

ARC DOCUMENT SOLUTIONS, INC.

FORM 8-K (Current report filing)

Filed 08/03/10 for the Period Ending 08/03/10

Address	1981 N. BROADWAY, SUITE 385 WALNUT CREEK, CA 94596
Telephone	925 949-5100
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Symbol	ARC
SIC Code	7330 - Mailing, Reproduction, Commercial Art And
Industry	Business Services
Sector	Services
Fiscal Year	12/31

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 3, 2010 (August 2, 2010)

AMERICAN REPROGRAPHICS COMPANY

(Exact name of registrant as specified in its charter)

STATE OF DELAWARE

(State or other Jurisdiction of
Incorporation)

001-32407

(Commission File Number)

20-1700361

(IRS Employer Identification No.)

1981 N. Broadway, Suite 385, Walnut Creek, California

(Address of Principal Executive Offices)

94596

(Zip Code)

Registrant's telephone number, including area code: **(925) 949-5100**

(Former name or former address if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition.

On August 3, 2010, American Reprographics Company issued a press release reporting its financial results for the second quarter of 2010. A copy of the press release is furnished as Exhibit 99.1 and is incorporated by reference herein.

The information contained in Item 2.02 of this Current Report on Form 8-K, including Exhibit 99.1 attached hereto, shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or incorporated by reference into any filing of American Reprographics Company under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

Item 5.02. Departure of Directors or Certain Officers; Election of Directors; Appointment of Certain Officers; Compensatory Arrangements of Certain Officers.

(e) *Compensatory Arrangements of Certain Officers.*

Additional 2010 Voluntary Temporary Base Salary Reductions

On August 2, 2010, in connection with continued cost reduction initiatives, American Reprographics Company entered into amendments to the Executive Employment Agreements with each of Kumarakulasingham Suriyakumar, President and Chief Executive Officer; Jonathan R. Mather, Chief Financial Officer; Rahul K. Roy, Chief Technology Officer; and Dilantha Wijesuriya, Senior Vice President – National Operations, pursuant to which each such officer has agreed to a voluntary temporary 5% reduction in base salary, effective July 24, 2010 through December 31, 2010 (the “Five Percent Base Salary Reduction”). The Five Percent Base Salary Reduction is in addition to the previously-disclosed temporary 10% base salary reduction for fiscal year 2010.

The foregoing summary of the amendments to the Executive Employment Agreements is not a complete description of the terms of such amendments and is qualified by reference to the full text of such amendments, which are attached hereto as Exhibit 10.1, 10.2, 10.3 and 10.4 and incorporated by reference herein.

Item 9.01 Financial Statements and Exhibits.

(d) *Exhibits.*

<u>Exhibit No.</u>	<u>Description</u>
99.1	American Reprographics Company Press Release, dated August 3, 2010
10.1	Sixth Amendment to Executive Employment Agreement, dated August 2, 2010, by and between American Reprographics Company and Kumarakulasingham Suriyakumar
10.2	Fourth Amendment to Executive Employment Agreement, dated August 2, 2010, by and between American Reprographics Company and Jonathan R. Mather
10.3	Fifth Amendment to Executive Employment Agreement, dated August 2, 2010, by and between American Reprographics Company and Rahul K. Roy
10.4	Third Amendment to Executive Employment Agreement, dated August 2, 2010, by and between American Reprographics Company and Dilantha Wijesuriya

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: August 3, 2010

AMERICAN REPROGRAPHICS COMPANY

By: / s/ Kumarakulasingam Suriyakumar
Kumarakulasingam Suriyakumar
Chief Executive Officer and President

EXHIBIT INDEX

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AMERICAN REPROGRAPHICS COMPANY REPORTS RESULTS FOR SECOND QUARTER 2010

- EPS of \$0.04 per share
- Quarterly Cash from Operating Activities of \$18.3 million
- Gross Margin of 34.3%
- Company reaffirms annual forecast

WALNUT CREEK, California (August 3, 2010) – American Reprographics Company (NYSE: ARP) (the “Company”), the nation’s leading provider of reprographic services and technology, today reported its financial results for the second quarter ended June 30, 2010.

“We continue to manage our business aggressively, knowing the market conditions are likely to remain difficult throughout the year,” said Mr. K. “Suri” Suriyakumar, Chairman, President and CEO. “We are scrutinizing our infrastructure, eliminating additional overhead costs as required, and pursuing opportunities in the marketplace with expanded offerings and new initiatives. While the construction market has not experienced some of the incremental improvements we’ve seen in the general economy, this is an opportune time to be addressing the productivity and efficiency our customers can achieve by using our services and technology.”

Net revenue for the second quarter of 2010 was \$115.1 million. The Company’s gross margin was 34.3% for the three-month period ending June 30, 2010. Net income for the second quarter of 2010 was \$1.7 million or \$0.04 per diluted share.

Net revenue for the first six months of 2010 was \$227.3 million. The Company’s gross margin was 33.6% for the six-month period ending June 30, 2010. Net income for the first six months of 2010 was \$2.4 million, or \$0.05 per diluted share.

Jonathan Mather, Chief Financial Officer, said, “We are seeing revenue stabilization in key service lines relative to the large quarterly declines we saw in 2009. For example, large-format black and white printing revenues have remained essentially flat from first to second quarter. We saw an encouraging portion of new business in the U.S. is coming from our sales efforts in color, and once again, China had a strong quarter in equipment and supplies sales. While equipment sales can have a dilutive effect on our gross margin, quarter two gross margin improved from the first quarter by 140 basis points.”

Outlook

The Company reaffirmed its 2010 annual EPS forecast of \$0.15 to \$0.30 on a fully-diluted basis, projecting annual cash flow from operations in the range of \$65 million to \$80 million. Management noted, however, that the Company's annual performance is likely to be on the lower side of its forecast for both EPS and cash flow from operations.

Teleconference and Webcast

American Reprographics Company will host a conference call and audio webcast today at 2:00 P.M. Pacific Time (5:00 P.M. Eastern Time) to discuss results for the Company's second quarter 2010 and business outlook. The conference call can be accessed by dialing 877-402-8179. The conference ID number is 88153097.

A replay of this call will be available approximately one hour after the call for seven days following the call's conclusion. To access the replay, dial 800-642-1687. The conference ID number is 88153097.

A Web archive will be made available at <http://www.e-arc.com> for approximately 90 days following the call's conclusion.

About American Reprographics Company

American Reprographics Company is the leading reprographics company in the United States providing business-to-business document management technology and services to the architectural, engineering and construction, or AEC industries. The Company provides these services to companies in non-AEC industries, such as technology, financial services, retail, entertainment, and food and hospitality, which also require sophisticated document management services. American Reprographics Company provides its core services through its suite of reprographics technology products, a network of hundreds of locally-branded reprographics service centers across the U.S., Canada and the U.K., on-site at more than 5,000 customer locations, and through UDS, a joint-venture company headquartered in Beijing, China. The Company's service centers are arranged in a hub and satellite structure and are digitally connected as a cohesive network, allowing the provision of services both locally and nationally to more than 138,000 active customers.

Forward-Looking Statements

This press release contains forward-looking statements that are based on current opinions, estimates and assumptions of management regarding future events and the future financial performance of the Company. Words such as “anticipates,” “projects,” “expect” and similar expressions identify forward-looking statements and all statements other than statements of historical fact, including, but not limited to, any projections regarding earnings, revenues and financial performance of the Company, could be deemed forward-looking statements. We caution you that such statements are only predictions and are subject to certain risks and uncertainties that could cause actual results to differ materially from those contained in the forward-looking statements. Factors that could cause our actual results to differ materially from those set forth in the forward-looking statements include, but are not limited to, the current economic recession, general economic conditions and downturn in the architectural, engineering and construction industries specifically; our ability to streamline operations and reduce and/or manage costs; competition in our industry and innovation by our competitors; our failure to anticipate and adapt to future changes in our industry; our failure to take advantage of market opportunities and/or to complete acquisitions; our failure to manage acquisitions, including our inability to integrate and merge the business operations of the acquired companies or failure to retain key personnel and customers of acquired companies; our dependence on certain key vendors for equipment, maintenance services and supplies; damage or disruption to our facilities, our technology centers, our vendors or a majority of our customers; and our failure to continue to develop and introduce new services successfully. The foregoing list of risks and uncertainties is illustrative but is by no means exhaustive. For more information on factors that may affect our future performance, please review our periodic filings with the U.S. Securities and Exchange Commission, and specifically the risk factors set forth in our most recent reports on Form 10-K and Form 10-Q. The Company undertakes no obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise, except as required by law.

Contacts:

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American Reprographics Company
Phone: 925-949-5100

Joseph Villalta
The Ruth Group
Phone: 646-536-7003

American Reprographics Company
Consolidated Balance Sheets
(Dollars in thousands, except per share data)
(Unaudited)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	\$ 33,673	\$ 29,377
Accounts receivable, net	59,376	53,919
Inventories, net	11,840	10,605
Deferred income taxes	5,640	5,568
Prepaid expenses and other current assets	8,984	7,011
Total current assets	119,513	106,480
Property and equipment, net	63,313	74,568
Goodwill	333,024	332,518
Other intangible assets, net	69,022	74,208
Deferred financing costs, net	3,312	4,082
Deferred income taxes	26,897	26,987
Other assets	1,966	2,111
Total assets	<u>\$ 617,047</u>	<u>\$ 620,954</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 24,296	\$ 23,355
Accrued payroll and payroll-related expenses	14,510	8,804
Accrued expenses	24,420	24,540
Current portion of long-term debt and capital leases	61,344	53,520
Total current liabilities	124,570	110,219
Long-term debt and capital leases	195,385	220,711
Other long-term liabilities	9,650	8,000
Total liabilities	<u>329,605</u>	<u>338,930</u>
Commitments and contingencies		
Stockholders' equity:		
American Reprographics Company stockholders' equity:		
Preferred stock, \$0.001 par value, 25,000,000 shares authorized; zero and zero shares issued and outstanding	—	—
Common stock, \$0.001 par value, 150,000,000 shares authorized; 46,169,859 and 46,112,653 shares issued and 45,722,205 and 45,664,999 shares outstanding in 2010 and 2009, respectively	46	46
Additional paid-in capital	93,082	89,982
Retained earnings	203,357	200,961
Accumulated other comprehensive loss	(7,397)	(7,273)
	289,088	283,716
Less cost of common stock in treasury, 447,654 shares in 2010 and 2009	7,709	7,709
Total American Reprographics Company stockholders' equity	281,379	276,007
Noncontrolling interest	6,063	6,017
Total stockholders' equity	287,442	282,024
Total liabilities and stockholders' equity	<u>\$ 617,047</u>	<u>\$ 620,954</u>

American Reprographics Company
Consolidated Statements of Operations
(Dollars in thousands, except per share data)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Reprographics services	\$ 78,453	\$ 92,905	\$ 154,710	\$ 192,674
Facilities management	22,627	24,898	45,030	51,763
Equipment and supplies sales	14,008	13,251	27,509	26,100
Total net sales	115,088	131,054	227,249	270,537
Cost of sales	75,633	81,899	150,943	169,403
Gross profit	39,455	49,155	76,306	101,134
Selling, general and administrative expenses	28,169	30,039	55,300	61,005
Amortization of intangible assets	2,557	2,914	5,193	5,897
Income from operations	8,729	16,202	15,813	34,232
Other income, net	(34)	(38)	(77)	(97)
Interest expense, net	5,754	5,836	11,642	11,632
Income before income tax provision	3,009	10,404	4,248	22,697
Income tax provision	1,276	4,096	1,806	8,854
Net income	1,733	6,308	2,442	13,843
(Income) loss attributable to the noncontrolling interest	(54)	(1)	(46)	11
Net income attributable to American Reprographics Company	<u>\$ 1,679</u>	<u>\$ 6,307</u>	<u>\$ 2,396</u>	<u>\$ 13,854</u>
Earnings per share attributable to American Reprographics Company shareholders:				
Basic	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>	<u>\$ 0.31</u>
Diluted	<u>\$ 0.04</u>	<u>\$ 0.14</u>	<u>\$ 0.05</u>	<u>\$ 0.31</u>
Weighted average common shares outstanding:				
Basic	45,196,318	45,116,358	45,173,527	45,103,150
Diluted	45,511,579	45,243,171	45,422,029	45,157,874

American Reprographics Company**Non-GAAP Measures****Reconciliation of cash flows provided by operating activities to EBIT and EBITDA**

(Dollars in thousands)

(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Cash flows provided by operating activities	\$ 18,278	\$ 33,522	\$ 27,746	\$ 55,798
Changes in operating assets and liabilities	(3,806)	(11,477)	1,277	(9,555)
Non-cash (expenses) income, including depreciation and amortization	(12,739)	(15,737)	(26,581)	(32,400)
Income tax provision	1,276	4,096	1,806	8,854
Interest expense	5,754	5,836	11,642	11,632
Net (income) loss attributable to the noncontrolling interest	<u>(54)</u>	<u>(1)</u>	<u>(46)</u>	<u>11</u>
EBIT	8,709	16,239	15,844	34,340
Depreciation and amortization	11,108	12,751	22,764	25,466
Stock-based compensation	<u>1,457</u>	<u>1,228</u>	<u>2,918</u>	<u>2,161</u>
EBITDA	<u>\$ 21,274</u>	<u>\$ 30,218</u>	<u>\$ 41,526</u>	<u>\$ 61,967</u>

American Reprographics Company**Non-GAAP Measures****Reconciliation of net income attributable to ARC to EBIT and EBITDA**

(Dollars in thousands)

(Unaudited)

	<u>Three Months Ended June 30,</u>		<u>Six Months Ended June 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net income attributable to ARC	\$ 1,679	\$ 6,307	\$ 2,396	\$ 13,854
Interest expense, net	5,754	5,836	11,642	11,632
Income tax provision	1,276	4,096	1,806	8,854
EBIT	8,709	16,239	15,844	34,340
Depreciation and amortization	11,108	12,751	22,764	25,466
Stock-based compensation	1,457	1,228	2,918	2,161
EBITDA	<u>\$ 21,274</u>	<u>\$ 30,218</u>	<u>\$ 41,526</u>	<u>\$ 61,967</u>

Non-GAAP Measures

EBIT, EBITDA and related ratios presented in this report are supplemental measures of our performance that are not required by or presented in accordance with accounting principles generally accepted in the United States of America (“GAAP”). These measures are not measurements of our financial performance under GAAP and should not be considered as alternatives to net income, income from operations, or any other performance measures derived in accordance with GAAP or as an alternative to cash flows from operating, investing or financing activities as a measure of our liquidity.

EBIT represents net income before interest and taxes. EBITDA represents net income before interest, taxes, depreciation, amortization and stock-based compensation. Deducting stock-based compensation in calculating EBITDA is consistent with the definition of EBITDA in our amended credit and guaranty agreement, therefore we believe this information is useful to investors in assessing our ability to meet our debt covenants. EBIT margin is a non-GAAP measure calculated by dividing EBIT by net sales. EBITDA margin is a non-GAAP measure calculated by dividing EBITDA by net sales.

We present EBIT, EBITDA and related ratios because we consider them important supplemental measures of our performance and liquidity. We believe investors may also find these measures meaningful, given how our management makes use of them.

We use EBIT and EBITDA to measure and compare the performance of our operating segments. Our operating segments’ financial performance includes all of the operating activities except for debt and taxation which are managed at the corporate level for U.S. operating segments. As a result, EBIT is the best measure of divisional profitability and the most useful metric by which to measure and compare the performance of our operating segments. We also use EBIT to measure performance for determining operating segment-level compensation and we use EBITDA to measure performance for determining [consolidated-level compensation. We also use EBIT and EBITDA to evaluate potential acquisitions and to evaluate whether to incur capital expenditures.

EBIT, EBITDA and related ratios have limitations as analytical tools, and you should not consider them in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are as follows:

- They do not reflect our cash expenditures, or future requirements for capital expenditures and contractual commitments;
- They do not reflect changes in, or cash requirements for, our working capital needs;
- They do not reflect the significant interest expense, or the cash requirements necessary, to service interest or principal payments on our debt;
- Although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; and
- Other companies, including companies in our industry, may calculate these measures differently than we do, limiting their usefulness as comparative measures.

Because of these limitations, EBIT, EBITDA, and related ratios should not be considered as measures of discretionary cash available to us to invest in business growth or to reduce our indebtedness. We compensate for these limitations by relying primarily on our GAAP results and using EBIT, EBITDA and related ratios only as supplements. For more information, see our interim Condensed Consolidated Financial Statements and related notes on our 2010 second quarter report on Form 10-Q. Additionally, please refer to our 2009 Annual Report on Form 10-K.

American Reprographics Company
Consolidated Statements of Cash Flows
(Dollars in thousands)
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2010	2009	2010	2009
Cash flows from operating activities				
Net income	\$ 1,733	\$ 6,308	\$ 2,442	\$ 13,843
Adjustments to reconcile net income to net cash provided by operating activities:				
Allowance for accounts receivable	56	1,294	317	2,543
Depreciation	8,551	9,837	17,571	19,569
Amortization of intangible assets	2,557	2,914	5,193	5,897
Amortization of deferred financing costs	386	324	770	655
Stock-based compensation	1,457	1,228	2,918	2,161
Excess tax benefit related to stock-based compensation	(35)	(5)	(38)	(5)
Deferred income taxes	(110)	259	164	1,671
Other noncash items, net	(123)	(114)	(314)	(91)
Changes in operating assets and liabilities, net of effect of business acquisitions:				
Accounts receivable	(365)	8,159	(5,784)	5,734
Inventory	(1,441)	232	(1,285)	918
Prepaid expenses and other assets	581	1,579	(1,934)	5,154
Accounts payable and accrued expenses	5,031	1,507	7,726	(2,251)
Net cash provided by operating activities	<u>18,278</u>	<u>33,522</u>	<u>27,746</u>	<u>55,798</u>
Cash flows from investing activities				
Capital expenditures	(1,560)	(1,945)	(2,777)	(3,924)
Payments for businesses acquired, net of cash acquired and including other cash payments associated with the acquisitions	—	(333)	—	(921)
Other	294	279	845	442
Net cash used in investing activities	<u>(1,266)</u>	<u>(1,999)</u>	<u>(1,932)</u>	<u>(4,403)</u>
Cash flows from financing activities				
Proceeds from stock option exercises	109	17	125	17
Proceeds from issuance of common stock under Employee Stock Purchase Plan	16	46	16	46
Excess tax benefit related to stock-based compensation	35	5	38	5
Payments on long-term debt agreements and capital leases	(10,394)	(25,328)	(21,596)	(41,206)
Net borrowings (repayments) under revolving credit facility	691	—	(123)	—
Payment of loan fees	—	—	—	(44)
Net cash used in financing activities	<u>(9,543)</u>	<u>(25,260)</u>	<u>(21,540)</u>	<u>(41,182)</u>
Effect of foreign currency translation on cash balances	21	147	22	131
Net change in cash and cash equivalents	7,490	6,410	4,296	10,344
Cash and cash equivalents at beginning of period	26,183	50,476	29,377	46,542
Cash and cash equivalents at end of period	<u>\$ 33,673</u>	<u>\$ 56,886</u>	<u>\$ 33,673</u>	<u>\$ 56,886</u>

Supplemental disclosure of cash flow information

Noncash investing and financing activities

Noncash transactions include the following:

Capital lease obligations incurred	\$ 2,464	\$ 4,470	\$ 4,394	\$ 9,723
Issuance of subordinated notes in connection with the acquisition of businesses	\$ —	\$ —	\$ —	\$ 246
Accrued liabilities in connection with acquisition of businesses	\$ 500	\$ 167	\$ 500	\$ 500
Net gain (loss) on derivative	\$ 139	\$ 1,752	\$ (174)	\$ 2,187

SIXTH AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Sixth Amendment to Executive Employment Agreement** (this “ **Amendment** ”) is entered into by and between **American Reprographics Company** , a Delaware corporation (“ **ARC** ”) as the employer, and Kumarakulasingam Suriyakumar, an individual residing in the State of California (“ **Executive** ”), as the employee, on August 2, 2010.

WHEREAS, ARC and Executive entered into an Executive Employment Agreement dated January 7, 2005, as amended (“ **Agreement** ”), under which Executive is employed as Chief Executive Officer and President of ARC. The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Subsection 3(a)(iii) is added to Section 3(a) of the Agreement (Base Salary) as follows:

"(iii) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by five percent (5%) (the “ **Additional 2010 Base Salary Reduction** ”) effective as of July 24, 2010 through and including December 31, 2010 (the “ **Effective Period** ”), which reduction shall be in addition to the 2010 Base Salary Reduction. Notwithstanding anything to the contrary contained in this Subsection 3(a)(iii), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 12(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Additional 2010 Base Salary Reduction.”

3. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Jonathan R. Mather

Name: Jonathan R. Mather

Title: Chief Financial Officer

EXECUTIVE

/s/ Kumarakulasingam Suriyakumar

Kumarakulasingam Suriyakumar

FOURTH AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Fourth Amendment to Executive Employment Agreement** (this “ **Amendment** ”) is entered into by and between **American Reprographics Company** , a Delaware corporation (“ **ARC** ”) as the employer, and Jonathan R. Mather, an individual residing in the State of California (“ **Executive** ”), as the employee, on August 2, 2010.

WHEREAS, ARC and Executive entered into an Executive Employment Agreement dated November 29, 2006, as amended (“ **Agreement** ”). The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Subsection 3(a)(iii) is added to Section 3(a) of the Agreement (Base Salary) as follows:

"(iii) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by five percent (5%) (the “ **Additional 2010 Base Salary Reduction** ”) effective as of July 24, 2010 through and including December 31, 2010 (the “ **Effective Period** ”), which reduction shall be in addition to the 2010 Base Salary Reduction. Notwithstanding anything to the contrary contained in this Subsection 3(a)(iii), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 11(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Additional 2010 Base Salary Reduction.”

3. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Kumarakulasingam Suriyakumar
Name: Kumarakulasingam Suriyakumar
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Jonathan R. Mather
Jonathan R. Mather

FIFTH AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Fifth Amendment to Executive Employment Agreement** (this “ **Amendment** ”) is entered into by and between **American Reprographics Company** , a Delaware corporation (“ **ARC** ”) as the employer, and Rahul K. Roy, an individual residing in the State of California (“ **Executive** ”), as the employee, on August 2, 2010.

WHEREAS, ARC and Executive entered into an Executive Employment Agreement dated January 7, 2005, as amended (“ **Agreement** ”). The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Subsection 3(a)(iii) is added to Section 3(a) of the Agreement (Base Salary) as follows:

"(iii) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by five percent (5%) (the “ **Additional 2010 Base Salary Reduction** ”) effective as of July 24, 2010 through and including December 31, 2010 (the “ **Effective Period** ”), which reduction shall be in addition to the 2010 Base Salary Reduction. Notwithstanding anything to the contrary contained in this Subsection 3(a)(iii), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 11(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Additional 2010 Base Salary Reduction.”

3. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Kumarakulasingam Suriyakumar
Name: Kumarakulasingam Suriyakumar
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Rahul K. Roy
Rahul K. Roy

THIRD AMENDMENT TO EXECUTIVE EMPLOYMENT AGREEMENT

This **Third Amendment to Executive Employment Agreement** (this “ **Amendment** ”) is entered into by and between **American Reprographics Company** , a Delaware corporation (“ **ARC** ”) as the employer, and Dilantha Wijesuriya, an individual residing in the State of California (“ **Executive** ”), as the employee, on August 2, 2010.

WHEREAS, ARC and Executive entered into an Executive Employment Agreement dated February 23, 2009, as amended (“ **Agreement** ”). The parties now wish to enter into this Amendment to amend the Agreement.

Now, therefore, the parties agree as follows:

1. All capitalized terms in this Amendment not otherwise defined herein shall have the meanings ascribed to them in the Agreement.

2. A new Subsection 3(a)(iii) is added to Section 3(a) of the Agreement (Base Salary) as follows:

"(iii) The amount of Base Salary payable to Executive pursuant to Section 3(a) shall be reduced by five percent (5%) (the “ **Additional 2010 Base Salary Reduction** ”) effective as of July 24, 2010 through and including December 31, 2010 (the “ **Effective Period** ”), which reduction shall be in addition to the 2010 Base Salary Reduction. Notwithstanding anything to the contrary contained in this Subsection 3(a)(iii), if Executive’s employment with ARC is terminated other than for Cause during the Effective Period, any Base Salary severance benefits payable to Executive under Sections 11(a), (c) or (d) of the Agreement shall be calculated based on the amount of Base Salary set forth in Section 3(a), without taking into account the Additional 2010 Base Salary Reduction.”

3. Except as specifically set forth in this Amendment, the Agreement remains in full force and effect without modification.

IN WITNESS WHEREOF, the undersigned have executed this Amendment as of the date first hereinabove set forth.

AMERICAN REPROGRAPHICS COMPANY,
a Delaware corporation

By: /s/ Kumarakulasingam Suriyakumar
Name: Kumarakulasingam Suriyakumar
Title: President and Chief Executive Officer

EXECUTIVE

/s/ Dilantha Wijesuriya
Dilantha Wijesuriya