

EXHIBIT A

FUNDING AGREEMENT

THIS FUNDING AGREEMENT (the "Agreement") is made and entered into on this 12 day of October, 2012 by and between Theodore Orson, Esq., solely in his capacity as the duly-appointed temporary receiver, and not individually, of Bradford Printing & Finishing, LLC, a Rhode Island limited liability company ("Bradford"), Tex-Shield, Inc., a Delaware corporation ("Tex-Shield"), and Heritage Mills, LLC, a Rhode Island limited liability company ("Heritage").

WITNESSETH

WHEREAS, on September 27, 2012, pursuant to the Order Appointing Temporary Receiver (the "Order") entered by the Washington County Superior Court (the "Court") in the matter of *Diamond Business Credit, LLC v. Bradford Printing & Finishing, LLC*, C.A. No. 12-586 (the "Action"), Theodore Orson, Esq. was appointed the Temporary Receiver (the "Receiver") of Bradford;

WHEREAS, pursuant to such Order, the Receiver is authorized to, *inter alia*, conduct the business of Bradford in his discretion as the Receiver deems appropriate and advisable;

WHEREAS, Heritage is the purported lessee of Bradford's equipment located at 460 Bradford Road, Bradford, Rhode Island (the "Plant") that is used to operate Bradford's business and is the entity through which Bradford's business is conducted;

WHEREAS, Tex-Shield is a customer of Bradford that funds and supplies Bradford with certain raw materials, such as greige fabrics, that are then processed by Bradford and returned to Tex-Shield for consideration;

WHEREAS, Tex-Shield has submitted Three (3) purchase orders to Bradford, along with the fabrics to be processed pursuant to these purchase orders, that have not yet been completed, specifically: Lot 120601 ("Lot 6"), Lot 120701 ("Lot 7"), and Lot 120801 ("Lot 8");

WHEREAS, there is One (1) purchase order that has not been submitted by Tex-Shield to Bradford, but which Tex-Shield may in the future wish to submit to Bradford for completion: Lot 120901 ("Lot 9");

WHEREAS, Lots 6, 7, and 8 are estimated to take Thirty (30) to Forty-Five (45) days for completion;

WHEREAS, Lots 6, 7, and 8 are estimated to yield One Hundred Twelve Thousand Five Hundred (112,500) yards of material for Tex-Shield;

WHEREAS, Lot 9 is estimated to take Fourteen (14) days for completion;

WHEREAS, Lot 9 is estimated to yield Forty Five Thousand (45,000) yards of material for Tex-Shield;

WHEREAS, Tex-Shield desires for Bradford to complete the processing of Lots 6, 7, and 8 and the Receiver believes that Bradford's completion of Lots 6, 7, and 8 would likely benefit the Receivership Estate and its creditors by increasing the cash on hand and the marketability of the assets for sale while allowing the Receiver to simultaneously market the assets for sale either as a going concern and/or in lots;

WHEREAS, the Receiver has filed Receiver's Emergency Petition to Authorize Operation and Funding of the Respondent (the "Receiver's Petition") with the Court in the Action seeking Court approval of this Agreement; and

WHEREAS, this Agreement is contingent upon the Court's approval of it and of the Receiver's Petition.

NOW THEREFORE, in consideration of the foregoing and of the mutual covenants and obligations set forth herein, and for other good and valuable consideration the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows.

1. Services. Bradford shall use commercially-reasonable efforts to in good faith complete the processing of Lots 6, 7, and 8 in a timely manner, and if applicable, any additional purchase orders submitted by Tex-Shield pursuant to Section 2.2 hereunder.

1.1. Bradford shall have full use of any and all equipment purportedly leased by Heritage that is necessary, in the sole discretion of the Receiver, for the processing of such lots and for the completion of the related purchase orders.

1.2. Tex-Shield shall at its sole cost and expense supply to Bradford all greige fabrics necessary for the processing of its purchase orders to the extent not previously supplied to Bradford by Tex-Shield.

2. Term. The Term of this Agreement (the "Term") shall be effective as of the date of the Court's approval of the Receiver's Petition and shall continue until the earlier of (i) Bradford's completion of Lots 6, 7, and 8 hereunder, or (ii) until such time as either the Receiver or Tex-Shield provides written notice of termination pursuant to Section 2.1 hereunder.

2.1. Termination. Either the Receiver, upon application to the Court, or Tex-Shield, upon written notice to the Receiver, may terminate this Agreement and the processing of any remaining lots at any time hereunder only following the completion of any lot prior to commencement of the next lot, except in cases of good cause. In addition, Tex-Shield may terminate this Agreement at any time upon receipt of notice from the Receiver of Unforeseen Operating Costs. Upon any such termination the Receiver shall: (i) pay any and all outstanding Operating Costs (as defined herein); (ii) pay to the Receivership Estate all outstanding Net Proceeds (as defined herein) for any and all completed and shipped lots as paid by Tex-Shield to the Receiver pursuant to Section 4 and Section 4.1 hereunder; (iii) return to Tex-Shield all funds

that remain in escrow that have not been allocated to Operating Costs or paid to the Receivership Estate; and (iv) release to Tex-Shield any and all greige fabric that Tex-Shield had shipped to Bradford for the processing of any lots not then completed, subject to an order of the Court finding that said fabric is owned by Tex-Shield free and clear of all liens.

2.2. Renewal Term(s). Upon completion of Lots 6, 7, or 8, Tex-Shield may elect to submit a purchase order for Lot 9, as well as ship the necessary materials to Bradford in order for Bradford to complete Lot 9; such election shall be subject to the Receiver's approval, which the Receiver may withhold in his sole discretion (the "Lot 9 Renewal"). Upon completion of Lot 9, Tex-Shield may elect to submit additional purchase orders for lots not yet identified to Bradford nor to the Receiver, as well as ship the necessary materials to Bradford in order for Bradford to complete the additional lot(s); such election shall be subject to the Receiver's approval, which the Receiver may withhold in his sole discretion (the "Subsequent Renewal"). The Lot 9 Renewal and the Subsequent Renewal may collectively be referred to hereafter as the "Renewal Term."

3. Payment of Operating Costs. Tex-Shield shall pay any and all costs and expenses arising out of the Receiver's continued operation of Bradford during the Term hereof, including but not limited to the following estimated amounts for completing Lots 6, 7 and 8: (i) Twenty Five Thousand Dollars (\$25,000) for the cost of chemicals; (ii) Twenty Five Thousand Dollars (\$25,000) in manual labor costs; (iii) Forty Thousand Dollars (\$40,000) in administrative labor costs; (iv) Ten Thousand Dollars (\$10,000) per month in rent; (v) Forty Five Thousand Dollars (\$45,000) in estimated utility costs; (vi) Ten Thousand Dollars (\$10,000) for the cost of insurance; (vii) Two Thousand Five Hundred Dollars (\$2,500) per month for the cost of communication services; and (viii) Fifteen Thousand Dollars (\$15,000) to pay for upgrades to the sprinkler system and radio transmission unit which are required pursuant to an abatement order from the Rhode Island State Fire Marshal in order for the facility to remain operational, as well as for other miscellaneous costs (the "Anticipated Operating Costs"). Tex-Shield shall not be responsible for the following costs and expenses: (i) costs related to the processing of orders for any customer other than Tex-Shield; (ii) professional fees including fees and expenses of the Receiver or his attorneys or advisors; (iii) interest or other debt service; (iv) depreciation or amortization; and (v) taxes, other than employment related taxes. Payment of One Hundred Seventy Two Thousand Five Hundred Dollars (\$172,500) for Anticipated Operating Costs shall be made by Tex-Shield to the Receiver by wire simultaneously upon execution of this Agreement and shall be held in a non-interest bearing escrow account by the Receiver until such time as such expenses shall become due and payable. Upon completion of Lots 6, 7, and 8, any remaining proceeds from the Anticipated Operating Costs that were not expended by the Receiver in completion of Lots 6, 7, and 8 shall be returned to Tex-Shield.

3.1. Unforeseen Operating Costs. Tex-Shield shall pay any necessary unforeseen operating costs that may be discovered, realized, and/or encountered during the Receiver's operation of the Plant (the "Unforeseen Operating Costs"), above and beyond the Anticipated

Operating Costs. Tex-Shield shall pay to the Receiver any Unforeseen Operating Costs as the same are discovered by the Receiver or become due and payable, whichever occurs first. The Receiver will promptly notify Tex-Shield upon learning of any Unforeseen Operating Costs or other operating costs beyond those set forth in this Section 3. Anticipated Operating Costs and Unforeseen Operating Costs shall collectively be referred to as "Operating Costs."

3.2. Payment of Operating Costs During Renewal Term. Prior to Bradford commencing work on Lot 9 pursuant to the Lot 9 Renewal, Tex-Shield shall wire to the Receiver Seventy Six Thousand Two Hundred Fifty Dollars (\$76,250), which is a pro-rated amount based on the Anticipated Operating Costs to cover the anticipated operating costs required for Bradford to complete Lot 9. Upon completion of Lot 9, any remaining proceeds not expended by the Receiver shall be returned to Tex-Shield. Prior to Bradford commencing work on any additional lots pursuant to any Subsequent Renewal, Tex-Shield shall wire to the Receiver an amount sufficient to cover any additional operating costs, such amount to be determined, and if necessary pro-rated, based upon the Anticipated Operating Costs. Upon completion of each additional lot, any remaining proceeds not expended by the Receiver shall be returned to Tex-Shield.

4. Compensation to Receiver. The Receiver shall be compensated by Tex-Shield at a rate of 90/100 Dollars (\$0.90) per yard for each yard of "first quality" material from Lots 6, 7, and 8 that is completed and shipped to Tex-Shield. Based on Lots 6, 7, and 8 estimated yield of One Hundred Twelve Thousand Five Hundred (112,500) yards, Tex-Shield shall pay to the Receiver One Hundred One Thousand Two Hundred Fifty Dollars (\$101,250) (the "Initial Net Proceeds") simultaneously upon the execution of this Agreement following Court approval. The Initial Net Proceeds shall be held in a non-interest bearing escrow account by the Receiver until such time as Lots 6, 7, or 8, as applicable, are completed and shipped to Tex-Shield.

4.1. Compensation to Receiver During Renewal Term. The Receiver shall be compensated by Tex-Shield at a rate of 90/100 Dollars (\$0.90) per yard for each yard of "first quality" material from Lot 9 that is completed and shipped to Tex-Shield pursuant to the Lot 9 Renewal. Based on Lot 9's estimated yield of Forty Five Thousand (45,000) yards, Tex-Shield shall pay to the Receiver Forty Thousand Five Hundred Dollars (\$40,500) prior to the commencement of the Lot 9 Renewal (the "Lot 9 Net Proceeds"). The Lot 9 Net Proceeds shall be held in a non-interest bearing escrow account by the Receiver until such time as Lot 9 is completed and shipped to Tex-Shield. The Receiver shall be compensated by Tex-Shield at a rate of 80/100 Dollars (\$0.80) per yard, or at such amount as may be agreed to by the parties from time to time, for each yard of "first quality" material from any additional lots that are completed and shipped to Tex-Shield pursuant to any Subsequent Renewal. Tex-Shield shall pay to the Receiver an estimated amount based on the projected yield of the materials upon the effective date of any Subsequent Renewal (the "Subsequent Net Proceeds"). The Subsequent Net Proceeds shall be held in a non-interest bearing escrow account by the Receiver until such time as such additional lot(s) of "first quality" material is/are completed and shipped to Tex-

Shield. The Initial Net Proceeds, the Lot 9 Net Proceeds and the Subsequent Net Proceeds shall collectively be referred to as the "Net Proceeds."

5. Waiver of Claims. Tex-Shield agrees that any and all claims Tex-Shield now has or may have against the Receiver, the Receivership Estate, Bradford, and/or Heritage with respect to damages or costs incurred as a result of Bradford's production or failure to produce Lots 6, 7, 8, 9, or any lots related to any future purchase orders submitted to the Receiver for processing, including but not limited to claims for any consequential damages, including but not limited to lost profits, attorneys' fees, costs, or interest shall be limited to the amount of the Net Proceeds and Operating Costs advanced by Tex-Shield that have not been previously expended in accordance with this Agreement. Such limitation relates solely to any and all claims that could be asserted on or after the date of the appointment of the Receiver and does not in any way effect any pre-petition claims that Tex-Shield may or may not have against Bradford and any such claims the Receiver may have against Tex-Shield.

5.1. Force Majeure/Excused Performance. None of the parties shall be liable to the other parties for any failure to perform obligations hereunder provided that such failure arises from or relates to labor strikes, riots, fires, acts of God, changes in governmental regulations, acts of governmental agencies or their employees, delays in permitting, catastrophes, emergencies, adverse weather conditions, wars, acts of terrorism, lack of availability of supplies or materials, labor shortages, illness, unavoidable casualties, and all similar occurrences or like events beyond the reasonable control of the parties and/or their agents, employees, or subcontractors.

6. Indemnification by Tex-Shield. Tex-Shield shall indemnify and hold harmless the Receiver and the Receivership Estate and their directors, officers, agents and employees from and against any and all losses, claims, costs, damages, legal fees or expenses of any kind, including attorneys' fees, resulting from, arising out of or connected in any way with any action or inaction by such persons associated with or arising at any time out of any performance under this Agreement, as well as any and all claims, actions, suits, proceedings, demands, assessments, losses, judgments, costs and legal or other expenses ("Losses") incidental to the foregoing, it being the intent of the parties that under no circumstances shall the Receiver or the Receivership Estate have any liability for any action or inaction under this Agreement. Tex-Shield's liability under this section shall be limited to the amount by which such Losses exceed any Losses actually covered by available insurance coverage.

7. Notices. All demands, notices, requests, and other communications hereunder shall be in writing and shall be deemed to have been duly given and received: (i) if mailed by United States registered or certified mail, return receipt requested, postage prepaid, addressed as set forth herein, on the earlier to occur of Three (3) business days after the date that the same is so deposited in the United States mail or the date of receipt as disclosed on the applicable return receipt; (ii) if sent by facsimile or hand delivery, addressed as set forth herein, on receipt of any automatic answer-back or other similar evidence of transmission thereof; or (iii) if sent by a

reputable overnight courier service that promises next business day delivery, addressed as set forth herein, on the next business day. Rejection or other refusal to accept or the inability to deliver due to a changed address for which no notice was given shall be deemed receipt of any such notice. All notices hereunder shall be addressed as indicated below or as otherwise specified by the parties hereto by notifying each other of the same in writing from time to time as provided herein: (a) to Giovanni La Terra Bellina, Esq., counsel to the Receiver Theodore Orson, Esq., Orson and Brusini Ltd., 144 Wayland Avenue, Providence, Rhode Island 02906, fax # (401) 861-3103; (b) to Michael J. Daly, Esq., Pierce Atwood LLP, 10 Weybosset Street, Suite 400, Providence, RI 02903, fax # (401) 588-5166 with a copy to: John C. Thibodeau, Windsor Associates LLC, P.O. Box 249, Portland, ME 04112 and (c) to Richard Mittleman, Esq., Cameron & Mittleman, LLP, 301 Promenade Street, Providence, RI 02908, fax # (401) 331-5787.

8. Severability; Separability. Any of the parts, provisions, warranties, or covenants set forth herein are severable and separable, and in the event that they, or any one of them shall be deemed to be void, invalid, or unenforceable by a court of competent jurisdiction, then this Agreement shall be interpreted as if such void, invalid, or unenforceable parts, provisions, warranties, or covenants were not set forth herein, and the remaining provisions hereof shall remain enforceable to the extent permitted by applicable law.

9. Supersedure; Entire Agreement; Binding Effect. This Agreement supersedes all prior negotiations and agreements, with the exception of any Court Order pursuant to the Receiver's Emergency Petition to Authorize Operation and Funding of the Respondent, whether written or oral, between the parties hereto with respect to the transactions contemplated hereunder. There are no agreements, representations, warranties, covenants, or conditions, either precedent or subsequent, between the parties unless specifically set forth herein. This Agreement is subject to no understandings, conditions, or representations other than those expressly stated herein. This Agreement shall be binding on, inure to the benefit of, and be enforceable by the parties hereto and their respective heirs, executors, administrators, successors, assigns, and distributees.

10. Assignment. This Agreement, whether in whole or in part, may not be assigned, transferred, or pledged by any party, whether by operation of law or otherwise, without the prior written consent of the Receiver and Tex-Shield, which consent will not be unreasonably withheld, conditioned, or delayed.

11. Amendment. No modification or amendment of this Agreement, whether in whole or in part, shall be effective unless made in writing and signed by the parties hereto.

12. Waiver. The failure of any party hereto to exercise any of its rights or remedies as related to any covenant, obligation, or breach hereunder shall not be deemed to be a waiver of such party's ability or right to so exercise at a later time, or at any other time. No consent to or waiver of any breach or default hereunder, whether express or implied, shall be deemed to be a

consent to or waiver of any breach or default hereunder. The rights, remedies, powers, and privileges granted hereunder shall be cumulative and not exclusive of any of the foregoing, or of any other of the foregoing otherwise available at law, in equity, or otherwise.

13. Governing Law; Consent to Jurisdiction. This Agreement is being delivered and is intended to be performed in the State of Rhode Island and shall be construed and enforced in accordance with the laws of that state without reference to the rules of conflicts of laws thereof. In any litigation connected with or arising from this Agreement, the parties hereto hereby consent to and confer exclusive jurisdiction on the Washington County Superior Court of the State of Rhode Island and hereby expressly waive any objections to personal jurisdiction in any such court. The parties further agree that service of process may be made by mailing a copy of the summons to each party's respective address as described herein.

14. Attorneys' Fees. In the event that any party hereto is required to engage the services of legal counsel to enforce its rights under this Agreement against any other party hereto, regardless of whether such action results in litigation, the prevailing party shall be entitled to collect and recover reasonable attorneys' fees and costs from such other party, which in the event of litigation shall include fees and costs incurred both at trial and on appeal.

15. Counterparts; Section Headings; Facsimile or Electronic Transmission. This Agreement may be executed simultaneously in one or more counterparts, each of which shall be deemed an original and all of which together shall constitute one and the same instrument. In making proof of this Agreement, it shall not be necessary to produce or account for more than one counterpart signed by each of the parties hereto. This Agreement may be executed and delivered by facsimile and/or electronic signature and transmission. The section and other headings set forth herein are for reference and convenience only, and do not define, limit, or extend the scope of this Agreement in any way.

16. Pronouns; Recitals; Construction. All pronouns and any variations thereof used herein shall be deemed to refer to masculine, feminine, neuter, singular, or plural as context may require. Any and all recitals herein set forth are hereby deemed to be true and correct, and shall further be deemed incorporated by reference into and a part hereof. This Agreement was negotiated and reviewed by all parties hereto and their respective legal counsel. No portion of this Agreement shall be construed against any drafting party.

17. Relationship of Parties. The relationship of the parties shall be as customer and company, and shall not be considered or deemed to be that of joint venturers, partners, employer/employee, principal/agent, or any other association whatsoever, and neither party shall have the power to bind or obligate the other except as specifically set forth herein.

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IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and date first above written.

Witness:


Giovanni LaTerra Bellina

Tex-Shield, Inc.

By: 
Name: Paul C. Palmer
Title: General Counsel

Witness:

Heritage Mills, LLC

By: _____
Name:
Title:

Witness:


Giovanni LaTerra Bellina

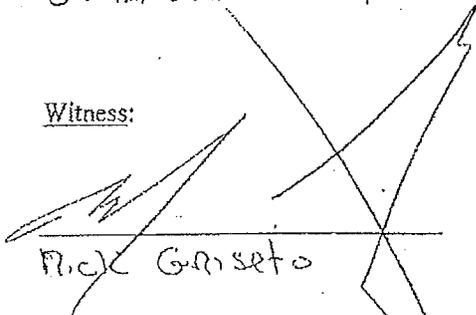

Theodore Orson, Esq., solely in his capacity as the duly-appointed Temporary Receiver of Bradford Printing & Finishing, LLC, and not individually

IN WITNESS WHEREOF, the parties hereto have executed this instrument on the day and date first above written.

Witness:


Giovanni LaTerra Bellina

Witness:


Rick Ganseto

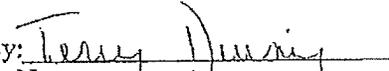
Witness:


Giovanni LaTerra Bellina

Tex-Shield, Inc.

By: 
Name: Paul C. Palmer
Title: General Counsel

Heritage Mills, LLC

By: 
Name: Terry Durning
Title: MEMBER


Theodore Orson, Esq., solely in his capacity as the duly-appointed Temporary Receiver of Bradford Printing & Finishing, LLC, and not individually