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**PROPOSED COUNSEL FOR DEBTORS
AND DEBTORS-IN-POSSESSION**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

In re: § **Chapter 11**
§
COLOR STAR GROWERS OF § **Case No. 13-42959**
COLORADO, INC., VAST, INC., and §
COLOR STAR, LLC, § **(Jointly Administered)**
§
Debtors. §

**NOTICE OF (A) AUCTION FOR THE SALE OF
SUBSTANTIALLY ALL OF THE ESTATES' ASSETS AND (B) SALE HEARING**

PLEASE TAKE NOTICE that, on December 19, 2013, Color Star Growers of Colorado, Inc., a Colorado corporation (“**Color Star**”), Vast, Inc., a Texas corporation (“**Vast**”), and Color Star, LLC, a Colorado limited liability company (“**CSLLC**,” collectively with Color Star and Vast, the “**Debtors**”), debtors and debtors-in-possession in the above-captioned cases filed the *Emergency Motion for Order (I) Approving Bid Procedures Relating to Sale of Substantially All of the Estates’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Approve the Sale; (IV) Approving the Form and Manner of Notices; (V) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (VI) Granting Related Relief* (the “**Bid Procedures Motion**”) [Docket No. 28].

On December 23, 2013, the Bankruptcy Court entered its *Order Approving Emergency Motion for Order (I) Approving Bid Procedures Relating to Sale of Substantially All of the Estates’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Approve the Sale; (IV) Approving the Form and Manner of Notices; (V) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (VI) Granting Related Relief* [Docket No. 39] (the “**Bid Procedures Order**”), a copy of which is attached hereto as **Exhibit 1**, which approved the Bid Procedures Motion, this Notice, and the Bid Procedures, a copy of which is attached hereto as **Exhibit 2**.

The Debtors also intend on filing a *Motion for Order Authorizing (a) Sale(s) of Substantially All of the Estates' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests and (b) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale(s)* (the "**363 Motion**"), setting forth the Debtors' intention to sell substantially all of their assets to the highest or best offer(s) that is submitted.

PLEASE TAKE NOTICE that, on **January 6, 2014, at 9:00 a.m.** (prevailing Central time), the Debtors will conduct an auction (the "**Auction**") of all of the Debtors' assets (the "**Assets**") at the law offices of Gardere Wynne Sewell LLP, 1601 Elm Street, Suite 3000 Dallas, TX 75201-4761. This Auction is invitation only. As set forth in the Bid Procedures Order, only those Qualifying Bidder(s) that made Qualifying Bid(s) will be permitted to bid at the Auction. Unless alternative arrangements are made with the Debtors before the Auction, each Qualifying Bidder must appear in person at the Auction or through a duly-authorized representative.

PLEASE TAKE FURTHER NOTICE that, each bidder who intends to submit a Qualified Bid must strictly adhere to the Bid Procedures Order.

PLEASE TAKE FURTHER NOTICE that the Debtors reserve their rights, in their sole discretion to: (i) impose, at or before the Auction, additional terms and conditions on a sale of any of the Assets consistent with the Bid Procedures; (ii) extend the deadlines set forth in the Bid Procedures; (iii) adjourn the Auction at the Auction, and/or adjourn the Sale Hearing in open court without further notice; (iv) withdraw from the Auction any or all of the Assets at any time before or during the Auction or cancel the Auction; (v) reject all Qualifying Bids (as defined in the Bid Procedures), if no bid is, in the Debtors' reasonable business judgment and sole discretion, for fair and adequate consideration; and (vi) modify the Bid Procedures.

PLEASE TAKE FURTHER NOTICE that the hearing (the "**Sale Hearing**") to approve the motion for the Sale(s) of the Assets will be held before the Honorable Brenda T. Rhoades on **January 6, 2014, at 3:30 p.m.** at the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division, 660 North Central Expressway, Plano, Texas. Objections to the 363 Motion (when filed) shall be filed with the Court by **January 6, 2014 at 3:30 p.m.** (prevailing Central Time).

PLEASE TAKE FURTHER NOTICE that copies of all pleadings related to the Auction and the Sale may be obtained from (i) the claims agent at: UpShot Services LLC, c/o Travis Vandell, 7808 Cherry Creek South Drive, Suite 112, Denver, Colorado 80231, 855-812-6112 (toll-free), (ColorStarInfo@upshotservices.com) or (ii) counsel for the Debtors at: Gardere Wynne Sewell LLP, c/o Karen Oliver, paraprofessional, 1601 Elm Street, Suite 3000, Dallas, Texas 75201 (koliver@gardere.com).

DATED: December 30, 2013

Respectfully submitted by:

/s/ Marcus A. Helt

Marcus A. Helt (TX 24052187)

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**PROPOSED COUNSEL FOR DEBTORS
AND DEBTORS-IN-POSSESSION**

EXHIBIT 1

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12/23/2013

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

In re:	§	
	§	Chapter 11
COLOR STAR GROWERS OF	§	
COLORADO, INC., VAST, INC., and	§	Case No. 13-42959
COLOR STAR, LLC,	§	
	§	(Jointly Administered)
Debtors.	§	
	§	

ORDER APPROVING EMERGENCY MOTION FOR ORDER (I) APPROVING BID PROCEDURES RELATING TO SALE OF SUBSTANTIALLY ALL OF THE ESTATES’ ASSETS; (II) APPROVING BID PROTECTIONS; (III) SCHEDULING A HEARING TO APPROVE THE SALE; (IV) APPROVING THE FORM AND MANNER OF NOTICES; (V) ESTABLISHING PROCEDURES RELATING TO ASSUMPTION AND ASSIGNMENT OF CERTAIN CONTRACTS, INCLUDING NOTICE OF PROPOSED CURE AMOUNTS; AND (VI) GRANTING RELATED RELIEF

The matter having come before this Court on the *Emergency Motion for Order (I) Approving Bid Procedures Relating to Sale of Substantially All of the Estates’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Approve the Sale; (IV) Approving the Form and Manner of Notices; (V) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (VI) Granting Related Relief* [Docket No. 28] (the “**Bid Procedures Motion**”)¹ filed by Color Star Growers of Colorado, Inc., a Colorado corporation (“**Color Star**”), Vast, Inc., a Texas corporation (“**Vast**”), and Color Star, LLC, a Colorado limited liability (“**CSLLC**,” collectively

¹ Capitalized terms not defined herein shall have the meanings ascribed to them in the Bid Procedures Motion or the Bid Procedures.

with Color Star and Vast, the “**Debtors**”), debtors and debtors-in-possession in the above-captioned cases, pursuant to 11 U.S.C. §§ 105, 363, and 365 and Bankruptcy Rules 2002, 6004, and 6006; the Court finds that it has jurisdiction over this matter pursuant to 28 U.S.C. § 1334; the Court finds that this is a core proceeding pursuant to 28 U.S.C. § 157(b)(2); the Court finds that the relief requested in the Bid Procedures Motion is in the best interests of the Debtors, their estates, and the creditors thereof; the Court finds that, under the circumstances, proper and adequate notice of the Bid Procedures Motion and the hearing thereon has been given and that no other or further notice is necessary; and the Court finds that, upon the record herein after due deliberation thereon, the Debtors have shown good, sufficient, and sound business purpose and justification for the relief requested in the Bid Procedures Motion; therefore, cause exists to grant the Bid Procedures Motion. Accordingly,

IT IS HEREBY ORDERED, ADJUDGED, AND DECREED THAT:

1. The Bid Procedures Motion is approved as set forth herein.
 - A. The Bid Procedures**
2. Attached hereto as **Exhibit A** are the procedures for submitting bids for the Debtors’ Assets, which are hereby approved in their entirety and shall be binding on all parties as if fully set forth herein (the “**Bid Procedures**”).
3. Each person or entity who submits a Qualified Bid shall be deemed to have read and understood the terms and conditions of the Bid Procedures and shall comply with and be bound by such Bid Procedures.

4. The Auction will be held on **January 6, 2014, commencing at 9:00 a.m.** (prevailing Central Time) at the law offices of Gardere Wynne Sewell LLP, 1601 Elm Street, Suite 3000, Dallas, TX 75201-4761.

5. The Debtors are hereby authorized and empowered to take all such actions as may be necessary to implement the terms and requirements of this Order, solicit Qualified Bids, and conduct the Auction.

B. The Sale Hearing

6. The hearing on the 363 Motion will be held on **January 6, 2014, at 3:30 p.m.** (prevailing Central Time).

7. Objections to the 363 Motion, including any objections under section 365(b) of the Bankruptcy Code, must be (a) in writing (except as to the Lenders, as defined in the Bid Procedures, which may object orally at the hearing); (b) comply with the Bankruptcy Rules; (c) be filed with the Clerk of this Court on or before **January 6, 2014, at 3:30 p.m.** (prevailing Central Time); and (d) served on the Notice Parties by that same time.

C. Cure Costs

8. The Debtors will attach to the Cure Amount Notice their calculation of the undisputed cure amounts that they believe must be paid to cure all defaults under Designated Contracts; the Debtors will also set forth non-monetary defaults, if any to be cured or potentially cured ("**Cure Costs**"). If no amount is listed on the Cure Amount Notice, the Debtors believe there is no Cure Cost. Unless the non-debtor party to a Designated Contract files an objection (the "**Assumption Objection**") to its proposed assumption and assignment and scheduled Cure Cost by **January 5, 2014**, such non-debtor party shall be (a) forever barred from objecting to the

Cure Cost and from asserting any additional cure or other amounts with respect to the Designated Contracts, and the Debtors shall be entitled to rely solely on the Cure Cost; and (b) forever barred and estopped from asserting or claiming against the Debtors or the Successful Bidder or any other assignee of the relevant Designated Contract that any additional amounts are due or defaults or conditions to assumption and assignment must be satisfied exist under such Designated Contracts.

9. If an Assumption Objection is timely filed, the Assumption Objection must set forth (a) the basis for the objection; (b) with specificity, the amount the objecting party asserts as the Cure Cost; and (c) appropriate documentation in support of the asserted Cure Cost.

10. Hearings on the Assumption Objection may be held (a) at the Sale Hearing or (b) on such other date as this Court may designate; provided, however, if the subject Designated Contract is assumed and assigned, the Cure Cost asserted by the objecting party (or such lower amount as may be fixed by the Court) shall be deposited and held in a segregated account pending further order of this Court or mutual agreement of the parties.

D. Assumption and Assignment of Contracts

11. The Debtors' decision to assume and assign any Designated Contract is subject to Court approval and consummation of the Sale. Absent consummation of the Sale, no Designated Contract shall be assumed or assigned and shall in all respects be the subject of further administration under the Bankruptcy Code.

E. Notices

12. The Notice of the Auction and Sale, attached hereto as **Exhibit B**, is approved in all respects, and is appropriate and reasonably calculated to provide interested parties with timely

and sufficient notice of the Bid Procedures, the Auction, the Sale and the Sale Hearing to all interested parties pursuant to Bankruptcy Rules 2002 and 6004.

13. Notice of the Cure Costs, as set forth in the Motion, is approved in all respects, and is appropriate and reasonably calculated to provide interested parties with timely and sufficient notice of the Debtors' proposed assumption and assignment of the Designated Contracts and any Cure Costs payable thereon pursuant to Bankruptcy Rules 2002 and 6006.

14. Within two (2) business days of entry of this Order, the Debtors shall serve the Notice of the Auction, including a copy of this Order (without exhibits) and the Bid Procedures on (i) the Office of the United States Trustee for the Eastern District of Texas; (ii) all unsecured creditors of the Debtors; (iii) the Internal Revenue Service; (iv) the U.S. Securities and Exchange Commission; (v) all parties who have expressed interest in purchasing the Debtors' assets; and (vi) all parties in interest who have requested notice (the "**Notice Parties**").

15. The Debtors shall also serve the Cure Notice, in accordance with the procedures set forth in the Motion on the Notice Parties and any and all non-Debtor parties to an executory contract or unexpired lease that could be assumed and assigned as part of the Sale.

16. Service of the Order, the Notice of Auction, the Sale, the Bid Procedures, and the Cure Notice in the manner set forth herein shall constitute proper, timely, adequate, and sufficient notice of the Auction, the Sale, the Sale Hearing, the Cure Notice, and the Bid Procedures as required pursuant to Bankruptcy Rules 2002, 6004, and 6006, and no other or further notice shall be required with respect thereto.

17. Notwithstanding any Bankruptcy Rule to the contrary, this Order is a final order, effective immediately upon entry on the Court's docket.

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

19. The Court shall retain jurisdiction to hear and determine all matters arising from or relating to the implementation of this Order.

Signed on 12/23/2013

Brenda T. Rhoades

SR

HONORABLE BRENDA T. RHOADES,
UNITED STATES BANKRUPTCY JUDGE

EXHIBIT 2

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**PROPOSED COUNSEL FOR DEBTORS
AND DEBTORS-IN-POSSESSION**

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE EASTERN DISTRICT OF TEXAS
SHERMAN DIVISION**

In re:	§	Chapter 11
	§	
COLOR STAR GROWERS OF COLORADO, INC., VAST, INC., and COLOR STAR, LLC,	§	Case No. 13-42959
	§	
	§	(Jointly Administered)
	§	
Debtors.	§	

DEBTORS' BID PROCEDURES

Set forth below are the bid procedures (the “**Bid Procedures**”) to be employed with respect to the proposed disposition of substantially all of the assets of Color Star Growers of Colorado, Inc., a Colorado corporation (“**Color Star**”), Vast, Inc., a Texas corporation (“**Vast**”), and Color Star, LLC, a Colorado limited liability company (“**CSLLC**,” collectively with Color Star and Vast, the “**Debtors**”), debtors and debtors-in-possession in the above-captioned cases and their chapter 11 estates (the “**Estates**”).

Bid Procedures Motion

On December 19, 2013, the Debtors filed the *Emergency Motion for Order (I) Approving Bid Procedures Relating to Sale of Substantially All of the Estates’ Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Approve the Sale; (IV) Approving the Form and Manner of Notices; (V) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (VI) Granting Related Relief* (the “**Bid Procedures Motion**”) in the United States Bankruptcy Court for the Eastern District of Texas, Sherman Division (the “**Bankruptcy Court**”) for an order (I) approving the Bid Procedures to be employed in connection with the proposed sale (the “**Sale**”) of substantially all of the Estates’ assets (the “**Assets**”) in groups or lots, (II) scheduling a hearing (the “**Sale Hearing**”) to consider approval of the form and manner of notices, (III) establishing procedures

related to the assumption and assignment of certain executory contracts, including notice of proposed cure amounts, and (IV) granting certain related relief. These Bid Procedures were approved and authorized by the Bankruptcy Court's *Order Approving Emergency Motion for Order (I) Approving Bid Procedures Relating to Sale of Substantially All of the Estates' Assets; (II) Approving Bid Protections; (III) Scheduling a Hearing to Approve the Sale; (IV) Approving the Form and Manner of Notices; (V) Establishing Procedures Relating to the Assumption and Assignment of Certain Contracts, Including Notice of Proposed Cure Amounts; and (VI) Granting Related Relief* (the "**Bid Procedures Order**") in the Debtors' chapter 11 bankruptcy cases.

Sale Motion

The Debtors will file with the Bankruptcy Court a separate *Motion for Order(s) Approving/Authorizing (A) Sale(s) of Certain or Substantially All of the Estates' Assets Free and Clear of All Liens, Claims, Encumbrances, and Interests and (B) Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection with the Sale(s)* (the "**363 Motion**") seeking an order (a) authorizing the Sale of the Assets free and clear of all liens, claims, encumbrances, and other interests, (b) authorizing the assumption and assignment of certain executory contracts, and (c) granting other relief.

Asset Purchase Agreement

Subject to the Bankruptcy Court's approval, and the receipt of higher and/or better offers, the Debtors have agreed to sell the Assets pursuant to a form *Asset Purchase Agreement* (the "**Form APA**") memorializing the terms of that sale subject to the Bankruptcy Court's approval. Copies of the Form APA will be made available on the Debtors' website at www.upshotservices.com/colorstar or by email to koliver@gardere.com.

Assets To Be Sold

The Debtors are offering for sale substantially all of the Assets, which include all of the property and assets, real, personal or mixed, tangible and intangible (including goodwill), of every kind and description. The Assets do not include any cash or cash equivalent assets belonging to the Debtors, tax refunds or tax-loss carry forward benefits, or the Estates' rights and interests in any causes of action, including, without limitation, causes of action arising under Chapter 5 of the Bankruptcy Code, or commercial tort claims the Debtors had or may have had on the date these bankruptcy cases were filed. The Debtors may seek to sell the Assets either in a single sale to a single bidder or in multiple sales to multiple bidders after consultation with Regions Bank and Comerica Bank (collectively, the "**Lenders**").

The Bidding Process

The Debtors and their advisors shall (a) determine following consultation with the Lenders whether any person is a Qualified Bidder (hereinafter defined), (b) coordinate the efforts of Qualified Bidders in conducting their due-diligence investigations, (c) receive offers from Qualified Bidders and promptly submit all such offers to Lenders, and (d) negotiate following consultation with the Lenders any offers made to purchase the Assets (collectively, the "**Bidding Process**"). Any person that wishes to participate in the Bidding Process must be a Qualified

Bidder. Neither the Debtors nor their representatives shall be obligated to furnish information of any kind whatsoever to any person that is not determined to be a Qualified Bidder. Regions Bank, as Agent for the Lenders (the “**Agent**”) shall be considered a Qualified Bidder with respect to its right to acquire all or any of the Assets by credit bid pursuant to Section 363(k) of the Bankruptcy Code. Any purchase of any of the Assets by credit bid under Section 363(k) of the Bankruptcy Code shall constitute a sale free and clear of all liens, claims, interests and encumbrances under Section 363(f) of the Bankruptcy Code, and in such event the Agent shall be entitled to all protections available to good-faith purchasers under Section 363(m) of the Bankruptcy Code. Notwithstanding anything else contained in these Bid Procedures to the contrary, the Agent shall be entitled to assert a credit bid for the purchase of any or all of the Assets at any time up to the conclusion of the Sale Hearing.

“As Is, Where Is”

The Sale of the Assets shall be on an “as-is, where-is” basis and without representations or warranties of any kind, nature, or description by the Debtors, the Estates, or any other person or entity.

Free Of Any And All Interests

Except as otherwise provided in the 363 Motion and any exhibits thereto, all of Estates’ rights, title, and interest in and to the Assets subject thereto shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges, options and interests thereon and there against (collectively, the “**Interests**”) in accordance with section 363 of the Bankruptcy Code, with such Interests to attach to the net proceeds of the sale of the Assets. However, notwithstanding anything contained in these Bid Procedures or the 363 Motion to the contrary, no sale under 11 U.S.C. § 363 shall occur without approval by the Bankruptcy Court.

Bid Deadline

A Qualified Bidder other than the Agent that desires to make a bid shall deliver written copies of its bid, by first-class or overnight mail, facsimile or e-mail in a PDF format not later than **12:00 p.m.** (noon) (CST) on **January 3, 2014**, (“the **Bid Deadline**”) as set forth below. 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 shall promptly notify all Qualified Bidders of such extension.

Participation and Bid Requirements

The Auction is scheduled for **January 6, 2014, at 9:00 a.m.** (CST), a date that allows all Qualified Bidders time to conduct sufficient due diligence and prepare their highest and/or best bids. All Qualified Bidders will be allowed to participate in the Auction. The Debtors may seek to sell, after consultation with the Lenders, all or any part of the Assets to a single bidder or multiple bidders.

When bidding for the Assets, all such bidders with the exception of the Agent must abide by these Bid Procedures:

- a. Upon execution by such prospective bidder(s) of a confidentiality agreement in form and substance satisfactory to the Debtors, and delivery of such prospective bidder's or bidders' certified financial statements for the preceding two years (or other evidence, in the Debtors' sole discretion establishing to the Debtors' satisfaction such prospective bidder's or bidders' financial capability to timely close its/their proposed Qualifying Bid (as defined below)), the Debtors will provide such person(s) with reasonable access to all relevant business and financial information in the Debtors' possession necessary to enable such person(s) to evaluate the assets and liabilities of the Debtors for the purpose of submitting a bid for the Assets.
- b. By participating in the Auction, all Qualified Bidders (as defined below) are deemed to acknowledge that they have had sufficient and reasonable access to the Debtors' books and records for the purposes of conducting due diligence and having the opportunity to conduct such due diligence.
- c. Each bidder who intends on making a Qualified Bid must submit by 12:00 p.m. (noon) (CST) on **January 3, 2014**, an offer in the form of a mark-up of the Form APA, blacklined to show all changes, of its proposed offer as compared to the Form APA (the "**Bidder's APA**"). The Bidder's APA must be delivered via hand delivery or electronic mail to:

- (i) Counsel for the Debtors

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3000 Thanksgiving Tower
1601 Elm Street
Dallas, TX 75201-4761
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- (ii) Counsel for Regions Bank

George H. Barber
KANE RUSSELL COLEMAN & LOGAN PC
1601 Elm Street Suite 3700
Dallas, TX 75201-4761
Telephone: (214)777-4200
Facsimile: (214) 777-4299
gbarber@krcl.com

(iii) Counsel for Comerica Bank

Robert J. Diehl, Jr.
BODMAN PLC
6th Floor at Ford Field
1901 St. Antoine Street
Detroit, Michigan 48226
Telephone: (313) 393-7597
Facsimile: (313) 393-7579
rdiehl@bodmanlaw.com

(iv) Office of the United States Trustee:

110 North College Avenue, Suite 300
Tyler, Texas 75702-7231

d. To be considered a Qualified Bid, each Bidder's APA shall remain open, enforceable, and irrevocable in accordance with its terms until after the Debtors close the purchase and sale of the Assets, and shall:

- (i) Be submitted in accordance with the conditions described in the preceding paragraph (c);
- (ii) Be for all or part of the Assets;
- (iii) Provide proof the bidder is legally empowered, by power of attorney or otherwise, and financially capable to consummate the terms of the Bidder's APA;
- (iv) Identify each and every executory contract or unexpired lease, the assumption and assignment of which is a condition to closing, and provides evidence of the bidder's ability to comply with § 365 of the Bankruptcy Code;
- (v) Provide a blacklined copy of the Sale Order, showing any proposed changes;
- (vi) Include an earnest-money deposit in cash or in other form of immediately available U.S. funds (a "**Deposit**") equal to the lesser of (i) \$250,000 and (ii) 10% of the Purchase Price (as defined in the APA);

- (vii) Provide that the Assets are being purchased “as is where is,” and such Bidder is not relying on any representation or warranty from any person or entity;
 - (viii) Contain no (a) contingencies of any kind or character, (b) indemnities, (c) purchase-price adjustments, or (d) qualification relating to due diligence, financing, or board approval; and
 - (ix) Provide an express statement that the Bidder has not engaged in any collusive discussion with any other Bidder or potential bidder and identifies all entities participating in such Bid.
- e. A bid that satisfies the above requirements or, if such requirements were waived by the Debtors, after consultation with the Lenders, shall be considered a “**Qualified Bid**” (a party submitting a Qualified Bid shall be referred to as a “**Qualified Bidder**”).
- f. The Debtors shall be permitted to contact and communicate with creditors of the Estates and other third parties regarding potential transactions for the sale or other disposition of property of the estates.
- g. The Auction shall be conducted on **January 6, 2014**, or on such other date as the Debtors determine in their sole discretion, with consent of the Lenders, or as ordered by the Court.
- h. Each Qualified Bidder will be allowed to participate at the Auction if such bidder appears in person at the Auction or through a duly authorized representative.
- i. Each Qualified Bidder shall have the right to continue to improve its bid at the Auction. Bidding will start with (i) the announcement of the highest and/or best bid for all or part of the Assets and will proceed in monetary increments to be determined by the Debtors, after consultation with the Lenders, or (ii) such other Bid Procedures as are determined by the Debtors, with consent of the Lenders, which consent shall not be unreasonably withheld.
- j. The bid or bids determined by the Debtors, after consultation with the Lenders, to be the highest and/or best offer or offers for the Assets at the Auction (the “**Winning Bid**”) may be submitted to the Court for approval on **January 6, 2014**, and, if

approved by the Bankruptcy Court, the parties shall close on the Winning Bid on or before **January 7, 2014**.

- k. Each Deposit received by the Debtors shall be maintained in the trust account of Debtors' counsel and be subject to this Court's jurisdiction.
- l. The Deposit tendered by the Winning Bid shall be applied by the Debtors against the purchase price to be paid as part of the final sales price at the closing of the transaction following approval by the Court.
- m. If the party with the Winning Bid fails to close, such party's Deposit, together with any interest accrued thereon, shall be forfeited to and retained irrevocably by the Debtors, and the Debtors specifically reserve the right to seek all appropriate additional damages from such bidder. Furthermore, in such a circumstance, the next highest and/or best bid for the Assets, as determined by the Debtors, shall be deemed the highest and/or best offer for the Assets, and the Debtors shall be authorized to immediately close the proposed transaction with such bidder; provided, however, nothing herein shall affect the Debtors' rights to (i) retain the Deposit of any bidder that has or has been deemed to submit the highest and/or best offer for the Asset(s), and (ii) seek all available damages from any such bidder that otherwise fails to close the purchase of any of the Assets pursuant to the Bid Procedures.
- n. Except as otherwise set forth herein, the Debtors shall return to each unsuccessful Qualified Bidder its Deposit, together with any interest accrued thereon, within ten (10) business days after closing of the purchase of the Asset(s).

The Debtors, with the prior approval and consent of the Lenders, which shall not be unreasonably withheld, may (a) impose, before the Sale Hearing, additional terms and conditions on the sale of any of the Assets as they determine to be in the best interests of the Estates, their creditors, and any other party in interest, (b) extend the deadlines set in the Bid Procedures, (c) adjourn the Auction at the Auction and/or adjourn the Sale Hearing in open court without further notice, and (d) withdraw from the Auction any or all of the Assets at any time before or during the Auction or cancel the Auction.

The Auction

The Auction shall be conducted on **January 6, 2014, at 9:00 a.m.** (CST) or on such other date as the Debtors determine and to which the Lenders consent, or as ordered by the Court.

Each Qualified Bidder will be allowed to participate at the Auction if such bidder appears in person at the Auction or through a duly authorized representative.

Each Qualified Bidder shall have the right to continue to improve its bid at the Auction. Bidding will start with (i) the announcement of the highest and/or best bid for all or part of the Assets and will proceed in monetary increments to be determined by the Debtors, after consultation with the Lenders, or (ii) such other Bid Procedures as are determined by the Debtors, with consent of the Lenders, which shall not be unreasonably withheld.

The bid or bids determined by the Debtors, after consultation with the Lenders, to be the highest and/or best offer or offers for the Assets at the Auction may be submitted to the Court for approval.

The Debtors shall use commercially reasonable efforts to consummate each Court-approved transaction within two (2) business days after the entry of an order approving such transaction.

Each Deposit received by the Debtors shall be maintained in the Debtors' counsels' trust account and be subject to this Court's jurisdiction.

The Deposit tendered by the Winning Bid shall be applied by the Debtors against the cash portion of the purchase price to be paid as part of the final sales price at the closing of the transaction approved by the Court.

If any party fails to close the purchase of any of the Assets, such party's Deposit, together with any interest paid thereon, shall be forfeited to and retained irrevocably by the Debtors, immediately paid to the Agent, and the Debtors specifically reserve the right to seek all appropriate additional damages from such bidder. Furthermore, in such a circumstance, the next highest and/or best bid for the Assets, as determined by the Debtors, after consultation with the Lenders, shall be deemed the highest and/or best offer for the Assets, and the Debtors shall be authorized to close the proposed transaction with that bidder; provided, however, nothing herein shall affect the Debtors' rights to (i) retain the Deposit of any bidder that has or has been deemed to submit the highest and/or best offer for the Assets, and (ii) seek all available damages from any such bidder that otherwise fails to close the purchase of any of the Assets pursuant to the Bid Procedures.

Except as otherwise set forth herein, the Debtors shall return to each unsuccessful Qualified Bidder its Deposit, together with any interest paid thereon, within ten (10) business days after closing of the purchase of the Assets.

Notice of Proposed Assignments and Cure Amounts

To facilitate a potential sale that would involve the assumption and assignment of certain of the Debtors' unexpired leases, license agreements, and executory contracts (collectively, the "**Designated Contracts**"), the Debtors propose to serve a "**Cure Amount Notice**" not later than **December 23, 2013**, and will request that the Court approve the following procedure for fixing any cure amounts owed on all unexpired leases, license agreements and executory contracts:

- a. The Debtors will attach their calculation of the cure cost(s) (the "**Cure Costs**") that the Debtors believe must be paid to cure all prepetition defaults under all unexpired leases and executory

contracts to the Cure Amount Notice.

- b. If no amount is listed on the Cure Amount Notice, then the Debtors believe that there is no Cure Cost. The Debtors request that, unless the non-debtor party to an unexpired lease, license agreement or executory contract files and serves an objection (the “**Assumption Objection**”) to the proposed assumption and assignment and scheduled Cure Cost on or before **January 5, 2014**, on (i) Brad Walker, Chief Restructuring Officer of the Debtors, at 100 Crescent Court, Suite 700, Dallas, TX 75201 (ii) Marcus A Helt, counsel for the Debtors, Gardere Wynne Sewell LLP, 1601 Elm Street, Suite 3000, Dallas, Texas 75201, and (ii) counsel for the Lenders, c/o George Barber, Kane Russell Coleman & Logan PC, 3700 Thanksgiving Tower, 1601 Elm Street, Dallas, Texas 75201, such non-debtor party shall (i) be forever barred from objecting to the Cure Cost and from asserting any additional cure or other amounts with respect to such unexpired lease, license agreement, or executory contract and the Debtors shall be entitled to rely solely on the Cure Cost; and (ii) be forever barred and estopped from asserting or claiming against the Debtors, their estates, the buyer or any other assignee of the relevant unexpired lease, or executory contract that any additional amounts are due or defaults exist, or conditions to assumption and assignment must be satisfied under such unexpired lease, license agreement or executory contract.
- c. The Debtors will also include a detailed listing of applicable non-monetary defaults, if any, that must be cured or potentially must be cured as a condition of the assumption and assignment of any unexpired lease or executory contract.

If an Assumption Objection is timely filed, the Assumption Objection must set forth (a) the basis for the objection, and (b) the amount the party asserts as the Cure Cost. After receipt of the Assumption Objection, the Debtors will attempt to reconcile any differences in the Cure Cost believed by the non-debtor party to exist. If the Debtors and the non-debtor party cannot consensually resolve the Assumption Objection, the Debtors will segregate any disputed cure amounts pending the resolution of any such disputes by this Court or mutual agreement of the parties.

In addition, as soon as practicable, after the Court enters the Bid Procedures Order, the Debtors will send copies of all relevant pleadings, including the 363 Motion, to the Lenders and all other parties who have expressed an interest in the Assets. The Debtors submit that the foregoing notice is reasonably calculated to provide timely and adequate notice of the Bid Procedures, the Auction, the Sale(s), and all proceedings to be held thereon to creditors and other parties in interest of the Debtors.

Costs and Expenses

Each bidder (whether or not a Qualified Bidder) shall bear its own costs and expenses (including any legal or other professionals' fees and expenses) incurred in connection with its investigation and evaluation of the Assets. The costs and expenses incurred by the Debtors will be borne by the Debtors and the Estates.

Other than any fee due and owing to SSG Capital as approved by this Court, no other finder's fees, broker's fees, or commissions will be paid by the Debtors in connection with any transaction that may result hereby. No bidder shall be entitled to any fee, expense reimbursement, or similar type of payment from the Estates. Further, by submitting a bid, a bidder shall be deemed to waive its right to pursue a substantial-contribution claim under section 503 of the Bankruptcy Code or in any way related to the submission of its bid or these Bid Procedures.

Debtors' Rights

The Debtors may, after consultation with the Lenders: (a) determine which Qualified Bid is the highest, best, and/or otherwise superior offer; (b) modify these Bid Procedures (or add additional terms and conditions) at any time; (c) before the Sale Hearing, impose additional or limit or waive existing terms and conditions on the sale or Auction of any of the Assets as they determine to be in the best interests of the Estates, its creditors, and any other party in interest; (d) reject, at any time before entry of an order of the Bankruptcy Court approving a Qualified Bid, any bid that is (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code, the Bid Procedures, or the terms and conditions of the Sale, or (iii) contrary to the best interests of the Debtors, their Estates and creditors; and (e) determine to sell the Assets in a single sale to a single bidder or in multiple sales to multiple bidders. Notwithstanding anything herein to the contrary, the Debtors reserve their rights to request Court approval of a sale that is not consented to by Lenders.

Lenders' Reservation of Rights

Nothing contained herein shall constitute consent of the Lenders or Agent to any sale under section 363(f)(2) of the Bankruptcy Code or otherwise affect or alter any of the Lenders' or Agent's rights under sections 363(f) or (k) with respect to any proposed sale.

DATED: December 23, 2013

Respectfully submitted by:

/s/ Marcus A. Helt

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