

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF COLORADO

IN RE:)	
)	
PHOTO STENCIL, LLC)	Case No. 16-16897-MER
EIN: 26-0334354)	Chapter 11
)	
Debtor.)	

DEBTOR’S SECOND MOTION FOR ORDERS: (I) APPROVING SALE OF SUBSTANTIALLY ALL OF DEBTOR’S ASSETS AND BUSINESS FREE AND CLEAR OF ALL LIENS, CLAIMS, INTERESTS, AND ENCUMBRANCES PURSUANT TO 11 U.S.C. § 363; (II) APPROVING THE ASSUMPTION AND ASSIGNMENT OF CERTAIN OF DEBTORS’ EXECUTORY CONTRACTS IN CONNECTION WITH SUCH SALE PURSUANT TO 11 U.S.C. § 365; AND (III) GRANTING RELATED RELIEF

The Debtor and Debtor-in-Possession, by and through their attorneys Kutner Brinen, P.C., moves the Court for the entry of orders (i) approving the sale of substantially all of the Debtor’s assets and business free and clear of all liens, claims, interests and encumbrances pursuant to 11 U.S.C. § 363; (ii) approving the assumption and assignment of certain of the Debtor’s executory contracts in connection with such sale pursuant to 11 U.S.C. § 365; and (iii) granting related relief (“Motion”). In support of this Motion, Debtor respectfully states as follows:

THE DEBTOR

1. The Debtor filed for relief under Chapter 11 of the Bankruptcy Code on July 12, 2016 (“Petition Date”).
2. The Debtor continues in possession of its properties and is operating and managing its business as debtor-in-possession, pursuant to Sections 1107 and 1108 of the Bankruptcy Code.

JURISDICTION AND VENUE

3. The Court has jurisdiction over these matters pursuant to 28 U.S.C. §§ 157 and 1334. These are core proceedings pursuant to 28 U.S.C. § 157(b)(2). Venue is proper before this Court pursuant to 28 U.S.C. §§ 1408 and 1409.

BACKGROUND

4. The Debtor is engaged in business as a designer and manufacturer of high-performance stencils, squeegee blades, and tooling for the surface mount assembly, solar, and semiconductor industries. Among other things, the Debtor designs and manufactures high end stencils for the electrical component industry and is the only such company with such capability in North America. The Debtor operates out of its facility located at 16080 Table Mountain Pkwy., Suite 100, Golden, CO 80403.

5. The Debtor is engaged in a manufacturing business and earlier in the case employed up to approximately 37 people following several reductions in force that had been implemented to reduce costs. The Debtor has currently reduced its force due to lack of revenue and the inability to obtain ongoing factoring from its current factoring company.

6. The Debtor's production facility and office is located in a building that the Debtor subleases from Pixelteq, Inc. pursuant to a sublease dated in April 2014 ("Production Plant"). Despite the sublease date, it took an extended amount of time to improve the facility and for the Debtor to move into the facility which only occurred in January 2016. The facility has been improved by the Debtor at a cost of approximately \$3 million in tenant improvement and equipment. The monthly rent for the facility is approximately \$41,813.33 plus other amounts due under the sublease.

7. The Debtor has been plagued throughout the case by the inability to assume its sublease of the Production Plant. This is because there are several mechanics liens encumbering the Production Plant that the Debtor needs to pay off in order to assume its underlying sublease. In addition, the Debtor is behind on paying pre-petition rent on the sublease. The last date for the Debtor to assume or reject its non-residential real property lease has been extended several times until the current date of December 29, 2017.

8. The Debtor's assets are all subject to several liens and equipment leases and finance agreements. The first security interest or assignee under a post-petition factoring agreement is Izzy Aviation, LLC or assigns ("IAL"). The IAL claim is approximately \$150,000 and IAL is the assignee or owner of all of the Debtor's accounts receivable. The accounts receivable have gone down over the prior months.

9. The senior lender on all assets other than accounts receivable is PMC Financial Services Group, LLC (“PMC”). The PMC claim is approximately \$2,000,000. The Debtor’s assets are also subject to a secured claim held by TKF Interim Funding II, LLC (“TKF”). The TKF loan has an outstanding balance of approximately \$4,900,000. The TKF loan is also secured by all accounts receivable and personal property, though junior to IAL and PMC.

10. The Debtor also owns or leases several items of equipment that are subject to the claims of lessors and holders of purchase money security interests.

11. Given the value of the Debtor’s assets, it appears that IAL is fully secured and PMC is under-secured. TKF is totally unsecured.

12. The Debtor has attempted to turn its business around during the course of the Chapter 11 case without success. The Debtor has been able to negotiate continuing extensions of the time to assume its sublease of the Production Plant and has refinanced its ongoing factoring program through, Bay View, a new lender. Bay View defaulted the Debtor and stopped funding at which time IAL acquired the Bay View loan and continued limited funding. In addition, the Debtor has attempted to work out reductions on the mechanics liens that encumber the Production Plant. Despite this effort the Debtor does not have the funding to see its program through and operate at a profit.

13. The Debtor believes that unless it is sold on an emergency basis as quickly as possible it will have to close and the remaining value of the Debtor as a going concern will be lost.

14. The Debtor has determined that it is in the best interest of the estate and creditors for the Debtor to sell its assets pursuant to 11 U.S.C. § 363 rather than reorganize. The Debtor does not have funds with which to continue and maintain ongoing operations to a level that is sufficient to enable the Debtor to propose a meaningful Plan of Reorganization. This is due in large part because the Debtor does not have the funds with which to operate and fund ongoing operations. In fact, the Debtor is delinquent in payment of post-petition obligations and cannot continue to operate and increase its post-petition obligations.

15. If the Debtor can be sold as a going concern, the Debtor will be able to maximize a recovery for PMC, repay IAL, generate funds to allow for the assumption and assignment of the underlying sublease of the Production Plant, and produce funds to pay a portion of the administrative expenses and priority taxes.

16. The United States Trustee has also filed a Motion to Convert Case to Chapter 7 which it will proceed with if the Debtor cannot accomplish a quick sale of assets.

17. The Debtor has located a purchaser of its assets. The purchaser is StenTech Photo Stencil, LLC, a Delaware limited liability company (“StenTech”). A copy of the StenTech Asset Purchase Agreement is attached hereto as Exhibit A (“APA”). The StenTech APA will provide funds to allow the Debtor’s sublease to be resolved, the mechanics liens encumbering the Debtor’s building to be resolved, taxes to be paid to the State of Colorado, and certain secured creditors and lessors claims to be satisfied at reduced amounts. Funds will also be received to pay a certain amount of the administrative expenses.

RELIEF REQUESTED

18. On November 9, 2017 the Debtor filed a motion to sell all of its assets on an emergency basis due to the Debtor’s inability to reorganize and pay its ongoing expenses. All parties in the case were provided notice within which to object to the sale, including the assumption and assignment of executory contracts and unexpired leases. The sale proposed under the November 9th Motion also did not provide enough money to pay all of the obligations that needed to be paid to assume and assign the Debtor’s sublease, pay secured creditors, and pay administrative expenses. The proposed purchaser elected not to complete the sale. All creditors who objected to the November 9th Motion are receiving notice of this Second Motion.

22. The Debtor requests entry of an order approving the sale of substantially all of the Debtor’s assets free and clear of liens, claims, and other encumbrances (“Sale Order”). The Sale Order would (1) authorize and approve the sale of the assets of the Debtor’s estate to StenTech, and (2) approve the assumption and assignment of any executory contracts to be transferred to StenTech. Any sale will include all of the Debtor’s assets except for excluded assets.

23. The assets to be sold by the Debtor are set forth in the APA at Section 2.1 and include but are not limited to the following items: all machinery, equipment, fixtures, furnishings, tenant improvements, storage racks, tools, dies and furniture and other similar items of personal property, inventory, computers, software and software licenses including but not limited to the Orbotech Inc. software license, intellectual property and intellectual property licenses, deposits and prepaid expenses, books and records, warranties, and all other items specified in the APA.

21. As noted above, the Debtor is in need of funding to continue with its operations and has prepared for the eventual sale of the Debtor's assets and business. The Debtor is very familiar with the market in which it operates and contacted approximately 12 potential buyers that it felt were the most likely candidates to purchase the company. The parties contacted included competitors, companies in the ancillary product markets, and former key executives of the Debtor. In addition, the Debtor reached out to any party that had previously expressed interest in purchasing the business, and recommendations for potential buyers from its lenders or other business contacts. The Debtor has solicited bids for the Debtor's assets from a wide array of potential buyers. All parties interested in the Debtor were requested to provide letters of intent by October 30, 2017. Any interested party was invited to visit the Production Plant and obtain as much information as they wanted in advance of submitting a bid. Four interested parties visited the Production Plant. By the Debtor's self-imposed bid deadline, the Debtor had received three different letters of intent. The Debtor reviewed the three proposals and encouraged all three to make increased offers. Two of the bidders increased their offers.

22. The Debtor believes that given the bids received, there is virtually no realistic scenario under which any recovery could be made that would pay the secured creditors in full and return any money to unsecured creditors. As a result, given the fact that it is believed that the critical lenders and creditors are satisfied with the StenTech APA there is no purpose to be served through further marketing of the assets. In addition, the Debtor does not have the funding to survive further marketing and the Debtor will lose its facility lease on December 29, 2017.

23. Not all of the Debtor's assets will be sold to the Purchaser. The Debtor will retain their avoidance actions under Part 5 of the Bankruptcy Code and cash and accounts receivable that are not needed to repay the IAL loan.

24. Section 363(b) of the Bankruptcy Code provides authority for a trustee and, through the application of Bankruptcy Code section 1107(a), a debtor-in-possession, "after notice and a hearing, [to] use, sell or lease, other than in the ordinary course of business, property of the estate." 11 U.S.C. § 363(b)(1). The authority to sell assets conferred upon a debtor by section 363(b) "include[s] a sale of substantially all the assets of an estate." *Otto Preminger Films, Ltd. v. Qintex Entertainment, Inc. (In re Qintex Entertainment, Inc.)*, 950 F.2d 1492, 1495 (9th Cir. 1991). Further, section 105(a) of the Bankruptcy Code allows the Court to "issue any

order, process or judgment that is necessary or appropriate to carry out the provisions of this title.” 11 U.S.C. § 105(a).

25. The Bankruptcy Court’s power to authorize a sale under section 363(b) is to be exercised at the Court’s discretion. *In re WPRV-TV, Inc.*, 983 F.2d 336, 340 (1st Cir. 1993); *New Haven Radio, Inc. v. Meister (In re Martin-Trigona)*, 760 F.2d 1334, 1346 (2d Cir. 1985); *Committee of Equity Sec. Holders v. Lionel Corp. (In re Lionel Corp.)*, 722 F.2d 1063, 1069 (2d Cir. 1983).

26. Courts have authorized a sale of all or substantially all of a debtor’s assets pursuant to section 363(b) of the Bankruptcy Code or in the absence of a reorganization plan where there is a “sound business purpose.” *In re Delaware & Hudson Ry. Co.*, 124 B.R. 169 (D. Del. 1991); *Titusville Country Club v. Penn Bank (In re Titusville Country Club)*, 128 B.R. 396 (Bankr. W.D.Pa. 1991); *In re Industrial Valley Refrigeration and Air Conditioning Supplies, Inc.*, 77 B.R. 15 (Bankr. E.D.Pa. 1987). *See also, Stephens Indus., Inc. v. McClune*, 789 F.2d 386 (6th Cir. 1986); *In re Lionel Corp.*, 722 F.2d at 1071 (setting forth the “sound business purpose” test in the context of a sale of assets under section 363(b) of the Bankruptcy Code).

27. In this case, the “sound business purpose” test is easily met because the Debtor is unable to obtain debt or equity financing to continue operations. In the event the Debtor cannot sell its assets as a going concern, the Debtor does not believe it can effectively reorganize and continue operations through a confirmed plan because it is not able to satisfy the demands of secured creditors and its landlord. The Debtor believes its assets have significantly more value being sold as a going concern rather than piecemeal liquidation through a fire sale. The Debtor believes, based upon third party appraisals, that a piecemeal liquidation would likely yield only a small fraction of the value of the proposed sale described herein.

28. Courts have also required that the sale price be fair and reasonable and that the sale be the result of good-faith negotiations with the buyer. *In re Abbotts Dairies of Pa.*, 788 F.2d 143, 147-50 (3rd Cir. 1986); *In re Tempo Technology Corp.*, 202 B.R. 363, 367 (D. Del. 1996), *aff’d sub nom. Diamond Abrasives Corp. v. Temtechco, Inc. (In re Temtechco, Inc.)*, 141 F.3d 1155 (3d Cir. 1998); *In re Industrial Valley*, 77 B.R. at 22; *In re Stroud Ford, Inc.*, 163 B.R. 730 (Bankr. M.D. Pa. 1983); *See also In re Ewell*, 958 F.2d 276 (9th Cir. 1992) (declining to set aside or modify a sale pursuant to section 363 of the Bankruptcy Code because the price was fair

and reasonable and the buyer was a good faith purchaser pursuant to section 363(m) of the Bankruptcy Code).

29. While the Bankruptcy Code does not define “good faith,” courts have held that for purposes of section 363(m), a “good faith purchaser” is one who buys “in good faith” and “for value” and that lack of good faith is shown by fraud, collusion, or an attempt to take grossly unfair advantage of other bidders. *In re Abbots Diaries of PA.*, 788 F.2d at 147; *In re Tempo Technology Corp.*, 202 B.R. at 367. The process employed by the Debtor has resulted in what the Debtor believes is the highest and best offer and will maximize value received for the Debtor’s assets through an arms-length transaction.

30. The Debtor has a signed APA for the sale of the Debtor’s assets and business. The APA and sale are subject to Court approval. The proposed purchaser is a company named StenTech. StenTech is not related to the Debtor or any of its managers or members and is a third party. The purchase price is comprised of the following components:

a. \$650,000 in assumed debt owed to PMC which will satisfy its claim against the Debtor and must be paid within 30 days of the sale closing. At the closing Stentech shall execute a promissory note and security agreement satisfactory to PMC evidencing StenTech’s obligation to PMC. PMC’s consent to the sale will be subject to the following terms: 1) the sale will be subject to PMC’s security interests in the assets to be acquired by StenTech; 2) the sale will be to StenTech, a new entity with no creditors; 3) as soon as practicable after timely receiving the PMC payment of \$650,000, PMC will deliver an executed UCC-3 termination statement with respect to the assets acquired by StenTech;

b. Payment of Royal Financial in the amount of \$45,000 in full satisfaction of its lease claim against the Debtor and Royal Financial has agreed to transfer the Sullair Air Compressor, Scan CAD Inspection System, the Keyence Microscope and other equipment to StenTech as of the Closing Date free and clear of all liens and encumbrances pursuant to a purchase agreement to be entered into at Closing;

c. \$559,500 will be paid in the form of cash through a wire transfer to the Debtor at closing;

d. \$106,000 will be paid through assumption of normal payroll related expenses due to employees plus other payroll related expenses agreed to be paid by StenTech;

e. \$50,000 will be paid to Garic Financial in full satisfaction of Garic's claim against Debtor and Garic has agreed to transfer the Aqua Batch Alpha 4700 Series Dual Treatment to StenTech as of the Closing Date free and clear of all liens and encumbrances;

f. StenTech has agreed to purchase certain equipment directly from Forum Financial for a purchase price of \$100,000, which purchase will terminate the Lease Agreement with Forum Financial and satisfy Forum's claim against Debtor in full;

g. \$880,000 shall be paid through Purchaser's assumption of the Debtor's obligation to Intel Corp. consisting of an unearned revenue liability which was previously assumed by the Debtor post-petition.

31. The Debtor will not have to assume or assign any real or personal property lease to StenTech. The Debtor's sublease of the Production Plant is being terminated and in exchange certain payments are being made. First, \$151,000 is being paid by StenTech to satisfy the mechanics liens on the Production Plant. Second, the sublease with Pixelteq, Inc. is being terminated and StenTech will enter into a new lease of the Production Plant with the owner of the property, WPC-Triad, LLC. Pixelteq's ongoing obligation under its lease will also be terminated.

32. The Debtor therefore respectfully submits that a prompt sale is in the best interest of creditors and will maximize the amount that creditors may realize on account of their claims in this case.

SALE FREE AND CLEAR OF LIENS

33. The Debtor also requests authorization to sell its assets free and clear of liens, claims and encumbrances and other interests, except for the PMC obligation as previously described. Section 363(f) of the Bankruptcy Code authorizes a debtor in possession to sell property under section 363(b) "free and clear of any interest in such property of an entity other than the estate" if one of the following conditions is satisfied:

- (a) applicable nonbankruptcy law permits the sale of such property free and clear of such interest;
- (b) such entity consents;

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

11 .S.C. § 363(f).

34. In this case, the Debtor believes that the secured creditors all consent and approve the sale free and clear of liens. The claim of IAL and the reduced claim of PMC will be paid in cash through the Debtor's collection of accounts receivable or through the renegotiated PMC claim. The TKF claim is unsecured and they will consent to the sale free and clear of their recorded lien.

35. In addition, all lienholders could be compelled to accept a money satisfaction of their interests, thereby satisfying § 363(f)(5) of the Bankruptcy Code. *See, e.g., In re James*, 203 B.R. 449, 453 (Bankr. W.D.Mo. 1997); *In re Grand Slam U.S.A., Inc.*, 178 B.R. 460, 463-64 (E.D. Mich. 1995); *WPRY-TV, Inc.*, 143 B.R. at 321. Courts considering this issue have held that the "cramdown" provision under the Bankruptcy Code constitutes such a "legal or equitable proceeding" and permits a sale free and clear pursuant to section 363(f)(5). *See, e.g., Grand Slam U.S.A., Inc.*, 178 B.R. at 464; *Scherer v. Federal National Mortgage Association (In re Terrace Chalet Apartments)*, 159 B.R. 821, 829 (N.D. Ill. 1993); *In re Healthco Int'l, Inc.*, 174 B.R. 174, 176-77 (Bankr. D.Mass. 1994).

36. The sale will include provisions for the assignment of the Debtor's executory contract with Intel Corp. to StenTech. StenTech will assume the Debtor's obligations under the Intel contract and a substantial liability will be eliminated from the case. StenTech has conferred

with Intel and it is believed that they have reached agreement on the assumption by StenTech of the Intel contract.

37. Section 365 of the Bankruptcy Code authorizes a debtor in possession to assume an executory contract or unexpired lease subject to court approval. Section 365(b)(1) codifies the requirements for assuming an executory contract, providing that if there has been a default in an executory contract or unexpired lease, the trustee may not assume such contract or lease unless, at the time of assumption, the trustee,

- (A) cures, or provides adequate assurance that the trustee will promptly cure, such default;
- (B) compensates, or provides adequate assurance that the trustee will promptly compensate, a party other than the debtor to such contract or lease, for any actual pecuniary loss to such party resulting from such default; and
- (C) provides adequate assurance of future performance under such contract or lease.

11 U.S.C. § 365(b)(1).

38. Section 365 also permits a debtor to assign an executory contract or unexpired lease to a third party. Even where the executory contracts and unexpired leases contain provisions that purport to limit assignment, the Bankruptcy Code provides that generally, “notwithstanding a provision in an executory contract or unexpired lease of the debtor, or in applicable law, that prohibits, restricts, or conditions the assignment of such contract or lease, the [debtor] may assign such contract or lease” provided the debtor assumes such contract or lease in compliance with section 365 and the debtor provides adequate assurance of future performance by the assignee. *See* 11 U.S.C. §365(f).

39. The meaning of “adequate assurance of future performance” depends on the facts and circumstances of each case, but should be given “practical pragmatic construction.” *See, e.g., In re Great Northwest Recreation Ctr., Inc.*, 74 B.R. 846 (Bankr. D.Mont. 1987); *Carlisle*

Homes, Inc. v. Arrari (In re Carlisle Homes, Inc.), 103 B.R. 524, 538 (Bankr. D.N.J. 1988); *In re Bon Ton Rest. & Pastry Shop, Inc.*, 53 B.R. 789, 803 (Bankr. N.D.Ill. 1985) (“[a]lthough no single solution will satisfy every case, the required assurance will fall considerably short of an absolute guarantee of performance”).

40. Assumption or rejection of executory contracts or an unexpired lease by a debtor is subject to court review under the business judgment standard. See *NLRB v. Bildisco and Bildisco*, 465 U.S. 513, 523 (1984); *In re Mile High Medal Systems, Inc.*, 899 F.2d 887, 896 (10th Cir. 1990); *In re Grayhall Resources, Inc.*, 63 B.R. 382, 384 (Bankr. D. Colo. 1986).

41. Pursuant to the business judgment test, the Debtor’s decision to assume or reject an executory contract or an unexpired lease is not subject to Court review when the Debtor decides, in good faith, that assumption or rejection is beneficial to the estate. *In re Chipwich, Inc.*, 54 B.R. 427, 430-431 (Bankr. S.D.N.Y. 1985) (*In Control Data Corp. v. Zelman*) (*In re Minges*, 602 F.2d 38, 43 (2nd Cir. 1979); (“it is enough, as a matter of business judgment, rejection of the contract may benefit the estate”). Under Section 365(a), “the Debtor’s business judgment should not be interfered with, absence showing a bad faith or abuse of business discretion.” *Chipwich, Inc.*, 54 B.R. 430-31. As stated by one Court, “Court approval under Section 365(a), if required except in extraordinary situations, should be granted as a matter of course.” *Summit Land Co. v. Allen (In re Summit Land Co.)*, 13 B.R. 310, 315 (Bankr. D. Utah 1981).

42. The Debtor believes that to facilitate the proposed sale set forth in this Motion and, to the extent necessary, at the Sale Hearing that adequate business justifications exist to merit judicial approval of the proposed assumption and assignment of the Intel contract to StenTech.

43. The Debtor believes that a prompt consummation of the sale will preserve the greatest value possible for all creditors. Accordingly, the Debtor requests that the Court grant the relief herein without the imposition of any automatic stay of effect that might otherwise apply to the Sale Order pursuant to the Federal Rules of Bankruptcy Procedure.

44. No trustee, examiner or creditors' committee has been appointed in this Chapter 11 case. Notice of this Motion has been given to the United States Trustee, the twenty largest unsecured creditors of the Debtor, the pre-Petition Date secured creditors or their counsel, and the creditors who previously filed objections to the November 9 Sale Motion.

WHEREFORE, the Debtor prays that the Court make and enter the Sale Order approving the sale of the Debtor's assets to StenTech free and clear of liens, claim, and encumbrances (with the exception of the PMC claim as described herein), approving the assumption and assignment of the Intel contract, and for such further and additional relief as to the Court may appear proper.

Dated: December 21, 2017

Respectfully submitted,

By: /s/ Lee M. Kutner
Lee M. Kutner #10966

KUTNER BRINEN, P.C.
1660 Lincoln St.
Suite 1850
Denver, CO 80264
Telephone: (303) 832-2400
Facsimile: (303) 832-1510
Email: lmk@kutnerlaw.com

ATTORNEYS FOR DEBTOR
AND DEBTOR-IN-POSSESSION

ASSET PURCHASE AGREEMENT

This Asset Purchase Agreement ("Agreement") is entered into as of this 21st day of December, 2017 by and between StenTech Photo Stencil, LLC, a Delaware limited liability company ("Buyer"), on the one hand, and Photo Stencil, LLC, a Delaware limited liability company ("Seller"), on the other hand.

RECITALS:

WHEREAS, Seller filed a voluntary petition (the "Petition") for relief under Chapter 11 of Title 11 of the United States Code, 11 U.S.C. § § 101, et seq. (the "Bankruptcy Code") in the United States Bankruptcy Court for the District of Colorado (the "Bankruptcy Court"), Case No. 16-16897-MER (the "Chapter 11 Case") on July 12, 2016 ("Petition Date") and continues to manage its property as debtor and debtor-in-possession pursuant to Sections 1107 and 1108 of the Bankruptcy Code;

WHEREAS, Buyer desires to purchase certain assets from Seller and Seller desires to sell, convey, assign, and transfer to Buyer such assets pursuant to the terms and conditions of this Agreement; and

WHEREAS, the assets will be sold pursuant to the terms of this Agreement and an order of the Bankruptcy Court approving such sale under Section 363 of the Bankruptcy Code and the assumption and assignment of the Assumed Executory Contracts (as hereinafter defined) under Section 365 of the Bankruptcy Code.

ARTICLE I. DEFINITIONS

Section 1.1 Defined Terms. As used herein, the terms below shall have the following meanings:

"Accounts Receivable" shall mean all accounts, as that term is defined under the Uniform Commercial Code (as enacted in the State of Colorado), of Seller, whether current or non-current, including without limitation, trade accounts receivables (including, without limitation, accounts receivable for any product shipped prior to the Closing Date but not invoiced) outstanding as of close of business on the Closing Date and any other rights to receive payment for sales as of the Closing Date in respect of goods shipped, products sold or services rendered on or prior to the Closing Date.

"Acquired Assets" shall have the meaning set forth in Section 2.1 herein.

"Adjustment Amounts" shall have the meaning set forth in Section 2.7(b).

"Adjustment Statement" shall have the meaning set forth in Section 2.7(b).

"Affiliate" shall have the same meaning as in the Bankruptcy Code.

"Agreement" shall have the meaning as described in the Preamble herein.

“Assignment Motion” shall have the meaning set forth in Section 6.4(b) herein.

“Assumed Executory Contracts” shall mean the Executory Contracts to be assumed by the Buyer in accordance with Section 2.2.

“Assumed Liabilities” shall mean collectively, Assumed Secured Loans; the Assumed Payroll Liabilities; and liabilities related to Assumed Executory Contracts.

“Assumed Payroll Liabilities” shall have the meaning set forth in Section 2.3.

“Assumed Secured Loans” shall mean the loans assumed pursuant to Section 2.4.

“Bankruptcy Code” shall have the meaning as described in the Recitals herein.

“Bankruptcy Court” shall have the meaning as described in the Recitals herein.

“Books and Records” shall mean all books and records pertaining to the Acquired Assets, Assumed Executory Contracts or Assumed Payroll Liabilities, of any and every kind, wherever located, including, without limitation, lists, engineering information, sales and promotional literature, manuals and data, sales and purchase correspondence, lists of present, former and prospective suppliers or customers, correspondence, ledgers, files, reports, plans, drawings, disk or tape files, printouts, runs, other computer-prepared information and operating records pertaining to the Acquired Assets, held or maintained by, for, or on behalf of Seller, but excluding corporate books and records of the type described in the definition of Excluded Assets.

“Business Day” shall mean any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Colorado or is a day on which banking institutions located in the state are authorized or required by law or other governmental action to close.

“Buyer” shall have the meaning as described in the Preamble herein.

“Buyer Indemnified Party” shall have the meaning set forth in Section 3.5(a).

“Cash Component” shall have the meaning set forth in Section 2.7(a)(i).

“Claim” shall have the meaning set forth in Section 101(5) of the Bankruptcy Code.

“Closing Date” shall have the meaning set forth in Section 3.1 herein.

“Closing” shall have the meaning set forth in Section 3.1 herein.

“Code” shall mean the Internal Revenue Code of 1986, as amended.

“Continuing Employees” shall have the meaning set forth in Section 2.8(b).

“Deposit” shall have the meaning set forth in Section 2.7(c).

“Deposit Agent” shall mean the law firm of KutnerBrinen, PC.

“ERISA” shall mean the Employee Retirement Income Security Act.

“ERISA Affiliate” shall mean any entity required to be aggregated in a controlled group or affiliated service group with Seller for purposes of ERISA or the Code (including under Section 414(b), (c), (m) or (o) of the Code or Section 4001 of ERISA), at any relevant time.

“Excluded Assets” shall have the meaning set forth in Section 2.5 herein.

“Executory Contract” means any Lease or other contract that is executory as that term is used in Section 365 of the Bankruptcy Code.

“Governmental Authority” means any United States federal, state or local, or any foreign, government, governmental regulatory or administrative authority, agency or commission or any court, tribunal or judicial or arbitral body.

“Indebtedness” with respect to any Person means any obligation of such Person for borrowed money, and in any event shall include (i) any obligation incurred for all or any part of the purchase price of property or other assets or for the cost of property or other assets constructed or of improvements thereto, other than accounts payable included in current liabilities and incurred in respect of property purchased in the Ordinary Course of Business, (ii) the face amount of all letters of credit issued for the account of such Person, (iii) obligations (whether or not such Person has assumed or become liable for the payment of such obligation) secured by Liens, (iv) capitalized lease obligations, (v) all guarantees and similar obligations of such Person, (vi) all accrued interest, fees and charges in respect of any indebtedness and (vii) all prepayment premiums and penalties, and any other fees, expenses, indemnities and other amounts payable as a result of the prepayment or discharge of any indebtedness.

“Intellectual Property” means any and all U.S. and foreign: (i) inventions whether patentable or unpatentable and whether or not reduced to practice, all improvements thereto, and patents, patent applications, patent disclosures together with all renewals, reissuances, divisions, continuations, continuation-in-part, substitutes, extensions, and reexaminations of the foregoing, (ii) trademarks, service marks, trade dress, trade names, logos and corporate names and registrations, renewals, and applications for registration thereof together with all of the goodwill associated therewith, (iii) copyrights (registered or unregistered) and copyrightable works and registrations and applications for registration thereof, (iv) computer software (in both source code and object code form and all commented versions thereof), whether purchased, licensed or internally developed, data, data bases and documentation thereof, (v) trade secrets, proprietary formulations and other confidential information (including, without limitation, ideas, formulas, compositions, know-how, show-how, manufacturing and production processes and techniques, research and development information and results, engineering, quality control, testing, operations, logistical, maintenance and other technical information, drawings, diagrams, catalogs, specifications, designs, plans, proposals, technical data, copyrightable works, pricing and cost information, financial and marketing plans, business plans and proposals, customer and supplier lists and information), (vi) internet domain names and web sites, (viii) registrations and applications for any of the foregoing, and (ix) copies and tangible embodiments thereof (in whatever form or medium).

“Intellectual Property License” license granted pursuant to a licensing agreement authorizing the holder to utilize Intellectual Property.

“Inventory” shall mean all stock in materials, parts, merchandise, goods, supplies and other products owned by Seller for sale, use or manufacturing in the Ordinary Course of Business.

“Liabilities” shall mean all liabilities and obligations (whether known or unknown, whether asserted or unasserted, whether absolute or contingent, whether accrued or unaccrued, whether liquidated or unliquidated, and whether due or to become due), including all liabilities for Taxes with respect to periods prior to the Closing Date (including periods prior to the Petition Date).

“Lien” or “Liens” means any lien (statutory or otherwise), hypothecation, encumbrance, Claim, security interest, interest, mortgage, deed of trust, pledge, restriction, charge, instrument, license, preference, priority, security agreement, easement, covenant, encroachment, option, right of recovery, Tax (including foreign, federal, state and local Tax), order of any Governmental Authority, of any kind or nature, including, without limitation, (i) any conditional sale or other title retention agreement and any lease having substantially the same effect as any of the foregoing, (ii) any assignment or deposit arrangement in the nature of a security device, (iii) any claim based on any theory that Buyer is a successor, transferee or continuation of Seller and (iv) any leasehold interest, license or other right, in favor of a Third Party or Seller, to use any portion of the Acquired Assets, whether secured or unsecured, choate or inchoate, filed or unfiled, scheduled or unscheduled, noticed or unnoticed, recorded or unrecorded, contingent or non-contingent, material or non-material, known or unknown.

“Losses” shall have the meaning set forth in Section 3.5(a).

“Material Adverse Change” shall mean any circumstance, change in, or effect on, the Acquired Assets that, individually or together with any other circumstances with respect to, changes in or effects on, the Acquired Assets (a) is, or could reasonably be expected to be, materially adverse to the operations, assets or liabilities (including without limitation contingent liabilities), employee relationships, customer or supplier relationships, prospects, results of operations or the condition (financial or otherwise) of the Acquired Assets, or (b) materially and adversely affects, or could reasonably be expected to materially and adversely affect, the ability of Buyer to operate the Acquired Assets in the manner in which they are currently operated, or contemplated to be operated, by Seller.

“Ordinary Course of Business” shall mean the ordinary course of business of Seller consistent with past custom and practice (including with respect to quantity and frequency), taking into account the effect of the filing of the Petition and consequent limitations on Seller’s operations.

“Person” shall mean any individual, corporation, partnership, limited liability company, trust, association, joint venture or other entity of any kind whatsoever.

“Petition Date” shall mean July 12, 2016.

“Photo Stencil Malaysia” shall mean Photo Stencil (Malaysia) Sdn Bhd, a company organized under the laws of Malaysia.

“Photo Stencil Mexico” shall mean Photo Stencil Mexico S. de R.L. de C.V., a company organized under the laws of Mexico.

“Pixelteq Agreements” shall have the meaning as described in Section 2.2(a) herein.

“Purchase Price” shall have the meaning as described in Section 2.6(a) herein.

“Purchase Price Allocation Schedule” shall have the meaning set forth in Section 2.7.

“Representative” shall mean any attorney, accountant, agent, independent contractor or other representative.

“Sale Motion” shall have the meaning set forth in Section 6.4(a).

“Sale Order” means the order of the Bankruptcy Court obtained after proper notice to creditors and parties in interest consistent with the Bankruptcy Code, in form and substance satisfactory to Buyer, to be entered by the Bankruptcy Court pursuant to Sections 363 and 365 of the Bankruptcy Code: (i) approving this Agreement and the transactions contemplated hereby; (ii) approving the sale of the Acquired Assets to Buyer free and clear of all Liens except Liens appurtenant to Assumed Secured Debt pursuant to Section 363(f) of the Bankruptcy Code; (iii) approving the assumption and assignment to Buyer of the Assumed Executory Contracts pursuant to Section 365(f)(2) of the Bankruptcy Code; (iv) transferring and assigning the Assumed Executory Contracts such that the Assumed Executory Contracts will be in full force and effect from and after the Closing; (v) finding that Buyer is a good-faith purchaser entitled to the protections of Section 363(m) of the Bankruptcy Code; (vi) confirming that Buyer is acquiring the Acquired Assets free and clear of the Unassumed Liabilities; (vii) providing for and directing compliance with the PMC Terms (as that term is defined in Section 2.4(a) hereof); (viii) providing that the provisions of Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure are waived and there will be no stay of execution of the Sale Order under Rule 62(a) of the Federal Rules of Civil Procedure; and (ix) retaining jurisdiction of the Bankruptcy Court to interpret and enforce the terms and provisions of this Agreement.

providing that the provisions of Rules 6004(h) and 6006(d) of the Federal Rules of Bankruptcy Procedure are waived and there will be no stay of execution of the Sale Order under Rule 62(a) of the Federal Rules of Civil Procedure; and (viii) retaining jurisdiction of the Bankruptcy Court to interpret and enforce the terms and provisions of this Agreement.

“Schedules” means the Schedules attached to this Agreement.

“Seller Indemnified Party” shall have the meaning set forth in Section 3.5(b).

“Taxes” shall mean all taxes, duties, charges, fees, registration fees, revenue permit fees, levies, penalties or other assessments imposed by any governmental entity or political subdivision thereof, including income, profit, provisional, salary, estate, excise, property, sales, use, occupation, transfer, franchise, payroll, windfall or other profits, alternative minimum, gross

receipts, intangibles, capital stock, estimated, employment, unemployment compensation or net worth, environmental, ad valorem, stamp, value added or gains taxes, capital duty, registration and documentation fees, custom duties, tariffs and similar charges, withholding, payroll, social security contributions or charges, disability, or other taxes (including any fee, assessment or other charge in the nature of or in lieu of any tax), including any interest, penalties or additions attributable thereto, and any liability to make payment by way of reimbursement, recharge, indemnity, damages or management charge related to taxes and regardless of whether such amounts are chargeable directly or primarily against the Seller.

“Terminated Employees” shall have the meaning set forth in Section 2.8(a).

“Third Party” means any Person other than Seller, Buyer and any of their respective Affiliates.

“Unassumed Liabilities” shall have the meaning set forth in Section 2.4.

ARTICLE II. PURCHASE AND SALE

Section 2.1 Transfer of Assets. Upon the terms and subject to the conditions and provisions contained herein, at the Closing, Seller shall sell, convey, transfer, assign and deliver (or cause to be sold, conveyed, transferred, assigned and delivered) to Buyer, free and clear of all Liens except those pertaining to the Assumed Secured Loans, and Buyer shall acquire and accept from Seller, all right, title and interest in and to all of the assets, properties, business and rights of any and every kind owned by Seller, whether tangible or intangible, real or personal, including, without limitation, the following assets (but exclusive, in all cases, of the Excluded Assets) (all of the assets to be sold, assigned, transferred and delivered to Buyer hereunder, the “Acquired Assets”):

(a) all machinery, equipment, fixtures, furnishings, tenant improvements, storage racks, tools, dies and furniture and other similar items of personal property wherever located, including but not limited to the items listed on **Schedule 2.1(a)** (the “Fixed Assets”) attached hereto.

(b) all Inventory wherever located;

(c) all computers, software and software licenses owned by the Company, and personal property related thereto wherever located;

(d) all rights existing under the Assumed Executory Contracts;

(e) all of Seller’s rights, claims, credits, immunities, or rights of set-off against third parties (including former and present employees of Seller) relating to the Acquired Assets, including, without limitation, unliquidated rights under warranties, but only to the extent such rights may be used as defenses to payments but not as affirmative claims for recovery;

(f) all of Seller's Intellectual Property and Intellectual Property Licenses including, but not limited to, (i) all rights to use the name, "Photo Stencil", and (ii) the license to use the software required to operate the Orbotech Laser Direct Imaging system;

(g) all deposits and prepaid expenses except for security deposits or prepaid amounts attributable to insurance policies or Excluded Contracts;

(h) all Books and Records;

(i) all manufacturers, vendors', and suppliers' warranties, to the extent assignable, with or without the consent of the manufacturer, vendor or supplier, as the case may be in respect of the Acquired Assets.

Section 2.2 Executory Contracts.

(a) Golden Facility Lease. Post-closing, Buyer shall enter into a Lease directly with WPC-Triad, LLC ("Prime Landlord") for the Lease of the Seller's Golden facility. In connection with the new lease, the Prime Landlord has agreed to remove Pixelteq, Inc. ("Sublandlord") from all further obligations under the Sublease Agreement dated April 11, 2014 (the "Sublease") between Seller and Sublandlord. In return, the Sublandlord will forgive Seller from all amounts due under the Sublease and agrees that all such amounts due under the Sublease shall be satisfied, with the exception of the mechanic's lien on the Golden facility. At Closing, Buyer shall pay to Seller an amount equal to \$151,500 in order for Seller to satisfy all existing mechanic's liens on the Golden facility. The Prime Landlord, the Sublandlord and Seller agree that at Closing the terms of the terms of the Memorandum of Understanding between them shall be deemed satisfied in full and that all claims the Prime Landlord or the Sublandlord have against the Seller are satisfied.

(b) Intel Purchase Agreement. Seller shall assign to Buyer, and Buyer shall assume from Seller and thereafter be responsible for the performance or discharge, in the ordinary course after Closing, of the Purchase Agreement between Seller and Intel Corporation dated July 23, 2013, as amended (the "Intel Purchase Agreement"), including the \$880,000 obligation of Seller to Intel Corporation for prepaid purchases under that agreement (the "Intel Obligation").

(c) Forum Financial Lease. Buyer has agreed to purchase certain equipment directly from Forum Financial for a purchase price of \$100,000, which purchase will terminate the Lease Agreement with Forum Financial and satisfy Forum's claim against Seller in full.

Section 2.3 Payroll Liabilities.

Subject to the terms and conditions set forth in this Agreement, Buyer shall assume from Seller and thereafter be responsible for the performance discharge, in the ordinary course after Closing, of (i) the accrued gross pay owed by Seller for which the pay date (in accordance with

Seller's customary pay practices) occurs on or after the Closing Date; (ii) employer payroll taxes related to the accrued pay described in (i); and (iii) vacation benefits owed by Seller, as set forth in the Books and Records as of Closing, to the Continuing Employees (the "Assumed Payroll Liabilities"). Seller shall satisfy all other liabilities to Terminated Employees that arose subsequent to the Petition Date at or prior to the Closing.

Section 2.4 Secured Debt.

(a) PMC Financial Services Group, LLC ("PMC") \$650,000 in full satisfaction of PMC's claim against Seller within 30 days of Closing (the "PMC Payment"). At the Closing, Buyer shall execute a promissory note and security agreement satisfactory to PMC evidencing Buyer's obligation to PMC (collectively, the "PMC Note"). In addition to receipt of the PMC Note at Closing, PMC's consent to the Closing will be subject to the following terms: (i) the sale will be subject to PMC's security interests in the Acquired Assets; (ii) the sale will be to StenTech Photo Stencil, LLC a new entity with no existing creditors at the Closing; (iii) as soon as practicable after timely receiving the PMC Payment, PMC will deliver an executed UCC-3 termination statement with respect to the Acquired Assets. All terms and conditions in this paragraph shall be referred to as the "PMC Terms")

(b) Buyer has agreed to pay Royal Financial \$ 45,000 in full satisfaction of Royal's claim against Seller and Royal Financial has agreed to transfer the Sullair Air Compressor, Scan CAD Inspection System, the Keyence Microscope and other equipment to Buyer as of the Closing Date free and clear of all liens and encumbrances pursuant to a purchase agreement to be entered into at Closing between Buyer and Royal Financial.

(c) Buyer has agreed to pay Garic Financial \$ 50,000 in full satisfaction of Garic's claim against Seller, and Garic has agreed to transfer the Aqua Batch Alpha 4700 Series Dual Treatment to Buyer as of the Closing Date free and clear of all liens and encumbrances as further set forth in the Bill of Sale set forth in Exhibit 2.4(c).

Section 2.5 Excluded Assets. Notwithstanding anything to the contrary in this Agreement, the following assets of Seller shall be retained by Seller and are not being sold or assigned to Buyer hereunder (all of the following are referred to herein collectively as the "Excluded Assets"):

- (a) Cash on hand or in bank accounts;
- (b) security deposits or prepaid amounts attributable to insurance policies or Excluded Contracts;
- (c) Accounts Receivable up to the Closing and any books and records relating thereto;

(d) any and all rights, claims, causes of action, including avoidance claims, arising under the Bankruptcy Code (a “Bankruptcy Action” and, collectively, the “Bankruptcy Actions”);

(e) the company charter, seals, minute books, stock transfer books and other documents relating solely to the organization, maintenance and existence of Seller as an entity corporation;

(f) all Executory Contracts which are not Assumed Executory Contracts (the “Excluded Contracts”), and leased assets related to Excluded Contracts;

(g) any rights of Seller under this Agreement;

(h) all claims, rights of action, suits or proceedings, whether in law or in equity, whether known or unknown, that Seller or Seller’s bankruptcy estate may hold against any person or entity, foreign or domestic, under any law whatsoever;

(i) all rights to payment of any kind due Seller on account of, including Seller’s rights and claims, whether known or unknown under existing insurance of any kind, but only to the extent such rights and claims accrued prior to the Petition Date;

(j) any amounts due from Photo Stencil Holdings, Inc., Photo Stencil Malaysia, Photo Stencil Mexico, or any other current or former Affiliate;

(k) any stock, membership interest, option, or other equity security in Photo Stencil Malaysia or any other current or former Affiliate;

(l) insurance policies; and

(m) all tax refunds owed to Seller.

Section 2.6 No Other Liabilities Assumed. Seller acknowledges and agrees that pursuant to the terms and provisions of this Agreement, Buyer will not assume any obligation whatsoever of Seller, other than the Assumed Liabilities. In furtherance and not in limitation of the foregoing, neither Buyer nor any of its Affiliates shall assume, and shall not be deemed to have assumed, any debt, Claim, obligation or other Liability of Seller whatsoever, including, but not limited to the following (collectively, the “Unassumed Liabilities”):

(a) all Claims or Liabilities of Seller that relate to any of the Excluded Assets or Excluded Contracts;

(b) other than the Assumed Liabilities, all Indebtedness of Seller;

(c) all Liabilities of Seller resulting from, caused by or arising out of, or which relate to, directly or indirectly, the conduct of Seller anywhere or Seller’s ownership or lease of any properties or assets or any properties or assets previously used by Seller at any time, or other actions, omissions or events occurring prior to the Closing and which (i) constitute, may constitute or are alleged to constitute a tort, breach of contract or violation of any law, rule,

regulation, treaty or other similar authority or (ii) relate to any and all Claims, disputes, demands, actions, liabilities, damages, suits in equity or at law, administrative, regulatory or quasi-judicial proceedings, accounts, costs, expenses, setoffs, contributions, attorneys' fees and/or causes of action of whatever kind or character against Seller, whether past, present, future, known or unknown, liquidated or unliquidated, accrued or unaccrued, pending or threatened;

(d) any Liability arising out of any action or proceeding commenced against Seller after the Closing and arising out of, or relating to, any occurrence or event happening prior to the Closing;

(e) other than Assumed Payroll Liabilities, any Claims or Liabilities (whether known or unknown) with respect to the current or former employees of Seller, including, without limitation, payroll, vacation, sick leave, worker's compensation, unemployment benefits, pension benefits, employee stock option or profit sharing plans, health care plans or benefits, or any other employee plans or benefits or other compensation of any kind to any employee;

(g) any Liability arising under any employee benefit plan of Seller or any other employee benefit plan, program or arrangement at any time maintained, sponsored or contributed to by Seller or any ERISA Affiliate, or with respect to which Seller or any ERISA Affiliate has any liability;

(h) any Liability under any employment, collective bargaining, severance, retention or termination agreement with any employee, independent contractor or contractor (or their representatives) of Seller, except to the extent such Liabilities arise after Closing and arise under an Assumed Executory Contract;

(i) any Liability of Seller to any shareholder or Affiliate of Seller;

(j) any Liability to indemnify, reimburse or advance amounts to any officer, director, employee or agent of Seller;

(k) any Liability to distribute to Seller's shareholders or otherwise apply all or any part of the consideration received hereunder;

(l) any Liability arising out of or resulting from non-compliance with any law, ordinance, regulation or treaty by Seller;

(m) any Liability of Seller under this Agreement or any other document executed in connection herewith;

(n) any Liability of Seller based upon such person's acts or omissions occurring after the Closing;

(o) any Liability of Seller for any Taxes, including, without limitation, any Liability of Seller in respect of any amount of federal, state or other Taxes (including, without limitation, interest, penalties and additions to such Taxes and any liabilities relating to Taxes arising (i) as a result of Seller at any time being a member of an affiliated group (as defined in Section 1504(a) of the Code) and (ii) under any Tax allocation, sharing, indemnity, or similar

agreement with any Person) which are imposed on or measured by the income of Seller for any period; and

(p) any Liability arising out of or resulting from actions taken by Seller prior to Closing related to the shutdown of any of its operations or facilities or the termination of any of its employees or independent contractors including any severance obligations.

The parties acknowledge and agree that disclosure of any Liability on any Schedule to this Agreement shall not create an Assumed Liability or other Liability of Buyer, except where such disclosed obligation has been expressly assumed by Buyer as an Assumed Liability.

Section 2.7 Purchase Price

(a) **Purchase Price.** Subject to any adjustment, upward or downward, provided for in this Agreement, the "Purchase Price" for the Acquired Assets is \$ 2, 390, 500 to be paid in the following manner:

(i) Cash at Closing Component. Buyer shall pay \$ 559, 500 ("Cash Component"); by wire transfer to an account designated by the Seller on the Closing Date.

(ii) Assumed Liabilities.

(A) The agreed value of the Assumed Secured Debt is \$650,000 as of the Closing.

(B) The agreed value of the Intel Obligation is \$ 880,000 as of the Closing.

(C) The agreed value of the Assumed Payroll Liabilities is \$ 106,000. .

(D) The agree value of the Forum Obligation is \$100,000.

(E) The agreed value of the Royal Obligation is \$ 45,000.

(F) The agreed value of the Garlic Obligation is \$50,000.

(iii) Adjustment to Purchase Price – Assumed Payroll Liabilities. Pursuant to Section 2.7(b), the Purchase Price shall be adjusted downward on a dollar-for-dollar basis for the amount by which the aggregate value of the Assumed Payroll_Liabilities is more than \$ 106,000 as of Closing, valued in accordance with Seller's current practices, or the Purchase Price shall be adjusted upward on a dollar-for-dollar basis for the amount by which the aggregate value of the Assumed Payroll_Liabilities is less than \$ 106,000 as of Closing.

(b) **Purchase Price Adjustment Procedures.** On the business day prior to the Closing, the Seller shall notify Buyer in writing (the "Adjustment Statement") of its

determination of any adjustments to the Purchase Price under Sections 2.7(a)(iii) (if any, the “Adjustment Amounts”). A representative of Buyer shall have the right to observe the process of preparing the Adjustment Statement and determining the Adjustment Amounts, and shall have access to all work papers used in such determination. The Adjustment Amounts shall be paid by increasing or decreasing the Cash Component at Closing.

Section 2.8 Employee Matters.

(a) Seller shall terminate the employment of all employees, as of the Closing (the “Terminated Employees”).

(b) Buyer shall make offers of employment to each of the Terminated Employees except Eric A. Weissmann and Kimberly Nanney prior to Closing (each such employee a “Continuing Employee”). Such offers shall be on terms and conditions agreed to between the Buyer and the applicable employee.

(c) Seller shall remain liable to the Terminated Employees for all of its obligations prior to termination of the Terminated Employees, except for obligations that are Assumed Payroll Liabilities.

It is expressly agreed and understood that neither Buyer nor Seller have any right, power or authority to control, direct or regulate the labor relations and human resources policies and procedures of the other, that neither is deemed to constitute the agent or representative of the other and that neither is liable in any manner whatsoever for the acts or omissions of the other, its agents, representatives or employees.

ARTICLE III. CLOSING

Section 3.1 Closing. Upon the terms and conditions set forth herein and in the Sale Order, the closing of the transactions contemplated by this Agreement (the “Closing”) shall be held at the offices of Kutner Brinen P.C. at 2:00 P.M. local time on the first Business Day one day after the date that the Bankruptcy Court enters the Sale Order, but in no event later than ten days after entry of the Sale Order, provided that the conditions set forth in Articles VII and VIII are satisfied. The parties agree to expeditiously seek approval of the Sale Order. Notwithstanding the foregoing, the Closing may be held at such other time and place as is mutually agreeable to the parties. The date of Closing is referred to herein as the “Closing Date”.

Section 3.2 Actions at Closing. At the Closing, Seller and Buyer shall deliver and do (or cause to be delivered and done) the following:

(a) **Instruments and Possession.** Seller shall deliver to Buyer:

(i) one or more bills of sale, in a form reasonably acceptable to Buyer, conveying in the aggregate all of the owned personal property of Seller included in the Acquired Assets, duly executed by Seller;

(ii) a certified copy of the Sale Order;

(iii) possession of all Books and Records and all other tangible Acquired Assets owned by or in the possession of Seller (excluding any such items that are Excluded Assets); and

(iv) appropriate documents providing for the assignment and assumption of the Assumed Executory Contracts and the Assumed Liabilities, duly executed by Seller;

(b) Payment. Buyer shall deliver to Seller the Cash Component of the Purchase Price adjusted in accordance with Section 2.7(b) by wire transfer at Closing of immediately available funds to the account that Seller designates in writing not less than one (1) Business Day prior to the Closing.

(c) Form of Instruments. To the extent that a form of any document to be delivered hereunder is not attached as an exhibit hereto, such documents shall be in form and substance, and shall be executed and delivered in a manner, reasonably satisfactory to Buyer and Seller.

(d) PMC Note. Buyer shall deliver to PMC the fully executed PMC Note.

Section 3.3 Transaction Expenses. Except as expressly provided herein, each party shall bear its own costs and expenses, including attorney, accountant and other independent contractor fees, in connection with the execution and negotiation of this Agreement and the consummation of the transactions contemplated hereby.

Section 3.4 Prorations.

(a) Utilities. Seller shall attempt to obtain final meter readings for utilities as of the Closing Date and shall be liable for all utilities to such date. In the event it shall not be practicable to obtain the meter reading for any utility as of that date or there are utilities which are not metered, then as soon as all such utility bills are finally received, Seller and Buyer shall, on a pro rata basis, (not including the Closing Date) using the actual number of days of the year and month which have elapsed as of the Closing Date, be responsible for their respective shares of such bills.

(b) To the extent Seller has prepaid any rents under Assumed Executory Contracts, Buyer shall pay Seller for its pro-rata portion, using the actual number of days of the year and month which have elapsed as of the Closing Date.

Section 3.5 Indemnification

(a) **Seller's Indemnification.** Seller hereby covenants and agrees, from and after the Closing, to indemnify and to hold harmless Buyer and its officers and directors, employees and agents (collectively, the "Buyer Indemnified Party") from and against all claims, losses, liabilities, damages, fines, penalties, taxes, costs and expenses, reasonable fees and disbursements of counsel, including counsel fees incurred to enforce its rights hereunder, (net in all cases of any benefits paid to an Indemnified Party by an insurance carrier in respect of any loss, liability, obligation, damage, deficiency or expense) (collectively, the "Losses"), sustained or incurred by the Buyer Indemnified Party as follows: (i) all Losses sustained or incurred by any Buyer Indemnified Party in respect of Unassumed Liabilities or Excluded Assets; (ii) all Losses sustained or incurred by any Buyer Indemnified Party resulting from any breach of any representation or warranty on the part of Seller under this Agreement; (iii) all Losses sustained or incurred by any Buyer Indemnified Party resulting from any breach of any of Seller's covenants or agreements contained herein; and (iv) all Liabilities and Losses arising from third party claims in any way connected to the ownership, use or operation of the Acquired Assets for the entire period of Seller's ownership prior to the date on which such Acquired Assets were transferred to Buyer.

(b) **Buyer's Indemnification.** Buyer hereby covenants and agrees, from and after the Closing, to indemnify and to hold harmless Seller and its officers, directors, employees and agents (collectively, the "Seller Indemnified Party") from and against all Losses sustained or incurred by the Seller Indemnified Party as follows: (i) all Losses sustained or incurred by any Seller Indemnified Party in respect of any Assumed Liabilities; (ii) all Losses sustained or incurred by any Seller Indemnified Party resulting from any breach by Buyer of any of its representations or warranties; (iii) all Losses sustained or incurred by any Seller Indemnified Party resulting from any breach of any of Buyer's covenants or agreements contained herein; and (iv) all Liabilities and Losses in any way connected to the ownership, use or operation of the Acquired Assets for the entire period succeeding the date on which such Acquired Assets, or any of them, were transferred to Buyer.

(c) **Claims.** Any claim by Buyer or Seller for indemnification based on this Section 3.5 must be made, if at all, within 180 days following the Closing.

Section 3.6 Possession and Risk of Loss. Buyer shall take possession of each Acquired Asset together hereunder immediately following the Closing, and shall assume all risk of loss by fire or other casualty and all risks relating to the operation of the business with respect thereto occurring upon or following the taking of such possession. Buyer shall immediately make its own arrangements to have the locks to Seller's location changed and Seller shall provide keys to all locks prior to Closing.

ARTICLE IV. REPRESENTATIONS AND WARRANTIES OF SELLER

As an inducement to Buyer to enter into this Agreement, Seller represents and warrants to Buyer that:

Section 4.1 Organization and Authorization. Seller is duly organized, validly existing and in good standing under the laws of the State of Delaware. This Agreement has been duly executed and delivered by Seller, subject to the approval of the Bankruptcy Court, and is a valid and binding obligation of Seller, enforceable against it in accordance with its terms (except to the extent that enforcement may be affected by applicable bankruptcy, reorganization, insolvency and similar laws affecting creditors' rights and remedies and by general principles of equity (regardless of whether enforcement is sought at law or in equity)), and each agreement or instrument which has been or shall be entered into or executed and delivered by Seller in connection with the transactions contemplated hereby has been (or will be) duly authorized, executed and delivered by Seller, and is (or will be when authorized, executed and delivered) a valid and binding obligation of Seller, enforceable against it in accordance with its terms (except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and similar laws affecting creditors' rights and remedies and by general principles of equity (regardless of whether enforcement is sought at law or in equity)).

Section 4.2 No Violation. Except to the extent not enforceable due to operation of applicable bankruptcy law or the Sale Order, the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby by Seller do not and shall not (a) conflict with or result in any breach of any of the terms, conditions or provisions of any of the Executory Contracts, constitute a default under or result in a violation of any of the Executory Contracts, give any Third Party the right to modify, terminate or accelerate any obligation under any of the Executory Contracts, or result in the creation of any Lien upon any of the Acquired Assets, or (b) require any authorization, consent, approval, exemption or other action by or notice or declaration to, or filing with, any court or administrative or other Governmental Authority or any Third Party, including, without limitation, under the provisions of the articles of incorporation, by-laws or other constitutive documents of Seller.

Section 4.3 Subsidiaries. Seller does not own any subsidiaries or hold, directly or indirectly, any stock, partnership interest joint venture interest, or other security or interest in any Person, other than those identified on Schedule 4.3.

Section 4.4 Governmental Consents and Approvals. Except for the Sale Order, there are no consents, waivers, agreements, approvals, permits or authorizations of, or declarations, filings, notices or registrations to or with, any Governmental Authority required to be made or obtained by Seller in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby.

Section 4.5 Title to Assets

(a) Except as set forth on Schedule 4.5 (Title to Assets) attached hereto, Seller has good and marketable title to, or a valid leasehold interest in, the Acquired Assets.

(b) Subject to Bankruptcy Court approval, Seller has the power and the right to sell, assign and transfer and Seller will sell and deliver to Buyer, and upon consummation of the transactions contemplated by this Agreement Buyer will acquire, good and marketable title to the Acquired Assets free and clear of all Liens except those appurtenant to Assumed Secured Debt.

Section 4.6 Legal Compliance. As to the Acquired Assets, Seller has complied, and is in compliance, with all applicable laws relating to the ownership of the Acquired Assets. Seller has complied with all laws, ordinances, rules, requirements and regulations relating to data protection and/or privacy, and no notices have been received by, and no claims have been filed against, Seller alleging a violation of any such laws, ordinances, rules, requirements or regulations.

Section 4.7 Contracts.

(a) **Schedule 4.7** lists each Executory Contract with an aggregate value of over \$10,000. Seller has delivered to Buyer a correct and complete copy of each such Executory Contract, including any amendments thereto and any notices delivered or received thereunder, which modify or purport to modify the rights or obligations of the parties where such modification or purported modification has, or would reasonably be expected to have, any effect after the Petition Date. With respect to each such Executory Contract: (A) the agreement is legal, valid, binding, enforceable, and in full force and effect; (B) subject to entry of the Sale Order, the agreement will continue to be legal, valid, binding, enforceable, and in full force and effect on identical terms following the consummation of the transactions contemplated hereby; (C) except to the extent cured by Seller in conjunction with assignment to Buyer, no party is in breach or default, and no event has occurred which with notice or lapse of time would constitute a breach or default or permit termination, modification, or acceleration, under the agreement, or if such breach has occurred, it will not have been cured by Closing under Section 365 of the Bankruptcy Code; and (D) no party has repudiated any provision of the agreement or given notice that the agreement has terminated or will be terminating.

Section 4.8 Litigation; Claims. Except as set forth in **Schedule 4.8**, there is no action, suit, claim, arbitration, grievance, complaint, charge or proceeding pending against, or threatened against Seller before any court or arbitrator or any government agency (a) with respect to the Acquired Assets or the Assumed Liabilities or (b) which seeks to prevent, enjoin, alter or materially delay the execution and delivery this Agreement and any related documents thereto, to carry out Seller's obligations hereunder and thereunder, and to consummate the transaction contemplated hereby and thereby. Attached hereto as **Schedule 4.8** is a true and complete list of all pending actions and judgments against Seller. Except as disclosed on **Schedule 4.8**, To Seller's knowledge, there are no claims, rights of action, suits or proceedings, whether in law or in equity, held by Seller or Seller's bankruptcy estate against any person or entity, foreign or domestic, under any law whatsoever, other than Bankruptcy Actions.

Section 4.9 Investment Bank/Brokers. Seller has not incurred any liability to any broker, finder or agent with respect to the payment of any commission regarding the consummation of the transactions contemplated hereby.

Section 4.10 Real Property. Seller does not own any real property.

Section 4.11 Intellectual Property.

(a) **Schedule 4.11(a)** identifies all Intellectual Property that is owned by Seller and is used or held by Seller in the Ordinary Course of Business, identifies each pending patent

application or application for trademark, copyright, or other Intellectual Property registration that is owned by Seller and is used or held by Seller in the Ordinary Course of Business, and identifies each Intellectual Property License, sublicense, agreement, covenant not to sue, or other permission that Seller has granted to any third party with respect to any Intellectual Property. Seller has delivered to Buyer correct and complete copies of all such patents, registrations, applications, licenses, sublicenses, agreements, covenants not to sue, and permissions (as amended to date). **Schedule 4.11(a)** also identifies each material trade name or unregistered trademark, service mark, corporate name, Internet domain name, copyright and material computer software item (other than uncustomized “shrink-wrap,” “click-wrap,” or off-the-shelf software that is commercially available to the public generally) used by Seller in the Ordinary Course of Business. With respect to each item of Intellectual Property required to be identified in **Schedule 4.11(a)**, and other than a default or breach arising solely due to the commencement of the Chapter 11 Case: (i) Seller possesses all right, title, and interest in and to the item, free and clear of any Lien, license, adverse claim, or other restriction; (ii) the item is not subject to any outstanding injunction, judgment, order, decree, ruling, or charge; and (iii) no action, suit, proceeding, hearing, investigation, charge, complaint, claim, or demand is pending or is threatened that challenges the legality, validity, enforceability, registration, use, or ownership of the item; and (iv) Seller has maintained and renewed all patents, copyrights and trademarks in accordance with applicable law.

(b) **Schedule 4.11(b)** identifies each item of Intellectual Property that any third party owns and that Seller uses or holds for use in the conduct of the Business pursuant to license, sublicense, agreement, covenant not to sue, or permission (other than “shrink-wrap” or immaterial software license agreements for uncustomized software that is commercially available to the public generally, entered into in the ordinary course of business). Seller has delivered to Buyer correct and complete copies of all such licenses, sublicenses, agreements, covenants not to sue, and permissions (as amended to date). With respect to each item of Intellectual Property required to be identified in **Schedule 4.11(b)**: (i) the license, sublicense, agreement, covenant not to sue, or permission covering the item is legal, valid, binding, enforceable, and in full force and effect with respect to Seller; (ii) Seller is not in material breach or default, and no event has occurred that with notice or lapse of time would constitute a material breach or default or permit termination, modification, or acceleration of any such licenses, sublicenses, agreements, covenants not to sue, and permissions; (iii) no party to the license, sublicense, agreement, covenant not to sue, or permission has repudiated any material provision thereof; and (iv) Seller has not granted any sublicense or similar right with respect to the license, sublicense, agreement, covenant not to sue, or permission.

(c) Except as disclosed in **Schedule 4.11(c)**, neither the execution, delivery and performance of this Agreement, nor the consummation of the transactions contemplated hereby, will result in the loss, forfeiture, termination, or impairment of, or give rise to a right of any Person to limit, terminate, or consent to the continued use by the Buyer of, any rights of Seller in any Intellectual Property (whether owned or licensed) included in the Acquired Assets.

Section 4.12 As Is. Except as expressly set forth herein, the Acquired Assets are sold “As Is, Where Is”, and except for the representations and warranties set forth in this Article IV, no other representation or warranty is made or implied hereby, including a warranty of fitness for a particular purpose, a warranty of merchantability, or otherwise.

**ARTICLE V.
REPRESENTATIONS AND WARRANTIES OF BUYER**

As an inducement to Seller to enter into this Agreement, Buyer represents and warrants to Seller that:

Section 5.1 Organization. Buyer is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware.

Section 5.2 Authorization. Buyer has all necessary power and authority to enter into this Agreement and has taken all company action necessary to execute and deliver this Agreement, to consummate the transactions contemplated hereby and to perform its obligations hereunder, and no other company proceedings on the part of Buyer are necessary to authorize the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Buyer and is a valid and binding obligation of Buyer, enforceable against it in accordance with its terms (except to the extent that enforcement may be affected by applicable bankruptcy, reorganization, insolvency and similar laws affecting creditors' rights and remedies and by general principles of equity (regardless of whether enforcement is sought at law or in equity)). Each agreement or instrument which has been or shall be entered into or executed and delivered by Buyer in connection with the transactions contemplated hereby has been (or will be) duly authorized, executed and delivered by Buyer, and is (or will be when authorized, executed and delivered) a valid and binding obligation of Buyer, enforceable against it in accordance with its terms (except to the extent that enforcement may be affected by laws relating to bankruptcy, reorganization, insolvency and similar laws affecting creditors' rights and remedies and by general principles of equity (regardless of whether enforcement is sought at law or in equity)).

Section 5.3 Governmental Consents and Approvals. Other than the Sale Order, no consent, waiver, agreement, approval, permit or authorization of, or declaration, filing, notice or registration to or with, any United States federal or state governmental or regulatory authority is required to be made or obtained by Buyer in connection with the execution, delivery and performance of this Agreement and the consummation of the transactions contemplated hereby or thereby.

Section 5.4 No Violation. The execution and delivery of this Agreement and the other agreements specified herein and the consummation of the transactions contemplated hereby and thereby do not and will not (i) violate any provision of the organizational documents of Buyer or (ii) conflict with or violate any statute or law, or any judgment, decree, order, regulation or rule of any court or governmental authority, binding upon or applicable to Buyer or by which the property or assets of Buyer are bound or affected.

**ARTICLE VI.
ADDITIONAL COVENANTS**

Section 6.1 Maintenance of Assets. Seller shall, to the extent permitted by the Bankruptcy Court and consistent with sound commercial business practices, but without any obligation to discharge pre-petition obligations, (a) maintain the Acquired Assets in their current

state of repair, excepting normal wear and tear and not remove any Acquired Assets, (b) operate the business in the Ordinary Course of Business, and (c) maintain insurance covering the Acquired Assets until Closing.

Section 6.2 Access to Information and Facilities. Seller shall allow Buyer and its Representatives and the financial institutions (and their Representatives) providing or proposed to provide financing in connection with this Agreement and the transactions contemplated hereby to make such inspection of the Acquired Assets, and during Seller's normal business hours to inspect and make copies of contracts, Books and Records and all other documents and information requested by Buyer and related to the Acquired Assets, including access to Seller's employees, suppliers, and landlords, upon reasonable advance notice, but in no event less than two (2) days advance notice; provided, however, that any such party shall be bound by a nondisclosure agreement in customary form. The obligations of Seller under this Section 6.2 shall survive Closing.

Section 6.3 Best Efforts; Further Assurances

(a) Seller will use its best efforts to obtain the entry of the Sale Order by the Bankruptcy Court as soon as practicable upon such notice as is approved by the Bankruptcy Court. Seller will use its reasonable best efforts to timely obtain any other consent required for the consummation of the transactions contemplated by this Agreement as soon as practicable.

(b) Seller shall execute such documents and use its reasonable best efforts to take or cause to be taken all actions and do or cause to be done all things necessary, proper or advisable to consummate the transactions contemplated by this Agreement (including, without limitation, to put Buyer in actual possession and operating control of the Acquired Assets, to effectuate, record or perfect the transfer of the Acquired Assets to Buyer, to confirm the title of the Acquired Assets in Buyer, to assist Buyer in exercising rights relating thereto, to obtain all consents, approvals and authorizations of Third Parties, to make all filings with and give all notices to Third Parties which may be necessary or required in order to effectuate the transactions contemplated hereby); provided, however, that the foregoing shall not require Seller to make any payments to any party. Seller shall use commercially reasonable efforts to fulfill or obtain the fulfillment of the conditions set forth in Article VII of this Agreement. The obligations of Seller shall survive the Closing.

Section 6.4 Bankruptcy Actions

(a) Seller shall file with the Bankruptcy Court a supplement to its currently pending sale motion (as so supplemented, the "Sale Motion") providing the Court and creditors with notice of the terms of this Agreement. Seller shall use its best efforts to obtain the Sale Order in accordance with the terms of this Agreement.

(b) Seller shall file with the Bankruptcy Court a motion (which may be included in the Sale Motion) for an order authorizing the assumption and assignment pursuant to Section 365 of the Bankruptcy Code of the Assumed Executory Contracts (the "Assignment Motion"). The Assumed Executory Contracts shall be identified on an exhibit to the Assignment Motion. Such exhibit shall set forth any estimated amounts necessary to cure

defaults under each of such Assumed Executory Contracts, if any, as determined by Seller based on the Books and Records. In cases in which Seller is unable to establish that a default exists, the relevant cure amount shall be set at \$0.00. The Assignment Motion shall reflect that Buyer's promise to perform from and after the Closing under the Assumed Executory Contracts shall be the only adequate assurance of future performance necessary to satisfy the requirements of Section 365 of the Bankruptcy Code in respect of the assignment to Buyer of such Assumed Executory Contracts, provided, however, Buyer shall provide whatever reasonable financial or other information the Bankruptcy Court may require to make such a determination.

(c) Upon the Bankruptcy Court's entry of an order setting the date for hearing on the Sale Motion and Assignment Motion, Seller shall provide appropriate notice of the hearing on the Sale Motion and Assignment Motion as is required by the Bankruptcy Code and Rules to all parties entitled to notice, including, but not limited to, all parties to Assumed Executory Contracts (and to the individuals listed for notice purposes in each Assumed Executory Contract) and all taxing and environmental authorities in jurisdictions applicable to Seller.

ARTICLE VII. CONDITIONS TO SELLER'S OBLIGATIONS

The obligation of Seller to sell the Acquired Assets and to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived (in whole or in part) by Seller in accordance with Section 11.4 herein.

Section 7.1 Covenants and Representations. The representations and warranties of Buyer contained in Article V hereof shall be true and correct in all material respects, in each case as of the Closing Date, as though made on such date (except that representations and warranties that speak as of a specific date need be true and correct only as of such date), and the Buyer shall have performed in all material respects all of the covenants, agreements and conditions required by this Agreement to be performed, satisfied and complied with by it hereunder on or prior to the Closing.

Section 7.2 Litigation. No action, suit or other proceedings shall be pending before any Governmental Authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in the violation of any law, decree or regulation of any Governmental Authority having appropriate jurisdiction.

Section 7.3 Bankruptcy Condition. The Sale Order shall have been entered on the Bankruptcy Court's docket by the Clerk of the Bankruptcy Court in a form approved by Seller's bankruptcy counsel and shall not have been stayed or subject to any stay.

Section 7.4 Deliveries. On or prior to the Closing Date, Buyer has delivered to Seller all of the following:

- (a) a certificate from Buyer in a form reasonably satisfactory to Seller, dated the Closing Date, stating that the conditions specified in Section 7.1 herein have been satisfied;
- (b) certified copies of the resolutions of Buyer's sole manager approving the transactions contemplated by this Agreement; and
- (c) the Purchase Price in accordance with Section 3.2(b) hereof.

Section 7.5 Third-Party Agreements. On or prior to the Closing Date, Seller has entered into the following agreements with Third Parties in a form satisfactory to Seller, and any conditions precedent to the effectiveness of such agreements shall have been satisfied or waived:

- (a) Termination Agreements with Sublandlord; and
- (b) an Agreement with Intel Corporation consenting to the assignment of the Intel Agreement and releasing Seller from the Intel Obligations;
- (c) an agreement with Orbotech to transfer the Software License to Buyer.

ARTICLE VIII. CONDITIONS TO BUYER'S OBLIGATIONS

The obligations of Buyer to purchase the Acquired Assets and to consummate the transactions contemplated hereby are subject to the satisfaction, on or prior to the Closing Date, of each of the following conditions, any of which may be waived (in whole or in part) by Buyer in accordance with Section 11.4 herein:

Section 8.1 Covenants and Representations. The representations and warranties of Seller contained in Article IV hereof shall be true and correct in all respects, in each case as of the Closing Date, as though made on such date (except that representations and warranties that speak as of a specific date need be true and correct only as of such date), and the Seller shall have performed in all material respects all of the covenants, agreements and conditions required by this Agreement to be performed, satisfied and complied with by it hereunder on or prior to the Closing.

Section 8.2 Bankruptcy Condition. The Sale Order shall have been entered on the Bankruptcy Court's docket by the Clerk of the Bankruptcy Court and shall not have been stayed or subject to any stay.

Section 8.3 Litigation. No action, suit or other proceedings shall be pending before any Governmental Authority seeking or threatening to restrain or prohibit the consummation of the transactions contemplated by this Agreement, or seeking to obtain damages in respect thereof, or involving a claim that consummation thereof would result in the material violation of any law, decree or regulation of any Governmental Authority having appropriate jurisdiction.

Section 8.4 Material Adverse Change. Since the date hereof, there shall not have been a Material Adverse Change with respect to the Acquired Assets.

Section 8.5 Approvals and Consents. All authorizations, consents, filings and approvals necessary to permit Seller to perform the transactions contemplated hereby, shall have been duly obtained, made or given, shall be in form and substance reasonably satisfactory to Buyer, shall not be subject to the satisfaction of any condition that has not been satisfied or waived and shall be in full force and effect.

Section 8.6 Deliveries. On or prior to the Closing Date, Seller shall have delivered to Buyer all of the following:

- (a) a certificate in a form reasonably satisfactory to Buyer, dated the Closing Date, stating that the conditions specified in Section 8.1 and Section 8.4 have been satisfied as of the Closing;
- (b) certified copies of the resolutions of Seller's sole manager approving the transactions contemplated by this Agreement; and
- (c) the documents and instruments called for in Section 3.2(a) hereof.

Section 8.7 Third-Party Agreements. On or prior to the Closing Date, Buyer has entered into the following agreements with Third Parties in a form satisfactory to Buyer, and any conditions precedent to the effectiveness of such agreements shall have been satisfied or waived:

- (a) Lease Agreement with Prime Landlord;
- (b) Purchase Agreement with Forum Financial;
- (c) Promissory Note with PMC;
- (d) Purchase Agreement with Royal Financial.

ARTICLE IX. POST-CLOSING COVENANTS

Section 9.1 Access to Books, Records and Personnel. Inasmuch as certain of the Seller's books, records and documents are to be included in the Acquired Assets, and certain other of the Seller's books, records and documents are to be retained by the Seller, and Buyer or the Seller may have need to have access to the books, records and documents held by the other after the date hereof, Buyer and the Seller agree that each shall maintain (or shall provide for a designated representative to maintain) for at least five (5) years after the Closing (or for such longer period as may be required by applicable law) the respective books, records and documents sold or retained hereunder relating to the Acquired Assets and covering periods

on or prior to the Closing. During such five (5) year period, subject to the confidentiality rights of third parties, representatives of Buyer shall be permitted to inspect and make copies of any of such books, records, and documents retained by the Seller during normal business hours and upon reasonable notice for any reasonable business purpose, such tax, regulatory or any other audit of Buyer reasonably requiring the availability of such files or records. During such five (5) year period, subject to the confidentiality rights of third parties, representatives of the Seller shall be permitted to inspect and make copies of books, records and documents sold to Buyer hereunder during normal business hours and upon reasonable notice for any reasonable business purpose, such as for tax, regulatory or any other audit of the Seller reasonably requiring the availability of such files or records. If necessary for Seller to access the files and records as permitted and described herein, Buyer shall also make its personnel available to Seller during normal business hours and upon reasonable notice to facilitate such access.

Section 9.2 Change of Corporate Name. Immediately after the Closing, Seller agrees to change its corporate name to _____ and to cease using the name Photo Stencil for all purposes except in connection with the Bankruptcy proceedings.

Section 9.3 PMC Payment. Buyer shall make the PMC Payment within thirty (30) days of Closing.

Section 9.4 Mechanics' Liens. Seller shall pay all outstanding mechanic's liens in connection with the Golden Facility.

Section 9.5 Orbotech Agreement. Seller shall pay all outstanding administrative and other claims to Orbotech in connection with the Software License.

ARTICLE X. TERMINATION

Section 10.1 Termination. This Agreement may be terminated prior to the Closing:

- (a) At any time by mutual written consent executed by both Buyer and Seller;
- (b) by Buyer in the event of the failure of any condition to closing set forth in Article VIII, or by Buyer or Seller in the event of the entry by the Bankruptcy Court of an order denying Seller's motion to approve the Sale Order;
- (c) by either Buyer or Seller, by giving written notice of such termination to the other party, if such other party shall breach any of its material representations, covenants or agreements under this Agreement which would result in a failure of the conditions set forth in Sections 8.1, in the case of a termination by Buyer, and the conditions set forth in Section 7.1, in the case of a termination by Seller, and such breach has not been cured within ten (10) days following the giving of written notice of such breach by the non-breaching party to the breaching party.

Section 10.2 Remedies. In the event of termination of this Agreement pursuant to Section 10.1:

(a) each party shall redeliver all documents, work papers and other material of any other party relating to the transactions contemplated hereby, whether obtained before or after the execution hereof, to the party furnishing the same;

(b) no confidential information received by any party with respect to the business of any other party or its Affiliates shall be disclosed to any Third Party, unless required by law; and

(c) all obligations of the parties hereto under this Agreement shall terminate and there shall be no liability of any party hereto to any other party and each party hereto shall bear its own expenses incurred in connection with the negotiation, preparation, execution and performance of this Agreement; provided that the foregoing shall not relieve a party of liability for damages actually incurred by the other party as a result of any breach of this Agreement by such party.

Section 10.3 Effect of Termination or Breach. If the transactions contemplated hereby are not consummated this Agreement shall become null and void and of no further force and effect, except for the obligations of the Parties contained in this Section 10.3, and except that the termination of this Agreement for any cause shall not relieve any party hereto from any liability which at the time of termination had already accrued to any other party hereto or which thereafter may accrue in respect of any act or omission of such party prior to such termination.

ARTICLE XI. MISCELLANEOUS

Section 11.1 Assignment; Successors. Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party without the prior written consent of the other; provided, however, (i) Buyer may assign some or all of its rights under this Agreement to any Affiliate of Buyer, so long as Buyer remains liable for its obligations and (ii) Buyer may assign its rights under this Agreement as collateral security to any lender providing Buyer with acquisition financing. Subject to the foregoing, this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective representatives, heirs, legatees, successors and permitted assigns, including without limitation any Chapter 11 trustee appointed in the Chapter 11 Case, and no other person shall have any right, benefit or obligation hereunder.

Section 11.2 Notices. All notices, requests, demands and other communications which are required or may be given under this Agreement shall be in writing and shall be deemed to have been duly given when received if personally delivered; when transmitted if transmitted by telecopy, upon receipt of telephonic confirmation; the date after it is sent, if sent for next day delivery to a domestic address by recognized overnight delivery service (*e.g.*, Federal Express); and upon receipt, if sent by certified or registered mail, return receipt requested. Notices, demands and communications to the Seller and Buyer shall be sent to the addresses indicated below:

If to Buyer:

StenTech Photo Stencil, LLC
138 Anderson Avenue, Unit 6
Markham, ON L6E1A4 CA

With copies to:

Kathleen Nowack Worm
The Worm Law Firm, PC
4706 St. Thomas Place
Raleigh, NC 27612

If to Seller:

Photo Stencil, LLC
c/o Kachi Partners
2595 Canyon Blvd., Suite 420
Boulder, CO 80302

With a copy to:

Kutner Brinen P.C.
1660 Lincoln St., Suite 1850
Denver, CO 80264
Attention: Lee Kutner

or to such other place and with such other copies as either party may designate by written notice to the others.

Section 11.3 Choice of Law; Submission to Jurisdiction. This Agreement shall be construed and interpreted, and the rights of the parties determined in accordance with, the laws of the State of Colorado. Each party irrevocably consents to the service of any and all process in any action or proceeding arising out of or relating to this Agreement by the mailing of copies of such process to each party at its address specified in Section 11.2. The parties hereto irrevocably submit to the exclusive jurisdiction of the Bankruptcy Court (or any court exercising appellate jurisdiction over the Bankruptcy Court) over any dispute arising out of or relating to this Agreement or any other agreement or instrument contemplated hereby or entered into in connection herewith or any of the transactions contemplated hereby or thereby and any such dispute shall be deemed to have arisen in the State of Colorado. Each party hereby irrevocably agrees that all claims in respect of such dispute or proceedings may be heard and determined in such courts. The parties hereby irrevocably waive, to the fullest extent permitted by applicable law, any objection which they may now or hereafter have to the laying of venue of any such dispute brought in such court or any defense of inconvenient forum in connection therewith.

Section 11.4 Entire Agreement; Amendments and Waivers. This Agreement, together with all Exhibits and Schedules attached or to be attached hereto, constitutes the entire agreement among the parties pertaining to the subject matter hereof and supersedes all prior agreements, understandings, negotiations and discussions, whether oral or written, of the parties with regard to the subject matter hereof. All amendments of this Agreement will only be effective if executed in writing by or on behalf of all parties. No waiver of any of the provisions of this Agreement shall be effective unless made in a writing by the party making the waiver or be deemed or constitute a waiver of any other provision hereof (whether or not similar), nor shall such waiver constitute a continuing waiver unless otherwise expressly provided.

Section 11.5 Construction. The headings and captions of the various Articles and Sections of this Agreement have been inserted solely for purposes of convenience, are not part of this Agreement, and shall not be deemed in any manner to modify, explain, expand or restrict any of the provisions of this Agreement. Unless stated to the contrary, all references to Articles, Sections, paragraphs or clauses herein shall be to the specified Article, Section, paragraph or clause of this Agreement, and all references to Exhibits and Schedules shall be to the specified Exhibits and Schedules attached hereto. All Exhibits and Schedules attached are made a part hereof. All terms defined herein shall have the same meaning in the Exhibits and Schedules, except as otherwise provided therein. All references in this Agreement to “this Agreement” shall be deemed to include the Exhibits and Schedules attached hereto. The terms “hereby,” “hereto,” “hereunder” and any similar terms as used in this Agreement, refer to this Agreement in its entirety and not only to the particular portion of this Agreement where the term is used. Whenever in this Agreement provision is made for the payment of attorneys’ fees, such provision shall be deemed to mean reasonable attorneys’ fees and paralegals’ fees. The term “including” when used herein shall mean “including, without limitation.” Wherever in this Agreement the singular number is used, the same shall include the plural, and the masculine gender shall include the feminine and neuter genders, and vice versa, as the context shall require.

Section 11.6 Third Party Beneficiaries. No Person other than the parties hereto, shall have any rights or claims under this Agreement.

Section 11.7 No Waiver. The failure of either party hereto to seek redress for any breach, or to insist upon the strict performance, of any covenant or condition of this Agreement by the other shall not be, or be deemed to be, a waiver of the breach or failure to perform, nor prevent a subsequent act or omission in violation of, or not strictly complying with, the terms hereof from constituting a default hereunder.

Section 11.8 Multiple Counterparts/Signatures. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

Section 11.9 Electronic Delivery. This Agreement, the agreements referred to herein, and each other agreement or instrument entered into in connection herewith or therewith or contemplated hereby or thereby, and any amendments hereto or thereto, to the extent signed and delivered by electronic means, shall be treated in all manner and respects as an original agreement or instrument and shall be considered to have the same binding legal effect as if it were the original signed version thereof delivered in person. At the request of any party hereto

or to any such agreement or instrument, each other party hereto or thereto shall re-execute original forms thereof and deliver them to all other parties. No party hereto or to any such agreement or instrument shall raise the use of electronic transmission of any signature or agreement or instrument as a defense to the enforceability of a contract and each party forever waives any such defense.

Section 11.10 Invalidity. In the event that any one or more of the provisions, or any portion thereof, contained in this Agreement or in any other instrument referred to herein, shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, then to the maximum extent permitted by law, such invalidity, illegality or unenforceability shall not affect any other provision, or any portion thereof, of this Agreement or any other such instrument.

Section 11.11 Further Assurances. Without limiting any other rights or obligations of the parties contained in this Agreement, following the Closing, each party agrees to execute, or cause to be executed, such documents, instruments or conveyances and take such actions as may be reasonably requested by the other party to effectuate the purposes of this Agreement, including, without limitation, such instruments as shall be reasonably requested by Buyer to vest in Buyer title in and to the Acquired Assets in accordance with the provisions of this Agreement.

Section 11.12 Cumulative Remedies. All rights and remedies of either party hereto are cumulative of each other and of every other right or remedy such party may otherwise have at law or in equity, and the exercise of one or more rights or remedies shall not prejudice or impair the concurrent or subsequent exercise of other rights or remedies.

Section 11.13 Currency. Except as otherwise expressly provided in this Agreement, all dollar amounts are stated in United States dollars.

Section 11.14 Representation by Counsel; Mutual Negotiation. Each party has been represented by counsel of its choice in negotiating this Agreement. This Agreement shall therefore be deemed to have been negotiated and prepared at the joint request, direction and construction of the parties, at arm's length, with the advice and participation of counsel, and will be interpreted in accordance with its terms without favor to any party.

Section 11.15 Transfer Taxes. Pursuant to Section 1146(c) of the Bankruptcy Code, no transfer, documentary, sales, use, stamp, registration or other such taxes and fees (including any penalties and interest thereon) shall be payable with respect to this Agreement or the sale of the Acquired Assets to Buyer, provided, however, that any such taxes and fees, if required to be paid notwithstanding Section 1146(c) of the Bankruptcy Code, shall be the responsibility of Seller.

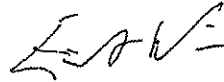
Section 11.16 Consents to Assignment. Anything in this Agreement to the contrary notwithstanding, this Agreement shall not constitute an agreement to assign any Assumed Executory Contract or any claim or right or any benefit arising thereunder or resulting therefrom if an attempted assignment thereof, without the consent of a party thereto, would constitute a breach thereof or in any way adversely affect the rights of Buyer thereunder after taking into account the operation of the Bankruptcy Code.

Section 11.17 Post-Closing Dispute Resolution. Either party may submit to the Bankruptcy Court any controversy, claim or dispute of whatever nature between the parties

arising out of or relating to this Agreement after the Closing that is not resolved within thirty (30) days after written notice by one party to the other of such controversy, claim or dispute. The parties agree that the Bankruptcy Court shall have exclusive jurisdiction to resolve such controversy, claim or dispute; provided, however, that upon the entry of a final decree in cases by the Bankruptcy Court, all disputes arising out of or relating to this Agreement (except as otherwise provided herein) shall be brought in a state or federal court located in the City and County of Denver, Colorado. The Bankruptcy Court shall award a party that prevails in full its reasonable attorneys' fees and costs and shall award a party that prevails less than in full that portion of its reasonable attorneys' fees and costs as determined by the Bankruptcy Court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

Photo Stencil, LLC



Eric A. Weissmann
Chief Executive Officer

StenTech Photo Stencil, LLC

By: _____
Sibthain Akbar
President

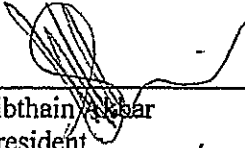
arising out of or relating to this Agreement after the Closing that is not resolved within thirty (30) days after written notice by one party to the other of such controversy, claim or dispute. The parties agree that the Bankruptcy Court shall have exclusive jurisdiction to resolve such controversy, claim or dispute; provided, however, that upon the entry of a final decree in cases by the Bankruptcy Court, all disputes arising out of or relating to this Agreement (except as otherwise provided herein) shall be brought in a state or federal court located in the City and County of Denver, Colorado. The Bankruptcy Court shall award a party that prevails in full its reasonable attorneys' fees and costs and shall award a party that prevails less than in full that portion of its reasonable attorneys' fees and costs as determined by the Bankruptcy Court.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

Photo Stencil, LLC

Eric A. Weissmann
Chief Executive Officer

StenTech Photo Stencil, LLC

By: 
Sibthain Akbar
President

Schedules and Exhibits

Table of Contents

Schedule 2.1 (a) Fixed Assets

Exhibit 2.4 (c) Bill of Sale

Schedule 4.3 Excluded Subsidiaries

Schedule 4.5 Title to Assets

Schedule 4.7 Executory Contracts

Schedule 4.8 Litigation; Claims

Schedule 4.11 (a) Intellectual Property

Schedule 4.11 (b) Software Licenses

Schedule 4.11(c) Orbotech Software License

Schedule 2.1 (a)-Fixed Asset Listing

(see subsequent pages of detailed fixed asset listing for office equipment, computer equipment, machinery & equipment, leasehold improvements, and computer software)

NOTE: Seller does not represent and warrant that Seller continues to own all of the assets listed on the 2007 appraisal. Seller represents and warrants that it will convey the assets listed in the 2007 appraisal to the extent that they are still owned by, and are in the possession of, the Seller

Seller no longer owns the Tannlin TX-10 laser shown in the 2016 Appraisal.

Schedule 4.3 Excluded Subsidiaries

Photo Stencil (Malaysia) Sdn Bhd, a company organized under the laws of Malaysia and 100% wholly-owned subsidiary of Photo Stencil, LLC and Photo Stencil Holdings, Inc.

Schedule 4.5 Title to Assets

Izzy Aviation, LLC-First lien on cash, instruments, and accounts receivable as per Assignment and Consent Agreement and release between CSNK Working Capital Finance Corp. dba Bayview Funding and Izzy Aviation, LLC dated November 13, 2017.

Royal Bank America Leasing-Capital Leases on specific assets

Lease #22433 Dated June 2013

Lease #224673 Dated June 2014

Lease #225182 Dated June 2015

Lease #225393 Dated October 2015

Lease #225474 Dated December 2015

Garic, Inc-Capital Lease #2108 on specific assets dated September 25, 2014

PMC Financial Services Group, LLC-Loan and Security Agreement dated November 3, 2014

TKF Interim Funding II, LLC-Subordinated Security Agreement dated May 13, 2011

Mechanics Liens on 16080 Table Mountain Parkway, Golden, CO 80403

Milo Construction Corp. Lien #2016046488 dated 5-17-16

Integrity Electrical Solutions, LLC Lien #2016051937 dated 06-01-16

Karmichael Fire Protection Lien #2016005422 dated 01-19-16

Hajoca dba Hughes Supply Lien #2016016314 dated 2-22-16

Johnson Controls, Inc. Lien #2016036011 dated 4-19-16

General Supply dba Gexpro Lien #2016038531 dated 4-26-16

Rogers and Sons, Inc. Lien #2016047742 dated 5-20-16

H2O Plumbing & Heating, Inc. Lien #2016049268 dated 5-24-16

Schedule 4.7 Executory Contracts

Intel Corporation Purchase Agreement No. CW1931070

Airgas Microbulk Product Sales Agreement dated October 14, 2015

Avatara, LLC Complete Utility Services Agreement dated September 26, 2014

Collaboration Agreement with Ormet Circuits, Inc. dated October 13, 2016 REJECTED

Management Agreement with Kachi Management, LLC dated June 15, 2007 REJECTED

Internet and phone contracts

Software Licenses listed in Schedule 4.11 (b)

Schedule 4.8 Litigation; Claims

Colorado Disaster litigation for amount owed in recover cleanup

Mechanics liens (listed in Schedule 4.5)

Potential Employee issues

Schedule 4.11 (a) Intellectual Property

Customer Data

- Customer Lists and Contact Information
- Product Pricing
- Customer Opportunities
- Marketing Email Database

Operating Methods

- Controlled documents including work instructions, references, procedure definitions, specifications, training checklists, defect guides, and forms
- Chemistry database including recipes, analytic checklists and procedures, and maintenance models
- Manufacturing routes
- Maintenance database
- FEMA data
- Supply chain data

Custom designed equipment

- Electroform plating line
- Exposure units
- Quality system
- Factory design and specification

Proprietary Software

- MOE (Order Entry)
- WIP (Production Software)
- CAD Enhancements
 - Profiling
 - Automation for workflow, manufacturing, and order entry integration
 - LDI integration scripting

Databases

- Customer design rule profiles (300)
- Subfigure libraries (300 + 1,800)
- MicroVu programs (5,700)

- Historical stencil libraries (designs, measurement data)

Patents

Patent Number	Patent Description	URL	Filing Date	Grant Date	Effective Until
5947021	Metal squeegee blade with a titanium nitride coating	https://www.google.com/patents/US5947021	11/4/1997	9/7/1999	11/4/2017
6722275	Reservoir stencil with relief areas and method of using	https://www.google.com/patents/US6722275	2/14/2002	4/20/2004	2/14/2022
9718267	Screen Printing Apparatus Including Support Bars, and Method for Using Same	https://www.google.com/patents/US9718267	2/8/2013	8/1/2017	2/8/2033

Schedule 4.11 (b) Software License

IGI CAD software

Valor CAD Software

Auto CAD Software

JMP Statistical Software

Microsoft Office Software

Microsoft Dynamics (Great Plains) Software

Salesforce.com

LPKF Laser Software

Tannlin Laser Software

ScanCad Station Licenses

Orbotech LDI Software

Schedule 4.11 (c) Orbotech Software License—Buyer understands that Seller is going to request the Bankruptcy judge to order Orbotech to transfer this License to Buyer