

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re: : Chapter 11
:
Vertis Holdings, Inc., et al., : Case No. 08-11460 (CSS)
Debtors. :
: Jointly Administered
:

INITIAL MONTHLY OPERATING REPORT

File report and attachments with Court and submit copy to United States Trustee within 15 days after order for relief.

Certificates of insurance must name United States Trustee as a party to be notified in the event of policy cancellation. Bank accounts and checks must bear the name of the debtor, the case number, and the designation "Debtor in Possession." Examples of acceptable evidence of Debtor in Possession Bank accounts include voided checks, copy of bank deposit agreement/certificate of authority, signature card, and/or corporate checking resolution.

REQUIRED DOCUMENTS	Document Attached	Explanation Attached
12-Month Cash Flow Projection (Form IR-1)		YES
Certificates of Insurance:		
Workers Compensation	YES	
Property	YES	
General Liability	YES	
Vehicle	YES	
Other:		
Evidence of Debtor in Possession Bank Accounts		
Tax Escrow Account		YES
General Operating Account		YES
Other:		YES
Other:		YES
Retainers Paid (Form IR-2)	YES	


I declare under penalty of perjury (28 U.S.C. Section 1746) that this report and the documents attached are true and correct to the best of my knowledge and belief.

Signature of Debtor

Date

Signature of Joint Debtor

Date



Signature of Authorized Individual*

7.30.08

Date

*Authorized individual must be an officer, director or shareholder if debtor is a corporation; a partner if debtor is a partnership; a manager or member if debtor is a limited liability company.



CASH FLOW PROJECTION

The Debtors hereby incorporate by reference the 13 Week Cash Flow Forecast attached to the *Debtors' Motion for Entry of Orders (I) Authorizing the Debtors to (A) Obtain Postpetition Senior Secured Super-Priority Financing Pursuant to 11 U.S.C. §§ 105, 361, 362, 363(c), 363(e), 364(c), 364(d)(1) and 364(e) and (B) Utilize Cash Collateral of Prepetition Secured Parties, (II) Authorizing the Repayment in Full of Amounts Under the Prepetition Senior Secured Credit Facility and the A/R Securitization Facility, (III) Granting Adequate Protection to the Prepetition Senior Secured Lenders, the Securitization Provider, and Second Lien Noteholders, (IV) Treating Certain Information as Confidential Pursuant to Bankruptcy Rule 90189, (V) Scheduling a Final Hearing Pursuant to Bankruptcy Rules 4001(b) and (c), and (VI) Granting Related Relief* [Docket No. 19]

CERTIFICATES OF INSURANCE

MARSH

CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER
CLE-001830807-01

PRODUCER

MARSH USA INC
SUITE 400
1255 23RD STREET, N.W.
WASHINGTON, DC 20037
Attn: CLIENT SUPPORT SERVICES 202-263-7600

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES DESCRIBED HEREIN

COMPANIES AFFORDING COVERAGE

COMPANY

A ACE American Insurance Company

COMPANY

B National Union Fire Ins Co Pittsburgh PA

COMPANY

C

COMPANY

D

040078-GAUW-07-08

INSURED

VERTIS, INC. (dba VERTIS COMMUNICATIONS)
ATTN: BRIAN SKELLY
250 WEST PRATT ST
BALTIMORE, MD 21201

COVERAGES

This certificate supersedes and replaces any previously issued certificate for the policy period noted below 1

THIS IS TO CERTIFY THAT POLICIES OF INSURANCE DESCRIBED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN THE INSURANCE AFFORDED BY THE POLICIES DESCRIBED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. AGGREGATE LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS

CO LTR	TYPE OF INSURANCE	POLICY NUMBER	POLICY EFFECTIVE DATE (MM/DD/YY)	POLICY EXPIRATION DATE (MM/DD/YY)	LIMITS
A	GENERAL LIABILITY	HDO G20558969	11/01/07	11/01/08	GENERAL AGGREGATE \$ 2,000,000
	<input checked="" type="checkbox"/> COMMERCIAL GENERAL LIABILITY				PRODUCTS - COMP/OP AGG \$ 2,000,000
	<input type="checkbox"/> CLAIMS MADE <input checked="" type="checkbox"/> OCCUR				PERSONAL & ADV INJURY \$ 2,000,000
	<input type="checkbox"/> OWNER'S & CONTRACTOR'S PROT				EACH OCCURRENCE \$ 2,000,000
					FIRE DAMAGE (Any one fire) \$ 100,000
					MED EXP (Any one person) \$ 5,000
A	AUTOMOBILE LIABILITY	ISA H07960839	11/01/07	11/01/08	COMBINED SINGLE LIMIT \$ 2,000,000
	<input checked="" type="checkbox"/> ANY AUTO				BODILY INJURY (Per person) \$
	<input type="checkbox"/> ALL OWNED AUTOS				BODILY INJURY (Per accident) \$
	<input type="checkbox"/> SCHEDULED AUTOS				PROPERTY DAMAGE \$
	<input type="checkbox"/> HIRED AUTOS				
	<input type="checkbox"/> NON-OWNED AUTOS				
	<input checked="" type="checkbox"/> COMP \$1,000 DED				
	<input checked="" type="checkbox"/> COLL \$1,000 DED				
	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT \$
	<input type="checkbox"/> ANY AUTO				OTHER THAN AUTO ONLY \$
					EACH ACCIDENT \$
					AGGREGATE \$
B	EXCESS LIABILITY	BE 9835351	11/30/07	11/01/08	EACH OCCURRENCE \$ 25,000,000
	<input checked="" type="checkbox"/> UMBRELLA FORM				AGGREGATE \$ 25,000,000
	<input type="checkbox"/> OTHER THAN UMBRELLA FORM				
A A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WLR C44004173	11/01/07	11/01/08	<input checked="" type="checkbox"/> WC STATUTORY LIMITS <input type="checkbox"/> OTHER
	SCF C44004197	11/01/07	11/01/08		EL EACH ACCIDENT \$ 1,000,000
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE: <input checked="" type="checkbox"/> INCL <input type="checkbox"/> EXCL				EL DISEASE-POLICY LIMIT \$ 1,000,000
					EL DISEASE-EACH EMPLOYEE \$ 1,000,000
	OTHER				

DESCRIPTION OF OPERATIONS/LOCATIONS/VEHICLES/SPECIAL ITEMS
EVIDENCE OF INSURANCE

CERTIFICATE HOLDER

U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
DISTRICT OF DELAWARE
J CALEB BOOGS FEDERAL BLDG.
844 KING ST., STE 2207 - LOCK BOX 35
WILIMINGTON, DE 19801

CANCELLATION

SHOULD ANY OF THE POLICIES DESCRIBED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.AUTHORIZED REPRESENTATIVE
of Marsh USA Inc
BY: Ethan W Klass*Ethan W. Klass*

MM1(3/02)

VALID AS OF:07/29/08

MARSH**EVIDENCE OF PROPERTY INSURANCE**

CERTIFICATE NUMBER:

CLE-001830816-01

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERS NO RIGHTS UPON THE CERTIFICATE HOLDER OTHER THAN THOSE PROVIDED IN THE POLICY. THIS CERTIFICATE DOES NOT AMEND, EXTEND OR ALTER THE COVERAGE AFFORDED BY THE POLICIES LISTED HEREIN.

PRODUCER

MARSH USA INC
SUITE 400
1255 23RD STREET, N.W.
WASHINGTON, DC 20037
Attn: CLIENT SUPPORT SERVICES 202-263-7600

COMPANY

Factory Mutual Insurance Company

040078--PROP-08-09

INSURED

VERTIS, INC. (dba VERTIS COMMUNICATIONS)
ATTN: BRIAN SKELLY
250 WEST PRATT ST
BALTIMORE, MD 21201

LOAN NUMBER**POLICY NUMBER**

LP800

EFFECTIVE DATE (MM/DD/YY)

EXPIRATION DATE (MM/DD/YY)

CONT. UNTIL
TERMINATED
IF CHECKED

04/01/08

04/01/09

THIS REPLACES PRIOR EVIDENCE DATED:

PROPERTY INFORMATION

LOCATION / DESCRIPTION

FOR EVIDENCE OF INSURANCE PURPOSES ONLY

COVERAGE INFORMATION This certificate supersedes and replaces any previously issued certificate for the policy period noted below.

1

THIS IS TO CERTIFY THAT THE POLICIES OF INSURANCE LISTED HEREIN HAVE BEEN ISSUED TO THE INSURED NAMED HEREIN FOR THE POLICY PERIOD INDICATED. NOTWITHSTANDING ANY REQUIREMENT, TERM OR CONDITION OF ANY CONTRACT OR OTHER DOCUMENT WITH RESPECT TO WHICH THE CERTIFICATE MAY BE ISSUED OR MAY PERTAIN, THE INSURANCE AFFORDED BY THE POLICIES LISTED HEREIN IS SUBJECT TO ALL THE TERMS, CONDITIONS AND EXCLUSIONS OF SUCH POLICIES. LIMITS SHOWN MAY HAVE BEEN REDUCED BY PAID CLAIMS.

COVERAGES / PERILS / FORMS

AMOUNT OF INSURANCE (\$)

DEDUCTIBLE

ALL RISK FORM

1,000,000

50,000

INCLUDING BUSINESS INTERRUPTION

REMARKS (Including Special Conditions)**CANCELLATION**

SHOULD ANY OF THE POLICIES LISTED HEREIN BE CANCELLED BEFORE THE EXPIRATION DATE THEREOF, THE INSURER AFFORDING COVERAGE WILL ENDEAVOR TO MAIL 30 DAYS WRITTEN NOTICE TO THE CERTIFICATE HOLDER NAMED HEREIN. BUT FAILURE TO MAIL SUCH NOTICE SHALL IMPOSE NO OBLIGATION OR LIABILITY OF ANY KIND UPON THE INSURER AFFORDING COVERAGE, ITS AGENTS OR REPRESENTATIVES, OR THE ISSUER OF THIS CERTIFICATE.

CERTIFICATE HOLDER

NAME AND ADDRESS

U.S. DEPARTMENT OF JUSTICE
OFFICE OF THE UNITED STATES TRUSTEE
DISTRICT OF DELAWARE
J. CALEB BOOGS FEDERAL BLDG.
844 KING ST., STE 2207 - LOCK BOX 35
WILMINGTON, DE 19801

NATURE OF INTEREST☐ MORTGAGEE☐ ADDITIONAL INSURED☐ LOSS PAYEE☐ (OTHER)AUTHORIZED REPRESENTATIVE
of Marsh USA Inc.

BY: Agneta Jernbeck Baker

VALID AS OF: 07/29/08

MM3 (3/02)

EVIDENCE OF DEBTOR IN POSSESSION BANK ACCOUNTS

The Debtors hereby incorporate by reference the List of Bank Accounts attached to the *Debtors' Motion for an Order Pursuant to Sections 105(a), 363(c), and 345(b) of the Bankruptcy Code (I) Authorizing Debtors to (A) Continue Existing Cash Management System and (B) Maintain Existing Bank Accounts and Business Forms and (II) Granting an Extension of Time to Comply with Section 345(b) of the Bankruptcy Code* [Docket No. 6]

RETAINERS PAID

In re: Vertis Holdings, Inc., et al.

Case No. 08—11460 (CSS)

Reporting Period: As of July 15, 2008

SCHEDULE OF RETAINER PAID TO PROFESSIONALS
(This schedule is to include each Professional paid a retainer¹)

Payee	Check		Name of Payor	Amount	Amount Applied To Date	Balance
	Date	Number				
Kurtzman Carson Consultants LLC	4/10/08	Wire	Vertis, Inc.	\$30,000	Unknown	\$30,000
Weil, Gotshal & Manges LLP	7/14/08	Wire	Vertis, Inc.	\$1,750,000	\$517,768	\$1,232,232
Richards, Layton & Finger	4/8/08	Wire	Vertis, Inc.	\$75,000	Unknown	\$75,000
Deloitte & Touche LLP	4/21/08	Wire	Vertis, Inc.	\$160,000	\$183,163	\$6,837
	6/18/08	Wire		\$30,000		
DLA Piper US LLP	4/15/08	Wire	Vertis, Inc.	\$100,000	Unknown	\$100,000
Alvarez & Marsal North America LLC	3/25/08	Wire	Vertis, Inc.	\$50,000	\$152,050.52	\$147,949.48
	4/24/08	Wire		\$250,000		
Lazard Freres & Co., LLC	3/31/08	Wire	Vertis, Inc.	\$175,000	Unknown	\$175,000
FTI Consulting, Inc.	6/12/08	Wire	Vertis, Inc.	\$150,000	Unknown	\$150,000

¹ Identify all Evergreen Retainers