

08-16-2000



101434135

RECORDATION FORM COVER SHEET  
TRADEMARKS ONLY

TO: The Commissioner of Patents and Trademarks: Please record the attached original document(s) or copy(ies).

Submission Type

- New **MRD 7.18.00**
- Resubmission (Non-Recordation)  
Document ID #
- Correction of PTO Error  
Reel #  Frame #
- Corrective Document  
Reel #  Frame #

Conveyance Type

- Assignment  License
  - Security Agreement  Nunc Pro Tunc Assignment
  - Merger  Change of Name
  - Other
- Effective Date  
Month Day Year

Conveying Party

- Mark if additional names of conveying parties attached
- Name  Execution Date  
Month Day Year
- Formerly

- Individual  General Partnership  Limited Partnership  Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

Receiving Party

- Mark if additional names of receiving parties attached

- Name
- DBA/AKA/TA
- Composed of
- Address (line 1)
- Address (line 2)
- Address (line 3)     
City State/Country Zip Code
- Individual  General Partnership  Limited Partnership  Association
- Corporation  Association
- Other
- Citizenship/State of Incorporation/Organization

If document to be recorded is an assignment and the receiving party is not domiciled in the United States, an appointment of a domestic representative should be attached. (Designation must be a separate document from Assignment.)

FOR OFFICE USE ONLY

08/15/2000 MTHAI1 00000203 2144294  
01 FC:481 40.00 DP

Public burden reporting for this collection of information is estimated to average approximately 30 minutes per Cover Sheet to be recorded, including time for reviewing the document and gathering the data needed to complete the Cover Sheet. Send comments regarding this burden estimate to the U.S. Patent and Trademark Office, Chief Information Officer, Washington, D.C. 20231 and to the Office of Information and Regulatory Affairs, Office of Management and Budget, Paperwork Reduction Project (0651-0027), Washington, D.C. 20503. See OMB Information Collection Budget Package 0651-0027, Patent and Trademark Assignment Practice. DO NOT SEND REQUESTS TO RECORD ASSIGNMENT DOCUMENTS TO THIS ADDRESS.

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Commissioner of Patents and Trademarks, Box Assignments, Washington, D.C. 20503

REEL: 002120 FRAME: 0001

**Domestic Representative Name and Address**

Enter for the first Receiving Party only.

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Correspondent Name and Address**

Area Code and Telephone Number

Name

Address (line 1)

Address (line 2)

Address (line 3)

Address (line 4)

**Pages**

Enter the total number of pages of the attached conveyance document including any attachments.

#

**Trademark Application Number(s) or Registration Number(s)**

Mark if additional numbers attached

Enter either the Trademark Application Number or the Registration Number (DO NOT ENTER BOTH numbers for the same property).

Trademark Application Number(s)

Registration Number(s)

<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text" value="2144294"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>
<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>	<input type="text"/>

**Number of Properties**

Enter the total number of properties involved.

#

**Fee Amount**

Fee Amount for Properties Listed (37 CFR 3.41):

\$

Method of Payment:

Enclosed

Deposit Account

Deposit Account

(Enter for payment by deposit account or if additional fees can be charged to the account.)

Deposit Account Number:

#

Authorization to charge additional fees:

Yes

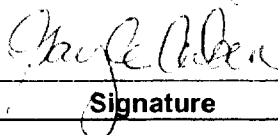
No

**Statement and Signature**

To the best of my knowledge and belief, the foregoing information is true and correct and any attached copy is a true copy of the original document. Charges to deposit account are authorized, as indicated herein.

Gayle Aiken

Name of Person Signing



Signature

July 18, 2000

Date Signed

IN THE UNITED STATES BANKRUPTCY COURT  
FOR THE EASTERN DISTRICT OF MICHIGAN

IN RE:	)	
	)	Chapter 11
	)	
THE 1/2 OFF CARD SHOP, INC.,	)	Case No. 00- <u>48425</u> ( )
a Michigan corporation,	)	
	)	<i>Judge Shepero</i>
Debtor.	)	

**STIPULATION AND INTERIM ORDER (A) AUTHORIZING THE  
DEBTOR-IN-POSSESSION TO OBTAIN POST-PETITION FINANCING  
AND TO USE CASH COLLATERAL  
PURSUANT TO SECTIONS 363 AND 364  
OF THE BANKRUPTCY CODE,  
(B) GRANTING LIENS, SECURITY INTERESTS, SUPER PRIORITY  
CLAIMS AND ADEQUATE PROTECTION THEREFOR, AND  
(C) SCHEDULING A FINAL HEARING**

THIS MATTER coming to be heard on the Motion of THE 1/2 OFF CARD SHOP, INC., a Michigan corporation, debtor and debtor-in-possession ("Debtor"), for an Order Authorizing Debtor to Obtain Post-Petition Financing and to Use Cash Collateral Pursuant to Sections 363 and 364 of the Bankruptcy Code and Granting Liens, Security Interests and Super Priority Claims and Adequate Protection Therefor (the "Motion"), and Debtor's request for entry of an interim order on an expedited basis pursuant to Rule 4001(c)(2) of the Federal Rules of Bankruptcy Procedure ("Bankruptcy Rules"); the Court having examined the Motion, having conducted a hearing pursuant to 11 U.S.C. §§ 363 and 364, and Rule 4001(c)(2) of the Bankruptcy Rules:

DEBTOR AND FLEET CAPITAL CORPORATION ("LENDER") STIPULATE AND THE COURT FINDS AND CONCLUDES THAT:

- A. On June 2, 2000 (the "Petition Date"), Debtor filed a voluntary petition (the "Petition") for reorganization under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. §101 et. seq. (the "Bankruptcy Code"). Since the Petition Date, Debtor has remained in possession of its assets and has continued in operation and control of its business as debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code.
- B. Debtor acknowledges and stipulates that from time to time prior to the Petition Date, Lender loaned money to or for the benefit of Debtor, which loans were documented, recorded or evidenced by various agreements, instruments, financing statements and documents, all as may have been amended, modified or restated from time to time, including without limitation, the following (collectively the "Pre-Petition Agreements"):<sup>1</sup>
1. Loan and Security Agreement dated August 7, 1998 in the amount of \$37,000,000, which includes Revolving Credit Loans and a Term Loan, between Debtor and Lender (the "Security Agreement"), a copy of which is attached to the Motion as Exhibit "A".

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<sup>1</sup> Copies of the Pre-Petition Agreements listed herein are attached to the Motion as Exhibits and are being provided to the United States Trustee and the Court. Any other person or entity which has been served with this Motion may obtain copies of the Pre-Petition Agreements upon request to counsel for Debtor or Lender. Capitalized terms not otherwise defined herein shall have the definitions set forth in the Pre-Petition Agreements.

2. Standby and Subordination Agreement executed August 7, 1998 between Debtor, Fleet and Leonard Zucker (the "Leonard Zucker Subordination Agreement").
3. Standby and Subordination Agreement executed August 7, 1998 between Debtor, Fleet and William Zucker (the "William Zucker Subordination Agreement").
4. Standby and Subordination Agreement executed August 7, 1998 between Debtor, Fleet and Steven Zucker (the "Steven Zucker Subordination Agreement").
5. Standby and Subordination Agreement executed August 11, 1998 between Debtor, Fleet and Creative Publishing PLC (the "Creative Publishing Subordination Agreement").
6. First Amendment to Loan and Security Agreement, dated July 30, 1999 between Debtor and Fleet ("First Amendment"), a copy of which is attached to the Motion hereto as Exhibit "B".
7. Guarantee (Limited Amount), dated as of July 30, 1999, of Wind Point Capital Partners III, L.P. ("Wind Point Guarantee").
8. Guarantee (Limited Amount), dated as of July 30, 1999, of Miami Valley Venture Fund, L.P. ("Miami Valley Guarantee").
9. Guarantee (Limited Amount), dated as of July 30, 1999, of Alpha Capital Fund II, L.P. ("Alpha Capital Guarantee").

10. Second Amendment to Loan and Security Agreement, dated October 26, 1999 between Debtor and Fleet ("Second Amendment"), a copy of which is attached to the Motion hereto as Exhibit "C".
11. Third Amendment to Loan and Security Agreement, dated November \_\_, 1999 between Debtor and Fleet ("Third Amendment"), a copy of which is attached to the Motion hereto as Exhibit "D".
12. Amended and Restated Guarantee (Limited Amount), dated as of November \_\_\_\_, 1999, of Wind Point Capital Partners III, L.P. ("Amended Wind Point Guarantee").
13. Amended and Restated Guarantee (Limited Amount), dated as of November \_\_\_\_, 1999, of Miami Valley Venture Fund, L.P. ("Amended Miami Valley Guarantee").
14. Amended and Restated Guarantee (Limited Amount), dated as of November \_\_, 1999, of Alpha Capital Fund II, L.P. ("Amended Alpha Capital Guarantee").
15. Second Amended and Restated Guarantee (Limited Amount), dated as of January 31, 2000, of Wind Point Capital Partners III, L.P. ("Second Amended Wind Point Guarantee").
16. Second Amended and Restated Guarantee (Limited Amount), dated as of January 31, 2000, of Miami Valley Venture Fund, L.P. ("Second Amended Miami Valley Guarantee").

17. Second Amended and Restated Guarantee (Limited Amount), dated as of January 15, 2000, of Alpha Capital Fund II, L.P. (“Second Amended Alpha Capital Guarantee”).
18. Third Amended and Restated Guarantee (Limited Amount), dated as of January 31, 2000, of Wind Point Capital Partners III, L.P. (“Third Amended Wind Point Guarantee”).
19. Third Amended and Restated Guarantee (Limited Amount), dated as of January 31, 2000, of Miami Valley Venture Fund, L.P. (“Third Amended Miami Valley Guarantee”).
20. Third Amended and Restated Guarantee (Limited Amount), dated as of January 31, 2000, of Alpha Capital Fund II, L.P. (“Third Amended Alpha Capital Guarantee”).
21. Fourth Amendment to Loan and Security Agreement, dated January \_\_, 2000 between Debtor and Fleet (“Fourth Amendment”), a copy of which is attached to the Motion hereto as Exhibit “E”.
22. Fifth Amendment to Loan and Security Agreement, dated March 1, 2000 between Debtor and Fleet (“Fifth Amendment”), a copy of which is attached to the Motion hereto as Exhibit “F”.
23. Subordination Agreement dated April \_\_, 2000 between Debtor and American Greetings Corporation (the “American Greetings Subordination Agreement”).

24. UCC-1 Financing Statements as filed in the central filing office of the following States, together with post-filing UCC searches for Debtor:

- a. Michigan
- b. Ohio
- c. Pennsylvania
- d. Virginia
- e. Maryland
- f. New Jersey.

C. Debtor does not dispute that as of the Petition Date, the aggregate amounts due, owing and outstanding to Lender under the Pre-Petition Agreements were approximately \$21,909,227.45 of principal plus accrued interest, fees, costs, charges and expenses, all of which continue to accrue from and after the Petition Date (collectively hereinafter referred to as the "Pre-Petition Indebtedness"). The Pre-Petition Indebtedness is acknowledged by Debtor to be now due and owing without any defense, offset, claim, counterclaim or deduction of any kind or nature whatsoever.

D. Debtor acknowledges and stipulates that under the Security Agreement, related security documents and the Pre-Petition Agreements and as security for repayment of the Pre-Petition Indebtedness, Debtor granted to Lender security interests in, and liens upon essentially all of its assets including, among other things,

- (1) Accounts;
- (2) Inventory;



- (3) Equipment;
- (4) General Intangibles;
- (5) Investment Property;
- (6) All monies and other Property of any kind now or any time or times hereafter in the possession or under the control of Lender or a bailee or Affiliate of Lender;
- (7) All accessions to, substitutions for and all replacements, products and cash and non-cash proceeds of (1) through (6) above, including, without limitation, proceeds of and unearned premiums with respect to insurance policies insuring any of the Collateral; and
- (8) All books and records (including, without limitation, customer lists, credit files, computer programs, print-outs, and other computer materials and records) of Debtor pertaining to any of (1) through (7) above,

all as more particularly set forth and as defined in the Pre-Petition Agreements, which are incorporated herein by reference. The properties in which Debtor granted security interests and liens to Lender to secure repayment of the Pre-Petition Indebtedness are referred to herein as the "Pre-Petition Collateral." Debtor does not dispute that Lender's security interests in and liens on the Pre-Petition Collateral were properly perfected and are valid, perfected and enforceable first priority security interests in all of the Pre-Petition Collateral.

- E. Debtor does not dispute that: (i) the value of the Pre-Petition Collateral securing repayment of the Pre-Petition Indebtedness is at least equal to and in any event is not less than the amount of the Pre-Petition Indebtedness, including interest accruing on Debtor's obligations to Lender.
- F. An immediate need exists for Debtor to use cash collateral and to obtain additional funds in order to continue the operation of its business. Without such funds, Debtor will not be able to pay its payroll and other direct operating expenses and obtain goods and services needed to carry on its business in a manner that will avoid irreparable harm to Debtor's estate. The ability of Debtor to finance its operations and the availability to Debtor of sufficient working capital and liquidity through the incurrence of new indebtedness for borrowed money and other financial accommodations and the use of cash collateral is vital to the confidence of Debtor's employees, major suppliers and to the preservation and maintenance of the going concern values and other values of Debtor's estate.
- G. Debtor does not dispute that substantially all, if not all, of Debtor's assets are subject to the liens and security interests securing the Pre-Petition Indebtedness. Lender has not consented to the use by Debtor of its Pre-Petition Collateral, including its cash collateral, except on the terms of this Order. Debtor is unable to obtain the required funds in the form of unsecured credit or unsecured debt allowable under Section 503(b)(1) of the Bankruptcy Code, as an administrative claim pursuant to Sections 364(a) or (b) of the Bankruptcy Code, unsecured debt having the priority afforded by

Section 364(c)(1) of the Bankruptcy Code or debt secured as described in Sections 364(c)(2) or (3) of the Bankruptcy Code.

- H. Lender and Debtor agree to Debtor's entering into the post-petition financing arrangements and for the use of cash collateral of Lender contemplated by this Order (collectively, the "Post-Petition Financing"), all subject to the conditions set forth herein. Lender has acted in good faith and at arm's length in negotiating and in consenting to and agreeing to provide the Post-Petition Financing contemplated hereby; the reliance of Lender on the assurances referenced above is in good faith; and the terms of the Post-Petition Financing are fair and reasonable under the circumstances.
- I. On June 1, 2000, notice ("Notice") of the Motion was provided to Lender, the United States Trustee and the twenty largest creditors of Debtor, as set forth in the Certificates of Service filed with the Court. Such notice constitutes adequate and sufficient notice under Bankruptcy Rule 4001 and no other notice need be given.
- J. Good Cause has been shown for the entry of this Order. Among other things, entry of this Order will: (i) minimize disruption of Debtor's business and operations; (ii) permit Debtor to meet payroll and other operating expenses; and (iii) obtain needed inventory and supplies. Consummation of such Post-Petition Financing is in the best interests of Debtor's estate and will increase the possibility of a successful reorganization or will otherwise maximize the value of the Debtor's assets.
- K. Lender has represented to the Court that it is willing to permit Debtor to use the cash collateral only in the amounts and on the conditions provided for herein. Lender is

willing to lend money and extend credit to Debtor only on the terms and conditions set forth in this Order. Debtor believes that, under the circumstances, the terms and conditions set forth herein are fair and reasonable for Debtor's request for financial accommodations.

- L. Debtor acknowledges, confirms and ratifies the Pre-Petition Agreements, and does not dispute the Pre-Petition Indebtedness or the validity, perfection and first priority of Lender's liens and security interests in the Pre-Petition Collateral, and denies and waives the existence of any defenses, offsets, claims, counterclaims or deductions of any nature relating thereto.
- M. Consideration of the Motion constitutes a core proceeding as defined in 28 U.S.C. §§ 157(b)(2)(D) and (M).
- N. At the hearing on the Motion, the court considered representations made by counsel, offers of proof, and/or testimony regarding:
  - 1. the negotiations pertaining to this Order;
  - 2. the necessity for this Order;
  - 3. the events leading up to the filing of the Petition by Debtor;
  - 4. Debtor's need for credit to the extent necessary to avoid immediate and irreparable harm to the estate, pending a final hearing in accordance with Bankruptcy Rule 4001(c); and
  - 5. those expenses necessary to avoid immediate and irreparable harm to the estate.

O. In order to prevent immediate and irreparable harm to the estate pending a final hearing on the Motion ("Final Hearing") pursuant to Bankruptcy Rule 4001(c), Debtor requires Post-Petition Financing under this Order in the amount of \$24,140,000 through July 6, 2000 or such lower amount set forth in the Budget attached hereto as Exhibit "A" (the "Budget") through the date that the Court schedules a final hearing on this Motion.

P. Notwithstanding anything to the contrary contained in this Order, all of the stipulations, findings and ordering provisions set forth in this Order shall be binding on Debtor. The stipulations and findings in this Order shall be final and binding on all creditors and parties in interest with actual notice of this Order, unless such creditor or party in interest files a detailed and specific objection with this Court with respect to such findings or stipulations, serves such objection upon counsel for Lender and Debtor on or before June 17, 2000, and the Court thereafter determines that such stipulations and findings are not true and correct.

*(provided that any official creditors' committee shall have until 15 days after its formation to file and serve such an objection)*

IT IS HEREBY ORDERED, ADJUDGED AND DECREED, EFFECTIVE IMMEDIATELY, AND AGREED AMONG THE PARTIES HERETO THAT:

1. Debtor is hereby authorized to use cash collateral, and additionally to borrow money and seek other financial accommodations from Lender after the Petition Date (collectively, such borrowings and financial accommodations, but not the use of cash collateral, are referred to as the "Post-Petition Indebtedness") pursuant to the terms and conditions hereof and on the following basis:

- a. Advances: Prior to a Final Hearing and the Court's entry of a final order authorizing Debtor to borrow money from Lender, Debtor shall only request and Lender shall be authorized to advance such funds as are necessary to avoid immediate and irreparable harm to the estate, as limited by the Budget for such period as described in Paragraph 10 of this Order, subject to the Borrowing Base limitations, with an allowed out-of-formula in the amount of \$3,450,000 (the "Out-of-Formula Amount"), and other terms and conditions set forth in the Security Agreement and other Pre-Petition Agreements, and limited to a Revolving Loan Commitment of no greater than \$22,450,000;and
  - b. Payment of Principal and Interest: Monthly payments of interest and daily payments of principal shall be made by Debtor to Lender in such amounts and at such times as are provided and set forth in the Pre-Petition Agreements.
2. During the term of this Order, subject to the terms of this Order, the terms of the Pre-Petition Agreements are hereby ratified and approved, and shall continue in full force and effect with respect to the Pre-Petition Indebtedness and Pre-Petition Collateral, with the exception of the following: from and after the date hereof, (a) Debtor will be permitted to be out-of-formula up to the Out-of-Formula Amount, (b) the LIBOR Option detailed in Paragraph 2.3 of the Security Agreement will no longer be available to Debtor, and (c) the

Applicable Margin for the Base Rate Revolving Credit Portion shall be one percent (1%). The liens and security interests granted to Lender by Debtor by this Order shall constitute first, paramount, perfected and valid liens upon and security interests in the Pre-Petition Collateral and are not and shall not be subject to any claims, set-offs or defenses by Debtor. During the term of this Order, in consideration for Lender's consent and performance hereunder, the surcharge provisions of Section 506(c) and enhancement of collateral provisions of Section 552 of the Bankruptcy Code shall not be imposed upon Lender or its collateral by any party that has received notice of this Order except as otherwise provided herein; provided however, that nothing in this Order shall preclude any Trustee hereinafter appointed as a representative of the estate herein under either Chapter 7 or Chapter 11 of the Bankruptcy Code from moving the Court for surcharge under the provisions of Section 506(c), subject to Lender's right to object to such a motion.

3. All Post-Petition Indebtedness which may from time to time hereafter be owing by Debtor to Lender, shall be secured by first and paramount liens upon, and security interests in, the Pre-Petition Collateral; and all Post-Petition Indebtedness and, to the extent of any diminution in value of the Pre-Petition Collateral, all Pre-Petition Indebtedness, shall be secured by first, valid, perfected, prior and paramount liens upon, and security interests in, all of the property of Debtor wheresoever located and whether now existing or

hereafter arising or acquired by Debtor, including without limitation the following (collectively, the "Post-Petition Collateral"):

- a. Accounts, chattel paper, contract rights, instruments, documents and general intangibles (including without limitation, all trade styles, patents, trade names and other intellectual property) (sometimes hereinafter individually and collectively referred to as "Accounts"), and all services or goods whose sale, lease or other disposition by Debtor has given rise to Accounts and have been returned to or repossessed or stopped in transit by Debtor (except any causes of action under Chapter 5 of the Bankruptcy Code, or the proceeds thereof, which Lender hereby disclaims);
- b. Inventory, including, without limitation, all of Debtor's now owned or hereafter acquired goods, spare parts, and other personal property furnished under any contract of service or intended for sale or lease, including, without limitation, all raw materials, work in process, finished goods and materials and supplies of any kind, nature or description which are used or consumed in Debtor's business ("Inventory");
- c. Goods, (other than Inventory), and equipment, vehicles and fixtures, together with all accessions thereto ("Equipment"), and all of Debtor's interest as either lessor or lessee pursuant to leases for or of Equipment;



- d. All buildings and other improvements on real property, leasehold interests in and purchase options with respect to real property;
  - e. Monies, reserves and property now or at any time or times hereafter in the possession or under the control of Debtor, Lender or a bailee of either of them;
  - f. All products and proceeds of the foregoing, including, without limitation proceeds of insurance policies insuring the foregoing and all books and records with respect thereto; and
  - g. All of Debtor's real or personal property.
4. The liens and security interests granted to Lender by Debtor by this Order shall constitute first, paramount, perfected and valid liens upon and security interests in the Pre-Petition Collateral (except to the extent prior liens exist pursuant to law and such liens were properly perfected prior to the Petition Date) and Post-Petition Collateral and are not and shall not be subject to any claims, set-offs or defenses by Debtor. The provisions of any intercreditor agreements or subordination agreements which subordinate liens and security interests to the liens and security interests of Lender or other indentures which subordinate any claims to the claims of Lender shall remain in full force and effect and shall continue with respect to the liens and security interests granted to Lender in the Pre-Petition Collateral and the Post-Petition Collateral, as defined herein.

5. To further evidence the Post-Petition Indebtedness, the creation of Lender's security interests in and liens upon the Post-Petition Collateral and the other terms and conditions of the financing arrangement contemplated hereby, Debtor is authorized to (but at Lender's option need not) execute and deliver to Lender, in form and substance satisfactory to Lender, such agreements, instruments and documents from Debtor or third parties as Lender or its counsel shall reasonably require and such other orders of the Bankruptcy Court and other Courts, with respect to Debtor or third parties, as Lender or its counsel reasonably shall require (collectively, the "Post-Petition Documents"). The Post-Petition Documents shall not alter or supersede the provisions of this Order, and in the event of a conflict between the Post-Petition Documents and this Order, the terms of this Order shall govern. Until and unless the Post-Petition Documents provide otherwise, if any are executed, the terms and conditions of the Pre-Petition Documents shall govern the Post-Petition Indebtedness, except that any provision breached by the Debtor prepetition shall not apply to the Post-Petition Indebtedness, and except to the extent otherwise provided herein or modified hereby. The liens, security interests and priorities granted to Lender herein shall be valid, paramount and perfected, as of the Petition Date, irrespective of whether any or all of the Post-Petition Documents are executed or filed with any Recorder of Deeds, Secretary of State or any other governmental unit where security documents are ordinarily filed or recorded.

6. All Post-Petition Indebtedness owing by Debtor to Lender, and the post-petition liens and security interests of Lender in the Post-Petition Collateral granted hereunder, retroactive as of the Petition Date, have priority under the provisions of Sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code over all administrative expenses incurred in this Chapter 11 reorganization proceeding of the kind specified in Sections 105, 326, 330, 331, 503(b), 506(c), 507(b) or 726 of the Bankruptcy Code, shall at all times be senior to the rights of Debtor in this proceeding under the Bankruptcy Code and shall have priority over any and all secured, unsecured and priority claims or costs and expenses in this case, whether incurred or arising prior or subsequent to the date of the Petition, the entry of this Order or a conversion of this case pursuant to Section 1112 of the Bankruptcy Code or in any other proceeding related hereto, and whether incurred pursuant to Section 726(b) of the Bankruptcy Code or otherwise. During the term of this Order no claims shall be prior to or on a parity with the claim of Lender against Debtor arising out of the Post-Petition Indebtedness, or with Lender's security interests in, and liens upon, the Post-Petition Collateral, and no costs or expenses of administration shall be imposed against Lender, its claims or the Post-Petition Collateral except as provided herein and as may be agreed to in writing by Lender with respect to Section 506(c). During the term of this Order, no liens or claims shall be granted to any person or entity pursuant to Section 364(d) of the Bankruptcy Code or otherwise which are senior or

equal to the liens of Lender against the Pre-Petition Collateral or Post-Petition Collateral. Notwithstanding the foregoing, Lender's liens, security interest, and administrative claims granted hereunder shall be subject to the payment of (a) any unpaid fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930, and (b) any unpaid fees payable to the Clerk of this Court.

7. During the term of this Order, the proceeds of the Post-Petition Indebtedness, the Pre-Petition Collateral and the Post-Petition Collateral shall not, directly or indirectly, be used to pay administrative expenses of Debtor except for those expenses that are set forth in the Budget described in Paragraph 10 hereof.
8. If any collateral used by Debtor or disposed of by Debtor is not clearly identifiable as constituting Pre-Petition Collateral or Post-Petition Collateral, such collateral shall be deemed to be Pre-Petition Collateral. If the source of any such proceeds or payments is not clearly identifiable, such proceeds or payments shall be deemed to be proceeds from the Pre-Petition Collateral in which Lender had liens and security interests on the date of the filing of the Petition.
9. Proceeds or payments received by Lender with respect to the Pre-Petition Collateral and Post-Petition Collateral upon which Lender had security interests or liens shall be applied by Lender as follows:

- a. first, to Pre-Petition Indebtedness consisting of accrued and accruing interest, costs and expenses, including attorneys' fees;
- b. next, to Pre-Petition Indebtedness consisting of principal; and
- c. last, to Post-Petition Indebtedness, including all accrued and accruing interest, costs and expenses, including attorneys' fees, then principal.

If, in the course of this reorganization proceeding, and contrary to the above provisions, the Court grants liens or security interests to others pursuant to Section 364(d) or any other provision of the Bankruptcy Code, which liens or security interests are senior or equal to the liens or security interests of Lender in the Post-Petition Collateral described above (collectively, "Subsequent Liens"), then any proceeds of loans or extensions of credit secured by such Subsequent Liens shall be applied first to payment of the Post-Petition Indebtedness of Debtor to Lender, including all attorneys' fees, costs and expenses, and Lender shall retain all liens and security interests held by it on the Post-Petition Collateral until all of the Post-Petition Indebtedness is paid in full.

10. Attached hereto as Exhibit A is a Budget for the period from June 2, 2000 to and including July 6, 2000, which has been approved by the Court and consented to by Lender. On or before the first day of each month hereafter, Debtor shall prepare and submit for approval to Lender, a monthly Budget with all necessary and required expenses which Debtor expects to incur during the month for which the Budget is proposed. Debtor shall be

authorized to use the proceeds of the Post-Petition Indebtedness and Pre-Petition Collateral and Post-Petition Collateral only for payment of such items as is set forth in the Budgets prepared by Debtor subject to the Borrowing Base limitations, the Out-of-Formula Amount, and other terms and conditions set forth in the Pre-Petition Agreements; provided however, that Debtor may make payments up to ten percent (10%) in excess of any line item in the Budget as long as Debtor does not exceed the total budgeted amount of expenditures for any month by more than \$250,000. Payment by Debtor of expenses other than those set forth in the submitted Budget shall constitute cause to seek to lift the automatic stay in accordance with the provisions of this Order unless Lender consents to those changes in writing.

In consenting to a Budget and by taking any other actions pursuant to this Order, Lender shall not have any liability to any third party and shall not be deemed to be in control of the operations of Debtor or to be acting as a "responsible person" with respect to the operation or management of Debtor.

11. Debtor shall continue its current cash management system, as outlined in its Motion for Order Authorizing (i) the Maintenance of Business Forms and Bank Accounts and (ii) Continued Use of Existing Cash Management System, pursuant to which Debtor manages the cash for itself.
12. Immediately upon the entry of this Order, Debtor shall account to Lender for all cash, checks, notes, drafts, instruments, acceptances or other property representing cash or other proceeds of the Pre-Petition Collateral in Debtor's

possession or control. All cash, checks, notes, drafts, instruments, acceptances and other property in the nature of items of payment representing proceeds of property and interests in property of Debtor (collectively, "Cash Proceeds") currently in the possession of Debtor or in any accounts in financial institutions, including any lock box or depository accounts, shall be deemed proceeds of the Pre-Petition Collateral. All Cash Proceeds shall be remitted to Lender in accordance with the terms of this Order and subject to Paragraph 9 hereof.

13. Agreements by Lender to allow the use of its cash collateral and Pre-Petition Collateral and Post-Petition Collateral, may be terminated by Lender, without cause, at any time upon five (5) business days written notice to Debtor (with copies to Debtor's counsel, Judy A. O'Neill, Dykema Gossett PLLC, 400 Renaissance Center, Detroit, Michigan 48243-1668 and Josef S. Athanas and David S. Heller, Latham & Watkins, 5800 Sears Tower, Chicago, Illinois 60606; the U.S. Trustee; and the Court approved counsel for any official committees appointed in this case). Such notice shall be delivered by hand delivery or receipted over-night mail. Upon termination, the Pre-Petition Indebtedness and Post-Petition Indebtedness, including all accrued and accruing interest, costs and expenses, including attorneys' fees, shall then be immediately due and payable; provided however, that the obligations and rights of Lender and Debtor with respect to all transactions which have occurred prior to such termination, including, without limitation, Lender's

security in Pre-Petition Collateral and Post-Petition Collateral and Debtor's right to use cash collateral after notice and hearing, shall remain unimpaired and unaffected by any such termination and shall survive such termination; and provided further that upon such termination Lender shall be deemed to have retained all its rights and remedies, including, without limitation, those provided pursuant to the Bankruptcy Code. The Post-Petition Financing shall automatically be deemed terminated and the Pre-Petition Indebtedness and Post-Petition Indebtedness shall become immediately due and payable on the earlier of (a) a conversion of this case under Section 1112 of the Bankruptcy Code; (b) the appointment of a Trustee in this case; (c) the sale or disposition of all or a substantial portion of the Pre-Petition or Post-Petition Collateral, whether by a single transaction or series of transactions, unless consented to in a writing signed by Lender; (d) confirmation of a plan pursuant to Section 1129 of the Bankruptcy Code; or (e) as otherwise provided in this Order in the event of a default hereunder.

14. Without further order of this Court, and in consideration of other accommodations provided by Lender, Debtor shall reimburse Lender for all reasonable out-of-pocket filing and recording fees, reasonable attorneys' and paralegals' fees, costs and expenses and internal audit fees and expenses incurred by Lender: (i) in the preparation and implementation of this Order and the various Post-Petition Documents, (ii) in the representation of Lender in this proceeding, and (iii) as otherwise provided in the Pre-Petition



Agreements, provided that Lender shall provide invoices for such fees, costs, and expenses to Debtor, any creditors' committee appointed in this case, and the United States Trustee, which parties shall have ten days from service of an invoice to object to its reasonableness. If an objection is filed to all or a portion of an invoice (the "Disputed Portion"), Debtor shall withhold payment to Lender of the Disputed Portion only. The Court shall conduct a hearing on the reasonableness of the Disputed Portion . Subject to Lender's discretion, the reimbursement contemplated hereby may be made by Lender's deducting such amounts from collections or by Lender's adding such amounts to the Post-Petition Indebtedness. Lender shall provide an accounting within seven days if requested by Debtor or the Court approved counsel to any official committees appointed in this case. Further, Lender shall be paid a fee of \$20,000 upon entry of this Order, and \$200,000 upon payment in full of all principal and interest to Lender for agreeing to provide the Post-Petition Financing set forth in this Order.

15. The signature of Leonard Zucker or any other persons authorized by corporate resolution or by letter to Lender signed by Debtor shall bind Debtor retroactively as of the Petition Date.
16. In no event shall Debtor assert that Lender is subject to the equitable doctrine of "marshaling" or any other similar doctrine with respect to any Pre-Petition Collateral or Post-Petition Collateral, or otherwise.

17. Debtor is hereby required to deliver to Lender such other financial and other information concerning the business and affairs of Debtor as Lender shall reasonably request from time to time, including, without limitation, the financial reports and information provided to Lender under the Security Agreement and Pre-Petition Agreements. Debtor shall further provide Lender with (a) detailed information as to the extent and composition of the Pre-Petition Collateral and Post-Petition Collateral and as to any collections thereon; (b) on the fifteenth day of each month, with information, reasonably satisfactory to Lender, on the aging of accounts receivable collateral; (c) a weekly report of cash receipts versus budget receipts; (d) a weekly report of actual expenditures versus Budget expenditures; and (e) a weekly borrowing base analysis which includes unborrowed availability. Within ten days of the entry of this Order, Debtor shall account to Lender for all cash and cash deposits of Debtor as of the Petition Date. Any reports or financial information which shall be provided to Lender under this Paragraph, shall be provided to the Court approved counsel for any official committees appointed in this case, subject, in the case of information reasonably declared to be confidential, to reasonable confidentiality restrictions to be agreed upon.
18. This Order is subject to the execution of Guaranty Reaffirmation Agreements by Wind Point Capital Partners III, L.P., Miami Partners Venture Fund, L.P., and Alpha Capital Fund II, L.P. ("Guarantors") in a form and substance satisfactory to Lender and such other agreements, instruments and documents

from Guarantors as Lender or its counsel shall reasonably require and such other orders of the Bankruptcy Court and other Courts, with respect to Guarantors, as Lender or its counsel reasonably shall require.

19. This Order is further subject to the delivery to Lender of evidence, satisfactory to Lender's counsel, that the Pre-Petition Collateral and the Post-Petition Collateral are insured for the full replacement value thereof and Lender is named as additional, lender loss payee on all insurance policies upon request of Lender.
20. The automatic stay under Section 362(a) of the Bankruptcy Code shall be, and it hereby is, modified to the extent necessary to permit Lender to receive, collect and apply payments and proceeds in respect of the Pre-Petition Collateral and the Post-Petition Collateral in accordance with the terms and provisions of this Order. If it shall become necessary for Lender, in its sole discretion, to exercise its rights under the Pre-Petition Agreements, Post-Petition Documents or this Order in order to effect repayment of any Pre-Petition Indebtedness or Post-Petition Indebtedness or to preserve any of the Pre-Petition Collateral or Post-Petition Collateral, after first giving written notice to Debtor and its attorneys of record and the attorneys of record for any Court approved official committees and the U.S. Trustee, Lender shall be entitled to an expedited hearing within two (2) business days (or as soon thereafter as the Court's schedule will allow) after such notice is given with respect to the vacation of the automatic stay and for an order authorizing

other appropriate relief. Such notice shall be delivered by hand delivery or by receipted over-night mail. Debtor consents to service of any notice or motion relative to the lifting of the automatic stay upon any of its attorneys of record. Notwithstanding the foregoing, Lender shall be entitled to an immediate hearing in the event it alleges fraud or other imminent danger to the Pre-Petition Collateral or Post-Petition Collateral.

21. The provisions of this Order shall be binding upon and inure to the benefit of Lender, Debtor and their respective successors and assigns, including, but not limited to, any Trustee hereinafter appointed as a representative of the estate herein under either Chapter 7 or Chapter 11 of the Bankruptcy Code. Notwithstanding anything in this Order to the contrary, any party in interest shall have to and including July 17, 2000, and any creditors' committee appointed in this case shall have until 45 days after its formation, to challenge, pursuant to an adversary proceeding, the validity, enforceability, priority and perfection of Lender's security interest as of the Petition Date, and to challenge any of the stipulations and findings set forth herein (including, without limitation, the stipulations and findings regarding the amount of the Pre-Petition Indebtedness, what constitutes Pre-Petition Collateral and the value of the Pre-Petition Collateral) by filing a detailed and specific objection with this Court and served on counsel for Lender and Debtor, or such security interests, stipulations and findings shall be deemed

valid, enforceable, perfected and prior in interest to any other party that has received notice of this Order.

22. Except as provided and limited in Paragraph 21 hereof, no provision of this Order shall be deemed to be a factual finding regarding, or to limit the rights, if any, of any party in interest (except the Debtor) to challenge the legality, validity, enforceability, priority or amount of the Pre-Petition Indebtedness or the legality, validity, enforceability, priority or perfection of the Pre-Petition liens in the Pre-Petition Collateral. Nothing contained herein shall create any rights of any party in interest.

23. Any provision of this Order to the contrary notwithstanding, the liens and super priority claims granted to Lender pursuant hereto shall be subject and subordinate to a carve-out (the "Carve-Out") for (a) following written notice to the professionals retained by the Debtor and any statutory committee of the occurrence of an Event of Default or termination of financing hereunder, the payment of allowed professional fees and disbursements incurred by the professionals retained, pursuant to Sections 327 or 1103(a) of the Bankruptcy Code, by the Debtor and any statutory committee of unsecured creditors appointed in this Chapter 11 case in an aggregate amount not to exceed \$500,000 less the amount paid to such professionals in this case; ~~and~~<sup>o</sup> (b) quarterly fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6) and any fees payable to the Clerk of the Bankruptcy Court; provided however, the Carve Out shall not include professional fees and disbursements incurred in

*and (c) fees and costs  
incurred by any subsequently  
appointed Chapter 7 Trustee,  
not to exceed \$100,000*

connection with investigations or asserting any claims or causes of action against the Lender, including formal discovery proceedings in anticipation thereof, and/or investigating or challenging or raising any defense to the Pre-Petition Indebtedness, any lien of the Lender or the Lender. Prior to the receipt by the professionals retained by the Debtor and any statutory committee of a notice of an Event of Default, the Debtor may pay their fees and expenses as and when allowed by this Court without setoff, defense or offset by the Lender.

24. All secured creditors reflected in public records and of which Debtor is otherwise aware, the twenty largest unsecured creditors, the United States Trustee and all creditors which have filed a request to receive notice shall be immediately mailed copies of this Order by Debtor, which mailing shall constitute adequate notice of the Final Hearing on this Order, as described in Paragraph 28 below. If any or all of the provisions of this Order are hereafter modified, vacated or stayed by subsequent order of this or any other Court, such modification, vacation or stay shall not affect the validity of (i) any indebtedness to Lender incurred pursuant to this Order prior to the effective date of such modification, vacation or stay, (ii) the validity and enforceability of any security interest or lien or priority authorized hereby with respect to Post-Petition Indebtedness, or (iii) the validity and enforceability of any security interest or lien or priority authorized hereby with respect to the Pre-Petition Indebtedness unless otherwise ordered or adjudged by the Court as

a result of an adversary proceeding brought as provided in paragraph 21 above. Moreover, notwithstanding such modification, vacation or stay, any advances of funds, guarantees of letters of credit, use of cash collateral or financial accommodations made pursuant to this Order by Lender prior to the effective date of such modification, vacation or stay, to or for the benefit of Debtor shall be governed in all respects by the original provisions of this Order and Lender shall be entitled to all the rights, privileges and benefits, including without limitation the security interests, liens and priorities granted herein, with respect to all such advances.

25. Lender shall not, by reason of this Order or otherwise, be deemed to have waived any default by Debtor under the Pre-Petition Agreements.
26. To the extent there exists any conflict between the Pre-Petition Agreements or Post-Petition Documents, the Motion or any other agreements and the terms of this Order, this Order shall govern.
27. Nothing herein contained shall: (i) affect or impair Lender's right to seek adequate protection of its interests in the Pre-Petition Collateral or Post-Petition Collateral; or (ii) be deemed to constitute or constitute a commitment by Lender to continue to consent to the use of cash collateral or to make advances to Debtor or to finance Debtor's Chapter 11 proceeding, except as otherwise provided herein.
28. This matter is set for <sup>a second interim</sup> ~~final~~ hearing at 10:30 am on June 9, 2000. Any party in interest objecting to the provisions of this Order must serve its objections

in writing upon all of the parties listed in Paragraph 13 of this Order and counsel for Lender, Honigman Miller Schwartz and Cohn, Attention: Sheldon S. Toll, Esq. and Scott A. Wolfson, Esq., 2290 First National Building, 660 Woodward Avenue, Detroit, Michigan 48226-3583, no later than 5:00 p.m. on the date that is 15 days after the date hereof. Pursuant to Rule 4001(d)(3) of the Rules, this Order will be considered a final order and no final hearing will be conducted if no party in interest files an objection to the provisions of this Order within the time limit set forth in this Paragraph 28, except that any creditors' committee appointed in this case shall have 15 days after its formation to object to this Order.

29. Notwithstanding anything set forth herein to the contrary, on June 9, 2000 this Order shall expire and Lender shall have no further obligation to fund hereunder.



30.  
29.

This matter is a "core proceeding" and this Order is a final order, within the meaning of 28 U.S.C. § 157.

Dated as of June 2, 2000.

ENTER:

RAY REYNOLDS GRAVES

UNITED STATES BANKRUPTCY JUDGE

ACTING IN THE ABSENCE OF JUDGE SHAPERO

Consented and Approved as to form and substance:

THE 1/2 OFF CARD SHOP, INC.

By: [Signature]  
Its: Attorney

Josef S. Athanas, Esq.  
David S. Heller, Esq.  
Latham & Watkins  
5899 Sears Tower  
Chicago, Illinois 60606  
(312) 876-7700 Telephone  
(312) 993-9767 Facsimile

Judy A. O'Neill, Esq.  
Dykema Gossett  
400 Renaissance Center  
Detroit, Michigan 48243-1668  
(313) 568-6786 Telephone  
(313) 568-6915 Facsimile

*Approved for Entry:*

OFFICE OF THE U.S. TRUSTEE

By: [Signature]  
~~\_\_\_\_\_~~ T. N. Ziedas

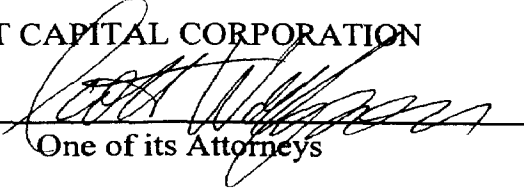
A TRUE COPY  
CLERK, U.S. BANKRUPTCY COURT  
EASTERN DISTRICT OF MICHIGAN

BY: [Signature]  
Deputy Clerk

Date: JUN 2 2000

Consented and Approved as  
to form and substance:

FLEET CAPITAL CORPORATION

By:   
One of its Attorneys

Sheldon S. Toll, Esq.  
Scott A. Wolfson, Esq.  
Honigman Miller Schwartz and Cohn  
2290 First National Building  
660 Woodward Avenue  
Detroit, MI 48226-3583  
(313) 465-7000  
(313) 465-8000

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Exhibit A.

Inventory Purchases	\$ 1,400,000
Payroll	\$ 480,000
Other	\$ 184,000
	<hr/>
	\$ 2,064,000