

In re:
Colorep, Inc.
Debtor

Case No. 13-27689-WB
Chapter 11

CERTIFICATE OF NOTICE

District/off: 0973-2

User: smilanoC
Form ID: pdf042

Page 1 of 2
Total Noticed: 1

Date Rcvd: Jul 18, 2013

Notice by first class mail was sent to the following persons/entities by the Bankruptcy Noticing Center on Jul 20, 2013.

db +Colorep, Inc., c/o Law Offices of Joseph P. Bartlett, 1900 Avenue of the Stars, 20th Floor, Los Angeles, CA 90067-4501

Notice by electronic transmission was sent to the following persons/entities by the Bankruptcy Noticing Center.
NONE. TOTAL: 0

***** BYPASSED RECIPIENTS *****

NONE. TOTAL: 0

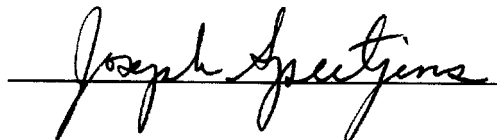
Addresses marked '+' were corrected by inserting the ZIP or replacing an incorrect ZIP.
USPS regulations require that automation-compatible mail display the correct ZIP.

I, Joseph Speetjens, declare under the penalty of perjury that I have sent the attached document to the above listed entities in the manner shown, and prepared the Certificate of Notice and that it is true and correct to the best of my information and belief.

Meeting of Creditor Notices only (Official Form 9): Pursuant to Fed. R. Bank. P. 2002(a)(1), a notice containing the complete Social Security Number (SSN) of the debtor(s) was furnished to all parties listed. This official court copy contains the redacted SSN as required by the bankruptcy rules and the Judiciary's privacy policies.

Date: Jul 20, 2013

Signature:



District/off: 0973-2

User: smilanoC
Form ID: pdf042

Page 2 of 2
Total Noticed: 1

Date Rcvd: Jul 18, 2013

The following persons/entities were sent notice through the court's CM/ECF electronic mail (Email) system on July 18, 2013 at the address(es) listed below:

Brian L Davidoff on behalf of Creditor Quercus Trust bdavidoff@greenbergglusker.com,
jreinglass@greenbergglusker.com;kwoodson@greenbergglusker.com;calendar@greenbergglusker.com;sgaeta@greenbergglusker.com
Danielle A Pham on behalf of Debtor Colorep, Inc. dpham@stutman.com, daniellepham@gmail.com
Frank T Pepler on behalf of Creditor Meserole, LLC frank.pepler@dlapiper.com
Margreta M Morgulas on behalf of Debtor Transprint USA, Inc. mmorgulas@stutman.com
Margreta M Morgulas on behalf of Debtor Colorep, Inc. mmorgulas@stutman.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
United States Trustee (LA) ustpregion16.la.ecf@usdoj.gov

TOTAL: 8

1 **Frank T. Pepler**
2 **Bertrand Pan**
3 **DLA PIPER LLP (US)**
4 550 South Hope Street
5 Suite 2300
6 Los Angeles, CA 90071-2678
7 Telephone: 213-330-7700
8 Facsimile: 213-330-7701

9 **Stuart M. Brown**
10 **DLA PIPER LLP (US)**
11 919 N. Market Street
12 Suite 1500
13 Wilmington, DE 19801-3046
14 Telephone: 302-468-5700
15 Facsimile: 302-394-2341

16 Attorneys for Meserole, LLC



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

20 In re:
21 Colorep, Inc., et al.,
22 Debtor.
23 Tax I.D. No. 94-3055026

Case No. 13-bk-27689-WB
Chapter 11
Motion for Joint
Administration With Case No.
13-bk-27698-WB Pending)

24 In re:
25 TRANSPRINT USA, INC.,
26 a Virginia corporation,
27 Debtor.

**INTERIM 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**

28 Tax I.D. No. 54-1200596

DATE: JULY 15, 2013
TIME: 2:00 A.M.
PLACE: 255 E. TEMPLE STREET,
COURTROOM 1375
LOS ANGELES, CA 90012

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

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

1 and transactions contemplated in the DIP Term Sheet and
2 herein, including without limitation a credit agreement, if
3 any, and any other documents granting a lien upon, or
4 control (for Uniform Commercial Code purposes) of the DIP
5 Collateral (as defined below) as security for payment of the
6 DIP Obligations (as defined below) (collectively, the
7 **"Ancillary DIP Agreements"**; the DIP Term Sheet, the
8 Ancillary DIP Agreements, this Order (this **"Interim DIP**
9 **Order"**) and the Final DIP Order (as defined below),
10 collectively, the **"DIP Documents"**), and that the DIP
11 Documents are entered into in connection with postpetition
12 financing (the **"DIP Loan"** or the **"DIP Financing"**) consisting
13 of a superpriority and senior, priming lien, secured term
14 credit facility (collectively, the **"DIP Facility"**) pursuant
15 to which: (i) Debtors, on an interim basis, may (a) borrow
16 from the DIP Lenders multiple draw term loans up to an
17 aggregate principal amount outstanding not to exceed
18 \$1,000,000 under the terms of the DIP Documents, including
19 this Interim DIP Order, and to provide working capital for
20 Debtors until the Termination Date in an amount sufficient
21 to prevent immediate and irreparable harm to the estates
22 prior to a Final Hearing (as defined below) on the Motion
23 (the **"Interim DIP Advances"** or the **"Interim DIP Facility"**),
24 (ii) conditioned on the execution and satisfaction of the
25 conditions to lending under all of the DIP Documents, and
26 upon entry of the Final DIP Order, Debtors, on a final
27 basis, may borrow from the DIP Lenders multiple draw term
28 loans up to an aggregate principal amount outstanding not to

1 exceed \$2,000,000 (inclusive of the Interim DIP Advances)
2 under the terms of the DIP Documents and upon the entry of
3 the Final DIP Order to provide working capital for Debtors
4 until the Termination Date;

5 ii) authorization for Debtors to execute and enter
6 into the DIP Documents and to perform such other and further
7 acts as may be required in connection with the DIP
8 Documents;

9 iii) limitation of Debtors' right to surcharge any Pre-
10 Petition Collateral (as defined below) and DIP Collateral
11 (as defined below) under sections 105, 506(c) and 552(b) of
12 the Bankruptcy Code;

13 iv) under Bankruptcy Rule 4001 and Local Rule 4001-2,
14 an interim hearing (the "**Interim Hearing**") on the Motion for
15 approval of the DIP Facility and this Interim DIP Order; and

16 v) a final hearing (the "**Final Hearing**") to be held
17 within 21 days after entry of this Interim DIP Order to
18 consider final approval of the DIP Documents, entry of a
19 Final DIP Order approving the DIP Documents and authorizing
20 the balance of the borrowings under the DIP Documents on a
21 final basis (the "**Final DIP Order**"), as set forth in the
22 Motion and the DIP Documents, which will be filed with this
23 Court prior to the Final Hearing.

24 Debtors having served notice pursuant to sections 102(1),
25 361, 362, 363 and 364 of the Bankruptcy Code and Bankruptcy Rules
26 2002, 4001(b) and (c) and Local Bankruptcy Rules 4001-2, 2002-
27 2(a)(4) and 9013, of the Motion, the relief requested therein on
28 an interim basis and the Interim Hearing on, among others,

1 Debtors' Twenty Largest unsecured creditors as set forth in the
2 list filed by Debtors pursuant to Bankruptcy Rule 1007(d) (the
3 **"Twenty Largest Creditors List"**); counsel for the Pre-Petition
4 Lender, DIP Agent, DIP Lenders, all known holders of liens on
5 Debtors' assets; and the Office of the United States Trustee for
6 the Central District of California (the **"United States Trustee"**);

7 The Debtors having filed Cases on July 10, 2013 (the
8 **"Petition Date"**)

9 The Interim Hearing having been held by this Court on July
10 15, 2013;

11 Upon the record made by Debtors at the Interim Hearing, the
12 record in these Cases and the Declaration of Mark A. Fox, dated
13 July 11, 2013, in support of First Day Pleadings, and it
14 appearing that the Pre-Petition Lender consents to the approval
15 of this Interim DIP Order, and that interests of all other
16 holders of liens on the Pre-Petition Collateral are also
17 adequately protected, and after due deliberation and
18 consideration and sufficient cause appearing therefor:

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

20 1. *Disposition.* The Motion is granted on an interim basis
21 on the terms set forth in this Interim DIP Order. Any objections
22 to the relief sought in the Motion or this Interim DIP Order that
23 have not been previously resolved or withdrawn, and all
24 reservations of rights contained therein, are overruled on the
25 merits, except as objections to a Final DIP Order. This Interim
26 DIP Order shall be valid, binding and enforceable on all parties
27 in interest and fully effective immediately upon entry, subject
28 only to the entry of the Final DIP Order.

1 2. *Jurisdiction and Venue.* This Court has jurisdiction over
2 the Cases and the Motion as a core proceeding and over the parties
3 and property affected hereby under 28 U.S.C. §§ 157(b) and 1334.
4 Venue is proper before this Court under 28 U.S.C. §§ 1408 and
5 1409. No request has been made for the appointment of a trustee or
6 examiner.

7 3. *Notice.* Under the circumstances, the notice given by
8 Debtors of the Motion, the relief requested therein, and the
9 Interim Hearing pursuant to Bankruptcy Rules 2002, 4001(b) and (c)
10 and Local Bankruptcy Rules 4001-2, 2002-2(a)(4) and 9013
11 constitutes appropriate, due and sufficient notice thereof and
12 complies with Bankruptcy Rules 2002, 4001(b) and (c) and Local
13 Bankruptcy Rules 4001-2, 2002-2(a)(4) and 9013, and the notice of
14 the relief to be sought at the Final Hearing as prescribed herein
15 below is adequate and appropriate.

16 4. *Findings Regarding the DIP Financing.*

17 a. The DIP Term Sheet and the Ancillary DIP
18 Agreements have been negotiated in good faith and at arm's length
19 between all parties thereto, all of which were or have been
20 represented by experienced counsel, ~~are fair and reasonable under~~
21 ~~the circumstances, are for reasonably equivalent value and fair~~
22 ~~consideration,~~ are enforceable in accordance with their terms,
23 and have been and shall be deemed to have been entered into and
24 extended in good faith, as that term is used in Section 364(e) of
25 the Bankruptcy Code

26 b. Debtors do not have available sources of working
27 capital and financing, including Cash Collateral, to carry on the
28 operation of their business without obtaining the DIP Financing.

1 Debtors need interim funding under the DIP Financing as
2 authorized herein, subject to the limitations set forth in the
3 DIP Budget (as defined below) (i) to finance, among other things,
4 the orderly continuation of the operation of their businesses;
5 (ii) to maintain business relationships with vendors, suppliers
6 and customers; (iii) to finance payroll; (iv) to make capital
7 expenditures; (v) to satisfy other working capital and
8 operational needs; (vi) to pay DIP Agent's and DIP Lenders' Fees
9 and Expenses (as defined below) pursuant to the terms hereof;
10 (vii) to pay the Carve Out (as defined below); (viii) to pay such
11 items as are set forth by line item in the DIP Budget; and (ix)
12 for other lawful purposes in the ordinary course of Debtors'
13 business not prohibited by the DIP Documents or this Interim DIP
14 Order ("**Permissible Uses**"). The access of Debtors to sufficient
15 working capital and liquidity through borrowings under the DIP
16 Facility is vital to the preservation and maintenance of the
17 going concern values of Debtors and to a successful
18 reorganization of Debtors.

19 c. Debtors are unable to obtain financing on more
20 favorable terms from sources other than the DIP Lenders under the
21 DIP Documents and are unable to obtain adequate unsecured credit
22 allowable under sections 364(c)(1) or 503(b)(1) of the Bankruptcy
23 Code as an administrative expense. Debtors are also unable to
24 obtain secured credit from sources other than the DIP Lenders
25 that would be allowable under sections 364(c)(2), 364(c)(3) and
26 364(d)(1) of the Bankruptcy Code for the purposes set forth in
27 the DIP Documents and Superpriority Claims as defined and set
28 forth herein. ~~The terms of the DIP Term Sheet are fair and~~

1 ~~commercially reasonable and in the best interests of creditors.~~

2 d. The terms of the DIP Term Sheet, ~~the Ancillary DIP~~
3 ~~Agreements~~ and this Interim DIP Order ~~are fair and commercially~~
4 ~~reasonable,~~ reflect Debtors' prudent exercise of business
5 judgment consistent with their fiduciary duties. ~~and constitute~~
6 ~~reasonably equivalent value and fair consideration.~~

7 e. The DIP Term Sheet, the Ancillary DIP Agreements
8 and the terms of the DIP Facility have been negotiated in good
9 faith and at arm's length among Debtors and the DIP Agent, and
10 all of Debtors' obligations and indebtedness arising under, in
11 respect of or in connection with the DIP Facility, the DIP Term
12 Sheet and the Ancillary DIP Agreements, including without
13 limitation, any and all amounts due, whether now existing or
14 hereafter arising, under DIP Term Sheet or any Ancillary
15 Agreement, including any and all principal, interest, penalties,
16 fees, charges, premiums, indemnities and costs owed or owing to
17 the DIP Agent or any DIP Lender by the Debtors, in each instance,
18 whether absolute or contingent, direct or indirect, secured or
19 unsecured, due or not due, primary or secondary, joint or
20 several, arising by operation of law or otherwise, and all
21 interest and other charges thereon, including post-petition
22 interest (collectively, the "**DIP Obligations**"), shall be deemed
23 to have been extended by the DIP Agent and DIP Lenders and their
24 respective affiliates in good faith, as that term is used in
25 section 364(e) of the Bankruptcy Code and in express reliance
26 upon the protections offered by section 364(e) of the Bankruptcy
27 Code, and the DIP Obligations, the DIP Lien (as defined below)
28 and the Superpriority Claims (as defined below) shall be entitled

1 to the full protection of section 364(e) of the Bankruptcy Code
2 in the event that this Interim DIP Order or any provision hereof
3 is vacated, reversed or modified, on appeal or otherwise, or by
4 denial of the Final DIP Order or modification of the terms of the
5 DIP Financing authorized by this Interim DIP Order by the terms
6 of the Final DIP Order.

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

16 5. *Authorization of the DIP Financing Under the DIP*
17 *Documents.*

18 a. *Interim DIP Advances.* Subject to the satisfaction
19 of the conditions precedent set forth in the DIP Term Sheet,
20 pursuant to and upon entry of this Interim DIP Order, Debtors are
21 hereby authorized to enter into, and shall be bound by the
22 provisions of, the DIP Documents. Debtors are hereby, based on
23 entry of this Interim DIP Order, authorized to borrow the Interim
24 DIP Advances.

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

1 the DIP Documents other than the Interim DIP Advances until the
2 Court has entered another Interim Order or the Final DIP Order
3 and all of the conditions for such lending set forth in the DIP
4 Documents have been satisfied or waived by the DIP Agent. Upon
5 entry of the Final DIP Order, Debtors shall be authorized to
6 borrow the full amount of the DIP Loan pursuant to the DIP
7 Documents and all limitations set forth therein.

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

14 6. *Mandatory Prepayments.* Unless otherwise agreed by DIP
15 Agent in its sole and absolute discretion,¹ and except as provided
16 below, the DIP Loan shall be mandatorily prepaid and the maximum
17 amount of the DIP Loan shall be permanently reduced by net
18 proceeds received from all dispositions of DIP Collateral outside
19 the ordinary course of business, including all proceeds from sales
20 of equipment, fixed assets, proceeds of other sales of DIP
21 Collateral (but excluding, for the purpose of clarity, Debtors'
22 collection of their accounts receivable in the ordinary course of
23 business), all insurance proceeds from any casualty to DIP
24 Collateral and all proceeds of any condemnation award in respect
25 of, any DIP Collateral (but excluding insurance or condemnation

26 _____
27 ¹ 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 award proceeds to the extent reasonably required to replace or
2 repair facilities or equipment that are necessary for Debtors'
3 business operations) ("**Collateral Disposition Proceeds**"). All
4 Collateral Disposition Proceeds shall be promptly paid to the DIP
5 Agent to reduce the DIP Obligations.

6 7. *Maturity Date.* Subject to compliance with the terms and
7 conditions of the DIP Documents and this Interim DIP Order,
8 Debtors are authorized, during the period from the date of entry
9 of this Interim DIP Order through and including the Maturity Date
10 (defined below) to use Cash Collateral and the Interim DIP
11 Advances. The term "Maturity Date" means the earliest of (a)
12 twenty-one (21) days from the date of this Interim DIP Order if a
13 Final DIP Order has not been issued or, such later date to which
14 the DIP Agent may consent in writing, (b) ninety (90) days from
15 the Petition Date; (c) the effective date of a plan of
16 reorganization; (d) 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"); (e)
19 delivery of the Carve-Out Event Notice; (f) the entry of an order
20 by the Court approving an alternative DIP financing; and (g) 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.

25 8. *Requests for Interim DIP Advances.* Subject to the
26 limitations of this Interim DIP Order and the DIP Documents,
27 including the limitation to Permissible Uses so long as the
28 Maturity Date has not occurred and no Event of Default has

1 occurred and is continuing, Debtors may request Interim DIP
2 Advances by delivering to the DIP Agent an Interim DIP Advance
3 Request. Interim DIP Advances may be requested on not less than
4 two (2) Business Days' advance notice to the DIP Agent and not
5 more frequently than once per week.

6 9. *Budget*. Debtors will only use Cash Collateral and the
7 proceeds of Interim DIP Advances for Permissible Uses, including,
8 subject to the Variances (as defined below), (i) the costs and
9 expenses associated with the operation of Debtors' business and
10 the conduct of the Cases in the amounts and categories of Debtors'
11 budget, delivered to and agreed by the DIP Agent prior to entry of
12 this Interim DIP Order in the form attached hereto as Exhibit "1"
13 and which is hereby approved (the "**Budget**")², setting forth by
14 line item net cash flow (including cash receipts and cash
15 disbursements) projected by Debtors on a weekly basis for the time
16 period from Petition Date for a period of thirteen (13) weeks.

17 10. *Reporting Requirements*. Debtors will provide the DIP
18 Agent, DIP Lenders and Committee with any written financial
19 information or reporting on the same terms as provided in the DIP
20 Documents. In addition, from and after entry of this Interim DIP
21 Order, Debtors shall deliver to the DIP Agent, DIP Lenders and the
22 Committee the following:

23 _____
24 ² The Budget attached hereto was prepared by the Debtor's newly appointed
25 Chief Restructuring Officer on the first day of his engagement and will
26 require revision and further detail. The Budget covers the period only
27 through July 26, 2013. As indicated in the Budget, a revised budget
28 containing a 13 week cash flow will be prepared and submitted by the Debtor
and its CRO for approval by DIP Agent. Further, the Budget contains a
"Contingency" of \$100,000, however each expenditure within the Contingency
must be submitted to the DIP Agent for DIP Agent's approval, in its sole and
absolute discretion, before DIP Agent has any obligation to fund and Debtor
has authority to make such disbursement.

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

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

14 c. On each Wednesday, beginning with Wednesday of the
15 second week following entry of this Interim DIP Order, Debtors
16 shall deliver a report, for the week ending on the preceding
17 Wednesday, of actual net cash flow (including cash receipts and
18 cash disbursements) and expenditures (accounts payable) in each
19 case comparing Debtors' actual performance to the Budget, in a
20 form reasonably satisfactory to the DIP Agent, and a
21 certification from Debtors' CEO, CFO or CRO certifying that the
22 reports fairly present the financial condition and results of
23 operations of Debtors for such period (each an "**Actual Cash Flows**
24 **Report**").

25 d. On each Wednesday, beginning with Wednesday of the
26 second week following entry of this Interim DIP Order, Debtors
27 shall deliver to the DIP Agent, DIP Lenders and Committee a
28 reasonably detailed explanation for any Variances in the Actual

1 Cash Flows Report from the Budget, in a form reasonably
2 satisfactory to the DIP Agent (each, a "Variance Report").

3 e. Together with any Interim DIP Advance request,
4 Debtors shall deliver to the DIP Agent, DIP Lenders and Committee
5 a report, as of the close of the immediately preceding Business
6 Day, stating Debtors' actual cash balances, in form and in detail
7 reasonably satisfactory to the DIP Agent.

8 f. As and when reported to the United States Trustee,
9 all interim reports and operating statements. On each Wednesday,
10 Debtors shall deliver to DIP Agent a status report detailing
11 Debtors' sale marketing efforts and upon receipt, copies of all
12 expressions of interest, offers, letters of intent, and proposed
13 asset purchase agreement.

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

23 11. *DIP Loan Covenants.* Debtors shall observe all covenants
24 in the DIP Documents and in this Interim DIP Order at all times
25 prior to the indefeasible payment in full of all outstanding DIP
26 Obligations.

27
28

1 12. *Implementation, Supplementation and Modification of DIP*
2 *Documents.* In furtherance of this Interim DIP Order and without
3 further approval of this Court:

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

16 b. The DIP Agent, DIP Lenders and Debtors may agree
17 in writing executed by them to (x) the execution, delivery and
18 performance of one or more waivers, consents or forbearances
19 under the DIP Documents (it being understood that no further
20 approval of the Court shall be required for waivers, consents or
21 forbearances under the DIP Documents, or any amendment, waiver,
22 consent or forbearance fees paid in connection therewith); (y) to
23 make any non-material amendments or modifications to the DIP
24 Documents; and (z) to make any Material Modification or Amendment
25 (as defined below) to the DIP Documents; *provided* that notice of
26 any Material Modification or Amendment to the DIP Documents shall
27 be filed with the Bankruptcy Court and served by Debtors on the
28 Committee's counsel, and the United States Trustee, whom shall

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

18 c. Debtors are authorized and directed to perform all
19 other acts required under or in connection with the DIP
20 Documents.

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

24 a. *Interest.* Interest on the DIP Obligations shall
25 accrue at the rate equal to 16% per annum, in each case, payable
26 upon the Maturity Date or thereafter on demand. On the
27 occurrence and during the continuation of an Event of Default,
28 interest will be payable on all DIP Obligations at a rate that is

1 3% above the otherwise applicable rate. Interest calculations
2 will be based on a 360 day year and actual days elapsed. None of
3 the fees, costs and expenses payable under this paragraph shall
4 be subject to separate or prior approval by this Court and no
5 recipient of these payments shall be required to file a motion or
6 interim or final fee application pursuant to the provisions of
7 sections 327, 328, 329, 330 or 331 of the Bankruptcy Code in
8 regard thereto.

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

20 14. *Effectiveness of DIP Documents.* Upon entry of this
21 Interim DIP Order (the "**Effective Date**") the DIP Documents shall
22 constitute valid and binding obligations of Debtors, enforceable
23 against Debtors in accordance with their respective terms and the
24 terms of this Interim DIP Order for all purposes during the Cases,
25 any subsequently converted cases of Debtors under Chapter 7 of the
26 Bankruptcy Code or after the dismissal of the Cases. No
27 obligation, DIP Obligation, payment, transfer or grant of security
28 under the DIP Documents or this Interim DIP Order shall be stayed,

1 restrained, voidable, avoidable or recoverable under the
2 Bankruptcy Code or under any applicable law (including without
3 limitation, under sections 502(d), 548 or 549 of the Bankruptcy
4 Code or under any applicable state Uniform Fraudulent Transfer
5 Act, Uniform Fraudulent Conveyance Act or similar statute or
6 common law), or subject to any defense, reduction, setoff,
7 recoupment or counterclaim.

8 15. *Conditions Precedent to Interim DIP Advances and DIP*
9 *Loan.* Interim DIP Advances under this Interim DIP Order and
10 advances under the DIP Loan under the Final DIP Order are
11 conditioned on the satisfaction of all of the conditions precedent
12 described in the DIP Documents and the following:

13 a. Due service of the Motion on required parties in
14 form acceptable to the DIP Agent in its sole and absolute
15 discretion.

16 b. Entry of this Interim DIP Order and approval for
17 the Interim DIP Advances in form acceptable to the DIP Agent in
18 sole and absolute discretion, including scheduling of hearing on
19 Final DIP Order on or before August 2, 2013, in form acceptable
20 to the DIP Agent in its sole and absolute discretion.

21 c. DIP Agent shall have received executed originals
22 of the DIP Documents and the Ancillary Agreements and the credit
23 facility evidenced thereby.

24 d. Control agreements executed in favor of the DIP
25 Agent over all bank accounts.

26 e. Satisfactory business due diligence review by the
27 DIP Agent and DIP Lenders of Debtors and the Budget, cash flow
28 projections and operating plan and other relevant information.

1 f. Continued engagement at all times of Executive
2 Sounding Board Associates Inc. as CRO, pursuant to the Debtors'
3 pre-petition agreement therewith, subject to subsequent approval
4 in these cases as a post-petition professional on terms
5 acceptable to DIP Agent in its sole discretion.

6 g. The DIP Agent shall have received and been
7 satisfied with all orders entered by the Bankruptcy Court.

8 16. *Conditions Precedent to Final DIP Facility.* Conditions
9 precedents shall include those set forth in the DIP Documents and
10 the following:

11 a. No Event of Default has occurred under this
12 Interim DIP Order or the DIP Documents, and no event or condition
13 that with notice or the lapse of time, or both, would constitute
14 an Event of Default, has occurred and is continuing under this
15 Interim DIP Order or the DIP Documents.

16 b. The Bankruptcy Court shall have entered the Final
17 DIP Order in form acceptable to DIP Agent in its sole and
18 absolute discretion, certified by the Clerk of the Bankruptcy
19 Court as having been duly entered, and the Final DIP Order shall
20 be in full force and effect and shall not have been vacated,
21 reversed, modified, amended or stayed without the prior written
22 consent of the DIP Agent.

23 c. The DIP Agent shall have received such additional
24 documents, information and materials as the DIP Agent may
25 reasonably request.

26 17. *DIP Liens.* As security for the DIP Obligations,
27 effective and perfected by and upon the date of entry of this
28 Interim DIP Order and without the necessity of the execution or

1 recordation of filings by Debtors or DIP Agent, of security
2 agreements, pledge agreements, fixture filings, control
3 agreements, financing statements or other similar documents, or
4 the possession or control by the DIP Agent of, or over, any DIP
5 Collateral, the following security interests and liens are hereby
6 granted to the DIP Agent for its own benefit and on behalf of the
7 DIP Lenders on all tangible and intangible assets of Debtors,
8 whether now existing or hereafter arising, and whether or not
9 encumbered prior to the Petition Date, and the proceeds thereof in
10 every form received, including, but not limited to: (i) all
11 accounts, (ii) all inventories, (iii) all intangibles, (iv) all
12 other assets of Debtors including but not limited to intellectual
13 property of every nature, good will, contract rights, Commercial
14 Tort Claims, and equipment, and (v) any and all cash of Debtors
15 (whether maintained with the DIP Agent or otherwise),
16 (collectively, the "**DIP Collateral**"), provided, however, that DIP
17 Collateral shall not include (i) Debtors' claims and causes of
18 action under sections 502(d), 544, 545, 547, 548, 549, 550 and 553
19 of the Bankruptcy Code and any other avoidance actions under the
20 Bankruptcy Code (collectively, the "**Avoidance Actions**"); ~~provided,~~
21 ~~however, (y) any Avoidance Actions against the DIP Agent, DIP~~
22 ~~Lenders and Pre-Petition Lender and (z) any Avoidance Actions~~
23 ~~against and recovery from the judgment creditor/garnisher that~~
24 ~~received approximately \$35,000 of Borrower's property subject to~~
25 ~~the Pre-Petition Lender's prior lien shall constitute DIP~~
26 ~~Collateral~~ (all such liens and security interests granted to the
27 DIP Agent pursuant to this Interim DIP Order and the DIP
28

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

3 a. *Senior, Priming, First Priority Priming Lien on*
4 *Substantially All Assets.* Except as provided in subparagraph (b)
5 below, pursuant to section 364(d) of the Bankruptcy Code, DIP
6 Agent is granted a valid, binding, continuing, enforceable,
7 fully-perfected, senior and priming first priority senior
8 security interest in and lien upon all DIP Collateral, except
9 liens permitted under the Pre-Petition Lender's credit agreement,
10 which were on the Petition Date valid, unavoidable and perfected
11 pre-petition security interests ("**Permitted Liens**").

12 b. *Junior DIP Lien.* DIP Agent is granted a junior
13 lien pursuant to Section 11 U.S.C. § 364(c) (3) on all property of
14 Debtors; which was on the Petition Date subject to Permitted
15 Liens.

16 c. For avoidance of doubt, the DIP Agent consents to
17 a junior lien on DIP Collateral to be granted in favor of the
18 Pre-Petition Lender and other pre-petition lenders holding such
19 claims as adequate protection replacement liens.

20 18. *Superpriority Claims.* Subject to the Carve Out, and,
21 notwithstanding anything that may be contained herein to the
22 contrary, solely to the extent necessary to satisfy any deficiency
23 that may remain after resort to any DIP Collateral that may be
24 available to satisfy their DIP Obligations, pursuant to section
25 364(c) (1) of the Bankruptcy Code, all of the DIP Obligations shall
26 constitute allowed senior administrative expense claims against
27 Debtors, jointly and severally, with priority over any and all
28 unpaid administrative expenses, diminution claims and all other

1 claims against Debtors, now existing or hereafter arising, of any
2 kind whatsoever (the "**Superpriority Claims**"), including, without
3 limitation, all other unpaid administrative expenses of the kind
4 specified in sections 503(b) and 507(b) of the Bankruptcy Code,
5 and over any and all administrative expenses or other claims
6 arising under sections 105, 326, 328, 330, 331, 503(b), 506(c),
7 507(a), 507(b), 546, 726, 1113 or 1114 of the Bankruptcy Code, and
8 shall at all times be senior to the rights of Debtors, any
9 successor trustee or any creditor, in these Cases or any
10 subsequent proceedings under the Bankruptcy Code, whether or not
11 such expenses or claims may become secured by a judgment lien or
12 other non-consensual lien, levy or attachment, which allowed
13 claims shall be payable from and have recourse to all DIP
14 Collateral. The Superpriority Claims granted hereunder shall also
15 have recourse to any and all proceeds or property in respect of
16 (i) ~~any and all proceeds of Avoidance Actions (the "**Avoidance**~~
17 ~~**Action Proceeds**") whether or not such proceeds or property is~~
18 ~~recovered from a judgment, settlement or otherwise, and in (ii)~~
19 the Debtors' rights, choses in action, or claims of any kind
20 whatsoever, choate or inchoate, present or residual, which for any
21 reason cannot be made subject to the DIP Lien ("**Unencumbered**
22 **Assets**"). Prior to payment in full of the DIP Obligations, Debtors
23 agree that they will not sell, pledge, hypothecate or otherwise
24 encumber ~~any Avoidance Action Proceeds~~ or Unencumbered Assets.

25 19. Meserole, LLC, in such capacity, the Pre-Petition
26 Lender, and Colorep, as borrower and its wholly-owned
27 subsidiaries, as guarantors, are parties to that certain Amended
28 and Restated Loan and Security Agreement dated as of August, 2011

1 (as the same may have been amended, modified or restated from time
2 to time, the "**Pre-Petition Credit Agreement**") pursuant to which
3 the Pre-Petition Lender agreed to lend on a revolving basis up to
4 the principal sum of \$25 million under the terms and conditions
5 set forth therein. As of the Petition Date, Colorep was indebted
6 to the Pre-Petition Lender in an amount not less than \$19 million.
7 The Pre-Petition Lender asserts valid, enforceable, unavoidable,
8 perfected, first priority liens on and security interests in
9 substantially all assets of Colorep, now owned and after acquired,
10 and the proceeds thereof, as further detailed in the Pre-Petition
11 Credit Agreement ("**Pre-Petition Liens**" and "**Pre-Petition**
12 **Collateral**", as applicable). The cash proceeds of the Pre-
13 Petition Collateral constitute cash collateral, as defined by
14 section 363(a) of the Bankruptcy Code ("**Cash Collateral**"), in
15 which the Pre-Petition Lender asserts an interest. ~~Any challenge~~
16 ~~to the perfection of the Pre-Petition Liens on the Pre-Petition~~
17 ~~Collateral, whether by complaint, motion or other action, and~~
18 ~~whether by the Debtor or any Committee, shall be commenced not~~
19 ~~later than 60 days' after the Effective Date of this Order, or all~~
20 ~~such challenges shall be deemed waived and the Pre-Petition Liens~~
21 ~~shall be deemed perfected.~~

22 20. The Pre-Petition Lender consents to the Debtors use of
23 Cash Collateral under the terms and conditions set forth in this
24 Interim DIP Order prior to the Termination Date and subject to the
25 Budget, and in consideration for the adequate protection to be
26 provided by the Debtors, as follows:

27 (i) The Pre-Petition Lender is hereby granted a replacement
28 lien ("**Adequate Protection Lien**") on the DIP Collateral to

1 the extent of any diminution in value of the Pre-Petition
2 Lender's interest in the Pre-Petition Collateral resulting
3 from the priming of the Pre-Petition Liens by the DIP Liens,
4 Debtors' use of Cash Collateral ~~or the imposition of the~~
5 ~~stay~~, which Adequate Protection Lien shall have priority
6 junior to the Carve Out, Permitted Liens, and DIP Liens;
7 (ii) The Pre-Petition Lender is hereby granted a super-
8 priority administrative claim ("**Adequate Protection Claim**")
9 to the extent of any diminution in value of the Pre-Petition
10 Lender's interest in the Pre-Petition Collateral resulting
11 from the priming of the Pre-Petition Liens by the DIP Liens,
12 the Debtors' use of Cash Collateral ~~or the imposition of the~~
13 ~~stay~~, which Adequate Protection Claim shall have priority
14 over all other administrative claims, except it shall be
15 subject to the Carve Out and Super-Priority Claim granted to
16 the DIP Agent;
17 (iii) The Debtors shall provide to the Pre-Petition Agent
18 each report required to be provided to the DIP Agent under
19 the DIP Documents and this Interim DIP Order;
20 (iv) Each event giving rise to the Maturity Date shall
21 constitute a terminating event with respect to the Debtors'
22 use of Cash Collateral; and
23 (v) Each event or omission giving rise to an Event of
24 Default shall constitute an Event of Default with respect to
25 the Debtors' use of Cash Collateral and the Pre-Petition
26 Lender shall be afforded the same rights and remedies
27 granted to the DIP Agent; provided, however, that the Pre-
28 Petition Lender shall first provide 10 Business Days'

1 advance notice to the DIP Agent before commencing to
2 exercise any right or remedy upon an Event of Default and
3 only in the event the DIP Agent does not commence to take
4 any action may the Pre-Petition Agent commence to exercise
5 any right or remedy.

6 21. *Carve Out*. For purposes hereof, "**Carve Out**" shall mean
7 the liens on and security interests in the Pre-Petition Collateral
8 and DIP Collateral and the superiority administrative expense
9 claims shall be subordinate to the "Carve Out" or "Carve-Out
10 Expenses": (a) statutory fees payable to the United States Trustee
11 pursuant to 28 U.S.C. § 1930(a)(6); (b) fees payable to the clerk
12 of the Court or any agent thereof; (c) an amount equal to the
13 lesser of (x) the reasonable and Budgeted professional fees and
14 expenses actually incurred in the Chapter 11 cases by any
15 professionals retained under section 327, 363, or 1103(a) of the
16 Bankruptcy Code (the "Permitted Professional Fees") prior to the
17 occurrence of a Carve-Out Event, whenever allowed by the Court,
18 and (y) \$250,000, for payment of Permitted Professional Fees
19 incurred prior to the occurrence of a Carve-Out Event, to the
20 extent allowed by this Court, of which \$125,000 shall be disbursed
21 directly to Stutman, Treister & Glatt, P.C ("STG"), Borrower's
22 bankruptcy counsel, as an initial Interim Advance upon entry of
23 the Interim DIP Order, to be applied to STG post petition fees and
24 expenses in accordance with applicable rules governing payment of
25 professional fees; and (d) after the occurrence of a Carve-Out
26 Event, an amount equal to the lesser of (x) the Permitted
27 Professional Fees incurred following the occurrence of a Carve-Out
28 Event, whenever allowed by the Court, and (y) \$25,000, for payment

1 of Permitted Professional Fees incurred after the occurrence of a
2 Carve-Out Event, to the extent allowed by this Court. Any payment
3 of Permitted Professional Fees, other than the application of pre-
4 petition retainers held by any such professional, shall reduce the
5 DIP Agent's and DIP Lenders' DIP Facility commitment and the
6 Carve-Out Expenses dollar for dollar. Upon the first day on which
7 the DIP Agent is entitled to exercise remedies under the Interim
8 DIP Order and Final DIP Order (the "Carve-Out Event") and provides
9 written notice thereof to Borrower (the "Carve-Out Event Notice"),
10 the right of the Borrower to pay Permitted Professional Fees,
11 other than pursuant to clause (d) above outside the Carve-Out
12 shall terminate. Upon the entry of the Final DIP Order the DIP
13 Agent shall fund a reserve in the amount of the Permitted
14 Professional Fees, which shall satisfy the DIP Agent's and DIP
15 Lenders' obligation for Permitted Professional Fees under the
16 Carve Out. For the purpose of clarity, the Carve Out shall be
17 reduced dollar for dollar by amounts paid to Professional Persons
18 or on account of Court and UST Fees by Debtors. The Carve Out
19 shall not be reduced by retainers received by Professional Persons
20 prior to the Petition Date.

21 ~~22. Limitation on Charging Expenses Against Pre-Petition~~
22 ~~Collateral and DIP Collateral. Effective upon the entry of the~~
23 ~~Final DIP Order, except to the extent of the Carve Out, no~~
24 ~~expenses of administration of these Cases or any future proceeding~~
25 ~~that may result from these Cases, including liquidation in~~
26 ~~bankruptcy or other proceedings under the Bankruptcy Code, may be~~
27 ~~charged against or recovered from the Pre-Petition Lender, Pre-~~
28 ~~Petition Collateral, DIP Agent, DIP Lenders or DIP Collateral~~

~~1 under sections 105, 506(c) and 552(b) of the Bankruptcy Code or
2 any similar principle of law, without the prior written consent
3 respectively of the Pre-Petition Lender, the DIP Agent and DIP
4 Lenders, and no consent of the Pre-Petition Lender, the DIP Agent
5 or any DIP Lender may be implied from any other action, inaction,
6 or acquiescence by them, provided however, that DIP Agent shall be
7 deemed to have consented to the payment in the ordinary course of
8 business of operating expenses, professional expenses and other
9 costs as provided for in the approved Budget; and provided further
10 however, that no expenses of administration of these Cases or any
11 future proceeding that may result from these Cases, including
12 liquidation in bankruptcy or other proceedings under the
13 Bankruptcy Code, incurred or accrued during the period under this
14 Interim DIP Order may be charged against or recovered from the
15 Pre-Petition Lender, Pre-Petition Collateral, DIP Agent, DIP
16 Lenders or DIP Collateral under sections 105, 506(c) and 552(b) of
17 the Bankruptcy Code or any similar principle of law, without the
18 prior written consent respectively of the Pre-Petition Lender, the
19 DIP Agent and DIP Lenders in the event the Budget proves
20 inadequate. Except on the terms as provided in this Interim DIP
21 Order, Debtors are enjoined and prohibited from (i) using the Cash
22 Collateral or Interim DIP Advances; (ii) using the DIP Collateral;
23 (iii) applying to any court for an order authorizing the use of
24 the Cash Collateral or DIP Collateral or Unencumbered Assets as
25 collateral for debtors in possession financing other than the DIP
26 Facility under the DIP Documents.~~

27 23. *Perfection of DIP Liens.*

28 a. The DIP Liens granted under this Interim DIP Order

1 shall constitute valid and duly perfected security interests and
2 liens, and the DIP Agent is hereby not required to file or record
3 any Notice Filings which otherwise may be required under federal
4 or state law in any jurisdiction, or take any action, including
5 taking possession, to validate and perfect such DIP Liens and
6 such DIP Liens shall be deemed valid, perfected, allowed,
7 enforceable, non-avoidable and not subject to challenge, dispute
8 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 Interim DIP Order or the Final DIP Order
27 or any such Notice Filings, and all such documents shall be
28 deemed to have been filed and recorded at the time of and on the

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

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

10 24. *Events of Default.* In addition to the Events of Default
11 under the DIP Documents and Pre-Petition Credit Agreement, which
12 are incorporated herein and constitute events of default
13 hereunder, the following shall constitute events of default (each,
14 an "**Event of Default**") under this Interim DIP Order:

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

19 b. If the Cases are dismissed or converted to Chapter
20 7 cases; or if a Chapter 11 trustee, a responsible officer, or an
21 examiner with enlarged powers relating to the operation of the
22 business of Debtors (powers beyond those established in section
23 1106(a) (3) and (4) of the Bankruptcy Code) is appointed in the
24 Cases.

25 c. The Bankruptcy Court enters an order granting
26 relief from the automatic stay to the holder or holders of a
27 security interest to permit foreclosure (or the granting of a
28 deed in lieu of foreclosure or the like) on any material assets

1 of Debtors which have an aggregate value in excess of \$10,000.

2 d. An order is entered reversing, amending,
3 supplementing, suspending or staying this Interim DIP Order or
4 the Final DIP Order.

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

10 f. Any judgment in excess of \$10,000 as to any post-
11 petition date obligation not covered by insurance is rendered
12 against Debtors and the enforcement of the judgment against the
13 Debtors' estates has not been stayed.

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

19 h. Debtors have not consummated the Sale by the
20 sixtieth day following the Petition Date.

21 i. A plan is confirmed in the Cases that does not
22 provide for termination of the DIP Loan and payment in full in
23 cash of outstanding DIP Obligations (on the effective date of a
24 plan of reorganization or liquidation) unless DIP Agent consents
25 to confirmation of such plan providing for an alternative
26 treatment of the DIP Loan, or any order is entered that dismisses
27 the Cases and which order does not provide for such termination
28 and payment, or Debtors seek support or fail to contest the

1 filing or confirmation of a plan or the entry of an order that
2 does not provide for full and immediate payment and satisfaction
3 of the DIP Obligations.

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

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

18 l. Failure to obtain Final DIP Order approving the
19 DIP Facility on or before August 2, 2013.

20 m. Any failure of Debtors' actual performance to meet
21 the requirement of the DIP Budget subject to a variance on each
22 line item not in excess of 10% per line item and in the aggregate
23 in any week ("**Variance**").

24 n. Failure of Debtors to satisfy in a timely fashion
25 any of the Reporting Requirements of this Interim DIP Order.

26 o. Debtors default in the due and punctual payment of
27 any payment, fee or expense owing to DIP Agent pursuant to any of
28 the DIP Documents, when and as the same shall become due and

1 payable, whether at the Maturity Date, by acceleration or
2 otherwise.

3 p. Any material provision of the DIP Documents shall
4 at any time fail for any reason to be in full force and effect,
5 or the DIP Facility shall terminate, be terminated or become void
6 or unenforceable by the DIP Agent for any reason whatsoever
7 without the prior written consent of DIP Agent.

8 q. The DIP Documents and the Interim DIP Order and
9 Final DIP Order shall, for any reason, cease to create valid DIP
10 Liens on any of the DIP Collateral purported to be covered
11 thereby or such DIP Lien shall cease to be a perfected lien
12 having the priority provided herein pursuant to Section 364 of
13 the Bankruptcy Code against Debtors and their estates, or
14 Debtors, or any other party in interest purporting to act on
15 behalf of the estates shall so allege in any pleading filed in
16 any court.

17 r. Debtors shall default in the performance or
18 observance of any material covenant, agreement or provision
19 contained in any DIP Document or in any other instrument or
20 document evidencing or creating any obligation, guaranty or lien
21 in favor of DIP Lender in connection with or pursuant to the DIP
22 Documents.

23 s. Any representation or warranty made or deemed made
24 by the Debtors under or in connection with this Interim DIP
25 Order, DIP Document or any information or report delivered by the
26 Debtors pursuant to this Interim DIP Order or any DIP Document
27 shall prove to have been incorrect or untrue in any material
28 respect when made or deemed made or delivered.

1 t. The Debtors enter into any transaction or
2 agreement that could reasonably be expected to result in a change
3 of control that is to become effective prior to payment in full
4 of the DIP Obligations; or a change of control shall have
5 occurred prior to payment in full of the DIP Obligations.

6 u. Debtors are enjoined, restrained or in any way
7 prevented by the order of any court or any Governmental Entity
8 from conducting all or any material part of its business for more
9 than 5 days.

10 25. *Protection of the DIP Agent's Rights.*

11 a. *Remedies on Termination Date.* Subject to the
12 following provisions of this paragraph, on and after the Maturity
13 Date, the DIP Agent for itself and for the benefit of the DIP
14 Lenders shall have the exclusive right to exercise all rights and
15 remedies under the DIP Documents as provided below, including in
16 respect of exercising all rights and remedies to dispose of the
17 DIP Collateral, in such commercially reasonable manner, including
18 the sale of the DIP Collateral as a going concern under the
19 supervision of the Bankruptcy Court, as the DIP Agent may
20 determine to effect the repayment of the DIP Obligations with the
21 proceeds of such dispositions. After the occurrence and during
22 the continuance of an Event of Default that has not either (i)
23 been waived by the DIP Agent or (ii) subject **to** an order granting
24 the DIP Agent relief from the automatic stay as set forth in
25 subparagraph c. below, the DIP Agent may undertake the following
26 remedies: **set forth in subparagraph b.**

27 b. *Remedies Available Without Notice Or Further Court*
28 *Approval.* On the Maturity Date, without further Order of the

1 Court, the automatic stay of Section 362(a) of the Bankruptcy
2 Code having been hereby lifted for such purposes (i) DIP Agent's
3 and DIP Lenders' commitments shall automatically terminate and
4 Debtors' right to obtain Interim DIP Advances on the terms and
5 conditions set forth in the DIP Documents and in this DIP Order
6 shall terminate automatically, (ii) the unpaid balance of the DIP
7 Obligations (and any unpaid and accrued interest) shall
8 automatically be accelerated and become immediately due and
9 payable, and (iii) the DIP Agent may instruct any depository bank
10 holding any bank account of the Debtors that is subject to a
11 control agreement entered into either before or after the
12 commencement of this case in favor of DIP Agent or Meserole, as
13 appropriate, that all funds in that account shall be frozen until
14 DIP Agent consents to disbursement thereof **or an order of this**
15 **Court authorizes such disbursement;** provided, however, that the
16 DIP Agent shall permit disbursement of funds to cover outstanding
17 checks issued to pay expenses incurred consistent with the
18 Budget.

19 c. Stipulation to Shortened Time. Except for the
20 actions authorized to be taken by the DIP Agent without notice or
21 further Court order under the prior subparagraph, upon the
22 occurrence of any Event of Default under this Interim DIP Order
23 or under the DIP Documents, the Debtors hereby stipulate and
24 agree that any motion for relief from stay by DIP Agent may be on
25 not less than 7 calendar days' notice, with notice to the United
26 States Trustee, **and** any official, statutory committee hereafter
27 appointed in the Cases (each, a "Committee") **or if no Committee**
28 **is appointed the 20 largest unsecured creditors, and all entities**

1 **asserting liens in the assets of the Debtors.** DIP Agent may seek
2 relief to exercise all of its rights and remedies against the DIP
3 Collateral by foreclosure, collection, suit, receivership or
4 otherwise pursuant to the DIP Documents and applicable law.
5 ~~Following notice of an Event of Default.~~ If no objection is
6 filed by Debtors, the United States Trustee or any Committee **or**
7 **any other party receiving notice of the Motion,** by 3 days prior
8 to the hearing on DIP Agent's motion for relief from stay, then
9 such failure shall be deemed a consent by the Debtors to the
10 relief requested and DIP Agent shall be authorized to submit a
11 declaration of non-opposition to its Motion for Relief From Stay
12 and obtain an order pursuant to such motion and declaration and
13 Debtors shall have no further remedy or recourse with regard to
14 the DIP Collateral, including but not limited to no right to
15 request use of Cash Collateral or DIP Collateral. Debtors and the
16 Committee shall not have the right to seek relief, including,
17 without limitation, under section 105 of the Bankruptcy Code, to
18 the extent such relief would in any way impair or restrict the
19 rights and remedies of the DIP Agent set forth in this Interim
20 DIP Order or the DIP Documents. The delay or failure of the DIP
21 Agent to seek relief or otherwise exercise or enforce its rights
22 and remedies under this Interim DIP Order or the DIP Documents
23 shall not constitute a waiver of the DIP Agent's rights or
24 remedies.

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

28

1 26. *Preservation of Rights Granted Under this Interim DIP*
2 *Order.*

3 ~~a. No claim or lien having a priority superior to or~~
4 ~~*pari passu* with those granted by this Interim DIP Order to the~~
5 ~~DIP Agent in respect to the DIP Collateral shall be granted or~~
6 ~~allowed while any portion of the DIP Obligations remains~~
7 ~~outstanding. Subsequent to the Petition Date, Debtors shall not~~
8 ~~grant to any party or suffer any liens senior to the DIP Agent~~
9 ~~and DIP Liens, except with the DIP Agent's prior written consent.~~
10 ~~The DIP Liens shall not be subject or subordinate to (i) any lien~~
11 ~~or security interest that is avoided and preserved for the~~
12 ~~benefit of Debtors and their estates under section 551 of the~~
13 ~~Bankruptcy Code, (ii) any liens arising after the Petition Date~~
14 ~~including, without limitation, any liens or security interests~~
15 ~~granted in favor of any federal, state, municipal or other~~
16 ~~governmental unit, commission, board or court for any tax~~
17 ~~liability of Debtors, whether secured or unsecured, including~~
18 ~~property taxes for which liability is in rem, in personam, or~~
19 ~~both, except a tax of a kind specified in section 507(a)(8) of~~
20 ~~the Bankruptcy Code, (iii) any intercompany or affiliate liens of~~
21 ~~Debtors or (iv) subordinated to or made *pari passu* with any other~~
22 ~~lien or security interest under sections 363 or 364 of the~~
23 ~~Bankruptcy Code or otherwise.~~

24 b. Unless all DIP Obligations shall have been
25 indefeasibly paid in full and all DIP Facility commitments
26 terminated, Debtors shall not seek (i) any order modifying or
27 extending this Interim DIP Order without the prior written
28 consent of the DIP Agent, and no such consent shall be implied by

1 any other action, inaction or acquiescence of the DIP Agent, (ii)
2 any order modifying or extending this Interim DIP Order or
3 adversely affecting the rights, priorities and liens provided
4 herein without the prior written consent of the DIP Agent or
5 (iii) an order converting or dismissing the Cases. If an order
6 dismissing the Cases under section 1112 of the Bankruptcy Code or
7 otherwise is at any time entered, such order shall provide (in
8 accordance with sections 105 and 349 of the Bankruptcy Code) that
9 (x) the DIP Liens and the Superpriority Claims in favor of the
10 DIP Agent pursuant to this Interim DIP Order shall continue in
11 full force and effect and shall maintain their priorities as
12 provided in this Interim DIP Order until all DIP Obligations
13 shall have been indefeasibly paid in cash and satisfied in full
14 and the DIP Obligations shall have been terminated and that such
15 Superpriority Claims and the DIP Liens remain binding on all
16 parties in interest, and (y) this Court shall retain
17 jurisdiction, notwithstanding such dismissal, for the purposes of
18 enforcing the Superpriority Claims and the DIP Liens to the
19 fullest extent authorized by statute and applicable law.

20 c. If any or all of the provisions of this Interim
21 DIP Order are hereafter reversed, modified, vacated or stayed,
22 such reversal, modification, vacatur or stay shall not affect (i)
23 the validity, priority or enforceability of any DIP Obligations
24 incurred prior to the actual receipt of written notice by the DIP
25 Agent, as applicable, of the effective date of such reversal,
26 modification, vacatur or stay or (ii) the validity or
27 enforceability of the DIP Liens or the Superpriority Claims
28 authorized or created hereby with respect to any DIP Obligations.

1 Notwithstanding any such reversal, modification, vacatur or stay,
2 any DIP Obligations incurred by Debtors to the DIP Agent prior to
3 the actual receipt of written notice by the DIP Agent of the
4 effective date of such reversal, modification, vacatur or stay
5 shall be governed in all respects by the original provisions of
6 this Interim DIP Order, as applicable, and the DIP Agent shall be
7 entitled to all the rights, remedies, privileges and benefits
8 granted in sections 363(m) and 364(e) of the Bankruptcy Code and
9 this Interim DIP Order with respect to all DIP Obligations.

10 d. Except as expressly provided in this Interim DIP
11 Order or the DIP Documents, the DIP Liens, the Superpriority
12 Claims, and the DIP Obligations, and all other rights and
13 remedies of the DIP Agent granted by the provisions of this
14 Interim DIP Order shall survive, and shall not be modified,
15 impaired or discharged by (i) the entry of an order converting
16 the Cases to a case under chapter 7, dismissing the Cases,
17 terminating the joint administration of the Cases or by any other
18 act or omission or (ii) the entry of an order confirming a plan
19 of reorganization in the Cases and, pursuant to section
20 1141(d) (4) of the Bankruptcy Code, Debtors having hereby waived
21 any discharge of any remaining DIP Obligations. The terms and
22 provisions of this Interim DIP Order shall continue in these
23 Cases, in any successor Cases if these Cases cease to be jointly
24 administered, or in any superseding chapter 7 Case under the
25 Bankruptcy Code, and the DIP Liens, the Superpriority Claims, the
26 DIP Obligations, and all other rights and remedies of the DIP
27 Agent granted by the provisions of this Interim DIP Order shall
28 continue in full force and effect until the DIP Obligations are

1 indefeasibly paid in full.

2 27. *Limitation on Use of the Interim DIP Advances.* ~~Debtors~~
3 ~~have waived any and all claims and causes of action against the~~
4 ~~DIP Agent and DIP Lenders and their respective agents, affiliates,~~
5 ~~subsidiaries, directors, officers, representatives, attorneys or~~
6 ~~advisors, directly related to the DIP Facility and this Interim~~
7 ~~DIP Order or the negotiation of the terms thereof.~~ Notwithstanding

8 anything herein or in any other order by this Court to the

9 contrary, no borrowings under the DIP Facility or proceeds of the

10 DIP Collateral or the Carve Out **authorized pursuant to this**

11 **Interim DIP Order** may be used for any of the following without the

12 prior written consent of each affected party: (a) to object,

13 contest or raise any defense to, the validity, perfection,

14 priority, extent or enforceability of any amount due under the

15 this Interim DIP Order, the DIP Facility, or the DIP Liens or

16 Superpriority Claims granted under this Interim DIP Order or the

17 DIP Documents or the Pre-Petition Credit Agreement and Pre-

18 Petition Lender, (b) to assert any claims or defenses or causes of

19 action against the DIP Agent and DIP Lenders or their respective

20 agents, affiliates, subsidiaries, directors, officers,

21 representatives, attorneys or advisors, (c) to prevent, hinder or

22 otherwise delay the DIP Agent's assertion, enforcement or

23 realization on the DIP Collateral in accordance *with the DIP*

24 *Documents or this Interim DIP Order*, (d) to seek or to modify any

25 of the rights granted to the DIP Agent hereunder, under this

26 Interim DIP Order or under the DIP Documents, or (e) to pay any

27 amount on account of any claims arising before the Petition Date

28

1 unless such payments are approved by an order of this Court and
2 consented to by the DIP Agent.

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

20 ~~29. *Depository Bank Compliance.* All depository banks and~~
21 ~~blocked account banks shall comply, for the benefit of DIP Agent,~~
22 ~~with the terms and conditions of any blocked account agreement,~~
23 ~~restricted account agreements, account control agreements, DDA~~
24 ~~notifications, credit card notifications, or other similar~~
25 ~~documents received or furnished in connection with the DIP~~
26 ~~Documents or Pre-Petition Credit Agreement.~~
27
28

1 30. *No Waiver.* DIP Agent's failure to seek relief or
2 otherwise exercise any of its rights and remedies under the DIP
3 Documents or this Interim DIP Order shall not constitute a waiver
4 of any of DIP Agent's rights hereunder, thereunder, or otherwise.
5

6 31. *No Third Party Beneficiary.* Except as provided herein,
7 this Interim DIP Order does not create any rights for the benefit
8 of any third party, creditor, or any direct, indirect, or
9 incidental beneficiary. The provisions of this Interim DIP Order
10 shall inure to the benefit of, and be binding upon, the Debtors,
11 or any representative of the Debtors' estates, DIP Agent, DIP
12 Lenders, Pre-Petition Lender, and any assignee or successor to any
13 of the foregoing, including any trustee thereafter appointed in
14 these Cases, and shall also be binding upon all creditors of the
15 Debtors, the Debtors' estates, and other parties in interest.

16 32. *No Control.* In determining to make any loan under DIP
17 Facility, the DIP Documents or this Interim DIP Order, in
18 approving a proposed budget or granting or withholding consent or
19 approval, or in exercising any rights or remedies as and when
20 permitted pursuant to the DIP Documents or this Interim DIP Order,
21 DIP Agent and DIP Lenders shall not be deemed to be in control of
22 the operations of the Debtors or to be acting as a "responsible
23 person" or "owner or Operator" with respect to DIP Agent's or DIP
24 Lenders' role, if any, as a mortgagee in possession, or on account
25 of the operation or management of the Debtors (as such terms, or
26 any similar terms, are used in the United States Comprehensive
27 Environmental Response, Compensation and Liability Act, 29 U.S.C.

28

1 § 9601 et seq., as amended, or any similar federal or state
2 statute).

3 33. *Headings.* Sections headings used herein are for
4 convenience only and are not to affect the construction of or to
5 be taken into consideration in interpreting this Interim DIP
6 Order.

7 34. *Waiver of any Applicable Stay.* ~~Any applicable~~ **The** stay
8 ~~(including, without limitation,~~ under Bankruptcy Rule 6004(h)~~)~~ is
9 hereby waived and shall not apply to this Interim DIP Order.

10 35. *Final Hearing.* The Final Hearing will be held on July
11 31, 2013 at 2:00 p.m. (prevailing Pacific time) before this Court
12 (the "**Final Hearing**") **in Courtroom 1475.**

13 36. *Notice Of Final Hearing And Final DIP Order.* Debtors
14 shall, within one (1) Business Day after the entry of this Interim
15 DIP Order, mail by overnight mail (i) a notice of the Final
16 Hearing and the objection deadlines set forth below (the "**Final**
17 **Hearing Notice**"), and (ii) copies of this Interim DIP Order on (a)
18 the United States Trustee; (b) the Twenty Largest Unsecured
19 Creditors as set forth in the list filed by Debtors pursuant to
20 Bankruptcy Rule 1007(d), (c) all parties in interest on whom
21 service is required by Debtors' order limiting notice entered in
22 these Cases and their counsel and (d) all other known holders of
23 liens on Debtors' assets, (e) counsel to the Committee, if any has
24 been appointed, (f) the California Department of Justice, Attorney
25 General's Office, and (g) the other parties on whom the Court
26 directed service on the record of the Interim Hearing. Objections
27 by any party in interest to this Interim DIP Order shall be filed
28 with this Court and served by overnight mail or personal delivery

1 to the parties listed below at the addresses set forth below no
2 later than July 25, 2013 at 4:00 p.m. (prevailing Pacific time).
3 At the Final Hearing, this Court will consider the objections
4 properly filed and served. Any party in interest objecting to the
5 relief sought at the Final Hearing must serve a written objection
6 on (i) Frank Pepler, DLA Piper LLP (US), 550 South Hope Street,
7 Suite 2300, Los Angeles, CA 90071-2678, and Stuart M. Brown, DLA
8 Piper LLP (US), 919 Market Street, Suite 1500, Wilmington, DE
9 19801, (ii) Gary Klausner, Stutman, Treister & Glatt, 1901 Avenue
10 of the Stars, 12th floor, Los Angeles, CA 90067, and (iii) the
11 Office of the United States Trustee for the Central District of
12 California, and file the objection with the Clerk of the United
13 States Bankruptcy Court for the Central District of California at
14 Edward R. Roybal Federal Building and Courthouse, 255 E. Temple
15 Street, Room 940 Los Angeles, CA 90012 or in the Electronic Court
16 Filing (ECF) system of the Bankruptcy Court for the Central
17 District of California, in each case to allow actual receipt by
18 above-named parties who are required to be served objections no
19 later than July 25, 2013 at 4:00 p.m. (prevailing Pacific time).

20 //

21 //

22 //

23 //

24 //

25 //

26 //

27 //

28

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

IT IS SO ORDERED.

###

Date: July 18, 2013


Julia W. Brand
United States Bankruptcy Judge

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

**NOTICE OF ENTERED ORDER AND
SERVICE LIST**

Notice is given by the court that a judgment or order entitled:

ORDER EXTENDING THE DEADLINE TO FILE SCHEDULES

was entered on the date indicated as "Entered" on the first page of this judgment or order and will be served in the manner stated below:

1. **SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)** - Pursuant to controlling General Orders and LBRs, the foregoing document was served on the following persons by the court via NEF and hyperlink to the judgment or order. As of July 16, 2013, the following persons are currently on the Electronic Mail Notice List for this bankruptcy case or adversary proceeding to receive NEF transmission at the email addresses stated below.

Service information continued on attached page

2. **SERVED BY THE COURT VIA UNITED STATES MAIL:** A copy of this notice and a true copy of this judgment or order was sent by United States mail, first class, postage prepaid, to the following persons and/or entities at the addresses indicated below:

Service information continued on attached page

3. **TO BE SERVED BY THE LODGING PARTY:** Within 72 hours after receipt of a copy of this judgment or order which bears an "Entered" stamp, the party lodging the judgment or order will serve a complete copy bearing an "Entered" stamp by United States mail, overnight mail, facsimile transmission or email and file a proof of service of the entered order on the following persons and/or entities at the addresses, facsimile transmission numbers, and/or email addresses stated below:

Service information continued on attached page

1 **1. SERVED BY THE COURT VIA NOTICE OF ELECTRONIC FILING (NEF)**

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

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

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

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

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

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

15 **3. TO BE SERVED BY THE LODGING PARTY:**

16 Debtor:	Office of the US Trustee
17 Colorep, Inc.	Ron Maroko , Esq.
18 c/o Law Offices of Joseph P.	725 S Figueroa St Ste 2600
19 Bartlett	Los Angeles, CA 90017
20 1900 Avenue of the Stars	213-894-4520
21 20th Floor	

22 **Secured Lenders**

23 Meserole, LLC	Counsel to Meserole LLC
24 Attn: Ari Hirt	DLA Piper LLP (US)
25 152 W 57th Street, 4th Floor	Attn: Stuart Brown
26 New York, New York 10019	919 North Market Street
	Suite 1500
	Wililmington, Delaware 19801

27 **Parties Asserting a Secured Interest**

28 Debs Corporation	BDG (Larry Levy)	Cheran Digital
8F Honmachi Center Building	177 Riverside Drive	Imaging &
2-6-10 Honmachi	Newport Beach, CA 92663	Consulting
Chuo-ku		798 Burnt Gin Road
Osaka 541-0053		Gaffney, South
JAPAN		Carolina 29340

1		Counsel to Cheran Digital Imaging & Consulting	Danzas Corporation
2	Cheran Digital Imaging & Consulting	Dillina W. Stickley	t/a DHL Global Forwarding
3	1506 Old Georgia Hwy	Hoover Penrod PLC	433B Carlisle Drive, Herndon, VA 20170
4	Gaffney, SC 29341	342 South Main Street	
5		Harrisonburg, VA 22801	Counsel to Waste Management of Virginia
6	Counsel to Danzas Corporation	3580 S. Main Street	David H. Gougher PC
7	David H. Gougher PC	Harrisonburg, VA 22801	7834 Forest Hill
8	7834 Forest Hill Avenue		Counsel to Vern & Mary Jane Michael LC
9	Richmond, VA 23225		LC
10		Vern & Mary Jane Michael LC	Litten & Sipe
11	Fisher Textiles, Inc.	8218 Port Republic Rd	Attn: Melisa G. Michelsen, Esq.
12	139 Business Park Drive	Port Republic, VA 24471-2654	Riddleberger Brothers
13	Indian Trail, NC 28079		6127 S. Valley Pike
14			Mt. Crawford, VA 22841
15	Roy Rolando	Counsel to Roy Rolando	Summit Financial Resources
16	509 Wirt Avenue	Roland Santos	2455 East ParleysWay,
17	Elkton, VA 22827	52 E Market Street	Salt Lake City, UT 84109
18		Harrisonburg, VA 22801	Counsel for Quercus Trust
19			Brian Davidoff, Esq.
20	Counsel to Riddelberg Brothers	Victoria Home Imp. LLC	Greenberg Glusker, et al.
21	Lenhart Obenshain	3200 Honey Flower Ct	
22	100 10th Street NE	Chesapeake, VA 23323-1952	
23	Suite 300		
24	Charlottesville, VA 22902		
25		David Gelbaum, Trustee	
26	Faunus Group International, Inc.	Quercus Trust	
27	80 Broad Street, 22nd Floor	1835 Newport Blvd, A109 - PMB 467	
28	New York NY 10004	Costa Mesa, CA 92627	
29			
30	Dolly & Robert K. Raisler	David Grzan	Anne Rand
31	Foundation, Inc.	2680 Silver View Drive	392 Rutland Avenue
32	2600 Netherland Avenue, #520	Orono, MN 55356	Teaneck, NJ 07666
33	Bronx, NY 10463 - 4857		
34		Nicholas Kerman	Sensient Imaging Technologies
35	Steven R. Jacobson	25 Eaton Mews South	777 East Wisconsin Avenue
36	2600 Netherland Avenue, #520	London SW1W 9HR	Milwaukee, WI 53202-5304
37	Bronx, NY 10463	ENGLAND	Internal Revenue Service
38			PO Box 145595
39	Valley Industrial Trucks	Valley Industrial Trucks (NMAC)	Cincinnati, OH 45250-5595
40	1152 Meadowbrook Ave.	990 W 190th St	
41	Youngstown, OH 44512	Torrance, CA 90502-1014	

1	Kuehne & Nagel, Inc.	Counsel to Kuehne & Nagel, Inc.	Compressor Parts &
2	Stephen Savarese, Esq.	Halperin Battaglia Raicht, LLP	Repairs
3	10 Exchange Place	Attn: Carrie E. Essenfeld	8256 Rising Creek
4	Jersey City, NJ 07302	40 Wall Street, 37th Floor	Ln
		New York, NY 10005	Broadway, VA
			22815
5	Essex Temporary Service, Inc.	Dougherty Equipment	Geno's Coffee LLC
6	1501 Broadway	591 Belle Circle	253 Bookerdale Rd
	New York, NY 10036	Harrisonburg, VA 22801	Waynesboro, VA
			22980
7		SIK Associates	Stork Prints
8	Pitney Bowes Credit Corp	Kaufman Management Company, LLC	America
9	27 Waterview Dr	Attn: Steven J. Kaufman	3201 N 1-85
	Shelton, CT 06484-4301	450 Seventh Avenue	Charlotte, NC
		New York, New York 10123	28269
10			
11	Silvious, Peggy R.	Silvious, Peggy R.	Robert Fellows
12	623 Gypsy Ln,	995 Floyd Cir, Mc	1176 Portland Dr
	Elkton, VA, 22827	Gaheysville, VA, 22840	Harrisonburg, VA
			22801-8627
13			
14	Deborah Wagner		
15	5048 Scotts Ford Road		
16	Mount Crawford, VA 22841		

20 Largest Creditors

17			
18			
19			
20	Domtar Corporation	Domtar Corporation	Dominion Va Power
21	Port Huron Mill	Subsidiary Of Domtar Ind	Attn: Barbara
22	1700 Washington Avenue	1700 Washington Avenue	Smith
23	Port Huron, Michigan 48060	Port Huron, MI 48060	P.O. Box 26666
			Richmond, VA
			22261-6666
24	Dominion Virginia Power	Krausz Puente LLC	Krausz Puente LLC
25	P.O. Box 26019	c/o The Krausz Companies	11383 Newport Dr
26	Richmond, VA 23260-6019	44 Montgomery St, Ste 3300	Rancho Cucamonga,
		San Francisco, CA 94104	CA 91730-5536
27	Stonefield Josephson, Inc.	Susan D'Arcy	Mimaki USA, Inc.
28	Attn: Steve Rapattoni, CPA	aka SRD International	c/o William
	18500 Von Karman Ave	95 East Broadway	Hearnburg, Jr.
	Irvine, CA 92612	Roslyn, NY 11576	Smith, Gambrell &
			Russell, LLP
			Promenade, Suite

1	Mimaki USA, Inc.	Bonnie Julian	L.H. Charney
2	Dept. CH 17368	1244 Pole Branch Rd	Associates, LLC
3	Palatine, IL 6055-7368	Clover, SC 29710	Attn: Bruce Block
			1441 Broadway
4	Fish & Associates	Fedex - Techconnect	New York, New York
	Attn: Mei Tsang	Attn: Pam Gish	10018
5	2603 Main Street	Lockbox 360353	Federal Express
	Suite 10000	500 Ross St. Rm 154-0455	Corp.
6	Irvine, CA 92614-4271	Pittsburg, PA 15252	PO Box 371461
			Pittsburgh, PA
7	Stand Energy Corporation	Stand Energy Corporation	15250-7461
	Attn Kathy Kellems, Credit Manager	PO Box 632712	Carlo Tenconi
8	1077 Celestial St	Pittsburgh, PA 15250-7461	Via Stromboli 209
	Suite 110		Milan 20144
9	Cincinnati, OH 45202		ITALY
10	Atlantic Paper Company	Univar USA, Inc.	Univar USA, Inc.
	430 Fehelley Drive	Attn: Doug Putney	P. O. Box 409692
11	King of Prussia, PA 19406	1001 Old Bermuda Hundred Rd	Atlanta, GA 30384-
12		Chester, VA 23836	9692
13	PBMares /PBGH	Columbia Gas GTS Account	Chemsolv, Inc.
	Attn: Mary Aldrich	P.O. Box 742529	P.O. Box 13847
14	558 South Main Street	Cincinnati, OH 45274-2529	Roanoke, VA 24037
15	Harrisonburg, VA 22801		
16	Dupont Company	Dupont Company	Yazam LLC
	Attn: Jenna Pike	Cashier's Office D-8003-3	Attn: Rodney
17	1007 Market Street	1007 Market Street	Friedman
	Wilmington, DE 19898	Wilmington, DE 19898	10880 Wilshire
18			Blvd., Suite 1850
19	Nexeo Solutions	Nexeo Solutions LLC	Los Angeles CA
	3 Waterway Square Place	62190 Collections Center Dr	Anthem Blue Cross
20	Suite 1000	Chicago, IL 60693-0621	Blue Shield
	The Woodlands, Texas 77380		Attn: Dianne
21			Loving
22			P.O. Box 580494
23		Other Parties in Interest	Charlotte NC
24			
25	Wells Fargo Bank N.A.		
26	141 East Market Street		
	Harrisonburg, VA 22801		
27			
28			

1
2
3
4
5
6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28

Governmental Agencies

Employment Development Department	State of California Franchise Tax Board	Internal Revenue Service
Bankruptcy Group MIC 92E	Bankruptcy Section, MS: A-340	PO Box 7346
PO Box 826880	PO Box 2952	Philadelphia, PA
Sacramento, CA 94280-0001	Sacramento, CA 95812-2952	19101-7346

Utility Providers

Dominion Va Power	Duke Energy	Columbia Gas
P.O. Box 26666	P.O. Box 1090	Attn: Keith Martin
Richmond, VA 23261-6666	Charlotte, NC 28201-1090	200 Civic Center Dr.
Attn: Barbara Smith		Columbus, OH 43215
ACC Business	Sprint	Time Warner Cable
400 West Ave.	Attn: Mildred Walker	P.O. Box 77169
Rochester, NY 14611	PO Box 8077	Charlotte, NC 28271-7169
Attn: Ron Vanderwege	London, KY 40742	
Verizon South	Verizon South	Verizon NY
PO Box 33078	Attn: Bankruptcy Matters	PO Box 15124
St. Petersburg, FL 33733	500 Technology Drive, Suite 550	Albany, NY 12212-5124
	Weldon Spring, MO 63304	
Verizon NY	Verizon NY Internet	Verizon NY Internet
Attn: Bankruptcy Matters	PO Box 33078	Attn: Bankruptcy Matters
500 Technology Drive, Suite 550	St. Petersburg, FL 33733	500 Technology Drive, Suite 550
Weldon Spring, MO 63304	Phone: 800-837-4066	Rockingham Co. Treasurer
Verizon Business	City of Harrisonburg, VA	20 East Gay Street
P.O. Box 660794	2155 Beery Rd	Harrisonburg, VA 22802
Dallas, TX 75266-0794	Harrisonburg, VA 22801-9655	
Allied Waste		
1831 Avon Street Ext.		
Charlottesville, VA 22902		

Exhibit "1"

Colorep, Inc.
Projected Cash Flow through 07/26/13
Preliminary Draft - For Discussion Purposes Only - Subject to Revision

Notes

- 1) Since the opening assumption is the maximum available is \$2 million, the Company needs to preserve to the best it can all cash for go forward activities while preserving the integrity of the employees, customers and other stakeholders.
- 2) A weekly cash flow for the next 13 weeks needs to be completed/updated to assess the needs-in the appropriate detail.

Operating Costs

	As ReForecasted Through 7/19	Projected 7/20 Through 7/26
Current Two Weeks Pay	225,986	118,507
NY Rent	17,000	
Sensient (ink)		
Domtar (paper)		
Atlantic (release paper)		
Solvents		
Engraving supplies		
ink jet paper		
ink jet ink		
computer supplies		
AVA (color matching software)		
Pan (release Ink)		
Per the Weekly Budget Material, Paper, Ink/Toner/Solvent/Resin/Fabric/Packing/consumerables /Indirect Materials	378,000	252,000
Anthem (insurance) - Renewed April 1st, 2013 per MF	80,000	-
Rutherfordord (insurance) - Renewed June 1, 2013 per MF	9,000	-
401 K - Past Due	24,000	-
Utilities	23,000	

Colorep, Inc.
 Projected Cash Flow through 07/26/13
 Preliminary Draft - For Discussion Purposes Only - Subject to Revision

Notes

- 1) Since the opening assumption is the maximum available is \$2 million, the Company needs to preserve to the best it can all cash for go forward activities while preserving the integrity of the employees, customers and other stakeholders.
- 2) A weekly cash flow for the next 13 weeks needs to be completed/updated to assess the needs-in the appropriate detail.

	As ReForecasted Through 7/19	Projected 7/20 Through 7/26	
Contingency	100,000		
<u>Restructuring Costs</u>			
The Fox Group	Still working on		
Stutman, Treister & Glatt	125,000		
Executive Sounding Board Associates Inc.	85,000		
<u>Total outflow</u>	<u>1,066,986</u>	<u>370,507</u>	
Cash Receipts - Inflow (Debs/ETI/Grenada/Hunter Douglass)	50,000	100,000	
Net Cash outflow Weekly	<u>(1,016,986)</u>	<u>(270,507)</u>	
Net Cash outflow cumulative	<u><u>(1,287,493)</u></u>		