IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SANGAMO THERAPEUTICS, INC.	)	Case No. 26-10989 (CTG)
Debtor.[1]	)	**Proposed Objection Deadline: At the Hearing** **Proposed Hearing Date: July 23, 2026, at 10:00 a.m. (ET)**

DEBTOR'S MOTION FOR ENTRY OF INTERIM AND FINAL ORDERS (A) AUTHORIZING THE DEBTOR TO OBTAIN REPLACEMENT POSTPETITION FINANCING, (B) GRANTING LIENS AND PROVIDING CLAIMS WITH SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (C) MODIFYING AUTOMATIC STAY, (D) SCHEDULING FINAL HEARING, AND (E) GRANTING RELATED RELIEF

The debtor and debtor-in-possession (the "**Debtor**") in the above-captioned chapter 11 case (this "**Chapter 11 Case**"), hereby submits this motion (this "**Replacement DIP Motion**") pursuant to sections 105, 361, 362, 363, 364, and 507 of title 11 of the United States Code (the "**Bankruptcy Code**"), Rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 4001-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**"), for entry of interim and final orders, (a) authorizing the Debtor to obtain replacement postpetition financing pursuant to a superpriority, senior secured, debtor-in-possession credit facility in an aggregate principal amount not to exceed $35 million to refinance and repay in full the Original DIP Facility (as defined below); (b) granting liens and providing superpriority administrative expense status; (c) modifying the automatic stay; (d) scheduling a final hearing on this Replacement DIP Motion; and (e) granting related relief. In support of this Replacement DIP Motion, the Debtor

[1] The last four digits of the debtor's federal tax identification number are 9556. The debtor's principal office is located at 501 Canal Boulevard, Suite A100, Richmond, CA 94804.

2610989260722000000000002

relies on the (a) *Declaration of Raymond Li in Support of the Debtor's Replacement DIP Motion* (the "**Li Declaration**") and (b) *Declaration of Geoffrey Richards in Support of Debtor's Replacement DIP Motion* (the "**Richards Declaration**" and, together with the Li Declaration, the "**Declarations**"), each filed contemporaneously herewith and incorporated herein by reference. In further support of this Replacement DIP Motion, the Debtor respectfully represents as follows:

RELIEF REQUESTED

1. By this Replacement DIP Motion, the Debtor seeks entry of an interim order, substantially in the form attached hereto as **Exhibit A** (the "**Interim Order**"), and a final order (the "**Final Order**" and, together with the Interim Order, collectively, the "**Proposed Orders**"),[2] granting, among other things, the following relief:

a. authorizing the Debtor to obtain replacement postpetition financing on a senior secured superpriority basis, on the terms and conditions set forth in the Interim Order and the term sheet attached as Exhibit 1 to the Interim Order (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, the "**Replacement DIP Term Sheet**"),[3] by and among the Debtor and Future Solution Investments LLC or its designated affiliate ("**FSI**" or the "**Replacement DIP Lender**") comprising a senior secured superpriority debtor-in-possession term loan facility in an aggregate principal amount of up to $35,000,000 (the "**Replacement DIP Facility**"; and the commitments thereunder, the "**DIP Commitments**" and, the term loans extended thereunder, the "**DIP Loans**"), pursuant to which (i) up to $18,000,000 of the DIP Commitments (the "**Interim DIP Loans**") shall be available upon the entry of the Interim Order and (ii) up to the full amount of the DIP Commitments *less* amount(s) drawn under the Interim DIP Loans (the "**Subsequent DIP Loans**" and, together with the Interim DIP Loans, the "**DIP Borrowings**" and, each, a "**DIP Borrowing**") shall be available upon the entry of the Final Order, in each case solely upon compliance with the Interim Order or Final Order (as applicable), the Budget (as defined below) (subject to the Permitted Variance (as defined below)), the Replacement DIP Term Sheet, and, as applicable, the credit agreement for the Replacement DIP Facility (as amended, restated, supplemented or

[2] The Debtor will file the form of final order prior to the Final Hearing (as defined herein).

[3] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Replacement DIP Term Sheet or the Interim Order, as applicable.

otherwise modified from time to time in accordance with the terms thereof, the "**DIP Credit Agreement**" and, together with any ancillary, collateral, or related documents and agreements, as the case may be, and the Proposed Orders, each as amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, the "**DIP Documents**");

b. authorizing the Debtor, on an interim basis, to: (i) execute, deliver, and perform under the Replacement DIP Term Sheet, and the other DIP Documents, as applicable, and to perform all such other and further acts as may be required in connection therewith; (ii) incur all loans, advances, extensions of credit and financial accommodations, and pay all principal, interest, costs, expenses, charges, indemnification and reimbursement obligations (whether contingent or absolute), and all other obligations or amounts, whether or not such obligations arose before or after the Petition Date (as defined below), whenever the same shall become due, whether at stated maturity, by mandatory prepayment, declaration, acceleration, or otherwise, in each case, in accordance with the Replacement DIP Term Sheet and the Interim Order (collectively, the "**DIP Obligations**"); and (iii) perform such other and further acts as may be necessary, required, or desirable to implement and effectuate the terms of the Interim Order, the Replacement DIP Term Sheet, and the other DIP Documents and the transactions contemplated thereunder;

c. authorizing the Debtor, on an interim basis, to grant to the Replacement DIP Lender the DIP Liens (as defined below) in all DIP Collateral (as defined in the Proposed Orders), as set forth in the Interim Order, subject to the Carve-Out (as defined below), and subject to the relative priorities set forth in the Interim Order;

d. authorizing the Debtor, on an interim basis, to grant to the Replacement DIP Lender, allowed superpriority administrative expense claims pursuant to section 364(c)(1) of the Bankruptcy Code, as well as liens pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code, as further described herein, on all DIP Collateral and all proceeds thereof, Cash Collateral (as defined in the Proposed Orders), all cash and cash equivalents and other amounts from time to time on deposit or maintained by the Debtor in any deposit or securities account or accounts as of the Petition Date), against the Debtor in respect of all DIP Obligations, subject to the Carve-Out, as set forth in the Interim Order;

e. authorizing the Debtor to use the proceeds of the Replacement DIP Facility and the DIP Collateral (including the Cash Collateral), in accordance with the terms and conditions set forth in the Interim Order, the Replacement DIP Term Sheet, and the other DIP Documents, and strictly in accordance with the Budget, subject to any Permitted Variance (as defined below) expressly permitted under the Replacement DIP Term Sheet;

f. modifying the automatic stay imposed by section 362 of the Bankruptcy Code or otherwise, to the extent necessary, required or desirable to implement and effectuate the terms and provisions of the Interim Order and the Replacement DIP Term Sheet, as set forth herein or therein;

g. waiving any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of the Interim Order and providing for the immediate effectiveness of the Interim Order;

h. authorizing the Debtor to irrevocably repay in full all obligations outstanding under all documents executed and/or delivered in connection with the Original DIP Facility (as defined below), including the term sheet executed in connection therewith (the "**Original DIP Documents**") including, without limitation, all principal, interest, fees, premiums, costs, expenses, charges and all other amounts payable under the Original DIP Documents (collectively, the "**Original DIP Obligations**"), with the proceeds of the Replacement DIP Facility upon funding, and terminating all liens granted to the Original DIP Lender (as defined below);

i. approving certain stipulations, waivers, and releases by the Debtor (and its applicable related parties and representatives) with respect to, *inter alia*, the Replacement DIP Lender, the Replacement DIP Term Sheet, the DIP Liens, and the DIP Obligations;

j. approving, on a final basis, any fees and amounts payable under the Replacement DIP Term Sheet and in the Interim Order, and further authorizing and directing the Debtor to make non-refundable, irrevocable, and final payments on account of the principal, interest, and other amounts payable under the Replacement DIP Term Sheet, each as applicable, as such become due and payable, all to the extent provided in, and in accordance with, the Interim Order and the Replacement DIP Term Sheet;

k. authorizing and directing the establishment and maintenance of the Post-Sale Escrow in accordance with the Replacement DIP Term Sheet, including the deposit of all required amounts therein, for the benefit of the Replacement DIP Lender, which Post-Sale Escrow and all funds held therein shall not be subject to the Carve-Out or any other claims, liens, interests, or encumbrances, except as expressly provided in the Proposed Orders, or the Replacement DIP Term Sheet;

l. scheduling a final hearing (the "**Final Hearing**") on this Replacement DIP Motion to consider entry of the Final Order authorizing the relief requested in this Replacement DIP Motion on a final basis and approving the form of notice with respect to such Final Hearing, which Final Order shall be in form and substance and on terms and conditions acceptable in all respects to the Replacement DIP Lender; and

m. granting related relief.

JURISDICTION

2. The United States Bankruptcy Court for the District of Delaware (this "**Court**") has jurisdiction to consider this Replacement DIP Motion under 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 (Sleet, C.J.). This is a core proceeding under 28 U.S.C. § 157(b). Venue of this Chapter 11 Case and this Replacement DIP Motion is proper in this District under 28 U.S.C. §§ 1408 and 1409.

3. The statutory and legal predicates for the relief requested herein are sections 105, 361, 362, 363, 364, and 507 of the Bankruptcy Code, Rules 2002, 4001, 6003, 6004 and 9014 of the Bankruptcy Rules, and Rule 4001-2 of the Local Rules.

4. Pursuant to Local Rule 9013-1(f), the Debtor consents to the entry of a final order or judgment with respect to this Replacement DIP Motion if it is determined that this Court lacks Article III jurisdiction to enter such final order or judgment absent consent of the parties.

BACKGROUND

A. General Background

5. On June 23, 2026 (the "**Petition Date**"), the Debtor commenced a voluntary case under chapter 11 of the Bankruptcy Code. The Debtor continues to operate its business and manage its properties as a debtor in possession pursuant to sections 1107(a) and 1108 of the Bankruptcy Code. On July 2, 2026, the Office of the United States Trustee for the District of Delaware (the "**U.S. Trustee**") appointed the Official Committee of Unsecured Creditors in this Chapter 11 Case (the "**Committee**"). To date, no request has been made for the appointment of a trustee or examiner in this Chapter 11 Case.

6. Additional factual background and information regarding the Debtor, including its

business operations, its corporate and capital structure, and the events leading to the commencement of this Chapter 11 Case, are set forth in detail in the *Declaration of Scott B. Willoughby in Support of Chapter 11 Petition and First Day Motions* [Docket No. 2] (the "**First Day Declaration**"), which is incorporated herein by reference.

7. On the Petition Date, the Debtor filed the *Motion for Entry of Interim and Final Orders (A) Authorizing the Debtor to Obtain Postpetition Financing, (B) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (C) Modifying Automatic Stay, (D) Scheduling Final Hearing, and (E) Granting Related Relief* [Docket No. 10] (the "**Original DIP Motion**"), seeking, among other things, approval of the Original DIP Facility (as defined below) with Northridge ATM, LLC (the "**Original DIP Lender**") pursuant to which the Original DIP Lender agreed to provide a superpriority senior secured debtor-in-possession term loan facility in an aggregate principal amount of up to $30,000,000 (the "**Original DIP Facility**").

8. On June 25, 2026, this Court entered an order [Docket No. 63] (the "**Original DIP Order**") approving the Original DIP Motion on an interim basis and authorizing the Debtor to draw up to $10,500,000 under the Original DIP Facility. As of the date hereof, the Debtor has drawn $10,500,000 under the Original DIP Facility. The Original DIP Order further approved an exit fee equal to 5% of the interim loans drawn under the Original DIP Facility (the "**Initial Exit Fee**"), which will become due and payable upon the repayment of the outstanding obligations arising under the Original DIP Facility.

B. Prepetition Marketing Process and Original DIP Facility

9. As set forth in the First Day Declaration, prior to the Petition Date, the Debtor engaged Raymond James & Associates, Inc. ("**Raymond James**") as its investment banker to canvas the market for debtor-in-possession financing on the best terms reasonably available under

the facts and circumstances of this Chapter 11 Case. Through that process, Raymond James contacted multiple prospective financing sources, including FSI, and FSI was one of the parties that expressed interest in providing financing to the Debtor. FSI submitted a formal term sheet for a potential debtor-in-possession financing facility. At that point, however, the Debtor was facing immediate liquidity needs and was in the final stages of negotiating the term sheet for the Original DIP Facility and the Stalking Horse Purchase Agreements, each of which was effectively conditioned upon the execution of the other.

10. As set forth on the record at the first day hearing, after careful consideration and deliberation regarding FSI's competing proposal, the Debtor concluded, given the Debtor's immediate need for liquidity, the compressed timeline leading to the commencement of this Chapter 11 Case, and the risks associated with introducing a new financing counterparty at that stage of the process, that the Original DIP Facility provided by the Original DIP Lender avoided execution risk and ensured that the Debtor could commence this Chapter 11 Case on the timeline required in light of the Debtor's financial condition. *In re Sangamo Therapeutics, Inc.,* Case No. 26-10989 (CTG) (Bankr. D. Del. June 23, 2026) June 24, 2026, Hr'g Tr. 23:23–24:6. The Debtor, however, indicated that it remained open to further discussions and negotiations regarding FSI's financing proposal prior to the final hearing on the Original DIP Facility. *See id.* at 24:18–25:17.

C. The Replacement DIP Facility

11. Consistent with its willingness to engage in further discussions with FSI and duty to maximize value for its estate and all creditors and stakeholders, following the first day hearing, the Debtor, together with its advisors, engaged in discussions with FSI regarding its postpetition financing proposal and a potential replacement debtor-in-possession financing facility. Following extensive, arm's-length, and good faith negotiations regarding the terms of the Replacement DIP

Facility between the Debtor, FSI and their respective advisors, the Debtor and the Restructuring Committee determined that replacing the Original DIP Facility with the Replacement DIP Facility was in the best interests of the estate and represented the most favorable financing alternative reasonably available under the circumstances.

12. The Debtor kept the Committee fully informed throughout the negotiation process, and the Debtor understands that the Committee is supportive of the terms of the Replacement DIP Facility and the payoff of the Original DIP Facility. The Replacement DIP Facility provides the Debtor with better economic terms than the Original DIP Facility, reducing the costs to the estate and providing greater flexibility to pursue the Debtor's dual-track sale process. Among other improvements, the Replacement DIP Facility provides aggregate commitments of up to $35 million, compared to $30 million under the Original DIP Facility, bears interest at a rate of 9% per annum, compared to 12% per annum under the Original DIP Facility, and eliminates the commitment fee, exit fee, and work fee payable under the Original DIP Facility. The Replacement DIP Facility is expected to reduce the estate's total cash financing costs by approximately $400,000 even after accounting for the Initial Exit Fee, and provides the estate with additional liquidity and flexibility.

13. The Debtor therefore seeks approval of the Replacement DIP Facility consisting of superpriority senior secured DIP Loans in an aggregate principal amount not to exceed $35 million, including up to $18 million to be made available upon entry of the Interim Order, subject to the terms and conditions of the Replacement DIP Term Sheet and the DIP Documents. Proceeds of the Replacement DIP Facility will be used, among other things, to refinance in full all obligations outstanding under the Original DIP Facility. Upon such repayment, all liens and superpriority claims granted in connection with the Original DIP Facility will be terminated, released, and

discharged. The Debtor does not believe it is prudent to proceed with approval of the Original DIP Facility on a final basis given the availability of the superior Replacement DIP Facility.

14. For the foregoing reasons, and for the reasons set forth below and in the Declarations, the Debtor believes that its entry into the Replacement DIP Facility constitutes a sound exercise of its business judgment, is in the best interests of the Debtor's estate, and will maximize the value of the Debtor's estate for the benefit of all its creditors and other stakeholders. Accordingly, the Debtor respectfully requests that this Court enter the Interim Order.

CONCISE STATEMENTS PURSUANT TO BANKRUPTCY RULE 4001(b) AND LOCAL RULE 4001-2

15. In accordance with Bankruptcy Rule 4001(b)(1)(B) and Local Rule 4001-2, the below chart contains a summary of the material terms of the proposed Replacement DIP Facility, together with references to the applicable sections of the relevant source documents:[4]

Term	Summary of Material Terms
Borrower; Guarantors Bankruptcy Rule 4001(c)(1)(B)	Borrower: Sangamo Therapeutics, Inc., a Delaware corporation (the "**Borrower**"). Guarantors: All obligations under the Replacement DIP Facility will be guaranteed as a guaranty of collection only by each of Borrower's direct and indirect material domestic subsidiaries (collectively, the "**Guarantors**" and each a "**Guarantor**" and together with the Borrower, the "**Loan Parties**" and each a "**Loan Party**"). *See* Replacement DIP Term Sheet, Item #1.
DIP Lender Bankruptcy Rule 4001(c)(1)(B)	Future Solution Investments LLC, or its designated affiliate ("FSI" or the "**DIP Lender**"). *See* Replacement DIP Term Sheet, Item #2.

[4] The following summary of the terms of the Replacement DIP Facility is qualified entirely by the express terms of the referenced documents, including the Replacement DIP Term Sheet and Proposed Orders. If there are any inconsistencies between the summary below and such documents, the terms of such documents shall control. Capitalized terms used but not otherwise defined in this summary chart shall have the meanings ascribed to them in the Replacement DIP Term Sheet or the Proposed Orders, as applicable.

Replacement DIP Facility Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(A), (O)	The Replacement DIP Facility is a non-amortizing super-priority senior secured term loan facility in an aggregate principal amount not to exceed $35,000,000, of which up to $18,000,000 in an Initial Draw will be available upon entry of the Interim Order and up to the full amount of the DIP Commitments *less* amount(s) drawn in the Initial Draw will be available upon entry of the Final Order. *See* Replacement DIP Term Sheet, Items #3–4, 6.
Interest Rate Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(B)	Interest Rate: The DIP Loans shall bear interest at a per annum rate equal to nine percent (9%) payable in cash on the first business day of each month in arrears (the "**Non-Default Interest**"). Interest will be calculated based on a 365 or 366-day year, as applicable, and the actual number of days elapsed. Default Rate: Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default and written notice to the Borrower from the Replacement DIP Lender, the DIP Loans shall bear interest at an additional per annum rate of two percent (2.0%), payable in cash, together with the Non-Default Interest, on the first day of each month in arrears. Notwithstanding anything to the contrary herein, upon the funding of the Post-Sale Escrow, any interest accrued on the DIP Obligations after the date of such funding may be funded into the Post-Sale Escrow and any amounts so funded shall increase, dollar-for-dollar (above the initial amount of any credit bid submitted by the Replacement DIP Lender), the amount of the Replacement DIP Lender's credit bid pursuant to any credit bid, Plan Sponsor Alternative, or other written agreement between the Borrower and the Replacement DIP Lender, for all purposes under the DIP Documents and the Bankruptcy Code. *See* Replacement DIP Term Sheet, Item #8.
Indemnification and Reimbursement of Expenses Bankruptcy Rule 4001(c)(1)(B)(ix) Local Rule 4001-2(a)(i)(B), (K)	Indemnification. The DIP Documents (including the Interim Order) shall contain customary indemnification provisions for the benefit of the Replacement DIP Lender, and its related parties, including, without limitation, indemnification against losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated by the DIP Documents or the use or the proposed use of proceeds thereof. Expense Reimbursement. Subject to the DIP Documents and the Expense Payment Cap, all reasonable, documented out-of-pocket accrued and unpaid fees, costs, disbursements, and expenses of the Replacement DIP Lender, including the documented fees and expenses of KTBS Law LLP and Young Conaway Stargatt & Taylor, LLP, as counsel to the Replacement DIP Lender, incurred in connection with the DIP Facility and the Chapter 11 Case; *provided*, *however*, that so long as no Event of Default has occurred and is continuing, any out-of-pocket accrued and

	unpaid fees, costs, disbursements, and expenses of the Replacement DIP Lender in excess of $250,000 in the aggregate (including legal fees and expenses incurred prior to the Closing Date) (the "**Expense Payment Cap**") shall accrue to the DIP Obligations (and shall be deposited into the Post-Sale Escrow, as applicable) and any amounts so accrued shall increase, dollar-for-dollar (above the initial amount of any credit bid submitted by the Replacement DIP Lender), the amount of the Replacement DIP Lender's credit bid pursuant to any credit bid, Plan Sponsor Alternative (as defined in the Bidding Procedures), or other written agreement between the Borrower and the Replacement DIP Lender, for all purposes under the DIP Documents and the Bankruptcy Code. Notwithstanding anything to the contrary set forth in this Term Sheet, so long as no Event of Default has occurred and is continuing, in no event shall any amounts in excess of the Expense Payment Cap be payable in cash. *See* Replacement DIP Term Sheet, Item #26.
DIP Fees Bankruptcy Rule 4001(c)(1)(B)	None. *See* Replacement DIP Term Sheet, Item #9.
Budget and Variance Reporting Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(E) 4001-2(a)(iii)	Initial Budget. The initial budget (the "**Initial Budget**" and, as updated from time to time in accordance with the DIP Term Sheet, the "**Budget**"), a copy of which is attached as Exhibit 2 to the Interim Order, covers the 11-week period commencing on or about the entry of the Interim Order. Updated Budgets. The Budget may from time to time (and, on the fifth Thursday following the prior Budget's approval and every fifth Thursday thereafter shall) be updated and provided to the Replacement DIP Lender, with such updated Budget extending the term thereof (the "**Updated Budget**") and the Replacement DIP Lender shall have the right to reject, in its reasonable discretion, each Updated Budget by providing the Borrower specific notice thereof within three (3) business days after the delivery by the Borrower of any such Updated Budget and, to the extent the Replacement DIP Lender (in its reasonable discretion) provides written notice rejecting the updates (or any amendments), the then existing Budget shall continue to constitute the applicable Budget until such time as an update or amendment is approved by the Replacement DIP Lender (in its reasonable discretion). In the event the Replacement DIP Lender does not provide written notice of its rejection of the proposed Updated Budget within such three-business-day period, such Updated Budget shall become effective as the Budget. Variance Reporting. On a bi-weekly basis after the delivery of the first Updated Budget, the Borrower shall deliver to the Replacement DIP Lender a variance report for the four-week period ending the prior Thursday comparing the difference/variance, expressed as a percentage (each, a "**Budget Variance**"), between actual net operating cash flow for such period to projected net operating cash flow for such period as set forth in the Budget on a cumulative four-week rolling basis (each a "**Measuring Period**") and

	explaining in reasonable detail all material variances, it being understood that any Net Operating Variance (as defined below) solely with respect to net operating cash flow that exceeds fifteen percent (15%) shall be material and shall constitute an Event of Default under the DIP Documents (each such report, a "**Variance Report**," which shall be in a form reasonably acceptable to the Replacement DIP Lender). Permitted Variances. For purposes of each Measuring Period, the Borrower shall calculate: the numerical difference between "net operating cash flow" (such terms reflecting those line items illustrated in the Budget) for such period to "net operating cash flow" for such period as set forth in the Budget on a cumulative four-week rolling basis, and to the extent the difference is a positive number, the percentage such difference is of the cumulative budgeted amount for such period (the "**Net Operating Variance**"). For purposes herein, a "**Permitted Variance**" shall be limited to not greater than fifteen percent (15%) for budget variances with respect to the Net Operating Variance, each as set forth in the applicable Variance Report. For the avoidance of doubt, United States Trustee fees, professional fees of the Replacement DIP Lender (to the extent reimbursed) and the Loan Parties, and certain other administrative expenses to be agreed, shall not be included in the Net Operating Variance calculation. *See* Replacement DIP Term Sheet, Items # 16, 22.
Conditions Precedent to Borrowing DIP Loans Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(E)	Conditions Precedent to Initial Draw. Access to the Initial Draw is conditioned on (i) delivery of the Initial Budget containing line items of sufficient detail to reflect the consolidated operating cash flow of the Debtor for such period and in form and substance acceptable to the Replacement DIP Lender in its sole discretion, it being understood that the Initial Budget attached to Exhibit 2 to the Interim Order is acceptable to the Replacement DIP Lender; (ii) subject to the Expense Payment Cap, all out-of-pocket costs, fees and expenses required to be paid to the Replacement DIP Lender pursuant to the Replacement DIP Term Sheet, the DIP Documents, or the Proposed Orders shall have been paid in accordance with the Replacement DIP Term Sheet or the applicable DIP Documents; (iii) the representations and warranties of the Loan Parties under the Replacement DIP Term Sheet and any other DIP Documents shall be true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects); (iv) no Material Adverse Effect (as defined below) shall have occurred and be continuing; (v) the Debtor shall be in compliance in all material respects with the applicable DIP Documents (including the Proposed Orders); (vi) no Event of Default shall have occurred and be continuing under the Term Sheet or the DIP Documents; (vii) entry of the Interim Order, and no order has been entered reversing, amending, staying, vacating, terminating or otherwise modifying in any manner adverse to the Replacement DIP Lender the Interim Order; and (viii) the Borrower shall have delivered to the Replacement DIP Lender a customary borrowing notice in form and substance acceptable to the Replacement DIP Lender. *See* Replacement DIP Term Sheet, Item #16.

	Condition Precedent to Other Draws. The DIP Documents shall contain conditions precedent as are usual and customary in loan documents for similar debtor-in-possession financings and other conditions precedent deemed by the Replacement DIP Lender appropriate to the specific transaction, including, without limitation, that each Other Draw shall be subject to the following conditions: (i) no Proposed Order, or any provision thereof, shall have been reversed, amended, stayed, vacated, terminated or otherwise modified in any manner without the Replacement DIP Lender's prior written consent in its sole discretion, which shall not be unreasonably withheld, conditioned or delayed; (ii) delivery of, as applicable, any Budget or Updated Budget, acceptable to the Replacement DIP Lender in its reasonable discretion; (iii) no trustee, examiner, or receiver shall have been appointed or designated with respect to any Loan Party or any Loan Party's business, properties, or assets; (iv) the representations and warranties of the Loan Parties under the DIP Documents shall be true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects); (v) the Borrower shall have delivered to the Replacement DIP Lender a customary borrowing notice in accordance with the DIP Documents; (vi) the Loan Parties shall be in compliance in all material respects with the Proposed Orders; (vii) no default or event of default shall have occurred and be continuing under the DIP Documents; (viii) no order has been entered reversing, amending, staying, vacating, terminating or otherwise materially modifying in any manner any Proposed Order or any provision thereof unless otherwise consented to in writing by the Replacement DIP Lender in its sole discretion, which consent shall not be unreasonably withheld, conditioned, or delayed; (ix) since the date of the Replacement DIP Term Sheet, other than the pending Chapter 11 Case, there shall not have occurred or there shall not exist any event, condition, or circumstance that, individually, or in the aggregate, (a) has had or would reasonably be expected to have a material adverse effect on the business, operations, properties, assets, performance or financial condition of the Loan Parties taken as a whole, (b) has resulted in, or would reasonably be expected to result in, a material adverse effect on the validity or enforceability of, or the rights, remedies or benefits available to the Replacement DIP Lender, or (c) has had or would reasonably be expected to have, a material adverse effect on the ability of the Loan Parties to perform their obligations under any DIP Document (each of the foregoing being a "**Material Adverse Effect**"); (x) subject to the Expense Payment Cap, all reasonable and documented out-of-pocket costs, fees, expenses (including, without limitation, legal fees and expenses) set forth in the DIP Documents or otherwise required to be paid to the Replacement DIP Lender shall have been paid when due; and (xi) the granting to the Replacement DIP Lender of DIP Claims and DIP Liens to secure all DIP Obligations pursuant to the applicable provisions in sections 364(c) of the Bankruptcy Code shall have occurred and been approved by this Court. *See* Replacement DIP Term Sheet, Item #17.

Maturity Bankruptcy Rule 4001(c)(1)(B)	All DIP Obligations shall be due and payable in full in cash ("**Payment in Full**" or such other form of consideration as the Replacement DIP Lender and the Borrower may mutually agree) on the earliest of the following (such earliest date, the "**DIP Termination Date**"): (i) January 31, 2027; (ii) the effective date of any chapter 11 plan with respect to the Borrower (a "**Plan**"); (iii) the consummation of any sale or other disposition of all or substantially all of the assets of the Borrower pursuant to section 363 of the Bankruptcy Code (other than a sale of assets subject to the Astellas APA or Merope APA); (iv) the date of the acceleration of the DIP Loans and the termination of the DIP Commitments following the occurrence and during the continuation of an Event of Default (as defined below and, as applicable, in the DIP Documents) in accordance with the DIP Documents; (v) dismissal of this Chapter 11 Case, conversion of this Chapter 11 Case into a case under chapter 7 of the Bankruptcy Code, or the appointment of a trustee or examiner in this Chapter 11 Case; and (vi) thirty-five (35) days after entry of the Interim Order, unless the Final Order has been entered by this Court on or prior to such date, unless otherwise extended in writing by the Replacement DIP Lender in its sole discretion. The occurrence of the DIP Termination Date shall terminate the ability of the Borrower to borrow under the DIP Facility and use any proceeds thereof (other than the Carve-Out), including Cash Collateral (as defined in the Proposed Orders) and shall terminate the DIP Commitments and any further obligation the Replacement DIP Lender has to make any DIP Loans under the DIP Documents. *See* Replacement DIP Term Sheet, Item #7.
Priority and Security under the Replacement DIP Facility: Bankruptcy Rule 4001(c)(1)(B)(ii) Local Rule 4001-2(a)(i)(G), (J)	Subject to only the Carve-Out and Permitted Liens (as to be defined in the DIP Credit Agreement), all DIP Obligations shall be entitled to, as applicable, (i) a first-priority lien, (ii) a senior first-priority lien on unencumbered assets and property, and (iii) superpriority claim status pursuant to sections 364(c) of the Bankruptcy Code, with senior priority over any and all liens and secured claims, administrative expense claims, other priority claims, and other unsecured claims, of any kind or nature whatsoever, now existing or hereafter arising under the Bankruptcy Code (such superpriority claims, the "**DIP Claims**"); *provided*, *however*, that the DIP Claims shall not have priority over any bid protections approved by this Court in this Chapter 11 Case. Subject to the Carve-Out, all DIP Obligations in respect of the Replacement DIP Facility shall be, at a minimum: (i) entitled to superpriority claim status in this Chapter 11 Case pursuant to section 364(c)(1) of the Bankruptcy Code (which claims shall be payable from and have recourse to all DIP Collateral); and (ii) secured, pursuant to section 364(c)(2) of the Bankruptcy Code, by a valid, enforceable, fully perfected and automatic first-priority lien on all DIP Collateral that is not subject to a valid, perfected, non-avoidable lien or security interest (including any such lien or security interest that is perfected after the Petition Date as permitted by section 546(b) of the Bankruptcy Code).

	The liens securing the Replacement DIP Facility (the "**DIP Liens**") shall mean the liens described above and with the priority set forth in the Proposed Orders. The DIP Liens described herein shall, to the fullest extent permitted by applicable law, be automatically effected and perfected upon entry of the Interim Order and without the necessity of the execution or filing of mortgages, landlord agreements, security agreements, pledge agreements, control agreements, financing statements, or other agreements. Notwithstanding anything herein to the contrary, upon consummation of a sale pursuant to an Acceptable Stalking Horse Purchase Agreement or other permitted transfer of assets to be mutually agreed upon by the Replacement DIP Lender and the Loan Parties in the DIP Credit Agreement, the DIP Liens shall automatically be released from the applicable acquired or transferred assets that are DIP Collateral without the need for further action, consent, or documentation from the Replacement DIP Lender, and the Replacement DIP Lender shall be deemed to consent to the release of such DIP Liens pursuant to section 363(f)(2) of the Bankruptcy Code; provided, however, that the DIP Liens shall attach to any and all proceeds received by any Loan Party in connection with any such sale or transfer, and such proceeds shall constitute DIP Collateral. *See* Replacement DIP Term Sheet, Item #14.
Prepayments Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(I)	Voluntary Prepayments. The Borrower shall be permitted to prepay the DIP Loans, in whole or in part, at any time, without premium, penalty, make-whole payment, or other charge of any kind. Any partial prepayment shall be applied to outstanding principal and shall permanently reduce the DIP Commitments. Mandatory Prepayments. i. Dispositions. Within one (1) business day of the date of receipt by any Loan Party of the Net Cash Proceeds from any disposition of the DIP Collateral (which, for the avoidance of doubt, shall exclude the disposition of other DIP Collateral in the ordinary course of business), such Loan Party shall (a) in the event the Replacement DIP Lender has been selected as the Successful Bid (as defined in the Bidding Procedures) with respect to a Plan Sponsor Alternative (as defined in the Bidding Procedures), at the Debtor's election, either (I) fund the Post-Sale Escrow in accordance with Section 11 of the Replacement DIP Term Sheet, and to the extent the DIP Obligations exceed the Successful Bid Amount, immediately apply Net Cash Proceeds of any such disposition in excess of the Successful Bid Amount to satisfy the remaining DIP Obligations (other than DIP Obligations with respect to the Replacement DIP Lender's Successful Bid (as defined in the Bidding Procedures) with respect to a Plan Sponsor Alternative (as defined in the Bidding Procedures)), in accordance with the Final Order and the DIP Credit Agreement until such remaining DIP Obligations are Paid in Full, or (II) immediately pay the Successful Bid Amount to the Replacement

	DIP Lender to satisfy the DIP Obligations in accordance with the Final Order and the DIP Credit Agreement until the DIP Obligations are Paid in Full, or (b) in the event the Replacement DIP Lender has not been selected as the Successful Bid with respect to a Plan Sponsor Alternative, immediately pay all Net Cash Proceeds of any such sale to the Replacement DIP Lender to satisfy the DIP Obligations in accordance with the Final Order and the DIP Credit Agreement until the DIP Obligations are Paid in Full. No reinvestment of the Net Cash Proceeds of any dispositions or other proceeds described above shall be permitted without the prior written consent of the Replacement DIP Lender in its sole discretion, which shall not be unreasonably conditioned or delayed; provided, however, that the foregoing shall not apply to dispositions yielding Net Cash Proceeds below a de minimis threshold to be mutually agreed upon by the Replacement DIP Lender and the Loan Parties in the DIP Credit Agreement *See* Replacement DIP Term Sheet, Item #12.
Events of Default; Remedies Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(M), (S), (T)	The DIP Documents shall contain events of default (collectively, "**Events of Default**") consistent with the Replacement DIP Term Sheet and customary for debtor-in-possession financing facilities of this type, including, without limitation: i. non-payment, material non-compliance with covenants set forth in the DIP Documents, subject to a thirty (30) day cure period (or such longer period as the Replacement DIP Lender may agree), entry of final, non-appealable judgments in excess of $1,000,000, material impairment of security interest in the DIP Collateral and other customary defaults, subject to any applicable thresholds, grace and/or cure periods to be agreed for defaults other than with respect to payments of principal and as are customary for transactions of this nature, including a grace period of three business days for non-payment of any amounts other than principal payments; ii. the dismissal of this Chapter 11 Case or the conversion of this Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code; iii. the entry of the Final Order shall have not occurred on or before the date that is thirty-five (35) days after entry of the Interim Order, or the Final Order or any provision thereof shall have been stayed, amended, modified, reversed, vacated, or in any way altered, in each case, to the extent not consented to by the Replacement DIP Lender; iv. material non-compliance, subject to any applicable grace and/or cure periods customary for transactions of this nature, by any Loan Party with the terms of the Proposed Orders; v. an Acceptable Stalking Horse Purchase Agreement is cancelled or terminated, or is amended, modified, or supplemented in any manner that is material or adverse to the Replacement DIP Lender, in each

	case without the Replacement DIP Lender's consent, which shall not be unreasonably withheld, conditioned or delayed; vi. the entry of an order appointing a receiver, trustee, responsible officer, or an examiner having expanded powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code (other than a fee examiner) in this Chapter 11 Case, or this Court or other court shall have entered an order providing for such appointment; vii. the entry of an order in this Chapter 11 Case granting relief from any stay or proceeding (including, without limitation, the automatic stay) so as to allow a third party to proceed with foreclosure or other enforcement against any assets of the Loan Parties the aggregate fair market value of which exceeds $1,000,000, excluding any relief granted in connection with the Debtor's sale process or pursuant to an Acceptable Stalking Horse Purchase Agreement; viii. the entry of an order (a) surcharging any of the DIP Collateral under sections 105, 506(c), or any other section of the Bankruptcy Code, (b) applying the equities of the case exception under section 552(b) of the Bankruptcy Code, (c) allowing any administrative-expense claim having priority over or ranking in parity with the DIP Claims or the rights of the Replacement DIP Lender (subject to the Carve-Out), or (d) otherwise adversely impacting in any material respect the Replacement DIP Lender's liens, claims, or priority in the DIP Collateral as set forth in the Replacement DIP Term Sheet or the DIP Documents; *provided* that the entry of any order allowing section 503(b)(9) claims, reclamation claims, or adequate protection claims of prepetition creditors shall not constitute an Event of Default; ix. any direct action by the Debtor to (a) challenge the rights and remedies of the Replacement DIP Lender under the DIP Facility in this Chapter 11 Case or acting in a manner inconsistent with the DIP Documents or (b) avoid or require disgorgement by the Replacement DIP Lender of any amounts received in respect of the obligations under the DIP Facility; *provided* that any direct action by the Debtor challenging whether a DIP Termination Event has occurred or is continuing, to enforce the express terms of the DIP Documents or the Proposed Orders, and taken in good faith to preserve estate value or comply with its fiduciary duties shall not constitute an Event of Default; x. entry of an order without the express written consent of the Replacement DIP Lender obtaining additional financing from a party other than the Replacement DIP Lender under section 364 of the Bankruptcy Code except if such financing provides for the Payment in Full of the DIP Obligations and the DIP Obligations are Paid in Full upon the closing or initial funding under such financing; xi. the making of any material payments in respect of prepetition obligations after entry of the Interim Order other than (a) as permitted by the Proposed Orders, (b) as permitted by any "first day"

	or "second day" orders of this Court acceptable to the Replacement DIP Lender, (c) as permitted by any other order of this Court acceptable to the Replacement DIP Lender, (d) as permitted under the DIP Documents in accordance with the Budget (subject to the Permitted Variance), or (e) as otherwise agreed to by the Replacement DIP Lender; xii. entry of an order by this Court terminating or modifying the exclusive right of any Debtor to file or solicit a chapter 11 plan pursuant to section 1121 of the Bankruptcy Code, without the prior written consent of the Replacement DIP Lender, which consent shall not be unreasonably withheld, conditioned or delayed; xiii. any Loan Party shall, directly or indirectly, seek to, or support any other Person's motion to, (a) disallow in whole or in part the DIP Obligations, (b) challenge the validity and enforceability of the DIP Liens or the DIP Claims, or (c) contest any provision of any DIP Document having a material adverse effect on the Replacement DIP Lender; xiv. the Debtor files a Plan that is not in form and substance reasonably acceptable to the Replacement DIP Lender, it being understood that a Plan will be acceptable to the Replacement DIP Lender if it provides for the Payment in Full of the DIP Obligations on or before the effective date of such Plan pursuant to a signed commitment to lend acceptable to the Replacement DIP Lender from a recognized lender, balance sheet cash, or another source of funding sufficient to allow for the Payment in Full of the DIP Obligations; xv. the occurrence and continuance of a Material Adverse Effect; xvi. any Loan Party files a motion seeking to settle a controversy or claim that would be reasonably expected to have a material adverse effect on the Debtor's ability to provide for the Payment in Full of the DIP Obligations without the prior written consent of the Replacement DIP Lender, which shall not be unreasonably withheld, conditioned, or delayed; xvii. the Debtor shall fail to execute and deliver to the Replacement DIP Lender any agreement, financing statement, trademark filing, copyright filing, notice of lien or similar instruments or other documents that the Replacement DIP Lender may reasonably request from time to time to more fully evidence, confirm, validate, perfect, preserve and enforce the DIP Liens created in favor of the Replacement DIP Lender, subject to the customary time periods, terms and cure periods that will be set forth in the applicable DIP Documents ; or xviii. other than pursuant to an Acceptable Stalking Horse Purchase Agreement (or a purchase agreement that is not an Acceptable Stalking Horse Purchase Agreement provided that such purchase agreement would generate cash proceeds sufficient for the Payment in Full of the DIP Obligations (pursuant to a signed commitment to lend acceptable to the Replacement DIP Lender from

	a recognized lender or another source of funding acceptable to the Replacement DIP Lender) upon the closing date of such sale), any Debtor files a motion for the approval of a sale of the DIP Collateral or any portion thereof, pursuant to section 363 of the Bankruptcy Code or otherwise, which proposed sale (including, for the avoidance of doubt, any order approving such sale) is not acceptable to the Replacement DIP Lender in its sole discretion. *See* Replacement DIP Term Sheet, Item # 25.
Carve-Out Bankruptcy Rule 4001(c)(1)(B) Local Rule 4001-2(a)(i)(F)	The DIP Liens and the DIP Claims shall be subject and subordinated only to the Carve-Out. Notwithstanding anything to the contrary in Section 24 of the Replacement DIP Term Sheet, the Post-Sale Escrow shall not be subject to the Carve-Out. "**Carve-Out**" shall mean an amount equal to the sum of: (i) all fees required to be paid to the Clerk of this Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses incurred by Persons or firms retained by the Debtor pursuant to section 327, 328, or 363 of the Bankruptcy Code (collectively, the "**Debtor Professionals**") or the Committee, pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Replacement DIP Lender of a Carve-Out Trigger Notice whether allowed by this Court prior to or after delivery of a Carve-Out Trigger Notice, and subject to the fees and expenses set forth in the Budget (subject to the Permitted Variance), applicable transaction fees, and any other limits set forth in the Proposed Orders; and (iv) allowed fees and expenses of Professional Persons in an aggregate amount not to exceed $3,000,000 incurred after the first business day following delivery by the Replacement DIP Lender of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**" and, together with the amounts set forth in clause (iii) above, the "**Professional Fee Carve-Out Cap**"); provided that nothing herein shall be construed to impair the ability of any party to the DIP Documents to object to the fees, expenses, reimbursement or compensation described above on any grounds. The Debtor shall maintain a separate account not subject to control of the Replacement DIP Lender (the "**Carve-Out Account**") and may deposit cash weekly into the Carve-Out Account in an amount equal to the estimated fees of Professional Persons for the next unfunded week as set forth in the Budget. Immediately upon the delivery of a Carve-Out Trigger Notice (as defined below), and prior to the payment of any DIP Obligations, the Loan Parties

	shall be required to deposit into the Carve-Out Account cash (which disbursement shall be deemed approved under the DIP Documents) in an amount up to the difference between the Professional Fee Carve-Out Cap and the balance held in the Carve-Out Account as of the date on which a Carve-Out Trigger Notice is received by the Debtor (provided that if the available cash on hand at such time is not sufficient to fund the Professional Fee Carve-Out Cap in full, the Debtor shall be permitted to transfer additional funds to the Carve-Out Account at later dates as needed to fully fund the Carve-Out Account as and when such cash becomes available). The amounts in the Carve-Out Account shall be available only to satisfy allowed fees and expenses of the Professional Persons until such amounts are paid in full. The amount in the Carve-Out Account shall be reduced on a dollar-for-dollar basis for allowed fees and expenses of the Professional Person that are accrued and paid after the delivery of the Carve-Out Trigger Notice, and the Carve-Out Account shall not be replenished for such amounts so paid. The failure of the Carve-Out Account to satisfy in full the amount set forth in the Carve-Out shall not affect the priority of the Carve-Out. The Replacement DIP Lender shall have a reversionary interest, up to the Payment in Full of the DIP Obligations, in the funds held in the Carve-Out Account, if any, after all amounts included in the Carve-Out have been funded into the applicable Carve-Out Account and all allowed professional fees have been paid in full pursuant to a final order of this Court. The "**Carve-Out Trigger Notice**" shall mean a written notice delivered by mail, courier, or email (or other electronic means) by the Replacement DIP Lender or its counsel to the Debtor, their lead restructuring counsel, the United States Trustee, and counsel to the Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Obligations under the Replacement DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked. The Carve-Out shall not include, apply to, or be available for any Person or party in connection with any Restricted Use. *See* Replacement DIP Term Sheet, Items # 24; Interim Order ¶ 22.
Modification of Automatic Stay Bankruptcy Rule 4001(c)(1)(B)(iv)	The automatic stay under Bankruptcy Code section 362 shall be modified and lifted to the extent necessary to allow the Replacement DIP Lender to provide any notices to the Debtor or take any other action as contemplated by and in accordance with the Interim Order, the Replacement DIP Term Sheet, and the other DIP Documents. *See* Interim Order ¶ 13. *See also* Replacement DIP Term Sheet, Item #14.
Use of Proceeds Bankruptcy Rule 4001(c)(1)(B)	Subject to any additional restrictions on the use of proceeds set forth in the Proposed Orders, the proceeds of the Replacement DIP Facility and/or DIP Collateral shall be used only for the following purposes and, excluding payments pursuant to clauses (ii), (iii), (iv), and (v) below, subject to the Budget and the Permitted Variance:

Local Bankr. R. 4001- 2(a)(i)(L)	i. working capital and other general corporate purposes of the Borrower and its subsidiaries; ii. fees and expenses payable under the DIP Facility, including, without limitation, professional fees and expenses of the Replacement DIP Lender (including legal fees and expenses incurred prior to the Closing Date), subject to the Expense Payment Cap (as defined below); iii. administering the Chapter 11 Case (including fees incurred prior to the Closing Date) in accordance with the Budget (subject to the Permitted Variance), the Bankruptcy Code, and any orders of the Bankruptcy Court, as applicable; iv. interest and other amounts payable under the Replacement DIP Facility; v. the refinancing of the Original DIP Facility; and vi. any other purpose not prohibited by the Proposed Orders. Notwithstanding any other provision of this Term Sheet, no DIP Loans, DIP Collateral, or proceeds of the foregoing (including, for the avoidance of doubt, any portion of the Carve-Out), may be used directly or indirectly by the Debtor, the Committee, any other official committee appointed in the Chapter 11 Case, any trustee or examiner appointed in this Chapter 11 Case or any successor cases (including a chapter 7 case), or any other Person, party, or entity (each of the following, a "**Restricted Use**"): i. in connection with the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings, litigation, challenge, objection, or other proceeding: a. against the Replacement DIP Lender or its predecessors-in-interest, successors, assigns, agents, affiliates, representatives, attorneys, or advisors, or any action purporting to do the foregoing in respect of the DIP Obligations, DIP Liens (as defined below), DIP Claims (as defined below), or any other term, condition, or aspect of the DIP Facility; or b. challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the DIP Obligations and/or the liens, claims, rights, or security interests granted under the Proposed Orders or the other DIP Documents, including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law, or otherwise; ii. to prevent, hinder, or otherwise delay the Replacement DIP Lender's enforcement or realization on the DIP Obligations, DIP Collateral, and the liens, claims, and rights granted to such parties under the

	Proposed Orders, each in accordance with the DIP Documents and the Proposed Orders, as applicable; *provided*, *however*, that this shall not apply to a challenge to whether a DIP Termination Event has occurred or is continuing in accordance with the Proposed Orders and/or the propriety of the Replacement DIP Lender's termination and/or acceleration of the DIP Obligations or calculation of the amounts owed thereunder; iii. to use or seek to use DIP Collateral or sell or otherwise dispose of DIP Collateral without the consent of the Replacement DIP Lender, which shall not be unreasonably withheld, conditioned, or delayed; iv. to seek to modify any of the rights and remedies granted to the Replacement DIP Lender under the Proposed Orders (other than with the consents contemplated thereunder), the DIP Documents, or applicable law; or v. to apply to this Court for authority to approve claims or grant liens (other than the Carve-Out) or security interests in the DIP Collateral or any portion thereof that are senior to, or on parity with, the DIP Liens, DIP Claims, unless permitted under the DIP Documents or unless all DIP Obligations and claims granted to the Replacement DIP Lender under the Proposed Orders have been refinanced with the Replacement DIP Lender's consent or Paid in Full or otherwise agreed to in writing by the Replacement DIP Lender in its sole discretion. *See* Replacement DIP Term Sheet, Item #10.
Release Bankruptcy Rule 4001(c)(1)(B)(viii)	The Proposed Orders shall include a customary release of the Replacement DIP Lender and its representatives, in their respective capacities as such, with respect to any and all claims and causes of action arising prior to entry of the Final Order and from or related to this Chapter 11 Case, the Replacement DIP Facility, and the DIP Documents. *See* Replacement DIP Term Sheet, Item #27.
Marshalling and Waiver of 506(c) and 552(b) Claims Bankruptcy Rule 4001(c)(1)(B)(viii) Local Rule 4001-2(a)(i)(C), (V), (W), (X)	The Proposed Orders shall include terms and conditions customary for interim and final DIP financing orders, as applicable, and shall be acceptable to the Replacement DIP Lender, in its sole discretion, including, without limitation, waiver of the automatic stay and credit bidding rights. Subject to entry of the Final Order, such terms shall include: "no marshaling" provisions and other similar doctrines, and waivers of the "equities of the case" exception and the imposition of costs or right to surcharge the DIP Collateral pursuant to sections 105(a) and 506(c) of the Bankruptcy Code or otherwise, in each case, to the extent applicable. *See* Replacement DIP Term Sheet, Item #28.

Other Typical Provisions Bankruptcy Rule 4001(c)(1)(B) Bankruptcy Local Rule 4001-2(a)(i)(D), (H), (L), (N), (O), (P), (Q)	The Replacement DIP Facility refinances and repays in full the Original DIP Facility. There is no prepetition secured debt facility, so the Replacement DIP Facility does not seek to prime any existing debt facility, limit the use of estate funds to investigate prior liens, cross-collateralize or "roll up" prepetition debt, or otherwise bind the estate with respect to any prepetition debt. Additionally, the Replacement DIP Term Sheet does not include any milestones.

16. The Debtor respectfully submits that the foregoing material terms of the Replacement DIP Facility are appropriate and represent a material improvement over the terms of the Original DIP Facility. By replacing the Original DIP Facility with financing on more favorable terms, the Debtor will reduce financing costs and maintain sufficient liquidity to continue pursuing its sale process and administer this Chapter 11 Case. Accordingly, the material provisions of the Proposed Orders should be approved.

A. The Debtor's Continued Liquidity Needs

17. As set forth in the First Day Declaration, the Debtor requires postpetition financing to fund the administration of this Chapter 11 Case, continue operating in the ordinary course, preserve the value of its assets, and support its ongoing marketing and sale process. The Replacement DIP Facility will provide the Debtor with the liquidity necessary to continue pursuing these objectives while improving upon the economic terms available under the Original DIP Facility.

18. As reflected in the Initial Budget attached to the Interim Order as Exhibit 2, the Debtor has an immediate need to access up to $18 million in funding during the interim period to repay in full the Original DIP Facility and provide the Debtor with sufficient funds to satisfy ongoing operating expenses and fund the costs of administrating this Chapter 11 Case, including completing its sale process and consummating value-maximizing sale(s) of its assets. The Replacement DIP Facility provides the sufficient liquidity necessary to meet these goals in accordance with the Initial

Budget while reducing the estate's overall financing burden and allowing the Debtor to continue its marketing and sale process without interruption.

19. Accordingly, the Debtor respectfully submits that approval of the Replacement DIP Facility is in the best interests of the Debtor's estate and its stakeholders, and should be authorized.

B. The Replacement DIP Facility Represents the Best Available Financing

20. As set forth in the Richards Declaration and the Original DIP Motion, prior to the commencement of this Chapter 11 Case, the Debtor, with the assistance of Raymond James, conducted an extensive marketing process to solicit debtor-in-possession financing on the best terms reasonably available under the circumstances. Through that process, Raymond James contacted numerous prospective financing sources, including FSI, and the Debtor evaluated multiple financing proposals in consultation with its advisors. Ultimately, the Debtor determined that the Original DIP Facility represented the best financing alternative available at that time in light of the Debtor's liquidity constraints, the status of negotiations with the stalking horse purchasers, and the need for liquidity on an expedited basis. FSI nevertheless remained interested in providing financing to the Debtor and, following the Petition Date, the Debtor and its advisors continued discussions with FSI regarding a potential replacement debtor-in-possession financing facility.

21. Following extensive, arm's-length, and good-faith negotiations between the Debtor, FSI, and their respective advisors, FSI proposed a Replacement DIP Facility that improved upon certain terms of the Original DIP Facility. Following these negotiations, the Debtor informed the Original DIP Lender of the improved terms of the Replacement DIP Facility and afforded the Original DIP Lender an opportunity to respond, but the Original DIP Lender declined to provide financing on comparable terms. After careful evaluation of the terms of the proposed Replacement DIP Facility, the Debtor and the Restructuring Committee, in consultation with the Debtor's

advisors, determined that the Replacement DIP Facility represents the best financing reasonably available under the circumstances and that replacing the Original DIP Facility is a sound exercise of the Debtor's business judgment.

22. A comparison of certain key terms of the Original DIP Facility and the Replacement DIP Facility is set forth below:

Terms	Original DIP Facility	Replacement DIP Facility
Total Commitment	$30 million	$35 million
Interest Rate	12%, default rate additional 2%	9%, default rate additional 2%
Fees	Commitment Fee: 2% ($600,000) Exit Fee: 5% ($1.5 million) Work Fee: $75,000 Reimbursement of Fees: Yes	Commitment Fee: None Exit Fee: None Work Fee: None Reimbursement of Fees: Yes; *provided* that so long as there is no Event of Default, amounts in excess of $250,000 accrue to the DIP Obligations and would increase any credit bid by FSI
Maturity	December 30, 2026	January 31, 2027
Minimum Draw Amount	$5 million	$2.5 million
Variance Reporting	Weekly, on a four-week rolling variance testing period	Bi-weekly, on a four-week rolling variance testing period
Carve-Out	$2.5 million	$3 million

23. As reflected above, the Replacement DIP Facility improves the Debtor's liquidity runway and provides greater flexibility to manage this Chapter 11 Case and consummate value-maximizing transactions for the Debtor's assets. The Replacement DIP Facility is expected to result in estimated financing cost savings of approximately $400,000 inclusive of financing fees. Taken as a whole, the economic and non-economic benefits of the Replacement DIP Facility better position the Debtor to preserve estate value and maximize recoveries for the Debtor's estate and its creditors and other stakeholders. In addition, the Debtor shared the Replacement DIP Term

Sheet with the Committee, and it is the Debtor's understanding that the Committee is supportive of Replacement DIP Facility and the improved terms as compared to the Original DIP Facility, as reflected therein.

24. Accordingly, the Debtor submits that approval of the Replacement DIP Facility is a sound exercise of the Debtor's business judgment, is in the best interests of the Debtor's estate and all creditors and stakeholders, and should be approved.

BASIS FOR RELIEF

I. The Debtor Should Be Permitted to Obtain Replacement Postpetition Financing Pursuant to Section 364(c) of the Bankruptcy Code

25. Section 364(c) of the Bankruptcy Code requires a finding, made after notice and a hearing, that the debtor seeking postpetition financing on a secured basis cannot "obtain unsecured credit allowable under section 503(b)(1) of [the Bankruptcy Code] as an administrative expense . . . ." 11 U.S.C. § 364(c).

26. In evaluating proposed postpetition financing under section 364(c) of the Bankruptcy Code, courts perform a qualitative analysis and generally consider similar factors, including whether:

a. unencumbered credit or alternative financing without superpriority status is available to the debtor;

b. the credit transactions are necessary to preserve assets of the estate;

c. the terms of the credit agreement or term sheet are fair, reasonable, and adequate;

d. the proposed financing agreement was negotiated in good faith and at arm's-length and entry thereto is an exercise of sound and reasonable business judgment and in the best interest of the debtor's estate and its creditors; and

e. the proposed financing agreement adequately protects the prepetition secured creditor.

See, e.g., *In re Los Angeles Dodgers LLC*, 457 B.R. 308, 312 (Bankr. D. Del. 2011) (applying the first three factors); *In re Aqua Assoc.*, 123 B.R. 192, 195–96 (Bankr. E.D. Pa. 1991) (applying the first three factors in making a determination under section 364(c)); *In re Crouse Grp., Inc.*, 71 B.R. 544, 546 (Bankr. E.D. Pa. 1987) (same); *Bland v. Farmworker Creditors*, 308 B.R. 109, 113–14 (S.D. Ga. 2003) (applying all factors in making a determination under section 364(d)).

27. For the reasons discussed below, the Debtor satisfies the standards required to obtain postpetition financing under section 364(c) of the Bankruptcy Code. The Replacement DIP Facility will refinance and repay the Original DIP Facility, reduce the Debtor's overall financing costs, provide sufficient liquidity to fund this Chapter 11 Case and the Debtor's sale process, and otherwise improve the Debtor's financing position. Accordingly, approval of the Replacement DIP Facility represents a proper exercise of the Debtor's business judgment and is in the best interests of the Debtor's estate and its stakeholders.

A. Financing on More Favorable Terms is Not Reasonably Available

28. Whether debtors were unable to obtain unsecured credit is determined by application of a good faith effort standard, and debtors must make a good faith effort to demonstrate that credit was not available without granting a security interest. *See In re YL W. 87th Holdings I LLC*, 423 B.R. 421, 441 (Bankr. S.D.N.Y. 2010) ("Courts have generally deferred to a debtor's business judgment in granting section 364 financing."); *In re Gen. Growth Props., Inc.*, 412 B.R. 122, 125 (Bankr. S.D.N.Y. 2009). The required showing under section 364 of the Bankruptcy Code that unsecured credit was not available is not rigorous. *See, e.g.*, *Bray v. Shenandoah Fed. Sav. & Loan Ass'n (In re Snowshoe Co.)*, 789 F.2d 1085, 1088 (4th Cir. 1986) (stating that section 364(d) of the Bankruptcy Code imposes no duty to seek credit from every possible lender, particularly when "time is of the essence in an effort to preserve a vulnerable seasonal enterprise"). When few lenders are likely to be able and willing to extend the necessary

credit to a debtor, "it would be unrealistic and unnecessary to require [the debtor] to conduct such an exhaustive search for financing." *In re Sky Valley, Inc.*, 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988); *see In re Ames Dep't Stores*, 115 B.R. 34, 40 (Bankr. S.D.N.Y. 1990) (approving financing facility and holding that the debtor made reasonable efforts to satisfy the standards of section 364(c) where it approached four lending institutions, was rejected by two, and selected the most favorable of the two offers it received).

29. The proposed Replacement DIP Facility is the best available financing option under the circumstances and is more favorable to the estate than the Original DIP Facility. As set forth in the Richards Declaration, following an extensive marketing process and continued postpetition discussions with FSI and the Original DIP Lender, the Debtor and the Restructuring Committee determined, in consultation with the Debtor's advisors, that the Replacement DIP Facility improves upon the Original DIP Facility and is therefore the best financing reasonably available under the circumstances. FSI was unwilling to provide the Replacement DIP Facility on an unsecured basis, and, as reflected on the record at the first day hearing, no alternative lender has offered unsecured financing. Moreover, the Replacement DIP Facility provides improved economic terms, including reduced financing costs and additional liquidity, while preserving the Debtor's ability to continue operating its business and pursue its value-maximizing sale process.

30. Accordingly, the Debtor respectfully submits that its efforts to obtain postpetition financing therefore satisfy the standards required under section 364(c) of the Bankruptcy Code. *See, e.g.*, *In re Simasko Prod. Co.*, 47 B.R. 444, 448–49 (Bankr. D. Colo. 1985) (authorizing interim financing stipulation where debtor's best business judgment indicated financing was necessary and reasonable for benefit of estates); *In re Ames Dep't Stores*, 115 B.R. 34, 38 (Bankr. S.D.N.Y. 1990) (with respect to postpetition credit, courts "permit debtors in possession to

exercise their basic business judgment consistent with their fiduciary duties"); *In re Sky Valley, Inc.*, 100 B.R. 107, 113 (Bankr. N.D. Ga. 1988) (where few lenders can or will extend the necessary credit to a debtor, "it would be unrealistic and unnecessary to require [the debtor] to conduct such an exhaustive search for financing").

B. The Replacement DIP Facility Is Necessary to Preserve and Maximize Value

31. As described above, the Debtor intends to operate its business in the ordinary course while it attempts to sell substantially all its assets to the highest bidders and proceed with the orderly wind down of its remaining business. The Replacement DIP Facility will refinance and repay the Original DIP Facility in full while providing the liquidity necessary to fund the administration of this Chapter 11 Case, maintain ongoing operations, preserve the value of the Debtor's assets, and support the Debtor's sale process.

32. The Debtor's ability to maintain its business during this Chapter 11 Case and, critically, to support its sale process and maximize the value of its assets, is dependent on its ability to continue operating, retain key employees, and fund ongoing administrative and operational needs. As reflected in the Initial Budget, the Debtor requires access to postpetition financing to meet those obligations and maintain the personnel and infrastructure necessary to support the sale process. The Replacement DIP Facility will provide the Debtor with sufficient liquidity to continue those efforts while simultaneously reducing financing costs and providing greater flexibility than the Original DIP Facility. Accordingly, approval of the Replacement DIP Facility is necessary to enable the Debtor to continue pursuing its restructuring and sale objectives and to maximize value for the benefit of its creditors and other stakeholders.

C. The Terms of the Proposed Financing Are Fair, Reasonable, and Appropriate

33. In considering whether the terms of postpetition financing are fair and reasonable, courts consider the terms in light of the relative circumstances and disparate bargaining power of

both the debtor and the potential lender. *In re Farmland Indus., Inc.*, 294 B.R. 855, 886 (Bankr. W.D. Mo. 2003); *see also Unsecured Creditors' Comm. Mobil Oil Corp. v. First Nat'l Bank & Tr. Co. (In re Ellingsen MacLean Oil Co.)*, 65 B.R. 358, 365 n.7 (W.D. Mich. 1986) (a debtor may have to enter into hard bargains to acquire funds).

34. The terms of the Replacement DIP Facility and the Interim Order are the product of extensive, arm's-length, and good-faith negotiations among the Debtor, the Replacement DIP Lender, and their respective advisors. The Replacement DIP Facility provides the liquidity necessary to fund this Chapter 11 Case, including the Debtor's ongoing sale process, while improving the Debtor's financing position as compared to the Original DIP Facility. Unlike the Original DIP Facility, the Replacement DIP Facility does not require the Debtor to pay any upfront commitment fee, exit fee, or work fee. Moreover, the Replacement DIP Facility will provide financing at a lower interest rate (9.0% versus 12.0% per annum) on a larger commitment ($35 million versus $30 million), materially reducing the cost of postpetition financing to the Debtor's estate by approximately $400,000 relative to the Original DIP Facility while providing a larger aggregate commitment.

35. The DIP Liens and the DIP Superpriority Claims are subject to the Carve-Out. Without the Carve-Out, the Debtor's estate or other parties in interest could be harmed because the services that professionals might otherwise provide in this Chapter 11 Case could be restricted. *See In re Ames Dep't Stores*, 115 B.R. at 38 (observing that courts insist on carve outs for professionals representing parties in interest because "[a]bsent such protection, the collective rights and expectations of all parties-in-interest are sorely prejudiced"). Additionally, the Carve-Out protects against administrative insolvency during the pendency of this Chapter 11 Case by ensuring that funds are available to pay U.S. Trustee's fees and professional fees of the Debtor and

any statutory committee. The Debtor therefore believes that the scope of the Carve-Out is appropriate and should be approved.

36. As further described above, the terms of the DIP Facility, including the bankruptcy-related covenants and provisions, are designed to provide the Debtor with sufficient flexibility to pursue value-maximizing sales of its Assets for the benefit of all creditors and stakeholders while advancing this Chapter 11 Case on an expedited timeline. Accordingly, the terms of the DIP Facility are fair, reasonable, and appropriate under the circumstances, and should be approved.

II. Entry Into the Proposed Financing Reflects the Debtor's Sound Business Judgment

37. A debtor's decision to enter into a postpetition lending facility under section 364 of the Bankruptcy Code is governed by the business judgment standard. *See, e.g.*, *Trans World Airlines, Inc. v. Travelers Int'l AG (In re Trans World Airlines, Inc.)*, 163 B.R. 964, 974 (Bankr. D. Del. 1994) (approving postpetition credit facility because such facility "reflect[ed] sound and prudent business judgment"); *In re Ames Dep't Stores, Inc.*, 115 B.R. at 38 ("cases consistently reflect that the court's discretion under section 364 is to be utilized on grounds that permit reasonable business judgment to be exercised so long as the financing agreement does not contain terms that leverage the bankruptcy process and powers or its purpose is not so much to benefit the estate as it is to benefit a party-in-interest"). One court has noted that "[m]ore exacting scrutiny [of the debtors' business decisions] would slow the administration of the debtor's estate and increase its cost, interfere with the Bankruptcy Code's provision for private control of administration of the estate, and threaten the court's ability to control a case impartially." *Richmond Leasing Co. v. Cap. Bank, N.A.*, 762 F.2d 1303, 1311 (5th Cir. 1985).

38. If an agreement to obtain secured credit does not run afoul of the provisions of, and policies underlying, the Bankruptcy Code, courts give debtors considerable deference in acting in accordance with their sound business judgment in obtaining postpetition credit. *See*, *e.g.*, *In re*

Trans World Airlines, Inc., 163 B.R. 964, 974 (Bankr. D. Del. 1994) (approving a postpetition loan and receivables facility because such facility "reflect[ed] sound and prudent business judgment"); *In re L.A. Dodgers LLC*, 457 B.R. 308, 313 (Bankr. D. Del. 2011) ("[C]ourts will almost always defer to the business judgment of a debtor in the selection of the lender."). To determine whether the business judgment test is met, a court need only "examine whether a reasonable business person would make a similar decision under similar circumstances." *In re AbitiBowater Inc.*, 418 B.R. 815, 831 (Bankr. D. Del. 2009); *see also In re Curlew Valley Assocs.*, 14 B.R. 506, 513–14 (Bankr. D. Utah 1981) (noting that courts should not second-guess a debtor's business decision when that decision involves "a business judgment made in good faith, upon a reasonable basis, and within the scope of [the debtor's] authority under the [Bankruptcy] Code"). In considering whether the terms of postpetition financings are fair and reasonable, courts consider the terms in light of the relative circumstances of both the debtor and the potential lender. *In re Farmland Indus., Inc.,* 294 B.R. 855, 880 (Bankr. W.D. Mo. 2003). The Court may also appropriately take into consideration non-economic benefits offered to the Debtor by a proposed postpetition facility. *In re Ion Media Networks, Inc.*, No. 09-13125, 2009 WL 2902568, at *4 (Bankr. S.D.N.Y. July 6, 2009).

39. Here, the Debtor's sound business judgment supports replacing the Original DIP Facility with the Replacement DIP Facility. Following a prepetition financing marketing process, continued postpetition engagement with FSI, and extensive arm's-length negotiations, the Debtor secured a replacement facility that provides greater liquidity, improves the economics of the Debtor's postpetition financing, and preserves the Debtor's ability to continue pursuing its value-maximizing sale process. Under these circumstances, entry into the Replacement DIP Facility is a reasonable exercise of the Debtor's business judgment and is in the best interests of the Debtor's

estate and all creditors and stakeholders.

III. The Replacement DIP Lender Is Extending Credit in Good Faith

40. Section 364(e) of the Bankruptcy Code protects a good faith lender's right to collect on loans extended to a debtor, and its rights with respect to liens securing those loans, even if the authority of the debtor to obtain such loans or grant such liens is later reversed or modified on appeal. Specifically, section 364(e) provides that:

> The reversal or modification on appeal of an authorization under this section to obtain credit or incur debt, or of a grant under this section of a priority or a lien, does not affect the validity of any debt so incurred, or any priority or lien so granted, to an entity that extended such credit in good faith, whether or not such entity knew of the pendency of the appeal, unless such authorization and the incurring of such debt, or the granting of such priority or lien, were stayed pending appeal.

11 U.S.C. § 364(e).

41. As described herein and in the Declarations, the Debtor and the Replacement DIP Lender negotiated the Replacement DIP Facility and the Interim Order at arm's length and in good faith. The terms and conditions of the Replacement DIP Facility are not only fair and reasonable, but materially more favorable to the estate than those of the Original DIP Facility, and the proceeds of the Replacement DIP Facility will be used only for purposes that are permissible under the Bankruptcy Code and approved in the Approved Budget.

42. Accordingly, this Court should find that the Replacement DIP Lender is a "good faith" lender within the meaning of section 364(e) of the Bankruptcy Code and is entitled to all of the protections afforded by that section.

IV. The Automatic Stay Should Be Vacated or Modified to the Extent Necessary

43. The DIP Documents and the Interim Order contemplate that the automatic stay arising under section 362 of the Bankruptcy Code shall be vacated or modified to the extent

necessary to permit the Replacement DIP Lender to exercise, upon the occurrence and during the continuation of any Event of Default, but subject to any applicable notice requirements in the Interim Order, all rights and remedies provided for in the DIP Documents, without further order of or application to this Court.

44. Stay modification provisions of this sort are ordinary features of debtor-in-possession financing and, in the Debtor's sound business judgment, are reasonable under the circumstances of this Chapter 11 Case. *See, e.g.*, *In re Accuride Corp.*, No. 24-12289 (JKS) (Bankr. D. Del. Feb. 6, 2025) (modifying automatic stay as necessary to effectuate the terms of the order); *In re Am. Tire Distribs., Inc.*, No. 24-12391 (CTG) (Bankr. D. Del. Nov. 11, 2024) (same); *In re Wheel Pros, LLC*, No. 24-11939 (JTD) (Bankr. D. Del. Sept. 10, 2024) (same); *In re Hoyos Integrity Corp.*, No. 22-10365 (MFW) (Bankr. D. Del. Jun. 24, 2022) (same); *In re Gulf Coast Health Care LLC*, No. 21-11336 (KBO) (Bankr. D. Del. Dec. 2, 2021) (same).

V. Immediate Access to the DIP Facility Should Be Approved

45. The Court may grant interim relief in respect of a motion filed pursuant to section 364 of the Bankruptcy Code if, as here, interim relief is "necessary to avoid immediate and irreparable harm to the estate pending a final hearing." Fed. R. Bankr. P. 4001(c)(2). In examining requests for interim relief under this rule, courts generally apply the same business judgment standard applicable to other business decisions. *See In re Ames Dep't Stores*, 115 B.R. at 40.

46. Here, the Debtor and its estate will suffer immediate and irreparable harm if the interim relief requested herein is not granted promptly. As set forth in the Declarations, the Debtor continues to require access to postpetition financing to fund ongoing operations, satisfy administrative expenses, and support its ongoing sale process. Absent interim approval of the Replacement DIP Facility, the Debtor would be required to proceed to final approval of the Original DIP Facility, which would be contrary to the best interests of the Debtor's estate given

the availability of the Replacement DIP Facility on better terms. Interim approval of the Replacement DIP Facility will instead permit the Debtor to immediately repay the Original DIP Facility in full and replace it with financing that reduces the estate's financing costs, provides additional liquidity, and better supports the Debtor's restructuring and sale objectives. Interim relief is therefore necessary to allow the Debtor to realize the benefits of the Replacement DIP Facility and avoid incurring additional costs under the Original DIP Facility while this Chapter 11 Case remains ongoing.

47. Accordingly, the Debtor respectfully requests that, pending the hearing on the Final Order, the Interim Order be approved in all respects and that the terms and provisions of the Interim Order be implemented and be deemed binding and that, after the Final Hearing, the Final Order be approved in all respects and the terms and provisions of the Final Order be implemented and be deemed binding.

REQUEST FOR FINAL HEARING

48. Pursuant to Bankruptcy Rules 4001(b)(2) and 4001(c)(2), the Debtor requests that this Court schedule a Final Hearing with respect to the relief requested herein and fix the time and date prior to the Final Hearing for parties to file objections to this Replacement DIP Motion. The Debtor requests that it be authorized to serve a copy of the approved Interim Order fixing the time and date for filing of any objections by first class mail and e-mail upon the noticed parties listed below. The Debtor further requests that this Court consider such notice of the Final Hearing to be sufficient under Bankruptcy Rule 4001(c)(2).

REQUEST FOR BANKRUPTCY RULE 6004 WAIVERS

49. The Debtor requests a waiver of any applicable notice requirements under Bankruptcy Rule 6004(a) and any stay of the order granting the relief requested herein pursuant to Bankruptcy Rule 6004(h). As explained above and in the Declarations, the relief requested herein

is necessary to avoid immediate and irreparable harm to the Debtor's sale process and to preserve and maximize the value of the Debtor's estate for all creditors and stakeholders. Accordingly, ample cause exists to justify the waiver of the notice requirements under Bankruptcy Rule 6004(a) and the 14-day stay imposed by Bankruptcy Rule 6004(h), to the extent such notice requirements and such stay apply.

RESERVATION OF RIGHTS

50. Nothing contained herein or any action taken pursuant to relief requested is intended to be or shall be construed as (a) an admission as to the validity of any claim against the Debtor; (b) a waiver of the Debtor's or any party in interest's rights to dispute the amount of, basis for, or validity of any claim or interest under applicable law or nonbankruptcy law; (c) a promise or requirement to pay any claim; (d) a waiver of the Debtor's or any other party in interest's rights under the Bankruptcy Code or any other applicable law; or (e) a request for or granting of approval for assumption of any agreement, contract, program, policy, or lease under section 365 of the Bankruptcy Code. Likewise, if this Court grants the relief sought herein, any payment made pursuant to this Court's order is not intended to be and should not be construed as an admission to the validity of any claim or a waiver of the Debtor's or any party in interest's rights to subsequently dispute such claim.

NO PRIOR REQUESTS

51. No previous request for the relief sought herein has been made by the Debtor to this Court or any other court.

NOTICE

52. Notice of this Replacement DIP Motion will be provided to (i) the U.S. Trustee; (ii) proposed counsel to the Committee; (iii) the United States Attorney's Office for the District of Delaware and all other states in which the Debtor operates; (iv) the Internal Revenue Service; (v)

counsel to FSI; (vi) counsel to the Original DIP Lender; (vii) all known parties with liens of record on assets of the Debtor as of the Petition Date; and (viii) any other party that has requested notice pursuant to Bankruptcy Rule 2002. The Debtor submits that, in light of the nature of the relief requested, no other or further notice need be given.

[*Remainder of Page Intentionally Left Blank*]

WHEREFORE, for the reasons set forth herein and in this Replacement DIP Motion, the Debtor respectfully requests entry of the Interim Order, substantially in the form attached hereto as **Exhibit A**, granting the relief requested herein and such other relief this Court deems just and proper.

Dated: July 22, 2026
Wilmington, Delaware

/s/ Brendan J. Schlauch

Daniel J. DeFranceschi (No. 2732)
Amanda R. Steele (No. 5530)
Brendan J. Schlauch (No. 6115)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 N. King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Emails: defranceschi@rlf.com
steele@rlf.com
schlauch@rlf.com

and

Cullen D. Speckhart (admitted *pro hac vice*)
Lauren A. Reichardt (admitted *pro hac vice*)
Miriam Peguero Medrano (admitted *pro hac vice*)
COOLEY LLP
55 Hudson Yards
New York, NY 10001-2157
Telephone: (212) 479-6000
Emails: cspeckhart@cooley.com
lreichardt@cooley.com
mpegueromedrano@cooley.com

and

Robert L. Eisenbach III (admitted *pro hac vice*)
COOLEY LLP
3 Embarcadero Center, 20th Floor
San Francisco, CA 94111-4004
Telephone: (415) 693-2000
Email: reisenbach@cooley.com

Proposed Counsel for the Debtor and Debtor in Possession

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SANGAMO THERAPEUTICS, INC.	)	Case No. 26-10989 (CTG)
Debtor.[1]	)	**Proposed Hearing Date: July 23, 2026 at 10:00 a.m. (ET)** **Proposed Objection Deadline: At the hearing.**

NOTICE OF MOTION AND HEARING

PLEASE TAKE NOTICE that, on July 21, 2026 the debtor and debtor-in-possession in the above captioned case (the "**Debtor**") filed the *Debtor's Motion for Entry of Interim and Final Orders (A) Authorizing the Debtor to Obtain Replacement Postpetition Financing, (B) Granting Liens and Providing Claims with Superpriority Administrative Expense Status, (C) Modifying Automatic Stay, (D) Scheduling Final Hearing, and (E) Granting Related Relief* (the "**Motion**") with the United States Bankruptcy Court for the District of Delaware (the "**Court**").

PLEASE TAKE FURTHER NOTICE that contemporaneously with the filing of the Motion, the Debtor also filed a motion to shorten the notice and objection periods with respect to the interim relief requested in the Motion (the "**Motion to Shorten**").

PLEASE TAKE FURTHER NOTICE that, if the Court grants the relief requested in the Motion to Shorten: (i) a hearing to consider the interim relief requested in the Motion will be held on **July 23, 2026 at 10:00 a.m. (prevailing Eastern Time)** (the "**Hearing**") before The Honorable Craig T. Goldblatt, United States Bankruptcy Judge for the District of Delaware, at the Court, 824 North Market Street, 3rd Floor, Courtroom 7, Wilmington, Delaware 19801, and (ii)

[1] The last four digits of the debtor's federal tax identification number are 9556. The debtor's principal office is located at 501 Canal Boulevard, Suite A100, Richmond, CA 94084.

any responses or objections to the interim relief requested in the Motion **may be raised at the Hearing.**

PLEASE TAKE FURTHER NOTICE that if the Court approves or denies, in whole or in part, the relief requested in the Motion to Shorten, parties-in-interest will receive separate notice of the Court-approved objection deadline and hearing date for the inter relief requested in the Motion.

[*Remainder of Page Intentionally Left Blank*]

Dated: July 21, 2026
Wilmington, Delaware

Respectfully submitted,

/s/ Brendan J. Schlauch

Daniel J. DeFranceschi (No. 2732)
Amanda R. Steele (No. 5530)
Brendan J. Schlauch (No. 6115)
RICHARDS, LAYTON & FINGER, P.A.
One Rodney Square
920 N. King Street
Wilmington, Delaware 19801
Telephone: (302) 651-7700
Facsimile: (302) 651-7701
Email: defranceschi@rlf.com
steele@rlf.com
schlauch@rlf.com

-and-

Cullen D. Speckhart
Lauren A. Reichardt
Miriam Peguero Medrano
COOLEY LLP
55 Hudson Yards
New York, NY 10001-2157
Telephone: (212) 479-6000
Facsimile: (212) 479-6275
Email: cspeckhart@cooley.com
lreichardt@cooley.com
mpegueromedrano@cooley.com

-and-

Robert L. Eisenbach III
COOLEY LLP
3 Embarcadero Center, 20th Floor
San Francisco, CA 94111-4004
Telephone: (415) 693-2000
Email: reisenbach@cooley.com

Proposed Counsel for the Debtor and Debtor in Possession

Exhibit A

Proposed Interim Order

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
SANGAMO THERAPEUTICS, INC.	)	Case No. 26-10989 (CTG)
Debtor.[1]	)	**Re: Docket Nos. [●]**

INTERIM ORDER (A) AUTHORIZING THE DEBTOR TO OBTAIN REPLACEMENT POSTPETITION FINANCING, (B) GRANTING LIENS AND PROVIDING CLAIMS WITH SUPERPRIORITY ADMINISTRATIVE EXPENSE STATUS, (C) MODIFYING AUTOMATIC STAY, (D) SCHEDULING FINAL HEARING, AND (E) GRANTING RELATED RELIEF

Upon the motion (the "**Replacement DIP Motion**") of the debtor and debtor-in-possession (the "**Debtor**") in the above-captioned chapter 11 case (the "**Chapter 11 Case**"), pursuant to sections 105, 361, 362, 363, 364, 503, 506, and 507 of title 11 of the United States Code, 11 U.S.C. §§ 101, *et seq.* (the "**Bankruptcy Code**"), Rules 2002, 4001, 6003, 6004, and 9014 of the Federal Rules of Bankruptcy Procedure (the "**Bankruptcy Rules**"), and Rule 2002-1, 4001-2, and 9013-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "**Local Rules**") promulgated by the United States Bankruptcy Court for the District of Delaware (the "**Court**"), seeking entry of an interim order (this "**Interim Order**") and a Final Order (as defined below), granting, among other things, the following relief:

(a) authorizing the Debtor to obtain replacement postpetition financing on a senior secured superpriority basis, on the terms and conditions set forth herein and the term sheet attached as Exhibit 1 to this Interim Order (as amended, restated, amended and restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, the "**Replacement DIP Term Sheet**"),[2] by and among the Debtor and Future Solution Investments LLC or its designated affiliate

[1] The last four digits of the Debtor's federal tax identification number are 9556. The Debtor's principal office is located at 501 Canal Boulevard, Suite A100, Richmond, CA 94084.

[2] Capitalized terms used but not otherwise defined herein shall have the meanings ascribed to such terms in the Replacement DIP Motion or the Replacement DIP Term Sheet, as applicable.

("**FSI**" or the "**Replacement DIP Lender**") comprising a senior secured superpriority debtor-in-possession term loan facility in an aggregate principal amount of up to $35,000,000 (the "**Replacement DIP Facility**"; and the commitments thereunder, the "**DIP Commitments**" and, the term loans extended thereunder, the "**DIP Loans**"), pursuant to which (i) up to $18,000,000 of the DIP Commitments (the "**Interim DIP Loans**") shall be available upon the entry of the Interim Order and (ii) up to the full amount of the DIP Commitments *less* amount(s) drawn under the Interim DIP Loans (the "**Subsequent DIP Loans**" and, together with the Interim DIP Loans, the "**DIP Borrowings**" and, each, a "**DIP Borrowing**") shall be available upon the entry of the Final Order, in each case solely upon compliance with the Interim Order or Final Order (as applicable), the Budget (as defined below) (subject to the Permitted Variance (as defined below)), the Replacement DIP Term Sheet, and, as applicable, the credit agreement for the Replacement DIP Facility (as amended, restated, supplemented or otherwise modified from time to time in accordance with the terms thereof, the "**DIP Credit Agreement**" and, together with any ancillary, collateral, or related documents and agreements, as the case may be, and the Proposed Orders, each as amended, restated, supplemented, or otherwise modified from time to time in accordance with the terms thereof, the "**DIP Documents**");

(b) authorizing the Debtor, on an interim basis, to: (i) execute, deliver, and perform under the Replacement DIP Term Sheet, and the other DIP Documents, as applicable, and to perform all such other and further acts as may be required in connection therewith; (ii) incur all loans, advances, extensions of credit and financial accommodations, and pay all principal, interest, fees, costs, expenses, charges, indemnification and reimbursement obligations (whether contingent or absolute), and all other obligations or amounts, whether or not such obligations arose before or after the Petition Date (as defined below), whenever the same shall become due, whether at stated maturity, by mandatory prepayment, declaration, acceleration, or otherwise, in each case, in accordance with the Replacement DIP Term Sheet and this Interim Order (collectively, the "**DIP Obligations**"); and (iii) perform such other and further acts as may be necessary, required, or desirable to implement and effectuate the terms of this Interim Order, the Replacement DIP Term Sheet, and the other DIP Documents and the transactions contemplated thereunder;

(c) authorizing the Debtor, on an interim basis, to grant to the Replacement DIP Lender the DIP Liens (as defined below) in all DIP Collateral (as defined below), as set forth in this Interim Order, subject to the Carve Out (as defined below), and subject to the relative priorities set forth in this Interim Order;

(d) authorizing the Debtor, on an interim basis, to grant to the Replacement DIP Lender, allowed superpriority administrative expense claims pursuant to section 364(c)(1) of the Bankruptcy Code, as well as liens pursuant to sections 364(c)(2) and 364(c)(3) of the Bankruptcy Code, as further described herein, on all DIP Collateral and all proceeds thereof, all cash and cash equivalents and other amounts from time to time on deposit or maintained by the Debtor in any deposit or securities

account or accounts as of the Petition Date, against the Debtor in respect of all DIP Obligations, subject to the Carve Out, as set forth in this Interim Order;

(e) authorizing the Debtor, on an interim basis, to use the proceeds of the Replacement DIP Facility and the DIP Collateral, (including the Cash Collateral) in accordance with the terms and conditions set forth in this Interim Order, the Replacement DIP Term Sheet, and the other DIP Documents, and strictly in accordance with the Budget, subject to any Permitted Variance (as defined below) expressly permitted under the Replacement DIP Term Sheet;

(f) modifying the automatic stay imposed by section 362 of the Bankruptcy Code or otherwise, to the extent necessary, required or desirable to implement and effectuate the terms and provisions of this Interim Order and the Replacement DIP Term Sheet, as set forth herein or therein,;

(g) waiving any applicable stay (including under Bankruptcy Rule 6004) with respect to the effectiveness and enforceability of this Interim Order, and providing for the immediate effectiveness of this Interim Order;

(h) authorizing the Debtor, on a final basis, to irrevocably repay in full all obligations outstanding under all documents executed and/or delivered in connection with the Original DIP Facility, including the term sheet executed in connection therewith (the "**Original DIP Documents**") including, without limitation, all principal, interest, fees (including the exit fee on the interim loan drawn under the Original DIP Facility), premiums, costs, expenses, charges and all other amounts payable under the Original DIP Documents (as defined below) (collectively, the "**Original DIP Obligations**"), with the proceeds of the Replacement DIP Facility upon funding, and terminating all liens granted to the Original DIP Lender (as defined below);

(i) approving certain stipulations, waivers, and releases by the Debtor (and its applicable related parties and representatives) with respect to, inter alia, the Replacement DIP Lender, the Replacement DIP Term Sheet, the DIP Liens, and the DIP Obligations;

(j) subject to entry of the Final Order, approves the Debtor's waiver of the right to surcharge the DIP Collateral as to the DIP Lender pursuant to section 506(c) of the Bankruptcy Code or otherwise;

(k) subject to entry of the Final Order, approves the Debtor's waiver of the equitable doctrine of "marshaling" and other similar doctrines with respect to the DIP Collateral;

(l) approving, on a final basis, any fees and amounts payable under the Replacement DIP Term Sheet and in this Interim Order, and further authorizing and directing the Debtor to make non-refundable, irrevocable, and final payments on account of the principal, interest, fees, and other amounts payable under the Replacement DIP Term Sheet, each as applicable, as such become due and payable, all to the extent

provided in, and in accordance with, this Interim Order and the Replacement DIP Term Sheet;

(m) authorizing the establishment and maintenance of the Post-Sale Escrow in accordance with the Replacement DIP Term Sheet, including the deposit of all required amounts therein, for the benefit of the Replacement DIP Lender, which Post-Sale Escrow and all funds held therein shall not be subject to the Carve-Out or any other claims, liens, interests, or encumbrances, except as expressly provided in the Proposed Orders, or the Replacement DIP Term Sheet;

(n) scheduling a final hearing (the "**Final Hearing**") on this Replacement DIP Motion to consider entry of the Final Order authorizing the relief requested in this Replacement DIP Motion on a final basis and approving the form of notice with respect to such Final Hearing, which Final Order shall be in form and substance and on terms and conditions acceptable in all respects to the Replacement DIP Lender; and

(o) granting related relief.

The Court, having considered the Motion, the Replacement DIP Term Sheet, the exhibits attached thereto, the declarations filed in support thereof, the evidence submitted, and the arguments proffered or adduced at the interim hearing held before the Court on [___, 2026] (the "**Interim Hearing**"), and upon the record of the Chapter 11 Case; and all objections, if any, to the relief requested in the Replacement DIP Motion having been withdrawn, resolved, or overruled by the Court; and the Court having determined that the legal and factual bases set forth in the Replacement DIP Motion and at the Interim Hearing established just cause for the relief granted herein; and it appearing to the Court that granting the interim relief requested in the Replacement DIP Motion is necessary to avoid immediate and irreparable harm to the Debtor and its estate, and otherwise is fair and reasonable, and represents a sound exercise of the Debtor's business judgment, and is necessary for the continued operation of the Debtor's business; and after due deliberation and consideration, and for good and sufficient cause appearing therefor:

THE COURT HEREBY MAKES THE FOLLOWING FINDINGS OF FACT AND CONCLUSIONS OF LAW:[3]

A. *Petition Date*. On June 23, 2026 (the "**Petition Date**"), the Debtor filed a voluntary petition for relief under chapter 11 of the Bankruptcy Code in the Court commencing the Chapter 11 Case.

B. *Debtor-in-Possession*. The Debtor continues to manage and operate its business and properties as debtor-in-possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. As of the date hereof, no trustee or examiner has been appointed in the Chapter 11 Case.

C. *Committee Formation*. On July 2, 2026, the Office of the United States Trustee (the "**U.S. Trustee**") appointed an official statutory committee of unsecured creditors in the Chapter 11 Case pursuant to section 1102 of the Bankruptcy Code (the "**Committee**").

D. *Jurisdiction and Venue*. The Court has jurisdiction over the Chapter 11 Case, the Replacement DIP Motion, and the parties and property affected hereby pursuant to 28 U.S.C. § 1334. The Court's consideration of the Replacement DIP Motion constitutes a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The Court may enter a final order consistent with Article III of the United States Constitution. Venue for the Chapter 11 Case and the proceedings on the Replacement DIP Motion is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. The statutory and legal predicates for the relief set forth herein are sections 105, 361, 362, 363, 364, 503, 506, and 507 of the Bankruptcy Code, Bankruptcy Rules 2002, 4001, 6003, 6004, 9013 and 9014, and Local Rules 2002-1, 4001-2 and 9013-1.

---

[3] The findings and conclusions set forth herein constitute the Court's findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable to this proceeding pursuant to Bankruptcy Rule 9014. To the extent that any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

E. *Original DIP Facility.* The Original DIP Facility exists and is valid and binding upon the Debtor. As of the date hereof, the Original DIP Obligations constitute legal, valid, binding, and non-avoidable obligations of the Debtor, enforceable in accordance with the terms of the Original DIP Documents. No challenges, objections, defenses, claims, or counterclaims of any kind or nature whatsoever with respect to any of the Original DIP Obligations exist.

F. *Repayment of the Original DIP Facility.* The Debtor's decision to repay the Original DIP Obligations in full with the proceeds of the Replacement DIP Facility represents a proper and sound exercise of the Debtor's business judgment. The Replacement DIP Facility is necessary to repay the Original DIP Facility and avoid potential defaults thereunder and the exercise of remedies by the Original DIP Lender, to permit the orderly continuation of the Debtor's business and the Chapter 11 Case, and to maximize the value of the Debtor's estate for the benefit of all creditors and stakeholders. Alternative replacement financing on more favorable terms than those provided under the Replacement DIP Facility is not available. The Replacement DIP Facility is superior to continuing under the Original DIP Facility, enables repayment of the Original DIP Obligations, and supports the continued operation of the Debtor's business.

G. *Debtor's Stipulations, Releases and Acknowledgements Regarding DIP Lender and the Replacement DIP Facility*. In requesting the Replacement DIP Facility, and in exchange for and as a material inducement to the Replacement DIP Lender to provide the Replacement DIP Facility, the Debtor, for itself, its estate, and all representatives of its estate, admits, stipulates, acknowledges and agrees as follows:

(i) No Control. The Replacement DIP Lender does not control the Debtor or its properties or operations, does not have authority to determine the manner in which the Debtor's operations are conducted, and is not a control person or insider (as defined in the Bankruptcy Code) of the Debtor or any of its affiliates by virtue of any of the actions taken in connection with this Interim Order, the Replacement DIP Facility, the DIP Liens, the DIP

Superpriority Claims (as defined below), the DIP Collateral, the DIP Obligations, the Replacement DIP Term Sheet, or the transactions contemplated thereunder or hereunder.

(ii) No Claims, Defenses, or Causes of Action. As of the date hereof, there exist no claims, defenses or any other Cause of Action[4] of any nature or description whatsoever that may be asserted by the Debtor, its estate, predecessors, successors and assigns, against the Replacement DIP Lender or any of its current, former and future affiliates, subsidiaries, funds or managed accounts, officers, directors, managers, members, equity holders, partners, principals, employees, representatives, agents, attorneys, advisors, consultants and other professionals, and the predecessors in interest, successors and assigns of each of the foregoing (collectively, the "**Representatives**"), in their capacities as such, in each case, arising from, in connection with, or related to this Interim Order, the Replacement DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Collateral, the DIP Obligations, the Replacement DIP Term Sheet, or the transactions contemplated thereunder or hereunder.

(iii) Releases. Effective as of the date of entry of the Final Order, the Debtor, on behalf of itself and its estate, and each Guarantor to the maximum extent permitted by applicable law, hereby absolutely, unconditionally and irrevocably releases and forever discharges and acquits the Replacement DIP Lender and its Representatives (in their capacities as such) of and from any and all Causes of Action that the Debtor, its estate, and/or each Guarantor, and each of their respective estates, predecessors, successors and assigns at any time had, now have or that their respective successors and assigns may have against the Replacement DIP Lender and its Representatives for or by reason of any act, omission, matter, cause or thing whatsoever arising at any time prior to the date of this Interim Order, in each case, arising under, in connection with or related to this Interim Order, the Replacement DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Collateral, the DIP Obligations, the Replacement DIP Term Sheet or the transactions contemplated thereunder or hereunder, including, without limitation, (a) any claim or Cause of Action seeking avoidance, whether under chapter 5 of the Bankruptcy Code, any applicable Uniform Voidable Transfer Act, Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or other similar state or federal statute, common law, or otherwise ("**Avoidance Actions**"), (b) any so-called "lender liability" or equitable subordination claims or defenses, (c) any claims or Causes of Action arising under the Bankruptcy Code, (d) any claims or Causes of Action seeking reduction, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), reclassification, disgorgement, disallowance, impairment, marshaling,

[4] The term "**Cause of Action**" means any action, cause of action, claim, counter-claim, cross-claim, defense, account, objection, challenge, offset, setoff, demand, liability, responsibility, dispute, remedy, indebtedness, obligation, guaranty, right, interest, indemnity, assertion, allegation, suit, controversy, proceeding, loss, damage, injury, reimbursement obligation, attorneys' fees, costs, expenses or judgments of every type, whether known or unknown, asserted or unasserted, suspected or unsuspected, foreseen or unforeseen, accrued or unaccrued, liquidated or unliquidated, fixed or contingent, pending or threatened, whether assertable directly or derivatively, including, without limitation, all legal and equitable theories of recovery, arising under the Bankruptcy Code or applicable non-bankruptcy law, whether local, state or federal U.S. or foreign common law, statute, law, rule, regulation, or by contract, of every nature or description whatsoever.

surcharge, recovery or any other challenge arising under the Bankruptcy Code or applicable non-bankruptcy law with respect to this Interim Order, the Replacement DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Collateral, the DIP Obligations, the Replacement DIP Term Sheet or the transactions contemplated thereunder or hereunder, or (e) any claim or Cause of Action with respect to the validity, enforceability, extent, amount, perfection or priority of the Replacement DIP Facility, the DIP Liens, the DIP Superpriority Claims, the DIP Collateral, the DIP Obligations, the Replacement DIP Term Sheet or the transactions contemplated thereunder or hereunder; *provided*, *however*, that nothing contained in this subparagraph (iii) shall relieve the Replacement DIP Lender from fulfilling any of its commitments under, and in accordance with, the Replacement DIP Term Sheet.

(iv) Cash Collateral. Any and all of the Debtor's cash, whether existing as of the entry of this Interim Order or thereafter, wherever located (including, without limitation, all cash, cash equivalents and other amounts on deposit or maintained by the Debtor in any accounts with any depositary institution), whether as DIP Collateral, arising from the sale or other disposition of DIP Collateral, or proceeds of other DIP Collateral, or cash, rents, income, offspring, products, proceeds or profits generated from the DIP Collateral or the DIP Loans, constitutes "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code (the "**Cash Collateral**") of the Replacement DIP Lender; *provided*, *however*, that upon the funding of the Post-Sale Escrow (as defined below) pursuant to and in accordance with the terms of the Replacement DIP Term Sheet and this Interim Order, Cash Collateral shall be limited solely to the cash and cash equivalents held in the Post-Sale Escrow, and any and all of the Debtor's cash in excess of the Post-Sale Escrow shall not be subject to the DIP Liens and shall not constitute Cash Collateral.

H. *Good Cause*. Good cause has been shown for the entry of this Interim Order, and the entry of this Interim Order is necessary to preserve and maintain the value of the Debtor's estate, to run a value-maximizing sale process for the Debtor's assets for the benefit of all its stakeholders, and to avoid immediate and irreparable harm to the Debtor, its estate, and its creditors. The relief requested in the Replacement DIP Motion is fair and reasonable and in the best interest of the Debtor and its estate, and essential for the continued operation of the Debtor's business and the preservation of the value of the Debtor's assets.

I. *Need for Postpetition Financing and Use of Cash Collateral*. The Debtor has an immediate and critical need to obtain postpetition financing pursuant to the Replacement DIP Facility and use Cash Collateral on an interim basis, in order to, among other things, (i) pay the fees, costs, and expenses incurred in connection with the Chapter 11 Case; (ii) fund any obligations

benefiting from the Carve Out; (iii) continue the orderly operation of its business for the benefit of all its stakeholders; (iv) maintain business relationships with customers, vendors, and suppliers; (v) make payroll for its employees; and (vi) satisfy other working capital and operational needs, in each case, in accordance with and subject to the terms and conditions of this Interim Order and the Replacement DIP Term Sheet, including the Budget (subject to the Permitted Variance). The Debtor's access to sufficient working capital and liquidity through the incurrence of loans and other financial accommodations under the Replacement DIP Facility and the use of Cash Collateral is necessary and vital to, among other things, preserve and maximize the value of the Debtor and its estate. The Debtor and its estate will be immediately and irreparably harmed if the financing under the Replacement DIP Facility is not obtained pursuant to the terms of this Interim Order and, as applicable, the Replacement DIP Term Sheet. Entry of this Interim Order is necessary and appropriate to avoid such harm to the Debtor, its estate, and other parties in interest.

J. *No Credit Available on More Favorable Terms*. The Debtor is unable to obtain financing or other financial accommodations from sources other than the Replacement DIP Lender on terms more favorable than those provided under the Replacement DIP Facility, the Replacement DIP Term Sheet and this Interim Order. The Debtor is unable to obtain adequate unsecured credit allowable as an administrative expense under section 503(b)(1) of the Bankruptcy Code. The Debtor is also unable to obtain adequate secured credit for money borrowed under sections 364(c)(1), 364(c)(2) and 364(c)(3) of the Bankruptcy Code without, among other things, the Debtor granting (i) the DIP Liens on all DIP Collateral, (ii) the DIP Superpriority Claims, and (iii) certain rights, benefits and protections to the Replacement DIP Lender, in each case, upon the terms and conditions set forth in this Interim Order and in the Replacement DIP Term Sheet. After considering all available alternatives, the Debtor has properly concluded, in the exercise of its

sound business judgment, that the Replacement DIP Facility represents the best source of debtor-in-possession financing available at this time and is in the best interests of all stakeholders.

K. *Use of DIP Facility Proceeds and Cash Collateral*. As a condition to providing the Replacement DIP Facility and its consent to the use of Cash Collateral, the Replacement DIP Lender required, and the Debtor has agreed, that all proceeds of the DIP Loans and all Cash Collateral shall be used and/or applied solely for the purposes and in the amounts expressly permitted in the Budget (subject to the Permitted Variance), including, without limitation, (i) to pay the costs of administration of the Chapter 11 Case, (ii) for general corporate and working capital purposes, (iii) to pay professional fees and expenses in accordance with this Interim Order, and (iv) to repay the Original DIP Facility, in each case, in accordance with and subject to the terms and conditions of this Interim Order and the Replacement DIP Term Sheet, including the Budget (subject to the Permitted Variance).

L. *Limitation on Charging Expenses against Collateral*. As a material inducement to the Replacement DIP Lender's agreement to provide the Replacement DIP Facility and that its liens and superpriority claims shall be subject to payment of the Carve Out, subject to entry of the Final Order, the Replacement DIP Lender is entitled to (i) a waiver of the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral and the DIP Obligations, and (ii) a waiver of the provisions of section 506(c) of the Bankruptcy Code or any similar applicable law with respect to the DIP Collateral.

M. *Proper Exercise of Business Judgment*. Based on the Replacement DIP Motion, the evidence submitted, and the record presented to the Court at the Interim Hearing, the terms of the Replacement DIP Facility (i) were negotiated in good faith and at arm's length among the Debtor, the Replacement DIP Lender, and their respective advisors, (ii) are fair, reasonable, and

the best available to the Debtor under the circumstances, (iii) reflect the Debtor's exercise of prudent business judgment consistent with its fiduciary duties, and (iv) are supported by reasonably equivalent value and fair consideration. Absent access to the Replacement DIP Facility upon the terms set forth in this Interim Order, the Replacement DIP Term Sheet, including the Budget (subject to the Permitted Variance), the Debtor, its estate, its creditors, and other parties-in-interest will be seriously, immediately, and irreparably harmed.

N. *Good Faith*. The DIP Facility and the terms of the Replacement DIP Term Sheet and this Interim Order have been negotiated in good faith and at arm's length among the Debtor, the Replacement DIP Lender, and their respective advisors and Representatives, and all of the Debtor's obligations and indebtedness arising under, in respect of, or in connection with, the Replacement DIP Facility, the Replacement DIP Term Sheet and this Interim Order, including, without limitation, all loans, advances, extensions of credit and other financial accommodations made and guarantees issued pursuant to the Replacement DIP Term Sheet, shall each be deemed to have been extended by the Replacement DIP Lender and each of its affiliates, in good faith, as that term is used in section 364(e) of the Bankruptcy Code, and in express reliance upon the protections offered by section 364(e) of the Bankruptcy Code, and each of the claims, liens and security interests, rights, remedies, benefits and protections granted to the Replacement DIP Lender (and each of the successors and assigns thereof) pursuant to this Interim Order and the Replacement DIP Term Sheet (including, without limitation, all DIP Obligations, DIP Liens, and DIP Superpriority Claims), shall be entitled to the protection of section 364(e) of the Bankruptcy Code to the fullest extent available under applicable law.

O. *Initial DIP Budget*. The Debtor has prepared and delivered to the Replacement DIP Lender and its advisors an initial budget, a copy of which is attached to this Interim Order as

Exhibit 2 hereto (together with any additional line-item or other detail and supplements as may be provided pursuant to the terms of the Replacement DIP Term Sheet and the other DIP Documents, the "**Initial DIP Budget**"). The Initial DIP Budget reflects, among other things, for the 13-week period commencing on or around the week of entry of this Interim Order, the Debtor's projected operating receipts, operating disbursements, non-operating disbursements, net operating cash flow, and liquidity for each one-week period covered thereby. The Initial DIP Budget may be modified, amended, extended, and updated from time to time in accordance with the Replacement DIP Term Sheet, and such modified, amended, extended, and/or updated budget, *provided* (i) the Initial DIP Budget and any modified, amended, extended, and/or updated budget shall not be modified to reduce the amount of professional fees allocated to Committee Professionals without the prior express written consent of the Committee, and (ii) each such modified, amended, extended, and/or updated budget shall be simultaneously delivered to counsel for the Committee and, once approved (or deemed approved) by the Debtor and the Replacement DIP Lender shall modify, replace, supplement or supersede, as applicable, the Initial DIP Budget for the periods covered thereby (the Initial DIP Budget and each subsequent approved budget (including any additional line-item or other detail and supplements as may be provided pursuant to the terms of the Replacement DIP Term Sheet or the DIP Credit Agreement, as applicable) shall constitute, without duplication, a "**Budget**"). For purposes of this Interim Order, the Initial DIP Budget shall be the Budget (unless and until such budget is modified in accordance with the Replacement DIP Term Sheet). The Budget has been prepared by the Debtor, its management, and its advisors. The Debtor believes that the Budget is reasonable under the circumstances. The Replacement DIP Lender is relying, in part, on the Debtor's agreement to comply with the Budget (subject only to the Permitted Variance) and the terms of this Interim Order and the other DIP Documents in

determining to enter into the Replacement DIP Facility and, thereafter, to consent to the use of Cash Collateral as provided for herein.

P. *Notice*. Notice of the Replacement DIP Motion and the Interim Hearing complies with section 102(1) of the Bankruptcy Code, Bankruptcy Rules 2002, 4001(b) and (c), and 9014, and the Local Rules.

Q. *Immediate Entry*. The Debtor has requested immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2), 4001(c)(2), and 6003, and the Local Rules. Unless the relief set forth in this Interim Order is granted, the Debtor's estate will be immediately and irreparably harmed. Consummation of the Replacement DIP Facility and the use of Cash Collateral upon the terms set forth in this Interim Order and the Replacement DIP Term Sheet is consistent with the Debtor's exercise of its fiduciary duties. Sufficient cause exists for immediate entry of this Interim Order pursuant to Bankruptcy Rules 4001(b)(2) and (c)(2) and the Local Rules. The Replacement DIP Motion and this Interim Order comply with the requirements of Local Rule 4001-2.

NOW THEREFORE, based upon the foregoing findings and conclusions, the Replacement DIP Motion, the declarations filed in support of the Replacement DIP Motion, the evidence adduced at the Interim Hearing and the record before the Court, and after due consideration, and good and sufficient cause appearing therefor,

IT IS HEREBY ORDERED THAT:

1. *Motion Granted*. The Replacement DIP Motion is hereby granted, on an interim basis, upon the terms and conditions set forth in this Interim Order and the Replacement DIP Term Sheet. Any objections or other statements with respect to any of the relief set forth in this Interim Order that have not been withdrawn, waived, or settled, and all reservations of rights inconsistent

with this Interim Order, are hereby denied and overruled. This Interim Order shall become effective and enforceable immediately upon its entry.

2. *Authorization of DIP Facility and DIP Term Sheet.*

(a) Authorization of DIP Term Sheet. The Debtor is authorized to enter into the Replacement DIP Facility on an interim basis. The Debtor is hereby authorized to (i) execute, deliver and perform all of its obligations under the Replacement DIP Term Sheet, the other DIP Documents (as the case may be), and this Interim Order; and (ii) execute, deliver and perform under any and all other instruments, certificates, agreements and other documents (including, without limitation, the execution and/or recordation of collateral, pledge and security documents, mortgages and deeds of trust (if applicable) and financing statements), and perform all such other and further acts that may be necessary, required or desirable for the Debtor to perform its obligations under the Replacement DIP Facility, the Replacement DIP Term Sheet, the other DIP Documents (as the case may be), and this Interim Order and to implement the transactions contemplated thereunder and hereunder.

(b) Authorization to Borrow Interim DIP Loans and Use Cash Collateral. The Debtor is hereby authorized to borrow the Interim DIP Loans (*plus* applicable interest, fees (including professional fees and expenses), costs, expenses, charges and other amounts payable hereunder and under the Replacement DIP Term Sheet), subject to the terms and conditions (including any payment priorities and any availability limitations and conditions precedent to such DIP Borrowing) set forth in the Replacement DIP Term Sheet and this Interim Order. The Debtor is hereby authorized to use the proceeds of the DIP Borrowings under the Replacement DIP Facility and all Cash Collateral solely in the manner and for the purposes expressly permitted in

the Budget (subject to the Permitted Variance), the Replacement DIP Term Sheet, and this Interim Order.

(c) DIP Fees and Expenses; Indemnification. Subject to the Expense Payment Cap and the review procedures in paragraph 11 hereof, the Debtor is hereby authorized and directed to pay, as and when due, any and all (i) amounts due (or that may become due) in respect of the indemnification obligations under the Replacement DIP Term Sheet, and (ii) fees, costs, expenses and disbursements of the Replacement DIP Lender payable under the Replacement DIP Term Sheet and this Interim Order, including, without limitation, the reasonable and documented fees and expenses of (A) KTBS Law LLP and Young Conaway Stargatt & Taylor, LLP, as co-counsel to the Replacement DIP Lender, and (B) any other accountants, consultants, attorneys, advisors, appraisers, or other professionals that may be retained by the Replacement DIP Lender with the consent of the Debtor, such consent not to be unreasonably withheld or delayed (the foregoing subclauses (A)-(B), the "**DIP Lender Advisors**"), in the case of each of the foregoing clauses (i)-(ii), whether or not such payments, fees, costs, expenses or other amounts arose before or after the Closing Date and whether or not the transactions contemplated herein or in the Replacement DIP Term Sheet are consummated through no fault of the Replacement DIP Lender, without the need to file fee or retention applications with the Court, without the need to comply with the U.S. Trustee's fee guidelines, and all such payments, fees, costs, expenses and other amounts are hereby approved; *provided*, *however*, that so long as no Event of Default has occurred and is continuing, any out-of-pocket accrued and unpaid fees, costs, disbursements, and expenses of the Replacement DIP Lender in excess of $250,000 in the aggregate (including legal fees and expenses incurred prior to the Closing Date) (the "**Expense Payment Cap**") shall accrue to the DIP Obligations (and shall be deposited into the Post-Sale Escrow, as applicable) and any amounts

so accrued shall increase, dollar-for-dollar (above the initial amount of any credit bid submitted by the Replacement DIP Lender), the amount of the Replacement DIP Lender's credit bid pursuant to any credit bid, Plan Sponsor Alternative (as defined in the Bidding Procedures), or other written agreement between the Debtor and the Replacement DIP Lender, for all purposes under the DIP Documents and the Bankruptcy Code. Notwithstanding anything to the contrary set forth in this Term Sheet, so long as no Event of Default has occurred and is continuing, in no event shall any amounts in excess of the Expense Payment Cap be payable in cash.

(d) The indemnity under subparagraph (c)(i) above shall not extend to any loss, claim, damage, liability or expense (a) arising from the material breach of any obligation of such Indemnitee under the DIP Documents, (b) that does not involve an act or omission of the Debtor and that is brought by an Indemnitee against another Indemnitee (other than claims against an Indemnitee in its capacity or in fulfilling its role as Replacement DIP Lender), or (c) which a court of competent jurisdiction has determined by final, non-appealable judgment to have arisen from the gross negligence, bad faith, or willful misconduct of such Indemnitee.

(e) In the case of subparagraph (c)(ii) above, any invoices submitted for payment may be in summary form only (and shall not be required to contain individual time entries, and may be redacted or modified to the extent necessary to delete any information subject to the attorney-client privilege, any information constituting attorney work product, or any other confidential information, and the provision of such invoices shall not constitute any waiver of the-attorney-client privilege or of any benefits of the attorney work product doctrine), and shall be promptly paid by the Debtor, on a monthly basis as appropriate, upon receipt of any such invoices, subject to paragraph 11 with respect to fees and expenses incurred after the Interim DIP Loans.

3. *DIP Obligations*.

(a) Upon execution and delivery of the Replacement DIP Term Sheet, the Replacement DIP Term Sheet shall constitute valid, binding, enforceable, and nonavoidable obligations of the Debtor, and shall be fully enforceable against the Debtor, its estate, and any successors thereto, including, without limitation, any estate representative or trustee appointed in the Chapter 11 Case or in any case under chapter 7 of the Bankruptcy Code upon the conversion of the Chapter 11 Case, or in any other proceedings superseding or relating to any of the foregoing and/or upon the dismissal of the Chapter 11 Case or any such successor case (the "**Successor Case**"), in each case, in accordance with the terms of the Replacement DIP Term Sheet and this Interim Order.

(b) Upon execution and delivery of the Replacement DIP Term Sheet, the Debtor shall be liable for all DIP Obligations, including, without limitation, all loans, advances, extensions of credit, financial accommodations, principal, interest, premiums or similar amounts, fees, costs, expenses, charges, indemnification and reimbursement obligations (whether contingent or absolute), and all other obligations or amounts, whether or not such obligations arose before or after the Petition Date, whenever the same shall become due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise, in each case, which may now or from time to time be owing by the Debtor to the Replacement DIP Lender under the Replacement DIP Term Sheet or this Interim Order. The DIP Obligations shall be due and payable, without notice or demand, the DIP Commitments shall automatically terminate, and the use of Cash Collateral shall automatically cease, on the DIP Termination Date (as defined below) (subject to paragraph 20(b) hereof).

(c) All obligations incurred, payments made, and transfers or grants of security and liens set forth in this Interim Order and the Replacement DIP Term Sheet by the Debtor are granted to or for the benefit of the Debtor for fair consideration and reasonably equivalent value and are granted contemporaneously with the making of the loans and commitments and other financial accommodations secured thereby. No obligation, payment, transfer, or grant of liens and security interests under this Interim Order or the Replacement DIP Term Sheet to the Replacement DIP Lender (including, without limitation, the DIP Obligations, the DIP Liens, and the DIP Superpriority Claims) shall be limited, stayed, restrained, voidable, avoidable, or recoverable under the Bankruptcy Code or under any applicable law, or subject to any contest, attack, objection, challenge, defense, claim, counterclaim or Cause of Action, including any Avoidance Action or any other claim or Cause of Action seeking reduction, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual or otherwise), reclassification, disgorgement, disallowance, impairment, marshaling, surcharge, recovery, or any other claim or Cause of Action of any nature and description whatsoever, whether arising under the Bankruptcy Code, applicable non-bankruptcy law or otherwise (in each case in accordance with and subject to the fee review procedures set forth in paragraph 11 hereof); *provided*, *however*, that any waiver of the equitable doctrine of marshaling pursuant to this paragraph 3(c) or otherwise in this Interim Order shall be subject to entry of the Final Order.

4. *Repayment of Original DIP Facility.*

(a) The repayment of the Original DIP Facility is hereby approved on a final basis. The Debtor is hereby authorized and directed to: (i) execute and deliver, and to perform all of its obligations (including, without limitation, all expense reimbursement and indemnification obligations) pursuant to and in accordance with the terms and provisions of the payoff letter

between the Original DIP Lender and the Debtor (the "**Payoff Letter**"); (ii) indefeasibly repay in full in cash and discharge all Original DIP Obligations outstanding under the Original DIP Facility in accordance with the Payoff Letter, in no event later than two (2) business days following the later of the entry of this Interim Order and the initial funding under the Replacement DIP Facility; and (iii) upon the payment in full in cash of all Original DIP Obligations and the satisfaction of all other conditions set forth in the Payoff Letter, take such other and further acts as may be necessary, appropriate, or desirable in connection therewith, including the execution and delivery of such instruments, certificates, agreements, and documents as may be necessary to evidence the termination and release of all security interests, liens, and claims related to the Original DIP Facility (including, without limitation, the execution or recordation of documents necessary to release, cancel, or otherwise withdraw any pledge and security agreements, mortgages, financing statements, and other similar documents filed in connection with the Original DIP Facility). The liens and security interests securing the obligations under the Original DIP Facility shall be automatically released and terminated upon the indefeasible and irrevocable repayment in full of all Original DIP Obligations and the satisfaction of all other conditions set forth in the Payoff Letter, without the need for any further action by any party or any further order of the Court. The terms and provisions of the Payoff Letter, including the releases set forth therein, are hereby authorized and approved on a final basis.

(b) Notwithstanding anything in this Interim Order or the Replacement DIP Term Sheet to the contrary, the repayment of the Original DIP Facility shall be non-refundable and irrevocable, and shall not be subject to any challenge, objection, defense, claim, or cause of action of any kind or nature whatsoever, including, without limitation, avoidance (whether under chapter 5 of the Bankruptcy Code or under applicable law (including any applicable state law

Uniform Voidable Transactions Act, Uniform Fraudulent Transfer Act, Uniform Fraudulent Conveyance Act, or similar statute or common law)), reduction, setoff, offset, recoupment, recharacterization, subordination (whether equitable, contractual, or otherwise), reclassification, disgorgement, disallowance, impairment, marshaling, surcharge, or recovery, or any other cause of action of any kind or nature whatsoever, whether arising under the Bankruptcy Code, applicable non-bankruptcy law, or otherwise, by any person or entity.

5. *No Obligation to Extend Credit*. The Replacement DIP Lender shall have no obligation to make any loan or advance under the Replacement DIP Term Sheet, unless all of the conditions precedent to the making of such loan or advance by the Replacement DIP Lender under the Replacement DIP Term Sheet and this Interim Order have been satisfied in full (or waived) in accordance with the terms of the Replacement DIP Term Sheet and this Interim Order, as applicable. Notwithstanding anything contained in this Interim Order or the Replacement DIP Term Sheet to the contrary, in no event shall the aggregate principal amount of the DIP Loans available or outstanding under the Replacement DIP Term Sheet at any time (after giving effect to all DIP Borrowings previously made or requested) exceed the total DIP Commitments.

6. *No Duty to Monitor Compliance*. The Replacement DIP Lender shall not have any obligation or responsibility to monitor the Debtor's use of DIP Collateral or Cash Collateral, and the Replacement DIP Lender and its advisors may rely upon the Debtor's and its advisors' representations that the use of DIP Collateral and Cash Collateral complies with and is in accordance with the requirements of this Interim Order and the Replacement DIP Term Sheet.

7. *DIP Liens.*

(a) DIP Liens. Effective upon entry of this Interim Order, and without the necessity of the execution, recordation or filing of any pledge, collateral or security documents,

mortgages, deeds of trust, financing statements, notations of certificates of title for titled goods, or any other document or instrument, or the taking of any other action (including, without limitation, entering into any lockbox or deposit account control agreements or other action to take possession or control of any DIP Collateral), as security for the prompt and complete payment and performance of all DIP Obligations when due (whether at stated maturity, by acceleration or otherwise), the Replacement DIP Lender is hereby granted valid, binding, enforceable, nonavoidable, and automatically and properly perfected liens and security interests (collectively, the "**DIP Liens**") in all DIP Collateral, subject and subordinate to the Carve Out (other than in the case of the Post-Sale Escrow, which shall not be subject and subordinate to the Carve-Out), and subject to the relative priorities set forth in paragraph 7(c) of this Interim Order.

(b) DIP Collateral. The term "**DIP Collateral**" means all of the Debtor's right, title and interest in, to and under all of the Debtor's assets and properties, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located: all assets and property of the Debtor (and its estate), real or personal, tangible or intangible, now owned or hereafter acquired, whether arising before or after the Petition Date, including, without limitation, all contracts (including, without limitation, any Acceptable Stalking Horse Purchase Agreement), contract rights, licenses, general intangibles, instruments, equipment, accounts, documents, goods, inventory, fixtures, cash, cash equivalents, accounts receivables, chattel paper, letters of credit and letter of credit rights, investment property (including, without limitation, all equity interests owned by the Debtor in the Foreign Subsidiaries and its other existing and future subsidiaries, if any), limited liability company interests, arbitration awards, money, insurance, receivables, receivables records, deposit accounts, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all patents,

copyrights, trademarks, all trade names and other intellectual property (whether such intellectual property is registered in the United States or in any foreign jurisdiction), together with all books and records relating to the foregoing, all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (as such terms are defined in the Uniform Commercial Code as in effect from time to time in the State of New York); *provided*, *however*, the DIP Collateral shall not include (i) Avoidance Actions (ii) proceeds of Avoidance Actions, (iii) commercial tort claims, (iii) claims against directors and officers of the Debtor, (iv) any claims against the Replacement DIP Lender or its affiliates not released pursuant to the Final Order, and (v) Excluded Property.

(c) Priority of DIP Liens. The DIP Liens shall have the following ranking and priorities (subject in all cases to the Carve Out):

(i) *First Priority Senior Liens*. Pursuant to sections 364(c)(2), and 364(c)(3) of the Bankruptcy Code, the DIP Liens shall be valid, binding, continuing, enforceable, nonavoidable, fully and automatically perfected first priority liens and security interests in all DIP Collateral.

(ii) *DIP Liens Senior to Other Liens*. Except to the extent expressly permitted hereunder, the DIP Liens and the DIP Superpriority Claims shall not be made subject or subordinate to or *pari passu* with (A) any lien, security interest or claim heretofore or hereinafter granted in the Chapter 11 Case or any Successor Case, including any lien, security interest or claim granted in favor of any federal, state, municipal, or other governmental unit (including any regulatory body), commission, board or court for any liability of the Debtor, (B) any lien or security interest that is avoided and preserved for the benefit of the Debtor and its estate under section 551 of the Bankruptcy Code or otherwise, (C) any intercompany or affiliate claim, lien or security interest of the Debtor or its affiliates, or (D) any other lien, security interest or claim arising under section 363 or 364 of the Bankruptcy Code granted on or after the date hereof; *provided, however*, that the DIP Superpriority Claims shall not have priority over any bid protections approved by the Bankruptcy Court in this Chapter 11 Case.

(d) To the fullest extent permitted by the Bankruptcy Code, any provision of any lease, license, contract or other agreement that requires the consent or approval of one or more landlords, licensors or other parties, or requires the payment of any fees or obligations to any governmental entity, non-governmental entity or any other person or entity, in order for the Debtor

to pledge, grant, mortgage, sell, assign, or otherwise transfer any fee or leasehold interest, or proceeds thereof or other collateral related thereto, shall have no force or effect with respect to the transactions granting the DIP Liens in any such fee, leasehold, interest, or other collateral, or in the proceeds of any assignment and/or sale thereof by the Debtor in favor of the Replacement DIP Lender in accordance with the Replacement DIP Term Sheet and this Interim Order.

8. *DIP Superpriority Claims*. Pursuant to and to the extent permitted by sections 364(c)(1) of the Bankruptcy Code, the DIP Obligations shall constitute allowed superpriority administrative expense claims against the Debtor in the Chapter 11 Case and any Successor Case on account of the DIP Obligations, with priority over any and all other administrative expense claims and all other claims against the Debtor, now existing or hereafter arising, of any kind or nature whatsoever, including, without limitation, and any and all administrative expense claims of the kind specified in or ordered pursuant to sections 105, 326, 328, 330, 331, 503(b), 506(c) (subject to entry of the Final Order), 507, 546, 726, 1113 or 1114 of the Bankruptcy Code, or any other provision of the Bankruptcy Code, solely as provided under Section 364(c)(1) of the Bankruptcy Code (the "**DIP Superpriority Claims**"); *provided*, *however*, that the DIP Superpriority Claims shall not have priority over any stalking horse bid protections approved by the Court in the Chapter 11 Case with respect to an Acceptable Stalking Horse Purchase Agreement. The DIP Superpriority Claims shall (x) for purposes of section 1129(a)(9)(A) of the Bankruptcy Code, be considered administrative expenses allowed under section 503(b) of the Bankruptcy Code and (y) be subject and subordinate to the Carve Out. The DIP Superpriority Claims shall be payable by the Debtor and shall have recourse to all DIP Collateral, subject only to the Carve Out. The DIP Superpriority Claims shall be entitled to the full protection of section

364(e) of the Bankruptcy Code, including in the event that this Interim Order or any provision hereof is vacated, reversed, or modified, on appeal or otherwise.

9. *Use of DIP Collateral and Cash Collateral.*

(a) The Debtor is hereby authorized to use the proceeds of DIP Loans and Cash Collateral solely to the extent expressly permitted under the Budget (subject to the Permitted Variance) and subject to the terms and conditions set forth in the Replacement DIP Term Sheet and this Interim Order. Unless otherwise agreed to by the Replacement DIP Lender, except on the terms and conditions of this Interim Order and the Replacement DIP Term Sheet, it shall be an Event of Default under the DIP Documents to use the proceeds of the DIP Loans and the Cash Collateral absent further order of the Court.

(b) Without the prior written consent of the Replacement DIP Lender or order of the Court after notice and a hearing, the Debtor shall not sell, transfer, lease, encumber, or otherwise dispose of any portion of the DIP Collateral (or enter into any binding agreement to do so), except as expressly permitted by the Replacement DIP Term Sheet.

(c) Within one (1) business day of the date of receipt of the Net Cash Proceeds[5] from any disposition of the DIP Collateral (which, for the avoidance of doubt, shall exclude the

---

[5] "**Net Cash Proceeds**" means, with respect to any non-ordinary course disposition of the DIP Collateral, in whole or in part, by any Person, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person, in connection therewith, after deducting therefrom only (a) estimated fees, commissions, and expenses related thereto and required to be paid in connection with such sale or disposition, including any bid protections payable pursuant to an Acceptable Stalking Horse Purchase Agreement, (b) estimated taxes paid or payable to any taxing authorities in connection with such sale or disposition, in each case, only to the extent, that the amounts so deducted are properly attributable to such transaction and (c) any escrow or reserve for any adjustment in respect of the sale price of such asset or assets and indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of the applicable sale or disposition or other liabilities in connection with such sale or disposition (provided that upon release of any such escrow or reserve, the amount released shall be considered Net Cash Proceeds).

"**Person**" means any natural person, corporation, limited liability company, limited partnership, general partnership, limited liability partnership, joint venture, trust, land trust, business or statutory trust, or other

disposition of DIP Collateral in the ordinary course of business), the Debtor shall (i) in the event the Replacement DIP Lender has been selected as the Successful Bid with respect to a Plan Sponsor Alternative, at the Debtor's election, either (A) escrow an amount of Net Cash Proceeds equal to an amount not less than 110% of the amount of such Successful Bid by the Replacement DIP Lender (the "**Successful Bid Amount**," and such escrowed funds, the "**Post-Sale Escrow**"), in a segregated escrow account established by the Debtor with a third-party escrow agent acceptable to the Replacement DIP Lender (for the avoidance of doubt, Kurtzman Carson Consultants, LLC d/b/a Verita Global, the Debtor's claims and noticing agent, shall be deemed acceptable to the Replacement DIP Lender as escrow agent) and pursuant to an escrow agreement acceptable to the Replacement DIP Lender, with such Post-Sale Escrow to be (i) distributed solely in accordance with a confirmed plan of reorganization, or (ii) upon the termination or withdrawal of the Plan Sponsor Alternative in accordance with the terms thereof, which shall include, at DIP Lender's election, upon an Event of Default, or (B) immediately pay the Successful Bid Amount to the Replacement DIP Lender to satisfy the DIP Obligations until the DIP Obligations are Paid in Full; *provided* that, to the extent the DIP Obligations exceed the Successful Bid Amount, the Debtor shall immediately apply the Net Cash Proceeds of such sale in excess of the Successful Bid Amount to satisfy the remaining DIP Obligations until such remaining DIP Obligations are Paid in Full; or (ii) in the event the Replacement DIP Lender has not been selected as the Successful Bid with respect to a Plan Sponsor Alternative, immediately pay all Net Cash Proceeds of such sale to the Replacement DIP Lender to satisfy the DIP Obligations until the DIP Obligations are Paid in Full, in each case subject to the Carve Out.

---

organization, irrespective of whether constituting a separate legal entity, and governments and agencies and political subdivisions thereof.

(d) Unless waived by the Replacement DIP Lender in writing, within one (1) business day of the date of receipt of proceeds from any indebtedness (other than permitted indebtedness under the DIP Documents), the Debtor shall prepay the outstanding principal amount of the DIP Obligations in accordance with the DIP Documents in an amount equal to 100% of the Net Cash Proceeds received in connection with the incurrence of such indebtedness, plus accrued interest as applied to the principal amount of such prepayment.

10. *Budget and Variance Reporting*. The Debtor shall comply with the budget and variance reporting obligations set forth in the Replacement DIP Term Sheet.

11. *Fees and Expenses*. The invoices with respect to the professional fees and expenses payable under paragraph 2(c) of this Interim Order shall not be required to comply with the U.S. Trustee guidelines, nor shall the applicable professionals be required to file fee applications with the Court with respect to any fees or expenses payable hereunder, and all invoices therefor may be in summary form only (and shall not be required to contain individual time entries, and may be redacted or modified to the extent necessary to delete any information subject to the attorney-client privilege, any information constituting attorney work product, or any other confidential information, and the provision of such invoices shall not constitute any waiver of the attorney-client-privilege or of any benefits of the attorney work product doctrine), and shall, by email, be provided to counsel to the Debtor, counsel to any Committee and the U.S. Trustee (the "**Fee Notice Parties**"); *provided*, *however*, if no formal objection to payment of the requested fees and expenses is made in writing by any of the Fee Notice Parties within five (5) business days after delivery of such invoices (the "**Fee Objection Period**"), then, upon the expiration of the Fee Objection Period, without further order of, or application to, the Court or notice to any other party, such fees and expenses shall be promptly paid by the Debtor and, in any event, no later than three (3) business

days after expiration of the Fee Objection Period; *provided*, *further*, *however*, that if a formal objection is made by any of the Fee Notice Parties within the Fee Objection Period to payment of the requested fees and expenses, the undisputed portion shall promptly be paid by the Debtor, and in any event, no later than three (3) business days after expiration of the Fee Objection Period, and the disputed portion shall only be paid upon resolution of such objection by the applicable parties or by order of the Court. Any hearing on an objection to the payment of any fees, costs or expenses set forth in a professional fee invoice shall be limited to reasonableness of the fees, costs and expenses that are the subject of such objection.

12. *Reservation of Rights*. Notwithstanding anything herein to the contrary, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly: (a) the rights of the Replacement DIP Lender to seek any other or supplemental relief in respect of the Debtor; (b) the rights of the Replacement DIP Lender under the Replacement DIP Term Sheet, the Bankruptcy Code or applicable non-bankruptcy law, including, without limitation, the right to (i) request modification of the automatic stay of section 362 of the Bankruptcy Code; (ii) request dismissal of the Chapter 11 Case, conversion of the Chapter 11 Case to a case under chapter 7, or appointment of a chapter 11 trustee or examiner with expanded powers; or (iii) propose, subject to the provisions of section 1121 of the Bankruptcy Code, a chapter 11 plan or plans; or (c) any other rights, claims, or privileges (whether legal, equitable or otherwise) of the Replacement DIP Lender. Notwithstanding anything contained herein to the contrary, the entry of this Interim Order is without prejudice to, and does not constitute a waiver of, expressly or implicitly, the Debtor's or any party in interest's right to oppose (on an emergency basis if need be) any of the relief requested in accordance with the immediately preceding sentence, except as expressly set forth in this Interim Order.

13. *Amendments*. Without the need for further notice to or approval of the Court, the Debtor is authorized to execute, deliver and perform under, one or more amendments, waivers, consents, or other modifications to and under the Replacement DIP Term Sheet, in each case, in accordance with the provisions of the Replacement DIP Term Sheet governing amendments thereto (and otherwise in form and substance acceptable to the Replacement DIP Lender); *provided*, *however,* that any amendment that (a) shortens the maturity of the extensions of credit thereunder; (b) increases the aggregate commitments thereunder; (c) increases the rate of interest or any fee payable thereunder; or (d) any other material amendment, waiver, consent or other modification (each, a "**Material DIP Amendment**"), shall be subject to approval of the Court.

14. *Modification of Automatic Stay*. The automatic stay imposed by section 362(a) of the Bankruptcy Code is hereby vacated and modified, without further notice to or order of the Court, to permit: (a) the Debtor to grant the DIP Liens and the DIP Superpriority Claims, and to perform such acts as the Replacement DIP Lender may request to assure the perfection and priority of the DIP Liens; (b) the Debtor to incur all liabilities and obligations, including all of the DIP Obligations, to the Replacement DIP Lender as contemplated under this Interim Order and the Replacement DIP Term Sheet; (c) the Debtor to pay all amounts required hereunder and under the Replacement DIP Term Sheet; (d) the Debtor to retain and apply payments made in accordance with the terms of this Interim Order and the Replacement DIP Term Sheet; (e) subject to paragraph 20(b) of this Interim Order, the Replacement DIP Lender to exercise, upon the occurrence and during the continuance of any DIP Termination Event (as defined below), all rights and remedies provided for in this Interim Order, the Replacement DIP Term Sheet or applicable law; (f) to perform under this Interim Order and the Replacement DIP Term Sheet, and to take any and all other actions that may be required, necessary, or desirable for the performance by the Debtor under

this Interim Order and the Replacement DIP Term Sheet and the implementation of the transactions contemplated hereunder and thereunder; and (g) the implementation of all of the terms, rights, benefits, privileges, remedies, and provisions of this Interim Order and the Replacement DIP Term Sheet.

15. *Perfection of DIP Liens*.

(a) This Interim Order shall be sufficient and conclusive evidence of the attachment, validity, perfection, and priority of all liens and security interests granted hereunder and under the Replacement DIP Term Sheet, including, without limitation, the DIP Liens, without the necessity of the execution, recordation or filing of any pledge, collateral or security agreements, mortgages, deeds of trust, lockbox or control agreements, financing statements, notations of certificates of title for titled goods, or any other document or instrument, or the taking of any other action (including, without limitation, entering into any deposit account control agreement or other act to take possession or control of any DIP Collateral), to attach, validate, perfect or prioritize such liens and security interests, or to entitle the Replacement DIP Lender to the priorities granted herein (each, a "**Perfection Act**") (other than, to the extent applicable, any such filings required under applicable non-U.S. law to attach, validate, perfect or prioritize such liens).

(b) Without in any way limiting the automatically effective perfection of the liens granted hereunder and the Replacement DIP Term Sheet (including, without limitation, the DIP Liens), the Replacement DIP Lender is hereby authorized, but not required, as it may determine for any reason, to execute, file and record (with full power of submission, to the maximum extent permitted under applicable law) or otherwise effectuate any Perfection Act or to take any other action in order to attach, validate, perfect, and preserve the liens and security interests granted to them hereunder or under the Replacement DIP Term Sheet to otherwise

evidence such liens and security interests in all DIP Collateral; *provided*, *however*, that, whether or not the Replacement DIP Lender determines to execute, file, record or otherwise effectuate any Perfection Act with respect to any liens or security interests granted hereunder, such liens and security interests shall nonetheless be deemed valid, perfected, allowed, enforceable, nonavoidable and not subject to objection, challenge, dispute, avoidance, recharacterization or subordination as of the entry of this Interim Order. Upon the request of the Replacement DIP Lender, without any further consent of any party, the Replacement DIP Lender and the Debtor are authorized, and the Debtor is directed, to take, execute, deliver and file such instruments (in each case, without representation or warranty of any kind) to enable the Replacement DIP Lender to further validate, perfect, preserve and enforce the DIP Liens. All such documents will be deemed to have been recorded and filed as of the entry of this Interim Order.

(c) A certified copy of this Interim Order may be (but need not be) filed with or recorded in filing or recording offices in addition to or in lieu of any security documents, and all filing offices are hereby authorized to accept such certified copy of this Interim Order for filing and/or recording, as applicable. The automatic stay of section 362(a) of the Bankruptcy Code shall be modified to the extent necessary to permit the Replacement DIP Lender to take all actions referenced in this paragraph.

16. *Protection of DIP Lender's Rights*.

(a) Subject to entry of the Final Order, in the event that any other person or entity, in each case, that holds a lien on or security interest in DIP Collateral that is junior or otherwise subordinate to the DIP Liens receives any DIP Collateral or proceeds of DIP Collateral, or receives any payment on account of such lien or security interest in the DIP Collateral, (whether in connection with the exercise of any right or remedy (including setoff), payment or distribution

from the Debtor, mistake, or otherwise), prior to the Payment in Full of all DIP Obligations (or the portion of the DIP Obligations having priority with respect to such payment), the Replacement DIP Lender reserves its right to seek entry of an order directing that such person or entity hold any such payment or proceeds of DIP Collateral in trust for the benefit of the Replacement DIP Lender and turn over all such proceeds on account of DIP Obligations having priority to the Replacement DIP Lender in the same form as received, with any necessary endorsements, for application in accordance with the Replacement DIP Term Sheet and this Interim Order.

(b) Except as expressly provided herein or in the Replacement DIP Term Sheet, no claim or lien having a priority senior to or *pari passu* with those granted to the Replacement DIP Lender by this Interim Order (other than any stalking horse bid protections approved by the Court in the Chapter 11 Case with respect to an Acceptable Stalking Horse Purchase Agreement and any liens perfected in accordance with section 546(b) of the Bankruptcy Code) shall be granted or permitted while any of the DIP Obligations remain outstanding. Except as expressly provided in this Interim Order or the Replacement DIP Term Sheet, each of the DIP Liens and the DIP Superpriority Claims: (A) shall not be made junior or subordinated to or *pari passu* with (i) any lien, security interest or claim heretofore or hereinafter granted in the Chapter 11 Case or any Successor Case, (ii) any lien that is avoided and preserved for the benefit of the Debtor and its estate under section 551 of the Bankruptcy Code or otherwise, (iii) subject to entry of a Final Order, any lien arising after the Petition Date including, without limitation, any lien or security interests granted in favor of any federal, state, municipal or other domestic or foreign governmental unit (including any regulatory body), commission, board or court for any liability of the Debtor, or (iv) any intercompany or affiliate lien or claim; and (B) shall not be subject to sections 510,

549, 550 or 551 of the Bankruptcy Code and, subject to entry of the Final Order, section 506(c) of the Bankruptcy Code.

17. *Maintenance of DIP Collateral*. Until such time as all DIP Obligations are Paid in Full (or as otherwise agreed in writing by the Replacement DIP Lender), the Debtor shall continue to maintain all property, operational, and other insurance as required and as specified in the Replacement DIP Term Sheet. Upon the entry of this Interim Order, the Replacement DIP Lender shall automatically be deemed to be named as additional insured and lender loss payee under each insurance policy maintained by the Debtor that in any way relates to the DIP Collateral (including all property damage and business interruption insurance policies of the Debtor, whether expired, currently in place, or to be put in place in the future), and shall act in that capacity and distribute any proceeds recovered or received in respect of any such insurance policies, to the Replacement DIP Lender until the Payment in Full of all DIP Obligations. Notwithstanding the foregoing, the Debtor shall take any actions reasonably requested by the Replacement DIP Lender to have the Replacement DIP Lender added as an additional insured and lenders loss payee on each such insurance policy.

18. *Cash Management*. Until such time as all DIP Obligations are Paid in Full, the Debtor shall maintain the cash management system in effect as of the Petition Date, as modified by this Interim Order and any order of the Court authorizing the continued use of the cash management system that is acceptable to the Replacement DIP Lender. The Debtor shall not open any new deposit or securities account that is not subject to the liens and security interests of the Replacement DIP Lender (in which case it shall be subject to the lien priorities and other provisions set forth in this Interim Order), excluding any Professional Fees Account (as defined below).

19. *Reporting; Access to Records*. The Debtor shall provide the Replacement DIP Lender, the Replacement DIP Lender Advisors, and counsel to the Committee with all reporting, management calls, access to books and records and other information required to be provided to the Replacement DIP Lender under the Replacement DIP Term Sheet. Without limiting the requirements contained herein or in the Replacement DIP Term Sheet, the Debtor shall (a) provide the Replacement DIP Lender and its counsel, as well as counsel to any Committee, with (i) all reports, documents, and information required to be delivered under the Replacement DIP Term Sheet (contemporaneously when the same is required to be delivered thereunder), and (ii) reasonable access, upon reasonable notice and during regular business hours, to the Debtor's books and records, assets and properties, for purposes of monitoring the Debtor's business and operations and the value of the DIP Collateral, and (b) reasonably cooperate and consult with, and provide information reasonably requested by the Replacement DIP Lender or any Committee (and their respective advisors) concerning the Debtor's business, financial condition, properties, business operations and assets.

20. *DIP Termination Events; Exercise of Remedies.*

(a) DIP Termination Events. The occurrence of any of the Events of Default set forth in the Replacement DIP Term Sheet shall constitute a "DIP Termination Event" under this Interim Order (each a "**DIP Termination Event**," and the date upon which such DIP Termination Event occurs, the "**DIP Termination Date**"), unless waived in writing by the Replacement DIP Lender.

(b) Remedies Upon DIP Termination Event. Upon the occurrence and during the continuation of a DIP Termination Event, without further notice to, hearing, or order from the Court, the automatic stay provisions of section 362 of the Bankruptcy Code shall be vacated and

modified to the extent necessary to permit the Replacement DIP Lender to: (i) deliver to the Debtor a notice declaring the occurrence of a DIP Termination Event; (ii) declare the termination, reduction or restriction of the DIP Commitments (to the extent any such commitment remains), whereupon the DIP Commitments shall be terminated, reduced, or restricted; (iii) declare the DIP Obligations then outstanding to be due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Debtor; (iv) declare the reduction or restriction on the Replacement DIP Facility or the Replacement DIP Term Sheet, whereupon the Replacement DIP Facility or the Replacement DIP Term Sheet shall be reduced or restricted; (v) declare the termination, restriction, or revocation of the ability of the Debtor to use Cash Collateral; (vi) charge interest at the default rate under the Replacement DIP Facility; (vii) freeze all monies or balances in any deposit accounts of the Debtor; (viii) immediately exercise any and all rights of set-off; (ix) exercise any right or remedy against the DIP Collateral, including, without limitation, the foreclosure on or disposition of DIP Collateral for application towards the DIP Obligations; (x) file a motion seeking Court authority to sell all or substantially all of the Debtor's assets pursuant to section 363 of the Bankruptcy Code; or (xi) take any other action or exercise any other right or remedy permitted under the Replacement DIP Term Sheet, this Interim Order or applicable law; *provided* that, in the case of the enforcement of rights against the DIP Collateral other than due to the occurrence of the Maturity Date, the Replacement DIP Lender shall provide counsel to the Debtor, counsel to any Committee and the U.S. Trustee five business days' prior written notice (the "**Remedies Notice**")[6] (which may be provided by email or other electronic means), and during such five business day notice period (the "**Remedies Notice**

[6] For the avoidance of doubt, the Remedies Notice, or any other notice contemplated under this paragraph 20 may be included in the Carve Out Trigger Notice.

Period"), the Debtor, any Committee and/or any other party in interest shall be permitted to request an emergency hearing (an "**Emergency Hearing**") before the Court (which request must be made prior to the conclusion of the Remedies Notice Period, and shall seek consideration of such request on an expedited basis); *provided*, *however*, that, during the Remedies Notice Period, the Debtor is permitted to use Cash Collateral solely to fund expenses critically necessary to preserve the value of the Debtor's business and fund the Carve Out Reserves (as defined below). For the avoidance of doubt, in the case of the enforcement of rights against the DIP Collateral, the Debtor shall be deemed to have granted the Replacement DIP Lender standing to pursue such actions. If an Emergency Hearing is requested to be heard prior to the expiration of the Remedies Notice Period but is scheduled to be heard after the expiration of the Remedies Notice Period by the Court, the Remedies Notice Period shall be automatically extended to the date of such hearing.

(c) Unless the Court orders otherwise during the Remedies Notice Period, following the expiration of the Remedies Notice Period, without further notice to, hearing or order from the Court, the automatic stay of section 362 of the Bankruptcy Code shall automatically be vacated and modified for the purposes of permitting the Replacement DIP Lender to exercise any and all rights and remedies available to them under this Interim Order, the Replacement DIP Term Sheet, and applicable law.

21. *No Waiver by Failure to Seek Relief.* The rights and remedies of the Replacement DIP Lender are cumulative and not exclusive of any rights or remedies that the Replacement DIP Lender may have under the Replacement DIP Term Sheet, applicable law or otherwise. The failure or delay on the part of the Replacement DIP Lender to seek relief or otherwise exercise its rights and remedies under this Interim Order, the Replacement DIP Term Sheet or applicable law, as the case may be, shall not constitute a waiver of any of its rights hereunder, thereunder or otherwise.

No delay on the part of any party in the exercise of any right or remedy under this Interim Order or the other DIP Documents shall preclude any other or further exercise of any such right or remedy or the exercise of any other right or remedy. None of the rights or remedies of any party under this Interim Order or the other DIP Documents shall be deemed to have been amended, modified, suspended, or waived unless such amendment, modification, suspension, or waiver is express, in writing and signed by the requisite parties under the Replacement DIP Term Sheet. No consent, approval, or similar rights of the Replacement DIP Lender under the DIP Documents shall be implied by any inaction or acquiescence by the Replacement DIP Lender.

22. *Carve Out.*

(a) Carve Out. As used in this Interim Order, the term "***Carve Out***" means an amount equal to the sum of: (i) all fees required to be paid to the Clerk of the Court and to the U.S. Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy Code; (iii) to the extent allowed by the Court at any time, whether by interim order, procedural order, or otherwise (which order has not been vacated or stayed), all unpaid fees and expenses, whether allowed by the Court before or after delivery of a Carve Out Trigger Notice (collectively, the "**Allowed Professional Fees**"), incurred by Persons or firms retained by the Debtor pursuant to section 327, 328, or 363 of the Bankruptcy Code (collectively, the "**Debtor Professionals**") or the Committee, if any, pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and together with Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the Replacement DIP Lender of a Carve Out Trigger Notice (as defined below); *provided* that the amounts set forth in clause (iii) shall be subject to the aggregate amounts for Professional Persons in the Budget and

any limits under the DIP Orders (*provided*, that for the avoidance of doubt, Professional Persons may carry forward or roll back budgeted but unused disbursements set forth in the Budget for any week for use in any subsequent or prior week(s), as applicable) (the amounts set forth in clauses (i)-(iii) being the "**Pre-Carve Out Trigger Notice Amounts**"); and (iv) Allowed Professional Fees of Professional Persons in an aggregate amount not to exceed $3,000,000 incurred after the first day following the date of delivery by the Replacement DIP Lender of the Carve Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve Out Trigger Notice Cap**"); *provided*, *however*, that nothing herein shall be construed to impair the ability of any party in interest (including the Replacement DIP Lender) to object to the fees, expenses, reimbursement, or compensation described in clauses (i) through (iv) of this paragraph 22(a) on any grounds. In the event that Allowed Professional Fees exceed or are expected to exceed the amounts provided in the Budget, the parties will negotiate in good faith (but without further obligation) regarding a proposed amendment to the Budget to address such additional Allowed Professional Fees. The "**Carve Out Trigger Notice**" shall mean a written notice delivered by email (or other electronic means) by the Replacement DIP Lender to counsel to the Debtor, the U.S. Trustee and counsel to the Committee (if any), which notice may be delivered following the occurrence and during the continuation of a DIP Termination Event and the acceleration of the DIP Obligations under the Replacement DIP Facility.

(b) Carve Out Reserves. From and after the Petition Date, the Debtor shall, on Monday of each week, transfer cash proceeds of the Replacement DIP Facility or cash on hand into a segregated account (the "**Professional Fees Account**") maintained by the Debtor in an amount equal to the fees and expenses reflected in the Budget for Professional Persons for that

week (*provided*, that the first such transfer shall also include any such fees and expenses reflected in the Budget for any prior weeks). The Professional Fees Account, if applicable, shall be held in trust and used solely to satisfy Allowed Professional Fees; *provided*, that the Debtor's obligations to pay Allowed Professional Fees shall not be limited or be deemed limited to funds held in the Professional Fees Account; *provided*, *further* that the Debtor's reversionary interest, if any, in the Professional Fees Account and any funds therein shall be subject to the DIP Liens. On the day on which a Carve Out Trigger Notice is delivered in accordance with this paragraph 21(b) of this Interim Order (the "**Termination Declaration Date**"), the Carve Out Trigger Notice shall constitute a demand to the Debtor to utilize all cash (including Cash Collateral) on hand as of such date, including funds in the Professional Fees Account, if applicable (net of any amounts held on retainer by any Professional Persons), and any available cash thereafter held by the Debtor to fund a reserve (the "**Pre-Carve Out Trigger Notice Reserve**") in an amount equal to the then unpaid amounts of the Pre-Carve Out Trigger Notice Amounts accrued on and prior to the Termination Declaration Date. Upon the occurrence of a Termination Declaration Date, Professional Persons shall have three (3) business days thereafter to deliver, to the Debtor Professionals and the Replacement DIP Lender, such Professional Persons' reasonable good faith estimate of the Allowed Professional Fees incurred by such Professional Persons through and including the Termination Declaration Date. On the Termination Declaration Date, the Carve Out Trigger Notice shall also constitute a demand to the Debtor as of such date to utilize all cash (including Cash Collateral) on hand as of such date (net of any amounts held on retainer by any Professional Persons) to fund a reserve in an amount equal to the Post-Carve Out Trigger Notice Cap (the **"Post-Carve Out Trigger Notice Reserve**" and, together with the Pre-Carve Out Trigger Notice Reserve, the "**Carve Out Reserves**"). The Carve Out Reserves shall be deposited in the

Professional Fees Account, to be held in trust, and used solely to satisfy Allowed Professional Fees benefitting from the Carve Out in accordance with the terms hereof until such Allowed Professional Fees are paid in full. All funds in the Pre-Carve Out Trigger Notice Reserve shall be subject to the DIP Liens, but used first to pay the outstanding obligations set forth in clauses (i) through (iv) of paragraph 22(a) (but not, for the avoidance of doubt, the Post-Carve Out Trigger Notice Cap), until paid in full, and then, to the extent the-Pre-Carve Out Trigger Notice Reserve has not been reduced to zero, to pay the Replacement DIP Lender for application to the DIP Obligations in accordance with the Replacement DIP Term Sheet, unless and until the DIP Obligations are Paid in Full. All funds in the Post-Carve Out Trigger Notice Reserve shall be used first to pay the outstanding obligations set forth in clause (iv) of paragraph 22(a), and then, to the extent the-Post-Carve Out Trigger Notice Reserve has not been reduced to zero, to pay the Replacement DIP Lender for application to the DIP Obligations in accordance with the Replacement DIP Term Sheet, unless and until the DIP Obligations are Paid in Full. Notwithstanding anything to the contrary in this Interim Order, (x) disbursements by the Debtor from the Carve Out Reserves shall not constitute loans or indebtedness under the Replacement DIP Term Sheet or otherwise increase or reduce the DIP Obligations, (y) the failure of the Carve Out Reserves to satisfy in full the Allowed Professional Fees shall not affect the priority of the Carve Out, and (z) nothing contained herein shall constitute a cap or limitation on the ability of the Professional Persons to assert a claim on account of Allowed Professional Fees that are due and payable by the Debtor.

(c) Carve Out Draw. Subject to exhaustion of the DIP Commitments and subject to the amounts for Allowed Professional Fees in the Budget as in effect immediately prior to the DIP Termination Event, the Debtor shall be permitted to draw on the Replacement DIP

Facility in the amount of the Carve Out as of the date of the Carve Out Trigger Notice less the amounts contained in the Carve Out Reserves, notwithstanding any default, Event of Default, or the occurrence of a DIP Termination Event. Any Carve Out Trigger Notice shall be deemed a consent by the Replacement DIP Lender to the Debtor depositing Cash Collateral or DIP Facility proceeds into the Pre-Carve Out Trigger Notice Reserve in an amount equal to any Pre-Carve Out Trigger Notice Amounts that are budgeted and reflected in the Budget through the date of the Carve Out Trigger Notice that have not been deposited in the Pre-Carve Out Trigger Notice Reserve and into the Post-Carve Out Trigger Notice Reserve in an amount equal to the Post-Carve Out Trigger Notice Cap reflected in the Budget through the date of the Carve Out Trigger Notice that have not been deposited in the Post-Carve Out Trigger Notice Reserve.

(d) Payment of Allowed Professional Fees Prior to Termination Declaration Date. Any payment or reimbursement made prior to the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall not reduce the Carve Out on a dollar-for-dollar basis.

(e) Payment of Carve Out on or After the Termination Declaration Date. Any payment or reimbursement made on or after the occurrence of the Termination Declaration Date in respect of any Allowed Professional Fees shall permanently reduce the Carve Out and the amounts required to fund the Carve Out Reserves on a dollar-for-dollar basis; *provided*, *however*, prior to repayment from the Carve Out Reserves, any retainers held by Professional Persons shall be applied to repay the obligations set forth in clauses (iii) through (iv) of paragraph 22(a) prior to repayment of such obligations from the Carve Out Reserves, and, concurrent with such repayment of such obligations using such retainers, the Carve Out shall permanently be reduced on a dollar for dollar basis.

(f) No Direct Obligation to Pay Allowed Professional Fees. The Replacement DIP Lender shall not be responsible for the direct payment or reimbursement of any fees or disbursements of any Professional Person incurred in connection with the Chapter 11 Case or any Successor Case under any chapter of the Bankruptcy Code. Nothing in this Interim Order or otherwise shall be construed to obligate the Replacement DIP Lender, in any way, to pay compensation to, or to reimburse expenses of, any Professional Person or to guarantee that the Debtor has sufficient funds to pay such compensation or reimbursement.

23. *Limitations on Use of DIP Collateral, Cash Collateral, Carve Out or Other Funds*. Notwithstanding anything contained in this Interim Order or any other order of the Court to the contrary, no DIP Collateral, DIP Loans, Cash Collateral, proceeds of any of the foregoing, any portion of the Carve Out, or any other funds, may be used (nor shall any professional fees, costs, or expenses be paid or applied in connection therewith) by the Debtor, any statutory or non-statutory committees appointed or formed in the Chapter 11 Case, or any other-party-in-interest (including without limitation any chapter 7 trustee or chapter 11 trustee or examiner appointed or elected for the Debtor in the Chapter 11 Case or any Successor Case), directly or indirectly:

(a) to investigate (including by way of examinations or discovery proceedings, whether formal or informal), prepare, assert, initiate, commence, support or prosecute (or finance the initiation or prosecution of) any claim, counterclaim, cross-claim, Cause of Action, suit, arbitration, proceeding, application, motion, contested matter, objection, defense, adversary proceeding, litigation or other proceeding of any nature or description (whether for monetary, injunctive, affirmative relief or otherwise) against the Replacement DIP Lender or its Representatives, including, without limitation, (i) any objection or challenge to the amount, validity, enforceability, extent, perfection or priority in the Replacement DIP Term Sheet, the DIP Obligations, the DIP Liens, or the DIP Collateral, (ii) any Avoidance Actions, (iii) any so-called "lender liability" claims, (iv) any claim or Cause of Action seeking the invalidation, reduction, setoff, offset, recoupment, avoidance, recharacterization, subordination (whether equitable, contractual or otherwise), reclassification, disgorgement, disallowance, impairment, marshaling, surcharging or recovery with respect to the DIP Liens, the DIP Obligations, the Replacement DIP Term Sheet, or the DIP Collateral, (v) any other claim or Cause of Action of any nature and description whatsoever, whether arising under the Bankruptcy Code, applicable non-

bankruptcy law, any other domestic or foreign statute, law, rule or regulation or otherwise, against the Replacement DIP Lender or its Representatives;

(b) objecting to, appealing or otherwise challenging this Interim Order, the Replacement DIP Facility, the DIP Obligations, the DIP Liens, the Replacement DIP Term Sheet or the transactions contemplated hereunder or thereunder; *provided* that nothing herein shall impair the rights of such parties to object to the entry of the Final Order;

(c) objecting to or seeking to impair, modify or interfere with any of the rights, remedies, priorities, privileges, protections, or benefits granted to the Replacement DIP Lender under this Interim Order or the Replacement DIP Term Sheet (other than to contest whether a DIP Termination Event has occurred and is continuing); except that nothing herein shall prevent the Committee from objecting to any future motion, amendment, waiver, exercise of remedies, or other relief requested by the Replacement DIP Lender after entry of this Interim Order;

(d) objecting to or seeking to prevent, hinder, interfere with or otherwise delay the Replacement DIP Lender's assertion, enforcement, exercise of remedies or realization upon any DIP Collateral in accordance with this Interim Order, the Replacement DIP Term Sheet or the other DIP Documents (as applicable) (other than to contest whether a DIP Termination Event has occurred and is continuing); *provided* that nothing herein shall prevent the Committee from contesting whether a default has occurred, whether the requested remedies are appropriate, or whether the Replacement DIP Lender has complied with this Interim Order or the DIP Documents;

(e) seeking or requesting authorization to obtain postpetition financing (whether equity or debt) or other financial accommodations pursuant to sections 364(c) or (d) of the Bankruptcy Code, or otherwise, unless such financing is sufficient to cause the Payment in Full of all DIP Obligations at the closing of such financing (or as otherwise agreed in writing by the Replacement DIP Lender);

(f) seeking or requesting authorization to obtain superpriority claims or liens or security interests (other than liens or security interests expressly permitted under the Replacement DIP Term Sheet) in any portion of the DIP Collateral that are senior to or *pari passu* with the DIP Liens, or the DIP Superpriority Claims unless all DIP Obligations have been Paid in Full (or as otherwise agreed in writing by the Replacement DIP Lender);

(g) seeking or requesting to use Cash Collateral, other than pursuant to further order of the Court, or sell or otherwise dispose of DIP Collateral (without the prior written consent of the Replacement DIP Lender) other than as provided herein and in the Replacement DIP Term Sheet; or

(h) seeking to pay any amount on account of any claims arising prior to the commencement of the Chapter 11 Case, unless such payments are agreed to in writing by the Replacement DIP Lender (or are otherwise included in the Budget).

24. *Limitation on Charging Expenses*. Subject to entry of the Final Order, except to the extent of the Carve Out or as provided in this Interim Order, no costs or expenses of

administration of the Chapter 11 Case or any Successor Case at any time, including, without limitation, any costs and expenses incurred in connection with the preservation, protection, or enhancement of realization by the Replacement DIP Lender upon the DIP Collateral shall be charged against or recovered from the DIP Collateral as to the Replacement DIP Lender, whether pursuant to section 506(c) of the Bankruptcy Code, any other legal or equitable doctrine (including unjust enrichment) or otherwise, without the prior written consent of the Replacement DIP Lender, in its sole discretion, with respect to the DIP Collateral, and no such consent shall be implied, directly or indirectly, from anything contained in this Interim Order (including, without limitation, consent to the Carve Out or the approval of any budget hereunder) or from any other action, inaction, or acquiescence by the Replacement DIP Lender.

25. *No Marshaling*. Subject to entry of the Final Order, in no event shall the Replacement DIP Lender be subject to the equitable doctrine of "marshaling" or any similar doctrine with respect to the DIP Collateral, or the DIP Obligations, and all proceeds of the DIP Collateral shall be received and applied in accordance with this Interim Order and the Replacement DIP Term Sheet.

26. *Right to Credit Bid*. Subject to section 363(k) of the Bankruptcy Code, as applicable, the Replacement DIP Lender or its designee (which may be an acquisition vehicle formed by the Replacement DIP Lender) shall have the unqualified right to credit bid up to the full amount of the applicable priority DIP Obligations in any sale of all or any portion of DIP Collateral (including, for the avoidance of doubt, any asset for which the DIP Collateral is limited to the proceeds thereof as a result of applicable law prohibiting encumbrances from being attached to such asset), subject to and in accordance with the Replacement DIP Term Sheet, without the need for further order of the Court authorizing same, whether in a sale under or pursuant to section 363

of the Bankruptcy Code, a chapter 11 plan subject to confirmation under section 1129(b)(2)(A) of the Bankruptcy Code, a sale or disposition by a chapter 7 trustee for the Debtor under section 725 of the Bankruptcy Code, or otherwise. The Replacement DIP Lender shall have the absolute right to assign, transfer, sell, or otherwise dispose of its rights to credit bid (subject to this Interim Order) to any acquisition vehicle formed in connection with such bid or other designee.

27. *Binding Effect; Successors and Assigns*. Immediately upon entry of this Interim Order, the provisions of the Replacement DIP Term Sheet and this Interim Order, including all findings and conclusions of law herein, shall be binding upon all parties in interest in the Chapter 11 Case and any Successor Case, including without limitation, the Replacement DIP Lender, any Committee or any other committee appointed or formed in the Chapter 11 Case and any Successor Case, and their respective successors and assigns (including any chapter 11 trustee or chapter 7 trustee or examiner appointed or elected in the Chapter 11 Case or any Successor Case, or any other fiduciary appointed as a legal representative of the Debtor or with respect to the property of the estate of the Debtor), and shall inure to the benefit of the Debtor, the Replacement DIP Lender, and their respective successors and assigns; *provided*, for the avoidance of doubt, that the Replacement DIP Lender shall have no obligation to make any loan, permit the use of DIP Collateral (including any Cash Collateral) or extend any financing to any chapter 11 trustee or chapter 7 trustee or similar responsible person appointed for the estate of the Debtor in the Chapter 11 Case or any Successor Case.

28. *No Modification of Interim Order*. Until and unless the DIP Obligations have been Paid in Full, the Debtor irrevocably waives the right to seek, and shall not seek or consent to, directly or indirectly, without the prior written consent of the Replacement DIP Lender, (a) any modification, stay, vacatur or amendment to this Interim Order, (b) the allowance of any claim

against the Debtor in the Chapter 11 Case or any Successor Case equal or superior to the DIP Superpriority Claims (other than the Carve Out), (c) the grant of any lien or security interest on any DIP Collateral with priority equal to or superior to the DIP Liens, except as expressly permitted hereunder or under the Replacement DIP Term Sheet, or (d) the entry of any order authorizing the use of DIP Collateral (including Cash Collateral) that is inconsistent with this Interim Order.

29. *Proceeds of Subsequent Financings*. Without limiting the provisions of the immediately preceding paragraph, if at any time prior to the Payment in Full of all of the DIP Obligations, either the Debtor, its estate, any chapter 11 trustee, chapter 7 trustee or examiner with enlarged powers, or any responsible officer subsequently appointed in the Chapter 11 Case or any Successor Case, shall obtain credit or incur debt pursuant to sections 364(b), (c), or (d) of the Bankruptcy Code in violation of this Interim Order or the Replacement DIP Term Sheet, then, unless otherwise agreed in writing by the Replacement DIP Lender, all of the cash proceeds derived from such credit or debt intended to refinance the DIP Obligations shall immediately be paid to the Replacement DIP Lender on account of its DIP Obligations pursuant to the Replacement DIP Term Sheet.

30. *Preservation of Rights Granted Under Interim Order.*

(a) Good Faith Under Section 364(e) of the Bankruptcy Code. The Replacement DIP Lender has acted in good faith in connection with this Interim Order, the Replacement DIP Facility and the Replacement DIP Term Sheet, and its reliance on this Interim Order is in good faith. Based on the findings set forth in this Interim Order and upon the record made at the Interim Hearing and during the Chapter 11 Case, the Replacement DIP Lender is entitled to the protections provided in section 364(e) of the Bankruptcy Code. If any or all of the provisions of this Interim Order or the Replacement DIP Term Sheet are hereafter reversed,

modified, vacated or stayed by a subsequent judgment or order of the Court or any other court, any such reversal, stay, modification or vacatur shall not affect (i) the validity or enforceability of advances previously made hereunder or under the Replacement DIP Term Sheet by the Replacement DIP Lender to the Debtor, (ii) the validity or enforceability of any obligation, indebtedness or liability incurred under this Interim Order or the Replacement DIP Term Sheet by the Debtor to the Replacement DIP Lender, (iii) the validity, enforceability, or perfection of any of the claims, liens, security interests, rights, privileges or benefits granted hereunder or under the Replacement DIP Term Sheet, or (iv) the payment of any fees, costs, expenses or other amounts, in the case of each of the foregoing, prior to the actual receipt of written notice by the Replacement DIP Lender, to be sent as of the effective date of such reversal, stay, modification, or vacatur. Notwithstanding any such reversal, stay, modification or vacatur, any such claim, lien, or security interest, right, privilege, remedy or benefit shall be governed in all respects by the original provisions of this Interim Order and the Replacement DIP Term Sheet.

(b) Survival. Notwithstanding anything contained herein or in the Replacement DIP Term Sheet to the contrary, the terms and provisions of this Interim Order and the Replacement DIP Term Sheet (including, without limitation, all of the claims, liens and security interests, rights, priorities, privileges, remedies, benefits, and protections granted to the Replacement DIP Lender under this Interim Order and the Replacement DIP Term Sheet), and any actions taken pursuant hereto or thereto, shall survive, shall continue in full force and effect, shall remain binding on all parties-in-interest, and shall be governed by the original provisions of this Interim Order and maintain their priorities as set forth in this Interim Order, and shall not be modified, impaired, or discharged by, entry of any order that may be entered (i) confirming any chapter 11 plan in the Chapter 11 Case, (ii) converting the Chapter 11 Case to a case under chapter

7 of the Bankruptcy Code, (iii) dismissing the Chapter 11 Case, (iv) pursuant to which the Court abstains from hearing the Chapter 11 Case, or (v) approving the sale or disposition of any DIP Collateral (except as expressly permitted in the Replacement DIP Term Sheet), in each case, until all of the DIP Obligations have been Paid in Full (unless the Replacement DIP Lender has otherwise agreed in writing).

(c) Dismissal/Conversion. If any order dismissing the Chapter 11 Case under section 1112 of the Bankruptcy Code or converting the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code otherwise is at any time entered, such order shall provide (in accordance with sections 105 and 349 of the Bankruptcy Code), that (i) all of the claims, liens and security interests, rights, priorities, privileges, remedies, benefits and protections granted to the Replacement DIP Lender hereunder and under the Replacement DIP Term Sheet shall continue in full force and effect and shall maintain their priorities as provided in this Interim Order until all DIP Obligations have been Paid in Full (and that all such claims, liens and security interests, rights, priorities, privileges, remedies, benefits and protections, notwithstanding such dismissal or conversion, remain binding on all parties in interest), and (ii) the Court shall retain jurisdiction, notwithstanding such dismissal or conversion, for the purposes of enforcing this Interim Order, the Replacement DIP Term Sheet, and all of the claims, liens and security interests, rights, priorities, privileges, remedies, benefits and protections granted to the Replacement DIP Lender.

31. *Loss or Damage to Collateral*. So long as the Replacement DIP Lender complies with its obligations under the Replacement DIP Term Sheet and does not engage in willful misconduct, gross negligence, or actual fraud in respect thereof, (a) the Replacement DIP Lender shall not, in any way or manner, be liable or responsible for (i) the safekeeping of the DIP Collateral, (ii) any loss or damage thereto occurring or arising in any manner or fashion from any

cause, (iii) any diminution in the value thereof, or (iv) any act or default of any carrier, servicer, bailee, custodian, forwarding agency, or other person, and (b) all risk of loss, damage, or destruction of the DIP Collateral shall be borne solely by the Debtor.

32. *Proofs of Claim*. The Replacement DIP Lender shall not be required to file a proof of claim or request for payment of administrative expenses in the Chapter 11 Case or any Successor Case in order to assert claims for payment or otherwise in respect of the DIP Obligations. The Debtor's Stipulations, acknowledgments and provisions of this Interim Order are deemed sufficient to and do constitute timely filed proofs of claim or request for payment of administrative expenses in respect of such claims arising under the DIP Documents against the Debtor. Any order entered by the Court establishing a bar date in the Chapter 11 Case or any Successor Case shall not apply to the Replacement DIP Lender or the DIP Obligations; *provided*, *however*, that, notwithstanding any order entered by the Court establishing a bar date in the Chapter 11 Case or any Successor Case to the contrary, the Replacement DIP Lender, in its sole discretion, may (but is not required to) file (and amend and/or supplement) a proof of claim and/or aggregate proofs of claim in the Chapter 11 Case and any Successor Case, and any such proof of claim may (but is not required to be) filed as one consolidated master proof of claim in the Debtor's Chapter 11 Case. Such consolidated or master proofs of claim shall not be required to attach any instruments, agreements or other documents evidencing the obligations owing by the Debtor to the applicable party, which instruments, agreements, or other documents will be provided upon reasonable written request to the Replacement DIP Lender, as the case may be. Any proof of claim filed by or on behalf of the Replacement DIP Lender shall be deemed to be in addition to (and not in lieu of) any other proof of claim that may be filed by any such persons. The provisions set forth in this

paragraph are intended solely for the purpose of administrative convenience and shall not affect the substantive rights of any party-in-interest or their respective successors-in-interest.

33. *Limitation of Liability*. Nothing in this Interim Order, the Replacement DIP Term Sheet or any documents related thereto shall in any way be construed or interpreted to impose or allow the imposition upon the Replacement DIP Lender of any liability for any claim arising from, in connection with or related to the prepetition or postpetition activities of the Debtor or its affiliates in the operation of its business, its restructuring efforts or in connection with the administration of the Chapter 11 Case. In determining to make any loan or extension of credit or permit the use of Cash Collateral under the Replacement DIP Term Sheet, the Replacement DIP Lender shall not (a) be deemed to be in control of the operations of the Debtor, (b) owe any fiduciary duty to the Debtor or its creditors, shareholders (or other equity or membership interest holders) or estate, or (c) be deemed to be acting as a "Responsible Person" or "Owner" or "Operator" with respect to the operation or management of the Debtor (as such terms or any similar terms are used in the United States Comprehensive Environmental Response, Compensation and Liability Act, 42 U.S. §§ 9601 et seq., as amended, or any similar federal or state statute).

34. *Payments Free and Clear*. Subject to the Carve Out, any and all payments or proceeds remitted to the Replacement DIP Lender pursuant to the Replacement DIP Term Sheet, the other DIP Documents, this Interim Order, the Final Order (if and when entered) or any subsequent order of the Court shall be irrevocable (subject, solely in the case of certain professional fees, the fee review procedures set forth in paragraph 11 of this Interim Order), received free and clear of any claim, charge, assessment or other liability, including without limitation, any claim or charge asserted or assessed by, through or on behalf of the Debtor (subject to paragraph 24 hereof) or otherwise.

35. *Third Party Beneficiary*. Except as expressly set forth herein, no rights are created hereunder for the benefit of any third party, any creditor or any direct, indirect, or incidental beneficiary.

36. *Interim Order Controls*. In the event of any conflict or inconsistency between or among the terms or provisions of this Interim Order and the Replacement DIP Term Sheet, unless such term or provision in this Interim Order is phrased in terms of "defined in" or "as set forth in" the Replacement DIP Term Sheet, the terms and provisions of this Interim Order shall govern and control.

37. *Effectiveness*. This Interim Order shall constitute findings of fact and conclusions of law in accordance with Bankruptcy Rule 7052 and shall take effect and be fully enforceable effective as of the Petition Date immediately upon entry hereof. Notwithstanding Bankruptcy Rules 4001(a)(3), 6004(h), 6006(d), 7062, or 9014, any Local Rule, or Rule 62(a) of the Federal Rules of Civil Procedure, this Interim Order shall be immediately effective and enforceable upon its entry and there shall be no stay of execution or effectiveness of this Interim Order.

38. *Bankruptcy Rules*. The requirements of Bankruptcy Rules 4001, 6003, and 6004, in each case to the extent applicable, are satisfied by the contents of the Replacement DIP Motion.

39. *Headings*. Section headings used herein are for convenience only and are not to affect the construction of or to be taken into consideration in interpreting this Interim Order. When used in this Interim Order, the word "including" shall not imply limitation.

40. *Necessary Action*. The Debtor is authorized to take any and all such actions as are necessary, required, or appropriate to implement and effectuate the terms of this Interim Order, the Replacement DIP Term Sheet and the transactions contemplated hereunder and thereunder.

41. *Retention of Jurisdiction*. The Court retains jurisdiction to hear, determine and, if applicable, enforce the terms of any and all matters arising from or related to the Replacement DIP Facility, the Replacement DIP Term Sheet, and this Interim Order.

42. *Final Hearing*. The Final Hearing shall be held on August [●], 2026 at [●]:[●] [p./a].m (prevailing Eastern Time), and any objections to the final relief sought in the Replacement DIP Motion shall be filed with the Court no later than August [●], 2026 at 4:00 p.m. (prevailing Eastern Time) and served upon the following: (a) counsel to the Replacement DIP Lender, (i) KTBS Law LLP, [Address], Attn: [●] ([email address]) and [●] ([email address]) and (ii) Young Conaway Stargatt & Taylor, LLP, [Address], Attn: [●] ([email address]) and [●] ([email address]); (b) proposed counsel to the Debtor, (i) Cooley LLP, 55 Hudson Yards, New York, New York 10001, Attn: Cullen Drescher Speckhart (cspeckhart@cooley.com) and Lauren A. Reichardt (lreichardt@cooley.com) and (ii) Richards, Layton & Finger, P.A., One Rodney Square, 920 North King Street, Wilmington, Delaware 19801, Attn: Daniel J. DeFranceschi (defranceschi@rlf.com), Amanda R. Steele (steele@rlf.com), and Brendan J. Schlauch (schlauch@rlf.com); and (c) proposed counsel to the Committee, McDermott Will & Schulte LLP, One Vanderbilt Avenue, New York, New York 10017, Attn: [_____]; (d) Office of the U.S. Trustee, U.S. Department of Justice, 844 N. King St., Rm. 2207, Wilmington, DE 19801 Attn: Linda J. Casey (linda.casey@usdoj.gov).

43. *Notice of Entry of Interim Order*. The Debtor shall serve in accordance with Local Rule 9013-1(m)(iv) copies of this Interim Order to the parties that have been given notice of the Interim Hearing, to any party that has filed a request for notices with the Court and to the Committee.

Exhibit 1

Replacement DIP Term Sheet

Execution Version

July 21, 2026

Sangamo Therapeutics, Inc., et al.

$35,000,000

Debtor-in-Possession Term Loan Facility

Summary of Terms and Conditions

This term sheet (together with the exhibits and schedules hereto, this "Term Sheet") sets forth a summary of the terms and conditions with respect to the DIP Facility (as defined below) from and after, and subject to, the entry of the DIP Orders (as defined below). This Term Sheet shall be a binding agreement between the DIP Lender and Loan Parties from and after execution, subject to the entry of the Interim Order with respect to the DIP Facility (as defined below), but does not purport to summarize all of the terms, conditions, representations and other provisions with respect to the DIP Facility, which will be set forth in the DIP Documents (as defined below). The obligation of the DIP Lender (as defined below) to provide financing pursuant to this Term Sheet is conditioned upon the execution and delivery of signature pages to this Term Sheet by each of the parties hereto and shall be subject to the conditions precedent and other terms and conditions set forth herein. In the event of any conflict between this Term Sheet and the terms of the Interim Order or the Final Order (in each case, as defined below), the terms of the DIP Orders, as applicable, shall govern.

This Term Sheet is a binding and enforceable agreement to the extent provided under title 11 of the United States Bankruptcy Code (the "Bankruptcy Code"), subject to entry of the DIP Orders with respect to the Debtor, with respect to the subject matter contained herein, including an agreement to negotiate in good faith the DIP Documents by the parties hereto in a manner consistent with this Term Sheet, it being acknowledged and agreed that the funding or availability of the DIP Facility is subject to the applicable conditions precedent set forth in this Term Sheet and, as applicable, the other DIP Documents.

1.	***Borrower and Guarantors***	• **Borrower**: Sangamo Therapeutics, Inc. ("**Sangamo**" or "**Borrower**"). • **Guarantors**: All obligations under the DIP Facility will be guaranteed as a guaranty of collection only by each of Borrower's direct and indirect material domestic subsidiaries (collectively, the "**Guarantors**" and each a "**Guarantor**" and together with the Borrower, the "**Loan Parties**" and each a "**Loan Party**"). • Sangamo is a debtor and debtor-in-possession in its bankruptcy case (such case, the "**Chapter 11 Case**," and in such capacity, the "**Debtor**") under chapter 11 of title 11 of the United States Code (the "**Bankruptcy Code**") commenced in the United States Bankruptcy Court for the District of Delaware (the "**Bankruptcy Court**") on June 23, 2026 (such date, the "**Petition Date**").
2.	***DIP Lender***	• Future Solution Investments LLC, or its designated affiliate (the "**DIP Lender**").

3.	***Type and Amount of the DIP Facility***	• A non-amortizing super-priority senior secured term loan facility in an aggregate principal amount not to exceed $35,000,000 in term loan commitments (the "**DIP Facility**"; the DIP Lender's commitments under the DIP Facility, the "**DIP Commitments**" and the loans made pursuant to the DIP Facility, the "**DIP Loans**"). • The borrowing of DIP Loans shall permanently decrease the DIP Commitments on a dollar-for-dollar basis, and DIP Loans repaid may not be reborrowed. • The Initial Draw (as defined below) shall be funded into the DIP Bank Account (as defined below) and shall be used solely in accordance with the DIP Orders and the Budget, subject to the Permitted Variance (in each case, as defined below). • DIP Loan proceeds shall be funded into a segregated Bank Account to be opened or otherwise designated by the Borrower (the "**DIP Bank Account**") and the Loan Parties shall obtain a reasonably satisfactory control agreement in favor of the DIP Lender to be entered into within thirty (30) days after the entry of the Final Order, subject to a 30-day cure period if the Loan Parties are using commercially reasonable efforts to obtain a satisfactory control agreement; *provided* that the Carve-Out (as defined below) shall be funded as described in the order, in form and substance acceptable to the DIP Lender, approving, on an interim basis, the DIP Facility and this Term Sheet (the "**Interim Order**").
4.	***Interim Approval and Availability***	• Upon the Bankruptcy Court's entry of the Interim Order, and satisfaction (or waiver by the DIP Lender) of all applicable conditions precedent described in Section 15 herein, the DIP Lender shall make available an aggregate amount of up to $18,000,000 (the "**Interim Amount**") in DIP Loans. The Borrower shall be entitled to make a draw of the DIP Loans as described in Section 6 below immediately upon entry of the Interim Order (the first draw under the DIP Facility, the "**Initial Draw**" and each draw after the Initial Draw, if any, an "**Other Draw**" and collectively, the "**Other Draws**," and together with the Initial Draw, the "**Draws**" and each a "**Draw**"). The closing of definitive DIP Documents (such date shall be referred to herein as the "**Closing Date**") shall occur as soon as reasonably possible after the entry of the Final Order, but in any event no later than five (5) business days thereafter unless the DIP Lender agrees otherwise.
5.	***Final Approval***	• Upon (i) the Bankruptcy Court's entry of the Final Order and (ii) the satisfaction of all applicable conditions described in Sections 15 and 16 herein (or, as the case may be, the other applicable DIP Documents), the full amount of the DIP Facility shall be available to the Debtor, subject to compliance with the terms, conditions, and covenants described in the DIP Documents.
6.	***Draws***	• Subject to satisfaction of all conditions to the Initial Draw or Other Draws set forth in Sections 15 and 16 below, as applicable, the

		Borrower shall be entitled to make Draws of the DIP Loans solely in accordance with the Budget, up to the amount of the undrawn DIP Commitments. • The Initial Draw shall be made as soon as reasonably practicable upon entry of the Interim Order. Each Other Draw shall be made (in an aggregate minimum amount of $2,500,000) upon three (3) business days' written notice (or such shorter period as agreed to by the DIP Lender in its sole discretion), up to the aggregate amount of the available undrawn DIP Commitments at any time prior to the date that is three (3) business days before the DIP Termination Date (as defined below).
7.	***Maturity and Termination***	• All DIP Obligations (as defined below) shall be due and payable in full in cash ("**Payment in Full**"[1] or such other form of consideration as the DIP Lender and the Borrower may mutually agree) on the earliest of the following (such earliest date, the "**DIP Termination Date**"): i. January 31, 2027; ii. the effective date of any chapter 11 plan with respect to the Borrower (a "**Plan**"); iii. the consummation of any sale or other disposition of all or substantially all of the assets of the Borrower pursuant to section 363 of the Bankruptcy Code (other than a sale of assets subject to the Astellas APA or Merope APA); iv. the date of the acceleration of the DIP Loans and the termination of the DIP Commitments following the occurrence and during the continuation of an Event of Default (as defined below and, as applicable, in the DIP Documents) in accordance with the DIP Documents; v. dismissal of the Chapter 11 Case, conversion of the Chapter 11 Case into a case under chapter 7 of the Bankruptcy Code, or the appointment of a trustee or examiner in the Chapter 11 Case; and vi. thirty-five (35) days after entry of the Interim Order, unless the Final Order has been entered by the Bankruptcy Court on or prior to such date, unless otherwise extended in writing by the DIP Lender in its sole discretion. • The occurrence of the DIP Termination Date shall terminate the ability of the Borrower to borrow under the DIP Facility and use any proceeds thereof (other than the Carve-Out), including Cash Collateral (as defined in the DIP Orders) and shall terminate the DIP Commitments

[1] For purposes hereof, the term "**Payment in Full**" or, as applicable, "**Paid in Full**," means, with respect to the DIP Obligations, the irrevocable and indefeasible payment in full in cash of all DIP Obligations, other than continuing indemnification and expense reimbursement obligations for which no claim or demand has been asserted, and all commitments thereunder shall have irrevocably, permanently, and finally expired or shall have been terminated, cancelled, and discharged.

		and any further obligation the DIP Lender has to make any DIP Loans under the DIP Documents.
8.	***Interest Rate***	• The DIP Loans shall bear interest at a per annum rate equal to nine percent (9.0%) payable in cash on the first business day of each month in arrears (the "**Non-Default Interest**"). Interest will be calculated based on a 365 or 366-day year, as applicable, and the actual number of days elapsed. • Notwithstanding the foregoing, after the occurrence and during the continuance of an Event of Default and written notice to the Borrower from the DIP Lender, the DIP Loans shall bear interest at an additional per annum rate of two percent (2.0%), payable in cash, together with the Non-Default Interest, on the first day of each month in arrears. • Notwithstanding anything to the contrary herein, upon the funding of the Post-Sale Escrow, any interest accrued on the DIP Obligations after the date of such funding may be funded into the Post-Sale Escrow and any amounts so funded shall increase, dollar-for-dollar (above the initial amount of any credit bid submitted by the DIP Lender), the amount of the DIP Lender's credit bid pursuant to any credit bid, Plan Sponsor Alternative[2], or other written agreement between the Borrower and the DIP Lender, for all purposes under the DIP Documents and the Bankruptcy Code.
9.	***DIP Fees***	None
10.	***Use of Proceeds***	• The proceeds of the DIP Facility and/or the DIP Collateral (as defined below) shall be used only for the following purposes and, excluding payments pursuant to clauses (ii), (iii), (iv) and (v) below, subject to the Budget and the Permitted Variance: i. working capital and other general corporate purposes of the Borrower and its subsidiaries; ii. professional fees and expenses of the Debtor's estates in administering the Chapter 11 Case (including fees incurred prior to the Closing Date) in accordance with the Budget (subject to the Permitted Variance), the Bankruptcy Code, and any orders of the Bankruptcy Court, as applicable; iii. fees and expenses payable under the DIP Facility, including, without limitation, professional fees and expenses of the DIP Lender (including legal fees and

[2] As defined in the bidding procedures (the "**Bidding Procedures**"), attached as Exhibit 1 to the *Order (A) Approving Bidding Procedures for the Sale of the Debtor's Assets, (B) Approving the Debtor's Entry Into the Stalking Horse APAs and Granting Bid Protections, (C) Authorizing the Debtor to Designate Additional Stalking Horse Bidders and Granting Bid Protections, (D) Approving Assumption and Rejection Procedures, (E) Scheduling an Auction and Sale Hearing and Approving Forms and Manner of Notice Thereof, and (F) Granting Certain Related Relief* [Docket No. 122].

		expenses incurred prior to the Closing Date), subject to the Expense Payment Cap (as defined below); iv. interest and other amounts payable under the DIP Facility; v. the refinancing of the existing Debtor-in-Possession Term Loan Facility pursuant to that certain Term Sheet, dated as of June 22, 2026, by and between the Borrower, certain subsidiaries of the Borrower and Northridge ATM, LLC; and vi. any other purpose not prohibited by the DIP Orders. • Notwithstanding any other provision of this Term Sheet, no DIP Loans, DIP Collateral, or proceeds of the foregoing (including, for the avoidance of doubt, any portion of the Carve-Out), may be used directly or indirectly by the Debtor, the official committee of unsecured creditors in the Chapter 11 Case (the "**Committee**"), any other official committee appointed in the Chapter 11 Case, any trustee or examiner appointed in the Chapter 11 Case or any successor cases (including a chapter 7 case), or any other Person, party, or entity (each of the following, a "**Restricted Use**"): i. in connection with the investigation, initiation or prosecution of any claims, causes of action, adversary proceedings, litigation, challenge, objection, or other proceeding: a. against the DIP Lender or its predecessors-in-interest, successors, assigns, agents, affiliates, representatives, attorneys, or advisors, or any action purporting to do the foregoing in respect of the DIP Obligations, DIP Liens (as defined below), DIP Claims (as defined below), or any other term, condition, or aspect of the DIP Facility; or b. challenging the amount, validity, perfection, priority or enforceability of or asserting any defense, counterclaim or offset to, the DIP Obligations and/or the liens, claims, rights, or security interests granted under the DIP Orders or the other DIP Documents, including, in each case, without limitation, for lender liability or pursuant to section 105, 510, 544, 547, 548, 549, 550, or 552 of the Bankruptcy Code, applicable non-bankruptcy law, or otherwise; ii. to prevent, hinder, or otherwise delay the DIP Lender's enforcement or realization on the DIP Obligations, DIP Collateral, and the liens, claims, and rights granted to such parties under the DIP Orders, each in accordance with the DIP Documents and the DIP Orders, as applicable; *provided*, *however*, that this shall not apply to a challenge to whether a DIP Termination Event has occurred or is continuing in accordance with the DIP Orders and/or the propriety of the DIP Lender's termination and/or acceleration of the DIP Obligations or calculation of the amounts owed thereunder;

		iii. to use or seek to use DIP Collateral or sell or otherwise dispose of DIP Collateral without the consent of the DIP Lender, which shall not be unreasonably withheld, conditioned, or delayed; iv. to seek to modify any of the rights and remedies granted to the DIP Lender under the DIP Orders (other than with the consents contemplated thereunder), the DIP Documents, or applicable law; or v. to apply to the Bankruptcy Court for authority to approve claims or grant liens (other than the Carve-Out) or security interests in the DIP Collateral or any portion thereof that are senior to, or on parity with, the DIP Liens, DIP Claims, unless permitted under the DIP Documents or unless all DIP Obligations and claims granted to the DIP Lender under the DIP Orders have been refinanced with the DIP Lender's consent or Paid in Full or otherwise agreed to in writing by the DIP Lender in its sole discretion.
11.	**Post-Sale Escrow for Plan Sponsor Alternative**	In the event the DIP Lender has been selected as the Successful Bid (as defined in the Bidding Procedures), with respect to a Plan Sponsor Alternative (as defined in the Bidding Procedures), the Debtor shall either (a) escrow an amount of Net Cash Proceeds[3] equal to an amount not less than 110% of the amount of such Successful Bid by the DIP Lender (provided that, to the extent the DIP Obligations exceed the Successful Bid Amount, the Debtor has immediately applied Net Cash Proceeds of any such disposition in excess of the Successful Bid Amount to satisfy the remaining DIP Obligations (other than DIP Obligations subject to the DIP Lender's Successful Bid with respect to a Plan Sponsor Alternative) in accordance with Section 12 below) (the "**Successful Bid Amount**", and such escrowed funds the "**Post-Sale Escrow**"), in a segregated escrow account established by the Debtor with a third-party escrow agent acceptable to the DIP Lender (for the avoidance of doubt, Kurtzman Carson Consultants, LLC d/b/a Verita Global, the debtor's claims and noticing agent, shall be deemed

[3] For purposes hereof, the term "**Net Cash Proceeds**" means, with respect to any non-ordinary course disposition (whether through a voluntary or involuntary sale, the loss, destruction, or damage thereof or any actual condemnation, confiscation, requisition, seizure, or taking thereof or otherwise) of the DIP Collateral, in whole or in part, by any Person, the amount of cash proceeds received (directly or indirectly) from time to time (whether as initial consideration or through the payment of deferred consideration) by or on behalf of such Person, in connection therewith, after deducting therefrom only (a) estimated fees, commissions, and expenses related thereto and required to be paid in connection with such sale or disposition, including any bid protections payable pursuant to an Acceptable Stalking Horse Purchase Agreement, (b) estimated taxes paid or payable to any taxing authorities in connection with such sale or disposition, in each case, only to the extent, that the amounts so deducted are properly attributable to such transaction and (c) any escrow or reserve for any adjustment in respect of the sale price of such asset or assets and indemnification payments (fixed or contingent) attributable to seller's indemnities and representations and warranties to purchaser in respect of the applicable sale or disposition or other liabilities in connection with such sale or disposition (provided that upon release of any such escrow or reserve, the amount released shall be considered Net Cash Proceeds). Moreover, for the purposes hereof, the term "Person" means any natural person, corporation, limited liability company, limited partnership, general partnership, limited liability partnership, joint venture, trust, land trust, business or statutory trust, or other organization, irrespective of whether constituting a separate legal entity, and governments and agencies and political subdivisions thereof.

		acceptable to the DIP Lender as escrow agent) and pursuant to an escrow agreement acceptable to the DIP Lender, with such Post-Sale Escrow to be (i) distributed solely in accordance with a confirmed plan of reorganization or (ii) upon the termination or withdrawal of the Plan Sponsor Alternative in accordance with the terms thereof, which shall include, at DIP Lender's election, upon an Event of Default, or (b) immediately pay the Successful Bid Amount to the DIP Lender to satisfy the DIP Obligations in accordance with the Final Order and the DIP Credit Agreement until the DIP Obligations are Paid in Full.
12.	***Voluntary and Mandatory Prepayments***	• **Voluntary Prepayments**. The Borrower shall be permitted to prepay the DIP Loans, in whole or in part, at any time, without premium, penalty, make-whole payment, or other charge of any kind. Any partial prepayment shall be applied to outstanding principal and shall permanently reduce the DIP Commitments. • **Mandatory Prepayments**. i. **Dispositions.** Within one (1) business day of the date of receipt by any Loan Party of the Net Cash Proceeds from any disposition of the DIP Collateral (which, for the avoidance of doubt, shall exclude the disposition of other DIP Collateral in the ordinary course of business), such Loan Party shall (a) in the event the DIP Lender has been selected as the Successful Bid (as defined in the Bidding Procedures) with respect to a Plan Sponsor Alternative (as defined in the Bidding Procedures), at the Debtor's election, either (I) fund the Post-Sale Escrow in accordance with Section 11 above, and to the extent the DIP Obligations exceed the Successful Bid Amount, immediately apply Net Cash Proceeds of any such disposition in excess of the Successful Bid Amount to satisfy the remaining DIP Obligations (other than DIP Obligations with respect to the DIP Lender's Successful Bid (as defined in the Bidding Procedures) with respect to a Plan Sponsor Alternative (as defined in the Bidding Procedures)), in accordance with the Final Order and the DIP Credit Agreement until such remaining DIP Obligations are Paid in Full, or (II) immediately pay the Successful Bid Amount to the DIP Lender to satisfy the DIP Obligations in accordance with the Final Order and the DIP Credit Agreement until the DIP Obligations are Paid in Full, or (b) in the event the DIP Lender has not been selected as the Successful Bid with respect to a Plan Sponsor Alternative, immediately pay all Net Cash Proceeds of any such sale to the DIP Lender to satisfy the DIP Obligations in accordance with the Final Order and the DIP Credit Agreement until the DIP Obligations are Paid in Full. ii. **Indebtedness**. Unless waived by the DIP Lender in writing, within one (1) business day of the date on which a Loan Party receives proceeds of any indebtedness (other

		than permitted indebtedness set forth in the applicable DIP Documents), such Loan Party shall prepay the outstanding principal amount of the DIP Obligations in accordance with the applicable DIP Documents in an amount equal to 100% of the Net Cash Proceeds received by such Person in connection with the incurrence of such indebtedness, plus the accrued interest as applied to the principal amount of such prepayment. No reinvestment of the Net Cash Proceeds of any dispositions or other proceeds described above shall be permitted without the prior written consent of the DIP Lender in its sole discretion, which shall not be unreasonably conditioned or delayed; provided, however, that the foregoing shall not apply to dispositions yielding Net Cash Proceeds below a de minimis threshold to be mutually agreed upon by the DIP Lender and the Loan Parties in the DIP Credit Agreement.
13.	***Security***	• As security for the DIP Obligations, and effective upon entry of the Interim Order as to the Debtor and upon execution of this DIP Term Sheet as to non-Debtor Loan Parties, each Loan Party and its estate shall grant to the DIP Lender, subject to the priorities set forth in Section 14 below and the DIP Orders (as applicable), liens on all of such Loan Party's and its estate's right, title, and interest in, to and under such Loan Party's and its estate's assets and property, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located, including, but not limited to, the following (all such assets and property collectively referred to as the "**DIP Collateral**"): all Cash Collateral[4], all contracts (including, without limitation, any Acceptable Stalking Horse Purchase Agreement,[5] contract rights, licenses, general

[4] As used herein, "**Cash Collateral**" means any and all of the Debtor's cash, whether existing as of the entry of the Interim Order or thereafter, wherever located (including, without limitation, all cash, cash equivalents and other amounts on deposit or maintained by the Debtor in any accounts with any depositary institution), whether as DIP Collateral, arising from the sale or other disposition of DIP Collateral, or proceeds of other DIP Collateral, or cash, rents, income, offspring, products, proceeds or profits generated from the DIP Collateral or the DIP Loans, constitute "cash collateral" within the meaning of section 363(a) of the Bankruptcy Code of the DIP Lender; *provided*, *however*, upon the funding of the Post-Sale Escrow, Cash Collateral shall be limited solely to the cash and cash equivalents held in the Post-Sale Escrow. Upon the funding of the Post-Sale Escrow, any and all of the Debtor's cash, whether existing as of the entry of the Final Order or thereafter, wherever located (including, without limitation, all cash, cash equivalents and other amounts on deposit or maintained by the Debtor in any accounts with any depositary institution), whether as DIP Collateral, arising from the sale or other disposition of DIP Collateral, or proceeds of other DIP Collateral, or cash, rents, income, offspring, products, proceeds or profits generated from the DIP Collateral or the DIP Loans, in excess of the Post-Sale Escrow shall not be subject to the DIP Liens and shall not constitute Cash Collateral.

[5] For the purposes hereof, the term "**Acceptable Stalking Horse Purchase Agreement**" means one or more stalking horse purchase agreements, which in the aggregate, are for all or substantially all of the Debtor's assets(s) that (a) is executed, effective, and binding on all parties thereto and (b) either (x) is approved by the DIP Lender in its discretion or (y) (1) would generate cash proceeds sufficient for the Payment in Full of the DIP Obligations (pursuant to a signed commitment to lend acceptable to the DIP Lender from a recognized lender or another source of funding acceptable to the DIP Lender) upon the closing date of such sale, (2) closes on or before

		intangibles (including, without limitation, all payment intangibles), instruments (including, without limitation, promissory notes), equipment (including, without limitation, documents of title), accounts, documents, goods, vehicles, inventory, furniture, fixtures, cash, cash equivalents, accounts receivable, chattel paper, letters of credit and letter of credit rights, securities (whether or not marketable), limited liability company interests, and investment property (including, without limitation, all of the issued and outstanding capital stock of each Loan Party's current and future subsidiaries (including the Foreign Subsidiaries), all securities accounts and security entitlements related thereto, and financial assets carried therein, and all commodity accounts and commodity contracts), guarantees, arbitration awards, money, rights to the payment of money (including, without limitation, tax refunds and any other extraordinary payments), insurance, receivables, receivables records, securities accounts, deposit accounts, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all patents, copyrights, trademarks, service marks, all trade names and other intellectual property (whether such intellectual property is registered in the United States or in any foreign jurisdiction), and all substitutions, indemnification rights, all present and future intercompany debt, fee interests in real property owned by a Loan Party, books, records, ledger cards, files, correspondence, customer lists, blueprints, technical specifications, manuals, computer software, computer printouts, tapes, disks, and other electronic storage media and related data processing software related to the foregoing, and all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing, including insurance proceeds or other proceeds (as such terms are defined in the Uniform Commercial Code as in effect from time to time in the State of New York). Notwithstanding anything to the contrary set forth in this Term Sheet, (i) in no event shall any Loan Party be required to deliver any security agreement or any other DIP Document that is governed by any non-United States jurisdiction, and (ii) upon the funding of the Post-Sale Escrow, the DIP Collateral shall be limited solely to the cash and cash equivalents held in the Post-Sale Escrow. Upon the funding of the Post-Sale Escrow, all of the Debtor's right, title and interest in, to and under all of the Debtor's assets and properties, including, but not limited to the following, in each case, whether now owned or existing or hereafter acquired, created or arising and wherever located: all assets and property of the Debtor (and its estate), real or personal, tangible or intangible, now owned or hereafter acquired, whether arising before or after the Petition Date, including, without limitation, all contracts (including,

December 31, 2026, and (3) requires, pursuant to an order of the Bankruptcy Court, the Payment in Full of the DIP Obligations as set forth in foregoing subclause (1). For the avoidance of doubt, that certain Asset Purchase Agreement, dated as of June 22, 2026, by and among Sangamo, as seller, Merope Acquisition Sub, LLC, as purchaser, Eli Lilly and Company, solely for purposes of Section 10.21, as the guarantor, and Sangamo Therapeutics UK Ltd., Sangamo Therapeutics France SAS, and Ceregene, Inc., solely for purposes of Section 10.22, as the seller subsidiaries (the "**Merope APA**") and that certain Asset Purchase Agreement, dated as of June 22, 2026, by and among Sangamo, as seller, and Astellas Gene Therapies, Inc. (the "**Astellas APA**"), shall each be deemed to be an Acceptable Stalking Horse Purchase Agreement for purposes of this Term Sheet.

		without limitation, any Acceptable Stalking Horse Purchase Agreement (as defined in the DIP Credit Agreement)), contract rights, licenses, general intangibles, instruments, equipment, accounts, documents, goods, inventory, fixtures, cash, cash equivalents, accounts receivable, chattel paper, letters of credit and letter of credit rights, investment property (including, without limitation, all equity interests owned by the Debtor in the Foreign Subsidiaries (as defined in the DIP Credit Agreement) and its other existing and future subsidiaries, if any), limited liability company interests, arbitration awards, money, insurance, receivables, receivables records, deposit accounts, collateral support, supporting obligations and instruments, all interests in leaseholds and real properties, all patents, copyrights, trademarks, all trade names and other intellectual property (whether such intellectual property is registered in the United States or in any foreign jurisdiction), together with all books and records relating to the foregoing, all proceeds, products, accessions, rents and profits of or in respect of any of the foregoing (as such terms are defined in the Uniform Commercial Code as in effect from time to time in the State of New York) in excess of the Post-Sale Escrow shall not be subject to the DIP Liens and shall not constitute DIP Collateral. For the avoidance of doubt, the DIP Collateral shall at all times exclude (i) Avoidance Actions,[6] (ii) proceeds of Avoidance Actions, (iii) commercial tort claims, (iv) claims against directors and officers, (v) any claims or causes of action against the DIP Lender or its affiliates not released pursuant to the Final DIP Order, and (vi) Excluded Property[7].

[6] The term "**Avoidance Actions**" means any and all avoidance, recovery, subordination or other claims, actions or remedies that may be brought by or on behalf of the Debtor or its estate or other authorized parties in interest under the Bankruptcy Code or other applicable law, including, without limitation, actions or remedies under sections 544, 545, 547, 548, 549, and 550 of the Bankruptcy Code or under similar or related state or federal statutes and common law, including, without limitation, fraudulent transfer laws.

[7] The term "**Excluded Property**" means the following property of any Loan Party, whether now owned or hereafter acquired or arising: (a) any governmental licenses or state, foreign or local franchises, charters and authorizations that prohibits the creation of a Lien thereon, but only, with respect to such prohibition, to the extent, and for as long as, such prohibition is not terminated or rendered unenforceable or otherwise deemed ineffective by the DIP Orders, any other order of the Bankruptcy Court, the UCC or any other legal requirement; (b) intent-to-use trademark applications prior to the filing of a "statement of use" with respect thereto, to the extent and for so long as creation by any Loan Party of a security interest therein would result in the abandonment, invalidation or unenforceability thereof; (c) any Excluded Accounts (to be defined in the DIP Documents); (d) pledges and security interests prohibited by applicable law, rule, or regulation which is not overridden by the DIP Orders or any other order of the Bankruptcy Court; (e) any agreement, instrument, or other contractual obligation of any Loan Party to the extent that, and for so long as, the creation or perfection of a security interest or Lien therein is prohibited by the express terms of such agreement, instrument, or contractual obligation, except to the extent that any such prohibition is rendered ineffective by the UCC or any other applicable law; and (f) any property or asset of any Loan Party to the extent that, and for so long as, the creation or perfection of a security interest or Lien therein is prohibited by the terms of any agreement governing a Permitted Lien encumbering such property or asset; *provided* that notwithstanding anything contained above to the contrary, Excluded Property shall not include the proceeds of such Excluded Property; *provided*, *further*, that at such time as any of the foregoing property (or the proceeds thereof) no longer constitutes Excluded Property, such property and the proceeds thereof shall immediately and automatically constitute DIP Collateral and a Lien on and security interest in and to all of the right, title and interest of the applicable Loan Party in, to and under such property shall immediately attach thereto as provided in the DIP Documents.

		• Negative pledge on all assets of the Borrower and its subsidiaries subject to the Carve-Out, under the DIP Documents. • In addition to appropriate orders of the Bankruptcy Court granting and perfecting such liens, the Loan Parties shall take all other commercially reasonable steps regarding the execution and filing of UCC financing statements, requested by DIP Lender. For the avoidance of doubt, no foreign-law governed collateral documents nor perfection actions outside of the United States will be required.
14.	***Priority and Security***	• Subject to only the Carve-Out and Permitted Liens (as to be defined in the DIP Credit Agreement), all obligations of the Loan Parties under the DIP Documents, including, without limitation, all principal, accrued interest, costs, fees and premiums provided for therein, and all obligations of the Loan Parties under the DIP Facility (the "**DIP Obligations**") shall be entitled to, as applicable, (i) a first-priority lien, (ii) a senior first-priority lien on unencumbered assets and property, and (iii) superpriority claim status pursuant to sections 364(c) of the Bankruptcy Code, with senior priority over any and all liens and secured claims, administrative-expense claims, other priority claims, and other unsecured claims, of any kind or nature whatsoever, now existing or hereafter arising under the Bankruptcy Code (such superpriority claims, the "**DIP Claims**"); *provided, however*, that the DIP Claims shall not have priority over any bid protections approved by the Bankruptcy Court in the Chapter 11 Case. • Subject to the Carve-Out, all DIP Obligations in respect of the DIP Facility shall be, at a minimum: i. entitled to superpriority claim status in the Chapter 11 Case pursuant to section 364(c)(1) of the Bankruptcy Code (which claims shall be payable from and have recourse to all DIP Collateral); and ii. secured, pursuant to section 364(c)(2) of the Bankruptcy Code, by a valid, enforceable, fully perfected and automatic first-priority lien on all DIP Collateral that is not subject to a valid, perfected, non-avoidable lien or security interest (including any such lien or security interest that is perfected after the Petition Date as permitted by section 546(b) of the Bankruptcy Code). • The liens securing the DIP Facility (the "**DIP Liens**") shall mean the liens described above and with the priority set forth in the DIP Orders. The DIP Liens described herein shall, to the fullest extent permitted by applicable law, be automatically effected and perfected upon entry of the Interim Order and without the necessity of the execution or filing of mortgages, landlord agreements, security agreements, pledge agreements, control agreements, financing statements, or other agreements. • Notwithstanding anything herein to the contrary, upon consummation of a sale pursuant to an Acceptable Stalking Horse Purchase Agreement

		or other permitted transfer of assets to be mutually agreed upon by the DIP Lender and the Loan Parties in the DIP Credit Agreement, the DIP Liens shall automatically be released from the applicable acquired or transferred assets that are DIP Collateral without the need for further action, consent, or documentation from the DIP Lender, and the DIP Lender shall be deemed to consent to the release of such DIP Liens pursuant to section 363(f)(2) of the Bankruptcy Code; provided, however, that the DIP Liens shall attach to any and all proceeds received by any Loan Party in connection with any such sale or transfer, and such proceeds shall constitute DIP Collateral.
15.	***Remedies and Waiting Period Procedures***	• Upon the occurrence and during the continuation of an Event of Default under this Term Sheet or any other DIP Document, the DIP Lender shall be entitled to exercise any and all remedies customarily available in the Chapter 11 Case, including, without limitation, those remedies customarily available to a senior secured, administrative expense claim of a debtor-in-possession lender, which shall include, without limitation, the right to (subject to the Carve-Out): i. declare that the DIP Commitments are terminated, reduced or restricted, whereupon the DIP Commitments shall be terminated, reduced, or restricted on account of any further Draws; ii. declare the unpaid amount of the DIP Obligations to be immediately due and payable, without presentment, demand, protest or other notice of any kind, all of which are hereby expressly waived by the Loan Parties; iii. charge interest at the default rate under the DIP Documents; iv. subject to the Carve-Out, declare the termination, restriction, or revocation of the ability of the Debtor to use Cash Collateral; or v. take any other action or exercise any other right or remedy (including, without limitation, with respect to the DIP Liens) permitted under the DIP Documents or applicable law. Any exercise of remedies by the DIP Lender shall be subject in all respects to the terms of the DIP Orders, including the following procedures (the "**Waiting Period Procedures**"): i. Upon the occurrence of a DIP Termination Event (as defined in the DIP Orders), of which written notice (including via email) of the occurrence of such DIP Termination Event is delivered by the DIP Lender to counsel for the Debtor, the U.S. Trustee, and counsel for the Committee (the "**Remedies Notice**" and such date, the "**DIP Termination Declaration Date**"), without further notice to, hearing of, application to, or order from the Bankruptcy Court, subject to the expiration of the Waiting Period (as defined below), the automatic stay provisions of section 362 of the Bankruptcy Code shall be vacated and modified to the extent necessary to permit the

		DIP Lender to, among other things, (a) deliver a Carve-Out Trigger Notice; (b) declare the termination of the DIP Commitments; (c) declare all DIP Obligations to be immediately due and payable; and (d) charge default interest at the default rate set forth in the DIP Term Sheet or the other DIP Documents, as applicable. ii. The Debtor may seek an emergency hearing solely during the period beginning on the DIP Termination Declaration Date and through the date that is five (5) business days after the DIP Termination Declaration Date (such period, the "**Waiting Period**"). If, notwithstanding the foregoing, a hearing cannot be scheduled prior to the expiration of the Waiting Period, the Waiting Period shall be deemed automatically extended until such time as the matter can be heard by the Bankruptcy Court. At any hearing regarding a Remedies Notice, the Court may only consider whether an Event of Default has occurred or is continuing (other than, for the avoidance of doubt, the occurrence of the DIP Termination Date). During the Waiting Period, the Debtor shall continue to have the right to use DIP Collateral (including, without limitation, Cash Collateral) in accordance with the terms of the Interim Order and the Approved Budget (subject to the Permitted Variance), solely to pay any expenses necessary to (i) preserve the Debtor's going-concern value, (ii) fund the Carve Out Reserves or (iii) contest, in good faith, the occurrence of the Event of Default (other than, for the avoidance of doubt, the occurrence of the DIP Termination Date).
16.	***Conditions Precedent to Initial Draw***	• Delivery of an eleven (11) week cash flow budget containing line items of sufficient detail to reflect the consolidated operating cash flow of the Debtor for such period and in form and substance acceptable to the DIP Lender in its sole discretion (such budget, the "**Initial Budget**" and, as updated from time to time in accordance with this Term Sheet, the "**Budget**"), it being understood that the budget attached to Exhibit A of this Term Sheet is acceptable to the DIP Lender. • Subject to the Expense Payment Cap, all out-of-pocket costs, fees and expenses required to be paid to the DIP Lender pursuant to this Term Sheet, the DIP Documents, or the DIP Orders shall have been paid in accordance with this Term Sheet or the applicable DIP Documents. • The representations and warranties of the Loan Parties under this Term Sheet and any other DIP Documents shall be true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects). • No Material Adverse Effect (as defined below) shall have occurred and be continuing. • The Debtor shall be in compliance in all material respects with the applicable DIP Documents (including the DIP Orders). • No Event of Default shall have occurred and be continuing under this Term Sheet or the DIP Documents.

		• Entry of the Interim Order, and no order has been entered reversing, amending, staying, vacating, terminating or otherwise modifying in any manner adverse to the DIP Lender the Interim Order. • The Borrower shall have delivered to the DIP Lender a customary borrowing notice in form and substance acceptable to the DIP Lender.
17.	***Conditions Precedent to Other Draws***	• The DIP Documents shall contain conditions precedent as are usual and customary in loan documents for similar debtor-in-possession financings and other conditions precedent deemed by the DIP Lender appropriate to the specific transaction, including, without limitation, that each Other Draw shall be subject to the following conditions: i. no DIP Order, or any provision thereof, shall have been reversed, amended, stayed, vacated, terminated or otherwise modified in any manner without the DIP Lender's prior written consent in its sole discretion, which shall not be unreasonably withheld, conditioned or delayed; ii. delivery of, as applicable, any Budget or Updated Budget, acceptable to the DIP Lender in its reasonable discretion; iii. no trustee, examiner, or receiver shall have been appointed or designated with respect to any Loan Party or any Loan Party's business, properties, or assets; iv. the representations and warranties of the Loan Parties under the DIP Documents shall be true and correct in all material respects (or in the case of representations and warranties with a "materiality" qualifier, true and correct in all respects); v. the Borrower shall have delivered to the DIP Lender a customary borrowing notice in accordance with the DIP Documents; vi. the Loan Parties shall be in compliance in all material respects with the DIP Orders; vii. no default or event of default shall have occurred and be continuing under the DIP Documents; viii. no order has been entered reversing, amending, staying, vacating, terminating or otherwise materially modifying in any manner any DIP Order or any provision thereof unless otherwise consented to in writing by the DIP Lender in its sole discretion, which consent shall not be unreasonably withheld, conditioned, or delayed; ix. since the date hereof, other than the pending Chapter 11 Case, there shall not have occurred or there shall not exist any event, condition, or circumstance that, individually, or in the aggregate, (a) has had or would reasonably be expected to have a material adverse effect on the business, operations, properties, assets, performance or financial

		condition of the Loan Parties taken as a whole, (b) has resulted in, or would reasonably be expected to result in, a material adverse effect on the validity or enforceability of, or the rights, remedies or benefits available to the DIP Lender, or (c) has had or would reasonably be expected to have, a material adverse effect on the ability of the Loan Parties to perform their obligations under any DIP Document (each of the foregoing being a "**Material Adverse Effect**"); x. subject to the Expense Payment Cap, all reasonable and documented out-of-pocket costs, fees, expenses (including, without limitation, legal fees and expenses) set forth in the DIP Documents or otherwise required to be paid to the DIP Lender shall have been paid when due; and xi. the granting to the DIP Lender of DIP Claims and DIP Liens to secure all DIP Obligations pursuant to the applicable provisions in sections 364(c) of the Bankruptcy Code shall have occurred and been approved by the Bankruptcy Court.
18.	***Documentation***	• Definitive financing documentation with respect to the DIP Loans, including, without limitation, this Term Sheet, the DIP Orders, a credit agreement (the "**DIP Credit Agreement**"), and all definitive guaranties, security agreements, and other documents executed pursuant hereto or thereto (collectively, the "**DIP Documents**"), shall be mutually agreed upon by the Loan Parties, and in form and substance acceptable to the DIP Lender and the Loan Parties.
19.	***Representations and Warranties***	• The DIP Documents shall contain representations and warranties with respect to the Loan Parties as are usual and customary in loan documents for similar debtor-in-possession financings and as acceptable to the DIP Lender and the Loan Parties, including without limitation, due organization and authorization, enforceability, financial condition, no Material Adverse Effect, title to properties, liens, litigation, payment of taxes, compliance with laws and regulations, employee benefit liabilities, environmental liabilities, and perfection and priority of liens securing the DIP Facility.
20.	***Affirmative Covenants***	• The DIP Documents shall contain affirmative covenants as are usual and customary with respect to the Loan Parties in loan documents for similar debtor-in-possession financings and as are acceptable to the DIP Lender and the Loan Parties.
21.	***Negative Covenants***	• The DIP Documents shall contain negative covenants with respect to the Borrower and its subsidiaries as are usual and customary in loan documents for debtor-in-possession financings and as are acceptable to the DIP Lender and the Loan Parties; *provided* that the DIP Documents will permit, among other customary exclusions and exceptions: (i) the Debtors to continue to pursue a sale process or processes for the

		Borrower's and its subsidiaries' assets and consummate any sale or sales related thereto subject to Bankruptcy Court approval and provided that such sale or sales and/or related transactions, when taken in the aggregate, are reasonably expected to provide for the Payment in Full of the DIP Obligations; (ii) the ability to reject or modify contracts; (iii) postpetition employment arrangements subject to maximum thresholds agreed upon by the DIP Lender and the Loan Parties; (iv) postpetition capital expenditures subject to maximum thresholds agreed upon by the DIP Lender and the Loan Parties; and (v) provide for adequate protection in accordance with the Budget and reasonably acceptable to the DIP Lender.
22.	***DIP Budget / Variance Reporting***	• The Budget may from time to time (and, on the fifth Thursday following the prior Budget's approval and every fifth Thursday thereafter shall) be updated and provided to the DIP Lender, with such updated Budget extending the term thereof (the "**Updated Budget**") and the DIP Lender shall have the right to reject, in its reasonable discretion, each Updated Budget by providing the Borrower specific notice thereof within three (3) business days after the delivery by the Borrower of any such Updated Budget and, to the extent the DIP Lender (in its reasonable discretion) provides written notice rejecting the updates (or any amendments), the then existing Budget shall continue to constitute the applicable Budget until such time as an update or amendment is approved by the DIP Lender (in its reasonable discretion). In the event the DIP Lender does not provide written notice of its rejection of the proposed Updated Budget within such three-business-day period, such Updated Budget shall become effective as the Budget. • On a bi-weekly basis after the delivery of the first Updated Budget, the Borrower shall deliver to the DIP Lender a variance report for the four-week period ending the prior Thursday comparing the difference/variance, expressed as a percentage (each, a "**Budget Variance**"), between actual net operating cash flow for such period to projected net operating cash flow for such period as set forth in the Budget on a cumulative four-week rolling basis (each a "**Measuring Period**") and explaining in reasonable detail all material variances, it being understood that any Net Operating Variance (as defined below) solely with respect to net operating cash flow that exceeds fifteen percent (15%) shall be material and shall constitute an Event of Default under the DIP Documents (each such report, a "**Variance Report**," which shall be in a form reasonably acceptable to the DIP Lender). • For purposes of each Measuring Period, the Borrower shall calculate: the numerical difference between "net operating cash flow" (such terms reflecting those line items illustrated in the Budget) for such period to "net operating cash flow" for such period as set forth in the Budget on a cumulative four-week rolling basis, and to the extent the difference is a positive number, the percentage such difference is of the cumulative budgeted amount for such period (the "**Net Operating Variance**"). For purposes herein, a "**Permitted Variance**" shall be limited to not greater than fifteen percent (15%) for budget variances with respect to the Net

		Operating Variance, each as set forth in the applicable Variance Report. For the avoidance of doubt, United States Trustee fees, professional fees of the DIP Lender (to the extent reimbursed) and the Loan Parties, and certain other administrative expenses to be agreed, shall not be included in the Net Operating Variance calculation.
23.	***DIP Orders***	• The Interim Order and the order approving, on a final basis, the DIP Facility (the "**Final Order**" and together with the Interim Order, the "**DIP Orders**"), which, in each case, shall be in form and substance acceptable to the DIP Lender in its sole discretion, shall, among other things, authorize and approve: i. the DIP Facility; ii. the making of the DIP Loans in accordance with the DIP Documents; iii. the Debtor's stipulations, in form and substance acceptable to the DIP Lender; iv. the granting of the DIP Claims and DIP Liens against, as applicable, the Loan Parties, their estates, and their assets in accordance with this Term Sheet and the DIP Documents with respect to the DIP Collateral; v. Subject to the Expense Payment Cap, the payment of all fees and expenses (including the fees and expenses of outside counsel and any financial advisors) required to be paid to the DIP Lender as described in Section 26 of this Term Sheet; vi. the establishment and maintenance of the Post-Sale Escrow for the express benefit of the DIP Lender, which Post-Sale Escrow shall not be subject to the Carve-Out or any other claims, liens or other encumbrances; and vii. the Debtor's waiver of (a) any right to surcharge the DIP Collateral pursuant to sections 105(a) and 506(c) of the Bankruptcy Code or otherwise, (b) the equities of the case exception under section 552(b) of the Bankruptcy Code, and (c) the equitable doctrine of marshaling and other similar doctrines, in each case, with respect to the DIP Collateral and the DIP Obligations.
24.	***Carve-Out***	• The DIP Liens and the DIP Claims shall be subject and subordinated only to the Carve-Out. • Notwithstanding anything to the contrary in this Section 24, the Post-Sale Escrow shall not be subject to the Carve-Out. • As used herein, the "**Carve-Out**" means the sum of (i) all fees required to be paid to the Clerk of the Court and to the Office of the United States Trustee under section 1930(a) of title 28 of the United States Code plus interest at the statutory rate; (ii) all reasonable fees and expenses up to $50,000 incurred by a trustee under section 726(b) of the Bankruptcy

		Code; (iii) to the extent allowed at any time, whether by interim order, procedural order, or otherwise, all unpaid fees and expenses incurred by Persons or firms retained by the Debtor pursuant to section 327, 328, or 363 of the Bankruptcy Code (collectively, the "**Debtor Professionals**") or the Committee, pursuant to section 328 or 1103 of the Bankruptcy Code (the "**Committee Professionals**" and, together with the Debtor Professionals, the "**Professional Persons**") at any time before or on the first business day following delivery by the DIP Lender of a Carve-Out Trigger Notice whether allowed by the Bankruptcy Court prior to or after delivery of a Carve-Out Trigger Notice, and subject to the fees and expenses set forth in the Budget (subject to the Permitted Variance), applicable transaction fees, and any other limits set forth in the DIP Orders; and (iv) allowed fees and expenses of Professional Persons in an aggregate amount not to exceed $3,000,000 incurred after the first business day following delivery by the DIP Lender of the Carve-Out Trigger Notice, to the extent allowed at any time, whether by interim order, procedural order, or otherwise (the amounts set forth in this clause (iv) being the "**Post-Carve-Out Trigger Notice Cap**" and, together with the amounts set forth in clause (iii) above, the "**Professional Fee Carve-Out Cap**"); *provided* that nothing herein shall be construed to impair the ability of any party to the DIP Documents to object to the fees, expenses, reimbursement or compensation described above on any grounds. • The Debtor shall maintain a separate account not subject to control of the DIP Lender (the "**Carve-Out Account**") and may deposit cash weekly into the Carve-Out Account in an amount equal to the estimated fees of Professional Persons for the next unfunded week as set forth in the Budget. Immediately upon the delivery of a Carve-Out Trigger Notice (as defined below), and prior to the payment of any DIP Obligations, the Loan Parties shall be required to deposit into the Carve-Out Account cash (which disbursement shall be deemed approved under the DIP Documents) in an amount up to the difference between the Professional Fee Carve-Out Cap and the balance held in the Carve-Out Account as of the date on which a Carve-Out Trigger Notice is received by the Debtor (provided that if the available cash on hand at such time is not sufficient to fund the Professional Fee Carve-Out Cap in full, the Debtor shall be permitted to transfer additional funds to the Carve-Out Account at later dates as needed to fully fund the Carve-Out Account as and when such cash becomes available). The amounts in the Carve-Out Account shall be available only to satisfy allowed fees and expenses of the Professional Persons until such amounts are paid in full. The amount in the Carve-Out Account shall be reduced on a dollar-for-dollar basis for allowed fees and expenses of the Professional Person that are accrued and paid after the delivery of the Carve-Out Trigger Notice, and the Carve-Out Account shall not be replenished for such amounts so paid. The failure of the Carve-Out Account to satisfy in full the amount set forth in the Carve-Out shall not affect the priority of the Carve-Out. The DIP Lender shall have a reversionary interest, up to the Payment in Full of the DIP Obligations, in the funds held in the Carve-Out Account, if any, after all amounts included in the Carve-Out have been funded

		into the applicable Carve-Out Account and all allowed professional fees have been paid in full pursuant to a final order of the Bankruptcy Court. For purposes of the foregoing, "**Carve-Out Trigger Notice**" shall mean a written notice delivered by mail, courier, or email (or other electronic means) by the DIP Lender or its counsel to the Debtor, their lead restructuring counsel, the United States Trustee, and counsel to the Committee, which notice may be delivered following the occurrence and during the continuation of an Event of Default and acceleration of the DIP Obligations under the DIP Facility, stating that the Post-Carve-Out Trigger Notice Cap has been invoked. • The Carve-Out shall not include, apply to, or be available for any Person or party in connection with any Restricted Use.
25.	***Events of Default***	• The DIP Documents shall contain events of default (collectively, "**Events of Default**") consistent with this Term Sheet and customary for debtor-in-possession financing facilities of this type, including, without limitation: i. non-payment, material non-compliance with covenants set forth in the DIP Documents, subject to a thirty (30) day cure period (or such longer period as the DIP Lender may agree), entry of final, non-appealable judgments in excess of $1,000,000, material impairment of security interest in the DIP Collateral and other customary defaults, subject to any applicable thresholds, grace and/or cure periods to be agreed for defaults other than with respect to payments of principal and as are customary for transactions of this nature, including a grace period of three business days for non-payment of any amounts other than principal payments; ii. the dismissal of the Chapter 11 Case or the conversion of the Chapter 11 Case to a case under chapter 7 of the Bankruptcy Code; iii. the entry of the Final Order shall have not occurred on or before the date that is thirty-five (35) days after entry of the Interim Order, or the Final Order or any provision thereof shall have been stayed, amended, modified, reversed, vacated, or in any way altered, in each case, to the extent not consented to by the DIP Lender; iv. material non-compliance, subject to any applicable grace and/or cure periods customary for transactions of this nature, by any Loan Party with the terms of the DIP Orders; v. an Acceptable Stalking Horse Purchase Agreement is cancelled or terminated, or is amended, modified, or supplemented in any manner that is material or adverse to the DIP Lender, in each case without the DIP Lender's

			consent, which shall not be unreasonably withheld, conditioned or delayed;
		vi.	the entry of an order appointing a receiver, trustee, responsible officer, or an examiner having expanded powers (beyond those set forth under sections 1106(a)(3) and (4) of the Bankruptcy Code) under section 1104 of the Bankruptcy Code (other than a fee examiner) in the Chapter 11 Case, or the Bankruptcy Court or other court shall have entered an order providing for such appointment;
		vii.	the entry of an order in the Chapter 11 Case granting relief from any stay or proceeding (including, without limitation, the automatic stay) so as to allow a third party to proceed with foreclosure or other enforcement against any assets of the Loan Parties the aggregate fair market value of which exceeds $1,000,000, excluding any relief granted in connection with the Debtor's sale process or pursuant to an Acceptable Stalking Horse Purchase Agreement;
		viii.	the entry of an order (a) surcharging any of the DIP Collateral under sections 105, 506(c), or any other section of the Bankruptcy Code, (b) applying the equities of the case exception under section 552(b) of the Bankruptcy Code, (c) allowing any administrative-expense claim having priority over or ranking in parity with the DIP Claims or the rights of the DIP Lender (subject to the Carve-Out), or (d) otherwise adversely impacting in any material respect the DIP Lender's liens, claims, or priority in the DIP Collateral as set forth in this Term Sheet or the DIP Documents; *provided* that the entry of any order allowing section 503(b)(9) claims, reclamation claims, or adequate protection claims of prepetition creditors shall not constitute an Event of Default;
		ix.	any direct or indirect action by the Debtor to (a) challenge the rights and remedies of the DIP Lender under the DIP Facility in the Chapter 11 Case or acting in a manner inconsistent with the DIP Documents or (b) avoid or require disgorgement by the DIP Lender of any amounts received in respect of the obligations under the DIP Facility; *provided* that any direct action by the Debtor challenging whether a DIP Termination Event has occurred or is continuing, to enforce the express terms of the DIP Documents or the DIP Orders, and taken in good faith to preserve estate value or comply with its fiduciary duties shall not constitute an Event of Default;
		x.	entry of an order without the express written consent of the DIP Lender obtaining additional financing from a party other than the DIP Lender under section 364 of the Bankruptcy Code except if such financing provides for the Payment in Full of the DIP Obligations and the DIP

		Obligations are Paid in Full upon the closing or initial funding under such financing; xi. the making of any material payments in respect of prepetition obligations after entry of the Interim Order other than (a) as permitted by the DIP Orders, (b) as permitted by any "first day" or "second day" orders of the Bankruptcy Court acceptable to the DIP Lender, (c) as permitted by any other order of the Bankruptcy Court acceptable to the DIP Lender, (d) as permitted under the DIP Documents in accordance with the Budget (subject to the Permitted Variance), or (e) as otherwise agreed to by the DIP Lender; xii. entry of an order by the Bankruptcy Court terminating or modifying the exclusive right of the Debtor to file or solicit a chapter 11 plan pursuant to section 1121 of the Bankruptcy Code, without the prior written consent of the DIP Lender, which shall not be unreasonably withheld, conditioned or delayed; xiii. any Loan Party shall, directly or indirectly, seek to, or support any other Person's motion to, (a) disallow in whole or in part the DIP Obligations, (b) challenge the validity and enforceability of the DIP Liens or the DIP Claims, or (c) contest any provision of any DIP Document having a material adverse effect on the DIP Lender; xiv. the Debtor files a Plan that is not in form and substance reasonably acceptable to the DIP Lender, it being understood that a Plan will be acceptable to the DIP Lender if it provides for the Payment in Full of the DIP Obligations on or before the effective date of such Plan pursuant to a signed commitment to lend acceptable to the DIP Lender from a recognized lender, balance sheet cash, or another source of funding acceptable to the DIP Lender sufficient to allow for the Payment in Full of the DIP Obligations; xv. the occurrence and continuance of a Material Adverse Effect; xvi. any Loan Party files a motion seeking to settle a controversy or claim that could be reasonably expected to have a material adverse effect on the Debtor's ability to provide for the Payment in Full of the DIP Obligations without the prior written consent of the DIP Lender, which shall not be unreasonably withheld, conditioned, or delayed; xvii. the Debtor shall fail to execute and deliver to the DIP Lender any agreement, financing statement, trademark filing, copyright filing, notice of lien or similar instruments or other documents that the DIP Lender may reasonably request from time to time to more fully evidence, confirm, validate, perfect, preserve and enforce the DIP Liens created in favor of the DIP Lender, subject to the customary

		time periods, terms and cure periods that will be set forth in the applicable DIP Documents; or xviii. other than pursuant to an Acceptable Stalking Horse Purchase Agreement (or a purchase agreement that is not an Acceptable Stalking Horse Purchase Agreement provided that such purchase agreement would generate cash proceeds sufficient for the Payment in Full of the DIP Obligations (pursuant to a signed commitment to lend acceptable to the DIP Lender from a recognized lender or another source of funding acceptable to the DIP Lender) upon the closing date of such sale), any Debtor files a motion for the approval of a sale of the DIP Collateral or any portion thereof, pursuant to section 363 of the Bankruptcy Code or otherwise, which proposed sale (including, for the avoidance of doubt, any order approving such sale) is not acceptable to the DIP Lender in its sole discretion.
26.	***Indemnification and Reimbursement of Expenses***	• The DIP Documents (including the Interim Order) shall contain customary indemnification provisions for the benefit of the DIP Lender, and its related parties, including, without limitation, indemnification against losses, claims, damages, liabilities or expenses incurred in respect of the financing contemplated by the DIP Documents or the use or the proposed use of proceeds thereof. • Subject to the DIP Documents and the Expense Payment Cap, all reasonable, documented out-of-pocket accrued and unpaid fees, costs, disbursements, and expenses of the DIP Lender, including the documented fees and expenses of KTBS Law LLP and Young Conaway Stargatt & Taylor, LLP, as counsel to the DIP Lender, incurred in connection with the DIP Facility and the Chapter 11 Case; *provided*, *however*, that so long as no Event of Default has occurred and is continuing, any out-of-pocket accrued and unpaid fees, costs, disbursements, and expenses of the DIP Lender in excess of $250,000 in the aggregate (including legal fees and expenses incurred prior to the Closing Date) (the "**Expense Payment Cap**") shall accrue to the DIP Obligations (and shall be deposited into the Post-Sale Escrow, as applicable) and any amounts so accrued shall increase, dollar-for-dollar (above the initial amount of any credit bid submitted by the DIP Lender), the amount of the DIP Lender's credit bid pursuant to any credit bid, Plan Sponsor Alternative (as defined in the Bidding Procedures), or other written agreement between the Borrower and the DIP Lender, for all purposes under the DIP Documents and the Bankruptcy Code. Notwithstanding anything to the contrary set forth in this Term Sheet, so long as no Event of Default has occurred and is continuing, in no event shall any amounts in excess of the Expense Payment Cap be payable in cash.
27.	***Release***	• The DIP Orders shall include a customary release of the DIP Lender and its representatives, in their respective capacities as such, with respect to any and all claims and causes of action arising prior to entry of the Final

		Order and from or related to the Chapter 11 Case, the DIP Facility, and the DIP Documents.
28.	***Waivers***	• The DIP Orders shall include terms and conditions customary for interim and final DIP financing orders, as applicable, and shall be acceptable to the DIP Lender, in its sole discretion, including, without limitation, waiver of the automatic stay, credit-bidding rights, "no marshaling" provisions and other similar doctrines, and waivers of the "equities of the case" exception and the imposition of costs or right to surcharge the DIP Collateral pursuant to sections 105(a) and 506(c) of the Bankruptcy Code or otherwise, in each case, to the extent applicable.
29.	***Counterparts and Electronic Transmission***	• This Term Sheet may be executed in any number of counterparts and by different parties hereto on separate counterparts, each of which when so executed and delivered, shall be deemed an original, and all of which, when taken together, shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page to this Term Sheet by facsimile, "PDF" or other electronic transmission shall be effective as delivery of a manually executed counterpart of this Term Sheet.
30.	***Governing Law***	• The laws of the State of New York (except as governed by the Bankruptcy Code) shall govern this Term Sheet. • The Debtor and the DIP Lender shall submit to the exclusive jurisdiction of the Bankruptcy Court and shall waive any right to trial by jury.

[Signatures on following pages.]

IN WITNESS WHEREOF, the parties hereto have caused this Term Sheet to be executed as of the date first set forth above.

SANGAMO THERAPEUTICS, INC.,
as Borrower

By: _____
Name: Dr. Alexander Macrae, M.B., Ch.B., Ph.D.
Title: Chief Executive Officer

IN WITNESS WHEREOF, the parties hereto have caused this Term Sheet to be executed as of the date first set forth above.

FUTURE SOLUTION INVESTMENTS LLC,
as DIP Lender

By: Signed by: Michael F Solomon
E92ED0C30423488...
Name: Michael F. Solomon
Title: Managing Director

Exhibit 2

Initial DIP Budget

SGMO - Initial Budget

$ in 000's

Week Ending	**7/24**	**7/31**	**8/7**	**8/14**	**8/21**	**8/28**	**9/4**	**9/11**	**9/18**	**9/25**	**10/2**	**11-week Total**
Receipts	–	–	–	–	–	–	–	–	–	–	–	–
Operating Disbursements												
Payroll & Benefits	$998	$382	$1,142	$144	$847	$169	$1,066	$166	$552	$28	$1,156	$6,649
Rent & Facilities	$12	$11	$627	$11	$19	$19	$244	$11	$19	$19	$20	$1,012
Program Costs	$630	$616	$722	$187	$303	$294	$470	$158	$262	$346	$305	$4,293
International Operations	–	–	$250	–	–	–	$300	–	–	–	–	$550
Other Operating Disbursements	$123	$118	$142	$62	$81	$444	$143	$62	$81	$83	$272	$1,611
Total Operating Disbursements	$1,763	$1,126	$2,883	$405	$1,249	$926	$2,223	$398	$914	$475	$1,754	$14,115
Operating Cash Flow	**($1,763)**	**($1,126)**	**($2,883)**	**($405)**	**($1,249)**	**($926)**	**($2,223)**	**($398)**	**($914)**	**($475)**	**($1,754)**	**($14,115)**
Restructuring Disbursements												
Pro Fees	$840	$1,690	$860	$735	$735	$735	$810	$735	$735	$735	$810	$9,419
US Trustee Fees	–	$77	–	–	–	–	–	–	–	–	$185	$261
DIP Interest & Fees	–	$638	–	–	–	$135	–	–	–	$225	–	$998
Total Restructuring Disbursements	$840	$2,404	$860	$735	$735	$870	$810	$735	$735	$960	$995	$10,678
Net Cash Flow	**($2,602)**	**($3,530)**	**($3,742)**	**($1,140)**	**($1,984)**	**($1,796)**	**($3,033)**	**($1,133)**	**($1,649)**	**($1,435)**	**($2,748)**	**($24,793)**
Beginning Cash Balance	$8,245	$5,643	$9,613	$5,871	$4,731	$2,746	$7,951	$4,918	$3,785	$7,136	$5,700	$8,245
+/(-) Net Cash Flow	($2,602)	($3,530)	($3,742)	($1,140)	($1,984)	($1,796)	($3,033)	($1,133)	($1,649)	($1,435)	($2,748)	($24,793)
(+) Replacement DIP Draws	–	$18,000	–	–	–	$7,000	–	–	$5,000	–	–	$30,000
(-) Original DIP Repayment	–	($10,500)	–	–	–	–	–	–	–	–	–	($10,500)
Ending Cash Balance	**$5,643**	**$9,613**	**$5,871**	**$4,731**	**$2,746**	**$7,951**	**$4,918**	**$3,785**	**$7,136**	**$5,700**	**$2,952**	**$2,952**

DIP Roll-Forward												
Beginning balance	$10,500	$10,500	$18,000	$18,000	$18,000	$18,000	$25,000	$25,000	$25,000	$30,000	$30,000	$10,500
(+) Replacement DIP Draws	–	$18,000	–	–	–	$7,000	–	–	$5,000	–	–	$30,000
(-) Original DIP Repayment	–	($10,500)	–	–	–	–	–	–	–	–	–	($10,500)
Ending Balance	**$10,500**	**$18,000**	**$18,000**	**$18,000**	**$18,000**	**$25,000**	**$25,000**	**$25,000**	**$30,000**	**$30,000**	**$30,000**	**$30,000**
(+) Carve-out	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000	$3,000
(-) Ending Cash Balance	($5,643)	($9,613)	($5,871)	($4,731)	($2,746)	($7,951)	($4,918)	($3,785)	($7,136)	($5,700)	($2,952)	($2,952)
Adjusted Ending Balance	**$7,857**	**$11,387**	**$15,129**	**$16,269**	**$18,254**	**$20,049**	**$23,082**	**$24,215**	**$25,864**	**$27,300**	**$30,048**	**$30,048**

Notes:

- Cash flow budget excludes investment banker Business Combination and/or Restructuring Transaction Fee(s). Any such fee(s) would be payable upon the closing of the applicable transaction(s), and will depend on the timing, nature, and size of the applicable trans

- Carve-out reflects the maximum amount in the DIP Term Sheet.

- The cash flow forecast excludes other potential disbursements tied to transaction(s), including KEIP / KERP payouts and winddown budget.

- The Company is currently in discussions to sell certain core assets, which is expected to close during the budgeted period and generate net proceeds sufficient for repayment of the DIP financing loan, PTO payout, and transaction(s) related / one-time disbursement