

Richard L. Wynne  
Bennett L. Spiegel, Esq.  
Lori Sinanyan, Esq. (*pro hac vice* pending)

**JONES DAY**

222 East 41st Street  
New York, NY 10017  
Tel: (212) 326-3939  
Fax: (212) 755-7306

- and -

Craig A. Wolfe, Esq.  
Malani J. Cademartori, Esq.  
Blanka K. Wolfe, Esq.

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

30 Rockefeller Plaza  
New York, NY 10112  
Tel: (212) 653-8700  
Fax: (212) 653-8701

*Proposed Co-Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

RELATIVITY FASHION, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 15-11989 (MEW)

(Joint Administration Pending)

**DEBTORS' MOTION FOR (I) AN ORDER (A) ESTABLISHING BID PROCEDURES  
FOR THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS,  
(B) APPROVING STALKING HORSE APA AND BIDDING PROTECTIONS,  
AND (C) GRANTING CERTAIN RELATED RELIEF AND (II) AN ORDER  
(A) APPROVING THE SALE OF SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS  
FREE AND CLEAR OF LIENS, CLAIMS, ENCUMBRANCES  
AND OTHER INTERESTS, (B) APPROVING THE ASSUMPTION AND  
ASSIGNMENT OF CERTAIN EXECUTORY CONTRACTS AND UNEXPIRED  
LEASES RELATED THERETO, AND (C) GRANTING CERTAIN RELATED RELIEF**

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1. The Debtors in these chapter 11 cases are as set forth on page (i).

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Relativity Fashion, LLC (4571); Relativity Holdings LLC (7052); Relativity Media, LLC (0844); Relativity REAL, LLC (1653); RML Distribution Domestic, LLC (6528); RML Distribution International, LLC (6749); RMLDD Financing, LLC (9114); 21 & Over Productions, LLC (7796); 3 Days to Kill Productions, LLC (5747); A Perfect Getaway P.R., LLC (9252); A Perfect Getaway, LLC (3939); Armored Car Productions, LLC (2750); Best of Me Productions, LLC (1490); Black Or White Films, LLC (6718); Blackbird Productions, LLC (8037); Brant Point Productions, LLC (9994); Brick Mansions Acquisitions, LLC (3910); Brilliant Films, LLC (0448); Brothers Productions, LLC (9930); Brothers Servicing, LLC (5849); Catfish Productions, LLC (7728); Cine Productions, LLC (8359); CinePost, LLC (8440); Cisco Beach Media, LLC (8621); Cliff Road Media, LLC (7065); Den of Thieves Films, LLC (3046); Don Jon Acquisitions, LLC (7951); DR Productions, LLC (7803); Einstein Rentals, LLC (5861); English Breakfast Media, LLC (2240); Furnace Films, LLC (3558); Gotti Acquisitions, LLC (6562); Great Point Productions, LLC (5813); Guido Contini Films, LLC (1031); Hooper Farm Music, LLC (3773); Hooper Farm Publishing, LLC (3762); Hummock Pond Properties, LLC (9862); Hunter Killer La Productions, LLC (1939); Hunter Killer Productions, LLC (3130); In The Hat Productions, LLC (3140); J & J Project, LLC (1832); JGAG Acquisitions, LLC (9221); Left Behind Acquisitions, LLC (1367); Long Pond Media, LLC (7197); Madaket Publishing, LLC (9356); Madaket Road Music, LLC (9352); Madvine RM, LLC (0646); Malavita Productions, LLC (8636); MB Productions, LLC (4477); Merchant of Shanghai Productions, LLC (7002); Miacomet Media LLC (7371); Miracle Shot Productions, LLC (0015); Most Wonderful Time Productions, LLC (0426); Movie Productions, LLC (9860); One Life Acquisitions, LLC (9061); Orange Street Media, LLC (3089); Out Of This World Productions, LLC (2322); Paranoia Acquisitions, LLC (8747); Phantom Acquisitions, LLC (6381); Pocomo Productions, LLC (1069); Relative Motion Music, LLC (8016); Relative Velocity Music, LLC (7169); Relativity Development, LLC (5296); Relativity Film Finance II, LLC (9082); Relativity Film Finance III, LLC (8893); Relativity Film Finance, LLC (2127); Relativity Films, LLC (5464); Relativity Foreign, LLC (8993); Relativity India Holdings, LLC (8921); Relativity Jackson, LLC (6116); Relativity Media Distribution, LLC (0264); Relativity Media Films, LLC (1574); Relativity Music Group, LLC (9540); Relativity Production LLC (7891); Relativity Rogue, LLC (3333); Relativity Senator, LLC (9044); Relativity Sky Land Asia Holdings, LLC (9582); Relativity TV, LLC (0227); Reveler Productions, LLC (2191); RML Acquisitions I, LLC (9406); RML Acquisitions II, LLC (9810); RML Acquisitions III, LLC (9116); RML Acquisitions IV, LLC (4997); RML Acquisitions IX, LLC (4410); RML Acquisitions V, LLC (9532); RML Acquisitions VI, LLC (9640); RML Acquisitions VII, LLC (7747); RML Acquisitions VIII, LLC (7459); RML Acquisitions X, LLC (1009); RML Acquisitions XI, LLC (2651); RML Acquisitions XII, LLC (4226); RML Acquisitions XIII, LLC (9614); RML Acquisitions XIV, LLC (1910); RML Acquisitions XV, LLC (5518); RML Bronze Films, LLC (8636); RML Damascus Films, LLC (6024); RML Desert Films, LLC (4564); RML Documentaries, LLC (7991); RML DR Films, LLC (0022); RML Echo Films, LLC (4656); RML Escobar Films LLC (0123); RML Film Development, LLC (3567); RML Films PR, LLC (1662); RML Hector Films, LLC (6054); RML Hillsong Films, LLC (3539); RML IFWT Films, LLC (1255); RML International Assets, LLC (1910); RML Jackson, LLC (1081); RML Kidnap Films, LLC (2708); RML Lazarus Films, LLC (0107); RML Nina Films, LLC (0495); RML November Films, LLC (9701); RML Oculus Films, LLC (2596); RML Our Father Films, LLC (6485); RML Romeo and Juliet Films, LLC (9509); RML Scripture Films, LLC (7845); RML Solace Films, LLC (5125); RML Somnia Films, LLC (7195); RML Timeless Productions, LLC (1996); RML Turkeys Films, LLC (8898); RML Very Good Girls Films, LLC (3685); RML WIB Films, LLC (0102); Rogue Digital, LLC (5578); Rogue Games, LLC (4812); Roguelife LLC (3442); Safe Haven Productions, LLC (6550); Sanctum Films, LLC (7736); Santa Claus Productions, LLC (7398); Smith Point Productions, LLC (9118); Snow White Productions, LLC (3175); Spy Next Door, LLC (3043); Story Development, LLC (0677); Straight Wharf Productions, LLC (5858); Strangers II, LLC (6152); Stretch Armstrong Productions, LLC (0213); Studio Merchandise, LLC (5738); Summer Forever Productions, LLC (9211); The Crow Productions, LLC (6707); Totally Interns, LLC (9980); Tribes of Palos Verdes Production, LLC (6638); Tuckernuck Music, LLC (8713); Tuckernuck Publishing, LLC (3960); Wright Girls Films, LLC (9639); Yuma, Inc. (1669); Zero Point Enterprises, LLC (9558). The location of the Debtors' corporate headquarters is: 9242 Beverly Blvd., Suite 300, Beverly Hills, CA 90210.

The above-captioned debtors (collectively, the “**Debtors**” or “**Relativity**” or “**Sellers**”) move the Court, pursuant to sections 105, 363, 365, 503(b) and 507 of chapter 11 of title 11 of the United States Code (the “**Bankruptcy Code**”), Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure (the “**Bankruptcy Rules**”), and Rule 6004-1 of the Local Rules for the United States Bankruptcy Court for the Southern District of New York<sup>2</sup> for the entry of an order (the “**Bidding Procedures Order**”), substantially in the form attached hereto as Exhibit A:

- (i) approving the proposed procedures (the “**Bidding Procedures**”) to be used in connection with the sale of a substantial portion of the Debtors’ assets (the “**Purchased Assets**”);
- (ii) authorizing the Debtors to pay the break-up fee and expense reimbursement set forth in and pursuant to the terms of the Stalking Horse APA (the “**Stalking Horse Protection**”);
- (iii) setting the dates for the Bid Deadline (as defined below), the auction of the Purchased Assets (the “**Auction**”), the hearing with respect to the approval of the sale (the “**Sale Hearing**”) and approval of notices related thereto;
- (iv) establishing notice procedures and approving the form and manner of notice of the sale hearing (the “**Sale Notice**”);
- (v) approving and authorizing the stalking-horse asset purchase agreement (the “**Stalking Horse APA**”) to be entered into according to agreed-upon terms by the Debtors as sellers and RM Bidder LLC<sup>3</sup> as buyer (the “**Stalking Horse Bidder**” or “**Buyer**”), subject only to higher and better offers submitted in accordance with the Bidding Procedures;
- (vi) authorizing certain procedures related to the Debtors’ assumption and assignment of executory contracts and unexpired leases (the “**Assignment Procedures**”) to the Stalking Horse Bidder; and

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<sup>2</sup> This Motion also references the Guidelines for the Conduct of Asset Sales promulgated by General Order M-383 of the this Court (the “**Sale Guidelines**”).

<sup>3</sup> The Stalking Horse Bidder is an entity formed and owned by certain of the Debtors’ prepetition secured lenders.

(vii) granting related relief.

The Debtors also move the Court, pursuant to Bankruptcy Code sections 105, 363 and 365, Bankruptcy Rules 2002, 6004, and 6006 for the entry of an order (the “**Sale Order**”):

- (i) authorizing the sale of the Purchased Assets (such sale, the “**Sale Transaction**”) free and clear of all liens, claims, interests and encumbrances;
- (ii) authorizing the assumption and assignment of certain executory contracts and unexpired leases in connection therewith; and
- (iii) granting related relief.<sup>4</sup>

In support of this Motion, the Debtors incorporate the statements contained in the *Declaration of Brian G. Kushner Pursuant to Rule 1007-2 of the Local Bankruptcy Rules for the Southern District of New York in Support of Chapter 11 Petitions and First Day Pleadings* (the “**First Day Declaration**”), and further respectfully state as follows:

#### **Jurisdiction**

1. This Court has subject matter jurisdiction to consider this matter pursuant to 28 U.S.C. § 1334. This is a core proceeding pursuant to 28 U.S.C. § 157(b). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

#### **Background**

2. Relativity is a privately-held Hollywood studio with an integrated and diversified global media platform that provides, among other things, film and television production and distribution. Relativity was founded in 2004 by Ryan Kavanaugh as a film slate co-financier partnering with major studios. In 2010, Relativity hired the marketing and distribution business that was formerly employed by Overture Films, and began to transform itself into a full-service

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<sup>4</sup> The Debtors will file the proposed Sale Order and the Stalking Horse APA as a supplement to this Motion no later than five days prior to the Bidding Procedures Hearing.

studio. Since then, Relativity has distributed, produced, or arranged financing for over 185 films. THE FIGHTER, LIMITLESS, SAFE HAVEN and ACT OF VALOR are four noteworthy examples. Relativity has further expanded into content production and distribution, including movies, television, branding services, sports management, digital media, music publishing, fashion brand management and consultation, and education.

3. Relativity is headquartered at 9242 Beverly Boulevard, Suite 300, Beverly Hills, California 90210, and operates out of multiple other locations in Los Angeles and New York. Relativity has approximately 89 employees, including approximately 85 full-time employees and 4 part-time employees along with approximately 54 independent contractors within the Debtors' film, branding, digital media, and music groups.

4. For the twelve months ending December 31, 2014, Relativity generated approximately \$501,074,000 in revenues on a consolidated basis. As of December 31, 2014, Relativity had assets with a book value of approximately \$559,973,000 and liabilities of \$1,178,810,000 on a consolidated basis.<sup>5</sup>

5. On the date hereof (the "**Petition Date**"), each of the Debtors filed a voluntary petition in this Court for relief under Chapter 11 of the Bankruptcy Code.

6. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to §§ 1107(a) and 1108 of the Bankruptcy Code. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases. No committees have yet been appointed or designated.

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<sup>5</sup> The amounts are presented on a consolidated basis for the Relativity entities listed on Exhibit B to the First Day Declaration, including the Debtors and certain non-debtor subsidiaries. Unless otherwise indicated, the financial information contained in this Declaration is unaudited and may be subject to change.

7. As described in more detail in the First Day Declaration, the Debtors have commenced these chapter 11 cases to effectuate a sale of a substantial portion of their assets on a going concern basis to the Stalking Horse Bidder, subject to any higher and better offers received in connection with a proposed sale process. The Debtors believe the proposed sale represents the best available option to maximize value for the Debtors' various stakeholders.

#### **The Proposed Sale Transaction and Marketing Process**

8. The Debtors have engaged various professional advisors, including The Blackstone Group, L.P. and FTI Consulting, Inc. to, among other things, facilitate the thorough solicitation and marketing of the Purchased Assets. The Debtors have agreed upon the material terms of a Stalking Horse APA with the Stalking Horse Bidder and intend to robustly seek motivated and financially able bidders for the Purchased Assets prior to the Auction date as provided in the bidding procedures outlined herein.

#### **The Need for a Timely Sale Process**

9. The Debtors believe that the auction process and the time periods set forth in the Bidding Procedures are reasonable and will provide parties with sufficient time and information necessary to formulate a bid to purchase the Purchased Assets. In formulating the procedures and time periods, the Debtors balanced the need to provide adequate and appropriate notice to parties in interest and to potential purchasers with the need to quickly and efficiently sell the Relativity enterprise while it still has realizable value and can be maintained as a going concern. Furthermore, potential bidders will have access to comprehensive information prepared by the Debtors and their advisors and a substantial body of data, inclusive of a management presentation, financial projections and an electronic data room.

10. Completion of the sale process in a timely manner will also maximize the value of the Purchased Assets. The time periods set forth in the Bidding Procedures were negotiated by

the Stalking Horse Bidder, and failure to adhere to such time periods could jeopardize the closing of the Sale Transaction, which the Debtors believe is the best means of maximizing the value of their assets and the only means of maintaining Relativity as a going concern, which will enable the Debtors to retain hundreds of jobs and significantly reduce claims against the estates. Thus, the Debtors have determined that pursuing the Sale Transaction in the manner and with the procedures proposed is in the best interest of the Debtors' estates and will provide all interested parties with sufficient opportunity to participate.

### **Stalking Horse APA and Sale Order**<sup>6</sup>

11. A term sheet (the "**Stalking Horse Term Sheet**") of the material terms of the to-be-finalized Stalking Horse APA is attached hereto as Exhibit B and incorporated herein by reference. The Debtors will file the executed Stalking Horse APA and corresponding proposed sale order (the "**Sale Order**") as a supplement to this Motion no later than five days prior to the Bidding Procedures Hearing. The proposed Stalking Horse APA will contain the following material terms:

**Purchased Assets:** The Buyer will acquire all of the assets of the Sellers' assets used or held for use in the Sellers' TV, film and distribution businesses (including its interest in the RED and Sky Land ventures) (collectively, the "**Businesses**"), other than the Excluded Assets.

**Assumed Liabilities:** The liabilities to be assumed by the Buyer are: (i) liabilities related to the Purchased Assets arising on and after the Closing Date, as expressly set forth in the Purchase Agreement; (ii) any cure amounts under assumed contracts; (iii) accounts payable arising from the Business; (iv) transfer taxes; and (v) other specified liabilities to be agreed, including certain permitted senior liens.<sup>7</sup>

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<sup>6</sup> The following summary is qualified in its entirety by reference to the provisions of the Stalking Horse Term Sheet. In the event of any inconsistencies between the provisions of the Stalking Horse APA and the terms set forth herein, the terms of the Stalking Horse APA will govern. Capitalized terms used in this summary and not otherwise defined herein have the meanings given to them in the Stalking Horse Term Sheet.

<sup>7</sup> The Stalking Horse Asset Purchase Agreement will set forth the Excluded Liabilities.

**Purchase Price:** The Purchase Price of \$250 million for the Purchased Assets is paid as follows: (i) the discharge in full of all amounts outstanding and obligations under the DIP Loans, including the principal amount of indebtedness and interest accrued as of the Closing Date, plus any penalty or pre-payment fees, owed under the DIP Loans; (ii) the discharge in full of all amounts outstanding and obligations under the Term A Loans, including the principal amount of indebtedness and interest accrued as of the Closing Date, plus any penalty or pre-payment fees, owed under the Term A Loans; (iii) the discharge of a portion of the principal amount of indebtedness and interest accrued as of the Closing Date, plus any penalty or pre-payment fees, owed under the Term B Loans; and (iv) assuming the liabilities of the Sellers set forth below under “Assumed and Excluded Liabilities.”

**Termination and Other Deadlines:** Among other things, the provisions of the Stalking Horse APA allow the Buyer to terminate the Stalking Horse APA if (i) the Debtors shall not have commenced the Auction (if such Auction is necessary) on or before September 17, 2015; (ii) the Sale Order shall not have been entered by the Bankruptcy Court in form and substance satisfactory to the Buyer on or before the day after the Sale Hearing; (iii) the Sale Order shall not have become a “final” order on or before the 15<sup>th</sup> day after the Sale Hearing; (iv) any secured creditor identified on a specified schedule obtains relief from the automatic stay provided by section 362 of the Bankruptcy Code to foreclose on any of the equity interests held by the Sellers that are Purchased Assets or if any secured creditor takes any adverse action (including, without limitation, the imposition of any non-consensual liens or security interests) with respect to any of the assets of any subsidiary, affiliate or other entity being acquired hereunder; (v) the Sellers consummate a Competing Transaction, or the Bankruptcy Court approves, or authorizes the Sellers or any of their affiliates to enter into, a Competing Transaction (other than a Competing Transaction with the winning bidder(s) at the auction for the Sale of the assets); and (vii) there shall be an Event of Default under the DIP Loan.

Further, and among other things, both the Buyer and/or Sellers can terminate the Stalking Horse APA if: (i) the Closing has not occurred by October 2, 2015 (the “Outside Date”); (ii) there shall be a breach by the other party of any representation, warranty, covenant or obligation which would result in a failure of one or more of the Conditions Precedent and which breach cannot be cured or has not been cured by the earlier of (A) 20 calendar days after the giving of written notice by the Buyer or the Sellers, as applicable, and (B) the Outside Date; or (iii) the Bankruptcy Court enters an order appointing a trustee, examiner with expanded powers or responsible officer in the Bankruptcy Cases, (iv) the Bankruptcy Cases are converted to a case under chapter 7 of the Bankruptcy Code or (v) the Bankruptcy Cases are dismissed.

**Break-Up Fee, Buyer Expense Reimbursement Amount and Overbid Protection:** Under the terms of the Stalking Horse APA, the Sellers will pay to the Buyer the Break-Up Fee in the amount of \$3.75 million (i.e., 1.5% of the



Purchase Price) and Expense Reimbursement not to exceed \$1 million if the Stalking Horse APA is terminated because the Bankruptcy Court has approved, or the Sellers have consummated, a Competing Transaction. In the event: (i) the Sellers voluntarily withdraw this Motion for any reason other than in connection with the Sellers' termination of the Purchase Agreement for an uncured material breach of the Purchase Agreement by the Buyer; or (ii) the Buyer terminates the Purchase Agreement as a result of the material uncured breach of the Purchase Agreement by the Sellers or any of them, then Sellers shall pay to Buyer the Break-Up Fee and the Expense Reimbursement Amount, but only equal to Buyers' reasonable and documented out-of-pocket costs and expenses (including fees and expenses of counsel) incurred after the date hereof by Buyer in connection with the Stalking Horse APA. The Break-Up Fee and the Expense Reimbursement Amount shall have administrative expense priority obligations pursuant to section 364(c)(1) of the Bankruptcy Code with priority over all expenses of the kind specified in section 503(b) and 507(b) of the Bankruptcy Code.

**Releases:** None.

**Sale Free and Clear:** All Purchased Assets will be transferred to the Buyer, pursuant to section 363(f) of the Bankruptcy Code, free and clear of all claims, liens, encumbrances, interests and other restrictions of any kind or nature whatsoever, including, without limitation, any and all prepetition and postpetition adequate protection liens of the Sellers' prepetition lenders, in each case, as set forth in the Sale Order. Any such liens existing at the time of the consummation of the Proposed Transaction will attach to the sale proceeds according to their relative priorities.

**Record Retention:** None.

**No Successor Liability:** The terms of the proposed Sale Order provide that the Stalking Horse Bidder and its affiliates and their respective predecessors, successors, assigns, members, partners, principals, directors, officers, and shareholders (or equivalent) have no obligations with respect to any liabilities of the Debtors other than the Assumed Liabilities assumed under or pursuant to the Stalking Horse APA.

**Extraordinary Provisions Under the Court's Guidelines for the Conduct of Asset Sales**

12. Pursuant to the Sale Guidelines, the Debtors are required to specify any provisions of the proposed Sale Order that may be considered Extraordinary Provisions under the Sale Guidelines. The Debtors will supplement this Motion with a listing of such provisions, if any, upon the filing of the Stalking Horse APA with the Court.

### **The Bidding Procedures**

13. The Bidding Procedures are designed to maximize value for the Debtors' estates and will enable the Debtors to review, analyze and compare all bids received to determine which bid or collection of bids is in the best interests of the Debtors' estates and creditors. The Bidding Procedures describe, among other things, the procedures for parties to access due diligence, the manner in which bidders and bids become "qualified," the receipt and negotiation of bids received, the conduct of any auction, the selection and approval of any ultimately successful bidders and the deadlines with respect to the foregoing Bidding Procedures. The Debtors submit that the Bidding Procedures afford the Debtors a sufficient opportunity to pursue a sale process that will maximize the value of their estates.

### **Assignment and Cure Procedures**

14. The Debtors propose the following procedures for notifying counterparties to executory contracts and unexpired leases of potential cure amounts in the event the Debtors decide to assume such contracts or leases and assign them to the eventual purchaser:

**Notice of Assignment and Cure:** On or before August 21, 2015, the Debtors will file a notice scheduling all of the contracts and leases proposed to be assumed and assigned pursuant to the Stalking Horse APA (the "**Assumed Contracts and Leases**"). On or before August 21, 2015, the Debtors will also serve each of the non-Debtor counterparties to the Assumed Contracts and Leases an individualized notice, the form of which is attached hereto as Exhibit C (the "**Notice of Assignment and Cure**"), by first class mail, that will include (i) the title of the Assumed Contracts and Leases to be assumed, (ii) the name of the counterparty to the Assumed Contracts and Leases, (iii) any applicable cure amounts, (iv) that the assignee is the Stalking Horse Bidder or its designee, or any other Successful Bidder(s), and (v) the deadline by which any such Assumed Contracts and Leases counterparty must object.

**Assignment and Cure Objection Deadline:** Any objections to the assumption and/or assignment of any Assumed Contracts and Leases identified on a Notice of Assignment and Cure, including to the cure amount set forth on such notice, must be in writing, filed with the Court, and be actually received by the Notice Parties **no later than fourteen (14) days after such Notice of Assignment and Cure is mailed to the affected party**, as indicated by the date noted on such Notice of

Assignment and Cure (the “**Assignment and Cure Objection Deadline**”), and must set forth a specific default under the Assumed Contracts and Leases and claim a specific monetary amount that differs from the amount, if any, specified by the Debtors in such Notice of Assignment and Cure.

**Resolution of Objections to Assumption and/or Assignment of Assumed Contracts and Leases:** If no objection is received by the Assignment and Cure Objection Deadline, then the assumption and assignment of the applicable Assumed Contract or Lease is authorized pursuant to section 365 of the Bankruptcy Code and the cure amounts, if any, set forth on the Notice of Assignment and Cure will be binding upon the non-Debtor party to the Assumed Contracts and Leases for all purposes and will constitute a final determination of total cure amounts required to be paid to the Assumed Contracts and Leases counterparty in connection with any potential assignment of such Assumed Contracts and Leases to the Successful Bidder(s). In addition, each non-Debtor party to such Assumed Contracts and Leases will be forever barred from objecting to the assumption and assignment of such contract or lease or the cure information set forth in the Notice of Assignment and Cure, including, without limitation, the right to assert any additional cure or other amounts with respect to the Assumed Contracts and Leases arising or relating to any period prior to such assumption or assignment. Furthermore, if no timely objection is received by the Assignment and Cure Objection Deadline, the Stalking Horse Bidder (or Successful Bidder(s), if applicable) will enjoy all of the rights and benefits under all Assumed Contracts and Leases acquired under the Stalking Horse APA (or such other purchase agreement of an alternative Successful Bidder(s), if applicable), without the necessity of obtaining any party’s written consent to the Debtors’ assumption and assignment of such rights and benefits, and each such party will be deemed to have waived any right to object to, contest, condition or otherwise restrict any such assumption and assignment.

**Sale Notice**

15. Within four days after entry of the Bidding Procedures Order (the “**Mailing Deadline**”), the Debtors (or their agents) shall:

- (a) serve the Sale Notice, the form of which is attached hereto as Exhibit D, on (a) the Office of the United States Trustee for the Southern District of New York; (b) all applicable state and local taxing authorities; (c) the Internal Revenue Service; (d) the Securities & Exchange Commission; (e) the United States Attorney General/Antitrust Division of Department of Justice; (f) each of the non-Debtor counterparties to the Assumed Contracts and Leases; (g) counsel to the Stalking Horse Bidder; and (h) all entities who are known to possess or assert a claim against the Debtors (collectively, the “**Notice Parties**”); and
- (b) on or about the same date, the Debtors will publish the Sale Notice once in the National Edition of *The Wall Street Journal*.

16. Within one (1) business day after the conclusion of the Auction, the Debtors will file a notice (i) identifying the Successful Bidder(s) and (ii) providing adequate assurance materials demonstrating the ability of the Successful Bidder(s) to perform under the Assumed Contracts and Leases (the “**Notice Of Successful Bidder**”).

17. The Debtors submit that the proposed Notice of Assignment and Cure, the Sale Notice and the Notice of Successful Bidder, and providing notice of this Motion, the Auction and the Sale Hearing as described herein, complies fully with Bankruptcy Rule 2002 and constitutes good and adequate notice of the Sale Transaction and the proceedings with respect thereto. Therefore, the Debtors respectfully request that this Court approve the form of the Sale Notice and the notice procedures proposed above.

#### **Legal Basis for Relief Requested**

##### **The Bidding Procedures Are Fair, Appropriate and Are Designed to Maximize the Value Received for the Purchased Assets**

18. Bankruptcy Code section 363(b)(1) provides that “[t]he trustee, after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate.” 11 U.S.C. § 363(b)(1). The Debtors submit that the Bidding Procedures are appropriate, consistent with procedures routinely approved by courts in this district, ensure that the bidding process is fair and reasonable and will yield the maximum value for their estates and creditors. The Bidding Procedures proposed herein are designed to maximize the value received for the Purchased Assets by facilitating a competitive bidding process in which all potential bidders are encouraged to participate and submit competing bids. The Bidding Procedures provide potential bidders with sufficient notice and an opportunity to acquire information necessary to submit a timely and informed bid. Thus, the Debtors and all parties in interest can be assured that the consideration for the Purchased Assets will be fair and reasonable. At the same time, the

Bidding Procedures provide the Debtors with an adequate opportunity to consider all competing offers and to select, in their reasonable business judgment, the highest and best offer for the Purchased Assets. Accordingly, the Debtors submit that the Court should approve the Bidding Procedures.

**The Break-Up Fee and Expense Reimbursement  
Amount Have Sound Business Purpose and Should Be Approved**

19. The terms of the Stalking Horse APA provide for the Stalking Horse Protection in an amount not to exceed \$4.75 million, which will be paid to the Stalking Horse Bidder upon the entry of an order approving, or the consummation of, an Alternative Transaction. The Debtors believe that the Stalking Horse Protection was necessary for the Stalking Horse Bidder to agree to enter into the Stalking Horse APA. In addition, the Debtors believe that the presence of the Stalking Horse Bidder will set a floor for the value of the Purchased Assets and attract other potential buyers to bid for the Purchased Assets, thereby maximizing the realizable value of the Purchased Assets for the benefit of the Debtors' estates, creditors and other parties-in-interest.

20. The proposed Stalking Horse Protection is appropriate and should be approved. Courts in this district have recognized that bid protections may be used to protect bidders in connection with a sale of assets pursuant to section 363 of the Bankruptcy Code and that such fees can be "important tools to encourage bidding and to maximize the value of the debtor's assets." *Official Comm. of Subordinated Bondholders v. Integrated Res., Inc. (In re Integrated Res., Inc.)*, 147 B.R. 650, 659 (S.D.N.Y. 1992, *appeal dismissed*, 3 F.3d 49 (2d Cir. 1993)). Such protections enable a debtor to assure a sale to a contractually-committed bidder at a price the debtor believes is fair and reasonable, while providing the debtor with the opportunity of obtaining even greater benefits for the estate through an auction process. *See In re 995 Fifth Ave. Assocs., L.P.*, 96 B.R. 24, 28 (Bankr. S.D.N.Y. 1989) (bidding incentives may be

“legitimately necessary to convince a ‘white knight’ to enter the bidding by providing some form of compensation for the risks it is undertaking”) (citation omitted).

21. The Stalking Horse Protection is reasonable and appropriate in light of the size and nature of the transaction and the efforts that have been and will be expended by the Stalking Horse Bidder. Moreover, the Stalking Horse Protection is actually necessary to preserve the value of the estate. First, the Stalking Horse Protection represents no more than approximately 1.5% of the estimated purchase price for the Debtors’ assets plus payment of reasonable expenses capped at \$1,000,000. Additionally, the Stalking Horse Protection was heavily negotiated in good faith and was necessary to secure the Stalking Horse Bidder’s commitment to purchase the Debtors’ assets. In sum, the Debtors’ ability to offer the Stalking Horse Protection enables them to ensure the sale of the Purchased Assets at a price they believe to be fair while, at the same time, providing them with the potential of even greater benefit to the estates.

22. This Court has approved protections similar to the proposed Stalking Horse Protection as reasonable and consistent with the type and range of bidding protections typically approved, and also has granted superpriority administrative expense status to breakup fees that become due under the terms of a stalking horse purchase agreement. *See, e.g., In re D.A.B. Grp., LLC*, Case No. 14-12057 (SCC) (Bankr. S.D.N.Y. Dec. 18, 2014) (approving bidder protections of approximately 3% of the purchase price); *In re Choice Building Supplies of Westchester Co. Inc.*, Case No. 13-23859 (RDD) (Bankr. S.D.N.Y. May 5, 2014) (approving bidder protections of approximately 3.64% of the purchase price); *In re HMX Acquisition Corp.*, Case No. 12-14300 (ALG) (Bankr. S.D.N.Y. Nov. 29, 2012) (approving bidder protections of approximately 3.46% of the purchase price); *In re Bos. Generating, LLC*, Case No. 10-14419 (SCC) (Bankr. S.D.N.Y.

Oct. 12, 2010) (approving bidder protections totaling approximately 3.18% of the purchase price).

23. The Stalking Horse Bidder requires the Stalking Horse Bid Protection as a precondition to entering into the Stalking Horse APA, and the Debtors have determined the inclusion of Stalking Horse Bid Protection into the Stalking Horse APA is absolutely necessary to successfully pursue the sale transaction and maximize recoveries for the Debtors' estates. Accordingly, the Debtors submit that the Stalking Horse Protection reflects a sound business purpose, is fair and appropriate under the circumstances, and the Debtors respectfully submit that the Stalking Horse Protection should be approved.

**Approval of the Sale Is Warranted Under Section 363 of the Bankruptcy Code**

24. Section 363(b) of the Bankruptcy Code provides that a debtor "after notice and a hearing, may use, sell, or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). A debtor must demonstrate a sound business justification for a sale or use of assets outside the ordinary course of business. *See, e.g., Licensing by Paolo, Inc. v. Sinatra (In re Gucci)*, 126 F.3d 380, 387 (2d Cir. 1997); *Comm. of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1070-71 (2d Cir. 1983); *In re Global Crossing Ltd.*, 295 B.R. 726, 743 (Bankr. S.D.N.Y. 2003); *In re Ionosphere Clubs, Inc.*, 100 B.R. 670, 675 (Bankr. S.D.N.Y. 1989); *In re Phx. Steel Corp.*, 82 B.R. 334, 335-36 (Bankr. D. Del. 1987) (stating that judicial approval of a section 363 sale requires a showing that the proposed sale is fair and equitable, a good business reason exists for completing the sale and the transaction is conducted in good faith).

25. The Debtors possess ample and sound business reasons for selling the Purchased Assets as set forth herein. The Debtors capital structure was no longer sustainable and liquidity constraints have limited the Debtors' ability to continue as a going concern. The proposed sale

provides the Debtors with a mechanism to avoid the further deterioration and ultimate loss of their going concern value. In addition, the Debtors' marketing efforts and the Bidding Procedures will ensure the consideration the Debtors' receive for the Purchased Assets is fair. For these reasons, the Debtors have determined that a sale, conducted in accordance with the Bidding Procedures, is in the best interests of the Debtors' estates.

26. The Debtors also meet the additional requirements necessary to approve a sale under section 363 of the Bankruptcy Code. As stated herein, the Debtors will provide adequate notice of the Sale Transaction to interested parties, and the Debtors submit that the aforementioned notice procedures are reasonable and adequate under the circumstances. In addition, the Debtors will continue to market the Purchased Assets up until the Bid Deadline in order to maximize the number of participants who may participate as buyer at the Auction. Accordingly, the Debtors are confident that their sale process will maximize the value to be achieved from the Sale Transaction and that the sale price is fair and reasonable.

27. Finally, the Stalking Horse Bidder has proceeded in good faith. Both the Debtors and the Stalking Horse Bidder were represented by sophisticated advisors in the arm's-length negotiations of the Stalking Horse APA. As such, it is a valid exercise of the Debtors' business judgment to seek the relief requested by this Motion.

**The Proposed Sale Transaction Satisfies the Requirements of Bankruptcy Code Section 363(f) for a Sale Free and Clear**

28. The Debtors request approval to sell the Purchased Assets free and clear of any and all liens, claims, interests and encumbrances (except for Assumed Liabilities) in accordance with section 363(f) of the Bankruptcy Code. Pursuant to section 363(f), a debtor in possession may sell estate property "free and clear of any interest in such property of an entity other than the estate" if any one of the following conditions is satisfied:



- (a) applicable nonbankruptcy law permits sale of such property free and clear of such interest;
- (b) such entity consents;
- (c) such interest is a lien and the price at which such property is to be sold is greater than the aggregate value of all liens on such property;
- (d) such interest is in bona fide dispute; or
- (e) such entity could be compelled, in a legal or equitable proceeding, to accept a money satisfaction of such interest.

11 U.S.C. § 363(f); *see also Contrarian Funds, LLC v. Westpoint Stevens, Inc. (In re Westpoint Stevens, Inc.)*, 333 B.R. 30, 50 (S.D.N.Y. 2005) (“Where ... a sale is to be free and clear of existing liens and interests other than those of the estate, one or more of the criteria specified in section 363(f) of the statute must also be met.”), *rev’d in part on other grounds* 600 F.3d 231 (2d Cir. 2010).

29. Section 363(f) is supplemented by section 105(a) of the Bankruptcy Code, which provides that “[t]he Court may issue any order, process or judgment that is necessary or appropriate to carry out the provisions of [the Bankruptcy Code].” 11 U.S.C. § 105(a); *see Volvo White Truck Corp. v. Chambersburg Beverage, Inc. (In re White Motor Credit Corp.)*, 75 B.R. 944, 948 (Bankr. N.D. Ohio 1987) (“Authority to conduct such sales [free and clear of claims] is within the court’s equitable powers when necessary to carry out the provisions of Title 11.”).

30. The Debtors submit that the sale transaction will satisfy the requirements of section 363(f) of the Bankruptcy Code. To the extent a party objects to the Sale Transaction on the basis that it holds a lien or encumbrance on the Purchased Assets, the Debtors believe that any such party could be compelled to accept a monetary satisfaction of such Claims or that such lien would be in bona fide dispute. In addition, the Debtors will provide such party with notice

of, and an opportunity to object to, the Sale Transaction. Absent objection, each such party will be deemed to have consented to the sale of the Purchased Assets.

31. Accordingly, the Debtors believe that the Sale Transaction (i) will satisfy the statutory prerequisites of section 363(f) of the Bankruptcy Code and (ii) should be approved free and clear of all liens, claims, interests and encumbrances.

**A Successful Bidder Should Be  
Entitled to the Protections of Bankruptcy Code Section 363(m).**

32. Section 363(m) of the Bankruptcy Code provides:

The reversal or modification on appeal of an authorization under subsection (b) or (c) of this section of a sale or lease of property does not affect the validity of a sale or lease under such authorization to an entity that purchased or leased such property in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and such sale or lease were stayed pending appeal.

11 U.S.C. § 363(m). Although the Bankruptcy Code does not define “good faith,” the Second Circuit Court of Appeals has held that the:

[g]ood faith of a purchaser is shown by the integrity of his conduct during the course of the sale proceedings; where there is a lack of such integrity, a good faith finding may not be made. A purchaser’s good faith is lost by “fraud, collusion between the purchaser and other bidders or the trustee,” or an attempt to take grossly unfair advantage of other bidders.

*In re Gucci*, 126 F.3d 380, 390 (2d. Cir. 1997) (quoting *In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1198 (7th Cir. 1978) (interpreting Bankruptcy Rule 805, the precursor to section 363(m) of the Bankruptcy Code)); see also *Bace v. Babbitt*, Case No. 07 Civ. 2420 (WHP), 2008 WL 800579, at \*3 (S.D.N.Y. Mar. 25, 2008) (same) (quoting *Gucci*, 126 F.3d at 390); *In re Sasson Jeans, Inc.*, 90 B.R. 608, 610 (S.D.N.Y. 1988) (same) (quoting *Tompkins v. Frey (In re Bel Air Assocs., Ltd.)*, 706 F.2d 301, 305 (10th Cir. 1983).

33. In other words, a party would have to show fraud or collusion between the buyer and the debtor in possession or trustee or other bidders in order to demonstrate a lack of good faith. *See Kabro Assocs. of West Islip, LLC v. Colony Hill Assocs. (In re Colony Hill Assocs.)*, 111 F.3d 269, 276 (2d Cir. 1997) (“[t]ypically, the misconduct that would destroy a [buyer]’s good faith status at a judicial sale involves fraud, collusion between the [buyer] and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders”); see also *In re Angelika Films, 57th, Inc.*, 1997 WL 283412, \*7 (S.D.N.Y. 1997); *In re Balcalis*, 220 B.R. 525, 537 (Bankr. E.D.N.Y. 1998). Due to the absence of a bright line test for good faith, the determination is based on the facts of each case, concentrating on the “integrity of [an actor’s] conduct in the course of the sale proceedings.” *In re Pisces Leasing Corp.*, 66 B.R. 671, 673 (E.D.N.Y. 1986) (*quoting In re Rock Indus. Mach. Corp.*, 572 F.2d 1195, 1998 (7th Cir. 1978)).

34. The Debtors submit the Stalking Horse Bidder, or other successful bidder arising from the Auction, is, or would be, a “good faith purchaser” within the meaning of section 363(m) of the Bankruptcy Code. The terms of the Stalking Horse APA, or any marked version thereof, is, or would be, a good faith agreement on arm’s-length terms. The consideration to be received by the Debtors pursuant to the Stalking Horse APA is substantial, fair, and reasonable. Additionally, the parties will enter into the Stalking Horse APA in good faith and after extensive, arm’s-length negotiations, during which both parties will be represented by competent counsel of similar bargaining positions.

35. There is no indication of any “fraud, collusion between the purchaser and other bidders or the trustee, or an attempt to take grossly unfair advantage of other bidders” or similar conduct that would cause or permit the Sale Transaction or Stalking Horse APA to be avoided under section 363(n) of the Bankruptcy Code. Finally, the Stalking Horse Bidder’s offer was

evaluated and approved by the board in consultation with the Debtors' professionals. Accordingly, the Debtors believe that the Stalking Horse Bidder (or other successful bidder) and Stalking Horse APA (or other purchase agreement) should be entitled to the full protections of Section 363(m) of the Bankruptcy Code.

**Assumption and Assignment of Executory Contracts and Unexpired Leases Should Be Authorized**

36. Section 365(a) of the Bankruptcy Code provides, in pertinent part, that a debtor in possession "subject to the court's approval, may assume or reject any executory contract or [unexpired] lease of the debtor." 11 U.S.C. § 365(a). The standard governing bankruptcy court approval of a debtor's decision to assume or reject an executory contract or unexpired lease is whether the debtor's reasonable business judgment supports assumption or rejection. *See, e.g., Orion Pictures Corp. v. Showtime Networks, Inc. (In re Orion Pictures Corp.)*, 4 F.3d 1095, 1098 (2d Cir. 1993) (noting that section 365 of the Bankruptcy Code "permits the trustee or debtor-in-possession, subject to the approval of the bankruptcy court, to go through the inventory of executory contracts of the debtor and decide which ones it would be beneficial to adhere to and which ones it would be beneficial to reject").

37. The business judgment test "requires only that the trustee [or debtor in possession] demonstrate that [assumption] or rejection of the contract will benefit the estate." *Wheeling-Pittsburgh Steel Corp. v. West Penn Power Co., (In re Wheeling-Pittsburgh Steel Corp.)*, 72 B.R. 845, 846 (Bankr. W.D. Pa. 1987). Any more exacting scrutiny would slow the administration of the debtor's estate and increase costs, interfere with the Bankruptcy Code's provision for private control of administration of the estate, and threaten the court's ability to control a case impartially. *See Richmond Leasing Co. v. Capital Bank*, 762 F.2d 1303, 1311 (5th Cir. 1985). Moreover, pursuant to section 365(b)(1) of the Bankruptcy Code, for a debtor to

assume an executory contract, it must “cure, or provide adequate assurance that the debtor will promptly cure,” any default, including compensation for “actual pecuniary loss” relating to such default. 11 U.S.C. 365(b)(1).

38. Once an executory contract is assumed, the trustee or debtor in possession may elect to assign such contract. Section 365(f) of the Bankruptcy Code provides that the “trustee may assign an executory contract . . . only if the trustee assumes such contract . . . and adequate assurance of future performance is provided.” 11 U.S.C. § 365(f)(2). The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case. Adequate assurance may be provided, among other means, by demonstrating the assignee’s financial health and experience in managing the type of enterprise or property assigned. *See, e.g., In re Bygaph, Inc.* 56 B.R. 596, 605-06 (Bankr. S.D.N.Y. 1986) (finding that adequate assurance is present when prospective assignee of lease from debtor has financial resources and has expressed willingness to devote sufficient funding to business to give it strong likelihood of success).

39. The Debtors request approval under Bankruptcy Code section 365 of the Debtors’ assumption and assignment of the Assumed Contracts and Leases to the Stalking Horse Bidder or the Successful Bidder(s). The Debtors further request that the Sale Order provide that the Assumed Contracts and Leases will be transferred to, and remain in full force and effect for the benefit of, the Stalking Horse Bidder or the Successful Bidder(s) notwithstanding any provisions in the Assumed Contracts and Leases, including those described in Bankruptcy Code sections 365(b)(2) and (f)(1) and (f)(3) that prohibit such assignment.

40. To the extent necessary, the Debtors will present facts at the Sale Hearing to show the financial wherewithal, willingness, and ability of the Stalking Horse Bidder or the Successful

Bidder(s) to perform under the Assumed Contracts and Leases. The Sale Hearing will afford the Court and other interested parties the opportunity to evaluate the ability of the Stalking Horse Bidder or the Successful Bidder(s) to provide adequate assurance of future performance under the Assumed Contracts and Leases, as required under Bankruptcy Code section 365(b)(1)(C).

41. Further, as set forth above, the Debtors will give notice to all parties to the Assumed Contracts and Leases. This notice will include the amounts the Debtors believe are necessary to cure any defaults in accordance with section 365(b) of the Bankruptcy Code. Accordingly, the Debtors submit that implementation of the proposed Assignment Procedures is appropriate in these cases.

**Requests for Immediate Relief & Waiver of Stay**

42. Bankruptcy Rule 6004(h) provides that an “order authorizing the use, sale, or lease of property . . . is stayed until the expiration of 14 days after entry of the order, unless the court orders otherwise.” Similarly, Bankruptcy Rule 6006(d) provides that an “order authorizing the trustee to assign an executory contract or unexpired lease . . . is stayed until the expiration of 14 days after the entry of the order, unless the court orders otherwise.” The Debtors request that the Bidding Procedures Order and Sale Order(s) be effective immediately by providing that the fourteen (14) day stays under Bankruptcy Rules 6004(h) and 6006(d) are waived.

43. The purpose of Bankruptcy Rules 6004(h) and 6006(d) is to provide sufficient time for an objecting party to appeal before an order can be implemented. See Advisory Committee Notes to Fed. R. Bankr. P. 6004(h) and 6006(d). Although Bankruptcy Rules 6004(h) and 6006(d) and the Advisory Committee Notes are silent as to when a court should “order otherwise” and eliminate or reduce the fourteen (14) day stay period, Collier on Bankruptcy suggests that the fourteen (14) day stay period should be eliminated to allow a sale

or other transaction to close immediately “where there has been no objection to the procedure.” 10 Collier on Bankruptcy, ¶6004.11 (L. King, 16th rev. ed. 2011). Furthermore, Collier’s provides that if an objection is filed and overruled, and the objecting party informs the court of its intent to appeal, the stay may be reduced to the amount of time actually necessary to file such appeal. Id.

44. Accordingly, the Debtors hereby request that the Court waive the fourteen-day stay period under Bankruptcy Rules 6004(h) and 6006(d).

#### **Notice**

45. Notice of this Motion shall be provided to: (i) the Office of the United States Trustee for the Southern District of New York; (ii) the entities listed on the Consolidated List of Creditors Holding the 50 Largest Unsecured Claims filed pursuant to Bankruptcy Rule 1007(d); (iii) counsel to the Stalking Horse Bidder; (iv) counsel to the Debtors’ prepetition and postpetition lenders, and (v) all parties entitled to notice pursuant to Bankruptcy Rule 2002. The Debtors have also provided notice in accordance with the Sale Guidelines, to (a) entities known or reasonably believed to have expressed an interest in acquiring any of the assets offered for sale via overnight mail and (b) all parties who are known to claim interests in or liens upon the Purchased Assets via overnight mail. The Debtors submit that no other or further notice need be provided.

#### **No Prior Request**

46. No prior request for the relief sought in this Motion has been made to this or any other Court in connection with these chapter 11 cases.

WHEREFORE, the Debtors respectfully request that the Court: (a) enter the Bidding Procedures Order in substantially the form attached hereto as Exhibit A; (b) enter a Sale Order in a form to be submitted prior to the Bidding Procedures Hearing, authorizing the sale of the Purchased Assets to the Stalking Horse Bidder or another Successful Bidder(s) at the Auction; and (c) grant such other and further relief to the Debtors as the Court may deem proper.

Dated: July 30, 2015  
New York, New York

**JONES DAY**

By: /s/ Richard L. Wynne  
Richard L. Wynne, Esq.  
Bennett L. Spiegel, Esq.  
Lori Sinanyan, Esq. (*pro hac vice* pending)  
222 East 41st Street  
New York, NY 10017  
Tel: (212) 326-3939  
Fax: (212) 755-7306  
E-mail: rlwynne@jonesday.com  
blspiegel@jonesday.com  
lsinanyan@jonesday.com

-and-

**SHEPPARD, MULLIN, RICHTER & HAMPTON LLP**

Craig A. Wolfe, Esq.  
Malani J. Cademartori, Esq.  
Blanka K. Wolfe, Esq.  
30 Rockefeller Plaza  
New York, New York 10112  
Tel: (212) 653-8700  
Fax: (212) 653-8701  
E-mail: cwolfe@sheppardmullin.com  
mcademartori@sheppardmullin.com  
bwolfe@sheppardmullin.com

*Proposed Co-Counsel to the Debtors and Debtors  
in Possession*



**Exhibit A**

**Proposed Form of Bidding Procedures Order**

Richard L. Wynne, Esq.  
Bennett L. Spiegel, Esq.  
Lori Sinanyan, Esq. (*pro hac vice* pending)

**JONES DAY**

222 East 41st Street  
New York, NY 10017  
Tel: (212) 326-3939  
Fax: (212) 755-7306

- and -

Craig A. Wolfe, Esq.  
Malani J. Cademartori, Esq.  
Blanka K. Wolfe, Esq.

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

30 Rockefeller Plaza  
New York, NY 10112  
Tel: (212) 653-8700  
Fax: (212) 653-8701

*Proposed Co-Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

RELATIVITY FASHION, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 15-11989 (MEW)

(Joint Administration Pending)

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<sup>1</sup> The Debtors in these chapter 11 cases are: see page (i).

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Relativity Fashion, LLC (4571); Relativity Holdings LLC (7052); Relativity Media, LLC (0844); Relativity REAL, LLC (1653); RML Distribution Domestic, LLC (6528); RML Distribution International, LLC (6749); RMLDD Financing, LLC (9114); 21 & Over Productions, LLC (7796); 3 Days to Kill Productions, LLC (5747); A Perfect Getaway P.R., LLC (9252); A Perfect Getaway, LLC (3939); Armored Car Productions, LLC (2750); Best of Me Productions, LLC (1490); Black Or White Films, LLC (6718); Blackbird Productions, LLC (8037); Brant Point Productions, LLC (9994); Brick Mansions Acquisitions, LLC (3910); Brilliant Films, LLC (0448); Brothers Productions, LLC (9930); Brothers Servicing, LLC (5849); Catfish Productions, LLC (7728); Cine Productions, LLC (8359); CinePost, LLC (8440); Cisco Beach Media, LLC (8621); Cliff Road Media, LLC (7065); Den of Thieves Films, LLC (3046); Don Jon Acquisitions, LLC (7951); DR Productions, LLC (7803); Einstein Rentals, LLC (5861); English Breakfast Media, LLC (2240); Furnace Films, LLC (3558); Gotti Acquisitions, LLC (6562); Great Point Productions, LLC (5813); Guido Contini Films, LLC (1031); Hooper Farm Music, LLC (3773); Hooper Farm Publishing, LLC (3762); Hummock Pond Properties, LLC (9862); Hunter Killer La Productions, LLC (1939); Hunter Killer Productions, LLC (3130); In The Hat Productions, LLC (3140); J&J Project, LLC (1832); JGAG Acquisitions, LLC (9221); Left Behind Acquisitions, LLC (1367); Long Pond Media, LLC (7197); Madaket Publishing, LLC (9356); Madaket Road Music, LLC (9352); Madvine RM, LLC (0646); Malavita Productions, LLC (8636); MB Productions, LLC (4477); Merchant of Shanghai Productions, LLC (7002); Miacomet Media LLC (7371); Miracle Shot Productions, LLC (0015); Most Wonderful Time Productions, LLC (0426); Movie Productions, LLC (9860); One Life Acquisitions, LLC (9061); Orange Street Media, LLC (3089); Out Of This World Productions, LLC (2322); Paranoia Acquisitions, LLC (8747); Phantom Acquisitions, LLC (6381); Pocomo Productions, LLC (1069); Relative Motion Music, LLC (8016); Relative Velocity Music, LLC (7169); Relativity Development, LLC (5296); Relativity Film Finance II, LLC (9082); Relativity Film Finance III, LLC (8893); Relativity Film Finance, LLC (2127); Relativity Films, LLC (5464); Relativity Foreign, LLC (8993); Relativity India Holdings, LLC (8921); Relativity Jackson, LLC (6116); Relativity Media Distribution, LLC (0264); Relativity Media Films, LLC (1574); Relativity Music Group, LLC (9540); Relativity Production LLC (7891); Relativity Rogue, LLC (3333); Relativity Senator, LLC (9044); Relativity Sky Land Asia Holdings, LLC (9582); Relativity TV, LLC (0227); Reveler Productions, LLC (2191); RML Acquisitions I, LLC (9406); RML Acquisitions II, LLC (9810); RML Acquisitions III, LLC (9116); RML Acquisitions IV, LLC (4997); RML Acquisitions IX, LLC (4410); RML Acquisitions V, LLC (9532); RML Acquisitions VI, LLC (9640); RML Acquisitions VII, LLC (7747); RML Acquisitions VIII, LLC (7459); RML Acquisitions X, LLC (1009); RML Acquisitions XI, LLC (2651); RML Acquisitions XII, LLC (4226); RML Acquisitions XIII, LLC (9614); RML Acquisitions XIV, LLC (1910); RML Acquisitions XV, LLC (5518); RML Bronze Films, LLC (8636); RML Damascus Films, LLC (6024); RML Desert Films, LLC (4564); RML Documentaries, LLC (7991); RML DR Films, LLC (0022); RML Echo Films, LLC (4656); RML Escobar Films LLC (0123); RML Film Development, LLC (3567); RML Films PR, LLC (1662); RML Hector Films, LLC (6054); RML Hillsong Films, LLC (3539); RML IFWT Films, LLC (1255); RML International Assets, LLC (1910); RML Jackson, LLC (1081); RML Kidnap Films, LLC (2708); RML Lazarus Films, LLC (0107); RML Nina Films, LLC (0495); RML November Films, LLC (9701); RML Oculus Films, LLC (2596); RML Our Father Films, LLC (6485); RML Romeo and Juliet Films, LLC (9509); RML Scripture Films, LLC (7845); RML Solace Films, LLC (5125); RML Somnia Films, LLC (7195); RML Timeless Productions, LLC (1996); RML Turkeys Films, LLC (8898); RML Very Good Girls Films, LLC (3685); RML WIB Films, LLC (0102); Rogue Digital, LLC (5578); Rogue Games, LLC (4812); Roguelife LLC (3442); Safe Haven Productions, LLC (6550); Sanctum Films, LLC (7736); Santa Claus Productions, LLC (7398); Smith Point Productions, LLC (9118); Snow White Productions, LLC (3175); Spy Next Door, LLC (3043); Story Development, LLC (0677); Straight Wharf Productions, LLC (5858); Strangers II, LLC (6152); Stretch Armstrong Productions, LLC (0213); Studio Merchandise, LLC (5738); Summer Forever Productions, LLC (9211); The Crow Productions, LLC (6707); Totally Interns, LLC (9980); Tribes of Palos Verdes Production, LLC (6638); Tuckernuck Music, LLC (8713); Tuckernuck Publishing, LLC (3960); Wright Girls Films, LLC (9639); Yuma, Inc. (1669); Zero Point Enterprises, LLC (9558). The location of the Debtors' corporate headquarters is: 9242 Beverly Blvd., Suite 300, Beverly Hills, CA 90210.

**ORDER (A) ESTABLISHING BID PROCEDURES FOR THE SALE OF  
SUBSTANTIALLY ALL OF THE DEBTORS' ASSETS, (B) APPROVING  
STALKING HORSE APA AND BIDDING PROTECTIONS,  
AND (C) GRANTING CERTAIN RELATED RELIEF**

Upon the Debtors' motion (Dkt. No. \_\_\_\_ ) (the "**Motion**")<sup>2</sup> for (i) approval of the procedures (the "**Bidding Procedures**") to be used in connection with the sale of substantially all of the Debtors' assets (the "**Assets**"), (ii) authorization to enter into the Stalking Horse APA (as defined below) in connection therewith, (iii) authorization to pay the Stalking Horse Protection (as defined below) in connection therewith, (iv) the setting of dates for the Bid Deadline, Auction and Sale Hearing (each as defined in the Bidding Procedures and if needed), and (v) the approval of procedures related to the assumption and assignment of executory contracts and unexpired leases, all as more fully described in the Motion; and the Court having held a hearing to consider the relief requested therein (the "**Bidding Procedures Hearing**") with the appearances of all interested parties noted in the record of the Bidding Procedures Hearing; and upon the record of the Bidding Procedures Hearing, the Declaration of Dr. Brian G. Kushner in Support of First-Day Pleadings (Dkt. No. \_\_\_\_ ) (the "**First Day Declaration**"), and all of the proceedings before the Court; and in accordance with sections 105(a), 363(b), 365, 503(b), and 507 of chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 6004, 6006, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 6004-1 of the Local Rules for the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**");

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings given to them in the Motion or the Debtors' motion for post-petition financing and use of cash collateral (ELF No. \_\_\_\_ ).

**IT IS HEREBY FOUND AND DETERMINED THAT:**<sup>3</sup>

A. The Court has jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. §§ 157 and 1334. Venue of these cases and the Motion in this district is proper under 28 U.S.C. §§ 1408 and 1409.

B. The Debtors have provided due and proper notice of the Motion and Bidding Procedures Hearing to the parties listed on the affidavit of service (Dkt. No. \_\_\_\_ ) and no further notice is necessary. A reasonable opportunity to object or be heard regarding the relief requested in the Motion (including, without limitation, with respect to the Bidding Procedures and Stalking Horse Protection) has been afforded to all interested persons and entities.

C. The Debtors' proposed notice of the Motion, the Bidding Procedures, the Auction, and the Sale Hearing is appropriate and reasonably calculated to provide all interested parties with timely and proper notice, and no other or further notice is required.

D. The Bidding Procedures in the form attached hereto as Annex 1 are fair, reasonable, and appropriate and are designed to maximize the recovery from a sale of the Purchased Assets (the "**Sale**").

E. The Debtors and the Stalking Horse Bidder (as defined below) each negotiated the Bidding Procedures and the Stalking Horse APA in good faith and at arm's length. The process for the Stalking Horse Bidder's selection was fair and appropriate under the circumstances and is in the best interests of the Debtors' estates.

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<sup>3</sup> Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See FED. R. BANKR. P. 7052. This order shall be deemed to incorporate any findings of fact and conclusions of law made on the record at the Bidding Procedures Hearing pursuant to Bankruptcy Rule 7052.

F. The Stalking Horse Bidder is not an “insider” or “affiliate” of any of the Debtors, as those terms are defined in section 101 of the Bankruptcy Code, and no common identity of incorporators, directors, or controlling stockholders existed between the Stalking Horse Bidder and the Debtors. The Stalking Horse Bidder, its members, and its counsel and advisors have acted in “good faith” within the meaning of section 363(m) of the Bankruptcy Code in connection with the Stalking Horse Bidder’s negotiation of the Stalking Horse Protection and the Stalking Horse Bidders’ negotiation and entry into the Stalking Horse APA.

G. The Debtors have demonstrated a compelling and sound business justification for the Court to enter this Order and thereby (i) approve the Bidding Procedures as contemplated by the agreement dated as of August \_\_, 2015 (the “**Stalking Horse APA**”) for the sale of substantially all of the Debtors’ assets to RM Bidder LLC (the “**Stalking Horse Bidder**”) and filed as Exhibit \_\_ to the Debtors’ supplement to the Motion (Dkt. No. \_\_); (ii) authorize the Debtors to pay the Break-Up Fee and Expense Reimbursement (together, the “**Stalking Horse Protection**”) under the terms and conditions set forth in the Stalking Horse APA and the Bidding Procedures; (iii) set the dates of the Bid Deadline, Auction (if required), and Sale Hearing; (iv) establish notice procedures and approve the forms of notice; and (v) approve the procedures related to the Debtors’ assumption and assignment of executory contracts and unexpired leases in connection with the Sale.

H. The Stalking Horse Protection, as approved by this Order, is fair and reasonable and provides a benefit to the Debtors’ estates and creditors.

I. The Debtors have demonstrated a compelling and sound justification for authorizing the payment of the Stalking Horse Protection to the Stalking Horse Bidder under the circumstances, including, without limitation, that:

- i. the Stalking Horse Protection is the product of negotiations among the Debtors and the Stalking Horse Bidder conducted in good faith and at arm's-length, and the Stalking Horse APA (including the Stalking Horse Protection) is the culmination of a process undertaken by the Debtors and their professionals to negotiate a transaction with a bidder who was prepared to pay the highest or otherwise best purchase price to date for the Purchased Assets in order to maximize the value of the Debtors' estates;
- ii. the Stalking Horse Protection is an actual and necessary cost and expense of preserving the Debtors' estates within the meaning of sections 503(b) and 507(a) of the Bankruptcy Code;
- iii. the Stalking Horse Protection is fair, reasonable, and appropriate in light of, among other things, the size and nature of the proposed Sale under the Stalking Horse APA, the substantial efforts that have been and will be expended by the Stalking Horse Bidder, notwithstanding that the proposed Sale is subject to higher or better offers, and the substantial benefits the Stalking Horse Bidder has provided to the Debtors, their estates, their creditors, and all parties in interest, including, among other things, by increasing the likelihood that the best possible price for the Purchased Assets will be received;
- iv. the protections afforded to the Stalking Horse Bidder by way of the Stalking Horse Protection were material inducements for, and express conditions of, the Stalking Horse Bidder's willingness to enter into the Stalking Horse APA, and were necessary to ensure that the Stalking Horse Bidder would continue to pursue the proposed acquisition on terms acceptable to the Debtors in their sound business judgment, subject to competitive bidding; and
- v. the assurance of the payment of the Stalking Horse Protection has promoted more competitive bidding by inducing the Stalking Horse Bidder's bid, which may be the highest and best available offer for the Purchased Assets, and which induced the Stalking Horse Bidder to submit a bid that will serve as a minimum or floor bid on which all other bidders can rely and increases the likelihood that the final purchase price reflects the true value of the Purchased Assets.

J. Entry of this Order is in the best interests of the Debtors and their estates, creditors, and interest holders and all other parties-in-interest herein.

K. The (i) Notice of Assignment and Cure and (ii) Notice of Successful Bidder are both reasonably calculated to provide counterparties to the Assumed Contracts and Leases with

proper notice of the potential assumption and assignment of the Assumed Contracts and Leases, any cure amounts relating thereto, and the Contract Assignment Procedures.

L. The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law.

**ORDERED, ADJUDGED AND DECREED THAT:**

1. The Bidding Procedures attached hereto as Annex 1 are approved and fully incorporated into this Order, and the Debtors are authorized and directed to act in accordance therewith. The failure to specifically include a reference to any particular provision of the Bidding Procedures in this Order will not diminish or impair the effectiveness of such provision.

2. Any objections to the Motion or the relief requested therein that have not been adjourned, withdrawn, or resolved are overruled in all respects on the merits.

3. The form of Sale Notice attached to the Motion as Exhibit D is approved.

4. Within three (3) days after entry of the Bidding Procedures Order, the Debtors shall serve the Sale Notice on (a) the Office of the United States Trustee for the Southern District of New York; (b) all applicable state and local taxing authorities; (c) the Internal Revenue Service; (d) the Securities & Exchange Commission; (e) the United States Attorney General/Antitrust Division of Department of Justice; (f) each of the non-Debtor counterparties to the Assumed Contracts and Leases; (g) counsel to the Stalking Horse Bidder; and (h) all entities who are known to possess or assert a claim against the Debtors (collectively, the "**Notice Parties**"). On or about the same date, the Debtors will publish the Sale Notice once in the National Edition of The Wall Street Journal.



5. Service of the Sale Notice on the Notice Parties and applicable interested bidders in the manner described in the Motion constitutes good and sufficient notice of the Auction and the Sale Hearing. No other or further notice is required.

6. If no Qualified Bids with respect to the Purchased Assets other than the Stalking Horse APA are received on or before the Bid Deadline, the Debtors will not conduct the Auction with respect to the Purchased Assets and, instead, will seek approval of the sale of the Purchased Assets pursuant to the Stalking Horse APA at the Sale Hearing.

7. In the event the Debtors receive, on or before the Bid Deadline, one or more Qualified Bids in addition to the Stalking Horse APA, an Auction will be conducted at the offices of Jones Day, 222 East 41<sup>st</sup> Street, New York, New York 10017 on \_\_\_\_\_, 2015 at \_\_\_\_:\_\_\_\_.m. (Eastern Time), or such later time on such day or such other place as the Debtors shall notify all Qualified Bidders.

8. Within one (1) business day after the conclusion of the Auction, the Debtors shall file (a) a notice identifying the Successful Bidder(s) and providing adequate assurance materials demonstrating the ability of the Successful Bidder(s) to perform under the Assumed Contracts and Leases (the “**Notice of Successful Bidder**”); and (b) a final form of order approving the Sale as agreed upon between the Debtors and the Successful Bidder(s).

9. Objection Deadline to Sale Order. Objections to the relief sought in the Sale Order must (a) be in writing and (b) filed and served, so as to be actually received by (a) the Debtors, c/o FTI Consulting Inc., 633 West 5<sup>th</sup> Street, 16<sup>th</sup> Floor, Los Angeles, CA 90071 (Attention: Brian G. Kushner and Luke Schaeffer); (b) proposed co-counsel to the Debtors, Jones Day, 555 South Flower Street, Fiftieth Floor, Los Angeles, California 90071 (Attn: Richard L. Wynne and Lori Sinanyan), and Sheppard Mullin Richter Hampton, 30 Rockefeller

Plaza, New York, New York 10112 (Attn: Craig Wolfe); (c) the Office of the United States Trustee for the Southern District of New York (the “**U.S. Trustee**”), 201 Varick Street, Suite 1006, New York, NY 10014 (Attention: Susan Golden); (d) counsel to the Stalking Horse Bidder, Milbank, Tweed, Hadley & McCloy LLP, 601 South Figueroa Street, 30<sup>th</sup> Floor, Los Angeles, California 90017 (Attention: Mark Shinderman and Dennis C. O’Donnell); and (e) proposed counsel to any official committee appointed in these Chapter 11 Cases pursuant to section 1102 of the Bankruptcy Code (collectively, the “**Service Parties**”) no later than \_\_\_\_\_, 2015 at \_\_\_\_:\_\_\_\_.m. (Eastern Time).

10. Any replies to objections to the relief sought in the Sale Order shall be submitted no later than one day before the Sale Hearing.

11. The Sale Hearing will be held in the United States Bankruptcy Court for the Southern District of New York, Courtroom \_\_\_\_, One Bowling Green, New York, New York 10004-1408, on \_\_\_\_\_, 2015 at \_\_\_\_:\_\_\_\_.m. (Eastern Time), or such other date and time that the Court may later direct; *provided, however*, that the Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open Court or on the Court’s docket.

12. Stalking Horse Protection. Pursuant to sections 105, 363, 364, 503, and 507 of the Bankruptcy Code, the Debtors are hereby authorized, empowered, and directed to pay the Stalking Horse Protection to the Stalking Horse Bidder in accordance with the terms of the Stalking Horse APA without further order of this Court. The dollar amounts of the Stalking Horse Protection (as set forth in the Stalking Horse APA) are hereby approved. The Stalking Horse Protection will be allowed as administrative expense claims in each of the Debtors’ chapter 11 cases as super-priority administrative expense priority obligations under sections 364

and 503 of the Bankruptcy Code with priority over any and all administrative expenses (including all expenses of the kind specified in Sections 502(b) and 507(b) of the Bankruptcy Code) and senior in priority to all other superpriority administrative expenses in the Bankruptcy Cases. The Stalking Horse Bidder will be entitled to receive the Stalking Horse Protection in accordance with the terms and conditions of the Stalking Horse APA and the Bidding Procedures. In the event that a sale transaction is consummated with an Alternate Bidder(s) that is the Successful Bidder(s) (an “**Alternative Transaction**”), then the Debtors will pay the Stalking Horse Protection to Stalking Horse Bidder by wire transfer of immediately available funds from the proceeds of the applicable Alternative Transaction immediately upon the consummation thereof.

13. Assignment Procedures. The assignment procedures set forth in the Motion (including the form of notice attached as Exhibit C to the Motion) (collectively, the “**Assignment Procedures**”) are hereby approved.<sup>4</sup> The Debtors will serve each of the non-Debtor counterparties to the Assumed Contracts and Leases a notice in a form substantially similar to the notice attached as Exhibit C to the Motion (a “**Notice of Assignment and Cure**”) by first class mail. The Notice of Assignment and Cure will include (a) the title of the Assumed Contracts and Leases to be assumed, (b) the name of the counterparty to the Assumed Contracts and Leases, (c) any applicable cure amounts, (d) that the assignee is the Stalking Horse Bidder or its designee, or any other Successful Bidder(s), and (e) the deadline by which any such Assumed Contracts and Leases counterparty must object.

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<sup>4</sup> A listing all the Assumed Contracts and Assumed Leases proposed to be assumed and assigned pursuant to the Stalking Horse APA on the date the Sale Order is entered (the “Assumed Contracts and Leases”) is attached as part of the Schedules to the Stalking Horse APA (together, the “Assignment Schedule”).

14. Any objection (including to the cure amount set forth on any Notice of Assignment and Cure) to the Debtors' assumption of any of the Assumed Contracts and Leases and assignment of the Assumed Contracts and Leases to the Successful Bidder(s) must be in writing, filed with the Court, and be actually received by the Notice Parties no later than fourteen (14) days after such Notice of Assignment and Cure is mailed to the affected party, as indicated by the date noted on each Notice of Assignment and Cure (the "**Assignment and Cure Objection Deadline**"), and must set forth a specific default under the Assumed Contracts and Leases and claim a specific monetary amount that differs from the amount, if any, specified by the Debtors in such Notice of Assignment of Cure.

15. Resolution of Objections to Assumption and/or Assignment of Assumed Contracts and Leases. If no objection is received by the Assignment and Cure Objection Deadline, then the assumption and assignment of the applicable Assumed Contract or Lease will be authorized pursuant to section 365 of the Bankruptcy Code and the cure amounts, if any, set forth on the Notice of Assignment and Cure will be binding upon the non-Debtor party to the Assumed Contracts and Leases for all purposes and will constitute a final determination of total cure amounts required to be paid to the Assumed Contracts and Leases counterparty in connection with any potential assignment of such Assumed Contracts and Leases to the Successful Bidder(s). In addition, each non-Debtor party to such Assumed Contracts and Leases will be forever barred from objecting to the assumption and assignment of such contract or lease or the cure information set forth in the Notice of Assignment and Cure, including, without limitation, the right to assert any additional cure or other amounts with respect to the Assumed Contracts and Leases arising or relating to any period prior to such assumption and assignment. Furthermore, if no timely objection is received by the Assignment and Cure Objection Deadline,

the Stalking Horse Bidder (or Successful Bidder(s), if applicable) will enjoy all of the rights and benefits under all Assumed Contracts and Leases acquired under the Stalking Horse APA (or such other purchase agreement of an alternative Successful Bidder(s), if applicable) without the necessity of obtaining any party's written consent to the Debtors' assumption and assignment of such rights and benefits, and each such party will be deemed to have waived any right to object to, contest, condition, or otherwise restrict any such assumption and assignment.

16. If a timely objection is received and such objection cannot otherwise be resolved by the parties, the Court may hear such objection at a later date set by the Court. At the sole discretion of the Debtors, the pendency of a dispute relating to cure amounts will not prevent or delay the assumption and assignment of any Assumed Contracts and Leases. If an objection is filed only with respect to the cure amount listed on the Notice of Assignment and Cure, the Debtors may proceed with the assumption and assignment of the Assumed Contract or Assumed Lease and resolve the dispute regarding the cure amount at a later date as set by the Court. Any such dispute with respect to the cure amount will be resolved consensually, if possible; or, if the parties are unable to resolve their dispute, by the Court.

17. Subject to the entry of the order approving the DIP Facility on a final basis and other applicable law and pursuant to section 363(k) of the Bankruptcy Code, the Stalking Horse Bidder will have the right to use its portion of (i) the DIP Obligations, DIP Liens, and DIP Superpriority Claims; and (ii) the Cortland Obligations to credit bid with respect to any bulk or piecemeal sale of all, or any portion of, the DIP Collateral or the Cortland Collateral, as applicable.

18. Notwithstanding Bankruptcy Rules 6004, 6006, or otherwise, this Order will be effective and enforceable immediately upon entry and its provisions shall be self-executing.

19. All time periods set forth in this Order will be calculated in accordance with Bankruptcy Rule 9006(a).

20. The automatic stay pursuant to section 362 of the Bankruptcy Code is hereby lifted with respect to the Debtors to the extent necessary, without further order of the Court, to allow the Stalking Horse Bidder to deliver any notice provided for in the Stalking Horse APA, including, without limitation, a notice terminating the Stalking Horse APA, and allow the Stalking Horse Bidder to take any and all actions permitted under the Stalking Horse APA in accordance with the terms and conditions thereof.

21. To the extent the provisions of this Order are inconsistent with the provisions of any Exhibit referenced herein or with the Motion, the provisions of this Order will govern.

22. The Court will retain jurisdiction over any matters related to or arising from the implementation or interpretation of this Order. To the extent any provisions of this Order are inconsistent with the Motion, the terms of this Order control.

Dated: New York, New York

\_\_\_\_\_, 2015

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THE HONORABLE MICHEL E. WILES  
UNITED STATES BANKRUPTCY JUDGE

**Annex 1**

## **BIDDING PROCEDURES**

The bidding procedures set forth below (the “**Bidding Procedures**”) detail the process by which Relativity Fashion, LLC and its affiliated debtors (collectively, the “**Debtors**”)<sup>1</sup> are authorized to conduct a sale by auction (the “**Auction**”) of all or substantially all of the Debtors’ assets in one or more lots (collectively, as defined in the Stalking Horse APA (defined below), the “**Purchased Assets**”).

On July 30, 2015, the Debtors’ filed a motion (Dkt. No. \_\_\_\_ ) (the “**Motion**”) in the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) requesting, among other items, (a) approval of bidding procedures in connection with the sale of the Purchased Assets, (b) approval of the form and manner of the sale and publication notices, (c) the scheduling of the Auction and a hearing to approve the sale(s) of the Purchased Assets (the “**Sale Hearing**”), and (d) approval of procedures for determining cure amounts in connection with the assumption and assignment of executory contracts and unexpired leases. On August \_\_\_, 2015, the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”) entered an order (Dkt. No. \_\_\_\_ ) (the “**Bidding Procedures Order**”) approving these Bidding Procedures. Capitalized terms used herein and not otherwise defined have the meanings set forth in the Motion or the Debtors’ motion for post-petition financing and use of cash collateral (Dkt. No. \_\_\_\_ ).

On July \_\_\_, 2015, the Debtors entered into to an agreement (the “**Stalking Horse APA**”) with RM Bidder LLC (the “**Stalking Horse Bidder**”) to sell the Purchased Assets.

**Any interested bidder should contact, as soon as practical, the Debtors’ investment bankers, Blackstone Advisory Partners L.P. (“Blackstone”) at the following address: 345 Park Avenue, 30<sup>th</sup> Floor, New York, NY 10154, Attn: Tim Coleman ([coleman@blackstone.com](mailto:coleman@blackstone.com)), C.J. Brown ([cj.brown@blackstone.com](mailto:cj.brown@blackstone.com)) and Paul Sheaffer ([Paul.Sheaffer@blackstone.com](mailto:Paul.Sheaffer@blackstone.com)). Any party desiring to obtain a copy of the Motion or the Stalking Horse APE may do so by contacting Debtors’ counsel at Jones Day, 555 South Flower Street, Los Angeles, CA 90071, Attn: Susan Perry ([sperry@jonesday.com](mailto:sperry@jonesday.com)).**

### **I. The Bidding Process**

The Debtors will (a) coordinate the efforts of Potential Bidders (as defined below) in conducting their respective due diligence investigations regarding the Purchased Assets; (b) determine whether any Interested Party (as defined below) is a Qualified Bidder (as defined below); (c) receive and evaluate bids from Qualified Bidders; and (d) administer the Auction. The foregoing activities are referred to, collectively, as the “**Bidding Process**.” Neither the Debtors nor their representatives will be obligated to furnish information of any kind whatsoever to any person or entity that is not a Potential Bidder (or their legal counsel and financial advisors) or the special purpose entity formed by certain of the Debtors’ prepetition and post-petition lenders to, among other items, represent such lenders’ interests in connection with the

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<sup>1</sup> The Debtors consist of 145 entities. A complete list of these entities and further information regarding the Debtors’ chapter 11 cases is available at <https://donlinrecano.com/relativity>.



Auction (the “**Lender Representative**”). The Debtors and their representatives will use good faith efforts to provide all Potential Bidders and the Stalking Horse Bidder with substantially similar access and information.

Any person or entity who wishes to participate in the Bidding Process (other than the Stalking Horse Bidder) must meet the participation requirements for Potential Bidders below and must thereafter submit a Qualified Bid to become a Qualified Bidder.

## **II. Participation Requirements**

### **A. Interested Parties**

Unless otherwise ordered by the Bankruptcy Court for cause shown, to participate in the Bidding Process, each interested person or entity (each, an “**Interested Party**”) must deliver the below-listed items (unless previously delivered) to Blackstone on or before September 3, 2015 (or such later date to which the Debtors consent, but, in no event prior to the commencement of the Auction), delivery of which will constitute an Interested Party’s acknowledgment that its identity may be made public, including, without limitation, in court filings. The Interested Party must deliver each of the following:

- (1) an executed confidentiality agreement in a form and substance deemed reasonably satisfactory, after reasonable consultation with the Lender Representative, by the Debtors (to the extent such entity is not already party to a confidentiality agreement with the Debtors);
- (2) a statement and other factual support demonstrating to the Debtors’ reasonable satisfaction, after reasonable consultation with the Lender Representative, that the Interested Party has a *bona fide* interest in purchasing all or a portion of the Purchased Assets; and
- (3) current audited financial statements of (i) the Interested Party, or (ii) if the Interested Party is an entity formed for the purpose of acquiring the Purchased Assets, current audited financial statements of the equity holder(s) of the Interested Party who shall either guarantee the obligations of the Interested Party or provide such other form of financial disclosure and credit-quality support information or enhancement deemed reasonably acceptable, after reasonable consultation with the Lender Representative, by the Debtors.

If the Debtors determine, after receipt of the items identified above and reasonable consultation with the Lender Representative, that an Interested Party has a bona fide interest in purchasing the Purchased Assets (or a subset thereof) and the financial wherewithal to do so, such Interested Party will be deemed a “**Potential Bidder**.” No later than two business days after the Debtors determine that an Interested Party is a Potential Bidder, the Debtors will deliver to such Potential Bidder (a) an electronic copy of the Stalking Horse APA and (b) access information for the Debtors’ confidential electronic data room, which will contain financial and other information concerning the Purchased Assets (the “**Data Room**”).

## **B. Due Diligence**

Until the Bid Deadline (as defined below) and in addition to access to the Data Room, the Debtors will provide any Potential Bidder such due diligence access or additional information as a Potential Bidder may reasonably request and that the Debtors determine to be reasonable and appropriate under the circumstances. The Debtors may, in their sole discretion, schedule management presentations and make management otherwise available to selected bidders prior to the Bid Deadline. For any Potential Bidder who is a competitor of the Debtors or is affiliated with any competitor of the Debtors, the Debtors reserve the right to withhold any materials or information that the Debtors determine are commercially sensitive or otherwise not appropriate for disclosure to such Potential Bidder. In the event the Debtors determine that they must withhold any such information from a Potential Bidder, the Debtors shall notify the Lender Representative of such determination and provide reasonable detail regarding the information withheld.

Potential Bidders must direct all additional due diligence requests to Blackstone. The Debtors, with the assistance of Blackstone, will coordinate all reasonable requests for additional information and due diligence access from Potential Bidders. In the event that any such due diligence material is in written form and has not previously been provided to any other Potential Bidder, the Debtors will simultaneously provide such materials to all Potential Bidders and the Stalking Horse Bidder.

Unless the Debtors determine otherwise, the availability of additional due diligence to a Potential Bidder will cease if (i) the Potential Bidder does not become a Qualified Bidder (defined below), from and after the Bid Deadline; or (ii) the Bidding Process otherwise terminates.

## **III. Aggregate Bids**

The Purchased Assets may be sold in more than one lots, so long as the aggregate sales proceeds of all lots, net of the costs to the Debtors' estates relating to the Purchased Assets not sold, would, as determined by the Debtors, after reasonable consultation with the Lender Representative, result in greater net proceeds than any Qualified Bid for all of the Purchased Assets. Potential Bidders wishing to bid on one or more lots need not be affiliated persons and need not act in concert with one another; the Debtors may aggregate separate Qualified Bids from unaffiliated persons to create one Qualified Bid from one or more Qualified Bidders; provided, however, that all Potential Bidders shall be subject to the provisions of 11 U.S.C. § 363(n) regarding collusive bidding.

## **IV. Qualified Bid**

Each bid, offer, solicitation, or proposal a Potential Bidder submits must satisfy each of the following conditions to constitute a **"Qualified Bid"** and for the Potential Bidder to constitute a **"Qualified Bidder."**

**A. Bid Deadline**

A Potential Bidder who desires to be a Qualified Bidder must deliver the Required Bid Documents (as defined below) to the following parties no later than **12:00 p.m.** (Eastern Time) on September 11, 2015 (the “**Bid Deadline**”):

- (1) Blackstone Advisory Partners L.P., 345 Park Avenue, 30<sup>th</sup> Floor, New York, NY 10154, Attn: Tim Coleman ([coleman@blackstone.com](mailto:coleman@blackstone.com)), C.J. Brown ([cj.brown@blackstone.com](mailto:cj.brown@blackstone.com)) and Paul Sheaffer ([Paul.Sheaffer@blackstone.com](mailto:Paul.Sheaffer@blackstone.com));
- (2) FTI Consulting, Inc., 633 West 5<sup>th</sup> Street, 16<sup>th</sup> Floor, Los Angeles, CA 90071, Attn: Brian G. Kushner ([brian.kushner@fticonsulting.com](mailto:brian.kushner@fticonsulting.com)) and Luke Schaeffer ([Luke.Schaeffer@FTIConsulting.com](mailto:Luke.Schaeffer@FTIConsulting.com));
- (3) Jones Day, 555 South Flower Street, Fiftieth Floor, Los Angeles, California 90071, Attn: Richard L. Wynne ([rlwynne@jonesday.com](mailto:rlwynne@jonesday.com)) and Lori Sinanyan ([lsinanyan@jonesday.com](mailto:lsinanyan@jonesday.com)); and
- (4) Sheppard Mullin Richter Hampton, 30 Rockefeller Plaza, New York, NY 10112, Attn: Craig Wolfe ([CWolfe@sheppardmullin.com](mailto:CWolfe@sheppardmullin.com)).

After reasonable consultation with the Lender Representative, the Debtors may extend the Bid Deadline once or successively, but are not obligated to do so. If the Debtors extend the Bid Deadline, they will promptly notify all Potential Bidders of such extension.

At any time after the Bid Deadline and prior to the conclusion of the Auction, the Debtors further reserve the right, in their reasonable business judgment and after reasonable consultation with the Lender Representative, to invite parties that have not previously submitted Qualified Bids to do so, such that they may be considered for participation in the Auction pursuant to the Bidding Procedures.

**B. Bid Requirements**

Other than the Stalking Horse Bid, all bids must include the following items (the “**Required Bid Documents**”):

- (1) a letter stating that the bidder’s offer is irrevocable until consummation of a sale(s) to any other bidder for the Purchased Assets identified in such offer;
- (2) a duly authorized and executed purchase agreement, setting forth the purchase price for the Purchased Assets (or a subset thereof), together with all exhibits and schedules, each marked to show the required amendments and modifications to the Stalking Horse APA and the proposed Sale Order; and
- (3) written evidence of a firm commitment for financing, or other evidence of ability to consummate the proposed transaction without financing; provided however, that the Debtors will determine, in their business judgment and after

reasonable consultation with the Lender Representative, whether the written evidence of such financial wherewithal is acceptable.

A bid will be considered only if the bid:

- (1) identifies all or a portion of the Purchased Assets to be purchased and the contracts and leases to be assumed and assigned;
- (2) sets forth the consideration to be provided for the Purchased Assets to be purchased and the contracts and leases to be assumed and assigned;
- (3) is not conditioned on obtaining financing or any contingencies as to the validity, effectiveness, and/or binding nature of the offer, including without limitation, further due diligence other than confirmatory due diligence (provided that no Qualified Bid at the Auction may be conditioned on completion of due diligence);
- (4) provides evidence satisfactory to the Debtors, in their business judgment and after reasonable consultation with the Lender Representative, of the bidder's financial wherewithal and operational ability to consummate the transaction and satisfy its adequate assurance of future performance requirement with respect to any executory contract or unexpired lease to be assigned to it;
- (5) provides evidence satisfactory to the Debtors that, in their business judgment and after reasonable consultation with the Lender Representative, is sufficient to demonstrate that the bidder has all required internal corporate, legal, or other authorizations to purchase the Purchased Assets (including any subset thereof) and can satisfy all regulatory conditions or requirements to consummate the transaction no later than October 2, 2015;
- (6) is irrevocable until the Debtors have consummated a transaction with the Successful Bidder(s) (as defined below) or the Alternate Bidder(s) (as defined below) for the applicable Purchased Assets, as applicable;
- (7) is accompanied by a cash deposit (via wire transfer) to an escrow agent selected by the Debtors (the "**Deposit Agent**") equal to five percent (5%) of such bidder's bid (a "**Good Faith Deposit**");
- (8) sets forth the representatives who are authorized to appear and act on behalf of the bidder at the Auction;
- (9) indicates that the bidder will not seek any break-up fee, expense reimbursement, or similar type of payment;
- (10) include evidence of the bidder's ability to comply with section 365 of the Bankruptcy Code (to the extent applicable), including, without limitation, providing adequate assurance of such bidder's ability to perform future obligations arising under the contracts and leases proposed in its bid to be

assumed by the Debtors and assigned to the bidder, in a form that will permit the immediate dissemination of such evidence to the counterparties to such contracts and leases; and

(11) is received on or before the Bid Deadline.

With respect to any Qualified Bid that seeks to purchase all or substantially all of the Purchased Assets (and in addition to the requirements set forth in the preceding paragraph), such Qualified Bid must provide for consideration that is higher or better than the consideration provided for under the Stalking Horse APA, taking into account the Stalking Horse Protection, including, without limitation, total cash consideration in an amount not less than \$2,500,000.00.

Each bidder will be deemed to acknowledge and represent that it has had an opportunity to conduct any and all due diligence regarding the Purchased Assets that are the subject of the Auction prior to making any such bids; that it has relied solely upon its own independent review, investigation, and/or inspection of any documents and/or the applicable Purchased Assets in making its bid; and that it did not rely upon any written or oral statements, representations, promises, warranties, or guaranties whatsoever, whether express, implied, by operation of law, or otherwise, regarding the applicable Purchased Assets or the completeness of any information provided in connection therewith, except as expressly stated in these Bidding Procedures or, as to the Successful Bidder(s), the asset purchase agreement(s) with such Successful Bidder(s).

Upon the Debtors' receipt of a bid(s) from a Potential Bidder, the Debtors shall, within two (2) business days, provide a summary of such bid(s) to the Lender Representative and its counsel.

## **V. Evaluation of Qualified Bids**

A bid received from a Qualified Bidder (other than the Stalking Horse Bidder) will constitute a Qualified Bid only if it includes all of the Required Bid Documents and meets all of the above requirements. All Qualified Bids will be considered, but the Debtors reserve the right to reject any and all bids other than the highest or otherwise best bid(s) in the Debtors' business judgment and after reasonable consultation with the Lender Representative. The Debtors may, in their business judgment and after reasonable consultation with the Lender Representative, evaluate bids on numerous grounds including, without limitation, any delay, additional risks (including closing risks), and added costs to the Debtors including, without limitation, payment of the Stalking Horse Protection.

The Debtors shall make a determination regarding whether a bid is a Qualified Bid and shall notify bidders whether their bids have been determined to be qualified by no later than **3:00 p.m.** (Eastern time) on September 14, 2015. The Debtors reserve the right, at any time after the Bid Deadline and prior to the commencement of the Auction, to request parties submitting written offers (whether or not such offers might be determined to be Qualified Bids) to amend their written offers.

Notwithstanding the foregoing, the Stalking Horse Bidder will be deemed a Qualified Bidder and the Stalking Horse APA will be deemed a Qualified Bid for all purposes in connection with the Bidding Procedures.

## VI. Stalking Horse Protection

Recognizing the Stalking Horse Bidder's expenditure of time, energy, and resources, and the benefit that these efforts provided, the Debtors have agreed that, if the Stalking Horse Bidder is not the Successful Bidder, the Sellers will, in certain circumstances, pay to the Stalking Horse Bidder the Stalking Horse Protection. The applicable provisions of the Stalking Horse APA and the order of the Bankruptcy Court approving these Bidding Procedures (the "**Bidding Procedures Order**") will govern the payment of the Stalking Horse Protection. The Break-Up Fee is \$3,750,000.00<sup>2</sup> and the Expense Reimbursement Amount is in an amount up to \$1,000,000.00.

## VII. Auction

The Stalking Horse Bidder is deemed a Qualified Bidder, and the Stalking Horse Bid is deemed a Qualified Bid. If the Debtors do not receive any Qualified Bid (other than the Stalking Horse Bid) on or prior to the Bid Deadline, the Debtors may, but are not required to, in their reasonable business judgment, and after reasonable consultation with the Lender Representative, cancel the Auction.

In the event that the Debtors timely receive more than one Qualified Bid, the Debtors shall conduct the Auction of the Purchased Assets. The Debtors shall conduct the Auction in accordance with these Bidding Procedures and upon notice to all Qualified Bidders who have submitted Qualified Bids. The Auction will be conducted at the offices of Jones Day, 222 East 41st Street, New York, New York 10023 on September 16, 2015 at 10:00 a.m. (Eastern Time).

Only representatives or agents of the Debtors, the Stalking Horse Bidder, the Lender Representative, the Cortland Agent, the DIP Agent, the Official Committee of Unsecured Creditors, and any Qualified Bidder that has submitted a Qualified Bid (and the legal and financial advisors to each of the foregoing) will be entitled to attend the Auction, and only the Stalking Horse Bidder and Qualified Bidders will be entitled to make any subsequent bids at the Auction. All bids must be made openly and in the presence of all parties at the Auction.

At least 18 hours prior to the Auction, the Debtors will provide copies of the Qualified Bid(s) that the Debtors believe, in their reasonable discretion and after reasonable consultation with the Lender Representative, represent the highest or otherwise best offer (the "**Starting Bid**") to all Qualified Bidders (including the Stalking Horse Bidder) that have informed the Debtors of their intent to participate in the Auction, the Lender Representative, the DIP Agent, and the Cortland Agent, and, if requested, will provide to these same parties an explanation of how the Starting Bid is valued and a list of all Qualified Bidders.

If a Qualified Bidder elects not to attend the Auction, such Qualified Bidder's Qualified Bid will nevertheless remain fully enforceable against such Qualified Bidder and such Qualified Bidder may still be designated as the Alternate Bidder.

After reasonable consultation with the Lender Representative, the Debtors may employ and announce at the Auction additional procedural rules that are reasonable under the

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<sup>2</sup> Equal to 1.5% of the Purchase Price set forth in the Stalking Horse APA.

circumstances (e.g., the amount of time allotted to make Subsequent Bids (as defined below)) for conducting the Auction, provided that such rules are (a) not inconsistent with the Bidding Procedures Order, the Bankruptcy Code, or any Order of the Bankruptcy Court entered in connection herewith; and (b) disclosed to each Qualified Bidder participating in the Auction.

Bidding at the Auction will begin with the Starting Bid and continue, in one or more rounds of bidding, so long as during each round a Qualified Bidder(s) submits at least one subsequent bid that is no less than \$1,000,000.00 above the immediately preceding highest or best bid.

After the first round of bidding and between each subsequent round of bidding, the Debtors shall announce the bid(s) that they believe to be the highest or otherwise best offer or combination of offers (the “**Leading Bid**”).

A round of bidding will conclude after each participating Qualified Bidder has had the opportunity to submit a Subsequent Bid with full knowledge and written confirmation of the Leading Bid.

For the purpose of evaluating the value of the consideration provided by Subsequent Bids, the Debtors shall take into account the Break-Up Fee and the Expense Reimbursement Amount that may be payable to the Stalking Horse Bidder under the Stalking Horse APA, any additional liabilities to be assumed by a Qualified Bidder, and any additional costs that may be imposed on the Debtors.

For the purpose of evaluating Subsequent Bids (including any subsequent bid from the Stalking Horse Bidder), the Sellers may require a Qualified Bidder (other than the Stalking Horse Bidder) submitting a Subsequent Bid to submit, as part of its Subsequent Bid, additional evidence (in the form of financial disclosure or credit-quality support information or enhancement reasonably acceptable to the Debtors in their business judgment and after reasonable consultation with the Lender Representative) demonstrating such Qualified Bidder’s ability to close the proposed transaction. To the extent a Qualified Bidder has, by the time of the Auction, secured HSR approval, such approval shall be taken into consideration in determining higher or better offers.

The Stalking Horse Bidder shall have the right, but not the obligation, in its sole and absolute discretion, to match bids made by any other Qualified Bidders and, in such event, the Stalking Horse Bidder’s matching bid shall be deemed the highest or otherwise best bid for the Purchased Assets; provided, however, that the Debtors shall determine whether any Subsequent Bid by the Stalking Horse Bidder is a matching bid.

#### **VIII. Selection Of Successful Bid(s)**

The Debtors reserve the right to (a) determine, in their reasonable business judgment and after reasonable consultation with the Lender Representative, which Qualified Bid(s) is/are the highest or otherwise best and (b) reject at any time prior to entry of a Court order approving an offer, without liability, any bid or offer, other than the Stalking Horse Bid, that the Debtors, in their reasonable business judgment and after reasonable consultation with the Lender Representative, deem to be (i) inadequate or insufficient, (ii) not a Qualified Bid or not otherwise in conformity with the requirements of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, or procedures set forth therein or herein, or (iii) contrary to the best interests of the Debtors and their estates.

Prior to the conclusion of the Auction, the Debtors, after reasonable consultation with the Lender Representative, will (a) review and evaluate each bid made at the Auction on the basis of financial and contractual terms and other factors relevant to the sale process, including those factors affecting the speed and certainty of consummating the Sale Transaction and the cost to the Debtors' estates with respect to the payment of the Expense Reimbursement Amount; (b) identify the highest or otherwise best offer or collection of offers (the "**Successful Bid(s)**"); (c) determine which Qualified Bid is the next highest or otherwise best offer or collection of offers (the "**Alternate Bid(s)**") for the Purchased Assets; and (d) notify all Qualified Bidders participating in the Auction, prior to its adjournment, of (i) the identity of the bidder(s) whose bid(s) were determined to be the Successful Bids (the "**Successful Bidder(s)**"), (ii) the amount and other material terms of the Successful Bid(s), and (iii) the identity of the party or parties that submitted the Alternate Bid(s) (the "**Alternate Bidder(s)**").

Notwithstanding anything contained herein to the contrary, the Debtors shall not accept any offer or any collection of offers which would have Net Cash Proceeds (as defined in the DIP Credit Agreement) less than the amount necessary to repay the DIP Obligations in full on the date the sale contemplated by such bid is consummated.

In the event that there are three or more Qualified Bidder for substantially all of the Purchased Assets, and at the conclusion of the Auction the Stalking Horse Bidder is in second position, at the election of the Stalking Horse Bidder, the Stalking Horse Bidder may cede its position as Alternate Bidder, with the result that the Qualified Bidder in third position will be determined to have made the next highest or best offer (the "**Alternate Bid(s)**").

Within one business day of the completion of the Auction, the Successful Bidder(s) and the applicable Debtors shall complete and execute all agreements, instruments, or other documents necessary to consummate the applicable sale(s) or transactions contemplated by the applicable Successful Bid(s).

The Debtors will sell the Purchased Assets for the highest or otherwise best Qualified Bid(s) to the Successful Bidder(s) upon the approval of such Qualified Bid by the Bankruptcy Court after the Sale Hearing. The presentation of a particular Qualified Bid to the Bankruptcy Court for approval does not constitute the Debtors' acceptance of the Qualified Bid. The Debtors will be deemed to have accepted a Qualified Bid only when the bid has been approved by the Bankruptcy Court at the Sale Hearing. Only the Stalking Horse Bidder or another entity or entities constituting the Successful Bidder(s) will be entitled to purchase the Purchased Assets pursuant to these Bidding Procedures.

If for any reason, the Successful Bidder(s) fails to consummate the purchase of the Purchased Assets, or any part thereof, the Debtors and the Alternate Bidder(s) are authorized to effect the sale of the Purchased Assets to such Alternate Bidder(s) as soon as is commercially reasonable. If such failure to consummate the purchase is the result of a breach by the Successful Bidder(s), the Debtors reserve the right to seek all available remedies from the defaulting Successful Bidder(s), subject to the terms of the applicable purchase agreement.

## **IX. The Sale Hearing**

The Sale Hearing will be held before the Honorable \_\_\_\_\_ on September 21, 2015 at \_\_: \_\_ .m. (Eastern Time) in the United States Bankruptcy Court for the Southern District of New York, One Bowling Green, New York, New York 10004-1408. The



Sale Hearing may be adjourned without further notice by an announcement of the adjourned date at the Sale Hearing. If the Debtors do not receive any Qualified Bids (other than the Qualified Bid of the Stalking Horse Bidder), the Debtors will report the same to the Bankruptcy Court at the Sale Hearing and will proceed with a sale of the Purchased Assets to the Stalking Horse Bidder following entry of the Sale Order in accordance with the terms of the Stalking Horse APA. At the Sale Hearing, the Debtors will seek approval of the offer or offers constituting the Successful Bid(s), and, at the Debtors' election, the offer or offers constituting the Alternate Bid(s).

The Debtors' presentation to the Bankruptcy Court of the offer or offers constituting the Successful Bid(s) and Alternate Bid(s) will not constitute the Debtors' acceptance of either of any such bid, which acceptance will only occur upon approval of such bid(s) by the Bankruptcy Court at the Sale Hearing. Following approval of the Sale to the Successful Bidder(s), if the Successful Bidder(s) fails to consummate the sale because of (a) failure of a condition precedent beyond the control of either the Debtors or the Successful Bidder(s) upon which occurrence the Debtors have filed a notice with the Bankruptcy Court advising of such failure or (b) a breach or failure to perform on the part of such Successful Bidder(s) upon which occurrence the Debtors have filed a notice with the Bankruptcy Court advising of such breach or failure to perform, then the Alternate Bid(s) will be deemed to be the Successful Bid(s) and the Debtors will be authorized, but not directed, to effectuate a sale to the Alternate Bidder(s) subject to the terms of the Alternate Bid(s) of such Alternate Bidder(s) without further order of the Bankruptcy Court.

#### **X. Return of Good Faith Deposit**

The Escrow Agent will hold the Good Faith Deposits of all Qualified Bidders in escrow, and, while held in escrow, the Good Faith Deposits will not become property of the Debtors' bankruptcy estates unless released from escrow pursuant to terms of the applicable escrow agreement or pursuant to further order of the Bankruptcy Court. The Deposit Agent will retain the Good Faith Deposits of the Successful Bidder(s) and the Alternate Bidder(s) until the closing of the Sale Transaction unless otherwise ordered by the Bankruptcy Court. The Good Faith Deposits of the other Qualified Bidders will be returned within five (5) business days of the entry of the Sale Order. At the closing of the relevant sale transaction contemplated by the Successful Bid(s), the Successful Bidder(s) will be entitled to a credit for the amount of its Good Faith Deposit. The Escrow Agent will release the Good Faith Deposit of the Alternate Bidder(s) five business days after the closing of the Sale Transaction. Upon the return of the Good Faith Deposits, their respective owners will receive any and all interest that will have accrued thereon.

#### **XI. As Is, Where Is**

The sale of the Purchased Assets will be on an "as is, where is" basis and without representations or warranties of any kind, nature, or description by the Debtors, their agents, or their estates except as provided in any agreement with respect to the sale or sales approved by the Bankruptcy Court.

#### **XII. Free and Clear of Any and All Interests**

Except as otherwise provided in the Stalking Horse APA or another Successful Bidder(s)'s purchase agreement, all of Debtors' right, title, and interest in, and to, the Purchased Assets subject thereto will be sold free and clear of any pledges, liens, security interests,

encumbrances, claims, charges, options, and interests thereon (collectively, the “**Interests**”) to the maximum extent permitted under section 363 of the Bankruptcy Code. Such Interests will attach to the net proceeds of the sale of the Purchased Assets with the same validity and priority as such Interests applied against the Purchased Assets.

### **XIII. Credit Bid Right**

Subject to the entry of the order approving the DIP Facility on a final basis and other applicable law and pursuant to section 363(k) of the Bankruptcy Code, the Stalking Horse Bidder will have the right to use its portion of (i) the DIP Obligations, DIP Liens, and DIP Superpriority Claims; and (ii) the Cortland Obligations to credit bid with respect to any bulk or piecemeal sale of all, or any portion of, the DIP Collateral or the Cortland Collateral, as applicable.

### **XIV. Reservation of Rights; Deadline Extension**

Notwithstanding any of the foregoing and subject in all respects to the terms of the DIP Credit Agreement, the Debtors reserve their rights, in the exercise of their fiduciary obligations and after reasonable consultation with the Lender Representative, to modify the Bidding Procedures or impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Purchased Assets or any subset thereof, including, without limitation, extending the deadlines set forth in the Bidding Procedures, modifying bidding increments, adjourning the Auction at the Auction and/or adjourning the Sale Hearing in open court without further notice, withdrawing from the Auction the Purchased Assets at any time prior to or during the Auction or canceling the Auction, and rejecting all Qualified Bids.

Dated: August \_\_, 2015

**JONES DAY**

Richard L. Wynne

Bennett L. Spiegel

Lori Sinanyan

555 South Flower Street, 50<sup>th</sup> Floor

Los Angeles, California 90071

Telephone: (213) 489-3939

Facsimile: (213) 243-2539

- and -

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

Craig A. Wolfe, Esq.

Malani J. Cademartori

Blanka K. Wolfe, Esq.

30 Rockefeller Plaza

New York, New York 10112

Telephone: (212) 653-8700

Facsimile: (212) 653-8701

**Exhibit B**

**Stalking Horse Term Sheet**

**RELATIVITY MEDIA LLC**

**Summary of Acquisition Terms and Conditions**

The following Summary of Acquisition Terms and Conditions (this “Term Sheet”), dated July 30, 2015, represents certain terms for an acquisition through a sale (a “Sale”) of the assets specified below pursuant to Section 363 of title 11 of the United States Code (the “Bankruptcy Code”). The transactions contemplated in this Term Sheet are referred to herein as the “Proposed Transaction.” This Term Sheet will not be construed as a solicitation under the Bankruptcy Code and is and will remain subject to the approval of the United States Bankruptcy Court (the “Bankruptcy Court”) presiding over the anticipated chapter 11 cases of the Company (defined below) to be filed on or about July 30, 2015 (the actual filing date, the “Petition Date”).

This Term Sheet and the contents hereof are confidential. The undersigned, intending to be legally bound, hereby agree that the definitive documentation for the Proposed Transaction will reflect the following terms, as well as other customary terms and conditions for a transaction of this nature:

***Summary of Terms***

**Sellers:** Relativity Media, LLC (the “Company”) and certain of its direct and indirect subsidiaries (collectively, “Sellers”), each of whom will be debtors and debtors in possession in cases (the “Bankruptcy Cases”) to be commenced under Chapter 11 of the Bankruptcy Code.

**Buyer:** RM Bidder LLC, a newly formed special purpose acquisition vehicle (the “Buyer”), to be financed by the holders of the Term A Loans and the Term B Loans (collectively, the “Lenders”) made under the Existing Term Loan Agreement. Prior to the closing of the Sale, the Lenders will contribute to the Buyer 100% of the outstanding loans under that certain post-petition financing facility described in the term sheet to which this Term Sheet is attached as Exhibit A (the “DIP Loan”), 100% of the outstanding Term A Loans and an amount of the Term B Loans sufficient to permit Buyer to pay the Purchase Price.

**Proposed Transaction:** Subject to the terms specified herein and as set forth in all definitive transaction documents and any and all commitment letters, financing documents and related agreements and documents (together, the “Transaction Documents”), including an asset purchase agreement on the terms described in this Term Sheet and such other terms as are acceptable to the Buyer and Sellers (the “Purchase Agreement”), the Buyer will acquire all of the assets of the Sellers used or held for use in Sellers’ TV, film and distribution businesses (including its interest in the RED and Sky Land ventures) (collectively, the “Businesses”), other than the Excluded Assets (as defined below) (the “Purchased Assets”), in a Sale. Each party will cooperate in good faith and consider seriously all proposals of the other party with respect to modifications to the structuring and terms of the transaction contemplated hereby;

provided, however, that no party will be obligated to agree to any such modifications.

**Closing & Closing Date:**

The closing of the Proposed Transaction (the “Closing”) will occur on a date (the “Closing Date”) that is no later than the third business day after the satisfaction or waiver of all conditions precedent to the closing of the Proposed Transaction in accordance with the terms and conditions of the Purchase Agreement, unless otherwise agreed by Buyer and Sellers.

**Purchase Price:**

\$250 million (the “Purchase Price”), paid as follows:

- (i) the discharge in full of all amounts outstanding and obligations under the DIP Loans, including the principal amount of indebtedness and interest accrued as of the Closing Date, plus any penalty or pre-payment fees, owed under the DIP Loans;
- (ii) the discharge in full of all amounts outstanding and obligations under the Term A Loans, including the principal amount of indebtedness and interest accrued as of the Closing Date, plus any penalty or pre-payment fees, owed under the Term A Loans;
- (iii) the discharge of a portion of the principal amount of indebtedness and interest accrued as of the Closing Date, plus any penalty or pre-payment fees, owed under the Term B Loans; and
- (iv) assuming the liabilities of the Sellers set forth below under “Assumed and Excluded Liabilities.”

**Acquired and Excluded Assets:**

The Buyer will acquire, and the Sellers will sell, all of the Sellers’ assets used or held for use in the Business, including, but not limited to, all accounts receivable, cash and cash equivalents (excluding amounts that remain in the DIP Loan escrow for funding of wind down expenses in accordance with the DIP budget), customer account information, contracts, leases, licenses, permits, equity of certain of Sellers’ direct and indirect subsidiaries, ground leases, personal and intellectual property, and avoidance actions (collectively, the “Purchased Assets”), except those assets and contracts that are specifically designated in the Purchase Agreement as excluded assets (the “Excluded Assets”) and those contracts that are specifically designated by the Buyer as excluded contracts (the “Excluded Contracts”). The cure amounts for any contracts and leases that constitute Purchased Assets will be liabilities of the Buyer. Excluded Assets will include, without limitation, cash/assets remaining in the DIP Loan escrow for funding of wind down

expenses in accordance with the DIP budget, refunds and credits for pre-closing taxes that are not related to the Purchased Assets, equity interests in entities not related to the Business, Excluded Contracts, and all causes of action not included in the Purchased Assets.

The Buyer will have the right, through the date 5 business days prior to the Closing Date, to designate any executory contracts or unexpired leases as Excluded Contracts, so that the obligations or liabilities for such contracts and leases will remain liabilities of the bankruptcy estate of the Sellers.

All Purchased Assets will be transferred to the Buyer, pursuant to section 363(f) of the Bankruptcy Code, free and clear of all claims, liens, encumbrances, interests and other restrictions of any kind or nature whatsoever, including, without limitation, any and all prepetition and postpetition adequate protection liens of the Sellers' prepetition lenders, in each case, as set forth in the Sale Order. Any such liens existing at the time of the consummation of the Proposed Transaction will attach to the sale proceeds according to their relative priorities.

**Assumed and Excluded  
Liabilities:**

The Buyer will not assume any liabilities or obligations of Sellers, except for the following:

- (i) liabilities related to the Purchased Assets arising on and after the Closing Date, as expressly set forth in the Purchase Agreement;
- (ii) any cure amounts under assumed contracts;
- (iii) accounts payable arising from the Business;
- (iv) transfer taxes; and
- (v) other specified liabilities to be agreed, including certain permitted senior liens.

**Break-Up Fee and Expense  
Reimbursement:**

Contemporaneously with seeking approval of the Bidding Procedures (as that term is defined below), the Sellers will seek approval by the Bankruptcy Court of a fee (the "Breakup Fee") equal to \$3.75 million (i.e., 1.5% of the Purchase Price) and an expense reimbursement (the "Expense Reimbursement") in an amount not to exceed \$1 million for the Buyer's reasonable out-of-pocket expenses incurred in connection with the Proposed Transaction and the financing thereof, including, but not limited to, the fees and expenses of Buyer's and its shareholders' counsel and other advisors. The Breakup Fee and Expense Reimbursement each shall be entitled to allowed administrative expense status pursuant to sections 105(a) and 503(b) of the Bankruptcy Code with priority

over any and all administrative expenses of the kind specified in Sections 503(b) and 507 of the Bankruptcy Code and shall be senior to all other superpriority administrative expenses in the Bankruptcy Cases.

The Sellers will pay to the Buyer the Break-Up Fee and the Expense Reimbursement if the Purchase Agreement is terminated because the Bankruptcy Court has approved, or the Sellers have consummated, a Competing Transaction. Additionally, the Sellers will pay to the Buyer the Expense Reimbursement (i) the Sellers voluntarily withdraw the sale motion for any reason other than in connection with the Sellers' termination of the Purchase Agreement for an uncured material breach of the Purchase Agreement by the Buyer; or (ii) the Buyer terminates the Purchase Agreement as a result of the material, uncured breach of the Purchase Agreement by the Sellers or any of them. Buyer may waive its right to receive the Breakup Fee at any time, including if it determines, in its discretion, that such a waiver is reasonably likely to result in greater net proceeds for the estate and its lenders.

"Competing Transaction" means any of the following, other than the Proposed Transaction: (a) a plan of reorganization or other financial and/or corporate restructuring of any Seller that substantially prohibits or impairs the Proposed Transaction; (b) the sale or disposition by Sellers of all or a material portion of the outstanding equity interests of any Seller, or the sale or disposition of all or a material portion of the Purchased Assets, in either case which substantially prohibits or impairs the Proposed Transaction; (c) a merger, consolidation, business combination, liquidation or recapitalization of any or all Sellers that substantially prohibits or impairs the Proposed Transaction; or (d) any similar transaction involving any or all Sellers.

**Bidding Procedures Order:**

The Sellers will file a motion seeking approval of bidding procedures (the "Bidding Procedures" and such motion, the "Bidding Procedures Motion") with respect to the Proposed Transaction with the Bankruptcy Court immediately upon execution of the Purchase Agreement. The Bidding Procedures, the order approving the bidding procedures (the "Bidding Procedures Order"), and the Bidding Procedures Motion shall be in the form attached hereto as Exhibit A.

**Sale Order:**

The Sellers will seek to cause the Bankruptcy Court to enter a sale order which contains findings of fact and conclusions of law requested by the Buyer and that shall be in form and substance satisfactory to the Buyer in all respects (the "Sale Order").

**Representations and**

The Purchase Agreement will contain representations and

**Warranties:** warranties of the Sellers as are customary in transactions of this type, including, but not limited to, representations regarding [the financial statements of the business, material contracts, labor and employee matters, compliance with laws, and other matters regarding the conduct of the Sellers' business. None of the representations and warranties will survive the Closing.

**Covenants:** Covenants to be agreed upon, including, but not limited to, customary operating covenants pending consummation of the Proposed Transaction (including the requirement to get Buyer's approval prior to incurring any account payable assumable by Buyer at Closing that is not contemplated by the agreed upon budget for the Sellers and the Business). Buyer to make all appropriate filings with respect to HSR and any other required regulatory approval contemporaneously with, or as promptly as practicable after, the execution of this Term Sheet.

**Conditions Precedent:** The obligations of the parties to consummate the Proposed Transaction will be subject to satisfaction of customary conditions precedent (each, a "Condition Precedent"), each of which may be waived in writing by the parties in their respective sole and absolute discretion including, but not limited to, the following:

- (i) the Sale Order shall be final and non-appealable in all respects and shall not be subject to any stay, reversal, modification or amendment;
- (ii) the other party shall have complied with its covenants in all material respects, and all of the other party's representations shall be true in all material respects as of the date of the Purchase Agreement and the Closing Date;
- (iii) each party will provide the other party on the Closing Date a certificate, which will be executed by a duly authorized officer, which will certify that the prior two conditions regarding covenants and representations are satisfied;
- (iv) no law or order shall be in effect which has the effect of making illegal or otherwise restricting, preventing or prohibiting the consummation of the Proposed Transaction;
- (v) any waiting period applicable to the consummation of the Proposed Transaction under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, shall have expired or been terminated; and



- (vi) the parties shall have obtained any other consent, approval, order or authorization of, or registration, declaration or filing with, any federal, state, local or foreign governmental or regulatory authority required in connection with the execution and delivery of the Purchase Agreement or consummation of the Proposed Transaction.

The obligations of Buyer to consummate the Proposed Transaction will be subject to satisfaction of the following additional Conditions Precedent, each of which may be waived in writing by Buyer in its sole and absolute discretion; provided that Buyer and Sellers agrees to cooperate in good faith following the Petition Date to provide additional specificity regarding these conditions, as applicable, and to satisfy the requirements of these conditions as promptly as practicable:

- (i) the Sellers shall have obtained all material third party consents required to consummate the Proposed Transaction (to be identified on an agreed upon schedule);
- (ii) there shall exist no pending claim, action, suit, investigation, litigation or proceeding that (a) seeks to prohibit the Buyer or the Sellers from consummating the Proposed Transaction or (b) would, if determined adversely to the Buyer or the Sellers, subject the Buyer to material damage claims, penalties, lawsuits, litigation or the like as a result of the consummation of the Proposed Transaction;
- (iii) certain identified key employees (not to exceed two) shall have entered into employment agreements with Buyer on terms to be agreed with Buyer;
- (iv) the Sellers shall have delivered to Buyer a good standing certificate for each Seller dated not more than 30 days prior to the Closing Date (provided that Sellers will use their reasonable best efforts to deliver good standing certificates for each Seller dated not more than 10 days prior to the Closing Date);
- (v) the Sellers shall have assumed and assigned to Buyer certain specified material agreements (including, without limitation, the Netflix, Fox Home Video, RED, International output, Ultimates output and TV production agreements), in each case pursuant to Section 365 of the Bankruptcy Code and the Sale Order, and the aggregate cure costs associated with such agreements shall not exceed a cap to be calculated

based on the estimated cure costs for such agreements plus a reasonable cushion; and

- (vi) the accounts payable to be assumed by Buyer at Closing shall not exceed \$3 million.

**Termination Events:**

The obligations of the Buyer and Sellers under the Transaction Documents will terminate and all of the obligations of the parties thereto (other than the obligations of Sellers to pay the Break-Up Fee and/or the Expenses Reimbursement, if applicable) will be of no further force or effect, upon the giving of written notice of termination by the Buyer to the Company or Sellers to the Buyer, as applicable, upon the occurrence of any of the following:

- (i) by Buyer or Sellers, if the Closing has not occurred by October 2, 2015 (the "Outside Date"); provided, however, that if the Closing shall not have occurred on or before the Outside Date due to a material breach of representations, warranties or covenants by the terminating party then that party may not terminate the Transaction Documents due to the occurrence of the Outside Date;
- (ii) by Buyer, if the Debtors shall not have commenced the auction for the Sale of the assets (if such auction is necessary) on or before September 16, 2015;
- (iii) by Buyer, if the Sale Order shall not have been entered by the Bankruptcy Court in form and substance satisfactory to the Buyer on or before the day after the Sale hearing;
- (iv) by Buyer, if the Sale Order shall not have become a "final" order on or before the 15<sup>th</sup> day after the Sale hearing;
- (v) by Buyer if any secured creditor identified on a specified schedule obtains relief from the automatic stay provided by section 362 of the Bankruptcy Code to foreclose on any of the equity interests held by the Sellers that are Purchased Assets or if any secured creditor takes any adverse action (including, without limitation, the imposition of any non-consensual liens or security interests) with respect to any of the assets of any subsidiary, affiliate or other entity being acquired hereunder;
- (vi) by Buyer or Sellers, if there shall be a breach by the other party of any representation, warranty, covenant or obligation which would result in a failure of one or more of the Conditions Precedent and which breach

- cannot be cured or has not been cured by the earlier of (i) 20 calendar days after the giving of written notice by the Buyer or the Sellers, as applicable, and (ii) the Outside Date;
- (vii) by Buyer or Sellers, if (A) the Bankruptcy Court enters an order appointing a trustee, examiner with expanded powers or responsible officer in the Bankruptcy Cases, (B) the Bankruptcy Cases are converted to a case under chapter 7 of the Bankruptcy Code or (C) the Bankruptcy Cases are dismissed;
  - (viii) subject to the terms of the Bidding Procedures (including with respect to alternative bids from qualified bidders), by Buyer, if the Sellers consummate a Competing Transaction, or the Bankruptcy Court approves, or authorizes the Sellers or any of their affiliates to enter into, a Competing Transaction (other than a Competing Transaction with the winning bidder(s) at the auction for the Sale of the assets); and
  - (ix) by Buyer, if there shall be an Event of Default under the DIP Loan.

The Sellers and the Buyer shall also be able to terminate the Transaction Documents by mutual consent, including in the event that the parties determine that it would be of greater value to the Sellers' estate to engage in an alternative reorganization/sale process.

IN WITNESS WHEREOF, the parties hereto have executed this Term Sheet as of the date first set forth above.

RELATIVITY MEDIA, LLC,  
on behalf of itself and all other sellers

By:   
Name: \_\_\_\_\_  
Title: Brian Kushner  
Chief Restructuring Officer

RM BIDDER, LLC

*Anchorage Capital Master Offshore, Ltd.,  
Member*

By: Anchorage Capital Group, L.L.C., as its investment manager

A handwritten signature in black ink, appearing to read "Natalie Birrell", written over a horizontal line.

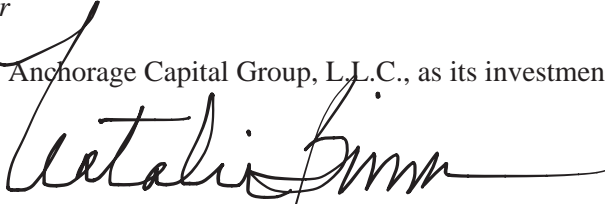
Name: Natalie Birrell

Title: Chief Operating Officer

RM BIDDER, LLC

*ACMO REL Holdings, L.L.C.,  
Member*

By: Anchorage Capital Group, L.L.C., as its investment manager

A handwritten signature in black ink, appearing to read "Natalie Birrell", written over a horizontal line.

Name: Natalie Birrell

Title: Chief Operating Officer

RM BIDDER, LLC

*Falcon Strategic Partners III, LP,  
Member*

By: Falcon Strategic Investments III, LP,  
Its General Partner

By: Falcon Strategic Investments GP III, LLC,  
Its General Partner

By:   
Name: Rafael Fogel  
Title: Director

RM BIDDER, LLC

*Luxor Capital LLC,  
Member*


By:   
Name: \_\_\_\_\_  
Title: **Norris Nissim  
General Counsel  
Luxor Capital Group, LP  
Investment Manager**



Exhibit A  
Bid Procedures

See attached.

**Exhibit C**

**Proposed Form of Notice of Assignment and Cure**

Richard L. Wynne, Esq.  
Bennett L. Spiegel, Esq.  
Lori Sinanyan (*pro hac vice* pending)

**JONES DAY**

222 East 41st Street  
New York, NY 10017  
Tel: (212) 326-3939  
Fax: (212) 755-7306

--and--

Craig A. Wolfe, Esq.  
Malani J. Cademartori, Esq.  
Blanka K. Wolfe, Esq.

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

30 Rockefeller Plaza  
New York, NY 10112  
Tel: (212) 653-8700  
Fax: (212) 653-8701

*Proposed Co-Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

RELATIVITY FASHION, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 15-11989 (MEW)

(Joint Administration Pending)

---

<sup>1</sup> The Debtors in these chapter 11 cases are: see page (i).

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Relativity Fashion, LLC (4571); Relativity Holdings LLC (7052); Relativity Media, LLC (0844); Relativity REAL, LLC (1653); RML Distribution Domestic, LLC (6528); RML Distribution International, LLC (6749); RMLDD Financing, LLC (9114); 21 & Over Productions, LLC (7796); 3 Days to Kill Productions, LLC (5747); A Perfect Getaway P.R., LLC (9252); A Perfect Getaway, LLC (3939); Armored Car Productions, LLC (2750); Best of Me Productions, LLC (1490); Black Or White Films, LLC (6718); Blackbird Productions, LLC (8037); Brant Point Productions, LLC (9994); Brick Mansions Acquisitions, LLC (3910); Brilliant Films, LLC (0448); Brothers Productions, LLC (9930); Brothers Servicing, LLC (5849); Catfish Productions, LLC (7728); Cine Productions, LLC (8359); CinePost, LLC (8440); Cisco Beach Media, LLC (8621); Cliff Road Media, LLC (7065); Den of Thieves Films, LLC (3046); Don Jon Acquisitions, LLC (7951); DR Productions, LLC (7803); Einstein Rentals, LLC (5861); English Breakfast Media, LLC (2240); Furnace Films, LLC (3558); Gotti Acquisitions, LLC (6562); Great Point Productions, LLC (5813); Guido Contini Films, LLC (1031); Hooper Farm Music, LLC (3773); Hooper Farm Publishing, LLC (3762); Hummock Pond Properties, LLC (9862); Hunter Killer La Productions, LLC (1939); Hunter Killer Productions, LLC (3130); In The Hat Productions, LLC (3140); J&J Project, LLC (1832); JGAG Acquisitions, LLC (9221); Left Behind Acquisitions, LLC (1367); Long Pond Media, LLC (7197); Madaket Publishing, LLC (9356); Madaket Road Music, LLC (9352); Madvine RM, LLC (0646); Malavita Productions, LLC (8636); MB Productions, LLC (4477); Merchant of Shanghai Productions, LLC (7002); Miacomet Media LLC (7371); Miracle Shot Productions, LLC (0015); Most Wonderful Time Productions, LLC (0426); Movie Productions, LLC (9860); One Life Acquisitions, LLC (9061); Orange Street Media, LLC (3089); Out Of This World Productions, LLC (2322); Paranoia Acquisitions, LLC (8747); Phantom Acquisitions, LLC (6381); Pocomo Productions, LLC (1069); Relative Motion Music, LLC (8016); Relative Velocity Music, LLC (7169); Relativity Development, LLC (5296); Relativity Film Finance II, LLC (9082); Relativity Film Finance III, LLC (8893); Relativity Film Finance, LLC (2127); Relativity Films, LLC (5464); Relativity Foreign, LLC (8993); Relativity India Holdings, LLC (8921); Relativity Jackson, LLC (6116); Relativity Media Distribution, LLC (0264); Relativity Media Films, LLC (1574); Relativity Music Group, LLC (9540); Relativity Production LLC (7891); Relativity Rogue, LLC (3333); Relativity Senator, LLC (9044); Relativity Sky Land Asia Holdings, LLC (9582); Relativity TV, LLC (0227); Reveler Productions, LLC (2191); RML Acquisitions I, LLC (9406); RML Acquisitions II, LLC (9810); RML Acquisitions III, LLC (9116); RML Acquisitions IV, LLC (4997); RML Acquisitions IX, LLC (4410); RML Acquisitions V, LLC (9532); RML Acquisitions VI, LLC (9640); RML Acquisitions VII, LLC (7747); RML Acquisitions VIII, LLC (7459); RML Acquisitions X, LLC (1009); RML Acquisitions XI, LLC (2651); RML Acquisitions XII, LLC (4226); RML Acquisitions XIII, LLC (9614); RML Acquisitions XIV, LLC (1910); RML Acquisitions XV, LLC (5518); RML Bronze Films, LLC (8636); RML Damascus Films, LLC (6024); RML Desert Films, LLC (4564); RML Documentaries, LLC (7991); RML DR Films, LLC (0022); RML Echo Films, LLC (4656); RML Escobar Films LLC (0123); RML Film Development, LLC (3567); RML Films PR, LLC (1662); RML Hector Films, LLC (6054); RML Hillsong Films, LLC (3539); RML IFWT Films, LLC (1255); RML International Assets, LLC (1910); RML Jackson, LLC (1081); RML Kidnap Films, LLC (2708); RML Lazarus Films, LLC (0107); RML Nina Films, LLC (0495); RML November Films, LLC (9701); RML Oculus Films, LLC (2596); RML Our Father Films, LLC (6485); RML Romeo and Juliet Films, LLC (9509); RML Scripture Films, LLC (7845); RML Solace Films, LLC (5125); RML Somnia Films, LLC (7195); RML Timeless Productions, LLC (1996); RML Turkeys Films, LLC (8898); RML Very Good Girls Films, LLC (3685); RML WIB Films, LLC (0102); Rogue Digital, LLC (5578); Rogue Games, LLC (4812); Roguelife LLC (3442); Safe Haven Productions, LLC (6550); Sanctum Films, LLC (7736); Santa Claus Productions, LLC (7398); Smith Point Productions, LLC (9118); Snow White Productions, LLC (3175); Spy Next Door, LLC (3043); Story Development, LLC (0677); Straight Wharf Productions, LLC (5858); Strangers II, LLC (6152); Stretch Armstrong Productions, LLC (0213); Studio Merchandise, LLC (5738); Summer Forever Productions, LLC (9211); The Crow Productions, LLC (6707); Totally Interns, LLC (9980); Tribes of Palos Verdes Production, LLC (6638); Tuckernuck Music, LLC (8713); Tuckernuck Publishing, LLC (3960); Wright Girls Films, LLC (9639); Yuma, Inc. (1669); Zero Point Enterprises, LLC (9558). The location of the Debtors' corporate headquarters is: 9242 Beverly Blvd., Suite 300, Beverly Hills, CA 90210.

**NOTICE OF (I) PROPOSED ASSUMPTION AND  
ASSIGNMENT OF EXECUTORY CONTRACTS AND UNEXPIRED  
LEASES IN CONNECTION WITH SALE AND (II) ASSOCIATED CURE COSTS**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

1. On July 30, 2015, the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) filed the *Debtors’ Motion for (I) an Order (A) Establishing Bid Procedures for the Sale of Substantially All of the Debtors’ Assets, (B) Approving Stalking Horse APA and Bidding Protection, and (C) Granting Certain Related Relief and (II) an Order (A) Approving the Sale of Substantially All of the Debtors’ Assets Free and Clear of Liens, Claims, Encumbrances and Other Interests, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Related Thereto, and (C) Granting Certain Related Relief* [Dkt. No. \_\_\_\_] (the “**Sale Motion**”) with the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”).<sup>2</sup>

2. You may obtain a copy of the Sale Motion and the Stalking Horse APA by: (a) sending a written request to the Debtors’ co-counsel, Jones Day, 555 S Flower St, Los Angeles, CA 90071, Fax No. (213) 243-2539, Attn: Susan J. Perry ([sjperry@jonesday.com](mailto:sjperry@jonesday.com)); or (b) accessing the website maintained by the Debtors’ claims and noticing agent, Donlin Recano, at <http://www.donlinrecano/relativity>.

3. On August \_\_\_, 2015, the Court entered the Bidding Procedures Order [Dkt. No. \_\_\_\_]. The Bidding Procedures Order specifies, among other things, the procedures by which counterparties to executory contracts and unexpired leases with one or more of the Debtors may object to the Debtors’ proposed assumption and/or assignment of such executory

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings given them in the Sale Motion.

contracts and unexpired leases in connection with the sale of substantially all of the Debtors' assets (the "**Sale**").

4. A list of the Debtors' executory contracts and unexpired leases that are subject to potential assumption and assignment in connection with the Sale and the cure costs associated therewith (the "**Contract and Cure Schedule**") is attached to this notice (the "**Notice of Assignment and Cure**") as Schedule 1.

5. Any objections to the proposed assumption and assignment of any of the executory contracts or unexpired leases listed on Schedule 1 to this Notice of Assignment and Cure (including any objections to any cure amount(s) set forth on the Notice of Assignment and Cure (any such objection, a "**Cure Objection**")) must be in writing, filed with the Court, and be actually received by (a) the Debtors c/o FTI Consulting, Inc., 633 West 5<sup>th</sup> Street, 16<sup>th</sup> Floor, Los Angeles, CA 90071, Attn: Brian G. Kushner ([Brian.Kushner@fticonsulting.com](mailto:Brian.Kushner@fticonsulting.com)) and Luke Schaeffer ([Luke.Schaeffer@FTIConsulting.com](mailto:Luke.Schaeffer@FTIConsulting.com)); (b) counsel for the Debtors, Jones Day, 555 South Flower Street, Fiftieth Floor, Los Angeles, California 90071, Attn: Richard L. Wynne ([Rlwynne@jonesday.com](mailto:Rlwynne@jonesday.com)) and Lori Sinanyan ([Lsinanyan@jonesday.com](mailto:Lsinanyan@jonesday.com)) and Sheppard Mullin Richter Hampton, 30 Rockefeller Plaza, New York, NY 10112, Attn: Craig Wolfe ([CWolfe@sheppardmullin.com](mailto:CWolfe@sheppardmullin.com)) and Malani Cademartori ([Mcademartori@sheppardmullin.com](mailto:Mcademartori@sheppardmullin.com)); (c) the Office of the United States Trustee for the Southern District of New York (the "**U.S. Trustee**"), 201 Varick Street, Suite 1006, New York, New York 10014 (Attention: Susan Golden); (d) counsel to the Stalking Horse Bidder, Milbank, Tweed, Hadley & McCloy LLP, 601 South Figueroa Street, 30<sup>th</sup> Floor, Los Angeles, California 90017, Attention: Mark Shinderman ([mshinderman@milbank.com](mailto:mshinderman@milbank.com)) and Dennis O'Donnell ([dodonnell@milbank.com](mailto:dodonnell@milbank.com)); and (e) proposed counsel to any official committee appointed in these chapter 11 cases pursuant

to section 1102 of the Bankruptcy Code no later than fourteen (14) days after the Notice of Assignment and Cure is mailed to the affected party, as indicated by the date noted on the Notice of Assignment and Cure (the “**Assignment and Cure Objection Deadline**”), and must set forth a specific default under the applicable executory contract or unexpired lease and claim a specific monetary amount that differs from the amount, if any, specified by the Debtors in the Contract and Cure Schedule.

6. If no objection is received by the Assignment and Cure Objection Deadline, then the assumption and assignment of the applicable executory contract or unexpired lease will be authorized pursuant to Section 365 of the Bankruptcy Code and the cure amounts, if any, set forth on the Contract and Cure Schedule will be binding upon the non-Debtor party to the applicable executory contract or unexpired lease for all purposes and will constitute a final determination of total cure amounts required to be paid to any applicable executory contract or unexpired lease counterparty in connection with any potential assignment of such executory contract or unexpired lease to the Successful Bidder(s).

7. In addition, each non-Debtor party to such applicable executory contract or unexpired lease will be forever barred from objecting to the assumption and assignment of such contract or lease or the cure information set forth in the Contract and Cure Schedule, including, without limitation, the right to assert any additional cure or other amounts with respect to the applicable executory contract or unexpired lease arising or relating to any period prior to such assumption and assignment.

8. Furthermore, if no timely objection is received by the Assignment and Cure Objection Deadline, the Stalking Horse Bidder (or Successful Bidder(s), if applicable) will enjoy all of the rights and benefits under all applicable executory contracts or unexpired leases

acquired under the Stalking Horse APA (or such other purchase agreement of an alternative Successful Bidder(s), if applicable) without the necessity of obtaining any party's written consent to the Debtors' assumption and assignment of such rights and benefits, and each such party will be deemed to have waived any right to object to, contest, condition, or otherwise restrict any such assumption and assignment.

Dated: \_\_\_\_\_, 2015

**JONES DAY**

Richard L. Wynne, Esq.

Bennett L. Spiegel, Esq.

Lori Sinanyan, Esq. (*pro hac vice* pending)

**JONES DAY**

555 South Flower Street

Fiftieth Floor

Los Angeles, California 90071

Tel: (213) 489-3939

Fax: (213) 243-2539

-and-

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

Craig A. Wolfe, Esq.

Malani J. Cademartori, Esq.

Blanka K. Wolfe, Esq.

30 Rockefeller Plaza

New York, NY 10112

Tel: (212) 653-8700

Fax: (212) 653-8701

*Proposed Attorneys For Debtors And Debtors In Possession*



**SCHEDULE 1**

Contract and Cure Schedule

**Exhibit D**

**Proposed Form of Notice of Sale and Auction**

Richard L. Wynne, Esq.  
Bennett L. Spiegel, Esq.  
Lori Sinanyan (*pro hac vice* pending)

**JONES DAY**

222 East 41st Street  
New York, NY 10017  
Tel: (212) 326-3939  
Fax: (212) 755-7306

- and -

Craig A. Wolfe, Esq.  
Malani J. Cademartori, Esq.  
Blanka K. Wolfe, Esq.

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

30 Rockefeller Plaza  
New York, NY 10112  
Tel: (212) 653-8700  
Fax: (212) 653-8701

*Proposed Co-Counsel to the Debtors and Debtors in Possession*

**UNITED STATES BANKRUPTCY COURT  
SOUTHERN DISTRICT OF NEW YORK**

In re:

RELATIVITY FASHION, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 15-11989 (MEW)

(Joint Administration Pending)

---

<sup>1</sup> The Debtors in these chapter 11 cases are: see page (i).

The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are: Relativity Fashion, LLC (4571); Relativity Holdings LLC (7052); Relativity Media, LLC (0844); Relativity REAL, LLC (1653); RML Distribution Domestic, LLC (6528); RML Distribution International, LLC (6749); RMLDD Financing, LLC (9114); 21 & Over Productions, LLC (7796); 3 Days to Kill Productions, LLC (5747); A Perfect Getaway P.R., LLC (9252); A Perfect Getaway, LLC (3939); Armored Car Productions, LLC (2750); Best of Me Productions, LLC (1490); Black Or White Films, LLC (6718); Blackbird Productions, LLC (8037); Brant Point Productions, LLC (9994); Brick Mansions Acquisitions, LLC (3910); Brilliant Films, LLC (0448); Brothers Productions, LLC (9930); Brothers Servicing, LLC (5849); Catfish Productions, LLC (7728); Cine Productions, LLC (8359); CinePost, LLC (8440); Cisco Beach Media, LLC (8621); Cliff Road Media, LLC (7065); Den of Thieves Films, LLC (3046); Don Jon Acquisitions, LLC (7951); DR Productions, LLC (7803); Einstein Rentals, LLC (5861); English Breakfast Media, LLC (2240); Furnace Films, LLC (3558); Gotti Acquisitions, LLC (6562); Great Point Productions, LLC (5813); Guido Contini Films, LLC (1031); Hooper Farm Music, LLC (3773); Hooper Farm Publishing, LLC (3762); Hummock Pond Properties, LLC (9862); Hunter Killer La Productions, LLC (1939); Hunter Killer Productions, LLC (3130); In The Hat Productions, LLC (3140); J&J Project, LLC (1832); JGAG Acquisitions, LLC (9221); Left Behind Acquisitions, LLC (1367); Long Pond Media, LLC (7197); Madaket Publishing, LLC (9356); Madaket Road Music, LLC (9352); Madvine RM, LLC (0646); Malavita Productions, LLC (8636); MB Productions, LLC (4477); Merchant of Shanghai Productions, LLC (7002); Miacomet Media LLC (7371); Miracle Shot Productions, LLC (0015); Most Wonderful Time Productions, LLC (0426); Movie Productions, LLC (9860); One Life Acquisitions, LLC (9061); Orange Street Media, LLC (3089); Out Of This World Productions, LLC (2322); Paranoia Acquisitions, LLC (8747); Phantom Acquisitions, LLC (6381); Pocomo Productions, LLC (1069); Relative Motion Music, LLC (8016); Relative Velocity Music, LLC (7169); Relativity Development, LLC (5296); Relativity Film Finance II, LLC (9082); Relativity Film Finance III, LLC (8893); Relativity Film Finance, LLC (2127); Relativity Films, LLC (5464); Relativity Foreign, LLC (8993); Relativity India Holdings, LLC (8921); Relativity Jackson, LLC (6116); Relativity Media Distribution, LLC (0264); Relativity Media Films, LLC (1574); Relativity Music Group, LLC (9540); Relativity Production LLC (7891); Relativity Rogue, LLC (3333); Relativity Senator, LLC (9044); Relativity Sky Land Asia Holdings, LLC (9582); Relativity TV, LLC (0227); Reveler Productions, LLC (2191); RML Acquisitions I, LLC (9406); RML Acquisitions II, LLC (9810); RML Acquisitions III, LLC (9116); RML Acquisitions IV, LLC (4997); RML Acquisitions IX, LLC (4410); RML Acquisitions V, LLC (9532); RML Acquisitions VI, LLC (9640); RML Acquisitions VII, LLC (7747); RML Acquisitions VIII, LLC (7459); RML Acquisitions X, LLC (1009); RML Acquisitions XI, LLC (2651); RML Acquisitions XII, LLC (4226); RML Acquisitions XIII, LLC (9614); RML Acquisitions XIV, LLC (1910); RML Acquisitions XV, LLC (5518); RML Bronze Films, LLC (8636); RML Damascus Films, LLC (6024); RML Desert Films, LLC (4564); RML Documentaries, LLC (7991); RML DR Films, LLC (0022); RML Echo Films, LLC (4656); RML Escobar Films LLC (0123); RML Film Development, LLC (3567); RML Films PR, LLC (1662); RML Hector Films, LLC (6054); RML Hillsong Films, LLC (3539); RML IFWT Films, LLC (1255); RML International Assets, LLC (1910); RML Jackson, LLC (1081); RML Kidnap Films, LLC (2708); RML Lazarus Films, LLC (0107); RML Nina Films, LLC (0495); RML November Films, LLC (9701); RML Oculus Films, LLC (2596); RML Our Father Films, LLC (6485); RML Romeo and Juliet Films, LLC (9509); RML Scripture Films, LLC (7845); RML Solace Films, LLC (5125); RML Somnia Films, LLC (7195); RML Timeless Productions, LLC (1996); RML Turkeys Films, LLC (8898); RML Very Good Girls Films, LLC (3685); RML WIB Films, LLC (0102); Rogue Digital, LLC (5578); Rogue Games, LLC (4812); Roguelife LLC (3442); Safe Haven Productions, LLC (6550); Sanctum Films, LLC (7736); Santa Claus Productions, LLC (7398); Smith Point Productions, LLC (9118); Snow White Productions, LLC (3175); Spy Next Door, LLC (3043); Story Development, LLC (0677); Straight Wharf Productions, LLC (5858); Strangers II, LLC (6152); Stretch Armstrong Productions, LLC (0213); Studio Merchandise, LLC (5738); Summer Forever Productions, LLC (9211); The Crow Productions, LLC (6707); Totally Interns, LLC (9980); Tribes of Palos Verdes Production, LLC (6638); Tuckernuck Music, LLC (8713); Tuckernuck Publishing, LLC (3960); Wright Girls Films, LLC (9639); Yuma, Inc. (1669); Zero Point Enterprises, LLC (9558). The location of the Debtors' corporate headquarters is: 9242 Beverly Blvd., Suite 300, Beverly Hills, CA 90210.

**NOTICE OF (A) SOLICITATION OF BIDS TO PURCHASE SUBSTANTIALLY  
ALL THE DEBTORS' ASSETS, (B) AUCTION AND (C) SALE HEARING**

**PLEASE TAKE NOTICE OF THE FOLLOWING:**

1. On July 30, 2015, the above-captioned debtors and debtors-in-possession (collectively, the “**Debtors**”) filed the *Debtors’ Motion for (I) an Order (A) Establishing Bid Procedures for the Sale of Substantially All of the Debtors’ Assets, (B) Approving Stalking Horse APA and Bidding Protection, and (C) Granting Certain Related Relief and (II) an Order (A) Approving the Sale of Substantially All of the Debtors’ Assets Free and Clear of Liens, Claims, Encumbrances and Other Interests, (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases Related Thereto, and (C) Granting Certain Related Relief* [Dkt. No. \_\_\_] (the “**Sale Motion**”) with the United States Bankruptcy Court for the Southern District of New York (the “**Bankruptcy Court**”).<sup>2</sup>

2. You may obtain a copy of the Sale Motion and the Stalking Horse APA by: (a) sending a written request to the Debtors’ co-counsel, Jones Day, 555 S Flower St, Los Angeles, CA 90071, Fax No. (213) 243-2539, Attn: Susan J. Perry ([sjperry@jonesday.com](mailto:sjperry@jonesday.com)); or (b) accessing the website maintained by the Debtors’ claims and noticing agent, Donlin Recano, at <http://www.donlinrecano/relativity>.

3. As outlined in the Sale Motion, the Debtors have agreed upon the material terms of a Stalking Horse APA with the Stalking Horse Bidder and will seek capable and willing bidders for the Purchased Assets prior to the Auction date as provided in the Sale Motion and the Bidding Procedures Order (as defined below).

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<sup>2</sup> Capitalized terms not otherwise defined herein have the meanings given them in the Sale Motion

4. On August \_\_\_, 2015, the Court entered the Bidding Procedures Order [Dkt. No. \_\_\_]. The Bidding Procedures Order specifies, among other things, procedures under which interested parties may submit a “**Qualified Bid**” to purchase all or substantially all of the Debtors’ assets in one or more lots (the “**Purchased Assets**”). All interested parties are invited to submit a Qualified Bid pursuant to the terms of the Bidding Procedures Order.

5. In the event the Debtors timely receive, on or before the Bid Deadline, one or more Qualified Bids in addition to the Stalking Horse APA, the Debtors shall conduct an Auction at the offices of Jones Day, 222 East 41st Street, New York, New York 10017 on \_\_\_\_\_, 2015 at \_\_:\_\_\_ .m. (Eastern Time) or such later time on such day or such other place as the Debtors notify all Qualified Bidders.

6. If the Debtors do not receive any Qualified Bid (other than the Stalking Horse Bid) on or prior to the Bid Deadline, the Debtors may, but are not required to, in their reasonable business judgment, and after reasonable consultation with the Lender Representative, cancel the Auction and, instead, will seek approval of the sale of the Purchased Assets to the Stalking Horse Bidder pursuant to the Stalking Horse APA at the Sale Hearing.

7. The Sale Hearing will be held in the United States Bankruptcy Court for the Southern District of New York, Courtroom \_\_\_, One Bowling Green, New York, New York 10004-1408, on \_\_\_\_\_, 2015 at \_\_:\_\_\_ .m. (Eastern Time) or such other date and time that the Court may later direct.

8. Objections to the relief sought in the Sale Order must (a) be in writing and (b) filed and served, so as to be actually received by (a) the Debtors c/o FTI Consulting, Inc., 633 West 5th Street, 16th Floor, Los Angeles, CA 90071, Attn: Brian G. Kushner ([Brian.Kushner@fticonsulting.com](mailto:Brian.Kushner@fticonsulting.com)) and Luke Schaeffer ([Luke.Schaeffer@FTIConsulting.com](mailto:Luke.Schaeffer@FTIConsulting.com));

(b) counsel for the Debtors, Jones Day, 555 South Flower Street, Fiftieth Floor, Los Angeles, California 90071, Attn: Richard L. Wynne ([Rlwynne@jonesday.com](mailto:Rlwynne@jonesday.com)) and Lori Sinanyan ([Lsinanyan@jonesday.com](mailto:Lsinanyan@jonesday.com)) and Sheppard Mullin Richter Hampton, 30 Rockefeller Plaza, New York, NY 10112, Attn: Craig Wolfe ([CWolfe@sheppardmullin.com](mailto:CWolfe@sheppardmullin.com)) and Malani Cademartori ([Mcademartori@sheppardmullin.com](mailto:Mcademartori@sheppardmullin.com)); (c) the Office of the United States Trustee for the Southern District of New York (the "U.S. Trustee"), 201 Varick Street, Suite 1006, New York, New York 10014 (Attention: Susan Golden); (d) counsel to the Stalking Horse Bidder, Milbank, Tweed, Hadley & McCloy LLP, 601 South Figueroa Street, 30th Floor, Los Angeles, California 90017, Attention: Mark Shinderman ([mshinderman@milbank.com](mailto:mshinderman@milbank.com)) and Dennis O'Donnell ([dodonnell@milbank.com](mailto:dodonnell@milbank.com)); and (e) proposed counsel to any official committee appointed in these chapter 11 cases pursuant to section 1102 of the Bankruptcy Code no later than \_\_\_\_\_, 2015 at \_\_\_\_:\_\_\_\_ .m. (Eastern Time).

9. The Auction or the Sale Hearing or both may be adjourned from time to time without further notice to creditors or parties in interest other than by announcement of the adjournment in open Court or on the Bankruptcy Court's docket.

Dated: \_\_\_\_\_, 2015

**JONES DAY**

Richard L. Wynne, Esq.

Bennett L. Spiegel, Esq.

Lori Sinanyan, Esq. (*pro hac vice* pending)

**JONES DAY**

555 South Flower Street

Fiftieth Floor

Los Angeles, California 90071

Tel: (213) 489-3939

Fax: (213) 243-2539

-and-

**SHEPPARD MULLIN RICHTER & HAMPTON LLP**

Craig A. Wolfe, Esq.

Malani J. Cademartori, Esq.

Blanka K. Wolfe, Esq.

30 Rockefeller Plaza

New York, NY 10112

Tel: (212) 653-8700

Fax: (212) 653-8701

*Proposed Attorneys For Debtors And Debtors In  
Possession*