

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

	X	
	:	
In re:	:	Chapter 11
	:	
IMRIS, Inc., <i>et al.</i> , ¹	:	Case No. 15-11133 (CSS)
	:	
	:	(Jointly Administered)
Debtors.	:	
	:	(Proposed) Hrg. Date: 8/12/2015 at 2:00pm ET
	:	(Proposed) Obj. Deadline: At the Hearing
	X	

**EMERGENCY MOTION OF THE DEBTORS AND DEBTORS IN POSSESSION
FOR ENTRY OF AN ORDER APPROVING AND AUTHORIZING THE
DEBTORS TO ENTER INTO AMENDMENT NO. 3 TO
THE DEBTOR-IN-POSSESSION CREDIT AGREEMENT**

The above-captioned debtors and debtors in possession (collectively, the “Debtors”), by and through their undersigned counsel, DLA Piper LLP (US), hereby submit this emergency motion (the “Motion”), pursuant to sections 105(a), 363 and 364 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), for entry of an order (the “Order”), substantially in the form annexed hereto as Exhibit A, approving and authorizing the Debtors to enter into Amendment No. 3 to the Senior Secured, Superpriority Debtor-in-Possession Credit Agreement (as amended, the “DIP Credit Agreement”), a copy of which is attached hereto as Exhibit B. In support of the Motion, the Debtors respectfully represent as follows:

¹ The Debtors are the following three entities: IMRIS Inc. (taxpayer identification number 98-0473230), IMRIS, Inc. (taxpayer identification number 98-0462325) and NeuroArm Surgical Ltd. (Canadian corporation number 751695-9). The mailing address of each of the Debtors, solely for purposes of notices and communications, is 5101 Shady Oak Rd., Minnetonka, MN 55343.



BACKGROUND

A. General Background

1. On May 25, 2015 (the “Petition Date”), each of the Debtors filed with this Court voluntary petitions for relief under the Bankruptcy Code.

2. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On June 4, 2015, the United States Trustee for the District of Delaware appointed the Official Committee of Unsecured Creditors in the Debtors’ chapter 11 cases (the “Committee”). No trustee or examiner has been appointed.

3. Prior to filing these chapter 11 cases, the Company undertook a focused marketing process to explore a broad range of strategic financing and sale options for the Company and its various business units. After careful evaluation and further negotiation with the Company’s stakeholders, including certain funds managed by Deerfield Management Company, L.P., the Company’s secured lenders under its prepetition secured loan facility (the “Prepetition Lenders”), it was determined that the structure and financial support through securing debtor-in-possession financing provided by the Prepetition Lenders, as well as the ability of the Debtors to consummate a sale transaction, presented the best option for the Company. A sale hearing, at which the Debtors will seek approval of the sale of substantially all of their assets to an affiliate of Deerfield (the “Sale”), is scheduled for August 12, 2015 (the “Sale Hearing”).

B. Background Specific to the Debtor-in-Possession Financing

4. On May 26, 2015, the Debtors filed a motion (the “DIP Motion”) [Doc. No. 19] seeking, among other things, authorization to enter into the DIP Credit Agreement by and

between the Debtors, Deerfield Special Situations Fund, L.P., as administrative agent and collateral agent (the “Agent”) and the lenders party thereto from time to time (collectively, the “DIP Lenders”, and together with the Agent, “Deerfield”), which provided for postpetition financing for the Debtors on the terms and conditions set forth therein.

5. On June 24, 2015, the Court entered a final order granting the relief requested in the DIP Motion and approving the terms of the DIP Credit Agreement, as amended by Amendment No. 1 (the “Final DIP Order”) [Doc. No. 116].

6. On July 31, 2015, the Debtors filed with the Court a Notice of Amendment No. 2 to Debtor-in-Possession Credit Agreement (“DIP Amendment No. 2”), which extended the Maturity Date of the DIP Loan Facility from August 7, 2015 to August 14, 2015.

7. The Debtors and the DIP Lenders have negotiated a third amendment to the DIP Credit Agreement, a copy of which is attached hereto as Exhibit B (“DIP Amendment No. 3”), which provides for, among other things, an increase in the aggregate amount of the commitment for DIP Loans under the DIP Loan Facility, to fund accrued but unpaid fees and expenses of estate professionals and allow the Debtors to wind down their operations following closing of the proposed sale.

8. Although DIP Amendment No. 2 did not require this Court’s prior approval, DIP Amendment No. 3 does require such approval, because it increases the amount of the commitment under the DIP Credit Agreement. See Final DIP Order, ¶ 21.

JURISDICTION

9. This Court has jurisdiction to consider this Motion pursuant to 28 U.S.C. §§ 157 and 1334. This matter is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). Venue is proper

in this Court pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory predicates for the relief requested in this Motion are sections 105(a), 363 and 364 of the Bankruptcy Code.

RELIEF REQUESTED

10. By this Motion, the Debtors respectfully request entry of an order, substantially in the form attached hereto as Exhibit A, approving and authorizing the Debtors to enter into DIP Amendment No. 3 and granting certain related relief.

BASIS FOR RELIEF

11. The Debtors believe that the proposed increase of the DIP Loan Facility, pursuant to DIP Amendment No. 3, is in the best interests of their estates and will allow the Debtors to fund accrued but unpaid fees and expenses of estate professionals and ultimately allow the Debtors to efficiently wind down their operations after the closing of the sale of substantially all of their assets (the “Sale”), which is expected to occur no later than August 14, 2015. A copy of a proposed revised budget, inclusive of a wind-down budget, is attached as Exhibit 1 to DIP Amendment No. 3.

12. A debtor’s decision to, among other things, use assets outside of the ordinary course of business and to enter into a postpetition lending facility is governed by the business judgment standard. See, e.g., In re Mid-State Raceway, Inc., 323 B.R. 40, 58-59 (Bankr. N.D.N.Y. 2005) (courts should approve borrowings pursuant to 364(c) and (d) if the debtors was within its business judgment); Meyers v. Martin (In re Martin), 91 F.3d 389, 395 (3d Cir. 1996) (noting that a debtor’s decision to use assets outside of the ordinary course of business is based upon the sound business judgment of the debtor); In re Trans World Airlines, Inc., 163 B.R. 964, 974 (Bankr. D. Del. 1994) (noting that the interim loan, receivable facility and asset based

facility were approved because they “reflect[ed] sound and prudent business judgment . . . [were] reasonable under the circumstances and in the best interest of [the debtor] and its creditors.”).

13. Bankruptcy courts routinely accept a debtor’s business judgment on a variety of business decisions. Id. at 974 (noting that approval of DIP facilities “reflect[ed] sound and prudent business judgment...[was] reasonable under the circumstances and in the best interest of [the debtor] and its creditors”); In re Simasko Prods. Co., 47 B.R. 444, 449 (D. Colo. 1985) (“[b]usiness judgments should be left to the board room and not to this Court”). Indeed, “more exacting scrutiny [of the debtor’s business decisions] would slow the administration of the Debtor’s estate and increase its cost, interfere with the Bankruptcy Code’s provision for private control of administration of the estate and threaten the court’s ability to control a case impartially.” Richmond Leasing Co. v. Capital Bank, N.A., 762 F.2d 1303, 1311 (5th Cir. 1985).

14. To determine whether the business judgment test is met, “the court ‘is required to examine whether a reasonable business person would make a similar decision under similar circumstances.’” In re Dura Auto. Sys. Inc., No. 06-11202 (KJC), 2007 Bankr. LEXIS 2764, at *272 (Bankr. D. Del. Aug. 15, 2007) (quoting In re Exide Techs., Inc., 340 B.R. 222, 239 (Bankr. D. Del. 2006)).

15. Once “the debtor articulates a reasonable basis for its business decisions (as distinct from a decision made arbitrarily or capriciously), courts will generally not entertain objections to the debtor’s conduct.” Committee of Asbestos-Related Litigants and/or Creditors v. Johns-Manville Corp. (In re Johns-Manville Corp.), 60 B.R. 612, 616 (Bankr. S.D.N.Y. 1986). There is a presumption that “in making a business decision the directors of a corporation acted on an informed basis, in good faith and in the honest belief that the action taken was in the best

interests of the company.” In re Integrated Res., Inc., 147 B.R. 650, 656 (Bankr. S.D.N.Y. 1992) (quoting Smith v. Van Gorkom, 488 A.2d 858, 872 (Del. 1985)). Thus, if a debtor’s actions satisfy the business judgment rule, then the transaction in question should be approved under section 363(b)(1). Indeed, when applying the “business judgment” standard, courts show great deference to a debtor’s business decisions. See Pitt v. First Wellington Canyon Assocs. (In re First Wellington Canyon Assocs.), Case No. 89-C-593, 1989 WL 106838, at *3 (N.D. Ill. Sept. 8, 1989) (“Under this test, the debtor’s business judgment . . . must be accorded deference unless shown that the bankrupt’s decision was taken in bad faith or in gross abuse of the bankrupt’s retained discretion.”).

16. As described above, the Debtors have exercised sound business judgment in determining the appropriateness of DIP Amendment No. 3, which is essential to enable the Debtors to fund these chapter 11 cases and wind down their domestic and foreign operations in an efficient manner. Indeed, failure to obtain approval of DIP Amendment No. 3 will irreparably harm the Debtors and their estates.

17. Accordingly, the Debtors respectfully submit that DIP Amendment No. 3 should be authorized and approved.

NOTICE

18. Notice of this Motion has been provided to (a) the US Trustee, (b) counsel to the Committee, (c) counsel to Deerfield, (d) the United States Attorney’s Office for the District of Delaware, (e) the Securities and Exchange Commission, and (f) those parties requesting notice pursuant to Bankruptcy Rule 2002.

[Remainder of page intentionally left blank.]

CONCLUSION

WHEREFORE, the Debtors respectfully request that the Court (i) enter an order substantially in the form attached hereto as Exhibit A; and (ii) grant such other and further relief as the Court deems just and proper.

Dated: August 10, 2015
Wilmington, Delaware

Respectfully submitted,

/s/ R. Craig Martin

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Attorneys for Debtors and Debtors in Possession

Exhibit A

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

	X	
	:	
In re:	:	Chapter 11
	:	
IMRIS, Inc., <i>et al.</i> , ¹	:	Case No. 15-11133 (CSS)
	:	
	:	(Jointly Administered)
Debtors.	:	
	:	Re: Dkt. No. ____
	:	
	X	

**ORDER GRANTING DEBTOR’S EMERGENCY MOTION FOR ENTRY OF AN
ORDER APPROVING AND AUTHORIZING THE DEBTORS TO ENTER INTO
AMENDMENT NO. 3 TO DEBTOR-IN-POSSESSION CREDIT AGREEMENT**

Upon the emergency motion (the “Motion”)² of the above-captioned debtors and debtors in possession (the “Debtors”) in the above-captioned chapter 11 cases, pursuant to sections 105(a), 363 and 364 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the “Bankruptcy Code”), for entry of an order approving and authorizing the Debtors to enter into Amendment No. 3 to Debtor-in-Possession Credit Agreement, as more fully set forth in the Motion; and the Court having jurisdiction to consider the Motion and the relief requested therein in accordance with 28 U.S.C. § 1334; and the relief requested therein being a core proceeding pursuant to 28 U.S.C. § 157(b); and venue being proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409; and sufficient notice of the Motion having been provided; and it appearing that no other or further notice need be provided; and the Court having determined that the relief sought in the Motion is in the best interests of the Debtors, their creditors and all parties in interest; and the Court having determined that the legal and factual bases set forth in the Motion

¹ The Debtors are the following three entities: IMRIS Inc. (taxpayer identification number 98-0473230), IMRIS, Inc. (taxpayer identification number 98-0462325) and NeuroArm Surgical Ltd. (Canadian corporation number 751695-9). The mailing address of each of the Debtors, solely for purposes of notices and communications, is 5101 Shady Oak Rd., Minnetonka, MN 55343.

² Capitalized terms used but not defined herein shall have the meaning ascribed to them in the Motion.

establish just cause for the relief granted herein; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT

1. The Motion is GRANTED, as set forth herein.
2. DIP Amendment No. 3, and the revised budget attached thereto, are hereby approved.
3. The Debtors are hereby authorized to enter into DIP Amendment No. 3.
4. Other than as provided in this Order and with respect to the modifications to the DIP Credit Agreement contained in DIP Amendment No. 3, nothing herein shall be deemed to modify, supersede, abrogate or otherwise affect the Final DIP Order or any of its terms. The Final DIP Order shall remain in full force and effect, and all provisions thereof are ratified and included herein by reference.
5. The Challenge Deadline (as defined in the Final DIP Order) has expired, and, accordingly, the Debtors' Stipulations (as defined in the Final DIP Order) are binding on the Debtors, their estates, the Committee, each of their successors and assigns, and all other parties in interest pursuant to the terms of the Final DIP Order.
6. The Debtors are hereby authorized and empowered to take such steps and perform such acts as may be necessary to implement and effectuate the terms of this Order.
7. This Court shall retain jurisdiction to hear and determine all matters arising from the implementation and/or interpretation of this Order.

Dated: August __, 2015

The Honorable Christopher S. Sontchi
United States Bankruptcy Judge

Exhibit B

AMENDMENT NO. 3

Amendment No. 3 dated as of August [___], 2015 (this “Agreement”) to the Senior Secured, Superpriority Debtor-in-Possession Credit Agreement (the “DIP Credit Agreement”, as amended by Amendment No. 1, dated as of June 25, 2015, Amendment No. 2, dated as of July 30, 2015 and as amended hereby, the “Amended Credit Agreement”), among IMRIS, Inc., a Delaware corporation, IMRIS Inc., a Canadian corporation and NeuroArm Surgical Limited (collectively, the “Borrowers”), Deerfield Special Situations Fund, L.P. as administrative agent and collateral agent (in such capacities, the “DIP Agent”) and the lenders party thereto from time to time (the “Lenders”).

WITNESSETH:

WHEREAS, on May 25, 2015 (the “Petition Date”) the Borrowers, each as a debtor and debtor in possession, filed voluntary petitions for relief under the Bankruptcy Code with the Bankruptcy Court (such proceedings being jointly administered under Case No. 15-11133 are hereinafter referred to collectively as the “Chapter 11 Cases”), by order of the Bankruptcy Court dated May 28, 2015 (the “Interim Order”), the DIP Credit Agreement was approved on an interim basis and by order of the Bankruptcy Court dated June 24, 2015 (the “Final Order”), the DIP Credit Agreement was amended and approved (as amended) on a final basis, and as a result, the Lenders have made Loans to the Borrowers under the Amended DIP Credit Agreement; and

WHEREAS, the Borrowers have requested that the Lenders, among other things, increase the amount of the Imaging and Service Business Loan Commitment under the DIP Credit Agreement, and the DIP Agent and the Lenders are willing to provide, among other things, such increase on the terms set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and further valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

Section 1. Definitions. Capitalized terms used in this Agreement not otherwise defined herein shall have the respective meanings given thereto in the Amended Credit Agreement. As used herein, the term “Amendment Effective Date” shall mean the date on which the conditions set forth in Section 4 of this Agreement are satisfied.

Section 2. Amendment of the DIP Credit Agreement. Effective as of the Amendment Effective Date, the DIP Credit Agreement is hereby amended by:

(a) amending and restating the second WHEREAS clause appearing in the recitals to the DIP Credit Agreement in its entirety as follows:

“WHEREAS, the Borrowers have requested that the Lenders provide a senior secured, super-priority debtor-in-possession credit facility in an aggregate principal amount of \$8,532,000, comprising (a) Nine Hundred Thirty-Nine Thousand, Four Hundred Thirteen Dollars (\$939,413) of Roll-Up Loans, (b) Seven Million, One Hundred Ninety-Two Thousand, Five Hundred Eighty-Seven (\$7,192,587) of Imaging and Service Business

Loans (plus additional amounts as may be agreed to by the Lenders pursuant to Section 2.2(c)) and (c) Four Hundred Thousand Dollars (\$400,000) of Robotics Business Loans, all on a post-petition basis and on the terms and conditions set forth herein; and”

(b) amending and restating the definition of “Imaging and Service Business Loan Commitment” in its entirety as follows:

““Imaging and Service Business Loan Commitment” means the commitment of the Lenders to provide Loans in accordance with Section 2.1(b)(i) in an aggregate principal amount of up to Seven Million, One Hundred Ninety-Two Thousand, Five Hundred Eighty-Seven (\$7,192,587).”;

(c) amending and restating the definition of “Robotics Business Loan Commitment” in its entirety as follows:

““Robotics Business Loan Commitment” means the commitment of the Lenders to provide Loans in accordance with Section 2.1(b)(ii) in an aggregate principal amount of up to \$400,000 or such greater amount as the Lenders may agree in their sole discretion from time to time and subject to approval by the Bankruptcy Court.”;

(d) amending and restating the proviso at the end of the second to last sentence of Section 2.2(c) in its entirety as follows:

“provided that the Lenders may increase the Imaging and Service Business Loan Commitment at their sole discretion, the proceeds of such increase to be used by the Borrowers solely for the purposes contemplated by and permitted under the Budget.”; and

(e) Schedule 1 of the DIP Credit Agreement is amended and restated in its entirety and replaced with Schedule 1 attached hereto.

Section 3. Representations and Warranties. In order to induce the DIP Agent and the Lenders to enter into this Agreement, the Borrowers represent and warrant to the Lenders as follows:

(a) As of the Amendment Effective Date, after giving effect to this Agreement: (i) there does not exist any Default or Event of Default; and (ii) all representations and warranties contained in this Agreement and the Amended Credit Agreement and in the other Transaction Documents shall be true and correct in all material respects (without duplication of any materiality qualifiers) with the same effect as though such representations and warranties had been made on the Amendment Effective Date (it being understood and agreed that any representation or warranty which by its terms is made as of a specified date shall be true and correct in all material respects only as of such specified date).

(b) This Agreement has been duly authorized, executed and delivered by the Borrower and each Guarantor, and constitutes a legal, valid and binding obligation of such person, except as may be limited by general principles of equity or by the effect of any

applicable bankruptcy, insolvency, reorganization, moratorium or similar law affecting creditors' rights generally.

Section 4. Conditions. This Agreement shall become effective upon the satisfaction of the following conditions:

(a) The representations and warranties in Section 3 of this Agreement shall be true and correct.

(b) The Interim Order and the Final Order shall not have been reversed, modified, amended, stayed (including stay pending appeal) or vacated.

(c) The Borrowers shall be in compliance with the revised Budget, as set forth on Schedule 1 hereto.

(d) The Bankruptcy Court shall have entered an order approving this Agreement, including the increase in Imaging and Service Business Loan Commitment and such order shall not have been reversed, modified, amended, stayed (including stay pending appeal) or vacated.

(e) The Borrowers, the Lenders, the Committee and the purchasers under the Asset Purchase Agreement shall have executed that certain *Stipulation Among Debtors, DIP Lenders, Prepetition Secured Lenders, Purchasers and the Official Committee of Unsecured Creditors in Connection with the Sale of Substantially all of the Debtors' Assets* (the "Stipulation") in a form acceptable to the Debtors and the Lenders.

(f) On the Amendment Effective Date, there shall not exist any judgment, order, injunction or other restraint issued or filed or a hearing seeking injunctive relief or other restraint pending or notified prohibiting or imposing materially adverse conditions upon the transactions contemplated by the Transaction Documents to occur on or prior to the Amendment Effective Date.

(g) On the Amendment Effective Date, no litigation by any entity (private or governmental) shall be pending or threatened (i) with respect to any Transaction Document or the transactions contemplated thereby or (ii) which the DIP Agent shall determine could reasonably be expected to have a Material Adverse Effect.

(h) The Borrowers shall have delivered such other documentation and provided such other information as the DIP Agent or the Lenders may reasonably request.

Section 5. Counterparts, etc. This Agreement may be executed in any number of counterparts and by different parties on separate counterparts, each of which, when executed and delivered, shall be deemed to be an original, and all of which, when taken together, shall constitute but one and the same agreement. Delivery of an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission shall be equally as effective as delivery of an original executed counterpart thereof. Any party delivering an executed counterpart of this Agreement by telefacsimile or other electronic method of transmission also shall deliver an original executed counterpart of this Agreement but the failure

to deliver an original executed counterpart shall not affect the validity, enforceability, and binding effect of this Agreement.

Section 6. Governing Law. THE VALIDITY OF THIS AGREEMENT, THE CONSTRUCTION, INTERPRETATION, AND ENFORCEMENT HEREOF, AND THE RIGHTS OF THE PARTIES HERETO WITH RESPECT TO ALL MATTERS ARISING HEREUNDER OR RELATED HERETO SHALL BE DETERMINED UNDER, GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH THE BANKRUPTCY CODE.

Section 7. Enforceability. Should any one or more of the provisions of this Agreement be determined to be illegal or unenforceable as to one or more of the parties hereto, all other provisions nevertheless shall remain effective and binding on the parties hereto.

Section 8. Effect of Amendment; No Novation.

(a) Except as expressly set forth herein and in the Amended Credit Agreement, this Agreement shall not by implication or otherwise limit, impair, constitute a waiver of, or otherwise affect the rights and remedies of the DIP Agent and the Lenders under any Transaction Document, and shall not alter, modify, amend or in any way affect any of the terms, conditions, obligations (including, for the avoidance of doubt, any guarantee obligations and indemnity obligations of any Guarantors), covenants or agreements contained in any Transaction Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. Nothing herein shall be deemed to entitle any Credit Party to a consent to, or a waiver, amendment, modification or other change of, any of the terms, conditions, obligations, covenants or agreements contained in any Transaction Document in similar or different circumstances. This Agreement shall bind and inure to the benefit of the respective successors and permitted assigns of each of the parties hereto.

(b) From and after the Amendment Effective Date, the terms "Agreement", "this Agreement", "herein", "hereinafter", "hereto", "hereof" and words of similar import, as used in the DIP Credit Agreement, shall refer to the DIP Credit Agreement as amended in the form of the Amended Credit Agreement, and the term "Credit Agreement", as used (and similar references) in any Transaction Document, shall mean the Amended Credit Agreement. This Agreement shall constitute a "Transaction Document" for all purposes of the Amended Credit Agreement and the other Transaction Documents.

(c) Neither this Agreement nor the effectiveness of the Amended Credit Agreement shall extinguish the obligations for the payment of money outstanding under the DIP Credit Agreement or discharge or release any guarantees. Nothing herein contained shall be construed as a substitution or novation of the Obligations outstanding under the DIP Credit Agreement or the guarantees, which shall remain in full force and effect, except as modified hereby and by this Agreement. Nothing expressed or implied in this Agreement, the Amended Credit Agreement or any other document contemplated hereby or thereby shall be construed as a release or other discharge of the Borrowers under the DIP Credit Agreement or any Credit Party under any Transaction Document from any of its obligations and liabilities thereunder.

(d) This Agreement together with the Amended Credit Agreement supersede and replace any prior letters or term sheets relating to the proposed amendment.

[signature pages follow]

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

BORROWERS:

IMRIS, INC.

By: _____
Name: Jay D. Miller
Title: President and CEO

IMRIS INC.

By: _____
Name: Jay D. Miller
Title: President and CEO

NEUROARM SURGICAL LIMITED

By: _____
Name: Jay D. Miller
Title: President and CEO

DIP AGENT:

DEERFIELD SPECIAL SITUATIONS FUND, L.P.

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: _____

Name:

Title:

LENDERS:

DEERFIELD PRIVATE DESIGN FUND II, L.P.

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: _____

Name:

Title:

**DEERFIELD PRIVATE DESIGN
INTERNATIONAL II, L.P.**

By: Deerfield Mgmt., L.P. General Partners

By: J.E. Flynn Capital LLC, General Partner

By: _____

Name:

Title:

**DEERFIELD SPECIAL SITUATIONS
FUND, L.P.**

By: Deerfield Mgmt., L.P., General Partner

By: J.E. Flynn Capital LLC, General Partner

By: _____

Name:

Title:

Schedule 1

(Budget)

Weekly Cash Forecast - Current Update

IMRIS Inc (United States and Canada)

Dollar Amounts in Thousands (USD)

<i>Week Ended:</i>	Week 1 5/29/15	Week 2 6/5/15	Week 3 6/12/15	Week 4 6/19/15	Week 5 6/26/15	Week 6 7/3/15	Week 7 7/10/15	Week 8 7/17/15	Week 9 7/24/15	Week 10 7/31/15	Week 11 8/7/15	Week 12+ 8/14/15+	Total
Beginning Cash Balance	\$ 164	\$ 3,829	\$ 3,057	\$ 1,371	\$ 855	\$ 267	\$ 992	\$ 1,462	\$ 997	\$ 853	\$ 1,494	\$ 641	\$ 164
Total Customer Collections	785	53	205	160	115	203	205	164	624	1,157	301	730	4,703
<u>Operating Cash Disbursements</u>													
Vendor Payments	-	(256)	(377)	(442)	(200)	(261)	(112)	(110)	(102)	(155)	(900)	(525)	(3,441)
Payroll, 401k, Medical, etc	(392)	(98)	(546)	(99)	(399)	(109)	(501)	(35)	(426)	(92)	(380)	(162)	(3,238)
Rent	-	(173)	-	-	-	-	(145)	-	-	(160)	-	-	(478)
Other Disbursements	(0)	(40)	(17)	(34)	(25)	(21)	(24)	(3)	(37)	(34)	(35)	(35)	(304)
Total Operating Disbursements	(392)	(567)	(940)	(575)	(623)	(392)	(782)	(147)	(565)	(441)	(1,315)	(722)	(7,462)
<u>Other Cash Activity</u>													
Loan Draws (Repayments)	3,500	-	-	-	260	1,039	1,064	-	-	-	(79)	2,748	8,532
Prepetition Roll-up	-	-	(939)	-	-	-	-	-	-	-	-	-	(939)
Professional Fees: Restructuring	(75)	-	-	-	-	-	-	-	-	-	-	(2,420)	(2,495)
Retention Plan Payments	-	-	-	-	-	-	-	-	-	-	-	(340)	(340)
Critical Vendor Payments	-	-	-	-	(25)	(125)	-	-	-	(50)	(50)	-	(250)
Interest and Financing Fees	(88)	(0)	-	-	(52)	-	-	(482)	-	-	314	(52)	(361)
Funding to Subsidiaries	(65)	(257)	(12)	(101)	(262)	-	(17)	-	(203)	(25)	(25)	(70)	(1,036)
Wind-Down Costs	-	-	-	-	-	-	-	-	-	-	-	(515)	(515)
Total Other Cash Activity	3,272	(257)	(951)	(101)	(80)	914	1,047	(482)	(203)	(75)	160	(649)	2,596
Ending Cash Balance	\$ 3,829	\$ 3,057	\$ 1,371	\$ 855	\$ 267	\$ 992	\$ 1,462	\$ 997	\$ 853	\$ 1,494	\$ 641	\$ -	\$ -
DIP Loan Balance	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,500	\$ 3,760	\$ 4,799	\$ 5,863	\$ 5,863	\$ 5,863	\$ 5,863	\$ 5,784	\$ 8,532	