

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10674 (TMH)

Jointly Administered

Hearing Date:

May 20, 2025, at 11:00 a.m. (ET)

Objection Deadline:

May 9, 2025, at 4:00 p.m. (ET)

**DEBTORS' APPLICATION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE
RETENTION AND EMPLOYMENT OF LIVINGSTONE PARTNERS LLC
AS INVESTMENT BANKER FOR THE DEBTORS EFFECTIVE
NUNC PRO TUNC TO THE PETITION DATE, (II) MODIFYING
CERTAIN TIMEKEEPING REQUIREMENTS, AND
(III) GRANTING RELATED RELIEF**

The above-captioned debtors and debtors in possession (the “Debtors”), by and through their undersigned proposed counsel, respectfully apply (the “Application”) as follows:

RELIEF REQUESTED

1. The Debtors respectfully seek entry of an order, substantially in the form attached hereto as **Exhibit A**, (i) authorizing the retention and employment of Livingstone Partners LLC (“Livingstone”) as investment banker to the Debtors *nunc pro tunc* to the Petition Date (as defined below) pursuant to and in accordance with the terms and conditions of that certain Engagement Agreement, executed on January 30, 2025 (the “Engagement Agreement”),² a copy of which is attached hereto as **Exhibit C**, (ii) modifying the timekeeping requirements of rule

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors’ mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

² Capitalized terms used but not otherwise defined shall have the meaning given to them in the Engagement Agreement.

2016-1(d) of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”), and (iii) granting related relief.

2. In support of this Application, the Debtors rely upon and incorporate by reference the *Declaration of Joseph Greenwood in Support of the Debtors’ Application for Entry of an Order (I) Authorizing the Retention and Employment of Livingstone Partners LLC as Investment Banker for the Debtors Effective Nunc Pro Tunc to the Petition Date, (II) Modifying Certain Timekeeping Requirements, and (III) Granting Related Relief* (the “Greenwood Declaration”), attached hereto as **Exhibit B**.

JURISDICTION AND VENUE

3. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware dated as of February 29, 2012. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and the Motion is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

4. The Debtors consent pursuant to Local Rule 9013-1(f) to the entry of a final order by the Court in connection with this Application to the extent that it is later determined that the Court, absent consent of the parties, cannot enter final orders or judgments in connection herewith consistent with Article III of the United States Constitution.

5. The statutory bases for the relief requested herein are sections 327(a) and 328(a) and 330 of title 11 of the United States Code (the “Bankruptcy Code”) as supplemented by rules 2014 and 2016 of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”), and Local Rule 2014-1 and 2016-1.

BACKGROUND

6. On April 8, 2025 (the “Petition Date”), the Debtors each commenced a voluntary case under chapter 11 of the Bankruptcy Code in this Court. The Debtors are operating their businesses as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. On April 18, 2025, the Office of the United States Trustee for the District of Delaware (the “U.S. Trustee”) appointed an Official Committee of Unsecured Creditors (the “Committee”) pursuant to section 1102 of the Bankruptcy Code (D.I. 79).

7. The Debtors are a leading manufacturer of high-quality paper products—bath tissue, paper towels, facial tissue, and napkins—offering a broad range of products and packaging configurations to service their regional and national customers. As a fully integrated manufacturer, the Debtors maintain complete control over the papermaking and converting process from selecting the pulp and raw materials for their wholly-owned paper mill in Gila Bend, Arizona, to converting parent rolls into customer-specific products at their converting facilities in Phoenix, Arizona, and Duncan, South Carolina, to distributing and shipping finished goods to their customers in the At-Home market (*i.e.*, significant US retailers and distributors) and Away-from-Home markets (*i.e.*, hotels, schools, and office buildings). The Debtors’ capability to produce customer-specific products and their strong customer relationships are critical in today’s market, where demand for the Debtors’ products is at a record high.

8. On April 8, 2025, the Debtors filed the *Debtors’ Motion for (I) an Order Pursuant to Sections 105, 363, 364, 365 and 541 of the Bankruptcy Code, Bankruptcy Rules 2002, 6004, 6006 and 9007 and Del. Bankr. L.R. 2002-1 and 6004-1 (A) Approving Bid Procedures for the Sale of Substantially All Assets of Debtors; (B) Approving the Debtors’ Entry Into the Stalking Horse Agreement and Related Bid Protections; (C) Approving Procedures for the Assumption and Assignment or Rejection of Designated Executory Contracts and Unexpired Leases; (D)*

Scheduling the Auction and Sale Hearing; (E) Approving Forms and Manner of Notice of Respective Dates, Times, and Places In Connection Therewith; and (F) Granting Related Relief; (II) an Order (A) Approving the Sale of the Debtors' Assets Free and Clear of Claims, Liens, and Encumbrances; (B) Approving the Assumption and Assignment or Rejection of Designated Executory Contracts and Unexpired Leases; and (III) Certain Related Relief (the "Sale Motion") (D.I. 15).

9. Additional detail regarding the Debtors, their business and the events leading to the commencement of these cases is set forth in the *Declaration of Michael Ragano in Support of First Day Relief* (D.I. 3) (the "Ragano Declaration"), which is incorporated herein by reference.

RETENTION OF LIVINGSTONE

A. Livingstone's Qualifications

10. Livingstone is an internationally recognized, middle-market investment banking firm with over 100 professionals located in offices in Chicago, Los Angeles, Amsterdam, Dusseldorf, Hamburg, Stockholm, Valencia, Madrid, Milan, Verona, Beijing and Seoul. Livingstone provides a broad range of corporate advisory services to its clients including, without limitation, services relating to the following: (a) mergers and acquisitions; (b) debt advisory; and (c) special situations and restructuring. Livingstone and its senior professionals have extensive experience in the reorganization, restructuring, and sale of troubled companies, both out of court and in chapter 11 proceedings.

11. Livingstone professionals have advised debtors, creditor and equity constituencies, and purchasers in numerous reorganizations in the United States and worldwide. Its professionals have advised debtors in a diverse range of chapter 11 cases including: *In re*

Danimer Scientific, Inc. et al., Case No. 25-10518 (MFW) (Bankr. D. Del. Mar. 18, 2025); *In re Jordan Health Products I, Inc. (dba Avante Health Solutions)*, Case No. 24-12271 (TMH) (Bankr. D. Del. Oct. 31, 2024); *In re Oberweis Dairy*, Case No. 24-05385 (DDC) (Bankr. N.D. Ill. May 22, 2024); *In re Nogin, Inc.*, Case No. 23-11945 (CTG) (Bankr. D. Del. Jan. 11, 2024); *In re Center for Autism and Related Disorders*, Case No. 23-90709 (CML) (Bankr. S.D. Tex. Aug. 8, 2023); *In re Gissing North America*, Case No. 22-46160 (Bankr. E.D. Mich. Sept. 7, 2022); *In re Aztec/Shaffer LLC*, Case No. 20-35600 (Bankr. S.D. Tex. Jan. 22, 2021); *In re Arro Corporation*, Case No. 19-35238 (JSB) (Bankr. N.D. Ill. Jan. 16, 2020).

12. As set forth in the Greenwood Declaration, Livingstone was engaged to provide investment banking services to the Debtors in these cases pursuant to the Engagement Agreement and specifically to assist with soliciting and attracting value maximizing bids in connection with the sale of the Debtors' assets (the "Sale Process"). Since its engagement, Livingstone has worked to become intimately familiar with the Debtors' financial history and business operations and is well-suited to provide the Debtors with the investment banking services contemplated by the Engagement Agreement and to help the Debtors pursue a value-maximizing outcome in accordance with the Sale Motion.

13. If the Application is approved, the individuals working on this matter, all with substantial expertise in the areas discussed above, will provide necessary services to the Debtors. Such personnel will work closely with the Debtors' management and other professionals throughout the Sale Process. By virtue of the expertise of its restructuring personnel, Livingstone is well-qualified to provide services to and represent the Debtors' interests in these chapter 11 cases.

B. Services to Be Provided

14. Subject to entry of the Proposed Order and consistent with the terms of the Engagement Agreement,³ Livingstone will provide such investment banking services as Livingstone and the Debtors deem appropriate, including, but not limited to, the following:

- a. Review and familiarize itself with the business operations, physical assets and financial condition of the Debtors, as well as the other matters and/or analyses it deems relevant;
- b. Assist in the preparation of a comprehensive confidential information package describing the Debtors and in the preparation and negotiation of any confidentiality agreements to be entered into by third parties potentially interested in participating in a transaction, all of which shall be subject to the approval of the Debtors;
- c. Develop a list of potential buyers for the Debtors that Livingstone believes in good faith to be financially qualified and potentially interested in participating in a transaction;
- d. Contact potential buyers on the Debtors' behalf and, as appropriate, arrange for and orchestrate meetings between potential buyers and/or investors and the Debtors' management;
- e. Present to the Debtors all proposals from potential buyers and make recommendations as to the Debtors' appropriate negotiating strategy and course of conduct;
- f. Assist in all negotiations and in all document review as reasonably requested and directed by the Debtors; and
- g. Provide such other financial advisory and investment banking services as are customary for similar transactions and as may be mutually agreed upon in advance in writing by Debtors and Livingstone.

15. The Debtors require qualified professionals to render these essential professional services and do not believe that the services to be rendered by Livingstone will be

³ The summary set forth herein is qualified in its entirety by the terms of the Engagement Agreement and the terms of the Engagement Agreement shall control in the event of a conflict.

duplicative of the services performed by any other professional. Livingstone will carry out unique functions and will use reasonable efforts to coordinate with the Debtors and their professionals to avoid the unnecessary duplication of services. The services that Livingstone will provide to the Debtors are necessary to enable the Debtors to identify the highest and best possible bid for their assets and effectuate a transaction through the Sale Process that is in the best interests of the Debtors' estates, creditors, and parties in interest.

16. Accordingly, the Debtors submit that Livingstone is well-qualified and best suited to continue to perform these services and assist the Debtors in these chapter 11 cases.

C. Professional Compensation

17. Investment bankers such as Livingstone do not typically charge for their services on an hourly basis. Instead, they customarily charge periodic retainer fees plus additional fees that are contingent upon the occurrence of a specified type of transaction. The compensation arrangements that have been negotiated between Livingstone and the Debtors are highly beneficial to the Debtors as they provide proper inducement for Livingstone to act expeditiously and prudently with respect to the matters for which it will be employed. Accordingly, because the Debtors are seeking to retain Livingstone under section 328(a) of the Bankruptcy Code, the Debtors believe that Livingstone's compensation should not be subject to any additional standard of review under section 330 of the Bankruptcy Code and does not constitute a "bonus" or fee enhancement under applicable law.

18. Subject to this Court's approval and as set forth in the Engagement Agreement, the Debtors and Livingstone have agreed to the following compensation and expense structure (the "Fee and Expense Structure") in consideration for the services to be rendered by Livingstone in these cases:

- a. The Debtors agree to pay Livingstone a monthly fee (the “Monthly Fee”) of \$25,000. The first Monthly Fee was due, earned and payable on the date of execution of the Engagement Agreement by the Debtors and subsequent Monthly Fees shall be due, earned and payable on the same day of each successive month until the earlier of the consummation of a Transaction (as defined in the Engagement Agreement) or the termination of the Engagement Agreement. Any Monthly Fees earned after Livingstone has been paid four (4) Monthly Fees shall be credited against the Accomplishment Fee (as defined in the Engagement Agreement). In the event a Transaction is not consummated, Livingstone shall in no event be obligated to return the Monthly Fees to the Debtors.
- b. The amount payable by the Debtors to Livingstone at the closing of one or a series of Transaction(s) (the “Accomplishment Fee”) shall be an amount equal to the greater of 2.0% of Total Consideration (as defined in the Engagement Agreement) or \$750,000 (such \$750,000, or \$500,000 in the case of a credit bid as set forth below, the “Minimum Fee”). For the avoidance of doubt, there will only be one Minimum Fee payable hereunder.
- c. The Accomplishment Fee shall be calculated based on the Total Consideration (“Total Consideration”) paid or payable to the Debtors or their lenders and/or security holders in connection with, or in anticipation of, the Transaction, including amounts held back by the Buyer (as defined in the Engagement Agreement) or placed in escrow, and shall include without limitation:
 - (i) Cash paid (including without limitation any licensing, royalty or similar fees) and securities transferred to the Debtors, lenders and/or holders of their securities, based on the market value of marketable equity securities or interests, the fair value of unmarketable equity securities or interests and the face amount of straight and convertible debt instruments or obligations issued or issuable to the Debtors or their security holders or any entity affiliated with the Debtors or their security holders, in each case whether vested or not, that are “rolled over,” “carved out,” or “cashed out” as part of the Transaction;
 - (ii) In the case of a sale of securities by the Debtors’ security holders, all “financial debt” of the Debtors, which includes all liabilities of the Debtors other than

trade payables and operating expenses accrued in the ordinary course of business;

- (iii) In the case of a sale of assets, any and all debt, liabilities and/or obligations of the Debtors that is assumed, paid or forgiven by the buyer, other than accounts payable and accrued expenses that are: (i) incurred in the normal course of business; (ii) not past-due or “debt-like items”; and (iii) included within a customary net working capital calculation;
- (iv) The amount of any credit bid made by any of the Debtors’ existing lenders;
- (v) The net present value (applying a discount rate equal to the then prevailing prime rate as quoted in The Wall Street Journal) of scheduled payments provided for in any leases by the buyer of assets owned and retained by the Debtors, their security holders or any affiliates thereof;
- (vi) The principal amount of deferred installments of purchase price (if and when collected by the Debtors);
- (vii) Future payments to be made to the Debtors or their security holders in connection with the Transaction, including payments that are contingent on future events, such as, without limitation, the post-closing earnings or operations of the Debtors or their underlying assets (if and when collected by the Debtors);
- (viii) The fair market value of Debtors’ assets retained after closing (including accounts receivable and real property) or transferred to the Debtors’ security holders or any affiliates thereof after the date of the Engagement Agreement (including extraordinary bonuses, dividends, or other distributions of property or capital), in each case pursuant to this clause (h) only with respect to such assets that the Debtors exclude from a Transaction with a third party buyer at a time when a different third-party buyer had offered to purchase such assets; and

- (ix) The value of any retained or acquired interest in the Debtors or their successor, or the right to acquire such interest.
 - d. In the event: (i) the Debtors receive a qualified bid from a third-party buyer; (ii) the Debtors' lender elects to submit a credit bid topping bid (the "Credit Bid Topping Bid"); and (iii) the Credit Bid Topping Bid is the prevailing bid, then the Accomplishment Fee due to Livingstone shall be based on the highest third-party qualified bid so long as the Total Consideration of such third-party qualified bid is at least \$37,500,000 but if the Total Consideration of such other third-party qualified bid is less than \$37,500,000, the Accomplishment Fee shall be \$500,000.
 - e. In the event: (i) Livingstone has delivered one or more bona fide indications of interest; and (ii) the Debtors and/or their lenders terminate the Engagement Agreement in favor of a Liquidation Process and no Minimum Fee has been paid, then the Debtors agree to pay Livingstone a "break fee" of \$400,000.
 - f. Whether or not there is a Closing of a Transaction, the Debtors agree to reimburse Livingstone from time to time on demand (and in no event later than 30 days following invoice delivery), for all reasonable and documented out-of-pocket expenses and the reasonable and documented fees and expenses of Livingstone's counsel, subject to the Debtors' prior approval of cumulative expenditures in excess of \$15,000. Out-of-pocket expenses shall include all travel-related expenses plus a fixed monthly charge of \$300 to cover telephone, facsimile, memoranda production costs, duplication, courier, database research, and other similar expenses.
19. During the pendency of these cases, Livingstone shall apply to the Court for the allowance of compensation for professional services rendered and reimbursement of expenses in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and any other applicable procedures and orders of the Court.
20. The Fee and Expense Structure described above is comparable to compensation generally charged by investment banking firms for comparable engagements, both in and out of court. The Fee and Expense Structure is also consistent with Livingstone's normal and customary billing practices for cases of this size and complexity that require the level and

scope of services outlined. Livingstone and the Debtors also believe that the Fee and Expense Structure is reasonable and at favorable market rates.

D. Fee Applications and Time Keeping under Local Rule 2016-1

21. Consistent with its ordinary practice and the practice of investment bankers in other chapter 11 cases whose fee arrangements are not hours-based, Livingstone does not maintain contemporaneous time records or provide or conform to a schedule of hourly rates for its professionals. Given the foregoing, and in light of the fact that Livingstone's compensation is based on fixed and contingency based fees, the Debtors respectfully request that Livingstone be excused from compliance with the time keeping and record requirements under Local Rule 2016-1(d)(iv) in accordance with Local Rule 2016-1(h). Instead, the Debtors request that Livingstone be required only to maintain time records in half-hour (0.5) increments setting forth, in a summary format, a description of the services rendered by each professional and the amount of time spent on each date by each such individual in rendering services on behalf of the Debtors. Livingstone will also maintain detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services.

22. For the avoidance of doubt, in accordance with section 504 of the Bankruptcy Code, Livingstone has not shared or agreed to share any compensation to be paid by the Debtors in these cases with any other person, other than other principals and employees of Livingstone.

E. Indemnification

23. The Debtors have agreed, among other things, to indemnify, defend and hold harmless Livingstone and its affiliates, the respective partners, directors, officers, agents and employees of Livingstone and its affiliates, and each other person, if any, controlling Livingstone

or its affiliates (each, an “Indemnified Party,” and collectively, the “Indemnified Parties”), subject to the terms of the Proposed Order, from and against, and to pay or reimburse, any and all losses, claims, damages, liabilities, expenses or costs, as and when incurred, to which such Indemnified Party may become subject or which are asserted against any Indemnified Party, directly or indirectly, in any way related to the Engagement Agreement or Livingstone’s services under the Engagement Agreement, except to the extent that such liability is found in a final judgment by a court of competent jurisdiction, not subject to further appeal, to have resulted primarily from Livingstone’s gross negligence or willful misconduct in the performance of its duties under the Engagement Agreement (such indemnification obligations, the “Indemnification Provisions”), which provisions are set forth in greater detail in the Engagement Agreement.

24. The terms and conditions of the Indemnification Provisions were negotiated by the Debtors and Livingstone at arm's-length and in good faith. The provisions contained in the Engagement Agreement, viewed in conjunction with the other terms of Livingstone's proposed retention, are reasonable and in the best interest of the Debtors, their estates, and all parties in interest in light of the fact that the Debtors require Livingstone's services to ensure the success of these chapter 11 cases. Accordingly, as part of this Application, the Debtors request that the Court approve the Indemnification Provisions as set forth in the Engagement Agreement, as may be amended by the Proposed Order.

F. Livingstone’s Disinterestedness

25. To the best of the Debtors' knowledge and except to the extent disclosed herein and in the Greenwood Declaration, Livingstone: (a) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code, as required by section 327(a) of the Bankruptcy Code and does not hold or represent an interest materially adverse to the Debtors'

estates, (b) has no connection to the Debtors, their creditors, or other parties in interest in these chapter 11 cases, or the attorneys or accountants of the foregoing, or the U.S. Trustee, or any person employed in the Office of the U.S. Trustee, and (c) does not hold any interest adverse to the Debtors' estates.

26. As set forth in further detail in the Greenwood Declaration, Livingstone has certain connections with creditors, equity security holders, and other parties in interest in these chapter 11 cases. Livingstone does not believe that any of these connections represent an interest materially adverse to the Debtors' estates or otherwise create a conflict of interest regarding the Debtors or these cases.

27. In the event that Livingstone learns of additional connections not reflected in the Greenwood Declaration, Livingstone will use reasonable efforts to promptly file a supplemental declaration.

28. Livingstone will review its files against any updated Potential Interested Parties List (as defined in the Greenwood Declaration) received from the Debtors from time to time during the pendency of these chapter 11 cases pursuant to the procedures described in the Greenwood Declaration. If any new relevant facts or relationships are discovered or arise in such review, Livingstone will use reasonable efforts to identify such further developments and will file promptly a supplemental declaration where appropriate.

G. Livingstone's Retention Effective as of the Petition Date

29. As discussed herein, Livingstone was retained as the Debtors' investment banker to run a pre- and postpetition marketing and sale process and has performed these services with assurances that the Debtors would seek approval of its employment and retention effective as of the Petition Date. The Debtors believe that no party in interest will be prejudiced by granting

the employment of Livingstone effective as of the Petition Date because Livingstone has provided, and continues to provide, valuable services to the Debtors' estates.

H. No Duplication of Services

30. Livingstone understands that the Debtors have submitted, or intend to submit, separate applications to retain, among others, Morris, Nichols, Arsht & Tunnell, LLP, as legal counsel and Epiq Corporate Restructuring, LLC, as claims and noticing agent. In addition, Livingstone understands that the Debtors will also submit an additional application (a) seeking to employ Novo Advisors Inc. for restructuring services and (b) designating Michael Ragano as Chief Restructuring Officer, pursuant to section 363(b) of the Bankruptcy Code. Livingstone will work cooperatively with these professionals, and any additional professionals retained during these chapter 11 cases, to integrate any respective work conducted by the professionals on behalf of the Debtors. The investment banking services provided by Livingstone will complement, and not duplicate, the services rendered by any other professional retained in these chapter 11 cases.

BASIS FOR RELIEF

31. Section 327(a) of the Bankruptcy Code provides that a debtor, subject to court approval:

[M]ay employ one or more attorneys, accountants, appraisers, auctioneers, or other professional persons, that do not hold or represent an interest adverse to the estate, and that are disinterested persons, to represent or assist the [debtor] in carrying out the [debtor's] duties under [the Bankruptcy Code].

11 U.S.C. § 327(a).

32. Section 328(a) of the Bankruptcy Code provides, in relevant part, that:

The [debtor] . . . with the court's approval, may employ or authorize the employment of a professional person under section 327 . . . of this title . . . on any reasonable terms and

conditions of employment, including on a retainer, on an hourly basis, on a fixed or percentage fee basis, or on a contingent fee basis. Notwithstanding such terms and conditions, the court may allow compensation different from the compensation provide under such terms and conditions after the conclusion of such employment, if such terms and conditions prove to have been improvident in light of developments not capable of being anticipated at the time of the fixing of such terms and conditions.

11 U.S.C. § 328(a).

33. In addition, Bankruptcy Rule 2014(a) requires that an application for retention include:

[S]pecific facts showing the necessity for the employment, the name of the [firm] to be employed, the reasons for the selection, the professional services to be rendered, any proposed arrangement for compensation, and, to the best of the applicant's knowledge, all of the [firm's] connections with the debtor, creditors, any other party in interest, their respective attorneys and accountants, the United States trustee, or any person employed in the office of the United States trustee.

Fed. R. Bankr. P. 2014(a).

34. The Debtors respectfully submit that section 327 of the Bankruptcy Code permits them to hire a professional firm like Livingstone to undertake an advisory role in these chapter 11 cases. Furthermore, the requirements set forth by Bankruptcy Rule 2014 are satisfied by this Application. The retention of Livingstone as investment banker in these chapter 11 cases is in the best interest of the Debtors, their estates, and all parties in interest.

A. Livingstone's Retention Is Necessary and in the Best Interests of the Debtors' Estates.

35. Without the relief requested herein, the Debtors would be deprived of the assistance of a qualified investment banker, which would disadvantage the Debtors, particularly

with respect to maximizing value through the Sale Process. Comparable investment bankers would also require similar or higher compensation.

B. Livingstone Neither Holds nor Represents Any Interest Adverse to the Debtors' Estates and Is a "Disinterested Person" Within the Meaning of Section 101(14) of the Bankruptcy Code.

36. To the best of the Debtors' knowledge and except as disclosed herein and in the Greenwood Declaration, Livingstone: (a) does not represent, and does not hold, any interest adverse to the Debtors' estates; and (b) is a "disinterested person" within the meaning of section 101(14) of the Bankruptcy Code and has no connection to the Debtors, their creditors, or other parties in interest.

37. If new or additional relationships are discovered or arise, Livingstone will use reasonable efforts to identify them and will promptly file a supplemental declaration, as required by Bankruptcy Rule 2014(a).

C. The Fee and Expense Structure Is Fair and Reasonable under the Standards Set Forth in Section 328(a) of the Bankruptcy Code.

38. Additionally, the Fee and Expense Structure is market-based, fair, and reasonable under the standards set forth in section 328(a) of the Bankruptcy Code. The Fee and Expense Structure reflects Livingstone's commitment to the variable level of time and effort necessary to perform the services to be provided, its particular expertise, and the market prices for its services for engagements of this nature. Thus, the Debtors contend that the requirements of section 327 of the Bankruptcy Code are satisfied. Moreover, given Livingstone's commitment to the variable level of time and effort necessary in these chapter 11 cases, coupled with the Fee and Expense Structure, the Debtors submit that modifying the timekeeping requirements under Local Rule 2016-1(d)(iv) is appropriate in accordance with Local Rule 2016-1(h).

39. Furthermore, in the event this Application is not granted, the Debtors and their estates would be significantly harmed. The Debtors would be forced to try to engage a different investment banker which would lack the same understanding of the Debtors' business and restructuring initiatives and with little time before the bid deadline in the Sale Process. Also, engaging a new investment banker would require the Debtors to expend additional time and divert their resources at a critical stage of these chapter 11 cases and the Sale Process.

40. To the best of the Debtors' knowledge, there is no agreement or understanding between Livingstone and any nonaffiliated person or entity for sharing compensation received, or to be received, for services rendered in connection with the chapter 11 cases. The Fee and Expense Structure is consistent with and typical of compensation arrangements entered into by Livingstone and other comparable firms that render similar services. The Fee and Expense Structure is reasonable, market-based, and designed to compensate Livingstone fairly for its work and to cover fixed and routine expenses. Thus, the Fee and Expense Structure is fair and reasonable under the standards set forth in section 327 of the Bankruptcy Code.

41. Based on the foregoing, including Livingstone's expertise and commitment of resources to this engagement to the exclusion of other possible employment and the time that Livingstone has devoted and will continue to devote to this engagement, the Debtors request that the Court approve the Fee and Expense Structure pursuant to section 328(a) of the Bankruptcy Code and that the Court evaluate Livingstone's final compensation and reimbursement of expenses in these chapter 11 cases under the standards of section 328(a) of the Bankruptcy Code.

BANKRUPTCY RULE 5002

42. As set forth in the Greenwood Declaration, no person employed by Livingstone, including any director, associate, or analyst of Livingstone is a relative of, or has been

so connected with, any United States Bankruptcy Judge for the District of Delaware, the United States Trustee for Region 3, the Assistant United States Trustee for the District of Delaware, the attorneys for the United States Trustee assigned to these chapter 11 cases or any other employee of the United States Trustee that would render Livingstone's retention in these chapter 11 cases improper under Bankruptcy Rule 5002. Accordingly, the appointment of Livingstone is not prohibited by Bankruptcy Rule 5002.

NOTICE

43. Notice of the hearing on this Motion is being provided to: (a) the Office of the United States Trustee for the District of Delaware; (b) counsel to the Agent for the Debtors' DIP Facility; (c) counsel to the Committee; (d) the Internal Revenue Service; and (e) all parties entitled to notice pursuant to Bankruptcy Rule 2002. The Debtors respectfully submit that, in light of the nature of the relief requested, no further notice of this Application is required.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter the Proposed Order, substantially in the form attached hereto as **Exhibit A**, and grant such other and further relief as it deems just and proper.

Dated: April 25, 2025
Wilmington, Delaware

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

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*Proposed Counsel to the Debtors and
Debtors in Possession*

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et al.*,

Debtors.¹

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(III) GRANTING RELATED RELIEF**

PLEASE TAKE NOTICE that on April 25, 2025, the above-captioned debtors and debtors in possession (the "Debtors") filed the *Debtors' Application for Entry of an Order (I) Authorizing the Retention and Employment of Livingstone Partners LLC as Investment Banker for the Debtors Effective Nunc Pro Tunc to the Petition Date, (II) Modifying Certain Timekeeping Requirements, and (III) Granting Related Relief* (the "Application") with the United States Bankruptcy Court for the District of Delaware (the "Court").

PLEASE TAKE FURTHER NOTICE that, objections, if any, to the Application must be (a) in writing; (b) filed with the Clerk of the Bankruptcy Court, 824 Market Street, 3rd Floor, Wilmington, Delaware 19801, on or before **May 9, 2025, at 4:00 p.m. (ET)** (the "Objection Deadline"); and (c) served so as to be received on or before the Objection Deadline by proposed counsel to the Debtors, Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Robert J. Dehney, Sr., Esq. (rdehney@morrisnichols.com); Matthew O. Talmo, Esq. (mtalmo@morrisnichols.com); and Scott D. Jones, Esq. (sjones@morrisnichols.com).

PLEASE TAKE FURTHER NOTICE that a hearing on the Application will take place on **May 20, 2025, at 11:00 a.m. (ET)** before the Honorable Thomas M. Horan, Bankruptcy Judge, United States Bankruptcy Court for the District of Delaware, 824 Market Street, Wilmington, Delaware 19801.

¹ The Debtors in these cases, along with the last four digits of each Debtor's federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors' mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

PLEASE TAKE FURTHER NOTICE that only objections made in writing and timely filed and received, in accordance with the procedures above, will be considered by the Court at such hearing.

IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF REQUESTED IN THE APPLICATION WITHOUT FURTHER NOTICE OR HEARING.

Dated: April 25, 2025
Wilmington, Delaware

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

/s/ Brianna N. V. Turner

Robert J. Dehney, Sr. (No. 3578)

Matthew O. Talmo (No. 6333)

Scott D. Jones (No. 6672)

Clint M. Carlisle (No. 7313)

Brianna N. V. Turner (No. 7468)

1201 N. Market Street, 16th Floor

Wilmington, Delaware 19801

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*Proposed Counsel to the Debtors and
Debtors in Possession*

EXHIBIT A

Proposed Order

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et al.*,
Debtors.¹

Chapter 11

Case No. 25-10674 (TMH)

Jointly Administered

Re: D.I. __

**ORDER (I) AUTHORIZING THE RETENTION AND EMPLOYMENT OF
LIVINGSTONE PARTNERS LLC AS INVESTMENT BANKER FOR THE
DEBTORS EFFECTIVE *NUNC PRO TUNC* TO THE PETITION DATE,
(II) MODIFYING CERTAIN TIMEKEEPING REQUIREMENTS,
AND (III) GRANTING RELATED RELIEF**

Upon the application (the “Application”)² of the above-captioned debtors and debtors in possession (the “Debtors”) for entry of an order (this “Order”), (i) authorizing the Debtors to retain and employ Livingstone Partners LLC (“Livingstone”) as investment banker to the Debtors effective *nunc pro tunc* to the Petition Date; (ii) modifying the timekeeping requirements under Local Rule 2016-1; and (iii) granting related relief, all as set forth more fully in the Application; and the Court having jurisdiction over the Application pursuant to 28 U.S.C. § 157(b)(2)(A); and the Court having found that venue of these chapter 11 cases and the Application is proper pursuant to 28 U.S.C. §§ 1408 and 1409; and the Court having found that due and proper notice of the Application has been given and that no other or further notice of the Application is required; and the Court having reviewed and considered the Application, the Greenwood Declaration and the Ragano Declaration; and a hearing having been held to consider

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors’ mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

² Capitalized terms not defined in this Order are defined in the Application.

the relief requested in the Application; and the Court being satisfied based on the representations made in the Application and in the Greenwood Declaration that the terms and conditions of Livingstone's employment as set forth in the Engagement Agreement and summarized in the Application and in Greenwood Declaration are reasonable as required by section 328(a) of the Bankruptcy Code; and the Court finding that Livingstone does not hold or represent interests adverse to the Debtors' estates and is a "disinterested person" as such term is defined under section 101(14) of the Bankruptcy Code; and the Court having determined that the relief requested in the Application is in the best interests of the Debtors' estates, their creditors and other parties in interest, and that the legal and factual bases set forth in the Application establish just cause for the relief granted herein; and upon the record herein; and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. The Application is GRANTED as set forth herein.
2. The Debtors are authorized to retain and employ Livingstone as their investment banker in connection with these chapter 11 cases effective *nunc pro tunc* to the Petition Date in accordance with the terms and conditions set forth in the Application and the Engagement Agreement, as modified herein.
3. The Fee and Expense Structure as set forth in the Engagement Agreement is approved pursuant to section 328(a) of the Bankruptcy Code and Livingstone shall be compensated and reimbursed for its fees and expenses in these cases pursuant to section 328(a) of the Bankruptcy Code in accordance with the terms of, and at the times specified in, the Engagement Agreement, subject to this and any other applicable orders of this Court.

4. Livingstone shall file a final fee application for allowance of its compensation and reimbursement of its expenses with respect to services rendered in these chapter 11 cases with this Court in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any applicable orders of this Court; *provided, however*, that Livingstone's fees and expenses shall not be subject to review under section 330 of the Bankruptcy Code. Livingstone's fees shall not be subject to challenge except under the standard of review set forth in Bankruptcy Code section 328(a).

5. Notwithstanding the preceding paragraph, the U.S. Trustee shall retain the right to object to the compensation and fees and expenses to be paid to Livingstone pursuant to the Application and the Engagement Agreement, including, without limitation the Accomplishment Fee, based on the reasonableness standard provided for in section 330 of the Bankruptcy Code and the Court shall consider any such objection by the U.S. Trustee under section 330 of the Bankruptcy Code. This Order and the record relating to the Court's consideration of the Application shall not prejudice or otherwise affect the rights of the U.S. Trustee to challenge the reasonableness of Livingstone's fees under the standard set forth in the preceding sentence. Accordingly, nothing in this Order or the record shall constitute a finding of fact or conclusion of law binding on the U.S. Trustee, on appeal or otherwise, with respect to the reasonableness of Livingstone's Accomplishment Fee or expenses.

6. Notwithstanding anything to the contrary in the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, orders of this Court, or any guidelines regarding submission and approval of fee applications, Livingstone and its professionals shall be excused from maintaining time records in one-tenth (0.1) hour increments but will instead provide time records in half-hour (0.5) increments. Except as provided herein, records will be kept as set forth in orders

of this Court, the Bankruptcy Code, the Bankruptcy Rules, Local Rule 2016-1, and the U.S. Trustee Guidelines.

7. The indemnification provisions set forth in the Engagement Agreement are approved, subject during the pendency of the Debtors' chapter 11 cases to the following modifications:

- a. Subject to the provisions of subparagraphs (b) and (c) below, the Debtors are authorized to indemnify, and shall indemnify, Livingstone for any claims arising from, related to, or in connection with the services to be provided by Livingstone as specified in the Application, but not for any claim arising from, related to, or in connection with Livingstone's post-petition performance of any other services other than those in connection with the engagement, unless such post-petition services and indemnification therefore are approved by this Court;
- b. The Debtors shall have no obligation to indemnify Livingstone, or provide contribution or reimbursement to Livingstone, for any claim or expense that is either (i) judicially determined (the determination having become final) to have arisen from Livingstone's bad faith, gross negligence or willful misconduct; (ii) for a contractual dispute in which the Debtors allege a breach of Livingstone's obligations under the Engagement Agreement, unless the Court determined that indemnification, contribution, or reimbursement would be permissible under *In re United Artists Theatre Co.*, 315 F.3d 217 (3d Cir. 2003); or (iii) settled prior to a judicial determination as to clauses (i) and (ii) but determined by this Court, after notice and a hearing pursuant to subparagraph (c) infra, to be a claim or expense for which Livingstone is not entitled to receive indemnity under the terms of the Application; and
- c. If, before the earlier of (i) the entry of an order confirming a chapter 11 plan in the Chapter 11 Cases (that order having become a final order no longer subject to appeal), and (ii) the entry of an order closing the Chapter 11 Cases, Livingstone believes that it is entitled to the payment of any amounts by the Debtor on account of the Debtors' indemnification obligations under the Application, including, without limitation, the advancement of defense costs, Livingstone must file an application in this Court, and the Debtors may not pay any such amounts to Livingstone before the entry of an order by this Court approving the payment. This subparagraph (c) is intended only to specify the period of time under which the Court

shall have jurisdiction over any request for fees and expenses by Livingstone for indemnification, and not as a provision limiting the duration of the Debtors' obligation to indemnify Livingstone.

8. Any provision of the Engagement Agreement that purports to eliminate any of the fiduciary duties that Livingstone owes to the Debtors is null and void.

9. Any limitation of liability set forth in the Engagement Agreement, or otherwise, is hereby eliminated for the duration of these chapter 11 cases.

10. The relief granted herein shall be binding upon any chapter 11 trustee appointed in these chapter 11 cases, or upon any chapter 7 trustee appointed in the event of a subsequent conversion of these chapter 11 cases to cases under chapter 7.

11. To the extent there is any inconsistency between the terms of the Engagement Agreement, the Application, and this Order, the terms of this Order shall govern.

12. Livingstone shall use its reasonable efforts to avoid any unnecessary duplication of services provided by any other retained professionals in these chapter 11 cases.

13. The Debtors and Livingstone are authorized to take all actions necessary to effectuate the relief granted pursuant to this Order.

14. The terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

15. The Court retains jurisdiction to hear and determine all matters arising from or related to the implementation, interpretation, or enforcement of this Order.

EXHIBIT B

Greenwood Declaration

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ROYAL INTERCO, LLC, *et al.*,

Debtors.¹

Chapter 11

Case No. 25-10674 (TMH)

Jointly Administered

**DECLARATION OF JOSEPH GREENWOOD IN SUPPORT OF THE DEBTORS’
APPLICATION FOR ENTRY OF AN ORDER (I) AUTHORIZING THE
RETENTION AND EMPLOYMENT OF LIVINGSTONE PARTNERS LLC
AS INVESTMENT BANKER FOR THE DEBTORS EFFECTIVE
NUNC PRO TUNC TO THE PETITION DATE, (II) MODIFYING
CERTAIN TIMEKEEPING REQUIREMENTS, AND
(III) GRANTING RELATED RELIEF**

I, Joseph Greenwood, hereby declare under penalty of perjury:

1. I am a Partner of Livingstone Partners LLC (“Livingstone”) and head of the Special Situations practice. Livingstone is an international investment banking firm with offices at 443 North Clark, Suite 200 Chicago, IL 60654. I submit this declaration (the “Declaration”) on behalf of Livingstone in support of the application of the above-captioned debtors and debtors in possession (collectively, the “Debtors”) for entry of an order (i) authorizing the retention and employment of Livingstone as investment banker for the Debtors effective *nunc pro tunc* to the Petition Date, (ii) modifying certain timekeeping requirements, and (iii) granting related relief (the “Application”).²

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal EIN, are as follows: Royal Interco, LLC (7913); Doubletree Paper Mills, L.L.C. (1830); Royal Paper, LLC (9937); and Sun Paper Company, LLC (7899). The Debtors’ mailing address is 711 North 17th Avenue, Phoenix, AZ 85007.

² Capitalized terms not defined in this Declaration are defined in the Application.

2. Unless otherwise indicated herein, the facts set forth in this Declaration are personally known to me and, if called as a witness, I could and would testify thereto.

A. Livingstone's Qualifications

3. Livingstone is an internationally recognized, middle-market investment banking firm with over 100 professionals located in offices in Chicago, Los Angeles, Amsterdam, Dusseldorf, Hamburg, Stockholm, Valencia, Madrid, Milan, Verona, Beijing and Seoul. Livingstone provides a broad range of corporate advisory services to its clients including, without limitation, services relating to the following: (a) mergers and acquisitions; (b) debt advisory; and (c) special situations and restructuring. Livingstone and its senior professionals have extensive experience in the reorganization, restructuring, and sale of troubled companies, both out of court and in chapter 11 proceedings, and Livingstone professionals have advised debtors, creditor and equity constituencies, and purchasers in numerous reorganizations in the United States and worldwide. Given Livingstone's track record, Livingstone is well-suited to serve as the Debtors' investment banker in these chapter 11 cases.

4. While at Livingstone and previous professional services firms, Livingstone's professionals have developed extensive experience in matters involving complex financial restructurings and its bankers have been involved as investment banker and/or advisor to a diverse group of debtors in chapter 11 cases, including, among numerous others: *In re Danimer Scientific, Inc. et al.*, No. 25-10518 (MFW) (Bankr. D. Del. Mar. 18, 2025); *In re Jordan Health Products I, Inc.*, No. 24-12271 (TMH) (Bankr. D. Del. Oct. 31, 2024); *In re Oberweis Dairy*, No. 24-05385 (DDC) (Bankr. N.D. Ill. May 22, 2024); *In re Nogin, Inc.*, No. 23-11945 (CTG) (Bankr. D. Del. Jan. 11, 2024); *In re Center for Autism and Related Disorders*, No. 23-90709 (CML) (Bankr. S.D. Tex. Aug. 8, 2023); *In re Gissing North America*, No. 22-46160 (Bankr. E.D. Mich.

Sept. 7, 2022); *In re Aztec/Shaffer LLC*, No. 20-35600 (Bankr. S.D. Tex. Jan. 22, 2021); *In re Arro Corporation*, No. 19-35238 (JSB) (Bankr. N.D. Ill. Jan. 16, 2020).

5. Livingstone was engaged in January 2025 to provide investment banking services to the Debtors pursuant to the Engagement Agreement and specifically to assist with attracting value-maximizing bids in connection with the Sale Process. Since engaging with the Debtors, Livingstone has become intimately familiar with the Debtors' corporate and capital structure, management, operation, and various other aspects of their business.

6. I am a Partner at Livingstone and have led, and will continue to lead, Livingstone's performance of the services under the Engagement Agreement. I have significant transactional experience in a comprehensive range of complex restructuring and distressed mergers and acquisitions engagements, both inside and outside chapter 11. My transaction experience includes section 363 sales, UCC Article 9 sales, assignments for the benefit of creditors, forbearance agreements, debt-for-equity swaps, and other negotiated balance sheet restructurings on behalf of my clients. I hold a BBA in Accountancy from the University of Wisconsin and an MBA with high distinction from Georgetown University. I have passed the Certified Public Accountant exam and the Certified Insolvency and Restructuring Advisor exam. I have also served on multiple occasions as a guest lecturer for the Advanced Restructurings and Turnarounds class at Northwestern University's Kellogg School of Management.

B. Services to Be Provided

7. Subject to entry of the Proposed Order and consistent with the terms of the Engagement Agreement,³ Livingstone will provide such investment banking services as Livingstone and the Debtors deem appropriate, including, but not limited to, the following:

- a. Review and familiarize itself with the business operations, physical assets and financial condition of the Debtors, as well as the other matters and/or analyses it deems relevant;
- b. Assist in the preparation of a comprehensive confidential information package describing the Debtors and in the preparation and negotiation of any confidentiality agreements to be entered into by third parties potentially interested in participating in a transaction, all of which shall be subject to the approval of the Debtors;
- c. Develop a list of potential buyers for the Debtors that Livingstone believes in good faith to be financially qualified and potentially interested in participating in a transaction;
- d. Contact potential buyers on the Debtors' behalf and, as appropriate, arrange for and orchestrate meetings between potential buyers and/or investors and the Debtors' management;
- e. Present to the Debtors all proposals from potential buyers and make recommendations as to the Debtors' appropriate negotiating strategy and course of conduct;
- f. Assist in all negotiations and in all document review as reasonably requested and directed by the Debtors; and
- g. Provide such other financial advisory and investment banking services as are customary for similar transactions and as may be mutually agreed upon in advance in writing by Debtors and Livingstone.

8. Livingstone will provide such other investment banking services as are customary for similar transaction(s) and as may be mutually agreed upon in advance by the Debtors

³ The summary set forth herein is qualified in its entirety by the terms of the Engagement Agreement and the terms of the Engagement Agreement shall control in the event of a conflict.

and Livingstone. The Debtors require qualified professionals to render these essential professional services. As noted above, Livingstone has substantial expertise in all areas for which it is proposed to be retained. Accordingly, the Debtors submit that Livingstone is well-qualified and best suited to perform these services and assist the Debtors in these chapter 11 cases.

9. The services that Livingstone will provide to the Debtors are necessary to enable the Debtors to effectuate a transaction through the Sale Process that is in the best interests of the Debtors' estates, their creditors and other parties in interest. All of the services that Livingstone will provide to the Debtors will be undertaken at the request of the Debtors and will be appropriately directed by the Debtors so as to avoid duplicative efforts among the professionals retained in these chapter 11 cases.

C. Professional Compensation

10. Subject to this Court's approval and as set forth in the Engagement Agreement, the Debtors and Livingstone have agreed to the following compensation and expense structure (the "Fee and Expense Structure") in consideration for the services to be rendered by Livingstone in these chapter 11 cases:

- a. The Debtors agree to pay Livingstone a monthly fee (the "Monthly Fee") of \$25,000. The first Monthly Fee was due, earned and payable on the date of execution of the Engagement Agreement by the Debtors and subsequent Monthly Fees shall be due, earned and payable on the same day of each successive month until the earlier of the consummation of a Transaction (as defined in the Engagement Agreement) or the termination of the Engagement Agreement. Any Monthly Fees earned after Livingstone has been paid four (4) Monthly Fees shall be credited against the Accomplishment Fee (as defined in the Engagement Agreement). In the event a Transaction is not consummated, Livingstone shall in no event be obligated to return the Monthly Fees to the Debtors.
- b. The amount payable by the Debtors to Livingstone at the closing of one or a series of Transaction(s) (the "Accomplishment Fee") shall be an amount equal to the greater of 2.0% of Total Consideration (as

defined in the Engagement Agreement) or \$750,000 (such \$750,000, or \$500,000 in the case of a credit bid as set forth below, the “Minimum Fee”). For the avoidance of doubt, there will only be one Minimum Fee payable hereunder.

- c. The Accomplishment Fee shall be calculated based on the Total Consideration (“Total Consideration”) paid or payable to the Debtors or their lenders and/or security holders in connection with, or in anticipation of, the Transaction, including amounts held back by the Buyer (as defined in the Engagement Agreement) or placed in escrow, and shall include without limitation:
- (i) Cash paid (including without limitation any licensing, royalty or similar fees) and securities transferred to the Debtors, lenders and/or holders of their securities, based on the market value of marketable equity securities or interests, the fair value of unmarketable equity securities or interests and the face amount of straight and convertible debt instruments or obligations issued or issuable to the Debtors or their security holders or any entity affiliated with the Debtors or their security holders, in each case whether vested or not, that are “rolled over,” “carved out,” or “cashed out” as part of the Transaction;
 - (ii) In the case of a sale of securities by the Debtors’ security holders, all “financial debt” of the Debtors, which includes all liabilities of the Debtors other than trade payables and operating expenses accrued in the ordinary course of business;
 - (iii) In the case of a sale of assets, any and all debt, liabilities and/or obligations of the Debtors that is assumed, paid or forgiven by the buyer, other than accounts payable and accrued expenses that are: (i) incurred in the normal course of business; (ii) not past-due or “debt-like items”; and (iii) included within a customary net working capital calculation;
 - (iv) The amount of any credit bid made by any of the Debtors’ existing lenders;
 - (v) The net present value (applying a discount rate equal to the then prevailing prime rate as quoted in The Wall Street Journal) of scheduled payments provided

for in any leases by the buyer of assets owned and retained by the Debtors, their security holders or any affiliates thereof;

- (vi) The principal amount of deferred installments of purchase price (if and when collected by the Debtors);
 - (vii) Future payments to be made to the Debtors or their security holders in connection with the Transaction, including payments that are contingent on future events, such as, without limitation, the post-closing earnings or operations of the Debtors or their underlying assets (if and when collected by the Debtors);
 - (viii) The fair market value of Debtors' assets retained after closing (including accounts receivable and real property) or transferred to the Debtors' security holders or any affiliates thereof after the date of the Engagement Agreement (including extraordinary bonuses, dividends, or other distributions of property or capital), in each case pursuant to this clause (h) only with respect to such assets that the Debtors exclude from a Transaction with a third party buyer at a time when a different third-party buyer had offered to purchase such assets; and
 - (ix) The value of any retained or acquired interest in the Debtors or their successor, or the right to acquire such interest.
- d. In the event: (i) the Debtors receive a qualified bid from a third-party buyer; (ii) the Debtors' lender elects to submit a credit bid topping bid (the "Credit Bid Topping Bid"); and (iii) the Credit Bid Topping Bid is the prevailing bid, then the Accomplishment Fee due to Livingstone shall be based on the highest third-party qualified bid so long as the Total Consideration of such third-party qualified bid is at least \$37,500,000 but if the Total Consideration of such other third-party qualified bid is less than \$37,500,000, the Accomplishment Fee shall be \$500,000.
- e. In the event: (i) Livingstone has delivered one or more bona fide indications of interest; and (ii) the Debtors and/or their lenders terminate the Engagement Agreement in favor of a Liquidation

Process and no Minimum Fee has been paid, then the Debtors agree to pay Livingstone a “break fee” of \$400,000.

- f. Whether or not there is a Closing of a Transaction, the Debtors agree to reimburse Livingstone from time to time on demand (and in no event later than 30 days following invoice delivery), for all reasonable and documented out-of-pocket expenses and the reasonable and documented fees and expenses of Livingstone’s counsel, subject to the Debtors’ prior approval of cumulative expenditures in excess of \$15,000. Out-of-pocket expenses shall include all travel-related expenses plus a fixed monthly charge of \$300 to cover telephone, facsimile, memoranda production costs, duplication, courier, database research, and other similar expenses.

11. The Fee and Expense Structure described above is comparable to compensation generally charged by investment banking firms for comparable engagements, both in and out of court. The Fee and Expense Structure is also consistent with Livingstone’s normal and customary billing practices for cases of this size and complexity that require the level and scope of services outlined. Livingstone and the Debtors also believe that the Fee and Expense Structure is reasonable and at favorable market rates.

D. Fee Application and Time Keeping

12. The ultimate benefit to the Debtors of Livingstone’s services could not be measured merely by reference to the number of hours to be expended by Livingstone’s professionals in the performance of such services. The Fee and Expense Structure takes into consideration Livingstone’s anticipation that it will need to provide a substantial commitment of professional time and effort in order to perform its duties under the Engagement Agreement, and in light of the fact that such commitment may foreclose other opportunities for Livingstone.

13. Livingstone will file a final fee application for allowance of its compensation and reimbursement of its expenses with respect to services rendered in these chapter

11 cases with this Court in accordance with the applicable provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules and any applicable orders of this Court.

14. It is not the general practice of investment banking firms to keep detailed, contemporaneous time records in one-tenth hour increments similar to those kept by attorneys or provide or conform to a schedule of hourly rates for its professionals. Further, Livingstone's Fee and Expense Structure provides for a flat Monthly Fee and the potential for the award of other contingent fees, neither of which require Livingstone's professionals to maintain time entries. Therefore, the Debtors have requested modification of the time keeping requirements under Local Rule 2016-1(d). Specifically, the Debtors have requested that Livingstone be required only to maintain time records in half-hour (0.5) increments setting forth, in a summary format, a description of the services rendered by each professional and the amount of time spent on each date by each such individual in rendering services on behalf of the Debtors. Livingstone will also maintain detailed records of any actual and necessary costs and expenses incurred in connection with the aforementioned services.

E. Indemnification

15. The Debtors have agreed, among other things, to indemnify, defend and hold harmless Livingstone and its affiliates, the respective partners, directors, officers, agents and employees of Livingstone and its affiliates, and each other person, if any, controlling Livingstone or its affiliates (each, an "Indemnified Party," and collectively, the "Indemnified Parties"), subject to the terms of the order granting the Application, from and against, and to pay or reimburse, any and all losses, claims, damages, liabilities, expenses or costs, as and when incurred, to which such Indemnified Party may become subject or which are asserted against any Indemnified Party, directly or indirectly, in any way related to the Engagement Agreement or Livingstone's services

under the Engagement Agreement, except to the extent that such liability is found in a final judgment by a court of competent jurisdiction, not subject to further appeal, to have resulted primarily from Livingstone's gross negligence or willful misconduct in the performance of its duties under the Engagement Agreement (such indemnification obligations, the "Indemnification Provisions"), which provisions are set forth in greater detail in the Engagement Agreement.

16. Based on the above, I believe the terms of the Engagement Agreement, as may be modified by the order granting the Application, including compensation under the Fee and Expense Structure, are fair and reasonable.

F. Livingstone's Disclosure Policies and Disinterestedness

17. In preparing this Declaration, Livingstone has performed a conflict search with respect to a list of interested parties provided by the Debtors, which is annexed hereto as **Schedule 1** (the "Potential Interested Parties List"). Based on that search, Livingstone represents that, to the best of its knowledge, Livingstone knows of no fact that would represent a conflict of interest for Livingstone with regard to its proposed engagement referred to herein. Livingstone, however, wishes to disclose those items identified on **Schedule 2** (the "Livingstone Contacts List").

18. Insofar as I have been able to ascertain from my review of the Livingstone Contacts List, to the best of my knowledge, and other than as described herein, neither Livingstone, nor its affiliates, nor any professional of Livingstone: (a) has represented the Debtors' creditors, equity security holders, or any other party in interest, or their respective attorneys and accountants, the U.S. Trustee, or any person employed in the office of the U.S. Trustee, in any matters relating to the Debtors or their estates; or (b) has any connection with the Debtors in these chapter 11 cases, or any interest materially adverse to the interest of any class of creditors or equity security holders

by reason of any direct or indirect relationship to the Debtors, any other parties in interest herein, or its respective attorneys.

19. Livingstone has numerous clients, past and present, which are located throughout the world, in a variety of industries. Such clients may include certain of the persons or entities that are identified as creditors of the Debtors. It is also possible that some past or present clients of Livingstone may have some connection to, or are creditors or hold securities of, the Debtors. Nevertheless, insofar as I have been able to ascertain based on the results of the foregoing, to the best of my knowledge, other than as described herein and except for the Debtors, Livingstone has not advised any party in interest in connection with these chapter 11 cases.

20. As part of its diverse practice, Livingstone may appear in numerous cases, proceedings and transactions that involve many different professionals, including attorneys, accountants and financial consultants, who may represent claimants and parties in interest in these chapter 11 cases. Livingstone has performed in the past, and may perform in the future, financial advisory services for various attorneys and law firms in the legal community, some of whom may be or may become involved in these chapter 11 cases. In addition, Livingstone has in the past, may currently and will likely in the future be working with or against other professionals involved in these chapter 11 cases in matters unrelated to the Debtors and these chapter 11 cases. None of these business relationships creates interests materially adverse to the Debtors in matters upon which Livingstone is to be employed, and none is in connection with these chapter 11 cases.

21. Livingstone personnel and their family members may have business associations with certain creditors of the Debtors unrelated to these chapter 11 cases. In addition, in the ordinary course of its business, Livingstone may engage counsel or other professionals in

unrelated matters who now represent, or who may in the future represent, creditors, or other interested parties in these chapter 11 cases.

22. Livingstone has not been retained to assist any entity or person other than the Debtors on matters relating to, or in connection with, these chapter 11 cases. If this Court approves the proposed employment of Livingstone by the Debtors, Livingstone will not accept any engagement or perform any service for any entity or person other than the Debtors in connection with these chapter 11 cases. Livingstone will, however, continue to provide professional services to, and engage in commercial or professional relationships with, entities or persons that may be creditors of the Debtors or parties in interest in these chapter 11 cases; provided, however, that such services do not relate to, or have any direct connection with, these chapter 11 cases.

23. If Livingstone discovers additional information that requires disclosure, Livingstone will promptly file a supplemental disclosure with the Court as required by Bankruptcy Rule 2014. Livingstone reserves the right to supplement this Declaration in the event that Livingstone discovers any facts bearing on matters described in this Declaration regarding Livingstone's employment by the Debtors.

24. Livingstone will review its files against any updated Potential Interested Parties List received from the Debtors from time to time during the pendency of these chapter 11 cases. If any new relevant facts or relationships are discovered or arise in such review, Livingstone will promptly file a supplemental disclosure with the Court as required by Bankruptcy Rule 2014.

25. Based on all of the foregoing, Livingstone is a “disinterested person” as that term is defined in section 101(14) of the Bankruptcy Code.

G. No Duplication of Services

26. Livingstone understands that the Debtors have submitted, or intend to submit, separate applications to retain, among others, Morris, Nichols, Arsht & Tunnell, LLP, as legal counsel and Epiq Corporate Restructuring, LLC, as claims and noticing agent. In addition, Livingstone understands that the Debtors will also submit an additional application (a) seeking to employ Novo Advisors Inc. for restructuring services and (b) designating Michael Ragano as Chief Restructuring Officer, pursuant to section 363(b) of the Bankruptcy Code. Livingstone will work cooperatively with such professionals to integrate any respective work conducted by the professionals on behalf of the Debtors. The investment banking services provided by Livingstone will complement, and not duplicate, the services rendered by any other professional retained in these chapter 11 cases.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on: April 25, 2025
Wilmington, Delaware

/s/ Joseph Greenwood
Joseph Greenwood

Schedule 1

Potential Parties in Interest List

Non-Debtor Affiliates

RP Holdco, LLC

Bankruptcy Judges – District of Delaware

Chief Judge Karen B. Owens

Judge John T. Dorsey

Judge Craig T. Goldblatt

Judge Tomas M. Horan

Judge Brendan L. Shannon

Judge Laurie Selber Silverstein

Judge J. Kate Stickles

Judge Mary F. Walrath

Banks & Lenders

Fifth Third Bank, National Association

NXT Capital, LLC

PNC Bank

Sunflower Bank, N.A.

Webster Bank, N.A.

Benefit Providers

Blue Cross Blue Shield of AZ

HealthEquity

Mutual of Omaha

Paycom Payroll

The Standard

Debtors' Bankruptcy Professionals

Morris, Nichols, Arsht & Tunnell LLP

Novo Advisors LLC

Livingstone Partners LLC

Director and Officers

Craig Dean

Aaron Stoppelmann

Babak Sarrafzadeh

Chris King

Jeff Peterson

Kevin Jackson

Kevin Otero

Lyle Fellows

Mark Sementilli

Sepehr Dardashti

Steve Schoembs

Staffing Agencies

Instawork

Robert Half

Roth Staffing Companies

Third-Party Brokers

Acclaim Marketing

Advanced Marketing and Sales LLC

Daymon Worldwide

DeJarnett Sales Inc.

Global Source Ltd

IMS Paper Group

Lockton Companies

Meyers & Associates

Olvera & Associates

RDS Sales & Marketing

Resource Wholesale

Star Brokerage

Your Paper Connexion Inc.

Insurance

Arch Insurance Company

Arch E&S

Atrium (UK)

Allied World Assurance Company (U.S.) Inc.

Beazley Insurance Company, Inc.

W. R. Berkley Corporation

Berkshire Hathaway GUARD Insurance Companies

Chubb

Coalition Insurance Company

Falvey Insurance Group

Federal Insurance Company

Fidelis BDA

Great Northern Insurance Company

Hartford Steam Boiler Inspection and Insurance Company

IAT (FAC Reinsurance)

Munich Re Group

RiskSmith Insurance Services

SOMPO Holdings, Inc.

Tokio Marine Kiln Group Limited (UK)

Vendors

Accruent, LLC
 Ace Industries, Inc
 AFC Logistics
 Allen Lund Company
 Allied Packaging Corporation
 Althea Sales and Consulting, LLC.
 American Roller Company LLC
 American Supply Company
 Andritz
 Applied Industrial Technologies
 ArcBest II, Inc
 Arizona Label & Packaging
 Armstrong Transport Group LLC
 Arnold Machinery Company
 Arrive Logistics
 Arrow Security Inc
 Atlantic Packaging Corporation
 Atlas Copco Compressor, LLC
 Axchem USA, Inc
 Axle Logistics
 Axle Logistics, LLC
 B10 SWV PHX 11 Owner LLC
 Belt Power, LLC. - KP Industrial, Inc
 Billerud Americas Corporation (fka Verso Paper)
 Blue Collar Transportation, Inc
 Blue Fox Group
 BMO Bank N.A.
 Bretting Manufacturing Co., Inc.
 Carastar
 Carolina Container LLC
 CellMark Paper, Inc.
 Central National Canada ULC
 Central National Gottesman, Inc
 ChemTreat Inc.
 Cintas
 Circle Logistics, Inc
 City Of Phoenix
 Complete Paper Inc. dba BiOrigin Specialty Product
 Convergia, Inc.
 Convermat Corporation
 Custom Forest Products
 Direct Connect Logistix, Inc.
 Ekman & Co Inc.

El Paso Paper Box Inc.
 Element 78 Partners, LLC
 Electric 80 Inc
 Empire Pallets LLC
 Enzymatic Deinking Technologies
 Evolution
 FedEx
 Fibria Celulose USA INC
 Fiesta Mart, LLC
 First Alliance Logistics Management
 First Insurance Funding
 Fox Logistics, Inc.
 Freeport
 Friedman Recycling Co.
 Gambini America Inc.
 Golden Gate Paper Company, Inc
 Grainger
 Graphic Packaging Int'l., Inc.
 Gravion USA, Inc
 Greif
 H.B. Fuller Company
 Henkel Corporation
 Hill Brothers Chemicals Company
 Hood Container Corporation
 HYG Financial Services Inc
 IBT West LLC dba Magnum Industrial Disti
 Imperial Rubber Products
 Infinity Machine & Engineering Corp
 Ingersoll Rand
 International Paper
 KCH Transportation, Inc.
 Khalsa Transportation, Inc
 LiftOne LLC
 Little Rapids
 M&M Printed Bag
 Magellan Transport Logistics Inc
 Malnove Packaging & Packaging Solutions
 Marcode, Inc. dba Zanas USA
 Martin Navarro Rubio dba MNR Trucking
 McMaster Carr Supply Co
 Meda Trucking LLC
 MegaCorp Logistics, LLC
 Molo Solutions LLC
 Motion Industries, Inc.
 Motion Industries, Inc.
 MSC Industrial Supply

New Legend Inc
 Nissi Trucking LLC
 Northern Blower Inc
 OEM Materials & Supplies, Inc.
 On Demand Mobile Trailer Repair LLC
 Pacific Paper Products, Inc
 Packaging Corp
 Pallet & Lumber Supply
 Paradigm Chemical and Consulting, LLC.
 Peco Pallet
 Pratt Industries (USA)
 Precision Electric Co
 Prime Converting Corporation
 Print Pro, Inc.
 Quickbase, Inc
 Radwell International, Inc
 Robert Half
 Royalty Distribution
 RS Americas, Inc
 Safety-Kleen Systems, Inc.
 Sage Software Inc.
 Selective Packaging (Amipex)
 Smurfit Kappa North America LLC
 Softex Paper, Inc.
 Solenis LLC.
 Solutions, LLC
 Sonoco Products Company
 Southwest Gas Corporation
 Southwest Forest Products, Inc.
 Sozio Inc
 SRP
 Star Incorporated
 Sun Coast Resources, Inc
 SunSource / STS Operating, Inc.
 Supreme Source & Supply Co.
 Sustana Fiber, LLC
 TKM United States, Inc.
 TMC North America Inc.
 Tradecycle Capital LLC
 Trebor
 Triumph Business Capital - PinWheel
 Logistics
 Uline
 Ultimate Mile Delivery Services LLC
 Valley Tissue Packaging Inc.
 Valmet Inc

Valmet Tissue Converting, Inc
 Verifract, LLC dba Redzone Production
 Systems
 Voith US Inc
 Waste Management
 Waystar Express, Inc
 Werner Logistics
 WestRock CP, LLC
 WFX Logistics LLC

Real Estate Leases

Arnold Machinery
 Clarus Capital
 Kidco, LLC
 MDC Realty Advisors
 Phoenix Van Buren Properties
 The Koll Company

Taxing Authorities

Arizona Department of Revenue
 California Franchise Tax Board
 Maricopa County Treasurer
 Spartanburg County Treasurer
 State of Tennessee Department of Revenue
 US Treasury / Internal Revenue Service

Top 20 Customers

Brady Industries (BradyPlus)
 Aldi Inc.
 Blue Marble Brands (UNFI)
 Bunzl Distribution USA LLC
 Consolidated Hospitality Supply
 Dollar General (Dolgencorp LLC)
 Dollar Tree Stores Inc.
 Family Dollar Stores Inc.
 Harris Teeter (Kroger Co)
 HEB Grocery Co.
 Kehe Distributors
 Kroger Company
 Meijer Inc.
 Serenade Group
 Smart & Final Corp.
 SpartanNash Company
 Staples Inc.
 Topco Associates LLC

Trader Joe's
Whole Foods Market (UNFI)

Top 30 Unsecured Creditors

AFC Transport & Logistics
Allen Lund Company LLC
APS
Armstrong Transport Group
Arnold Machinery Company
BiOrigin Specialty Products
CellMark Inc.
Circle Logistics, Inc
Columbia Packaging Group
El Paso Paper Box, Inc
Freeport Logistics
Gambini America Inc.
Henkel Corporation
HYG Financial Services, Inc.
International Paper
Malnove Inc. of Nebraska
Maricopa County Treasurer
MDC Realty Advisors
MegaCorp Logistics, LLC
Northeast Series of Lockton Companies
LLC
Phoenix Van Buren Properties
Print Pro, Inc.
Smurfit Kappa North America LLC
Southwest Gas Corporation
Supreme Source & Supply Co.
Sustana Fiber, LLC
The Koll Company
Tradecycle Capital LLC
Valmet
WestRock CP, LLC
WFX Logistics LLC

Utility Providers

Arizona Public Services
City of Phoenix
Duke Energy
Greer Commission of Public Works
Salt River Project
Southwest Gas Corporation
Startex-Jackson-Wellford-Duncan Water
District

Town of Gila Bend

US Trustee Office – District of Delaware

Andrew R. Vara
Joseph McMahon
Lauren Attix
Malcolm M. Bates
Linda Casey
Joseph Cudia
Holly Dice
Shakima L. Dortch
Timothy J. Fox, Jr.
Diane Giordano
Michael Girello
Christine Green
Benjamin Hackman
Nyanquoi Jones
Hawa Konde
Jane Leamy
Jonathan Lipshie
Hannah M. McCollum
Jonathan Nyaku
James R. O'Malley
Linda Richenderfer
Richard Schepacarter
Edith A. Serrano
Rosa Sierra-Fox
Elizabeth Thomas
Dion Wynn

Potential Lienholders

Bank of the West
CIT Bank, N.A.
Clarus Capital Funding I, LLC
De Lage Landen Financial Services, Inc.
First-Citizens Bank & Trust Company
NXT Capital, LLC
VFS US LLC

Litigation Parties

Grove Ozment, LLC
Michael Mitchell
Nelson Mullens

Other Parties in Interest

GC Fund III RP, AIV, L.P. a/k/a Gridiron

Schedule 2

Livingstone Contacts List

- Graphic Packaging (Vendor) – Livingstone assisted in the sale of Artistic Carton Company to Graphic Packaging International in August 2019.
- Motion Industries (Vendor) – Livingstone assisted in the sale of Apache Hose and Belting Company, Inc. to Motion Industries in October 2017.

Exhibit C

Engagement Agreement



BEIJING
CHICAGO
DÜSSELDORF
LONDON
LOS ANGELES
MADRID
STOCKHOLM

ENGAGEMENT AGREEMENT

THIS ENGAGEMENT AGREEMENT (this “Agreement”), dated as of January 30, 2025, is by and among RP Holdco, LLC and Royal Paper Interco, LLC (together with their subsidiaries and affiliates, the “COMPANY”) and Livingstone Partners LLC (“LIVINGSTONE”).

The COMPANY and LIVINGSTONE hereby agree as follows:

1. This Agreement confirms the COMPANY’S retention of LIVINGSTONE as its exclusive investment banker to advise the COMPANY concerning a potential Transaction (as hereinafter defined).
2. LIVINGSTONE hereby accepts the engagement described in paragraph 1 and, in that connection, LIVINGSTONE and the COMPANY agree to the Process Guidelines set forth in Exhibit A.

Transactions covered under this Agreement (individually, a “Transaction” and collectively, “Transactions”) include: (A) any direct or indirect sale, exchange, transfer, other disposition or combination of all or substantially all of the COMPANY to or with one or more parties (collectively, the “Buyer”), whether accomplished: (i) by a sale of assets, securities, indebtedness or rights to the COMPANY’s revenues or income; (ii) by the COMPANY, its lenders, and/or its security holders; and (iii) in one Transaction or a series or combination of Transactions, and shall in each case include without limitation any merger, joint venture, equity investment, spin-off, consolidation, plan of reorganization, strategic alliance, business combination or any other transaction, the effect of which is to change the control or ownership of the COMPANY.

The sale of the assets of the COMPANY pursuant to an in-court or out-of-court Liquidation Process (defined below) shall not constitute an M&A Transaction¹.

3. The COMPANY shall furnish LIVINGSTONE with all information concerning the business, assets, operations and financial condition of the COMPANY reasonably requested by LIVINGSTONE in connection with the performance of its obligations hereunder. The COMPANY acknowledges that LIVINGSTONE will be using and relying upon the information provided by the COMPANY, as well as information available from public sources and other sources deemed reliable by LIVINGSTONE, and that LIVINGSTONE shall not in any respect be responsible for the accuracy or completeness of the same or for conducting any appraisal of assets. The COMPANY

¹ For purposes of interpretation of this clause (A) of paragraph 2, the term “Liquidation Process” shall mean a process whereby the assets of the COMPANY are monetized on a non-going concern basis by the COMPANY or a firm (i) commonly engaged in the business of liquidating the assets of businesses on a non-going concern basis and (ii) acting pursuant to an agency fee or otherwise selling assets on a “best efforts” basis. For the avoidance of doubt, in the event a non-going concern buyer is the prevailing party in a competitive sale process, such sale shall not be deemed a Liquidation Process as described in this footnote 1.

agrees to promptly notify LIVINGSTONE if the COMPANY believes that any information previously provided to LIVINGSTONE is misleading or not accurate. The COMPANY represents and warrants that any projections and other prospective information made available by the COMPANY to LIVINGSTONE or to a prospective party to a Transaction will have been prepared in good faith and will be based upon assumptions which, in light of the circumstances under which they are made, are reasonable.

4. If, during the term of this Agreement, or within a period of 12 months following termination of this Agreement, the COMPANY or its security holders enter into an agreement in principle to consummate a Transaction with a Covered Party, LIVINGSTONE's Accomplishment Fee shall be due and payable in full pursuant to Paragraph 9 below upon the closing of such Transaction. For the purposes of this Agreement, a "Covered Party" shall be any party with whom the COMPANY or LIVINGSTONE held discussions regarding a Transaction during the term of this Agreement. In the event of termination of this AGREEMENT, LIVINGSTONE agrees to provide a list of Covered Parties to the COMPANY within 10 business days.
5. LIVINGSTONE may provide its services through or in conjunction with one or more of its corporate affiliates and references in this letter agreement to "LIVINGSTONE" shall, except where the context otherwise requires, include any such affiliates.
6. The COMPANY acknowledges the offering of securities comprising the Transaction will not be registered under, and agrees not to take any action in connection with the Transaction in violation of, any Federal, state or foreign securities, "blue sky" or similar laws and regulations and shall be solely responsible for determining the applicability of and compliance with such laws and regulations.
7. Subject to the provisions of Paragraphs 5 through 18, which shall survive any termination of this Agreement, either party may terminate this Agreement at any time without cause by giving the other party at least 10 business days prior written notice of termination.
8. The COMPANY agrees to pay to LIVINGSTONE a monthly fee (the "Monthly Fee") of \$25,000. The first such Monthly Fee shall be due, earned and payable on the date of execution of this Agreement by the COMPANY, and subsequent Monthly Fees shall be due, earned and payable on the same day of each successive month until the earlier of the consummation of a Transaction or the termination of this Agreement. Any Monthly Fees earned after LIVINGSSTONE has been paid four (4) Monthly Fees shall be credited against the Accomplishment Fee. In the event a Transaction is not consummated, LIVINGSTONE shall in no event be obligated to return the Monthly Fees to the COMPANY.
9. The amount payable by the COMPANY to LIVINGSTONE at the closing of one or a series of Transaction(s) (the "Accomplishment Fee") shall be an amount equal to the greater of 2.0% of Total Consideration (as defined below) or \$750,000 (such \$750,000, or \$500,000 in the case of a credit bid as set forth below, the "Minimum Fee"). For the avoidance of doubt, there will be only one Minimum Fee payable hereunder.

The Accomplishment Fee shall be calculated based on the Total Consideration (“Total Consideration”) paid or payable to the COMPANY or its lenders and/or security holders in connection with, or in anticipation of, the Transaction, including amounts held back by the Buyer or placed in escrow, and shall include without limitation:

- (a) Cash paid (including without limitation any licensing, royalty or similar fees) and securities transferred to the COMPANY, lenders and/or holders of its securities, based on the market value of marketable equity securities or interests, the fair value of unmarketable equity securities or interests and the face amount of straight and convertible debt instruments or obligations issued or issuable to the COMPANY or its security holders or any entity affiliated with the COMPANY or its security holders, in each case whether vested or not, that are “rolled over,” “carved out,” or “cashed out” as part of the Transaction;
- (b) In the case of a sale of securities by the COMPANY’s security holders, all “financial debt” of the COMPANY, which includes all liabilities of the COMPANY other than trade payables and operating expenses accrued in the ordinary course of business;
- (c) In the case of a sale of assets, any and all debt, liabilities and/or obligations of the COMPANY that is assumed, paid or forgiven by the buyer, other than accounts payable and accrued expenses that are: (i) incurred in the normal course of business; (ii) not past-due or “debt-like items”; and (iii) included within a customary net working capital calculation;
- (d) The amount of any credit bid made by any of the COMPANY’s existing lenders;
- (e) The net present value (applying a discount rate equal to the then prevailing prime rate as quoted in The Wall Street Journal) of scheduled payments provided for in any leases by the buyer of assets owned and retained by the COMPANY, its security holders or any affiliates thereof;
- (f) The principal amount of deferred installments of purchase price (if and when collected by the COMPANY);
- (g) Future payments to be made to the COMPANY or its security holders in connection with the Transaction, including payments that are contingent on future events, such as, without limitation, the post-closing earnings or operations of the COMPANY or its underlying assets (if and when collected by the COMPANY);
- (h) The fair market value of COMPANY assets retained after closing (including accounts receivable and real property) or transferred to the COMPANY’s security holders or any affiliates thereof after the date of this Agreement (including extraordinary bonuses, dividends, or other

distributions of property or capital), in each case pursuant to this clause (h) only with respect to such assets that the COMPANY excludes from a Transaction with a third party buyer at a time when a different third-party buyer had offered to purchase such assets; and

- (i) The value of any retained or acquired interest in the COMPANY or its successor, or the right to acquire such interest.

In the event the COMPANY enters into a letter of intent within 45 days of the date of this Agreement with one of the parties listed on Exhibit B (the “Carve-Out Parties”) and the COMPANY consummates a Transaction with one of the Carve-Out Parties prior to the COMPANY authorizing LIVINGSTONE to approach additional third-party buyers, then the Accomplishment Fee shall be discounted by 33% (the “Carve-Out Party Discount”).

Additionally, in the event: (i) the COMPANY consummates a Transaction that is not subject to the Carve-Out Party Discount; and (ii) the Total Consideration contains “non-cash consideration” arising from section 9(c) above, then (A) if the COMPANY elects to consummate a Transaction with higher Total Consideration than the next highest bid based on non-cash consideration, the “non-cash” portion of the Total Consideration shall be discounted by 33% and (B) if the only qualified third party bid includes non-cash consideration, then the COMPANY will only pay LIVINGSTONE the portion of the Accomplishment Fee corresponding to that portion of the Total Consideration subject to non-cash consideration when and if such non-cash consideration is paid to the COMPANY or otherwise monetized by the COMPANY.

In the event the only qualified bid received is a credit bid by the COMPANY’s lender, then the Accomplishment Fee shall be \$500,000.

In the event: (i) the COMPANY receives a qualified bid from a third-party buyer; (ii) the COMPANY’s lender elects to submit a credit bid topping bid (the “Credit Bid Topping Bid”); and (iii) the Credit Bid Topping Bid is the prevailing bid, then the Accomplishment Fee due to LIVINGSTONE shall be based on the highest third-party qualified bid so long as the Total Consideration of such third-party qualified bid is at least \$37,500,000 but if the Total Consideration of such other third-party qualified bid is less than \$37,500,000, the Accomplishment Fee shall be \$500,000.

In the event: (i) Livingstone has delivered one or more bona fide indications of interest; and (ii) the Company and/or its lenders terminate this Agreement in favor of a Liquidation Process and no Minimum Fee has been paid, then the COMPANY agrees to pay LIVINGSTONE a “break fee” of \$400,000.

10. Whether or not there is a Closing of a Transaction, the COMPANY agrees to reimburse LIVINGSTONE from time to time on demand (and in no event later than 30 days following invoice delivery), for all reasonable and documented out-of-pocket expenses and the reasonable and documented fees and expenses of LIVINGSTONE’s counsel, subject to the COMPANY’s prior approval of cumulative expenditures in excess of \$15,000. Out-of-pocket expenses shall include all travel-related expenses plus a fixed monthly charge of \$300 to cover telephone, facsimile, memoranda production costs,

duplication, courier, database research, and other similar expenses.

In the event that LIVINGSTONE or any of its employees, officers, affiliates or agents are requested or required to appear as a witness in any action in which the COMPANY or any affiliate thereof is a party, the COMPANY will reimburse LIVINGSTONE for all expenses incurred by it in connection with such person's preparation and appearance as a witness, including, without limitation, the reasonable fees and disbursements of LIVINGSTONE's or such person's legal counsel.

11. Recognizing that LIVINGSTONE's role is advisory, the COMPANY agrees:
 - (a) that none of LIVINGSTONE and its affiliates, the respective partners, directors, officers, agents and employees of LIVINGSTONE and its affiliates, and each other person, if any, controlling LIVINGSTONE or its affiliates (the foregoing being referred to herein individually as an "Indemnified Party" and collectively as the "Indemnified Parties") shall have any liability (whether direct or indirect, in contract, tort or otherwise) to the COMPANY or any one claiming through the COMPANY or in its name or right, directly or indirectly, in connection with (i) advice or services rendered or to be rendered by any Indemnified Person pursuant to this Agreement; (ii) the Transaction contemplated by this Agreement or (iii) any Indemnified Person's actions or inactions in connection with any such advice, services or Transaction except to the extent that it is finally judicially determined by a court of competent jurisdiction, not subject to further appeal, that such liabilities resulted primarily from the willful misconduct or gross negligence of the relevant Indemnified Person;
 - (b) to indemnify, defend and hold harmless each Indemnified Party from and against, and shall pay or reimburse, any and all losses, claims, damages, liabilities, expenses or costs, as and when incurred, to which such Indemnified Party may become subject or which are asserted against any Indemnified Party, directly or indirectly, in any way related to this Agreement or LIVINGSTONE's services under this Agreement, except to the extent that such liability is found in a final judgment by a court of competent jurisdiction, not subject to further appeal, to have resulted primarily from LIVINGSTONE's gross negligence or willful misconduct in the performance of its duties under this Agreement; and
 - (c) if a claim for indemnification is made pursuant to this Agreement but it is found in a final judgment by a court of competent jurisdiction, not subject to further appeal, that such indemnification may not be enforced in such case, the Indemnified Parties, on the one hand, and the COMPANY, on the other hand, shall each contribute to the amount paid or payable as a result of such losses, claims, damages or liabilities in such proportion as is appropriate to reflect the relative fault of the Indemnified Parties, on the one hand, and the COMPANY, on the other hand, and the relative benefits to the Indemnified Parties, on the one hand, and the COMPANY on the

other hand, arising out of the particular matter or Transaction which gave rise to such loss, claim, damage, liability, or costs, and all other relevant equitable considerations shall also be taken into account. No person found liable for a fraudulent misrepresentation by a court of competent jurisdiction, not subject to further appeal, shall be entitled to contribution from any person who is not also found liable for such fraudulent misrepresentation by a court of competent jurisdiction, not subject to further appeal. Notwithstanding the foregoing, LIVINGSTONE shall not be obligated to contribute any amount hereunder that exceeds the amount of fees previously received by LIVINGSTONE hereunder.

12. If applicable, the COMPANY shall apply promptly, within the confines of Rule 6003 of the Federal Rules of Bankruptcy Procedure, to the Bankruptcy Court pursuant to sections 327(a) and 328(a) of the Bankruptcy Code, Rule 2014 of the Federal Rules of Bankruptcy Procedure, applicable local rules and procedural orders of the Bankruptcy Court and procedural guidelines established by the Office of the United States Trustee, for approval of (a) this Agreement and (b) LIVINGSTONE's retention by the COMPANY under the terms of this Agreement, *nunc pro tunc* to the date the COMPANY commences its chapter 11 case, and shall use its best efforts to obtain Bankruptcy Court authorization thereof. The COMPANY shall use its best efforts to obtain such Bankruptcy Court approval and authorization subject only to the subsequent review by the Bankruptcy Court under the standard of review provided in section 328(a) of the Bankruptcy Code, and not subject to the standard of review set forth in section 330 of the Bankruptcy Code. The COMPANY shall supply LIVINGSTONE and its counsel with a draft of such application and any proposed order authorizing LIVINGSTONE's retention sufficiently in advance of the filing of such application and proposed order to enable LIVINGSTONE and its counsel to review and comment thereon. LIVINGSTONE shall have no obligation to provide any services under this Agreement unless and until LIVINGSTONE's retention under the terms of this Agreement is approved under section 328(a) of the Bankruptcy Code by a final order of the Bankruptcy Court in form and substance acceptable to LIVINGSTONE. Subject to being so retained, LIVINGSTONE agrees that during the pendency of any such proceedings, it shall continue to perform its obligations under this Agreement pursuant to the provision of this Agreement so long as the company is using its best efforts to seek LIVINGSTONE's retention under section 328(a) of the Bankruptcy Code.

If applicable, LIVINGSTONE acknowledges that in the event that the Bankruptcy Court approves its retention by the COMPANY pursuant to the application process described in this Section, payment of LIVINGSTONE's fees and expenses shall be subject to (i) the jurisdiction and approval of the Bankruptcy Court under section 328(a) of the Bankruptcy Code and any order approving LIVINGSTONE's retention, (ii) any applicable fee and expense guidelines and/or orders and (iii) any requirements governing interim and final fee applications; provided, however, that subject to approval of the Bankruptcy Court, LIVINGSTONE shall not be required to maintain time records. In the event that LIVINGSTONE's engagement hereunder is approved by the Bankruptcy Court, the COMPANY shall pay all fees and expenses of LIVINGSTONE hereunder as promptly as practicable in accordance with the terms hereof and the orders governing interim and

final fee applications, and after obtaining all necessary further approvals from the Bankruptcy Court, if any; provided, however, that neither the COMPANY nor any of its directors, officers, employees, owners, agents or advisors shall be liable to LIVINGSTONE for any fees and expenses under this Agreement incurred by a COMPANY after it commences a chapter 11 case in excess of the fees and expenses finally allowed by the Bankruptcy Court.

If applicable, with respect to LIVINGSTONE's retention under section 328(a) of the Bankruptcy Code, the COMPANY acknowledges and agrees that LIVINGSTONE's industry and restructuring expertise as well as its capital markets knowledge, financing skills and mergers and acquisitions capabilities, some or all of which may be required by the COMPANY during the term of LIVINGSTONE's engagement hereunder, were important factors in determining the amount of the various fees set forth herein, and that the benefit to the COMPANY of LIVINGSTONE's services hereunder may not be measurable merely by reference to the number of hours to be expended by LIVINGSTONE's professionals in the performance of such services. The COMPANY also acknowledges and agrees that the various fees set forth herein have been agreed upon by the parties in anticipation that a substantial commitment of professional time and effort will be required of LIVINGSTONE and its professionals hereunder over the life of the engagement, and in light of the fact that such commitment required of LIVINGSTONE and its professionals to perform its services hereunder may vary substantially from week to week or month to month, creating "peak load" issues for the firm. In addition, the COMPANY believes that given the numerous issues which LIVINGSTONE may be required to address in the performance of its services hereunder, LIVINGSTONE's commitment to the variable level of time and effort necessary to address all such issues as they arise, and the market prices for LIVINGSTONE's services for engagements of this nature in an out-of-court context, the COMPANY agrees that the fee arrangements hereunder are reasonable under the standards set forth in section 328(a) of the Bankruptcy Code.

13. The COMPANY hereby acknowledges and agrees that it is a sophisticated business enterprise that has retained LIVINGSTONE for the limited purposes set forth in this Agreement and that the rights and obligations of the parties herein are contractual in nature and that LIVINGSTONE has not made any warranties or guarantees of any nature as to the success or satisfactory conclusion of any Transaction or as to the economic, financial or other results which may be obtained or experienced by the COMPANY as a result thereof. LIVINGSTONE will provide its financial advice, written or oral, exclusively for the benefit of the COMPANY's board of directors and senior management who will make all decisions regarding whether and how to pursue any opportunity or Transaction. The COMPANY's board of directors and senior management will base their decisions on LIVINGSTONE's advice as well as on the advice of their legal, tax and other business advisors and other factors they consider appropriate. LIVINGSTONE is an independent contractor to the COMPANY and does not assume the responsibilities of a fiduciary to the COMPANY or its security holders in connection with the performance of its services.
14. The COMPANY hereby authorizes and directs LIVINGSTONE to provide NXT Capital,

LLC, as agent ("Senior Agent") under the COMPANY's senior secured credit facility, such reports, term sheets, letters of intent, or other documents or information from time to time with respect to the COMPANY as Senior Agent may reasonably request from time to time regarding the sale process, and authorizes LIVINGSTONE to communicate directly with Senior Agent and any consultant or other professionals retained by Senior Agent, at such times and for such durations as Senior Agent may reasonably request.

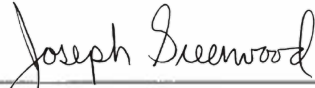
15. The COMPANY represents to LIVINGSTONE that there are no brokers, representatives or other persons (other than LIVINGSTONE pursuant to the terms hereof) that have an interest in compensation due to LIVINGSTONE from the COMPANY as it relates to the Transaction contemplated hereunder. Any Accomplishment Fee payable to LIVINGSTONE will not be reduced by any obligation that the Company or its Affiliates may have to any other broker or finder.
16. The COMPANY (on behalf of itself and its security holders) and LIVINGSTONE agree that any dispute between them in any way relating to this Agreement (including, but not limited to, its formation, interpretation or termination or any alleged breach hereof) shall be determined and settled by (a) the Court of Chancery of the State of Delaware (or, if such court lacks jurisdiction over a particular matter, any state or federal court within the State of Delaware) or (b) in the event the COMPANY files for bankruptcy, the Bankruptcy Court in the associated jurisdiction (the "Chosen Courts"). The COMPANY (on behalf of itself and its security holders) and LIVINGSTONE hereby irrevocably submits to the exclusive jurisdiction of the Chosen Courts for itself and with respect to its property, generally and unconditionally, with regard to any dispute relating to this Agreement.
17. The COMPANY agrees that LIVINGSTONE has the right to publicize its involvement in a Transaction and place "tombstones" at LIVINGSTONE's expense describing LIVINGSTONE's services hereunder. If LIVINGSTONE requests, the COMPANY will include a mutually acceptable reference to LIVINGSTONE in the press release or other public announcement by the COMPANY regarding a Transaction.
18. The COMPANY has all requisite corporate power and authority to enter into this Agreement. This Agreement has been duly and validly authorized by all necessary corporate action on the part of the COMPANY and constitutes a legal, valid and binding agreement of the COMPANY, enforceable in accordance with its terms.
19. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. This Agreement represents the entire understanding between the parties, and all prior discussions and negotiations are merged in it. No waiver, amendment or other modification of this Agreement shall be effective unless in writing and signed by each party to be bound thereby. For the convenience of the parties, any number of counterparts of this Agreement may be executed by the parties hereto. Each such counterpart shall be, and shall be deemed to be, an original instrument, but all such counterparts taken together shall constitute the same Agreement. Delivery of a signed counterpart of this Agreement by telecopier or facsimile transmission shall constitute valid and sufficient delivery thereof. The invalidity or unenforceability of any provision

of this Agreement shall not affect the validity or enforceability of any other provisions of this Agreement, which shall remain in full force and effect. This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware without reference to that state's conflicts of law principles. EACH OF LIVINGSTONE AND THE COMPANY (ON ITS OWN BEHALF AND ON BEHALF OF ITS SECURITYHOLDERS) WAIVES ANY RIGHT TO TRIAL BY JURY IN ANY ACTION, CLAIM, SUIT OR PROCEEDING.

If the foregoing correctly sets forth the understanding and agreement between LIVINGSTONE and the COMPANY, please so indicate in the space provided below and return it to LIVINGSTONE.

By:

LIVINGSTONE PARTNERS LLC

A handwritten signature in black ink, appearing to read "Joseph Greenwood", written over a horizontal line.

Joseph Greenwood
Partner

Agreed and Accepted By:

RP HOLDCO, LLC
ROYAL PAPER INTERCO, LLC

A handwritten signature in blue ink, appearing to read "Craig Dean", written over a horizontal line.

Craig Dean
Director

EXHIBIT A
to
Engagement Agreement

PROCESS GUIDELINES

During LIVINGSTONE's engagement hereunder, LIVINGSTONE will exercise its commercially reasonable efforts to:

- (1) Maintain the confidentiality of all proprietary financial and other information, data, and materials relating to the COMPANY except as may be reasonably required in connection with the activities described below and with respect to information generally available to the public.
- (2) Review and familiarize itself with the business, operations, physical assets and financial condition of the COMPANY, as well as other matters and/or analyses it deems relevant.
- (3) Assist the COMPANY in the preparation of a comprehensive confidential information package describing the COMPANY (a "Memorandum") and in the preparation and negotiation of any confidentiality agreements to be entered into by third parties potentially interested in participating in a Transaction, all of which shall be subject to the approval of the COMPANY.
- (4) Develop a list of potential buyers the COMPANY that LIVINGSTONE believes in good faith to be financially qualified and potentially interested in participating in a Transaction.
- (5) Contact potential buyers on the COMPANY's behalf and, as appropriate, arrange for and orchestrate meetings between potential buyers and/or investors and the COMPANY.
- (6) Present to the COMPANY all proposals from potential buyers and make recommendations as to the COMPANY's appropriate negotiating strategy and course of conduct.
- (7) Assist in all negotiations and in all document review as reasonably requested and directed by the COMPANY.
- (8) Provide such other financial advisory and investment banking services as are customary for similar transactions and as may be mutually agreed upon in advance in writing by COMPANY and LIVINGSTONE.

EXHIBIT B
to
Engagement Agreement

CARVE-OUT PARTIES

1. Sofidel America
2. Global Tissue Group / Gamut Capital
3. PT Sopanusa
4. White Mountain Tissue / Gorham Paper & Tissue
5. Grupo Corporativo Papelero (GCP), GCP Paper USA
6. FAPSA / PSF
7. Royalty Global
8. Supreme Source & Supply
9. US Alliance Paper, Inc.
10. Sep Dardashti
11. Bob Sarraf