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December 17, 2008

VIA COURIER

Saint Nicholas, d/b/a Santa Claus
North Pole, Latitude 90° North
Arctic Ocean

Re: Master Johnny A. Smith

Dear Mr. Claus:

I represent the Smith family in connection with Johnny A. Smith's anticipated receipt of goods from you on December 24th and/or 25th, 2008. This letter sets forth his specifications for the goods to be delivered and other terms of your anticipated visit to his home at 1000 Peachtree Street, Atlanta, Georgia (the "Premises").

Mr. Smith represents and warrants that he has been a Good Boy (as defined below) this year.¹

The requested goods (the "Requested Goods") are listed on the attached Exhibit A, which is incorporated by reference into this agreement. The Requested Goods shall be delivered f.o.b. the Premises between 10:00 p.m. on December 24, 2008 and 6:00 a.m. on December 25, 2008.

You represent and warrant that: (i) Mr. Smith is receiving good title to the Requested Goods, free and clear of all liens and encumbrances and any liability for import tariffs; (ii) the Requested Goods are warranted by you to be merchantable and fit for their intended uses; (iii) the Requested Goods will be accompanied by a quantity of

¹ "Good Boy" means a male person between the ages of 0 and 12, inclusive, determined as of 6:00 a.m. Atlanta, Georgia local time on December 25, 2008 (the "Goodness Determination Time") who has materially complied with local community standards of behavior during the 365-day period immediately preceding the Goodness Determination Time, subject to such deviations as would not reasonably be considered to have a material adverse effect on the community. Behavior vis-à-vis siblings, willingness to consume unsavory food items and compliance with tooth brushing requirements are disregarded for purposes of determining whether behavior has complied with local community standards. Any dispute regarding Johnny's status as a Good Boy shall be submitted to binding arbitration in Atlanta, Georgia pursuant to the rules of the American Arbitration Association.

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appropriate batteries sufficient to initiate operation of all Requested Goods that require batteries in order to operate; and (iv) the Requested Goods include no switches or coal.

You agree: (i) to take such further actions as may be reasonably necessary in order to transfer any manufacturer's warranties with respect to the Requested Goods to Mr. Smith; and (ii) to comply with all laws in connection with your delivery, including local noise and parking ordinances.

Enclosed is a Waiver, Release and Indemnification Agreement that is part of the terms under which you visit the Premises. This agreement provides, among other things, that: (i) you assume all risks in entering the Premises and waive all claims that may arise as a result of your visit; and (ii) you agree to indemnify and hold harmless the Smiths from and against any costs or damages that arise in whole or in part from:

- a. defects in the Requested Goods; and
- b. injuries, damages or expenses suffered or incurred by you or your employees, agents or subcontractors in connection with the delivery of the Requested Goods.

As an accommodation, the Smiths will be providing a meal for you at the Premises. You acknowledge that the meal, which will include milk, will likely have been at room temperature for some hours before your arrival, and in the Waiver, Release and Indemnification Agreement you also agree to hold the Smiths harmless with respect to any harm you may suffer as a result of the meal.

Finally, the Smiths are concerned about allegations regarding use of underpaid minority-group labor in manufacturing your toys, and use of animals to transport heavy loads of your manufactured goods over long distances. They ask that you indemnify them in connection with matters such as those as well.

Before arriving at the Premises, please return this letter countersigned below and have your liability insurance carrier fax a certificate of insurance to me at 404-555-0000. Thank you for your cooperation.

Merry Christmas,



Ward Council

ACCEPTED AND AGREED TO:

Saint Nicholas, d/b/a Santa Claus

Enclosure

HWC: mtf

bcc: Master Johnny A. Smith