

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

LILY ROBOTICS, INC.,

Debtor.¹

Chapter 11

Case No. 17-10426 (KJC)

Re: D.I. 58, 169, 210

**ORDER (I) APPROVING SALE PROCEDURES IN CONNECTION WITH SALE OF
SUBSTANTIALLY ALL ASSETS; (II) SCHEDULING AN AUCTION FOR AND
HEARING TO APPROVE ONE OR MORE SALES; (III) APPROVING NOTICE OF
RESPECTIVE DATE, TIME AND PLACE FOR AUCTION AND FOR HEARING
ON APPROVAL OF SALE(S); AND (IV) GRANTING RELATED RELIEF**

This matter coming before the Court on the motion (the “Motion”)² of the above-captioned debtor and debtor in possession (the “Debtor”) for entry of an Order Pursuant to Sections 105, 363, 365, 503, and 507 of the Bankruptcy Code, Rules 2002, 6004, 6006 and 9014 of the Federal Rules of Bankruptcy Procedure and Rules 2002-1 and 6004-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the “Local Rules”) to, among other things, authorize the Debtor to adopt certain procedures in connection the sale of substantially all of its Assets (or a portion thereof), including the payment of one or more Bid Protections (subject to the limits and procedures set forth in the Bidding Procedures); and the Court having found that (a) the Court has jurisdiction to consider the Motion and the relief requested therein pursuant to 28 U.S.C. §§ 157 and 1334, and the *Amended Standing Order of Reference* from the United States District Court for the District of Delaware, dated February 29, 2012; (b) venue is proper in this District pursuant to 28 U.S.C.

¹ The last four digits of the Debtor’s federal tax identification number are 8604. The Debtor’s mailing address is c/o Curtis G. Solsvig, III, Goldin Associates, LLC, 350 Fifth Avenue, New York, NY 10118.

² Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to them in the Motion or the Bidding Procedures, as the context so requires.

§§ 1408 and 1409; (c) this is a core proceeding pursuant to 28 U.S.C. § 157(b); and (d) notice of the Motion was sufficient under the circumstances; and after due deliberation the Court having determined that the relief requested in the Motion as it relates to the approval of the Bidding Procedures as modified herein is in the best interests of the Debtor, its estate and its creditors; and good and sufficient cause having been shown;

THE COURT HEREBY FINDS AS FOLLOWS:³

A. Bidding Procedures. The Debtor has established good and sufficient reasons for granting the Motion, including the implementation of the Bidding Procedures, attached hereto as Exhibit 1, which are fair, reasonable, appropriate under the circumstances and designed to maximize the value realized by the Debtor for the benefit of the Debtor's estate, its creditors and other parties in interest.

B. Selection of Stalking Horse Bidder(s). The Debtor may select one or more Stalking Horse Bidders, in consultation with the Consultation Parties and subject to further approval of this Court. If the Debtor selects a Stalking Horse Bidder the Debtor must file a motion seeking approval of the Stalking Horse Bidder and any Bid Protections granted to such Stalking Horse Bidder and the effectiveness of any agreement between the Debtor and any Stalking Horse Bidder shall be subject to entry of further order of the Court. The Debtor may seek approval of any such further order upon a motion to the Court which may be heard on an expedited basis (subject to the Court's availability) without the Debtor having to file a motion to hear such motion on an expedited basis. Any party-in-interest (including the Consultation

³ Findings of fact shall be construed as conclusions of law and conclusions of law shall be construed as findings of fact when appropriate. See Fed. R. Bankr. P. 7052.

Parties) shall be afforded the opportunity to object to the Debtor's proposed Stalking Horse Bidder.

C. Bid Protections. In the event the Debtor, in consultation with the Consultation Parties, selects one or more Stalking Horse Bidders in accordance with the Bidding Procedures and this Order (subject in all respects to the rights of the Consultation Parties as set forth in paragraph B and decretal paragraph 6 of this Order) and subject to further order of the Court, the Debtor may provide, in its discretion and in consultation with the Consultation Parties, certain Bid Protections to any Stalking Horse Bidder. Any Bid Protections agreed to by the Debtor will be subject to approval of the Court. The Debtor may seek approval of Bid Protections upon a motion to the Court which may be heard on an expedited basis (subject to the Court's availability) without the Debtor having to file a motion to hear such motion on an expedited basis. Any party-in-interest (including the Consultation Parties) shall be afforded the opportunity to object to the Debtor's proposed Bid Protections.

D. Auction Notice. The Auction Notice, attached hereto as Exhibit 2, is reasonably calculated to provide all interested parties with timely and proper notice of the Bidding Procedures and the Auction, including: (a) the Bidding Procedures and certain dates and deadlines related thereto; (b) the procedure for obtaining access to due diligence materials on a confidential basis with respect to the Assets; (c) the date, time and place of the Auction.

E. Assumption Procedures. The Assumption Procedures, including the Cure Notice, attached hereto as Exhibit 3, and the Assumption and Assignment Notice, attached here to as Exhibit 4, are reasonably calculated to provide all Contract Counterparties with proper notice of (a) the Successful Bidder(s); (b) the contract(s) and/or lease(s) that may be assumed by the Debtor and assigned to the Successful Bidder(s); (c) the names and addresses of the Contract

Counterparties thereto; (d) the calculation of the Cure Amounts that must be paid to cure all prepetition defaults with respect to such contract(s) and/or lease(s); (e) the proposed effective date of the assignment (subject to the right of the Debtor and the Successful Bidder(s) to withdraw such request for assumption or assignment prior to the consummation of the Sale); (f) a statement as to the Successful Bidder(s)' ability to perform the Debtor's obligations under such contract(s) and/or lease(s); and (g) the deadline by which any such Contract Counterparty must file an objection to the proposed Cure Amount or the assumption and assignment of such contract or lease, *provided however*, that the presence of any contract or lease on a Cure Notice or an Assumption and Assignment Notice does not constitute an admission that such contract or lease is an executory contract or unexpired lease.

AND IT IS HEREBY ORDERED THAT:

1. The relief request in the Motion is hereby GRANTED.

A. Important Dates and Deadlines

2. **The Auction.** The following dates and deadlines are hereby established with respect to the Auction (subject to modification as provided in the Bidding Procedures):

(a) **Bid Deadline: June 1, 2017, at 4:00 p.m. (prevailing Eastern Time)**, is the deadline by which all Bids must be **actually received** by the Sale Notice Parties,⁴ in the form and manner specified in the Bidding Procedures.

⁴ The "Sale Notice Parties" are (a) the Debtor, Lily Robotics, Inc., 364 Harriet Street, San Francisco, CA 94103, Attn: Antoine Balaesque and Spencer Wells, email: antoine@lily.camera and swells@drivetrainadvisors.com; (b) the Debtor's Chief Restructuring Officer, Curtis G. Solsvig III, 350 Fifth Avenue, The Empire State Building, New York, NY 10018, email: csolvig@goldinassociates.com; (c) counsel to the Debtor – (i) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq., Email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., Email: dmintz@orrick.com, and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremming@mna.com; (d) counsel to the DIP Lender – (i) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheume, Esq., Email: arheume@riemerlaw.com, and (ii) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com; (e) counsel to the Prepetition Secured Lender – (i) Nutter, McClennen & Fish, 155 Seaport Boulevard, Boston, MA 02210, Attn: John G. Loughnane, Esq., Email: jloughnane@nutter.com, and (ii) Gellert Scali Busenkell & Brown LLC, 1201 N. Orange Street, 3rd Floor, Wilmington, DE 19801, Attn: Ronald S. Gellert, Email: rgellert@gsblaw.com; and (f) proposed counsel to the Committee – (i) Lowenstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein.com, and (ii) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com.

(b) **Auction: June 7, 2017 at 10:00 a.m. (prevailing Eastern Time)** is the date and time of the Auction, which will be held at the offices of Orrick, Herrington & Sutcliffe LLP at 51 West 52nd Street, New York, NY 10019.

(c) **Sale Hearing** (if the Successful Bid contemplates a Sale): **June 15, 2017 1:00 p.m. (prevailing Eastern Time)** or as soon thereafter as counsel may be heard, which will be held before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 5th Floor, Courtroom No. 5, Wilmington, DE 19801, with **any objections to the Sale(s) due by no later than June 6, 2017, at 12:00 p.m. (prevailing Eastern Time).**

(i) Objections, if any, to the Sale(s), **must:** (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules and any case management order entered in this case; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served, so as to be **actually received** no later than **June 6, 2017, at 12:00 p.m. (prevailing Eastern Time)**, on: (a) counsel to the Debtor – (i) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq., Email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., Email: dmintz@orrick.com, and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremming@mnat.com; (b) counsel to the DIP Lender – (i) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheume, Esq., Email: arheume@riemerlaw.com, and (ii) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com; (c) counsel to the Prepetition Secured Lender – (i) Nutter, McClennen & Fish, 155 Seaport Boulevard, Boston, MA 02210, Attn: John G. Loughnane, Esq., Email: jloughnane@nutter.com, and (ii) Gellert Scali Busenkell & Brown LLC, 1201 N. Orange Street, 3rd Floor, Wilmington, DE 19801, Attn: Ronald S. Gellert, Email: rgellert@gsbblaw.com; and (d) proposed counsel to the Official Committee of Unsecured Creditors (the “Committee”) – (i) Lowenstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein, and (ii) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com.

3. The Auction may be adjourned by the Debtor, in consultation with the Consultation Parties, by announcement at the Auction or in open court without any further notice

required, and in such an event, the Debtor shall provide reasonable notice by first-class mail or e-mail to Qualified Bidders of the time and place for the resumption of the Auction.

4. At the Auction, each Qualified Bidder shall be required to confirm that it has not engaged in any collusion with respect to bidding or a sale, and the Auction shall be conducted openly and transcribed.

B. Bidding Procedures

5. The Bidding Procedures are hereby approved in their entirety, and the Debtor is authorized to solicit Bids, conduct the Auction and otherwise take any and all actions necessary to implement the Bidding Procedures.

C. Selection of Stalking Horse Bidder(s)

6. Subject in all respects to the rights of the Consultation Parties and further order of this Court, the Debtor, in consultation with the Consultation Parties, may select one or more Stalking Horse Bidder(s) in accordance with the Bidding Procedures. If the Debtor selects a Stalking Horse Bidder, the Debtor must file a motion seeking approval of the Stalking Horse Bidder and any Bid Protections granted to such Stalking Horse Bidder and the effectiveness of any agreement between the Debtor and any Stalking Horse Bidder is subject to entry of further order of the Court. The Debtor may seek approval of entry into an agreement with a Stalking Horse Bidder upon a motion to the Court which may be heard on an expedited basis (subject to the Court's availability) without the Debtor having to file a motion to hear such motion on an expedited basis. Any party-in-interest (including the Consultation Parties) shall be afforded the opportunity to object to the Debtor's proposed Stalking Horse Bidder.

D. Bid Protections

7. In the event the Debtor, in consultation with the Consultation Parties, selects one or more Stalking Horse Bidders in accordance with the Bidding Procedures and this Order (subject in all respects to the rights of the Consultation Parties as set forth in paragraph B and decretal paragraph 6 of this Order) and subject to further order of the Court, the Debtor may provide, in its discretion and in consultation with the Consultation Parties, certain Bid Protections to any Stalking Horse Bidder. Any Bid Protections agreed to by the Debtor shall be subject to further approval of the Court. The Debtor may seek approval of Bid Protections upon a motion to the Court which may be heard on an expedited basis (subject to the Court's availability) without the Debtor having to file a motion to hear such motion on an expedited basis. Any party-in-interest (including the Consultation Parties) shall be afforded the opportunity to object to the Debtor's proposed Bid Protections.

E. Auction Notice

8. The Auction Notice attached hereto as Exhibit 2 is approved in all respects.

9. Within three (3) business days of the entry of this order, the Debtor shall cause the Auction Notice to be (a) published in *The San Jose Mercury News*, (b) made available on the Debtor's case information website (located at <https://cases.primeclerk.com/lilyrobotics/Home-Index>), and (c) served upon the following parties (i) the U.S. Trustee; (ii) the attorneys for the Committee; (iii) the attorneys for the DIP Lender, (iv) the attorneys for the Prepetition Secured Lender; (v) all parties who are known or reasonably believed to have asserted any lien, encumbrance, claim or other interest in the Assets, including all known creditors holding secured claims against the Debtor's estate; (vi) all potential bidders previously identified or otherwise known to the Debtor; (vii) the parties included on the Debtor's consolidated list of thirty (30) largest unsecured creditors; (viii) the Internal Revenue Service; (ix) the United States Attorney

for the District of Delaware and in California; (x) the Attorneys General for Delaware and California; and (xi) all parties who have requested notice in this chapter 11 case pursuant to Local Rule 2002-1(b).

E. Assumption Procedures

10. The Assumption Procedures, including the Cure Notice attached hereto as Exhibit 3 and the Assumption and Assignment Notice attached hereto as Exhibit 4, are approved in all respects.

11. As soon as practicable, but by no later than May 5, 2017, the Debtor shall file with the Court a schedule showing the proposed Cure Amounts for each Contract Counterparty and serve a Cure Notice on each Contract Counterparty under each potential Assumed and Assigned Contract by first class mail, postage prepaid, facsimile, electronic transmission, hand delivery or overnight mail.

12. Objections to any Cure Amount, must: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules and any case management order entered in this case; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served, so as to be actually received no later than ten days after the Cure Notice is served, on: (i) counsel to the Debtor, (A) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq, email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., email: dmintz@orrick.com; and (B) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremming@mnat.com; (ii) proposed counsel to the Committee – (A) Lownstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce

D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein.com, and (B) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com; and (iii) counsel to the DIP Lender – (A) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheaume, Esq., Email: arheaume@riemerlaw.com, and (B) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com.

13. By no later than May 25, 2017 (which date may be extended by the Debtor in consultation with the Consultation Parties), the Debtor shall file with the Court a schedule setting forth the contracts and/or leases proposed to be assumed and assigned and serve the Assumption and Assignment Notice on each Contract Counterparty under each Assumed and Assigned Contract by first class mail, postage prepaid, facsimile, electronic transmission, hand delivery or overnight mail.

14. Objections to the assumption and assignment of any executory contract or unexpired lease must: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules and any case management order entered in this case; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served, so as to be actually received no later than ten days after the Assumption and Assignment Notice is served, on: (i) counsel to the Debtor, (A) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq, email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., email: dmintz@orrick.com; and (B) Morris, Nichols, Arsht & Tunnell LLP, 1201

North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremming@mnat.com; (ii) proposed counsel to the Committee – (A) Lownstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein.com, and (B) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com; and (iii) counsel to the DIP Lender – (A) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheume, Esq., Email: arheume@riemerlaw.com, and (B) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com.

15. Except as otherwise set forth herein or in the Bidding Procedures, any party who fails to file an objection to the assumption and assignment of a contract or lease shall be forever barred from filing any objection thereto, including (i) making any demands for additional cure amounts or monetary compensation on account of any alleged defaults against the Debtor or its estate, (ii) asserting that the assignee of such Assumed and Assigned Contract has not provided adequate assurance of future performance or (iii) asserting that the assignment is subject to any anti-alienation provisions or other restrictions on assignment.

F. Other Provisions

16. Any objections to the Motion or the relief requested therein that have not been adjourned, withdrawn or resolved are overruled in all respects on the merits.

17. In the event of any inconsistencies between this Order, the Motion and the Bidding Procedures, this Order shall govern in all respects.

18. Anything contained in this Order notwithstanding, no provision of this Order shall act in any way to affect, alter or modify the DIP Lender's or the Prepetition Secured Lender's rights regarding the ultimate sale of any assets subject to the DIP Lender's or the Prepetition Secured Lender's security interests, including but not limited to the DIP Lender's or the Prepetition Secured Lender's rights under sections 363(f) and (k) of the Bankruptcy Code or their rights to receive directly the proceeds of such sale for application to its secured claims, and the Debtor reserves all rights with respect to this paragraph. Nothing contained in this Order shall be construed as a waiver of the Committee's right to object to a credit bid of the DIP Lender or the Prepetition Secured Lender prior to the Challenge Period Termination Date (as defined in the Interim DIP Financing Order [Dkt. No. 148] entered on April 4, 2017) and to the extent permitted under the Interim DIP Financing Order or the Final Order (as defined in the Interim DIP Financing Order).

19. Nothing in this Order shall be construed to modify the requirements and provisions of sections 365(b), 365(d)(3), 365(d)(4) or 365(f) of the Bankruptcy Code, or to determine the effective date of rejection for any lease or contract that the Debtor may seek to reject.

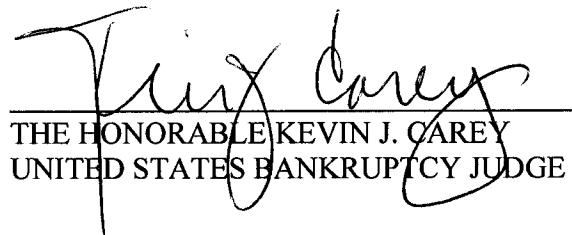
20. The Debtor is authorized and empowered to take all actions necessary to implement the relief granted in this Order.

21. Notice of the Motion as provided therein shall be deemed good and sufficient notice.

22. Notwithstanding any Bankruptcy Rule (including, but not limited to, Bankruptcy Rules 6004(h), 6006(d), 7062, and 9014) or Local Rule that might otherwise delay the effectiveness of this Order, the terms and conditions of this Order shall be immediately effective and enforceable upon its entry.

23. This Court shall retain exclusive jurisdiction over any and all matters arising from or related to the implementation or interpretation of this Order.

Dated: April 28, 2017
Wilmington, Delaware



THE HONORABLE KEVIN J. CAREY
UNITED STATES BANKRUPTCY JUDGE

Exhibit 1

Bidding Procedures

BIDDING PROCEDURES

Set forth below are the bidding procedures (the “Bidding Procedures”) to be employed in connection with one or more sales (each, a “Sale”) of all or substantially all, or a portion of the assets (the assets subject to each Sale, the “Assets”) of Lily Robotics, Inc. (the “Debtor”) in connection with the chapter 11 case of the Debtor pending in the United States Bankruptcy Court for the District of Delaware (the “Bankruptcy Court”).

A. Background

The Assets that are being offered for sale consist primarily of the Debtor’s intellectual property, including (i) certain patents related to user tracking, takeoff/landing, sound recording and video editing, and (ii) other non-protected IP such as proprietary software and hardware. The Assets expressly exclude all customer deposits and any other cash of the Debtor. Those deposits may be returned to customers only to the extent permitted pursuant to a separate order of the Bankruptcy Court. Interested parties should consult the diligence materials provided in the electronic data room for full information concerning the nature of the Assets that are being offered for sale.

The Assets shall be sold on an “as is, where is” basis and without representations or warranties of any kind, nature, or description by the Debtor, its agents, or its estate. The Assets shall be sold free and clear of all liens, claims and encumbrances in accordance with section 363(b) & (f) of the Bankruptcy Code, with all then-existing liens, claims, and encumbrances to attach to the net proceeds of the sale of the Assets with the same validity and priority as existed prior to the sale.

These Bidding Procedures describe, among other things, (a) the manner in which bidders and bids become Qualified Bidders and Qualified Bids, respectively (each, as defined herein), (b) the coordination of diligence efforts for bidders, (c) the receipt and negotiation of bids received, (d) the conduct of any subsequent auction (the “Auction”), (e) the ultimate selection of Successful Bidders (as defined below), and (f) the Bankruptcy Court’s approval thereof.

These Bidding Procedures provide for the solicitation by the Debtor of proposals or offers (each, a “Bid”) by any Potential Bidder (as defined below), pursuant to the following terms and conditions:

B. Participation Requirements

Unless otherwise ordered by the Bankruptcy Court, to participate in the bidding process, prior to the Bid Deadline (defined below) each person (other than any Stalking Horse Bidder) who wishes to participate in the bidding process (a “Potential Bidder”) must deliver the following to the Debtor:

- (i) a written disclosure of the identity of each entity that will be bidding for the Assets, or otherwise participating in connection with such bid;

(ii) current audited financial statements of the Potential Bidder, or if the Potential Bidder is an entity formed for the purposes of acquiring the Assets, current audited financial statements for the equity holders of the Potential Bidder who shall guarantee the obligations of the Potential Bidder, or such other form of financial disclosure and credit-quality support or enhancement acceptable to the Debtor in consultation with the Consultation Parties; and

(iii) an executed confidentiality agreement (to be delivered prior to the distribution of any confidential information by the Debtor to a Potential Bidder) in form and substance satisfactory to the Debtor, which shall inure to the benefit of any purchaser of the Assets; without limiting the foregoing, each confidentiality agreement executed by a Potential Bidder shall contain standard non-solicitation provisions.

A Potential Bidder that delivers the documents and information described above and that the Debtor determines in its reasonable business judgment is likely to be able to consummate a Sale after consultation with its advisors, any Official Committee of Unsecured Creditors (the "Committee") and its advisors, Silicon Valley Bank (the "DIP Lender") and its advisors, Spark Capital IV, L.P. (as successor in interest to Silicon Valley Bank) and its advisors (the "Prepetition Secured Lender," together with the Committee and the DIP Lender, the "Consultation Parties"; provided, however, that the Consultation Parties shall not include the DIP Lender or the Prepetition Secured Lender if either of them or their affiliates, submits a credit bid equal to or greater than the total amount of its debt then outstanding), will be deemed a "Qualified Bidder." The Debtor will limit access to due diligence to those parties it believes, in the exercise of its reasonable judgment, are pursuing the transaction in good faith, provided, that, the Debtor will not deny access to any Potential Bidder without consulting with the Consultation Parties (except for any party or Potential Bidder that has informed the Debtor it does not intend to submit a bid for any Assets or it has been determined by the Debtor and the Consultation Parties that such party or Potential Bidder is not a Qualified Bidder).

As promptly as practicable after a Potential Bidder delivers all of the materials required above, the Debtor will determine, after consultation with the Consultation Parties if such Potential Bidder is a Qualified Bidder, and will notify the Potential Bidder if such a determination is made. The DIP Lender and the Prepetition Secured Lender shall be deemed Qualified Bidders for purposes of these Bidding Procedures and need not submit the foregoing information and materials to qualify.

C. Due Diligence

The Debtor will afford any Qualified Bidder due diligence access or additional information as the Debtor, in consultation with its advisors, deems appropriate, in its reasonable discretion. The due diligence materials will be uploaded to an electronic data room which shall contain, among other things, a form Purchase Agreement (as defined below) in connection with the sale of the Assets. The due diligence period shall extend through and include the date of the Auction (as defined below); provided, however, that any Qualified Bid (as defined below) may not be subject to any closing condition relating to completion or review of additional due diligence.

D. Provisions Governing Qualified Bids

Bid Deadline

Only Qualified Bidders may submit Bids. Initial Bids shall be due no later than **June 1, 2017, at 4:00 p.m. (prevailing Eastern time)** (the “Bid Deadline”). All Bids must be submitted via email and actually received, on or before the Bid Deadline, by the following parties (collectively, the “Sale Notice Parties”): (a) the Debtor, Lily Robotics, Inc., 364 Harriet Street, San Francisco, CA 94103, Attn: Antoine Balaesque and Spencer Wells, email: antoine@lily.camera and swells@drivetrainadvisors.com; (b) the Debtor’s Chief Restructuring Officer, Curtis G. Solsvig III, 350 Fifth Avenue, The Empire State Building, New York, NY 10018, email: csolvig@goldinassociates.com; (c) counsel to the Debtor – (i) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq., Email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., Email: dmintz@orrick.com, and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremming@mnat.com; (d) counsel to the DIP Lender – (i) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheaume, Esq., Email: arheaume@riemerlaw.com, and (ii) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com; (e) counsel to the Prepetition Secured Lender – (i) Nutter, McClennen & Fish, 155 Seaport Boulevard, Boston, MA 02210, Attn: John G. Loughnane, Esq., Email: jloughnane@nutter.com, and (ii) Gellert Scali Busenkell & Brown LLC, 1201 N. Orange Street, 3rd Floor, Wilmington, DE 19801, Attn: Ronald S. Gellert, Email: rgellert@gsbblaw.com; and (f) proposed counsel to the Committee – (i) Lowenstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein, and (ii) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com.

Qualified Bid Requirements

All Bids must: be in writing acceptable to the Debtor; be received prior to the Bid Deadline; and include the following (such Bid, a “Qualified Bid”):

- (a) a binding offer that provides for payment by the Qualified Bidder in cash for the purchase of all of the Assets (or any portion thereof) pursuant to section 363 of the Bankruptcy Code;
- (b) a signed writing that the Qualified Bidder’s offer is irrevocable until the selection of the Successful Bidder and, if applicable, the Alternate Bidder (defined below);
- (c) confirmation that there are no financing contingencies or conditions precedent to the Qualified Bidder’s ability to enter into a definitive agreement and that all necessary internal and shareholder approvals have been obtained prior to the Bid;

- (d) each governmental, regulatory, and other third-party approval required for the Qualified Bidder to consummate the transaction, including in connection with the assignment of any executory contracts and unexpired leases, and the time period within which the Qualified Bidder expects to receive such approvals;
- (e) a duly authorized and executed copy of an asset purchase agreement (a "Purchase Agreement"), which includes the purchase price for the Assets expressed in U.S. Dollars (the "Purchase Price") and all exhibits and schedules thereto, together with copies marked to show any amendments and modifications to the form Purchase Agreement provided to Qualified Bidders in the data room, and the proposed order to approve the sale by the Bankruptcy Court;
- (f) written evidence of a firm, irrevocable commitment for financing, or other evidence of ability to consummate the proposed transaction, that will allow the Debtor, in consultation with the Consultation Parties, to make a reasonable determination as to the Qualified Bidder's financial and other capabilities to consummate the transaction contemplated by the Purchase Agreement;
- (g) in the case of a Bid by the Prepetition Secured Party that incorporates a credit bid, a cash component sufficient to satisfy in full all senior liens on the collateral subject to the credit bid, the Carve Out (as defined in the *Motion of the Debtor for Entry of Interim and Final Orders Pursuant to 11 U.S.C. §§ 105, 361, 362, 363, 364, and 507, Bankruptcy Rules 2002, 4001, 6004, and 9014, and Local Rule 4001-2 (I) Authorizing the Debtor to Obtain Postpetition Financing, (II) Granting Liens and Providing Super-Priority Administrative Expense Status, (III) Authorizing the Use of Cash Collateral, (IV) Granting Adequate Protection, (V) Scheduling a Final Hearing, and (VI) Granting Related Relief* [Dkt. No. 10]) and any Bid Protections;
- (h) which particular executory contracts and unexpired leases the Qualified Bidder wishes to assume, if any, and that the Qualified Bidder will agree to pay any and all related cure costs, if any;
- (i) sufficient information concerning the Qualified Bidder's ability to provide adequate assurance of performance with respect to executory contracts and unexpired leases being assumed, if any;
- (j) an acknowledgement and representation that the Qualified Bidder: (i) has had an opportunity to conduct any and all required due diligence regarding the Assets prior to making its offer; (ii) has relied solely upon its own independent review, investigation and/or inspection of any documents and/or the Assets in making its bid; (iii) did not rely upon any written or oral statements, representations, promises, warranties or guaranties whatsoever, whether express or implied (by operation of law or otherwise), regarding the Assets or the completeness of any information provided in connection therewith or with the Auction, except as expressly stated in the Purchase Agreement; and (iv) is not entitled to any expense reimbursement, break-up fee, or similar type of payment in connection with its bid;

- (k) evidence, in form and substance reasonably satisfactory to the Debtor, in consultation with the Consultation Parties, of authorization and approval from the Qualified Bidder's board of directors (or comparable governing body) with respect to the submission, execution, delivery, and closing of the Purchase Agreement;
- (l) a good faith deposit (the "Deposit") in the form of a wire transfer (to a bank account specified by the Debtor), certified check or such other form acceptable to the Debtor, payable to the order of the Debtor in an amount equal to ten percent (10%) of the Purchase Price; and
- (m) such other information reasonably requested by the Debtor.

Each Qualified Bidder, by submitting a Bid, consents to the jurisdiction of the Bankruptcy Court and waives any right to a jury trial in connection with any disputes relating to the Debtor's qualification of Bids, the Auction, the construction and enforcement of these Bidding Procedures, and/or the definitive documents for the sale of the Assets.

E. Credit Bidding

Any secured creditor holding allowed secured claims against the Debtor, including, for avoidance of doubt, the DIP Lender and the Prepetition Secured Lender, shall have the right, subject to the provisions of the Bankruptcy Code, applicable law, and any agreements between secured creditors, to credit bid such claims to the extent of such secured party's interest or lien on the Assets sold. Any credit bid must include a cash component sufficient to satisfy in full all senior liens on the collateral subject to the credit bid, the Carve Out and any Bid Protections.

Nothing contained in these Bidding Procedures shall be construed as a waiver of the Committee's right to object to a credit bid of the DIP Lender or the Prepetition Secured Lender prior to the Challenge Period Termination Date (as defined in the Interim DIP Financing Order [Dkt. No. 148] entered on April 4, 2017) and to the extent permitted under the Interim DIP Financing Order or the Final Order (as defined in the Interim DIP Financing Order).

F. Stalking Horse Bidder

Designation of Stalking Horse Bidder

The Debtor reserves the right, in consultation with the Consultation Parties and subject to approval of the Bankruptcy Court, to determine that any Qualified Bidder's Bid shall serve as the minimum bid (each, a "Stalking Horse Bid") for all of the Assets or for any Auction Lot (as defined below) (a "Stalking Horse Bidder"). The Debtor will agree with any Qualified Bidder that submits a selected Stalking Horse Bid to enter into the transaction contemplated in such Stalking Horse Bid unless (a) a higher or better Qualified Bid is submitted with respect to such transaction or (b) the Debtor has received a Qualified Bid that will realize greater value to the Debtor or its estate overall, and that would be prevented in whole or in part by the transactions contemplated in the Stalking Horse Bid. If the Debtor selects a Stalking Horse Bidder, it must file a motion seeking approval of the Stalking Horse Bidder and any Bid

Protections (as defined below) granted to such Stalking Horse Bidder and the effectiveness of any agreement between the Debtor and any Stalking Horse Bidder is subject to entry of further order of the Bankruptcy Court.

Bid Protections

In the event the Debtor, in consultation with the Consultation Parties, selects one or more Stalking Horse Bidders in accordance with these Bidding Procedures (subject in all respects to the rights of the Consultation Parties as set forth in paragraph B and decretal paragraph 6 to the Sale Procedures Order) and subject to further order of the Bankruptcy Court, the Debtor may provide, in its discretion and in consultation with the Consultation Parties, certain bidding protections to any Stalking Horse Bidders, including, if the Debtor consummates a sale of the Assets other than pursuant to the Stalking Horse Bid, to (i) pay to a Stalking Horse Bidder a break-up fee of up to 3% of the purchase price set forth in a Stalking Horse Bid as agreed by the Debtor and the Stalking Horse Bidder (the “Break-Up Fee”) and/or (ii) reimburse the reasonable fees and expenses of any Stalking Horse Bidder (in an amount not to exceed \$10,000) as agreed by the Debtor and that Stalking Horse Bidder (the “Expense Reimbursement” and together with the Break-Up Fee, the “Bid Protections”). Any Bid Protections agreed to by the Debtor shall be subject to approval of the Bankruptcy Court. Until paid, any Break-Up Fee and the Expense Reimbursement provided to a Stalking Horse Bidder that is approved by the Bankruptcy Court shall constitute allowed superpriority administrative expense claims arising in the Debtor’s bankruptcy case under sections 503(b), 507(a)(2) and 507(b) of the Bankruptcy Code.

G. The Auction

If no Qualified Bids are submitted by the Bid Deadline, the Debtor may elect, in its reasonable discretion and in consultation with the Consultation Parties, to conduct or not conduct an auction. If only one Qualified Bid for all or part of the Assets is submitted by the Bid Deadline, then the Debtor may elect, in its reasonable discretion and in consultation with the Consultation Parties, to conduct or not conduct an Auction and shall promptly seek Bankruptcy Court approval to enter into and consummate such transaction for all or such part of the Assets.

If the Debtor receives two or more Qualified Bids for the same Assets by the Bid Deadline, the Debtor shall conduct the Auction on June 7, 2017 at 10:00 a.m. (prevailing Local Time), at the offices of Orrick, Herrington & Sutcliffe LLP at 51 West 52nd Street, New York, NY 10019. The Debtor, in the exercise of its discretion and in consultation with the Consultation Parties, may at any time cancel the Auction for any reason by announcement at the Auction or in open court without any further notice required. In such event, the Debtor shall provide reasonable notice to Qualified Bidders of the time and place for the resumption of the Auction (if the Debtor, in consultation with the Consultation Parties, decides to resume the Auction).

Partial Bids and Designation of Auction Lots

If any of the Qualified Bids submitted by the Bid Deadline are structured as a purchase of less than all or substantially all of the Debtor's Assets (each such bid, a "Partial Bid"), the Debtor may conduct separate auctions at the Auction for each "lot" of Assets (each, an "Auction Lot") subject to a Partial Bid. The Debtor may designate each Auction Lot at any time prior to or during the Auction. The Debtor shall not designate more than one Stalking Horse Bid with respect to each Auction Lot.

Auction Procedures

The Auction shall be conducted openly and held in accordance with the following procedures:

- (a) attendance at the Auction will be limited to the Debtor, each Qualified Bidder that has timely submitted a Qualified Bid, the Committee (together with its counsel and other professional advisors), any other party with a security interest in property owned or leased by the Debtor, and the advisors to each of the foregoing; provided, however, that any party in interest may attend (but not participate in) the Auction if they provide the Debtor with written notice of their intention to attend the Auction on or before the Bid Deadline, with such written notice sent to counsel to the Debtor via email to Laura Metzger, Esq. at lmetzger@orrick.com and Douglas Mintz, Esq. at dmintz@orrick.com; provided, further, that a party may only attend and/or participate in the Auction telephonically with the prior consent of the Debtor in its sole discretion;
- (b) only Qualified Bidders will be entitled to make any subsequent Qualified Bids at the Auction;
- (c) by 4:00 p.m. (prevailing Eastern time) on June 5, 2017, the Debtor will:
 - (i) notify each Qualified Bidder that has timely submitted a Qualified Bid that its Bid is a Qualified Bid;
 - (ii) notify each Qualified Bidder that has timely submitted a Qualified Bid of any Auction Lot the Debtor has designated to be offered in a separate Auction; and
 - (iii) provide such Qualified Bidders with copies of the Qualified Bid that the Debtor, in consultation with the Consultation Parties, believes is the highest or otherwise best offer for all of the Assets or each designated Auction Lot (if applicable) (each such bid, a "Baseline Bid").
- (d) all Qualified Bidders that have timely submitted a Qualified Bid will be entitled to be present for all bidding at the Auction;
- (e) all Qualified Bidders shall be required to confirm that they have not engaged in any collusion with respect to the bidding or the contemplated Sale(s);

(f) bidding at each Auction will begin with the applicable Baseline Bid and each subsequent Bid (an “Overbid”) must exceed the Baseline Bid, in the first round of bidding, and the Leading Bid (as defined below), in each subsequent round, by \$50,000 (the “Minimum Overbid Increment”), *provided, however*, that if the Debtor designated a Stalking Horse Bidder with respect to any Auction, any Overbid of the Stalking Horse Bidder’s Bid at such Auction must exceed the Stalking Horse Bid by at least (i) the Break-Up Fee (if any) and (ii) the anticipated approximate Expense Reimbursement (which amount shall not exceed \$10,000), and (iii) the Minimum Overbid Increment¹;

(g) with each and every Overbid submitted at the Auction, the party submitting the Bid shall be required to delineate on the record at the Auction, to the satisfaction of the Debtor, the additional consideration being offered, the terms of such Overbid, any changes to such party’s initial Qualified Bid and such party’s basis for calculating the total consideration offered in such Overbid;

(h) except with respect to the Bid Deadline, an Overbid must comply with the conditions for a Qualified Bid set forth herein, and any Overbid shall remain open and binding on the applicable Bidder until and unless (i) the Debtor accepts a higher Qualified Bid as an Overbid and (ii) such Overbid is not selected as the Alternate Bid (as defined below);

(i) after each round of bidding, the Debtor shall announce the Bid or Bids that it believes to be the highest or otherwise best offer or combination of offers (the “Leading Bid”);

(j) bidding shall continue in an additional round of bidding until no further Bids are received, or until the Debtor determines that the Leading Bid submitted in the prior round is superior to all subsequent Bids received; and

(k) the Debtor shall maintain a transcript of the Auction, including all Bids made and announced at the Auction, including the Baseline Bid(s), all Overbids, the Leading Bid(s), the Alternative Bid(s) (as defined below) and the Successful Bid(s) (defined below).

The Debtor shall consult in good faith with the Consultation Parties throughout the Auction process to the extent reasonably practicable. The Debtor may conduct the Auction, and adopt additional rules with respect thereto, in the manner the Debtor determines in its reasonable discretion, and in consultation with the Consultation Parties, will result in the highest and best Bids.

Selection of Successful Bid(s) and Alternate Bid(s)

After the conclusion of the Auction, the Debtor, in consultation with the Consultation Parties, shall select the highest or otherwise best Qualified Bid (or combination of Qualified Bids) (each, a “Successful Bid” and each such bidder, a “Successful Bidder”), and may also

¹ By way of example and for illustrative purposes only, if the Stalking Horse Bidder’s Bid is \$5,000,000, the initial Overbid must equal no less than: (1) \$5,000,000 plus (2) \$50,000 (Minimum Overbid Increment) plus (3) \$10,000 (Expense Reimbursement) plus (4) \$150,000 (3% Break-Up Fee) for a total Overbid equal to \$5,210,000.

select, in consultation with the Consultation Parties, the second-highest or otherwise best Qualified Bid (or combination of Qualified Bids) (each, an “Alternate Bid” and each such Bidder, an “Alternate Bidder”), after taking into account factors, including, but not limited to, the price of such bids, the form and structure of the bids (including whether closing is conditioned on any governmental or regulatory approvals), associated risks (including closing risks) and any tax considerations. Within one (1) business day of determining the Successful Bid and Alternate Bid if any, the Debtor shall file notice disclosing the identity of the Successful Bidder and Alternate Bidder, if any.

In accordance with the post-Auction procedures set forth below, the Debtor shall seek Bankruptcy Court approval to enter into and consummate any transaction contemplated by each Successful Bid. The acceptance by the Debtor of a Successful Bid is conditioned upon approval by the Bankruptcy Court of the Successful Bid and the entry of a nonappealable, unstayed order (such order, a “Sale Order”) approving such Successful Bid and the closing of the Sale of the Assets reflected in the Successful Bid.

If a Qualified Bidder is selected as a Successful Bidder, then its offer shall be deemed to remain irrevocable until the later of (a) the date the Bankruptcy Court enters (or denies entry of) the Sale Order (provided, that if the Bankruptcy Court enters the Sale Order, such date shall be no later than June 16, 2017), and (b) July 7, 2017, the outside date for the parties to close the Sale. Any Alternate Bidder shall be required to keep its Alternate Bid open and irrevocable until the closing of the relevant Successful Bid with the relevant Successful Bidder, and the Deposit of an Alternate Bidder shall be held by the Debtor until 24 hours after the closing of the transactions contemplated by the relevant Successful Bid.

H. Post-Auction Procedures

Assumption and Assignment Notice

As soon as practicable after the selection of a Successful Bid, the Debtor will file with the Bankruptcy Court a schedule setting forth the contracts and/or leases (if any) proposed to be assumed and assigned and serve a notice, substantially in the form attached as Exhibit 4 to the Sale Procedures Order (the “Assumption and Assignment Notice”) by first class mail, postage prepaid, facsimile, electronic transmission, hand delivery or overnight mail on each counterparty (each, a “Contract Counterparty”) under each contract or lease proposed intended to be assumed by the Debtor and assigned to the Successful Bidder(s) (each, an “Assumed and Assigned Contract”).

The Assumption and Assignment Notice shall set forth, among other things, (a) the Successful Bidder(s); (b) the contract(s) and/or lease(s) that may be assumed by the Debtor and assigned to the Successful Bidder(s); (c) the name and address of the Contract Counterparty thereto; (d) the proposed effective date of the assignment (subject to the right of the Debtor and Successful Bidder(s) to withdraw such request for assumption and assignment prior to the consummation of the Sale); (e) the proposed cure amount, if any, and (f) the deadline by which any such Contract Counterparty must file an objection to the proposed assumption and assignment; *provided, however*, that the presence of any contract or lease on an Assumption and

Assignment Notice does not constitute an admission that such contract or lease is an executory contract or unexpired lease.

If any objection to the proposed assumption and assignment of a contract or lease or related cure amount is timely filed, a hearing with respect to such objection will be held before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 5th Floor, Courtroom No. 5, Wilmington, DE 19801. A hearing regarding the Cure Amount, if any, may be continued until after the closing of the Sale.

Implementation of the Asset Sale

The Debtor will seek approval of any Sale (and entry of any Sale Order) on or before **June 15, 2017, at 1:00 p.m. (prevailing Eastern time)** (the "Sale Hearing"), before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 5th Floor, Courtroom No. 5, Wilmington, DE 19801. The Sale Hearing may be adjourned or rescheduled without notice other than by an announcement of the adjourned date at the Sale Hearing.

If the Successful Bidder fails to consummate any Sale (following approval of such Sale by the Bankruptcy Court) for any reason, then the respective Alternate Bid will be deemed to be a Successful Bid and the Debtor shall be authorized, but not required, to effectuate the transactions contemplated by the respective Alternate Bid without further order of the Bankruptcy Court. The Debtor and any other person may pursue any and all remedies available under law against the Successful Bidder in connection with its failure to consummate any Sale.

Return of Good Faith Deposits

The Deposit of each Qualified Bidder shall be held in one or more interest-bearing escrow accounts by the Debtor and shall be returned (other than with respect to any Successful Bidder and any Alternate Bidder) upon or within two business days after the Auction. Upon the return of the Deposits, their respective owners shall receive any and all interest that will have accrued thereon. If a Successful Bidder (or an Alternate Bidder, if applicable) timely closes the transaction contemplated by its Bid, its Deposit shall be credited towards the purchase price. If a Successful Bidder or Alternate Bidder fails to consummate a proposed transaction because of a breach or failure to perform on the part of such Successful Bidder or Alternate Bidder, in addition to any and all rights, remedies, and/or causes of action that may be available to the Debtor, the defaulting Successful Bidder's or Alternate Bidder's Deposit shall be forfeited to the Debtor, and such Deposit shall irrevocably become property of the Debtor. In addition, the Debtor reserves the right to seek all available damages from the defaulting Successful Bidder or Alternate Bidder.

I. Reservation of Rights

Notwithstanding anything to the contrary herein, the Debtor reserves the right and has the authority, in its reasonable judgment, after consultation with the Consultation Parties (except

with respect to any immaterial modifications other than with respect to modifications that impact the Committee, which modifications shall be subject to consultation with the Committee), to take all steps that maximize the value of the Assets, including to modify these Bidding Procedures at any time in any fashion, with reasonable notice to Qualified Bidders, including, without limitation, to (a) to adjourn or make earlier the Auction, or any of the dates set forth herein one or more times for any reason, (b) request an earlier Sale Hearing, (c) terminate these Bidding Procedures at any time to pursue an alternative restructuring strategy that maximizes value for the Debtor's estate, (d) determine any Qualified Bids, that are Successful Bids or Alternate Bids, (e) reject at any time, any bid that is: (i) inadequate or insufficient, (ii) not in conformity with the requirements of the Bankruptcy Code or these Bidding Procedures, or (iii) contrary to the best interests of the Debtor and its estate and creditors, or (f) accept as a Qualified Bidder or Qualified Bid a Bidder or Bid that does not otherwise meet the requirements set forth in these Bidding Procedures.

Exhibit 2

Auction Notice

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

LILY ROBOTICS, INC.,

Debtor.¹

Chapter 11

Case No. 17-10426 (KJC)

AUCTION NOTICE

PLEASE TAKE NOTICE that:

1. The above-captioned debtor and debtor in possession (the “Debtor”) is soliciting offers for the purchase of substantially all or any portion of the property of the Debtor (such property, the “Assets” and such transaction, a “Sale”).

2. The Debtor expects to proceed with an auction (the “Auction”) to identify the Sale that provides for the highest and best recovery for the Debtor’s estate and creditors. The Auction will take place pursuant to bidding procedures (the “Bidding Procedures”) approved on [April __], 2017, by an order [ECF No. [●]] (the “Sale Procedures Order”) of the United States Bankruptcy Court for the District of Delaware.²

3. The Sale Procedures Order established the following dates and deadlines in connection with the Auction:

- (a) **Bid Deadline: June 1, 2017, at 4:00 p.m. (prevailing Eastern Time)**, is the deadline by which all Bids must be **actually received** by the Sale Notice Parties, in the form and manner specified in the Bidding Procedures;
- (b) **Auction: June 7, 2017 at 10:00 a.m. (prevailing Eastern Time)** is the date and time of the Auction, which will be held at the offices of Orrick, Herrington & Sutcliffe LLP at 51 West 52nd Street, New York, NY 10019;

¹ The last four digits of the Debtor’s federal tax identification number are 8604. The Debtor’s mailing address is c/o Curtis G. Solsvig, III, Goldin Associates, LLC, 350 Fifth Avenue, New York, NY 10118.

² Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Bidding Procedures. This notice is qualified in its entirety by reference to the Bidding Procedures.

- (c) **Sale Hearing: June 15, 2017 1:00 p.m. (prevailing Eastern Time)** or as soon thereafter as counsel may be heard, which will be held before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 5th Floor, Courtroom No. 5, Wilmington, DE 19801.

4. The Bidding Procedures, the Sale Procedures Order, the *Debtor's Motion Pursuant to Sections 105(a), 363, and 365 of the Bankruptcy Code for Entry of Orders (I)(A) Approving Procedures in Connection with the Sale of Substantially All of the Debtor's Assets; (B) Scheduling Bid Deadlines, the Auction and Sale Hearing; (C) Approving the Form and Manner of Notice Thereof; and (D) Granting Related Relief; and (II)(A) Authorizing the Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims and Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* [ECF No. [●]] (the "Motion") and further information regarding the Debtor's chapter 11 case is available on the Debtor's case information website (located at <https://cases.primeclerk.com/lilyrobotics/Home-Index>). **All interested bidders should carefully read the Bidding Procedures and the Sale Procedures Order.**

5. As set forth in the Bidding Procedures, the Debtor may, in its reasonable judgment, and in consultation with the Consultation Parties, modify the Bidding Procedures at any time with notice to Qualified Bidders (as defined therein), including to adjourn the Auction, Sale Hearing or any of the dates set forth herein or therein one or more times for any reason and to terminate the Bidding Procedures at any time to pursue an alternative restructuring strategy that maximizes value for the Debtor's estate.

6. Objections, if any, to the relief requested in the Motion in respect to approval of a Sale, **must**: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules and any case management order entered in this case; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served, so as to be **actually received** no later than **June 6, 2017, at 12:00 p.m. (prevailing Eastern Time)**, on: (a) counsel to the Debtor – (i) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq, Email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., Email: dmintz@orrick.com, and (ii) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremring@mnat.com; (b) counsel to the DIP Lender – (i) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheume, Esq., Email: arheume@riemerlaw.com, and (ii) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com; (c) counsel to the Prepetition Secured Lender – (i) Nutter, McClennen & Fish, 155 Seaport Boulevard, Boston, MA 02210, Attn: John G. Loughnane, Esq., Email: jloughnane@nutter.com, and (ii) Gellert Scali Busenkell & Brown LLC, 1201 N. Orange Street, 3rd Floor, Wilmington, DE 19801, Attn: Ronald S. Gellert, Email: rgellert@gsbblaw.com; and (d) proposed counsel to the Committee – (i) Lownstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com,

Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein.com, and (ii) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com.

DATED: _____, 2017

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

By: /s/

Robert J. Dehney (DE Bar No. 3578)
Andrew R. Remming (DE Bar No. 5120)
Marcy J. McLaughlin (DE Bar No. 6184)
1201 North Market Street, 16th Floor
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-and-

ORRICK, HERRINGTON & SUTCLIFFE LLP

Douglas S. Mintz (admitted *pro hac vice*)
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Laura Metzger (admitted *pro hac vice*)
Jennifer Asher (admitted *pro hac vice*)
51 West 52nd Street
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Telephone: (212) 506-5000
E-mail: lmetzger@orrick.com
jasher@orrick.com

Counsel for the Debtor and Debtor in Possession

Exhibit 3

Cure Notice

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

LILY ROBOTICS, INC.,

Debtor.¹

Chapter 11

Case No. 17-10426 (KJC)

CURE NOTICE

PLEASE TAKE NOTICE that:

1. On March 13, 2017, the above-captioned debtor and debtor in possession (the “Debtor”), filed the *Debtor’s Motion Pursuant to Sections 105(a), 363, and 365 of the Bankruptcy Code for Entry of Orders (I)(A) Approving Procedures in Connection with the Sale of Substantially All of the Debtor’s Assets; (B) Scheduling Bid Deadlines, the Auction and Sale Hearing; (C) Approving the Form and Manner of Notice Thereof; and (D) Granting Related Relief; and (II)(A) Authorizing the Sale of Substantially All of the Debtor’s Assets Free and Clear of Liens, Claims and Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* [ECF No. [●]] (the “Motion”)² with the United States Bankruptcy Court for the District of Delaware (the “Court”).

2. On April [], 2017, the Court entered an order [ECF No. [●]] (the “Sale Procedures Order”), granting certain relief sought in the Motion, including, among other things, approving (a) the Bidding Procedures and (b) procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the “Assumed and Assigned Contracts”).³

3. The Debtor hereby provides notice (the “Cure Notice”) of its intent to potentially assume and assign the Assumed and Assigned Contracts listed on Exhibit A hereto to the potential Successful Bidder with respect to the Assets.

4. As soon as practicable after the Sale, the Debtor will pay the amount that the Debtor’s records reflect is owing for prepetition arrearages as set forth on Exhibit A (the “Cure Amounts”) for all Assumed and Assigned Contracts designated by the Successful Bidder. [The

¹ The last four digits of the Debtor’s federal tax identification number are 8604. The Debtor’s mailing address is c/o Curtis G. Solsvig, III, Goldin Associates, LLC, 350 Fifth Avenue, New York, NY 10118.

² Unless otherwise defined herein, each capitalized term shall have the meaning ascribed to such term in the Bidding Procedures.

³ The Bidding Procedures, the Sale Procedures Order, the Motion and further information regarding the Debtor’s chapter 11 case is available on the Debtor’s case information website (located at <https://cases.primeclerk.com/lilyrobotics/Home-Index>).

Debtor's records reflect that all post-petition amounts owing under the Assumed and Assigned Contracts have been paid and will continue to be paid until the assumption and assignment of the Assumed and Assigned Contracts and that, other than the Cure Amount, there are no other defaults under the Assumed and Assigned Contracts.]

5. Objections to any Cure Amount, **must**: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules and any case management order entered in this case; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served, so as to be **actually received** no later than ten days after the Cure Notice is served, or [____], 2017, on: (i) counsel to the Debtor, (A) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq, email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., email: dmintz@orrick.com, and (B) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremning@mnat.com; (ii) proposed counsel to the Committee – (A) Lownstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein, and (B) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com; and (iii) counsel to the DIP Lender – (A) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheume, Esq., Email: arheume@riemerlaw.com, and (B) Ashby & Geddes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com.

6. If any objection to the proposed Cure Amount is timely filed, a hearing with respect to such objection will be held before the Honorable Kevin J. Carey, United States Bankruptcy Judge, at the United States Bankruptcy Court for the District of Delaware, 824 N. Market Street, 5th Floor, Courtroom No. 5, Wilmington, DE 19801. A hearing regarding the Cure Amount, if any, may be continued until after the closing of the Sale.

7. Notwithstanding the foregoing, this Cure Notice does not constitute a determination by the Debtor to assume or assign the contracts set forth on Exhibit A hereto. If the Debtor determines to assume any contracts and/or leases in connection with a Sale, the Debtor shall serve on each counterparty thereto an Assumption and Assignment Notice, as more fully described in the Motion and the Bidding Procedures. Any counterparty wishing to object to assumption and assignment on any basis other than the proposed Cure Amount will have an opportunity to object at that time.

Consequences of Failing To Timely File and Serve an Objection

Any Contract Counterparty to an Assumed and Assigned Contract who fails to timely file and serve an objection to the proposed Cure Amount of an Assumed and Assigned Contract in accordance with the Sale Procedures Order and the Assumption Procedures shall be forever barred from asserting an objection to the Cure Amount, including

asserting additional Cure Amounts with respect to the Assumed and Assigned Contract relating to any period prior to the time of assumption and assignment.

DATED: _____, 2017

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

By: /s/

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Counsel for the Debtor and Debtor in Possession

Exhibit 4

Assumption and Assignment Notice

UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:

LILY ROBOTICS, INC.,

Debtor.¹

Chapter 11

Case No. 17-10426 (KJC)

NOTICE OF DEBTOR'S REQUEST FOR AUTHORITY
TO ASSUME AND ASSIGN CERTAIN EXECUTORY
CONTRACTS AND UNEXPIRED LEASES

PLEASE TAKE NOTICE that:

1. On March 13, 2017, the above-captioned debtor and debtor in possession (the "Debtor"), filed the *Debtor's Motion Pursuant to Sections 105(a), 363, and 365 of the Bankruptcy Code for Entry of Orders (I)(A) Approving Procedures in Connection with the Sale of Substantially All of the Debtor's Assets; (B) Scheduling Bid Deadlines, the Auction and Sale Hearing; (C) Approving the Form and Manner of Notice Thereof; and (D) Granting Related Relief; and (II)(A) Authorizing the Sale of Substantially All of the Debtor's Assets Free and Clear of Liens, Claims and Encumbrances, and Other Interests; (B) Approving the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases; and (C) Granting Related Relief* [ECF No. [●]] (the "Motion")² with the United States Bankruptcy Court for the District of Delaware (the "Court").

2. On April [], 2017, the Court entered an order [ECF No. [●]] (the "Sale Procedures Order"), granting certain relief sought in the Motion, including, among other things, approving (a) the Bidding Procedures and (b) procedures for the assumption and assignment of executory contracts and unexpired leases (collectively, the "Assumed and Assigned Contracts").³

3. Pursuant to the Bidding Procedures, on [June], 2017 the Debtor conducted the Auction, and the Debtor selected, in consultation with the Consultation Parties, [●] as the Successful Bidder(s), whose Bid(s) contemplate(s) a Sale of the Assets. The Debtor will seek approval of the Sale at a hearing presently scheduled to take place on **June 15, 2017, at 1:00 p.m. (prevailing Eastern Time)** (the "Sale Hearing").

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³ The Bidding Procedures, the Sale Procedures Order, the Motion and further information regarding the Debtor's chapter 11 case is available on the Debtor's case information website (located at <https://cases.primeclerk.com/lilyrobotics/Home-Index>).

4. You are receiving this notice (the “**Assumption and Assignment Notice**”) because you are listed on **Exhibit A** hereto as a counterparty to a contract or lease that the Debtor intends to assume and assign to the Successful Bidder(s) in connection with the Sale.

5. Pursuant to section 365 of the Bankruptcy Code, there is adequate assurance that the Cure Amount set forth in the Cure Notice [ECF No. [●]] shall be paid in accordance with the terms determined at the Sale Hearing. Further, there is adequate assurance of the future performance of the Successful Bidder(s) under the executory contract or unexpired lease to be assumed and assigned because of the significant resources of the Successful Bidder(s).

6. All objections to the assignment and assumption of any Assumed and Assigned Contract, **must**: (a) be in writing; (b) conform to the applicable provisions of the Bankruptcy Rules, the Local Rules and any case management order entered in this case; (c) state with particularity the legal and factual basis for the objection and the specific grounds therefor; and (d) be filed with the Court and served, so as to be **actually received** no later than ten days after the Assumption and Assignment notice is served, or [____], 2017, on: (i) counsel to the Debtor, (A) Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, NY 10019, Attn: Laura Metzger, Esq, email: lmetzger@orrick.com, and 1152 15th NW, Washington, DC 20005, Attn: Douglas Mintz, Esq., email: dmintz@orrick.com; and (B) Morris, Nichols, Arsht & Tunnell LLP, 1201 North Market Street, 16th Floor, P.O. Box 1347, Wilmington, DE 19899-1347, Attn: Andrew R. Remming, Esq., Email: aremning@mnat.com; (ii) proposed counsel to the Committee – (A) Lowenstein Sandler LLP, 65 Livingston Ave., Roseland, NJ 07068, Attn: Bruce D. Buechler, Esq., Email: bbuechler@lowenstein.com, Wojciech F. Jung, Esq., Email: wjung@lowenstein.com, and Philip J. Gross, Esq., Email: pgross@lowenstein, and (B) Richards, Layton & Finger, P.A., One Rodney Square, 920 N. King Street, Wilmington, DE 19801, Attn: Mark D. Collins, Esq., Email: collins@rlf.com; and (iii) counsel to the DIP Lender – (A) Riemer & Braunstein LLP, Three Center Plaza, Boston, Massachusetts 02108, Attn: Alexander G. Rheame, Esq., Email: arheame@riemerlaw.com, and (B) Ashby & Gedes, P.A., 500 Delaware Avenue, P.O. Box 1150, Wilmington, DE 19899, Attn: Gregory Taylor, Esq., Email: GTaylor@ashby-geddes.com.

Consequences of Failing To Timely File and Serve an Objection

Any Contract Counterparty to an Assumed and Assigned Contract who fails to timely file and serve an objection to the proposed assumption and assignment of such Assumed and Assigned Contract in accordance with the Sale Procedures Order and the Assumption Procedures shall be forever barred from asserting any objection to the assumption and assignment of such Assumed and Assigned Contract, including requesting additional Adequate Assurance Information with respect to such Assumed and Assigned Contract.

DATED: _____, 2017

Respectfully submitted,

MORRIS, NICHOLS, ARSHT & TUNNELL LLP

By: /s/

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