

UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE

In re:

HALT MEDICAL, INC.,

Debtor.

Chapter 11

Case No. 17-10810 (LSS)

**NOTICE OF POSSIBLE ASSUMPTION AND CURE AMOUNT WITH RESPECT TO  
EXECUTORY CONTRACTS OR UNEXPIRED LEASES POTENTIALLY TO BE  
ASSUMED AND ASSIGNED IN CONNECTION WITH SALE OF DEBTOR'S ASSETS**

PLEASE TAKE NOTICE THAT:

1. Pursuant to the *Order (A) Authorizing And Approving Bidding Procedures, Break-up Fee And Expense Reimbursement; (B) Authorizing And Approving The Debtor's Entry Into The Stalking Horse APA; (C) Approving Notice Procedures; (D) Scheduling An Auction And Sale Hearing; (E) Approving Procedures For The Assumption And Assignment Of Executory Contracts And Unexpired Leases And Determining Cure Amounts, and (F) Granting Related Relief* (the "Bidding Procedures Order") entered by the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") on May 4, 2017, the above captioned debtor (the "Debtor"), have entered into an Asset Purchase Agreement (the "Stalking Horse APA") with Acessa AssetCo, LLC (the "Stalking Horse Bidder") for the sale of substantially all of the Debtor's assets subject to a competitive bidding process as set forth in the Bidding Procedures Order. The Debtor hereby provides notice that it may seek to assume and assign the prepetition executory contracts or unexpired leases (the "Scheduled Contracts") listed on Exhibit A hereto to the Stalking Horse Bidder or the Successful Bidder, as the case may be. The inclusion of any executory contract or unexpired lease on Exhibit A does not require or guarantee that such lease or contract will be assumed and assigned, or that such contract or lease is executory, and all rights of the Debtor with respect thereto are reserved. Capitalized terms used but not otherwise defined in this notice have the meanings ascribed to them in the Bidding Procedures Order or the Stalking Horse APA, as applicable.

2. Pursuant to the terms of the Stalking Horse APA (or any asset sale and purchase agreement that the Debtor may enter into with the Successful Bidder), the Debtor may seek to assume and assign one or more of the Scheduled Contracts to the Stalking Horse Bidder or the Successful Bidder, as the case may be, subject to approval at the hearing to be held at 10:00 a.m. (Eastern Daylight Time) on June 6, 2017 (the "Sale Hearing") before the Bankruptcy Court. On the date of the closing of the transactions contemplated by the Stalking Horse APA (the "Closing Date"), or as soon thereafter as is reasonably practicable, the Stalking Horse Bidder or the Successful Bidder, as the case may be, will pay the amount the Debtor's records reflect is owing for prepetition arrearages, if any, as set forth on Exhibit A hereto (the "Cure Amount"). The Debtor's records reflect that all post-petition amounts owing under the Scheduled Contracts have been paid and will continue to be paid until the assumption and assignment of the Scheduled Contracts and that, other than the Cure Amount, there are no other defaults under the Scheduled Contracts.

3. **Objections, if any, to (i) the assumption and assignment of a Scheduled Contract, (ii) the proposed Cure Amount, and/or (iii) the Stalking Horse Bidder's ability to provide adequate assurance of future performance must (a) be in writing, (b) state with specificity the cure amount asserted to be required, (c) include appropriate documentation thereof, (d) be filed with the Bankruptcy Court no later than May 30, 2017, at 5:00 p.m. (Eastern Daylight Time) (the "Sale Objection Deadline") and served on the following parties: (i) Halt Medical, Inc., 131 Sand Creek Road, Suite B, Brentwood, CA 94513 (Attn: Kimberly Bridges-Rodriguez), kbridges@haltmedical.com, (ii) proposed special corporate counsel to the Debtor, Cooley LLP, 101 California Street, 5th Floor, San Francisco, CA 94111-5800 (Attn: Robert L. Eisenbach III, Esq.) reisenbach@cooley.com, and proposed lead counsel for the Debtor, Drinker Biddle & Reath LLP, 222 Delaware Avenue, Suite 1410, Wilmington, DE 19801 (Attn: Steven K. Kortanek, Esq.) steven.kortanek@dbr.com; (iii) counsel for the Pre-petition Agent, Arnold & Porter Kaye Scholer LLP, 601 Massachusetts Avenue, N.W., Washington, D.C. 20001 (Attn: Michael L. Bernstein); (iv) counsel for the Stalking Horse Purchaser, Smith, Gambrell & Russell, LLP, Suite 3100, Promenade, 1230 Peachtree Street, N.E., Atlanta, Georgia 30309 (Attn: Brian P. Hall, Esq.); bhall@sgrlaw.com, Waller Lansden Dortch & Davis, LLP, 100 Congress Avenue, Suite 1800, Austin, TX 78701 (Attn: Morris D. Weiss, Esq.); morris.weiss@wallerlaw.com, and Landis Rath & Cobb LLP, 919 Market Street, Suite 1800, Wilmington, DE 19801 (Attn: Adam G. Landis, Esq.) landis@lrclaw.com, and (v) the Office of the United States Trustee, United States Trustee, 844 King Street, Suite 2207, Lockbox 35, Wilmington, DE 19801 (Attn: Richard L. Schepacarter, Esq. and Brya M. Keilson, Esq.) richard.schepacarter@usdoj.gov and brya.keilson@usdoj.gov, so as to be received no later than 5:00 p.m. on the Sale Objection Deadline.**

**If the bid of the Stalking Horse Bidder is not the Qualified Bid that the Debtor determines in its reasonable business judgment, to be the highest and best Qualified Bid at the Auction, the non-Debtor parties to the Scheduled Contracts shall have until the Sale Hearing to object to the assumption and assignment of such Scheduled Contract solely on the issue of whether the Successful Bidder can provide adequate assurance of future performance as required by section 365 of the Bankruptcy Code.**

4. If an objection to the assumption and assignment of a Scheduled Contract is timely filed and received, a hearing with respect to the objection will be held before the Bankruptcy Court at the Sale Hearing or such date and time as the Bankruptcy Court may schedule. If no objection is timely received, the non-Debtor party to the Scheduled Contract will be deemed to have consented to the assumption and assignment of the Scheduled Contract and will be forever barred from asserting any other claims, including but not limited to the propriety or effectiveness of the assumption and assignment of the Scheduled Contract, against the Debtor, the Stalking Horse Bidder, the Successful Bidder or the property of any of them in respect of the Scheduled Contract.

5. Pursuant to 11 U.S.C. § 365, there is adequate assurance of future performance that the Cure Amount set forth in the Cure Notice will be paid in accordance with the terms of the Sale Order. There is adequate assurance of the Stalking Horse Bidder's future performance under the executory contract or unexpired lease to be assumed and assigned because of the significant resources of the Stalking Horse Bidder. If necessary, the Debtor will adduce facts at

the hearing on any objection demonstrating the financial wherewithal of the Successful Bidder, and its willingness and ability to perform under the contracts to be assumed and assigned to it.

6. If an objection to the Cure Amount is timely filed and received and the parties are unable to consensually resolve the dispute, the amount to be paid under section 365 of the Bankruptcy Code, if any, with respect to such objection will be determined at a hearing to be requested by the Debtor or by the objecting counterparty. At the Stalking Horse Bidder's or the Successful Bidder's discretion, and provided the Stalking Horse Bidder or the Successful Bidder escrow the disputed portion of the Cure Amount, the hearing regarding the Cure Amount may be continued until after the Closing Date and the Scheduled Contract(s) subjected to such Cure Amount shall be assumed and assigned to the Stalking Horse Bidder or the Successful Bidder at the closing of the Sale.

7. If no objection is timely received, the Cure Amount set forth in Exhibit A hereto will be controlling, notwithstanding anything to the contrary in any Scheduled Contract or any other document, and the non-Debtor party to the Scheduled Contract will be deemed to have consented to the Cure Amount and will be forever barred from asserting any other claims in respect of such Scheduled Contract against the Debtor, the Stalking Horse Bidder, or the Successful Bidder (as appropriate), or the property of any of them. The failure of any objecting person or entity to timely file its objection will be a bar to the assertion, at the Sale Hearing or thereafter, of any objection to the Sale Motion, the Sale, or the Debtor's consummation of and performance under the Sale Agreement (including the transfer of the Purchased Assets and the Scheduled Contracts free and clear of all claims, liens and interests), if authorized by the Court.

8. Prior to the date of the closing of the Sale, the Debtor may amend its decision with respect to the assumption and assignment of any Scheduled Contract, including amending the Cure Amount, and provide a new notice amending the information provided in this notice, including, without limitation, a determination not to assume certain contracts.

*[Remainder of page intentionally left blank]*

Dated: May 9, 2017  
Wilmington, Delaware

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*Proposed Lead Counsel for the  
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-and-

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Debtor and Debtor in Possession*

**EXHIBIT A**

<b><u>Contract/Lease Counterparty</u></b>	<b><u>Contract or Lease</u></b>	<b><u>Cure Amount</u></b>
InnerOptic Technology Inc.	License & Product Development Agreement dated August 5, 2016	\$10,000
Health Trust	Purchase Agreement dated June 1, 2015 and amended on April 1, 2016	\$0
Minnetronix Inc.	Business Agreement dated July 28, 2016	\$0
L+G, LLP	Engagement letter dated September 1, 2016	\$8,723
Alto Litigation	Engagement letter dated May 26, 2016	\$0
Amanda Krusee	Consulting Agreement dated October 5, 2016	\$170
Claire Brian	Consulting Agreement dated November 24, 2014	\$140
Carlos Quezada, MD	Consulting Agreement dated May 9, 2016	\$0
Chris Olson, MD	Consulting Agreement dated June 6, 2016	\$0
Nathaniel Crump, MD	Consulting Agreement dated April 15, 2015	\$0
Devin Garza, MD	Consulting Agreement dated June 10, 2016	\$0
Donald Galen, MD	Consulting Agreement dated July 1, 2014	\$3,675
Alan Greenberg, MD	Consulting Agreement dated November 25, 2015	\$1,647
Jessica Shepherd, MD	Consulting Agreement dated June 6, 2016	\$1,287
John Bertrand, MD	Consulting Agreement dated June 1, 2016	\$0
Jorge Saldivar, MD	Consulting Agreement dated June 1, 2016	\$0
Laina Crowthers, MD	Consulting Agreement dated March 3, 2014	\$0
Kemp Clinical Consulting	Consulting Agreement dated September 11, 2015 and amended on December 16, 2016	\$0
Kimberly Lefholz, MD	Consulting Agreement dated August 6, 2015	\$8,079
Janine Little	Consulting Agreement dated February 24, 2014	\$1,639
Abraham Shashoua, MD	Consulting Agreement dated December 29, 2015	\$0
Shawn Tassone, MD	Consulting Agreement dated December 8, 2016	\$1,800

<u>Contract/Lease Counterparty</u>	<u>Contract or Lease</u>	<u>Cure Amount</u>
John Thiel, MD	Consulting Agreement dated March 5, 2013	\$0
Nicole Williams, MD	Consulting Agreement dated June 12, 2014	\$6,094
The Palomino Group	Service Agreement dated June 1, 2016 (Reimbursement support)	\$12,585
Po Ho	Service Agreement dated June 13, 2007 (IT support)	\$22,610
TriNet	Service Agreement dated May 1, 2013 (HR support)	\$0
University of Saskatchewan and Dr. John Thiel	Clinical Trial Agreement dated January 31, 2015 and amended on July 8, 2016	\$8,998
Children's & Women's Health Centre of British Columbia Branch	Clinical Trial Agreement dated November 29, 2012	\$8,044
Brigham and Women's Hospital	Clinical Trial Agreement dated February 22, 2017	\$453
Yaron Friedman, MD and John Muir Health	Clinical Trial Agreement dated December 10, 2015	\$10,509
Inova Healthcare Services	Clinical Trial Agreement dated June 28, 2016	\$120,395
Texas Fertility Center	Clinical Trial Agreement dated May 11, 2016 and amended on October 1, 2016	\$134,819
University of Chicago	Clinical Trial Agreement dated March 11, 2016	\$73,639
University of Rochester	Clinical Trial Agreement dated April 4, 2016	\$195
Georgia Regents Research Institute	Clinical Trial Agreement dated May 16, 2014 and amended on March 31, 2016	\$23,375
Henry Ford Health System	Clinical Trial Agreement dated October 5, 2016	\$51,900
The Regents of the University of California (UCSF)	Investigator Initiated Clinical Trial Agreement dated April 25, 2013 and amended on October 8, 2014 and again on November 20, 2015 and again on August 15, 2016	\$0
University Clinical Center Tubingen	Investigator Initiated Clinical Trial Agreement dated January 27, 2016	\$2,000
Canepa Healthcare	Non-disclosure agreement dated August 22, 2016	\$0
Strada Consulting	Non-disclosure agreement dated June 17, 2016	\$0
Brent O'Connell, MD	Non-disclosure agreement dated August 23, 2016	\$0

<u>Contract/Lease Counterparty</u>	<u>Contract or Lease</u>	<u>Cure Amount</u>
Novo Ventures	Non-disclosure agreement dated August 31, 2016	\$0
The Palomino Group	Non-disclosure agreement dated June 8, 2016	\$0
Piper Jaffray	Non-disclosure agreement dated June 8, 2016	\$0
Silicon Valley Bank	Non-disclosure agreement dated August 10, 2016	\$0
MVM Life Science Partners	Non-disclosure agreement dated September 9, 2016	\$0
Francis Mayeda	Non-disclosure agreement dated June 15, 2016	\$0
Larry Anderson	EPIIA dated October 12, 2012	\$0
Kimberly Bridges-Rodriguez	EPIIA dated March 17, 2016	\$0
Erin Damerall	EPIIA dated December 17, 2007	\$0
Amalia Herrera	EPIIA dated May 23, 2007	\$0
Martha Herrera	EPIIA dated August 1, 2007	\$0
Jena Holcomb	EPIIA dated November 26, 2007	\$0
Tyler Holcomb	EPIIA dated August 13, 2012	\$0
Jeremy McFadden	EPIIA dated August 22, 2014	\$0
Chris Owen	EPIIA dated September 24, 2007	\$96
Jacob Schneider	EPIIA dated July 15, 2016	\$0
Nicholas Schneider	EPIIA dated December 16, 2015	\$0
Robert Skidmore	EPIIA dated January 20, 2006	\$25
Rick Spero	EPIIA dated September 28, 2005	\$0
Lou Tateo	EPIIA dated July 25, 2006	\$0
Thomas Whipple	EPIIA dated October 26, 2015	\$0
Jordan Whittle	EPIIA dated January 8, 2015	\$0
Jeremy McFadden	Employee Severance Agreement dated January 20, 2017	\$0
Larry Anderson	Employee Severance Agreement dated January 20, 2017	\$0
Tyler Holcomb	Employee Severance Agreement dated January 20, 2017	\$0
Robert Skidmore	Employee Severance Agreement dated January 20, 2017	\$0
Rick Spero	Employee Severance Agreement dated January 20, 2017	\$0

<u>Contract/Lease Counterparty</u>	<u>Contract or Lease</u>	<u>Cure Amount</u>
Jordan Whittle	Employee Severance Agreement dated January 20, 2017	\$0
Nick Schneider	Employee Severance Agreement dated January 20, 2017	\$0
Sand Creek Business Associates I	Property Lease dated September 27, 2010 and amended on September 12, 2011, and again on March 1, 2013, and again on May 23, 2014 and again on September 3, 2015	\$25,973
Navitas Lease Corp	Ultrasound Equipment lease dated 5/23/2016	\$19,294
Navitas Lease Corp	Ultrasound Equipment lease dated 7/19/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 2/23/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 10/3/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 10/3/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 10/3/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 5/23/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 2/23/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 2/22/2016	
Navitas Lease Corp	Ultrasound Equipment lease dated 2/22/2016	
Canon Financial Services, Inc	Canon Copier Equipment lease dated October 15, 2015	