

## Semiquest, Inc. Patent Sale Notice of Auction and Bidding Instructions

### Introduction and Contact information

Pluritas, LLC, a leading intellectual property transactions firm, has been retained by 3M Innovative Properties Company (“Secured Party” or “Seller”) to manage the disposition of SemiQuest, Inc.’s (“the Debtor”) patents and other intangible assets pursuant to Section 9610 of the Uniform Commercial Code of the State of California (the “Code”).

The assets to be sold are those held by Debtor as of the time of the public auction or private disposition, as applicable (collectively, the “Assets”) defined as *“All right, title, interest, claims and demands of [Semiquest, Inc.] in and to all patents, patent rights (and applications and registrations therefor), trademarks and service marks (and applications and registrations therefor), inventions, copyrights, mask works (and applications and registrations therefor), trade names, trade styles, software and computer programs, trade secrets, methods, processes, know how, drawings, specifications and descriptions.”*

Although the Security Agreement defines the Assets, Pluritas understands the Assets to include:

5 issued US patents	US 7,530,880; US 7,815,778; US 7,846,008; US 8,066,555; US 8,075,745
7 US pending applications *co-owned asset	11/562,346; 12/141,876; 12/431,119; 12/431,515; 12/616,323; 12/991,097*; 13/162,508
Foreign Equivalents (granted and/or pending)	China, Europe, Korea, Singapore, Taiwan, Japan, PCT

### Sale by Public Auction:

**Day and Date:** April 24, 2012

**Time:** Commencing at 10:00 AM (PST)

**Place:** Pluritas LLC, 201 California Street, Suite 650, San Francisco, CA 94111

**Minimum Qualifying Bid:** \$1,100,000 USD (credit bid plus overbid protection of an additional \$100,000.00)

Seller will submit a credit bid of \$1,000,000.00.

The sale of the Assets is “AS IS WHERE IS” without representation or warranty of any kind.

The sale will take place as follows:

The deadline for submitting non-binding letters of intent (“LOIs”) is April 10, 2012 with the Auction being held on April 24, 2012 as detailed below. The LOIs must be accompanied by financial wherewithal statements. LOIs and subsequent bids must be made for the entire portfolio and at the conclusion of the auction, the Seller will select the highest single portfolio bid.

If approved as a Qualified Bidder (as defined below), the accompanying public sale agreement (“PSA”) will need to be agreed prior to the auction date and accompanied by a 10% earnest money deposit.

For further information, interested bidders should send inquiries to [semiquest@pluritas.com](mailto:semiquest@pluritas.com).

Public information on the sale and assets can be found at:  
<http://www.pluritas.com/public/semiquest.php>

Additionally, Pluritas partners can be contacted at:

Mark Thomann, Partner, Brands and Distressed Transactions, [Mark@pluritas.com](mailto:Mark@pluritas.com)  
(415) 354-1760 x-107

Craig Carothers, Partner and General Counsel, [Craig@pluritas.com](mailto:Craig@pluritas.com) (415) 354-  
1760 x-102

Robert Aronoff, Founder and Managing Partner, [Rob@pluritas.com](mailto:Rob@pluritas.com) (415) 354-  
1760 x-101

## **LEGAL DISCLAIMER**

**THIS NOTICE AND ASSOCIATED DOCUMENTS DO NOT CONSTITUTE AN OFFER FOR SALE OF ASSETS OR SECURITIES AND ARE NOT AN OFFER OR SOLICITATION FOR A LICENSE OF ANY KIND. IN MAKING A DECISION REGARDING THE PATENTS AND OTHER INTELLECTUAL PROPERTY OFFERED FOR SALE, POTENTIAL PURCHASERS MUST RELY ON THEIR OWN EXAMINATION OF THE ASSETS INCLUDING BUT NOT LIMITED TO THE TITLE, VALUE, MERITS AND RISKS INVOLVED. THERE IS NO ASSURANCE THAT THE PENDING PATENT APPLICATIONS WILL MATURE INTO ISSUED PATENTS OR THAT ANY OF THESE INTELLECTUAL PROPERTY RIGHTS WILL BE UPHELD. NEITHER THE SELLER NOR PLURITAS MAKES ANY REPRESENTATION CONCERNING THE VALIDITY OF THE INTELLECTUAL PROPERTY HEREIN. ADDITIONALLY, THESE MATERIALS ARE SOLELY ATTRIBUTABLE TO PLURITAS AND DO NOT REPRESENT THE VIEWS OR OPINIONS OF SELLER. NOTHING IN THIS DOCUMENT SHALL CONSTITUTE OR BE INTERPRETED AS LEGAL ANALYSIS REGARDING THE SCOPE OF THE PATENTS OR OTHER INTELLECTUAL PROPERTY RIGHTS. SIMILARLY, NOTHING INCLUDED IN THIS DOCUMENT SHALL BE USED TO INTERPRET, DEFINE, OR OTHERWISE LIMIT THE SCOPE AFFORDED THE ASSOCIATED INTELLECTUAL PROPERTY RIGHTS.**

<b>1</b>	<b>Current Sale Timeline and Summary of the Bidding Procedures</b>
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Set forth below are the Sale Timeline and bidding procedures (the “Bidding Procedures”) to be employed with respect to the proposed disposition of the intellectual property assets of Semiquest, Inc., a corporation organized under the laws of Delaware (the “Debtor”)(the “Assets”) as defined in the Public Sale Agreement (“PSA”) provided by Seller.

**Bidding / Auction Schedule**

04/10 Tuesday	Non-binding letters of intent are due	
04/11 thru 04/17	Bids are reviewed including Q&A with bidders esp. with respect to their proposed PSA revisions (if any)	
04/18 Wednesday	Qualified Bidders are selected and notified	Notification will include any updates to the previously published PSA resulting from the bid review.
04/23 Monday	Deadline for Qualified Bidders to confirm readiness to execute the PSA and provide a 10% deposit	
04/24 Tuesday 10:00 AM Pacific	Live Auction of Semiquest security to be conducted at Pluritas HQ at 10:00 AM Pacific Standard Time. Qualified Bidders may also participate via teleconference.	
	<b>Closing &amp; Funding at the conclusion of the Auction according to the PSA</b>	

All dates listed above are no later than dates with a cut-off of 5:00 PM Pacific Time unless otherwise noted. Although a schedule change is not anticipated, if a material schedule change is made, Pluritas will send an email notification to those parties which have notified Pluritas of their desire to be informed of any material schedule changes.

**“As Is Where Is”**

The sale of the Assets shall be on an “as is where is” basis and without representations or warranties of any kind, nature or description by the Seller.

### **Free of Any and All Interests**

Except as otherwise provided in the PSA, all of Debtor’s right, title and interest in and to the Assets shall be sold free and clear of all pledges, liens, security interests, encumbrances, claims, charges and options in accordance with Section 9611 of the Uniform Commercial Code of the State of California, but subject to (a) any outstanding licenses (i) in favor of 3M and described in the PSA, or (ii) in favor of unaffiliated third parties, and (b) co-ownership rights as described in the PSA.

### **The Bidding Process**

The Seller and its advisors shall (a) receive non-binding letters of intent (“LOIs”) from prospective bidders, (b) determine whether any person is a Qualified Bidder (as defined below), (c) decide whether to accept, reject or negotiate any bidder proposed changes to the form of PSA provided (“Baseline PSA”) or other documents supporting the sale, (d) notify all persons that are determined to be a Qualified Bidder, and (e) conduct the live Auction (items a through e collectively constituting the “Bidding Process”).

### **Requirements to be Considered a Qualifying Bid**

A Qualifying Bid is comprised of (1) a non-binding LOI that meets or exceeds the Minimum Qualifying Bid (2) a deposit of 10% of the LOI and (3) evidence satisfactory to the Secured Party of financial ability to purchase the Assets. The LOI must be received by Pluritas according to the schedule above. LOIs may be submitted by fax and/or email.

Additionally, Pluritas partners can be contacted at:

Mark Thomann, Partner, Brands and Distressed Transactions, Mark@pluritas.com  
(415) 354-1760 x-107, Fax: (415) 869-9710

Craig Carothers, Partner and General Counsel, Craig@pluritas.com (415) 354-1760 x-102, Fax: (415) 869-9710

Robert Aronoff, Founder and Managing Partner, Rob@pluritas.com (415) 354-1760 x-101, Fax: (415) 869-9710

### **Non-Binding Letter of Intent Requirements**

The Non-Binding LOI must be in writing, signed by an authorized party, and must include each of the items listed below (the “Non-Binding LOI”):

- (i) The name and official business address of the legal entity that submitting the bid.
- (ii) The Purchase Price (only cash offers of immediately available US dollars will be accepted). Bids must be equal to or greater than \$1,100,000.00 to be considered.

- (iii) The potential bidder must include an affirmative statement that the Purchase Price will not be subject to or reduced by any deductions of any kind including but not limited to a) any backup withholding or other deductions imposed by foreign governments or municipalities; (b) any fees or commission the bidder is obligated to pay to a broker, finder or other third party to facilitate the Patent Portfolio Sale transaction, (c) any other bidder costs or expenses directly attributable to the Patent Portfolio Sale transaction, including, without limitation, amounts paid with respect to legal, accounting, tax and other professional advisor fees and amounts incurred in connection with the documentation, negotiation and consummation of the Patent Portfolio Sale transaction, and (d) any taxes attributable to the bidder in the US.
- (iv) A PSA designation in the form of an affirmative statement that the bidder is willing to close using either (1) the Baseline PSA, (2) a redline of the Baseline PSA included as part of the offer, or (3) a different PSA included as part of the offer that the bidder would like the Seller to consider.
- (v) An affirmative statement that the offer is to purchase the Assets “as is where is”.
- (vi) An affirmative statement that the binding offer is not contingent upon any due diligence or financing contingencies of any kind.

### **Live Auction**

Pluritas will conduct a live Auction on April 24, 2012, at its offices at 201 California Street, Suite 650, San Francisco, CA 94111, unless another location is noticed at least ten (10) days prior to the Auction. Qualified Bidders may participate by phone and/or use an in-person proxy bidder if pre-approved by Pluritas.

Pluritas shall conduct the live Auction on behalf of and in cooperation with the Seller. Once a Qualified Bid at or above \$1,100,000 has been received, the minimum bid increment for the entire portfolio is \$50,000.

If the prevailing bidder fails to close according to the PSA, then a back-up bidder will be awarded the sale, and as compensation for this potential outcome would also be credited with any forfeited deposit made by the prevailing bidder in question.

Upon conclusion of the bidding, the Auction shall be closed and Pluritas, at the direction of Seller, shall announce the prevailing bidder and backup bidder.

The Prevailing Bidder and the backup bidder’s deposit will be held until the transaction is closed with either the prevailing or backup bidder. The deposit of all bidders except the prevailing and backup bidders at the auction will be returned promptly in accordance with the Escrow Agreement.

### **Due Diligence**

Bidders must conduct and rely upon their own diligence base upon the publicly available records and cannot rely upon any diligence aids provided by the Seller or Pluritas. However, the Seller has already provided the file histories for the US patents and other helpful documentation available via Pluritas' online data room at: [http://www.pluritas.com/\\_public/semiquest.php](http://www.pluritas.com/_public/semiquest.php).

### **Non-Consummation of the Purchase**

If the prevailing bidder(s) either fails to consummate the Purchase according to the PSA, breaches the PSA or otherwise fails to perform, the Seller may, in its business judgment, and after consultation with its legal and financial professionals, deem the prevailing bidder to be a "Defaulting Purchaser," at which time the prevailing bidder shall be deemed rejected and it shall forfeit to the Seller its cash deposit. The Seller may thereafter close the patent purchase with the backup bidder.

### **Reservation of Rights**

The Seller reserves its rights, in consultation with its legal and financial advisors, (a) to cancel the sale of the Assets, (b) to modify the Bidding Procedures or (c) impose, at or prior to the Auction, additional customary terms and conditions on the sale of the Assets, including, without limitation, extending the deadlines set forth in the bidding and auction procedures, changing the auction date, modifying the bidding increments, adjourning the Auction at the Auction without further notice, withdrawing from the Auction any and all of the Assets at any time prior to or during the Auction or canceling the Auction, and rejecting all Qualified Bids if, in the Seller's business judgment, no such bid is commercially reasonable for any reason. NO BIDDER WILL HAVE ANY CLAIM AGAINST SELLER UNTIL A DEFINITIVE PSA BETWEEN SELLER AND THE PREVAILING BIDDER IS EXECUTED.