

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

In re:

AEROCISION PARENT, LLC, *et al.*,<sup>1</sup>

Debtors.

Chapter 11

Case No. 23-11032 (KBO)

(Jointly Administered)

Ref. Docket No. 231

**NOTICE OF FILING OF TRANSITION SERVICES AGREEMENT**

**PLEASE TAKE NOTICE** that on November 16, 2023, the United States Bankruptcy Court for the District of Delaware (the “**Court**”) entered the *Order (I) Approving Asset Purchase Agreement, (II) Authorizing the Sale of All or Substantially all of the Debtors’ Assets Free and Clear of all Encumbrances Other than Assumed Liabilities and Permitted Encumbrances, (III) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases, and (IV) Granting Related Relief* [Docket No. 231] (the “**Sale Order**”),<sup>2</sup> thereby approving the sale of substantially all of the Debtors’ assets to Cadence-Southwick, Inc. (the “**Purchaser**”), pursuant to that certain Asset Purchase Agreement, dated as of November 12, 2023, by and among the Purchaser and the Debtors (including all exhibits and schedules, and as may be amended or modified from time to time, the “**Purchase Agreement**”), a copy of which is attached to the Sale Order as Exhibit 1.

**PLEASE TAKE FURTHER NOTICE** that the sale to the Purchaser, pursuant to the provisions of the Purchase Agreement, closed on November 21, 2023.

**PLEASE TAKE FURTHER NOTICE** that, in accordance with the Purchase Agreement, the Debtors will provide certain transitional services to the Purchaser, as set forth in that certain Transition Services Agreement, dated as of November 21, 2023, by and among the Purchaser and the Debtors, a copy of which is attached hereto as Exhibit A.

[Signature page follows]

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<sup>1</sup> The Debtors in these chapter 11 cases, along with the last four digits of their respective federal tax identification numbers, are: AeroCision Parent, LLC (8828); AeroCision, LLC (0509); and Numet Machining Techniques, LLC (3162). The Debtors’ service address is 12-A Inspiration Lane, Chester, CT 06412.

<sup>2</sup> Capitalized terms used but not defined in this notice have the meanings given to such terms in the Sale Order.

Dated: November 21, 2023  
Wilmington, Delaware

Respectfully submitted,

**YOUNG CONAWAY STARGATT  
& TAYLOR, LLP**

*/s/ Elizabeth S. Justison*

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**EXHIBIT A**

**TSA**

## TRANSITION SERVICES AGREEMENT

**THIS TRANSITION SERVICES AGREEMENT** (“Agreement”) is entered into November 21, 2023, by and between BG Acquisition, Inc. (“Purchaser”), AeroCision Parent, LLC, a Delaware limited liability company (“Parent”), AeroCision, LLC, a Delaware limited liability company (“AeroCision”), and Numet Machining Techniques, LLC, a Delaware limited liability company (“Numet”, together with Parent and AeroCision each, separately and collectively, “Sellers”).

### RECITALS

**WHEREAS**, Purchaser and Sellers are parties to an Asset Purchase Agreement, dated as of November 12, 2023 (as modified, amended, or supplemented, the “Purchase Agreement”), pursuant to which, effective as of the date hereof, Sellers have sold and assigned to Purchaser, and Purchaser has purchased and assumed from Sellers, the Acquired Assets and the Assumed Liabilities, all on the terms set forth in the Purchase Agreement;

**WHEREAS**, Purchaser and Sellers wish to enter into an agreement setting forth the terms pursuant to which (a) Sellers will render certain services on an interim basis after the Closing with respect to Purchaser’s operation of certain Acquired Assets after the Closing and;

**NOW, THEREFORE**, in consideration of the mutual covenants contained herein made and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged by the Parties, the Parties covenant and agree as follows:

### ARTICLE I DEFINITIONS

Section 1.1 Capitalized terms used herein and not otherwise defined herein shall have the meaning set forth for such terms in the Purchase Agreement.

### ARTICLE II DESCRIPTION OF SERVICES

Section 2.1 Subject to Section 2.2 of this Agreement, Sellers will provide the services in each category set forth on Exhibit A hereto to Purchaser (collectively, the “Services”), on an interim basis, in order to (i) assist in an orderly transfer of the Acquired Assets from Sellers to Purchaser and (ii) permit Purchaser the opportunity to obtain alternate sources to provide such services within a reasonable time after the Closing. In the event, following the Closing, Purchaser identifies any services required for the orderly transfer of the Acquired Assets or to obtain alternate sources as set forth herein, but which are not set forth on Exhibit A, Purchaser and Seller shall discuss in good faith the addition of such services and any applicable fees related thereto, subject to Section 2.2, and such added services shall be deemed “Services” hereunder.

Section 2.2 Notwithstanding anything to the contrary herein, Purchaser acknowledges that each Seller is operating as a debtor in possession under the Bankruptcy Code. Sellers shall use commercially reasonable efforts to provide the Services, but Sellers shall not be in breach of this Agreement if Services are not provided by Sellers due to a lack of availability of employees

or agents to fulfill such Services or for any other reason that is beyond the control of Sellers. All Services provided under this Agreement shall be provided in a commercially reasonable manner, subject to the Bankruptcy Case and Sellers' operation as a debtor in possession under the Bankruptcy Code.

Section 2.3 In connection with providing Services, in no event shall Sellers be obligated to (a) acquire additional assets, equipment, rights, or properties, (b) hire additional employees, (c) except as expressly provided herein, maintain or support any assets, equipment, rights, or property that are not owned or leased by Sellers, or (d) provide a Service under this Agreement if the provision thereof would violate any applicable law. Sellers shall not be in breach of this Agreement if Sellers do not provide, or cause to be provided, any Services as a result of any refusal on the part of Purchaser to give, or material delay on the part of Purchaser in providing (after reasonable notice), any consent reasonably requested with respect to any matter under this Agreement. Purchaser acknowledges and understands that the Services are only transitional in nature and are furnished by Sellers solely for the purpose of facilitating the consummation of the transactions contemplated by the Purchase Agreement. In no event shall Sellers be required to provide Services that are of a nature that is not conducted or performed by Sellers prior to the Closing.

Section 2.4 Purchaser shall provide all cooperation and assistance reasonably required by Sellers or any of Sellers' agents or advisors to enable Sellers to provide, or cause to be provided, the Services. Purchaser shall provide reasonable access to Purchaser's officers and employees and any books and records during normal business hours and upon reasonable advance notice to enable Sellers to perform Sellers' obligations under this Agreement and subject to such persons using commercially reasonable efforts to abide by all reasonable facilities and security policies and procedures of Purchaser with respect to such access as are provided to Sellers in writing in advance.

Section 2.5. The Services should not be relied upon to disclose errors, irregularities (including fraud or defalcations), or illegal acts that may exist or have occurred. The Services will not include or constitute an audit, attest opinion, verification, tax compliance, review or compilation of the information that Sellers are provided, or any other type of financial statement reporting or consulting engagement that is subject to the rules of the AICPA, the SSCS, the PCAOB or other such state and national professional bodies. Sellers will not express a conclusion or provide any other form of assurance on the completeness or accuracy of the Purchaser's financial or tax information. The Services do not include legal, tax, accounting, insurance, or similar professional services. The Services also do not include investment banking or investment advice.

### **ARTICLE III PERIOD OF SERVICES; TERM**

Section 3.1 The parties agree that, except as otherwise provided in this Agreement or by mutual written agreement of the parties, Sellers' obligation to provide Services pursuant to this Agreement shall commence on the Closing Date and terminate (i) with respect to Interim Services Arrangement, upon the execution of the Necessary Consents, and (ii) with respect to Payroll and Benefits TSA or any other Services set forth in Exhibit A, the earlier of (a) six months from the

Closing Date and (b) the effective date of a plan of reorganization or liquidation, which may be extended upon the written mutual agreement of the parties, but in any case, no less than three months from the Closing Date. In addition, the Sellers may terminate this Agreement upon the failure of Purchaser to pay the Service Fee on a monthly basis.

#### **ARTICLE IV COMPENSATION**

Section 4.1 As consideration for the Services, Purchaser shall pay to Sellers the fee for each category of Services provided to Purchaser hereunder as set forth in Exhibit A (collectively, the “Service Fee”). The Service Fee shall be in accordance with the charges set forth in Exhibit A for each category of Services.

#### **ARTICLE V PAYMENT TERMS**

Section 5.1 Payment of the Service Fee shall be paid in advance of Sellers providing the Services. The Service Fee shall be payable to Sellers at the Closing and replenished on a monthly basis after receipt of invoices from Sellers. The Service Fee will be internally segregated by the Sellers and only drawn upon once the applicable Services are performed and the corresponding Service Fee earned. Any Service Fee not earned by Sellers prior to the termination of this Agreement shall be returned to Purchaser in accordance with Section 5.3 hereof.

Section 5.2 To the extent that, as a part of the Services, Sellers are required to collect amounts from customers (any such amounts “Collections”), Sellers shall be permitted to pay any costs, expenses, and taxes (excluding income taxes payable by Sellers for Sellers’ own account) that are payable in connection with the Services (and that are not included in the Services Fee) out of Collections. Sellers shall hold in trust for, and pay to Purchaser, promptly upon receipt thereof, all remaining income, proceeds and other monies received by Sellers or any of their respective Affiliates in connection with their use of any asset that would be an Acquired Asset in connection with the arrangements set forth in Section 1.5(c) of the Purchase Agreement. Sellers shall provide a weekly report to Purchaser of all Collections. Sellers shall remit to Purchaser the net amount of all Collections received during the term of this Agreement together with a report setting forth any costs, expenses, and taxes paid out of Collections on a monthly basis.

Section 5.3 On or before the date that is 10 Business Days following the termination of this Agreement, Purchaser and Sellers shall reconcile the Services actually provided to the Service Fee paid for such Services. To the extent that either Purchaser or Sellers determine that any portion of the Service Fee paid is inaccurate or has not been fully earned by Sellers, Purchaser shall reimburse Sellers or Sellers shall reimburse Purchaser, as applicable, promptly after such mutual determination (but in no event later than 5 Business Days following such determination).

#### **ARTICLE VI CLAIMS; INDEMNIFICATION**

Section 6.1 Except for any liability arising from Sellers’ bad faith, willful misconduct, or gross negligence, the total liability of Sellers, and Sellers’ current and former directors, officers, employees and agents (the “Sellers’ Representatives”), under this Agreement, including, without

limitation, any Purchaser claims for indemnification, shall not exceed and be limited to any recovery available from the Sellers' existing insurance coverages. Sellers covenant and agree to continue in full force and effect all existing insurance coverages maintained by Sellers on the Closing Date for the duration of the term of this Agreement.

Section 6.2 Notwithstanding anything to the contrary herein, in no event shall Sellers or Sellers Representatives have any liability for loss of profit, diminution in value, loss of goodwill, or consequential, incidental, punitive, or other special damages as a result of the provision of, or the failure to provide, Services under the terms of this Agreement.

Section 6.3 THERE ARE NO EXPRESS WARRANTIES BY SELLERS IN CONNECTION WITH THE SERVICES AND NO WARRANTY SHALL BE IMPLIED UNDER THIS AGREEMENT OR AT LAW INCLUDING, WITHOUT LIMITATION, WARRANTY OF MERCHANTABILITY OR WARRANTY OF FITNESS FOR A PARTICULAR PURPOSE AS TO THE SERVICES TO BE PERFORMED HEREUNDER. SELLERS MAKE NO REPRESENTATION, WARRANTY OR GUARANTY OF ANY NATURE AS TO THE ECONOMIC, OPERATIONAL, FINANCIAL OR OTHER RESULTS WHICH MAY BE OBTAINED OR EXPERIENCED BY THE PURCHASER.

Section 6.4 EXCEPT IN THE CASE OF THE OTHER PARTY'S BAD FAITH, WILLFUL MISCONDUCT, OR GROSS NEGLIGENCE, EACH PARTY HERETO (AN "INDEMNIFYING PARTY") SHALL PROTECT, DEFEND, HOLD HARMLESS, AND INDEMNIFY THE OTHER PARTY AND SUCH PARTY'S CURRENT AND FORMER DIRECTORS, OFFICERS, EMPLOYEES, AND AGENTS (THE "INDEMNIFIED PARTIES") FROM AND AGAINST ANY AND ALL CLAIMS, LOSSES, DAMAGES, LIABILITIES, AND EXPENSES, INCLUDING THE EXPENSE OF DEFENDING AGAINST ANY LEGAL ACTION OR PROCEEDING OR ANY THREAT THEREOF SEEKING TO RECOVER DAMAGES FROM ANY INDEMNIFIED PARTY, ARISING OUT OF OR RESULTING FROM SELLERS' PROVISION TO PURCHASER OF THE SERVICES IN ACCORDANCE WITH THIS AGREEMENT, WHETHER ASSERTED UNDER ANY LAW, CONTRACT, TORT, WARRANTY, NEGLIGENCE, OR OTHER THEORY OF LIABILITY. THE PROVISIONS OF THIS SECTION 6.4 SHALL SURVIVE ANY TERMINATION OR EXPIRATION OF THIS AGREEMENT.

Section 6.5 An Indemnified Party shall promptly notify the Indemnifying Party in writing of any claim, action, demand, or lawsuit for which the Indemnified Party intends to claim indemnification hereunder (however, failure to give such notice will not relieve the Indemnified Party from the Indemnified Party's obligations hereunder, except to the extent that, and only to the extent that, the Indemnified Party is prejudiced by such delay). The Indemnifying Party shall have the right to take control of the defense of all actions that are indemnified against hereunder; provided, however, that the Indemnifying Party shall not have the right to settle or compromise any claim without the written consent of the Indemnified Party, which consent shall not be unreasonably withheld, conditioned, or delayed, excluding, however, a compromise or settlement based solely on the payment of money in exchange for a complete release of such Indemnified Party without any further obligations being imposed on such Indemnified Party. The Indemnified Party shall reasonably cooperate with the Indemnifying Party and the Indemnifying Party's legal representatives in the investigation and defense of any action covered by this indemnification. The

Indemnifying Party shall advance to the Indemnified Party any expenses requested to be advanced by the Indemnified Party in connection with the foregoing indemnity within ten (10) days after the receipt by the Indemnifying Party of a written statement or statements requesting such advances from time to time.

## **ARTICLE VII MISCELLANEOUS**

Section 7.1 Assignment. The parties shall not assign such party's rights or obligations under this Agreement, or any part hereof, without the prior written consent of the other party except that Purchaser may, at Purchaser's election, assign Purchaser's rights under this Agreement, in whole or in one or more parts, to any one or more of Purchaser's Affiliates. Any assignment in violation of this provision shall be void. This Agreement shall be binding upon and shall inure to the benefit of the parties and their respective successors and permitted assigns.

Section 7.2 Force Majeure. No party hereunder shall be liable to the other party for any failure to perform hereunder caused by contingencies beyond the non-performing party's control including, but not limited to, acts of God, fire, flood, wars, acts of terrorism, sabotage, strike, pandemic, government actions, and any other similar occurrence beyond the non-performing party's control. Any party asserting such party's inability to perform any obligation hereunder for any such contingency shall promptly notify the other party of the existence of any such contingency, and shall use such non-performing party's reasonably diligent efforts to re-commence performance of any such obligations as soon as commercially practicable.

Section 7.3 Independent Contractor. The parties and each of their respective Affiliates shall each be an independent contractor in the performance of such party's obligations hereunder. No third party, including any employee of any party or any of such party's Affiliates, shall have or acquire any rights by reason of this Agreement, except that the Seller Representatives may enforce the provisions set forth in Article VI.

Section 7.4 Notices. All notices and other communications hereunder shall be in writing and shall be delivered (a) in person, (b) by a nationally recognized courier for overnight delivery service, or (c) by email or other electronic means to the persons indicated below. A notice or communication shall be deemed to have been effectively given (i) if in person, upon personal delivery to the party to whom the notice is directed, (ii) if by nationally recognized courier, one Business Day after delivery to such courier, and (iii) if by email or other electronic means, when sent unless the sender receives a "bounce back" or similar indication that the e-mail was not delivered to the recipient. Rejection or other refusal to accept or inability to deliver because of changed address of which no notice has been received shall also constitute receipt. Any such notice, election, demand, request, or response shall be addressed as follows:

(a) If to Sellers:

c/o Numet Machining Techniques, LLC  
235 Edison Rd.  
Orange, CT 06477  
Attention: David Nolletti



E- mail: David.Nolletti@riveron.com

With a copy (which shall not constitute notice) to:

Young Conaway Stargatt & Taylor, LLP  
1000 North King Street  
Wilmington, DE 19801  
Attention: Michael R. Nestor  
E- mail: mnestor@ycst.com

(b) If to Purchaser:

c/o Arlington Capital Partners  
7272 Wisconsin Avenue, 15<sup>th</sup> Floor  
Bethesda, MD 20814  
Attention: Peter Manos; Bilal Noor  
E-mail: pmanos@arlingtoncap.com; bnoor@arlingtoncap.com

With a copy (which shall not constitute notice) to:

Gibson, Dunn & Crutcher LLP  
1050 Connecticut Avenue, N.W.  
Washington, DC 20036  
Attention: Andrew Herman  
E- mail: ahermand@gibsondunn.com

Section 7.5 Dispute Resolution. Purchaser and Sellers shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement. In the event Purchaser and Sellers are unable to resolve any dispute arising out of or related to this Agreement, such dispute shall be submitted to the Bankruptcy Court for resolution.

Section 7.6 Governing Law. THIS AGREEMENT SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH (A) THE INTERNAL LAWS OF THE STATE OF DELAWARE WITHOUT GIVING EFFECT TO RULES GOVERNING CONFLICT OF LAWS AND, (B) TO THE EXTENT APPLICABLE, THE BANKRUPTCY CODE.

Section 7.7 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed an original, and all of which shall constitute one and the same agreement.

Section 7.8 Headings. The headings contained in this Agreement are for reference purposes only and shall not in any way affect the meaning or interpretation of this Agreement.

Section 7.9 Modifications. This Agreement contains the entire understanding and agreement between the parties hereto as to the Services. This Agreement may not be amended or modified except by a written instrument executed by the parties hereto.

Section 7.10 Cumulative Effect. The rights and obligations of the parties under this Agreement shall be cumulative to and not exclusive of the rights and obligations of the parties contained in the Purchase Agreement.


Section 7.11 Amendment; Waiver. Any provision of this Agreement may be amended or waived only if such amendment or waiver is in writing and signed by all parties hereto. No notice or demand on one party will be deemed to be a waiver of any obligation of that party or the right of the party giving a notice or demand to take further action without notice or demand as provided in this Agreement. No waiver that may be given by a party will be applicable except for the specific instance for which it is given. No failure or delay by any party in exercising any right, power, or privilege hereunder shall operate as a waiver thereof nor shall any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any other right, power, or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

[SIGNATURE PAGE FOLLOWS]

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement,  
as of the day and year first above written.

**PURCHASER:**

BG ACQUISITION, INC.

By:  \_\_\_\_\_  
Name: Peter Manos  
Title: President

**SELLERS:**

AeroCision Parent, LLC, a Delaware limited  
liability company

By: \_\_\_\_\_  
Name:  
Title:

AeroCision, LLC, a Delaware limited liability  
company

By: \_\_\_\_\_  
Name:  
Title:

Numet Machining Techniques, LLC, a Delaware  
limited liability company

By: \_\_\_\_\_  
Name:  
Title:

IN WITNESS WHEREOF, the parties hereto have duly executed this Agreement, as of the day and year first above written.

**PURCHASER:**

BG Acquisition, Inc., a Delaware corporation

By:

Name:

Title: Authorized Representative

**SELLERS:**

AeroCision Parent, LLC, a Delaware limited liability company

By: *David Nolletti*

Name: David Nolletti

Title: Chief Restructuring Officer

AeroCision, LLC, a Delaware limited liability company

By: *David Nolletti*

Name: David Nolletti

Title: Chief Restructuring Officer

Numet Machining Techniques, LLC, a Delaware limited liability company

By: *David Nolletti*

Name: David Nolletti

Title: Chief Restructuring Officer

EXHIBIT A**SERVICES; FEES**

Service	Fees
Sellers will provide the following:	
Payroll services – process and disburse payroll until BG Acquisition has payroll services established	Direct pass through of third-party costs plus hours and rates for Riveron personnel, if applicable
IT software access	Direct pass through of third-party software costs plus hours and rates for Riveron personnel, if applicable
Process customer payments and transfer payments to BG Acquisition accounts	Direct pass through of third-party costs plus hours and rates for Riveron personnel, if applicable
Process medical insurance claims filed prior to the closing date and pay such claims out of AeroCision Parent LLC (OldCo) claims account.	Direct pass through of third-party costs plus hours and rates for Riveron personnel, if applicable
Claims resolution – work in good faith to resolve vendor claims	Direct pass through of third-party costs plus hours and rates for Riveron personnel, if applicable
Banking matters – work in good faith to resolve any erroneous or disputed deposits or withdrawals	Direct pass through of third-party costs plus hours and rates for Riveron personnel, if applicable
DoD Contract Novation Enablement Services – facilitate novation of government contracts from AeroCision Parent to BG Acquisition	Direct pass through of third-party costs plus hours and rates for Riveron personnel
Commercial Contract Assumption Enablement Services – facilitate contract assumption by BG Acquisition with commercial customers	Direct pass through of third-party costs plus hours and rates for Riveron personnel
Factoring and equipment finance assumption - facilitate assumption of factoring and equipment leases by BG Acquisition	Direct pass through of third-party costs plus hours and rates for Riveron personnel
Post closing accounting and finance support – assistance with day-to-day accounting, finance, and administrative duties	Direct pass-through of third-party costs, including reasonable out of pocket expenses, plus hours and rates for Riveron personnel. Estimated professional fees are \$25,000 per week.
Liquidity management – assistance managing disbursements, daily cash management, and liquidity forecasting	Direct pass-through of third-party costs, including reasonable out of pocket expenses, plus hours and rates for Riveron personnel.

	Estimated professional fees are \$7,000 per week.
<p>Post closing accounting advisory services:</p> <ul style="list-style-type: none"> <li>• Closing Balance Sheet (CBS) to Opening Balance Sheet (OBS) walk forward: <ul style="list-style-type: none"> <li>○ Assist the company to complete the closing balance sheet for a mid-month close for all working capital accounts,</li> <li>○ Prepare adjustments related to OBS to walk forward from CBS prepared by the company (excluded assets / liabilities, FV adjustments and synchronization of accounting policies with the Acquirer),</li> <li>○ Prepare technical accounting memo for application of purchase accounting to provide to the acquirer's auditors.</li> <li>○ Provide audit support to get Acquirer's auditors signed-off on OBS,</li> </ul> </li> <li>• Valuation: <ul style="list-style-type: none"> <li>○ Assess FV of tangible and intangible assets on the OBS,</li> <li>○ Prepare standard Valuation report for review by Acquirer's auditor and support audit of assumptions and models.</li> </ul> </li> </ul>	Hours and Rates for Riveron personnel plus reasonable out of pocket expenses. Professional fees are estimated to be ~\$85,000.
Other matters as requested by BG Acquisition and agreed upon by the Debtor	TBD

Riveron hourly rates:

Position	Hourly Rate
Senior Managing Director	\$840 - \$1,420
Managing Director	\$650 - \$960
Senior Directors/Directors	\$520 - \$920
Senior Associate	\$505 - \$650
Associate/Analyst	\$300 - \$600
Paraprofessional	\$200

Riveron rates are subject to periodic adjustment and Riveron reserves the right to adjust rates at any time.