GLENDALE GALLERIA	1116 GLENDALE GALLERIA	GLENDALE	CA	91210
2189	2189-PPY BREA MALL	2106 BREA MALL	BREA	CA	92821
2191	2191-PPY VENTURA BLVD	12142 VENTURA BLVD.	STUDIO CITY	CA	91604
2195	2195-PPY WESTPORT	178 MAIN STREET	WESTPORT	CT	06880
2197	2197-PPY STONESTOWN GALLERIA	3251 20th AVENUE SPACE 166	SAN FRANCISCO	CA	94132 01803-
2198	2198-PPY BURLINGTON	75 MIDDLESEX ST., SPACE 1072	BURLINGTON	MA	4108 10708-
2199	2199-PPY PONDFIELD	72 PONDFIELD ROAD 10250 SANTA MONICA BLVD., SPACE	BRONXVILLE	NY	3801
2201	2201-PPY CENTURY CITY	105	LOS ANGELES	CA	90067
2202	2202-PPY UNION STATION	40 MASSACHUSETTES AVE. NE, #T-18	WASHINGTON	DC	20002 30326-
2204	2204-PPY LENOX MALL	3393 PEACHTREE ROAD NE SPACE 4001	ATLANTA	GA	1162
2205	2205-PPY 3rd STREET	1458 3rd STREET	SANTA MONICA	CA	90401-

	PROMENADE				2322
2207	2207-PPY KING OF PRUSSIA	160 NORTH GULPH ROAD, SPACE 2156-B	KING OF PRUSSIA	PA	19406
2208	2208-PPY NORTHGATE MALL	401 NE NORTHGATE WAY, SUITE 563	SEATTLE	WA	98125
2211	2211-PPY SOUTH 17th STREET	211 SOUTH 17th STREET	PHILADELPHIA	PA	19103-6316
2213	2213-PPY BROADWAY @ 76th	2157 BROADWAY	NEW YORK	NY	10023
2214	2214-PPY MONTANA AVENUE	1412 MONTANA AVENUE	SANTA MONICA	CA	90403-1711
2215	2215-PPY ROCKEFELLER CENTER	1250 AVENUE OF THE AMERICAS, SP 1	NEW YORK	NY	10020
2216	2216-PPY HARVARD SQUARE	18 JFK STREET	CAMBRIDGE	MA	02138
2217	2217-PPY BELMONT SHORES	5259 EAST 2nd STREET	LONG BEACH	CA	90803-5327
2218	2218-PPY WASHINGTON SQUARE	9374 SW WASHINGTON SQ. ROAD	TIGARD	OR	97223-4450
2219	2219-PPY 243 MONTGOMERY STREET	243 MONTGOMERY STREET	SAN FRANCISCO	CA	94104-2901
2220	2220-PPY LASALLE	10 SOUTH LASALLE STREET	CHICAGO	IL	60603
2221	2221-PPY GEORGETOWN	1300 WISCONSIN AVENUE	WASHINGTON	DC	20007-3310
2222	2222-PPY METLOX	451 MANHATTAN BEACH BLVD., STE B104	MANHATTAN BEACH	CA	90266
2223	2223-PPY GALLERIA II	3600 GALLERIA II	EDINA	MN	55435
2225	2225-PPY THE WESTCHESTER	125 WESTCHESTER AVE., SPACE 303B	WHITE PLAINS	NY	10601
2227	2227-PPY UNIVERSITY TOWN CTR	4445 LA JOLLA VILLAGE DR, SPACE H15	SAN DIEGO	CA	92122
2228	2228-PPY KEYSTONE MALL	8702 KEYSTONE CROSSING, SPACE 147	INDIANAPOLIS	IN	46240
2231	2231-PPY BEVERLY CENTER	8522 BEVERLY BLVD., STE 689	LOS ANGELES	CA	90048
2232	2232-PPY KING STREET	721 KING STREET	ALEXANDRIA	VA	22314-3014
2233	2233-PPY THIRD AVENUE	1270 THIRD AVENUE	NEW YORK	NY	10021
2234	2234-PPY LEXINGTON AVENUE	852 LEXINGTON AVENUE	NEW YORK	NY	10065
2237	2237-PPY PURCHASE STREET	31 PURCHASE STREET #1A	RYE	NY	10580-3013
2238	2238-PPY MEADOWOOD MALL	5195 MEADOWOOD MALL CIRCLE, #F131	RENO	NV	89502
2240	2240-PPY WOOLWORTH	233 BROADWAY, GROUND FLOOR	NEW YORK	NY	10279
2241	2241-PPY ALA MOANA CENTER	1450 ALA MOANA BLVD., #2011	HONOLULU	HI	96814
2242	2242-PPY OLD ORCHARD	4999 OLD ORCHARD CENTER #K-24	SKOKIE	IL	60077
2243	2243-PPY OAKBROOK	226 OAKBROOK CENTER,	OAK BROOK	IL	60523
2245	2245-PPY FLAT IRON CROSSING	1 WEST FLAT IRON CIRCLE, SPACE 1041	BROOMFIELD	CO	80021-8881
2246	2246-PPY BROADWAY AT 8th	753 BROADWAY	NEW YORK	NY	10003-6810
2248	2248-PPY CHEVY CHASE CENTER	5457 WISCONSIN AVENUE	CHEVY CHASE	MD	20815
2249	2249-PPY SCOTTSDALE MALL	7014 E CAMELBACK RD., SUITE 2212	SCOTTSDALE	AZ	85251-1227
2252	2252-PPY HOUSTON GALLERIA	5061 WESTHEIMER ROAD, SUITE 8000	HOUSTON	TX	77056
2253	2253-PPY NORTHBROOK COURT	1268 NORTHBROOK COURT	NORTHBROOK	IL	60062
2257	2257-PPY WATER TOWER	835 N. MICHIGAN AVE., LEVEL 6	CHICAGO	IL	60611
2258	2258-PPY SHERMAN OAKS	14006 RIVERSIDE DRIVE, SPACE 219	SHERMAN OAKS	CA	91423

2259	2259-PPY SOUTH COAST PLAZA	3333 BRISTOL AVE., SUITE 2855	COSTA MESA	CA	92626
2261	2261-PPY WILLOWBEND	6121 W.PARK BOULEVARD, BLDG C	PLANO	TX	75093
2262	2262-PPY MISSION VIEJO	226 THE SHOPS AT MISSION VIEJO	MISSION VIEJO	CA	92691
2267	2267-PPY SAN LUIS OBISPO	895 HIGUERA STREET, SPACE #D-2	SAN LUIS OBISPO CLINTON	CA	93401
2268	2268-PPY PARTRIDGE CREEK	17370 HALL ROAD, #108A	TOWNSHIP	MI	48038
2274	2274-PPY DEL MAR HIGHLANDS	3485 DEL MAR HEIGHTS DRIVE, #A	SAN DIEGO	CA	92130
2275	2275-PPY STREETS OF CHESTER	240 STATE ROUTE 206 SOUTH	CHESTER	NJ	07930 10029-
2276	2276-PPY 96th & MADISON	1380-88 MADISON AVENUE	NEW YORK	NY	6903
2277	2277-PPY SILVERADO PLAZA	627 TRANCAS STREET	NAPA	CA	94558
2280	2280-PPY BURLINGAME AVENUE	1227 BURLINGAME AVENUE	BURLINGAME	CA	94010
2285	2285-PPY GREENWICH	268 GREENWICH AVENUE	GREENWICH	CT	06830
2286	2286-PPY MARLTON SQUARE	300 S.R. 73. UNIT #2	MARLTON	NJ	08053
2288	2288-PPY VERNON HILLS	696 WHITE PLAINS ROAD	SCARSDALE	NY	10583
2289	2289-PPY NEWPORT	30 MALL DRIVE W	KERSEY CENTRE	NJ	07310
2293	2293-PPY BRIARWOOD MALL	250 BRIARWOOD CIRCLE, SPACE G-115	ANN ARBOR	MI	48108
2295	2295-PPY RIDGEWOOD	76 EAST RIDGEWOOD AVENUE, GROUND FL	RIDGEWOOD	NJ	07450
2296	2296-PPY LA ENCANTADA	2905 SKYLINE DRIVE, SPACE 271	TUCSON	AZ	85718
2298	2298-PPY 54th & PARK	400 PARK AVENUE, GROUND FLOOR	NEW YORK	NY	10022
2301	2301-PPY NEW CANAAN	32 ELM STREET	NEW CANAAN	CT	06840
2302	2302-PPY SOHO	65 Prince Street (270 Lafayette Street Building)	NEW YORK	NY	10012
2303	2303-PPY NORTHBRIDGE	520 N MICHIGAN AVENUE, #222	CHICAGO	IL	60611
2304	2304-PPY COLUMBUS AVENUE	209 COLUMBUS AVENUE	NEW YORK	NY	10023
2305	2305-PPY 940 BROADWAY	940 BROADWAY, GROUND FLOOR	NEW YORK	NY	10010
2306	2306-PPY MALL AT COLUMBIA	10300 LITTLE PATUXENT PARKWAY	COLUMBIA	MD	21044
2310	2310-PPY ST. LOUIS GALLERIA	1155 ST. LOUIS GALLERIA, #1471	ST. LOUIS	MO	63117
2312	2312-PPY LOS CERRITOS	347 LOS CERRITOS CENTER	LOS CERRITOS	CA	90703
2311	2311-PPY WATERSIDE SHOPS	5435 TAMiami TRAIL NORTH, SUITE C-2	NAPELS	FL	34108
2315	2315-PPY TREMONT STREET	28 TREMONT STREET	BOSTON	MA	02108
2316	2316-PPY SOUTH PARK	GL22 SOUTH PARK CENTER	STRONGVILLE	OH	44136
2319	2319-PPY RIDGEDALE	12623 WAYZATA BLVD., SPACE #2035	MINNETONKA	MN	55305
2322	2322-PPY TEMECULA	40770 WINCHESTER ROAD, SPACE 780	TEMECULA	CA	92591
2324	2324-PPY PHIPPS PLAZA	3500 PEACHTREE ROAD NE SUITE 1047B	ATLANTA SOUTH	GA	30326
2327	2327-PPY MAINE MALL	364 MAINE MALL ROAD, SPACE S153	PORTLAND	ME	04106
2332	2332-PPY INTERNATIONAL PLAZA	2223 N. WEST SHORE BLVD., SPACE 156	TAMPA	FL	33607
2333	2333-PPY BILTMORE FASHION PARK	2502 E. CAMELBACK ROAD, SPACE 179	PHOENIX	AZ	85016
2335	2335-PPY FASHION SHOW MALL	3200 LAS VEGAS BLVD, SPACE 2345	LAS VEGAS	NV	89109
2336	2336-PPY CITY CREEK	51 SOUTH MAIN STREET, SPACE 133	SALT LAKE CITY	UT	84101
2337	2337-PPY KIERLAND	15204 N. SCOTTSDALE RD. SPACE 120G1A	SCOTTSDALE	AZ	85254

2338	2338-PPY LA CUMBRE	121 SOUTH HOPE AVENUE, SPACE #E148	SANTA BARBARA	CA	93105
2339	2339-PPY LEHIGH VALLEY	104 LEHIGH VALLEY MALL, SPACE 1072A	WHITEHALL	PA	18052
2340	2340-PPY CHESTNUT HILL	199 BOYLSTON STREET, SPACE # S203A	CHESTNUT HILL	MA	02467
2341	2341-PPY SOUTH SHORE PLAZA	250 GRANITE STREET, SUITE 2031	BRAINTREE	MA	02031
2342	2342-PPY ANNAPOLIS	1730 ANNAPOLIS MALL, SPACE 48	ANNAPOLIS	MD	21401
2343	2343-PPY 25th & 7th	275 7TH AVENUE	NEW YORK	NY	10001
2344	2344-PPY WELLESLEY	63 CENTRAL STREET, GROUND FLOOR	WELLESLEY	MA	02482
2345	2345-PPY UTC SARASOTA	140 University Town Center Drive, Space 149	Sarasota	FL	34243
2346	2346-PPY 1ST AVENUE	1285 FIRST AVENUE, GROUND FLOOR	NEW YORK	NY	10021
2347	2347-PPY STREETS @ SOUTHPOINT	6910 FAYETTEVILLE ROAD, SPACE 113	DURHAM	NC	27713
2348	2348-PPY CAROUSEL	1 Destiny USA Drive, Suite 208	SYRACUSE	NY	13204
2349	2349-PPY LAFAYETTE	3645-C MT. DIABLO BOULEVARD	LAFAYETTE	CA	94549
2351	2351-PPY TIME WARNER	10 COLUMBUS CIRCLE, #307B	NEW YORK	NY	10019
2352	2352-PPY UNIVERSITY VILLAGE	2621 NE UNIVERSITY VILLAGE STREET	SEATTLE	WA	98105
2354	2354-PPY MALL OF MILLENIA	4200 CONROY ROAD	ORLANDO	FL	32839
2355	2355-PPY 6TH AVENUE	655 AVENUE OF THE AMERICAS	NEW YORK	NY	10010
2356	2356-PPY EASTVIEW MALL	526 EASTVIEW MALL	VICTOR	NY	14564
2357	2357-PPY CRABTREE	4325 GLENWOOD AVE, SPACE 1032	RALEIGH	NC	27612
2358	2358-PPY DEL AMO	21712 HAWTHORNE BLVD., #214C	TORRANCE	CA	90503
2359	2359-PPY WALDEN GALLERIA	A112 WALDEN GALLERIA	BUFFALO	NY	14225
2360	2360-PPY PALISADES	2771 PALISADES CENTER DRIVE	WEST NYACK	NY	10994
2361	2361-PPY ROCKINGHAM	99 ROCKINGHAM PARK BVLD., SP W145A	SALEM	NH	03079
2362	2362-PPY SOUTH PARK	4400 SHARON ROAD, G29A	CHARLOTTE	NC	28211
2364	2364-PPY DANBURY	7 BACKUS AVENUE, SPACE D103	DANBURY	CT	06810
2365	2365-PPY WORLD TRADE	185 GREENWICH STREET	NEW YORK	NY	10006
2366	2366-PPY NORTHSHORE	210 ANDOVER STREET, SPACE E131D	PEABODY	MA	01960
2367	2367-PPY RIDGE HILL	166 MARKET STREET	YONKERS	NY	10710
2369	2369-PPY TRIBECA	149 READE STREET	NEW YORK	NY	10013
2370	2370-PPY SANTA ANITA	400 SOUTH BALDWIN AVENUE, #231-E19	ARCADIA	CA	91007
2371	2371-PPY TURNSTYLES	1000 S EIGHT AVENUE, SPACE #10	NEW YORK	NY	10019
2372	2372-PPY 86TH & LEXINGTON	1291 LEXINGTON AVENUE	NEW YORK	NY	10028
2373	2373-PPY SOUTH BEND	6501 GRAPE ROAD, ROOM 290	MISHAWAKA	IN	46545
2374	2374-PPY DENVER PAVILIONS	500 16TH STREET, SPACE 132	DENVER	CO	80202
2375	2375-PPY COLUMBIA SQUARE	1270 F Street NW	Washington	DC	20004
2376	2376 - PPY BOCA TOWN CENTER	6000 Glades Road Space 1015B	BOCA RATON	FL	33431
2377	2377- BROADWAY PLAZA	15 Broadway Lane	WALNUT CREEK	CA	94596
2378	2378- CROCKER PARK	243 Main Street	WESTLAKE	OH	44145
2379	2379-PPY 1359 BROADWAY	1359 Broadway	NEW YORK	NY	10018
2381	2381-INTERNATIONAL MARKET PLACE	2330 KALAKAUA AVENUE	HONOLULU	HI	96815
2382	2382- PENN PLAZA	One Penn Plaza Suite W-111B	New York	NY	10119

### Canada store locations

STORE	STORE NAME	ADDRESS	CITY	STATE	ZIP
5102	5102-CCR KINGSWAY GARDEN	680 109 ST.	EDMONTON	AB	T5G 3A6
5112	5112-CCR BONNIE DOON	83RD ST.& 82ND AVE. UNIT #161	EDMONTON	AB	T6C 4E3
5117	5117-CCR WEST EDMONTON	8882 170TH ST N. UNIT #2908	EDMONTON	AB	T5T 4J2
5202	5202-CCR SHERWOOD PARK MALL	2020 SHERWOOD DRIVE UNIT#62	SHERWOOD PARK	AB	T8A 3H9
5203	5203-CCR CROSSIRON MILLS	261055 CROSSIRON BLVD. SP #374	ROCKY VIEW	AB	T4A 0G3
5744	5744-CCR MARKET MALL	3625 SHAGANAPPI TR N.W. UNIT P048	CALGARY	AB	T3A 0E2
5745	5745-CCR SOUTH CENTRE	26A 100 ANDERSON SE	CALGARY	AB	T2J 3V1
5759	5759-CCR ST ALBERT CENTRE	375 ST. ALBERT ROAD	ST. ALBERT	AB	T8N 3K8
5836	5836-CCR PARK PLACE	501 FIRST AVENUE SOUTH - UNIT A12	LETHBRIDGE	AB	T1J 4L9
6100	6100-PPY TORONTO DOMINION	317 - 7TH AVENUE SW, UNIT 161	CALGARY	AB	T2P 2Y9
6103	6103-PPY EDMONTON CITY CT	101 ST & 102 ST, SUITE C213	EDMONTON	AB	T5J 2Y7
6104	6104-PPY SOUTHGATE CENTRE	#51, 5015-111 STREET NW, SPACE 320	EDMONTON	AB	T6H-4M6
6118	6118-PPY CHINOOK	6455 MACLEOD TRAIL SW, SPACE #283	CALGARY	AB	T2H 0K8
5152	5152-CCR WILLOWBROOK CTR	19705 FRASER HIGHWAY	LANGLEY PORT	BC	V3A 7E9
5155	5155-CCR COQUITLAM CENTRE	2929 BARNET HWY	COQUITLAM	BC	V3B 5R5
5156	5156-CCR WESTSHORE TOWN CENTRE	2945 JACKLIN ROAD	VICTORIA	BC	V9B 5E3
5170	5170-CCR BENTALL CENTRE	UNIT 112, 505 BURRARD ST., BOX 49	VANCOUVER	BC	V7X 1B1
5175	5175-CCR WOODGROVE CENTRE	285 6631 ISLAND HWY NORTH UNIT 51C	NANAIMO	BC	V9T 4T7
5705	5705-CCR VILLAGE GREEN	4900-27TH ST.	VERNON	BC	V1T 7G7
5715	5715-CCR COTTONWOOD MALL	45585 LUCKAKUCK WAY	CHILLIWACK	BC	V2R 1A1
5721	5721-CCR CENTRAL CITY	2720 CENTRAL CITY UNIT M715	SURREY	BC	V3T 2W1
5722	5722-CCR ABERDEEN MALL	1320 TRANS CDA HWY W	KAMLOOPS	BC	V1S 1J2
6110	6110-PPY BURRARD	765 Burrard Street	Vancouver	BC	V6Z 1X6
6130	6130-OAKRIDGE - BC	650 West 41st Street Unit 255	VANCOUVER	BC	V5Z 2M9
5227	5227-CCR POLO PARK	1485 PORTAGE AVENUE	WINNIPEG	MB	R3G 0W4
5302	5302-CCR CITY PLACE	333 ST MARY AVE-UNIT 55	WINNIPEG	MB	R3C 1M8
5784	5784-CCR KILDONAN PLACE	1555 REGENT AVE W	WINNIPEG	MB	R2C 4J2
5300	5300-CCR AVALON MALL	48 KENMOUNT ROAD	ST.JOHN'S	NL	A1B 1W3
5878	5878-CCR CORNER BROOK	44 MAPLE VALLEY ROAD	CORNER BROOK	NL	A2H 6L8
5326	5326-CCR MICMAC MALL	21 MICMAC BLVD	DARTMOUTH	NS	B3A 4N3
5602	5602-CCR SCOTIA SQUARE	5201 DUKE STREET	HALIFAX	NS	B3J 1N9
5782	5782-CCR YARMOUTH MALL	76 STARRS ROAD UNIT 21	YARMOUTH	NS	B5A 2T5
5783	5783-CCR HALIFAX CENTRE	7001 MUMFORD ROAD UNIT 121	HALIFAX	NS	B3L 2H8
5887	5887-CCR MAYFLOWER MALL	800 GRAND LAKE RD.	SYDNEY	NS	B1P 6S9
5340	5340-CCR JACKSON SQUARE	2 KING ST. W. UNIT 00146	HAMILTON	ON	L8P 1A1
5341	5341-CCR EASTGATE SQUARE	75 CENTENNIAL PKWY N	STONEY CREEK	ON	L8E 2P2
5362	5362-CCR ERIN MILLS CTR	5100 ERIN MILLS PARKWAY	MISSISSAUGA	ON	L5M 4Z5
5372	5372-CCR WHITE OAKS MALL	1105 WELLINGTON ROAD SPACE 77	LONDON	ON	N6E 1V4
5376	5376-CCR EXCHANGE TOWER	130 KING ST WEST CONCOURSE LVL CW6	TORONTO	ON	M5X 1C9
5380	5380-CCR THE PROMENADE	1 PROMENADE CIRCLE	THORNHILL	ON	L4J 4P8

5381	5381-CCR PEN CENTRE	221 GLENDALE AVE. UNIT #106A	ST. CATHARINES	ON	L2T 2K9
5382	5382-CCR FAIRVIEW PARK	2960 KINGSWAY DRIVE G007	KITCHENER	ON	N2C 1X1
5396	5396-CCR BILLINGSBRIDGE	2269 RIVERSIDE DRIVE UNIT 28	OTTAWA	ON	K1H 8K2
5402	5402-CCR WESTMOUNT MALL	785 WONDERLAND RD, SPACE C6	LONDON	ON	N6K 1M6
5405	5405-CCR PLACE D'ORLEANS	110 PLACE D'ORLEAN DRIVE	ORLEANS	ON	K1C 2L9
5410	5410-CCR HILLCREST MALL	9350 YONGE STREET	RICHMOND HILL	ON	L4C 5G2
5423	5423-CCR CAMBRIDGE CTR. 5430-CCR CARLINGWOOD MALL	355 HESPELER RD. 2121 CARLINGWOOD AVE UNIT #43	CAMBRIDGE	ON	N1R 6B3
5430			OTTAWA	ON	K2A 1H2
5431	5431-CCR BAYSHORE CENTRE	100 BAYSHORE DRIVE UNIT CC1D	NEPEAN	ON	K2B 8C1
5436	5436-CCR INTERCITYCENTRE	1000 FORT WILLIAM ROAD	THUNDER BAY	ON	P7B 6B9
5445	5445-CCR EGLINTON CENTRE 5459-CCR CHERRYHILL VILLAGE	8 LEBOVIC AVENUE UNIT 5 301 OXFORD STREET WEST UNIT #58	SCARBOROUGH	ON	M1L 4V9
5459			LONDON	ON	N6H 1S6
5460	5460-CCR SEAWAY MALL	800 NIAGARA STREET NORTH L8B	WELLAND	ON	L3C 5Z4
5735	5735-CCR STONE ROAD MALL	435 STONE RD. WEST	GUELPH	ON	N1G 2X6
5739	5739-CCR OSHAWA CENTRE	419 KING ST W.	OSHAWA	ON	L1J 2K5
5756	5756-CCR PICKERING TOWN	1355 KINGSTON RD. UNIT#146	PICKERING	ON	L1V 1B8
5819	5819-CCR MAPLEVIEW CENTRE	900 MAPLE AVENUE	BURLINGTON	ON	L7S 2J8
5827	5827-CCR COLLEGE PARK	444 YONGE STREET UNIT #F2	TORONTO	ON	M5B 2H4
6101	6101-PPY BROOKFIELD PLACE	161 BAY STREET	TORONTO	ON	M5J 2S1
6102	6102-PPY SCOTIA PLAZA	40 KING STREET WEST	TORONTO	ON	M5H 3Y2
6105	6105-BAYVIEW VILLAGE	2901 BAYVIEW AVENUE, SPACE #22D	TORONTO	ON	M2K 1E6
6106	6106-PPY YORKDALE	3401 DUFFERIN ST, SPACE 302	TORONTO	ON	M6A 2T9
6111	6111-PPY LIME RIDGE MALL	999 UPPER WENTWORTH ST	HAMILTON	ON	L9A 4X5
6113	6113-PPY MARKVILLE CENTRE	5000 HWY#7 E (AT MCCOWAN)	MARKHAM	ON	L3R 4M9
6117	6117-PPY METRO CENTRE	200 WELLINGTON ST. WEST	TORONTO	ON	M5V 3C7
6124	6124-PPY SQUARE ONE	100 CITY CENTRE DR. UNIT 1-823	MISSISSAUGA	ON	L5B 2C9
6128	6128-PPY YONGE EGLINTON	2300 YONGE STREET, SUITE C034	TORONTO	ON	M4P 1E4
6131	6131-PPY TD CENTRE PATH	66 WELLINGTON STREET WEST	TORONTO	ON	M5K 1G8
6701	6701-PD ST. LAURENT CENTER	1200 ST. LAURENT BLVD, UNIT G530	OTTAWA	ON	K1K 3B8
5440	5440-CCR PLACE ALEXIS NIH	1500 ATWATER ST.	MONTREAL	QC	H3Z 1X5
5464	5464-CCR PLACE DU CENTRE	200 PROMENADE DU PORTAGE 1200 BOUL. ALPHONSE-DESJARDINS BLVD	GATINEAU	QC	J8X 4B7
5473	5473-CCR CHAGNON GALLERIE		LEVIS	QC	G6V 6Y8
5499	5499-CCR DE HULL GALERIES	320 ST. JOSEPH BLVD. 6815 TRANS CANADA HWY, SPACE E001B	GATINEAU	QC	J8Y 3Y8
6114	6114-PPY FAIRVIEW POINTE		POINTE-CLAIRE	QC	H9R 1C4
6129	5719-CCR PLACE VILLE MARI	1 PLACE VILLE MARIE #11152	MONTREAL	QC	H3B 3Y1
5529	5529-CCR SOUTHLAND MALL	2965 GORDON ROAD	REGINA	SK	S4S 6H7
5530	5530-CCR LAWSON HEIGHTS	134 PRIMROSE DRIVE	SASKATOON	SK	S7K 5S6
5762	5762-CCR MARKET CENTRE	2325 PRESTON AVENUE	SASKATOON	SK	S7J 2G2



**Exhibit B**

[Schedule of Subordinated Debt]

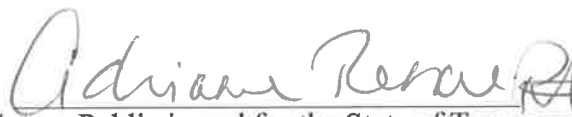
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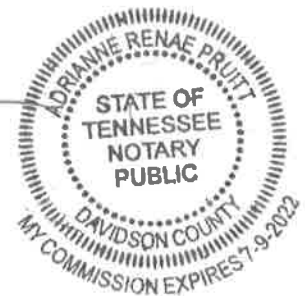
Subordinated Debt owed by one or more of Borrower and its affiliates to Subordinated Creditor or its affiliates:

No less than \$43,835,561.47 as of June 18, 2019

TAB J

THIS IS EXHIBIT "J" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee



Court File No.:

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF **SFP CANADA LTD.**

APPLICANT

**CONSENT TO ACT AS MONITOR**

Richter Advisory Group Inc. hereby consents to act as the Court-appointed Monitor in respect of SFP Canada Ltd. pursuant to the *Companies' Creditors Arrangement Act*, RSC 1985, c C-36, as amended.

DATED this 22<sup>nd</sup> day of January, 2020.

**RICHTER ADVISORY GROUP INC.**

  
\_\_\_\_\_

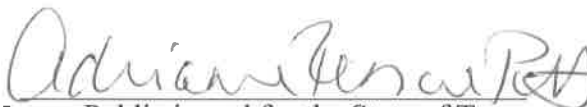
**Per:**

**Name:** Adam Sherman

**Title:** Senior Vice President

TAB K

THIS IS EXHIBIT "K" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee





**STRICTLY CONFIDENTIAL**

January 22, 2020

Dominique Schurman  
Chief Executive Officer  
Schurman Retail Group  
300 Oak Bluff Lane  
Goodlettsville, TN 37072  
Email: [DSchurman@srgretail.com](mailto:DSchurman@srgretail.com)

Dominique Schurman  
Chief Executive Officer  
SFP Canada Ltd.  
44 Chipman Hill, Suite 1000  
Saint John, New Brunswick E2L 2A9  
Email: [DSchurman@srgretail.com](mailto:DSchurman@srgretail.com)

Dear Ms. Schurman,

We are pleased to confirm our mutual understanding regarding the retention of Mackinac Partners, LLC (“Mackinac”) as restructuring financial advisor to Schurman Retail Group and SFP Canada Ltd. (“CanCo”) and their direct and indirect subsidiaries (collectively “Schurman” or the “Company”). Subject to the conditions noted herein, Mackinac will provide Michael Nowlan and Craig Boucher, both Senior Managing Directors with Mackinac, as the Co-Chief Restructuring Officers (“CRO”), reporting to the Dominique Schurman and the Board of Directors of the Company.

(1) Pursuant to the terms of this agreement (such retention, the “Engagement” and this agreement, the “Agreement”), the Company hereby retains Mackinac as restructuring financial advisor (its professional staff, the “Additional Personnel”) and hereby agrees to retain Michael Nowlan and Craig Boucher both as Co-Chief Restructuring Officers to the Company. When the Company (other than CanCo) files its petition for relief under title 11 of the United States Code (the “Bankruptcy Code”) and CanCo files for protection under Canada’s *Companies’ Creditors Arrangement Act* (the “CCAA”) or, in either case, any other insolvency proceeding, the Company will promptly apply to the bankruptcy court or other court of competent jurisdiction (the “Court”) to obtain approval of Mackinac’s retention and any compensation arrangements and other terms hereunder nunc pro tunc to the date of the filing. The form of retention applications and proposed orders shall be reasonably acceptable to Mackinac. The Company will cause its counsel to assist with preparing, filing, serving and noticing any motions or other filings related to Mackinac’s retention, compensation and provision of services hereunder.

(2) In conjunction with undertaking the ordinary course duties of a Chief Restructuring Officer, Mackinac is being engaged to perform the following services for the Company pursuant to this Agreement (collectively, the “Advisory Services”):

- a) Assist with implementation of Court orders;



- b) Provide information and analysis required to obtain and comply with the terms of the Company's usage of cash collateral, post-petition and/or exit financing;
- c) Develop and implement cash management strategies, tactics, and processes, including developing a short-term cash flow forecasting tool and related reporting;
- d) Develop the Company's wind-down plan and related forecasts;
- e) Prepare such financial disclosures as may be required by the Court, including the Company's schedules of assets and liabilities, statements of financial affairs, and monthly operating reports;
- f) Monitor accounting and operating procedures to segregate prepetition and post-petition business transactions;
- g) Participate in meetings and provide support to the Company and its other professionals in responding to information requests, communicating with and/or negotiating with lenders, official committees of unsecured creditors, vendors, customers, the U.S. Trustee, the Canadian Court-appointed monitor, other parties in interest, and professionals hired by the same;
- h) Identify executory contracts and unexpired leases and perform analyses of the financial impact of the assumption or rejection or disclaimer or resiliation of each, as necessary;
- i) Participate in claims analysis and reporting, including plan classification modeling and claim estimation;
- j) Advise senior management and the boards of directors in the development, negotiation and implementation of restructuring initiatives and evaluation of strategic alternatives;
- k) Assist the Company with any liquidation sale process and/or de minimis asset sales and, if necessary, managing a section 363 and/or other sale processes.
- l) Prepare information and analysis necessary for the confirmation of a plan of reorganization or plan of liquidation, including information contained in the disclosure statement such as a liquidation analysis and range of reorganization value;
- m) Assist in implementing a chapter 11 and/or CCAA plan of reorganization which may include a plan of liquidation;
- n) Render testimony, as requested, about the matters regarding which Mackinac and its personnel are providing services; and
- o) Provide such other restructuring or advisory services as are consistent with the role of Chief Restructuring Officer and/or the above-described services, requested by the Company or its counsel, not duplicative of services provided by other professionals, and agreed to by Mackinac.

Mackinac's primary contact at the Company for supervision of the Engagement will be Dominique Schurman (the "Primary Contact"), or persons designated thereby in writing. The Primary Contact will have ultimate authority to provide instructions on behalf of the Company to Mackinac in connection with the Engagement. The Advisory Services will not include any legal, tax, audit or accounting advice or services or any similar advice or services (which will be procured by the Company at its own expense).

(3) The Company will cooperate with Mackinac and will make available to Mackinac such personnel, documents and other information as Mackinac may reasonably request, in connection with Mackinac's performance of the Advisory Services.

(4) The Company will inform Mackinac of (a) any material changes that arise after delivery of any such information and that may affect Mackinac's use of, or reliance on, such information or (b) any material inaccuracy or misstatement in, or material omission from, any information delivered to Mackinac, in each case of (a) and (b), promptly after the Company becomes aware thereof. The Company represents and warrants to Mackinac that (i) to the best of the Company's knowledge, all information (other than projections) provided or otherwise made available to Mackinac by or on behalf of the Company will be complete and correct in all material respects and will not contain any untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading in light of the circumstances under which they are made and (ii) any projections provided by it to Mackinac will have been reasonably prepared in good faith and will be based upon the best then available estimates and judgments of the future financial results and condition of the Company and assumptions, which, in light of the circumstances under which they are made, the Company believes to be reasonable. The Company acknowledges that, in rendering Advisory Services, Mackinac will be using and relying on the information provided by and on behalf of the Company without independent verification by Mackinac. Mackinac assumes no responsibility for the accuracy or completeness of any information provided by or on behalf of the Company or any other information regarding the Company provided or otherwise made available to Mackinac.

(5) As compensation for the services to be rendered by Mackinac under this Agreement, the Company (other than CanCo) and CanCo will each pay Mackinac fees as incurred for time spent on matters in respect of the Company (other than CanCo) and CanCo, respectively, and calculated on a time basis at the following customary hourly rates (in US dollars):

- |                             |               |
|-----------------------------|---------------|
| • Senior Managing Directors | \$650 – \$800 |
| • Managing Directors        | \$550 – \$700 |
| • Directors                 | \$400 – \$550 |
| • Associates and Analysts   | \$250 – \$400 |

The above hourly rates shall be subject to adjustment annually at such time as Mackinac adjusts its rates. Mackinac agrees that the above hourly rates will remain in effect for this Engagement through December 31, 2020, although maturation increases may be implemented upon the advancement or promotion of any given professional. Notice of any such adjustment shall be given to the Company reasonably in advance of its effectiveness. Mackinac may add or substitute Additional Personnel during the course of the Engagement, in which case such Additional Personnel will be billed at Mackinac's customary hourly rates, as modified pursuant to this paragraph.

Mackinac shall also receive a "Completion Fee" of Three Hundred Thousand Dollars (\$300,000.00) from the Company (other than CanCo) upon the approval by the Court of a confirmed Plan of Liquidation. Payment of the Fee will be submitted on an invoice and processed with payment together with other invoices consistent with any Court orders on the same.

(6) Mackinac will bill the Company for its fees via invoice on a monthly basis, or as Engagement matters dictate, which invoices will be due and payable upon presentment. The Company will also reimburse Mackinac for its reasonable and documented out-of-pocket expenses incurred in connection

with the Advisory Services. Out-of-pocket expenses include expenses incurred for travel, meals, lodging, postage, telephone, document reproduction, computer charges and database access fees, and reasonable fees and expenses of counsel, consultants and advisors retained by Mackinac, upon approval of the Company and, as appropriate, the Court, which Mackinac incurs during the term of this Agreement in connection with its Engagement. Such unpaid amounts to be reimbursed will be submitted to the Company with each invoice. Should the Company file a chapter 11 petition and/or commence CCAA proceedings, Mackinac will bill the Company and be paid for compensation for services rendered at the rates provided above and for reimbursement of expenses incurred via invoices consistent with any Court orders on the same, as applicable.

(7) The Company (other than CanCo) has paid to Mackinac a retainer (the “Retainer”). Any fees, expense reimbursements or other amounts due to Mackinac from time to time under this Agreement may be deducted from the Retainer at the election of Mackinac, or pursuant to any Court order, if applicable. Mackinac shall notify the Company of any such deduction, and subsequent payment of such invoice shall serve to replenish the Retainer. The Retainer will be returned to the Company in full, less any deductions for fees and expense reimbursements, upon completion of the Engagement and Mackinac’s reasonable determination that no further amounts will be payable by the Company to it under this Agreement.

(8) (Intentionally Omitted)

(9) Except as contemplated by this Agreement or as otherwise may be necessary for Mackinac to carry out its obligations under this Agreement, and except as required by applicable law, regulations or by a governmental authority or court of competent jurisdiction or as necessary in connection with any judicial, regulatory or administrative inquiry or proceeding, and except with the prior approval of the Company, Mackinac shall (a) keep confidential all material nonpublic information (to the extent such information does not become publicly available as the result of a disclosure in breach hereof) provided to it by the Company and (b) not disclose such information to third parties, other than to such of its employees and advisors as Mackinac, in its reasonable discretion, determines have a need to know, in each case of (a) and (b), until the earliest to occur of (i) the date such information will have been made publicly available by the Company or by others without breach of a confidentiality agreement and (ii) the date on which such information becomes available to Mackinac from a third party on a non-confidential basis. No advice of Mackinac may be disclosed to any third party in any manner by the Company without the prior written consent of Mackinac, and the terms of this Agreement may not be disclosed or referred to by the Company to any third party without Mackinac’s prior written consent. If access to any of the materials in Mackinac’s possession relating to this Engagement is sought by a third party, Mackinac will promptly notify the Company of such action, tender to the Company the defense of responding to such request and cooperate with the Company concerning Mackinac’s response thereto. In the event that Mackinac is subpoenaed as the result of any work performed in connection with this Agreement, Mackinac will provide to the Company immediate notice of such subpoena.

(10) (Intentionally omitted.)

(11) Mackinac, the Company (other than CanCo) (solely with respect to itself) or CanCo (solely with respect to itself) may terminate this Agreement at any time upon thirty (30) days’ written notice to the other parties hereto, without liability or continuing obligation except as set forth in the remainder of this paragraph; provided, however, that (a) notwithstanding any such termination, except with respect to a termination for Cause (as defined below), Mackinac shall be entitled to receive compensation up to the date of termination; (b) any termination of Mackinac’s engagement hereunder (other than a termination for Cause) shall not affect the Company’s obligation to reimburse expenses, accruing prior to such termination, incurred by Mackinac up to the date of termination; and (c) the provisions of paragraphs (3) through (19)

of this Agreement, inclusive, shall survive any termination of this Agreement. For purposes of this paragraph (11), “Cause” shall mean (i) a material breach by Mackinac of its obligations under this Agreement or (ii) gross negligence, bad faith or willful misconduct (whether through act or omission) by Mackinac relating to the Company or Mackinac’s obligations under this Agreement.

(12) Mackinac has been retained under this Agreement as an independent contractor with no fiduciary or agency relationship to the Company or to any other party. Mackinac’s duties hereunder run solely to the Company, and Mackinac is not authorized to be, and will not purport to be, an agent of the Company for any purpose; provided, however, that Mr. Nowlan and Mr. Boucher, in their capacity as Chief Restructuring Officer pursuant to this Agreement shall be agents of the Company with appropriate authority and duties.

(13) This Agreement will be governed by and construed in accordance with the laws of the state of Michigan applicable to agreements executed and to be performed entirely within that state, without regard to principles of conflicts of laws requiring application of the laws of any other jurisdiction. Subject to the immediately following sentence, the parties consent to the exclusive jurisdiction of the courts of the state of Michigan (or any federal courts sitting in the state of Michigan) over all disputes arising out of or relating to this Agreement, and waive any objections based on venue, forum non conveniens or otherwise to such jurisdiction. Any of the foregoing matters solely relating to CanCo shall be the exclusive jurisdiction of the Canadian Court presiding over the CCAA proceedings, including disputes with respect to any amounts payable by CanCo to Mackinac hereunder.

(14) This Agreement may be amended or modified, and any provision of this Agreement may be waived, in and only in a writing signed by the Company (other than CanCo), CanCo and Mackinac.

(15) This Agreement constitutes the entire agreement between the parties and supersedes and cancels any and all prior or contemporaneous arrangements, understandings and agreements, written or oral, between them, relating to the subject matter of this Agreement.

(16) If any term, provision, covenant or restriction contained in this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions contained in this Agreement will remain in full force and effect and will in no way be affected, impaired or invalidated.

(17) This Agreement shall inure to the benefit of and be binding upon the parties hereto, the Indemnified Persons (as defined in the Indemnification Provisions) and Mr. Nowlan and Mr. Boucher and their respective successors, heirs and assigns and any successor, heir or assign of any substantial portion of a party’s businesses and/or assets, including any chapter 11 or chapter 7 trustee or trustee under Canada’s *Bankruptcy and Insolvency Act* (the “BIA”) appointed on behalf of the Company. This Agreement may not be assigned or delegated by any party hereto, including any assignment by operation of law, without the prior written consent of the other, except to any chapter 11 or chapter 7 trustee or BIA trustee appointed on behalf of the Company to whom a substantial portion of a party’s businesses and/or assets is transferred.

(18) **THE COMPANY (OTHER THAN CANCO) CONSENTS TO PERSONAL JURISDICTION IN THE STATE OF MICHIGAN OR ANY FEDERAL COURT SITTING IN THE STATE OF MICHIGAN FOR THE PURPOSE OF SERVICE AND VENUE IN ANY COURT IN WHICH ANY CLAIM AND PROCEEDING WHICH IS SUBJECT TO THE TERMS PROVIDED FOR IN THIS AGREEMENT IS BROUGHT AGAINST MACKINAC. THE PARTIES WAIVE ANY RIGHT TO TRIAL BY JURY WITH RESPECT TO ANY CLAIM OR PROCEEDING RELATED TO OR ARISING**

OUT OF MACKINAC'S ENGAGEMENT, ANY TRANSACTION OR CONDUCT IN CONNECTION THEREWITH, OR THIS AGREEMENT.

(19) This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together shall be deemed to be one and the same agreement. A signed copy of this Agreement delivered electronically shall be deemed to have the same legal effect as delivery of an original signed copy.

*[signature page follows]*

If the foregoing correctly sets forth our understanding, please acknowledge your acceptance of and agreement with the terms and conditions set forth in this Agreement by countersigning in the space provided below.

Sincerely,

**MACKINAC PARTNERS, LLC**

By: \_\_\_\_\_

Name: Michael Nowlan

Title: Senior Managing Director

**AGREED TO AND ACCEPTED:**

Schurman Retail Group

By: \_\_\_\_\_

Name: Dominique Schurman

Title: Chief Executive Officer

Date: \_\_\_\_\_

SFP Canada Ltd.

By: \_\_\_\_\_

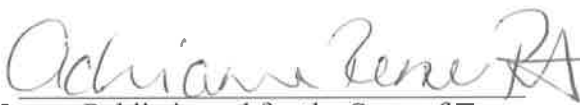
Name: Dominique Schurman

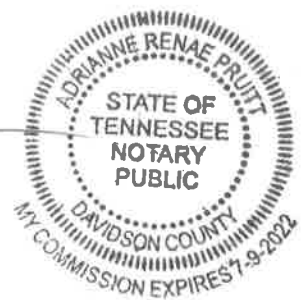
Title: Chief Executive Officer

Date: \_\_\_\_\_

TAB L

THIS IS EXHIBIT "L" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee





**SFP Canada LTD.**  
**CAN Cash Flow**  
(in \$CAD 000's)

	Filing													
Week #	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst	Fcst
Week Ending	1	2	3	4	5	6	7	8	9	10	11	12	13	13 Week Total
	1/24/20	1/31/20	2/7/20	2/14/20	2/21/20	2/28/20	3/6/20	3/13/20	3/20/20	3/27/20	4/3/20	4/10/20	4/17/20	
<b><u>Receipts</u></b>														
1 CAN Retail Receipts	1,362	1,552	1,915	2,210	1,433	902	500	0	0	0	0	0	0	9,875
<b>Total Receipts</b>	<b>1,362</b>	<b>1,552</b>	<b>1,915</b>	<b>2,210</b>	<b>1,433</b>	<b>902</b>	<b>500</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>9,875</b>
<b><u>Operating Disbursements</u></b>														
2 Freight	0	(59)	0	(66)	0	(74)	(37)	0	0	0	0	0	0	(236)
3 Rent & Utilities	(223)	0	(499)	0	(499)	0	0	(25)	0	0	0	0	0	(1,247)
4 Store Expenses and Other	(29)	(29)	(29)	(19)	(19)	(19)	(14)	(119)	0	0	0	0	0	(277)
5 Payroll & Benefits	0	(446)	0	(435)	0	(424)	(66)	(178)	0	0	0	0	0	(1,548)
6 Liquidation Fee & Expenses	0	(239)	(105)	(114)	(119)	(97)	208	0	0	0	0	0	0	(465)
7 Sales Tax Remittances	0	(744)	0	0	0	(412)	0	0	0	(902)	0	0	0	(2,057)
8 Professional Fees	0	(472)	(402)	(242)	(136)	(136)	(149)	(149)	(149)	(149)	(121)	(121)	(121)	(2,348)
9 Miscellaneous / Other	0	0	0	0	0	0	0	0	0	(50)	(50)	(50)	(50)	(199)
<b>10 Total Operating Disbursements</b>	<b>(252)</b>	<b>(1,990)</b>	<b>(1,035)</b>	<b>(876)</b>	<b>(773)</b>	<b>(1,161)</b>	<b>(58)</b>	<b>(471)</b>	<b>(148)</b>	<b>(1,100)</b>	<b>(171)</b>	<b>(171)</b>	<b>(171)</b>	<b>(8,378)</b>
<b>11 Net Cash Flow</b>	<b>1,110</b>	<b>(437)</b>	<b>879</b>	<b>1,334</b>	<b>661</b>	<b>(258)</b>	<b>442</b>	<b>(471)</b>	<b>(148)</b>	<b>(1,100)</b>	<b>(171)</b>	<b>(171)</b>	<b>(171)</b>	<b>1,497</b>
12 Opening Cash Balance	4,144	5,254	4,817	5,696	7,030	7,690	7,432	7,874	7,403	7,255	6,155	5,983	5,812	4,144
13 Net Cash Flow	1,110	(437)	879	1,334	661	(258)	442	(471)	(148)	(1,100)	(171)	(171)	(171)	1,497
<b>14 Ending Cash Balance</b>	<b>5,254</b>	<b>4,817</b>	<b>5,696</b>	<b>7,030</b>	<b>7,690</b>	<b>7,432</b>	<b>7,874</b>	<b>7,403</b>	<b>7,255</b>	<b>6,155</b>	<b>5,983</b>	<b>5,812</b>	<b>5,641</b>	<b>5,641</b>

**SFP Canada Ltd.**  
**13-Week Cash Flow Forecast**  
**Notes and Summary of Assumptions**

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**In the Matter of the Companies' Creditors Arrangement Act ("CCAA") Proceedings of SFP Canada Ltd. ("SFP Canada" or the "Company").**

**Disclaimer**

The purpose of the Cash Flow Forecast is to present the estimated cash receipts and disbursements of SFP Canada for the period from January 18, 2020 to April 17, 2020 in respect of its proceedings under the CCAA. The Cash Flow Forecast has been prepared by the Company based on available financial information at the date of Company's application for the Initial Order in accordance with Section 10(2)(b) of the CCAA. Readers are cautioned that this information may not be appropriate for other purposes.

The Cash Flow Forecast is based on assumptions about future events and conditions that are not ascertainable, the actual results achieved during the Cash Flow Forecast period will vary from the Cash Flow Forecast, even if the assumptions materialize, and such variations may be material. There is no representation, warranty or other assurance that any of the estimates, forecasts or projections will be realized.

The Cash Flow Forecast is presented in thousands of Canadian dollars. Receipts and disbursements denominated in U.S. currency have been converted to Canadian dollars at an exchange rate of USD/CAD = \$1.33.

**Note 1      Retail Receipts**

Receipts from the sale of the Company's merchandise sold in its retail locations as part of the proposed liquidation sale. The liquidation sale was assumed to commence on or about January 24, 2020 and occur over a 6-week period. Inventory will be liquidated through the 76 retail locations. Stores are assumed to be closed on or before February 29, 2020. Retail receipts include applicable sales taxes.

**Note 2      Freight**

Includes costs for logistics and supply chain providers to ship merchandise to and among the Company's retail locations.

**Note 3      Rent and Utilities**

Rent includes minimum rent, common area maintenance and property taxes for each of the Company's 76 leased retail locations. Post-filing rent for January is assumed to be paid on or about January 24, 2020, otherwise rent is assumed to be pre-paid on the 1<sup>st</sup> and 15<sup>th</sup> of each month thereafter. Utilities are forecast to be paid monthly.

**Note 4      Store Expenses and Other**

Includes store expenses such as supplies, equipment rentals, bank fees, credit card processing fees, but excludes the Consultant controlled expenses for advertising and supervision (see Note 6).

**Note 5      Payroll and Benefits**

Includes wages, bonuses and incentives, deductions, taxes, health insurance and benefits for the Company's full-time and part-time employees. Payroll and Benefits are estimated based on the Company's historical run-rates, pro-rated for the estimated number of sale days at each location. The forecast includes payment of any accrued pre-filing wages and vacation pay, as well as payment of vacation earned by employees for the post-filing period.

**Note 6      Liquidation Fee and Expenses**

Includes the Consultant's fee and the Consultant controlled expenses to be incurred as part of the liquidation sale. The Consultant's fee was estimated at approximately 1.75% of gross sale proceeds (net of sales tax) and the expenses based on the budget appended to the Consulting Agreement.

**Note 7      Sales Tax Remittances**

Assumes the Company remits sales taxes (GST/HST, QST, PST) during the last week of each month, for the prior month. Forecast assumes sales taxes payable for December 2019 are paid during the week of January 31, 2020.

**Note 8      Professional Fees**

Includes payments to (i) the Company's legal counsel, (ii) the Chief Restructuring Officers of the Company, and (iii) the Monitor and its legal counsel.

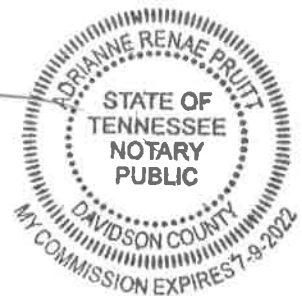
**Note 9      Miscellaneous / Other**

Miscellaneous expenses related to the wind-down of the Company.

TAB M

THIS IS EXHIBIT "M" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee





# Gordon Brothers

January 17, 2020

To: Schurman Retail Group, LLC  
300 Oak Bluff Lane  
Goodlettsville, TN 37072

From: Gordon Brothers Retail Partners, LLC  
800 Boylston Street  
27<sup>th</sup> Floor  
Boston, MA 02199

-and-

Hilco Merchant Resources, LLC  
5 Revere Drive, Suite 206  
Northbrook, Illinois 60062

Re: Store Closing Program – Consulting Agreement

Ladies and Gentlemen:

This letter shall serve as the agreement between a contractual joint venture comprised of Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC (together, the “Consultant”) and Schurman Retail Group, LLC and its subsidiaries (including SFP Canada Ltd. (“CanCo”) d/b/a Papyrus and American Greetings (collectively, the “Merchant” and together with Consultant, the “Parties”)) pursuant to which Consultant shall serve (i) as the exclusive consultant to Merchant to conduct a “store closing,” “everything must go,” “sale on everything,” and other mutually agreed upon themed sale (“Sale”) at Merchant’s retail stores identified on Exhibit A attached hereto (each a “Store” and collectively the “Stores”), and (ii) prior to commencement of the Sale, assist merchant with promotions and merchandising for the Stores and other matters in preparation for the Sale, all subject to the terms and conditions set forth herein.

## **1. RETENTION**

(A) Merchant hereby retains Consultant as its exclusive, independent consultant to conduct the Sale at the Stores during the Sale Term, and in connection therewith, Consultant shall, throughout the Sale Term:

- (i) Recommend appropriate discounting to effectively sell all of the goods located at the Stores as of the Sale Commencement Date or thereafter delivered to the

Stores (whether from Merchant's existing orders or warehouse goods) by mutual agreement of the Parties, in accordance with a "store closing," "everything must go," "sale on everything" and other mutually agreed upon themed sale (but subject to section 5(I) below), and recommend appropriate point-of-purchase, point-of-sale, and other internal and external advertising in connection therewith.

- (ii) Provide qualified supervision to oversee the conduct of the Sale.
- (iii) Maintain focused and constant communication with Store-level employees and managers to keep them abreast of strategy and timing and to properly effect Store-level communication by Merchant's employees to customers and others about the Sale.
- (iv) Establish and monitor accounting functions for the Sale, including evaluation of sales of Merchant's goods located at the Stores by category, sales reporting and expense monitoring, all of which shall be shared with Merchant's advisors during the Sale.
- (v) Recommend loss prevention strategies.
- (vi) Coordinate with Merchant so that the operation of the Stores is being properly maintained including ongoing customer service and housekeeping activities.
- (vii) Recommend appropriate staffing levels for the Stores and appropriate bonus and/or incentive programs (to be funded by Merchant) for Store employees.
- (viii) Assist Merchant to conduct the Sale as a "store closing" or other mutually agreed upon theme, including by advising Merchant with respect to the permitting requirements of affecting such a Sale in compliance with applicable state and local "going out of business" laws, and/or in the event that Merchant becomes subject to any Insolvency Proceeding, in compliance with any Approval Order (as defined below). In connection with such obligation, to the extent applicable and requested by Merchant prior to any Insolvency Proceeding, Consultant will (i) advise Merchant of the applicable waiting period under such permitting requirements, and/or (ii) prepare (in Merchant's name and for Merchant's signature) all permitting paperwork as may be necessary under such provisions, deliver all such paperwork to Merchant, and file, on behalf of Merchant, all such paperwork where necessary, and/or (iii) advise where permitting paperwork and/or waiting periods do not apply.
- (ix) Meet with Merchant and its advisors, on at least a weekly basis, to review sales, sales reporting and expenses in an effort to minimize expenses and maximize overall net recovery of the Sale.

## **2. SALE TERM; VACATING STORES**

(A) The term “Sale Term” with respect to each respective Store shall commence on or about the date specified on Exhibit B attached hereto (the “Sale Commencement Date”) and shall end no later than the date specified on Exhibit B attached hereto (“Sale Termination Date”); provided however, that Consultant and Merchant (in the case of Canadian Stores, in consultation with the court officer appointed in any Canadian Insolvency Proceeding (the “Canadian Court Officer”)) may mutually agree in writing upon an earlier or later “Sale Commencement Date” or “Sale Termination Date” with respect to any one or more Stores (on a Store-by-Store basis).

(B) Upon the conclusion of the Sale Term at each Store, Consultant shall leave such Store in broom clean condition, subject to Consultant’s right pursuant to Section 6 below to abandon in a neat and orderly manner all unsold Offered FF&E and all Retained FF&E.

## **3. EXPENSES**

(A) All expenses incident to the conduct of the Sale and the operation of the Stores during the Sale Term (including without limitation all Consultant Controlled Expenses and all other store-level and corporate expenses associated with the Sale) shall be borne by Merchant; except solely for any of the specifically enumerated “Consultant Controlled Expenses” that exceed the aggregate budgeted amount (as provided in Section 3(B) below) for such Consultant Controlled Expenses.

(B) Attached hereto as Exhibit B is an expense budget for the “Consultant Controlled Expenses.” Consultant will advance funds for the Consultant’s Controlled Expenses, and Merchant shall reimburse Consultant therefor (up to the aggregate budgeted amount) in connection with each weekly reconciliation contemplated by Section 5(B) upon presentation of reasonable documentation for such actually-incurred expenses. In addition to, and not as part of, reimbursement of any Consultant Controlled Expenses, Merchant shall also reimburse Consultant for its reasonable and documented legal fees and expenses incurred in connection with this Agreement, including without limitation in the event of any Insolvency Proceeding, with respect to obtaining entry of the Approval Order and/or negotiating any “side letters” with landlords of the Stores.

(D) The Parties may from time to time mutually agree in writing to increase the budget of Consultant Controlled Expenses based upon circumstances of the Sale, it being acknowledged and agreed that (i) Merchant may require the consent of Canadian Court Officer to increase the amount of expenses reimbursable by CanCo, and (ii) Merchant will obtain such consent in advance of the occurrence of any such expense by Consultant.

## **4. CONSULTANT COMPENSATION**

(A) **Definitions.** As used herein, the following terms shall have the following meanings:

- (i) “Cost Value” with respect to each item of Merchandise sold, shall be determined by reference to the lower of (1) the lowest per unit vendor cost in the File or in



Merchant's books and records, maintained in the ordinary course consistent with historic practices; or (2) the Retail Price.

- (ii) "File" shall mean 3.3 693 - Warehouse Inventory Allocation - 01.04.20, InvBal - By Store By Sku - 20200109 (1), SKUDUMPALL200109 (1).
- (iii) "Gross Proceeds" shall mean the sum of the gross proceeds of all sales of Merchandise (including as a result of the redemption of any gift card, gift certificate, or merchandise credit) during the Sale Term, net only of sales taxes.
- (iv) "Gross Recovery Percentage" shall mean the Gross Proceeds divided by the sum of the aggregate Cost Value of all of the Merchandise.
- (v) "Merchandise" shall mean all goods actually sold in the Stores during the Sale Term, the aggregate amount of which shall be determined using the gross rings inventory taking method.
- (vi) "Non-Merchandise Goods" shall mean (1) goods that belong to sublessees, licensees, or concessionaires of Merchant; (2) damaged or defective merchandise that cannot be sold; or (3) goods held by Merchant on memo, on consignment, or as bailee.

(B) **Merchandise Fee.** In consideration of its services hereunder, Merchant shall pay Consultant a "Merchandise Fee" based upon one of the following thresholds of Gross Recovery Percentage (e.g., back to first dollar):

<u>Gross Recovery Percentage</u>	<u>Merchandise Fee</u>
Below 190.00%	1.75% of Gross Proceeds
Above 190.00%	2.00% of Gross Proceeds

(C) **Non-Merchandise Fee.** Subject to the consent of the owners of the Non-Merchandise Goods, Consultant shall sell Non-Merchandise Goods during the Sale at the Stores, and in consideration of such services, Consultant shall earn a fee equal to the definitive Merchandise Fee percentage earned by Consultant on sales of Merchandise as set forth in Section 4(B) above multiplied by the aggregate gross proceeds, net only of sales taxes, from the sale of Non-Merchandise Goods at the Stores (the "Non-Merchandise Fee").

(D) **Gross Rings.** For purposes of calculating Gross Proceeds, Gross Recovery Percentage and the Consultant's Merchandise Fee and Non-Merchandise Fee, the parties shall use the "Gross Rings" method, wherein Consultant and Merchant shall jointly keep (i) a strict count of gross register receipts less applicable sales taxes, and (ii) cash reports of sales within each Store. Register receipts shall show for each item sold the Cost Value and Retail Price (as reflected on Merchant's books and records) for such item, and the markdown or other discount granted in

connection with such sale. All such records and reports shall be made available to Consultant and Merchant during regular business hours upon reasonable notice.

(E) **Weekly Payments**. On a weekly basis in connection with each weekly reconciliation contemplated by Section 5(B) below, Merchant shall pay Consultant an amount equal to 1.75% of Gross Proceeds on account of the prior week's sales as an advance on account of the Merchandise Fee payable hereunder; and (2) any Non-Merchandise Fee and FF&E Commission (as defined below) earned during the prior week. The parties shall determine the definitive Gross Recovery Percentage, Merchandise Fee, Non-Merchandise Fee, and FF&E Commission (and in the case of Merchant, any Additional Consultant Goods Fee, if any,) in connection with the Final Reconciliation. Immediately thereafter (and as part of the Final Reconciliation), Merchant or Consultant, as the case may be, shall pay any additional amount owed on account of such fees.

## **5. CONDUCT OF SALE; OTHER SALE MATTERS**

(A) Merchant shall have control over the personnel in the Stores and shall handle the cash, debit and charge card payments for all Merchandise in accordance with Merchant's normal cash management procedures (as may be modified by the Court), subject to Consultant's right to audit any such items in the event of a good faith dispute as to the amount thereof. Merchant (and not Consultant) shall be responsible for ensuring that the Sale, and the operation of the Stores (before, during, and after the Sale Term) shall be conducted in compliance with all applicable laws and regulations. From and after the issuance of any Approval Order, the Sale shall be conducted in accordance with the terms thereof.

(B) The parties will meet on each Wednesday during the Sale Term to review any Sale matters reasonably requested by either party; and all amounts payable or reimbursable to Consultant for the prior week (or the partial week in the case of the first and last weeks) shall be reconciled, in consultation with the Canadian Court Officer, and paid immediately thereafter. No later than twenty (20) days following the end of the Sale, the parties shall, in consultation with the Canadian Court Officer, complete a final reconciliation and settlement of all amounts contemplated by this Agreement ("Final Reconciliation"). From time to time upon request, each party shall prepare and deliver to the other party such other reports as either party may reasonably request. Each party to this Agreement shall, at all times during the Sale Term and during the one (1) year period thereafter, provide the other with access to all information, books and records relating to the Sale and to this Agreement. All records and reports shall be made available to Consultant and Merchant during regular business hours upon reasonable notice.

(C) Merchant shall be solely responsible for the computing, collecting, holding, reporting, and paying all sales taxes associated with the sale of Merchandise during the Sale Term, and Consultant shall have absolutely no responsibilities or liabilities therefor.

(D) Although Consultant shall undertake its obligations under this Agreement in a manner designed to achieve the desired results of the Sale and to maximize the recovery to the Merchant, Merchant expressly acknowledges that Consultant is not guaranteeing the results of the Sale.

(E) Merchant acknowledges that (i) the parties are not conducting an inventory of Merchant's goods located at the Stores; (ii) Consultant has made no independent assessment of the beginning levels of such goods; and (iii) Consultant shall not bear any liability for shrink or other loss to Merchant's goods located at the Stores (including without limitation Merchandise).

Merchant may, at its election, conduct an inventory at some or all of the Stores and Consultant agrees to cooperate with such inventory taking if and when done.

(F) All sales of Merchandise in the Stores during the Sale shall be made in the name, and on behalf, of Merchant.

(G) All sales of Merchandise in the Stores during the Sale Term shall be "final sales" and "as is," and all advertisements and sales receipts will reflect the same.

(H) Consultant shall, during the Sale Term at the Stores, cooperate with Merchant in respect of Merchant's procedures governing returns of goods otherwise sold by Merchant (e.g., not in the Stores during the Sale Term).

(I) Subject to compliance with applicable laws, Merchant hereby permits the Sale to be, and shall ensure that the Sale otherwise may be, advertised as a "store closing," "everything must go," "sale on everything" and such other mutually agreed upon themed sale throughout the term of the Sale, as provided for by Section 1(a)(viii) above; provided that the Sale at the Canadian Stores shall not be advertised as a "going out of business" sale unless and until the Canadian Approval Order is entered by the Canadian Court.

(J) Concurrently with the execution of, and as a condition to Consultant's obligations under, this Agreement, Merchant shall fund to Consultant \$500,000 (the "Special Purpose Payment") which shall be held by Consultant as security for the obligations of Merchant under this Agreement until the Final Reconciliation (and Merchant shall not apply the Special Purpose Payment to, or otherwise offset any portion of the Special Purpose Payment against, any weekly reimbursement, payment of fees, or other amount owing to Consultant under this Agreement prior to the Final Reconciliation). Without limiting any of Consultant's other rights, Consultant may apply the Special Purpose Payment to any unpaid obligation owing by Merchant to Consultant under this Agreement. Any portion of the Special Purpose Payment not used to pay amounts explicitly contemplated by this Agreement shall be returned to Merchant within three days following the Final Reconciliation.

## **6. FF&E**

(A) Promptly following the Sale Commencement Date, Merchant shall inform Consultant of those items of owned furnishings, trade fixtures, equipment, machinery, office supplies, conveyer systems, racking, rolling stock, any vehicles or other modes of transportation, and other personal property (collectively, "FF&E") located at the Stores, distribution centers and corporate offices and printing facilities, which are not to be sold (because Merchant does not have the right to sell such items, because Merchant wishes to retain such items for itself, or otherwise) (collectively, "Retained FF&E").

(B) With respect to all FF&E located at the Stores, distribution centers, corporate offices and printing facilities as of the Sale Commencement Date which is not Retained FF&E (collectively, the “Offered FF&E”), Consultant shall have the right to sell such Offered FF&E during the Sale Term on a commission basis equal to fifteen percent 15.0% of the gross sales of Offered FF&E, net only of sales tax (“FF&E Commission”).

(C) Merchant shall reimburse Consultant for its reasonable sale expenses associated with the sale of the Offered FF&E, not to exceed the amount shown on an FF&E expense budget (which shall be in addition to the Consultant Controlled Expenses budget), to be mutually and reasonably agreed to by the parties promptly after Merchant identifies/designates/distinguishes between the Offered FF&E and Retained FF&E (“FF&E Expenses”).

(D) Consultant shall have the right to abandon any unsold Offered FF&E (and all Retained FF&E) at the Stores at the conclusion of the Sale Term without liability to Merchant or any third party.

## **7. ADDITIONAL CONSULTANT GOODS**

(A) In connection with the Sale, and subject to compliance with applicable law (or if and when applicable, the Approval Order), Consultant shall have the right, at Consultant’s sole cost and expense, to supplement the Merchandise in the Sale with additional goods procured by Consultant which are of like kind, and no lesser quality to the Merchandise in the Sale (“Additional Consultant Goods”). The Additional Consultant Goods shall be purchased by Consultant as part of the Sale, and delivered to the Stores at Consultant’s sole expense (including labor, freight and insurance relative to shipping such Additional Consultant Goods to the Stores). Sales of Additional Consultant Goods shall be run through Merchant’s cash register systems; provided, however, that Consultant shall mark the Additional Consultant Goods using either a “dummy” SKU or department number, or in such other manner so as to distinguish the sale of Additional Consultant Goods from the sale of Merchandise. Consultant and Merchant shall also cooperate so as to ensure that the Additional Consultant Goods are marked in such a way that a reasonable consumer could identify the Additional Consultant Goods as non-Merchant goods. Additionally, Consultant shall provide signage in the Stores notifying customers that the Additional Consultant Goods have been included in the Sale. Absent Merchant’s written consent, and Consultant’s agreement to reimburse Merchant for any associated expenses, Consultant shall not use Merchant’s distribution centers for any Additional Consultant Goods.

(B) Consultant shall pay to Merchant an amount equal to seven and one-half percent 7.5% of the gross proceeds (excluding sales taxes) from the sale of the Additional Consultant Goods (the “Additional Consultant Goods Fee”), and Consultant shall retain all remaining amounts from the sale of the Additional Consultant Goods. Consultant shall pay Merchant its Additional Consultant Goods Fee in connection with each weekly sale reconciliation with respect to sales of Additional Consultant Goods sold by Consultant during each then prior week (or at such other mutually agreed upon time).

(C) Consultant and Merchant intend that the transactions relating to the Additional Consultant Goods are, and shall be construed as, a true consignment from Consultant to Merchant in all respects and not a consignment for security purposes. Subject solely to

Consultant's obligations to pay to Merchant the Additional Consultant Goods Fee, at all times and for all purposes the Additional Consultant Goods and their proceeds shall be the exclusive property of Consultant, and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds. The Additional Consultant Goods shall at all times remain subject to the exclusive control of Consultant.

(D) Merchant shall, at Consultant's sole cost and expense, insure the Additional Consultant Goods and, if required, promptly file any proofs of loss with regard to same with Merchant's insurers. Consultant shall be responsible for payment of any deductible (but only in relation to the Additional Consultant Goods) under any such insurance in the event of any casualty affecting the Additional Consultant Goods.

(E) Merchant acknowledges that the Additional Consultant Goods shall be consigned to Merchant as a true consignment (or equivalent in the province of Québec) under Article 9 of the Uniform Commercial Code (the "UCC") and the provisions of the *Personal Property Security Act* (Ontario) and equivalent legislation in other Canadian jurisdictions ("PPSAs") and applicable law. Consultant is hereby granted a first priority security interest in and lien upon (i) the Additional Consultant Goods and (ii) the Additional Consultant Goods proceeds less the Additional Consultant Goods Fee, and Consultant is hereby authorized to file financing statements under the UCC and applicable PPSAs and provide notifications to any prior secured parties.

## **8. INSURANCE; RISK OF LOSS**

(A) During the Sale Term: (a) Merchant shall maintain (at its expense) insurance with respect to the Merchandise in amounts and on such terms and conditions as are consistent with Merchant's ordinary course operations, and (b) each of Merchant and Consultant shall maintain (at each party's respective expense) comprehensive liability insurance covering injuries to persons and property in or in connection with the Stores, in such amounts as are reasonable and consistent with its ordinary practices, for bodily injury, personal injury and/or property damage. Each party shall be added as an additional insured on all such insurance of the other party, all such insurance shall provide that it shall be non-cancelable and non-changeable except after 30 days' prior written notice to the other party, and each party shall provide the other with certificates of all such insurance prior to the commencement of the Sale.

(B) Notwithstanding any other provision of this Agreement, Merchant and Consultant agree that Consultant shall not be deemed to be in possession or control of the Stores, or the Merchandise or other assets located therein or associated therewith, or of Merchant's employees located at the Stores; and Consultant does not assume any of Merchant's obligations or liabilities with respect thereto.

(C) Notwithstanding any other provision of this Agreement, and except as set forth in Section 9 below, Merchant and Consultant agree that Merchant shall bear all responsibility for liability claims (product liability and otherwise) of customers, employees and other persons arising from events occurring at the Stores, and Merchandise sold in the Stores, before, during and after the Sale Term.

## **9. INDEMNIFICATION**

(A) Consultant shall indemnify and hold Merchant and its affiliates, and their respective officers, directors, managers, employees, consultants, and independent contractors (collectively, "Merchant Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from or related to:

- (i) Consultant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained herein or in any written agreement entered into in connection herewith;
- (ii) any harassment or any other unlawful, tortious or otherwise actionable treatment of any employees or agents of Merchant by Consultant, its affiliates or their respective officers, directors, employees, agents, independent contractors or representatives (including without limitation any supervisors);
- (iii) any claims by any party engaged by Consultant as an employee or independent contractor (including without limitation any non-Merchant employee supervisor) arising out of such employment or engagement;
- (iv) any consumer warranty or products liability claims relating to any Additional Consultant Goods; and/or
- (v) the negligence, willful misconduct or unlawful acts of Consultant, its affiliates or their respective officers, directors, employees, Consultants, independent contractors or representatives,

*provided that* Consultant shall not be obligated to indemnify any Merchant Indemnified Party from or against any claims, demands, penalties, losses, liabilities or damages arising primarily from any Merchant Indemnified Party's gross negligence, willful misconduct, or unlawful act.

(B) Merchant shall indemnify and hold Consultant, its affiliates and their respective officers, directors, employees, consultants, and independent contractors (collectively, "Consultant Indemnified Parties") harmless from and against all claims, demands, penalties, losses, liability or damage, including, without limitation, reasonable attorneys' fees and expenses, directly or indirectly asserted against, resulting from or related to:

- (i) Merchant's material breach of or failure to comply with any of its agreements, covenants, representations or warranties contained herein or in any written agreement entered into in connection herewith;
- (ii) if applicable, any proceedings before the Court or any other court of competent jurisdiction regarding this Agreement, including obtaining the Approval Order and/or defending against any objection thereto;
- (iii) any claims by any party engaged by Merchant as an employee or independent contractor arising out of or in relation to such engagement or the termination thereof;
- (iv) any consumer warranty or products liability claims relating to any Merchandise;
- (v) any claims in respect of rent or other occupancy costs or charges relating to any Store or other premises;

- (vi) any claims resulting from the failure of Merchant to report, collect, remit or pay in accordance with applicable law any sales or other taxes relating to the Sale; and/or
- (vii) the negligence, willful misconduct or unlawful acts of Merchant, its affiliates or their respective officers, directors, employees, agents, independent contractors or representatives,

*provided that* Merchant shall not be obligated to indemnify any Consultant Indemnified Party from or against any claims, demands, penalties, losses, liabilities or damages arising primarily from any Consultant Indemnified Party's gross negligence, willful misconduct, or unlawful act.

## **10. MISCELLANEOUS**

(A) In the event that Merchant becomes subject to any chapter 11 proceeding (a "Bankruptcy Case") before any United States Bankruptcy Court (the "Bankruptcy Court"), this Agreement, including retention of Consultant and conduct of the Sale set forth herein as it applies to the Conduct of the Sale outside of Canada and Stores and other premises located outside of Canada, shall be subject to the approval of the Bankruptcy Court. Merchant shall promptly seek to have this Agreement, and the transactions contemplated by this Agreement approved by the Bankruptcy Court pursuant to sections 363 and 365 of the United States Bankruptcy Code (and not pursuant to sections 327, 328, 330, or 331 thereof) and an order (the "US Approval Order") with terms acceptable to both Merchant and Consultant that includes, among other things, those provisions set out in paragraph (C) below.

(B) In the event that Merchant becomes subject to any proceeding under the *Companies' Creditors Arrangement Act* (Canada) or the *Bankruptcy and Insolvency Act* (Canada) (a "Canadian Insolvency Proceeding") this Agreement, including retention of Consultant and conduct of the Sale set forth herein as it applies to the conduct of the Sale in Canada and Stores and other premises located in Canada ("Canadian Stores"), shall be subject to the approval of the Ontario Superior Court of Justice (Commercial List) (the "Canadian Court"). Merchant shall promptly seek to have this Agreement, and the transactions contemplated by this Agreement approved by the Canadian Court and an order (the "Canadian Approval Order") with terms acceptable to both Merchant and Consultant that includes, among other things, those provisions set out in paragraph (C) below.

(C) The US Approval Order and the Canadian Approval Order shall each provide, among other things, as follows: (i) the payment of all fees and reimbursement of expenses hereunder to Consultant is approved without further order of the Court and shall be free and clear of all liens, claims and encumbrances; (ii) all such payments of fees and reimbursement of expenses shall be made on a weekly basis without further order of the Court and otherwise in accordance with this Agreement; (iii) approval of the transaction contemplated hereby; (iv) in the case of the US Approval Order, authorizing the conduct of the Sale without the necessity of complying with state and local rules, laws, ordinances and regulations, including, without limitation, permitting and licensing requirements, that could otherwise govern the Sale; (v) authorizing the Sale notwithstanding restrictions in leases, reciprocal easement agreements or other contracts that purport to restrict the Sale or the necessity of obtaining any third party consents; (vi) authorizing the sale of Additional Consultant

Goods, confirming the consignment contemplated in Section 7 hereof, and granting Consultant a first priority senior security interest and lien upon the Additional Agent Goods and proceeds thereof as provided herein; (vii) take all further actions as are necessary or appropriate to carry out the terms and conditions of this Agreement; (viii) this Agreement shall not be disclaimed or resiliated in any Insolvency Proceeding involving Merchant and the obligations of Merchant hereunder shall not be compromised in any proposal or plan of compromise or arrangement involving Merchant (a “Plan”), and Consultant shall be an “unaffected creditor” in any such Plan, and (viii) including protection of Consultant’s fees and expenses as part of any “carve-out” in any financing order entered by the Court, which protection shall provide that all such fees and expenses shall be paid to Consultant from Gross Proceeds and without adherence to any DIP or cash collateral budget associated therewith, and further including additional protections with respect to proceeds of Additional Consultant Goods; it being acknowledged that, in the context of any Canadian Insolvency Proceeding, certain of the foregoing provisions may be included in sale guidelines, which shall be in form and substance acceptable to Merchant and Consultant and approved by the Canadian Court in the Canadian Approval Order (the “Sale Guidelines”).

(D) In the event that Merchant becomes subject to a Insolvency Proceeding, any legal action, suit or proceeding arising in connection with this Agreement shall be submitted to the exclusive jurisdiction of the Bankruptcy Court or the Canadian Court, as applicable, having jurisdiction over Merchant, and each Party hereby waives any defenses or objections based on lack of jurisdiction, improper venue, and/or forum non-conveniens. From and after entry of the Approval Order, Merchant and Consultant shall conduct the Sale in accordance with the terms of this Agreement and the Approval Order (including the Sale Guidelines) in all material respects. In the event the Approval Order is not entered by the Bankruptcy Court or the Canadian Court upon Merchant becoming subject to a Bankruptcy Case or a Canadian Insolvency Proceeding, as applicable, or does not include the terms and conditions contained herein, (i) Merchant shall reimburse Consultant for any Consultant Controlled Expenses incurred in connection with the Sale through and including the day immediately after denial of such motion by the Bankruptcy Court or the Canadian Court, as applicable; and (ii) Consultant may, in its sole discretion, elect to terminate this Agreement. The Bankruptcy Court shall have exclusive jurisdiction to resolve any issues arising under this Agreement, except matters solely relating to CanCo, the conduct of the Sale in Canada and the Canadian Stores, which shall be the exclusive jurisdiction of the Canadian Court.

(E) As used in this Agreement, (i) the term “Approval Order” shall mean the US Approval Order and/or the Canadian Approval Order, as applicable, (ii) the term “Court” shall mean the Bankruptcy Court and/or the Canadian Court, as applicable, and (iii) the term “Insolvency Proceeding” shall mean the Bankruptcy Case and/or the Canadian Insolvency Proceeding, as applicable.

(F) This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware, without giving effect to conflict of laws provisions. This Agreement constitutes the entire agreement between the parties with respect to the matters contemplated hereby and supersedes and cancels all prior agreements, including, but not limited to, all proposals, letters of intent or representations, written or oral, with respect thereto.



(G) **Amendments.** This Agreement may not be modified except in a written instrument executed by each of the parties hereto.

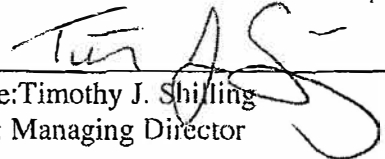
(H) **No Waiver.** No consent or waiver by any party, express or implied, to or of any breach or default by the other in the performance of its obligations hereunder shall be deemed or construed to be a consent or waiver to or of any other breach or default in the performance by such other party of the same or any other obligation of such party. The failure on the part of any party to complain of any act or failure to act by the other party or to declare the other party in default, irrespective of how long such failure continues, shall not constitute a waiver by such party of its rights hereunder. Nothing contained in this Agreement shall be deemed to create any relationship between Merchant and Consultant other than that of Consultant as an independent contractor of Merchant, and it is stipulated that the parties are not partners or joint venturers in any way. Unless expressly set forth herein to the contrary, to the extent that either party's consent is required/requested hereunder, such consent shall not be unreasonably withheld or delayed.

(I) **Successors and Assigns.** This Agreement shall inure to the benefit of and be binding upon the parties and their respective successors and assigns; provided however, that this Agreement may not be assigned by either party without the prior written consent of the other (except that Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC shall each be permitted to assign this agreement, in whole or in part, to one or more of their respective affiliates without consent of Merchant). Written notices contemplated by this Agreement shall be sent by email (i) if to Merchant c/o the person indicated below at the address specified above and Matthew B. McGuire at [mcguire@lrclaw.com](mailto:mcguire@lrclaw.com); and (ii) if to Consultant c/o Mackenzie Shea at [mshea@gordonbrothers.com](mailto:mshea@gordonbrothers.com), Ian Fredericks at [ifredericks@hilcoglobal.com](mailto:ifredericks@hilcoglobal.com) and Sarah Baker at [sbaker@hilcoglobal.com](mailto:sbaker@hilcoglobal.com).

**[Signature Page to Follow]**

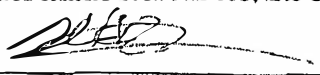
Very truly yours,

**Gordon Brothers Retail Partners, LLC**

By:   
Name: Timothy J. Shilling  
Title: Managing Director


-and-

**Hilco Merchant Resources, LLC**


By:   
Name: Sarah Baker  
Title: VP & AGC, Managing Member

Agreed and Accepted:

Schurman Retail Group, LLC on behalf of itself and  
its subsidiaries (other than SFP Canada Ltd.)

By:   
Name: Dominique Schuman  
Title: CEO  
Address: 300 Oak Bluff Lane  
Goodlettsville, TN 37072

SFP Canada Ltd.

By:   
Name: Dominique Schuman  
Title: CEO  
Address:

Exhibits:

- A Stores
- B Budget of Consultant Controlled Expenses

**Papyrus  
Exhibit A  
Store List**

Store No.	Store	Banner	Address	City	State	Zip Code	Lease Expiration Date	Type	Square Ft
6100	PPY Toronto Dominion	Papyrus	317 - 7TH AVENUE SW, UNIT 161	CALGARY	AB	T2P 2Y9	8/31/2020		1,486
5745	Ccr South Centre	AG Canada	26A 100 ANDERSON SE	CALGARY	AB	T2J 3V1	2/29/2020	MALL	2,545
5744	Ccr Market Mall	AG Canada	3625 SHAGANAPPI TR N.W. UNIT P048	CALGARY	AB	T3A 0E2	1/31/2020	MALL	2,523
6118	Chinook	Papyrus	6455 MACLEOD TRAIL SW, SPACE #283	CALGARY	AB	T2H 0K8	5/31/2022	MALL	1,440
6104	Southgate Centre	Papyrus	#51, 5015-111 STREET NW, SPACE 320	EDMONTON	AB	T6H-4M6	1/31/2022		1,461
6103	Edmonton City Ct	Papyrus	101 ST & 102 ST, SUITE 0020	EDMONTON	AB	T5J 2Y7	2/28/2022		2,555
5102	Ccr Kingsway Garden	AG Canada	680 109 ST.	EDMONTON	AB	T5G 3A6	2/28/2019		1,357
5112	Ccr Bonnie Doon	AG Canada	83RD ST.& 82ND AVE. UNIT #161	EDMONTON	AB	T6C 4E3	3/31/2020		1,544
5117	Ccr West Edmonton	AG Canada	8882 170TH ST N. UNIT #2908	EDMONTON	AB	T5T 4J2	6/30/2020	MALL	1,831
5836	Ccr Park Place	AG Canada	501 FIRST AVENUE SOUTH - UNIT A12	LETHBRIDGE	AB	T1J 4L9	1/31/2021		1,448
5202	Ccr Sherwood Park Mall	AG Canada	2020 SHERWOOD DRIVE UNIT#62	SHERWOOD PARK	AB	T8A 3H9	2/29/2020	MALL	2,275
5759	Ccr St Albert Centre	AG Canada	375 ST. ALBERT ROAD	ST. ALBERT	AB	T8N 3K8	2/29/2020		1,977
5715	Ccr Cottonwood Mall	AG Canada	45585 LUCKAKUCK WAY	CHILLIWACK	BC	V2R 1A1	2/28/2019	MALL	2,553
5722	Ccr Aberdeen Mall	AG Canada	1320 TRANS CDA HWY W	KAMLOOPS	BC	V1S 1J2	2/28/2022	MALL	1,604
5152	Ccr Willowbrook Ctr	AG Canada	19705 FRASER HIGHWAY	LANGLEY	BC	V3A 7E9	1/31/2020	MALL	2,295
5175	Ccr Woodgrove Centre	AG Canada	285 6631 ISLAND HWY NORTH UNIT 51C	NANAIMO	BC	V9T 4T7	2/29/2020		2,025
5155	Ccr Coquitlam Centre	AG Canada	2929 BARNET HWY	PORT COQUITLAM	BC	V3B 5R5	1/31/2020	MALL	1,936
5721	Ccr Central City	AG Canada	2720 CENTRAL CITY UNIT M715	SURREY	BC	V3T 2W1	2/28/2023		1,601
6130	Oakridge	Papyrus	650 West 41st Avenue	VANCOUVER	BC	V5Z 2 M9	1/31/2024	MALL	1,277
6110	Burrard Street*k	Papyrus	765 Burrard Street	Vancouver	BC	V6Z 1X6	2/29/2024	STREET	1,081
5170	Ccr Bentall Centre	AG Canada	UNIT 112, 505 BURRAND ST., BOX 49	VANCOUVER	BC	V7X 1B1	2/28/2019	MALL	959
5705	Ccr Village Green	AG Canada	4900-27TH ST.	VERNON	BC	V1T 7G7	2/28/2021		1,978
5156	Ccr Westshore	AG Canada	2945 JACKLIN ROAD	VICTORIA	BC	V9B 5E3	2/29/2020		1,161
5227	Ccr Polo Park	AG Canada	1485 PORTAGE AVENUE	WINNIPEG	MB	R3G 0W4	2/29/2020		2,460
5784	Ccr Kildonan Place	AG Canada	1555 REGENT AVE W	WINNIPEG	MB	R2C 4J2	1/31/2020		2,091
5302	Ccr City Place	AG Canada	333 ST MARY AVE-UNIT 55	WINNIPEG	MB	R3C 1M8	2/29/2020		1,913
5878	Ccr Corner Brook	AG Canada	44 MAPLE VALLEY ROAD	CORNER BROOK	NL	A2H 6L8	2/28/2019		1,312
5300	Ccr Avalon Mall	AG Canada	48 KENMOUNT ROAD	ST.JOHN'S	NL	A1B 1W3	2/28/2019	MALL	2,299
5326	Ccr Micmac Mall	AG Canada	21 MICMAC BLVD	DARTMOUTH	NS	B3A 4N3	1/31/2020	MALL	1,465
5783	Ccr Halifax Centre	AG Canada	7001 MUMFORD ROAD UNIT 121	HALIFAX	NS	B3L 2H8	1/31/2026	MALL	1,946
5602	Ccr Scotia Square	AG Canada	5201 DUKE STREET	HALIFAX	NS	B3J 1N9	2/29/2020		2,045
5887	Ccr Mayflower Mall	AG Canada	800 GRAND LAKE RD.	SYDNEY	NS	B1P 6S9	1/31/2020	MALL	2,362
5782	Ccr Yarmouth Mall	AG Canada	76 STARRS ROAD UNIT 21	YARMOUTH	NS	B5A 2T5	2/29/2020	MALL	1,930
5819	Ccr Maplevue Centre	AG Canada	900 MAPLE AVENUE	BURLINGTON	ON	L7S 2J8	1/31/2021		2,959
5423	Ccr Cambridge Ctr	AG Canada	355 HESPELER RD.	CAMBRIDGE	ON	N1R 6B3	12/31/2019	MALL	2,014
5735	Ccr Stone Road Mall	AG Canada	435 STONE RD. WEST	GUELPH	ON	N1G 2X6	12/31/2026		1,939
6111	Lime Ridge Mall	Papyrus	999 UPPER WENTWORTH ST	HAMILTON	ON	L9A 4X5	7/31/2022	MALL	2,317
5340	Ccr Jackson Square	AG Canada	2 KING ST. W. UNIT 00146	HAMILTON	ON	L8P 1A1	2/28/2019	MALL	1,776
5382	Ccr Fairview Park	AG Canada	2960 KINGSWAY DRIVE G007	KITCHENER	ON	N2C 1X1	2/29/2020	MALL	1,451
5372	Ccr White Oaks Mall	AG Canada	1105 WELLINGTON ROAD SPACE 77	LONDON	ON	N6E 1V4	5/31/2024	MALL	2,050
5459	Ccr Cherryhill Villa	AG Canada	301 OXFORD STREET WEST UNIT #58	LONDON	ON	N6H 1S6	5/31/2022		1,566
5402	Ccr Westmount Mall	AG Canada	785 WONDERLAND RD, SPACE C6	LONDON	ON	N6K 1M6	1/31/2020	MALL	2,189
6113	Markville Centre	Papyrus	5000 HWY#7 E (AT MCCOWAN)	MARKHAM	ON	L3R 4M9	2/28/2022	MALL	2,050
6124	Square One	Papyrus	100 CITY CENTRE DR. UNIT 1-823	MISSISSAUGA	ON	L5B 2C9	2/28/2026	MALL	1,360
5362	Ccr Erin Mills Ctr	AG Canada	5100 ERIN MILLS PARKWAY	MISSISSAUGA	ON	L5M 4Z5	2/28/2019	MALL	1,796
5431	Ccr Bayshore Centre	AG Canada	100 BAYSHORE DRIVE UNIT CC1D	NEPEAN	ON	K2B 8C1	4/30/2022		2,278
5460	Ccr Seaway Mall	AG Canada	800 NIAGARA STREET NORTH L8B	WELLAND	ON	L3C 5Z4	8/31/2020		2,117
5405	Ccr Place D'Orleans	AG Canada	110 PLACE D'ORLEAN DRIVE	ORLEANS	ON	K1C 2L9	12/31/2021		1,893
5739	Ccr Oshawa Centre	AG Canada	419 KING ST W.	OSHAWA	ON	L1J 2K5	2/29/2020	MALL	3,186

5396	Ccr Billingsbridge	AG Canada	2269 RIVERSIDE DRIVE UNIT 28	OTTAWA	ON	K1H 8K2	1/31/2024		1,883
6701	St. Laurent	Papyrus	1200 ST. LAURENT BLVD, UNIT G530	OTTAWA	ON	K1K 3B8	7/31/2023		1,944
5430	Ccr Carlingwood Mall	AG Canada	2121 CARLINGWOOD AVE UNIT #43	OTTAWA	ON	K2A 1H2	5/31/2022		1,827
5756	Ccr Pickering Town	AG Canada	1355 KINGSTON RD. UNIT#146	PICKERING	ON	L1V 1B8	2/28/2019	MALL	2,242
5410	Ccr Hillcrest Mall	AG Canada	9350 YONGE STREET	RICHMOND HILL	ON	L4C 5G2	2/28/2019	MALL	2,872
5445	Ccr Eglinton Centre	AG Canada	8 LEBOVIC AVENUE UNIT 5	SCARBOROUGH	ON	M1L 4V9	2/28/2022		3,858
5381	Ccr Pen Centre	AG Canada	221 GLENDALE AVE. UNIT #106A	ST. CATHARINES	ON	L2T 2K9	3/31/2021		2,607
5341	Ccr Eastgate Square	AG Canada	75 CENTENNIAL PKWY N	STONEY CREEK	ON	L8E 2P2	2/28/2021		2,615
5380	Ccr The Promenade	AG Canada	1 PROMENADE CIRCLE	THORNHILL	ON	L4J 4P8	3/31/2021		1,661
5436	Ccr Intercitycentre	AG Canada	1000 FORT WILLIAM ROAD	THUNDER BAY	ON	P7B 6B9	2/28/2021		1,794
6105	Bayview Village	Papyrus	2901 BAYVIEW AVENUE, SPACE #22D	TORONTO	ON	M2K 1E6	1/31/2022		1,000
6106	Yorkdale	Papyrus	1 YORKDALE ROAD, SPACE 302	TORONTO	ON	M6A 3A1	2/28/2023	MALL	1,725
6131	TD Centre Path	Papyrus	66 WELLINGTON STREET WEST	TORONTO	ON	M5K 1G8	12/31/2022		1,894
6102	Scotia Plaza	Papyrus	40 KING STREET WEST	TORONTO	ON	M5H 3Y2	2/28/2030		1,137
6101	Brookfield Place	Papyrus	161 BAY STREET	TORONTO	ON	M5J 2S1	2/28/2025		1,339
6117	Metro Centre	Papyrus	200 WELLINGTON STREET WEST	TORONTO	ON	M5V 3C7	2/28/2023		1,237
5376	Ccr Exchange Tower	AG Canada	130 KING ST WEST CONCOURSE LVL CW6	TORONTO	ON	M5X 1C9	2/28/2019		791
5827	Ccr College Park. NC	AG Canada	444 YONGE STREET UNIT #F2	TORONTO	ON	M5B 2H4	2/28/2019		2,150
6128	Yonge- Eglinton	Papyrus	2300 YONGE STREET, SUITE C034	TORONTO	ON	M4P 1E4	5/31/2022	STREET	1,895
5499	Ccr De Hull Galleries	AG Canada	320 ST. JOSEPH BLVD.	GATINEAU	QC	J8Y 3Y8	1/31/2020	MALL	1,022
5464	Ccr Place Du Centre	AG Canada	200 PROMENADE DU PORTAGE	GATINEAU	QC	J8X 4B7	2/29/2020		2,101
5473	Ccr Chagnon Gallerie	AG Canada	1200 BOUL. ALPHONSE-DESJARDINS BLVD	LEVIS	QC	G6V 6Y8	2/28/2019	MALL	1,195
6129	Place Ville Marie	Papyrus	1 PLACE VILLE MARIE #11254 BOUTIQUE	MONTREAL	QC	H3B 3Y1	6/30/2024		1,155
5440	Ccr Place Alexis Nih	AG Canada	1500 ATWATER ST.	MONTREAL	QC	H3Z 1X5	4/30/2019	MALL	1,944
6114	Fairview Pointe	Papyrus	6815 TRANS CANADA HWY, SPACE E001B	POINTE-CLAIRE	QC	H9R 1C4	6/30/2021	MALL	2,108
5529	Ccr Southland Mall	AG Canada	2965 GORDON ROAD	REGINA	SK	S4S 6H7	6/30/2021	MALL	1,890
5530	Lawson Heights*c	AG Canada	134 PRIMROSE DRIVE	SASKATOON	SK	S7K 5S6	2/28/2020		2,090
5762	Ccr Market Centre*c	AG Canada	2325 PRESTON AVENUE	SASKATOON	SK	S7J 2G2	2/28/2019	MALL	1,653
2333	Biltmore Fashion Park	Papyrus	2502 E. CAMELBACK ROAD, SPACE 179	PHOENIX	AZ	85016	4/30/2021	MALL	1,001
2337	Kierland Commons	Papyrus	15204 N. SCOTTSDALE RD. SPACE 120G1A	SCOTTSDALE	AZ	85254	1/31/2022	LIFESTYLE	1,307
2249	Scottsdale Fashion Square	Papyrus	7014 E CAMELBACK RD., SUITE 2212	SCOTTSDALE	AZ	85251-1227	2/28/2019	MALL	1,374
2296	La Encantada	Papyrus	2905 SKYLINE DRIVE, SPACE 271	TUCSON	AZ	85718	1/31/2022	MALL	1,302
2116	College Avenue	Papyrus	2924 COLLEGE AVENUE	BERKELEY	CA	94705	1/31/2020	STREET	990
2119	Fourth Street	Papyrus	1793 FOURTH STREET	BERKELEY	CA	94710	4/30/2021	STREET	775
2189	Brea Mall	Papyrus	2106 BREA MALL	BREA	CA	92821	1/31/2020	MALL	875
2280	Burlingame	Papyrus	1227 BURLINGAME AVENUE	BURLINGAME	CA	94010	7/31/2021	STREET	1,925
2163	Topanga Plaza	Papyrus	6600 TOPANGA CANYON BLVD., SPC 24A	CANOGA PARK	CA	91303	1/31/2023	MALL	1,345
2312	Los Cerritos	Papyrus	347 LOS CERRITOS CENTER	LOS CERRITOS	CA	90703	1/31/2021	MALL	700
2185	The Village at Corte Madera	Papyrus	1726 REDWOOD HIGHWAY	CORTE MADERA	CA	94925	1/31/2021	MALL	1,071
2259	South Coast Plaza	Papyrus	3333 BRISTOL AVE., SUITE 2855	COSTA MESA	CA	92626	1/31/2025	MALL	1,172
2178	Danville	Papyrus	522 Hartz Avenue Suite B	DANVILLE	CA	94526	2/28/2026	STREET	1,168
2358	Del Amo Mall	Papyrus	21712 HAWTHORNE BLVD., #214C	TORRANCE	CA	90503	2/28/2025	MALL	1,223
2188	Glendale Galleria	Papyrus	1116 GLENDALE GALLERIA	GLENDALE	CA	91210	6/30/2022	MALL	1,016
2349	Lafayette	Papyrus	3645-C MT. DIABLO BOULEVARD	LAFAYETTE	CA	94549	12/31/2019	STREET	1,150
2217	Belmont Shore	Papyrus	5259 EAST 2nd STREET	LONG BEACH	CA	90803-5327	2/29/2020	STREET	1,280
2201	Century City	Papyrus	10250 SANTA MONICA BLVD., SPACE 105	LOS ANGELES	CA	90067	1/31/2028	MALL	1,065
2231	Beverly Center	Papyrus	8522 BEVERLY BLVD., STE 689	LOS ANGELES	CA	90048	1/31/2022	MALL	1,087
2222	Metlox	Papyrus	451 MANHATTAN BEACH BLVD., STE B104	MANHATTAN BEACH	CA	90266	12/31/2019	STREET	995
2262	Mission Viejo	Papyrus	226 THE SHOPS AT MISSION VIEJO	MISSION VIEJO	CA	92691	1/31/2020	MALL	1,274
2277	Silverado Plaza*c	Papyrus	627 TRANCAS STREET	NAPA	CA	94558	1/31/2021	LIFESTYLE	1,077
2124	Stanford Shopping Center	Papyrus	11 STANFORD SHOPPING CENTER	PALO ALTO	CA	94304	3/31/2022	MALL	1,369
2177	Stoneridge Mall	Papyrus	2305 STONERIDGE MALL	PLEASANTON	CA	94588	1/31/2021	MALL	941
2113	Arden Fair Mall	Papyrus	1689 ARDEN WAY, SUITE 1309	SACRAMENTO	CA	95815	1/31/2022	MALL	1,640
2227	University Town Center	Papyrus	4445 LA JOLLA VILLAGE DR, SPACE H15	SAN DIEGO	CA	92122	2/28/2019	MALL	1,000
2274	Del Mar Highlands	Papyrus	3485 DEL MAR HEIGHTS DRIVE, #A	SAN DIEGO	CA	92130	1/31/2023	LIFESTYLE	2,598
2174	Fashion Valley Center	Papyrus	7007 FRIARS ROAD, #811	SAN DIEGO	CA	92108	1/31/2023	MALL	1,294
2219	Montgomery Street	Papyrus	243 MONTGOMERY STREET	SAN FRANCISCO	CA	94104-2901	5/31/2025	STREET	877

2108	Embarcadero Center	Papyrus	TWO EMBARCADERO, LOBBY LEVEL	SAN FRANCISCO	CA	94111	2/28/2021	MALL	1,496
2161	Laurel Village	Papyrus	3525 CALIFORNIA STREET	SAN FRANCISCO	CA	94118	1/31/2029	STREET	1,660
97	Market St Building	AG US	333 MARKET STREET BUILDING	SAN FRANCISCO	CA	94105	2/28/2023	STREET	2,202
2111	Battery Street	Papyrus	111 BATTERY STREET	SAN FRANCISCO	CA	94111	12/31/2023	STREET	603
2166	San Francisco Center	Papyrus	865 MARKET STREET, SUITE 312	SAN FRANCISCO	CA	94103	2/28/2021	MALL	870
2179	New Montgomery Street	Papyrus	90 NEW MONTGOMERY STREET	SAN FRANCISCO	CA	94105	1/31/2028	STREET	493
2197	Stonestown Galleria	Papyrus	3251 20th AVENUE SPACE 166	SAN FRANCISCO	CA	94132	2/28/2021	MALL	1,500
2112	Fillmore Street*c	Papyrus	2109 FILLMORE STREET	SAN FRANCISCO	CA	94115	5/31/2020	STREET	696
2126	Union Street	Papyrus	1888 UNION STREET	SAN FRANCISCO	CA	94123	12/31/2021	STREET	1,100
2267	San Luis Obispo	Papyrus	895 HIGUERA STREET, SPACE #D-2	SAN LUIS OBISPO	CA	93401	1/31/2020	STREET	1,085
2370	Santa Anita	Papyrus	400 SOUTH BALDWIN AVENUE, #231-E19	ARCADIA	CA	91007	1/31/2025	MALL	715
2338	La Cumbre	Papyrus	121 SOUTH HOPE AVENUE, SPACE #E148	SANTA BARBARA	CA	93105	1/31/2022	MALL	1,558
2214	Montana Avenue	Papyrus	1412 MONTANA AVENUE	SANTA MONICA	CA	90403-1711	1/31/2020	STREET	1,100
2205	Third Street Promenade	Papyrus	1458 3rd STREET	SANTA MONICA	CA	90401-2322	8/31/2019	STREET	1,240
2258	Sherman Oaks	Papyrus	14006 RIVERSIDE DRIVE, SPACE 219	SHERMAN OAKS	CA	91423	1/31/2027	MALL	926
2191	Ventura Boulevard	Papyrus	12142 VENTURA BLVD.	STUDIO CITY	CA	91604	1/31/2022	STREET	1,759
2322	Temecula*k	Papyrus	40770 WINCHESTER ROAD, SPACE 780	TEMECULA	CA	92591	12/31/2019	MALL	2,069
2187	The Oaks Shopping Center	Papyrus	464 WEST HILLCREST DRIVE	THOUSAND OAKS	CA	91360	3/31/2022	MALL	1,342
2377	Broadway Plaza	Papyrus	15 Broadway Lane	WALNUT CREEK	CA	94596	5/31/2026	MALL	1,348
2245	Flat Iron Crossing	Papyrus	1 WEST FLAT IRON CIRCLE, SPACE 1041	BROOMFIELD	CO	80021-8881	1/31/2022	MALL	1,010
2151	Cherry Creek Mall	Papyrus	3000 E. 1st AVENUE, SUITE 129	DENVER	CO	80206	1/31/2024	MALL	1,321
2374	Denver Pavilions	Papyrus	500 16TH STREET, SPACE 132	DENVER	CO	80202	1/31/2022	MALL	802
2141	Park Meadows	Papyrus	8505 PARK MEADOWS CNTR DR., #2113	LONE TREE	CO	80124	1/31/2026	MALL	1,921
2364	Danbury Mall	Papyrus	7 BACKUS AVENUE, SPACE D103	DANBURY	CT	06810	1/31/2025	MALL	1,028
2145	Westfarms Mall	Papyrus	408 WESTFARMS, SPACE C124	FARMINGTON	CT	06032	1/31/2024	MALL	1,377
2285	Greenwich	Papyrus	268 GREENWICH AVENUE	GREENWICH	CT	06830	1/31/2023	STREET	1,600
2301	New Canaan	Papyrus	32 ELM STREET	NEW CANAAN	CT	06840	1/31/2020	STREET	2,800
2182	Stamford Town Center	Papyrus	100 GREYLOCK, SPACE G209	STAMFORD	CT	06901	1/31/2022	MALL	1,499
2195	Westport	Papyrus	178 MAIN STREET	WESTPORT	CT	06880	2/28/2019	STREET	1,100
2375	Columbia Square	Papyrus	1270 F Street NW	Washington	DC	20004	8/31/2026		1,023
2221	Georgetown	Papyrus	1300 WISCONSIN AVENUE	WASHINGTON	DC	20007-3310	1/31/2020	STREET	999
2202	Union Station	Papyrus	40 MASSACHUSETTES AVE. NE, #T-18	WASHINGTON	DC	20002	2/28/2022	OTHER	969
2376	Boca Town Center	Papyrus	6000 Glades Road Space 1015B	BOCA RATON	FL	33431	5/31/2027	MALL	791
1701	Broward Mall	Papyrus	8000 W. BROWARD BOULEVARD	PLANTATION	FL	33388	2/28/2023	MALL	1,254
2134	The Falls	Papyrus	8888 SW 136th STREET, SUITE 431	MIAMI	FL	33176	1/31/2020	MALL	1,225
2311	Waterside Shops	Papyrus	5435 TAMiami TRAIL NORTH, SUITE C-2	NAPELS	FL	34108	2/28/2021	LIFESTYLE	1,563
2354	Millenia	Papyrus	4200 CONROY ROAD	ORLANDO	FL	32839	2/29/2024	MALL	1,632
2128	The Gardens	Papyrus	3101 PGA BLVD.,SPACE Q203	PALM BEACH GARDENS	FL	33410	2/28/2022	MALL	1,361
2345	Sarasota	Papyrus	140 University Town Center Drive, Space 149	Sarasota	FL	34243	1/31/2024	MALL	1,201
2332	International Plaza	Papyrus	2223 N. WEST SHORE BLVD., SPACE 156	TAMPA	FL	33607	1/31/2020	MALL	2,500
2204	Lenox Square	Papyrus	3393 PEACHTREE ROAD NE SPACE 4001	ATLANTA	GA	30326-1162	1/31/2027	MALL	991
2324	Phipps Plaza	Papyrus	3500 PEACHTREE ROAD NE SUITE 1047B	ATLANTA	GA	30326	6/30/2027	MALL	1,242
2241	Ala Moana Center	Papyrus	1450 ALA MOANA BLVD., #2011	HONOLULU	HI	96814	12/31/2023	MALL	1,852
2381	International Market Place	Papyrus	2330 KALAKAUA AVENUE	HONOLULU	HI	96815	8/31/2026	MALL	945
2220	La Salle Street	Papyrus	10 SOUTH LASALLE STREET	CHICAGO	IL	60603	2/28/2025	STREET	1,182
2303	Northbridge	Papyrus	520 N MICHIGAN AVENUE, #222	CHICAGO	IL	60611	1/31/2023	MALL	1,039
2257	Water Tower	Papyrus	835 N. MICHIGAN AVE., LEVEL 6	CHICAGO	IL	60611	1/31/2021	MALL	1,200
2253	Northbrook Court	Papyrus	1268 NORTHBROOK COURT	NORTHBROOK	IL	60062	1/31/2021	MALL	1,023
2243	Oakbrook	Papyrus	226 OAKBROOK CENTER,	OAK BROOK	IL	60523	1/31/2023	MALL	1,150
2242	Old Orchard	Papyrus	4999 OLD ORCHARD CENTER #K-24	SKOKIE	IL	60077	1/31/2023	MALL	1,100
2228	Fashion Mall at Keystone	Papyrus	8702 KEYSTONE CROSSING, SPACE 147	INDIANAPOLIS	IN	46240	1/31/2026	MALL	1,396
2373	University Park Mall	Papyrus	6501 GRAPE ROAD, ROOM 290	MISHAWAKA	IN	46545	1/31/2026	MALL	1,085
2183	Prudential Center	Papyrus	800 BOYLSTON STREET, #413	BOSTON	MA	02199	6/30/2026	MALL	1,272
2173	Franklin Steet	Papyrus	70 FRANKLIN STREET	BOSTON	MA	02110	7/31/2027	STREET	900
2340	Chestnut Hill	Papyrus	199 BOYLSTON STREET, SPACE # S203A	CHESTNUT HILL	MA	02467	2/28/2022	MALL	1,500
2344	Wellesley	Papyrus	63 CENTRAL STREET, GROUND FLOOR	WELLESLEY	MA	02482	2/29/2028	STREET	964
2315	Tremont Street	Papyrus	28 TREMONT STREET	BOSTON	MA	02108	2/28/2021	STREET	2,168




2341	Southshore	Papyrus	250 GRANITE STREET, SUITE 2031	BRAINTREE	MA	02031	9/30/2024	MALL	1,102
2198	Burlington Mall	Papyrus	75 MIDDLESEX ST., SPACE 1072	BURLINGTON	MA	01803-4108	4/30/2024	MALL	1,198
2216	Harvard Square*	Papyrus	18 JFK STREET	CAMBRIDGE	MA	02138	1/31/2020	STREET	1,375
2184	Natick Mall	Papyrus	1178 NATICK MALL	NATICK	MA	01760	1/31/2025	MALL	1,275
2366	North Shore	Papyrus	210 ANDOVER STREET, SPACE E131D	PEABODY	MA	01960	1/31/2026	MALL	1,100
2342	PPY Annapolis Mall	Papyrus	1730 ANNAPOLIS MALL, SPACE 48	ANNAPOLIS	MD	21401	1/31/2022	MALL	1,358
2136	Montgomery Mall	Papyrus	7101 DEMOCRACY BLVD., SUITE 2504	BETHESDA	MD	20817	1/31/2028	MALL	1,499
2248	Chevy Chase	Papyrus	5457 WISCONSIN AVENUE	CHEVY CHASE	MD	20815	5/31/2021	LIFESTYLE	1,231
2306	Mall at Columbia	Papyrus	10300 LITTLE PATUXENT PARKWAY	COLUMBIA	MD	21044	2/28/2027	MALL	1,100
330	g Mall in Columbia	AG US	10300 LITTLE PATUXENT PKWY SP 1015	COLUMBIA	MD	21044	2/29/2020	MALL	3,684
2121	Towson Town Center	Papyrus	825 DULANEY VALLEY RD., #376	TOWSON	MD	21204	2/28/2022	MALL	1,110
2327	PPY Maine Mall	Papyrus	364 MAINE MALL ROAD, SPACE S153	SOUTH PORTLAND	ME	04106	1/31/2021	MALL	1,762
2293	Briarwood Mall	Papyrus	250 BRIARWOOD CIRCLE, SPACE G-115	ANN ARBOR	MI	48108	1/31/2020	MALL	1,896
2268	Partridge Creek	Papyrus	17370 HALL ROAD, #108A	CLINTON TOWNSHIP	MI	48038	1/31/2022	MALL	1,100
2137	Twelve Oaks Mall	Papyrus	27832 NOVI ROAD, SPACE E-112	NOVI	MI	48377	1/31/2022	MALL	1,379
2129	Somerset Collection	Papyrus	2800 BIG BEAVER RD., SUITE S-226	TROY	MI	48084	1/31/2028	MALL	1,261
2223	Galleria II	Papyrus	3600 GALLERIA II	EDINA	MN	55435	2/28/2023	MALL	1,562
2319	Ridgedale Mall	Papyrus	12623 WAYZATA BLVD., SPACE #2035	MINNETONKA	MN	55305	3/31/2021	MALL	1,468
2310	St. Louis Galleria	Papyrus	1155 ST. LOUIS GALLERIA, #1471	ST. LOUIS	MO	63117	4/30/2020	MALL	1,442
2362	South Park NC	Papyrus	4400 SHARON ROAD, G29A	CHARLOTTE	NC	28211	2/28/2024	MALL	1,420
2347	Streets @ Southpoint	Papyrus	6910 FAYETTEVILLE ROAD, SPACE 113	DURHAM	NC	27713	1/31/2023	MALL	1,760
2357	Crabtree Valley	Papyrus	4325 GLENWOOD AVE, SPACE 1032	RALEIGH	NC	27612	12/31/2022	MALL	903
2361	Rockingham Park	Papyrus	99 ROCKINGHAM PARK BVLD., SP W145A	SALEM	NH	03079	1/31/2026	MALL	1,753
2135	Bridgewater Commons	Papyrus	400 COMMONS WAY, SUITE 282	BRIDGEWATER	NJ	08807	1/31/2025	MALL	1,099
2275	Streets of Chester, NJ	Papyrus	240 STATE ROUTE 206 SOUTH	CHESTER	NJ	07930	2/28/2019	LIFESTYLE	1,900
637	g Menlo Park Mall	AG US	55 PARSONAGE ROAD UNIT 339	EDISON	NJ	08837-2497	2/28/2020	MALL	3,965
2123	Riverside Square	Papyrus	244 RIVERSIDE SQUARE, SPACE 87	HACKENSACK	NJ	07601	2/28/2022	MALL	1,733
2289	Newport Center	Papyrus	30 MALL DRIVE W	KERSEY CENTRE	NJ	07310	8/31/2028	MALL	913
2286	Marlton Square	Papyrus	300 S.R. 73. UNIT #2	MARLTON	NJ	08053	1/31/2025	LIFESTYLE	1,361
2130	Garden State Plaza	Papyrus	ONE GARDEN STATE PLAZA, SPACE 1055	PARAMUS	NJ	07652	1/31/2021	MALL	1,386
2295	Ridgewood Ave.	Papyrus	76 EAST RIDGEWOOD AVENUE, GROUND FL	RIDGEWOOD	NJ	07450	7/31/2020	STREET	3,258
2125	The Mall at Short Hills	Papyrus	1200 MORRIS TURNKPIKE, SUITE A-117	SHORT HILLS	NJ	07078	1/31/2028	MALL	1,678
626	Ocean County	AG US	1201 HOOPER AVENUE SPACE 1013	TOMS RIVER	NJ	08753	6/30/2020	MALL	2,906
2335	Fashion Show Mall	Papyrus	3200 LAS VEGAS BLVD, SPACE 2345	LAS VEGAS	NV	89109	3/31/2022	MALL	1,168
2238	Meadowood Mall	Papyrus	5195 MEADOWOOD MALL CIRCLE, #F131	RENO	NV	89502	1/31/2020	MALL	1,146
2199	Bronxville	Papyrus	72 PONDFIELD ROAD	BRONXVILLE	NY	10708-3801	8/31/2019	STREET	1,888
2359	Walden	Papyrus	A112 WALDEN GALLERIA	BUFFALO	NY	14225	1/31/2024	MALL	1,320
2133	Roosevelt Field Mall	Papyrus	630 OLD COUNTRY RD., SPACE 2095	GARDEN CITY	NY	11530	4/30/2023	MALL	1,051
625	Smith Haven Mall	AG US	185 SMITH HAVEN MALL (MACY'S WING)	LAKE GROVE	NY	11755	1/31/2020	MALL	5,001
2298	54th & Park	Papyrus	400 PARK AVENUE, GROUND FLOOR	NEW YORK	NY	10022	1/31/2022	STREET	1,200
2149	Grand Central Station	Papyrus	107 E. 42nd STREET, #MC29	NEW YORK	NY	10017	1/31/2026	OTHER	958
2351	Time Warner NY	Papyrus	10 COLUMBUS CIRCLE, #307B	NEW YORK	NY	10019	1/31/2023	MALL	1,750
2305	22nd & Broadway	Papyrus	940 BROADWAY, GROUND FLOOR	NEW YORK	NY	10010	1/31/2028	STREET	775
2379	1359 Broadway	Papyrus	1359 Broadway	NEW YORK	NY	10018	8/31/2026	STREET	804
2343	25th & 7th Avenue	Papyrus	275 7TH AVENUE	NEW YORK	NY	10001	12/30/2020	STREET	1,994
2372	86th & Lexington	Papyrus	1291 LEXINGTON AVENUE	NEW YORK	NY	10028	10/4/2027	STREET	957
2346	First Avenue	Papyrus	1285 FIRST AVENUE, GROUND FLOOR	NEW YORK	NY	10021	1/31/2022	STREET	1,082
2371	Turnstyles/Columbus Circle	Papyrus	1000 S EIGHT AVENUE, SPACE #10	NEW YORK	NY	10019	6/30/2025		561
2215	Rockefeller Center	Papyrus	1250 AVENUE OF THE AMERICAS, SP 1	NEW YORK	NY	10020	3/31/2019	STREET	1,076
2213	Broadway at 76th	Papyrus	2157 BROADWAY	NEW YORK	NY	10023	3/31/2024	STREET	944
2246	Broadway at 8th	Papyrus	753 BROADWAY	NEW YORK	NY	10003-6810	2/28/2026		892
2234	Lexington Avenue	Papyrus	852 LEXINGTON AVENUE	NEW YORK	NY	10065	12/31/2020	STREET	1,600
2355	6th & 21st Street	Papyrus	655 AVENUE OF THE AMERICAS	NEW YORK	NY	10010	1/31/2025	STREET	1,372
2382	Penn Station	Papyrus	One Penn Plaza Suite W-111B	New York	NY	10119	1/31/2028	OTHER	834
2233	Third Avenue	Papyrus	1270 THIRD AVENUE	NEW YORK	NY	10021	3/31/2023	STREET	1,300
2304	Columbus Avenue	Papyrus	209 COLUMBUS AVENUE	NEW YORK	NY	10023	1/31/2022	STREET	800
660	Maiden Lane	AG US	33 MAIDEN LANE	NEW YORK	NY	10038	12/31/2023	STREET	2,610

2240	Woolworth	Papyrus	233 BROADWAY, GROUND FLOOR	NEW YORK	NY	10279	1/31/2027	STREET	1,031
2365	World Trade Center	Papyrus	185 GREENWICH STREET	NEW YORK	NY	10006	8/31/2026	OTHER	1,361
2302	SoHo	Papyrus	73 SPRING STREET	NEW YORK	NY	10012	4/30/2028	STREET	2,500
2369	Tribeca	Papyrus	149 READE STREET	NEW YORK	NY	10013	6/30/2025	STREET	769
2276	96th & Madison	Papyrus	1380-88 MADISON AVENUE	NEW YORK	NY	10029-6903	1/31/2022	STREET	1,214
2356	Eastview	Papyrus	526 EASTVIEW MALL	VICTOR	NY	14564	5/31/2024	MALL	1,099
2237	Purchase Street	Papyrus	31 PURCHASE STREET #1A	RYE	NY	10580-3013	8/31/2020	STREET	963
2288	Vernon Hills	Papyrus	696 WHITE PLAINS ROAD	SCARSDALE	NY	10583	3/31/2021	LIFESTYLE	2,066
2348	Carousel	Papyrus	1 Destiny USA Drive, Suite 208	SYRACUSE	NY	13204	1/31/2023	MALL	1,388
2360	Palisades Center	Papyrus	2771 PALISADES CENTER DRIVE	WEST NYACK	NY	10994	1/31/2024	MALL	1,200
2225	The Westchester	Papyrus	125 WESTCHESTER AVE., SPACE 303B	WHITE PLAINS	NY	10601	4/30/2023	MALL	1,731
2367	Ridge Hill	Papyrus	166 MARKET STREET	YONKERS	NY	10710	1/31/2026	MALL	886
2146	Beachwood Place	Papyrus	26300 CEDAR ROAD, SPACE 2245	BEACHWOOD	OH	44122-1176	1/31/2021	MALL	1,136
89	Tower City Ctr	AG US	230 W. HURON ROAD	CLEVELAND	OH	44113	2/28/2019	MALL	2,500
2316	Southpark	Papyrus	GL22 SOUTH PARK CENTER	STRONGVILLE	OH	44136	2/29/2020	MALL	1,602
2378	Crocker Park	Papyrus	243 Main Street	WESTLAKE	OH	44145	1/31/2027	LIFESTYLE	1,093
2218	Washington Square	Papyrus	9374 SW WASHINGTON SQ. ROAD	TIGARD	OR	97223-4450	4/30/2026	MALL	1,196
2207	King of Prussia	Papyrus	160 NORTH GULPH ROAD, SPACE 2156-B	KING OF PRUSSIA	PA	19406	2/29/2020	MALL	1,000
2211	South 17th Street	Papyrus	211 SOUTH 17th STREET	PHILADELPHIA	PA	19103-6316	1/31/2020	STREET	2,548
482	Robinson	AG US	2890 ROBINSON DRIVE	PITTSBURGH	PA	15205	1/31/2020	MALL	3,075
478	South Hills Village	AG US	181 FORT COUCH ROAD	BETHEL PARK	PA	15241	2/28/2021	MALL	1,631
2339	Lehigh Valley	Papyrus	104 LEHIGH VALLEY MALL, SPACE 1072A	WHITEHALL	PA	18052	2/28/2022	MALL	1,237
2172	North Park Center	Papyrus	1460 NORTHPARK CENTER	DALLAS	TX	75225	1/31/2028	MALL	1,206
2170	Dallas Galleria	Papyrus	13350 DALLAS PARKWAY, SUITE 2695	DALLAS	TX	75240	1/31/2020	MALL	1,102
1706	Stonebriar Centre	Papyrus	2601 PRESTON ROAD, SUITE 1022	FRISCO	TX	75034	1/31/2025	MALL	1,463
2252	Houston Galleria	Papyrus	5061 WESTHEIMER ROAD, SUITE 8000	HOUSTON	TX	77056	1/31/2020	MALL	1,159
2261	Willowbend	Papyrus	6121 W.PARK BOULEVARD, BLDG C	PLANO	TX	75093	1/31/2021	MALL	1,499
2336	City Creek	Papyrus	51 SOUTH MAIN STREET, SPACE 133	SALT LAKE CITY	UT	84101	1/31/2020	MALL	1,351
2232	King Street	Papyrus	721 KING STREET	ALEXANDRIA	VA	22314-3014	3/31/2020	STREET	1,864
2127	Fashion Center at Pentagon	Papyrus	1100 SOUTH HAYES STREET, #2018	ARLINGTON	VA	22202	6/30/2025	MALL	889
2120	Fair Oaks	Papyrus	11792U FAIR OAKS MALL, SPACE 200 A	FAIRFAX	VA	22033	1/31/2020	MALL	869
2122	Tyson's Corner Center	Papyrus	7934 TYSONS CORNER CENTER	MCLEAN	VA	22102	1/31/2025	MALL	1,230
2162	Mac Arthur Center	Papyrus	300 EAST MONTICELLO AVE., SUITE 115	NORFOLK	VA	23510	1/31/2020	MALL	1,112
2181	Stoney Point Fashion Park	Papyrus	9200 STONY POINT PARKWAY, SPACE 157	RICHMOND	VA	23235	1/31/2022	MALL	880
2175	Bellevue Square Mall	Papyrus	205 BELLEVUE SQUARE	BELLEVUE	WA	98004	8/31/2020	MALL	1,637
2169	Alderwood Mall	Papyrus	3000 184th STREET SW, SUITE 562	LYNNWOOD	WA	98037-4768	3/31/2022	MALL	1,119
2352	University Village	Papyrus	2621 NE UNIVERSITY VILLAGE STREET	SEATTLE	WA	98105	12/31/2024	LIFESTYLE	1,073
2158	Pacific Place	Papyrus	600 PINE STREET, SUITE 340	SEATTLE	WA	98101	1/31/2022	MALL	1,660
1703	South Center	Papyrus	633 SOUTHCENTER MALL, SPACE 271	TUKWILA	WA	98188	1/31/2024	MALL	1,296

TAB N



THIS IS EXHIBIT "N" REFERRED TO IN THE  
AFFIDAVIT OF CRAIG M. BOUCHER SWORN  
BEFORE ME THIS 23<sup>RD</sup> DAY  
OF JANUARY, 2020

  
Notary Public in and for the State of Tennessee



## SALE GUIDELINES

The following procedures shall apply to any Sales to be held at SFP Canada Ltd.'s ("**Applicant**") retail stores (the "**Stores**"). Terms capitalized but not defined in these Sale Guidelines have the meanings ascribed to them in the Consulting Agreement (as defined below).

1. Except as otherwise expressly set out herein, and subject to: (i) the Order of the Ontario Superior Court of Justice (Commercial List) (the "**Court**") dated January 1, 2020 approving the Consulting Agreement between a contractual joint venture comprised of Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC (collectively, the "**Consultant**"), Schurman Retail Group, LLC and the Applicant (d/b/a Papyrus and American Greetings) dated as of January 17, 2020 (the "**Consulting Agreement**") and the transactions contemplated thereunder (the "**Approval Order**"); or (ii) any further Order of the Court; or (iii) any subsequent written agreement between the Applicant and its applicable landlord(s) (individually, a "**Landlord**" and, collectively, the "**Landlords**") and approved by the Consultant, the Sale shall be conducted in accordance with the terms of the applicable leases/or other occupancy agreements for each of the affected Stores (individually, a "**Lease**" and, collectively, the "**Leases**"). However, nothing contained herein shall be construed to create or impose upon the Applicant or the Consultant any additional restrictions not contained in the applicable Lease or other occupancy agreement.
2. The Sale shall be conducted so that each of the Stores remain open during their normal hours of operation provided for in the respective Leases for the Stores until the applicable premises vacate date for each Store under the Consulting Agreement (the "**Vacate Date**"), and in all cases no later than March 31, 2020. Rent payable under the respective Leases shall be paid as provided in the Initial Order of the Court dated January 1, 2020 (as amended and restated from time to time, the "**Initial Order**").
3. The Sale shall be conducted in accordance with applicable federal, provincial and municipal laws, unless otherwise ordered by the Court.
4. All display and hanging signs used by the Consultant in connection with the Sale shall be professionally produced and all hanging signs shall be hung in a professional manner. Notwithstanding anything to the contrary contained in the Leases, the Consultant may advertise the Sale at the Stores as a "everything on sale", "everything must go", "store closing" or similar theme sale at the Stores (provided however that no signs shall advertise the Sale as a "bankruptcy", a "liquidation" or a "going out of business" sale, it being understood that the French equivalent of "clearance" is "liquidation" and is permitted to be used in French language signs). Forthwith upon request, the Consultant shall provide the proposed signage packages along with proposed dimensions by e-mail or facsimile to the applicable Landlords or to their counsel of record and the applicable Landlord shall notify the Consultant of any requirement for such signage to otherwise comply with the terms of the Lease and/or the Sale Guidelines and where the provisions of the Lease conflicts with these Sale Guidelines, these Sale Guidelines shall govern. The Consultant shall not use neon or day-glow signs or any handwritten signage (save that handwritten "you pay" or "topper" signs may be used). If a Landlord is concerned with "Store Closing" signs being placed in the front window of a Store or with the number or size of the signs in the front window, the Applicant, the Consultant and the Landlord will work together to resolve the dispute.

Furthermore, with respect to enclosed mall Store locations without a separate entrance from the exterior of the enclosed mall, no exterior signs or signs in common areas of a mall shall be used unless explicitly permitted by the applicable Lease. In addition, the Consultant shall be permitted to utilize exterior banners/signs at stand alone or strip mall Stores or enclosed mall Store locations with a separate entrance from the exterior of the enclosed mall; provided, however, that: (i) no signage in any other common areas of a mall shall be used; and (ii) where such banners are not explicitly permitted by the applicable Lease and the Landlord requests in writing that banners are not to be used, no banners shall be used absent further Order of the Court, which may be sought on an expedited basis on notice to the Service List. Any banners used shall be located or hung so as to make clear that the Sale is being conducted only at the affected Store and shall not be wider than the premises occupied by the affected Store. All exterior banners shall be professionally hung and to the extent that there is any damage to the facade of the premises of a Store as a result of the hanging or removal of the exterior banner, such damage shall be professionally repaired at the expense of the Consultant. The Consultant shall not utilize any commercial trucks to advertise the Sale on the Landlord's property or mall ring roads.

5. The Consultant shall be permitted to utilize sign walkers and street signage; provided, however, such sign walkers and street signage shall not be located on the shopping centre or mall premises.
6. The Consultant shall be entitled to include additional merchandise in the Sale in accordance with the terms of the Consulting Agreement; provided that the additional merchandise is of like kind and category and no lesser quality to the Merchandise, and consistent with any restriction on usage of the Stores set out in the applicable Leases.
7. Conspicuous signs shall be posted in the cash register areas of each Store to the effect that all sales are "final" and customers with any questions or complaints are to call the Applicant's hotline number.
8. The Consultant shall not distribute handbills, leaflets or other written materials to customers outside of any of the Stores on Landlord's property, unless explicitly permitted by the applicable Lease or, if distribution is customary in the shopping centre in which the Store is located. Otherwise, the Consultant may solicit customers in the Stores themselves. The Consultant shall not use any giant balloons, flashing lights or amplified sound to advertise the Sale or solicit customers, except as explicitly permitted under the applicable Lease or agreed to by the Landlord.
9. At the conclusion of the Sale in each Store, the Consultant and the Applicant shall arrange that the premises for each Store are in "broom-swept" and clean condition, and shall arrange that the Stores are in the same condition as on the commencement of the Sale, ordinary wear and tear excepted. No property of any Landlord of a Store shall be removed or sold during the Sale. No permanent fixtures (other than Offered FF&E (as defined below) for clarity) may be removed without the Landlord's written consent unless otherwise provided by the applicable Lease and in accordance with the Initial Order and the Approval Order. Any trade fixtures or personal property left in a Store after the applicable Vacate Date in respect of which the applicable Lease has been disclaimed by the Applicant shall be deemed abandoned, with the applicable Landlord having the right to dispose of the same as the Landlord chooses, without any liability whatsoever on the part of the Landlord. Nothing in

this paragraph shall derogate from the Consultant's obligations under the Consulting Agreement.

10. Subject to the terms of paragraph 8 above, the Consultant shall sell furniture, fixtures and equipment owned by the Applicant ("**Offered FF&E**") and located in the Stores during the Sale (other than Retained FF&E). For greater certainty, Offered FF&E does not include any portion of the Stores' HVAC, sprinkler, fire suppression, or fire alarm systems. The Applicant and the Consultant may advertise the sale of Offered FF&E consistent with these Sale Guidelines on the understanding that the Landlord may require such signs to be placed in discreet locations within the Stores reasonably acceptable to the Landlord. Additionally, the purchasers of any Offered FF&E sold during the Sale shall only be permitted to remove the Offered FF&E either through the back shipping areas designated by the Landlord or through other areas after regular Store business hours or, through the front door of the Store during Store business hours if the Offered FF&E can fit in a shopping bag, with Landlord's supervision as required by the Landlord and in accordance with the Initial Order and the Approval Order. The Consultant shall repair any damage to the Stores resulting from the removal of any Offered FF&E by Consultant or by third party purchasers of Offered FF&E from Consultant.
11. The Consultant shall not make any alterations to interior or exterior Store lighting, except as authorized pursuant to the affected Lease. The hanging of exterior banners or other signage, where permitted in accordance with the terms of these Sale Guidelines, shall not constitute an alteration to a Store.
12. The Applicant hereby provides notice to the Landlords of the Applicant and the Consultant's intention to sell and remove Offered FF&E from the Stores. The Consultant shall make commercially reasonable efforts to arrange with each Landlord represented by counsel on the Service List and with any other Landlord that so requests, a walk-through with the Consultant to identify the Offered FF&E subject to the Sale. The relevant Landlord shall be entitled to have a representative present in the applicable Stores to observe such removal. If the Landlord disputes the Consultant's entitlement to sell or remove any Offered FF&E under the provisions of the Lease, such Offered FF&E shall remain on the premises and shall be dealt with as agreed between the Applicant, the Consultant and such Landlord, or by further Order of the Court upon application by the Applicant on at least two (2) days' notice to such Landlord and the Monitor. If the Applicant has disclaimed or resiliated the Lease governing such Store in accordance with the CCAA and the Initial Order, it shall not be required to pay rent under such Lease pending resolution of any such dispute (other than rent payable for the notice period provided for in the CCAA and the Initial Order), and the disclaimer or resiliation of the Lease shall be without prejudice to the Applicant's or the Consultant's claim to the Offered FF&E in dispute.
13. If a notice of disclaimer or resiliation is delivered pursuant to the CCAA and the Initial Order to a Landlord while the Sale is ongoing and the Store in question has not yet been vacated, then: (a) during the notice period prior to the effective time of the disclaimer or resiliation, the Landlord may show the affected leased premises to prospective tenants during normal business hours, on giving the Applicant, the Monitor and the Consultant 24 hours' prior written notice; and (b) at the effective time of the disclaimer or resiliation, the relevant Landlord shall be entitled to take possession of any such Store without waiver of or prejudice to any claims or rights such Landlord may have against the Applicant in respect of

such Lease or Store, provided that nothing herein shall relieve such Landlord of any obligation to mitigate any damages claimed in connection therewith.

14. The Consultant and its agents and representatives shall have the same access rights to the Stores as the Applicant under the terms of the applicable Lease, and the Landlords shall have the rights of access to the Stores during the Sale provided for in the applicable Lease (subject, for greater certainty, to any applicable stay of proceedings).
15. The Applicant and the Consultant shall not conduct any auctions of Merchandise or Offered FF&E at any of the Stores.
16. The Consultant shall designate a party to be contacted by the Landlords should a dispute arise concerning the conduct of the Sale. The initial contact person for Consultant shall be Stuart Brotman of Fasken Martineau DuMoulin LLP who may be reached by phone at 416-865-5419 or email at [sbrotman@fasken.com](mailto:sbrotman@fasken.com). If the parties are unable to resolve the dispute between themselves, the Landlord or the Applicant shall have the right to schedule a “status hearing” before the Court on no less than two (2) days written notice to the other party or parties, during which time the Consultant shall cease all activity in dispute other than activity expressly permitted herein, pending determination of the matter by the Court; provided, however, subject to paragraph 4 of these Sale Guidelines, if a banner has been hung in accordance with these Sale Guidelines and is the subject of a dispute, the Consultant shall not be required to take any such banner down pending determination of any dispute.
17. Nothing herein or in the Consulting Agreement is, or shall be deemed to be a consent by any Landlord to the sale, assignment or transfer of any Lease, or shall, or shall be deemed to, or grant to the Landlord any greater rights than already exist under the terms of any applicable Lease.
18. These Sale Guidelines may be amended by written agreement between the Consultant, the Applicant and the applicable Landlord.

TAB 3

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
COMMERCIAL LIST**

THE HONOURABLE MR.	)	●DAY, THE ●
	)	
JUSTICE HAINEY	)	DAY OF JANUARY, 2020

IN THE MATTER OF THE *COMPANIES' CREDITORS  
ARRANGEMENT ACT*, R.S.C. 1985, c. C-36, AS AMENDED

AND IN THE MATTER OF A PLAN OF COMPROMISE OR  
ARRANGEMENT OF SFP CANADA LTD.

Applicant

**LIQUIDATION SALE APPROVAL ORDER**

**THIS MOTION**, made by SFP Canada Ltd. (the “**Applicant**”), pursuant to the *Companies’ Creditors Arrangement Act*, R.S.C. 1985, c. c-36, as amended (the “**CCAA**”) for an order, among other things, approving the transactions contemplated under a consulting agreement between a contractual joint venture comprised of Gordon Brothers Retail Partners, LLC and Hilco Merchant Resources, LLC (collectively, the “**Original Consultant**”), and the assignees of their respective rights, benefits and obligations as they relate to the conduct of the Sale in Canada and the Canadian Stores, Gordon Brothers Canada ULC and Merchant Retail Solutions, ULC (collectively and together with the Original Consultant, the “**Consultant**”), Schurman Retail Group, LLC and the Applicant (d/b/a Papyrus and American Greetings) dated as of January 17, 2020 (the “**Consulting Agreement**”) and certain related relief, was heard this day at 330 University Avenue, Toronto, Ontario.

**ON READING** the Notice of Motion of the Applicant, the Affidavit of Craig M. Boucher sworn January 23, 2020 including the exhibits thereto (the “**First Boucher Affidavit**”), the ● Report of Richter Advisory Group Inc., in its capacity as Monitor (the “**Monitor**”) filed, and on hearing the submissions of respective counsel for the Applicant, the Monitor, the

Consultant, and such other counsel as were present, no one else appearing although duly served as appears from the Affidavit of Service of ● sworn ●, filed:

### **SERVICE AND DEFINITIONS**

1. **THIS COURT ORDERS** that the time for service of the Notice of Motion and the Motion Record herein is hereby abridged and validated so that this Motion is properly returnable today and hereby dispenses with further service thereof.

2. **THIS COURT ORDERS** that any capitalized term used and not defined herein shall have the meaning ascribed thereto in the Consulting Agreement (attached as Exhibit “M” to the First Boucher Affidavit).

### **THE CONSULTING AGREEMENT**

3. **THIS COURT ORDERS** that the Consulting Agreement, the sale guidelines attached as Schedule “A” to this Order (the “**Sale Guidelines**”), and the transactions contemplated thereunder are hereby approved, authorized and ratified and that the execution of the Consulting Agreement by the Applicant is hereby approved, authorized, and ratified, *nunc pro tunc*, with such minor amendments as the Applicant (with the consent of the Monitor) and the Consultant may agree to in writing. Subject to the provisions of this Order and the Initial Order in these proceedings dated January 23, 2020 (as amended and restated from time to time, the “**Initial Order**”), the Applicant is hereby authorized and directed to take any and all actions as may be necessary or desirable to implement the Consulting Agreement and each of the transactions contemplated therein. Without limiting the foregoing, the Applicant is authorized to execute any other agreement, contract, deed or any other document, or take any other action, which could be required or be useful to give full and complete effect to the Consulting Agreement.

### **THE SALE**

4. **THIS COURT ORDERS** that the Applicant, with the assistance of the Consultant, is authorized to conduct the Sale in accordance with this Order, the Consulting Agreement and the Sale Guidelines and to advertise and promote the Sale within the Canadian Stores in accordance with the Sale Guidelines. If there is a conflict between this Order, the Consulting Agreement and the Sale Guidelines, the order of priority of documents to resolve such conflicts is as follows:



(1) this Order; (2) the Sale Guidelines; and (3) the Consulting Agreement. If there is a conflict between this Order and any order of the Bankruptcy Court relating to the conduct of the Sale in, or otherwise relating to, the Canadian Stores, this Order shall govern.

5. **THIS COURT ORDERS** that, subject to paragraph 11 of the Initial Order, the Applicant, with the assistance of the Consultant, is authorized to market and sell the Merchandise, Non-Merchandise Goods, Additional Consultant Goods, and Offered FF&E in accordance with the Sale Guidelines, free and clear of all liens, claims, encumbrances, security interests, mortgages, hypothecs, charges, trusts, deemed trusts, executions, levies, financial, monetary or other claims, whether or not such claims have attached or been perfected, registered or filed and whether secured, unsecured, quantified or unquantified, contingent or otherwise, whensoever and howsoever arising, and whether such claims arose or came into existence prior to the date of this Order or arise or come into existence following the date of this Order, (in each case, whether contractual, statutory, arising by operation of law, in equity or otherwise) (all of the foregoing, collectively “**Claims**”), including, without limitation the Administration Charge and the Directors’ Charge (as such terms are defined in the Initial Order) and any other charges granted at any time by this Court in these proceedings (collectively, the “**CCAA Charges**”), and all Claims, charges, security interests or liens evidenced by registrations pursuant to the *Personal Property Security Act* (Ontario), or any other personal or movable property registration system (all of such Claims, charges (including the CCAA Charges), security interests and liens collectively referred to herein as “**Encumbrances**”), which Encumbrances will attach instead to the proceeds of the Sale (other than amounts specified in paragraph 15 of this Order) in the same order and priority as they existed immediately prior to such Sale.

6. **THIS COURT ORDERS** that subject to the terms of this Order, the Initial Order and the Sale Guidelines, or any greater restrictions in the Consulting Agreement or the Sale Guidelines, the Consultant shall have the right to enter and use the Canadian Stores and all related store services and all facilities (including distribution centers, corporate offices and printing facilities) and all furniture, trade fixtures and equipment, including the Offered FF&E and Retained FF&E, and other assets of the Applicant as designated under the Consulting Agreement, for the purpose of conducting the Sale and for such purposes, the Consultant shall be entitled to the benefit of the Applicant’s stay of proceedings provided under the Initial Order, as such stay of proceedings may be extended by further Order of the Court.

7. **THIS COURT ORDERS** that until the Sale Termination Date for each Store (which in all cases shall in no event be later than March 31, 2020) or such earlier date as a lease is disclaimed or resiliated in accordance with the CCAA, the Consultant shall have access to the Canadian Stores in accordance with the applicable Leases (as such term is defined in the Sale Guidelines) and the Sale Guidelines on the basis that the Consultant is assisting the Applicant and the Applicant has granted the right of access to the Store to the Consultant. To the extent that the terms of the applicable Leases are in conflict with any term of this Order or the Sale Guidelines, it is agreed that the terms of this Order and the Sale Guidelines shall govern.

8. **THIS COURT ORDERS** that nothing in this Order shall amend or vary, or be deemed to amend or vary the terms of the Leases. Nothing contained in this Order or the Sale Guidelines shall be construed to create or impose upon the Applicant or the Consultant any additional restrictions not contained in the applicable Lease or other occupancy agreement.

9. **THIS COURT ORDERS** that, subject to and in accordance with the Consulting Agreement, the Sale Guidelines and this Order, the Consultant is authorized to advertise and promote the Sale, without further consent of any Person (as defined in the Initial Order) other than the Applicant and the Monitor as provided under the Consulting Agreement or a Landlord (as defined in the Sale Guidelines) as provided under the Sale Guidelines.

10. **THIS COURT ORDERS** that until the Sale Termination Date, the Consultant shall have the right to use, without interference by any intellectual property licensor, any of the Applicant's trade names, trademarks and logos relating to and used in connection with the operation of the Stores, as well as all licenses and rights granted to the Applicant to use the trade names, trademarks, and logos of third parties, solely for the purpose of advertising and conducting the Sale in accordance with the terms of the Consulting Agreement, the Sale Guidelines, and this Order.

#### **CONSULTANT LIABILITY**

11. **THIS COURT ORDERS** that the Consultant shall act solely as an independent consultant to the Applicant and that it shall not be liable for any claims against the Applicant other than as expressly provided in the Consulting Agreement (including the Consultant's indemnity obligations thereunder) or the Sale Guidelines and, for greater certainty:

- (a) the Consultant shall not be deemed to be an owner or in possession, care, control or management of the Stores, of the assets located therein or associated therewith or of the Applicant's employees located at the Stores or any other property of the Applicant;
- (b) the Consultant shall not be deemed to be an employer, or a joint or successor employer or a related or common employer or payor within the meaning of any legislation governing employment or labour standards or pension benefits or health and safety or other statute, regulation or rule of law or equity for any purpose whatsoever, and shall not incur any successorship liabilities whatsoever; and
- (c) the Applicant shall bear all responsibility for any liability whatsoever (including without limitation losses, costs, damages, fines, or awards) relating to claims of customers, employees and any other persons arising from events occurring at the Stores during and after the term of the Sale, or otherwise in connection with the Sale, except to the extent that such claims are the result of events or circumstances caused or contributed to by the gross negligence or wilful misconduct of the Consultant, its employees, agents or other representatives, or otherwise in accordance with the Consulting Agreement.

12. **THIS COURT ORDERS** that, to the extent any Landlord may have a claim against the Applicant arising solely out of the conduct of the Consultant in conducting the Sale for which the Applicant has claims against the Consultant under the Consulting Agreement, the Applicant shall be deemed to have assigned such claims free and clear to the applicable Landlord (the "**Assigned Landlord Rights**"); provided that each such Landlord shall only be permitted to advance each such claims against the Consultant if written notice, including the reasonable details of such claims, is provided by such Landlord to the Consultant, the Applicant and the Monitor during the period from the Sale Commencement Date to the date that is thirty (30) days following the Sale Termination Date, provided however that the Landlords shall be provided with access to the Canadian Stores to inspect the Canadian Stores within fifteen (15) days following the Sale Termination Date.

## **CONSULTANT AN UNAFFECTED CREDITOR**

13. **THIS COURT ORDERS** that (i) the Consulting Agreement (including any agreements, contracts or arrangements entered into with the Consultants in relation thereto) shall not be repudiated, resiliated or disclaimed by the Applicant, (ii) the Consultant shall not be affected by the stay of proceedings in the Initial Order and shall be entitled to exercise its rights and remedies under the Consulting Agreement including in respect of claims of the Consultant pursuant to the Consulting Agreement (collectively, the “**Consultant's Claims**”), and (iii) the Consultant’s Claims shall not be compromised or arranged pursuant to any plan of arrangement or compromise among the Applicant and its creditors (a “**Plan**”) and, for greater certainty, the Consultant shall be treated as an unaffected creditor in these proceedings and any other insolvency proceedings that may be initiated by or in respect of the Applicant, and under any Plan.

14. **THIS COURT ORDERS** that the Applicant is hereby authorized and directed, in accordance with the Consulting Agreement, to remit all amounts that become due to the Consultant thereunder.

15. **THIS COURT ORDERS** that no Encumbrances shall attach to any amounts payable or to be credited or reimbursed to, or retained by, the Consultant pursuant to the Consulting Agreement, including, without limitation, any amounts to be reimbursed by the Applicant to the Consultant pursuant to the Consulting Agreement, and at all times the Consultant will retain such amounts, free and clear of all Encumbrances, notwithstanding any enforcement or other process or Claims, all in accordance with the Consulting Agreement.

16. **THIS COURT ORDERS** that the Applicant shall not grant any Encumbrances in or against the Special Purpose Payment.

17. **THIS COURT ORDERS** that the Applicant is authorized, *nunc pro tunc*, to pay the Special Purpose Payment to the Consultant in accordance with the Consulting Agreement, and, without limiting the generality of paragraphs 15 and 16 hereof, that the Special Purpose Payment shall be free of all Encumbrances and the Consultant shall be entitled to retain and apply the Special Purpose Payment in accordance with the terms of the Consulting Agreement without claim or interference by any creditor, trustee in bankruptcy or other stakeholder of the Applicant,

notwithstanding any enforcement or other process, and without leave or further order of this Court.

18. **THIS COURT DECLARES** that, subject solely to the Consultant's obligations to pay to the Applicant the Additional Consultant Goods Fee pursuant to the Consulting Agreement, all Additional Consultant Goods and their proceeds shall remain the exclusive property of the Consultant until sold pursuant to the Sale or paid (as applicable) in accordance with the terms of the Consulting Agreement. For greater certainty, Additional Consultant Goods shall not constitute property of the Applicant and no other person or entity shall have any claim against any of the Additional Consultant Goods or their proceeds.

19. **THIS COURT ORDERS** that notwithstanding:

- (a) the pendency of these proceedings;
- (b) any application for a bankruptcy order now or hereafter issued pursuant to the *Bankruptcy and Insolvency Act* ("**BIA**") in respect of the Applicant, or any bankruptcy order made pursuant to any such applications;
- (c) any assignment in bankruptcy made in respect of the Applicant;
- (d) the provisions of any federal or provincial statute; or
- (e) any negative covenants, prohibitions or other similar provisions with respect to borrowings, incurring debt or the creation of encumbrances, contained in any existing loan documents, lease, mortgage, security agreement, debenture, sublease, offer to lease or other document or agreement to which the Applicant is a party;

the Consulting Agreement and the transactions and actions provided for and contemplated therein, including without limitation, the payment of amounts due to the Consultant and the Assigned Landlord Rights shall be binding on any trustee in bankruptcy that may be appointed in respect of the Applicant and shall not be void or voidable by any Person, including any creditor of the Applicant, nor shall they, or any of them, constitute or be deemed to be a preference, fraudulent conveyance, transfer at undervalue or other challengeable reviewable transaction, under the BIA or any

applicable law, nor shall they constitute oppressive or unfairly prejudicial conduct under any applicable law.

## **OTHER**

20. **THIS COURT ORDERS** that the Applicant is authorized and permitted to transfer to the Consultant personal information in the Applicant's custody and control solely for the purposes of assisting with and conducting the Sale and only to the extent necessary for such purposes.

## **GENERAL**

21. **THIS COURT ORDERS** that this Order shall have full force and effect in all provinces and territories in Canada.

22. **THIS COURT HEREBY REQUESTS** the aid and recognition of any Court, tribunal, regulatory or administrative bodies, having jurisdiction in Canada or in the United States of America, to give effect to this Order and to assist the Applicant, the Monitor and their respective agents in carrying out the terms of this Order. All courts, tribunals, regulatory and administrative bodies are hereby respectfully requested to make such orders and to provide such assistance to the Applicant and to the Monitor, as an officer of this Court, as may be necessary or desirable to give effect to this Order, to grant representative status to the Monitor in any foreign proceeding, or to assist the Applicant and the Monitor and their respective agents in carrying out the terms of this Order.

23. **THIS COURT ORDERS** that any interested party (including the Applicant and the Monitor) may apply to this Court to vary or amend this Order on not less than seven (7) days' notice to any other party or parties likely to be affected by the order sought or upon such other notice, if any, as this Court may order.

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**IN THE MATTER OF THE COMPANIES' CREDITORS ARRANGEMENT ACT,**  
R.S.C. 1985, c. C-36, AS AMENDED

Court File No: CV-20-●

**AND IN THE MATTER OF A PLAN OF COMPROMISE OR ARRANGEMENT  
OF SFP CANADA LTD.**

**ONTARIO  
SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

PROCEEDING COMMENCED AT TORONTO

**LIQUIDATION SALE APPROVAL ORDER**

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**APPLICANT**

*Ontario*  
**SUPERIOR COURT OF JUSTICE  
(COMMERCIAL LIST)**

Proceeding commenced at Toronto

**APPLICATION RECORD OF THE APPLICANT**

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