UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
HMP SERVICES HOLDING SUB III, LLC,[1]	)	Case No. 10-13618
Debtor.	)	
In re:	)	Chapter 11
HMP SERVICES HOLDING, INC.,	)	Case No. 10-13619
Debtor.	)	(Joint Administration Requested)

DEBTORS' MOTION PURSUANT TO 11 U.S.C. §§ 105, 361, 362, AND 363 AND FEDERAL RULE OF BANKRUPTCY PROCEDURE 4001 FOR ENTRY OF A STIPULATION AND INTERIM AND FINAL ORDERS (I) AUTHORIZING DEBTORS' USE OF DISPUTED CASH COLLATERAL; (II) GRANTING ADEQUATE PROTECTION; (III) GRANTING RELATED RELIEF; AND (IV) SCHEDULING A FINAL HEARING ON THE MOTION

The above-captioned debtors and debtors in possession (collectively, the "Debtors" or the "Company"), hereby move (the "Motion"), by and through their proposed undersigned counsel, for entry of an interim order, substantially in the form attached hereto as **Exhibit A** (the "Interim Order"), and a final order on substantially the same terms as the Interim Order (the "Final Order," together with the Interim Order, the "Cash Collateral Orders") pursuant to sections 105, 361, 362, and 363 of title 11 of the United States Code (the "Bankruptcy Code"), Rule 4001 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "Local Rules") (i) authorizing the Debtors' use of the Disputed Cash

[1] The Debtors and the last four digits of their respective taxpayer identification numbers are: (i) HMP Services Holding Sub III, LLC f/k/a Charrette LLC (3196) and (ii) HMP Services Holding, Inc. f/k/a Harold M. Pitman Company (0980). HMP Services Holding Sub III, LLC is a Delaware limited liability company.

Collateral (defined below), (ii) granting adequate protection to ORIX Finance Corp. ("ORIX") for use of the Disputed Cash Collateral, (iii) granting related relief and (iv) scheduling a final hearing on the Motion (the "Final Hearing"). In support of this Motion, the Debtors rely on the Affidavit of John G. Haggerty in Support of First Day Pleadings (the "Haggerty Affidavit"), which is being filed contemporaneously herewith, and respectfully state as follows:

Background

1. On November 8, 2010 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief with the Court under chapter 11 of the Bankruptcy Code (the "Chapter 11 Cases"). The Debtors are continuing in possession of their property as debtors in possession pursuant to Bankruptcy Code Sections 1107(a) and 1108. No request for the appointment of a trustee or examiner has been made in these Chapter 11 Cases and no official committees have been appointed or designated. Concurrently with the filing of this Motion, the Debtors have sought procedural consolidation and joint administration of the Chapter 11 Cases.[2]

2. Until recently, the Company was North America's leading value-added supplier to the graphic communication industry, providing a full range of digital imaging solutions, support services and a comprehensive portfolio of prepress and pressroom consumable products. For the reasons as more fully set forth in the Haggerty Affidavit, including, but not limited to, the downturn in macro-economic activity and the accelerating shift away from printed paper, the Company entered into an agreement to sell substantially all of its assets to Agfa Corporation (the "Sale"). Certain assets were excluded from the Sale (the "Excluded Assets") and the Company is now in the process of an orderly liquidation of the Excluded Assets and any other available assets for the benefit of its creditors and stakeholders.

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2 A description of the Debtors' business, the reasons for filing the Chapter 11 Cases, and the relief sought from this Court to allow for transition into chapter 11 are set forth in the Haggerty Affidavit, which was filed contemporaneously with this Motion.

Jurisdiction

3. This Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b). The predicates for the relief requested herein are sections 105(a), 361, 362, and 363 of the Bankruptcy Code, Bankruptcy Rule 4001 and Local Rule 4001-2.

The Prepetition Secured Credit Facility

4. Prepetition Credit Agreement and Prepetition Indebtedness: The Debtors and General Electric Capital Corporation ("GECC"), a Delaware corporation, for itself, as a lender, and as agent for the lenders (the "Agent"), and ORIX, as a term lender, entered into that certain Second Amended and Restated Credit Agreement, dated as of July 3, 2006 (as heretofore amended, supplemented and otherwise modified, the "Credit Agreement"). HMP Services Holding, Inc. ("Parent") and Agfa Corporation, a Delaware corporation ("Agfa"), entered into that certain Asset Purchase Agreement, dated as of July 14, 2010 (the "Asset Purchase Agreement") pursuant to which Parent sold to Agfa substantially all of the assets owned by the Debtors and used in the conduct of the Debtors' business (the "Business") for a price which the Debtors believe exceeded by a fair margin the value that could have been otherwise realized for those assets. ORIX (i) supported the sale of the Business to Agfa, (ii) agreed to permit the Agent to release its liens on the Transferred Assets (as defined in the Asset Purchase Agreement), (iii) agreed to permit the Debtors to use certain of the Sale proceeds, which constituted proceeds of Collateral (as defined in the Credit Agreement) securing the Debtors' obligations to ORIX, for the Debtors' operations and settlement of certain claims between the Debtors' and unsecured creditors and (iv) is the successor Agent under the Credit Agreement. A portion of the proceeds

from the Sale was used to repay in part Debtors' outstanding obligations to ORIX. As of the Petition Date, the Debtors remain indebted to ORIX in the aggregate amount of $4,328,953.43.

5. Prepetition Collateral: The Debtors owned a number of life insurance policies on former key executives and others, and have surrendered all but two of such policies for the cash surrender value thereof. The Debtors have deposited proceeds from the cash surrender value of those life insurance policies (the "Life Insurance Proceeds") into a certain money market account at Citizens for Life Insurance bearing account number 1314609367 with an associated checking account bearing account number 1314609340 (the "Citizens Account" and all the proceeds contained therein as of the date hereof, the "Disputed Cash Collateral"). The approximate value of the Disputed Cash Collateral as of the Petition Date is approximately $2.158 million. ORIX asserts that it enjoys a perfected first priority lien on the Disputed Cash Collateral. The Debtors believe that the Disputed Cash Collateral is not Collateral (as defined in the Credit Agreement) or "cash collateral," as that term is defined in the Bankruptcy Code.

6. ORIX's Consent to the Use of Cash Collateral: The Debtors and ORIX have engaged in arm's length good faith negotiations regarding a financial restructuring and satisfaction (the "Restructuring") of (i) the Debtors' indebtedness to ORIX on account of claims held by ORIX against the Debtors, including but not limited to claims related to and arising under the Credit Agreement and any ancillary documents thereto (including with respect to ORIX's interest in the Disputed Cash Collateral) and (ii) the Debtors' indebtedness to their other creditors. The Parties have (i) entered into a certain plan support agreement setting forth their commitment to implement the Restructuring (the "PSA") and (ii) agreed to implement the Restructuring pursuant to the terms and conditions set forth in the PSA and the proposed plan of

liquidation attached thereto (the "Plan"), including with respect to a settlement and compromise of the Parties' dispute with respect to the Disputed Cash Collateral.

The Need for Cash Collateral

7. The Debtors cannot meet their postpetition obligations to effectuate a restructuring through an orderly liquidation of the Debtors' estates, pursuant to the PSA and the Plan, without using the Disputed Cash Collateral.

Summary of Terms of Consensual Use of Cash Collateral

8. A summary of certain key terms of the proposed use of the Disputed Cash Collateral is set forth below (the "Rule 4001 Summary"). The Rule 4001 Summary is qualified in its entirety by reference to the provisions of the Cash Collateral Orders, and the Cash Collateral Orders will control in the event of any inconsistency between this Motion, the Rule 4001 Summary, and the Cash Collateral Orders.

(i) Use of Disputed Cash Collateral, Limitations on Use: ORIX consents to the Debtors' use of the Disputed Cash Collateral on an interim basis, for the period from the date of the entry of the Interim Order through and including the earlier of (a) the date on which the Final Order is entered approving or denying a final stipulation regarding the Debtors' use of the Disputed Cash Collateral and (b) the date that is the earliest to occur of (i) a Termination Event (as defined in the PSA) having occurred and is otherwise continuing or otherwise unresolved, (ii) the Effective Date of the Plan or (iii) April 29, 2011. Subsequent to the Effective Date of the Plan, the Debtors' use of the Disputed Cash Collateral will be in accordance with the Plan and the confirmation order entered with respect to the Plan. During the pendency of these cases prior to confirmation of the Plan, the Debtors shall use the Disputed Cash Collateral only to pay the actual, necessary and reasonable administrative expenses associated with the orderly liquidation of the Debtors' remaining assets, provided that the Debtors agree to reserve a total of $450,000 from the Disputed Cash Collateral (the "ORIX Reserve Amount") for the express and sole benefit of ORIX, which amount shall not be used for any other purpose, and with such amount to be paid to ORIX on the Effective Date in accordance with the terms and conditions of the Plan. Thereafter, and upon confirmation of the Plan, the Debtors shall distribute the Disputed Cash Collateral in accordance with the Plan.

(ii) Adequate Protection: As adequate protection of ORIX's interest in the Disputed Cash Collateral, if any, against any diminution in the value of such interest as a result of the use thereof, but only to the extent that such interest constituted valid, duly perfected and enforceable liens in the Disputed Cash Collateral as of the Petition Date, as agreed between the Parties or as determined by a final order of the Bankruptcy Court, pursuant to sections 361, 363(c)(2) and 363(e) of the Bankruptcy Code, ORIX is hereby granted additional, replacement, continuing, valid, binding enforceable, non-avoidable and automatically and properly perfected security interests in and liens on all of the estates' postpetition assets except for causes of action arising under chapter 5 of the Bankruptcy Code (the "Postpetition Collateral").

(iii) Carve-Out: As described more fully above, the Debtors shall use the Disputed Cash Collateral only to pay the actual, necessary, and reasonable administrative expenses associated with the orderly liquidation of the Debtors' remaining assets. If there is a Termination Event (as defined in the PSA), allowed and unpaid professional fees and disbursements of the Debtors and statutory committees, if any (and an amount not to exceed $50,000 in the aggregate that is permitted to be incurred by any chapter 7 trustee) may be paid from the Disputed Cash Collateral; provided, however, no such amounts shall be paid from the ORIX Reserve Amount.

Relief Requested

9. The Debtors seek entry of the Cash Collateral Orders granting the following relief, without limitation:

a. authorizing the Debtors to use the Disputed Cash Collateral pursuant to sections 361 and 363 of the Bankruptcy Code;

b. approving the form of adequate protection provided to ORIX pursuant to sections 361 and 363 of the Bankruptcy Code;

c. scheduling the Final Hearing on the Motion to consider entry of the Final Order authorizing and granting the relief requested in the Motion; and

d. granting related relief and such other and further relief as the Court deems just and proper.

Basis for Relief

10. The Debtors have a pressing need for the immediate use of the Disputed Cash Collateral. The Debtors believe that the Disputed Cash Collateral is not Collateral (as defined in

the Credit Agreement) or "cash collateral" as defined in the Bankruptcy Code – thus, in the interest of their estates and time they have entered into a stipulation, contingent on Court approval, with ORIX which will allow use of the Disputed Cash Collateral during the pendency of these Chapter 11 Cases while all parties reserve their rights. As discussed more fully in the Haggerty Affidavit, the Debtors cannot meet their postpetition obligations to effectuate the Restructuring through an orderly liquidation of the Debtors' estates, pursuant to the PSA and the Plan, without using the Disputed Cash Collateral. Indeed, any inability to access the Disputed Cash Collateral would impair the Debtors' efforts to effectuate an orderly liquidation of their estates, which the Debtors believe is the only viable means of maximizing the value of the Debtors' estates for the benefit of all parties.

11. The Debtors require use of the Disputed Cash Collateral to pay the actual, necessary and reasonable administrative expenses associated with the orderly liquidation of their remaining assets, provided that the Debtors agree to the separate treatment of the ORIX Reserve Amount, as described above. Thus, the authorization to use the Disputed Cash Collateral is a key component of the Debtors' efforts to promptly effectuate the contemplated liquidation.

12. Section 363(c)(2) of the Bankruptcy Code provides that the Debtors may not use, sell, or lease cash collateral unless "(a) each entity that has an interest in such cash collateral consents; or (b) the court, after notice and hearing, authorizes such use, sale or lease in accordance with the provisions of this section." 11 U.S.C. § 363(c)(2). Furthermore, section 363(e) of the Bankruptcy Code provides that upon request of an entity that has an interest in property to be used by a debtor, the court shall prohibit or condition such use "as is necessary to provide adequate protection of such interest." 11 U.S.C. § 363(e).

13. Here, ORIX has consented to the Debtors' use of the Disputed Cash Collateral subject to the terms, conditions and limitations set forth in the Cash Collateral Orders. Even in the absence of the consent, however, the Debtors believe that they should be authorized to use the Disputed Cash Collateral because ORIX's interests, if any, are adequately protected to the extent necessary.

14. Adequate protection is a flexible concept and what constitutes sufficient adequate protection is decided on a fact-specific, case-by-case basis. See, e.g., In re Columbia Gas Sys., No. 91-803, 1992 Bankr. LEXIS 2456, at *4 (Bankr. D. Del. Feb. 18, 1992) ("[W]hat constitutes adequate protection must be decided on a case-by-case basis."). By adequate protection, the Bankruptcy Code seeks to maintain the status quo for the period of time between the commencement date and confirmation of a plan by shielding a secured creditor from any diminution in the value of its interest in collateral during the period of use. See In re 495 Cent. Park Ave. Corp., 136 B.R. 626, 631 (Bankr. S.D.N.Y. 1992) ("The goal of adequate protection is to safeguard the secured creditor from diminution in the value of its interest."); In re Beker Indus. Corp., 58 B.R. 725, 736 (Bankr. S.D.N.Y. 1986) ("The concept of 'adequate protection' is not defined in the Code except by the implications of the examples of adequate protection listed in § 361. Its application is left to the vagaries of each case, but its focus is protection of the secured creditor from diminution in the value of its collateral during the reorganization process.") (citations omitted).

15. Pursuant to the Cash Collateral Orders, as adequate protection of ORIX's interest in the Disputed Cash Collateral, if any, the Debtors propose to provide ORIX with replacement and additional liens, as described in detail above.

16. The adequate protection proposed herein is fair and reasonable and, in the Debtors' opinion, more than sufficient to satisfy the requirements of sections 363(c)(2) and (e) of the Bankruptcy Code. The proposed adequate protection is aimed at ensuring ORIX does not suffer a diminution in the value of its interest in the Disputed Cash Collateral, if any, as a result of the Debtors' use of the Disputed, Cash Collateral. Here, the use of the Disputed Cash Collateral will enable to the Debtors to promptly and efficiently effectuate an orderly liquidation of the Debtors' estates, which the Debtors believe is the best means of preserving the value of ORIX's interest in the Debtors' property and maximizing returns for all creditor constituencies. See, e.g., In re Stein, 19 B.R. 458, 460 (Bankr. E.D. Pa. 1982) (holding that a secured creditor was adequately protected where the creditor's secured position was enhanced by the continued operation of the debtor's business).

Provisions to be Highlighted Pursuant to Local Rule 4001-2

17. Local Rule 4001-2 requires the Debtors to highlight certain provisions included in the Cash Collateral Orders and provide justification for the inclusion of such highlighted provision(s). The Debtors do not believe that the Interim Order contains any provisions requiring special disclosure under Local Rule 4001-2.

Notice

18. Notice of this Motion has been given to: (i) the Office of the United States Trustee; (ii) those creditors listed on the Debtors' Consolidated List of Creditors Holding the 20 Largest Unsecured Claims; (iii) the Office of the United States Attorney for the District of Delaware; (iv) the Internal Revenue Service; and (v) counsel to ORIX.

No Prior Request

19. The Debtors have not previously sought the relief requested herein from this or any other court.

WHEREFORE the Debtors respectfully request (i) entry of an order substantially in the form of the proposed Interim Order, submitted herewith; (ii) after the Final Hearing, entry of the Final Order substantially in the form that shall be filed with the Court and (iii) granting such other and further relief as the Court deems appropriate.

Dated: November 8, 2010

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