

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\*

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

## PRODUCER

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

040078-GAUW-07-08

## CERTIFICATE OF INSURANCE

CERTIFICATE NUMBER  
CLE-001830807-01

THIS CERTIFICATE IS ISSUED AS A MATTER OF INFORMATION ONLY AND CONFERNS  
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

## INSURED

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

## COMPANY

A ACE American Insurance Company

## COMPANY

B National Union Fire Ins Co Pittsburgh PA

## COMPANY

C

## COMPANY

D

## COVERAGE

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
	X 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
	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
	X ANY AUTO				BODILY INJURY (Per person)	\$
	ALL OWNED AUTOS				BODILY INJURY (Per accident)	\$
	SCHEDULED AUTOS				PROPERTY DAMAGE	\$
	Hired AUTOS					
	NON-OWNED AUTOS					
X COMP \$1,000 DED						
	X COLL \$1,000 DED					
A	GARAGE LIABILITY				AUTO ONLY - EA ACCIDENT	\$
	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
	X UMBRELLA FORM				AGGREGATE	\$ 25,000,000
	OTHER THAN UMBRELLA FORM					\$
A	WORKERS COMPENSATION AND EMPLOYERS' LIABILITY	WLR C44004173 SCF C44004197	11/01/07 11/01/07	11/01/08 11/01/08	X WC STATUTORY LIMITS	OTHER
	THE PROPRIETOR/ PARTNERS/EXECUTIVE OFFICERS ARE:				EL EACH ACCIDENT	\$ 1,000,000
	<input checked="" type="checkbox"/> INCL				EL DISEASE-POLICY LIMIT	\$ 1,000,000
	<input type="checkbox"/> EXCL				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  
WILMINGTON, 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 CONFERNS 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  LP800
	EFFECTIVE DATE (MM/DD/YY)      EXPIRATION DATE (MM/DD/YY) 04/01/08      04/01/09 CONT. UNTIL TERMINATED IF CHECKED
	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  INCLUDING BUSINESS INTERRUPTION	1,000,000	50,000

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

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  <input type="checkbox"/> MORTGAGEE  <input type="checkbox"/> LOSS PAYEE	<input type="checkbox"/> ADDITIONAL INSURED  <input type="checkbox"/> (OTHER)
	AUTHORIZED REPRESENTATIVE of Marsh USA Inc. BY: Agneta Jernbeck Baker <i>Agneta Jernbeck Baker</i>	
	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 retainer<sup>1</sup>)

Payee	Check Date	Check Number	Name of Payor	Amount	Amount Applied To Date	Balance
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

<sup>1</sup> Identify all Evergreen Retainers