

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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	:
In re:	: Chapter 11
	:
VERTIS HOLDINGS, INC., <i>et al.</i> ,	: Case No. 10- _____ ()
	:
Debtors.	: (Motion for Joint Administration Pending)
	:
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**DEBTORS' APPLICATION FOR ORDER
UNDER 28 U.S.C. § 156(c), 11 U.S.C. § 503(b), FED. R. BANKR. P. 2002 AND S.D.N.Y.
LBR 5075-1 (I) APPROVING AGREEMENT WITH KURTZMAN CARSON
CONSULTANTS LLC AND (II) AUTHORIZING THE RETENTION AND
APPOINTMENT OF KURTZMAN CARSON CONSULTANTS LLC
AS NOTICE AND CLAIMS AGENT**

The debtors and debtors-in-possession in the above-captioned cases (collectively, the "Debtors"),¹ hereby submit this application (the "Application") for entry of an order under 28 U.S.C. § 156(c), section 503(b) of title 11 of the United States Code (the "Bankruptcy Code"), Rule 2002 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 5075-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York (the "Local Bankruptcy Rules") (i) approving the Debtors' agreement for services with Kurtzman Carson Consultants LLC ("KCC") and (ii) authorizing the retention and appointment of KCC as the official noticing and, to the extent needed, claims agent (the "Notice and Claims Agent") for the Office of the Clerk of the Bankruptcy Court for the Southern District of New York (the "Clerk"). In support of this Application, the Debtors rely upon and incorporate by reference the Declaration of Albert Kass in Support of the Debtors' Application for Order

¹ The Debtors in these cases, along with the last four (4) digits of each Debtor's federal tax identification number, are Vertis Holdings, Inc. (1556); Vertis, Inc. (8322); ACG Holdings, Inc. (5968); Webcraft, LLC (6725); American Color Graphics, Inc. (3976); and Webcraft Chemicals, LLC (6726).



Under 28 U.S.C. § 156(c), 11 U.S.C. § 503(b), Fed. R. Bankr. P. 2002 and S.D.N.Y. LBR 5075-1 (I) Approving Agreement With Kurtzman Carson Consultants LLC and (II) Authorizing the Retention and Appointment of Kurtzman Carson Consultants LLC as Notice and Claims Agent (the "Kass Declaration") and the Declaration Pursuant to Local Bankruptcy Rule 1007-2 in Support of Chapter 11 Petitions and Various First-Day Applications and Motions (the "First-Day Declaration") filed concurrently herewith under Local Bankruptcy Rule 1007-2.² In further support of this Application, the Debtors, by and through their undersigned counsel, respectfully represent:

JURISDICTION AND VENUE

1. This Court has jurisdiction to consider this Application pursuant to 28 U.S.C. §§ 157 and 1334. This is a core proceeding under 28 U.S.C. § 157(b). Venue of these cases and this Application in this District is proper under 28 U.S.C. §§ 1408 and 1409. The statutory predicate for the relief requested herein is 28 U.S.C. § 156(c). Such relief is also warranted pursuant to Bankruptcy Rule 2002 and Local Bankruptcy Rule 5075-1.

BACKGROUND

2. On the date hereof (the "Petition Date"), the Debtors filed voluntary petitions in this Court for relief under chapter 11 of the Bankruptcy Code. The factual background regarding the Debtors, including their business operations, their capital and debt structure, and the events leading to the filing of these chapter 11 cases, is set forth in detail in the First-Day Declaration. The Debtors continue to manage and operate their businesses as debtors-in-possession under Bankruptcy Code sections 1107 and 1108.

² Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the First-Day Declaration.

RELIEF REQUESTED

3. By this Application, the Debtors seek entry of an order (a) approving the Debtors' agreement for services entered into with KCC (the "Agreement") in the form attached hereto as Exhibit B and (b) authorizing the retention and appointment of KCC as Notice and Claims Agent to, among other things, (i) serve as noticing agent for the mailing of notices to the estates' creditors and parties in interest and, to the extent needed, claims agent and (ii) provide expertise, consultation and assistance in connection with other administrative matters with respect to the Debtors' bankruptcy cases.

4. The Debtors anticipate that there will be thousands of creditors and other parties in interest involved in the Debtors' chapter 11 cases which may impose heavy administrative burdens on the Clerk. To relieve the Clerk of these burdens, the Debtors seek an order appointing KCC as the Notice and Claims Agent in these chapter 11 cases. The Debtors submit that the appointment of an outside noticing and claims agent is the most effective and efficient manner by which to provide noticing and other administration services in these chapter 11 cases and is in the best interests of the Debtors, their estates and creditors.

5. KCC is one of the country's leading chapter 11 administrators, with extensive experience in noticing, claims administration and other administrative aspects of chapter 11 cases. The Debtors believe that KCC is well-qualified to provide noticing and other administration services to the Debtors. KCC has acted as the official noticing and claims agent in numerous cases of comparable size, including several cases which are currently pending in the United States Bankruptcy Court for the Southern District of New York. The Debtors believe that the appointment of KCC as the Notice and Claims Agent in these chapter 11 cases will permit the Debtors to focus on their reorganization efforts.

SCOPE OF SERVICES

6. The Debtors propose to retain KCC on substantially the terms and conditions set forth in the Agreement. Under the Agreement, KCC, as Notice and Claims Agent, will, if necessary, at the request of the Debtors or the Clerk, serve notices on parties in interest or as otherwise directed by the Court on behalf of the Debtors or the Clerk. The primary notice to be served in these "prepackaged" chapter 11 cases is the proposed Combined Hearing Notice. KCC is prepared to serve that notice when approved by the Court. In addition to providing noticing services, KCC will perform certain claims administration services, to the extent needed. Because these cases are "prepackaged" chapter 11 cases, the Debtors anticipate that such services will be limited. If these cases revert to traditional chapter 11 cases, the breadth of KCC's services will increase, as set forth in the Agreement.

7. KCC, at the request of the Debtors or the Clerk, may perform noticing, claims administration and other related services for the Debtors, in accordance with the terms of the Agreement, including but not limited to:

- (a) Prepare and serve required notices in these chapter 11 cases, including:
 - (i) a notice of the commencement of these chapter 11 cases;
 - (ii) notices of any hearings on a disclosure statement and confirmation of a plan of reorganization;
 - (iii) a notice of the initial meetings of creditors and equity holders under Bankruptcy Code section 341 (if necessary);
 - (iv) notice of objections to claims (if necessary); and
 - (v) such other miscellaneous notices as the Debtors or the Court may deem necessary or appropriate for an orderly administration of these chapter 11 cases;
- (b) Maintain an official copy of the Debtors' schedules of assets and liabilities and statement of financial affairs, listing the Debtors' known creditors and the amounts owed thereto;

- (c) Provide access to the public for examination of copies of the proofs of claim or proofs of interest filed in the chapter 11 cases without charge during regular business hours (if necessary);
- (d) Furnish a notice of the last date for the filing of proofs of claim and a form for the filing of a proof of claim, after such notice and form are approved by this Court (if necessary);
- (e) File with the Court affidavits or certificates of service which include a copy of the notice, a list of persons to whom it was mailed (in alphabetical order), and the date and manner mailed, within ten (10) days of service;
- (f) Docket all claims received by the Clerk, maintain the official claims registers (the "Claims Registers") for each Debtor on behalf of the Clerk, and provide the Clerk with certified duplicate, unofficial Claims Registers on a monthly basis, unless otherwise directed (if necessary);
- (g) Specify, in the applicable Claims Register, the following information for each claim docketed: (i) the claim number assigned, (ii) the date received, (iii) the name and address of the claimant and agent, if applicable, who filed the claim, and (iv) the classification(s) of the claim (e.g., secured, unsecured, priority, etc.) (if necessary);
- (h) Record all transfers of claims, pursuant to Bankruptcy Rule 3001(e), and provide any notices of such transfers required by Bankruptcy Rule 3001(e) (if necessary);
- (i) Relocate, by messenger, all of the actual proofs of claim filed with the Court to KCC, not less than weekly (if necessary);
- (j) Upon completion of the docketing process for all claims received to date by the Clerk for each case, turn over to the Clerk copies of the Claims Register for the Clerk's review;
- (k) Make changes in the Claims Registers pursuant to any orders of the Court (if necessary);
- (l) Maintain the official mailing list for each Debtor of all entities that have filed a proof of claim, which list shall be available upon request by a party-in-interest or the Clerk (if necessary);
- (m) Assist with, among other things, solicitation and calculation of votes and distribution as required in furtherance of confirmation of plan of reorganization;
- (n) Provide such other noticing, claims processing and administrative services as may be requested from time to time by the Debtors;

- (o) Thirty (30) days prior to the close of these cases, arrange to have submitted to the Court a proposed order dismissing the claims and noticing agent and terminating the services of such agent upon completion of its duties and responsibilities and upon the closing of these cases;
- (p) File with the Court the final version of the Claims Register immediately before the closing of the chapter 11 cases (if necessary); and
- (q) At the close of the case, box and transport all original documents, in proper format, as provided by the Clerk, to the Federal Archives Record Administration, located at Central Plains Region, 200 Space Center Drive, Lee's Summit, MO 64064.

TERMS OF RETENTION

8. The Debtors propose to retain KCC on the terms and conditions set forth in the Agreement. The Debtors propose that the cost of KCC's services be paid from the Debtors' estates as provided by 28 U.S.C. § 156(C) and section 503(b)(1)(A) of the Bankruptcy Code. KCC's compensation is set forth in the Agreement. The Debtors respectfully submit that such compensation is reasonable and appropriate in light of the services to be performed. The Debtors request that the fees and expenses of KCC incurred in the performance of the above services be treated as an administrative expense of the Debtors' chapter 11 estates and be paid by the Debtors in the ordinary course of business.³ If any dispute arises between KCC and the Debtors with respect to the Agreement, monthly invoices, or fees and expenses, the Debtors and KCC shall meet and confer in an attempt to resolve the dispute. If a resolution is not achieved, such dispute shall be presented to the Court for resolution thereof.

9. As part of the overall compensation payable to KCC under the terms of the Agreement, the Debtors have agreed to certain indemnification obligations. The Agreement provides that the Debtors will indemnify and hold harmless KCC, its affiliates, members,

³ As an administrative agent, the Debtors do not believe that KCC is a "professional" whose retention is subject to approval under section 327 of the Bankruptcy Code or whose compensation is subject to approval of the Court under sections 330 and 331 of the Bankruptcy Code.

directors, officers, employees, consultants, subcontractors and agents under certain circumstances specified in the Agreement, except in circumstances of gross negligence or willful misconduct. Both the Debtors and KCC believe that such provisions are customary and reasonable for noticing and claims agents in chapter 11 cases.

10. The Debtors' selection of KCC to act as Notice and Claims Agent has satisfied the Court's protocol for the retention of KCC, where the Debtors have obtained and reviewed engagement proposals from other court-approved claims agents to ensure selection through a competitive process. The Debtors believe KCC's rates are competitive and reasonable given the quality of KCC's services and KCC's prior bankruptcy expertise. Prior to the Petition Date, the Debtors paid KCC a retainer of \$50,000.

11. The fees and expenses of KCC incurred in performance of the above services shall be paid by the Debtors in accordance with the terms of the Agreement after the tenth (10th) day after each KCC invoice has been received by the Debtors, unless KCC is advised, within that ten (10) day period, that the Debtors object to the invoice, in which case the Debtors will schedule a hearing before the Court to consider the disputed invoice. In such case, the Debtors shall remit to KCC only the undisputed portion of the invoice and, if applicable, shall pay the remainder to KCC upon the resolution of the disputed portion, as mandated by this Court. Notwithstanding the foregoing, KCC may require prepayment from the Debtors under certain circumstances as set forth in the Agreement.

12. KCC will comply with all requests of the Clerk and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c).

APPLICABLE AUTHORITY

13. Bankruptcy Rule 2002 generally regulates what notices must be provided to creditors and other parties in interest in bankruptcy cases. Under Bankruptcy Rule 2002, the Court may direct that some person other than the Clerk give notice of the various matters described therein.

14. Section 156(c) of title 28 of the United States Code, which governs the staffing and expenses of bankruptcy courts, states in pertinent part that:

Any court may utilize facilities or services, either on or off the court's premises, which pertain to the provision of notices, dockets, calendars, and other administrative information to parties in cases filed under the provisions of title 11, United States Code, where the costs of such facilities or services are paid for out of the assets of the estate and are not charged to the United States. The utilization of such facilities or services shall be subject to such conditions and limitations as the pertinent circuit council may prescribe.

28 U.S.C. § 156(c).

15. In addition, Local Bankruptcy Rule 5075-1 provides, in relevant part, as follows:

The Court may direct, subject to the supervision of the Clerk, the use of agents either on or off the Court's premises to file Court records, either by paper or electronic means, to issue notices, to maintain case dockets, to maintain Judge's calendars, and to maintain and disseminate other administrative information where the costs of such facilities or services are paid for by the estate.

S.D.N.Y. LBR 5075-1.

16. The engagement of KCC as the Notice and Claims Agent is therefore permitted under 28 U.S.C. § 156(c), Bankruptcy Rule 2002 and Local Bankruptcy Rule 5075-1.

17. For all of the foregoing reasons, the Debtors believe the retention of KCC as Notice and Claims Agent on the terms set forth in the Agreement is appropriate and is in the best interests of the Debtors, their estates and creditors.

DISINTERESTEDNESS

18. The Debtors have many creditors, and accordingly, KCC may have rendered and may continue to render services to certain of these creditors. KCC has not and will not represent the separate interests of any such creditor in these cases. Additionally, KCC employees may, in the ordinary course of their personal affairs, have relationships with certain creditors of the Debtors. For example, one or more of KCC's employees may have obligations outstanding with financial institutions that are creditors of the Debtors or may have used the Debtors' services.

19. Although the Debtors do not propose to employ KCC under Bankruptcy Code section 327, to the best of the Debtors' knowledge, information, and belief, and as set forth in the Kass Declaration, KCC neither holds nor represents any interest materially adverse to the Debtors' estates in connection with any matter on which it would be employed and is a "disinterested person" within the meaning of Bankruptcy Code section 101(14). KCC will supplement its disclosure to the Court if any facts or circumstances are discovered that would require disclosure.

20. In connection with its retention as Notice and Claims Agent, KCC represents, among other things, that:

- (a) KCC is not a creditor, equity security holder or insider of the Debtors;
- (b) KCC will not consider itself employed by the United States government and will not seek any compensation from the United States government in its capacity as the Notice and Claims Agent in these chapter 11 cases;
- (c) By accepting employment in these chapter 11 cases, KCC waives any rights to receive compensation from the United States government;
- (d) In its capacity as the Notice and Claims Agent in these chapter 11 cases, KCC will not be an agent of the United States and will not act on behalf of the United States;

- (e) KCC will not employ any past or present employees of the Debtors in connection with its work as the Notice and Claims Agent in these chapter 11 cases;
- (f) In its capacity as the Notice and Claims Agent in these chapter 11 cases, KCC will not intentionally misrepresent any fact to any person;
- (g) KCC shall be under the supervision and control of the Clerk with respect to the receipt and recordation of claims and claim transfers; and
- (h) None of the services provided by KCC as Notice and Claims Agent will be at the expense of the Clerk.

IMMEDIATE RELIEF IS NECESSARY

21. The Debtors request that the Court waive the stay imposed by Bankruptcy Rule 6004(h), which provides that "[a]n order authorizing the use, sale, or lease of property other than cash collateral is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise." Fed. R. Bankr. P. 6004(h). As described above, the relief that the Debtors seek in this Motion is necessary for the Debtors to operate their business without interruption and to preserve value for their estates. The Debtors respectfully request that the Court waive the fourteen-day stay imposed by Bankruptcy Rule 6004(h), as the exigent nature of the relief sought herein justifies immediate relief.

NOTICE

22. Notice of this Motion has been provided by facsimile, electronic transmission, overnight delivery or hand delivery to: (a) the United States Trustee for Region 2; (b) the Internal Revenue Service; (c) the New York State Department of Taxation and Finance; (d) the New York City Department of Finance; (e) the United States Attorney General; (f) the New York State Attorney General; (g) the Securities Exchange Commission; (h) those parties identified in the schedule of the largest unsecured creditors annexed to the Debtors' petitions; (i) Winston & Strawn LLP, counsel to General Electric Capital Corporation, the agent for the


Avenue Investments, L.P.; and (g) Bracewell & Giuliani LLP, counsel to the second lien lender group. The Debtors submit that no other or further notice need be provided.

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court enter an order granting the relief requested herein and grant such other and further relief as is just and proper.

Dated: New York, New York
November 17, 2010

Vertis Holdings, Inc.



Name: Gerald Sokol, Jr.
Title: Chief Financial Officer

Exhibit A

Proposed Order

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

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In re: : Chapter 11
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VERTIS HOLDINGS, INC., *et al.*, : Case No. 10- _____ ()
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Debtors. : (Jointly Administered)
:
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**ORDER UNDER 28 U.S.C. § 156(c), 11 U.S.C. § 503(b), FED. R. BANKR. P. 2002 AND
S.D.N.Y. LBR 5075-1 (I) APPROVING AGREEMENT WITH KURTZMAN CARSON
CONSULTANTS LLC AND (II) AUTHORIZING THE RETENTION AND
APPOINTMENT OF KURTZMAN CARSON CONSULTANTS LLC
AS NOTICE AND CLAIMS AGENT**

Upon the application (the "Application") of the Debtors¹ for entry of an order (the "Order") under 28 U.S.C. § 156, section 503(b) of the Bankruptcy Code, Bankruptcy Rule 2002 and Local Bankruptcy Rule 5075-1 (i) approving the Debtors' agreement for services with Kurtzman Carson Consultants LLC ("KCC") and (ii) authorizing the retention and appointment of KCC as noticing and, to the extent needed, claims agent (the "Notice and Claims Agent") in these cases; and upon the Kass Declaration and the First-Day Declaration; and due and sufficient notice of the Application having been given under the particular circumstances; and it appearing that no other or further notice need be provided; and it appearing that the relief requested by the Application is in the best interests of the Debtors, their estates, their creditors and other parties in interest; and after due deliberation thereon and sufficient cause appearing therefor, it is hereby

ORDERED, ADJUDGED AND DECREED THAT:

¹ Capitalized terms used but not defined herein shall have the same meaning ascribed to them in the Application. The Debtors in these cases, along with the last four (4) digits of each Debtor's federal tax identification number, are Vertis Holdings, Inc. (1556); Vertis, Inc. (8322); ACG Holdings, Inc. (5968); Webcraft, LLC (6725); American Color Graphics, Inc. (3976); and Webcraft Chemicals, LLC (6726).

1. The Application is GRANTED as set forth in this Order.
2. KCC is appointed as the Notice and Claims Agent in these cases pursuant to section 156(c) of title 28 of the United States Code, Bankruptcy Rule 2002 and Local Bankruptcy Rule 5075-1 and is authorized to perform the services set forth in the Application and the Agreement, as requested by the Clerk or the Debtors.
 3. The terms and conditions of KCC's retention and appointment are approved on the terms set forth in the Agreement.
 4. The fees and expenses of KCC incurred in performance of the above services are to be treated as an administrative expense priority claim against the Debtors' estates and shall be paid by the Debtors in accordance with the terms of the Agreement after the tenth (10th) day after each KCC invoice has been received by the Debtors, unless KCC is advised, within that ten (10) day period, that the Debtors object to the invoice, in which case the Debtors will schedule a hearing before the Court to consider the disputed invoice. In such case, the Debtors shall remit to KCC only the undisputed portion of the invoice and, if applicable, shall pay the remainder to KCC upon the resolution of the disputed portion, as mandated by this Court. Notwithstanding the foregoing, the Debtors may be required to prepay for certain services in accordance with the terms of the Agreement.
 5. KCC shall be entitled to hold the retainer that was unapplied as of the Petition Date as security for postpetition expenses only (but not fees) until the conclusion of the Debtors' cases.
 6. In the event KCC is unable to provide the services set out in this order, KCC will immediately notify the Clerk and Debtors' counsel and cause to have all original

proofs of claim and computer information turned over to another claims agent with the advice and consent of the Clerk and Debtors' attorney.

7. If these cases convert to cases under chapter 7 of the Bankruptcy Code, KCC will continue to be paid for its services until the claims filed in the chapter 11 cases have been completely processed; if claims agent representation is necessary in the converted chapter 7 cases, KCC will continue to be paid in accordance with 28 U.S.C. §156(c) under the terms set out in the Agreement and this Order.

8. In accordance with the Court's claims agent protocol, KCC shall (i) maintain records of all services, which will show dates, categories of services, fees charged, and expenses incurred; and (ii) serve its monthly invoices on the United States Trustee, any Official Committee of Unsecured Creditors appointed in these cases, and any party-in-interest who requests service of KCC's monthly invoices.

9. Notwithstanding any Bankruptcy Rule to the contrary, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

10. The Debtors and KCC are authorized to take all actions necessary to effectuate the relief granted in this Order in accordance with the Agreement and the Application.

11. This Court shall retain jurisdiction with respect to all matters arising from or related to the implementation or interpretation of this Order.

Dated: New York, New York
_____, 2010

UNITED STATES BANKRUPTCY JUDGE

Exhibit B

KCC Agreement



KCC AGREEMENT FOR SERVICES

This Agreement is entered into as of the 17th day of October 2010, between Vertis Holdings, Inc. (together with its affiliates and subsidiaries, the "Company"),¹ and Kurtzman Carson Consultants LLC (together with its affiliates and subcontractors, "KCC").

In consideration of the premises set forth herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

Terms and Conditions

I. SERVICES

A. KCC agrees to provide the Company with consulting services regarding noticing, claims management and reconciliation, plan solicitation, balloting, disbursements and any other services agreed upon by the parties or otherwise required by applicable law, government regulations or court rules or orders.

B. KCC further agrees to provide (i) computer software support and training in the use of the support software, (ii) KCC's standard reports as well as consulting and programming support for the Company requested reports, (iii) program modifications, (iv) data base modifications, and/or (v) other features and services in accordance with the fees outlined in a pricing schedule provided to the Company (the "KCC Fee Structure").

C. Without limiting the generality of the foregoing, KCC may, upon request by the Company, (i) provide a communications plan including, but not limited to, preparation of communications materials, dissemination of information and a call center staffed by KCC and/or (ii) provide confidential on-line workspaces or virtual data rooms and publish documents to such workspaces or data rooms (which publication shall not be deemed to violate the confidentiality provisions of this Agreement).

D. The price listed for each service in the KCC Fee Structure represents a bona fide proposal for such services, which may be accepted in whole or in part. Services will be provided when requested by the Company or required by applicable law, government regulations or court rules or orders. Services are mutually exclusive and are deemed delivered and accepted by the Company when provided by KCC.

E. The Company acknowledges and agrees that KCC will often take direction from the Company's representatives, employees, agents and/or professionals (collectively, the "Company Parties") with respect to the services being provided under this Agreement. The parties agree that KCC may rely upon, and the Company agrees to be bound by, any requests, advice or information provided by the Company Parties to the same extent as if such requests, advice or information were provided by the Company. The Company agrees and understands that KCC shall not provide the Company or any other party with any legal advice.

¹ The term Company shall include, to the extent applicable, the Company, as debtor and debtor in possession in its chapter 11 case, together with any affiliated debtors and debtors in possession whose chapter 11 cases are jointly administered with the Company's chapter 11 case.



KCC AGREEMENT FOR SERVICES

II. PRICES, CHARGES AND PAYMENT

A. KCC agrees to charge and the Company agrees to pay KCC for its services, expenses and supplies at the rates or prices set by KCC and in effect as of the date of this Agreement in accordance with the KCC Fee Structure. KCC's prices are generally adjusted periodically to reflect changes in the business and economic environment. KCC reserves the right to reasonably increase its prices, charges and rates annually beginning one year from the date of this Agreement. If any price increases exceed 10%, KCC will give thirty (30) days written notice to the Company.

B. The Company agrees to pay the reasonable out of pocket expenses incurred by KCC in connection with services provided under this Agreement, including but not limited to, transportation, lodging, and meals.

C. In addition to all fees for services and expenses hereunder, the Company shall pay to KCC (i) any fees and expenses related to, arising out of, or as a result of any error or omission made by the Company or the Company Parties, as mutually determined by KCC and the Company, and (ii) all taxes that are applicable to this Agreement or that are measured by payments made under this Agreement and are required to be collected by KCC or paid by KCC to a taxing authority.

D. Where the Company requires services that are unusual or beyond the normal business practices of KCC, or are otherwise not provided for in the KCC Fee Structure, the cost of such services shall be charged to the Company at a mutually agreed-upon rate.

E. KCC agrees to submit its invoices to the Company monthly and the Company agrees that the amount invoiced is due and payable upon the Company's receipt of the invoice. However, where total fees and expenses are expected to exceed \$10,000 in any single month, KCC may require advance payment from the Company due and payable upon demand and prior to the performance of services hereunder. If any amount is unpaid as of thirty (30) days from the receipt of the invoice, the Company further agrees to pay a late charge, calculated as one and one-half percent (1-1/2%) of the total amount unpaid every thirty (30) days. In the case of a dispute in the invoice amount, the Company shall give written notice to KCC within ten (10) days of receipt of the invoice by the Company. The undisputed portion of the invoice will remain due and payable immediately upon receipt of the invoice. Late charges shall not accrue on any amounts in dispute. Unless otherwise agreed to in writing, the fees for print notice and media publication (including commissions) as well as certain expenses must be paid at least three (3) days in advance of those fees and expenses being incurred.

F. In the event that the Company files for protection pursuant to chapter 11 of the United States Bankruptcy Code (a "Chapter 11 Filing"), the parties intend that KCC shall be employed pursuant to 28 U.S.C. § 156(c) ("Section 156(c)") and that all fees and expenses due under this Agreement shall be paid as administrative expenses of the Company's chapter 11 estate. As soon as practicable following a Chapter 11 Filing (and otherwise in accordance with applicable law and rules and orders of the Bankruptcy Court), the Company shall cause a motion to be filed with the Bankruptcy Court seeking entry of an order pursuant to Section 156(c) approving this



KCC AGREEMENT FOR SERVICES

Agreement in its entirety (the "Section 156(c) Order"). The form and substance of the motion and the Section 156(c) Order shall be reasonably acceptable to KCC. If any Company chapter 11 case converts to a case under chapter 7 of the Bankruptcy Code, KCC will continue to be paid for its services in accordance with Section 156(c) and under the terms of this Agreement.

G. To the extent permitted by applicable law, KCC shall receive a retainer in the amount of \$50,000 (the "Retainer") that may be held by KCC as security for the Company's payment obligations under the Agreement. The Retainer is due upon execution of this Agreement. KCC shall be entitled to hold the Retainer until the termination of the Agreement. Following termination of the Agreement, KCC shall return to the Company any amount of the Retainer that remains following application of the Retainer to the payment of unpaid invoices.

III. RIGHTS OF OWNERSHIP

A. The parties understand that the software programs and other materials furnished by KCC pursuant to this Agreement and/or developed during the course of this Agreement by KCC are the sole property of KCC. The term "program" shall include, without limitation, data processing programs, specifications, applications, routines, and documentation. The Company agrees not to copy or permit others to copy the source code from the support software or any other programs or materials furnished pursuant to this Agreement.

B. The Company further agrees that any ideas, concepts, know-how or techniques relating to data processing or KCC's performance of its services developed or utilized during the term of this Agreement by KCC shall be the exclusive property of KCC. Fees and expenses paid by the Company do not vest in the Company any rights in such property, it being understood that such property is only being made available for the Company's use during and in connection with the services provided by KCC under this Agreement.

IV. NON-SOLICITATION

The Company agrees that neither it nor its subsidiaries or other affiliated companies shall directly or indirectly solicit for employment, employ or otherwise retain employees of KCC during the term of this Agreement and for a period of twelve (12) months after termination of this Agreement unless KCC provides prior written consent to such solicitation or retention. This restriction shall not apply to solicitations for employment made through general advertisements and searches not targeted at employees of KCC.

V. CONFIDENTIALITY

Each of KCC and the Company, on behalf of themselves and their respective employees, agents, professionals and representatives, agrees to keep confidential all non-public records, systems, procedures, software and other information received from the other party in connection with the services provided under this Agreement; provided, however, that if either party reasonably believes that it is required to produce any such information by order of any governmental agency or other regulatory body it may, upon not less than five (5) business days' written notice to the other party, release the required information.



KCC AGREEMENT FOR SERVICES

VI. SUSPENSION OF SERVICE AND TERMINATION

A. This Agreement shall remain in force until terminated or suspended by either party (i) upon thirty (30) days' written notice to the other party or (ii) immediately upon written notice for Cause (defined herein). As used herein, the term "Cause" means (i) gross negligence or willful misconduct of KCC that causes serious and material harm to the Company's reorganization under chapter 11 of the Bankruptcy Code, (ii) the failure of the Company to pay KCC invoices for more than sixty (60) days from the date of invoice, or (iii) the accrual of invoices or unpaid services in excess of the retainer held by KCC where KCC reasonably believes it will not be paid.

B. In the event that this contract is terminated, regardless of the reason for such termination, KCC shall coordinate with the Company and, to the extent applicable, the clerk of the Bankruptcy Court, to maintain an orderly transfer of record keeping functions and KCC shall provide all necessary staff, services and assistance required for an orderly transfer. The Company agrees to pay for such services in accordance with KCC's then existing prices for such services. If such termination occurs following entry of the Section 156(c) Order, the Company shall immediately seek entry of an order (in form and substance reasonably acceptable to KCC) that discharges KCC from service and responsibility under Section 156(c) and this Agreement.

C. Any data, programs, storage media or other materials furnished by the Company to KCC or received by KCC in connection with the services provided under the terms of this Agreement may be retained by KCC until the services provided are paid for, or until this Agreement is terminated with the services paid in full. The Company shall remain liable for all fees and expenses imposed under this Agreement as a result of data or physical media maintained or stored by KCC. KCC shall dispose of the data and media in the manner requested by the Company. The Company agrees to pay KCC for reasonable expenses incurred as a result of the disposition of data or media. If the Company has not utilized KCC's services under this Agreement for a period of at least ninety (90) days, KCC may dispose of the data or media, and be reimbursed by the Company for the expense of such disposition, after giving the Company thirty (30) days' notice. Notwithstanding any term herein to the contrary, following entry of the Section 156(c) Order, the disposition of any data or media by KCC shall be in accordance with any applicable instructions from the clerk of the Bankruptcy Court, local Bankruptcy Court rules and orders of the Bankruptcy Court.

VII. SYSTEM IMPROVEMENTS

KCC strives to provide continuous improvements in the quality of service to its clients. KCC, therefore, reserves the right to make changes in operating procedure, operating systems, programming languages, general purpose library programs, application programs, time period of accessibility, types of terminal and other equipment and the KCC data center serving the Company, so long as any such changes do not materially interfere with ongoing services provided to the Company in connection with the Company's chapter 11 case.



KCC AGREEMENT FOR SERVICES

VIII. BANK ACCOUNTS

At the Company's request, KCC shall be authorized to establish accounts with financial institutions in the name of and as agent for the Company. To the extent that certain financial products are provided to the Company pursuant to KCC's agreement with financial institutions, KCC may receive compensation from such financial institutions for the services KCC provides pursuant to such agreement.

IX. LIMITATIONS OF LIABILITY AND INDEMNIFICATION

A. The Company shall indemnify and hold KCC, its affiliates, members, directors, officers, employees, consultants, subcontractors and agents (collectively, the "Indemnified Parties") harmless, to the fullest extent permitted by applicable law, from and against any and all losses, claims, damages, judgments, liabilities and expenses (including reasonable counsel fees and expenses) (collectively, "Losses") resulting from, arising out of or related to KCC's performance under this Agreement. Such indemnification shall exclude Losses resulting from KCC's gross negligence or willful misconduct. Without limiting the generality of the foregoing, Losses include any liabilities resulting from claims by any third-parties against any Indemnified Party. The Company shall notify KCC in writing promptly upon the assertion, threat or commencement of any claim, action, investigation or proceeding that the Company becomes aware of with respect to the services provided by KCC under this Agreement. The Company's indemnification obligations hereunder shall survive the termination of this Agreement.

B. Except as provided herein, KCC's liability to the Company or any person making a claim through or under the Company for any Losses of any kind, even if KCC has been advised of the possibility of such Losses, whether direct or indirect and unless due to gross negligence or willful misconduct of KCC, shall be limited to the total amount billed or billable to the Company for the portion of the particular work which gave rise to the alleged Loss. In no event shall KCC's liability to the Company for any Losses, whether direct or indirect, arising out of this Agreement exceed the total amount billed to the Company and actually paid to KCC for the services contemplated under the Agreement. In no event shall KCC be liable for any indirect, special or consequential damages such as loss of anticipated profits or other economic loss in connection with or arising out of the services provided for in this Agreement.

C. The Company is responsible for the accuracy of the programs, data and information it or any Company Party submits for processing to KCC and for the output of such information. KCC does not verify information provided by the Company and, with respect to the preparation of schedules and statements, all decisions are at the sole discretion and direction of the Company. The Company reviews and approves all schedules and statements filed on behalf of, or by, the Company; KCC bears no responsibility for the accuracy or contents therein. The Company agrees to initiate and maintain backup files that would allow the Company to regenerate or duplicate all programs and data submitted by the Company to KCC.

D. The Company agrees that except as expressly set forth herein, KCC makes no representations or warranties, express or implied, including, but not limited to, any implied or express warranty of merchantability, fitness or adequacy for a particular purpose or use, quality, productiveness or capacity.



KCC AGREEMENT FOR SERVICES

X. FORCE MAJEURE

Whenever performance by KCC of any of its obligations hereunder is materially prevented or impacted by reason of any act of God, strike, lock-out or other industrial or transportation disturbance, fire, lack of materials, law, regulation or ordinance, war or war condition, or by reason of any other matter beyond KCC's reasonable control, then such performance shall be excused and this Agreement shall be deemed suspended during the continuation of such prevention and for a reasonable time thereafter.

XI. INDEPENDENT CONTRACTORS

The Company and KCC are and shall be independent contractors of each other and no agency, partnership, joint venture or employment relationship shall arise, directly or indirectly, as a result of this Agreement.

XII. NOTICES

All notices and requests in connection with this Agreement shall be given or made upon the respective parties in writing and shall be deemed as given as of the third day following the day it is deposited in the U.S. Mail, postage pre-paid or on the day it is given if sent by facsimile or electronic mail or on the day after the day it is sent if sent by overnight courier to the appropriate address set forth below:

Kurtzman Carson Consultants LLC
2335 Alaska Ave.
El Segundo, CA 90245
Attn: Drake D. Foster
Tel: (310) 823-9000
Fax: (310) 776-8334
E-Mail: dfoster@kccllc.com

Vertis Holdings, Inc.
250 West Pratt Street, Suite 1800
Baltimore, MD 21201
Attn: Jeffrey Pritchett
Cc: Alex Davis
Tel: (410) 454-0883

Or to such other address as the party to receive the notice or request so designates by written notice to the other.

XIII. APPLICABLE LAW

The validity, enforceability, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of New York.

XIV. ENTIRE AGREEMENT/ MODIFICATIONS

Each party acknowledges that it has read this Agreement, understands it, and agrees to be bound by its terms and further agrees that it is the complete and exclusive statement of the agreement between the parties, which supersedes and merges all prior proposals, understandings, other agreements, and communications oral and written between the parties relating to the subject



KCC AGREEMENT FOR SERVICES

matter of this Agreement. The Company represents that it has the authority to enter into this Agreement, and the Agreement is non-dischargeable under any applicable statute or law. If any provision of this Agreement shall be held to be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall in no way be affected or impaired thereby. This Agreement may be modified only by a written instrument duly executed by an authorized representative of the Company and an officer of KCC.

XV. COUNTERPARTS; EFFECTIVENESS

This Agreement may be executed in two or more counterparts, each of which will be deemed an original but all of which together will constitute one and the same instrument. This Agreement will become effective when one or more counterparts have been signed by each of the parties and delivered to the other parties, which delivery may be made by exchange of copies of the signature page by facsimile or electronic mail.

XVI. ASSIGNMENT

This Agreement and the rights and duties hereunder shall not be assignable by the parties hereto except upon written consent of the other, with the exception that this Agreement can be assigned without written consent by KCC to a wholly-owned subsidiary or affiliate of KCC.

XVII. ARBITRATION

Any controversy or claim arising out of or relating to this Agreement, or the breach thereof, shall be settled by arbitration in accordance with the rules of the American Arbitration Association, and judgment upon the award rendered by the arbitrator(s) shall be entered in any court having jurisdiction thereof. For that purpose, the parties hereto consent to the jurisdiction and venue of an appropriate court located in Los Angeles County, State of California.

XVIII. ATTORNEYS' FEES

In the event that any legal action, including an action for declaratory relief, is brought to enforce the performance or interpret the provisions of this Agreement, the parties agree to reimburse the prevailing party's reasonable attorneys' fees, court costs, and all other related expenses, which may be set by the court in the same action or in a separate action brought for that purpose, in addition to any other relief to which the prevailing party may be entitled.

[SIGNATURE PAGE FOLLOWS]



KCC AGREEMENT FOR SERVICES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the first date mentioned above.

Kurtzman Carson Consultants LLC

BY: DATE:
TITLE:

Company



BY: Jeffrey Pritchett DATE: 10/20/10
TITLE:



KCC AGREEMENT FOR SERVICES

IN WITNESS WHEREOF, the parties hereto have executed this Agreement effective as of the first date mentioned above.

Kurtzman Carson Consultants LLC

A handwritten signature in black ink, appearing to be 'James M. Le'.

BY: JAMES M LE DATE: 10/21/10
 TITLE: CHIEF OPERATING OFFICER

Company

A handwritten signature in black ink, appearing to be 'Jeffrey Pritchett'.

10/20/10

BY: Jeffrey Pritchett DATE:
 TITLE:



KCC CORPORATE RESTRUCTURING FEE STRUCTURE

FEES

Consulting Services & Rates¹

<u>Position</u>	<u>Avg. Rate</u>	<u>Hourly Rate</u>
Clerical	\$50.00	\$40.00-\$60.00
Project Specialist	\$110.00	\$80.00-\$140.00
Technology/Programming Consultant	\$165.00	\$140.00-\$190.00
Consultant	\$192.50	\$165.00-\$220.00
Senior Consultant	\$250.00	\$225.00-\$275.00
Senior Managing Consultant	\$295.00	\$295.00
Weekend, holidays and overtime	Waived	Waived

EXPENSES²

Noticing Services

Set-up	Waived
Printing, photocopies and labels	\$0.10 per image
Electronic noticing (e-mail)	\$100.00 per 1,000
Electronic noticing (domestic facsimile)	\$0.20 per page
Claim Acknowledgement Card	\$0.25 per notice
Insert creditor information into customized documents	\$0.10 per piece
Document folding and inserting	\$0.10 per document
Finishing – tape binding ³	\$1.25 per document
Legal notice publishing	Quote prior to publishing

Claims Administration & Management

Database and System Access (Unlimited users)	\$0.10 per record per month
Case-specific public website hosting	\$200.00 per month
Creditor import	\$0.10 per creditor
Proof of Claim input	\$0.15 per claim

¹ Please note that additional professional services not covered by this proposal will be charged at hourly rates, including any outsourced services performed under our supervision and control.

² Expenses shall be consistent with the general practice procedures authorized in the Southern District of New York.

³ This is an optional service for documents exceeding 200 images.



KCC CORPORATE RESTRUCTURING FEE STRUCTURE

Document Management/Imaging

Electronic imaging (scanning & bar-coding)	\$0.20 per imaged page
Virtual data room	Quote prior to VDR set-up
CD-ROMs (Mass Document Storage)	Varies upon requirements

Call Center Support Services

Case-specific voice-mail box for creditors	Waived
Interactive Voice Response ("IVR")	\$1,500 set up \$0.34 per minute
Monthly maintenance charge	\$100 per month
Management of Call Center	Standard hourly rates

Solicitation, Balloting & Tabulation Services

Set-up, tabulation and vote verification	Applicable consulting fees only
Printing and mailing ballots	Subject to above unit pricing for mailing and noticing

Public Securities Services

Quotes for the following services are available upon request:

- Notice Event
- Voting Event
- Voting and Corporate Action Event
- Security Holder Identification Report

Disbursements

Check issuance	Quote prior to printing
W-9 mailing and maintenance of TIN database	See hourly rates and noticing charges



KCC CORPORATE RESTRUCTURING FEE STRUCTURE

Standard and Customized Reporting

The following services are available at consulting rates:

- Preparation of Service Lists
- Preparation of Claims Registers & Claims Reports
- Claims Reconciliation
- Preparation of Claims Objection Exhibits
- Custom Data Extraction & Forensics
- Preference Data Compilation
- Preparation of Schedules & SOFA
- Preparation of Ballot Tabulations/Disbursements Reports
- Contract and Lease Analysis
- Preparation of Claim Transfer Reports
- Preparation of Exhibits to Plan and Disclosure Statement
- Preparation of Custom Reports
- Other Services as Requested by Client

UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK

----- x
:
In re: : Chapter 11
:
VERTIS HOLDINGS, INC., *et al.*, : Case No. 10- _____ ()
:
Debtors. : (Jointly Administered)
:
----- x

**DECLARATION OF ALBERT KASS IN SUPPORT OF THE DEBTORS'
APPLICATION FOR ORDER UNDER 28 U.S.C. § 156(c), 11 U.S.C. § 503(b), FED. R.
BANKR. P. 2002 AND S.D.N.Y. LBR 5075-1 (I) APPROVING AGREEMENT WITH
KURTZMAN CARSON CONSULTANTS LLC AND (II) AUTHORIZING THE
RETENTION AND APPOINTMENT OF KURTZMAN CARSON CONSULTANTS LLC
AS NOTICE AND CLAIMS AGENT**

I, Albert Kass, hereby declare that the following is true to the best of my knowledge, information, and belief:

1. I am the Vice President of Corporate Restructuring Services of Kurtzman Carson Consultants LLC ("KCC"), whose offices are located at 2335 Alaska Avenue, El Segundo, California 90245, telephone number (310) 823-9000. I am duly authorized to make this Declaration on behalf of KCC. Except as otherwise indicated, I have personal knowledge of the matters set forth herein and, if called as a witness, I would testify competently thereto.

2. I submit this Declaration in support of the Debtors' Application for Order Under 28 U.S.C. § 156(c), 11 U.S.C. § 503(b), Fed. R. Bankr. P. 2002 and S.D.N.Y. LBR 5075-1 (I) Approving Agreement With Kurtzman Carson Consultants LLC and (II) Authorizing the Retention and Appointment of Kurtzman Carson Consultants LLC as Notice and Claims Agent, which has been filed contemporaneously herewith (the "Application").¹

¹ Capitalized terms used but not defined herein shall have the same meaning ascribed to them in the Application. The Debtors in these cases, along with the last four (4) digits of each Debtor's federal tax identification number
(cont'd)

3. As noticing and, to the extent needed, claims agent in these cases (the "Notice and Claims Agent"), the services my firm proposes to render to the Debtors and the Office of the Clerk of the Bankruptcy Court for the Southern District of New York (the "Clerk") include, if necessary, serving notices to parties in interest or as otherwise directed by the Court on behalf of the Debtors or the Clerk, and certain claims administration services, to the extent needed.

4. KCC is one of the country's leading chapter 11 administrators, with experience in noticing, claims administration and other administrative aspects of chapter 11 cases. KCC has substantial experience in matters of this size and complexity, and has acted as the official noticing and claims agent in many large bankruptcy cases pending in this District and other districts nationwide. See, e.g., In re Blockbuster Inc., Case No. 10-14997 (BRL) (Bankr. S.D.N.Y. Sep. 23, 2010); In re Truvo USA LLC, Case No. 10-13513 (AJG) (Bankr. S.D.N.Y. July 1, 2010); In re NR Liquidation III Co. Inc. f/k/a Neff Corp., Case No. 10-12610 (SCC) (Bankr. S.D.N.Y. May 17, 2010); In re EnviroSolutions of New York, LLC, Case No. 10-11236 (SMB) (Bankr. S.D.N.Y. Mar. 12, 2010); In re Uno Rest. Holdings Corp., Case No. 10-10209 (MG) (Bankr. S.D.N.Y. Jan. 22, 2010); In re CIT Group Inc., Case No. 09-16565 (ALG) (Bankr. S.D.N.Y. Nov. 3, 2009); In re Lear Corp., Case No. 09-14326 (ALG) (Bankr. S.D.N.Y. July 7, 2009); In re Charter Commc'ns, Inc., Case No. 09-11435 (JMP) (Bankr. S.D.N.Y. Mar. 30, 2009); In re Gen. Growth Props., Inc., Case No. 09-11977 (ALG) (Bankr. S.D.N.Y. Apr. 16, 2009); In re Tronox Inc., Case No. 09-10156 (ALG) (Bankr. S.D.N.Y. Jan. 13, 2009); In re Paper Int'l, Inc., Case No. 08-13917 (RDD) (Bankr. S.D.N.Y. Oct. 10, 2008); In re Wellman, Inc., Case

(cont'd from previous page)

are Vertis Holdings, Inc. (1556); Vertis, Inc. (8322); ACG Holdings, Inc. (5968); Webcraft, LLC(6725); American Color Graphics, Inc. (3976); and Webcraft Chemicals, LLC (6726).

No. 08-10595 (SMB) (Bankr. S.D.N.Y. Mar. 12, 2008); In re DJK Residential LLC, Case No. 08-10375 (JMP) (Bankr S.D.N.Y. Feb. 5, 2008); In re Bally Total Fitness of Greater New York, Inc., Case No. 07-12395 (BRL) (Bankr. S.D.N.Y. Aug. 21, 2007); In re Calpine Corp., Case No. 05-60200 (BRL) (Bankr. S.D.N.Y. Dec. 22, 2005); see also, e.g., In re Magic Brands, LLC, Case No. 10-11310 (BLS) (Bankr. D. Del. Apr. 23, 2010); In re Regent Commc'ns, Inc., Case No. 10-10632 (KG) (Bankr. D. Del. Mar. 2, 2010); In re Specialty Packaging Holdings, Inc., Case No. 10-10142 (KG) (Bankr. D. Del. Jan. 21, 2010); In re Int'l Aluminum Corp., Case No. 10-10003 (MFW) (Bankr. D. Del. Jan. 6, 2010); In re Eddie Bauer Holdings, Inc., Case No. 09-12099 (MFW) (Bankr. D. Del. June 18, 2009); In re Premier Int'l Holdings Inc., Case No. 09-12019 (CSS) (Bankr. D. Del. June 15, 2009); In re Visteon Corp., Case No. 09-11786 (CSS) (Bankr. D. Del. May 29, 2009); In re Anchor Blue Retail Group, Inc., Case No. 09-11770 (PJW) (Bankr. D. Del. May 28, 2009); In re VeraSun Energy Corp., Case No. 08-12606 (BLS) (Bankr. D. Del. Nov. 4, 2008); In re Washington Mut., Inc., Case No. 08-12229 (MFW) (Bankr. D. Del. Oct. 30, 2008); In re Mervyn's Holdings, LLC, Case No. 08-11586 (KG) (Bankr. D. Del. July 30, 2008); In re Black Gaming, LLC, Case No. 10-13301 (BAM) (Bankr. D. Nev. Mar. 5, 2010); In re Movie Gallery, Inc., Case No. 10-30696 (DOT) (Bankr. E.D. Va. Feb. 3, 2010); In re Fleetwood Enters., Inc., Case No. 09-14254 (MJ) (Bankr. C.D. Cal. Mar. 20, 2009).

5. KCC represents, among other things, the following:
 - (a) KCC is not a creditor, equity security holder or insider of the Debtors;
 - (b) KCC will not consider itself employed by the United States government and will not seek any compensation from the United States government in its capacity as the Notice and Claims Agent in these chapter 11 cases;
 - (c) By accepting employment in these chapter 11 cases, KCC waives any rights to receive compensation from the United States government;

- (d) In its capacity as the Notice and Claims Agent in these chapter 11 cases, KCC will not be an agent of the United States and will not act on behalf of the United States;
- (e) KCC will not employ any past or present employees of the Debtors in connection with its work as the Notice and Claims Agent in these chapter 11 cases;
- (f) In its capacity as the Notice and Claims Agent in these chapter 11 cases, KCC will not intentionally misrepresent any fact to any person;
- (g) KCC shall be under the supervision and control of the Clerk with respect to the receipt and recordation of claims and claim transfers; and
- (h) None of the services provided by KCC as Notice and Claims Agent will be at the expense of the Clerk.

6. The Debtors have thousands of creditors, and accordingly, KCC may have rendered and may continue to render services to certain of these creditors. KCC has not and will not represent the separate interests of any such creditor in these cases. Additionally, KCC employees may, in the ordinary course of their personal affairs, have relationships with certain creditors of the Debtors. For example, one or more of KCC's employees may have obligations outstanding with financial institutions that are creditors of the Debtors or may have used the Debtors' services.

7. KCC is an indirect subsidiary of Computershare Limited. Computershare Limited is a financial services and technologies provider for the global securities industry. Within the Computershare corporate structure, KCC operates as a separate, segregated business unit. As such, any relationships that Computershare Limited and its affiliates maintain do not create an interest of KCC that would be materially adverse to the Debtors' estates or any class of creditors or equity security holders. Computershare Limited and its affiliates have many clients both in the United States and internationally. In the ordinary course of their business, certain affiliates of Computershare Limited may provide administrative services to the Debtors.

Additionally, Administar, a claims and noticing agent, is also an indirect subsidiary of Computershare Limited. On July 1, 2009, the operations of Administar were consolidated under KCC.

8. To the best of my knowledge, information, and belief, and except as disclosed herein, KCC neither holds nor represents any interest materially adverse to the Debtors' estates in connection with any matter on which it would be employed and KCC is a "disinterested person," within the meaning of Bankruptcy Code section 101(14). KCC will supplement its disclosure to the Court if any facts or circumstances are discovered that would require further disclosure.

9. In performing the services of Notice and Claims Agent, KCC will charge the Debtors the rates set forth in the Agreement, which is attached as Exhibit B to the Application. The rates set forth therein are at least as favorable as the rates that KCC charges in cases in which it has been retained to perform similar services. Furthermore, prior to the commencement of these chapter 11 cases, the Debtors paid KCC a retainer of \$50,000 pursuant to the Agreement.

10. KCC will comply with all requests of the Clerk and the guidelines promulgated by the Judicial Conference of the United States for the implementation of 28 U.S.C. § 156(c). In addition, KCC will comply with all of its obligations and responsibilities under the Protocol for the Employment of Claims Agents, dated May 8, 2006, as revised January 23, 2008, and as may be further amended, issued by the Clerk. To that end, I am informed by counsel to the Debtors that proposals from three court-approved claims agents (including KCC) were obtained and reviewed.

Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing is true and correct.

Executed on November 17, 2010

