UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF IOWA

In Re:	)	Case No. 17-00273-als11
	)	
REES ASSOCIATES, INC.	)	Chapter 11
	)	
Debtor and Debtor in Possession.	)	Hon. Anita L. Shodeen
	)	
PO Box 831 Des Moines, IA 50304	)	**DEBTOR'S FIRST AMENDED COMBINED PLAN AND DISCLOSURE STATEMENT, DATED ~~JANUARY 10~~FEBRUARY 20, 2018**
EIN: 42-1422198	)	
	)	
	)	No Hearing Set

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I. INTRODUCTION

This is the First Amended Combined Plan of Reorganization and Disclosure Statement (for ease of reference, the First Amended Combined Plan of Reorganization and Disclosure Statement will be referred to as the "Plan") in the Chapter 11 case of Rees Associates, Inc. (the "Debtor" or "Rees"). This Plan is filed under Chapter 11 of the Bankruptcy Code (the "Code") and proposes to pay creditors of the Debtor from future income of the Debtor generated from continued operations of its business. This Plan provides for four (4) Classes of Secured Claims and two (2) Classes of General Unsecured Claims. The Plan proposes to pay all Allowed Tax Claims and all Allowed Secured Claims in full in payments over time, and offer a one hundred percent (100%) dividend on account of all Class 6 Allowed General Unsecured Claims over time.

This Plan also provides detailed information regarding the terms for payment to the Debtor's creditors and other information designed to assist creditors in determining whether to accept the Plan. ***Your rights may be affected. You should read these papers carefully and discuss them with your attorney, if you have one. (If you do not have an attorney, you may wish to consult one.)***

A. Purpose of This Document

This Plan describes:

1. The Debtor and significant events during its Bankruptcy Case.

2. Historical information regarding the Debtor and the events leading to its bankruptcy filing.

3. How the Plan proposes to treat claims of the type you hold (i.e., what you will receive on your claim if the Plan is confirmed).

4. Who can vote on or object to the Plan.

5. What factors the Bankruptcy Court (the "Court") will consider when deciding whether to confirm the Plan.

6. Why the Debtor believes the Plan is feasible, and how the treatment of your claim under the Plan compares to what you would receive on your claim in liquidation.

7. The effect of confirmation of the Plan.

B. Deadlines for Voting and Objecting; Date of Plan Confirmation Hearing

The Court has not yet approved the Disclosure Statement or confirmed the Plan. The Debtor has moved the Court to exercise its power pursuant to Bankruptcy Code Section 105(d)(2)(b) to authorize the Debtor to submit this Combined Plan and Disclosure Statement to creditors and interested parties on a conditional basis, and to combine the hearing on final approval of the Disclosure Statement with the hearing on confirmation of the Plan. This section describes the procedures under which the Disclosure Statement will or will not be finally approved and whether the Plan will or will not be confirmed.

1. Time and Place of the Hearing to Confirm the Plan/Approve Disclosure Statement

The Debtor has moved the Court to issue an "Order and Notice of Deadlines and Hearing on Disclosure Statement and Plan of Reorganization" a copy of which will be enclosed with this Combined Plan and Disclosure Statement. The Court has not yet scheduled a combined hearing on approval of the Disclosure Statement and confirmation of the Plan.

2. Deadline for Voting to Accept or Reject the Plan

If you are entitled to vote to accept or reject the Plan, you can vote on the ballot enclosed with the Combined Plan and Disclosure Statement, and return the ballot in the self-addressed envelope enclosed for your convenience. See Article X Section E below for a discussion of voting eligibility requirements. The deadline to submit your ballot is 4:00 p.m. Central Standard Time on a date yet to be determined by the court. Your ballot must be received by that date and time or your Ballot may not be counted.

3. Deadline for Objecting to the Adequacy of the Disclosure Statement and Confirmation of the Plan

The deadline to file an objection as to the adequacy of the disclosures in the Disclosure Statement has not yet been set. Objections to the Disclosure Statement, if any, must be in writing and be set forth separately from any objections to the Plan, if any.

4. Identity of Person to Contact for More Information

If you want additional information about the Plan, you should contact Jeffrey D. Goetz, Esq., General Reorganization Counsel for the Debtor, whose contact information is on the cover page of this Plan.

II. DEFINITIONS

All definitions used in this Combined Plan and Disclosure Statement are identified in Appendix "A" to this Plan and said terms shall have the respective meanings as so specified.

III. BACKGROUND

A. Description and Background of the Debtor

Rees Associates, Inc. is a full service lettershop and has been providing innovative lettershop, fulfillment, targeted one-to-one marketing, and packaging service to the direct mailing industry for over 40 years. They are an industry leader in one-to-one marketing using selective inserting. Rees offers a unique production platform which facilities minimizing production costs while maximizing postage savings. Selective inserting allows mailing segments to be merged during inserting with tests in the same USPS containers as control. Teamed with camera match systems, mail can be a highly targeted message which, in turn, leverages data analytics. Additionally, Rees Associates provides creative packaging designs driving consumer engagement.

The sophisticated equipment used in their production services allows the lettershop to provide imaging, bindery, and inserting services. Project Management Services include freight

optimization (carrier selection and management), in-home date management, print procurement, mailing list acquisition, and mail piece design. Their Data Processing Services include de-duplication, merge/purge, postal presort and optimization, among others.

~~B.~~B. Events Leading to the Filing of the Chapter 11

In the years prior to the filing of the bankruptcy, Rees lost five (5) of its largest customers due to companies being sold and closed, consolidation of competitor companies, and changes in demand for products Rees produces. Rees suffered a loss of the following business:

a. AIH Haband/Fairview Advertising was between 40-50% of Rees' sales. The company was sold and the direct mail packages were converted to catalog format which Rees does not print.

b. ICOM was 12-20% of Rees' sales. The company was purchased and closed by purchaser.

c. Meredith Corporation ("Meredith") was 5-10% of Rees' sales. The company discontinued its monthly American Baby mailing and lost a large mailing program with the National Teachers Association which Rees had previously been processing. However, Rees continues to produce an occasional program for Meredith.

d. Gardens Alive was 5-10% of Rees' sales. Gardens Alive consolidated vendors, placing the direct mail packages with the company printing the inserts, thus eliminating Rees as a vendor.

e. Howard Strategies ("Howard") was 5-10% of Rees' sales. Howard was a marketing company representing Paralyzed Veterans of America, Alaniz, LLC, Brickmill Marketing, etc. The owner of Howard moved to Florida, and business slowly went away.

In addition to the loss of the above business, Rees' Vice President of Sales retired. As a result, Rees' income fell short of its expenses, and it was not able to meet the financial level it needed to pay its creditors in a timely manner.

C. Significant Events during the Bankruptcy Case

The Debtor filed its Voluntary Petition for relief under Chapter 11 on February 27, 2017 (the "Petition Date") (Docket Item 1). The Debtor engaged Bradshaw, Fowler, Proctor & Fairgrave, P.C. (the "Bradshaw Law Firm") as its Chapter 11 General Reorganization Counsel in the Chapter 11 Case. Jeffrey D. Goetz, Esq., is the shareholder of the Bradshaw Law Firm responsible for representing the Debtor in this case. The Debtor and the Firm entered into a Legal Services Agreement dated February 20, 2017, for representation in this Chapter 11 case. On March 28, 2017, the Court entered an Order approving the Debtor's Application to Employ the Bradshaw Law Firm (Docket Item 34).

The Official Committee of Unsecured Creditors (the "Committee") was appointed on March 13, 2017 (Docket Item 24). ~~An Amendment to the Committee's Appointment was filed on June 15, 2017 (Docket Item 74) to remove RR Donnelley from the Committee. Because only two members remained after the Amendment, the UST terminated the Committee on June 19, 2017, (Docket Item 78). On September 5, 2017, the UST appointed a new Committee (Docket Item 89).~~

On March 28, 2017, the Committee filed an Application to Employ Province, Inc. as Financial Advisor to the Committee (Docket Item 35) and the United States Trustee (the "UST") filed an Objection to the Committee's Application on April 3, 2017 (Docket Item 39). The Committee and the UST entered into a Stipulation regarding the Committee's Application to Employ Financial Advisor (Docket Item 41) and the Court approved such Stipulation on April 14, 2017 (Docket Item 42).

On April 14, 2017, the Debtor filed its Application to Employ Scott Eisenberg and Amherst Consulting, LLC as its Financial Advisor and Investment Banker (Docket Item 44). The Court subsequently entered an Order granting the Debtor's Application (Docket Item 68).

~~———~~On April 19, 2017 (Docket Item 49) Creditor RR Donnelley and Sons Company ("RR Donnelley") filed a Motion for Relief from Automatic Stay ("Motion") to Exercise Right of Setoff ~~on April 19, 2017 (Docket Item 49). The~~. Debtor filed ~~an~~its Objection ~~to RR Donnelley's Motion on April 20, 2017~~ (Docket Item 52~~),~~, and ~~an~~ Amended Objection ~~on April 25, 2017~~at (Docket Item 56~~). ~~)) to the Motion. A telephonic hearing was held on May 9, 2017 regarding RR Donnelley's ~~Objection~~Motion and the Debtor's Objection and Amended Objection. The Court set the matter for a final evidentiary hearing on June 2, 2017. ~~The Debtor and RR Donnelley filed a Stipulation and Consent Order on June 13, 2017 resolving the matter (Docket Item 72) and the Court entered the Consent Order on June 14, 2017 (Docket Item 73).~~

Debtor, through its counsel, and counsel for RR Donnelley worked together to reach an agreement to resolve the issues presented in the Motion. Subsequently, the Debtor and RR Donnelley entered into an agreement, whereby RR Donnelley agreed to withdraw from the Committee once the Stipulation was approved by the Court, as it would no longer be a creditor of the estate. The Court entered its Order approving the Stipulation and Consent Order on June 14, 2017 (Docket Item 73), and the UST then filed an Amendment to the Committee's Appointment on June 15, 2017 (Docket Item 74), removing RR Donnelley from the Committee.

Because only two members remained after the Amendment, the UST terminated the Committee on June 19, 2017, (Docket Item 78). On September 5, 2017, the UST appointed a new Committee (Docket Item 89).

Subsequently, the UST was contacted by a creditor who wanted to be on the Committee. As such, on September 5, 2017, the UST filed another Appointment of Committee of Unsecured

Creditors adding the new creditor, Arthur J. Gallagher & Co., to the reappointed Committee (Docket Item 89).

Since the Committee had employed Shaw Fishman Glantz and Towbin, LLC, and Dickenson Mackaman Tyler & Hagen P.C. as Counsel for the Committee, on September 17, 2017 (Docket Item 92), the Committee filed a Motion for Authority to continue their employment. The Court entered its Docket Text Order on September 21, 2017, granting the Motion.

On October 19, 2017, the UST filed a Motion for Order to Show Cause (Docket Item 104) against Stephen D. Lundstrom ("Lundstrom"), President of Rees, (and also an "insider"), for communicating with a creditor that was on the Committee and allegedly advising that creditor to resign from the Committee. The Court set the matter for a courtroom hearing on November 13, 2017 (Docket Item 105). After good faith negotiations, the UST and Lundstrom' s Attorney, Robert Gainer, reached an agreement whereby Lundstrom agreed and acknowledged that although he speaks to creditors as necessary through his normal business operations at Rees, he will refrain from speaking to creditors regarding the bankruptcy case until the Disclosure Statement is approved by the Court. This agreement was filed with the Court on November 9, 2017 (Docket Item 112) ("Stipulation Re: Withdrawal of United States Trustee's Motion for Order to Show Cause"). Subsequently, on November 9, 2017, at Docket Item 114, the Court entered its Order Approving the Stipulation.

The Debtor filed a Motion to Extend Exclusivity Period to File Disclosure Statement and Plan of Reorganization on June 26, 2017 (Docket Item 80) and the Court entered an Order granting the Debtor's Motion (Docket Item 83). The Debtor filed a Second Motion to Extend Exclusivity Period to File Disclosure Statement and Plan of Reorganization on September 26, 2017 (Docket Item 97). On October 18, 2017, the Court entered its Order granting the Debtor's

Motion.

On October 25, 2017, Debtor filed a Third Motion to Extend the Exclusivity Period (Docket Item 108, and after Notice and Hearing, the court entered its Order granting the Debtor to and until January 5, 2018 to file its Disclosure Statement and Plan.

~~C~~D. Current and Historical Financial Conditions

The identity and the Debtor's good-faith estimates of the fair market value of the Bankruptcy Estate's assets as of the Petition Date are identified in the Debtor's Petition, Schedules, and Statements, as amended, and incorporated by reference herein and are available on the Court's docket for this case, or a copy will be provided at no cost upon request to Debtor's General Reorganization Counsel. Copies of the Debtor's regular monthly operating reports are also available on the Court's docket, or a copy of one or all of the monthly operating reports will be provided at no cost upon request from Debtor's General Reorganization Counsel

A copy of the Debtor's most recently filed monthly operating report for the month ending ~~November 30~~December 31, 2017, and the unaudited balance sheet and income statement for the January 1 – November 30, 2017 financial statements are attached as Exhibit "A" hereto and incorporated by reference herein.

Based on the Debtor's historical figures from 2013 through 2016, 35% of Rees' business occurs in the first six months of the year and 65% of Rees' business occurs in the last six months of the year. This results in the Debtor having a "slow season" during the first six months of the year and a "busy season" during the last six months of the year.

IV. THE PLAN OF REORGANIZATION AND TREATMENT OF CLAIMS

A. Purpose of the Plan of Reorganization

As required by the Code, the Plan will place claims in various classes and describes the treatment each class will receive. The Plan also states whether each class of claims is impaired or

unimpaired. If the Plan is confirmed, the Claims of Creditors will be limited to the amounts provided for those Claims under the Plan.

B. Explanation of Classes of Claims

1. Classes of Secured Claims

Allowed Secured Claims are claims secured by property of the Debtor's Bankruptcy Estate (or that are subject to setoff) to the extent allowed as secured claims under Code Section 506. If the value of the collateral or setoffs securing a creditor's Claim is less than the amount of the creditor's Allowed Claim, the deficiency may be classified as a General Unsecured Claim.

2. Classes of Priority Unsecured Claims

Certain priority claims that are referred to in Code Sections 507(a)(1), (4), (5), (6), and (7) are required to be placed in classes. The Code requires that each holder of such a claim receive Cash on the Effective Date of the Plan equal to the allowed amount of such Claim. However, a class of holders of such claims may vote to accept different and/or less favorable treatment.

3. Classes of General Unsecured Claims

General Unsecured Claims are not secured by property of the Bankruptcy Estate and are not entitled to priority under Code Section 507(a).

C. Overview - Treatment of Unclassified and Classified Claims under the Plan

Allowed Unclassified and Classified Claims will be treated as follows under this Plan:

Class	Constituency	Impairment	Estimated Distribution	Treatment
Unclassified	§ 507(a)(2) – Administrative Expense Claims	Not Impaired	$82,500	Paid in full on the Effective Date of the Plan, or such date as approved by the Court, unless creditor agrees to different/less favorable treatment.
Unclassified	§ 507(a)(8) Priority Tax	Not Impaired	$878,817	Payment in full over time substantially in compliance with

	Claims			Bankruptcy Code section 1129(a)(9)(C).
Class 1	§ 507(a)(1), (4), (5), (6) & (7) – Priority Non-Tax Claims	Not Impaired	None	Paid in full on the Effective Date of the Plan, or such date as approved by the Court, unless creditor agrees to different/less favorable treatment.
Class 2	Allowed Secured Tax Claim of the IRS	Impaired	$1,536,703	Paid in full, with interest at 4% per annum, within ten years of the Effective Date of Plan, substantially in compliance with Bankruptcy Code section 1129(a)(9)(C).
Class 3	Allowed Secured Claim of PAST Financial, L.C.	Impaired	$495,000	Paid in full, with interest at 7% per annum, within ten years of the Effective Date.
Class 4	Allowed Secured Equipment Lease Claim of HYG Financial Services, Inc.	Not Impaired	$37,945.71	Lease assumed by the Reorganized Debtor as of the Effective Date. Any unpaid sums due for pre- and post-petition charges and payments shall be paid in full, in Cash, on or before the Effective Date, unless the creditor agrees to different and/or less favorable treatment.
Class 5	Allowed Secured Real Estate Lease Claim of Lundstrom Capital Management, L.L.C.	~~Not~~ Impaired	$~~0~~374,000.00	Lease assumed by the Reorganized Debtor as of the Effective Date. Any unpaid sums due for pre- and post-petition charges and payments shall be ~~paid in full, in Cash, on or before the Effective Date, unless the creditor agrees to different and/or less favorable treatment.~~ subordinated to Class 6 payments.
Class 6	Allowed General Unsecured Claims	Impaired	$282,963.24	Each Claim holder to receive a dividend, in Cash, in deferred quarterly payments, with the first payment being on the Effective Date, and subsequent payments within ninety (90) days thereafter, for a period not to exceed five (5) years from and after the Effective Date, unless Claim holders elect to receive 30% of their Allowed Claim paid in Cash on the Effective Date in complete satisfaction of their Allowed Claim.
Class 7	Allowed Subordinated General	Impaired	$~~0~~799,824.26	Paid $0 under the Plan, unless and until Debtor provides 100% dividend to all Holders of

	Unsecured Claims of Insiders			Allowed Claims in Class 6.
Class 8	Equity Interests	Not Impaired	$0	Equity Interest Retained by Stephen D. Lundstrom

D. Treatment of Unclassified Claims

Certain types of Claims are automatically entitled to specific treatment under the Code. They are not considered impaired, and holders of such claims do not vote on the Plan. They may, however, object if, in their view, their treatment under the Plan does not comply with that required by the Code. Accordingly, the Debtor has not placed the following claims in any class:

1. Administrative Expenses

Administrative expenses are costs or expenses of administering the Debtor's Chapter 11 case which are allowed under Code Section 507(a)(2). The Code requires that each administrative expense claim be paid on the Effective Date of the Plan, unless the holder of the claim agrees to different and/or less favorable treatment. As reflected below, each holder of an administrative expense claim allowed under Code Section 503 will be paid in full on the Effective Date of this Plan, in Cash, or upon such other terms as may be agreed upon by the holder of the claim and the Debtor. The following chart lists the Debtor's estimated administrative expenses and its treatment under this Plan:

Type	Estimated Amount Owed	Proposed Treatment
Non-Professional Administrative Expense Claims	$0	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later.
Expenses Arising in the Ordinary Course After the Petition Date	$1,000	Paid in full on the Effective Date of the Plan, or according to terms of obligation if later.
Professional Fees, as approved by the Court	$75,000	Paid in full on the Effective Date of the Plan, or according to separate written agreement, or according to court order if such fees have not been approved by the Court on the Effective Date of the Plan.
Clerk's Office Fees	$0.00	Paid in full on the Effective

		Date of the Plan.
Office of the U.S. Trustee Fees	$6,500.00	Paid in full on the Effective Date of the Plan.
TOTAL	$82,500.00	

2. Allowed Unsecured Priority Tax Claims

Except to the extent that the holder of an Allowed Unsecured Priority Tax Claim specified in Bankruptcy Code section 507(a)(8) ("Priority Tax Claim") has agreed to different and/or less favorable treatment of its Claim, the holder of such a Claim will receive treatment of its Allowed Claim in substantial compliance with Bankruptcy Code section 1129(a)(9)(C), and under the Debtor's Plan as follows: Regular installment payments of Cash, of a total value, as of the Effective Date of the Plan, equal to the Allowed amount of such Claim, with interest accruing from the Petition Date, over a period ending not later than five (5) years after the Effective Date, in a manner not less favorable than the most favored non-priority unsecured claim provided for under this Plan, other than cash payments made to a class of creditors under Bankruptcy Code section 1122(b).

The Debtor believes that there are three (3) Priority Tax Claims.

a) Unsecured Priority Tax Claim of the Internal Revenue Service

The Unsecured Priority Tax Claim of the Internal Revenue Service (the "IRS") is for Income, FICA, and FUTA taxes for the years 2011 through March 2017. According to the June 29, 2017 Amended IRS Proof of Claim (Docketed on the Claims Register as Proof of Claim No. 3), the IRS asserts an Unsecured Priority Tax Claim of $60,734.70 (the "Allowed IRS Unsecured Priority Tax Claim"). The Debtor estimates that the IRS Unsecured Priority Tax Claim will accrue $2,649.00 between the Petition Date and the Effective Date, and the IRS Unsecured Priority Tax Claim will be approximately $63,384.00 on the Effective Date.

The Debtor does not dispute the Allowed IRS Unsecured Priority Tax Claim. The Debtor shall treat the Allowed IRS Unsecured Priority Tax Claim in substantial compliance with

Bankruptcy Code Section 1129(a)(9)(C), as follows:

i. The Debtor shall pay the Allowed IRS Unsecured Priority Tax Claim, with interest at 4.0% per annum, within five (5) years of the Effective Date of the Plan.

ii. The Debtor shall make twenty (20) regular quarterly payments of principal and interest on the Allowed IRS Unsecured Priority Tax Claim, with simple interest fixed and accruing at the annual rate of 4.0%. Two (2) of the regular quarterly payments that will be due during the Reorganized Debtor's "slow season" and the two (2) regular quarterly payments that become due during the Reorganized Debtor's "busy season" shall be in amounts as stated in the IRS Priority Tax Claim Payment Amortization Schedule attached hereto as Exhibit "B" and incorporated by reference herein, until the Allowed IRS Unsecured Priority Tax Claim is paid in full.

iii. The first regular quarterly payment shall be on the Effective Date of the Plan, which is anticipated to be April 1, 2018, with all subsequent quarterly payments being made on the on the last date of each successive calendar quarter, unless the Debtor and the IRS agree to a different quarterly payment date.

iv. Notwithstanding any dispute under Code Section 506 as to the valuation of the assets in the Bankruptcy Estate as of the Effective Date of the Plan, any and all Tax Liens filed or recorded by the IRS, either pre-petition or post-petition, shall be deemed valid, perfected and binding against the Debtor and the Bankruptcy Estate, and shall remain so until the Allowed IRS Unsecured Priority Tax Claim is paid in full.

v. During the pendency of this case, and until the Allowed IRS Priority Tax Claim is paid in full, the Debtor waives any and all applicable statutes of limitations as to the IRS with regard to collection and payment of the Allowed IRS Unsecured

Priority Tax Claim.

vi. During the pendency of this case, and until the Allowed IRS Unsecured Priority Tax Claim is paid in full, the Debtor stipulates that the Allowed IRS Unsecured Priority Tax Claim is non-dischargeable pursuant to Code Section 523(a)(1).

vii. Debtor must remain in full compliance by timely making all federal estimated tax payments, by timely filing all federal tax returns, and by making full payment of any outstanding balance due at the time of filing of said federal tax returns. In the event Debtor defaults on any payment due to the IRS as required under the confirmed Plan, and in the event Debtor fails to cure said default within thirty (30) days after written notice of the default is delivered to Debtor, the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately. The IRS may collect unpaid liabilities that become due as a result of the default through the administrative collection provisions or the judicial remedies as set forth in the Internal Revenue Code.

b) Priority Tax Claim of Iowa Department of Revenue

The Priority Tax Claim of the Iowa Department of Revenue (the "IDR") is for taxes, interest and penalties for the year ending 2014 through and including the first quarter of 2017. According to the IDR's Proofs of Claim (Docketed on the Claims Register as Proof of Claims No. 9, 10, and 14), the IDR Claims assert Secured, Unsecured Priority, and General Unsecured Claim liability as of the Petition Date in the total amount of $94,361 (the "Allowed IDR Priority Tax Claim").

The Debtor estimates that the IDR Priority Tax Claim will accrue $4,939.00 in interest between the Petition Date and the Effective Date, and the amount of the IDR Priority Tax Claim will be approximately $99,300.00 on the Effective Date.

The Debtor does not dispute the Allowed IDR Priority Tax Claim. The Debtor shall treat

the Allowed IDR Priority Tax Claim in substantial compliance with Bankruptcy Code Section 1129(a)(9)(C), as follows:

i. The Debtor shall pay the Allowed IDR Priority Tax Claim, with interest, within five (5) years of the Effective Date of the Plan.

ii. The Debtor shall make twenty (20) regular quarterly payments of principal and interest on the Allowed IDR Priority Tax Claim, with simple interest fixed and accruing at the annual rate of 4.8%. Two (2) of the regular quarterly payments that will be due during the Reorganized Debtor's "slow season" and two (2) regular quarterly payments that become due during the Reorganized Debtor's "busy season" shall be in amounts as scheduled on the IDR Priority Tax Claim Payment Amortization Schedule attached as Exhibit "C" hereto and incorporated by reference herein.

iii. The first regular quarterly payment shall be on the Effective Date of the Plan, which is anticipated to be April 1, 2018, with all subsequent quarterly payments being made on the on the last date of each successive calendar quarter, unless the Debtor and the IRS agree to a different quarterly payment date.

iv. Notwithstanding any dispute under Code Section 506 as to the valuation of the assets in the Bankruptcy Estate as of the Effective Date of the Plan, any and all Tax Liens filed or recorded by the IDR, either pre-petition or post-petition, shall be deemed valid, perfected and binding against the Debtor and the Bankruptcy Estate, and shall remain so until the Allowed IDR Priority Tax Claim is paid in full.

v. During the pendency of this case, and until the Allowed IDR Priority Tax Claim is paid in full, the Debtor waives any and all applicable statutes of limitations as to the IDR with regard to collection and payment of the Allowed IDR Priority Tax Claim.

vi. During the pendency of this case, and until the Allowed IDR Priority Tax Claim is paid in full, the Debtor stipulates that the Allowed IDR Priority Tax Claim is non-dischargeable pursuant to Code Section 523(a)(1).

vii. Debtor must remain in full compliance by timely making all state and federal estimated tax payments, by timely filing all state and federal tax returns, and by making full payment of any outstanding balance due at the time of filing. In the event Debtor defaults on any payment due to the IDR as required under the confirmed Plan, and in the event Debtor fails to cure said default within twenty (20) days after written notice of the default is mailed to Debtor, the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately. The IDR may collect unpaid liabilities that become due as a result of the default through the administrative collection provisions or the judicial remedies as set forth in the Internal Revenue Code.

c) Priority Tax Claim of Iowa Workforce Development

The Priority Tax Claim of the Iowa Workforce Development ("IWD") is for unemployment tax arrears ~~in the approximate amount of $680,515.00 (the "Allowed IWD Priority Tax Claim") as of the Petition Date. The IWD did not file any Proof of Claim. The Debtor estimates that as of the Effective Date of the Plan, IWD Priority Tax Claim will incur approximately $35,618.00 in post-petition interest, and the amount that will be owed will be approximately $716,133.00.~~. The IWD did not file any Proof of Claim, however, it asserts it is owed $664,593.39 in contributions, interest of $249,214.42 as of January 18, 2018, and fees of $38.00, for a total of $913,845.81. The Debtor's records show contributions owing to the IWD in the amount of $661,967.94. This amount includes a pre-petition amount owed of $551,068.59 and a post-petition amount owed of $110,899.35. The Debtor agrees to IWD's amount asserted for contributions in the amount of $664,593.39 as the Allowed IWD Priority Tax Claim.

The Debtor does not dispute the Allowed IWD Priority Tax Claim and will be treated as an Impaired Claim. The Debtor shall treat the Allowed IWD Priority Tax Claim ~~in substantial compliance with Bankruptcy Code Section 1129(a)(9)(C),~~ as follows:

i. The Debtor shall pay the Allowed IWD Priority Tax Claim, with interest, within ten (10) years of the Effective Date of the Plan.

ii. The Debtor shall make one hundred and twenty (120) regular monthly payments of principal and interest on the Allowed IWD Priority Tax Claim, with simple interest fixed and accruing at the annual rate of 4.8%. The regular monthly payments shall be pursuant to the amortization schedule attached as Exhibit "D" hereto, and incorporated by reference herein, until the IWD Priority Tax Claim is paid in full. The first regular monthly payment shall be on the Effective Date of the Plan, with all subsequent monthly payments being made on the same day of each successive month, unless the Debtor and the IWD agree to a different monthly payment date.

iii. Notwithstanding any dispute under Code Section 506 as to the valuation of the assets in the Bankruptcy Estate as of the Effective Date of the Plan, any and all Tax Liens filed or recorded by the IWD, either pre-petition or post-petition, shall be deemed valid, perfected and binding against the Debtor and the Bankruptcy Estate, and shall remain so until the Allowed IWD Priority Tax Claim is paid in full.

iv. During the pendency of this case, and until the Allowed IWD Priority Tax Claim is paid in full, the Debtor waives any and all applicable statutes of limitations as to the IWD with regard to collection and payment of the Allowed IRS Priority Tax Claim.

v. During the pendency of this case, and until the Allowed IWD Priority Tax Claim is paid in full, the Debtor stipulates that the Allowed IWD Priority Tax

Claim is non-dischargeable pursuant to Code Section 523(a)(1).

vi. Debtor must remain in full compliance by timely making all state and federal estimated tax payments, by timely filing all state and federal tax returns, and by making full payment of any outstanding balance due at the time of filing. In the event Debtor defaults on any payment due to the IWD as required under the confirmed Plan, and in the event Debtor fails to cure said default within thirty (30) days after written notice of the default is delivered to Debtor, the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately. The IWD may collect unpaid liabilities that become due as a result of the default through the administrative collection provisions or the judicial remedies as set forth in the Iowa Code.

E. Treatment of Classified Claims and Interests.

1. Class 1: Priority Non-Tax Claims.

a) Classification - Class 1 shall consist of all Priority Non-Tax Claims to the extent of the priority recognized pursuant to Bankruptcy Code Section 507(a)(1), (4), (5), (6) and (7). The Debtor does not believe any Class 1 Claims exist.

b) Treatment - Except to the extent that a holder of a particular Class 1 Claim agrees to different and/or, less favorable treatment of its Claim, and except to the extent that an agreement made in the ordinary course of the business between a particular Class 1 Claimant and the Debtor provides for different, less favorable treatment, the holder of an Allowed Class 1 Claim shall be paid in Cash on the Effective Date 100% of the Allowed amount of such Claim, with no interest. To the extent that the allowed amount of any Class 1 Claim exceeds the priority limitation of Bankruptcy Code Sections 507(a)(1), (4), (5) (6) or (7), the holder of such Claim shall have an Allowed Class 6 Claim to the extent of the excess.

2. Class 2: Allowed Secured Tax Claim of Internal Revenue Service

a) Classification. Class 2 consists of the Allowed Secured Tax Claim of the Internal Revenue Service ("IRS") on account of taxes, interest, and penalties owed from tax years 2011 through and including 2016. The IRS filed a proof of claim, as amended ("Proof of Claim No. 003") asserting a Secured Claim in the amount of $1,472,478.67 ("Class 2 Claim"). The Debtor estimates that as of the Effective Date of the Plan, Class 2 Claim will incur $64,224 in post-petition interest, and the amount that will be owed on account of the Class 2 Claim (including post-petition interest) will be $1,536,703.00.

The Debtor believes the Class 2 Claim is fully secured pursuant to Bankruptcy Code Section 506 and 26 U.S.C. § 6321. The Class 2 Claim is Impaired. The Debtor does not dispute the amount asserted by the Class 2 Claim holder.

b) Treatment. The Debtor shall treat the Allowed IRS Secured Tax Claim in substantial compliance with Bankruptcy Code Section 1129(a)(9)(C), as follows:

i. The Debtor shall pay the Allowed IRS Secured Tax Claim, with interest, within ten (10) years of the Effective Date of the Plan.

ii. The Debtor shall make one hundred and twenty (120) regular monthly payments of principal and interest on the Allowed IRS Secured Tax Claim, with simple interest fixed and accruing at the annual rate of 4.0%. The regular monthly payments shall be pursuant to the amortization schedule attached as Exhibit "E" hereto, and incorporated by reference herein, until the IRS Secured Tax Claim is paid in full. The first regular monthly payment shall be on the Effective Date of the Plan, with all subsequent monthly payments being made on the same day of each successive month, unless the Debtor and the IRS agree to a different monthly payment date.

iii. Notwithstanding any dispute under Code Section 506 as to the valuation of the assets in the Bankruptcy Estate as of the Effective Date of the Plan, any and

all Tax Liens filed or recorded by the IRS, either pre-petition or post-petition, shall be deemed valid, perfected and binding against the Debtor and the Bankruptcy Estate, and shall remain so until the Allowed IRS Priority Tax Claim is paid in full.

iv. During the pendency of this case, and until the Allowed IRS Secured Tax Claim is paid in full, the Debtor waives any and all applicable statutes of limitations as to the IRS with regard to collection and payment of the Allowed IRS Secured Tax Claim.

v. During the pendency of this case, and until the Allowed IRS Secured Tax Claim is paid in full, the Debtor stipulates that the Allowed IRS Secured Tax Claim is non-dischargeable pursuant to Code Section 523(a)(1).

vi. Debtor must remain in full compliance by timely making all federal estimated tax payments, by timely filing all federal tax returns, and by making full payment of any outstanding balance due at the time of filing. In the event Debtor defaults on any payment due to the IRS as required under the confirmed Plan, and in the event Debtor fails to cure said default within thirty (30) days after written notice of the default is delivered to Debtor, the entire imposed liability, together with any unpaid current liabilities, shall become due and payable immediately. The IRS may collect unpaid liabilities that become due as a result of the default through the administrative collection provisions or the judicial remedies as set forth in the Internal Revenue Code.

3. Class 3: Allowed Secured Claim of PAST Financial, L.C.

PAST Financial, L.C. is solely owned by Steve Simon ("Simon"). Simon assists in the management of PDM Company, in which he is one of the owners and provides capital to selected companies through PAST Financial, L.C.

a) Classification. Class 3 consists of the Allowed Secured Claim of

PAST Financial, L.C. ("PAST") on account of that certain loan agreement between the Debtor and PAST. The Class 3 Claim is evidenced by that certain promissory note dated August 8, 2014, in the original principal amount of $250,000.00, as modified on October 15, 2016, in the amount of $495,000.00 (hereinafter referred to as the "PAST Promissory Note"). The PAST Promissory Note provided for payment of $11,962.44 on the execution date of the modification and payments of principal and interest until January 15, 2017, when the entire unpaid principal and interest balance was due and payable in full.

The Debtor believes the Class 3 Claim is fully secured. The Class 3 Claim is Impaired. The Class 3 Claim holder has not filed a Proof of Claim. According to the Debtor's books and records, the balance owed on account of the PAST Promissory Note as of the Petition Date is $495,000.00 and the Debtor estimates that the principal amount due as of the Effective Date will be $495,000.00.

b) Treatment: The holder of the Allowed Class 3 Claim shall be paid 100% of the allowed amount of such Claim. The Class 3 Claim holder shall receive on account of such Claim, 100% of the value of its Claim, as per the PAST Promissory Note, as modified below:

i. Term: Ten (10) years, with a maturity date extended to December 1, 2028.

ii. Interest Rate: Seven percent (7.0%) per annum

iii. First Year Monthly Payments: The Reorganized Debtor shall make interest only payments of $2,888.00 for the period beginning on the Effective Date (first payment) through and including December 1, 2018 (ninth payment).

iv. Subsequent Years Monthly Payments: The Reorganized Debtor shall make monthly payments of both interest and principal of $3,838.00 beginning on January 1, 2019 (tenth payment), through and including November 1, 2028 (one hundred and twenty-eighth

payment).

v. Final Balloon Payment: The Reorganized Debtor shall make a final payment of $334,367.00 on or before December 1, 2028 on account of the Class 3 Claim.

A copy of the amortization payment schedule for the Class 3 Claim is attached as Exhibit "F" hereto and incorporated by reference herein.

4. Class 4: Allowed Secured Equipment Lease Claim of HYG Financial Services, Inc.

a) Classification. Class 4 consists of the Allowed Secured Equipment Lease Claim of HYG Financial Services, Inc. ("HYG") on account of that certain Lease Agreement dated January 10, 2017 (the "Equipment Lease") for Seven (7) Enersys Batteries (the "Equipment").

The Debtor believes the Class 4 Claim is fully secured. The Class 4 Claim is not Impaired. Since the Petition Date, the Debtor has continued to make all the regular monthly lease payments, and is current and not in default under the Equipment Lease. The Debtor does not dispute the Class 4 Claim holder's Proof of Claim.

b) Treatment: The holder of the Allowed Class 4 Claim shall be paid 100% of the allowed amount of such Claim. The Class 4 Claim holder shall receive on account of such Claim, 100% of the monthly lease payments due, pursuant to Bankruptcy Code section 1129(b)(2)(A)(i)(II), totaling at least the allowed amount of such Claim, of a present value, as of the Effective Date, of at least the value of such holder's interest in the Debtor's interests in such property.

c) Assumption of the Equipment Lease: To the extent the Equipment Lease is a "true lease" as opposed to a disguised purchase finance arrangement, Rees elects to assume the Equipment Lease as of the Effective Date of the Plan. Since there is no default under the Equipment Lease as of the filing of this Combined Plan and Disclosure Statement, and the

Debtor will remain current and not in default as of the Effective Date of the Plan, the Debtor will not be required to cure or provide adequate assurance of future performance under the Equipment Lease, pursuant to Bankruptcy Code section 365(b)(1).

The balance of the Debtor's Equipment Lease obligation as of the Petition Date was $37,945.71. To facilitate payment in full of its lease obligations under the Equipment Lease, Rees will make regular monthly lease payments to HYG in the amount of $709.53 for the remainder of the Equipment Lease, with the first monthly payment due on the Effective Date of the Plan and the remaining monthly payments due every thirty (30) days thereafter.

The Debtor will continue to keep the Equipment fully insured, well maintained and in good repair until such time as the Class 4 Claim is paid in full.

5. Class 5: Allowed Secured Real Estate Lease Claim of Lundstrom Capital Management, L.L.C.

a) Classification. Class 5 consists of the Allowed Secured Real Estate Lease Claim of Lundstrom Capital Management, L.L.C. ("LCM") on account of the following lease agreements executed between LCM and the Debtor: (1) lease agreement dated January 10, 2008 for the lease of 1800 SW 2nd Street, Des Moines, IA 50315; and (2) lease agreement dated January 10, 2008 for the lease of 1918 SW 2nd Street, Des Moines, IA 50315 (collectively referred to herein as the "Lease Agreements").

The Debtor believes the Class 5 Claim is fully secured. The Class 5 Claim is ~~not~~ Impaired. ~~Since the~~ Pre-Petition ~~Date, the,~~ Debtor ~~has continued to make all the regular monthly lease payments~~owed LCM $348,300.00, and an additional $25,700.00 is ~~current and not in default under the~~due post-petition. LCM therefore has a total Allowed Secured Real Estate Lease ~~Agreements~~Claim of $374,000. LCM did not file any Proof of Claim.

b) Treatment: The holder of the Allowed Class 5 Claim shall be paid 100% of the allowed amount of such Claim. The Class 5 Claim holder shall receive on account

of such Claim, ~~100% of the monthly lease payments due, pursuant to Bankruptcy Code section 1129(b)(2)(A)(i)(II), totaling at least the allowed amount of such Claim, of a present value, as of the Effective Date, of at least the value of such holder's interest in the Debtor's interests in such property~~$25,700.00 on the Effective date, with the balance to be subordinated and paid along with the Claims in Class 7 after the Claims in Class 6 have been paid in full.

c) Assumption of the Lease Agreements: To the extent the Lease Agreements are "true leases" as opposed to disguised purchase finance arrangements, Rees elects to assume the Lease Agreements as of the Effective Date of the Plan. Since there is no default under the Lease Agreements as of the filing of this Combined Plan and Disclosure Statement, and the Debtor will remain current and not in default as of the Effective Date of the Plan, the Debtor will not be required to cure or provide adequate assurance of future performance under the Lease Agreements, pursuant to Bankruptcy Code section 365(b)(1).

To facilitate payment in full of its lease obligations under the Lease Agreements, the Debtor will continue to make regular monthly lease payments to LCM for the remainder of the Lease Agreements. The Debtor will continue to keep the subject real estate fully insured, well maintained and in good repair until such time as the Class 5 Claim is paid in full.

6. Class 6: Allowed General Unsecured Claims

a) Classification: Class 6 consists of all Allowed General Unsecured Claims that are: (i) against the Debtor and not otherwise entitled to priority; (ii) are not held by an insider of the Debtor, as that term is defined in the Bankruptcy Code, and (iii) not otherwise classified above. There are approximately thirty-three (33) Claims in Class 6, and the total amount of such Claims is approximately $282,963.24. The list of Class 6 Claims is attached hereto as Exhibit "G" and incorporated by reference herein. Class 6 is Impaired.

b) Treatment: Each holder of a Class 6 Claim shall receive, in

exchange for and in full satisfaction of such Claim, a dividend, in Cash, in deferred quarterly payments. The quarterly dividend shall be divided Pro Rata among all Class 6 Claim Holders based on the amount of their respective Allowed General Unsecured Claims. The Debtor estimates that the minimum total amount of such dividends to be paid on all Allowed Class 6 Claims shall be equal to 100% of such Claims.

Class 6 Claim Holders may elect one of two options. For the first option, the Class 6 Claim Holders may elect to receive one hundred percent (100%) of their Allowed Claim within five (5) years of the Effective Date~~.~~ ("Option A"). The Debtor shall make twenty (20) regular quarterly payments on account of Allowed Class 6 Claims. Two (2) of the regular quarterly payments that will be due during the Reorganized Debtor's "slow season" and two (2) of the regular quarterly payments that become due during the Reorganized Debtor's "busy season" shall be in amounts pursuant to the Class 6 Payment Amortization Schedule attached as Exhibit "H", and incorporated herein by reference, until the Class 6 Claim is paid in full. The first regular quarterly payment shall be on the Effective Date of the Plan, which is anticipated to be April 1, 2018, with all subsequent quarterly payments being made on the same day of each successive quarter, unless the Debtor and the Holder of the Class 6 Claim agree to a different quarterly payment date.

The second option for Holders of Class 6 Claims is to elect to receive thirty percent (30%) of their Allowed Claim paid in full in Cash within ninety (90) days of the Effective Date in complete satisfaction of their Allowed Claim~~.~~ ("Option B"). If Holders of Allowed Class 6 Claims wish to elect to receive payment of thirty percent (30%) of their Claim in full satisfaction of said Claim, they must clearly select such option on their Ballot and timely submit same by the Ballot Deadline.

The Reorganized Debtor shall be entitled and authorized to immediately pre-pay all the

Class 6 Claim Holders in an amount equal to 100% of their respective Allowed Class 6 Claims at the Debtor's sole discretion, and any such pre-payment shall be in full and complete satisfaction of its obligations under the Plan, and be a discharge of its obligations to pay any further dividend to Allowed Class 6 Claim holders.

7. Class 7: Allowed Subordinated General Unsecured Claims of Insiders

a) Classification: Class 7 consists of all Allowed Subordinated General Unsecured Claims held by an Insider of the Debtor against the Debtor. The Debtor believes Stephen D. Lundstrom ("Lundstrom") and any of his wholly owned entities, including, but not limited to, Lundstrom, LLC, are Insiders of the Debtor. Class 7 Claims are Impaired.

The Debtor owes the following to Insiders:

Insider	**Pre-Petition Amount Owed**	**Post-Petition Amount Owed**	**Total Amount Owed**
Stephen D. Lundstrom	$49,324.38	$268,275.12	$317,599.50
Lundstrom, LLC	$106,660.56	$0.00	$106,660.56
Scott Lundstrom	$1,564.20	$0.00	$1,564.20
Lundstrom Capital Management	$348,300.00	$25,700.00	$374,000.00
Total Amount Owed to Insiders			**$799,824.26**

The amount owed to Scott Lundstrom is reimbursement for out of pocket expenses incurred by him on behalf of Rees. The amounts advanced by Stephen D. Lundstrom, Lundstrom, LLC, and Lundstrom Capital Management are loans.

b) Treatment: The Holders of Class 7 Claims shall receive nothing under the Plan, unless and until the Debtor provides a 100% dividend to ~~all~~ Holders of Allowed Class 6 Claims ~~Class 6~~that elect Option A and a 30% dividend to Holders of Allowed Class 6 Claims that elect Option B.

Subordination of Insider Claims is not required under the Bankruptcy Code; however, the

Plan's subordination of such Claims reflects the Debtor's belief that the Claims of other Creditors of the Debtor generally should be paid before the Debtor pays Insiders.

8. Class 8: Equity Interests

Class 8 consists of the equity Interests in the corporate Debtor represented by all of the issued and outstanding shares in the Debtor, as of the Petition Date. 100% of the shares of the Debtor are owned by ~~Stephen D.~~ Lundstrom. The Class 8 equity Interests shall be retained by ~~Stephen D.~~ Lundstrom. Class 8 is not Impaired.

F. Treatment of U.S. Trustee Fees

All fees required to be paid pursuant to 28 U.S.C. § 1930(a)(6) (the "U.S. Trustee Fees") will accrue and be timely paid until the case is closed, dismissed, or converted to another chapter of the Code. Any U.S. Trustee Fees due and owing on or before the Effective Date of this Plan will be paid on the Effective Date.

The Reorganized Debtor or its attorney of record shall file status reports with the Bankruptcy Court on a quarterly basis after entry of the Confirmation Order, describing the progress towards consummation of the Plan. The status reports shall be served on the United States Trustee. The status reports shall include a disclosure of the Reorganized Debtor's cash position and the extent of any prepayments of the Reorganized Debtor's obligations during the reported quarter in substantially the same format as provided for in monthly operating reports prior to confirmation of the Plan, or such other format which is acceptable to the Office of the United States Trustee.

V. MEANS OF IMPLEMENTING THE PLAN

A. Source of Payments

Payments and distributions under the Plan will be funded from the net monthly income received by the Reorganized Debtor from its continued engagement in the same general business

activities the Reorganized Debtor was engaged in both pre and post-petition. Specifically, Rees will continue in the operations of its mail business. The Reorganized Debtor will ensure that all federal and state tax reporting and estimated tax deposit obligations are complied with during the pendency of this Plan.

1. Plan Payments

The Reorganized Debtor shall apply its regular monthly income first to payment of its monthly regular, usual, ordinary and customary expenses. The Reorganized Debtor's monthly regular, usual, ordinary and customary expenses shall substantially conform to those expenses disclosed and listed on the projections of future income and expenses filed with this Plan, as may be amended.

After payment of its monthly regular, usual, ordinary and customary expenses, the Reorganized Debtor shall apply, retain, earmark or otherwise segregate so much of its disposable monthly income for payment on account of its monthly and quarterly Plan obligations to creditors.

The Reorganized Debtor will conduct its business, operational and financial affairs using sound business judgment. The Reorganized Debtor shall comply with all federal, state and local tax obligations and liabilities, including but not limited to timely compliance with all tax reporting and tax payment obligations during the pendency of this Plan. The Reorganized Debtor will pay all of its undisputed post-petition financial obligations, debts and liabilities to its Creditors in a timely manner during the pendency of this Plan.

2. Waiver of Statute of Limitations

With regard to all Allowed Tax Claims, the Debtor shall execute such documents and/or instruments as may be requested or required by the IRS, the IDR and/or the IWD for waiver of statute of limitations on account of such Claims.

3. Compliance with Projections

The Reorganized Debtor shall conduct its financial affairs in material compliance with: (i) the cash expenditures set forth in its projections, or (ii) updates to such projections. A copy of the projections is attached as Exhibit "I" hereto and incorporated by reference herein. The Reorganized Debtor shall be deemed to be in material compliance with its projections or the updates thereto so long as it neither makes nor suffers a change in its financial affairs as presented in the projections (or in the updates thereto) so as to materially increase the risk of non-payment to the Tax Claim Holders and the Class 6 Creditors.

4. Projected Recovery of Avoidable Transfers

The Debtor has not yet conducted an examination, nor has it concluded whether there are any meritorious turnovers, preference, fraudulent conveyance or other avoidance claims that can be economically justified and pursued for the benefit of unsecured creditors. Additionally, since the Plan proposes payment in full on all Allowed Class 6 Claims, pursuit of avoidable transfers is not in the best interest of the Bankruptcy Estate. Therefore, the Debtor does not intend to pursue any claims or causes of action under Bankruptcy Code ~~section~~sections 542-548.

5. Claims Objections

Except to the extent that a Claim is already Allowed pursuant to a final non-appealable order, the Debtor reserves the right to object to Claims. Therefore, even if your Claim is allowed for voting purposes, you may not be entitled to a distribution if an objection to your Claim is later upheld.

6. Prepayments

Any prepayments made under this Plan to any Creditors shall satisfy the obligations to make such payments on the dates such payments would otherwise be due, shall constitute full performance hereunder to the extent of any such prepayments, and may be made without penalty

unless otherwise stated herein.

7. Retention of Right to Sell and/or Refinance

Subject to the Plan's provisions, the Reorganized Debtor shall be, and, to the extent specific authorization is necessary here, is authorized to sell, liquidate, encumber, or refinance any assets, to enable the Reorganized Debtor to make payments required under the Plan, to enable the Reorganized Debtor to obtain sufficient capital to operate its business, or for any other reason. Such authorization extends to, among other property of the Reorganized Debtor, property securing any and all Secured Claims and Priority Claims.

8. Retention of Liens

Subject to the express provisions of this Plan, and subject to any avoidance actions that the Debtor or the Reorganized Debtor may bring, Holders of Claims shall retain any valid, perfected liens against the Debtor's assets.

9. Post-Confirmation Compensation of Professional Persons

Compensation for services rendered and for reimbursement of expenses by a Professional Person after the Confirmation Date need not be approved by the Bankruptcy Court. Professional Persons may invoice the Reorganized Debtor directly, and the Reorganized Debtor may pay such invoices without further Order of the Bankruptcy Court; provided, however, that in the event of a dispute between the Reorganized Debtor and the Professional Person regarding such compensation or reimbursement, the Professional Person may submit an application to the Bankruptcy Court for review of the request for compensation and reimbursement, and the Bankruptcy Court retains jurisdiction to hear and approve such application and compel payment thereon. Such post-confirmation compensation for services rendered and reimbursement of

expenses shall be considered an ordinary operating expense, and the Reorganized Debtor shall be liable for such expense.

B. Proofs of Claim

1. Allowance of Pre-Petition Claims

Pursuant to Bankruptcy Code section 1111(a), a Proof of Claim is deemed filed under Bankruptcy Code section 501 for any Claim that appears in the Debtor's schedules, except for Claims that the Debtor specifically scheduled as disputed, contingent and/or unliquidated. In the case where the Debtor duly scheduled Claims as either disputed, contingent and/or unliquidated, and no Proof of Claim was timely filed by such Claim holder, such scheduled debt shall not be deemed a Claim, and shall not participate in this Plan or receive any dividend on account of such scheduled debt.

2. Contract/Lease Rejection Claims

Each entity that is a party to an executory contract or unexpired lease that is rejected (pursuant to the Plan), and only such entity, shall be entitled to file, not later than thirty (30) days after the Effective Date, a Proof of Claim for damages alleged to arise from the rejection or termination of the executory contract or unexpired lease, or for the unsecured deficiency that may arise from liquidation of collateral to which such entity is a party. No Holder of a Claim shall receive a distribution in excess of the amount Allowed, either by the Bankruptcy Court or as provided herein, with respect to any such Allowed Claim.

3. Bar Date for Administrative Expense Claims

Except as set forth in Bankruptcy Code section 503(b)(1)(D), all Administrative Expense Claimants shall file motions for allowance of their Administrative Expense Claims not later than thirty (30) days after the Effective Date of the Plan or such Administrative Expense Claims shall

be Disallowed and forever barred. Notwithstanding the foregoing, any governmental taxing authority that relies on the filing of tax returns in order to determine the amount and existence of such Administrative Expense Claims, shall file all motions for allowance of its Administrative Expense Claims not later than six (6) months after the Debtor files the appropriate, and applicable, tax returns necessary for such taxing authority to determine the amount and existence of its Claim.

4. Objections to Claims and Proofs of Claim

The deadline for any party in interest to file objections to any and all Claims and/or Proofs of Claim filed in this Bankruptcy Case shall be sixty (60) days after the Effective Date, unless extended by order of the Bankruptcy Court. The deadline for the Debtor or Reorganized Debtor to file an objection to a Claim or Proof of Claim arising from the termination of an executory contract, rejection of an unexpired lease, or for an unsecured deficiency Claim (that arises after liquidation or other disposition of surrendered collateral on a Secured Claim), shall be sixty (60) days after the Effective Date.

Objections may include a request for subordination pursuant to Bankruptcy Code section 510. Filing, service and prosecution of objections shall be subject to and in accordance with the Federal Rules of Bankruptcy Procedure and local rules and procedures.

5. Resolution of Disputes

Disputes regarding the validity or amount of Claims and/or Proofs of Claim shall be resolved pursuant to the procedures established by the Bankruptcy Court, the Plan, the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure, and other applicable law, and such resolution shall not be a condition precedent to confirmation or consummation of the Plan.

6. Settlement

The Debtor or the Reorganized Debtor may compromise, liquidate or otherwise settle any

"undetermined" or "objected to" Claim, Proof of Claim or Cause of Action pursuant to Federal Rule of Bankruptcy Procedure 9019.

7. Claims Against Professionals

Any Creditor or party in interest having any Claim or cause of action against the Debtor or against any of the Debtor's professionals relating to any actions or inactions in regard to the Bankruptcy Case must pursue such Claim or Cause of Action by the commencement of an adversary proceeding within thirty (30) days after the Effective Date of the Plan or such Claim or Cause of Action shall be forever barred and released. Nothing in this Section shall be construed to affect the Bar Date for filing pre-Petition Claims against the Debtor.

8. No UST Proof of Claim Required

The Office of the United States Trustee shall not be obligated to file any Proof of Claim for either pre-confirmation or post-confirmation fees owed by the Debtor for and on account of the U.S. Trustee Quarterly Fees.

9. Unclaimed Funds

Any distribution by check to any holder of an Allowed Claim, if unclaimed or uncashed by the payee thereof within ninety (90) days after issuance and delivery by first class mail, shall become property of the Debtor or the Reorganized Debtor who issued such check, and all liabilities and obligations of the Debtor and of the Reorganized Debtor to such payee and any holder of such check shall thereupon cease.

C. Litigation

Subject to the provisions of this Plan, the Debtor and the Reorganized Debtor shall retain all Claims or Causes of Action that it has or holds against any party, whether arising pre- or post-petition, subject to applicable state law statutes of limitation and related decisional law, whether sounding in tort, contract or other theory or doctrine of law or equity, and all such Claims and

Causes of Action shall vest in the Reorganized Debtor on the Effective Date. Confirmation of the Plan affects no settlement, compromise, waiver or release of any Cause of Action unless the Plan or Confirmation Order specifically and unambiguously so provides. The non-disclosure or non-discussion of any particular Cause of Action is not and shall not be construed as a settlement, compromise, waiver or release of such Cause of Action. The Debtor has not yet conducted ~~and will continue to conduct~~ a ~~reasonable and diligent~~detailed investigation~~, and~~ to determine whether or not avoidance actions exist pursuant to the Bankruptcy Code. At this time, the Debtor does not anticipate that any such avoidance actions exist or will need to be pursued. A disputed claim is a claim that has not been allowed or has been disallowed by a final non-appealable order, and as to which either: (i) a proof of claim has been filed or deemed filed, and the Debtor or another party in interest has filed an objection; or (ii) no proof of claim has been filed, and the Debtor has scheduled such claim as disputed, contingent, or unliquidated.

No distribution will be made on account of a disputed claim unless such claim is allowed by a final non-appealable order.

D. Other Terms and Creditor Protections

The Reorganized Debtor, upon the Effective Date:

1. Will be enjoined from filing a future bankruptcy proceeding in another district;

2. Will pay its undisputed, regular and ordinary debts as they come due;

3. Will not engage in any transactions with Insiders that are not at arm's length and commercially reasonable, except as authorized by this Plan, the Confirmation Order, or further order of the Bankruptcy Court;

4. Will maintain all existing insurance coverage except to the extent such coverage becomes no longer necessary; and

E. Default

1. Events of Default

The following shall be events of default under this Plan:

a) After the Confirmation Date, the failure of the Reorganized Debtor to make any payment required under the Plan when due; provided, however, that, except as otherwise provided in this Plan, no default shall be deemed to have occurred if such missed payment is made within thirty (30) days of its due date.

b) Provided no agreement exists to extend or modify the terms of any agreement between the Reorganized Debtor and third-party vendors or Creditors, failure of the Reorganized Debtor to pay when due all debts and expenses in the ordinary course of its business and financial affairs.

c) Failure to comply with any provision of this Plan.

2. Cure of Prior Defaults

As of the Effective Date, any defaults by the Debtor under any non-bankruptcy agreement shall be deemed cured, and notice of default or sale recorded by any Creditor prior to the Effective Date shall be deemed null, void, and to have no further force or effect.

3. Consequences of Default

Except as otherwise provided by this Plan or by an order of the Bankruptcy Court issued upon application by a party in interest, if an event of default under this Plan occurs and is not cured within thirty (30) days after service of written notice of default on the Reorganized Debtor and on counsel for the Reorganized Debtor, any holder of an Allowed Claim, subject to the provisions of this Plan, may immediately pursue their rights and remedies under applicable non-bankruptcy law against the Reorganized Debtor, including, but not limited to, instituting levy or foreclosure proceedings, judicial or non-judicial.

Notwithstanding the foregoing, the Reorganized Debtor or another party in interest may seek an order of the Bankruptcy Court staying any Creditor from pursuing its default rights and remedies based on appropriate grounds. Except as otherwise specified in this Plan, such grounds may include, among others, that no uncured default has occurred. The Reorganized Debtor shall bear the burden of proof with respect thereto.

Notices pursuant to this Article shall be served as follows:

Counsel for the Reorganized Debtor:

Jeffrey D. Goetz, Esq.
Bradshaw, Fowler, Proctor & Fairgrave, P.C.
801 Grand Avenue, Suite 3700
Des Moines, IA 50309-8004
515/246-5817

Reorganized Debtor:

Rees Associates, Inc.
Mr. Steve Lundstrom, President
1800 SW 2nd St.
PO Box 831
Des Moines, IA 50304

VI. RISK FACTORS

The assumptions made in this Combined Plan and Disclosure Statement concerning the Plan are based upon the best information available to the Debtor at this time. The Debtor reserves the right to revise the data, projections, and assumptions contained herein as more accurate information becomes available. In addition, the listing of a particular Claim for a specific amount is not an admission by the Debtor as to either liability or amount, and the Debtor reserves the right to object to any and all Claims in accordance with the Plan.

The Plan provides that payments to Creditors be made from the Reorganized Debtor's net after-tax income after the Effective Date. Creditors should be aware there is a risk that the Reorganized Debtor's income from business operations may fluctuate and therefore not meet the

projections and assumptions contained herein. The result may be that the Allowed Claims of some Classes of Creditors may not be paid as quickly as they might otherwise like. A number of factors may contribute to the Reorganized Debtor's inability to pay all Allowed Claims as quickly as they might like or otherwise expect, based in part, but not limited to, changes in the Debtor's revenue and expenses from changes in the marketplace impairing revenue and/or increased expenses. The Debtor believes, however, that with its continued current management, expertise and control, such risks will be mitigated and minimized.

VII. TAX CONSEQUENCES OF THE PLAN

The Debtor will not seek a ruling from the IRS or the IDR prior to the Effective Date with respect to any of the tax aspects of the Plan. **EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH HIS/HER/ITS TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, AND FOREIGN TAX CONSEQUENCES OF THE PLAN.**

ANY PERSON CONCERNED WITH THE TAX CONSEQUENCES OF THE PLAN IS STRONGLY URGED TO CONSULT WITH HIS/HER/ITS OWN ACCOUNTANTS, ATTORNEYS, AND/OR ADVISORS TO DETERMINE HOW THE PLAN MAY AFFECT HIS/HER/ITS FEDERAL, STATE, LOCAL AND FOREIGN TAX LIABILITY. The following disclosure of possible tax consequences is intended solely for the purpose of alerting readers about possible tax issues the Plan may present to the Debtor. The Plan Proponent CANNOT and DOES NOT represent that the tax consequences contained below are the only tax consequences of the Plan because the tax code embodies many complicated rules which make it difficult to completely and accurately state all of the tax implications of any action or transaction.

The following are the tax consequences that the Plan will have on the Debtor's tax liability:

The Debtor is unaware of any adverse tax consequences of the Plan as to the Debtor. The Debtor expects to minimize its tax liability and, to the extent permitted by the applicable law, will seek to expense from current income the amounts paid under the Plan. Notwithstanding the foregoing, the feasibility of the Plan does not depend on the deductibility of amounts paid.

The Debtor is unaware of any adverse tax consequences of the Plan to Creditors. It is not necessary or practical to present a detailed explanation of the federal income tax aspects of the Plan or the related bankruptcy tax matters involved in this Chapter 11 case. The tax consequences resulting from the Plan to each individual Creditor should not vary significantly from the past tax consequences realized by each individual Creditor. To the extent that the tax consequences do vary for individual Creditors, each one is urged to seek advice from his/her/its own counsel or tax advisor with respect to the federal or state income tax consequences resulting from confirmation of the Plan.

The Reorganized Debtor, as the Disbursing Agent, will withhold all amounts required by law to be withheld from payments to holders of Allowed Claims. In addition, such holders may be required to provide certain tax information to the Disbursing Agent as a condition of receiving Distributions under the Plan. The Debtor will comply with all applicable reporting requirements of the Internal Revenue Code of 1986, as amended.

VIII. PROVISIONS FOR EXECUTORY CONTRACTS AND UNEXPIRED LEASES

A. Assumed Executory Contracts and Unexpired Leases

Rees assumes the executory contracts and/or unexpired leases of HYG and LCM, effective upon the Effective Date of this Plan.

Assumption means that Rees has elected to continue to perform the Debtor's obligations under such executory contracts and unexpired leases, and to cure defaults of the type that must be cured under the Code, if any.

If you object to the assumption of your unexpired lease or executory contract, the proposed cure of any defaults, or the adequacy of assurance of performance, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan, unless the Court sets an earlier time.

B. Rejected Executory Contracts and Unexpired Leases

The Debtor will be conclusively deemed to have rejected all executory contracts and unexpired leases that (a) are not expressly assumed under Article VIII Section A of this Plan or (b) were not assumed under a separate motion before the Effective Date of this Plan. A Proof of a Claim arising from the rejection of an executory contract or unexpired lease under this section must be filed no later than thirty (30) days after the Effective Date of this Plan. Any Claim based on the rejection of a contract or lease will be barred if the Proof of Claim is not timely filed, unless the Court orders otherwise.

All executory contracts and unexpired leases that are not listed as being assumed will be rejected under the Plan. Consult your adviser or attorney for more specific information about particular contracts or leases. If you object to the rejection of your contract or lease, you must file and serve your objection to the Plan within the deadline for objecting to the confirmation of the Plan.

IX. LIQUIDATION ANALYSIS

A. General

For Creditors to make an informed decision about whether to accept or reject the Plan, the Debtor provides the following liquidation analysis to be reviewed in connection with the forecast of income and expenses described in this Disclosure Statement. The data contained in the financial analyses are estimates only, based upon the best information currently available. The Debtor reserves the right to revise the data as more accurate information becomes available.

If any Creditor votes to reject the Plan, the Bankruptcy Court must determine that each such Creditor will receive or retain under the Plan, property of a value, as of the Effective Date of the Plan, that is not less than the amount that such Creditor would receive or retain in a hypothetical case under Chapter 7 of the Bankruptcy Code. This is commonly referred to as the "best interest test." The Debtor believes that the Plan complies with the best interest test because the Plan proposes to pay all Allowed Unsecured Claims in Class 6 a one-hundred percent (100%) dividend. In support of the liquidation analysis, the Debtor has included a spreadsheet attached hereto as Exhibit "J" which provides specific information in support thereof.

B. Timing of Payment

Under a hypothetical Chapter 7 liquidation of the Debtor's assets, most Classes of Creditors would probably be forced to wait longer for payment as compared to under the Debtor's Plan. In a hypothetical Chapter 7 liquidation, the Debtor's property will have to be sold, and a Chapter 7 trustee would have to determine how best to administer the Debtor's mailing business during the liquidation period. All Unsecured Creditors (as well as Secured Creditors to the extent they are under-secured and therefore hold Unsecured Claims for the amount of its Claims in excess of the value of the collateral) will compete for the limited assets presently available for distribution to Creditors, rather than receiving payment from the Reorganized Debtor from continued engagement of its respective business operations. Based on the foregoing, the Debtor believes that in a Chapter 7 liquidation, all holders of Claims would not receive any distribution for several years.

C. Amount of Distribution Under Plan

Attached hereto as Exhibit "J" are the Debtor's estimated values for its assets in a hypothetical Chapter 7 liquidation. In a Chapter 7 case, a trustee would be charged with the responsibility of liquidating the Debtor's assets, administering or adjudicating Claims, and

distributing the proceeds of the assets in strict conformity with the priorities established by the Bankruptcy Code. Although the Debtor believes equity or potential equity exists in its assets generally, a Chapter 7 Trustee would almost certainly realize less for the assets on a liquidation basis than the Debtor would through continuation of its respective business operations, based in part on the nature of the estate's interest in those assets. Moreover, administrative expenses would increase substantially under a Chapter 7 scenario, as the trustee and the trustee's professionals (attorneys and accountants) would assert administrative priority Claims for payment of their fees and expenses. Additionally, the IRS has a "blanket" tax lien on all of the Debtor's tangible, personal property.

Even assuming a Chapter 7 Trustee could sell the Debtor's assets for a sum sufficient to pay all transactional costs, administrative costs, and all secured and priority Claims, and even assuming that there would be sufficient assets remaining to satisfy some General Unsecured Claims (which is not at all clear), that result would not exceed the results provided for in the Plan because **the Plan provides for 100% payment to all Secured Creditors, Priority Creditors and General Unsecured Creditors**. Accordingly, since the Plan provides at least as much (and possibly even more) to Creditors as they would receive in a hypothetical Chapter 7 liquidation, the Debtor believes that the Plan satisfies the "best interest test."

X. CONFIRMATION REQUIREMENTS AND PROCEDURES

A. Overview of Requirements

To be confirmable, the Plan must meet the requirements listed in Bankruptcy Code sections 1129(a) or (b). These include the requirements that: the Plan must be proposed in good faith; at least one impaired class of claims must accept the plan, without counting votes of insiders; the Plan must distribute to each creditor and equity interest holder at least as much as the creditor or equity interest holder would receive in a hypothetical Chapter 7 liquidation case,

unless the creditor or equity interest holder votes to accept the Plan; and the Plan must be feasible. These requirements are not the only requirements listed in Bankruptcy Code section 1129, and they are not the only requirements for confirmation.

B. Who May Vote or Object

Any party in interest may object to the confirmation of the Plan if that party believes that the requirements for confirmation are not met. Many parties in interest, however, are not entitled to vote to accept or reject the Plan. A creditor has a right to vote for or against the Plan only if that creditor or equity interest holder has a claim or equity interest that is both (1) allowed or allowed for voting purposes and (2) impaired.

C. What Is an Allowed Claim?

Only a Creditor with an Allowed Claim has the right to vote on the Plan. Generally, a claim is allowed if either (l) the Debtor has scheduled the claim on the Debtor's schedules, unless the claim has been scheduled as disputed, contingent, or unliquidated, or (2) the creditor has filed a Proof of Claim, unless an objection has been filed to such Proof of Claim. When a claim is not allowed, the creditor holding the claim cannot vote unless the Court overrules the objection or allows the claim or equity interest for voting purposes under Rule 3018(a) of the Federal Rules of Bankruptcy Procedure. The deadline for filing a Proof of Claim in this case was June 28, 2017.

D. What Is an Impaired Claim?

As noted above, the holder of an Allowed Claim has the right to vote only if it is in a class that is impaired under the Plan. As provided for in Code § 1124, a class is considered impaired if the Plan alters the legal, equitable or contractual rights of the members of that class.

E. Who is Not Entitled to Vote

The following types of creditors/holders are not entitled to vote:

1. Holders of Claims that have been disallowed by an order of the Court.

2. Holders of other Claims that are not "Allowed Claims" (as discussed above), unless they have been "allowed" for voting purposes.

3. Holders of Claims in Unimpaired Classes.

4. Holders of Claims entitled to priority pursuant to Bankruptcy Code sections 507(a)(2), (a)(3), and (a)(8).

5. Holders of Claims in Classes that do not receive or retain any value under the Plan.

6. Holders of Administrative Expense Claims.

Even if you are not entitled to vote on the plan, you may still have a right to object to the confirmation of the Plan.

F. Who Can Vote in More Than One Class

A creditor whose claim has been allowed in part as a secured claim and in part as an unsecured claim or who otherwise hold claims in multiple classes, is entitled to accept or reject the Plan in each capacity, and should cast one ballot for each claim.

G. Votes Necessary to Confirm the Plan

Since there are impaired classes under this Plan, the Court cannot confirm the Plan unless (1) at least one impaired class of creditors has accepted the Plan without counting the votes of any insiders within that Class, and (2) all impaired classes have voted to accept the Plan, unless the Plan is eligible to be confirmed by "cram down" on non-accepting classes, as discussed below in section G.2.

1. Votes Necessary for a Class to Accept the Plan

A Class of Claims accepts the Plan if both of the following occur: (1) the holders of more than one-half of the Allowed Claims in the class, who vote, cast their votes to accept the Plan, and (2) the holders of at least two-thirds in dollar amount of the Allowed Claims in the Class,

who vote, cast their votes to accept the Plan.

2. Treatment of Non-Accepting Classes

Even if one or more impaired classes reject the Plan, the Court may nonetheless confirm the Plan if the non-accepting classes are treated in the manner prescribed by Code § 1129(b). A Plan that binds non-accepting classes is commonly referred to as a "cram down" plan. The Code allows the Plan to bind non-accepting classes of claims if it meets all the requirements for consensual confirmation except the voting requirements of Code § 1129(a)(8), does not "discriminate unfairly," and is "fair and equitable" toward each impaired class that has not voted to accept the Plan. You should consult your own attorney if a "cramdown" confirmation will affect your Claim, as the variations on this general rule are numerous and complex.

H. Liquidation Analysis

To confirm the Plan, the Court must find that all creditors who do not accept the Plan will receive at least as much under the Plan as such Claim holder would receive in a hypothetical Chapter 7 liquidation case. There is an extensive discussion regarding the Debtor's liquidation analysis in Article IX.

I. Feasibility

The Court must find that confirmation of the Plan is not likely to be followed by liquidation of assets, or the need for further financial reorganization, of the Debtor, unless such liquidation or reorganization is contemplated or proposed in the Plan. No liquidation is proposed under this Plan.

J. Ability to Initially Fund Plan

The Debtor believes that it will have enough cash on hand on the Effective Date of the Plan to pay all the Claims and expenses that are entitled to be paid on that date, unless the holders of those Claims and expenses agree to different and/or less favorable treatment.

K. Ability to Make Future Plan Payments and Operate Without Further Reorganization

The Debtor must also show that it will have enough cash over the life of the Plan to make the required Plan payments. The Debtor has provided projected financial information (attached as Exhibit I). The Debtor believes those projections are fair, reasonable, based on realistic expectations and have a historical basis, and that the projections establish the Debtor's ability to fund and otherwise make those payments provided for under the Plan. You should consult with your accountant or other financial advisor if you have any questions pertaining to these projections.

XI. EFFECT OF CONFIRMATION OF PLAN

A. Discharge and Release of Claims

Upon Confirmation of the Plan, the Debtor shall receive the broadest discharge possible under Bankruptcy Code section 1141(d)(1), limited as applicable by the provisions of Bankruptcy Code section 1141(d)(6). More particularly, confirmation of the Plan shall discharge the Debtor from any Claim or debt that arose before the Confirmation Date and any debt of a kind specified in Bankruptcy Code sections 502(g), 502(h) or 502(i), whether or not (i) a Proof of Claim based on such debt is filed or deemed filed under Bankruptcy Code section 501, (ii) such Claim is allowed under Bankruptcy Code section 502, or (iii) the holder of such Claim has accepted the Plan.

Pursuant to Bankruptcy Code section 524, the discharge (i) voids any judgment at any time obtained to the extent that such judgment is a determination of the personal liability of the Debtor with respect to any debt discharged under Bankruptcy Code section 1141, whether or not discharge of such debt is waived, and (ii) operates as an injunction against the commencement or continuation of an action, employment of process, or an act to collect, recover or offset any such debt as a personal liability of the Debtor, whether or not discharge of such debt is waived.

Notwithstanding the foregoing, confirmation of the Plan will not discharge the Reorganized Debtor (a) from any debt of a kind specified in Bankruptcy Code sections 523(a)(2)(A) or (2)(B) that is owed to a domestic governmental unit; (b) from a debt for a tax or customs duty with respect to which the Reorganized Debtor made a fraudulent return, or (c) willfully attempted in any manner to evade or to defeat such tax or such customs duty; or (d) from its obligations under the Plan, Confirmation Order or documents executed or entered into in relation to the Plan or Confirmation Order.

B. Cure of Prior Defaults

As of the date of the Confirmation Order becoming a Final Order, any and all defaults, either pre-petition or post-petition, by the Debtor under any bankruptcy or non-bankruptcy agreement or judgment shall be deemed cured, and notice of default or sale recorded by any Creditor prior to the Effective Date shall be deemed null, void, and to have no further force or effect.

C. Binding Effect

The provisions of the Plan, the Confirmation Order, and any associated findings of fact or conclusions of law shall bind the Debtor, any entity acquiring property under the Plan, and any Creditor of the Debtor, whether or not the Claim of such Creditor is impaired under the Plan and whether or not such Creditor has accepted the Plan. As of the Confirmation Date, the assets of the Debtor and of the Reorganized Debtor dealt with under the Plan shall be free and clear from any and all Claims or the holders of Claims, except as specifically provided otherwise in the Plan or the Confirmation Order.

On the Confirmation Date, the Debtor and the Reorganized Debtor shall be entitled to control its financial affairs without further order of the Bankruptcy Court and to use, acquire and distribute any of its property free of any restrictions of the Bankruptcy Code or the Bankruptcy

Court, except as specifically provided otherwise in the Plan or Confirmation Order. The terms of the Plan shall supersede the terms of all prior orders entered by the Bankruptcy Court in the Bankruptcy Case and the terms of all prior stipulations and other agreements entered into by the Debtor with other parties in interest, except as specifically recognized in the Plan or the Confirmation Order.

D. Exoneration and Reliance

Provided that the respective affiliates, officers, directors, shareholders, members, partners, representatives, attorneys, financial advisors, and agents of the Debtor, and the Official Committee act in good faith, they shall not be liable to any claimant, Interest Holder, or other party with respect to any action, forbearance from action, decision, or exercise of discretion taken during the period from the Petition Date to the Effective Date in connection with: (a) the operation of the Debtor; (b) the proposal or implementation of any of the transactions provided for, or contemplated in this Plan; or (c) the administration of this Plan or the assets and property to be distributed pursuant to this Plan, other than for willful misconduct or gross negligence. The Debtor, and the Official Committee and their respective affiliates, officers, directors, shareholders, members, partners, representatives, attorneys, financial advisors, and agents may rely upon the opinions of counsel, certified public accountants and other experts or professionals employed by the Debtor, and such reliance shall conclusively establish good faith. In any action, suit or proceeding by any Creditor or other party in interest contesting any action by, or non-action of, the Debtor, or its respective affiliates, officers, directors, shareholders, members, partners, representatives, attorneys, financial advisors, and agents as not being in good faith, the reasonable attorneys' fees and costs of the prevailing party shall be paid by the losing party.

E. Vesting of Property

Confirmation of the Plan vests all of the property of the Debtor's Chapter 11 estate, including Causes of Action, in the Reorganized Debtor, subject only to such liens, encumbrances, and security interests as are provided for in this Plan.

F. Modification of Plan

1. Amendments Prior to Confirmation

The Debtor may modify the Plan at any time before confirmation. However, the Court may require a new Disclosure Statement and/or re-voting on the Plan. The Debtor may propose any number of amendments to or modifications of the Plan, or may rescind and withdraw the Plan in its entirety (with or without substitution of a replacement Plan), at any time prior to Confirmation. If the Debtor revokes or withdraws the Plan, or if Confirmation or the Effective Date does not occur, then the Plan shall be deemed null and void, and in any such event, nothing contained herein shall be deemed to constitute an omission, a waiver, or release of any Claims or interests by or against the Debtor or any other person, or to prejudice in any manner the rights of the Debtor, or any other person in any further proceedings involving the Debtor.

2. Amendments After Confirmation

The Reorganized Debtor may also seek to modify the Plan at any time after confirmation only if (1) the Plan has not been substantially consummated and (2) the Court authorizes the proposed modifications after notice and a hearing. The Debtor or the Reorganized Debtor may, with the approval of the Bankruptcy Court (and so long as it does not materially or adversely affect the interests of Creditors), remedy any defect or omission, or reconcile any inconsistencies in the Plan, or in the Confirmation Order, in such manner as may be necessary to carry out the purposes and intent of the Plan. Any proposed material or non-material post-confirmation modifications shall be served on any and all other Creditors, and interested parties who may request such notice in writing, such that they are given a reasonable opportunity to oppose such

modifications.

3. Effect on Claims

A Creditor that has previously accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, this Plan, as modified, unless, within the time fixed by the Bankruptcy Court, such Creditor elects in writing to change its previous acceptance or rejection.

G. Post-Confirmation Conversion/Dismissal

A Creditor or Interested Party may bring a motion to convert or dismiss the case under Bankruptcy Code section 1112(b), after the Plan is confirmed, if there is a default in performing the Plan. If the Court orders the case converted to Chapter 7 after the Plan is confirmed, then all property that had been property of the Chapter 11 estate, and that has not been disbursed pursuant to the Plan, will re-vest in the Chapter 7 estate. The automatic stay will be re-imposed upon the re-vested property, but only to the extent that relief from stay was not previously authorized by the Court during this case.

H. Revocation of the Order Confirming the Plan

The Confirmation Order may also be revoked under very limited circumstances. The Court may revoke the Confirmation Order if it was procured by fraud and if a party in interest brings an adversary proceeding to revoke confirmation within 180 days after the entry of the Confirmation Order.

I. All Bankruptcy Code Section 1129(a)(4) Payments Subject to Bankruptcy Court Review

As required by Bankruptcy Code section 1129(a)(4), all payments made or to be made by the Debtor or the Reorganized Debtor for services or for costs and expenses in connection with the Bankruptcy Case, or in connection with the Plan and incident to the Bankruptcy Case,

including both pre-petition and post-petition attorney's fees and costs, are subject to approval of the Bankruptcy Court as reasonable.

To the extent that any such payment is not subject to the procedures and provisions of Bankruptcy Code §§ 326-331, pursuant to this Plan, or otherwise, then such Bankruptcy Court approval shall be deemed to have been given through entry of the Confirmation Order unless, within thirty (30) days of such payment or request for such payment, the Bankruptcy Court, the United States Trustee, the party making the payment, or the party receiving the payment challenges or seeks approval of the reasonableness of such payment; no other parties or entities shall have standing to make such a challenge or application for approval. Nothing in this provision shall affect the duties, obligations and responsibilities of any entity under Bankruptcy Code §§ 326-331.

J. Disclosure of Identity of Member and Manager of Reorganized Debtor

In compliance with Bankruptcy Code section 1129(a)(5), the Debtor, as the Plan Proponent, duly discloses that after the Effective Date, Stephen D. Lundstrom will be the sole shareholder, sole director and sole officer of the Reorganized Debtor.

Concerning ongoing management of the Reorganized Debtor, Stephen D. Lundstrom will continue to play an active role in the Reorganized Debtor's day-to-day operations.

K. Retirement Benefits

The Debtor does not provide retiree benefits to its employees. Pursuant to Bankruptcy Code section 1129(a)(13), after the Effective Date, and pursuant to this Plan, to the extent the Reorganized Debtor is otherwise obligated, it shall provide for the continuation of retiree benefits, as that term is defined under Bankruptcy Code section 1114, at the level established per Bankruptcy Code section 1114, and for the period of time that the Debtor and the Reorganized Debtor may be obligated to provide such benefits.

L. Reservation of § 1129(b) Rights (Cramdown)

If any Class of Creditors holding Claims against the Debtor rejects the Plan, the Debtor, pursuant to Bankruptcy Code section 1129(b), will seek Confirmation if all of the applicable requirements of Bankruptcy Code section 1129(a), other than those of section 1129(a)(8), have been met.

M. Final Decree

Once the Estate has been fully administered, as provided in Bankruptcy Rule 3022, the Debtor, or such other party as the Court shall designate in the Plan Confirmation Order, shall file a motion with the Court to obtain a final decree to close the case. Alternatively, the Court may enter such a final decree on its own motion.

XII. POST-CONFIRMATION JURISDICTION

The Bankruptcy Court shall retain jurisdiction over the Bankruptcy Case subsequent to the Confirmation Date to the fullest extent permitted under § 1334 of Title 28 of the United States Code, including, without limitation, for the following purposes:

1. To determine any requests for subordination pursuant to the Plan and Bankruptcy Code § 510, whether as part of an objection to Claim or otherwise;

2. To determine any motion for the sale of the Debtor's or the Reorganized Debtor's property, or to compel re-conveyance of a lien against or interest in such property upon payment, in full, of a Claim secured under the Plan;

3. To determine any and all proceedings related to allowance of Claims or objections to the allowance of Claims, including objections to the classification of any Claim, and determination of any deficiency Claim following any Event of Default under this Plan, and including, on an appropriate motion pursuant to Federal Rule of Bankruptcy Procedure 3008, reconsidering Claims that have been allowed or disallowed prior to the Confirmation Date;

4. To determine any and all applications of Professional Persons, and any other fees and expenses authorized to be paid or reimbursed in accordance with the Bankruptcy Code or the Plan;

5. To determine or to exercise any rights pursuant to Bankruptcy Code §§ 506, 544-551 and 553;

6. To modify the Plan or the Disclosure Statement, or to remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court (including the Confirmation Order), the Plan, or the Disclosure Statement in such manner as may be necessary to carry out the purposes and effects of the Plan;

7. To determine disputes regarding title of the property of the estate claimed to be property of the estate or of the Debtor whether as Debtor or Debtor in Possession or Reorganized Debtor;

8. To ensure that the distributions to holders of Claims are accomplished in accordance with the provisions of the Plan;

9. To hear any other matter not inconsistent with Chapter 11 of the Bankruptcy Code;

10. To enter a final decree closing the Bankruptcy Case;

11. To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, reversed, revoked or vacated; and

12. To determine such other matters as may arise in connection with the Plan, the Disclosure Statement, or the Confirmation Order.

If the Bankruptcy Court abstains from exercising or declines to exercise jurisdiction, or is otherwise without jurisdiction, over any matter arising out of the Bankruptcy Case, this post-confirmation jurisdiction section shall have no effect upon and shall not control, prohibit, or limit

the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

XIII. GENERAL PROVISIONS

A. Definitions and Rules of Construction

The definitions and rules of construction stated in Code sections 101 and 102 apply when terms defined or construed in the Code are used in this Plan.

B. Effective Date of Plan

The Effective Date of this Plan shall be on a business day that is no more than 30 days after the Confirmation Order becoming a Final Order. But if a stay of the Confirmation Order is in effect on that date, the Effective Date will be the first business day after that date on which no stay of the confirmation order is in effect, unless the confirmation order has been vacated. The Debtor anticipates the Effective Date of the Plan will be within thirty (30) days of the Confirmation Order becoming a Final Order.

C. Severability

If any provision in this Plan is determined to be unenforceable, that determination will in no way limit or affect the enforceability and operative effect of any other provision of this Plan.

D. Binding Effect

The rights and obligations of any entity named or referred to in this Plan will be binding upon and will inure to the benefit of the successors or assigns of such entity.

E. Captions

The headings contained in this Plan are for convenience of reference only and do not affect the meaning or interpretation of this Plan.

XIII. CONCLUSION AND RECOMMENDATION

This Combined Plan and Disclosure Statement have been presented to you for the

purpose of enabling you and other Creditors to make an informed judgment to accept or reject the Plan. *Creditors are urged to read this Combined Plan and Disclosure Statement in full and consult with their counsel if questions arise.* The Debtor believes that this Combined Plan and Disclosure Statement and its exhibits demonstrate that the Debtor's Plan will provide the greatest amount of funds for the payment of the legitimate Claims of Creditors.

The Debtor strongly urges all Creditors to vote to accept the Plan. You are urged to complete the enclosed ballot and return it immediately in accordance with the instructions above.

Dated: 2/20/2018

Respectfully submitted,
Rees Associates, Inc.

/s/ Stephen D. Lundstrom
By: Stephen D. Lundstrom, President

Prepared by:

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APPENDIX "A" – DEFINITIONS

Administrative Expense Claim: Any cost or expense of administration of the Bankruptcy Case that is entitled to priority in accordance with Bankruptcy Code Sections 503(b) and 507(a)(2), including, without limitation: any actual and necessary expenses of preserving the Debtor's estate and of operating the Debtor's business from and after the Petition Date to and including the Confirmation Date; all Professional Compensation Claims or requests for reimbursement of expenses by members of the Official Committee, as approved by a Final Order of the Court; and any fees or charges assessed against the Debtor's estate under Chapter 123 of Title 28, United States Code.

Administrative Expense Claimant: Any Person entitled to payment of an Administrative Expense Claim.

Allowed: Shall mean (a) with respect to any Claim (including any Administrative Expense Claim) or portion thereof (to the extent such Claim is not a contested Claim or Disallowed) or any Interest, proof of which; (i) was timely filed with the Bankruptcy Court, (ii) was deemed timely filed pursuant to Bankruptcy Code Section 1111(a), or (iii) by a Final Order was not required to be filed; (b) any Claim or Interest that has been or hereafter is listed in the Schedules as liquidated in an amount other than zero or unknown and not Disputed or Contingent (or as to which the applicable proof of Claim has been withdrawn or Disallowed); (c) any Claim or Interest which has been Allowed (whether in whole or in part) by a Final Order (but only to the extent so Allowed), and, in (a), (b) and (c) above, as to which no Objection to the allowance thereof, or action to subordinate, avoid, classify, reclassify, expunge, estimate or otherwise limit recovery with respect thereto, has been filed within the applicable period of limitation fixed by the Combined Plan and Disclosure Statement, the Bankruptcy Code, the Bankruptcy Rules or a Final Order; (d) any Claim or Interest Allowed under or pursuant to the terms of the Combined Plan and Disclosure Statement; (e) any Claim arising from the recovery of property under Sections 550 or 553 of the Bankruptcy Code; (f) a Claim relating to a rejected Executory Contract or Unexpired Lease that either (i) is not a Disputed Claim or (ii) has been Allowed by a Final Order, in either case only if a proof of Claim has been filed by the applicable Claims Bar Date or has otherwise been deemed timely filed under applicable law; or (g) which is a Professional Compensation Claim for which a fee award amount has been approved by Final Order of the Bankruptcy Court; provided, however, that Claims or Interests Allowed solely for the purpose of voting to accept or reject the Plan pursuant to an order of the Bankruptcy Court shall not be considered "Allowed" hereunder.

Allowed Claim: A Claim that is Allowed in the Class or category specified. Any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

Bankruptcy Case: The Chapter 11 Bankruptcy case entitled "In re: Rees Associates, Inc. Case No. 17-00273-als11".

Bankruptcy Code: The United States Bankruptcy Code, 11 U.S.C. § 101, et seq., as amended.

Bankruptcy Court or Court: The unit of the United States District Court for the Southern

District of Iowa, constituted pursuant to 28 U.S.C. § 151, having jurisdiction over the Bankruptcy Case to the extent of any reference made pursuant to 28 U.S.C. § 157(a), or in the event such court ceases to exercise jurisdiction over the Bankruptcy Case, such court or adjunct thereof that has jurisdiction over the Bankruptcy Case.

Bankruptcy Rules: The Federal Rules of Bankruptcy Procedure, as amended.

Business Day: Any day that is not a Saturday, Sunday or legal holiday as identified in Bankruptcy Rule 9006.

Cash: Cash and cash equivalents, including, but not limited to, bank deposits, checks and other similar items.

Causes of Action: All causes of action of any kind held by the Debtor whether or not such causes of action are the subject of presently pending lawsuits, adversary proceedings or appeals, including, without limitation, (a) causes of action belonging to the Debtor as of the Petition Date; (b) causes of action belonging to the Debtor that arose after the Petition Date; and (c) rights exercisable by the Debtor as Debtor-in-Possession pursuant to Bankruptcy Code Sections 506, 510, 544, 545, 547, 548, 549, 550 or 553.

Claim: Shall mean a claim against the Debtor, whether or not asserted, as defined in Bankruptcy Code Section 101(5).

Claims Objection Date: Sixty (60) days after the Effective Date, or such other date set by an Order of the Bankruptcy Court.

Class: A group of Claims classified together in a Class designated in Article IV of this Plan.

Confirmation Date: (a) The first Business Day after the expiration of time for an appeal of the Confirmation Order, provided that no appeal of the Confirmation Order has been timely filed and a stay pending appeal granted; or (b) the first Business Day after the expiration of the time to seek further appeal of the Confirmation Order, in the event that an appeal of the Confirmation Order has been filed, and a stay of the Confirmation Order pending appeal has been granted; or (c) the first Business Day after the expiration or termination of any stay pending appeal of the Confirmation Order.

Confirmation Hearing: The date on which the Bankruptcy Court conducts a hearing to consider the confirmation of the Plan in accordance with Bankruptcy Code Section 1129.

Confirmation Order: The order entered by the Court confirming the Combined Plan and Disclosure Statement in accordance with the provisions of Chapter 11 of the Bankruptcy Code.

Contested Claim: Any Claim as to which the Debtor or any party in interest has filed an objection in accordance with the Combined Plan and Disclosure Statement, the Bankruptcy Code or the Bankruptcy Rules, which objection has not been finally determined, i.e., an objection that is subject to appeal or certiorari proceeding, or which the Debtor's Schedules list as contingent, disputed or unliquidated.

Contingent: Means, with reference to a Claim, a Claim that has not accrued or is not otherwise payable and the accrual of which, or the obligation to make payment on which, is dependent upon a future event that may or may not occur.

Creditor: Shall have the meaning ascribed to such term in Section 101 (10) of the Bankruptcy Code.

Debtor: Rees Associates, Inc.

Debtor in Possession: Debtor, as debtor in possession, pursuant to Bankruptcy Code Sections 1107 and 1108.

Disallowed: A Claim or Interest that: (i) has been disallowed, in whole or in part, by an Order of the Court; (ii) has been disallowed or withdrawn, in whole or in part, by agreement of a Holder of a Claim or Interest; or (iii) a Claim scheduled by the Debtor on the Schedules as contingent, disputed or unliquidated, for which a timely proof of Claim was not filed.

Disbursing Agent: The Disbursing Agent shall be the Reorganized Debtor.

Distribution or Dividend: The property required by the Combined Plan and Disclosure Statement to be distributed to the Holders of Allowed Claims.

Effective Date: The earlier of (a) the date on which all conditions precedent to consummation of the Plan have been satisfied, or (b) on a Business Day after the expiration of thirty (30) days after the Confirmation Order becomes a Final Order.

Estate: The estate of the Debtor created in this Bankruptcy Case pursuant to Bankruptcy Code Section 541.

Final Order: An order or a judgment of a court which has not been reversed, stayed, modified or amended, and as to which (a) the time to appeal or to seek review by certiorari or rehearing has expired, and no such appeal, review, certiorari or rehearing petition has been filed, or (b) any such appeal, review, certiorari or rehearing proceeding has been finally determined or dismissed, and the order or judgment is conclusive of all matters adjudicated thereby and in full force and effect.

General Unsecured Claims: A Claim of a Creditor not secured by a lien on property of the Estate, arising prior to the Petition Date, that is not an Administrative Expense Claim.

Holder: Shall mean the legal or beneficial holder of a Claim or/and Interest (and, when used in conjunction with a Class or type of Claim or Interest, shall mean a holder of a Claim or an Interest in such Class or of such type).

Impaired: Shall mean, when used with reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of Bankruptcy Code Section 1124.

Insider: A person as defined by Bankruptcy Code Section 101(31).

Interest: Equity in the Debtor arising pursuant to the ownership or right to acquire ownership or other equity interests of the Debtor.

Official Committee: The official committee of unsecured creditors appointed by the United States Trustee in the Bankruptcy Case on September 5, 2017 (Docket Item. 89).

Person: An individual, corporation or partnership, as defined in Bankruptcy Code Section 101(41).

Petition Date: February 27, 2017, the date the Debtor filed its voluntary petition for relief, commencing the Bankruptcy Case.

Priority Tax Claim: Any Claim entitled to priority and payment under Bankruptcy Code Section 507(a)(8).

Professional Compensation Claim: Any claim for allowance of compensation and reimbursement of costs and expenses by a Professional Person, pursuant to Bankruptcy Code Sections 330 and 331.

Professional Person: Any attorney, accountant, or other professional: (i) engaged by the Debtor or the Official Committee and approved by order of the Bankruptcy Court in the Bankruptcy Case; or (ii) engaged by the Reorganized Debtor after the Effective Date.

Pro Rata: Proportionately, so that the ratio of the Allowed amount of a particular Claim to the total amount of Allowed Claims of the Class in which a particular Claim is included, is the same as the ratio of the amount of consideration distributed on account of such particular Claim to the consideration distributed on account of the Allowed Claims of the Class as a whole in which the particular Claim is included.

Reorganized Debtor: Rees Associates, Inc. after the Effective Date.

Schedules: The Schedules of Assets and Liabilities filed by the Debtor in the Bankruptcy Case (Docket No. 1).

Secured Claim: A Claim to the extent such Claim is secured as defined in Bankruptcy Code Section 506.

Secured Creditor: Any Creditor that is the holder of a Secured Claim, to the extent of such Claim.

Unimpaired: Means the legal, equitable and contractual rights of Holders of Claims that are unaltered under the Plan.

Unsecured Claim: Any Claim other than an Administrative Expense, a Priority Tax Claim, a Priority Non-Tax Claim, or a Secured Claim, and all Claims of Secured Creditors whose Claims are valued as unsecured pursuant to Bankruptcy Code Section 506(a).

Unsecured Creditor: Any Creditor holding an Unsecured Claim.

The words "herein" and "hereunder" and other words of similar import refer to this Combined Plan and Disclosure Statement as a whole and not to any particular section, subsection or clause contained in this Combined Plan and Disclosure Statement, unless the context requires otherwise. Whenever from the context it appears appropriate, each term stated in either the singular or the plural includes the singular and the plural, and pronouns stated in the masculine, feminine or neuter gender include the masculine, feminine and the neuter. The section headings contained in the Combined Plan and Disclosure Statement are for reference purposes only and shall not affect in any way the meaning or interpretation of the Plan.

A term used in this Combined Plan and Disclosure Statement and not defined herein, but that is defined in the Bankruptcy Code, has the meaning assigned to the term in the Bankruptcy Code. A term used in this Combined Plan and Disclosure Statement and not defined herein or in the Bankruptcy Code, but which is defined in the Bankruptcy Rules, has the meaning assigned to the term in the Bankruptcy Rules.