

## DICKENS COMPANY

100 Dupont Street, Plainview, NY 11803-1603

Phone: (516)576-1234

(800)445-4632

Fax: (516)576-3456

Mr. Don Hall  
HALLMARK CARDS INC.  
2501 McGee Street  
Kansas City, MO 64141  
Phone: (816)274-5612, Fax: (816)274-7555

May 10, 1993

Dear Mr. Hall:

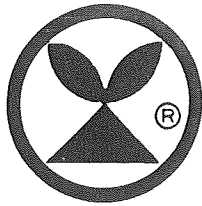
*I hope this letter can reach you personally without being stopped by your secretary who can easily misjudge the importance of this letter.*

*Please allow me to introduce ourselves as a small supplier of greeting cards since 1982. We specialize in electronic greeting cards such as "Musical Greeting Cards", "Sound Effect Cards", samples of our products and catalogue are enclosed for your reference.*

*We have been trying very hard to keep our niche in this competitive greeting card market by providing our retailers with unique and innovative products and decent service. We have done very well in the past and our business keeps growing. However, there is always a cloud in the bright sky whenever some retailers or supplier friends ask us what we can do if Hallmark duplicates our ideas and sells the same products.*

*Last year Hallmark came back with English Christmas Musical Cards, we immediately felt the heat. A lot of Hallmark store owners advised us that their Hallmark sales representatives advised them they can no longer carry our cards. Some of the retailers warned us "Watch out, Hallmark knows what you are doing, they will have your Sound Effect Cards next year".*

*I had the idea to put the sound chips in the greeting cards before I came to the States in 1982. My idea was not fulfilled until the last few years when the prices of sound chips came down. We were the first supplier who introduced "Sound Effect Cards" to the market place in the United States. Many different types of news media have mentioned our introduction of this product (copy of an article from Courier Journal is enclosed for reference). Quite a few of Dickens "Sound Effect Cards" designs have won "Louie Awards" -- an award which is given to the best designs by the Greeting Card Association which covers most of the suppliers (including Hallmark, American Greetings) in the greeting card industry. I am enclosing a list of the people who possibly can verify part of my statements.*



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*Hallmark has been one of the most innovative and reputable company's which I admire and respect, now why is Hallmark going to involve themselves in the same "Sound Effect Cards" which we have worked so hard to develop? I would have to think the idea must have come from your Product Development Department who was anxious to get a quick hit without the acknowledgement from top management. This is also the reason that I try to bring this case to your personal attention.*

*We have more than 10,000 established accounts, unfortunately, more than 5,000 of them are Hallmark stores, and we have found more and more Hallmark stores (especially Gold Crown Stores) are telling us that they can no longer carry our cards, or they will get into trouble. Some stores have been dealing with us for years and really love our cards, they suggested that we contact you personally to get your endorsement for them to carry our cards in the stores so they do not have to hide our cards when Hallmark sales people visit them. It's a silly and embarrassing request, and I imagine you are possibly the only one who can make the decision, that is another reason why I am contacting you direct.*

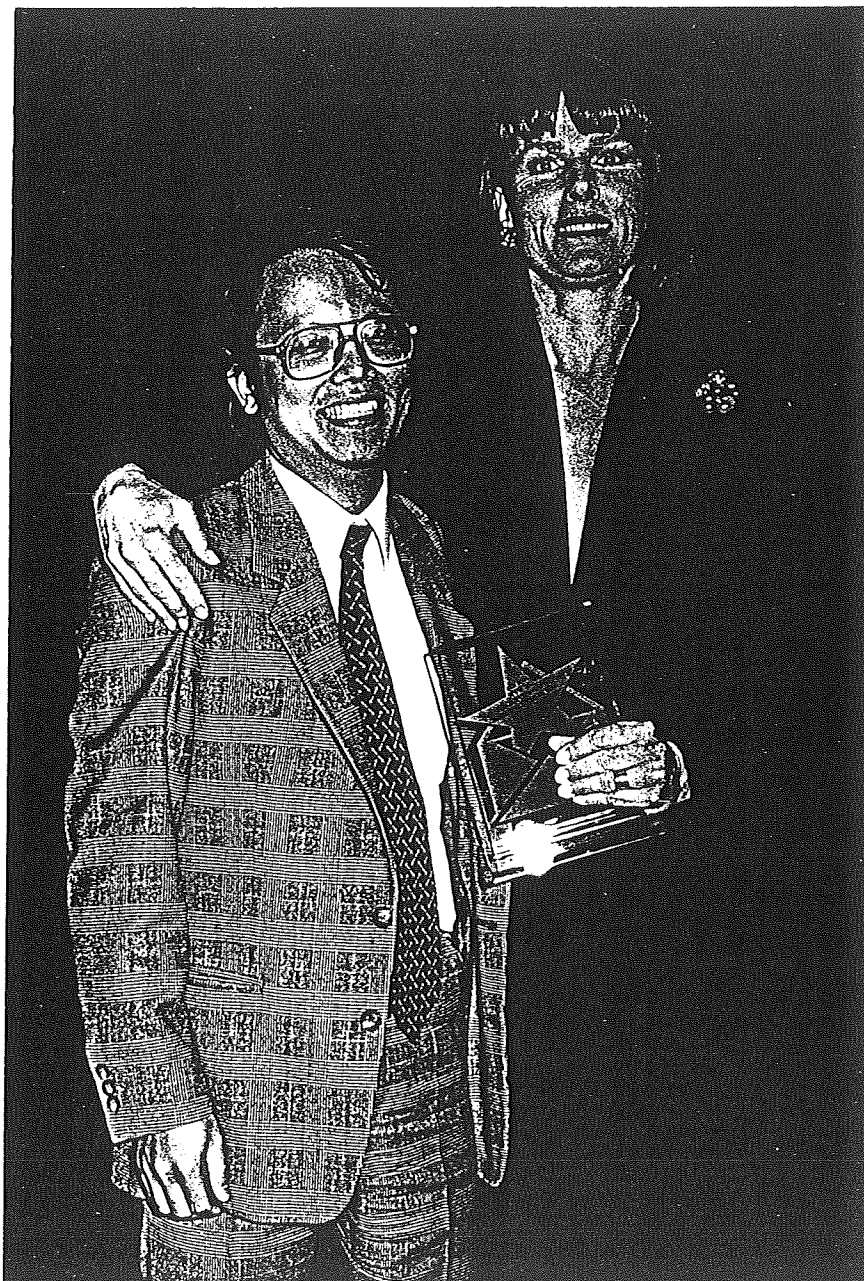
*Any assistance from you will be greatly appreciated.*

*Sincerely Yours,*  
DICKENS COMPANY

*James Chou*  
Vice President

p.s.

The "Fifth Annual International Greeting Card Awards" dinner will be held at New York Marriot Marquis Hotel on Sunday evening. Above dinner party is one of the most important event in the industry. All the attendants in the party will definitely feel excited and honored if you can be in the party. I am enclosing information regarding above party, and please let me know if you are able to attend.

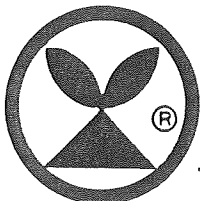


Dickens New Baby Sound Effect Card (Design No. NG33B) won the 1992 Fourth "Louie" Award. Mariette Hartley was the hostess in the ceremony.

## LIST FOR REFERENCE

All parties listed below have been given samples or sold (if they are retailers) Dickens "Sound Effect Cards" in 1991 or 1992. All of them have had personal conversation with James Chou and more or less are aware of the process of our development of this product.

- |     |                                            |                                                  |
|-----|--------------------------------------------|--------------------------------------------------|
| 1.  | Amy Long<br>HALLMARK CARDS INC.            | Phone: (816)274-8194                             |
| 2.  | George Hilden<br>HALLMARK CARDS INC.       | Consultant<br>Phone: (816)274-5111               |
| 3.  | Al D'addio<br>Ex Hallmark Regional Manager | Phone: (914)634-9284                             |
| 4.  | Guy Elam<br>ELAM'S HALLMARK SHOPS          | President<br>Phone: (619)588-8935                |
| 5.  | Al Meyer<br>SOCIAL EXPRESSIONS             | President<br>Phone: (404)266-2631                |
| 6.  | Dick Dobbs<br>COACH HOUSE & GIFTS          | Vice President<br>Phone: (515)232-3580           |
| 7.  | Murry Spain<br>SPAIN'S                     | President<br>Phone: (215)969-7888                |
| 8.  | Gary Kirlin<br>KIRLIN'S INC.               | President<br>Phone: (217)224-8953                |
| 9.  | Robert Lohr<br>THE CARD PLACE INC.         | General Manager<br>Phone: (205)877-8515          |
| 10. | Bill Baxley<br>KERR DRUGS INC.             | Vice President<br>Phone: (919)872-5710           |
| 11. | Alan Patrick<br>GENOVESE DRUG STORES       | Executive Vice President<br>Phone: (516)420-1900 |
| 12. | Stan Carlson<br>AMERICAN DRUG STORES INC.  | Director of Merchandise<br>Phone: (708)572-5000  |
| 13. | Jim Trappani<br>WALGREEN CO.               | Buyer<br>Phone: (708)940-3125                    |



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- |     |                                                          |                                                  |
|-----|----------------------------------------------------------|--------------------------------------------------|
| 14. | Ed Kelly<br>JACK ECKERD CORPORATION                      | Vice President<br>Phone: (813)399-6000           |
| 15. | Marianne McDermott<br>GREETING CARD ASSOCIATION          | Executive Vice President<br>Phone: (202)393-1778 |
| 16. | Patti Brickman<br>NATIONAL STATIONERY SHOW               | Show Manager<br>Phone: (212)686-6070             |
| 17. | Robert Chiara<br>GIFT & DECORATIVE ACCESSORIES           | Publisher<br>Phone: (212)689-4411                |
| 18. | Stephen Schneider<br>GREETINGS MAGAZINE                  | Editor<br>Phone: (212)679-6677                   |
| 19. | Ron Ziegler<br>NATIONAL ASSOCIATION OF CHAIN DRUG STORES | President<br>Phone: (703)549-3001                |
| 20. | James Devine<br>CHAIN DRUG MARKETING ASSOCIATES          | President<br>Phone: (212)967-9890                |
| 21. | Irving Stone<br>AMERICAN GREETING INC.                   | Chairman<br>Phone: (216)252-7300                 |
| 22. | June Polis<br>BLUE MOUNTAIN ARTS INC.                    | Sales Manager<br>Phone: (800)525-0642            |
| 23. | Phillip Friedmann<br>RECYCLED PAPER PRODUCTS INC.        | President<br>Phone: (800)777-3331                |
| 24. | Susan Follick<br>GIBSON GREETINGS INC.                   | Product Manager<br>Phone: (513)841-6097          |
| 25. | Eugene Freedman<br>ENESCO CORPORATION                    | President<br>Phone: (312)640-5200                |
| 26. | Paul Ungrodt<br>IDEATION INC.                            | President<br>Phone: (800)521-3088                |
| 27. | Harvey Grafman<br>RENAISSANCE GREETING CARDS INC.        | Regional Sales manager<br>Phone: (818)225-0500   |
| 28. | Simon Elvin<br>SIMON ELVIN LIMITED                       | President<br>Phone: 01144(628)526711             |



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May 26, 1993

Mr. James Chou  
Vice President  
Dickens Company  
100 Dupont Street  
Plainview, NY 11803-1603

Re: Sound Chip Greeting Cards

Dear Mr. Chou:

Thank you for calling me on May 20 in response to my fax to you of May 19, which was in reply to your May 10 letter to Mr. Donald Hall.

I understand that you are not claiming that manufacture or sales by Hallmark of greeting cards containing sound chips would violate any legal rights of Dickens Company. You are concerned, however, because some of Dickens' accounts which are also Hallmark accounts have told you that Hallmark salespeople have indicated to those accounts that Hallmark would punish those accounts somehow if they continued to carry Dickens products. As I mentioned in my fax and during our telephone conversation, I would be glad to look into that further if you would provide me with the names and addresses of the accounts in question or of the salespeople involved.

Hallmark accounts know that they are free to carry other companies' products, including those of Dickens Company, so long as that is not done in a way which violates Hallmark's trademark policy. Please feel free to show this letter to any Hallmark account in order to reinforce that.

Sincerely,

David N. Johnson  
Senior Attorney  
P.O. Box 419126  
Kansas City, MO 64141-6126  
(816) 274-8397