

1 GARY E. KLAUSNER (STATE BAR NO. 69077)  
2 MARGRETA M. MORGULAS (STATE BAR NO. 224950), and  
3 KIZZY L. JARASHOW (*Admitted Pro Hac Vice*), and  
4 MICHAEL S. NEUMEISTER (STATE BAR NO. 274220), Members of  
5 **STUTMAN, TREISTER & GLATT**  
6 **PROFESSIONAL CORPORATION**  
7 1901 Avenue of the Stars, 12th Floor  
8 Los Angeles, CA 90067  
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15 Reorganization Counsel  
16 for Debtors and Debtors in Possession

17 Debtors' Mailing Address:  
18 Colorep, Inc. and Transprint USA, Inc.  
19 100 Pleasant Valley Road  
20 Harrisonburg, VA 22801-9790

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

15 In re:  
16 COLOREP, INC.,  
17 a California corporation, et al.,  
18  
19 Debtors.  
20 Tax I.D. Nos. 94-3055026 (Colorep, Inc.) and  
21 54-1200596 (Transprint USA, Inc.)

Case No. 13-bk-27689-WB  
Chapter 11

(Jointly Administered)

**FIRST SUPPLEMENTAL NOTICE TO  
COUNTERPARTIES TO EXECUTORY  
CONTRACTS AND UNEXPIRED LEASES  
THAT MAY POTENTIALLY BE ASSUMED  
AND ASSIGNED**

**CURE NOTICE**

**Hearing date**  
Date: August 8, 2013  
Time: 10:00 a.m.  
Location: Courtroom 1475  
255 East Temple Street  
Los Angeles, CA 90012

1                   **PLEASE TAKE NOTICE** that on July 24, 2013, the above-captioned debtors and  
2 debtors in possession (the "**Debtors**") filed their *Motion For Order: (A) Approving Sale and Bid*  
3 *Procedures For The Sale Of Substantially All The Assets Of Debtor; (B) Scheduling An Auction And*  
4 *Hearing To Consider The Sale And Approve The Form And Manner Of Notice Related Thereto;*  
5 *(C) Establishing Procedures Relating To The Assumption And Assignment Of Certain Contracts;*  
6 *And (D) Granting Other Related Relief* (the "**Motion**").<sup>1</sup> On or about August 12, 2013, the Court  
7 entered an order (the "**Bid Procedures Order**") granting the Motion and approving the bid  
8 procedures annexed hereto (the "**Bid Procedures**") to be used in connection with the auction (the  
9 "**Auction**") of the Debtors' assets (the "**Assets**"). The Assets are being sold free and clear of all  
10 liens, claims, encumbrances and interests, provided that section 363(f) of the Bankruptcy Code has  
11 been satisfied. The Bid Procedures contemplate that a buyer for the Assets will be identified at the  
12 Auction (the "**Buyer**").

13                   **PLEASE TAKE FURTHER NOTICE** that the sale of the Assets will include the  
14 assumption and assignment of various executory contracts and unexpired leases ("**Contracts and**  
15 **Leases**"), to the successful Buyer of the Assets at the Auction.

16                   **The Sale Hearing**

17                   **PLEASE TAKE FURTHER NOTICE** that the Court has scheduled a hearing for  
18 **September 26, 2013 at 2:00 p.m. (Pacific Time)** (the "**Sale Hearing**") to consider approval of the  
19 winning bid(s) and confirm the results of the Auction for the Assets. The Sale Hearing may,  
20 however, be adjourned in open court from time to time, without further notice. The Sale Hearing  
21 will be held before the Honorable Sheri Bluebond, United States Bankruptcy Judge at the United  
22 States Bankruptcy Court for the Central District of California, Los Angeles Division, 255 E. Temple  
23 Street, Courtroom 1475, Los Angeles, CA 90012.

24                   **PLEASE TAKE FURTHER NOTICE** that Exhibit A, attached to this notice is a  
25 list of all Contracts and Leases that could constitute Assumed Contracts in the Auction of the Assets,  
26 together with a designation of the amounts (if any) that, based upon the Debtors' books and records,

27 <sup>1</sup> Capitalized terms used, but not otherwise defined, herein shall have the meaning assigned to  
28 such terms in the Motion.

1 the Debtors assert are owed to the counterparties to the Contracts and Leases to cure any defaults  
2 existing under such contracts as of the Petition Date (the "**Cure Costs**" and this notice a "**Cure**  
3 **Notice**").<sup>2</sup> If you are receiving this Cure Notice, the Debtors have identified you as a non-debtor  
4 counterparty to a Contract or Lease (a "**Counterparty**") that may be sold at the Auction.

5 **PLEASE TAKE FURTHER NOTICE** that the Buyer may exclude any agreement  
6 or agreements from the list of executory contracts and leases at any time prior to the closing.

7 **PLEASE TAKE FURTHER NOTICE** that the fact you are a Counterparty  
8 receiving this Cure Notice does not mean that the Debtors and any potential Buyer of the Assets  
9 have identified any Contract or Lease shown on Exhibit A as one that will be assumed by the  
10 Debtors and assigned to the Buyer identified at the Auction (a Contract or Lease assigned to the  
11 Buyer an "**Assumed Contract**"). If you are Counterparty to Contract or Lease that is later identified  
12 by the Buyer as an Assumed Contract, you will receive a separate Notice of Proposed Assumption  
13 and Adequate Assurance of Future Performance ("**Assumption Notice**") that the Debtors' counsel  
14 will serve on Counterparties to Assumed Contracts not later than September 19, 2013.

15 **PLEASE TAKE FURTHER NOTICE** that the Debtors will deliver a copy of the  
16 Motion to you by facsimile, email or overnight delivery if you send a written request for such  
17 delivery to counsel for the Debtors, Stutman, Treister & Glatt, P.C., 1901 Avenue of the Stars, 12th  
18 Floor, Los Angeles, CA 90067, Attn: Kendra A. Johnson (Paralegal), or via facsimile at (310) 228-  
19 5788, Attn: Kendra A. Johnson, or via email to kjohnson@stutman.com. Any request must specify  
20 whether you desire requested documents via facsimile, email or overnight delivery.

21 **Objections**

22 **PLEASE TAKE FURTHER NOTICE** that if you disagree with the Cure Cost  
23 shown for a Contract or Lease on Exhibit A to which you are a Counterparty, or if you object to the  
24 assumption and assignment of your Contract or Lease on any other ground, you must file an  
25 objection in writing with the United States Bankruptcy Court for the Central District of California,  
26

27 <sup>2</sup> Your receipt of this notice does not constitute an admission by the Debtors that your agreement  
28 actually constitutes an executory contract or unexpired lease under section 365 of the Bankruptcy  
Code, and the Debtors expressly reserve the right to challenge the status of any agreement.

1 Los Angeles Division, 255 E. Temple Street, Courtroom 1475, Los Angeles, CA 90012, on or before  
2 **September 18, 2013 at 12:00 p.m. (Pacific Time)**. Any objection must set forth the specific default  
3 or defaults alleged, set forth any such other ground for objection, and set forth any Cure Cost as  
4 alleged by you, and provide a written summary and supporting documents that evidences the  
5 difference between the Cure Cost asserted by the Debtors and any Cure Cost that you assert is due.

6 **PLEASE TAKE FURTHER NOTICE** that, except as provided below with respect  
7 to Counterparties to Assumed Contracts, any objection to the assumption and assignment of a  
8 Contract or Lease other than an objection concerning the Cure Cost or responsive to an Assumption  
9 Notice, must be in writing, state the basis of such objection with specificity and shall be filed with  
10 the Court, with a courtesy copy to Chambers, and shall be served on: (1) the Debtors, Colorep, Inc.  
11 and Transprint USA, Inc., 1000 Pleasant Valley Road, Harrisonburg, VA 22801-9790, Attn: Robert  
12 Katz, [Proposed CRO], with a copy to counsel for the Debtors, Stutman, Treister & Glatt, P.C., 1901  
13 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067, Attn: Gary E. Klausner, Esq. and Michael  
14 S. Neumeister, Esq.; (2) Counsel to Fuller Smith Capital Management LLC and Meserole, LLC: (a)  
15 DLA PIPER LLP (US) 555 Mission Street, Suite 2400, San Francisco, CA 94105 Attn: Frank  
16 Pepler, Esq. and (b) DLA PIPER LLP (US), 919 N. Market Street, Suite 1500, Wilmington, DE  
17 19801-3046, Attn: Stuart M. Brown, Esq.; and (iii) The Office of the United States Trustee, 725 S  
18 Figueroa St., 26th Floor, Los Angeles, CA 90017, Attn: Ron Maroko, so as to be received by  
19 **September 18, 2013 at 12:00 p.m. (Pacific Time)**.

20 **PLEASE TAKE FURTHER NOTICE** that, if you are a Counterparty to an  
21 Assumed Contract, and receive an Assumption Notice in connection with the sale of your Contract  
22 or Lease to the Buyer, you will be required to assert any objection to assumption and assignment,  
23 including any such objection related to adequate assurance of future performance by the Buyer under  
24 an Assumed Contract, not later than **September 24, 2013 at 12:00 p.m. (Pacific Time)**.

25 **PLEASE TAKE FURTHER NOTICE THAT IF YOU DO NOT TIMELY FILE**  
26 **AND SERVE AN OBJECTION AS STATED ABOVE, THE COURT MAY GRANT THE**  
27 **RELIEF REQUESTED IN THE MOTION WITHOUT FURTHER NOTICE. ANY NON-**  
28 **DEBTOR PARTY TO ANY ASSUMED CONTRACT WHO DOES NOT FILE A TIMELY**

1 **OBJECTION TO THE CURE COSTS FOR SUCH ASSUMED CONTRACT IS DEEMED**  
2 **TO HAVE CONSENTED TO SUCH CURE COSTS, AND ANY NON-DEBTOR PARTY TO**  
3 **ANY ASSUMED CONTRACT WHO DOES NOT FILE A TIMELY OBJECTION ON**  
4 **OTHER GROUNDS IS DEEMED TO HAVE CONSENTED TO SUCH ASSUMPTION AND**  
5 **ASSIGNMENT.**

6 **PLEASE TAKE FURTHER NOTICE** that all requests for information concerning  
7 the Assets and all requests for information concerning the Bid Procedures, should be directed in  
8 writing to (i) the Debtors, Colorep, Inc. and Transprint USA, Inc., 1000 Pleasant Valley Road,  
9 Harrisonburg, VA 22801-9790, Attn: Robert Katz, [Proposed] CRO; and (ii) counsel for the  
10 Debtors, Stutman, Treister & Glatt, P.C., 1901 Avenue of the Stars, 12th Floor, Los Angeles, CA  
11 90067, Attn: Gary E. Klausner, Esq. and Michael S. Neumeister, Esq., or via email to  
12 gklausner@stutman.com and mneumeister@stutman.com.

13  
14 Dated: September 9, 2013

Respectfully submitted,

15  
16 /s/ Michael S. Neumeister  
17 GARY E. KLAUSNER  
18 MARGRETA M. MORGULAS  
19 KIZZY L. JARASHOW  
20 MICHAEL S. NEUMEISTER  
21 **STUTMAN, TREISTER & GLATT**  
22 **PROFESSIONAL CORPORATION**

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Reorganization Counsel  
for Debtors and Debtors in Possession

## **Exhibit A**

**EXHIBIT A**

<b>Contract Counterparty</b>	<b>Description</b>	<b>Proposed Cure Amount</b>
Ultra Pure Solutions, Inc. 325 Greenbrier Dr. Charlottesville, VA 22901	Equipment Supply & Service Agreement	\$441.00

## **BID PROCEDURES**



## Bid Procedures

These bid procedures set forth the process by which Colorep, Inc. and Transprint USA, Inc. (together, the “**Debtors**”), the debtors and debtors in possession in jointly administered chapter 11 bankruptcy cases pending in the United States Bankruptcy Court for the Central District of California (the “**Court**”), consolidated for administration under Case No. 13-bk-27689 (WB), and their non-debtors affiliates (collectively with the Debtors “**Sellers**”), are authorized to conduct a sale by auction (the “**Auction**”) of the Acquired Assets (as defined herein).

1. Motion for Bankruptcy Court Approval of Sale. On July 24, 2013, the Debtors filed with the Court and served *Debtors’ Motion For Orders: (1) Approving Sale Of Debtors’ Assets Under Asset Purchase Agreement Free And Clear Of Liens, Claims And Interests, (2) Approving Assumption And Assignment Of Unexpired Leases And Executory Contracts, (3) Approving Certain Bid And Auction Procedures, (4) Setting Date And Time For Hearing On Proposed Sale, And (5) Approving Form Of Notice Of Auction And Sale Hearing* [Docket No. 69] (the “**Sale Motion**”). The Sale Motion seeks (i) approval of these bid procedures (the “**Bid Procedures**”); (ii) authority to hold the Auction, if necessary; (iii) a hearing to approve the sale, free and clear of all liens, claims, interests and encumbrances, of substantially all assets of the Debtors in accordance with the asset purchase agreement to be submitted to the smartroom maintained by BMC Group in connection with the (the “**APA**”), (iv) authority to assume and assign certain executory contracts and unexpired leases; and (v) approval of the form of notice of these Bid Procedures, the Auction (if one is held) and the Sale Hearing.

2. Entry of Bid Procedures Order. The Court entered its order (the “**Bid Procedures Order**”) approving the Bid Procedures on or about August 12, 2013. *See* Docket No. 109.

3. Assets Subject to Sale Pursuant to the APA. The assets that are being sold pursuant to the APA<sup>1</sup> (the “**Acquired Assets**”) comprise (a) substantially all of the tangible and intangible personal property owned by the Sellers, that is used or useful in the operation of the Debtors’ business; (b) real estate owned by the Debtors; (c) certain executory contracts and unexpired leases of the Debtors (“**Contracts and Leases**”) to be specified by the prevailing bidder (the “**Buyer**”); (d) intellectual property, including patents, trademarks, copyrights and related interests; (e) the equity securities held by the Debtors in certain of their subsidiaries; (f) cash and accounts receivables; and (g) such other property of the Sellers designated by the Buyer, provided however that cash and other assets in an amount to be set forth in the APA of any Prospective Bidder, shall remain in the Debtors' estates to be used in satisfaction of administrative expense claims and those amounts determined necessary to cover the Debtors' wind-down expenses, all as more specifically described in section 1.1 of the APA.

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<sup>1</sup> Any discussion or description herein of the terms of the APA (including the identification of the Acquired Assets subject to the APA) is qualified in its entirety by the terms of the APA itself, which should be reviewed in its entirety by any interested parties. To the extent of any inconsistencies between the Bid Procedures described herein and the APA, the terms of the APA shall govern.

4. Purchase Price. The purchase price will be the highest or otherwise best price and terms, determined at the conclusion of the Auction, by the Debtors, in their business judgment, in consultation with the Official Committee of Unsecured Creditors, if one is formed (“**Committee**”) and Fuller Smith Capital Management LLC (“**FSCM**”) as DIP Agent, and FSCM and Meserole, LLC in their capacities as debtor in possession lenders (“**DIP Lenders**”), if DIP Lenders are not a bidder at the Auction and if the price to be paid by the Buyer in cash is less than the aggregate of all obligations owed to DIP Lenders.

5. Sale Hearing. Pursuant to the Bid Procedures Order, September 26, 2013, at 2:00 p.m. (prevailing pacific time) has been set as the date and time for the hearing (the “**Sale Hearing**”) to approve the sale of the Acquired Assets and the assumption and assignment of executory contracts and unexpired leases of the Debtors before the Honorable Sheri Bluebond, United States Bankruptcy Judge, at the United States Bankruptcy Court, Central District of California, Roybal Federal Building and Courthouse, Courtroom 1475, 255 E. Temple Street, Los Angeles, CA 90012; and approving the other dates, deadlines and procedures described in these Bid Procedures).

6. Due Diligence. All due diligence must be completed by an interested party prior to its submission of a Qualified Bid in connection with the Auction (as those terms are defined below). Any party that wishes to conduct due diligence should promptly contact the Debtors’ Investment Banker. Information regarding the Debtors’ Investment Banker may be obtained from the Debtors’ Bankruptcy Counsel, at the address and telephone numbers shown on the Notice to which these Bid Procedures are attached, or from the Debtors CRO, Executive Sounding Board Associates at the address and telephone numbers shown in Paragraph 8. In addition to information available directly from the Investment Banker, the Debtors have retained BMC Group to maintain an on-line smartroom, containing due diligence materials available to proposed Qualified Bidders. Access information for the BMC Group smartroom may be obtained from the Investment Banker or from counsel or the CRO as provided above. Before the Debtors provide any confidential information to a proposed Qualified Bidder, whether in tangible form or through access to the BMC Group smartroom, such proposed Qualified Bidder shall have delivered to the Debtors a fully executed confidentiality agreement in a form reasonably acceptable to the Debtors (the “**Confidentiality Agreement**”). The Debtors, after reasonable consultation with their advisors and the DIP Lenders, may impose any and all limitations, restrictions or conditions upon an interested party’s ability to conduct due diligence that the Debtors deem reasonably necessary to (i) avoid disruption of the Debtors’ operation; (ii) preserve the value of the Acquired Assets; (iii) protect confidential, proprietary or otherwise sensitive information; or (iv) address any other concerns the Debtors have with respect to any particular factual circumstances surrounding or unique to any particular party (such as if a party is a competitor of the Debtors). The Debtors make no representation or warranty as to the information to be provided through the due diligence process or otherwise, except to the extent set forth in a definitive asset purchase agreement with the Buyer, or in the APA, as executed and delivered by the Debtors.

7. Consideration of Bids. Any party wishing to bid for the Acquired Assets at the Auction (a “**Prospective Bidder**”) must have first submitted an initial, qualified bid. A bidder who submits a Qualified Bid in accordance with the procedures specified herein is a “**Qualified Bidder.**”

8. Submission of a Qualified Bid. To become a Qualified Bidder, a Prospective Bidder must submit a Qualified Bid in writing to the Debtors, to the Debtors’ CRO Robert D. Katz, Managing Director, Executive Sounding Board Associates, 2 Penn Center, 1500 JFK Blvd, Suite 1730, Philadelphia, PA 19102, DIP Lenders and any Committee (collectively, the “**Bid Notice Parties**”) on or before 5:00 p.m. (prevailing pacific time) on September 18, 2013 (the “**Bid Deadline**”). The Debtors will as promptly thereafter as practicable, and in any event prior to the commencement of the Auction, notify each Prospective Bidder whether it has been deemed a Qualified Bidder.

9. Bid Notice Parties. The service information for the Bid Notice Parties is attached hereto as Exhibit "A."

10. Requirements for a Qualified Bid. Each Prospective Bidder, by submitting a bid, shall be deemed to acknowledge that it understands and is bound by the terms of the Bid Procedures and the Bid Procedures Order. To be designated a Qualified Bid, a bid must be submitted so that it is received by all notice parties prior to the Bid Deadline (a “**Submitted Bid**”) and must satisfy the following requirements:

- a. A Submitted Bid must be submitted in the form of an executed purchase agreement in the form of the APA, fully executed by the Prospective Bidder, and must be black-lined off the APA to show any proposed changes to the form APA.
- b. A Submitted Bid must provide for a purchase price that is at least equal to the Initial Auction Bid, payable in cash. In the event that DIP Lenders and Meserole LLC as Debtors’ pre-petition lenders choose to participate in the Auction, the Initial Auction Price will be a credit bid of not less than \$20,000,000.
- c. A Submitted Bid must be accompanied by a good faith deposit by wire transfer, certified or cashier’s check, in the amount of \$750,000 (the “**Good Faith Deposit**”). Each Good Faith Deposit shall be held by counsel to the Debtors in a non interest-bearing account. The Good Faith Deposits of all Prospective Bidders, other than the Buyer and the Back-Up Bidder (defined below), shall be returned in accordance with the procedures set forth in paragraph 16 below.
- d. If not previously delivered to the Debtors, a Submitted Bid must be accompanied by an executed Confidentiality Agreement.

e. At or prior to the Bid Deadline, a Prospective Bidder must provide written evidence of an irrevocable commitment for financing or capital, without any contingency other than the entry of the Sale Order approving the Prospective Bidder as the Buyer, or other satisfactory written evidence that the Prospective Bidder has the financial ability to close the transaction contemplated in the Submitted Bid and to pay the cash component of its proposed purchase price in cash by the earlier of the closing date described in the Submitted Bid, or the “Outside Date” of September 30, 2013 set forth in the APA (the “**Financial Evidence**”).

f. The Financial Evidence shall also include evidence of the Prospective Bidder’s ability to provide adequate assurance of future performance under any executory contract or unexpired lease to be assumed and assigned to the Prospective Bidder under the Prospective Bidder’s proposed asset purchase agreement.

g. The Submitted Bid must be accompanied by a board resolution or other similar document demonstrating the authority of the Prospective Bidder to submit, execute, deliver and close the proposed sale transaction.

h. The Submitted Bid must include an acknowledgement and representation that the Prospective Bidder: (i) has had an opportunity to conduct any and all due diligence regarding the Acquired Assets prior to making its offer, (ii) has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the Acquired Assets in making its bid, (iii) did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law or otherwise, regarding the Acquired Assets, or the completeness of any information provided in connection therewith or the Auction, except as expressly stated in the APA, (iv) agrees that the offer to purchase the Acquired Assets and assume the Assumed Contracts and pay Cure Costs will remain open and capable of being accepted by Debtors and consummated in the event the Buyer does not close under the Successful Bid until two business days following the closing date with the Buyer, and (v) agrees that any non-disclosure agreement or confidentiality agreement entered into with the Debtors shall be enforceable by the Buyer.

i. All Prospective Bidders and Qualified Bidders shall bear their own costs and expenses in connection with submission of bids, the Auction, the sale process and preparation of those documents necessary to effectuate a transfer of title of the assets purchased and all waive any claim or the right to assert a claim for substantial contribution, or reimbursement of expenses or a break up fee.

The Debtors, in reasonable consultation with the Committee, if any, and DIP Lenders, will determine whether a party submitting a bid (i) has demonstrated the financial capacity to consummate the proposed purchase of the Acquired Assets and provide adequate assurance of future performance in respect of the Assumed Contracts to be assigned to such party, (ii) is reasonably likely to consummate the contemplated transactions if selected as the Buyer, (iii) as to DIP Lenders or other Proposed Bidder asserting a lien on the Acquired Assets has a valid, perfected security interest not subject to bona fide dispute, as determined by reference to applicable law, in the Debtors' assets (such parties, if any, the "**Other Secured Parties**") for the purpose of determining whether a bidder is permitted to credit bid, and (iv) has otherwise satisfied the requirements for a Qualified Bid set forth above.

11. Contracts and Leases.

a. Not later than August 27, 2013, the Debtors will file with the Bankruptcy Court and serve on both the Bid Notice Parties and the non-debtor parties to the Contracts and Leases (the "**Contract Notice Parties**"), a notice (the "**Cure Notice**") (a) indicating the Debtors' estimate of the amounts, if any, required to satisfy the cure and compensation requirements of Bankruptcy Code section 365(b)(1) ("**Cure Amount**") with respect to all Contracts and Leases that might be assigned in connection with a sale of the Acquired Assets, (b) providing notice that Qualified Bidders may propose to take an assignment of any of the Contracts and Leases, and (c) providing notice that the deadline for responses or objections to the proposed Cure Amount shall be September 18, 2013.<sup>2</sup>

b. Within one day after the completion of the auction, and the designation by the Buyer of the Contracts and Leases that it desires the Debtors to assume and assign as a part of the Sale, the Debtors will file with the Court and serve on the affected parties, a Notice of Proposed Assumption and Adequate Assurance of Future Performance ("**Assumption Notice**") (i) identifying the Buyer (ii) stating which Contracts and Leases the Buyer desires to be assumed and assigned, (iii) specifying the proposed adequate assurance of future performance offered by the Buyer with respect to each Contract and Lease; and (iv) providing notice that the deadline for responses or objections to the relief sought in the Assumption Notice shall be September 24, 2013.

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<sup>2</sup> The Debtors reserve the right to supplement the list of Assumed Contracts at any time up to the Sale Hearing, in the event that further inquiry by the Debtors after the date of this Motion reveal additional executory contracts and unexpired leases that are disclosed to Prospective Bidders and which any Prospective Bidder desires to acquire. Immediately upon the designation of any such supplement of Assumed Contracts, the Debtors shall give supplemental Cure Notices to any counterparty to such contract, and any counterparty to an Assumed Contract designated by the Debtors in a supplemental Cure Notice may assert an objection to the assumption and assignment of such Assumed Contract at any time up to the date of the Sale Hearing.

12. Credit Bidding. To the extent that any party believes it is entitled to and wishes to submit a credit bid at the Auction (the "**Prospective Credit Bid Parties**"), such party must, by no later than the Bid Deadline, submit a notice to the Bid Notice Parties in writing indicating its desire to credit bid (the "**Credit Bid Notice**"). The Credit Bid Notice must include or attach the following: (i) the dollar figure it intends to credit bid (the "**Credit Bid Amount**"), and (ii) evidence that it holds a valid, perfected, "in the money" security interest in or lien upon the assets to be sold at the Auction in the Credit Bid Amount (for the avoidance of doubt, junior lien holders desiring to credit bid will be required to offer to pay all prior liens in cash in full and credit bid its claim). That evidence should include, *inter alia*, (i) copies of any underlying agreement(s) and/or document(s) giving rise to an obligation of the Debtors to the Prospective Credit Bid Party, (ii) a description of the Debtors' assets upon which the Prospective Credit Bid Party asserts a security interest or lien, (iii) any UCC filings prepared and filed by the Prospective Credit Bid Party in connection with its purported security interest or lien, and (iv) any filings with any trademark, patent or copyright office, as applicable, prepared and filed by the Prospective Credit Bid Party in connection with its purported security interest or lien. The Debtors, in reasonable consultation with the Committee, if any, and DIP Lenders if they are not participating in the Auction, shall determine whether any Prospective Credit Bid Parties have a valid, perfected, first priority security interest not subject to bona fide dispute, as determined by reference to applicable law, in the Debtors' assets for the purpose of determining whether a Prospective Credit Bid Party is permitted to credit bid at the Auction. If there is a dispute as to whether a particular party may credit bid, or as to the amount that a party is entitled to credit bid, and such dispute cannot be resolved by the parties, such dispute shall be submitted to the Court to be decided by the Court at the Sale Hearing. To the extent that any Prospective Credit Bid Party receives notice of this Motion and does not timely submit a Credit Bid Notice in accordance with the above-described procedures, such party shall be deemed to have waived its right to credit bid at the Auction.

13. Auction Procedures. The Debtor will conduct an Auction on **September 19, 2013** in the offices of the Debtors' reorganization counsel, Stutman, Treister & Glatt, PC, 1901 Avenue of the Stars, 12th Floor, Los Angeles, CA 90067, or such other location designated by the Debtors or the Court, in reasonable consultation with the Bid Notice Parties. If there are two or more Qualified Bids, the Debtors shall conduct the Auction in any reasonable manner that is not inconsistent with these Bid Procedures and the Bid Procedures Order, and that provides Qualified Bidders with a fair opportunity to participate, subject to the requirements set forth below. In the event no Qualified Bids or only one Qualified Bid is received, then the Debtors shall not conduct the Auction. If only one Qualified Bid is received, then the Debtors shall submit that Qualified Bid to the Court for approval as the Successful Bid.

- a. Only Qualified Bidders will be permitted to bid at the Auction.
- b. The highest or otherwise best Qualified Bid received for the Acquired Assets and Assumed Contracts and Leases by the Bid Deadline will be the Initial Auction Bid.

- c. Each Qualified Bidder must appear in person or through a duly authorized representative at the Auction. After the announcement of the Initial Auction Bid, the Debtors will request additional bidding at the Auction.
- d. A Qualified Bidder may increase its bid as many times as it chooses, provided that each subsequent bid must exceed the prior bid for the Acquired Assets by at least \$100,000. Such increase may take the form of an all cash bid, a credit bid (with respect to DIP Lenders or the Other Secured Parties, if any), or a combination of both.
- e. The Auction shall continue until the Buyer has been determined by the Debtors, in consultation with the Committee, if any, and DIP Lenders so long as DIP Lenders are not then participating in the Auction. The Buyer shall be the Qualified Bidder making the highest or otherwise best bid at the Auction for the Acquired Assets.

In consultation with the Committee, if any, and DIP Lenders if they are not participating in the Auction, the Debtors reserve the right prior to, during and after the Auction (subject to review by the Bankruptcy Court at the Sale Hearing), to reject any bid that is not in conformity with these Bid Procedures, any order or orders of the Bankruptcy Court, or the Bankruptcy Code, or that is determined not to be in the best interests of the Debtors and their estates, as determined by the Debtors in their sole and reasonable exercise of their business judgment.

14. Back-Up Bidder. As a condition to qualifying to participate in the Auction, each Qualified Bidder shall be deemed to have consented to serve as a “**Back-Up Bidder**.” If an Auction is conducted, the party with the next highest bid after the Buyer at the Auction shall be required to serve as the Back-Up Bidder, and such bid is to remain open for acceptance by the Debtors and consummation by the parties up to and including ten (10) business days following the Outside Date specified in the APA; provided, however, that nothing herein shall be deemed to modify or otherwise alter any provision in the APA, or any rights of termination set forth therein.

15. Selection of Buyer. To conclude the Auction, the Debtors, in consultation with their advisors and Committee, if any, and DIP Lenders so long as they are not then participating in the Auction, will: (i) review each Qualified Bid, and consider each Qualified Bid, on the basis, without limitation, of the amount of the purchase price, the form of consideration being offered, the likelihood of the bidder’s ability to close a transaction and the timing thereof, the number, type and nature of any changes to the APA requested by each bidder, and the net benefit to the Debtors’ estates, (ii) identify the highest or otherwise best offer submitted for the Acquired Assets received at the Auction (the “**Prevailing Bid**”), (iii) designate the party that submitted the Prevailing Bid as the Buyer, and (iv) identify the Back-Up Bidder.

16. Results of Auction. No later than September 24, 2013, the Debtors will file a notice indicating whether an Auction was held and, if so, summarizing the Auction and identifying the Buyer and Prevailing Bid and Back-Up Bidder and its highest Qualified Bid. If no Auction was held, the Buyer shall file a notice indicating the Buyer. At the Sale Hearing, the Court, pursuant to Bankruptcy Code sections 363 and 365, will consider (i) whether to approve the sale of the Acquired Assets to the Buyer, (ii) whether to approve the assumption and assignment of Assumed Contracts to the Buyer, and (iii) any objections by parties with standing to the entry of an order providing such relief (including, without limitation, objections by parties to the Debtors' determination of such parties' ability to credit bid at the Auction).

17. Return of Good Faith Deposits. Except as otherwise provided herein, all Good Faith Deposits shall be returned to each Prospective Bidder not selected by the Debtors to be Qualified Bidders upon such determination, or not selected by the Debtors in accordance with the above procedures as the Buyer or the Back-Up Bidder by no later than the fifth (5<sup>th</sup>) business day following the conclusion of the Auction. The Good Faith Deposit of the Back-Up Bidder shall be held by the Debtors' counsel until ten (10) business days after the Outside Date.

18. Reservation of Rights; Deadline Extension. Notwithstanding any of the foregoing, the Debtors reserve their rights, in the exercise of their fiduciary obligations, and after consultation with the Committee, if any, and DIP Lenders if they are not then participating in the Auction, to modify the Bid Procedures or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Acquired Assets or otherwise modify the APA, including, without limitation, extending the deadlines set forth in these Bid Procedures, modifying bidding increments, adjourning the Auction and/or adjourning the Sale Hearing in open court without further notice, withdrawing from the Auction the Acquired Assets at any time prior to or during the Auction or canceling the Auction, and rejecting any and all Qualified Bids.



EXHIBIT A

**Bid Notice Parties**

1. The Debtors and the Debtors' reorganization counsel at the following addresses:

Colorep, Inc. and Transprint USA, Inc.  
1000 Pleasant Valley Road  
Harrisonburg, VA 22801-9790

and

Gary E. Klausner, Esq.  
Margreta M. Morgulas, Esq.  
Michael S. Neumeister, Esq.  
Stutman, Treister & Glatt, P.C.  
1901 Avenue of the Stars, 12<sup>th</sup> Floor  
Los Angeles, CA 90067

2. ESBA at the following address:

Colorep, Inc. and Transprint USA, Inc.  
1000 Pleasant Valley Road  
Harrisonburg, VA 22801-9790  
Attn: Robert D. Katz, [Proposed] CRO

With a copy to

Executive Sounding Board Associates Inc.  
2 Penn Center, 1500 JFK Blvd, Suite 1730  
Philadelphia, PA 19102  
Attn: Robert D. Katz

3. DIP Lenders and counsel, at the following addresses:

Fuller Smith Capital Management LLC  
Attn: Daniel J. Fuller

New York, NY

Meserole, LLC  
Attn: Ari Hirt

152 West 57<sup>th</sup> Street  
4<sup>th</sup> Floor  
New York, NY 10019

and

Frank Pepler, Esq.  
DLA PIPER LLP (US)  
555 Mission Street  
Suite 2400  
San Francisco, CA 94105

Stuart M. Brown, Esq.  
DLA PIPER LLP (US)  
919 N. Market Street  
Suite 1500  
Wilmington, DE 19801-3046

and

4. Any official committee that may be appointed in the Debtors'  
chapter 11 cases.

### 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, 12<sup>th</sup> Floor, Los Angeles, California 90067. A true and correct copy of the foregoing document entitled (*specify*): **FIRST SUPPLEMENTAL NOTICE TO COUNTERPARTIES TO EXECUTORY CONTRACTS AND UNEXPIRED LEASES THAT MAY POTENTIALLY BE ASSUMED AND ASSIGNED** 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 (*date*) September 9, 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 (*date*) September 9, 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.

Honorable Sheri Bluebond  
U.S. Bankruptcy Court  
255 E. Temple Street  
Room 1482  
Los Angeles, CA 90012

Honorable Julie W. Brand  
U.S. Bankruptcy Court  
255 E. Temple Street  
Suite 1382 / Courtroom 1375  
Los Angeles, CA 90012

Ultra Pure Solutions, Inc.  
325 Greenbrier Dr.  
Charlottesville, VA 22901

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 (*date*) September 9, 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.

September 9, 2013      Therese A. Barron      /s/ Therese A. Barron  
*Date*                              *Printed Name*                              *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 Columbia Gas of Virginia, Inc.  
david@davidwmeadowslaw.com

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 Fuller Smith Capital Management LLC  
frank.pepler@dlapiper.com, keith.nesbit@dlapiper.com

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

Frank T Pepler on behalf of Creditor Saviva FS 1 LP  
frank.pepler@dlapiper.com, keith.nesbit@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

Nicola G Suglia, Esq on behalf of Creditor Canon Financial Services, Inc. c/o Fleischer, Fleischer &  
Suglia  
nsuglia@fleischerlaw.com

United States Trustee (LA)  
ustpregion16.la.ecf@usdoj.gov