

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

IN RE:)	Chapter 11
)	
MOLL INDUSTRIES, INC., <i>et al.</i> , ¹)	Case No. 10-10-11371 (MFW)
)	
Debtors.)	Jointly Administered
)	

NOTICE OF FILING OF AUCTION TRANSCRIPT

PLEASE TAKE NOTICE that pursuant to the Order of the Bankruptcy Court for the District of Delaware dated June 23, 2010 (Docket No. 175) (the "Sale Procedures Order"), an auction with respect to any and all of the Debtors' assets was held on August 20, 2010.

PLEASE TAKE FURTHER NOTICE that the transcript of the auction is attached hereto as Exhibit A.

Dated: August 23, 2010
Wilmington, Delaware

SULLIVAN • HAZELTINE • ALLINSON LLC

/s/ William A. Hazeltine

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Attorneys for the Debtors and Debtors-in-Possession

¹ The Debtors in these cases are as follows: Moll Industries, Inc., Case No. 10-11371 (MFW); Moll Holdings, Inc., Case No. 10-11372 (MFW); Moll Europe Holdings, LLC, Case No. 10-11373 (MFW); and Moll Latin America Holdings, LLC, Case No. 10-11374 (MFW).

Exhibit A



WILCOX & FETZER LTD.

In The Matter Of:

Case No. 10-11371 (MFW)

Auction

August 20, 2010

Wilcox and Fetzer, Ltd.
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IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

IN THE MATTER OF:) Chapter 11
)
Moll Industries, Inc., et al.)
) Case No.
Debtors) 10-11371 (MFW)

AUCTION
Doubletree Hotel - Law Center
700 North King Street
Wilmington, Delaware

Friday, August 20, 2010
10:00 a.m

CONDUCTED BY: BILL HAZELTINE, ESQUIRE
Sullivan Hazeltine Allinson LLC

TRANSCRIPT OF PROCEEDINGS

WILCOX & FETZER
1330 King Street - Wilmington, Delaware 19801
(302) 655-0477
www.wilfet.com

1 PRESENT:

2 HEIDI COLEMAN, Paralegal
Sullivan Hazeltine Allinson, LLC

3 JEFFREY C. MERRITT, CRO
4 Moll Industries

5 GARVAN F. McDANIEL, ESQUIRE
Bifferato Gentilotti
6 For Engineered Plastic Components

7 MARK L. DESGROSSEILLIERS, ESQUIRE
Womble Carlyle
8 For the Official Committee

9 RICHARD W. RILEY, ESQUIRE
Duane Morris, LLP
10 For NexBank

11 NEIL GILMOUR, III, Managing Director
Invotex Group

12 PRESENT VIA TELECONFERENCE:

13 JAMES F. GARDNER
14 ANDREW W. DUNCAN
Branford Auctions

15 MARK XAVIER MULLIN, ESQUIRE
16 Haynes & Boone
For NexBank

17 REZA KARGARZADEH
18 VERN BOERSMA
Engineer Plastic Components

19 - - -

20
21 (10:27 a.m.)

22 MR. HAZELTINE: We are going to go on
23 the record. This is Bill Hazeltine. I should
24 have said in the beginning that we do have a

1 court reporter in the room who is transcribing
2 the ongoings of this auction.

3 Bill Hazeltine again. This is
4 directed to the Branford Group. We want to make
5 totally clear, number one, that we understand
6 your offer, that it is \$2.5 million to purchase
7 the equipment that was attached to your APA.

8 MR. GARDNER: James Gardner, Branford
9 Group. And the answer is yes, our offer was
10 \$2.5 million for the machinery, equipment
11 encompassing all four plants.

12 MR. HAZELTINE: Specifically the
13 equipment attached on your list?

14 MR. GARDNER: Yes, specifically
15 Schedule A.

16 MR. HAZELTINE: Okay. What we need
17 right now before we can proceed, because we have
18 not yet gotten a signed asset purchase agreement
19 from the Branford Group, I do need you to e-mail
20 me a signed asset purchase agreement with the
21 purchase price filled in, because the last one I
22 saw did not have the purchase price.

23 MR. GARDNER: We did not get, I
24 guess, the redline changes from your legal side

1 to incorporate into the APA, but I'd be happy to
2 fill in the 2.5 million. I can sign what we sent
3 you.

4 MR. HAZELTINE: That would be fine.

5 MR. MERRITT: That will work.

6 MR. GARDNER: Do you need a date in
7 there as well?

8 MR. HAZELTINE: Yes, please.

9 MR. MERRITT: Yes. It would be
10 helpful.

11 MR. HAZELTINE: Do you have my e-mail
12 address or are you going to send it to Jeff?

13 MR. GARDNER: I can send it right to
14 Jeff.

15 MR. MERRITT: I am not getting
16 e-mails. Would you send it to Bill. I'm having
17 some problems here. Sorry.

18 MR. HAZELTINE: This is Bill. Send
19 it to me. My e-mail address is whazeltine,
20 H-A-Z-E-L-T-I-N-E, @sha-llc.com.

21 MR. GARDNER: Got it. Okay.

22 MR. HAZELTINE: We are now going to
23 go off the record until I receive the signed
24 asset purchase agreement.

1 MR. MERRITT: Yes.

2 (Recess, 10:31 a.m.)

3 (Resumed, 10:43 a.m.)

4 MR. HAZELTINE: We are back on the
5 record. This is Bill Hazeltine. I did receive a
6 signed APA from Branford, and just to again
7 confirm, because the schedule of equipment was
8 not attached to the signed APA, to confirm that
9 this is for the purchase of the equipment that
10 was listed on the prior schedule that you sent
11 out a couple of days ago.

12 Can you confirm that?

13 MR. GARDNER: I can confirm it was
14 the same schedule that I sent out a couple days
15 ago, yes.

16 MR. HAZELTINE: All right. I think
17 we're ready to proceed. I guess it is your turn
18 now.

19 MR. MERRITT: Okay.

20 All right, gentlemen. Here's where
21 we stand just so everyone knows. We have a bid
22 as a going concern for all the assets and some of
23 the liabilities, which have not yet been
24 determined, from EPC for \$3.1 million, with a

1 working capital adjustment at the \$1.7 million
2 threshold. We have a bid from the Branford Group
3 for machinery and equipment for \$2.5 million.

4 If I do the math and I come up with a
5 liquidation analysis using the machinery and
6 equipment values for the Branford Group, I come
7 up with a value at the end of the day for the net
8 assets of this business of at least \$4.7 million,
9 or \$4.75 million in round numbers. That's kind
10 of the way we're looking at the value of the
11 Branford Group's bid. EPC's offer right now is
12 at \$3.1 million.

13 Right now, that's my apples to apples
14 comparisons. And to kind of give EPC a little
15 knowledge about where we think or where the math
16 comes from, I got a working capital number in
17 this of about \$1.5 million, and I've got
18 property, plant and equipment at that rate of
19 about \$3.3 to \$3.5 million, which included the
20 \$2.5 million bid for Branford. Minus fees --
21 well, I've got fees in there of somewhere around
22 \$100,000 thereafter, which would be netted off.

23 That's kind of how the math works on
24 this.

1 Vern, Reza.

2 MR. BOERSMA: This is Vern Boersma
3 with EPC.

4 How do you go from the 2.5 from the
5 Branford to the 3.3 to the 3.5?

6 MR. MERRITT: Real estate is included
7 in that.

8 MR. BOERSMA: So you've got a real
9 estate valuation of eight hundred to a million
10 dollars?

11 MR. MERRITT: That's correct.

12 MR. BOERSMA: Yeah, I guess we --
13 again, this is still Vern -- obviously we would
14 question that valuation. You got carrying costs,
15 a very small town, underutilized. We would be
16 amazed if you could get more than a half a
17 million, but again, that's been our analysis and
18 you guys have to do yours.

19 MR. MERRITT: Well, Vern, where it
20 comes from is kind of testing the market with --
21 obviously I haven't done an appraisal, but
22 testing the market with certain real estate
23 firms. Kind of the range I got is that on the
24 finished property, which is 88,000 of the 120 or

1 130 thousand square feet there, at that threshold
2 would be about \$6 to \$8 a square foot. Market
3 value would be about 12 to 14 they thought,
4 although the sale would take quite awhile. And
5 that's where we kind of got our numbers from.
6 Obviously the plant, the 44,000 square feet plant
7 that's not finished is at a lower value. It's at
8 \$4 to \$6 a square foot in the analysis. And
9 that's where everyone tends to think the lower
10 end of the market kind of breaks itself out.

11 MR. BOERSMA: Now, Jeff, as far as
12 your analysis -- this again is Vern Boersma,
13 EPC -- what do you have for carrying costs and
14 wrap-down expenses with the customers having to
15 leave and all that kind of stuff, and carrying
16 costs of property taxes, utilities, all that kind
17 of stuff, for whatever period of time you're
18 talking about?

19 MR. MERRITT: Well, that's a quick
20 sale --

21 MR. BOERSMA: What was that?

22 MR. MERRITT: Nothing, Vern. I'm
23 sorry.

24 I think what you're looking at, Vern,

1 is that your carrying costs, we assumed, would be
2 less than a year, therefore you wouldn't be
3 carrying. It's going to be sold as general use
4 property, therefore the integrity of the clean
5 room environments wouldn't need to be kept and
6 therefore we wouldn't be utilizing any utilities
7 or extra expenses. The only fees you'd have,
8 really, would be for the real estate fees to be
9 sold, and that's it.

10 MR. KARGARZADEH: This is Reza from
11 EPC. Even if the equipment is auctioned, by the
12 time it is advertised, by the time it's
13 auctioned, you're looking at several months down
14 the road. So there are expenses.

15 MR. MERRITT: Yes, we will be
16 operating, it looks like, within that time frame
17 to take care of the customer orders as they
18 wanted them to. We still got a number of
19 customers that either want us to produce, one of
20 them being Medrad, through October, and then the
21 other customers have an interest in us continuing
22 to build inventory so that they can deal with
23 Plan B to move the tools at a point. So we'll
24 still, I think, be able to cover those costs, but

1 I'm not sure at this point, given that I don't
2 know what exactly Plan B for the customer base
3 would be, I don't know what those costs would be
4 necessarily or what the cash flow would be. But
5 I tend to think it would be robust enough under a
6 reduced scenario that we're talking about that
7 we'd at least break even on cash flow.

8 MR. BOERSMA: Jeff, this is Vern
9 again. I mean the numbers we were given indicate
10 that there's an operating loss in the Medrad
11 departure time, and it doesn't have any issues
12 regarding building a bank. I'm not sure how it
13 can be cash flow neutral, and I assume Branford
14 Group's proposal includes, you know, they're
15 going to use the facility to do an auction and
16 it's going to be by the end of the year at the
17 earliest before that happens. So to me, all the
18 numbers I have been given from Moll and/or John
19 Daniel, or whoever, indicates there's a
20 significant operating profit. And I talked to
21 Andy and Josh. There's an operating loss and a
22 cash flow loss. So maybe they don't know the
23 information that you know or I don't know the
24 information you know, but I don't know how that's

1 possible.

2 MR. MERRITT: Well, the analysis that
3 you were given that shows what the remaining
4 customer base would produce in terms of revenue
5 and the cost required to keep that are a little
6 bit different than the short-term analysis that
7 we're talking about and what would be required to
8 finish off customer orders and operate under a
9 very reduced plan of operation. And you're
10 right, if we look at just the remaining 4 million
11 or so in business produced over the next year
12 from the existing customer, or from the remaining
13 customer base, then yes, you would have an
14 operating cash flow drain. But that includes
15 no -- didn't include any remaining business from
16 Medrad being done over the last couple of months,
17 so what I'm saying is that the next couple of
18 months will look a bit different than, what, a
19 year divided by 12 would look like from that
20 basis.

21 I don't have to maintain quite the
22 same quality systems and controls I do over the
23 next couple of months or surety that I would over
24 that 12-month period, and therefore I can reduce

1 my costs more and get down in that range.

2 MR. BOERSMA: Yes, I personally would
3 question that, but you got to do what you got to
4 do, I guess, because wrap-down costs, we have
5 been involved in these situations, and so anyway,
6 that's fine.

7 MR. KARGARZADEH: This is Reza from
8 EPC. If I may ask the question, the 2.5 for the
9 equipment, what sort of contingencies are there?
10 Is there a management fee, or is this just a
11 minimum 2.5 million for the equipment?

12 MR. MERRITT: It is an outright
13 buyout of the equipment for \$2.5 million. All
14 they have asked for is access to the facility for
15 120 days, and that's basically it. And they have
16 also said that they would carry the utility cost.

17 MR. KARGARZADEH: The what cost?

18 MR. MERRITT: Utility cost.

19 MR. KARGARZADEH: So you are picking
20 up the utility cost and 120 days?

21 MR. MERRITT: No. They are.

22 MR. KARGARZADEH: Okay.

23 MR. MERRITT: They seem to feel very
24 strongly that the machinery and equipment is

1 worth in excess of the \$2.5 million, otherwise
2 they wouldn't be purchasing it for that.

3 MR. HAZELTINE: Unless there's any
4 more questions, I think where that leaves us --
5 this is Bill again -- is to see whether EPC has
6 another bid. We can go off line while you
7 discuss that, if you wish.

8 MR. MERRITT: Do you gentlemen want
9 to give it some thought for a bit and come back?

10 MR. BOERSMA: This is Vern from EPC
11 again. Just to clarify, Jeff, are you saying
12 that to compare apples to apples, we would have
13 to be in excess of 4.7 million?

14 MR. MERRITT: That's correct.

15 MR. BOERSMA: Okay, yes, I think we
16 need to get off line and talk with counsel too.

17 MR. MERRITT: Yes.

18 MR. KARGARZADEH: This is Reza from
19 EPC. Right now it's, let's say, 11. How about
20 11:15?

21 MR. HAZELTINE: You can take as much
22 time as you need.

23 MR. MERRITT: Yes, as much time as
24 you need, Reza.

1 MR. McDANIEL: Guys, I'm going to
2 call you.

3 MR. KARGARZADEH: Thank you.

4 (Recess, 10:57 a.m.)

5 (Resumed, 11:44 a.m.)

6 MR. McDANIEL: This is Garvan
7 McDaniel, counsel for EPC.

8 Vern, do you want to go over the bid?

9 MR. BOERSMA: Yes. This is Vern,
10 EPC. I guess I have one point of clarification,
11 because I did recently receive some documentation
12 that I just want a clarification on. Is there
13 any leased equipment that's included in
14 Branford's equipment listing that needs to be
15 paid off by the trust?

16 MR. HAZELTINE: I looked through the
17 list. There are two pieces of, two Toshiba
18 molding machines that are asserted to be leased
19 equipment on that list. We actually think one of
20 them is paid off and we think the other one is,
21 in fact, a secured financing.

22 MR. BOERSMA: Okay. So I guess on
23 the analysis, I don't see anywhere where the
24 trust has to pay off some leases, the 2.5 isn't

1 normalized.

2 MR. MERRITT: That's correct.

3 MR. BOERSMA: Okay, is that like
4 \$300,000?

5 MR. HAZELTINE: Well, they have
6 asserted a cure amount for three pieces for 220
7 some thousand dollars.

8 MR. BOERSMA: So the \$220,000 should
9 come off the 4.7; correct?

10 MR. MERRITT: Whatever the actual
11 cure is.

12 MR. BOERSMA: Correct. Well, let's
13 go back to, we have two different ways we're
14 thinking about going forward on this, but the 2.5
15 should be adjusted for the 220,000.

16 MR. HAZELTINE: Well, I guess to make
17 it totally apples to apples for both bidders, the
18 2.5 will be adjusted by whatever has to be --

19 MR. MERRITT: Whatever the cure is.

20 MR. HAZELTINE: -- whatever the cure
21 is, if there's a cure.

22 MR. BOERSMA: Well, I guess when I
23 looked at the purchase and sale agreement, I mean
24 I assume that's not taking into account

1 Branford's APA, but they're going to pick up the
2 cure amount.

3 MR. HAZELTINE: No.

4 MR. MERRITT: No.

5 MR. BOERSMA: I guess I go back to
6 the question, my understanding is that we could
7 bid 2.25 and we would be equal to their 2.5; is
8 that correct?

9 MR. HAZELTINE: No.

10 MR. RILEY: This is Rich Riley for
11 NexBank. Everybody's talking about cure. If
12 this is leased equipment, they have to assume it,
13 and they should pay a cure, or if it's a secured
14 financing, then it's not a cure and it's just who
15 gets the proceeds.

16 MR. MERRITT: Right.

17 MR. RILEY: So there's no credits.

18 MR. KARGARZADEH: This is Reza from
19 EPC. The APA from Branford clearly says all this
20 equipment in the Schedule A, which includes this
21 equipment, are paid off, Page 2. It clearly says
22 that the leases and all that should be paid off.

23 MR. BOERSMA: Yes, it is. Point No.
24 6, 6, and then 6, representations and warranties.

1 MR. HAZELTINE: Just to be clear, if
2 it is in fact leased equipment, we have no right
3 to sell it.

4 MR. MERRITT: Right.

5 MR. HAZELTINE: Unless we could work
6 out a deal with the lessor. So --

7 MR. BOERSMA: We understand that.
8 All we're saying -- again, Vern, EPC -- is that
9 the 2.5 needs to be adjusted.

10 MR. GARDNER: This is James Gardner,
11 Branford Group. Is there anything on the
12 Schedule A that's definitely leased, any of the
13 molders should not be part of the Schedule A?

14 MR. MERRITT: Yes, we think so, but
15 we're not sure. There are three leases, three
16 Toshibas, and we're going to have to work out
17 what's been paid for and what's not.

18 But to answer your question, I doubt
19 that Branford used the cure amount in assessing
20 the amount of that equipment, so to answer your
21 question, the 2.25 million you used probably is
22 not consistent with the 2.5 million that they
23 used. Their valuation and the cure are two
24 different things; therefore, I don't know what

1 that would reduce their bid by if those were in
2 fact not property of the estate.

3 MR. BOERSMA: This is Vern from EPC.
4 I assume we need to know that before we can
5 continue bidding, correct?

6 MR. MERRITT: It would be helpful.

7 MR. HAZELTINE: This is Bill. Hold
8 on a second. I can tell you.

9 On the second page of Branford's
10 equipment list, the first one under No. 79, they
11 claim that that is a leased piece of equipment.
12 We think legally that it's our property and
13 there's secured financing on it that may be
14 perfected or unperfected. But we strongly
15 believe that that's a piece of equipment that we
16 can sell.

17 MR. KARGARZADEH: This is Reza.

18 MR. HAZELTINE: Hold on, please.

19 I have one more.

20 MR. KARGARZADEH: Thank you.

21 MR. HAZELTINE: On the fifth page,
22 the first one under No. 93. We have to look into
23 that, but I understand from Jeff that we think
24 that one may be in fact paid off. We actually

1 now own that as well. So those are the two
2 pieces of equipment in question.

3 MR. GARDNER: This is James Gardner,
4 Branford Group. What is the description of that
5 item? I have it up on my screen. I don't have a
6 printout of it.

7 MR. MERRITT: James, it's 2003
8 Toshiba ISG 310 ton, 12.7 ounce. Hydraulic.

9 MR. GARDNER: Got it. Thank you. So
10 there's two potential molders that are leased?

11 MR. MERRITT: Yes.

12 MR. GARDNER: Do we know what's owed
13 on them?

14 MR. MERRITT: No. I think the last
15 one from 2003 is paid off. Probably the one in
16 most question, although both of them are, is that
17 first one, which is the 390-ton Toshiba, 2008
18 Toshiba EC3903002 under No. 79.

19 MR. GARDNER: Okay.

20 MR. HAZELTINE: So maybe the next
21 thing we need to do is figure out what your
22 purchase price adjustment is for that in the
23 event we can't sell them to you.

24 MR. KARGARZADEH: This is Reza from

1 EPC. On this form it also shows Toshiba 240 in
2 finance or lease or something, in addition to the
3 other two; is that correct?

4 MR. HAZELTINE: I did not see that
5 piece of equipment on Branford's list.

6 MR. KARGARZADEH: Okay.

7 MR. GARDNER: This is James Gardner.
8 What was that item that is in dispute?

9 MR. KARGARZADEH: 240-ton Toshiba.

10 There are quite a few 242's, so this
11 could be one of those.

12 MR. GARDNER: Right.

13 MR. KARGARZADEH: Because there is no
14 240. You mean 242. So there is three pieces of
15 equipment in question.

16 MR. HAZELTINE: I have more
17 information on those based on the information I
18 had from the lessor, and I compared that to the
19 list and determined that that one piece of
20 equipment, I think it's based on the serial
21 number, was not on the list.

22 MR. KARGARZADEH: The page could be
23 2003, 2004 or 2005. It's probably 2005.

24 MR. HAZELTINE: Well, I don't think

1 it could be 2005 because the leases are both from
2 2003.

3 MR. MERRITT: Right.

4 MR. KARGARZADEH: Okay.

5 MR. HAZELTINE: Serial numbers that I
6 have for those two pieces of equipment are:
7 355803, which I believe is on the list; and
8 112510, which I don't think I saw on the list.

9 MR. GARDNER: So the 112510 is the
10 240?

11 MR. HAZELTINE: It does not say. The
12 lease schedule does not say. It's a Toshiba
13 plastic injection molding machine. It doesn't
14 say what model it is.

15 MR. KARGARZADEH: This is Reza from
16 EPC. I think it is Press No. 80, 112510.

17 MR. HAZELTINE: Did I miss it?

18 MR. KARGARZADEH: It is Press 80.

19 MR. MERRITT: EC240, 15.4 ounce. No
20 serial number attached.

21 MR. BOERSMA: When we look at the
22 list -- this is Vern EPC -- if you go to No. 80,
23 it says 2003 Toshiba. The serial number on that
24 is a weird number, so I don't know if that's

1 accurate, but on the serial, on another machine
2 list that we received, it's the 112510 number
3 that you mentioned. So I think No. 80 is also a
4 leased piece of equipment.

5 MR. HAZELTINE: Well, then assume
6 that as well and give us a purchase price
7 adjustment.

8 MR. MERRITT: Yes, for now.

9 MR. GARDNER: Just so I'm clear,
10 we're taking out Item 80, just the molder?

11 MR. HAZELTINE: I would say give us a
12 purchase price adjustment for each one
13 individually, and the purchase price adjustment
14 is only if we can't deliver title to you.

15 MR. MERRITT: To answer your
16 question, yes, just the molder, not the Yushin or
17 anything else attached.

18 MR. GARDNER: I'm sorry, the robot
19 would be included in that?

20 MR. MERRITT: No, excluded in that.

21 MR. GARDNER: And the hydraulic unit.
22 What about all the auxiliary equipment?

23 MR. MERRITT: As far as I know, no,
24 just the Toshiba.

1 MR. GARDNER: Just the machine, not
2 the robot?

3 MR. MERRITT: Correct.

4 MR. BOERSMA: This is Vern from EPC.
5 Is that somebody from the leasing company that's
6 clarifying that? Because we want to make sure
7 it's just the piece of equipment. If the robot
8 comes with it, typically you buy both of those at
9 the same time.

10 MR. MERRITT: We'll clarify that.

11 MR. BOERSMA: Thank you.

12 MR. GARDNER: This is James Gardner,
13 Branford Group.

14 Which machines would you like a price
15 adjustment on, we are talking No. 79, the 08
16 Toshiba 390; No. 93, the 03 Toshiba 310; and
17 No. 80, the 03 Toshiba 240?

18 MR. MERRITT: Correct.

19 MR. GARDNER: Is there a fourth, a
20 240-ton Toshiba?

21 MR. HAZELTINE: No.

22 MR. MERRITT: No, just those three.

23 MR. GARDNER: Just those three. Bear
24 with us one second, please.

1 (Pause.)

2 MR. GARDNER: James Gardner, Branford
3 Group, back with you. I have a breakout.

4 Item No. 79, the 08 Toshiba, the
5 value is 200,000.

6 Item No. 80, the 03 Toshiba, 240-ton,
7 we have a value of 100,000.

8 Item No. 93, the 03 Toshiba, 310-ton
9 molder hydraulic, we have a value of 75,000.

10 Total of 375,000.

11 MR. MERRITT: Vern, did you get that?

12 MR. BOERSMA: Yes, we have it.

13 MR. MERRITT: Okay.

14 (Recess, 12:03 p.m.)

15 (Resumed, 12:09 p.m.)

16 MR. McDANIEL: Vern, it's Garvan. I
17 think the ball's in our court.

18 MR. BOERSMA: Okay.

19 MR. KARGARZADEH: This is Reza from
20 EPC. Have you made the appropriate adjustment to
21 Branford's bid based on those numbers?

22 MR. MERRITT: For now, assuming that
23 they are out, yes, it is \$375,000. But I would
24 put in there those values if, in fact, we find

1 that they are not leases or don't need cure.

2 MR. BOERSMA: So we got 2.5, minus
3 375, plus 50,000 if EPC wants to just go 50,000
4 above Branford's offer using the same format as
5 their APA. So we take out the working capital,
6 we take out the real estate so we can compare
7 apples to apples. Is that what is on EPC's
8 decision right now, Jeff or Bill?

9 MR. MERRITT: Yes, it is. Are you
10 telling me you're only buying the equipment now?

11 MR. BOERSMA: No. What we were
12 trying to do is, just so we compare apples to
13 apples, we will just do what Branford's doing so
14 it's an easy analysis.

15 As far as working capital, I mean you
16 guys can collect your own receivables, inventory.
17 I mean we would plan, just from a discussion
18 standpoint, we would plan a closing to go in,
19 verify it, pay for the inventory, and then on the
20 rental -- or the purchase of the building, you
21 know, we're looking at, we'll buy it for six,
22 seven hundred thousand right away.

23 MR. MERRITT: Well, which is it? Do
24 you all need a little bit more time to discuss

1 exactly what you want to put down? And while I
2 understand what you're saying about just having
3 submitted a competing value, if you want to buy
4 that other stuff, which Branford does not, you
5 need to tell me what you want to buy and what
6 value you want to throw down on it and let us --

7 MR. BOERSMA: Okay, if we're talking
8 the building, are you talking more than the
9 building or the buildings?

10 MR. MERRITT: Buildings.

11 MR. BOERSMA: So the buildings would
12 be 600,000. The equipment would be the 50,000 --
13 2,175,000, 50,000 more than what Branford is
14 offering.

15 We already talked about inventory,
16 receivables you can collect.

17 MR. MERRITT: So you're leaving the
18 receivables to me. Of the inventory, what do you
19 want? Are you looking for the raw materials?

20 MR. BOERSMA: Whatever's usable and
21 sellable at the date of closing.

22 MR. MERRITT: Does that include
23 finished goods?

24 MR. BOERSMA: Yes.

1 MR. MERRITT: Okay.

2 MR. BOERSMA: Valued at lower than
3 selling price, obviously. We haven't gone into
4 each and every one to identify it, but it's lower
5 of cost or market.

6 MR. KARGARZADEH: This is Reza from
7 EPC. There shouldn't be that much finished goods
8 at the closing date, so you have the raw material
9 and WIP, and we will buy those on the closing
10 date. The others, how many pounds of what,
11 whether it's a purchase component, raw material,
12 and we'll purchase those. Now if you have some
13 finished, which you really shouldn't have that
14 much finished product, that will be purchased too
15 or shipped to the customer the same day.

16 MR. MERRITT: Okay. So you're going
17 to take the WIP as well, you think?

18 MR. KARGARZADEH: Yes.

19 MR. BOERSMA: Again, I don't want to
20 beat a dead horse, but lower of cost or market.

21 MR. MERRITT: I wouldn't try to mark
22 it up.

23 MR. HAZELTINE: I think at this
24 point, because of the nature of the bid, it would

1 be helpful if somebody could put this down in
2 writing.

3 MR. GILMOUR: Take their APA and mark
4 it up, the prior APA and mark it up.

5 MR. MERRITT: Kind of thinking about
6 this, something for you all to think about, we
7 were thinking that you probably need to take the
8 APA and mark it up. It's probably the closest
9 thing that you have to what you're talking about
10 doing and see what those numbers come out so we
11 can have something to compare back again. Write
12 it down, in other words.

13 MR. KARGARZADEH: This is Reza from
14 EPC. If we have an agreement to take the same
15 approach as Branford's APA, you're saying that's
16 not acceptable, or you just want something to be
17 added to that or to our own original APA?

18 MR. MERRITT: I think that, and you
19 have to discuss this with your attorney, but I
20 think probably the best format is, because of
21 kind of the bid that you have put together, is to
22 use the APA that you have, mark it up, change it.
23 I understand, I think, what you're doing in terms
24 of the bid price and the like. I just kind of

1 need to see it written down so we have something
2 to go back and compare to, and so that I don't
3 misunderstand, because I oftentimes do that.

4 MR. KARGARZADEH: Okay, so we want to
5 do this and reconvene when?

6 MR. HAZELTINE: When you're done.

7 MR. MERRITT: As soon as possible.

8 MR. KARGARZADEH: Half an hour, an
9 hour?

10 MR. McDANIEL: As soon as we can get
11 it done, we'll let them know.

12 MR. HAZELTINE: Before we recess, I
13 want to go back and make sure we're clear on this
14 equipment, and the deal is to purchase all of the
15 equipment on that list that we can sell to you,
16 and whatever we can't sell to you, the price will
17 be adjusted by the amount per specific piece of
18 equipment.

19 MR. MERRITT: Right.

20 MR. KARGARZADEH: Correct. That was
21 identified as 375,000 value, so the 2.5 --

22 MR. MERRITT: Yes. Which some of it
23 may actually be ours. That's what we're trying
24 to tell you. In other words, I think what Bill

1 is saying is take the \$2.5 million, work
2 backwards, add 50, and whatever else comes out of
3 that, in other words, those three pieces of
4 equipment, if we can verify or not verify that
5 they are leased and they are owned, that we'd be
6 able to add that value back in and that would be
7 the purchase price.

8 MR. KARGARZADEH: Absolutely, we
9 agree with that approach. So for today,
10 hopefully wrapping this deal up, is the 2.5 minus
11 the 375, and then if you approve that you own one
12 or two pieces of those equipment, those numbers
13 will be added back in.

14 MR. HAZELTINE: Okay.

15 MR. MERRITT: We got it. Thanks.

16 MR. HAZELTINE: We're off the record.

17 (Recess, 12:17 p.m.)

18 (Resumed, 1:12 p.m.)

19 MR. KARGARZADEH: We just forwarded
20 you the updated APA, and they are both the same.
21 So will you please acknowledge that you have
22 received them?

23 MR. GILMOUR: Can you forward them to
24 us?

1 MR. HAZELTINE: Yes, I will forward
2 them to you when I get it. It is a little slow
3 because I'm working remotely through the office.

4 (Pause.)

5 MR. HAZELTINE: Okay, I got it. I
6 got two.

7 MR. KARGARZADEH: Yes. They are both
8 the same.

9 Garvan?

10 MR. McDANIEL: Yes.

11 MR. KARGARZADEH: Will you please
12 walk him through just those two areas that we
13 have changed?

14 MR. McDANIEL: Okay.

15 MR. HAZELTINE: Hold on a second.
16 Let me send it to --

17 MR. McDANIEL: Let everyone get it.
18 Did you get it, Bill?

19 MR. HAZELTINE: Yes. I sent it on to
20 Neil and Rich. I sent it to Mark too.

21 MR. McDANIEL: I think Section 2.2,
22 purchased assets, the inventory, that's where we
23 put in at the time of closing that the lower of
24 cost or market, all usable inventories of raw

1 material, does everyone see that? 2.2 A. It
2 should be "or."

3 MR. GILMOUR: Do you want to say "in
4 accordance with GAAP"?

5 MR. McDANIEL: Okay.

6 MR. RILEY: It never showed up on my
7 e-mail.

8 MR. HAZELTINE: It shows that I sent
9 it to you.

10 MR. McDANIEL: I sent it to you
11 again.

12 2.2, we took out the accounts
13 receivable as a purchased asset.

14 MR. MERRITT: Right.

15 MR. McDANIEL: So we're on inventory.

16 On assumed contracts, if you're going
17 on the original APA, we took out personal
18 property leases.

19 MR. MERRITT: Took them out?

20 MR. McDANIEL: Yes.

21 MR. HAZELTINE: So you're not taking
22 out the personal property?

23 MR. McDANIEL: We are taking out.

24 MR. DESGROSSEILLIERS: You're not

1 assuming those because you're purchasing the
2 equipment on the list?

3 MR. McDANIEL: Yes.

4 MR. HAZELTINE: You don't want the
5 office equipment? Not the leased office
6 equipment.

7 MR. MERRITT: Copiers, I got that.
8 We'll leave them out for now.

9 MR. McDANIEL: It's probably going to
10 get a little confusing because those are on
11 Exhibit A?

12 MR. MERRITT: No.

13 MR. HAZELTINE: No.

14 MR. McDANIEL: Okay.

15 I'm just going to go over the
16 highlights.

17 MR. MERRITT: Yes, just shoot the
18 highlights.

19 MR. McDANIEL: Excluded assets, then
20 we added in the accounts receivable. That now is
21 in excluded assets. It should be two. So
22 accounts receivable is now in excluded assets.

23 Remember, this is off of our redline
24 APA, these changes.

1 MR. MERRITT: Right.

2 MR. McDANIEL: Okay.

3 Then I think you just have to go down
4 to 3.3.

5 MR. BOERSMA: 3.2.

6 MR. McDANIEL: 3.2, which gives our
7 bid an amount of cash equal to 2.175 for all
8 equipment and machinery as noted on Exhibit A,
9 which is, for the record, the Branford Exhibit A,
10 plus an additional \$600,000 for the real estate,
11 plus the purchase of the raw materials and WIP at
12 the cost or market. So that would be our bid.
13 I think we mirrored the language up in 2.2, just
14 repeating it. I think that's what you wanted.

15 MR. MERRITT: Yes.

16 MR. HAZELTINE: The only thing that
17 this doesn't take into account, the fact that we
18 might be able to sell those extra three pieces of
19 equipment.

20 MR. McDANIEL: Okay. We can add that
21 in there.

22 MR. HAZELTINE: I would rather see it
23 structured as a purchase price for the equipment
24 of \$2,550,000, and adjusted down if we can't

1 deliver those pieces of equipment, with an
2 amount, the 200,000 for the one, the 100,000 for
3 the other, and the 75,000 for the third.

4 MR. KARGARZADEH: Bill, this is Reza
5 from EPC. We asked the question and we were told
6 to start there. The equipment, let's say 80 is
7 fully paid for. Then we add that number in
8 there.

9 MR. McDANIEL: We add it back.

10 MR. KARGARZADEH: It is six of one,
11 half a dozen --

12 MR. HAZELTINE: Where is that?

13 MR. KARGARZADEH: Then if you
14 prove --

15 MR. MERRITT: It needs to be written
16 in.

17 MR. HAZELTINE: But that concept is
18 not in the asset purchase agreement right now.

19 MR. McDANIEL: How about amount of
20 cash equal to 2,175,000 for all available --
21 that's not the word.

22 MR. HAZELTINE: It seems to me it
23 would be easier to put the total price less a
24 purchase price adjustment if we cannot sell the

1 pieces listed on Schedule 3.2, whatever.

2 MR. KARGARZADEH: Again, Reza from
3 EPC. The numbers you have there, acknowledge
4 those three pieces of equipment from Exhibit A
5 are leased and the residual value of whatever it
6 is will be paid by the buyer.

7 So we can have that in there, Bill.
8 If you can't sell it, then you will pick it up.

9 MR. RILEY: Then this has to say, if
10 you're doing it your way, it has to say 2 million
11 175, paren, plus three hundred and whatever, to
12 the extent, you know, A, B, and C can be
13 conveyed.

14 MR. McDANIEL: I think it would be
15 easier if we did it Bill's way.

16 MR. KARGARZADEH: This is, again,
17 Reza from EPC. If those three pieces of
18 equipment are something they have no authority to
19 sell, why do we want to buy those? We
20 acknowledge that those aren't owned and then we
21 say we will work with them --

22 MR. GARDNER: James Gardner and
23 Andrew Duncan, Branford Group, joining.

24 MR. KARGARZADEH: At that time we can

1 either purchase those or they can pick them up.

2 MR. HAZELTINE: We want an agreement
3 that you will purchase them if we can sell them,
4 with a purchase price adjustment if we cannot
5 sell it.

6 MR. MERRITT: It is not equal if it
7 is not done that way.

8 MR. DESGROSSEILLIERS: Right.

9 MR. RILEY: It is exactly what the
10 Branford group is agreeing to. They are agreeing
11 to pay 2.5 million, but if the debtor can't sell
12 them, those three pieces of equipment, they get a
13 purchase price adjustment of up to the three
14 hundred something thousand dollars.

15 MR. DESGROSSEILLIERS: It has to be
16 that way.

17 MR. McDANIEL: Do you want me to call
18 you?

19 MR. KARGARZADEH: Let's move forward,
20 fine.

21 MR. HAZELTINE: Rather than getting
22 bogged down in this right now, if that's the
23 understanding, I think we move on, because we
24 still have more bidding to do.

1 MR. McDANIEL: All right. Is
2 everyone clear, then?

3 MR. DESGROSSEILLIERS: Yes.

4 MR. KARGARZADEH: Yes. What's the
5 next step?

6 MR. DESGROSSEILLIERS: I have a
7 question. Is intellectual property being
8 acquired or not being acquired? It looks like it
9 is being acquired.

10 MR. HAZELTINE: That's one
11 clarification I wanted to make, the intellectual
12 property related to the business, which is the
13 manufacturing plastic injection molding products,
14 there's a separate piece of intellectual property
15 that does not relate to that. It's a toothbrush
16 patent. It's a patent for something to do with
17 toothbrush, I don't know, and the license of that
18 patent that are not being sold.

19 MR. MERRITT: Right, excluded.

20 MR. McDANIEL: Vern, is that your
21 understanding?

22 MR. BOERSMA: Yes, that's fine.

23 MR. McDANIEL: So that would be part
24 of our bid. That's included.

1 MR. GARDNER: This is James Gardner,
2 Branford Group, speaking. Since we joined in
3 late, is there anything that we missed that was
4 discussed in the offer by EPC?

5 MR. MERRITT: Basically, if I can sum
6 it up, they are buying the M and E at
7 2.175 million, or in effect what would be the
8 2.55 million, they upped it \$50,000, minus
9 whatever we don't own that we can't sell.

10 And they have also added in raw
11 material and WIP at the lower of cost or market,
12 and they've added in real estate at a purchase
13 price of \$600,000.

14 MR. GARDNER: How is the IP being
15 handled?

16 MR. RILEY: How are they buying the
17 IP?

18 MR. MERRITT: That's a good point.

19 MR. GILMOUR: This is Neil Gilmour
20 for the committee. The purchased assets they are
21 buying is distinctive from how they are defining
22 the purchase price.

23 MR. MERRITT: That's correct.

24 MR. GILMOUR: I think the

1 intellectual property is in the purchased assets,
2 but it's not separately designated as an element
3 of the price.

4 MR. MERRITT: Thank you. Is that
5 understandable, James?

6 MR. GARDNER: I didn't hear that. IP
7 is being handled how?

8 MR. MERRITT: It is purchased as part
9 of the purchased assets in this case, although it
10 hasn't been broken out from price.

11 MR. HAZELTINE: I want to go back to
12 that toothbrush patent because I want to make
13 sure we understand. The toothbrush patent is not
14 being sold today.

15 MR. MERRITT: Correct.

16 MR. HAZELTINE: It is not
17 intellectual property used in the business and
18 it's not included in sold assets, so it was never
19 intended to be when the --

20 MR. MERRITT: No, and was never in
21 the data room or in any other due diligence
22 information we have put out, just for clarity.

23 MR. KARGARZADEH: Yes. This is Reza
24 from EPC. That was the only IP and that's not

1 included.

2 MR. MERRITT: Correct.

3 MR. KARGARZADEH: Let's move on,
4 please.

5 MR. GARDNER: Is the ball in Branford
6 Group's court at this point?

7 MR. McDANIEL: Vern, can we confirm
8 about contracts?

9 MR. BOERSMA: What contracts?

10 MR. RILEY: What is Schedule 2.2 A?

11 MR. McDANIEL: What's 2.2 A2.

12 MR. RILEY: Or 2.

13 MR. HAZELTINE: 2.2 --

14 MR. McDANIEL: Go to 2.2 A2 and
15 there's a schedule. I think we just need to --

16 MR. RILEY: Did you say you excluded
17 out personal property?

18 MR. McDANIEL: Yes.

19 MR. HAZELTINE: I think 2.2 A2 is
20 what we wanted you to create if you wanted any of
21 the assumed contracts. Now, other than the three
22 pieces of equipment that we've discussed
23 extensively, there's only three pieces of office
24 equipment. So I guess the question is, do you

1 want that or not?

2 MR. McDANIEL: We do not. What we do
3 want is any open bids, sales orders and other
4 agreements with customers and clients, what are
5 those?

6 MR. HAZELTINE: You're going to have
7 to talk to Mr. Merritt about that.

8 MR. McDANIEL: Vern, is that correct?

9 MR. BOERSMA: Yes, that's correct.
10 To my knowledge, there wasn't any
11 change here. I guess can we move this along?
12 We're just trying to get to where -- I'm sure
13 Branford has other things to do. Is there a
14 reason why we have to get tied down in small
15 details?

16 MR. KARGARZADEH: That is not a
17 change.

18 MR. HAZELTINE: Well, the contracts
19 that we had at the time were included in our
20 notice of intent to assume and assign contracts,
21 and the only customer contract we had at that
22 time was the Medrad contract. I understand that
23 Jeff has some new ones.

24 MR. MERRITT: One, Acton, we just

1 signed an agreement with them. And I don't think
2 anybody has seen that. I don't think you have
3 seen that, have you, Vern or Reza?

4 MR. KARGARZADEH: No, we haven't, but
5 we have said we will accept the customer PO's and
6 orders.

7 MR. MERRITT: I understand.

8 MR. HAZELTINE: We need to break out
9 now and compare this bid.

10 MR. MERRITT: If you'll give us a
11 couple of minutes here to come back to apples to
12 apples and see if this is something that we feel
13 actually is above the bid in effect of Branford
14 or not.

15 MR. GARDNER: One question. James
16 Gardner, Branford Group. How are the accounts
17 receivable being handled at this point?

18 MR. MERRITT: They are not. Excluded
19 asset.

20 MR. GARDNER: They are excluded at
21 this point?

22 MR. MERRITT: That's correct.

23 MR. GARDNER: Thank you.

24 (Recess, 1:36 p.m.)

1 (Resumed, 2:09 p.m.)

2 MR. MERRITT: We have looked at the
3 two offers, and at this point, we feel that right
4 now EPC's offer is better by \$60,000, therefore,
5 to up bid it you'd have to increase your offer by
6 \$110,000, because the minimum increment is
7 50,000.

8 MR. GARDNER: How was that
9 calculated?

10 MR. MERRITT: Taking into account
11 what assets they were purchasing, comparing
12 against the liquidation value that we had put out
13 that assumed your number for those assets that
14 you didn't include, in effect. What costs would
15 be mitigated or increased within the process of
16 them operating as opposed to the liquidation
17 scenario, and that's really the difference we
18 came up with.

19 MR. GARDNER: They are getting
20 customer lists, contracts, and IP?

21 MR. MERRITT: That's correct.

22 MR. GARDNER: This is James Gardner.
23 The Branford Group is willing to increase our bid
24 by 110,000.

1 MR. McDANIEL: Does that include the
2 real estate?

3 MR. DESGROSSEILLIERS: No.

4 MR. MERRITT: So your bid now stands
5 at, if I do my math correctly, \$2.61 million.
6 All right.

7 Vern, Reza, the ball's in your court.

8 MR. KARGARZADEH: Yes. This is Reza
9 from EPC, and we are going to add 50 grand to
10 that.

11 MR. MERRITT: Okay.

12 MR. GARDNER: James Gardner, Branford
13 Group. We will raise that 50,000.

14 MR. HAZELTINE: To compare apples to
15 apples, are we just raising on the equipment
16 price?

17 MR. MERRITT: Correct. On their
18 whole bid and then we are raising Branford on
19 their bid. Right.

20 MR. GARDNER: We are at 2.710? This
21 is James Gardner, Branford Group.

22 MR. MERRITT: Yes.

23 MR. HAZELTINE: Yes.

24 MR. MERRITT: Whose court?

1 MR. HAZELTINE: EPC.

2 MR. KARGARZADEH: Our number is now
3 2.76.

4 MR. MERRITT: All right,
5 2.76 million.
6 Branford?

7 MR. GARDNER: We will raise it 2.810,
8 Branford.

9 MR. MERRITT: All right.
10 EPC?

11 MR. KARGARZADEH: 2.86.

12 MR. MERRITT: Branford, EPC has put
13 in a bid of 2.86 million.

14 MR. GARDNER: Hold on one second.
15 (Pause.)

16 MR. GARDNER: This is James Gardner,
17 Branford Group. Quick question. We're bidding
18 on all the assets on Schedule A, including those
19 three or four items that were deemed as leased?

20 MR. HAZELTINE: Yes, for each bid we
21 are taking into account a potential purchase
22 price adjustment.

23 MR. MERRITT: Correct.

24 MR. GARDNER: Just confirming that.

1 Bear with me again, please.

2 MR. MERRITT: No problem.

3 (Recess.)

4 MR. GARDNER: This is Branford Group
5 back. We will bid 50,000 more. I believe the
6 new total is 2.910 million.

7 MR. MERRITT: EPC Branford has bid
8 2.91 million.

9 MR. KARGARZADEH: This is Reza from
10 EPC. I would like to congratulate Branford.

11 MR. MERRITT: All right, very good.

12 Gentlemen, is that it, no one wishes
13 to reconsider, change? The standing bid is
14 2.91 million and the winning bidder is Branford
15 Group or Branford Auction.

16 I appreciate all of you and your
17 participation in this, and I want to thank all of
18 you.

19 MR. HAZELTINE: Just for the record,
20 before we close the record on the auction,
21 pursuant to the bid procedures order and the bid
22 procedures attached, EPC is the back-up bidder
23 and will remain the back-up bidder for, I believe
24 it's 30 days or until the sale closes, whichever

1 is earlier, and we will retain the deposit until
2 then.

3 Does anybody have anything else to
4 say?

5 MR. MERRITT: I guess at this point,
6 if there's nothing else, then the auction is
7 over.

8 Jamie, we'll work out some of those
9 details. Enjoy your wedding.

10 MR. HAZELTINE: Just one more thing,
11 everybody understands, I think you all do, that
12 the auction results are subject to approval by
13 the Bankruptcy Court.

14 MR. MERRITT: Yes.

15 MR. GARDNER: I understand.

16 Jeff, will you call me on my cell
17 phone so we can discuss the next steps?

18 MR. MERRITT: Yes, I will.

19 MR. GARDNER: Thank you.

20 Anything else, gentlemen? Ladies?

21 MR. RILEY: Mark Mullin --

22 MR. MULLIN: It is also subject to
23 the lender's approval.

24 MR. MERRITT: Of course.

1 MR. GARDNER: How long will that take
2 to get lender's approval and bankruptcy approval?

3 MR. MULLIN: The hearing is set next
4 week. This is Mark Mullin. And the debtor has
5 granted the lenders Monday to respond or
6 hopefully they will have an answer prior to that.

7 MR. GARDNER: Excellent. The 25th,
8 is it?

9 MR. MERRITT: The 25th, that's
10 correct.

11 MR. GARDNER: Anything else?
12 Questions?

13 MR. MERRITT: No. That should do it.

14 MR. GARDNER: Thank you again. Have
15 a great weekend and we'll talk to you soon.

16 MR. MERRITT: Thank you.

17 (Concluded at 2:20 p.m.)

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23

24

1 State of Delaware)
)
2 New Castle County)

5 CERTIFICATE OF REPORTER

7 I, Terry Barbano Burke, RMR-CRR and Notary
8 Public, do hereby certify that the foregoing
9 record, pages 1 to 50 inclusive, is a true and
10 accurate transcript of my stenographic notes
11 taken on Friday, August 20, 2010, in the
12 above-captioned matter.

14 IN WITNESS WHEREOF, I have hereunto set my
15 hand and seal this 23rd day of August, 2010, at
16 Wilmington.

17 Terry B. Burke



19 Terry Barbano Burke, RMR-CRR