

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re

ABT MOLECULAR IMAGING, INC.,¹

Debtor.

Chapter 11

Case No. 18-11398 (LSS)

**DECLARATION OF PETER KINGMA IN SUPPORT OF THE DEBTOR'S
CHAPTER 11 PETITION AND REQUESTS FOR FIRST DAY RELIEF**

Under 28 U.S.C. § 1746, I, Peter Kingma, hereby declare as follows under the penalty of perjury:

1. From July 2013 through present, I have been the Chief Executive Officer and President of ABT Molecular Imaging, Inc. ("ABT," the "Company" or the "Debtor"). I also serve on ABT's board of directors and currently am ABT's only director. Accordingly, I am very familiar with the Debtor's day-to-day operations, business, financial affairs, and books and records. I am also familiar with the Debtor's turnaround and restructuring efforts. Prior to joining ABT, I worked in a variety of capacities for five medical device companies, including spending twenty-three years with Siemens Medical Solutions. My education includes a HNDT Electronics Engineering from Cape Peninsula University in Cape Town, South Africa.

2. On the date hereof (the "Petition Date"), ABT filed a voluntary petition with this Court for relief under chapter 11 of title 11 of the United States Code (the "Bankruptcy Code").

¹ The last four digits of the Debtor's federal tax identification number are 0800 and its business address is 3024 Topside Business Park, Louisville, TN 37777.

3. I submit this declaration (the "Declaration") in support of the Debtor's petition and the "first day" motions and applications, described further below (collectively, the "First Day Motions"). I am familiar with the contents of each First Day Motion (including the attachments thereto), and, to the best of my knowledge, after reasonable inquiry, discussions with other employees, and through my review of the Debtor's books, records, and other information, I believe that the relief sought by the Debtor in the First Day Motions: (a) is necessary to enable the Debtor to continue to operate as a debtor in possession during the course of its chapter 11 case with minimal interruption, (b) is critical to the Debtor's efforts to preserve value and maximize recoveries, and (c) best serves the Debtor's estate and its creditors' interests. Further, I believe that the relief sought in the First Day Motions is narrowly tailored and necessary to achieve the goals of this chapter 11 case.

4. Except as otherwise indicated, all statements in this Declaration are based upon (a) my personal knowledge, (b) my understanding of the Debtor's books and records, relevant documents, and other information prepared or collected by the Debtor's employees, management, or other professionals that I believe in good faith to be reliable, or (c) my opinion based on my experience with the Debtor's operations and financial condition. If called upon to testify, I could and would competently testify to each of the facts set forth in this Declaration. I am authorized to submit this Declaration on behalf of the Debtor.

PART I: THE DEBTOR AND ITS INNOVATIVE BUSINESS

A. The Debtor's Business

5. ABT designs, manufactures and distributes the world's first and only small-footprint Biomarker Generator ("BG-75") for Fludeoxyglucose (¹⁸F) ("FDG"), the imaging

agent used in positron emission tomography (“PET”). ABT’s BG-75 generates a “Dose on Demand™,” producing a single discrete dose or multiple doses per batch of PET radiopharmaceuticals. The BG-75 requires only 10% of the square footage required by a conventional cyclotron and radiopharmacy system and 75% fewer employees to operate. ABT is the only company providing a complete, end-to-end solution for on-site provision of FDG, from radioisotope to qualified, injection-ready clinical product within one hour. ABT completed development of the BG-75 in 2009, and delivered the first BG-75 unit to a well-known medical university in 2011. Since shipping its first production unit, ABT has taken orders for 23 additional units to date from a diverse group of customers across five continents.

6. ABT’s mission is to provide technologies that produce PET biomarkers economically, on-demand and efficiently to the biotechnology and clinical fields, without the need for preexisting or in-depth PET radiochemistry or particle accelerator expertise. The Company targets research centers in the developed markets and emerging markets where access to the short-lived radioisotopes necessary for PET imaging is costly and limited or non-existent. The Company’s self-contained BG-75 solution is uniquely tailored to increase global access to PET imaging.

7. Since the BG-75 is often the only viable option for PET biomarkers in emerging markets, the decision to purchase a BG-75 is generally made in conjunction with the decision to acquire PET imaging equipment. Accordingly, ABT has sought to establish and maintain relationships with companies that distribute equipment complementary to, and necessary to justify the purchase of, a BG-75.

8. Further, ABT is represented by proven distribution partners in key markets around the world. These distributors typically operate in the nuclear medicine space and

distribute other oncology-related equipment, such as radiation therapy and diagnostic imaging. ABT supports these distributors through its dedicated BG-75 sales support teams located in the U.S. and Europe. Such relationships provide a single source for a new customer's oncology-related equipment needs and increase the likelihood that the sale of PET imaging equipment is accompanied by the sale of a BG-75.

9. The sale of one BG-75 generates recurring annual consumables and service revenue streams over the life of the system. A BG-75 requires dose synthesis cards, reagent kits and consumables to operate. These consumables are unique to the BG-75 and are sold exclusively through ABT. Dose synthesis cards are single use per production batch and a new card must be used for each subsequent batch. A single reagent kit is used for a day's worth of production. Consumables are required to calibrate the quality control system detectors and perform the daily verification that the quality control system is within specifications. Historically, these consumables generate recurring annual revenue of approximately \$175,000 per BG-75.

10. In addition to the recurring consumables revenue, ABT generates revenue via the sale of annual service contracts. Service contracts average revenue of \$80,000 per year for the contracted period and are implemented after the initial twelve-month warranty period expires. Combined with the recurring consumables revenue, ABT has historically generated approximately \$1.3 million of incremental revenue per BG-75 over the five-year period following installation.

11. Over the period of the twelve months ended on December 31, 2017, ABT had consolidated sales of \$5,403,000 and a consolidated net loss of \$5,516,000. As of December 31, 2017, its assets had a net book value of \$2,507,000 and it had total liabilities of

\$30,509,000. This restructuring is required to adjust the Debtor's balance sheet or, alternatively, to permit a sale of the Debtor's business to a qualified purchaser.

B. The Debtor's Employees

12. ABT is comprised of 24 employees across its operations, research and development, administration and sales functions. The operations team of 13 employees handles production of the BG-75 and consumables and includes several field engineers that are dedicated to servicing customer contracts and providing post-sale customer-facing technical services. Research and development efforts are driven by a team of 7 professionals with extensive experience and education in engineering, physics and chemistry. Sales and marketing efforts are led by two seasoned professionals with over 40 years of collective experience in medical equipment sales. Employees are primarily compensated on a salary basis. None of the Company's employees are represented by a union. ABT also works with independent contractors, who are not regular employees, but work full time hours.

C. The Debtor's Capital Structure

13. As of the Petition Date, ABT's funded debt consists of two secured term loan facilities agented by SWK Funding LLC ("SWK") and several unsecured loans from two of its shareholders, Intersouth Partners VII, L.P. ("Intersouth") and Mr. Ronald Nutt.

i. *The First Lien Term Loan*

14. Pursuant to that certain Loan and Security Agreement, dated March 16, 2011 (as amended, restated, supplemented or otherwise modified, the "First Lien Credit Agreement"), between ABT as borrower, SWK's predecessor, Square 1 Bank, as administrative agent, and the applicable lenders thereto (including by successorship, the "First Lien Lenders"), the First Lien Lenders provided ABT with a senior secured term loan facility

in an initial amount not to exceed \$4 million (the “First Lien Term Loan”). The First Lien Credit Agreement was assigned to SWK, as agent and lender, in 2016 and has been amended several times to, *inter alia*, address certain defaults by ABT thereunder. Pursuant to the First Lien Credit Agreement, the First Lien Term Loan is secured by a lien on all assets of ABT as well as a double negative lien on the ABT’s intellectual property. The interest rate under the First Lien Term Loan is variable and calculated as the greater of 6.50% or Prime plus 3.25%. The First Lien Term Loan is past its stated maturity and pursuant to the most recent amendment to the First Lien Credit Agreement, ABT is required to repay all amounts due to the First Lien Lenders under the First Lien Credit Agreement upon three business days’ notice. As of the Petition Date, the aggregate principal outstanding under the First Lien Term Loan is approximately \$9,683,333, including \$2,350,000 in amounts that were advanced from and after January 1, 2018. Upon entry of the final financing order, the post- January 1, 2018 advances under the First Lien Term Loan will be “rolled up” into the Debtor’s postpetition financing facility.

ii. *The Second Lien Term Loan*

15. Pursuant to that certain Second Lien Credit Agreement, dated October 10, 2014 (as amended, restated, supplemented or otherwise modified, the “Second Lien Credit Agreement”), between ABT as borrower, SWK, as administrative agent, and certain lenders thereto (the “Second Lien Lenders” and together with the First Lien Lenders, the “Prepetition Lenders”), the Second Lien Lenders provided ABT with a junior secured term loan facility in an initial amount not to exceed \$10 million (the “Second Lien Term Loan”). The Second Lien Credit Agreement also provides for certain fees, costs, and expenses. Pursuant to the Guarantee and Collateral Agreement by and among ABT and SWK, the Second Lien Term

Loan is secured by a junior lien on all ABT's assets. The Second Lien Term Loan matures on October 8, 2021. As of the Petition Date, the aggregate principal outstanding under the Second Lien Term Loan is approximately \$16,161,455.

16. An Intercreditor Agreement, dated October 10, 2014, by and among ABT and the agents under the First Lien Credit Agreement and Second Lien Credit Agreement confirms that the First Lien Lenders' security interest are senior and the security interests of the Second Lien Lenders are junior.

iii. *Unsecured Debt*

17. Intersouth Notes. ABT entered into several subordinated unsecured promissory notes with Intersouth (collectively and as amended and modified, the "Intersouth Notes"), in the aggregate amount of \$1,136,000, including: (i) a \$750,000 note dated December 4, 2015, and (ii) three additional notes in 2016 totaling \$386,000. All such notes contain cross default provisions, bear interest at 8%, and include a 12% default interest rate. All such notes are payable at 200% of the original amount, plus accrued interest, on December 31, 2018. As of the Petition Date, the aggregate outstanding principal under the Intersouth Notes was \$1,136,000.

18. Nutt Notes. ABT and Mr. Ronald Nutt also entered into two subordinated unsecured promissory notes (together, the "Nutt Notes"), in the aggregate amount of approximately \$1.8 million, including: (i) a \$879,534.20 note dated September 22, 2009 bearing interest at 4.38% annually, and (ii) a \$1 million note dated April 24, 2010 bearing interest at 4.40% annually. The outstanding principal and accrued interest will be payable in quarterly installments commencing on the last day of the first full calendar quarter following the fourth consecutive calendar quarter in which the Company's net income, determined in

accordance with GAAP, is greater than \$0.00. The quarterly installments are further limited to the lesser of (i) \$73,000 and \$83,000 per quarter plus accrued but unpaid interest or (ii) 25% of the Company's net income for the immediately preceding quarter. As of the Petition Date, the aggregate outstanding principal under the Nutt Notes was \$1,879,534.20.

19. The Debtor also has unsecured trade debt in the approximate amount of \$180,000 owed to approximately 65 trade vendors.

iv. *Federal Grant Support*

20. Additionally, ABT has received support through the Small Business Innovation Research ("SBIR") program. ABT was awarded a SBIR grant in 2015 for \$1.7 million that has helped support its ongoing research and development activities. As of the Petition Date, \$1,218,852 of the SBIR grant had already been paid the Debtor.

v. *The Debtor's Stock*

21. Finally, as of the Petition Date, ABT had outstanding: (i) 26,362,039 shares of Series A Preferred Stock, (ii) 10,688,097 series of Series B Preferred Stock, (iii) 38,949,864 shares of Series C Preferred Stock, (iv) 11,893,430 shares of common stock, and (vi) various warrants to purchase common stock and certain preferred stock.

**PART II: KEY EVENTS LEADING TO
COMMENCEMENT OF THIS CHAPTER 11 CASE**

22. ABT's management has been focused on raising capital to commercialize and develop the BG-75 and related products since ABT's initial formation. Early efforts were focused on raising capital from strategic partners and other investors. Eventually, ABT also took on the structured debt described above. Although ABT has continued to develop relationships with key partners and distributors, the process of penetrating markets in

developing countries and negotiating agreements therein has proved time and capital intensive. While there is active interest in ABT's products throughout various markets, ABT's sales and support services have not generated enough revenue to support its operations.

23. As a result, in 2015, ABT engaged an investment banker, SunTrust Robinson Humphrey, to assist with further capital raises or potentially a sale of the business. That process did not yield further capital or a purchaser and ABT ended the engagement with SunTrust Robinson Humphrey in 2016. In August 2017, ABT engaged SSG to further market the Company.

24. In the ten months since its initial retention by ABT, SSG has contacted approximately sixty-two parties regarding ABT. Of those parties, thirteen executed or were already parties to a non-disclosure agreement with ABT. Certain parties that showed continued interest received access to the virtual data room and eight parties met with management regarding the opportunity. Only one written offer was ultimately received and this party ultimately decided to not pursue the opportunity prior to executing a definitive purchase agreement.

25. Throughout this process, ABT received incremental funding from SWK to enable ABT's business to operate and the marketing process to continue. SWK was unwilling to continue to fund for an indefinite period of time and ABT ultimately determined that a chapter 11 filing was the best and only viable path to maximize the value of the Debtor's assets. As a result, ABT and SWK negotiated a term sheet regarding post-petition financing for a chapter 11 process. *See* Exhibit A. SWK further agreed to sponsor a chapter 11 plan, in the event that an appropriate purchaser does not emerge through a sale process. *See* Exhibit A. SWK's plan term sheet would restructure the Debtor's prepetition balance sheet and

position the Debtor to exit from bankruptcy as a viable go-forward business. In addition, the Debtor will consider all viable alternative proposals submitted in accordance with the bid procedures the Debtor will propose.

PART III: THIS CHAPTER 11 CASE AND THE FIRST DAY PLEADINGS

26. The Debtor has commenced this chapter 11 case to maximize the value of its assets through a restructuring or sale. In connection with its petition, the Debtor has filed certain motions seeking relief designed to ensure a seamless transition between the Debtor's prepetition and postpetition business operations, facilitate a smooth reorganization or sale, and minimize any disruptions to the Debtor's operations.

27. Concurrently with its chapter 11 petition, the Debtor is filing the following "First Day Motions" seeking orders granting various forms of relief.² I have reviewed each of the First Day Motions, and I believe, among other things, the relief requested in the First Day Motions is necessary to enable the Debtor to operate with minimal disruption during the pendency of the chapter 11 case and approval of the relief sought therein will be critical to the Debtor's efforts to restructure and reorganize its business in a manner that preserves and maximizes value for the benefit of all stakeholders. In addition, the Debtor soon will be filing certain additional motions to be considered at the "Second Day Hearing," including a motion for bid procedures and a motion to establish bar dates.

A. Claims Agent Application

28. By the Claims Agent Application, the Debtor requests the entry of the Retention Order engaging and appointing Garden City Group, LLC ("GCG") as the Debtor's claims and noticing agent in connection with, among other things, the distribution of notices

² Capitalized undefined terms used in this section shall have the meanings set forth in the application First Day Motion.

and the administration, maintenance, processing, and docketing of proofs of claim filed in this Chapter 11 Case.

29. I understand that the Debtor's selection of GCG to act as the claims and noticing agent satisfies the *United States Bankruptcy Court for the District of Delaware Protocol for the Employment of Claims and Noticing Agents under 28 U.S.C. § 156(c)* (the "Claims and Noticing Agent Protocol").

30. In connection with the retention of GCG, the Debtor obtained and reviewed engagement proposals from three court-approved claims and noticing agents to ensure selection through a competitive process, including by requesting that certain of the claims and noticing agents provide their best and most competitive bids. I believe that, based on all engagement proposals obtained and reviewed, GCG's rates are competitive and reasonable given GCG's quality of services and expertise.

31. I believe that the relief requested in the Claims Agent Application is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Claims Agent Application Motion should be approved.

B. Cash Management Motion.

32. By the Cash Management Motion, the Debtor requests the entry of interim and final orders authorizing (i) the maintenance and continued use of the Debtor's existing cash management system and bank account, including the authority to pay routine prepetition banking fees owed to financial institution and (ii) the limited continued use of existing checks and business forms.

33. As of the Petition Date, the Debtor maintains a bank account (the “Account”) at Square 1 Bank (the “Bank”) through which it operates its cash management system (the “Cash Management System”). The Debtor incurs certain fees and charges in connection with the ordinary course of operations (collectively, the “Bank Fees”). By the Cash Management Motion, the Debtor requests authority to continue to use its Cash Management System in place as of the Petition Date and to honor and pay applicable Bank Fees in the ordinary course of business, including Bank Fees prior to the Petition Date.

34. The Debtor utilizes preprinted business forms in the ordinary course of its business (including, without limitation, letterhead, purchase orders, invoices and checks) (collectively, the “Business Forms”). I understand that, in connection with its chapter 11 case, the Debtor would be required by the United States Trustee (the “U.S. Trustee”) under the *U.S. Trustee’s Operating Guidelines for Chapter 11 Cases* (the “U.S. Trustee Guidelines”) to incur the expense and delay of ordering entirely new business forms referencing the Debtor’s status as debtor in possession absent relief from the Court. By the Cash Management Motion, the Debtor requests that it be authorized to use its pre-existing Business Forms without such a reference in order to minimize expense to the estate. To the extent the Debtor exhausts its existing supply of checks, the Debtor will reorder checks with the designation “Debtor-in-Possession” and the case number.

35. I believe that the relief requested in the Cash Management Motion is in the best interests of the Debtor’s estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Cash Management Motion should be approved.

C. Employee Wages Motion

36. By the Employee Wage Motion, the Debtor seeks entry of interim and final orders authorizing, but not directing, the Debtor, in its sole discretion, to (a) pay and honor the prepetition claims of Employees and Independent Contractors for Unpaid Salary Obligations up to the statutory priority amount of \$12,850 for each person, (b) maintain, continue and honor the Employee Benefit Plans and related obligations in the ordinary course of business, (c) to reimburse all Business Expenses in the ordinary course of business, and (d) pay and honor all Withholding Obligations (collectively, the “Employee Obligations”).

37. As of the Petition Date, the Debtor has approximately 24 employees, (collectively, the “Employees”). The Employees are all full-time and non-unionized workers. Eight of the Employees are paid hourly and all other Employees are salaried.

38. In addition to its Employees, ABT supplements its workforce with two independently contracted consultants and one temporary accountant, hired through Accountemps (collectively, the “Independent Contractors”).

39. The Employees and Independent Contractors have knowledge of ABT’s assets and operations, and customer relationships that are essential to ABT’s ability to continue as a going concern for the benefit of its estate. If ABT cannot assure the Employees and Independent Contractors that prepetition obligations to the Employees and Independent Contractors will promptly be paid and that benefits programs will continue, the Employees and Independent Contractors may experience significant personal hardship and seek other employment.

i. Compensation Obligations

40. All Employees are paid salaries or wages (collectively, the “Salaries”) biweekly, by direct deposit. The average payroll is currently approximately \$225,000, including related withholding and other tax obligations. ABT estimates that, as of the Petition Date, there is an aggregate amount of approximately \$70,169.40 in earned but unpaid Salaries, owed to Employees (the “Unpaid Base Compensation”).

41. The Independent Contractors are paid pursuant to the terms of their respective contracts. As of the Petition Date, the Debtor believes that it is current on payment obligations owed to the Independent Contractors. In an abundance of caution, however, the Debtor requests authority to pay any prepetition obligations that arise, which have been earned by the Independent Contractors but remain unpaid (the “Unpaid IC Compensation” and together with the Unpaid Base Compensation, the “Unpaid Salary Obligations”).

42. The Debtor’s last regular payroll date prior to the Petition Date was June 7, 2018, and the Debtor’s next payroll is scheduled for June 21, 2018. The Debtor estimates that approximately \$70,169.40 in Unpaid Salary Obligations has accrued and is owed as of the Petition Date.

ii. Benefit Plans

38. The Debtor has established certain benefit plans and policies for eligible Employees that provide certain medical, dental and vision plans, life insurance, disability insurance, a 401(k) plan and other benefits which are described in more detail below (collectively, the “Employee Benefit Plans”).³ A brief description of the Employee Benefit Plans is provided below:

³ The descriptions of the Debtor’s benefit programs herein are provided as a summary only and are qualified in

a) **Medical/Dental/Vision Plans**

39. The Debtor maintains a choice of general health benefit plans administered by UnitedHealthcare (the "Employee Health Plans"), which are partly funded through monthly premiums deducted from the paychecks of participating Employees and partly funded by the Debtor. The Debtor pays monthly premiums to the service providers.

40. The Employees are also offered dental plans with Delta Dental (collectively, the "Dental Plans"). The Dental Plans are partly funded by participating Employees and partly funded by the Debtor. Participating Employees pay their portion of the monthly premium, which the Debtor deducts from the participating Employees' paychecks.

41. In addition, the Employees are offered vision plans with Humana (collectively, the "Vision Plans"). The Vision Plans are funded entirely by the Debtor.

42. On account of the Employee Health Plans, Dental Plans and Vision Plans, the Debtor incurs an average monthly cost of \$25,000, \$2,200, and \$305, respectively, of which Participating Employees fund approximately \$5,000.00 per month. As of the Petition Date, the Debtor believes that there are no accrued and unpaid monthly premiums or reimbursements in connection with the Employee Health Plans, Dental Plans and Vision Plans. By the Employee Wage Motion, the Debtor seeks authority to (a) continue to provide the Employee Health Plans, the Dental Plans and the Vision Plans for its Employees in the ordinary course of business, (b) continue to honor obligations under such benefit programs, including any premiums and administrative fees and (c) pay all such amounts owed under the Employee Health Plans, the Dental Plans and the Vision Plans to the extent that they remain unpaid on the Petition Date.

all respects by the actual terms of such programs. Nothing contained herein shall have the effect of modifying any terms of such programs or any party's rights or obligations thereunder.

b) **Income Protection Plans: Life and AD&D Insurance**

43. The Employees are offered short-term (the “Short-Term Disability Insurance”) and long-term (the “Long-Term Disability Insurance”) disability insurance covering 60% of the Employees’ weekly pre-disability earnings (collectively, the “Disability Insurance”). The Short-Term Disability Insurance has a weekly maximum of \$1,110 per Employee and the Long-Term Disability Insurance has a monthly maximum of \$8,500 per Employee. In addition, eligible full-time Employees are offered a basic life insurance benefit (the “Basic Life Insurance”), which includes an accidental death and dismemberment benefit. The Employees are also offered voluntary life insurance and dependent life insurance in addition to the Basic Life Insurance (the “Voluntary Life Insurance” and together with the Disability Insurance and the Basic Life Insurance, the “Life Insurance Plans”), which are funded entirely by participating Employees. On average, the Debtor incurs a monthly cost of approximately \$1,300.00 in connection with the Life Insurance Plans. As of the Petition Date, the Debtor believes that there are no accrued and unpaid monthly premiums in connection with the Life Insurance Plans. By the Employee Wage Motion, the Debtor seeks authority to pay any and all prepetition amounts owed on account of the Life Insurance Plans and to continue its prepetition practices with respect to such benefits.

c) **Retirement Plan**

43. Employees are also eligible to enroll in a 401(k) plan with Principal Financial Group (the “Retirement Plan”). Employees may contribute to the Retirement Plan each year through salary deferrals up to the IRS limit. The Debtor does not match Employee contributions. Employee contributions total approximately \$700 per month and are remitted biweekly, one week after the payroll. Employees are always 100% vested in their

contributions and cannot forfeit the contributions. Approximately two Employees currently participate and contribute to the Retirement Plan. By the Employee Wage Motion, the Debtor seeks authority to continue to honor its obligations with respect to the Retirement Plan in the ordinary course of business.

d) **Flexible Spending**

44. The Debtor offers its Employees the ability to contribute a portion of their compensation, which amounts are generally deducted automatically from each paycheck of a participating Employee, into flexible spending accounts for health and dependent care reimbursement (the "Flexible Spending Program"). The Debtors incur approximately \$265.00 per month in costs associated with administration of the Flexible Spending Program. Approximately five Employees participate in the Flexible Spending Program. As of the Petition Date, the Debtor believes that there are no accrued and unpaid costs associated with the Flexible Spending Program. By the Employee Wage Motion, the Debtor seeks authority to continue its prepetition practices with respect to the Flexible Spending Program.

e) **Accrued Vacation and PTO**

45. ABT provides its Employees with 21 days of paid vacation time and 5 days of paid time off (together "PTO"). As of the Petition Date, the Employees have accrued approximately \$53,593.60 in unused vacation time and paid time off (the "PTO Obligations"). Some Employees may be entitled under certain circumstances to be paid in cash for their accrued but unused vacation days up to a cumulative maximum of 80 hours, but not paid time off, upon the termination of their employment or otherwise. By the Employee Wage Motion, ABT seeks authority to (a) allow its Employees to use their PTO in the form of paid time off

and (b) make cash payments for accrued but unused PTO Obligations in the ordinary course of the Debtor's business practice.

iii. Business Expenses

a) General Business Expense Reimbursements

46. Certain Employees are allowed certain business expense reimbursements including for, among other things, cell phone service, travel and meal expenses, expenses in connection with their employment duties, and other business expenses (collectively, the "General Business Expenses"). Employees submit expense reports detailing the General Business Expenses incurred, and the expense reports are channeled through a series of reviews for approval. The Debtor's accounts payable department makes payments to Employees for General Business Expenses as expense reports are approved.

47. Although the Debtor encourages the timely submission of expense reports for General Business Expenses, the Debtor anticipates that several Employees will have not yet submitted their expense reports for accrued and unpaid General Business Expenses. The Debtor estimates that approximately \$5,000 in General Business Expenses have been incurred but remain unpaid as of the Petition Date. The Debtor's inability to pay the General Business Expenses to the individual Employees would adversely affect the Employees' morale and jeopardize the Debtor's reorganization efforts. By the Employee Wage Motion, the Debtor seeks authority to continue its prepetition practices with respect to the General Business Expenses and to pay all prepetition amounts outstanding in connection therewith and for such postpetition expenses incurred in the ordinary course of its business to the extent that such approval is necessary

b) **CEO Expense Reimbursements**

48. In connection with my employment as Chief Executive Officer, and pursuant to my employment agreement, I am to be reimbursed for certain living expenses, including apartment rent and related utility and parking costs (collectively, the “CEO Expenses,” and together with the General Business Expenses, the “Business Expenses”). As of the Petition Date, the Debtor believes that it is current on payments owed for CEO Expenses, but, in an abundance of caution, requests authority to pay any prepetition CEO Expenses that remain unpaid.

49. I am independently liable for the CEO Expenses, and therefore, the Debtor’s inability to pay the CEO Expenses could result in me seeking alternative employment, thereby jeopardizing the Debtor’s reorganization efforts. As discussed above, I have significant knowledge of ABT’s assets and operations, and customer relationships that are essential to ABT’s ability to continue as a going concern for the benefit of its estate. Accordingly, by the Employee Wage Motion, the Debtor seeks authority to continue its prepetition practices with respect to the CEO Expenses and to pay all prepetition amounts outstanding in connection therewith and for such postpetition expenses incurred, pursuant to the terms of my employment agreement, and in the ordinary course of its business to the extent that such approval is necessary.

iv. **Withholding Obligations**

51. As an employer, the Debtor is required by law to withhold and remit federal, state and local taxes from Salaries and to pay social security taxes, Medicare taxes, state and federal unemployment insurance (collectively, the “Payroll Taxes”). The Debtor, in accordance with the Internal Revenue Code and applicable state law, pays an average of

\$35,000.00 in biweekly Payroll Taxes. As of the Petition Date, the Debtor owes approximately \$9,600.00 for Payroll Taxes.

52. In addition to applicable Payroll Taxes, the Debtor also withholds certain contributions to savings, retirement plans, insurance contributions and other amounts as applicable and are required to transmit such amounts to third parties (together with Payroll Taxes, the “Withholding Obligations”). The Debtor believes that such withheld funds, to the extent that they remain in the Debtor’s possession, constitute moneys held in trust and therefore, are not property of the Debtor’s estate. Thus, whether or not such funds are prepetition amounts, the Debtor believes that directing such funds to the appropriate parties does not require Court approval. Nevertheless, out of an abundance of caution, the Debtor seeks authority to pay any outstanding amounts owed for Withholding Obligations, in the ordinary course of business, including those incurred prior to the Petition Date.

53. I believe that the relief requested in the Employee Wage Motion is in the best interests of the Debtor’s estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Employee Wage Motion should be approved.

D. Insurance Motion

54. By the Insurance Motion, the Debtor seeks entry of interim and final orders (i) authorizing, but not directing, the Debtor to (a) continue to maintain and administer the Insurance Policies and revise, extend, renew, supplement, or change the Insurance Policies, as needed, (b) pay or honor obligations outstanding on account of the Insurance Policies in the ordinary course of business, (c) continue and renew or obtain new insurance premium

financing, and (ii) authorizing the Banks to honor and process related checks and electronic transfers.

55. The Debtor maintains various insurance policies (each an “Insurance Policy” and collectively, the “Insurance Policies”) through several different carriers (each an “Insurance Carrier,” and collectively, the “Insurance Carriers”) in the ordinary course of its business. A list containing the Insurance Policies and the Insurance Carriers is attached to the Insurance Motion as Exhibit C. The majority of the Insurance Policies have been obtained with the assistance of Willis of Tennessee Inc. (the “Broker”). The Insurance Policies vary in amounts and types of coverage and include, inter alia, (i) commercial general liability, (ii) products liability, (iii) workers’ compensation and employers’ liability, (iv) umbrella liability, and (v) directors’ & officers’ liability.

56. The Insurance Policies are essential to the preservation of the Debtor’s business, assets, and in many cases, such Insurance Policies are required by applicable regulations, laws, and contracts governing the Debtor’s business and operations. Furthermore, section 1112(b)(4)(C) of the Bankruptcy Code provides that “failure to maintain appropriate insurance that poses a risk to the estate or to the public” is “cause” for mandatory conversion or dismissal of a chapter 11 case. 11 U.S.C. § 1112(b)(4)(C). Moreover, I understand that maintenance of insurance coverage is required under the Operating Guidelines of the Office of the United States Trustee (the “Guidelines”), the Debtor’s various contractual agreements, and/or prudent business practices. *See, e.g.*, Operating Guidelines and Reporting Requirements for Debtors in Possession and Trustees, Office of the United States Trustee (Revised Jan. 6, 2010).

57. The Debtor estimates that, on average, it pays approximately \$86,011.00 on an annual basis on account of amounts owed for premiums, deductibles, and related fees. The Debtor also pays the Broker a fee that is included in the premium (the “Broker Fee”).

58. Certain of the insurance premiums are paid directly to the Debtor’s insurance premium financing lender, AFCO Credit Corporation (the “PFA Lender”) as they become due. Pursuant the Commercial Premium Finance Agreement, dated as of May 21, 2018, (the “Finance Agreement”), the PFA Lender has agreed to pay the insurance premiums of certain Insurance Policies in exchange for an upfront payment of \$5,618.96 and 11 monthly payments of \$5,618.96 each. The Debtor is current on amounts due under the Finance Agreement as of the Petition Date. The Debtor’s obligations under the Finance Agreement are secured by all sums due under the Finance Agreement and any unearned premiums or other sums that may become payable under the Insurance Policies covered under the Finance Agreement.

59. By the Insurance Motion, the Debtor requests authority to continue honoring its insurance obligations, making payments under the Finance Agreement, and paying the Broker Fee, in the ordinary course of business, including authority to pay any prepetition amounts that may be due and owing or that come due and owing in the ordinary course of business in an aggregate amount not to exceed \$6,000.00 on an interim basis and \$10,000.00 on a final basis. In addition, the Debtor requests authority to renew any Insurance Policies and/or execute new insurance agreements in the ordinary course of business.

60. The Insurance Policies are essential to the Debtor’s business and the Debtor believes it is in the best interests of its estate to permit the Debtor to honor its obligations under the current Insurance Policies and Finance Agreement. Any other alternative could

require considerable additional cash expenditures and would be detrimental to the Debtor's efforts to maximize the value of its estate.

61. I believe that the relief requested in the Insurance Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Insurance Motion should be approved.

E. Tax Motion

62. By the Tax Motion, the Debtor seeks authority, pursuant to sections 105(a), 363, 507(a), and 541(d) of the Bankruptcy Code, to pay, in the Debtor's sole discretion, prepetition Taxes and Fees owed to the Taxing Authorities, including without limitation, Taxes and Fees subsequently determined to be owed for periods prior to the Petition Date, in an aggregate amount (excluding amounts paid prepetition by checks that have not yet cleared on the Petition Date) of up to \$10,000.00 on a final basis and up to \$1,000.00 total amount on an interim basis.

63. In connection with the normal operation of its business, the Debtor incurs or collects and remits certain taxes including sales, use, franchise, property, business and occupation, and various other taxes, fees, charges, and assessments (collectively, the "Taxes and Fees") to various federal, state, and local taxing and regulatory authorities (collectively, the "Taxing Authorities"). The Debtor remits such Taxes and Fees to the Taxing Authorities in connection with the operation of its business and the sale of its products, or through shipments of products. The Taxes and Fees are paid monthly, quarterly, semi-annually, or annually to the respective Taxing Authorities, depending on the given Tax or Fee and the relevant Taxing Authority to which it is paid.

64. As of the Petition Date, the Debtor believes that it is current on prepetition Taxes and Fees. In an abundance of caution, however, the Debtor seeks authority to pay any prepetition Taxes and Fees in the ordinary course of business owed to the Taxing Authorities; provided that payments on account of Taxes and Fees that accrued, in whole or in part, prior to the Petition Date but were not in fact paid or processed prior to the Petition Date shall not exceed \$1,000.00 on an interim basis.

65. The Debtor also requests that all banks and financial institutions on which checks to third parties are drawn and/or electronic payments are made pursuant to the Tax Motion be authorized to receive, process, honor, and pay any and all such checks (whether issued or presented prior to or after the Petition Date) and electronic payments, and to rely on the representations of the Debtor as to which checks are authorized to be paid.

66. I believe that the relief requested in the Tax Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Tax Motion should be approved.

F. Utility Motion

67. By the Utility Motion, the Debtor seeks entry of interim and final orders: (i) prohibiting the Utility Companies (as defined below) from altering, refusing or discontinuing services to, or discriminating against, the Debtor as a result of the commencement of this case or on account of prepetition invoices; (ii) approving the Debtor's proposed form of adequate assurance; (iii) establishing procedures for resolving adequate assurance objections by the Utility Companies; and (iv) scheduling a Final Hearing.

68. In the normal course of its business, the Debtor obtains Utility Services provided by several entities (each a "Utility Company" and collectively, the "Utility

Companies”), including those identified in the nonexclusive list attached to the Utility Motion as Exhibit C (the “Utilities List”).

69. The Debtor pays the Utility Companies, on average, approximately \$5,720.00 per month for services rendered. To the best of its knowledge, prior to the commencement of this case, the Debtor generally was current with respect to undisputed invoices for Utility Services.

70. Based upon cash flow from operations and borrowings under the DIP Facility, the Debtor expects to have ample liquidity to timely pay all postpetition obligations owed to the Utility Companies

71. Without the relief sought in the Utilities Motion, the Debtor could be forced to address requests by its Utility Companies in a disorganized manner during the critical first weeks of this case. Moreover, the Debtor could be blindsided by a Utility Company unilaterally deciding on or after the 30th day following the Petition Date that it is not adequately protected and subsequently discontinuing service or making an exorbitant demand for payment to continue service. Discontinuation of Utility Services could essentially shut down operations, and any significant disruption of operations could put this chapter 11 case in jeopardy.

72. I believe that the relief requested in the Utilities Motion is in the best interests of the Debtor’s estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the Utilities Motion should be approved.

G. “NOL” Motion

73. By the NOL Motion, the Debtor requests the entry of Court ordered procedures as set forth herein to protect the potential value of certain net operating loss carryforwards and other tax attributes for use in connection with the reorganization of the Debtor.

74. The Debtor has certain favorable attributes for U.S. federal income tax purposes (the “Tax Attributes”), which include, as of the Petition Date, roughly \$47,266,428.00 in estimated, consolidated net operating loss carryforwards (“NOLs”). The Tax Attributes are valuable assets.

75. Section 172 of the Internal Revenue Code of 1986 (as amended, the “Tax Code”) permits corporate taxpayers to carry forward NOLs generated through December 31, 2017 for up to 20 subsequent tax years to offset future income in years following the years in which they were incurred, thereby reducing their federal income tax liability on such future income and significantly improving their cash position. For NOLs generated subsequent to January 1, 2018, the carry forward period is unlimited. Accordingly, absent any intervening limitations and depending upon the Debtor’s future operating results, the Tax Attributes could translate into future tax savings over time and any such savings could enhance the Debtor’s cash position for the benefit of all parties in interest and contribute to the Debtor’s efforts toward a successful reorganization.

76. The Debtor’s ability to use the Tax Attributes to reduce future tax liability is subject to certain statutory limitations. I understand that Sections 382 and 383 of the Tax Code limit a corporation’s use of its tax attributes to offset future income after that corporation has undergone an “ownership change” within the meaning of section 382 of the Tax Code (“Section 382” and such ownership change, an “Ownership Change”). And that,

pursuant to Section 382, an Ownership Change generally occurs when the percentage of a corporation's equity held by its "5-percent shareholders" (within the meaning of Section 382) increases by more than 50 percentage points above the lowest percentage of ownership owned by such shareholder(s) at any time during the relevant testing period (usually three years). In addition, an Ownership Change can occur where a "50-percent shareholder" (within the meaning of Section 382(g)(4)(D) of the Tax Code) claims a worthlessness deduction in respect of its direct or indirect ownership of the corporation.

77. The Debtor does not believe that an Ownership Change has occurred with respect to the Tax Attributes prior to the Petition Date and, accordingly, believes that it continues to have significant Tax Attributes that would be adversely affected (and could be effectively eliminated) by an Ownership Change during the pendency of this case. This is due to the fact that the limitation imposed as a result of an Ownership Change (other than pursuant to a confirmed plan or court order in a title 11 or similar case) is a function of the value of the equity of the corporation immediately before the Ownership Change and a prescribed rate published monthly by the Internal Revenue Service (the "IRS"). Accordingly, if such an Ownership Change occurs, the valuation for determining the annual amount of useable Tax Attributes would be at or close to zero, which may effectively eliminate the availability of such Tax Attributes.

78. It is, therefore, in the best interests of the Debtor and its stakeholders to restrict actions that could result in an Ownership Change before the effective date of a chapter 11 plan or applicable bankruptcy court order. This would protect the Debtor's ability to use the Tax Attributes during the pendency of this chapter 11 case or, potentially, in the event of a future transaction, to offset gain or other income recognized in connection with the Debtor's

sale or ownership of its assets, which may be significant in amount. Although the limitations imposed by Section 382 may be significantly lessened when an Ownership Change occurs pursuant to a confirmed chapter 11 plan (or applicable court order), the benefits of a confirmed plan (or court order) will not be applied retroactively to reduce limitations on tax attributes imposed by a previous Ownership Change.

79. I believe that the relief requested in the NOL Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the NOL Motion should be approved.

H. Critical Vendor Motion

80. By the Critical Vendor Motion, the Debtor requests, among other things, authority to pay, in the reasonable exercise of its business judgment and in its sole discretion, the Critical Vendor Claims, or a portion thereof, described herein that are essential to the uninterrupted functioning of the Debtor's business operations and who are not bound by contractual agreements with the Debtor. The Debtor has proposed cap of \$60,000 on payments to critical vendors in the interim period and a cap of \$160,000 following entry of the final order. Additionally, by the Critical Vendor Motion, the Debtor seeks interim and final orders authorizing all applicable banks and financial institutions to receive, process, honor, and pay all checks presented for payment and all electronic payment requests made by the Debtor related to the Critical Vendor payments, whether such payments were presented or electronic requests were submitted before or after the date hereof.

81. Before filing the Critical Vendor Motion, the Debtor, in consultation with its professionals, reviewed its accounts payable and undertook a process to identify those vendors truly essential to the its operations. Thus, the Debtor concluded that each Critical

Vendor is absolutely critical as a sole source and irreplaceable provider. Any disruption in the supply of the goods or services provided by any Critical Vendor would likely result in immediate and irreparable harm to the Debtor's business and its estate by forcing it to divert resources to establish alternative sources for the applicable goods and services.

82. In making the determination that a given vendor is a Critical Vendor, the Debtor consulted with appropriate members of its management team to identify those vendors essential to the Debtor's operations using the following criteria: (i) whether the vendor in question is a "sole source" provider; (ii) whether certain product-customizations prevent the Debtor from obtaining goods or services from alternative sources within a reasonable timeframe; (iii) if a vendor is not a sole source provider, whether the Debtor has sufficient goods in inventory to continue operations while a replacement vendor is procured; (iv) whether the Debtor has favorable pricing and other terms with the vendors that would be lost if the Debtor were to switch to a new vendor; (v) whether a vendor considered essential to the Debtor's operations under the criteria in (i), (ii), (iii), or (iv) is likely to refuse to continue providing goods or services postpetition if its prepetition claims are not paid; and (vi) whether the vendor might be able to obtain (or has obtained) mechanics liens, possessory liens, shippers liens or similar state law trade liens on property of the Debtor's estate.

83. I believe that it is essential that the Debtor be authorized in its sole discretion to pay the Critical Vendor Claims to ensure the uninterrupted functioning of the Debtor's business operations.

84. I believe that the relief requested in the Critical Vendor Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on

behalf of the Debtor, I respectfully submit that the Critical Vendor Motion should be approved.

I. DIP Motion

85. Subject to Court approval, the Debtor has negotiated and reached an agreement to enter into a debtor-in-possession credit facility with SWK for an aggregate amount of up to \$4,000,000.00 (the "DIP Facility"). Pursuant to the DIP Motion, the Debtor seeks entry of an interim order authorizing the Debtor to borrow an initial amount of \$950,000.00 to fund the Debtor's operations pending entry of a final order. Following entry of the Final Order, the DIP Facility shall include \$2,350,000 of bridge financing obligations provided under the Debtor's senior prepetition facility.

86. As further described above, the Debtor has searched for strategic alternatives in various forms for several years. The Debtor believes that, with the assistance of its advisors (current and former), it has exhausted the search for value maximizing transactions and a sale or plan transaction in this case represents the only available path forward. The DIP Facility will provide the Debtor sufficient liquidity to finance its operations through the chapter 11 process. The Debtor is also seeking authorization to use cash collateral on an interim basis, which, together with the DIP Facility, will be used by the Debtor to support its working capital requirements and other general corporate purposes as well as to satisfy the costs attendant to this chapter 11 case. Without these expenditures, the Debtor will be forced to cease operations, which would result in irreparable harm to its business and an inability to preserve and maximize the value of its assets and operations.

87. In my opinion, the terms and conditions of the DIP Facility and the use of cash collateral are fair and reasonable and were negotiated by the parties in good faith and at arm's

length after the Debtor and its advisors concluded a good faith effort to obtain financing for and market the Company for sale over a period of several years. Given the unsuccessful prepetition search for alternatives and the Debtor's current financial position, I do not believe that the Debtor can obtain financing to fund and preserve its assets on terms more favorable than those offered by SWK under the DIP Facility and that the Debtor is (and has been) unable to obtain unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code as an administrative expense. I also do not believe that the Debtor is likely to obtain secured credit under section 364(c) of the Bankruptcy Code on equal or more favorable terms than those offered by SWK under the DIP Facility.

88. The Debtor has determined, in its reasonable business judgment, that the DIP Facility is the best financing option available under the present circumstances and will enable the Debtor to operate its business in chapter 11 with minimal disruption while they prosecute a sale or restructuring.

89. I believe that the relief requested in the DIP Motion is in the best interests of the Debtor's estate, its creditors, and all other parties in interest. Accordingly, on behalf of the Debtor, I respectfully submit that the DIP Motion should be approved.

Pursuant to 28 U.S.C. § 1746, I declare under the penalty of perjury that the foregoing is true and correct.

Executed on June 13, 2018.



/s/
Peter Kingma
President and Chief Executive Officer of
ABT Molecular Imaging, Inc.

EXHIBIT A

**ABT MOLECULAR IMAGING
RESTRUCTURING TERM SHEET**

This term sheet (the “Term Sheet”) presents the material terms of a restructuring of ABT Molecular Imaging, Inc. (“ABT Molecular”, the “Borrower”, or the “Debtor”), to be accomplished in a bankruptcy case (the “Bankruptcy Case”) filed under chapter 11 of title 11 of the United States Code (the “Bankruptcy Code”) through either (a) a sale of substantially all of the assets of the Borrower conducted pursuant to section 363 of the Bankruptcy Code (such sale, the “363 Sale”); or (b) a conversion of debt by the Borrower’s prepetition secured lender in return for all of the equity in the reorganized Debtor, which will be transferred to the prepetition secured lender pursuant to a confirmed plan of reorganization (the “ABT Plan”) confirmed in the Bankruptcy Case. The proposal outlined in this Term Sheet is subject to entry of further court orders confirming the Plan or approving the 363 Sale consistent with these terms and the negotiation, execution and delivery of definitive agreements, all in the sole and absolute discretion of the SWK Agent (as defined below). This Term Sheet is being provided in furtherance of settlement discussions and is entitled to protection from any use or disclosure to any party or person pursuant to Fed. R. Evid. 408 or any similar rule of evidence. Nothing herein shall be considered an admission for any purpose.

THIS TERM SHEET IS NOT AN OFFER WITH RESPECT TO ANY SECURITIES OR A SOLICITATION OF ACCEPTANCES OF A CHAPTER 11 PLAN WITHIN THE MEANING OF SECTION 1125 OF THE BANKRUPTCY CODE OR ANY OTHER APPLICABLE LAW. ANY SUCH OFFER OR SOLICITATION WILL COMPLY WITH ALL APPLICABLE SECURITIES LAWS AND PROVISIONS OF THE BANKRUPTCY CODE.

General Restructuring Matters:	
<i>Borrower / Debtor:</i>	ABT Molecular Imaging, Inc.
<i>Restructuring Overview:</i>	In general, the Debtor shall commence the Bankruptcy Case to facilitate a restructuring through either: (i) the sale of substantially all of the Debtor’s assets in the 363 Sale; (ii) the confirmation of the ABT Plan providing for, among other things, the transfer of all of the equity of the reorganized Debtor to the SWK Agent and Prepetition SWK Lenders in exchange for a conversion of a portion of the outstanding, Prepetition SWK Obligations (as defined below).
<i>Bankruptcy Court:</i>	The Debtor shall proceed with its restructuring by filing the Bankruptcy Case in the United States Bankruptcy Court for the District of Delaware (the “ <u>Bankruptcy Court</u> ”).
Prepetition Secured Claims:	
<i>Prepetition SWK Obligations:</i>	The obligations of the Debtor pursuant to: (i) that certain Loan and Security Agreement, dated March 16, 2011, (the “ <u>First Lien Credit Agreement</u> ”), by and among the Borrower and SWK Funding LLC (as successor in interest to Square 1 Bank); (ii) the other loan documents executed in connection with the credit facility furnished pursuant to the First Lien Credit Agreement (such documents, collectively, with the First Lien Credit Agreement, the “ <u>First Lien Loan Documents</u> ”);

	<p>(iii) that certain Second Lien Credit Agreement, dated October 10, 2014, by and among the Borrower, SWK Funding LLC (the “<u>SWK Agent</u>”), and the other lenders party thereto from time to time (the “<u>Second Lien Credit Agreement</u>”);</p> <p>(iv) the other loan documents executed in connection with the credit facility furnished pursuant to the Second Lien Credit Agreement (such documents, collectively with the Second Lien Credit Agreement, the “<u>Second Lien Loan Documents</u>”)</p> <p>The obligations of the Debtor pursuant to the First Lien Loan Documents and Second Lien Loan Documents are referred to collectively herein as the “<u>Prepetition SWK Obligations</u>”. Each lender holding such Prepetition SWK Obligations shall be referred to herein as a “<u>Prepetition SWK Lender</u>” and collectively, the “<u>Prepetition SWK Lenders</u>”.</p>
Funding of Case/DIP Financing Matters:	
<i>DIP Financing:</i>	<p>Affiliates of the SWK Agent will provide the Debtor with senior, secured, super-priority debtor in possession financing (the “<u>DIP Facility</u>”) on terms consistent with those set forth on the term sheet attached hereto as <u>Exhibit 1</u> (the “<u>DIP Term Sheet</u>”).</p>
<i>Exit Financing:</i>	<p>To facilitate the emergence from bankruptcy, in the event that no 363 Sale is consummated, the SWK Agent will provide the Debtor with a revolving exit credit facility of up to \$2.0 million, subject to the Debtor’s anticipated borrowing needs on the anticipated effective date of the ABT Plan.</p> <p>On the ABT Plan effective date, the outstanding DIP Facility balance shall be converted into an exit facility term loan.</p> <p>The exit facility term loan will have terms substantially similar to those governing the DIP facility and prepetition credit agreements and will be set forth in a plan supplement filed in advance of the confirmation hearing.</p> <p>The terms of the revolving exit facility will be set forth in a plan supplement filed in advance of the confirmation hearing.</p>
363 Sale Matters and Milestones:	
<i>Auction Mechanics/Bid Protections:</i>	<p>Qualified bids for substantially all of the Debtor’s assets must equal or exceed \$5,300,000.</p>
<i>Auction Milestones:</i>	<p>Any 363 Sale of substantially all of the Debtor’s assets shall be conducted in accordance with the following milestones:</p> <ul style="list-style-type: none"> - June 13, 2018 (the “<u>Petition Date</u>”) – Debtor commences its Bankruptcy Case and files a motion seeking approval for a 363 Sale of substantially all of its assets and entry of an order approving procedures for the conduct of the 363 Sale; - July 13, 2018 – the Bankruptcy Court shall hold a hearing to approve procedures for the conduct of the 363 Sale, and the order approving the conduct of the 363 Sale shall be entered within two (2) business days after the hearing date;

	<ul style="list-style-type: none"> - August 13, 2018 – bid deadline for the 363 Sale; - August 16, 2018 – auction date for the 363 Sale (if needed); and - August 17, 2018 – hearing date to approve 363 Sale (if needed).
<i>Auction and Sale Hearing Cancellation:</i>	If the Debtor does not receive any bids, the Debtor, in consultation with the SWK Agent, reserves the right to cancel the auction and sale hearing and proceed with confirmation of the ABT Plan.
ABT Plan - Treatment of Claims and Interests:	
<i>ABT Plan Treatment - Administrative Claims:</i>	<p>Each holder of an allowed administrative claim will receive payment in full in cash of the unpaid portion of such allowed administrative claim, at the discretion of the Debtor (in consultation with the SWK Agent), either (a) on the ABT Plan effective date or as soon thereafter as reasonably practicable, (b) in the ordinary course of the Debtor's business, or (c) in the case of professional fees, after Bankruptcy Court approval thereof.</p> <p>Administrative claims shall include claims for professional fees and any allowed claims under section 503(b) of the Bankruptcy Code.</p>
<i>ABT Plan Treatment – Priority Tax Claims:</i>	At the option of the Debtor (in consultation with the SWK Agent), each holder of an allowed priority tax claim will receive either (a) payment of such claim in full in cash on the ABT Plan effective date or as soon thereafter as reasonably practicable or (b) payment of such claim in full over a five-year period from the Petition Date, as permitted by Bankruptcy Code section 1129(a)(9)(C).
<i>ABT Plan Treatment – Other Priority Claims:</i>	On the Effective Date, or as soon thereafter as reasonably practicable, each holder of an allowed other priority claim will receive, at the discretion of the Debtor (in consultation with the SWK Agent), payment of such claim, in cash either (a) on the ABT Plan effective date or as soon thereafter as reasonably practicable, or (b) in the ordinary course of the Debtor's business,.
<i>ABT Plan Treatment – Other Secured Claims:</i>	On the Effective Date, or as soon thereafter as reasonably practicable, each holder of an allowed other secured claim will receive, at the option of the Debtor (in consultation with the SWK Agent), either (a) payment in full, in cash, of the allowed amount of the other secured claim; (b) delivery of the collateral securing such allowed other secured claim; or (c) treatment of such allowed other secured claim in any other manner that renders the claim unimpaired.
<i>ABT Plan Treatment – Prepetition SWK Obligations</i>	On the effective date of the ABT Plan: (a) \$5.0 million of the Prepetition SWK Obligations shall be converted into 100% of the equity ownership of the reorganized Debtor; and (b) any remaining portion of the Prepetition SWK Obligations not rolled-up into the Debtor's DIP financing facility shall be converted into post-petition, exit facility obligations.

<i>ABT Plan Treatment – Executory Contracts</i>	All executory contracts and unexpired leases of the Debtor that are not listed on a schedule of rejected contracts to be served and filed by the Debtor (with the approval of the SWK Agent) within a reasonable period prior to the hearing on confirmation of the ABT Plan, or which are not the subject of a motion to assume or reject such contracts as of the confirmation date, shall be assumed as of the ABT Plan’s effective date. The reorganized Debtor shall pay the cure amount with respect to each assumed executory contract or lease on or as soon as reasonably practicable following the ABT Plan’s effective date (or earlier date of assumption).
<i>ABT Plan Treatment – General Unsecured Claims</i>	General unsecured claims that are not Prepetition Shareholder Note Claims will receive no distribution under the ABT Plan and, upon the effective date of the ABT Plan, shall be discharged without payment.
<i>ABT Plan Treatment – Debtor Equity Interests</i>	On the effective date of the ABT Plan, all prepetition equity interests in the Debtor shall be cancelled without payment, and the SWK Agent (or its assignee) shall receive 100% of the equity interests of the post-confirmation Debtor in exchange for its conversion of \$5.0 million of the SWK Obligations into equity of the reorganized Debtor.
Plan Implementation and Other Plan Matters	
<i>Plan Filing:</i>	The Debtor shall file the proposed ABT Plan, together with its associated disclosure statement, on or before July 13, 2018. The Debtor shall take commercially reasonable actions to ensure that a hearing to approve the ABT Plan’s disclosure statement shall be conducted on or before August 17, 2018, and that a hearing to confirm the ABT Plan shall be held on or before September 17, 2018.
<i>Management and Employee Agreements:</i>	Employment and related incentive and retention agreements for key employees would be assumed by the reorganized debtor.
<i>Post-Bankruptcy Corporate Governance</i>	Corporate governance of the Debtor from and after the ABT Plan effective date shall continue in substantially the same manner as existed before the commencement of the Debtor’s bankruptcy proceeding
<i>Tax Matters:</i>	The restructuring contemplated in this Term Sheet shall be effected on a mutually tax efficient basis agreed upon by the parties.
<i>Avoidance Actions, Commercial Tort Claims</i>	Any right, claim, or cause of action, including all causes of action arising under chapter 5 of the Bankruptcy Code, that the Debtor or its bankruptcy estate may have against any other person shall vest in the reorganized Debtor upon the effective date of the ABT Plan.

<p><i>Debtor Release Terms:</i></p>	<p>The Plan shall include customary releases (satisfactory to the SWK Agent) by the Debtor and its bankruptcy estate, in favor of the SWK Agent, Prepetition SWK Lenders, DIP Facility lenders, and each of the foregoing's employees, officers, directors, representatives, attorneys, agents, advisors, and other professionals, from any and all claims and causes of action existing as of the ABT Plan effective date or thereafter arising, whether at law or in equity, matured or unmatured, fixed or contingent, liquidated or unliquidated.</p>
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**ABT MOLECULAR IMAGING
RESTRUCTURING TERM SHEET**

Exhibit 1

DIP Term Sheet

**ABT Molecular Imaging, Inc.
Terms and Conditions of
Proposed Senior Secured, Super-Priority
Debtor-in-Possession Credit Facility**

*The terms outlined below in this Terms and Conditions (this “**DIP Term Sheet**”) are the terms and conditions for a senior secured, super-priority debtor-in-possession credit facility (hereinafter referred to as the “**DIP Facility**”) to be made available to the Debtor (as defined below). This DIP Term Sheet, the Interim Order (as defined below), and the Final Order (as defined below) shall collectively constitute the exclusive and definitive documentation and agreement among the parties for the DIP Facility (the “**DIP Financing Documents**”). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in: (i) that certain Second Lien Credit Agreement by and among SWK and Debtor, dated as of October 10, 2014 (as such agreement may be modified, amended, or restated from time to time, the “**Pre-Petition Second Lien Credit Agreement**”); or (ii) that certain Loan and Security Agreement, dated March 16, 2011, by and among the Debtor and SWK (as successor in interest to Square 1 Bank) (as such agreement may be modified, amended, or restated from time to time, the “**Pre-Petition First Lien Credit Agreement**” and collectively, with the Pre-Petition Second Lien Credit Agreement, the “**Pre-Petition Credit Agreements**”).*

Borrower: ABT Molecular Imaging, Inc. (the “**Debtor**”).

Amount and Type of Facility: After entry of the Final Order (as defined below), the DIP Facility will consist of a consolidated, delay draw term loan in the aggregate principal amount of \$4,000,000, (the “**DIP Loan Commitment**”), which amount is inclusive of certain amounts outstanding under the Pre-Petition Credit Agreements that were advanced from and after January 1, 2018 (estimated to be approximately \$2.35 million) (the “**DIP Facility**”).

Agent: SWK Funding LLC (“**SWK**”).

DIP Lenders: SWK Funding LLC (the “**DIP Lenders**”).

Borrowing Availability: All new advances under the DIP Facility shall be limited by the Budget, unless the Termination Date shall have occurred before any such date.

The availability under the DIP Facility may be reduced by reserves as may be established by SWK in its reasonable discretion from time to time to reflect, among other things, contingencies or risks that may materially impact the DIP Collateral, the liens of SWK and the DIP Lenders upon such DIP Collateral, or the business and operations of the Debtor.

Budget and Variances: Subject to the Budget Variances (as defined below) (i) the Debtor’s Budget line items for cash receipts and cash disbursements (excluding fees and expenses of third party professionals engaged by or for the benefit of Debtor or the DIP Lenders (collectively, “**Professional Fees**”)) shall each be adhered to, by line item, on a weekly basis and a cumulative

basis for the Budget (as defined below) period then ending as described below, provided, however, that amounts not disbursed in a line item shall be deemed to roll over to subsequent weeks and (ii) the Debtor's disbursements for Professional Fees (which shall be reported in a manner so that Professional Fees for each retained professional shall be reflected on its own line item) shall be adhered to on a cumulative basis for that portion of the Budget period then ending, except as to the DIP Lenders' Professional Fees (which DIP Lender Professional Fees shall not be limited by the Budget).

Actual amounts for each cash receipt and cash disbursement from operations line items (which shall not and does not include any Professional Fees) may not vary from the applicable Budget (including any amounts deemed to roll over from a previous week due to not being spent) by (i) more than ten percent (10%) by line item on weekly basis; or (iii) five percent (5%) by line item on a cumulative basis for that portion of the Budget period then ended; provided, however, that the line item for "Travel Service" may vary by a greater amount to the extent necessary to respond to valid warranty requests, which amount shall be as reasonably agreed by the Debtor and SWK (collectively, the "**Budget Variances**").

On or before the third business day of each week, commencing with the first week following the Petition Date, the Debtor shall deliver to SWK an Approved Budget Variance Report.

Fees:

Debtor agrees to pay the costs and expenses of SWK as set forth in the Section titled "Agent Fees and Expenses" below.

Termination Date:

The earliest to occur of: (a) the Maturity Date (as defined below); (b) thirty-one (31) days after the Petition Date (as defined below) if the Final Order has not been entered; (c) acceleration of the obligations under the DIP Facility; (d) the effective date of a confirmed plan of reorganization or liquidation that provides for indefeasible payment in full, in cash of all obligations owing under the DIP Facility and is otherwise acceptable to SWK in its sole discretion; (e) the date which is the closing date of any sale of all or substantially all of the Debtor's assets; (f) the entry of an order by the Bankruptcy Court (as defined below) (i) granting relief from the automatic stay permitting foreclosure of any assets of the Debtor with a value in excess of \$100,000 in the aggregate, (ii) granting any motion by SWK to terminate the use of cash collateral or lift the stay or otherwise exercise remedies against any cash collateral, (iii) appointing a trustee or an examiner with special powers, or (iv) dismissing or converting the Chapter 11 Case (as defined below); (g) the filing or support by Debtor of a plan of reorganization that (i) does not provide for indefeasible payment in full, in cash of all

obligations owing under the DIP Facility and (ii) is not otherwise acceptable to SWK in its sole discretion; and (h) entry of a Bankruptcy Court order granting liens or claims that are senior or *pari passu* to the liens securing the DIP Facility. The date on which the earliest of clauses (a) through (h) above occurs and SWK provides notice thereof to the Debtor being referred to hereinafter as the “**Termination Date**.” On the Termination Date, the DIP Facility shall be deemed terminated, and SWK shall have no further obligation to provide financing pursuant to the DIP Facility or DIP Financing Documents.

**Non-Default Interest Rate
and Payment Terms:**

Interest on all outstanding advances under the DIP Facility shall accrue from and after the Petition Date at a per annum rate equal to the non-default rate of interest in force under the Pre-Petition First Lien Credit Agreement as of the Petition Date (the “**Non-Default Interest Rate**”).

Interest with respect to any outstanding obligations under the Pre-Petition Credit Agreements shall, to the extent permitted by applicable bankruptcy law, accrue from and after the Petition Date at the rate of interest set forth in the applicable Pre-Petition Credit Agreements.

**Default Interest Rate
And Letter of Credit Fees:**

Effective immediately upon the occurrence of an Event of Default unless waived in writing by SWK, interest on the outstanding loans under the DIP Facility shall accrue at a rate that is 2% per annum in excess of the Non-Default Interest Rate.

Loan Payments:

The Debtor promises and agrees to pay to SWK and the DIP Lenders all DIP Facility advances, together with interest thereon accruing pursuant to the DIP Financing Documents, in full, in cash, at the times set forth in the DIP Financing Documents, but no later than the Termination Date.

All unpaid principal, interest, fees, costs and expenses on the DIP Facility shall be due and payable in full by the Debtor on the Termination Date, whether at maturity, upon acceleration or otherwise and if such amounts are not paid in full in cash, interest, fees, costs, and expenses in respect of the DIP Facility shall continue to accrue until paid in full.

Use Of Proceeds:

Proceeds of the DIP Facility shall be used solely for the following purposes (and to the extent identified in the Budget): (a) to fund, after application of all other available cash, post-petition operating expenses and working capital needs of the Debtor, including, but not limited to, those activities required to remain in, or return to, compliance with laws in accordance with 28 U.S.C. § 1930; (b) to pay interest, fees and expenses to SWK in accordance with this DIP Term Sheet (whether or not such amounts are reflected in the Budget); (c) to fund fees and expenses incurred in connection with the 363 Sale (as defined

below) or confirmation of the ABT Plan (as defined below); (d) to pay permitted pre-petition claim payments and adequate protection payments, if any; (e) to pay Professional Fees provided for in the Budget; and (f) to pay certain other costs and expenses of administration of the Chapter 11 Case.

Proceeds of the DIP Facility or cash collateral shall not be used (a) to permit the Debtor, or any other party-in-interest or their representatives to challenge or otherwise contest or institute any proceeding to determine (i) the validity, perfection or priority of security interests in favor of SWK, the Pre-Petition Agent, the Pre-Petition Lenders or the DIP Lenders or (ii) the enforceability of the obligations of the Debtor or any guarantor under the Pre-Petition Credit Agreements, any other Pre-Petition Loan Documents, or the DIP Facility, (b) to investigate, commence, prosecute or defend (or support any other person or entity in investigating, commencing, prosecuting, or defending) any claim, motion, proceeding or cause of action against SWK, the Pre-Petition Agent, the Pre-Petition Lenders, or the DIP Lenders and their agents, attorneys, advisors or representatives including, without limitation, any lender liability claims or subordination claims, (c) to investigate, commence, prosecute or defend (or support any other person or entity in investigating, commencing, prosecuting, or defending) any claim or proceeding or cause of action to disallow or challenge the obligations of the Debtor or any guarantor under Pre-Petition Credit Agreements, any other Pre-Petition Loan Documents or the DIP Financing Documents, or (d) to fund acquisitions, capital expenditures, capital leases, or any other similar expenditure other than capital expenditures specifically set forth in the Budget and approved by SWK, provided that a Committee (if any) and its professionals shall be permitted to investigate the liens, claims, and potential causes of action against the Pre-Petition Lenders in connection with the Pre-Petition Credit Agreement, with such investigation fees not to exceed \$10,000.

**Cash Management
Collections and Remittances:**

The Debtor shall use a cash management system that is the same as or substantially similar to its pre-petition cash management system. Any material changes from such pre-petition cash management system must be acceptable to SWK in its sole discretion. The Interim Order and Final Order shall provide SWK and the DIP Lenders with a valid and enforceable lien and security interest on the cash held in the Debtor's bank accounts.

For the purpose of crediting the Debtor's loan account and calculating interest, all items of payment shall be deemed applied by SWK one (1) Business Day following the Business Day of SWK's receipt thereof.

Pre-Petition Obligations:

As of the date of this DIP Term Sheet, the Debtor owes certain obligations under the Pre-Petition Credit Agreements and other Pre-Petition Loan Documents. The lenders party to any of the

Pre-Petition Credit Agreements are herein referred to collectively as the “**Pre-Petition Lenders**” and each individually a “**Pre-Petition Lender**”) and SWK, in its role as Agent for the Pre-Petition Lenders, is hereinafter referred to as the “**Pre-Petition Agent**.”

Upon entry of the Final Order, any amounts advanced to the Debtor in respect of any of the Pre-Petition Credit Agreements from and after January 1, 2018 (including accrued, unpaid interest from the Petition Date) shall be deemed obligations under the DIP Facility.

**Super-Priority
Administrative Claim:**

Amounts owed by Debtor to SWK pursuant to the DIP Facility (including all accrued interest, fees, costs and expenses) shall constitute, in accordance with Section 364(c)(1) of the Bankruptcy Code (as defined below), a claim having priority over any or all administrative expenses of the kind specified in, among other sections, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, 1113, or 1114 of the Bankruptcy Code, subject to payment of the Carve Out.

Collateral Security:

The DIP Facility (including accrued interest, fees, costs and expenses) shall be secured, subject and subordinate to any valid, properly perfected, enforceable, non-avoidable prior liens and security interests existing as of the Petition Date that are senior to the liens and security interests in favor of the Pre-Petition Agent and/or the Pre-Petition Lenders, subject to payment of the Carve Out, by first priority senior and priming liens and security interests (the “**DIP Liens**”) in all of the Debtor’s property, including, without limitation, all of Debtor’s existing and future acquired property and interests of any nature whatsoever, real and personal, tangible and intangible, accounts receivable, general intangibles, payment intangibles, supporting obligations, investment property, commercial tort claims, inventory, rolling stock, machinery, equipment, subsidiary capital stock, chattel paper, documents, instruments, deposit accounts, contract rights, and tax refunds of the Debtor, excluding only Avoidance Actions, but including, subject to entry of the Final Order, Avoidance Proceeds (collectively, the “**DIP Collateral**”).

**Lien Validation
and Perfection:**

All liens authorized and granted pursuant to the Interim Order or the Final Order entered by the Bankruptcy Court approving the DIP Facility or with respect to adequate protection shall be deemed effective and perfected as of the Petition Date, and no further filing, notice or act will be required to effect such perfection.

The Debtor shall stipulate in the Interim Order and Final Order that (i) the liens of the Pre-Petition Agent and the other Pre-Petition Lenders securing the Pre-Petition Credit Facility are valid, perfected, encumber all assets of the Debtor, and have first

priority and (ii) the Debtor possesses no claims, offsets or any other type cause of action against the Pre-Petition Agent or any of the Pre-Petition Lenders that would impair, in any manner, the liens of the Pre-Petition Agent or any of the Pre-Petition Lenders against the Debtor's assets or the obligations of the Debtor to the Pre-Petition Agent and Pre-Petition Lenders under the Pre-Petition Credit Facility. The Debtor's stipulations shall be binding upon all parties in interest in the Chapter 11 Case, including any committee that is appointed, unless (i) an adversary proceeding is filed (x) by any party-in-interest prior to the expiration of seventy-five (75) days after the Petition Date or (y) by the creditors' committee, if formed, sixty (60) days after its formation (the "**Review Period**") against the Pre-Petition Agent or the Pre-Petition Lenders (as applicable) challenging the Pre-Petition Agent or the Pre-Petition Lender's liens (as applicable) or otherwise asserting estate claims against the Pre-Petition Agent or the Pre-Petition Lenders (as applicable), and (ii) a final, non-appealable judgment is entered against the Pre-Petition Agent or the Pre-Petition Lenders (as applicable) in such adversary proceeding; provided, however, any party-in-interest that fails to file an adversary proceeding within the Review Period shall be forever barred from asserting any claims against the Pre-Petition Agent and the Pre-Petition Lenders on behalf of the Debtor's estate, or challenging in any manner the liens and claims of the Pre-Petition Agent or the Pre-Petition Lenders against the Debtor.

Release of Claims

In consideration of the furnishing of the DIP Facility, the Debtor, subject to the rights of another party to bring a Challenge Action during the Review Period, and upon entry of the Final Order, hereby absolutely releases and forever discharges each of the Pre-Petition Agent and Pre-Petition Lenders and their affiliates, officers, directors, employees, attorneys, and other representatives from any and all claims and causes of action of every kind and nature that the Debtor may hold against such released parties.

506(c) Surcharge/Equities of Case

Upon entry of the Final Order, the Debtor hereby waives any right to surcharge the prepetition collateral securing the Pre-Petition Credit Agreements or DIP Collateral, whether pursuant to Bankruptcy Code sections 506(c) or 105(a) or under any other applicable law.

Upon entry of the Final Order, SWK, the DIP Lenders, the Pre-Petition Agent and the Pre-Petition Lenders shall not be subject to the "equities-of-the case" exception of Bankruptcy Code section 552(b), or to the equitable doctrines of "marshaling" or any similar claim or doctrine with respect to any DIP Collateral or collateral securing the Pre-Petition Credit Agreements.

Adequate Protection:

As adequate protection and in consideration for being primed by the DIP Lenders' claims and liens, to the extent of diminution in the Pre-Petition Lenders' interests in the Debtors' collateral securing the amounts due under the Pre-Petition Credit Agreements following the Petition Date on account of granting the Super-Priority Administrative Claim, granting the DIP Liens, the Debtor's use of the Pre-Petition Credit Agreements (including any cash collateral), the subordination of the Pre-Petition Credit Agreement liens thereto and to the Carve Out, the imposition or enforcement of the automatic stay under 11 U.S.C. § 362(a) of the Bankruptcy Code, and/or otherwise pursuant to sections 361(a), 363(c) and 364(d)(1) of the Bankruptcy Code, the Pre-Petition Agent and Pre-Petition Lenders (a) shall receive a claim having priority over any and all expenses of the kind specified in, among other sections of the Bankruptcy Code, Sections 105, 326, 328, 330, 331, 503(b), 506(c), 507(a), 507(b), 726, and 1114, subject to payment of the Carve Out and subject to the super-priority administrative claims of SWK and the DIP Lenders under the DIP Facility; and (b) shall have valid, binding, enforceable and perfected liens in all DIP Collateral, subject to payment of the Carve Out and the DIP Liens (the "**SWK Adequate Protection Liens**").

The SWK Adequate Protection Liens granted herein in favor of the Pre-Petition Agent and Pre-Petition Lenders shall not encumber Avoidance Actions, but, subject to entry of the Final Order, shall encumber Avoidance Proceeds.

Agent Fees and Expenses:

Debtor shall promptly pay or reimburse SWK when invoiced for all reasonable costs and expenses of counsel (including, without limitation, local counsel) and financial advisors for SWK relating to the DIP Facility and the administration and interpretation of, and the enforcement of remedies under, the DIP Facility, regardless of whether such amounts were incurred prior to or after the Petition Date, including but not limited to, due-diligence, duplication or printing costs, consultation, travel, and attendance at court hearings, regardless of whether the DIP Facility is consummated. SWK shall have the right to charge the DIP Facility for any such fees and costs. Failure to pay such fees and expenses within ten Business Days of delivery of the applicable invoice shall be an Event of Default under the DIP Facility, provided that SWK shall concurrently provide copies of any invoices to the U.S. Trustee and the Committee and allow such parties at least five Business Days to review and object to any fees or expenses requested therein. If any objection is asserted, the Bankruptcy Court shall decide the issue and the Debtor shall not be required to pay any disputed portion of such fees or expenses until the matter is resolved.

**Conditions Precedent to Initial
DIP Facility Advance:**

The closing of the DIP Facility shall be subject to (a) approval of the Interim Budget (as defined below) and Budget by SWK, together with all financial information and projections regarding the Debtor requested by SWK, all in form and substance satisfactory to SWK in its sole discretion, (b) entry of an Interim Order and the Final Order approving the DIP Facility, its superpriority administrative claims and all first priority (subject only to the Carve Out) and other liens securing the DIP Facility, and containing such other orders and findings as SWK may require, including automatic modification of the automatic stay upon the occurrence of an Event of Default enabling SWK to exercise certain rights and remedies against the DIP Collateral, which Interim Order or Final Order, as applicable, shall not have been modified or amended without approval of SWK, and shall not have been reversed, vacated or stayed pending appeal, in form and substance satisfactory to SWK in its sole discretion, (c) SWK's approval of all material motions and orders filed in the Chapter 11 Case requiring the expenditure of cash, (d) continuation of Debtor's present cash management system, and (e) the form and substance of this DIP Term Sheet shall be satisfactory to SWK in its sole discretion.

**Additional Conditions to Each
Borrowing Under the
DIP Facility:**

The funding of each DIP Facility advance shall be subject to the following conditions precedent: (a) There shall exist no Event of Default (or event that would constitute an Event of Default with the giving of notice or lapse of time) under any of the DIP Financing Documents, and the representations and warranties therein shall be true and correct in all material respects; (b) There shall have occurred no material adverse change in the Debtor's operations (financial, environmental, or otherwise), performance, or properties (other than as a result of the commencement of the Chapter 11 Cases), since the date of this DIP Term Sheet, that has or could be expected to have a material adverse effect on the rights and remedies of SWK or on the ability of the Debtor to perform its obligations under the DIP Facility; (c) Compliance with Bankruptcy Rule 4001 and any applicable Local Bankruptcy Rules, the entry of the Interim Order and the Final Order (as applicable), together with any other order requested by SWK authorizing and approving the DIP Facility in form, substance and amount and providing for the DIP Collateral, all acceptable to SWK in its sole discretion; (d) Payment of all fees and expenses owing to SWK in connection with the DIP Facility; (e) SWK shall be reasonably satisfied that Debtor is continuing to take action and demonstrating progress toward the Milestones. and (f) The DIP Financing Documents and the Interim and Final Orders shall include such waivers, indemnities, and other provisions as are acceptable to SWK in its sole discretion.

**Affirmative and
Negative**

Debtor shall comply with the following affirmative and negative covenants: (a) compliance with Budget covenants

Covenants:

consistent with the section titled “Budget and Variances,” (b) the Debtor shall, from and after the Petition Date, satisfy the Milestones; (c) the Debtor shall, contemporaneously with closing a sale of substantially all of its assets, remit the net proceeds of such sale to SWK for immediate application to the obligations owed to SWK, the DIP Lenders, and the Pre-Petition Lenders, subject to payment of the Carve Out and any agreed wind-down budget; and (d) the Debtor shall not take (or refrain from taking) any action that could reasonably be expected to have a Material Adverse Effect.

Bankruptcy Court Filings:

As soon as practicable in advance of filing with the Bankruptcy Court, Debtor shall furnish to SWK (i) the motion seeking approval of and proposed forms of the Interim Order and the Final Order, which motion shall be in form and substance satisfactory to SWK in its sole discretion, (ii) the motions seeking approval of the bidding procedures and the 363 Sale, and the proposed forms of the orders related thereto, which shall be in form and substance satisfactory to SWK, (iii) all other proposed orders and pleadings related to the DIP Facility, which orders and pleadings shall be in form and substance satisfactory to SWK in its sole discretion, (iv) any plan of reorganization or liquidation, and/or any disclosure statement related to such plan (which plan or disclosure statement shall comply with the requirements set forth herein), which shall be in form and substance satisfactory to SWK in its sole discretion, (v) any motion and proposed form of order seeking to extend or otherwise modify the Debtor’s exclusive periods set forth in section 1121 of the Bankruptcy Code, (vi) any motion seeking approval of any sale of the Debtor’s assets and any proposed form of a related bidding procedures order and sale order (other than those with respect to the bidding procedures and the 363 Sale), and (vii) any other motion filed seeking approval of any matter requiring material expenditures of DIP Collateral (each of which must be in form and substance satisfactory to SWK in its sole discretion).

Sale Process:

The Debtor shall conduct a sale process for the sale of substantially all of the assets of the Debtor in accordance with the Milestones defined below.

The management team of the Debtor shall oversee the sale process on behalf of the Debtor and shall exercise its commercially reasonable best efforts to provide SWK with access to all potential bidders and other interested parties and any information provided to the Debtor by such parties.

In addition to the reporting required under the Pre-Petition Credit Agreement, the Debtor shall, upon request, provide or cause to be provided to SWK a written report, in form and substance satisfactory to SWK, addressing the status of the

marketing and sale process of the Debtor. Debtor shall also cause its management team to be made available to provide periodic telephonic updates of such reports to SWK from time to time, as reasonably requested by SWK.

Milestones. The Debtor shall be required to comply with the following (the “**Milestones**”):

(a) On or within two days of the Petition Date, or such later date to which SWK consents in writing in its sole discretion, the Debtor shall file a motion, in form and substance acceptable to SWK, requesting entry of the Sale Procedure Order (as defined below).

(b) On or before the date that is thirty-one (31) days after the Petition Date, or such later date to which SWK consents in writing in its sole discretion:

- i. the Bankruptcy Court shall have entered the Sale Procedure Order; and
- ii. the Debtor shall have filed the ABT Plan and its corresponding disclosure statement.

(c) On or before the date that is sixty-six (66) days after the Petition Date, or such later date to which SWK consents in writing in its sole discretion, the Bankruptcy Court shall have either:

- i. Entered the Sale Order approving the 363 sale; or
- ii. Entered an order approving the disclosure statement corresponding to the ABT Plan and scheduled a hearing to consider confirmation of the ABT Plan.

(d) If the Debtor has proceeded with the 363 Sale, on or before the date that is three (3) days after entry of the Sale Order, provided that the Bankruptcy Court has waived the stay imposed by Bankruptcy Rule 6004(h) or such later date to which SWK consents in writing in its sole discretion, the Sale shall be closed, with proceeds of the Sale paid directly to SWK to be applied to the obligations under the DIP Facility and Pre-Petition Credit Agreements, subject to payment of the Carve Out.

(e) If the Debtor is proceeding with confirmation of the ABT Plan, on or before the date that is one hundred and one (101) days after the Petition Date, the Court shall have entered

an order confirming the ABT Plan.

Notwithstanding anything to the contrary herein, the Bankruptcy Court may set dates with respect to the Milestones beyond the outer dates specified above to accommodate its own schedule and to the extent the Bankruptcy Court makes such an extension, the Milestones hereunder shall be automatically extended by the same period as the Bankruptcy Court's extension.

SWK shall have the right to "credit bid" any secured obligations owed to it in any sale of the Debtor's assets.

Remedies:

Following the Termination Date and provided that the Bankruptcy Court does not enter any order to the contrary within five Business Days' following the Debtor's receipt of a Default Notice as defined below, SWK shall have customary remedies, including, without limitation, the right to realize on all DIP Collateral, the right to exercise any remedy available under applicable law, without the necessity of obtaining any further relief or order from the Bankruptcy Court. Consistent with the foregoing sentence, section 362 relief from the stay in favor of SWK shall be embodied in any order approving the DIP Facility and the use of cash collateral.

Events of Default:

Defaults and Events of Default shall mean the occurrence of any of the following:

- Either Peter Kingma or Michael Templin shall cease to be employed by the Debtor.
- The Chapter 11 Case shall be converted to a case under Chapter 7 of the Bankruptcy Code or be dismissed or a motion requesting such relief shall have been filed.
- Filing or support of a proposed plan of reorganization by the Debtor that does not provide for the indefeasible payment in full and in cash of Debtor's obligations outstanding under the DIP Facility, unless otherwise agreed in writing by SWK in its sole discretion.
- Entry of an order confirming (or the filing of any motion or pleading requesting confirmation of) a plan of reorganization that does not require the indefeasible repayment in full, in cash of the DIP Facility as of the effective date of the plan, unless otherwise agreed in writing by SWK in its sole discretion.
- Appointment of a trustee under Section 1104 of the Bankruptcy Code without the express written consent of SWK, or the filing of any motion or other pleading requesting such relief which the Debtor fails to timely oppose.

- Appointment of an examiner with enlarged powers (powers beyond those set forth in Section 1106(a)(3) and (4) of the Bankruptcy Code) under Section 1106(b) of the Bankruptcy Code without the prior written consent of SWK, or the filing of a motion or other pleading requesting such relief which the Debtor fails to timely oppose.
- Entry of an order by the Bankruptcy Court amending, supplementing, staying, vacating or otherwise modifying the DIP Facility, the Interim Order or Final Order approving the DIP Facility, without the prior written consent of SWK or the filing of a motion or other pleading requesting such relief which the Debtor fails to timely oppose.
- Any attempt by Debtor to obtain, or if any other party in interest obtains, an order of the Bankruptcy Court or other judgment, and the effect of such order or judgment is to, invalidate, reduce or otherwise impair SWK's claims, or to subject any of SWK's collateral to a surcharge pursuant to Section 506(c) of the Bankruptcy Code.
- The Debtor shall request approval of any postpetition financing, other than the DIP Facility, that would not immediately repay all DIP Facility obligations, in full, in cash, on the date of the closing of such postpetition financing.
- Debtor shall apply for an order substituting any assets for all or any portion of the DIP Collateral.
- Entry of an order granting liens or claims that are senior or *pari passu* to the liens granted in favor of SWK and/or the DIP Lenders under the DIP Financing Documents.
- Any party in interest (including the Debtor) shall assert that any of the DIP Liens are invalid, or any DIP Liens granted to the DIP Agent or DIP Lender shall be determined to be invalid.
- Any payment on, or application for authority to pay any pre-petition claim owing to terminated employees or lease rejection damages without prior written consent of SWK or as otherwise set forth in the Budget.
- If at any time prior to the conclusion of the sale process, SSG ceases to be engaged by the Debtor, ceases to be involved in the sales process, or the sales process is halted without the DIP Agent's consent.
- A final order is entered granting any creditor with a claim in excess of \$100,000 relief from the automatic stay.
- Failure to make all payments under the DIP Facility when due.

- Failure to pay any post-petition material indebtedness.
- Breach of any covenant set forth in any DIP Financing Document.
- Any material representation or warranty by Debtor is incorrect or misleading in any material respect when made.
- Exclusivity shall have been terminated or the Debtor shall have agreed to any such termination.
- After entry thereof, either of the Sale Procedure Order or the Sale Order shall cease to be in full force and effect, shall have been reversed, stayed, vacated or subject to stay pending appeal or shall have been modified or amended without the prior written consent of SWK.
- Debtor shall take (or support any other Person in taking) any action in order to restrict or prohibit SWK or any DIP Lender or Pre-Petition Lender from submitting a “credit bid” for any assets of the Debtor.
- Any Challenge Action (as such term is defined in the interim or final order approving the DIP Facility) is commenced against the Pre-Petition Agent or any Pre-Petition Lender.
- The commencement of an action or filing of a motion challenging the rights and remedies of SWK or the DIP Lenders under the DIP Financing Documents or that is otherwise inconsistent with the DIP Financing Documents.
- The Debtor fails to disburse the sale proceeds to the DIP Lenders contemporaneously with the closing of the 363 Sale, subject to payment of the Carve Out.

Indemnification:

The Debtor shall indemnify and hold SWK, the DIP Lenders, and their officers, directors, employees and agents (including all of their professionals) (each an “**Indemnified Party**”) harmless from and against any and all claims, damages, losses, liabilities and expenses (including, without limitation, all fees and disbursements of attorneys and other professionals) to which any Indemnified Party may become liable or which may be incurred by or asserted against any Indemnified Party, in each case in connection with or arising out of or by reason of any investigation, litigation or proceeding arising out of or relating to or in connection with the DIP Facility, the DIP Financing Documents, any obligation, or any act, event or transaction related or attendant thereto or any use or intended use of the proceeds of the DIP Facility, except to the extent the same is found in a final, nonappealable judgment by a court of competent jurisdiction to have resulted from such Indemnified Party’s gross negligence or willful misconduct. The indemnification terms and conditions of the Pre-Petition Credit Agreements are hereby incorporated in this DIP Term Sheet.

Governing Law:

All documentation in connection with the DIP Facility shall be governed by the laws of the state of New York, subject to applicable federal bankruptcy laws.

Other Definitions:

“**363 Sale**” means the sale of all or substantially all of the assets of the Debtor under Section 363 of the Bankruptcy Code.

“**ABT Plan**” means a chapter 11 plan for the Debtor containing terms satisfactory to SWK in its sole discretion.

“**Approved Budget Variance Report**” means a current report that: (i) details the actual amount of cash receipts and disbursements for the prior week for each line item included in the Budget (on a weekly and cumulative basis), (ii) compares such actual cash receipts and disbursements (on a line item by line item basis) with the weekly and cumulative budgeted amounts for each such line item set forth in the Budget for such period, and (iii) provides an explanation for all variances between budgeted and actual amounts. Each Approved Budget Variance Report will be certified as true and correct by the Debtor’s chief financial officer or chief executive officer.

“**Auction**” means an auction held in connection with the 363 Sale and in accordance with the provisions set forth in the Sale Procedure Order.

“**Avoidance Actions**” means any causes of action that could be brought under §§ 544-548 of the Bankruptcy Code or any applicable state fraudulent-transfer statute or similar statute.

“**Avoidance Proceeds**” means the proceeds received from, or property recovered in respect of, Avoidance Actions.

“**Bankruptcy Code**” means Title 11 of the United States Code (11 U.S.C. § 101 et seq.), as amended.

“**Bankruptcy Court**” means the United States Bankruptcy Court for the District of Delaware presiding over the Chapter 11 Case.

“**Budget**” means the budget of Debtor relative to the operations of the Debtor in the Chapter 11 Case for any fiscal period, as delivered to SWK in form and substance satisfactory to SWK. A Budget for the first 8 weeks of the Chapter 11 Case (the “**Interim Budget**”) must be approved by SWK and must be attached to the Interim Order. A Budget covering the period from the date of entry of the Final Order through the Maturity Date must be delivered by the Debtor to SWK (and approved by SWK in its sole discretion) at least two Business Days before any hearing related to final approval of the DIP Facility and must be attached to the Final Order.

“**Carve Out**” means:

- (a) unpaid, postpetition fees and expenses of the Clerk of

the Court and the U.S. Trustee pursuant to 28 U.S.C. § 1930(a) (collectively, the “**Statutory Fees**”);

(b) the unpaid postpetition fees and expenses of the professionals retained by the Debtor and by the Committee (if any), whose retentions are approved pursuant to final orders of the Court under sections 327, 328, 363 or 1103(a) of the Bankruptcy Code (the “**Chapter 11 Professionals**”), but only to the extent that such fees and expenses are (i) incurred prior to a Termination Event, (ii) within the amounts set forth in the Budget approved by SWK for such Chapter 11 Professional as of the date of the Termination Event, and (iii) subsequently allowed by the Bankruptcy Court under sections 330, 331, or 363 of the Bankruptcy Code;

(c) postpetition fees and expenses of the Chapter 11 Professionals incurred after the occurrence of a Termination Event in an aggregate amount not to exceed \$25,000, to the extent such fees and expenses are subsequently allowed by the Bankruptcy Court under sections 330, 331, or 363 of the Bankruptcy Code.

Provided, however, that (a) the Carve Out shall only be available to pay fees and expenses set forth herein to the extent that unencumbered funds are not otherwise available; and (b) in no event shall the Carve-Out for each Chapter 11 Professional exceed the amounts for postpetition fees set forth for such professional in the Budget as of the applicable date of determination.

Provided, further, however, that the Carve Out for Chapter 11 Professional fees shall be first paid from any retainers or any professional expense escrow account established by the Debtor.

The Carve Out shall not include payment for any fees and expenses, if any, of the Chapter 11 Professionals incurred directly or indirectly, in respect of, arising from or relating to:

(i) the initiation, joinder, support, or prosecution of any action contesting the indebtedness owed to SWK, the DIP Lenders, the Pre-Petition Agent, or the Pre-Petition Lenders, or the validity of any liens granted to SWK, the DIP Lenders, the Pre-Petition Agent, or the Pre-Petition Lenders;

(ii) preventing, hindering or otherwise delaying (or supporting any other person or entity in preventing, hindering or otherwise delaying), whether directly or indirectly, the exercise by SWK or the Pre-Petition Agent of any of its rights and remedies under the Interim Order, Final Order, or documents comprising the DIP Facility, DIP Financing Documents, Pre-Petition Credit Agreements, or other Pre-Petition Loan Documents;

(iii) the commencement, support, or prosecution of any action or proceeding of any claims, causes of action or defenses against SWK, the DIP Lenders, the Pre-Petition Agent, the Pre-Petition Lenders or any of their respective officers, directors, employees, agents, attorneys, affiliates, successors or assigns, including, without limitation, any attempt to recover or avoid any claim or interest from SWK, the DIP Lenders, the Pre-Petition Agent, or the Pre-Petition Lender;

(iv) any request to borrow money other than pursuant to the terms of the Interim Order, the Final Order, or the DIP Financing Documents;

(v) with respect to the Debtor, any of the Debtor's Chapter 11 Professionals, or any of their successors or assigns (including, without limitation, any trustee, responsible officer, examiner, estate administrator or representative or similar person appointed in a case for the Debtor under any chapter of the Bankruptcy Code) performing or commencing any investigation or litigation (whether threatened or pending) by the Debtor with respect to any matter released or to be released, waived, or to be waived, or specified as not subject to challenge by the Debtor pursuant to the Interim Order or Final Order; or

(vi) for any other purpose for which proceeds of the DIP Facility may not be used pursuant to this DIP Term Sheet.

“Chapter 11 Case” means the voluntary Chapter 11 case commenced by the Debtor in the Bankruptcy Court.

“Committee” means any statutory committee appointed in the Chapter 11 Case.

“Final Order” means a final, non-appealable order of the Bankruptcy Court, that, without limitation, approves the DIP Facility and grants the liens and security interests contained therein, on terms satisfactory to SWK in its sole discretion.

“Interim Order” means an interim order of the Bankruptcy Court authorizing Debtor, among other things, to obtain interim financing and incur post-petition indebtedness on terms satisfactory to SWK in its sole discretion.

“Material Adverse Effect” means (a) a material adverse change in, or a material adverse effect upon, the operations, business, assets, properties, liabilities (actual or contingent) or condition (financial or otherwise) of the Debtor; (b) a material impairment of the rights and remedies of any of the DIP Agent, DIP Lender, Pre-Petition Agent, or Pre-Petition Lenders under any of the DIP Financing Documents, Pre-Petition Credit

Agreements, or other Pre-Petition Loan Documents, (c) a material impairment of the Debtor to perform any of its obligations under the DIP Financing Documents, Pre-Petition Credit Agreements, or other Pre-Petition Loan Documents, or (d) a material adverse effect upon the legality, validity, binding effect, or enforceability against the Debtor of any of the DIP Financing Documents, Pre-Petition Credit Agreements, or other Pre-Petition Loan Documents.

“Maturity Date” means the date that is one hundred- five (105) days after the Petition Date, or such later date to which SWK consents in writing.

“Petition Date” means the date on which the Chapter 11 Case for such Debtor was filed with the Bankruptcy Court.

“Pre-Petition Loan Documents” means, collectively, each of the Pre-Petition Credit Agreements, and each other document relating to, and executed in connection with, the credit facilities governed by the Pre-Petition Credit Agreements.

“Sale” means a sale of all or substantially all of the Debtor’s assets.

“Sale Order” means the order entered by the Bankruptcy Court in form and substance satisfactory to SWK (in its sole discretion) that, among other things, approves the 363 Sale, the results of the Auction (if applicable) and the Winning Bidder’s bid.

“Sale Procedure Order” means an order in form and substance satisfactory to SWK approving the bidding procedures to be applicable to the 363 Sale.

“SSG” means SSG Advisors, LLC.

“Termination Event” means the occurrence of the earlier of:

- (i) an Event of Default under the DIP Facility; or
- (ii) the Debtor’s failure to comply with the terms of the DIP Financing Documents (including, without limitation, their failure to comply with the Budget, subject to any approved variances).

“Third-Party Asset Purchase Agreement” means an asset purchase agreement by and among the Debtor and a third party purchaser that provides for the purchase and sale of substantially all of the assets of the Debtor, which third party purchaser and asset purchase agreement are satisfactory to SWK in its sole discretion.

“Winning Bidder” means the bidder that (a) agrees (at the Auction if applicable) to purchase all or substantially all of the assets of the Debtor pursuant to a Third-Party Asset Purchase Agreement, and (b) is acceptable to SWK.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their duly authorized officers as of the date first set forth above.

BORROWER:

ABT MOLECULAR IMAGING, INC.

By: _____

Name: Peter Kingma

Title: Chief Executive Officer



AGENT:
SWK FUNDING LLC

By: /s/ Winston Black
Name: Winston Black
Title: Chief Executive Officer

LENDER:
SWK FUNDING LLC

By: /s/ Winston Black
Name: Winston Black
Title: Chief Executive Officer