


SO ORDERED.

SIGNED this 16th day of June, 2021.




LENA MANSORI JAMES
UNITED STATES BANKRUPTCY JUDGE

UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION

IN RE:)	
)	Case No. 21-10222
ELECTRONIC DATA MAGNETICS,)	
INC.,)	Chapter 11
)	
Debtor.)	

ORDER (A) AUTHORIZING AND SCHEDULING AN AUCTION FOR THE SALE OF THE SALE ASSETS, (B) APPROVING BIDDING PROCEDURES, (C) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, (D) AUTHORIZING THE DESIGNATION OF STALKING HORSE BIDDER(S) AND APPROVING BREAK-UP FEES, (E) APPROVING THE FORM AND MANNER OF CERTAIN NOTICES, AND (F) SETTING A DATE FOR THE SALE HEARING

THIS MATTER came before the Court after due notice and hearing on June 10, 2021 (the “Hearing”) for purposes of an interim order establishing bidding procedures and other relief in connection with the *Debtor’s Motion for Entry of Orders (A) Authorizing and Scheduling an Auction for the Sale of the Sale Assets, (B) Approving Bidding Procedures, (C) Approving Procedures for the Assumption and Assignment of Contracts and Leases; (D) Authorizing the Designation of Stalking Horse Bidder(s) and Approving Break-Up Fees, (E) Approving the Form and Manner of Certain Notices, (F) Setting a Date for the Sale Hearing, (G) Approving the Sale*

of the Sale Assets to the Highest or Best Bidder, and (H) Granting Related Relief (the “Sale Motion”)¹ filed by Electronic Data Magnetics, Inc. (the “Debtor”) pursuant to Sections 105, 363, and 365 of the Bankruptcy Code and Rules 2002, 6004, 6006, and 9006 of the Federal Rules of Bankruptcy Procedure. Present at the Hearing were James C. Lanik and Evan A. Lee on behalf of the Debtor, James R. Hundley on behalf of Hallman Properties, LLC (“Hallman Properties”), Daniel C. Bruton on behalf of Truist Bank (“Truist”), and William P. Miller, Bankruptcy Administrator.

Upon consideration of the Sale Motion, the arguments of counsel at the Hearing, and the evidence submitted in support thereof; and such notice having been adequate and appropriate under the circumstances; and the Court having determined that the relief requested in the Sale Motion is necessary and proper, and is in the best interests of the Debtor, its estate and its creditors, the Court finds as follows:

1. This Court has jurisdiction over the Sale Motion pursuant to 28 U.S.C. §§157 and 1334. This is a core proceeding pursuant to 28 U.S.C. §157(b). Venue of this Chapter 11 case and this Motion in this District is proper pursuant to 28 U.S.C. §1408.

2. On April 22, 2021 (the “Petition Date”), the Debtor filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code. The Debtor continues in possession of its assets as debtor-in-possession. No trustee, or examiner has been appointed.

3. On April 27, 2021, the United States Bankruptcy Administrator for the Middle District of North Carolina (the “Bankruptcy Administrator”) filed its *Notice of Opportunity to Serve on Committee of Unsecured Creditors* [Dkt. No. 32], and on May 10, 2021, the Bankruptcy Administrator filed a *Notice of No Formation of Creditors’ Committee* [Dkt. No. 69].

¹ Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Sale Motion, including any exhibits thereto.

4. On May 21, 2021, the Court entered the Order authorizing the Debtor's engagement of SC&H Group, Inc. ("SC&H") as financial advisor for marketing and selling of the Debtor's Sale Assets [Dkt. No. 88].

5. The Debtor seeks to facilitate a strategic sale of the Sale Assets to maximize the value of Debtor's assets for the benefit of Debtor's estate and its creditors.

6. The Debtor has established that a sound business purpose and justification exists for the Court to authorize a pre-confirmation sale of the Sale Assets, pursuant to section 363(b) of the Bankruptcy Code. Any delay in selling the Sale Assets will result in a deterioration in the value of the business. Capitalizing on a sale at this time will maximize the value of the business and reduce the risk of deterioration in the value received by the Debtor's estate.

7. Attached to the Sale Motion were (i) a proposed Sale Procedures Order; (ii) the Form Asset Purchase Agreement (the "APA"); (iii) the proposed auction Bidding Procedures (the "Bidding Procedures"); (iv) the proposed Sale Notice (the "Sale Notice"), and (v) the proposed Notice of Possible Assignment of Executory Contracts and Unexpired Leases (the "Assignment Notice").

8. On June 2, 2021, Truist filed a limited objection to the Sale Motion [Dkt. No. 104]. No other objections or responses to the Sale Motion were filed with the Court.

9. On June 9, 2021, the Debtor filed a supplemental document with (i) a revised proposed Sale Procedures Order; (ii) a proposed Affiliate Agreement between Hallman Properties and the Debtor (the "Affiliate Agreement"); (iii) the Form APA; (iv) the proposed auction Bidding Procedures; (v) the proposed Sale Notice, and (vi) the proposed Assignment Notice.

10. As of the Hearing, the Debtor and SC&H have not identified a purchaser willing to enter into a binding agreement of sale and serve as the Stalking Horse Bidder.

11. Upon oral motion at the Hearing, the Debtor withdrew its request for approval of the Affiliate Agreement.

12. Upon oral motion at the Hearing, the Debtor requested to amend the definition of Consultation Parties to include the Bankruptcy Administrator as defined herein.

13. The Debtor presented evidence supporting, among other things, that a Stalking Horse Bidder can be beneficial to and can enhance the sale process and that a Break-Up Fee is a reasonable method of encouraging a Stalking Horse Bidder to participate in the sale process. As such, the Debtor by oral motion at the Hearing requested that, in consultation with the Consultation Parties, the Debtor may negotiate a Break-Up Fee with any Stalking Horse Bidder; provided, however, that the Break-Up Fee shall not exceed the lesser of (i) 2.5% of the proposed Purchase Price; OR (ii) the reasonable and actual diligence costs incurred by such Stalking Horse Bidder; and, provided further, that the first overbid of the Stalking Horse Bid shall be in the minimum amount of two times the Break-Up Fee; and, provided further, that the Stalking Horse Bidder shall not be entitled to payment of any Break-Up Fee if the Stalking Horse Bidder bids in the sale process after the Debtor receives an overbid of the Stalking Horse Bid.

14. At the Hearing the Court directed the following additional changes to the sale procedures and related documents: (i) that the form of the Bidding Procedures and Sale Notice shall include a chart summarizing the applicable dates of the sale process; (ii) extending the Assignment Objection Deadline to July 16, 2021; (iii) directing the Debtor to file and send notice of the Prevailing Bidder and Back-Up Bidder within one business day after the completion of the Auction; (iv) that the form of the Assignment Notice shall include more prominent notices and warnings of the assignment process; (v) reducing to one business day the time in which the Debtor must send this Order, the Bidding Procedures, the Sale Notice and the Assignment Notice to the

required parties; (vi) extending the Sale Objection Deadline and the Adequate Assurance Deadline to August 5, 2021 at 4:00 p.m.; (vii) directing the sale hearing be held at 9:30 a.m. on August 6, 2021; and (vii) directing that the Debtor include the Court's Public Sale URL as an additional location where interested parties may obtain the sale documents.

15. Revised versions of the Bidding Procedures, the Sale Notice, and the Assignment Notice reflecting the foregoing changes are attached hereto.

16. While Truist does not object to the entry of this Order, Truist has not consented to the auction sale as set out herein and reserves all rights with respect to the same, including, but not limited to, whether Truist's collateral can be sold free and clear of interests and liens pursuant to Section 363(f) of the Bankruptcy Code without Truist's consent.

17. While SBA does not object to the entry of this Order, SBA has not consented to the auction sale as set out herein and reserves all rights with respect to the same, including, but not limited to, whether SBA's collateral can be sold free and clear of interests and liens pursuant to Section 363(f) of the Bankruptcy Code without SBA's consent.

18. Pinnacle has not consented to the auction sale of the HP Real Estate through the sale process as set out herein and reserves all rights with respect to the same, including, but not limited to, whether the sale of the HP Real Estate complies with all applicable state law as the governing law with respect to the sale of the HP Real Estate.

Pursuant to Section 363 of the Bankruptcy Code, and subject to a Final Sale Hearing, upon the terms set forth below, **IT IS HEREBY ORDERED THAT:**

1. The Sale Motion, as modified at the Hearing and as set out above, is GRANTED, to the extent set forth herein.

2. Neither Truist, the SBA, nor Pinnacle Bank shall be deemed to consent to any sale of the Sale Assets or their respective collateral.

3. The revised form of the Bidding Procedures attached hereto as **Exhibit A** is hereby approved by this Court and incorporated by reference as if fully set forth herein.

4. The revised form of the Sale Notice attached hereto as **Exhibit B** is hereby approved by this Court and incorporated by reference as if fully set forth herein.

5. The revised form of the Assignment Notice attached hereto as **Exhibit C** is hereby approved by this Court and incorporated by reference as if fully set forth herein.

6. The following are the material dates as set forth herein, in the Bidding Procedures, the Sale Notice, and the Assignment Notice:

June 29, 2021	<ul style="list-style-type: none">Deadlines for the Debtor, in consultation with the Consultation Parties, to designate the Stalking Horse Bidder; Debtor to file any Stalking Horse Agreement with the Court and to send a copy of same to required parties
July 16, 2021	<ul style="list-style-type: none">Deadline for any entity to object to the Cure Amount or the Debtor's assumption and assignment of any executory contract or unexpired lease
July 23, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Deadline for any entity to deliver its Initial Bid to the Debtor's financial advisor, SC&H
July 24, 2021	<ul style="list-style-type: none">Deadline for Debtor to designate and communicate the Auction location and initial bid amount to Qualified Bidders
July 28, 2021, 10:00 a.m. Eastern Time	<ul style="list-style-type: none">Date and time of the beginning of the auction
August 5, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Sale Objection Deadline and Adequate Assurance Deadline
August 6, 2021, 9:30 a.m. Eastern Time	<ul style="list-style-type: none">Sale Hearing, to be conducted at the U.S. Bankruptcy Court for the Middle District of North Carolina 601 W. 4th St., Winston-Salem, NC 27101.
August 9, 2021, 5:00 p.m. Easter Time	<ul style="list-style-type: none">Deadline for Prevailing Bidder to increase its deposit

7. The Bankruptcy Administrator shall be a “Consultation Party” along with Truist, the SBA, and Pinnacle.

8. The Debtor is authorized, in consultation with the Consultation Parties, to conduct an auction (the “Auction”) with respect to the Sale Assets. The Auction shall be held on **July 28, 2021**, commencing at **10:00 a.m.** Eastern, at a location that shall be determined by the Debtor, in consultation with the Consultation Parties, and communicated to all Qualified Bidders on or before **July 24, 2021**, and shall be governed by the Bidding Procedures.

9. The notices contemplated by the Sale Motion, as amended as described herein, are adequate and sufficient notice of the proposed sale of the Sale Assets, the Auction, any proposed assumption and assignment of executory contracts or unexpired leases and any Cure Amounts associated therewith, and the Sale Hearing, and no additional notice need be given. Without limiting the generality of the foregoing, the Court specifically approves the “Sale Notice” attached hereto as **Exhibit B** and the “Assignment Notice” attached hereto as **Exhibit C**.

10. The procedures for the assumption and assignment of executory contracts and unexpired leases are approved. Unless the non-Debtor party to an executory contract or unexpired lease timely files an Assignment Objection by the Assignment Objection Deadline set forth in the Assignment Notice, such counterparty shall be forever barred from objecting to the Cure Amount and forever barred and estopped from asserting or claiming any Cure Obligation (other than the Cure Amount listed on the Assignment Notice) against the Debtor, any Prevailing Bidder, any Back-up Bidder, or any other assignee of the relevant Contract or Lease. Further, unless the non-Debtor party to an executory contract or unexpired lease timely files an Adequate Assurance Objection by the Adequate Assurance Objection Deadline as set forth in the Assignment Notice, such counter party shall be forever barred from objecting to the demonstration of adequate

assurance of future performance of the executory contract and from asserting or claiming against the Debtor or the assignee of such executory contract and/or unexpired lease that there has not been a demonstration of adequate assurance of future performance.

11. The final hearing (the “Sale Hearing”) to consider the sale of the Sale Assets, including any proposed assumption and assignment of executory contracts and unexpired leases and the Cure Amounts related thereto, shall be held on **August 6, 2021**, at **9:30 a.m.** Eastern Time in the United States Bankruptcy Court located at 601 West Fourth Street, Winston-Salem, North Carolina, which may be a telephonic or videoconference hearing if determined by the Court. For the avoidance of doubt, the rights of Truist, SBA, and Pinnacle Bank shall be deemed reserved.

12. Within **one (1)** business day after the entry of this Order (the “Sale Procedures Order”), the Debtor shall serve copies of this Sale Procedures Order, the Bidding Procedures, the Sale Notice, and the Assignment Notice on (i) all known creditors and other parties-in-interest, (ii) all parties known by the Debtor to assert a lien or security interest in the Sale Assets, and (iii) all non-debtor parties to the Debtor’s executory contracts and unexpired leases.

END OF DOCUMENT

EXHIBIT A
BIDDING PROCEDURES

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION**

IN RE:)	
)	Case No. 21-10222
ELECTRONIC DATA MAGNETICS,)	
INC.,)	Chapter 11
)	
Debtor.)	

BIDDING PROCEDURES

The following procedures (the “Bidding Procedures”) have been approved and authorized by order (the “Sale Procedures Order”) of the United States Bankruptcy Court for the Middle District of North Carolina (the “Court”) in the Chapter 11 case (the “Case”) of Electronic Data Magnetis, Inc. (the “Debtor”). These procedures shall govern the proposed sales (each, a “Sale”) of the Sale Assets (as defined below), including any auction (the “Auction”) conducted in connection therewith, pursuant to the Debtor’s motion for an order authorizing the Sale and granting related relief (the “Sale Motion”). The Sale Assets include assets of the Debtor used in its operations, as well as real estate owned by an affiliate of the Debtor that is currently leased to the Debtor for use in its operations. The Affiliate is Hallman Properties, L.L.C. (“HP”). HP and the Debtor shall be collectively referred to herein as the “Sellers”. The Debtor’s professionals, Truist Bank (“Truist”) and its counsel, Pinnacle Bank (“Pinnacle”) and its counsel, and the Bankruptcy Administrator shall be collectively referred to herein as the “Consultation Parties.”

The following is a summary of the material dates described herein:

June 29, 2021	<ul style="list-style-type: none">Deadlines for the Debtor, in consultation with the Consultation Parties, to designate the Stalking Horse Bidder and for Debtor to file any Stalking Horse Agreement with the Court
July 16, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Deadline for any entity to file its Assignment Objection (as defined in the Assignment Notice)
July 23, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Deadline for any entity to deliver its Initial Bid (as defined herein) to the Debtor’s financial advisor, SC&H
July 24, 2021	<ul style="list-style-type: none">Deadline for Debtor to designate and communicate the Auction location and initial bid amount to Qualified Bidders (as defined herein)

July 28, 2021, 10:00 a.m. Eastern Time	<ul style="list-style-type: none"> • Date and time of the beginning of the auction
August 5, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none"> • Sale Objection Deadline and Adequate Assurance Deadline (each as defined herein)
August 6, 2021, 9:30 a.m. Eastern Time	<ul style="list-style-type: none"> • Sale Hearing, to be conducted at the U.S. Bankruptcy Court for the Middle District of North Carolina 601 W. 4th St., Winston-Salem, NC 27101.
August 9, 2021, 5:00 p.m. Easter Time	<ul style="list-style-type: none"> • Deadline for Prevailing Bidder to increase its deposit

1. **Sale Assets.** The assets to be sold pursuant to these Bidding Procedures (the “Sale Assets”) shall consist of substantially all of the Debtor’s tangible and intangible personal property used in its operations, including for the avoidance of doubt, its leasehold interests (the “Business Assets”), and the HP Real Estate (as defined below). The Business Assets do not include the Excluded Assets (as defined below) owned by the Debtor. The Sale Assets may be sold in individual lots or a combination of lots as determined by the Debtor in its sole discretion, in consultation with the Consultation Parties. The Business Assets shall be sold free and clear of all liens to the fullest extent permitted under Section 363 of the Bankruptcy Code, with all liens transferred to the proceeds of any Sale. All liens against the HP Real Estate must be paid in full at closing or, with the consent of the lienholder, released at closing.

2. **HP Real Estate.** The Sale Assets owned by HP to be sold pursuant to these Bidding Procedures include the following real property or interests in real property located at 210 Old Thomasville Road, 2500 Sinclair Avenue, and 2506 Sinclair Avenue, High Point, NC 27260.

3. **Excluded Assets.** Specifically excluded from the Business Assets are (i) cash now or subsequently held by the Debtor in bank accounts on behalf of the bankruptcy estate, (ii) the purchase price to be delivered to the Debtor in connection with any approved sale of the Business Assets, (iii) notes receivable owed to the Debtor from insiders, including without limitation, officers, directors and/or shareholders of the Debtor, and HP; (v) the Debtor’s books and records; (vii) insurance policies or the proceeds thereof, (viii) any claims or causes of action which may be asserted by or on behalf of the Debtor against any party, including but not limited to claims or causes of action under Bankruptcy Code §§ 544, 547, 548, 549, 550 and 553, and (ix) any assets that are expressly excluded by the Debtor from the Sale (collectively, the “Excluded Assets”).

4. **Diligence by Prospective Bidders.** The Debtor’s financial advisor, SC&H Group, Inc. (“SC&H”), will assist the Debtor in connection with any Sale of the Sale Assets. The Debtor shall give notice of the proposed Sale and these Bidding Procedures to prospective bidders, receive and consider unsolicited offers for the Sale Assets, provide information to any such prospective bidder, and allow any such prospective bidder to conduct due diligence in connection with its consideration of a potential bid for the Sale Assets; provided, however, that any such prospective bidder desiring to conduct due diligence shall, if requested by the Debtor

or Consultation Parties, (a) demonstrate the financial ability, as determined by the Debtor in its reasonable discretion, in consultation with the Consultation Parties, to (i) consummate a transaction for the purchase of the Sale Assets, and (ii) assure its future performance under any executory contracts and unexpired leases to be assumed by the Debtor and assigned to such prospective bidder pursuant to Section 365 of the Bankruptcy Code in connection with the Sale, and (b) execute a confidentiality agreement in a form acceptable to the Debtor in its reasonable discretion, in consultation with the Consultation Parties, which by its terms will inure to the benefit of the successful bidders, to the extent of confidential information relating to the Sale Assets acquired by such party. The Debtor shall file with the Court a statement identifying any prospective bidder that is not allowed to conduct due diligence because of a determination by the Debtor, in consultation with the Consultation Parties, that said person does not have the financial ability to consummate the purchase. Any prospective bidder that disagrees with such determination may request that the Debtor contact the Court to schedule a telephonic hearing to resolve any dispute arising out of such determination.

5. Bankruptcy Court Jurisdiction. In conjunction with any actions or proceedings arising from or relating to the Bidding Procedures, the Sale, the Auction (as defined below), the acts or omissions of the Sellers, SC&H, and their respective representatives and/or the construction and enforcement of the contemplated transaction documents of such parties, the Sellers, Bidders and Qualified Bidders shall: (a) be deemed to have waived any right to a jury trial and consented and submitted to the exclusive jurisdiction of the Court, (b) bring any such action or proceeding in the Court, and (c) be deemed to have consented to the Court entering a final judgment determining any such action or proceeding and that such final judgment in any such action or proceeding, including all appeals, shall be conclusive and may be enforced in other jurisdictions (including any foreign jurisdictions) by suit on the judgment or in any other manner provided by applicable law.

6. Form APA. To facilitate the sale of the Sale Assets, the Sellers, in consultation with the Consultation Parties, have prepared a template asset purchase agreement (the “Form APA”) to be used by prospective bidders. The Form APA includes a mandatory allocation of purchase price that each bidder shall be required to complete with respect to the Sale Assets (the “Purchase Price Allocation”). The Form APA was attached to the Sale Motion and is also available upon request to SC&H or to the Debtor’s Attorney. The Form APA, and the other sale documents, may also be obtained from the Court’s Public Sale website: <http://www.ncmb.uscourts.gov/public-sales>.

7. Stalking Horse Designation and Break-Up Fee. If the Debtor, in consultation with the Consultation Parties, desires to designate one or more stalking horse bidders (each, a “Stalking Horse Bidder”) with respect to all or any portion of the Sale Assets, then with respect to each such Stalking Horse Bidder, (a) the applicable Seller(s) must enter into an agreement of sale in the form of the Form APA with changes mutually acceptable to the Debtor, in consultation with the Consultation Parties, and the Stalking Horse Bidder (the “Stalking Horse Agreement”) on or before the Stalking Horse Designation Deadline (as defined below), (b) the Debtor shall file with the Court a designation of Stalking Horse Bidder, a copy of the Stalking Horse Agreement, and a blackline reflecting the differences, if any, between the Form APA and the Stalking Horse Agreement on or before the Stalking Horse Designation Deadline, and (c) serve the notice of

such designation and the clean and blacklined versions of the Stalking Horse Agreement upon all creditors and parties-in-interest (including all counterparties to executory contracts and unexpired leases proposed to be assumed and assigned to the Stalking Horse Bidder) within three (3) days of the filing of the Stalking Horse Agreement (the “Designation Notice”). Subject to approval by the Court, the Debtor may include a proposal for a break-up to be paid to the Stalking Horse Bidder (the “Break-Up Fee”) in the Stalking Horse Agreement. The Break-Up Fee shall not exceed the lesser of (i) 2.5% of the proposed Purchase Price; or (ii) the reasonable and actual diligence costs incurred by such Stalking Horse Bidder; and, provided further, that the first overbid of the Stalking Horse Bid shall be in the minimum amount of two times the Break-Up Fee; and, provided further, that the Stalking Horse Bidder shall not be entitled to payment of any Break-Up Fee if the Stalking Horse Bidder bids in the sale process after the Debtor receives an overbid of the Stalking Horse Bid. The Debtor also will include the initial Bid Increment (as defined below) in the Stalking Horse Agreement to be used at the Auction for subsequent bids on the Sale Assets subject to the Stalking Horse Agreement. Any designated Stalking Horse Bidder shall be deemed a Qualified Bidder (as defined below).

8. Stalking Horse Designation Deadline. Any Stalking Horse Bidder must be designated by the Debtor, in consultation with the Consultation Parties, and the Stalking Horse Agreement filed with the Court on or before **June 29, 2021** (the “Stalking Horse Designation Deadline”). For clarity, the Debtor, in consultation with the Consultation Parties, may designate Stalking Horse Bidder(s) at any time after the approval of these Bidding Procedures and is not required to wait until the Stalking Horse Designation Deadline to make such designation.

9. Bid Requirements. Any entity that is interested in purchasing all or any portion of the Sale Assets (a “Bidder”) must submit to SC&H a bid (an “Initial Bid”) in conformance with this paragraph, in a manner such that the Initial Bid is received by SC&H no later than the Bid Deadline (as defined below). The Debtor, in consultation with the Consultation Parties, shall have reasonable discretion in determining whether an Initial Bid is a conforming bid in accordance with the requirements of this paragraph. Every such Initial Bid must:

- a. Include an executed copy of a definitive Asset Purchase Agreement (the “Bidder’s Agreement”) specifying the assets to be purchased at closing and include a completed Purchase Price Allocation. The Bidder’s Agreement shall include a marked copy against the Form APA to show all changes requested by the Bidder. The Bidder’s Agreement also shall (i) specify any executory contracts or unexpired leases which are to be assumed by the Debtor and assigned to the Bidder at closing, and (ii) shall require the Bidder to pay any cure costs required to be paid in order for the Debtor to assume and assign such executory contracts and unexpired leases to the Bidder at closing.
- b. If a Stalking Horse Bidder has been designated with respect to the specific assets to be purchased by the Bidder at closing, any Initial Bid must propose a purchase price (the “Sale Price”) that is greater than the Initial Bid of the Stalking Horse Bidder as set forth in the Stalking Horse Agreement in an amount equal to the lesser of two times the proposed Break-Up Fee or the actual cost of Due Diligence.

- c. Be irrevocable, subject only to final approval of the Court, and not subject to further due diligence or conditional upon obtaining financing or any third-party approvals.
- d. Be accompanied by admissible evidence in the form of affidavits or declarations establishing the Bidder's good faith, within the meaning of section 363(m) of the Bankruptcy Code.
- e. Be accompanied by (i) financial statements or admissible evidence in the form of affidavits or declarations (collectively, the "Assurance Documents") establishing that the Bidder is ready, willing, authorized, capable, and qualified, financially, legally, and otherwise, of unconditionally performing all obligations under the Bidder's Agreement (including assuring its future performance under any executory contract or unexpired lease to be assumed and assigned to the Bidder) in the event that it submits the prevailing bid at the Sale Hearing, and (ii) evidence that it is duly authorized and entitled to engage in the transaction contemplated by the Initial Bid without the consent of any entity that has not been obtained.
- f. Be accompanied by a deposit equal to five percent (5%) of the fixed purchase price under the Bidder's Agreement (the "Deposit Amount") in the form of a wire transfer or cashier's check payable to Debtor's counsel to be held in Debtor's counsel's trust account pending completion of the Auction, and subject to the provisions set forth below.

10. Bid Deadline. Any Initial Bid must be delivered to SC&H by **4:00 p.m.** Eastern, on **July 23, 2021** (the "Bid Deadline"). SC&H shall provide all such bids received to counsel to the Debtor, the Consultation Parties, and any counsel to the Consultation Parties.

11. Non-Conforming Bids. Any entity that submits an Initial Bid that fails to be a timely, conforming Initial Bid, as set forth above, as determined by the Debtor in its reasonable discretion, in consultation with the Consultation Parties, shall be disqualified from bidding for the Sale Assets at the Auction.

12. Auction Procedures. In the event that (a) a Stalking Horse Bidder has been designated and the Debtor receives one or more timely, conforming Initial Bids, or (b) a Stalking Horse Bidder has not been designated and the Debtor receives two or more timely, conforming Initial Bids (the Stalking Horse Bidder, if any, and each person who has submitted such a timely, conforming Initial Bid shall be referred to herein as a "Qualified Bidder"), the Debtor, its counsel and SC&H, in consultation with the Consultation Parties, shall conduct the Auction in which only Qualified Bidders may participate. The Auction shall be held on **July 28, 2021** (the "Auction Date"), commencing at **10:00 a.m.** Eastern, at a location as may be determined by the Debtor, in consultation with the Consultation Parties, and communicated to all Qualified Bidders on or before **July 24, 2021**, and shall be governed by the following procedures:

- a. Bidding will commence at an amount of the highest or otherwise best conforming Initial Bid submitted by a Qualified Bidder, as determined by the Debtor in its reasonable discretion, in consultation with the Consultation Parties. The Debtor will conduct the bidding process sequentially or concurrently as it deems appropriate and in the best interests of the estate, in consultation with the Consultation Parties. Except as otherwise provided in any Stalking Horse Agreement approved by the Court, each subsequent bid by a Qualified Bidder shall be in increments that increase the aggregate consideration above the previous bid (the “Bid Increment”) in an amount to be determined by the Debtor, in consultation with the Consultation Parties, at the Auction; provided, however, that if a Stalking Horse Bidder has been designated, the minimum first overbid shall be at least twice the Break-Up Fee.
- b. Each Qualified Bidder should be prepared to make its best and final offer at the Auction. The Debtor, in consultation with the Consultation Parties, reserves all rights to continue or recess the Auction or the Sale Hearing.
- c. Upon conclusion of the Auction, the Debtor, in consultation with the Consultation Parties, shall designate the highest or otherwise best bidder with respect to individual lots or a combination of lots comprising the Sale Assets (each, a “Prevailing Bidder”), and the next highest or otherwise best bidder after the Prevailing Bidder with respect to individual lots or a combination of lots comprising the Sale Assets (each, a “Back-up Bidder”). After the Auction, the Debtor will file, and serve on all creditors and parties-in-interest (including all counterparties to executory contracts and unexpired leases proposed to be assumed and assigned to the Stalking Horse Bidder), a notice identifying the Prevailing Bidder and any Back-up Bidder.

13. Back-up Bidder. Any objection to the designation of the Back-up Bidder(s) shall be raised at the Sale Hearing. If, for any reason, a Prevailing Bidder is unable or unwilling timely to perform its obligations under the Prevailing Bidder’s definitive sale agreement and the Bidding Procedures, the Debtor, in the exercise of its business judgment, in consultation with the Consultation Parties, may sell the Sale Assets to the designated Back-up Bidder without further notice or a hearing, unless otherwise ordered by the Court at the Sale Hearing. The Back-up Bidder’s bid shall remain open and binding until the sale to the Prevailing Bidder closes or, if the Prevailing Bidder is unable or unwilling to close and the Debtor, in consultation with the Consultation Parties, elects to sell to the Back-up Bidder, until the sale to the Back-up Bidder closes.

14. Sale Hearing. The final hearing to approve the Prevailing Bidder and the Back-up Bidder (the “Sale Hearing”) shall be on **August 6, 2021**, at **9:30 a.m.** in the United States Bankruptcy Court, 601 W. 4th St., Winston-Salem, NC 27101. The Prevailing Bidder(s) and the Back-up Bidder(s), if designated, shall appear at the Sale Hearing, in person or through a duly authorized representative and not solely through counsel. The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest. On or before **5:00 p.m.** Eastern on **August 9, 2021**, the Prevailing Bidder(s) shall increase its Deposit Amount to

ten percent (10%) of the fixed purchase price under the Bidder's Agreement as modified at the conclusion of the Auction.

15. Business Judgment. The Debtor may, in consultation with the Consultation Parties, (a) recommend a sale to any Qualified Bidder pursuant to a bid which the Debtor determines, exercising reasonable business judgment, in consultation with the Consultation Parties, to be in the best interests of the bankruptcy estate, and (b) reject, at any time before the entry of an order of the Court approving a bid from a Qualified Bidder, any bid that is deemed inadequate or insufficient, not in substantial conformity with the Bankruptcy Code or these Bidding Procedures, or contrary to the best interests of the estate and its creditors. In exercising business judgment as to which bid constitutes the highest or otherwise best bid, the Debtor, in consultation with the Consultation Parties, may consider all factors which it may deem relevant, subject to the parties' right to object and raise any such issues with the Court. The Debtor may, in consultation with the Consultation Parties, make non-material modifications to these bidding procedures, exercising reasonable business judgment, if the Debtor determines such modifications to be in the best interests of the bankruptcy estate; provided that such modifications (1) are not materially inconsistent with the Bankruptcy Code or any Order of the Court, and (2) are disclosed to each Qualified Bidder. If any Qualified Bidder asserts that it was unfairly prejudiced by any modification, then such Qualified Bidder may object to the Sale(s) at the Sale Hearing, but only on procedural grounds. Furthermore, the Debtor, any of the Consultation Parties, and any Qualified Bidder shall be able to contact the Court on or before the date of the Auction to schedule a telephonic hearing to resolve a dispute arising out of such modification. The bidding at the Auction shall be transcribed or videotaped, and the Debtor shall maintain a transcript of all Bids made and announced at the Auction. Any material modification to these bidding procedures must be approved by the Court after notice and hearing, which hearing may be scheduled on an expedited basis.

16. Disposition of Deposits. Promptly following the Court's determination of the Prevailing Bidder(s), the deposits submitted by any Bidders shall be refunded to each unsuccessful bidder other than the Back-up Bidder(s), if any. The deposits of the Prevailing Bidder(s) and the Back-up Bidder(s) shall be retained as earnest money to be used in the following ways:

- a. The deposit of a Prevailing Bidder shall either be (i) applied at closing as a credit toward the purchase price of the Prevailing Bidder or, if the purchase price is paid in full at closing, returned to the Prevailing Bidder, (ii) if the sale to the Prevailing Bidder shall fail to timely close by reason of a breach or default of the Prevailing Bidder, the deposit shall be retained by the Seller as liquidated damages, or (iii) in the event that the sale to the Prevailing Bidder shall fail to timely close by reason of a breach or default of the Seller, the deposit shall be returned to the Prevailing Bidder.
- b. The deposit of a Back-up Bidder shall either be (i) returned to the Back-up Bidder upon the closing of the transaction with the Prevailing Bidder, (ii) if the sale to the Prevailing Bidder shall fail to close for any reason, applied at closing as a credit toward the purchase price of the Back-up Bidder, (iii) if the sale to the Back-up Bidder shall fail to timely close by reason of a breach or default of the

Back-up Bidder, retained by the Seller as liquidated damages, or (iv) if the sale to the Back- up Bidder shall fail to timely close by reason of a breach or default of the Seller, the deposit shall be returned to the Back-up Bidder.

17. Closing Date. Any closing of the sale of the Sale Assets to a Prevailing Bidder must occur as soon as practicable but in any event on or before **August 20, 2021**. If the Prevailing Bidder fails to close on the sale of the Sale Assets by such date, then the Debtor shall immediately notify the Back-up Bidder of the Prevailing Bidder's failure to close. Any closing of the sale of the Sale Assets to a Back-up Bidder must occur on or before **September 3, 2021** (or such later date as agreed to by the Debtor, in consultation with the Consultation Parties, and the Back-up Bidder).

18. Disclaimer. By submitting an Initial Bid, each Bidder and Qualified Bidder agrees to and acknowledges the following terms and conditions with respect to any information received from the Sellers or SC&H related to the Sale Assets ("Information"):

- (a) The Sale Assets are being offered AS-IS, WHERE-IS, WITH ALL FAULTS, WITHOUT WARRANTIES OR CONDITIONS OF ANY KIND, EITHER EXPRESS OR IMPLIED, INCLUDING, WITHOUT LIMITATION, ANY WARRANTIES OR CONDITIONS OF TITLE, NON-INFRINGEMENT, MERCHANTABILITY, OR FITNESS FOR A PARTICULAR PURPOSE.
- (b) The Information has been prepared:
 - i. for informational purposes only; and
 - ii. from materials supplied by the Sellers, local municipalities, and other sources commonly accepted as reliable sources for such type of Information;

to assist Bidders and Qualified Bidders in making their own evaluation of the offering and does not purport to be all-inclusive or to contain all the information that interested parties may desire. The Sellers, SC&H and their respective officers, directors, employees, affiliates, agents, advisors, and representatives (such parties, collectively, "Representatives") have not assumed responsibility for independent verification of any of the information contained herein and have not in fact in any way audited such Information. In all cases, Bidders and Qualified Bidders should conduct their own investigation and analysis of the offering, conduct site inspections, and scrutinize the Information. Bidders and Qualified Bidders should engage legal counsel, accountants, engineers, and/or such other professional advisors as Bidders and Qualified Bidders deem appropriate for evaluating the Sale Assets.

(c) None of Bidders, Qualified Bidders or their respective Representatives are entitled to rely on the accuracy or completeness of the Information except as provided for in a Bidder's Agreement that is authorized and approved by the Court.

(d) Although the Sellers and SC&H have endeavored for the Information to contain data which they believe to be relevant for the purpose of any Bidder's or Qualified Bidder's investigation, except as expressly set forth in a Bidder's Agreement accepted by the Seller(s) and approved by the Court, none of the Sellers, SC&H, or any of their respective Representatives:

i. have made or make and expressly disclaim making any written or oral statements, representations, warranties, promises or guarantees, whether express or implied or by operation of law or otherwise, with respect to the Sale Assets or with respect to the accuracy, reliability, or completeness of the Information;

ii. to the fullest extent permitted by law, shall have any liability whatsoever to Bidders, Qualified Bidders or their Representatives on any basis (including, without limitation, in contract, tort, under federal, foreign or state securities laws or otherwise) as a result of, relating or pertaining to, or resulting or arising from (i) any Bidder's, any Qualified Bidder's, or any of their Representative's reliance on the Information, (ii) Bidder's, Qualified Bidder's, or their Representatives' use or non-use of the Information, or (iii) any alleged acts or omissions of Sellers, SC&H or any of their respective Representatives, or any errors or omissions in the Information;

iii. shall have any liability or responsibility for any decisions made by any Bidder, Qualified Bidder, or any of their Representatives in reliance on any Information;

iv. will be under any obligation or duty (express or implied) to make available any Information to any Bidders, any Qualified Bidders, or any of their Representatives; and

v. will be under any duty or obligation (express or implied) to update, supplement, revise or correct any Information disclosed under these Bidding Procedures, regardless of the circumstances.

No contract or agreement providing for any sale shall be deemed to exist between a Bidder or Qualified Bidder and the Seller(s) unless and until a Qualified Bidder and the Seller(s) execute and deliver a Bidder's Agreement that is authorized and approved by the Court, and Bidders and Qualified Bidders hereby waive, in advance, any claims (including, without limitation, breach of contract) in connection with any Sale unless and until a Bidder or Qualified Bidder and the Seller(s) shall have executed and delivered such agreement(s) authorized and approved by the Court. The Debtor reserves the right, in its discretion, in consultation with the Consultation Parties, to reject any and all proposals made by any Bidder or Qualified Bidder with regard to a Sale, and to terminate discussions and negotiations with a Bidder or Qualified Bidder at any time. Subject to the terms of these Bidding Procedures, the Debtor, in consultation with the Consultation Parties, shall be free to establish and change any process or procedure with respect to a Sale as the Debtor in its sole discretion shall determine, in consultation with the Consultation Parties, (including, without limitation, negotiating with any other interested party and entering into a final

definitive agreement relating to a Sale with any other party without prior notice to any Bidder, Qualified Bidder or any other person).

(e) The Sellers, SC&H, and the Sellers' other advisors, individually and collectively, have not made any representations or warranties except as expressly set forth in any Bidder's Agreement executed by the Seller(s) which has been authorized and approved by the Court. Bidders and Qualified Bidders may rely only on the representations and warranties expressly set forth in such agreements authorized and approved by the Court.

EXHIBIT B
SALE NOTICE

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION**

IN RE:)	
)	Case No. 21-10222
ELECTRONIC DATA MAGNETICS,)	
INC.,)	Chapter 11
)	
Debtor.)	

SALE NOTICE

TAKE NOTICE that certain bidding procedures (the “Bidding Procedures”) have been approved and authorized by order (the “Sale Procedures Order”) of the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) in the Chapter 11 case of Electronic Data Magnetix, Inc. (the “Debtor”), designated as Case No. 21-10222 (the “Bankruptcy Case”)

The following is a summary of the material dates described herein:

June 29, 2021	<ul style="list-style-type: none">Deadlines for the Debtor, in consultation with the Consultation Parties, to designate the Stalking Horse Bidder and for Debtor to file any Stalking Horse Agreement with the Court
July 16, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Deadline for any entity to file its Assignment Objection (as defined in the Assignment Notice)
July 23, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Deadline for any entity to deliver its Initial Bid (as defined herein) to the Debtor’s financial advisor, SC&H
July 24, 2021	<ul style="list-style-type: none">Deadline for Debtor to designate and communicate the Auction location and initial bid amount to Qualified Bidders (as defined herein)
July 28, 2021, 10:00 a.m. Eastern Time	<ul style="list-style-type: none">Date and time of the beginning of the auction
August 5, 2021, 4:00 p.m. Eastern Time	<ul style="list-style-type: none">Sale Objection Deadline and Adequate Assurance Deadline (each as defined herein)
August 6, 2021, 9:30 a.m. Eastern Time	<ul style="list-style-type: none">Sale Hearing, to be conducted at the U.S. Bankruptcy Court for the Middle District of North Carolina 601 W. 4th St., Winston-Salem, NC 27101.

August 9, 2021, 5:00 p.m.
Easter Time

- Deadline for Prevailing Bidder to increase its deposit

The Bidding Procedures govern the proposed sale (the “Sale”), including any auction (the “Auction”) conducted in connection therewith, of certain assets used in the Debtor’s business operations (the “Sale Assets”) pursuant to the Debtor’s motion for an order authorizing the Sale and granting related relief (the “Sale Motion”).

This Notice and the Sale Hearing (as defined below) are subject to the fuller terms and conditions of the Sale Procedures Order, the Bidding Procedures, and the Sale Motion, which shall control in the event of any conflict, and the Debtor encourages parties-in-interest to review such documents in their entirety. A copy of the Sale Procedures Order, the Bidding Procedures, the Sale Notice, and the Assignment Notice may be found on the Court’s website at <http://www.ncmb.uscourts.gov/public-sales>. You may also request copies of those documents from SC&H or from the Debtor’s attorneys. The Form APA (i.e., the proposed template asset purchase agreement) may be obtained by contacting the Debtor’s counsel.

THE SALE ASSETS

The assets to be sold pursuant to the Bidding Procedures (the “Sale Assets”) shall consist of substantially all of the Debtor’s tangible and intangible personal property used in its operations, including its leasehold interests (the “Business Assets”), and the HP Real Estate (as defined in the Bidding Procedures).² The Business Assets do not include any Excluded Assets (as defined in the Bidding Procedures). The Sale Assets may be sold in individual lots or a combination of lots. The Business Assets shall be sold free and clear of all liens to the fullest extent permitted under Section 363 of the Bankruptcy Code, with all liens transferred to the proceeds of any Sale. All liens against the HP Real Estate must be paid in full at closing or, with the consent of the lienholder, released at closing.

STALKING HORSE DESIGNATION DEADLINE. Any Stalking Horse Bidder³ must be designated by the Debtor, in consultation with Truist Bank (“Truist”), Pinnacle Bank (“Pinnacle”), and the Bankruptcy Administrator (collectively the “Consultation Parties”), and the Stalking Horse Agreement filed with the Court on or before **June 29, 2021**.

INITIAL BID AND BID DEADLINE. Any entity that is interested in purchasing the Sale Assets must submit to the Debtor a bid in conformance with the Bidding Procedures (an “Initial Bid”). Any Initial Bid must be delivered to the Debtor’s financial advisor, SC&H Group, Inc. (“SC&H”) by **4:00 p.m.** Eastern, on **July 23, 2021**.

AUCTION AND BIDDING PROCEDURES. In the event that (a) a Stalking Horse Bidder has been designated and the Debtor receives one or more timely, conforming Initial Bids, or (b) a Stalking Horse Bidder has not been designated and the Debtor receives two or more timely, conforming Initial Bids (the Stalking Horse Bidder, if any, and each person who has submitted such a timely, conforming Initial Bid, a “Qualified Bidder”), the Debtor, its counsel and SC&H, in consultation with the Consultation Parties, shall conduct the Auction in which only Qualified

² Capitalized terms not otherwise defined herein shall have the meanings given in the Bidding Procedures.

Bidders may participate. The Auction shall be held on **July 28, 2021**, commencing at **10:00 o'clock a.m.** Eastern, at a location to be determined by the Debtor, in consultation with the Consultation Parties, and communicated to all Qualified Bidders on or before **July 24, 2021**, and shall be governed by the Bidding Procedures. Within one (1) business day after the conclusion of the Auction, the Debtor will file, and serve on all creditors and parties-in-interest (including all counterparties to executory contracts and unexpired leases proposed to be assumed and assigned to the Stalking Horse Bidder), a notice identifying the Prevailing Bidder and any Back-up Bidder.

SALE HEARING. The final hearing to approve the Prevailing Bidder and, if one is designated, the Back-up Bidder (the "**Sale Hearing**") shall be held before the Bankruptcy Court on **August 6, 2021**, at **9:30 a.m.** in the United States Bankruptcy Court, 601 W. 4th St., Winston-Salem, NC 27101. **The Prevailing Bidder and the Back-up Bidder, if designated, shall appear at the Sale Hearing, in person or through a duly authorized representative and not solely through counsel.** The Sale Hearing may be adjourned from time to time without further notice to creditors or parties in interest.

SALE OBJECTIONS. **Any objection to the Sale Motion; the designation by the Debtor, in consultation with the Consultation Parties, of a bidder as not a Qualified Bidder pursuant to the Bidding Procedures; the Auction; the designation of any Prevailing Bidder or any Back-up Bidder, if designated; or entry of the Sale Order (a "Sale Objection") must be filed with the Bankruptcy Court** and served upon (i) counsel for the Debtor, James C. Lanik, Waldrep Wall Babcock & Bailey PLLC, 1076 West Fourth Street, Winston Salem, North Carolina 27101; (ii) the Bankruptcy Administrator, William P. Miller, 101 S. Edgeworth Street, Greensboro, North Carolina 27401; (iii) counsel for Truist, Walter W. Pitt, Jr., Bell, Davis & Pitt, P.A., 100 North Cherry Street, Suite 600, Winston-Salem, North Carolina 27101; (iv) counsel for the Small Business Administration, Nathan Strup, 101 S. Edgeworth St., 4th Floor, Greensboro, NC 27401; and (v) counsel for Pinnacle, Alan B. Powell, Roberson Haworth & Reese, PLLC, 300 North Main Street, Suite 300, High Point, North Carolina 27240, **in a manner such that the Sale Objection is filed and received by such parties and the Court by 4:00 p.m. Eastern on August 6, 2021 (the "Sale Objection Deadline"). The Debtor and other parties-in-interest shall not be required to file responses to any objections.**

END OF DOCUMENT

EXHIBIT C
ASSIGNMENT NOTICE

**UNITED STATES BANKRUPTCY COURT
MIDDLE DISTRICT OF NORTH CAROLINA
GREENSBORO DIVISION**

IN RE:)	
)	Case No. 21-10222
ELECTRONIC DATA MAGNETICS,)	
INC.,)	Chapter 11
)	
Debtor.)	

**NOTICE OF POSSIBLE ASSUMPTION AND ASSIGNMENT
OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES
AND OF CURE AMOUNTS**

**YOUR RIGHTS MAY BE AFFECTED OR MODIFIED. YOU SHOULD READ THE
SALE PROCEDURES ORDER CAREFULLY AND DISCUSS IT WITH YOUR
ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO
CONSULT WITH ONE.**

**OBJECTIONS TO THE ASSIGNMENT OF AN EXECUTORY CONTRACT OR
UNEXPIRED LEASE MUST BE FILED AND SERVED NO LATER THAN 4:00 P.M. ON
JULY 16, 2021.**

**OBJECTIONS TO THE ADEQUATE ASSURANCE OF FUTURE PERFORMANCE BY
THE PREVAILING BIDDER OR THE BACK-UP BIDDER MUST BE FILED AND
SERVED NO LATER THAN 4:00 P.M. ON AUGUST 5, 2021.**

TAKE NOTICE that the United States Bankruptcy Court for the Middle District of North Carolina (the “Bankruptcy Court”) in the Chapter 11 case of Electronic Data Magnetis, Inc. (the “Debtor”), designated as Case No. 21-10222 (the “Bankruptcy Case”) entered an **ORDER (A) AUTHORIZING AND SCHEDULING AN AUCTION FOR THE SALE OF THE SALE ASSETS, (B) APPROVING BIDDING PROCEDURES, (C) APPROVING PROCEDURES FOR THE ASSUMPTION AND ASSIGNMENT OF CONTRACTS AND LEASES, (D) AUTHORIZING THE DESIGNATION OF STALKING HORSE BIDDER(S) AND APPROVING BREAK-UP FEES, (E) APPROVING THE FORM AND MANNER OF CERTAIN NOTICES, AND (F) SETTING A DATE FOR THE SALE HEARING** (the “Sale Procedures Order”).

The Sale Procedures Order approved and authorized certain bidding procedures (the “Bidding Procedures”). The Bidding Procedures govern the proposed sale (the “Sale”), including any auction (the “Auction”) conducted in connection therewith, of certain assets used in the Debtor’s business operations (the “Sale Assets”) pursuant to the Debtor’s motion for an order authorizing the Sale and granting related relief (the “Sale Motion”).

The Bidding Procedures govern the proposed sale (the “Sale”), including any auction (the “Auction”) conducted in connection therewith, of certain assets used in the Debtor’s business operations pursuant to the Debtor’s motion for an order authorizing the Sale and granting related relief (the “Sale Motion”). A copy of the Sale Procedures Order, the Bidding Procedures, the Sale Notice, and the Assignment Notice may be found on the Court’s website at <http://www.ncmb.uscourts.gov/public-sales>. You may also request copies of those documents from SC&H or from the Debtor’s attorneys. The Form APA (i.e., the proposed template asset purchase agreement) may be obtained by contacting the Debtor’s counsel.

The Bidding Procedures contemplate the possible assumption and assignment of certain executory contracts and unexpired leases (each, a “Contract” or “Lease”) listed on Exhibit A hereto in conjunction with the Sale and subject to approval at the Sale Hearing (as defined below). If the Debtor assumes a Contract or Lease to which you are a party, the Debtor is required to promptly cure certain defaults under the Contract or Lease as more specifically set forth in the Bankruptcy Code (such defaults that are required to be cured are hereafter referred to as the “Cure Obligations”).

The Debtor believes that, as to each Contract or Lease identified on Exhibit A, upon payment of any amount listed opposite the name of the non-debtor counterparty (the “Cure Amount”), all Cure Obligations as to such Contract or Lease will be satisfied.

Any objection (an “Assignment Objection”) to the Cure Amount or the Debtor’s assumption and assignment of any Contract or Lease (other than solely on the basis of lack of adequate assurance of future performance by the Prevailing Bidder or Back-up Bidder) must be filed with the Bankruptcy Court and served upon (i) counsel for the Debtor, James C. Lanik, Waldrep Wall Babcock & Bailey PLLC, 1076 West Fourth Street, Winston Salem, North Carolina 27101; (ii) the Bankruptcy Administrator, William P. Miller, 101 S. Edgeworth Street, Greensboro, North Carolina 27401; (iii) counsel for Truist, Walter W. Pitt, Jr., Bell, Davis & Pitt, P.A., 100 North Cherry Street, Suite 600, Winston-Salem, North Carolina 27101; and (iv) counsel for Pinnacle, Alan B. Powell, Roberson Haworth & Reese, PLLC, 300 North Main Street, Suite 300, High Point, North Carolina 27240, **in a manner such that the Assignment Objection is filed and received by such parties and the Bankruptcy Court on or before 4:00 p.m. Eastern on July 16, 2021 (the “Assignment Objection Deadline”).** The Assignment Objection must be made in writing and (a) state with specificity the basis for such objection, and (b) if you disagree with the Cure Amount, state what amount you believe is required to satisfy the Cure Obligation related to the Contract or Lease to which you are a counterparty. The Debtor and other parties in interest shall not be required to file responses to any Assignment Objection. **If an Assignment Objection is not timely filed and served, the counterparty to such Contract or Lease will: (a) be forever barred from objecting to the Cure Amount and from asserting any additional Cure Obligations, and (b) be forever barred and estopped from asserting or claiming against the Debtor or the assignee of such Contract or Lease that any additional Cure Obligations are due, or conditions to assumption and assignment (other than demonstration of adequate assurance of future performance) must be satisfied with respect to such Contract or Lease in order for such Contract or Lease to be assumed and assigned.** If an Assignment Objection is timely filed and served, a hearing with respect to the Assignment Objection will take place at a time and place as set by the Bankruptcy Court.

Within one (1) business day after the conclusion of the Auction, the Debtor will file, and serve on all creditors and parties-in-interest (including all counterparties to executory contracts and unexpired leases proposed to be assumed and assigned to the Stalking Horse Bidder), a notice identifying the Prevailing Bidder and any Back-up Bidder.

The final hearing to approve the Prevailing Bidder and the Back-up Bidder, and in conjunction therewith the assumption and assignment of Contracts and Leases (the “Sale Hearing”), shall be held before the Bankruptcy Court on **August 6, 2021**, at **9:30 a.m.** in the United States Bankruptcy Court, 601 W. 4th St., Winston-Salem, NC 27101.

If the Prevailing Bidder and/or Back-up Bidder propose to have the Debtor assume and assign to such Bidder a Contract or Lease to which you are a counterparty, you will have the opportunity to evaluate and, if necessary, challenge the ability of such Bidder to provide adequate assurance of future performance under such Contract or Lease by filing an objection as described below. At the Sale Hearing, the Debtor will present evidence necessary to demonstrate adequate assurance of future performance by such Bidder.

Any objection (an “Adequate Assurance Objection”) solely on the basis of lack of adequate assurance of future performance by the Prevailing Bidder or Back-up Bidder must be filed with the Bankruptcy Court and served upon (i) counsel for the Debtor, James C. Lanik, Waldrep Wall Babcock & Bailey PLLC, 1076 West Fourth Street, Winston Salem, North Carolina 27101; (ii) the Bankruptcy Administrator, William P. Miller, 101 S. Edgeworth Street, Greensboro, North Carolina 27401; (iii) counsel for Truist, Walter W. Pitt, Jr., Bell, Davis & Pitt, P.A., 100 North Cherry Street, Suite 600, Winston-Salem, North Carolina 27101; and (iv) counsel for Pinnacle, Alan B. Powell, Roberson Haworth & Reese, PLLC, 300 North Main Street, Suite 300, High Point, North Carolina 27240, **in a manner such that the Adequate Assurance Objection is filed and received by such parties and the Court on or before 4:00 p.m. Eastern on August 5, 2021 (the “Adequate Assurance Objection Deadline”).** The Adequate Assurance Objection must be made in writing and state with specificity the basis for such objection. The Debtor and other parties in interest shall not be required to file responses to any Adequate Assurance Objection. **If an Adequate Assurance Objection is not timely filed and served, the counterparty to such Contract or Lease will: (a) be forever barred from objecting to the demonstration of adequate assurance of future performance of the executory contract, and (b) be forever barred and estopped from asserting or claiming against the Debtor or the assignee of such executory contract and/or unexpired lease that there has not been a demonstration of adequate assurance of future performance.** If an Adequate Assurance Objection is timely filed and served, a hearing with respect to the Adequate Assurance Objection will take place at the Sale Hearing.

OTHER THAN THE NOTICES PROVIDED FOR HEREIN, YOU WILL NOT RECEIVE ANY NOTICE BETWEEN THE DATE OF THE AUCTION AND THE SALE HEARING ADVISING WHETHER THE CONTRACT OR LEASE TO WHICH YOU ARE A PARTY HAS BEEN DESIGNATED FOR ASSUMPTION AND ASSIGNMENT TO THE PREVAILING BIDDER AND/OR BACK-UP BIDDER. WHILE THERE IS NO CERTAINTY THAT ANY PARTICULAR CONTRACT OR LEASE WILL BE

DESIGNATED FOR ASSUMPTION AND ASSIGNMENT, IF YOU HAVE ANY OBJECTION TO THE ASSUMPTION AND ASSIGNMENT OF YOUR CONTRACT OR LEASE OR IF YOU HAVE ANY OBJECTION BASED ON LACK OF ADEQUATE ASSURANCE OF FUTURE PERFORMANCE, YOU MUST FILE A TIMELY OBJECTION OR OBJECTIONS AS SET FORTH HEREIN.

END OF DOCUMENT

EXHIBIT A
(To Be Designated Within One (1) Business Day After Entry of Sale Procedures Order)