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3 MICHAEL S. NEUMEISTER (STATE BAR NO. 274220), Members of
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13 Reorganization Counsel
14 for Debtors and Debtors in Possession

15 Debtors' Mailing Address:
16 Colorep, Inc. and Transprint USA, Inc.
17 100 Pleasant Valley Road
18 Harrisonburg, VA 22801-9790
19 Attn: Robert Katz, [Proposed] CRO

20 **UNITED STATES BANKRUPTCY COURT**
21 **CENTRAL DISTRICT OF CALIFORNIA**
22 **LOS ANGELES DIVISION**

23 In re) Case No. 13-bk-27689-WB
24)
25 COLOREP, INC.,) Chapter 11
26 a California corporation, *et al.*,) (Jointly Administered)
27)
28 Debtors.) **DEBTORS' SUBMISSION OF REDLINE**
) **RE FINAL ORDER (A) AUTHORIZING**
) **DEBTOR TO OBTAIN POSTPETITION**
) **FINANCING; (B) GRANTING**
) **SUPERPRIORITY EXPENSE CLAIMS**
) **AND PRIMING LIENS; AND**
) **(C) GRANTING OTHER RELIEF**
) **UNDER 11 U.S.C. §§ 105, 361, 362, 363,**
) **364 AND 507(B), F.R.B.P. 2002 AND 4001;**
) **AND LBRS 2002-1 AND 4001-2**

[No Hearing Required]

1 **TO THE HONORABLE JULIA W. BRAND AND SHERI BLUEBOND, UNITED STATES**
2 **BANKRUPTCY JUDGES:**

3 Colorep, Inc. and Transprint USA, Inc. hereby submit as Exhibit "A" attached hereto,
4 a redline comparing the version of the *Final Order (A) Authorizing Debtor to Obtain Postpetition*
5 *Financing; (B) Granting Superpriority Expense Claims and Priming Liens; and (C) Granting Other*
6 *Relief Under 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(b), F.R.B.P. 2002 and 4001; and LBRS*
7 *2002-1 and 4001-2* that was addressed during the hearing before this Court on August 15, 2013 (the
8 "Final DIP Hearing"), and the version of the *Final Order (A) Authorizing Debtor to Obtain*
9 *Postpetition Financing; (B) Granting Superpriority Expense Claims and Priming Liens; and (C)*
10 *Granting Other Relief Under 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(b), F.R.B.P. 2002 and*
11 *4001; and LBRS 2002-1 and 4001-2* (the "Final Order"), which incorporates the Court's comments at
12 the Final DIP Hearing and is being lodged with the Court contemporaneously herewith.

13 Dated: August 15, 2013

Respectfully submitted,

14 /s/ Michael S. Neumeister

15 GARY E. KLAUSNER
16 MARGRETA M. MORGULAS
17 MICHAEL S. NEUMEISTER
18 **STUTMAN, TREISTER & GLATT**
19 **PROFESSIONAL CORPORATION**

20 Reorganization Counsel for the Debtors and
21 Debtors in Possession.
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Exhibit A

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Attorneys for Meserole, LLC

UNITED STATES BANKRUPTCY COURT
CENTRAL DISTRICT OF CALIFORNIA
LOS ANGELES DIVISION

In re:

Colorep, Inc., et al.,

Debtors and Debtors-
in-Possession.

Case No. 13-27689 WB

Chapter 11

**FINAL ORDER (A) AUTHORIZING
DEBTOR TO OBTAIN POSTPETITION
FINANCING; (B) GRANTING
SUPERPRIORITY EXPENSE CLAIMS
AND PRIMING LIENS; AND (C)
GRANTING OTHER RELIEF UNDER 11
U.S.C. §§ 105, 361, 362, 363,
364 AND 507(B), F.R.B.P. 2002
AND 4001; AND LBRS 2002-1 AND
4001-2)**

HEARING

DATE: AUGUST 15, 2013
TIME: 2:00 P.M.
PLACE: 255 E. TEMPLE STREET,
COURTROOM 1475
LOS ANGELES, CA 90012

After notice and the final hearing on the Motion Of Debtors

1 For Entry Of Interim And Final DIP Orders (A) Authorizing Debtors
2 To Obtain Postpetition Financing; (B) Granting Superpriority
3 Expense Claims And Priming Liens; And (C) Granting Other Relief
4 Under 11 U.S.C. §§ 105, 361, 362, 363, 364 and 507(b), F.R.B.P.
5 2002 and 4001; and LBRs 2002-1 and 4001-2 (the "**Motion**"), dated
6 July 10, 2013, of Colorep, Inc. and Transprint USA, Inc., as
7 debtors and debtors-in-possession (collectively, the "**Debtors**"),
8 in the above-captioned chapter 11 cases (the "**Cases**") under
9 sections 105, 361, 362, 363, 364(c)(1), 364(c)(2), 364(c)(3),
10 364(d)(1), 364(e) and 507(b) of title 11 of the United States
11 Code, 11 U.S.C. §§ 101, et seq. (as amended, the "**Bankruptcy**
12 **Code**"), and Rules 2002, 4001 and 9014 of the Federal Rules of
13 Bankruptcy Procedure (the "**Bankruptcy Rules**") and Local Rules for
14 the Bankruptcy Court for the Central District of California (the
15 "**Local Rules**") 4001-2, 2002-2(a)(4) and 9013, seeking, among
16 other things:

17 i) authorization for Debtors to enter into and to be
18 bound by, and the approval of (A) the provisions of that
19 certain Senior Secured Priming Debtor In Possession Term
20 Credit Facility Term Sheet in the form attached hereto as
21 Exhibit "1" (as amended, the "**DIP Term Sheet**"), by and among
22 Colorep, Inc. and Transprint USA, Inc., as borrower,
23 Meserole, LLC, together with such other lenders who become
24 party thereto from time to time (collectively, "**DIP**
25 **Lenders**") and Meserole, LLC, as administrative and
26 collateral agent for itself and the DIP Lenders (in such
27 capacity, the "**DIP Agent**") and (B) the provisions of the
28 other documents, agreements and instruments reasonably

1 necessary to document the financing and transactions
2 contemplated in the DIP Term Sheet and herein, including
3 without limitation a credit agreement, if any, and any other
4 documents granting a lien upon, or control (for Uniform
5 Commercial Code purposes) of the DIP Collateral (as defined
6 below) as security for payment of the DIP Obligations (as
7 defined below) (collectively, the "**Ancillary DIP**
8 **Agreements**": The DIP Term Sheet, and this Order (the "**Final**
9 **DIP Order**"), collectively, the "**DIP Documents**"), and that
10 the DIP Documents are entered into in connection with
11 postpetition financing (the "**DIP Loan**" or the "**DIP**
12 **Financing**") consisting of a superpriority and senior,
13 priming lien, secured term credit facility (collectively,
14 the "**DIP Facility**") pursuant to which, upon entry of this
15 Final DIP Order:

16 a. Debtors may borrow from the DIP Lenders multiple
17 draw term loans up to an aggregate principal amount
18 outstanding not to exceed \$2,500,000.00 (inclusive of
19 the Interim DIP Advances)¹ under the terms of the DIP
20 Documents and upon the entry of the Final DIP Order to
21 provide working capital for Debtors and for payment of
22 administrative expenses of the Cases until the
23 Termination Date;

24 b. Debtors are authorized to execute and enter into

25
26 ¹ If Fuller Smith Capital Management, LLC ("FSCM"), or any other person,
27 elects to become a DIP Lender, Meserole reserves the right to assign the role
28 of DIP Agent and grant such participations as Meserole shall believe
appropriate without further order of the Court; provided, however, that such
assignment and participation shall not decrease any benefit available to the
Debtors hereunder.

1 the DIP Documents and to perform such other and further
2 acts as may be required in connection with the DIP
3 Documents; and

4 c. Debtors' right to surcharge any Pre-Petition
5 Collateral (as defined below) and DIP Collateral (as
6 defined below) under sections 105, 506(c) and 552(b) of
7 the Bankruptcy Code shall be limited.

8
9 Debtors having served notice of the Final Hearing on the
10 Motion pursuant to sections 102(1), 361, 362, 363 and 364 of the
11 Bankruptcy Code and Bankruptcy Rules 2002, 4001(b),(c) Local
12 Bankruptcy Rules 4001-2, 2002-2(a)(4) and 9013, and (d) the
13 express terms of the Interim Order, and the relief requested in
14 the Motion. Notice of the Final Hearing was given to, among
15 others, Debtors' Twenty Largest unsecured creditors as set forth
16 in the list filed by Debtors pursuant to Bankruptcy Rule 1007(d)
17 (the "**Twenty Largest Creditors List**"); counsel for the Pre-
18 Petition Lender, and Meserole as DIP Agent and DIP Lender, all
19 known holders of liens on Debtors' assets; and the Office of the
20 United States Trustee for the Central District of California (the
21 "**United States Trustee**");

22 The Debtors having filed Cases on July 10, 2013 (the
23 "**Petition Date**");

24 The Debtors (a) having filed on July 11, 2013, their
25 Emergency Motions for Orders (i) Authorizing Continued
26 Maintenance Of Bank Accounts, Cash Management System; and
27 Existing Business Forms; Memorandum Of Points And Authorities In
28 Support Thereof Filed by Debtor Colorep, Inc.; (ii) Authorizing

1 Payment of Prepetition Payroll And Compensation Programs; (iii)
2 Limiting Notice And Permitting Service By Mail; (iv) Continuing
3 Utility Service and Approving Adequate Assurance of Payment, and
4 for approval of the DIP Loan on an interim basis pursuant to the
5 Motion ("**First Day Pleadings**");

6 The Court having held a hearing on approval of the DIP Loan
7 on an interim basis on July 15, 2013 ("**Interim Hearing**"); and an
8 Interim Order (A) Authorizing Debtor to Obtain Postpetition
9 Financing; (B) Granting Superpriority Expense Claims and Priming
10 Liens; and (C) Granting Other Relief Under 11 U.S.C. §§ 105, 361,
11 362, 363, 364 and 507(B), F.R.B.P. 2002 and 4001; and LBRS 2002-1
12 AND 4001-2) having been entered on July 18, 2013 ("**Interim**
13 **Order**");

14 Upon the record made by Debtors at the Interim Hearing, the
15 record in these Cases and the Declaration of Mark A. Fox, dated
16 July 11, 2013, in support of First Day Pleadings, the Declaration
17 of Robert D. Katz filed in support of entry of this Final Order
18 on August 12, 2013, the the Supplemental Memorandum of Points and
19 Authorities in Support of Final Order and the Pre-Petition Lender
20 having consented to the use of its cash collateral from and after
21 the Petition Date through the entry of the Interim Order and
22 thereafter and it appearing that the Pre-Petition Lender consents
23 to the approval of this Final DIP Order, and that interests of
24 all other holders of liens on the Pre-Petition Collateral are
25 also adequately protected;

26 The Debtor having filed or otherwise presenting to the Court
27 a proposed form of Final DIP Order together with its First
28 Amended DIP Term Sheet and Budget;

1 A final hearing (the "**Final Hearing**") having been held and
2 continued from time to time and a final hearing having been held
3 on August 15, 2013 at 10:00 a.m. to consider final approval of
4 the DIP Documents, entry of a Final DIP Order approving the DIP
5 Documents and authorizing the borrowings under the DIP Documents
6 on a final basis, and approving the priming by the DIP Lender of
7 any junior liens existing as of the Petition Date, as set forth
8 in the Motion and the DIP Documents, and upon the record of the
9 Final Hearing and after due deliberation and consideration and
10 sufficient cause appearing therefor:

11 IT IS FOUND, DETERMINED, ORDERED AND ADJUDGED, that:

12 1. *Disposition.* The Motion is granted on a final basis on
13 the terms set forth in this Final DIP Order. Any objections to
14 the relief sought in the Motion or this Final DIP Order that have
15 not been previously resolved or withdrawn, and all reservations
16 of rights contained therein, are overruled on the merits. This
17 Final DIP Order shall be valid, binding and enforceable on all
18 parties in interest and fully effective *nunc pro tunc* to the
19 Petition Date.

20 2. *Jurisdiction and Venue.* This Court has jurisdiction
21 over the Cases and the Motion as a core proceeding and over the
22 parties and property affected hereby under 28 U.S.C. §§ 157(b)
23 and 1334. Venue is proper before this Court under 28 U.S.C. §§
24 1408 and 1409. No request has been made for the appointment of a
25 trustee or examiner.

26 3. *Notice.* The notice given by Debtors of the Motion, the
27 relief requested therein, and the Final Hearing pursuant to
28 Bankruptcy Rules 2002, 4001(b) and (c) and Local Bankruptcy Rules

1 4001-2, 2002-2(a)(4) and 9013 constitutes appropriate, due and
2 sufficient notice thereof and complies with Bankruptcy Rules
3 2002, 4001(b) and (c) and Local Bankruptcy Rules 4001-2, 2002-
4 2(a)(4) and 9013, and was specifically as proscribed and approved
5 in the Interim Order as adequate and appropriate.

6 4. *Findings Regarding the DIP Financing.*

7 a. The DIP Term Sheet and the DIP Documents have been
8 negotiated in good faith and at arm's length between all parties
9 thereto, all of which were or have been represented by
10 experienced counsel, are fair and reasonable under the
11 circumstances, are for reasonably equivalent value and fair
12 consideration, are enforceable in accordance with their terms,
13 and have been and shall be deemed to have been entered into and
14 extended in good faith, as that term is used in Section 364(e) of
15 the Bankruptcy Code.

16 b. Debtors do not have available sources of working
17 capital and financing, including Cash Collateral, to carry on the
18 operation of their business without obtaining the DIP Financing.
19 Debtors need funding under the DIP Financing as authorized
20 herein, subject to the limitations set forth in the DIP Budget
21 (as defined below), in an amount not to exceed
22 ~~\$2,000,000~~2,500,000 under the terms of the DIP Documents
23 (including all Interim Advances made in reliance on the interim
24 bench order at the First Day Hearing and under the Interim DIP
25 Order from the Petition Date) to provide working capital for
26 Debtors until the Maturity Date, to finance, among other things,
27 the orderly continuation of the operation of their businesses;
28 (ii) to maintain business relationships with vendors, suppliers

1 and customers; (iii) to finance payroll and related taxes; (iv)
2 to make capital expenditures; (v) to satisfy other working
3 capital and operational needs; (vi) to pay the Carve Out (as
4 defined below); (vii) to pay such items as are set forth by line
5 item in the DIP Budget; and (viii) for other lawful purposes in
6 the ordinary course of Debtors' business not prohibited by the
7 DIP Documents or this Final DIP Order ("**Permissible Uses**"). The
8 access of Debtors to sufficient working capital and liquidity
9 through borrowings under the DIP Facility is vital to the
10 preservation and maintenance of the going concern values of
11 Debtors and to a successful resolution by Debtors of the Cases.

12 c. Debtors are unable to obtain financing on more
13 favorable terms from sources other than the DIP Lenders under the
14 DIP Documents and are unable to obtain adequate unsecured credit
15 allowable under sections 364(c)(1) or 503(b)(1) of the Bankruptcy
16 Code as an administrative expense. Debtors are also unable to
17 obtain secured credit from sources other than the DIP Lenders
18 that would be allowable under sections 364(c)(2), 364(c)(3) and
19 364(d)(1) of the Bankruptcy Code for the purposes set forth in
20 the DIP Documents and Superpriority Claims as defined and set
21 forth herein. The terms of the DIP Term Sheet are fair and
22 commercially reasonable.

23 d. The DIP Term Sheet provides that interest on the
24 outstanding principal balance of DIP Advances, including the
25 Interim Advances, will accrue at the rate of 10% per annum and
26 that the Debtors' obligations to pay and reimburse the DIP Agent,
27 DIP Lenders and Pre-Petition Lender for their fees and expenses
28 incurred will accrue, all of which shall become due and payable

1 on the Maturity Date. As a result, the Debtors' requirements for
2 borrowings under the DIP Documents will be substantially less
3 than if the Debtors were required to pay interest and pay and
4 reimburse the DIP Agent, DIP Lenders and Pre-Petition Lender
5 current for their fees and expenses. Accordingly, the terms of
6 the DIP Term Sheet, the DIP Documents and this Final DIP Order
7 are fair and commercially reasonable, reflect Debtors' prudent
8 exercise of business judgment consistent with their fiduciary
9 duties and constitute reasonably equivalent value and fair
10 consideration.

11 e. The DIP Term Sheet, the DIP Documents and the
12 terms of the DIP Facility have been negotiated in good faith and
13 at arm's length among Debtors and Meserole, in its capacity as
14 Pre-Petition Lender, DIP Agent and DIP Lender, and all of
15 Debtors' obligations and indebtedness arising under, in respect
16 of or in connection with the DIP Facility, the DIP Term Sheet and
17 the Ancillary DIP Agreements, including without limitation, any
18 and all amounts due, whether now existing or hereafter arising,
19 under DIP Term Sheet or any DIP Documents, including any and all
20 principal, interest, penalties, fees, charges, premiums,
21 indemnities (if any under applicable law) and costs owed or owing
22 to the DIP Agent or any DIP Lender by the Debtors, in each
23 instance, whether absolute or contingent, direct or indirect,
24 secured or unsecured, due or not due, primary or secondary, joint
25 or several, arising by operation of law or otherwise, and all
26 interest and other charges thereon, including post-petition
27 interest (collectively, the "**DIP Obligations**"), shall be deemed
28 to have been extended by the DIP Agent and DIP Lenders and their

1 respective affiliates in good faith, as that term is used in
2 section 364(e) of the Bankruptcy Code and in express reliance
3 upon the protections offered by section 364(e) of the Bankruptcy
4 Code, and the DIP Obligations, the DIP Lien (as defined below)
5 and the Superpriority Claims (as defined below) shall be entitled
6 to the full protection of section 364(e) of the Bankruptcy Code
7 in the event that this Final DIP Order or any provision hereof is
8 vacated, reversed or modified, on appeal or otherwise.

9 f. Debtors have requested immediate entry of this
10 Final DIP Order under Bankruptcy Rules 4001(b)(2) and 4001(c)(2)
11 and Local Rule 4001-2 and waiver of any applicable stay under
12 Bankruptcy Rule 6004(h). Absent granting the relief sought by
13 this Final DIP Order, Debtors' estates will be immediately and
14 irreparably harmed. Consummation of the financing under this
15 Final DIP Order and the DIP Documents is, therefore, in the best
16 interest of Debtors' estates consistent with their fiduciary
17 duties.

18 5. *Authorization of the DIP Financing Under the DIP*
19 *Documents.*

20 a. *Interim DIP Advances.* All Interim Advances made by
21 DIP Lender since the commencement of the Debtors' Cases shall be
22 deemed governed by and subject to the provisions of, the DIP
23 Documents. Debtors were authorized to borrow the Interim DIP
24 Advances.

25 b. *Additional Advances Under the DIP Facility Other*
26 *Than the Interim DIP Advances Conditioned on Issuance of a Final*
27 *DIP Order.* Debtors shall not have authority to borrow, and the
28 DIP Lenders shall not be obligated to lend, any advances pursuant

1 to the DIP Documents other than the Interim DIP Advances until
2 the Court has entered the Final DIP Order or otherwise approved
3 the terms of the DIP Financing in form acceptable to DIP Agent,
4 in its sole and absolute discretion,² and all of the conditions
5 for such lending set forth in the DIP Documents have been
6 satisfied or waived by the DIP Agent. Upon entry of the Final DIP
7 Order, Debtors shall be authorized to borrow the full amount of
8 the DIP Loan pursuant to the DIP Documents and all limitations
9 set forth therein and all DIP Advances shall be deemed to be
10 subject to the terms of this Final DIP Order.

11 c. Debtors are obligated to repay the DIP Obligations
12 under the DIP Documents in accordance with the terms of this
13 Final DIP Order and the DIP Term Sheet. The proceeds of the DIP
14 Advances shall be used for the purposes, and subject to the terms
15 and conditions, set forth herein, in the Budget and in the DIP
16 Documents.

17 6. *Mandatory Prepayments.* Unless otherwise agreed by DIP
18 Agent in its sole and absolute discretion, and except as provided
19 below, the DIP Loan shall be mandatorily prepaid and the maximum
20 amount of the DIP Loan shall be permanently reduced by net
21 proceeds received from all dispositions of DIP Collateral outside
22 the ordinary course of business, including all proceeds from
23 sales of equipment, fixed assets, proceeds of other sales of DIP
24 Collateral (but excluding, for the purpose of clarity, Debtors'
25 collection of their accounts receivable in the ordinary course of

26 _____
27 ² The phrases "consent of DIP Agent", "agreed by DIP Agent in its sole and
28 absolute discretion" and similar phrases herein shall be interpreted to mean
"agreed by DIP Agent and DIP Lenders in their respective sole and absolute
discretion".

1 business and inventory sales), all insurance proceeds from any
2 casualty to DIP Collateral and all proceeds of any condemnation
3 award in respect of, any DIP Collateral (but excluding insurance
4 or condemnation award proceeds to the extent reasonably required
5 to replace or repair facilities or equipment that are necessary
6 for Debtors' business operations) ("**Collateral Disposition
7 Proceeds**"). All Collateral Disposition Proceeds shall be
8 promptly paid to the DIP Agent to reduce the DIP Obligations.

9 7. *Maturity Date*. Subject to compliance with the terms and
10 conditions of the DIP Documents and this Final DIP Order, Debtors
11 are authorized, during the period from the date of entry of this
12 Final DIP Order through and including the Maturity Date (defined
13 below) to use Cash Collateral and obtain the DIP Advances. The
14 term "Maturity Date" means the earliest of (a) ninety (90) days
15 from the Petition Date; (b) the effective date of a plan of
16 reorganization; (c) the consummation of a sale of all or
17 substantially all of the assets of the Debtors under section 363
18 of the Bankruptcy Code ("**Sale**" or "**Sale Transaction**"); (d)
19 delivery of the Carve-Out Event Notice; (e) the entry of an order
20 by the Court approving an alternative DIP financing; and (f) such
21 later date as the DIP Agent and DIP Lenders in their sole
22 discretion may agree to in writing with the Borrower. If the DIP
23 Agent and Debtors consent to an extension of the Maturity Date,
24 they shall notify the United States Trustee and the Committee, if
25 any, and simultaneously file with the Court a notice of such
26 agreed upon extension and the terms and conditions thereof.

27 8. *Requests for DIP Advances*. Subject to the limitations
28 of this Final DIP Order and the DIP Documents, including the

1 limitation to Permissible Uses so long as the Maturity Date has
2 not occurred and no Event of Default has occurred and is
3 continuing, Debtors may request DIP Advances by delivering to the
4 DIP Agent an Interim DIP Advance Request. DIP Advances may be
5 requested on not less than two (2) Business Days' advance notice
6 to the DIP Agent and not more frequently than once per week.

7 9. *Budget*. Debtors will only use Cash Collateral and the
8 proceeds of the DIP Advances for Permissible Uses, including,
9 subject to the Variances (as defined below), (i) the costs and
10 expenses associated with the operation of Debtors' business and
11 the conduct of the Cases in the amounts and categories of
12 Debtors' budget, delivered to and agreed by the DIP Agent prior
13 to entry of this Final DIP Order in the form attached hereto as
14 Exhibit "2" and which is hereby approved (the "**Budget**"),³ setting
15 forth by line item net cash flow (including cash receipts and
16 cash disbursements) projected by Debtors on a weekly basis for
17 the time period from the Petition Date for a period of thirteen
18 (13) weeks, or such other period approved by the DIP Agent.

19 10. *Reporting Requirements*. Debtors will provide the DIP
20 Agent, DIP Lenders and Committee, if any, with any written
21 financial information or reporting on the same terms as provided
22 in the DIP Documents. In addition, from and after entry of this
23 Final DIP Order, Debtors shall, except as specifically provided
24 below, use their best efforts to deliver to the DIP Agent, DIP
25

26 ³ For any "Contingency" or similar line item notation contained in the Budget,
27 each expenditure within the Contingency must be submitted to the DIP Agent for
28 DIP Agent's prior approval, in its sole and absolute discretion, before DIP
Agent has any obligation to fund and Debtor has authority to make such
disbursement.

1 Lenders and the Committee the following:

2 a. On each Wednesday, Debtors shall report open order
3 and inventory sale prospects.

4 b. On each Wednesday, Debtors shall deliver a rolling
5 13 week (or other period approved by DIP Agent) forecast by line
6 item of net cash flow (including cash receipts and cash
7 disbursements) (each a "**Thirteen Week Forecast**"), which Thirteen
8 Week Forecast shall be subject to the approval and consent of the
9 DIP Agent in its sole and absolute discretion, and when so
10 approved, each Thirteen Week Forecast shall constitute an
11 amendment of the Budget or, as the case may be, the prior
12 Thirteen Week Forecast, and as so amended the applicable Budget
13 or Thirteen Week Forecast shall constitute the then approved and
14 applicable Budget.

15 c. On each Wednesday, beginning with Wednesday of the
16 second week following entry of this Final DIP Order, Debtors
17 shall deliver a report, for the week ending on the preceding
18 Wednesday, of actual net cash flow (including cash receipts and
19 cash disbursements) and expenditures (accounts payable) in each
20 case comparing Debtors' actual performance to the Budget, in a
21 form reasonably satisfactory to the DIP Agent, and a
22 certification from Debtors' CEO, CFO or CRO certifying that the
23 reports fairly present the financial condition and results of
24 operations of Debtors for such period (each an "**Actual Cash Flows**
25 **Report**"). The failure of the Debtors to timely deliver the
26 Actual Cash Flow Report for any two successive weeks shall be
27 deemed not to satisfy Debtors' best efforts obligations under
28 this paragraph 10.

1 d. On each Wednesday, Debtors shall deliver to the
2 DIP Agent, DIP Lenders and Committee a reasonably detailed
3 explanation for any Variances in the Actual Cash Flows Report
4 from the Budget, in a form reasonably satisfactory to the DIP
5 Agent (each, a "**Variance Report**"). The failure of the Debtors to
6 timely deliver the Variance Report for any two successive weeks
7 shall be deemed not to satisfy Debtors' best efforts obligations
8 under this paragraph 10.

9 e. Together with any DIP Advance request, Debtors
10 shall deliver to the DIP Agent, DIP Lenders and Committee a
11 report, as of the close of the immediately preceding Business
12 Day, stating Debtors' actual cash balances, in form and in detail
13 reasonably satisfactory to the DIP Agent.

14 f. As and when reported to the United States Trustee,
15 all interim reports and operating statements. On each Wednesday,
16 Debtors shall deliver to DIP Agent a status report detailing
17 Debtors' sale marketing efforts and upon receipt, copies of all
18 expressions of interest, offers, letters of intent, and proposed
19 asset purchase agreement.

20 g. The DIP Agent may, through its employees or
21 through such expert consultants, counsel, and financial advisors,
22 have access to the Debtors' premises and non-attorney-client
23 privileged, business records as provided in the DIP Documents.
24 The Debtors will cooperate, consult with and provide the DIP
25 Agent's employees, counsel, consultants and advisors all non-
26 attorney-client privileged information and reports as provided in
27 the DIP Documents. (Items (a) through (g), individually and
28 collectively, the "**Reporting Requirements**").

1 11. *DIP Loan Covenants*. Debtors shall observe all covenants
2 in the DIP Documents and in this Final DIP Order at all times
3 prior to the indefeasible payment in full of all outstanding DIP
4 Obligations.

5 12. *Implementation, Supplementation and Modification of DIP*
6 *Documents*. In furtherance of this Final DIP Order and without
7 further approval of this Court:

8 a. Debtors are authorized and directed to perform all
9 acts, to make, execute and deliver all instruments and documents
10 (including, without limitation, the execution or recordation of
11 security agreements, pledge agreements, fixture filings, control
12 agreements and financing statements), and to pay all fees that
13 may be reasonably required or necessary for Debtors' performance
14 of its DIP Obligations and this Final DIP Order, including,
15 without limitation, the fees referred to in the DIP Documents and
16 reasonable costs and expenses as may be due from time to time,
17 including, without limitation, fees and expenses of the
18 professionals retained by DIP Agent and DIP Lenders when due as
19 provided for herein and in the DIP Documents;

20 b. The DIP Agent, DIP Lenders and Debtors may agree
21 in writing executed by them to (x) the execution, delivery and
22 performance of one or more waivers, consents or forbearances
23 under the DIP Documents (it being understood that no further
24 approval of the Court shall be required for waivers, consents or
25 forbearances under the DIP Documents, or any amendment, waiver,
26 consent or forbearance fees paid in connection therewith); (y) to
27 make any non-material amendments or modifications to the DIP
28 Documents; and (z) to make any Material Modification or Amendment

1 (as defined below) to the DIP Documents; *provided* that notice of
2 any Material Modification or Amendment to the DIP Documents shall
3 be filed with the Bankruptcy Court and served by Debtors on the
4 Committee's counsel, if any, and the United States Trustee, whom
5 shall each have five (5) Business Days from the date of such
6 filing within which to object in writing to such proposed
7 Material Modification or Amendment; *provided further* that if the
8 Committee or the United States Trustee timely objects to any such
9 Material Modification or Amendment to the DIP Documents, then
10 such Material Modification or Amendment shall only be permitted
11 pursuant to an order of this Court after notice and a hearing.
12 For purposes of this paragraph, a "**Material Modification or**
13 **Amendment of the DIP Documents**" shall mean any modification or
14 amendment that operates to (1) shorten the maturity of the
15 extensions of credit under the DIP Facility, (2) increase the
16 aggregate amount of any of the commitments thereunder, (3)
17 increase the rate of interest or impose any additional fees or
18 charges payable thereunder or (4) otherwise modify the DIP
19 Documents in a manner materially less favorable to Debtors and
20 their estates, but shall exclude any forbearance or waiver which
21 may occur after a notice of an Event of Default;

22 c. Debtors are authorized and directed to perform all
23 other acts required under or in connection with the DIP
24 Documents.

25 13. *Interest, Fees and Expenses.* Debtors shall pay the
26 following, or such item shall accrue, all as more particularly
27 set forth in the DIP Documents:

28 a. *Interest.* Interest on the DIP Obligations shall

1 accrue at the rate equal to 10% per annum, in each case, payable
2 upon the Maturity Date or thereafter on demand. On the
3 occurrence and during the continuation of an Event of Default,
4 interest will be payable on all DIP Obligations at a rate that is
5 3% above the otherwise applicable rate, to the extent permitted
6 by applicable law. Interest calculations will be based on a 360
7 day year and actual days elapsed. None of the fees, costs and
8 expenses payable under this paragraph shall be subject to
9 separate or prior approval by this Court and no recipient of
10 these payments shall be required to file a motion or interim or
11 final fee application pursuant to the provisions of sections 327,
12 328, 329, 330 or 331 of the Bankruptcy Code in regard thereto.

13 b. All accrued and unpaid fees and expenses incurred
14 before or after the Petition Date which are payable on account of
15 services rendered to Meserole, as DIP Agent, ~~---~~ or DIP Lender, or
16 any of their respective affiliates, with regard to the
17 negotiation, documentation and implementation of the DIP
18 Documents or their participation in, or enforcement of rights in
19 regard to, the DIP Facility, or pertaining to the Cases ("**DIP**
20 **Agent Fees and Expenses**"), including the reasonable fees and
21 disbursements of counsel, financial advisors and other
22 consultants for the DIP Agent and DIP Lenders, or any of their
23 respective affiliates, shall be due and payable on the Maturity
24 Date.

25 14. *Effectiveness of DIP Documents.* Upon entry of this
26 Final DIP Order (the "**Effective Date**") the authority and
27 effectiveness of the DIP Documents as provided for in the Interim
28 DIP Order shall be continued and all obligations under the

1 Interim DIP Order or Final DIP Order, shall constitute valid and
2 binding obligations of Debtors, enforceable against Debtors in
3 accordance with their respective terms and the terms of this
4 Final DIP Order for all purposes during the Cases, any
5 subsequently converted cases of Debtors under Chapter 7 of the
6 Bankruptcy Code or after the dismissal of the Cases. No
7 obligation, DIP Obligation, payment, transfer or grant of
8 security under the DIP Documents, the Interim DIP Order, or the
9 Final DIP Order shall be stayed, restrained, voidable, avoidable
10 or recoverable under the Bankruptcy Code or under any applicable
11 law (including without limitation, under sections 502(d), 548 or
12 549 of the Bankruptcy Code or under any applicable state Uniform
13 Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act or
14 similar statute or common law), or subject to any defense,
15 reduction, setoff, recoupment or counterclaim.

16 15. *Conditions Precedent to DIP Loan.* DIP Advances under
17 this Final DIP Order are conditioned on the satisfaction of all
18 of the conditions precedent described in the DIP Documents and
19 the following:

20 ~~a. Due service of the Motion on required parties in~~
21 ~~form acceptable to the DIP Agent in its sole and absolute~~
22 ~~discretion.~~

23 a. ~~b.~~ Entry of this Final DIP Order and approval for
24 the DIP Advances in form acceptable to the DIP Agent in its sole
25 and absolute discretion on or before August 9~~16~~, 2013, and the
26 Final DIP Order shall be in full force and effect and shall not
27 have been vacated, reversed, modified, amended or stayed without
28 the prior written consent of the DIP Agent.

1 **b.** ~~e.~~ No Event of Default will have occurred under
2 the Interim DIP Order, Final DIP Order or the DIP Documents, and
3 no event or condition that with notice or the lapse of time, or
4 both, would constitute an Event of Default, has occurred and is
5 continuing under ~~this~~the Interim DIP Order, Final DIP Order or
6 the DIP Documents.

7 **c.** ~~d.~~ DIP Agent shall have received executed
8 originals of the DIP Documents, as required by DIP Agent.

9 **d.** ~~e.~~ Control agreements executed in favor of the DIP
10 Agent over all bank accounts, as required by DIP Agent.

11 **e.** ~~f.~~ Satisfactory business due diligence review by
12 the DIP Agent and DIP Lenders of Debtors and the Budget, cash
13 flow projections and operating plan and other relevant
14 information.

15 **f.** ~~g.~~ Continued engagement at all times of Executive
16 Sounding Board Associates Inc. as CRO, pursuant to the Debtors'
17 pre-petition agreement therewith, subject to subsequent approval
18 in these Cases as a post-petition professional on terms
19 acceptable to DIP Agent in its sole discretion.

20 **g.** ~~h.~~ The DIP Agent shall have received and been
21 satisfied with all orders entered by the Bankruptcy Court.

22 **h.** ~~i.~~ The DIP Agent shall have received such
23 additional documents, information and materials as the DIP Agent
24 may reasonably request.

25 16. *DIP Liens.* As security for the DIP Obligations, whether
26 made under the Interim DIP Order or under this Final DIP Order
27 and effective and perfected by and upon the date of entry of this
28 Final DIP Order *nunc pro tunc* to the Petition Date and without

1 the necessity of the execution or recordation of filings by
2 Debtors or DIP Agent, of security agreements, pledge agreements,
3 fixture filings, control agreements, financing statements or
4 other similar documents, or the possession or control by the DIP
5 Agent of, or over, any DIP Collateral, the grant of the security
6 interests and liens to the DIP Agent under the Interim DIP Order
7 and this Final DIP Order for its own benefit and on behalf of the
8 DIP Lenders on all tangible and intangible property of Debtors'
9 estates, whether now existing or hereafter arising, and whether
10 or not encumbered prior to the Petition Date, and the proceeds
11 thereof in every form received, including, but not limited to:
12 (i) all accounts, (ii) all inventories, (iii) all intangibles,
13 (iv) all other assets of Debtors including but not limited to
14 intellectual property of every nature, good will, contract
15 rights, Commercial Tort Claims, and equipment, and (v) any and
16 all cash of Debtors (whether maintained with the DIP Agent or
17 otherwise), (collectively, the "**DIP Collateral**"), *provided,*
18 *however,* that DIP Collateral shall not include Debtors' claims
19 and causes of action under sections 502(d), 544, 545, 547, 548,
20 549, 550 and 553 of the Bankruptcy Code and any other avoidance
21 actions under the Bankruptcy Code (collectively, the "**Avoidance**
22 **Actions**"); *except that* any Avoidance Actions against the DIP
23 Agent, DIP Lenders and Pre-Petition Lender may hereafter be
24 transferred to DIP Agent if DIP Agent becomes the Buyer at the
25 Sale to the extent that the sale of that Avoidance Action is
26 provided for in the Sale Approval Order, as such terms are
27 defined in the DIP Term Sheet (all such liens and security
28 interests granted to the DIP Agent pursuant to the Interim DIP

1 Order, this Final DIP Order and the DIP Documents, the "**DIP**
2 **Liens**"), with the following priorities, and subject, in these
3 Cases, to the Carve Out:

4 a. *Senior, Priming, First Priority Priming Lien on*
5 *Substantially All Assets.* Except as provided in subparagraph (b)
6 below, pursuant to section 364(d) of the Bankruptcy Code, DIP
7 Agent is granted a valid, binding, continuing, enforceable,
8 fully-perfected, senior and priming first priority senior
9 security interest in and lien upon all DIP Collateral that is
10 superior in priority to the liens and security interests securing
11 the Pre-Petition Loans, but which is junior in priority to (i)
12 liens permitted under the Pre-Petition Lender's credit agreement,
13 which were on the Petition Date valid, unavoidable and perfected
14 pre-petition security interests and (ii) any other liens in
15 existence on the Petition Date which would have had priority over
16 the liens and security interests securing the Pre-Petition Loan,
17 if any, which shall continue to have the priority provided to
18 them under applicable law ("**Permitted Liens**").

19 b. *Junior DIP Lien.* Pursuant to the Interim DIP Order
20 and as confirmed and continued in this Final DIP Order, DIP Agent
21 was granted a junior lien pursuant to Section 11 U.S.C. §
22 364(c)(3) on all property of Debtors which was on the Petition
23 Date subject to Permitted Liens.

24 c. For avoidance of doubt, the DIP Agent consents to
25 a junior lien on DIP Collateral to be granted in favor of the
26 Pre-Petition Lender and other pre-petition lenders holding
27 secured claims entitled to adequate protection, as adequate
28 protection replacement liens.

1 17. *Superpriority Claims*. Subject to the Carve Out and to
2 the extent of the Limited Subordination, as defined below, and,
3 notwithstanding anything that may be contained herein to the
4 contrary, solely to the extent necessary to satisfy any
5 deficiency that may remain after resort to any DIP Collateral
6 that may be available to satisfy their DIP Obligations, pursuant
7 to section 364(c)(1) of the Bankruptcy Code, all of the DIP
8 Obligations shall constitute allowed senior administrative
9 expense claims against Debtors, jointly and severally, with
10 priority over any and all unpaid administrative expenses,
11 diminution claims and all other claims against Debtors, now
12 existing or hereafter arising, of any kind whatsoever (the
13 "**Superpriority Claims**"), including, without limitation, all other
14 unpaid administrative expenses of the kind specified in sections
15 503(b) and 507(b) of the Bankruptcy Code, and over any and all
16 administrative expenses or other claims arising under sections
17 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 546,
18 726, 1113 or 1114 of the Bankruptcy Code, and shall at all times
19 be senior to the rights of Debtors, any successor trustee or any
20 creditor, in these Cases or any subsequent proceedings under the
21 Bankruptcy Code, whether or not such expenses or claims may
22 become secured by a judgment lien or other non-consensual lien,
23 levy or attachment, which allowed claims shall be payable from
24 and have recourse to all DIP Collateral. The Superpriority
25 Claims granted hereunder shall also have recourse to any and all
26 proceeds or property in respect of (i) any and all proceeds of
27 Avoidance Actions (the "**Avoidance Action Proceeds**") whether or
28 not such proceeds or property is recovered from a judgment,

1 settlement or otherwise, and in (ii) the Debtors' rights, choses
2 in action, or claims of any kind whatsoever, choate or inchoate,
3 present or residual, which for any reason cannot be made subject
4 to the DIP Lien ("**Unencumbered Assets**"). Prior to payment in full
5 of the DIP Obligations, Debtors agree that they will not sell,
6 pledge, hypothecate or otherwise encumber any Avoidance Action
7 Proceeds or Unencumbered Assets. Notwithstanding anything to the
8 contrary stated in this Paragraph 17 including the limitations on
9 transfer, sale and hypothecation contained in the preceding
10 sentence, or otherwise in this Final DIP Order, the Superpriority
11 Claims shall be subordinate to the following limited extent of
12 claims asserted against the Debtor: (i) administrative expense
13 claims for allowed professional fees to STG and other
14 professionals in excess of Permitted Professional Fees provided
15 for in the Carve Out; (ii) pre-petition wage, severance, vacation
16 and similar claims but solely to the extent allowed pursuant to
17 sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code; (iii)
18 pre-petition tax claims but solely to the extent allowed pursuant
19 to section 507(a)(8) of the Bankruptcy Code; and (iv) claims of
20 junior secured creditors to the extent that the Court has entered
21 the following orders in favor of such creditors, each after
22 notice and to the Debtors, the DIP Agent, the DIP Lenders and the
23 Committee and a hearing: (x) in the first instance, the creditor
24 has requested and the Court has granted a replacement lien on DIP
25 Collateral as adequate protection to protect such creditor's
26 interest, if any, in property of the estates; and (y) in the
27 second instance, the creditor has requested and been granted a
28 superpriority claim under section 507(b) of the Bankruptcy Code

1 by establishing that the adequate protection lien ordered in
2 clause (x) failed to protect the junior secured creditor from
3 diminution in value of such creditor's interest in property of
4 the estate. All claims in subparagraphs 17(i) through 17 (iv)
5 shall be paid prior to payment of the Superpriority Claims
6 (collectively the "**Limited Subordination**");

7 18. Meserole, LLC, in its capacity as the Pre-Petition
8 Lender, and Colorep, as borrower and its wholly-owned
9 subsidiaries, as guarantors, are parties to that certain Amended
10 and Restated Loan and Security Agreement dated as of August, 2011
11 (as the same may have been amended, modified or restated from
12 time to time, the "**Pre-Petition Credit Agreement**") pursuant to
13 which the Pre-Petition Lender agreed to lend on a revolving basis
14 up to the principal sum of \$25 million under the terms and
15 conditions set forth therein. As of the Petition Date, Pre-
16 Petition Lender asserts that Colorep was indebted to it in an
17 amount not less than \$19 million. The Pre-Petition Lender
18 asserts valid, enforceable, unavoidable, perfected, first
19 priority liens on and security interests in substantially all
20 assets of Colorep, now owned and after acquired, and the proceeds
21 thereof, as further detailed in the Pre-Petition Credit Agreement
22 ("**Pre-Petition Liens**" and "**Pre-Petition Collateral**", as
23 applicable). The cash proceeds of the Pre-Petition Collateral
24 constitute cash collateral, as defined by section 363(a) of the
25 Bankruptcy Code ("**Cash Collateral**"), in which the Pre-Petition
26 Lender asserts an interest. Any challenge to the perfection of
27 the Pre-Petition Liens on the Pre-Petition Collateral, whether by
28 complaint, motion or other action, and whether by the Debtor, any

1 Committee or assignee, shall be commenced not later than 8:00
2 a.m. on the date of the Auction, as Auction is defined in the DIP
3 Term Sheet, or all such challenges shall be deemed waived and the
4 Pre-Petition Liens shall be deemed perfected.

5 19. ~~Subject to the entry of this Final DIP Order in form~~
6 ~~and substance acceptable to the~~ The Pre-Petition Lender, ~~in its~~
7 ~~sole discretion, the Pre-Petition Lender consents~~ has consented to
8 the Debtors' use of Cash Collateral under the terms and
9 conditions set forth in the Interim DIP Order and this Final DIP
10 Order prior to the Maturity Date and subject to the Budget, and
11 in consideration for the adequate protection granted and provided
12 by the Debtors, as follows:

13 (i) The Pre-Petition Lender is hereby granted a replacement
14 lien ("**Adequate Protection Lien**") on the DIP Collateral, to
15 the extent of any diminution of value of the Pre-Petition
16 Lender's interest in the Pre-Petition Collateral resulting
17 from Debtors' use of Cash Collateral or the imposition of
18 the stay, which Adequate Protection Lien shall have priority
19 junior to the Carve Out, Permitted Liens, and DIP Liens;

20 (ii) The Pre-Petition Lender is hereby granted a super-
21 priority administrative claim ("**Adequate Protection Claim**")
22 to the extent of any diminution in value of the Pre-Petition
23 Lender's interest in the Pre-Petition Collateral resulting
24 from the priming of the Pre-Petition Liens by the DIP Liens,
25 the Debtors' use of Cash Collateral or the imposition of the
26 stay, which Adequate Protection Claim shall have priority
27 over all other administrative claims, except it shall be
28 subject to the Carve Out, the Super-Priority Claim granted

1 to the DIP Agent, and the Limited Subordination granted in
2 respect of DIP Agent's Superpriority Claims;

3 (iii) The Debtors shall use their best efforts to provide
4 to the Pre-Petition Agent each report required to be
5 provided to the DIP Agent under the DIP Documents and this
6 Final DIP Order. For such period as Meserole continues as
7 both DIP Agent and Pre-Petition Agent, this condition shall
8 be satisfied with delivery to Meserole of a single set of
9 reports;

10 (iv) Each event giving rise to the Maturity Date shall
11 constitute a terminating event with respect to the Debtors'
12 use of Cash Collateral; and

13 (v) Each event or omission giving rise to an Event of
14 Default shall constitute an Event of Default with respect to
15 the Debtors' use of Cash Collateral and the Pre-Petition
16 Lender shall be afforded the same rights and remedies
17 granted to the DIP Agent; provided, however, that the Pre-
18 Petition Lender shall first provide 10 Business Days'
19 advance notice to the DIP Agent before commencing to
20 exercise any right or remedy upon an Event of Default and
21 only in the event the DIP Agent does not commence to take
22 any action may the Pre-Petition Agent commence to exercise
23 any right or remedy.

24 20. *Carve Out*. For purposes hereof, "**Carve Out**" shall mean
25 the liens on and security interests in the Pre-Petition
26 Collateral and DIP Collateral and the superiority administrative
27 expense claims shall be subordinate to the "Carve Out" or "Carve-
28 Out Expenses": ~~(a)~~

1 a. statutory fees payable to the United States
2 Trustee pursuant to 28 U.S.C. § 1930(a)(6); ~~(b)~~

3 b. fees payable to the clerk of the Court or any
4 agent thereof; ~~(e)~~

5 c. an amount equal to the sum of the expenses
6 incurred or accrued in accordance with the Budget prior to the
7 earlier to occur of (~~y~~1) the Maturity Date; and (~~z~~2) the
8 occurrence of a Carve-Out Event, that remain unpaid as of the
9 Maturity Date or the Carve-Out Event, as applicable; ~~(d)~~

10 d. an amount equal to the lesser of ~~(x)~~i;

11 1. the reasonable and Budgeted professional fees and
12 expenses actually incurred in the Chapter 11
13 Cases by any professionals retained under section
14 327, 363, or 1103(a) of the Bankruptcy Code (the
15 "**Permitted Professional Fees**") prior to the
16 occurrence of a Carve-Out Event, whenever allowed
17 by the Court, and ~~(y)~~

18 2. \$290,000, for payment of Permitted Professional
19 Fees incurred prior to the occurrence of a Carve-
20 Out Event, to the extent allowed by this Court,
21 of which ~~(v)~~ \$125,000 was disbursed directly to :

22 a. Stutman~~7~~ Treister & Glatt, P.C. ("**STG**"), the
23 Debtors' ~~{proposed}~~ bankruptcy counsel~~7~~ upon
24 ~~entry of the Interim DIP Order;~~ ~~(v)~~ shall
25 receive:

26 i. \$95,000 to be funded as a DIP Advance by
27 DIP Lenders and disbursed by Debtors to
28 STG within 5 days of entry of this

1 Final DIP Order; ~~(w)~~
2 ii. \$95,000 to be advanced and disbursed to
3 STG during the week of September 2,
4 2013; and ~~(x)~~
5 iii. \$85,000 to be advanced and disbursed to
6 STG at the closing of the Sale
7 Transaction, all of the foregoing to be
8 applied to ~~STG~~ STG's post petition fees
9 and expenses in accordance with
10 applicable rules governing payment of
11 professional fees; ~~(y) \$15,000 to be~~
12 ~~funded as a DIP Advance and disbursed~~
13 ~~by Debtor to~~
14 iv. In addition to the foregoing amounts,
15 \$125,000 was disbursed directly to STG,
16 upon entry of the Interim DIP Order and
17 shall not be credited against the
18 \$290,000, but solely against the
19 \$125,000 budgeted in the Interim Order.
20 b. Stubbs, Alderton & Markiles, LLP (~~"SAA"~~),
21 Debtors' [proposed] special corporate
22 counsel, shall receive not more than \$15,000
23 to be funded as a DIP Advance and disbursed
24 by Debtor to SAA at the time an order is
25 entered approving SAA's employment, and to
26 be held as a retainer, together with any
27 pre-petition retainer paid to SAA, and
28 applied to SAA post-petition fees and

1 expenses in accordance with applicable rules
2 governing payment of professional fees; ~~and~~
3 ~~(z)~~.

4 3. Hilco Global, Hilco Streambank or an affiliate of
5 either shall be paid \$60,000 in fees and not more
6 than \$5,000 in out of pocket expenses in
7 connection with their work on the Sale, to be
8 advanced and disbursed as DIP Advances payable ~~to~~
9 ~~Hilco Global, the Debtors' [proposed] Investment~~
10 ~~Banker, payable~~

11 a. \$30,000 upon entry of this Final DIP Order, ~~τ~~
12 b. \$30,000 as of the Sale Date, ~~τ~~ i and
13 c. \$5,000 in reimbursements of out of pocket
14 expenses as incurred and on demand; ~~and (e)~~
15 ~~after~~ in the discretion of the CRO.

16 e. After the occurrence of a Carve-Out Event, an
17 amount equal to the lesser of ~~(x)~~ :

18 1. the Permitted Professional Fees incurred
19 following the occurrence of a Carve-Out Event,
20 whenever allowed by the Court, ~~τ~~ i and ~~(y)~~

21 2. \$25,000, for payment of Permitted Professional
22 Fees incurred after the occurrence of a Carve-Out
23 Event, to the extent allowed by this Court.

24 f. Any payment of Permitted Professional Fees, other
25 than the application of pre-petition retainers held by any such
26 professional, shall reduce the DIP Agent's and DIP Lenders' DIP
27 Facility commitment and the Carve-Out Expenses dollar for dollar.
28 Upon the first day on which the DIP Agent is entitled to exercise

1 remedies under the Interim DIP Order and Final DIP Order (the
2 "**Carve-Out Event**") and provides written notice thereof to
3 Borrower (the "**Carve-Out Event Notice**"), the right of the
4 Borrower to pay Permitted Professional Fees, other than pursuant
5 to clause (d) above outside the Carve-Out shall terminate. For
6 the purpose of clarity, the Carve Out shall be reduced dollar for
7 dollar by amounts paid to Professional Persons or on account of
8 Court and UST Fees by Debtors. The Carve Out shall not be
9 reduced by retainers received by Professional Persons prior to
10 the Petition Date.

11 21. *Limitation on Charging Expenses Against Pre-Petition*
12 *Collateral and DIP Collateral.* Effective upon the entry of this
13 Final DIP Order, except to the extent of the Carve Out, no
14 expenses of administration of these Cases or any future
15 proceeding that may result from these Cases, including
16 liquidation in bankruptcy or other proceedings under the
17 Bankruptcy Code, may be charged against or recovered from the
18 Pre-Petition Lender, Pre-Petition Collateral, DIP Agent, DIP
19 Lenders or DIP Collateral under sections 105, 506(c) and 552(b)
20 of the Bankruptcy Code or any similar principle of law, without
21 the prior written consent respectively of the Pre-Petition
22 Lender, the DIP Agent and DIP Lenders, and no consent of the Pre-
23 Petition Lender, the DIP Agent or any DIP Lender may be implied
24 from any other action, inaction, or acquiescence by them,
25 *provided however*, that DIP Agent shall be deemed to have
26 consented to the payment in the ordinary course of business of
27 operating expenses, Permitted Professional Fees and other costs
28 as provided for in the approved Budget; and *provided further*

1 however, that no expenses of administration of these Cases or any
2 future proceeding that may result from these Cases, including
3 liquidation in bankruptcy or other proceedings under the
4 Bankruptcy Code, incurred or accrued during the period under
5 ~~this~~the Interim DIP Order may be charged against or recovered
6 from the Pre-Petition Lender, Pre-Petition Collateral, DIP Agent,
7 DIP Lenders or DIP Collateral under sections 105, 506(c) and
8 552(b) of the Bankruptcy Code or any similar principle of law,
9 without the prior written consent respectively of the Pre-
10 Petition Lender, the DIP Agent and DIP Lenders in the event the
11 Budget proves inadequate. Except on the terms as provided in
12 this Final DIP Order, Debtors are enjoined and prohibited from
13 (i) using the Cash Collateral or DIP Advances; (ii) using the DIP
14 Collateral; (iii) applying to any court for an order authorizing
15 the use of the Cash Collateral or DIP Collateral or Unencumbered
16 Assets as collateral for debtors in possession financing other
17 than the DIP Facility under the DIP Documents. Notwithstanding
18 the foregoing, the Carve-Out provisions and the foregoing waivers
19 will not benefit and are not binding on any chapter 7 trustee
20 appointed in any Case upon the conversion of such Case to a case
21 proceeding under chapter 7 of the Bankruptcy Code with respect to
22 DIP Collateral or Pre-Petition Collateral that is property of
23 such chapter 7 estate as of the date of such conversion.

24 22. *Perfection of DIP Liens.*

25 a. The DIP Liens granted under the Interim DIP Order
26 constitute valid and duly perfected security interests and liens
27 which shall continue perfected under this Final DIP Order, and
28 are granted *nunc pro tunc* to the 32 Petition Date under this Final

1 DIP Order constitute valid and duly perfected security interests
2 and liens and the DIP Agent is hereby not required to file or
3 record any Notice Filings which otherwise may be required under
4 federal or state law in any jurisdiction, or take any action,
5 including taking possession, to validate and perfect such DIP
6 Liens and such DIP Liens shall be deemed valid, perfected,
7 allowed, enforceable, non-avoidable and not subject to challenge,
8 dispute or subordination.

9 b. The DIP Agent is hereby authorized, but not
10 required, to file or record any one or more financing statements,
11 trademark filings, copyright filings, patent assignments, real
12 estate mortgages, fixture filings, deeds of trust, notices of
13 lien or similar instruments (collectively, "**Notice Filings**") in
14 any jurisdiction, or take possession of or control over, or take
15 any other action in order to further validate and perfect the
16 perfected DIP Liens granted to the DIP Agent hereunder. The
17 failure of Debtors to execute any documentation relating to the
18 enforceability, priority or perfection of the DIP Liens shall in
19 no way affect the validity, perfection or priority of the DIP
20 Liens.

21 c. If the DIP Agent, in its sole discretion, elects
22 to file any Notice Filings or otherwise to confirm perfection of
23 such DIP Liens, Debtors shall cooperate with and assist in such
24 process, the stay imposed under section 362 of the Bankruptcy
25 Code is hereby lifted to permit the filing and recording of a
26 certified copy of this Final DIP Order or any such Notice
27 Filings, and all such documents shall be deemed to have been
28 filed and recorded at the time of and on the Petition Date. Any

1 error, omission or other defect in any such filing shall not
2 affect the validity, enforceability, priority or perfection of
3 any DIP Lien granted under the Interim DIP Order and this Final
4 DIP Order.

5 d. A certified copy of the Interim DIP Order or this
6 Final DIP Order may, in the discretion of the DIP Agent, be filed
7 with or recorded in filing or recording offices in addition to or
8 in lieu of such Notice Filings, and all filing offices are hereby
9 authorized and directed to accept such certified copy of ~~this-~~
10 ~~Interim~~theInterim DIP Order or the Final DIP Order for filing and
11 recording.

12 23. *Events of Default.* In addition to the Events of Default
13 under the DIP Documents, which are incorporated herein and
14 constitute events of default hereunder, the following shall
15 constitute events of default (each, an "**Event of Default**") under
16 this Final DIP Order:

17 a. If Debtors fail timely to file a motion seeking
18 approval of the Sale Transaction and related bidding procedures,
19 terminate the sale process or fail to meet dates in the
20 Procedures Order.

21 b. If the Cases are dismissed or converted to Chapter
22 7 cases; or if a Chapter 11 trustee, a responsible officer, or an
23 examiner with enlarged powers relating to the operation of the
24 business of Debtors (powers beyond those established in section
25 1106(a)(3) and (4) of the Bankruptcy Code) is appointed in the
26 Cases.

27 c. The Bankruptcy Court enters an order granting
28 relief from the automatic stay to the holder or holders of a

1 security interest to permit foreclosure (or the granting of a
2 deed in lieu of foreclosure or the like) on any material assets
3 of Debtors which have an aggregate value in excess of \$25,000.

4 d. An order is entered reversing, amending,
5 supplementing, suspending or staying this Final DIP Order.

6 e. If Debtors create, incur or cause to exist any
7 postpetition liens or security interests, other than those
8 granted pursuant to the Interim DIP Order or this Final DIP Order
9 or to which the DIP Agent has not consented in writing, which
10 exceeds \$25,000 individually or in the aggregate,

11 f. Any judgment in excess of \$25,000 as to any post-
12 petition date obligation not covered by insurance is rendered
13 against Debtors, the enforcement of the judgment against the
14 Debtors' estates has not been stayed and the enforcement of the
15 judgment could reasonably be expected to result in any impairment
16 of the rights or interests of the DIP Agent or DIP Lenders.

17 g. Debtors (or any of their successors or assigns or
18 other person on behalf of the entities) file a motion or
19 application or adversary proceeding challenging the validity,
20 enforceability, perfection or priority of any claim or lien
21 securing or pertaining to the Pre-Petition Loan or DIP Loan.

22 h. Debtors have not consummated the Sale by September
23 30, 2013.

24 i. A plan is confirmed in the Cases that does not
25 provide for termination of the DIP Loan and payment in full in
26 cash of outstanding DIP Obligations (on the effective date of a
27 plan of reorganization or liquidation) unless DIP Agent consents
28 to confirmation of such plan providing for an alternative

1 treatment of the DIP Loan, or any order is entered that dismisses
2 the Cases and which order does not provide for such termination
3 and payment, or Debtors seek support or fail to contest the
4 filing or confirmation of a plan or the entry of an order that
5 does not provide for full and immediate payment and satisfaction
6 of the DIP Obligations.

7 j. The filing of a motion, pleading, or proceeding by
8 Debtors, or any of their affiliates, that could reasonably be
9 expected to result in any impairment of the rights or interests
10 of the DIP Agent or DIP Lenders or a determination by a court
11 with respect to a motion, pleading or proceeding brought by
12 another party that results in any impairment of the rights,
13 claims and DIP Liens relating to the DIP Loan and any DIP
14 Obligations.

15 k. Any other superpriority administrative expense
16 claim or lien (other than the Carve Out) which is *pari passu* with
17 or senior to the Superpriority Claims or DIP Liens of the DIP
18 Agent is granted in the Case, provided, however, for avoidance of
19 doubt, payment of operating expenses in the ordinary course of
20 business pursuant to the DIP Budget is permitted.

21 l. Failure to obtain Final DIP Order approving the
22 DIP Facility on or before August ~~15~~16, 2013.

23 m. Any failure of Debtors' actual performance to meet
24 the requirement of the DIP Budget subject to a variance (i)
25 during each of the first four (4) weeks of the Budget an amount
26 of Total Operating Costs not in excess of 5% of Net Available DIP
27 Financing (for example, for the week ending August 17, 2013,
28 Total Operating Costs cannot exceed \$319,965) and (ii) beginning

1 in the week ending August 31, 2013 and thereafter an amount not
2 in excess of 10% of Net Available DIP Financing (for example, for
3 the week ending September 7, 2013 Net Available DIP Financing
4 cannot be less than \$975,896) ("**Variance**"), which Variance is not
5 cured by the Debtors by the due date of the next weekly reporting
6 provided under subparagraph 10.b. of this Final DIP Order.

7 n. Material Failure of Debtors to satisfy in a timely
8 fashion any of the Reporting Requirements of this Final DIP
9 Order, for any two successive reporting periods, which failure is
10 not satisfied, as to both periods, within 3 business days after
11 the end of the second of the two successive reporting failures.

12 o. Debtors default in the due and punctual payment of
13 any payment, fee or expense owing to DIP Agent pursuant to any of
14 the DIP Documents, when and as the same shall become due and
15 payable, whether at the Maturity Date, by acceleration or
16 otherwise.

17 p. Any material provision of the DIP Documents shall
18 at any time fail for any reason to be in full force and effect,
19 or the DIP Facility shall terminate, be terminated or become void
20 or unenforceable by the DIP Agent for any reason whatsoever
21 without the prior written consent of DIP Agent.

22 q. The DIP Documents, the Interim DIP Order and this
23 Final DIP Order shall, for any reason, cease to create valid DIP
24 Liens on any of the DIP Collateral purported to be covered
25 thereby or such DIP Lien shall cease to be a perfected lien
26 having the priority provided herein pursuant to Section 364 of
27 the Bankruptcy Code against Debtors and their estates, or
28 Debtors, or any other party in interest purporting to act on

1 behalf of the estates shall so allege in any pleading filed in
2 any court.

3 r. Debtors shall default in the performance or
4 observance of any material covenant, agreement or provision
5 contained in any DIP Document or in any other instrument or
6 document evidencing or creating any obligation, guaranty or lien
7 in favor of DIP Lender in connection with or pursuant to the DIP
8 Documents, which default could reasonably be expected to result
9 in any impairment of the rights or interests of the DIP Agent or
10 DIP Lenders.

11 s. Any representation or warranty made or deemed made
12 by the Debtors under or in connection with this Final DIP Order,
13 DIP Document or any information or report delivered by the
14 Debtors pursuant to the Interim DIP Order, this Final DIP Order
15 or any DIP Document shall prove to have been incorrect or untrue
16 in any material respect when made or deemed made or delivered.

17 t. The Debtors enter into any transaction or
18 agreement that could reasonably be expected to result in a change
19 of control that is to become effective prior to payment in full
20 of the DIP Obligations; or a change of control shall have
21 occurred prior to payment in full of the DIP Obligations.

22 u. Debtors are enjoined, restrained or in any way
23 prevented by the order of any court or any Governmental Entity
24 from conducting all or any material part of its business for more
25 than 5 days.

26 24. *Protection of the DIP Agent's Rights.*

27 a. *Remedies on Termination Date.* Subject to the
28 following provisions of this paragraph, upon an Event of Default

1 and on and after the Maturity Date, the DIP Agent for itself, and
2 for the benefit of the DIP Lenders, shall have the exclusive
3 right to exercise all rights and remedies under the DIP Documents
4 as provided below, including in respect of exercising all rights
5 and remedies to dispose of the DIP Collateral, in such
6 commercially reasonable manner, including the sale of the DIP
7 Collateral as a going concern under the supervision of the
8 Bankruptcy Court, as the DIP Agent may determine to effect the
9 repayment of the DIP Obligations with the proceeds of such
10 dispositions. After the occurrence and during the continuance of
11 an Event of Default that has not either (i) been waived by the
12 DIP Agent or (ii) subject an order granting the DIP Agent relief
13 from the automatic stay as set forth in subparagraph c. below,
14 the DIP Agent may undertake the following remedies:

15 b. *Remedies Available Without Notice Or Further Court*
16 *Approval.* On the Maturity Date, without further Order of the
17 Court, the automatic stay of Section 362(a) of the Bankruptcy
18 Code having been hereby lifted for such purposes (i) DIP Agent's
19 and DIP Lenders' commitments shall automatically terminate and
20 Debtors' right to obtain Interim DIP Advances and use Cash
21 Collateral on the terms and conditions set forth in the DIP
22 Documents and in this DIP Order shall terminate automatically,
23 (ii) the unpaid balance of the DIP Obligations (and any unpaid
24 and accrued interest, costs and fees) shall automatically be
25 accelerated and become immediately due and payable, and (iii) the
26 DIP Agent may instruct any depository bank holding any bank
27 account of the Debtors that is subject to a control agreement
28 entered into either before or after the commencement of this case

1 in favor of DIP Agent or Meserole, as appropriate, that all funds
2 in that account shall be frozen until DIP Agent consents to
3 disbursement thereof; *provided, however*, that the DIP Agent shall
4 permit disbursement of funds to cover outstanding checks issued
5 to pay expenses incurred consistent with the Budget.

6 c. Stipulation to Shortened Time. Except for the
7 actions authorized to be taken by the DIP Agent without notice or
8 further Court order under the prior subparagraph, upon the
9 occurrence of any Event of Default under the Interim DIP Order,
10 this Final DIP Order or under the DIP Documents, the Debtors
11 hereby stipulate and agree that any motion for relief from stay
12 by DIP Agent may be on not less than 7 calendar days' notice,
13 with notice to the United States Trustee and any Committee. DIP
14 Agent may seek relief to exercise all of its rights and remedies
15 against the DIP Collateral by foreclosure, collection, suit,
16 receivership or otherwise pursuant to the DIP Documents and
17 applicable law following notice of an Event of Default. If no
18 objection is filed by Debtors, the United States Trustee or any
19 Committee by 3 days prior to the hearing on DIP Agent's motion
20 for relief from stay, then such failure shall be deemed a consent
21 by the Debtors to the relief requested and DIP Agent shall be
22 authorized to submit a declaration of non-opposition to its
23 Motion for Relief From Stay and ~~obtain~~request entry of an order
24 pursuant to such motion and declaration and Debtors shall have no
25 further remedy or recourse with regard to the DIP Collateral,
26 including but not limited to no right to request use of Cash
27 Collateral or DIP Collateral~~-,~~ and Debtors and any Committee
28 shall not have the right to seek relief, including, without

1 limitation, under section 105 of the Bankruptcy Code, to the
2 extent such relief would in any way impair or restrict the rights
3 and remedies of the DIP Agent set forth in ~~this~~the Interim DIP
4 Order or the DIP Documents. The delay or failure of the DIP Agent
5 to seek relief or otherwise exercise or enforce its rights and
6 remedies under this Final DIP Order or the DIP Documents shall
7 not constitute a waiver of the DIP Agent's rights or remedies.

8 d. *Limitations On Marshaling.* In no event shall the
9 DIP Agent be subject to the equitable doctrine of "marshaling" or
10 any similar doctrine with respect to the DIP Collateral.

11 25. *Preservation of Rights Granted Under the Interim DIP*
12 *Order and this Final DIP Order.*

13 a. No claim or lien having a priority superior to or
14 *pari passu* with those granted by the Interim DIP Order and this
15 Final DIP Order to the DIP Agent in respect to the DIP Collateral
16 shall be granted or allowed while any portion of the DIP
17 Obligations remains outstanding. Subsequent to the Petition Date,
18 Debtors shall not grant to any party or suffer any liens senior
19 to the DIP Agent and DIP Liens, except with the DIP Agent's prior
20 written consent. The DIP Liens shall not be subject or
21 subordinate to (i) any lien or security interest that is avoided
22 and preserved for the benefit of Debtors and their estates under
23 section 551 of the Bankruptcy Code, (ii) any liens arising after
24 the Petition Date including, without limitation, any liens or
25 security interests granted in favor of any federal, state,
26 municipal or other governmental unit, commission, board or court
27 for any tax liability of Debtors, whether secured or unsecured,
28 including property taxes for which liability is in rem, in

1 personam, or both, except a tax of a kind specified in section
2 507(a)(8) of the Bankruptcy Code, (iii) any intercompany or
3 affiliate liens of Debtors or (iv) subordinated to or made *pari*
4 *passu* with any other lien or security interest under sections 363
5 or 364 of the Bankruptcy Code or otherwise.

6 b. Unless all DIP Obligations shall have been
7 indefeasibly paid in full and all DIP Facility commitments
8 terminated, Debtors shall not seek (i) any order modifying or
9 extending this Final DIP Order without the prior written consent
10 of the DIP Agent, and no such consent shall be implied by any
11 other action, inaction or acquiescence of the DIP Agent, (ii) any
12 order modifying or extending this Final DIP Order or adversely
13 affecting the rights, priorities and liens provided herein
14 without the prior written consent of the DIP Agent or (iii) an
15 order converting or dismissing the Cases. If an order dismissing
16 the Cases under section 1112 of the Bankruptcy Code or otherwise
17 is at any time entered, such order shall provide (in accordance
18 with sections 105 and 349 of the Bankruptcy Code) that (x) the
19 DIP Liens and the Superpriority Claims in favor of the DIP Agent
20 pursuant to ~~this~~the Interim DIP Order shall continue in full
21 force and effect and shall maintain their priorities as provided
22 in the Interim DIP Order and this Final DIP Order until all DIP
23 Obligations shall have been indefeasibly paid in cash and
24 satisfied in full and the DIP Obligations shall have been
25 terminated and that such Superpriority Claims and the DIP Liens
26 remain binding on all parties in interest, and (y) this Court
27 shall retain jurisdiction, notwithstanding such dismissal, for
28 the purposes of enforcing the Superpriority Claims and the DIP

1 Liens to the fullest extent authorized by statute and applicable
2 law.

3 c. If any or all of the provisions of this Final DIP
4 Order are hereafter reversed, modified, vacated or stayed, such
5 reversal, modification, vacatur or stay shall not affect (i) the
6 validity, priority or enforceability of any DIP Obligations
7 incurred prior to the actual receipt of written notice by the DIP
8 Agent, as applicable, of the effective date of such reversal,
9 modification, vacatur or stay or (ii) the validity or
10 enforceability of the DIP Liens or the Superpriority Claims
11 authorized or created hereby with respect to any DIP Obligations.
12 Notwithstanding any such reversal, modification, vacatur or stay,
13 any DIP Obligations incurred by Debtors to the DIP Agent prior to
14 the actual receipt of written notice by the DIP Agent of the
15 effective date of such reversal, modification, vacatur or stay
16 shall be governed in all respects by the original provisions of
17 this Final DIP Order, as applicable, and the DIP Agent shall be
18 entitled to all the rights, remedies, privileges and benefits
19 granted in sections 363(m) and 364(e) of the Bankruptcy Code and
20 this Final DIP Order with respect to all DIP Obligations.

21 d. Except as expressly provided in the Interim DIP
22 Order, this Final DIP Order or the DIP Documents, the DIP Liens,
23 the Superpriority Claims, and the DIP Obligations, and all other
24 rights and remedies of the DIP Agent granted by the provisions of
25 the Interim DIP Order and this Final DIP Order shall survive, and
26 shall not be modified, impaired or discharged by (i) the entry of
27 an order converting the Cases to a case under chapter 7,
28 dismissing the Cases, terminating the joint administration of the

1 Cases or by any other act or omission or (ii) the entry of an
2 order confirming a plan of reorganization in the Cases and,
3 pursuant to section 1141(d)(4) of the Bankruptcy Code, Debtors
4 having hereby waived any discharge of any remaining DIP
5 Obligations. The terms and provisions of this Final DIP Order
6 shall continue in these Cases, in any successor Cases if these
7 Cases cease to be jointly administered, or in any superseding
8 chapter 7 case under the Bankruptcy Code, and the DIP Liens, the
9 Superpriority Claims, the DIP Obligations, and all other rights
10 and remedies of the DIP Agent granted by the provisions of this
11 Final DIP Order shall continue in full force and effect until the
12 DIP Obligations are indefeasibly paid in full.

13 26. *Limitation on Use of the DIP Advances.* Debtors have
14 waived any and all claims and causes of action against the DIP
15 Agent and DIP Lenders and their respective agents, affiliates,
16 subsidiaries, directors, officers, representatives, attorneys or
17 advisors, directly related to the DIP Facility and the Interim
18 DIP Order, this Final DIP Order or the negotiation of the terms
19 thereof. Notwithstanding anything herein or in any other order by
20 this Court to the contrary, no borrowings under the DIP Facility
21 or proceeds of the DIP Collateral or the Carve Out may be used
22 for any of the following without the prior written consent of
23 each affected party: (a) to object, contest or raise any defense
24 to, the validity, perfection, priority, extent or enforceability
25 of any amount due under the Interim DIP Order, Final DIP Order,
26 the DIP Facility, or the DIP Liens or Superpriority Claims
27 granted under the Interim DIP Order, Final DIP Order or the DIP
28 Documents or the Pre-Petition Credit Agreement and Pre-Petition

1 Lender, (b) to assert any claims or defenses or causes of action
2 against the DIP Agent and DIP Lenders or their respective agents,
3 affiliates, subsidiaries, directors, officers, representatives,
4 attorneys or advisors, (c) to prevent, hinder or otherwise delay
5 the DIP Agent's assertion, enforcement or realization on the DIP
6 Collateral in accordance with the DIP Documents, the Interim DIP
7 Order or Final DIP Order, (d) to seek or to modify any of the
8 rights granted to the DIP Agent hereunder, under the Interim DIP
9 Order, Final DIP Order or under the DIP Documents, or (e) to pay
10 any amount on account of any claims arising before the Petition
11 Date unless such payments are approved by an order of this Court
12 and consented to by the DIP Agent.

13 27. *Final DIP Order Governs.* To the fullest extent
14 permissible under the Bankruptcy Code and existing law, the
15 provisions of this Final DIP Order, including all findings, are
16 binding on all parties in interest in these Cases, including the
17 DIP Agent and the Committee, and Debtors and their respective
18 successors and assigns (including any Chapter 7 or Chapter 11
19 trustee subsequently appointed or elected for the bankruptcy
20 estate of any Debtor) and inures to the benefit of the DIP Agent
21 and DIP Lenders and Debtors and their respective successors and
22 assigns; provided that the DIP Agent and DIP Lenders have no
23 obligation to extend any financing to any Chapter 7 trustee or
24 similar responsible person appointed for the bankruptcy estates
25 of Debtors. To the extent that there is a conflict among the
26 Motion, the DIP Documents, the Interim DIP Order and this Final

1 DIP Order, this Final DIP Order will govern and control.

2 28. *Depository Bank Compliance.* All depository banks and
3 blocked account banks shall comply, for the benefit of DIP Agent,
4 with the terms and conditions of any blocked account agreement,
5 restricted account agreements, account control agreements, DDA
6 notifications, credit card notifications, or other similar
7 documents received or furnished in connection with the DIP
8 Documents or Pre-Petition Credit Agreement.

10 29. *No Waiver.* DIP Agent's failure to seek relief or
11 otherwise exercise any of its rights and remedies under the DIP
12 Documents or the Interim DIP Order or this Final DIP Order shall
13 not constitute a waiver of any of DIP Agent's rights hereunder,
14 thereunder, or otherwise.

16 30. *No Third Party Beneficiary.* Except as provided herein,
17 this Final DIP Order does not create any rights for the benefit
18 of any third party, creditor, or any direct, indirect, or
19 incidental beneficiary. The provisions of this Final DIP Order
20 shall inure to the benefit of, and be binding upon, the Debtors,
21 or any representative of the Debtors' estates, DIP Agent, DIP
22 Lenders, Pre-Petition Lender, and any assignee or successor to
23 any of the foregoing, including any trustee thereafter appointed
24 in these Cases, and shall also be binding upon all creditors of
25 the Debtors, the Debtors' estates, and other parties in interest.

26 31. *No Control.* In determining to make any loan under DIP
27 Facility, the DIP Documents or the Interim DIP Order or the Final
28

1 DIP Order, in approving a proposed budget, or granting or
2 withholding any consent or approval, or in exercising any rights
3 or remedies as and when permitted pursuant to the DIP Documents
4 or this Final DIP Order, DIP Agent and DIP Lenders shall not be
5 deemed to be in control of the operations of the Debtors or to be
6 acting as a "responsible person" or "owner or Operator" with
7 respect to DIP Agent's or DIP Lenders' or Pre-Petition Lender's
8 role, if any, as a mortgagee in possession, or on account of the
9 operation or management of the Debtors (as such terms, or any
10 similar terms, are used in the United States Comprehensive
11 Environmental Response, Compensation and Liability Act, 29 U.S.C.
12 § 9601 et seq., as amended, or any similar federal or state
13 statute).

14 32. *Headings*. Sections headings used herein are for
15 convenience only and are not to affect the construction of or to
16 be taken into consideration in interpreting this Final DIP Order.

17 33. *Waiver of any Applicable Stay*. Any applicable stay
18 (including, without limitation, under Bankruptcy Rule 6004(h)) is
19 hereby waived and shall not apply to this Final DIP Order.

20 IT IS SO ORDERED.

21 Dated: August _____, 2013

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EXHIBIT "1"

Colorep, Inc. First Amended DIP Term Sheet

Term Sheet for Senior Secured, Priming Debtor in Possession Term Credit Facility

The terms and conditions set forth in this First Amended Term Sheet (the "DIP Term Sheet") for Senior Secured Priming Debtor in Possession Term Credit Facility are to be used solely as a basis for continued discussions and do not constitute a commitment to provide financing of any sort or a commitment to prepare, negotiate, execute or deliver such a commitment. All figures, terms and conditions set forth herein are subject to change or withdrawal at any time. This DIP Term Sheet is confidential and may not be disseminated to any person or entity other than the Borrower and the Borrower's agents and advisors without the express prior written consent of the DIP Lender. In the event that a "Final DIP Order" is entered, as defined below, and any term of the Final DIP Order is inconsistent with this DIP Term Sheet, the Final DIP Order shall evidence the agreement of the parties and control.

Borrower: Colorep, Inc. and Transprint USA, Inc. (collectively, the "Borrower" or "Debtors"), as debtors and debtors-in-possession under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").⁴

DIP Agent and DIP Lenders: Meserole, LLC ("Meserole") in its capacity as DIP Agent, DIP Lender and "Pre-Petition Lender" and Meserole, together with the other lenders from time to time party hereto (collectively, the "DIP Lenders").

Commitment/Availability: The DIP Lenders will make loans to the Borrower under a senior secured, priming debtor-in-possession term credit facility (the "DIP Facility") in an aggregate amount not to exceed \$2,500,000, subject to the conditions regarding the Interim Advance set forth below. Upon the entry by the United States Bankruptcy Court having jurisdiction over the Debtors' chapter 11 cases (the "Court") of the Interim DIP Order (as defined below), the Borrower shall be permitted to borrow an amount not to exceed \$1,000,000 ("Interim Advance") in the aggregate. Upon the entry by the Court of the Final DIP Order (as defined below), the Borrower may draw on the full amount of \$2,500,000, inclusive of the Interim Advances, subject to the terms and conditions set forth in this DIP Term Sheet, the DIP Facility agreement, if any, and the Final DIP Order.

Use of Proceeds: All advances under the DIP Facility shall be used in

⁴ In the event any other affiliates of the Debtors shall commence chapter 11 cases or an order for relief is entered against any such affiliate, such additional debtor shall be deemed a Borrower and one the Debtors hereunder without further order of the Court.

accordance with the budget proposed by the Debtors and approved by the DIP Agent and DIP Lenders attached as Exhibit 1 to the Final DIP Order (the “Budget”), as such Budget thereafter may be modified by a subsequent budget or budgets as proposed by Debtors in writing and approved with the DIP Agent’s and DIP Lenders’ prior written consent, by the Borrower to (i) fund ongoing working capital requirements during the pendency of the Debtors’ chapter 11 bankruptcy cases, including payment of the Borrower’s trade payables and employee wages, in each case in accordance with the Budget (and to the extent any such item on the Budget relates to pre-petition obligations, then also in accordance with an of the Court authorizing such disbursement); (ii) pay United States Trustee and professional fees and expenses associated with the chapter 11 bankruptcy cases of the Debtors in accordance with the Budget; and (iii) for general corporate purposes in accordance with the Budget. Compliance with the Budget will be measured every week, subject to a weekly line item variance not to exceed 10% (“Variance”), except as more specifically provided in the Final DIP Order.

Interest:

Interest on the outstanding balance of the DIP Facility will accrue at the rate of ten percent (10%) per annum and will be calculated each month on the basis of actual days elapsed and a 360-day year, and will be payable on the Maturity Date. Interest on the DIP Facility shall increase to thirteen percent (13%) per annum, to the extent permitted by applicable law, upon notice of occurrence, and during continuance, of an Event of Default (as defined herein), with the entire amount of such default interest together with all accrued and unpaid interest prior to an Event of Default, payable in cash upon demand. The DIP Agent and DIP Lenders are charging no fees to the Borrower in connection with the DIP Facility and all accrued interest and accrued fees and expenses shall only become due and payable upon the Maturity Date.

Maturity:

The DIP Facility shall be repayable in full on the date (the “Maturity Date”) that is the earliest of (i) ninety (90) days from the Petition Date; (ii) the effective date of a plan of reorganization; (iii) the consummation of a sale of all or substantially all of the assets of the Debtors under section 363 of the Bankruptcy Code (“Sale” or “Sale Transaction”); (iv) delivery of the Carve-Out Event Notice; (v) the entry of an order by the Court approving an alternative DIP financing; and (vi) such later date as the

DIP Agent and DIP Lenders in their sole discretion may agree to in writing with the Borrower.

Use of Cash Collateral:

The Pre-Petition Lender asserts a first priority perfected secured lien on substantially all property of the Borrower (“**Pre-Petition Collateral**”) and consents to the Borrower’s use of the Pre-Petition Collateral including Cash Collateral, in accordance with the Budget and subject to the terms hereof, including but not limited to the granting of the Pre-Petition Lender Adequate Protection (as defined below).

Adequate Protection:

As adequate protection for the Pre-Petition Lender’s consent to being primed by the DIP Liens (as defined below) and the Carve-Out Expenses (as defined below) and the potential diminution in value of the Pre-Petition Lender’s interests in the Pre-Petition Collateral and the imposition of the automatic stay, the Borrower shall take all actions necessary for **the Pre-Petition Lender** to be granted adequate protection (collectively, the “**Pre-Petition Lender Adequate Protection**”) pursuant to Sections 361, 363, and 364 of the Bankruptcy Code, in the form of: (i) valid, binding, enforceable and perfected replacement liens upon and security interests in all property of the Debtors’ estates to the extent of any diminution in value of the Pre-Petition Lender’s interests in the Pre-Petition Collateral (the “**Pre-Petition Lender Replacement Lien**”), subject only to the Permitted Liens, as defined below in respect of the priority of the lien securing the DIP Loan, provided, however, that the Pre-Petition Lender Replacement Lien shall not extend to any causes of action, or proceeds thereof, that may be commenced pursuant to Chapter 5 of the Bankruptcy Code, which replacement liens shall be subordinate only to the DIP Lien, Pre-Petition Lien and the Carve-Out Expenses; (ii) payment by the Debtors on the Maturity Date of the reasonable costs and fees, including without limitation reasonable attorneys’ fees, incurred by the Pre-Petition Lender in its capacity as prepetition lender to the Borrower; and (iii) an allowed super-priority administrative claim pursuant to Bankruptcy Code section 503(b)(1), 507(a)(2) and 507(b) to the extent of the diminution in value of the Pre-Petition Collateral that shall be payable from and have recourse to, in addition to the property of the Debtors that is made subject to security interests and liens in favor of the DIP Agent for the benefit of the DIP Agent and DIP Lenders, any unencumbered prepetition and postpetition property of the Debtors, subject to the Limited Subordination as defined below(the

“Adequate Protection Administrative Claim”) subject to the Limited Subordination as defined below in respect of the DIP Lenders’ Superpriority Claims; (iv) reporting provided to the DIP Agent; (v) upon an Event of Default, similar rights and remedies as granted to the DIP Agent hereunder and in the Interim Order and Final Order; and (vi) such other forms of adequate protection as set forth in the Interim DIP Order and Final DIP Order.

Conditions Precedent:

Availability of the DIP Facility shall be subject to the following conditions precedent, all of which shall be for the benefit of the DIP Agent and must be satisfied on occasion of each drawdown under the DIP Facility, unless waived in writing in advance by the DIP Agent and DIP Lenders in their respective discretion:

A. Interim Advances

1. The Court shall have issued an interim order, in form and substance acceptable to the DIP Agent and DIP Lenders and their respective counsel on or before July 18, 2013, in relation to the Debtors (the “Interim DIP Order”), which order, inter alia, shall approve the DIP Facility on an interim basis, including, without limitation, the grant of a first priority, perfected priming lien upon all assets and the proceeds thereof of the Debtors, owned on or after the Petition Date and the proceeds thereof, to secure the obligations of the Borrower under the DIP Facility in accordance with the terms hereof (the “DIP Collateral”), effective immediately upon the entry of the Interim DIP Order, without the need for any further action on the part of the DIP Agent, DIP Lenders, the Borrower or any other person (including, without limitation, the execution or delivery of any further documents or agreements or the recording, filing, indexing, entering or registering of any financing statements or other similar instruments or documents); provided, however, DIP Agent shall have entered into an acceptable account control agreement with the depository bank holding Borrower’s DIP accounts, which DIP Agent did not require as a condition to making Advances under the Interim Order.

2. The Borrower shall have permitted access to the DIP Agent and DIP Lenders and their financial advisor, if any, to their books and records and knowledgeable employees, agents and

representatives, which access DIP Agent and DIP Lenders acknowledge has occurred and is continuing.

3. The Interim DIP Order shall be in full force and effect and shall not have been reversed, stayed, appealed, modified or amended without the express written consent of DIP Agent and DIP Lenders, and no application or motion shall have been made to the Court for any stay, modification or amendment of the Interim DIP Order and no stay, appeal or leave to appeal with respect to same shall be pending, which DIP Agent and DIP Lenders acknowledge occurred.
4. No event has occurred and is continuing to occur that constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time to elapse or both, which DIP Agent did not waive by making Advances under the Interim Order.
5. DIP Agent and DIP Lenders have approved initial Budget, which DIP Agent and DIP Lenders acknowledge they approved, and approved as amended.
6. Entry of an Order approving engagement agreement of CRO, in form and substance acceptable to DIP Agent and DIP Lenders. DIP Agent and DIP Lenders acknowledge that a CRO was retained by the Debtors prior to the filing of Debtors' cases and acknowledge that Debtors have filed an application for approval of employment of the CRO in the cases, but that application is pending and the order approving employment of the CRO has not yet been entered as of August 8, 2013.

B. Additional Advances 1.

The Court shall have entered a final order, in form and substance acceptable to the DIP Agent and DIP Lenders and their respective counsel which shall be effective as of August 15, 2013 (the "Final DIP Order"), which order, inter alia, shall approve the DIP Facility on a final basis, including, without limitation, the grant of a first priority, perfected priming lien upon all DIP Collateral to secure the obligations of the Borrower under the DIP Facility

in accordance with the terms hereof and in accordance with the Final DIP Order, effective immediately upon the granting of the Final DIP Order, without the need for any further action on the part of the DIP Agent or DIP Lenders, the Borrower or any other person (including, without limitation, the execution or delivery of any further documents, agreements or the recording, filing, indexing, entering or registering of any financing statements or other similar instruments or documents).

2. All of the funds available under the Interim DIP Order shall have been borrowed and used in accordance with the terms of the DIP Facility, the Interim DIP Order and the Budget, subject to the Variance, and except as waived by DIP Agent and DIP Lenders by the making of Advances under the Interim DIP Order.
3. The Final DIP Order shall be in full force and effect and shall not have been reversed, stayed, appealed, modified or amended without the express written consent of DIP Agent and DIP Lenders, and no application or motion shall have been made to the Court for any stay, modification or amendment of the Final DIP Order and no stay, appeal or leave to appeal with respect to same shall be pending.
4. No event has occurred and is continuing to occur that constitutes an Event of Default or would constitute an Event of Default, but for the requirement that notice be given or time to elapse or both.

Priority and Liens:

As more fully set forth in the Interim DIP Order and the Final DIP Order, the DIP Obligations (i) pursuant to section 364(c)(1) of the Bankruptcy Code, shall constitute allowed superpriority administrative expense claims (the “**Superpriority Claim**”), which Superpriority Claim shall be subordinate only to the extent of the following limited claims asserted against the Debtor: (w) administrative expense claims for allowed professional fees to STG and other professionals employed in the cases in excess of Permitted Professional Fees provided for in the Carve Out; (x) pre-petition wage, severance, vacation and similar claims but solely to the extent allowed pursuant to sections 507(a)(4) and 507(a)(5) of the Bankruptcy Code; (y) pre-

petition tax claims but solely to the extent allowed pursuant to section 507(a)(8) of the Bankruptcy Code; and (z) claims of junior secured creditors to the extent that the Court has entered the following orders in favor of such creditors, each after notice to the Debtors, the DIP Agent, the DIP Lenders and the Committee, and a hearing on such creditor's request: (x) in the first instance, the creditor has requested and the Court has granted a replacement lien on property of the Debtors' estates as adequate protection to protect such creditor's pre-petition interest, if any, in property of the estates; and (y) in the second instance, the creditor has requested and been granted a superpriority claim under section 507(b) of the Bankruptcy Code by establishing that the adequate protection lien ordered in clause (x) failed to protect the junior secured creditor from diminution in value of such creditor's interest in property of the estate (collectively the "**Limited Subordination**"), (ii) pursuant to section 364(c) and (d) of the Bankruptcy Code, as applicable, shall be secured by a first priority, perfected priming lien on all of the DIP Collateral now owned or hereafter acquired and the proceeds thereof (the "**DIP Lien**") that is superior in priority to the liens and security interests securing the Pre-Petition Loans, but which is junior in priority to (x) liens permitted under the Pre-Petition Lender's credit agreement, which were on the Petition Date valid, unavoidable and perfected pre-petition security interests and (y) any other liens in existence on the Petition Date which would have had priority over the liens and security interests securing the Pre-Petition Loan, if any, which shall continue to have the priority provided to them under applicable law (the "**Permitted Liens**"), and (z) the Carve-Out Expenses;

The Pre-Petition Lender Replacement Lien shall be junior only to the (i) Carve-Out Expenses, (ii) the DIP Lien, (iii) liens permitted under the Pre-Petition Lender's credit agreement, which were on the Petition Date valid, unavoidable and perfected pre-petition security interests and (iv) any other liens in existence on the Petition Date which would have had priority over the liens and security interests securing the Pre-Petition Loan, if any, which shall continue to have the priority provided to them under applicable law. The Pre-Petition Lender Adequate Protection Administrative Claim shall have priority over any and all claims and administrative expenses against the Debtors of the kind specified in Bankruptcy Code sections

503(b) and 507(b), and shall be junior only to the Superpriority Claim, the Carve-Out Expenses and the claims subject to the Limited Subordination.

Carve-Out Expenses:

As more fully set forth in the Interim DIP Order and the Final DIP Order, the liens on and security interests in the Pre-Petition Collateral and DIP Collateral and the superiority administrative expense claims shall be subordinate to the “Carve-Out” or “Carve-Out Expenses”: (a) statutory fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930(a)(6); (b) fees payable to the clerk of the Court or any agent thereof; (c) an amount equal to the lesser of (x) the reasonable and Budgeted professional fees and expenses actually incurred in the Chapter 11 cases by any professionals retained under section 327, 363, or 1103(a) of the Bankruptcy Code (the “Permitted Professional Fees”) prior to the occurrence of a Carve-Out Event, whenever allowed by the Court, and (y) \$415,000 from the date of the Interim DIP Order to the Maturity Date, for payment of Permitted Professional Fees incurred prior to the occurrence of a Carve-Out Event, to the extent allowed by this Court, of which (i) \$125,000 was disbursed directly to Stutman, Treister & Glatt, P.C (“STG”), Borrower's [proposed] bankruptcy counsel, as an initial Interim Advance upon entry of the Interim DIP Order, (ii) \$95,000 to be funded as a DIP Advance by DIP Lenders for disbursement by Debtors to STG within 5 days of entry of the Final DIP Order; (iii) \$95,000 to be advanced and disbursed to STG during the week of September 2, 2013; and (iv) \$85,000 to be advanced and disbursed to STG at the closing of the Sale Transaction, all of which to be applied to STG post-petition fees and expenses in accordance with applicable rules governing payment of professional fees; and (v) \$15,000 to be funded as a DIP Advance by DIP Lenders for disbursement by Debtors to Stubbs, Alderton & Markiles, LLP (“SAA”), Debtors’ [proposed] special corporate counsel, at the time an order is entered approving SAA’s employment, and to be held as a retainer, together with any pre-petition retainer paid to SAA, and applied to SAA post-petition fees and expenses in accordance with applicable rules governing payment of professional fees, (d) \$65,000 to be paid to Hilco Global, Streambank, or either of their affiliates, in installments of \$30,000, \$30,000 and increments of \$5,000 as provided in the Final DIP Order; and (e) after the occurrence of a Carve-Out Event, an amount equal to the lesser of (x) the Permitted Professional Fees incurred

following the occurrence of a Carve-Out Event, whenever allowed by the Court, and (y) \$25,000, for payment of Permitted Professional Fees incurred after the occurrence of a Carve-Out Event, to the extent allowed by this Court. Any payment of Permitted Professional Fees, other than the application of pre-petition retainers held by any such professional, shall reduce the DIP Agent's and DIP Lenders' DIP Facility commitment and the Carve-Out Expenses dollar for dollar. Upon the first day on which the DIP Agent is entitled to exercise remedies under the Interim DIP Order and Final DIP Order (the "Carve-Out Event") and provides written notice thereof to Borrower (the "Carve-Out Event Notice"), the right of the Borrower to pay Permitted Professional Fees, other than pursuant to clause (d) above shall terminate. Upon the entry of the Final DIP Order the DIP Agent shall fund a reserve in the amount of the Permitted Professional Fees, which shall satisfy the DIP Agent's and DIP Lenders' obligation for Permitted Professional Fees under the Carve Out.

In connection with the Carve-Out Expenses, the DIP Agent's and DIP Lenders' funding of the DIP Facility in accordance with this DIP Term Sheet, Budget and the Interim DIP Order, and the Pre-Petition Lender's consent for Debtors' use of cash collateral in accordance with the Interim DIP Order and the Budget, the Debtors, for themselves and their estates, waive all rights and claims against the DIP Agent, DIP Lenders, DIP Collateral, Pre-Petition Lender and Pre-Petition Collateral, under Bankruptcy Code sections 506(c), 552(b) and 105 and other applicable laws to charge the DIP Agent, DIP Lenders, Pre-Petition Lender, the DIP Collateral or the Pre-Petition Collateral for any costs or expenses incurred by the Debtors or their estate.

Expenses:

The Borrower shall reimburse the DIP Agent and DIP Lenders for the reasonable professional fees and expenses incurred by the DIP Agent and DIP Lenders at the Maturity Date.

Covenants:

The Debtors covenant and agree with the DIP Agent and DIP Lenders that, unless the DIP Agent and DIP Lenders otherwise consent in writing in their respective discretion, so long as any amount payable hereunder is outstanding or the DIP Facility shall remain in place, it shall only use the advances made under the DIP Facility for the purposes set out herein and shall not use such funds to commence any

action against the DIP Agent or DIP Lenders, or their respective affiliates, owners, directors, members, managers, officers, employees, agents or representatives. As more fully set forth in the Interim DIP Order and the Final DIP Order, the Debtors further covenant and agree that no Obligation under the DIP Facility shall be subject to setoff or recoupment or any such rights under Bankruptcy Code section 553 or otherwise with respect to any claim any Debtor may have against the DIP Agent or DIP Lenders arising after the Petition Date. Notwithstanding the foregoing, the DIP Agent and DIP Lenders shall be permitted to credit bid the DIP Obligations and the Pre-Petition Lender shall be permitted to credit bid the pre-petition secured obligations owing by Borrower to the Pre-Petition Lender in connection with the sale of any assets of the Debtors on which it or they hold a perfected lien.

Sale of Assets:

Unless otherwise consented to in writing by the DIP Agent and DIP Lenders, the proceeds from any sale of assets, other than sales in the ordinary course of business, shall be first used to reduce any amount outstanding under the DIP Facility, and any such payments shall reduce the aggregate commitment of the DIP Lenders ratably on a dollar for dollar basis.

Milestones:

The Debtors shall take action to conduct a sale of substantially all of their assets as a going concern pursuant to Bankruptcy Code section 363 (the “Sale Transaction”) in accordance with the following milestones (the “Milestones”):

(i) file with the Bankruptcy Court one or more motions, each in form and substance acceptable to the DIP Agent and DIP Lenders, seeking approval of a Court-approved sale process (the “Sale Motion”) and bidding procedures (the “Bid Procedures Motion”) within 10 days of the Petition Date. The Pre-Petition Lender and the DIP Lenders, or their designee, may subsequently submit a bid to act as the stalking horse bidder or otherwise to purchase the assets subject to the perfected liens in the Pre-Petition Collateral and the DIP Collateral, respectively, through credit bid of the obligations secured by such perfected liens. DIP Agent and DIP Lenders acknowledge the Sale Motion and Bid Procedure Motion were timely filed.

(ii) obtaining entry of a Bankruptcy Court order, in form and substance satisfactory to the DIP Agent and DIP Lenders, approving the Bid Procedures Motion (the “Bid

Procedures Order”) not later than August 9, 2013;

(iii) holding an auction for the Sale Transaction (the “Auction”) within 45 days following the Petition Date;

(iv) obtaining entry of a Bankruptcy Court order, in form and substance reasonably satisfactory to the winning bidder at the Auction, approving of the asset purchase agreement and sale of the Assets (pursuant to sections 363(f) and 363(m) of the Bankruptcy Code, free and clear of all liens, claims, interests and encumbrances) and assumption and assignment of designated contracts pursuant to section 365 to the winning bidder at the Auction (the “Sale Approval Order”) within 55 days of the Petition Date; and

(v) closing of the Sale Transaction no later than September 30, 2013.

Financial Reporting:

Unless otherwise consented to by the DIP Agent and DIP Lenders:

1. The Borrower shall provide to the DIP Agent, DIP Lenders, and any official committee appointed in the cases (“Committee”) on Wednesday of each week a list of all planned disbursements for the following week.
2. The Borrower shall provide to the DIP Agent, DIP Lenders and Committee no later than 3:00 p.m. on Tuesday of each week (each, a “Reporting Date”), (a) an updated Budget, (b) full accounting of all cash receipts and expenditures disbursed during the past week, commencing on the opening of business on the Monday and through the close of business of such past week, (c) a variance report of actual cash receipts and disbursements to the then applicable Budget of cash receipts and disbursements and a description of any line item variance greater than the Variance, (d) an update on the status of the steps taken with respect to the Sale Process, and (e) an estimate of the funding required for the succeeding 2 weeks.

Events of Default:

The occurrence of any one or more of the following events (each such event and the expiry of the cure period, if any, provided in connection therewith, being herein referred to as an “Event of Default”) shall constitute a default under

this Term Sheet:

1. Debtors' failure to adhere to the Budget, subject to the Variance, by line item in terms of purpose, amount and timing, without DIP Agent's and DIP Lenders' prior consent.
2. Except as specifically provided in Subparagraph 3 in respect of Event of Default arising from a "Variance" as provided for in the Final DIP Order, the failure by the Borrower to perform or comply with any material term, condition, covenant or obligation contained in this Term Sheet, the Interim DIP Order or the Final DIP Order, on its part to be performed or complied with where any such failure to perform or comply shall not be remedied within three (3) business days from notice of default or otherwise cured as provided in the Final DIP Order.
3. Any failure of Debtors' actual performance to meet the requirement of the DIP Budget subject to a variance (i) during each of the first four (4) weeks of the Budget an amount of Total Operating Costs not in excess of 5% of Net Available DIP Financing (for example, for the week ending August 17, 2013, Total Operating Costs cannot exceed \$319,965) and (ii) beginning in the week ending August 31, 2013 and thereafter an amount not in excess of 10% of Net Available DIP Financing (for example, for the week ending September 7, 2013 Net Available DIP Financing cannot be less than \$975,896) ("Variance"), which Variance is not cured by the Debtors by the due date of the next weekly reporting provided under subparagraph 10.b. of the Final DIP Order. of the Final DIP Order.
4. The cessation of the DIP Facility, the Interim DIP Order and the Final DIP Order to be in full force and effect or the DIP Facility being declared by the Court to be null and void or the validity or enforceability the DIP Facility being contested by the Borrower or the Borrower denying in writing that it has any further liability or obligation under the DIP Facility or the DIP Agent ceasing to have the benefit of the DIP Liens granted by the Interim DIP Order or the Final DIP Order.

5. Except as permitted in the Interim DIP Order or the Final DIP Order, the entry of any order of the Court granting a superpriority claim or lien pari passu with or senior to that granted to the DIP Agent and DIP Lenders hereunder.
6. Debs Corporation cancels any material pending order or fails to place new orders substantially consistent with past practices.
7. The entry of an order converting any of the Debtors' chapter 11 cases to a cases under chapter 7 of the Bankruptcy Code, or any Debtors filing a motion or not opposing a motion seeking such relief, unless consented to by the DIP Agent and DIP Lenders.
8. The entry of an order dismissing either of the Debtors' chapter 11 cases, or any Debtors filing a motion or not opposing a motion seeking such relief, unless consented to by the DIP Agent and DIP Lenders.
9. The entry of any order in the Debtors' chapter 11 cases or any successor cases, which order constitutes the stay, modification, appeal or reversal of the Interim DIP Order or the Final DIP Order, as applicable, or which otherwise affects the effectiveness of the Interim DIP Order or the Final DIP Order, as applicable, without the consent of the DIP Agent and DIP Lenders.
10. The entry of an order in the Debtors' chapter 11 cases granting relief from the automatic stay so as to allow a third party or third parties to proceed against any material property, including the DIP Collateral or to commence or continue any prepetition litigation against the Borrower, entry of which relief from stay order could reasonably be expected to result in any impairment of the rights or interests of the DIP Agent or DIP Lenders.
11. Any judgment or order as to postpetition liability or debt for the payment of money in excess of \$25,000 shall be rendered against the Debtors, and the enforcement thereof against DIP Collateral shall not have been stayed, and the enforcement of the

judgment could reasonably be expected to result in any impairment of the rights or interests of the DIP Agent or DIP Lenders.

12. Any non-monetary judgment or order with respect to a postpetition event shall be rendered against the Debtors which does or would reasonably be expected to (i) cause a material adverse change in the financial condition, business, prospects, operations or assets of the Debtors following the entry of the Interim DIP Order or Final DIP Order or (ii) have a material adverse effect on the rights and remedies of the DIP Agent under the DIP Facility, and there shall be a period of fourteen (14) days during which a stay of enforcement of such judgment or order, by reason of pending appeal or otherwise, shall not be in effect.
13. The failure to achieve any of the Milestones as set forth herein, unless otherwise waived by the DIP Agent in writing in its sole discretion.

Governing Law:

California

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EXHIBIT A

	<u>Interim Advance Commitment</u>	<u>Total DIP Facility Commitment</u>
<u>Meserole, LLC</u>	<u>100%</u>	<u>100%</u>
<u>Fuller Smith, LLC</u>		

Summary Report:	
Litéra® Change-Pro TDC 7.0.0.242 Document Comparison done on 8/16/2013 10:09:59 AM	
Style Name: DLA Piper	
Original DMS: iw://WESTDMS/WEST/241818670/1	
Modified DMS: iw://WESTDMS/WEST/241826700/1	
Changes:	
Add	191
Delete	51
Move From	6
Move To	6
Table Insert	5
Table Delete	3
Embedded Graphics (Visio, ChemDraw, Images etc.)	0
Embedded Excel	0
Format Changes	0
Total Changes:	262

PROOF OF SERVICE OF DOCUMENT

I am over the age of 18 and not a party to this bankruptcy case or adversary proceeding. My business address is:
1901 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067.

A true and correct copy of the following document entitled:

DEBTORS' SUBMISSION OF REDLINE RE FINAL ORDER (A) AUTHORIZING DEBTOR TO OBTAIN POSTPETITION FINANCING; (B) GRANTING SUPERPRIORITY EXPENSE CLAIMS AND PRIMING LIENS; AND (C) GRANTING OTHER RELIEF UNDER 11 U.S.C. §§ 105, 361, 362, 363, 364 AND 507(B), F.R.B.P. 2002 AND 4001; AND LBRS 2002-1 AND 4001-2

will be served or was served (a) on the judge in chambers in the form and manner required by LBR 5005-2(d); and (b) in the manner stated below:

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF): Pursuant to controlling General Orders and LBR, the foregoing document will be served by the court via NEF and hyperlink to the document. On August 16, 2013, I checked the CM/ECF docket for this bankruptcy case or adversary proceeding and determined that the following persons are on the Electronic Mail Notice List to receive NEF transmission at the email addresses stated below:

Service information continued on attached page

2. SERVED BY UNITED STATES MAIL:

On August 16, 2013, I served the following persons and/or entities at the last known addresses in this bankruptcy case or adversary proceeding by placing a true and correct copy thereof in a sealed envelope in the United States mail, first class, postage prepaid, and addressed as follows. Listing the judge here constitutes a declaration that mailing to the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

3. SERVED BY PERSONAL DELIVERY, OVERNIGHT MAIL, FACSIMILE TRANSMISSION OR EMAIL (state method for each person or entity served): Pursuant to F.R.Civ.P. 5 and/or controlling LBR, on August 16, 2013, I served the following persons and/or entities by personal delivery, overnight mail service, or (for those who consented in writing to such service method), by facsimile transmission and/or email as follows. Listing the judge here constitutes a declaration that personal delivery on, or overnight mail to, the judge will be completed no later than 24 hours after the document is filed.

Service information continued on attached page

I declare under penalty of perjury under the laws of the United States that the foregoing is true and correct.

August 16, 2013
Date

Kendra A. Johnson
Printed Name

/s/Kendra A. Johnson
Signature

This form is mandatory. It has been approved for use by the United States Bankruptcy Court for the Central District of California.

1. TO BE SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF):

Brian L Davidoff on behalf of Creditor Quercus Trust
bdavidoff@greenbergglusker.com,
jreinglass@greenbergglusker.com;kwoodson@greenbergglusker.com;calendar@greenbergglusker.com;sgaeta@greenbergglusker.com

Patrick B Howell on behalf of Creditor Sensient Imaging Technologies S.A., Sensient Technologies Corporation
phowell@whdlaw.com, dprim@whdlaw.com;tmichalak@whdlaw.com

Ron Maroko on behalf of U.S. Trustee United States Trustee (LA)
ron.maroko@usdoj.gov

David W. Meadows on behalf of Creditor Virginia Electric And Power Co
david@davidwmeadowslaw.com

Stephan W Milo on behalf of Interested Party Courtesy NEF
smilo@wawlaw.com, psilling@wawlaw.com

Margreta M Morgulas on behalf of Debtor Colorep, Inc.
mmorgulas@stutman.com

Margreta M Morgulas on behalf of Debtor Transprint USA, Inc.
mmorgulas@stutman.com

Michael S Neumeister on behalf of Debtor Colorep, Inc.
mneumeister@stutman.com

Michael S Neumeister on behalf of Debtor Transprint USA, Inc.
mneumeister@stutman.com

Michael S Neumeister on behalf of Debtor In Possession Transprint USA, Inc.
mneumeister@stutman.com

Frank T Pepler on behalf of Creditor Meserole, LLC
frank.pepler@dlapiper.com

Danielle A Pham on behalf of Debtor Colorep, Inc.
dpham@stutman.com, daniellepham@gmail.com

Jeffrey M. Reisner on behalf of Interested Party Courtesy NEF
jreisner@irell.com

Christopher O Rivas on behalf of Creditor Columbia Gas of Virginia, Inc.
crivas@reedsmith.com

United States Trustee (LA)
ustpreion16.la.ecf@usdoj.gov

2. SERVED BY UNITED STATES MAIL:

Secured Lenders

Meserole, LLC
Attn: Ari Hirt
152 W 57th Street, 4th Fl.
New York, NY 10019

DLA Piper LLP (US)
Attn: Stuart M. Brown
919 N. Market St., # 1500
Wilmington, DE 19801

DLA Piper LLP (US)
Attn: Frank Pepler & Bertrand Pan
550 S. Hope Street, #2300
Los Angeles, CA 90071-2678

3. SERVED BY PERSONAL DELIVERY

The Honorable Julia Brand
U.S. Bankruptcy Court Central District of California
255 East Temple Street, Suite 1382
Los Angeles, CA 90012

The Honorable Sheri Bluebond
United States Bankruptcy Court
255 East Temple Street, Suite 1482
Los Angeles, CA 90012