



## EXHIBIT A

### PARTIAL RELEASE OF SECURITY INTEREST

The undersigned, WELLS FARGO BANK, N.A., as Administrative Lender (the "Administrative Lender") under the Security Agreement dated as of April 21, 1998 with Diamond Brands Operating Corp., a Delaware corporation as Grantor (the "Debtor") (the "Security Agreement"), hereby releases, effective on and as of the date of sale, the property being sold by Debtor pursuant to the Agreement between Debtor and Arnold Andre GmbH & Co. KG, a partnership organized and existing under the laws of the Federal Republic of Germany (the "Settlement Agreement") attached hereto as Schedule I and made a part hereof (the "Released Collateral") from any Lien (as defined in the Security Agreement) granted to or held by the Administrative Lender, inclusive of any Lien pursuant to the Security Agreement. The Administrative Lender agrees to execute any other documents and take any further action necessary to release any Lien granted to or held by the Administrative Lender with respect to the Released Collateral, including, without limitation, executing UCC termination statements with regard to any financing statements executed in favor of Administrative Lender that relate to the Released Collateral.

This Partial Release of Security Interest does not constitute a waiver or release of any of the obligations for which the Released Collateral was given as security or a waiver, release or subordination of the Lien of any other security agreements, mortgages, deeds of trust or other instruments given as security for the same obligations, and the remaining property described in any such other security agreements, mortgages, deeds of trust or other instruments given as security for the same obligations shall continue to be held by the secured party, mortgagees or trustees under such other security agreements, mortgages, deeds of trust or other instruments given as security for the same obligations in accordance with the terms thereof. This Partial Release of Security Interest is made without affecting the personal liability of any person for payment of the indebtedness secured by the Released Collateral.

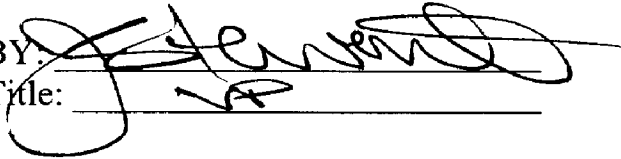
[Signature to Follow on Next Page]

DATED this 17<sup>th</sup> day of February, 2000.

WELLS FARGO BANK, N.A.,  
as Administrative Lender

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

Title: \_\_\_\_\_

Handwritten signature and initials in black ink, written over the signature and title lines.

**CALIFORNIA ALL-PURPOSE ACKNOWLEDGMENT**

State of California

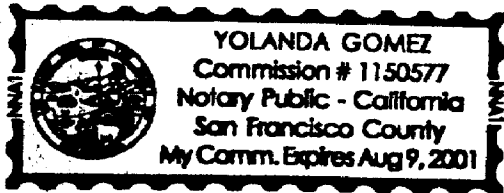
County of San Francisco } ss.

On 2-17-00, before me, Yolanda Gomez  
Date Name and Title of Officer (e.g., "Jane Doe, Notary Public")

personally appeared John Stewart  
Name(s) of Signer(s)

- personally known to me
- proved to me on the basis of satisfactory evidence

to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/she/they executed the same in his/her/their authorized capacity(ies), and that by his/her/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.



Place Notary Seal Above

WITNESS my hand and official seal.

Yolanda Gomez  
Signature of Notary Public

**OPTIONAL**

*Though the information below is not required by law, it may prove valuable to persons relying on the document and could prevent fraudulent removal and reattachment of this form to another document.*

**Description of Attached Document**

Title or Type of Document: Partial Release of Security Interest

Document Date: 2-17-00 Number of Pages: 5

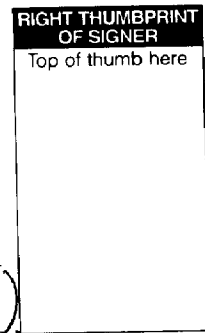
Signer(s) Other Than Named Above: Diamond Brands Operating Corp.

**Capacity(ies) Claimed by Signer**

Signer's Name: John Stewart

- Individual
- Corporate Officer — Title(s): V.P.
- Partner —  Limited  General
- Attorney in Fact
- Trustee
- Guardian or Conservator
- Other: \_\_\_\_\_

Signer Is Representing: Wells Fargo Bank (Lender)



A G R E E M E N T

AGREEMENT, by and between Diamond Brands Operating Corp., a Delaware corporation with an office at 1800 Cloquet Avenue, Cloquet, Minnesota 55720 (hereinafter, "Diamond Brands") and Arnold Andre GmbH & Co. KG, a partnership organized and existing under the laws of the Federal Republic of Germany, with an office at Moltkestrasse 10-18, 32257 Bunde, Federal Republic of Germany (hereinafter, "Arnold Andre").

W I T N E S S E T H :

WHEREAS, Diamond Brands warrants and represents that it is the owner of the trademark INDEPENDENCE and INDEPENDENCE and Design in connection with "matches," including U.S. Registration Nos. 415,696 and 1,049,176, copies of which registrations are attached as Exhibit A (hereinafter, the "INDEPENDENCE Marks"); and

WHEREAS, Arnold Andre has adopted and is using in the United States the mark INDEPENDENCE in connection with "raw tobacco, tobacco products, particularly cigars, cigarillos, cheroots, cigarettes, smoking tobacco, pipe tobacco, snuff and chewing tobacco," and has applied to register the mark INDEPENDENCE under Serial No. 75/336,229; and

WHEREAS, Arnold Andre has petitioned to cancel, under Cancellation Action No. 28,059, Diamond Brands' registrations, alleging abandonment; and

WHEREAS, Diamond Brands has denied the material allegations of Arnold Andre's Petition for Cancellation; and

NOW THEREFORE, on the basis of the representations,

warranties, covenants and agreements herein, the parties hereby agree as follows:

1. Diamond Brands does hereby sell, assign, transfer and otherwise convey to Arnold Andre, its successors and assigns, and Arnold Andre agrees to purchase from Diamond Brands, all of the right, title and interest (including any and all common law rights) in and to the INDEPENDENCE Marks, together with that part of the goodwill of Diamond Brands' business connected with the use of and symbolized by the INDEPENDENCE Marks. In furtherance thereof, Diamond Brands will execute, simultaneously with its execution of this agreement, the Assignment which is shown in Exhibit B. Diamond Brands further agrees to execute any other documents as may be reasonably necessary to effectuate the transfer of title in and to the INDEPENDENCE Marks to Arnold Andre and to uphold their validity.

2. Diamond Brands also sells, assigns, transfers and otherwise conveys to Arnold Andre the right to recover for present and past acts of infringement of the INDEPENDENCE Marks.

3. Diamond Brands agrees to execute, simultaneously with its execution of this agreement, the Stipulated Dismissal of Cancellation Action No. 28,059; which is shown in Exhibit C.

4. Within seven (7) days from Arnold Andre's receipt of this Agreement, the Assignment and the Stipulated Dismissal of Cancellation Action No. 28,059 executed by Diamond Brands, Arnold Andre shall pay to Diamond Brands U.S. Two Thousand (\$2,000.00) Dollars.

5. As a material consideration for the inducement of Arnold Andre's purchase of the INDEPENDENCE Marks and payment of \$2,000.00, Diamond Brands warrants and represents as follows:

- a. The INDEPENDENCE Marks are owned by Diamond Brands free and clear of any known adverse claims, mortgages, liens, charges, pledges or security interests or other encumbrances of any kind whatsoever, including, without limitation, all existing and pre-existing licenses as well as covenants not to sue, and the INDEPENDENCE Marks are freely assignable by Diamond Brands.
- b. The INDEPENDENCE Marks do not knowingly infringe on the right of any other person, corporation or entity and no judicial or administrative proceedings have been instituted, are pending or, to the best of Diamond Brands' knowledge, are threatened, which challenge the rights of Diamond Brands to use the INDEPENDENCE Marks, except for the cancellation filed by Arnold Andre.
- c. The INDEPENDENCE Marks are not knowingly being infringed by any other person, corporation or entity, and the INDEPENDENCE Marks are not subject to any outstanding order, judgment, decree, stipulation or agreement restricting the use thereof or requiring that Diamond Brands pay royalties or other fees for the use thereof.

d. The INDEPENDENCE Marks are valid and enforceable and are in use. The INDEPENDENCE Marks are not subject to any cancellation action on the grounds of abandonment (other than Cancellation Action No. 28,059) and such trademark registrations constitute all rights now owned or used by Diamond Brands with respect to the INDEPENDENCE Marks.

6. Diamond Brands hereafter recognizes Arnold Andre's sole and exclusive ownership, right and title in and to the INDEPENDENCE Marks and will not contest the validity of the INDEPENDENCE Marks, nor claim adversely to Arnold Andre any right, title and interest in and to the INDEPENDENCE Marks, or to any distinctive features used in advertising, promotional and written material in connection with the INDEPENDENCE Marks and shall not use, register, apply to register or aid or induce a third party in registering the INDEPENDENCE Marks or confusingly similar trademarks with respect to the goods covered by the registrations or similar goods, including those goods specified in Arnold Andre's INDEPENDENCE Application, Serial No. 75/336,299. Furthermore, Diamond Brands hereby agrees not to object to any use or registration of a variation of the INDEPENDENCE Marks by Arnold Andre with respect to the goods covered by the registrations or similar goods, including those goods specified in Arnold Andre's INDEPENDENCE Application, Serial No. 75/336,299.

7. Diamond Brands will not hereafter use, apply to



register or register (or assist or induce others to do so) the INDEPENDENCE Marks or any confusingly similar marks with respect to the goods covered by the registration or any similar goods or services, including those goods specified in Arnold Andre's INDEPENDENCE Application, Serial No. 75/336,299.

8. If any provision of this Agreement is declared void or unenforceable by any judicial or administrative authority, this shall not in and of itself nullify the remaining provisions of this Agreement.

9. The parties hereby agree that this Agreement shall be governed by and construed in accordance with the laws of the State of New York, and the parties agree to submit to the exclusive jurisdiction of the State and Federal Courts of the Southern District of New York, United States of America.

10. This Agreement shall be binding upon and inure to the benefit of all successors and assigns of the parties hereto.

11. This Agreement is a final, integrated Agreement, which embodies all of the terms, conditions and representations between the parties, and the parties make no warranties, representations, covenants or agreements, express or implied, except as expressly set forth herein. This Agreement contains the full and complete understanding of the parties hereto, supersedes all prior and contemporaneous agreements and understandings, whether written or oral, pertaining thereto and cannot be modified except by a written instrument signed by the parties hereto.

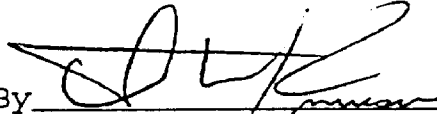
12. This Agreement shall be deemed effective only as of the

date on which it has been fully executed by all of the parties.  
It shall remain an offer and shall not be deemed effective until  
all of the parties have executed this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this  
Agreement to be executed by their duly authorized officers as  
follows:

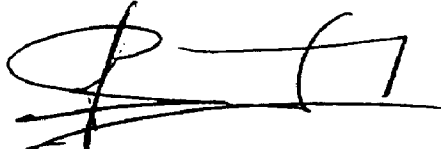
DIAMOND BRANDS OPERATING CORP.

Date: 9/1/ 1999

By   
Name: THOMAS W. KNUDSEN  
Title: VP/COO

ARNOLD ANDRE GMBH & CO. KG

Date: W/W 1999

By   
Name: JUAN OELSHLEGEL  
Title: CEO

**EXHIBIT**

A

Registered Aug. 14, 1945

Trade-Mark 415,696

## UNITED STATES PATENT OFFICE

America's Own Match Company, New York, N. Y.

Act of February 20, 1905

Application February 20, 1945, Serial No. 430,006



### STATEMENT

To the Commissioner of Patents:

America's Own Match Company, a corporation duly organized and existing under and by virtue of the laws of the State of Delaware and having its principal place of business at No. 155 East 44th Street, in the city of New York (Borough of Manhattan), county and State of New York, has adopted and used the trade-mark shown in the accompanying drawing, for MATCHES, in Class 9, Explosives, firearms, equipments, and projectiles, and presents herewith five specimens showing the trade-mark as actually used by applicant upon the goods, and requests that same be registered in the United States Patent Office in accordance with the act of February 20, 1905. The trade-mark has been continuously used and applied to said goods in applicant's business since January, 1931. The trade-mark is applied or

affixed to the goods, or to the packages containing the same, by placing thereon, a printed label on which the trade-mark is shown.

The undersigned hereby appoints George P. Lamb and George F. Hurley, or any one of the foregoing, of the law firm of Feldman, Kittelle, Campbell & Ewing, whose postal address is 1044 Shoreman Building, 15th and H Streets, N. W., Washington 5, D. C., its attorneys, to prosecute this application for renewal, with full power of substitution and revocation, to make alterations and amendments therein, to receive the certificate, and to transact all business in the Patent Office connected therewith.

AMERICA'S OWN MATCH COMPANY,  
By C. E. O'CONNOR, Jr.  
Vice President.

EXHIBIT A

TRADEMARK  
REEL: 002097 FRAME: 0274

Int. Cl.: 34

Prior U.S. Cl.: 9

Reg. No. 1,049,176

United States Patent and Trademark Office

Registered Sep. 28, 1976

10 Year Renewal

Renewal Term Begins Sep. 28, 1996

TRADEMARK  
PRINCIPAL REGISTER

INDEPENDENCE

DIAMOND BRANDS INCORPORATED  
(MINNESOTA CORPORATION)  
1800 CLOQUET AVENUE  
CLOQUET, MN 55720, BY ASSIGNMENT  
AND ASSIGNMENT FROM DIAMOND  
INTERNATIONAL CORPORATION  
(DELAWARE CORPORATION) NEW  
YORK, NY

FOR MATCHES, IN CLASS 14 (U.S.  
CL. 9).

FIRST USE 9-17-1953; IN COMMERCE  
9-21-1953.

SER. NO. 73-078,863, FILED 3-1-1976

OWNER OF U.S. REG. NO. 413,696.

*In testimony whereof I have hereunto set my hand  
and caused the seal of The Patent and Trademark  
Office to be affixed on Mar. 31, 1998.*

COMMISSIONER OF PATENTS AND TRADEMARKS

EXHIBIT A

TRADEMARK  
REEL: 002097 FRAME: 0275

Int. CL: 34

Prior U.S. CL: 9

United States Patent Office

Reg. No. 1,049,176  
Registered Sept. 28, 1976

**TRADEMARK**  
Principal Register

**INDEPENDENCE**

Diamond International Corporation (Delaware corporation)  
733 3rd Ave.  
New York, N.Y. 10017

For: MATCHES, in CLASS 34 (U.S. CL. 9).  
First use Sept. 17, 1953; in commerce Sept. 21, 1953.  
Owner of Reg. No. 415,696.

Ser. No. 78,863, filed Mar. 1, 1976.

P. P. GRALNICK, Supervisory Examiner  
B. A. CHAPMAN, Examiner

E X H I B I T A

**TRADEMARK**  
REEL: 002097 FRAME: 0276

**EXHIBIT**

*B*

A S S I G N M E N T

WHEREAS, Diamond Brands Operating Corp., a Delaware corporation with an office at 1800 Cloquet Avenue, Cloquet, Minnesota 55720 (hereinafter, "Diamond Brands") has adopted and used the trademarks registered in the United States Patent and Trademark Office:

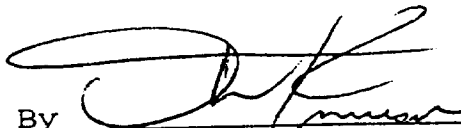
INDEPENDENCE and Design	415,696
INDEPENDENCE	1,049,176

AND WHEREAS, Arnold Andre G.m.b.H. & Co, KG, a partnership organized under the laws of the Federal Republic of Germany, located at Moltkestrasse 10-18, 32257 Bunde, Federal Republic of Germany (hereinafter, "Arnold Andre") is desirous of acquiring the right, title and interest in and to the said trademarks and the registrations thereof;

NOW, THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Diamond Brands, by these presents, does sell, assign and transfer unto Arnold Andre, its successors and assigns, all right, title and interest in and to the said trademarks and registrations thereof, together with that part of the goodwill of Diamond Brand's business connected with the use of and symbolized by the said trademarks.

IN WITNESS WHEREOF, Diamond Brands has hereunto executed this instrument this 12<sup>th</sup> day of September 1999.

[Corporate Seal]

By   
Name: THOMAS W. KMUERSEL  
Title: VP / CFO

E X H I B I T B

TRADEMARK  
REEL: 002097 FRAME: 0278

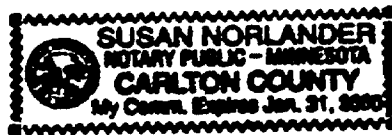


C O R P O R A T E   A C K N O W L E D G M E N T

STATE OF *Minnesota* ] SS:  
  ]   
COUNTY OF *Carlton* ]

On this *1<sup>st</sup>* day of *September* 19*99*, before me personally appeared *Thomas Knuesel* to me known, who, being by me duly sworn, did depose and say that he/she is the *Vice President / CFO* of the corporation described in and which executed the foregoing instrument; that he/she knows the seal of said corporation; that the said seal affixed to said instrument is such corporate seal; that it was so affixed by order of the Board of Directors of said corporation and that he/she signed his/her name thereto by like order.

*Susan Norlander*  
\_\_\_\_\_  
Notary Public



[Seal]

TRADEMARK  
REEL: 002097 FRAME: 0279

**EXHIBIT**

C

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE  
BEFORE THE TRADEMARK TRIAL AND APPEAL BOARD

-----X  
ARNOLD ANDRE GMBH & CO. KG, :  
 :  
 : Petitioner, :  
 :  
 : v. : Cancellation No. 28,059  
 :  
 : DIAMOND BRANDS OPERATING CORP., :  
 :  
 : Respondent. :  
-----X

STIPULATED DISMISSAL OF CANCELLATION ACTION

It is hereby stipulated by and between the parties, through counsel, that the above-identified cancellation action is withdrawn without prejudice.

Respectfully submitted,


LADAS & PARRY  
Attorneys for Petitioner

Date: \_\_\_\_\_, 1999

By: \_\_\_\_\_  
Robert Alpert  
26 West 61st Street  
New York, NY 10023  
(212) 708-1860  
(Our File: 98/810)

Attorney for Respondent

Date: 7-20, 1999

By:   
Paul M. Denk  
Attorney at Law  
763 S. New Ballas Road  
St. Louis, Missouri 63141  
(314) 872-8136

E X H I B I T C

IN THE UNITED STATES PATENT AND TRADEMARK OFFICE

Conveying Party:

Wells Fargo Bank, N.A.

Receiving Party:

Arnold Andre GmbH & Co., KG

Reg. Nos:

415,696 and 1,049,176

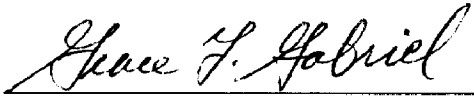
**CERTIFICATE OF MAILING BY FIRST CLASS MAIL**

Commissioner of Patents and Trademarks  
BOX ASSIGNMENTS  
Washington, D.C. 20231

Dear Sir:

I hereby certify that the attached Recordation of Trademark Assignment, Recordation Form Cover Sheet Trademarks Only, Asset Disposition Certificate and Request for Release of Lien, Exhibit A Partial Release of Security Interest, Agreement, copy of Certificate of Registration for INDEPENDENCE mark as Exhibit A, Assignment as Exhibit B, Stipulated Dismissal of Cancellation Action as Exhibit C, our check in the amount of \$65.00, and receipt verification postcard are being deposited with the United States Postal Service as first class mail in an envelope addressed to: Commissioner of Patents and Trademarks, BOX ASSIGNMENTS, Washington, D.C. 20231, on June 8, 2000.

Respectfully submitted,

By:   
Grace F. Gabriel

ASSET DISPOSITION CERTIFICATE  
AND  
REQUEST FOR RELEASE OF LIEN

February 21, 2000

Wells Fargo Bank, N.A., as Administrative Lender  
Attention: John Stewart  
555 Montgomery Street, 17th Floor  
San Francisco, California 94111

Re: Credit Agreement, dated as of April 21, 1998, among DIAMOND BRANDS OPERATING CORP. (the "Company"), the lenders from time to time parties thereto (the "Lenders"), and WELLS FARGO BANK, N.A., as Administrative Lender, and the Syndication Agent and Documentation Agent named therein (the "Credit Agreement"). Capitalized terms used herein and not otherwise defined shall have the meanings assigned in the Credit Agreement.

Ladies & Gentlemen:

For good and valuable consideration in the amount of approximately \$2,000, as more specifically determined pursuant to the Agreement attached hereto as Schedule I (the "Settlement Agreement"), the Company agreed to sell, transfer and assign to Arnold Andre GmbH & Co. KG, a partnership organized and existing under the laws of the Federal Republic of Germany (the "Buyer") all of its rights, title and interest in and to the trademark INDEPENDENCE and INDEPENDENCE and Design in connection with "matches," U.S. Registration Nos. 415,696 and 1,049,176, copies of which registrations are attached as Schedule II (hereinafter, the "INDEPENDENCE marks").

In accordance with Section 7.7 of the Credit Agreement, the Company hereby certifies to the Administrative Lender, that the following statements are true and correct:

(a) the sale and purchase contemplated by the Settlement Agreement does not constitute an Asset Sale because the aggregate value of the INDEPENDENCE marks is equal to \$1,000,000 or less and the aggregate value of the INDEPENDENCE marks sold, together with all other assets sold pursuant to clause (iii) of the definition of Asset Sale, in this Fiscal Year is equal to \$2,000,000 or less; and

(b) the consideration received by the Company for such the INDEPENDENCE marks is an amount at least equal to the fair market value thereof.

In accordance with Section 9.6 of the Credit Agreement, the Company hereby requests that the Administrative Lender, (i) execute a Partial Release of Security Interest substantially in the form of Exhibit A attached hereto and (ii) execute any other

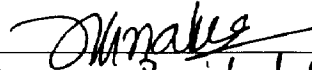
sf-825721

TRADEMARK  
REEL: 002097 FRAME: 0283

documents or take any further action necessary to release any Lien granted to or held by the Administrative Lender with respect to the INDEPENDENCE marks.

Very truly yours,

DIAMOND BRANDS  
OPERATING CORP.

By:   
Title: President & CEO

sf-825721

RECORDED: 06/12/2000

TRADEMARK  
REEL: 002097 FRAME: 0284