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ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

In re:)
)
SADEX CORPORATION,) Case No. 14-44622-mxm11
)
Debtor.) Chapter 11 Case

**DISCLOSURE STATEMENT PURSUANT TO SECTION 1125 OF THE
UNITED STATES BANKRUPTCY CODE WITH RESPECT TO THE
FIRST AMENDED PLAN OF REORGANIZATION OF SADEX CORPORATION**

Dated: June 5, 2017.

Sadex Corporation (the "Debtor"), the debtor and debtor-in-possession in the above-captioned chapter 11 case, hereby submits this Disclosure Statement Pursuant to Section 1125 of the United States Bankruptcy Code with Respect to the First Amended Plan of Reorganization of Sadex Corporation (the "Disclosure Statement"). This Disclosure Statement is to be used in connection with the solicitation of votes on the First Amended Plan of Reorganization of Sadex Corporation dated June 5, 2017 (the "Plan"). A copy of the Plan is attached hereto as **Exhibit "A"**. Unless otherwise defined herein, terms used herein have the meanings ascribed thereto in the Plan (see Article I of the Plan).

For a general summary of the proposed treatment of Claims or Equity Interests under the Plan, please see the chart below.

I. NOTICE TO HOLDERS OF CLAIMS

A. Generally

The purpose of this Disclosure Statement is to enable Creditors whose Claims are impaired to make an informed decision in exercising their right to vote to accept or reject the Plan.

THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE.

On _____, 2017, the Bankruptcy Court entered an order pursuant to section 1125 of the Bankruptcy Code (the "Disclosure Statement Order") approving this Disclosure Statement as containing information of a kind, and in sufficient detail, adequate to enable a hypothetical, reasonable investor, typical of the solicited holders of Claims against and Equity Interests in the Debtor, to make an informed judgment with respect to the acceptance or rejection of the Plan. A copy of the Disclosure Statement Order is included in the materials accompanying this Disclosure Statement. APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT REGARDING THE FAIRNESS OR MERITS OF THE PLAN.

The statements contained in the Disclosure Statement are made as of the date hereof unless another time is specified, and neither delivery of the Disclosure Statement nor any exchange of rights made in connection with the Plan shall, under any circumstances, create an implication that there has not been any change in the information set forth herein since the date the Disclosure Statement and the materials relied on in preparation of the Disclosure Statement were compiled.

For the convenience of Creditors and parties in interest, this Disclosure Statement summarizes the terms of the Plan, but the Plan itself qualifies all summaries. This Disclosure Statement is qualified in its entirety by the terms of the Plan. If any inconsistency exists between the Plan and the Disclosure Statement, the terms of the Plan are controlling.

Each Claimant should consult the Claimant's individual attorney, accountant and/or financial advisor as to the effect of the Plan on such Claimant.

Each holder of a Claim or Equity Interest entitled to vote to accept or reject the Plan should read this Disclosure Statement and the Plan in their entirety before voting. No

solicitation of votes to accept or reject the Plan may be made except pursuant to this Disclosure Statement and section 1125 of the Bankruptcy Code. Except for the Debtor and its professionals, no person has been authorized to use or promulgate any information concerning the Debtor, its business, or the Plan, other than the information contained herein, in connection with the solicitation of votes to accept or reject the Plan. No holder of a Claim entitled to vote on the Plan should rely upon any information relating to the Debtor, its business, or the Plan other than that contained in this Disclosure Statement and the exhibits hereto. Unless otherwise indicated, the source of all information set forth herein is the Debtor.

The Disclosure Statement may not be relied on for any purpose other than to determine whether to vote in favor of or against the Plan and related options and elections, and nothing contained herein shall constitute an offer to sell or purchase a security as defined by state or Federal securities law or an admission of any fact or liability by any party, or be admissible in any proceeding involving the Debtor or any other party, or be deemed conclusive evidence of the tax or other legal effects of the reorganization of the Debtor on holders of Claims or Equity Interests. Certain of the information contained in the Disclosure Statement, by its nature, is forward looking, contains estimates and assumptions which may prove to be wrong, and contains forecasts which may prove to be wrong or which may be materially different from actual results.

After carefully reviewing this Disclosure Statement, including the attached exhibits, please indicate your acceptance or rejection of the Plan by voting in favor of or against the Plan on the enclosed Ballot and returning the same to the address set forth on the Ballot, in the enclosed return envelope so that it will be received by no later than **5:00 P.M., CENTRAL TIME, ON _____, 2017.**

If you do not vote to accept the Plan, or if you are the holder of an unimpaired Claim or Equity Interest, you may be bound by the Plan if it is accepted by the requisite holders of Claims or Equity Interests. See "Confirmation of the Plan – Solicitation of Votes; Vote Required for Class Acceptance" beginning on page 34 and "Cramdown" beginning on page 38 of this Disclosure Statement.

TO BE SURE YOUR BALLOT IS COUNTED, YOUR BALLOT MUST BE RECEIVED NO LATER THAN 5:00 P.M., CENTRAL TIME, ON _____, 2017. For detailed voting instructions and the name, address, and phone number of the person you may contact if you have questions regarding the voting procedures, see "Confirmation of the Plan – Solicitation of Votes; Voting Procedures – Parties In Interest Entitled to Vote" beginning on page 33 of this Disclosure Statement.

Pursuant to section 1128 of the Bankruptcy Code, the Bankruptcy Court has scheduled a hearing to consider confirmation of the Plan (the "Confirmation Hearing"), on _____, 2017 at _____m., Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Bankruptcy Court has directed that objections, if any, to confirmation of the Plan be filed and served on or before _____, 2017, in the manner described under the caption, "Confirmation of the Plan – Confirmation Hearing" beginning on page 34 of this Disclosure Statement.

THE DEBTOR SUPPORTS CONFIRMATION OF THE PLAN AND URGES ALL HOLDERS OF IMPAIRED CLAIMS AND EQUITY INTERESTS TO VOTE TO ACCEPT THE PLAN.

B. Summary of Treatment under the Plan

The following is an estimate of the numbers and amounts of classified Claims and Equity Interests to receive treatment under the Plan, and a summary of the proposed treatment of such Claims and Equity Interests under the Plan. Reference should be made to the entire Disclosure Statement and to the Plan for a complete description of the classification and treatment of Claims and Equity Interests.

The Bar Date for filing proofs of Claim was April 9, 2015. The table below is drawn from the Debtor's Schedules and filed proofs of Claim. The final universe of Claims, as actually Allowed, may differ from this table.

| Class | Treatment |
|-----------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p><u>Class 1 – Raytheon Claim</u></p> <p>Amount: \$1,971,596.05</p> <p>Number of Holders: 1</p> | <p>Impaired</p> <p>Raytheon shall receive the following treatment and Distributions on account of the Raytheon Claim:</p> <p>Raytheon shall receive Distributions on account of the Raytheon Claim equal to \$850,000 ("<u>Total Raytheon Recovery</u>") paid as set forth below.</p> <p>Raytheon shall receive a Distribution in the amount of \$200,000 on the Effective Date (the "<u>Initial Raytheon Distribution</u>"). The Initial Raytheon Distribution shall be paid from a combination of (i) the full amount of the L-3 Escrow as of the Effective Date, and (ii) the cash held by the Reorganized Debtor as of the Effective Date.</p> <p>In addition to the Initial Raytheon Distribution, Raytheon shall receive monthly installments (each, a "<u>Monthly Raytheon Distribution</u>") equal in the aggregate to \$650,000 ("<u>Monthly Raytheon Distribution Total</u>") the amount of which shall be calculated as set forth below. The first Monthly Raytheon Distribution shall be paid by the Reorganized Debtor to Raytheon on the first day of the first calendar month immediately following the Effective Date, with a like installment being paid to Raytheon on the first day of each successive calendar month until January 1, 2025, upon which date the final Monthly Raytheon Distribution shall be paid by the Reorganized Debtor to Raytheon. The amount of each Monthly Raytheon Distribution shall be calculated, based on the actual Effective Date, to yield a sum equal to the Monthly Raytheon Distribution Total. By way of illustration, if the Effective Date is September 15, 2017, the first Monthly Raytheon</p> |

| Class | Treatment |
|-------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>Distribution would be made on October 1, 2017, for a total of 88 such Monthly Raytheon Distributions of \$7,386.36 each. However, any amounts paid to Raytheon pursuant to section 4.01(d) of the Plan shall be credited toward the Monthly Raytheon Distribution Total. Consequently, the final Monthly Raytheon Distribution to be paid by the Reorganized Debtor may be paid sooner than January 1, 2025 and/or the final Monthly Raytheon Distribution may be in an amount less than the full amount of each Monthly Raytheon Distribution in the event that the Reorganized Debtor makes any Distributions to Raytheon in accordance with section 4.01(d) of the Plan. This is further addressed in section 4.01(e) of the Plan.</p> <p>The Reorganized Debtor shall determine whether or not it holds Excess Cash as of December 31, 2018 and as of December 31 of each successive calendar year thereafter (each an "<u>Excess Cash Determination Date</u>") until the Raytheon Claim and the L-3 Cure Claim have been paid in full in accordance with the Plan. In the event that the Reorganized Debtor holds Excess Cash on an Excess Cash Determination Date, the Reorganized Debtor shall make a Distribution of Excess Cash (an "<u>Excess Cash Distribution</u>") to Raytheon on or before January 31 immediately following such Excess Cash Determination Date in an amount equal to the lesser of (i) 50% of the total Excess Cash, or (ii) an amount of Excess Cash that, when added to the sum of all prior Monthly Raytheon Distributions and Excess Cash Distributions paid to Raytheon, will equal the Monthly Raytheon Distribution Total.</p> <p>For the avoidance of doubt, any Excess Cash Distribution made to Raytheon shall not increase the Total Raytheon Recovery and Raytheon shall not be entitled to receive any amount in excess of the Total Raytheon Recovery. Rather, any Excess Cash Distribution made to Raytheon will serve to (i) advance the date on which the final Monthly Raytheon Distribution is made, and/or (ii) decrease the amount of the final Monthly Raytheon Distribution. For example, if the Reorganized Debtor makes one or more Excess Cash Distributions to Raytheon and a later Monthly Raytheon Distribution, if made in the full</p> |

| Class | Treatment |
|--------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | <p>amount, would result in Raytheon receiving total Distributions in excess of the Total Raytheon Recovery, then such Monthly Raytheon Distribution shall be made in an amount which, when added to the sum of all prior Monthly Raytheon Distributions and Excess Cash Distributions paid to Raytheon, will equal the Monthly Raytheon Distribution Total. Once Raytheon has received Distributions equaling the Total Raytheon Recovery, Raytheon shall not be entitled to receive any further Distributions under the Plan, notwithstanding anything to the contrary in section 4.01 of the Plan.</p> <p>Class 1 is impaired and entitled to vote on this Plan.</p> <p>Estimated Recovery: 43%</p> |
| <p><u>Class 2</u> – Walsh Claim</p> <p>Amount: \$1,577,849.65</p> <p>Number of Holders: 1</p> | <p>Impaired</p> <p>The Walsh Claim shall be allowed in the amount of \$1,577,849.65. However, no payment or Distribution shall be made by the Reorganized Debtor to Walsh on account of the Walsh Claim until (a) The Raytheon Claim has been paid in full pursuant to section 4.01 of the Plan; and (b) the Reorganized Debtor has made all of the L-3 Cure Payments to L-3 pursuant to section 9.04 of the Plan. Class 2 is impaired but, as an Insider, the holder of this Claim may not vote on the Plan.</p> <p>Estimated Recovery: unknown</p> |
| <p><u>Class 3</u> – Rejection Claims</p> <p>Estimated Amount: unknown</p> <p>Estimated Number of Holders: unknown</p> | <p>Impaired</p> <p>Holders of any Allowed Rejection Claims shall be paid in full by the Reorganized Debtor in substantially equal monthly installments with the first such installment being due and payable on the first day of the first calendar month immediately following the Effective Date and with a like installment being due and payable on the first month of each successive calendar month thereafter until January 1, 2025, when the final installment shall be due and payable. Class 3 is impaired. However, there may be no Class 3 Claims to be paid under the Plan.</p> |

| Class | Treatment |
|----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | Estimated Recovery: 100% |
| <u>Class 4 – Prepetition Professional Fee Claims</u> Amount: \$11,529.25 Number of Holders: 2 | Unimpaired Class 4 consists of the Cantey Hanger Claim and the Kirkley Claim. The Cantey Hanger Claim and the Kirkley Claim shall be paid in full by the Reorganized Debtor on the Effective Date. Estimated Recovery: 100% |
| <u>Class 5 – Equity Interests</u> Total Holders: 7 | Unimpaired The holders of Equity interests in the Debtor shall retain such interests. |

The total universe of Claims, as ultimately Allowed, may be greater or smaller than as reflected in the above analysis.

II. EXPLANATION OF CHAPTER 11

A. Overview of Chapter 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to chapter 11, the debtor-in-possession attempts to reorganize its business for the benefit of the debtor, its creditors, and other parties in interest. The present chapter 11 case commenced with the filing of a voluntary chapter 11 petition by the Debtor on November 14, 2014.

The commencement of a chapter 11 case creates an estate comprising all the legal and equitable interests of the debtor in property as of the date the petition is filed. Sections 1101, 1107, and 1108 of the Bankruptcy Code provide that a debtor may continue to operate its business and remain in possession of its property as a “debtor in possession” unless the bankruptcy court orders the appointment of a trustee. In the present chapter 11 case, the Debtor has remained in possession of its property and has continued to operate its business as debtor-in-possession.

The filing of a chapter 11 petition also triggers the automatic stay provisions of the Bankruptcy Code. Section 362 of the Bankruptcy Code provides, *inter alia*, for an automatic stay of all attempts to collect pre-petition claims from the debtor or otherwise interfere with its property or business. Except as otherwise ordered by the bankruptcy court, the automatic stay remains in full force and effect until the effective date of a confirmed plan of reorganization.

The formulation of a plan of reorganization is the principal purpose of a chapter 11 case. The plan sets forth the means for satisfying the claims against and interests in the debtor. Generally, unless a trustee is appointed, only the debtor may file a plan during the first 120 days of a chapter 11 case (the “Exclusive Period”). However, section 1121(d) of the Bankruptcy Code permits the court to extend or reduce the Exclusive Period upon a showing of “cause.” After the Exclusive Period has expired, a creditor or any other party in interest may file a plan, unless the debtor has filed a plan within the Exclusive Period, in which case, the debtor is

generally given 60 additional days (the "Solicitation Period") during which it may solicit acceptances of its plan. The Solicitation Period may also be extended or reduced by the court upon a showing of "cause."

B. Plan of Reorganization

Although referred to as a plan of reorganization, a plan may provide anything from a complex restructuring of a debtor's business and its related obligations to a simple liquidation of the debtor's assets. In this chapter 11 case, the Plan, as proposed by the Debtor, provides for continuation of the Debtor's business under its current management and ownership and restructuring of the Debtor's debts.

After a plan of reorganization has been filed, the holders of impaired claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, section 1125 of the Bankruptcy Code requires the debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. This Disclosure Statement is presented to holders of Claims against and Equity Interests in the Debtor to satisfy the requirements of section 1125 of the Bankruptcy Code.

If all classes of claims and interests accept a plan of reorganization, the bankruptcy court may nonetheless still not confirm the plan unless the court independently determines that the requirements of section 1129 of the Bankruptcy Code have been satisfied. Section 1129 sets forth the requirements for confirmation of a plan and, among other things, requires that a plan meet the "best interests of creditors" test and be "feasible." The "best interests of creditors" test generally requires that the value of the consideration to be distributed to the holders of claims and interests under a plan may not be less than those parties would receive if the debtor were liquidated pursuant to a hypothetical liquidation occurring under chapter 7 of the Bankruptcy Code. Under the "feasibility" requirement, the court generally must find that there is a reasonable probability that the debtor will be able to meet its obligations under its plan without the need for further financial reorganization.

The Debtor believes that the Plan satisfies all the applicable requirements of section 1129(a) of the Bankruptcy Code, including, in particular, the "best interests of creditors" test and the "feasibility" requirement. The Debtor supports confirmation of the Plan and urges all holders of impaired Claims to accept the Plan.

Chapter 11 does not require that each holder of a claim against or interest in a debtor vote in favor of a plan of reorganization in order for the bankruptcy court to confirm the plan. At a minimum, however, the plan must be accepted by a majority in number and two-thirds in amount of those claims actually voting in at least one class of impaired claims under the plan. The Bankruptcy Code also defines acceptance of the plan by a class of interests (equity securities) as acceptance by holders of two-thirds of the number of shares actually voting. In the present case, only the holders of Claims who actually vote will be counted as either accepting or rejecting the Plan.

In addition, classes of claims or interests that are not "impaired" under a plan of reorganization are conclusively presumed to have accepted the plan and thus are not entitled to vote. Accordingly, acceptances of a plan will generally be solicited only from those persons who hold claims or interests in an impaired class. A class is "impaired" if the legal, equitable, or contractual rights attaching to the claims or interests of that class are modified in any way under

the plan. However, if holders of the claims or interests in a class do not receive or retain any property on account of such claims or interests, then each such holder is deemed to have voted to reject the plan and does not actually cast a vote to accept or reject the plan.

The Class 1 Raytheon Claim is impaired under the Plan and the holder of the Raytheon Claim is therefore entitled to vote on the Plan. The Class 2 Walsh Claim is also impaired under the Plan. However, the holder of the Walsh Claim is an Insider of the Debtor and, as such, is not entitled to vote on the Plan. Class 3 Rejection Claims are impaired under the Plan and the holders of any such Rejection Claims are therefore entitled to vote on the Plan. However, there may not be any actual Rejection Claims against the Debtor and Class 3 may therefore constitute a vacant Class under the Plan. Class 4 Claims are unimpaired under the Plan and the holders of the Class 4 Claims are therefore deemed to have accepted the Plan and not entitled to vote on the Plan. Holders of Class 5 Equity Interests in the Debtor shall retain their interests in the Debtor under the Plan. Class 5 is therefore unimpaired and holders of Class 5 Equity Interests are deemed to have accepted the Plan and are not entitled to vote on the Plan.

The bankruptcy court may also confirm a plan of reorganization even though fewer than all the classes of impaired claims and interests accept it. For a plan of reorganization to be confirmed despite its rejection by a class of impaired claims or interests, the proponents of the plan must show, among other things, that the plan does not “discriminate unfairly” and that the plan is “fair and equitable” with respect to each impaired class of claims or interests that has not accepted the plan.

Under section 1129(b) of the Bankruptcy Code, a plan is “fair and equitable” as to a class of rejecting claims if, among other things, the plan provides: (a) with respect to secured claims, that each such holder will receive or retain on account of its claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such claim; and (b) with respect to unsecured claims and interests, that the holder of any claim or interest that is junior to the claims or interests of such class will not receive or retain on account of such junior claim or interest any property at all unless the senior class is paid in full.

A plan does not “discriminate unfairly” against a rejecting class of claims if (a) the relative value of the recovery of such class under the plan does not differ materially from that of any class (or classes) of similarly situated claims, and (b) no senior class of claims is to receive more than 100% of the amount of the claims in such class.

The Debtor believes that the Plan has been structured so that it will satisfy these requirements as to any rejecting Class of Claims, and can therefore be confirmed, if necessary, over the objection of any Classes of Claims. The Debtor, however, reserves the right to request confirmation of the Plan under the “cramdown” provisions of section 1129 of the Bankruptcy Code.

III. THE DEBTOR AND ITS BUSINESS

A. The Debtor

The Debtor is a Texas corporation that operates an electron beam irradiation facility located in Sioux City, Iowa. The Debtor provides its services – also known as “cold pasteurization” – to customers in the food, agricultural and animal health industries. The Debtor’s cold pasteurization method utilizes proprietary, patented technology to eliminate pathogens such as Salmonella and E. coli from food, for both human and animal consumption,

without the use of radioactive or chemical agents. The Debtor's business is highly specialized and unique and the Debtor is one of the only companies in the country that provides cold pasteurization services.

B. The Debtor's Management

The Debtor's Board of Directors is comprised of three individuals. Walsh serves as the Chairman of the Board. Roger M. Payne serves as the Debtor's Secretary. Neither Walsh nor Mr. Payne receives a salary from the Debtor. The third Director is Clemmons, who also serves as the Debtor's President and oversees the Debtor's day-to-day operations at its Facility in Sioux City, Iowa. Pursuant to the Clemmons Employment Agreement, Clemmons receives a base annual salary of \$160,000, plus benefits.

The current officers and directors of the Debtor shall continue in such positions from and after the Effective Date. Thereafter, the officers and directors of the Reorganized Debtor shall be selected in accordance with the organizational documents of the Reorganized Debtor and applicable law. Unless otherwise ordered by the Bankruptcy Court, from and after the Effective Date the Reorganized Debtor's officers and directors shall be compensated at their current compensation levels, unless changed in accordance with the Reorganized Debtor's organizational documents.

C. Prepetition Financing Structure of the Debtor

The Debtor operated prepetition without secured financing. The Debtor's operations were financed through a combination of its earnings and unsecured loans advanced by Walsh to the Debtor.

IV. FEASIBILITY

The Bankruptcy Code conditions confirmation of a plan of reorganization on, among other things, a finding that it is not likely to be followed by the liquidation or the need for further financial reorganization of a debtor, unless such liquidation or reorganization is provided for by the plan of reorganization.

As reflected in its monthly operating reports filed with the Bankruptcy Court, the Debtor has operated successfully since the Petition Date and has often generated profits despite the additional expenses associated with administration of this chapter 11 case. Because the Debtor will not be incurring professional fees after the Effective Date at the same level it has during the pendency of this case, the Debtor expects its profitability to improve.

V. THE CHAPTER 11 CASE

A. Factors Leading To Filing of the Chapter 11 Case

Prior to the Petition Date, Raytheon asserted a breach of contract claim against the Debtor. Raytheon and the Debtor arbitrated the claim and, on or about June 11, 2014, the arbitrator awarded \$1,971,596.05 to Raytheon. The Debtor does not possess the ability to pay the Raytheon Claim in full. The Debtor therefore commenced this bankruptcy case in order to preserve the value of its assets and, under the protection of the Bankruptcy Code, seek to sell its assets or reorganize in a manner that will produce the greatest possible return for creditors.

B. Commencement of the Chapter 11 Case

On November 14, 2014, the Debtor filed a voluntary petition for protection under chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Debtor's chapter 11 case is administered under Case No. 14-44622-mxm11 and presided over by the Honorable Mark X. Mullin, United States Bankruptcy Judge.

C. The Debtor's Professionals

The following is a list of each of the Professionals that has been employed by the Debtor in this chapter 11 Case, with a description of the role of each such Professional:

| <u>Professional</u> | <u>Role of Professional</u> | <u>Status of Employment</u> |
|----------------------------------------------------|-----------------------------|---------------------------------------------------------------------|
| Forshey & Prostok, LLP | Lead bankruptcy counsel | Order granting employment entered December 30, 2014 [Docket No. 23] |
| The Kirkley Law Firm, LLP | Special counsel | Order granting employment entered February 27, 2015 [Docket No. 55] |
| SSG Advisors, LLC and Chiron Financial Group, Inc. | Investment bankers | Order granting employment entered February 27, 2015 [Docket No. 56] |
| Lange & Associates, P.C. | Accountants | Order granting employment entered February 27, 2015 [Docket No. 54] |

D. Creditors' Committee

The U.S. Trustee has not appointed a creditors' committee in this chapter 11 case.

E. Professional Fees and Expenses

Forshey & Prostok, LLP ("F&P") was paid a retainer in the amount of \$25,000 by the Debtor prior to the Petition Date. As of the Petition Date, the unapplied balance of the retainer was \$7,739.22. F&P has filed five interim fee applications [see Docket Nos. 62, 98, 156, 205 and 281]. The first four such interim fee applications have been granted pursuant to orders entered by the Bankruptcy Court [see Docket Nos. 70, 125, 172 and 226] and the fifth such interim fee application remains pending. F&P has been allowed, on an interim basis, \$227,408.14 for professional fees and expenses incurred from the Petition Date through October 31, 2016. F&P applied the remaining balance of its retainer to such allowed fees and expenses and the Debtor has fully paid the balance of such allowed fees and expenses.

The Kirkley Law Firm, LLP ("Kirkley") was paid a retainer in the amount of \$15,000 by the Debtor prior to the Petition Date, the full amount of which was unapplied as of the Petition Date. Kirkley has filed five interim fee applications [see Docket Nos. 78, 122, 158, 198 and 275], all of which have been granted pursuant to orders entered by the Bankruptcy Court [see

Docket Nos. 84, 137, 173, 211 and 284]. Kirkley has been allowed, on an interim basis, \$63,274.44 for professional fees and expenses incurred from the Petition Date through March 31, 2017. Kirkley applied its retainer to such allowed fees and expenses and the Debtor has fully paid the balance of such allowed fees and expenses.

The Order authorizing the Debtor's Employment of SSG Advisors, LLC and Chiron Financial Group, Inc. (together, the "Investment Bankers") authorized the Debtor to pay all fees and expenses to the Investment Bankers when due under the Debtor's engagement agreement with the Investment Bankers; provided, however, that the Investment Bankers must ultimately file fee applications and all fees and expenses paid to them remain subject to review for reasonableness by the Bankruptcy Court and potential disgorgement. As of April 30, 2016, the Debtor had paid a total of approximately \$66,000 to the Investment Bankers for fees and expenses pursuant to the engagement agreement.

Lange & Associates, P.C. ("Lange") did not receive a prepetition retainer from the Debtor. Lange has filed four interim fee applications [see Docket Nos. 76, 97, 164 and 248], all of which have been granted pursuant to orders entered by the Bankruptcy Court [see Docket Nos. 81, 124, 178 and 257]. Lange has been allowed, on an interim basis, \$88,010.25 for professional fees and expenses incurred from December 15, 2014 through January 31, 2017. The Debtor has fully paid such allowed fees and expenses.

The Debtor anticipates that the fees and expenses incurred by F&P through the process of proposing and confirming the Plan may increase as compared to previous periods during this case. Otherwise, the Debtor does not expect that Professional fees and expenses that will be incurred from the present through the Effective Date will be significantly greater than the Professional fees and expenses that have been incurred over similar time periods during this case.

F. Continuation of Business after the Petition Date

Since the Petition Date, the Debtor has continued to operate its business and manage its property as a debtor in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

G. Schedules and Bar Dates

After having received two extensions from the Bankruptcy Court, the Debtor filed its Schedules and Statement of Financial Affairs on December 30, 2014 [see Docket Nos. 24 and 25]. Subsequently, the Debtor filed (a) an amended Schedule B on January 19, 2015 and January 22, 2015 [see Docket Nos. 33 and 35], and (b) an amended Schedule F on January 19, 2015 [see Docket No. 34].

Pursuant to a *Notice of Chapter 11 Bankruptcy Case, Meeting of Creditors, & Deadlines* entered in this chapter 11 case, April 9, 2015, was fixed as the deadline for all holders of alleged Claims against the Debtor (except for governmental units) to file proofs of claim against the Debtor.

H. Operating Information During Pendency of the Chapter 11 Cases

The Debtor files monthly operating reports with the Bankruptcy Court. Copies of the filed monthly operating reports are available for inspection and copying at the office of the Clerk of

the Bankruptcy Court. A copy of the most recently filed monthly operating report for the Debtor is attached hereto as **Exhibit "B"**.

I. Matters Relating to Executory Contracts, Unexpired Leases, and Bar Dates for Rejection Claims

Section 365 of the Bankruptcy Code grants a debtor the power, subject to the approval of the Bankruptcy Court, to assume or reject executory contracts and unexpired leases. Section 365(d)(4) of the Bankruptcy Code provides that if a debtor does not assume or reject an unexpired lease of nonresidential real property under which a debtor is the lessee (i) within 120 days after the petition date (the "365(d)(4) Deadline"), (ii) within an additional 90-day period as the bankruptcy court, for cause, may allow, or (iii) within such additional time as the bankruptcy court may permit with the consent of the landlord of the leased premises, then such lease is deemed rejected.

The Plan provides that all Executory Contracts of the Debtor shall be deemed as assumed by the Debtor upon the Effective Date unless an Executory Contract (a) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (b) is otherwise identified in the Plan or the Confirmation Order to be rejected, or (c) is the subject of a motion to reject filed on or before the Effective Date. The Plan shall constitute a motion to assume the Debtor's Executory Contracts. However, the Debtor may file a separate motion for the assumption or rejection of any Executory Contract at any time through the Confirmation Date.

On February 11, 2015, the Debtor filed its *Debtor's Amended Motion Pursuant to 11 U.S.C. § 365(d)(4) for Extension of Time Period Within Which it May Assume or Reject Unexpired Leases of Nonresidential Real Property* (the "365(d)(4) Motion") [Docket No. 48]. The 365(d)(4) Motion was granted pursuant to an *Order* [Docket No. 59] entered by the Bankruptcy Court on March 11, 2015, which extended the 365(d)(4) Deadline to and through June 14, 2015, without prejudice to the Debtor's right to seek further extensions of the 365(d)(4) Deadline. Any further extension of the 365(d)(4) deadline with respect to an unexpired lease of nonresidential real property under which the Debtor is lessee may be obtained only if the lessor with respect to such lease consents to the further extension.

The Debtor and L-3 have entered into a series of agreements further extending the 365(d)(4) Deadline with respect to the Sub-Sublease Agreement. The Bankruptcy Court approved such agreements pursuant to a series of *Agreed Orders* [see Docket Nos. 73, 95, 133, 149, 166, 189, 216, 243, 253, 262, 278 and 288]. The current 365(d)(4) Deadline with respect to the Sub-Sublease Agreement is June 30, 2017.

J. Exclusivity

Pursuant to sections 1121(b) and (c)(3) of the Bankruptcy Code, a debtor has (a) 120 days after the petition date within which to file its plan of reorganization (the "Filing Period"), and (b) 180 days after the petition date to solicit acceptances of its timely filed plan of reorganization (the "Solicitation Period") before other parties in interest are permitted to file plans. No extensions of either the Filing Period or Solicitation Period have been requested in this case, and both the Filing Period and Solicitation Period have previously expired.

K. Anticipated Post-Confirmation Future of the Debtor

The Plan contemplates that the Debtor will continue to operate its business from and

after the Effective Date as the Reorganized Debtor. No change in the Debtor's current management structure is contemplated under the Plan.

L. Preservation of NOLs

If applicable, the Debtor shall preserve any net operating loss carry-forwards under the Plan to offset taxable income resulting from any future operations.

M. Projected Avoidance Action Recoveries

All Estate Claims, including Avoidance Actions, shall be vested in the Reorganized Debtor as of the Effective Date. The Reorganized Debtor shall have the authority to assert, prosecute, settle, or otherwise resolve all such Estate Claims, including any Avoidance Actions. However, the Debtor is not presently aware of any potential Avoidance Actions that, if prosecuted, might provide a significant source of recovery.

VI. LITIGATION INVOLVING THE DEBTOR

A. Litigation By and Against the Debtor

As of the Petition Date, an action against the Debtor was pending in the United States District Court for the Northern District of Texas, Fort Worth Division, in which Raytheon was seeking to confirm its arbitration award against the Debtor. Because the Debtor is not contesting the Raytheon Claim and the Plan provides for the treatment of the Raytheon Claim, no further litigation in Raytheon's prepetition action against the Debtor should occur.

B. Additional and Potential Litigation by the Debtor

Except as expressly provided in the Plan, nothing contained in the Disclosure Statement, the Plan or the Confirmation Order shall waive, relinquish, release or impair the Debtor's or the Reorganized Debtor's right to object to any Claim.

The Reorganized Debtor will retain all rights pursuant to section 505 of the Bankruptcy Code as to any tax Claim.

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the Reorganized Debtor for the benefit of the Debtor and the Debtor's estate. Except as expressly set forth in the Plan, the rights of the Reorganized Debtor to commence, prosecute or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. **No Person may rely on the absence of a specific reference in the Plan or the Disclosure Statement to any cause of action against them as any indication that the Debtor or the Reorganized Debtor will not pursue any and all available causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against them. The Debtor and its estate expressly reserve all rights to prosecute any and all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against any Person, except as otherwise provided in the Plan.** Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan or a Final Order, the Debtor expressly reserves all causes of action (including all Estate Claims, Estate Defenses and

Avoidance Actions) for later adjudication, and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan.

VII. THE PLAN

THE FOLLOWING IS A SUMMARY OF THE MATTERS CONTEMPLATED TO OCCUR EITHER PURSUANT TO OR IN CONNECTION WITH THE CONSUMMATION OF THE PLAN. THIS SUMMARY HIGHLIGHTS THE SUBSTANTIVE PROVISIONS OF THE PLAN AND IS NOT, NOR IS IT INTENDED TO BE, A COMPLETE DESCRIPTION OR A SUBSTITUTE FOR A FULL AND COMPLETE REVIEW OF THE PLAN. THE FOLLOWING SUMMARY IS COMPLETELY QUALIFIED BY THE TERMS OF THE PLAN. IN THE EVENT OF ANY CONFLICT BETWEEN THE FOLLOWING SUMMARY AND THE PLAN, THE PLAN WILL CONTROL.

A. Classification and Treatment Summary

The Plan classifies the various Claims against and Equity Interests in the Debtor. These Classes take into account the different nature and priority of Claims against and Equity Interests in the Debtor. In addition, in accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting under the Plan. Rather, all such Claims are treated separately as unclassified Claims.

Classes 1, 2 and 3 are impaired under the Plan and Classes 4 and 5 are unimpaired. If a controversy arises as to the classification of any Claim or Equity Interest, or as to whether any Class of Claims or Equity Interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

1. Unclassified Claims Against the Debtor

Unclassified Claims against the Debtor consist of Administrative Expense Claims and Priority Tax Claims. An Administrative Expense Claim is a Claim based on any cost or expense of administration of the chapter 11 case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, any indebtedness or obligations incurred or assumed by the Debtor, as debtor in possession, during the chapter 11 case including, without limitation, for the acquisition or lease of property or an interest in property or the rendition of services, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the estate of the Debtor under section 1930 of title 28 of the United States Code.

Administrative Expense Claims include both ordinary post-petition business expenses and Claims attributable to Professionals. Trade debt will be paid in the ordinary course of business. Fees and expenses owed to Professionals are payable upon the Allowance of an appropriate fee application.

a. Treatment of Administrative Expense Claims

The Reorganized Debtor shall pay, after the Effective Date, in the ordinary course of its

business, the reasonable and ordinary expenses incurred in operating the Debtor's business before the Effective Date ("Ordinary Course Claims"). The remaining provisions of section 3.01 of the Plan shall not apply to the Ordinary Course Claims and holders of such Claims shall not be required to file any application relating to such Administrative Expenses except as may be ordered by the Court.

The Investment Bankers shall file a final fee application in accordance with the terms of subsection 3.01(f) of the Plan. No Distribution shall be made to the Investment Bankers on account of a Claim for an Administrative Expense by the Investment Bankers unless and until such Claim becomes Allowed by Final Order.

Each holder of an Allowed Administrative Expense shall receive, at the Reorganized Debtor's option, (i) the amount of such holder's Allowed Administrative Expense in one cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, (ii) the amount of such holder's Allowed Administrative Expense in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Debtor or Reorganized Debtor, or as ordered by the Bankruptcy Court.

Unless the Bankruptcy Court orders to the contrary or the Debtor or Reorganized Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by a Professional, on an Ordinary Course Claim, or an Allowed Administrative Expense, shall file with the Bankruptcy Court and serve upon the Reorganized Debtor and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. **Failure to timely and properly file and serve such notice shall result in such Claim for an Administrative Expense being forever barred and discharged.**

A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.01(d) of the Plan, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

The above procedures shall not apply to Administrative Expense Claims asserted by Professionals, who shall each file and submit a final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for Administrative Expense by a Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 301(a) of the Plan. Professional fees and expenses to any Professional incurred on or after the Effective Date may be paid by the Reorganized Debtor without necessity of application to or order by the Court.

b. Treatment of Priority Tax Claims

The Debtor does not believe that there are any Priority Tax Claims to be paid pursuant to the Plan.

c. Treatment of United States Trustee's Fees

The Reorganized Debtor shall pay the U.S. Trustee's quarterly fees incurred pursuant to 28 U.S.C., section 1930(a)(6). Any fees due as of the Confirmation Date shall be paid in full on the Effective Date. After the Confirmation Date, the Reorganized Debtor shall pay quarterly fees as they accrue until a final decree is entered and this bankruptcy case is closed. The Reorganized Debtor shall file with the Bankruptcy Court and serve on the U.S. Trustee quarterly financial reports for each quarter, or portion thereof, that this bankruptcy case remains open post-confirmation.

2. Classified Claims and Equity Interests

Classified Claims and Equity Interests shall receive the treatment as described in Article IV of the Plan, which treatment is summarized in the table set forth in Article I.B of this Disclosure Statement above.

B. Acceptance or Rejection of the Plan

Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code. Section 5.04 of the Plan shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

C. Means of Implementation of the Plan

1. Assumption of Allowed Claims

All Distributions under the Plan will be paid by the Reorganized Debtor in the manner provided in the Plan.

2. Vesting of Assets

As of the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all Assets shall be transferred to, and vested in, the Reorganized Debtor, free and clear of all rights, title, interests, claims, Liens, encumbrances and charges, except as expressly set forth in the Plan. Without limiting the generality of the foregoing, all such Assets shall vest in the Reorganized Debtor free and clear of any Lien except as expressly provided in the Plan.

3. Actions by the Debtor and the Reorganized Debtor to Implement Plan

The entry of the Confirmation Order shall constitute authorization of the Debtor and the Reorganized Debtor to take or cause to be taken all actions necessary or appropriate to

implement all provisions of, and to consummate, the Plan prior to, on and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, (i) all transfers of Assets that are to occur pursuant to the Plan; (ii) the incurrence of all obligations contemplated by the Plan and the making of all Distributions required under the Plan; and (iii) entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation.

4. Amendment of Sub-Lease Agreement and Sub-Sublease Agreement

Cloverleaf has proposed to extend the Sub-Lease Agreement and restructure certain obligations of L-3 under the same pursuant to the proposed Sub-Lease Amendment attached as Exhibit "A" to the Plan. Consistent with the proposed Sub-Lease Amendment, the Debtor has proposed to extend the Sub-Sublease Agreement and restructure certain of its obligations under the same pursuant to the proposed Sub-Sublease Amendment attached as Exhibit "B" to the Plan. Specifically, the Sub-Lease Amendment and Sub-Sublease Amendment provide for an extension of the expiration date of the Sub-Lease Agreement and the Sub-Sublease Agreement from January 31, 2020 to January 31, 2025, and reduce the amount of Special Buildout Rent that the Reorganized Debtor will be required to pay on a monthly basis from a monthly amount of \$12,479.30 to a monthly amount of \$4,937.00 through January 31, 2025. The monthly savings of approximately \$7,500 with respect to the Special Buildout Rent will enable the Reorganized Debtor to make the Monthly Raytheon Distributions required under the Plan.

5. Cap Ex Reserve

The Debtor anticipates that significant capital expenditures will be required in the near future in order to maintain proper functioning of its irradiation systems at the Facility and thereby continue the Reorganized Debtor's business operations. Such capital expenditures are expected, in many cases, to be costly. For example, the Debtor estimates that a complete control system replacement and/or upgrade will cost approximately \$300,000. Other individual components of the irradiation system, such as thyratrons and klystrons, are expected to cost \$65,000 to \$85,000 each when replacements are required. Consequently, the Reorganized Debtor must maintain an adequate reserve of available cash at all times to ensure that it will be able to meet its capital expenditure needs and maintain operations. The Cap Ex Reserve, in the maximum amount of \$450,000, will serve as the source of available cash for such capital expenditure requirements.

6. Retention and Assertion of Causes of Action and Defenses

Except as expressly set forth in the Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the Reorganized Debtor for the benefit of the Debtor's Estate. Except as expressly set forth in the Plan, the rights of the Reorganized Debtor to commence, prosecute or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. No Person may rely on the absence of a specific reference in the Plan or this Disclosure Statement to any cause of action against them as any indication that the Reorganized Debtor will not pursue any and all available causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against them. Unless any causes of action against a Person are expressly waived, relinquished, exculpated,

released, compromised or settled in the Plan or a Final Order, the Debtor's Estate expressly reserves all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication, and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan. The Reorganized Debtor may also assert Estate Defenses as a defense to the allowance of any Claim not otherwise Allowed.

D. Provisions Governing Distribution

1. Source of Distributions

All Distributions to be made under the Plan shall be made by the Reorganized Debtor.

2. Timing and Amount of Distributions

No Distribution shall be made on account of any Claim until such Claim is Allowed, except as otherwise set forth in the Plan or ordered by the Bankruptcy Court pursuant to a Final Order. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Any Distributions pursuant to the Plan shall be made on the respective Initial Distribution Dates applicable to each such Allowed Claim except as otherwise provided in the Plan or ordered by the Bankruptcy Court. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court. Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtor shall determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as possible. The Reorganized Debtor may, but shall not be required to, seek approval of the Bankruptcy Court for any such Distributions.

3. Means of Cash Payment

Cash payments pursuant to the Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

4. Record Date for Distributions

As of the close of business on the Effective Date, (the "Distribution Record Date"), the register for Claims and Equity Interests will be closed, and there shall be no further changes in the holder of record of any Claim or Equity Interest. The Reorganized Debtor shall have no obligation to recognize any transfer of any Claim or Equity Interest occurring after the Distribution Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those holders of record stated on the register of Claims and/or Equity Interests as of the Distribution Record Date for Distributions under the Plan.

5. Delivery of Distributions

All Distributions, deliveries and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this case. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to the Plan when deposited in the United States Mail and served as provided in section 13.05 of the Plan. Whether secured or unsecured, if no proof of Claim is filed, any Distribution shall be made to the

Creditor at the last known address or as reflected in the Schedules. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. All claims for undeliverable Distributions shall be made on or before the first anniversary of the attempted Distribution. After such date, all Unclaimed Property shall revert to the Reorganized Debtor and the Claim of any holder with respect to such property shall be discharged and forever barred.

6. Time Bar to Cash Payments

Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of the first anniversary of the Initial Distribution Date or ninety (90) days after the date of issuance of such check. After such date, all claims in respect of void checks shall be discharged and forever barred.

7. Cure Period

Except as otherwise set forth in the Plan, the failure by the Reorganized Debtor to timely perform any term, provision or covenant contained in the Plan, or to make any payment or Distribution required by the Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to the Plan, shall not constitute an Event of Default unless and until the Reorganized Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in the Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under the Plan or bringing any action or legal proceeding by any Person to enforce any right granted under the Plan.

8. Distributions after Substantial Consummation

All Distributions of any kind made to any of the Creditors after Substantial Consummation and any and all other actions taken under the Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

E. Procedures for Resolving and Treating Contested and Contingent Claims

1. Objection Deadline

All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtor may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claims. Any such motion may be granted without notice

or a hearing. In the event that the Reorganized Debtor files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of claim filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtor. Nothing contained herein shall limit the right of the Reorganized Debtor to object to Claims, if any, filed or amended after the Objection Deadline.

2. Responsibility for Objecting to Claims and Settlement of Claims

From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order.

From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

3. Distributions on Account of Contested Claims

If a Claim is Contested, then the Initial Distribution Date as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

4. No Waiver of Right to Object

Except as expressly provided in the Plan, nothing contained in this Disclosure Statement, the Plan or the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim.

5. Offsets and Defenses

The Reorganized Debtor shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Reorganized Debtor against any Claimants shall constitute "core" proceedings.

6. Claims Paid or Reduced Prior to Effective Date

Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtor from paying Claims that the Debtor was authorized to pay

pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

F. Executory Contracts and Unexpired Leases

1. Assumption and Rejection of Executory Contracts

All Executory Contracts of the Debtor shall be deemed as assumed by the Reorganized Debtor upon the Effective Date unless an Executory Contract (a) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (b) is otherwise identified in the Plan or the Confirmation Order to be rejected, or (c) is the subject of a motion to reject filed on or before the Effective Date. Any Executory Contract to be assumed under the Plan that has been amended or modified at any time after the Petition Date shall be deemed assumed as amended or modified. The Plan shall constitute a motion to assume the Executory Contracts. However, the Debtor may file a separate motion for the assumption or rejection of any Executory Contract at any time through the Confirmation Date.

2. Clemmons Employment Agreement and Clemmons Cure Claim

The Reorganized Debtor shall assume the Clemmons Employment Agreement as of the Effective Date. The Reorganized Debtor shall pay to Clemmons the full amount of the Clemmons Cure Claim by no later than that date which is sixty (60) days after the Effective Date.

3. L-3 Contracts Assumed

The Reorganized Debtor shall assume all of the L-3 Contracts as of the Effective Date. The Sub-Sublease Agreement shall be deemed assumed as amended by the Sub-Sublease Amendment. Payment of the L-3 Cure Claim applicable to the L-3 Contracts is set forth in section 9.04 of the Plan. L-3 will receive no other or further Distributions on account of the L-3 Cure Claim except as set forth in section 9.04 of the Plan.

4. L-3 Cure Claim

After this bankruptcy case was filed, a dispute arose between L-3 and the Debtor regarding the Debtor's alleged obligation to make monthly payments of \$5,000 per month into the "Sinking Fund Account" as defined in section 4(c) of the Sub-Sublease Agreement. As a sign of good faith the Debtor made a payment of \$15,000 in February, 2015 into the trust account of Debtor's bankruptcy counsel and, beginning in March, 2015, began making payments of \$5,000 per calendar month into the trust account of Debtor's bankruptcy counsel (collectively, the "L-3 Monthly Payments"). The funds so paid into and held in the trust account of the Debtor's bankruptcy counsel on account of the L-3 Monthly Payments as of the Effective Date are referred to as the "L-3 Escrow." As of the Effective Date, the Reorganized Debtor will cease to make any further L-3 Monthly Payments into the L-3 Escrow and the funds held in the L-3 Escrow shall be used to constitute a portion of the Initial Raytheon Distribution.

The L-3 Cure Claim shall be in the amount of \$600,000 and shall constitute the only Cure Claim to be paid to L-3 on account of the L-3 Contracts. L-3 shall receive the following treatment and Distributions in complete and final satisfaction of the L-3 Cure Claim:

a. The Sinking Fund Account shall be established as contemplated by section 4(c) of the Sub-Sublease Agreement. The Reorganized Debtor shall make monthly Distributions of

\$5,000 each into the Sinking Fund Account (each, a "Monthly Sinking Fund Distribution"). The first Monthly Sinking Fund Distribution shall be made by the Reorganized Debtor on the first day of the first calendar month immediately following the Effective Date, with a like installment being made on the first day of each successive calendar month during the term of the Sub-Sublease Agreement, or any extended term thereof, until the total of all Distributions made by the Reorganized Debtor into the Sinking Fund Account equals \$600,000, including both the Monthly Sinking Fund Distributions and any Excess Cash Distributions made to L-3.

b. In addition to the Monthly Sinking Fund Distributions, in the event that the Reorganized Debtor holds Excess Cash on an Excess Cash Determination Date, the Reorganized Debtor shall make an Excess Cash Distribution into the Sinking Fund Account on or before January 31 immediately following such Excess Cash Determination Date in an amount equal to the lesser of (i) the amount of Excess Cash that shall remain after payment of any required Excess Cash Distribution to Raytheon pursuant to section 4.01(c) of the Plan, or (ii) the amount of Excess Cash that, when added to all previous Monthly Sinking Fund Distributions and Excess Cash Distributions made into the Sinking Fund Account, shall equal \$600,000.

c. The total amount of Distributions the Reorganized Debtor shall be required to make into the Sinking Fund Account in full and complete satisfaction of the L-3 Cure Claim shall be \$600,000. For the avoidance of doubt, any Excess Cash Distribution made into the Sinking Fund Account shall not increase the total amount of Distributions to be made by the Reorganized Debtor on account of the L-3 Cure Claim beyond the total of \$600,000. Rather, any Excess Cash Distribution made into the Sinking Fund Account will serve to (i) advance the date on which the final Monthly Sinking Fund Distribution is made, and/or (ii) decrease the amount of the final Monthly Sinking Fund Distribution to an amount less than \$5,000. For example, if the Reorganized Debtor makes one or more Excess Cash Distributions into the Sinking Fund Account and a later Monthly Sinking Fund Distribution, if made in the amount of \$5,000, would result in the Reorganized Debtor making Distributions into the Sinking Fund Account in a total amount greater than \$600,000, then such Monthly Sinking Fund Distribution shall be made in an amount which, when added to the sum of all prior Monthly Sinking Fund Distributions and Excess Cash Distributions made into the Sinking Fund Account, will equal \$600,000. Once the Reorganized Debtor has made Distributions into the Sinking Fund Account totaling \$600,000, the Reorganized Debtor shall not be required to make any further Distributions on account of the L-3 Cure Claim under this Plan.

d. Notwithstanding the foregoing or anything to the contrary in the Plan, if the terms of the Sub-Sublease Agreement in effect at the time the Reorganized Debtor has made Distributions into the Sinking Fund Account totaling \$600,000 require additional payments by the Reorganized Debtor into the Sinking Fund Account in the future, the fact that the Reorganized Debtor has fully performed its obligations under this Plan with respect to the L-3 Cure Claim will not excuse the Reorganized Debtor from any further obligations imposed on it under the Sub-Sublease Agreement, including but not limited to any obligation to continue making payments into the Sinking Fund Account.

5. Cure Payments

Unless the holder of a Cure Claim and the Debtor or the Reorganized Debtor agree in writing to other treatment of such holder's Cure Claim, or other treatment of such holder's Cure Claim is otherwise provided for under the Plan, such as the provisions relating to the L-3 Contracts and the L-3 Cure Claim, each Cure Claim against the Debtor shall be paid and treated as follows:

a. Any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under the Plan shall be made by the Reorganized Debtor on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

b. Any other term of the Plan notwithstanding, the Reorganized Debtor may pre-pay any Cure Claim in whole or in part without penalty.

6. Bar to Rejection Claims

Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtor or the Assets unless a proof of claim is filed with the Bankruptcy Court and served upon the Reorganized Debtor and its bankruptcy counsel by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

7. Rejection Claims

Any Rejection Claim not barred by section 9.06 of the Plan shall be classified as a Class 3 Rejection Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained in the Plan shall be deemed as an admission by the Debtor or the Reorganized Debtor that such rejection gives rise to or results in a Claim or shall be deemed a waiver by the Reorganized Debtor of any objections to such Claim if asserted.

8. Reservation of Rights

Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtor shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

G. Conditions Precedent to Confirmation and Effectiveness of Plan

1. Conditions to Confirmation and Effectiveness of Plan

The Plan shall not become effective until the following conditions shall have been satisfied: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the Sub-Lease Amendment and Sub-Sublease Amendment shall have been agreed to and fully executed by the parties thereto, substantially in the forms

attached as Exhibits "A" and "B" to the Plan and acceptable to the Debtor or the Reorganized Debtor, and the Sub-Lease Amendment and Sub-Sublease Amendment, as executed, shall (i) extend the expiration dates of the Sub-Lease Agreement and Sub-Sublease Agreement to a date no earlier than January 31, 2025, and (ii) reduce the Special Buildout Rent amount to be paid monthly by the Reorganized Debtor through expiration of the Sub-Sublease Agreement to an amount no greater than \$4,937.00 per month so as to enable the Reorganized Debtor to make the Monthly Raytheon Distributions required under the Plan; and (c) all other conditions specified by the Debtor have been satisfied.

H. Effect of the Plan on Claims and Equity Interests

1. Compromise and Settlement

Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Equity Interests and controversies resolved pursuant to the Plan, including, without limitation, all Claims against the Debtor arising prior to the Petition Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy estate, Creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

2. Satisfaction of Claims

The rights afforded in the Plan and the treatment of all Claims and Equity Interests under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever against the Debtor, the Debtor's bankruptcy estate, and the Assets. Except as otherwise provided in the Plan, on the Effective Date, all Claims against the Debtor shall be satisfied, discharged, and released in full. Except as otherwise provided in the Plan, all Persons shall be precluded and forever barred from asserting against the Debtor and its affiliates, successors, assigns, the Debtor's bankruptcy estate and the Assets any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

3. Discharge

The terms, covenants and consideration under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor, or the Assets. The Reorganized Debtor and its successors in interest and assigns shall be deemed discharged and released pursuant to section 1141(d)(1) of the Bankruptcy Code from any and all Claims provided for in the Plan.

4. Injunction

On the Effective Date and except as otherwise provided in the Plan, all Persons who have been, are, or may be holders of Claims against or Equity Interests in the Debtor shall be permanently restrained and enjoined from taking any of the following actions against or affecting the Debtor, the Reorganized Debtor, the Debtor's bankruptcy estate, the Assets, or their respective assets and property, with respect to such Claims or Equity Interests (other than actions brought to enforce any rights or obligations under the Plan): (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind with respect to any such Claim or Equity Interest; (b) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order; (c) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien or encumbrance of any kind; (d) asserting any control over, interest, rights or title in or to any of the Assets except as expressly provided in the Plan; (e) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due the Reorganized Debtor as assignee, except upon order of the Bankruptcy Court; and (f) performing any act, by any manner or means, whether directly or indirectly, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; provided, however, that such injunction shall not bar any Creditor from asserting any right granted pursuant to the Plan; provided, further, however, that each holder of a Contested Claim shall be entitled to enforce its rights under the Plan, including seeking allowance of such Contested Claim pursuant to the Plan.

5. Setoffs

Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtor may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such claims, rights, Estate Claims and Estate Defenses against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Equity Interest pursuant to the Plan shall constitute a waiver or release by the Debtor of any such claims, rights, Estate Claims and Estate Defenses that the Debtor may possess against such Claimant. In no event shall any Claimant or Equity Interest holder be entitled to setoff any Claim or Equity Interest against any claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Reorganized Debtor unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

6. Recoupment

Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Equity Interests be entitled to recoup any Claim or Equity Interest against any claim, right, account receivable, or Estate Claim of the Debtor or the Reorganized Debtor unless (a) such holder actually provides notice thereof in writing to the Debtor or the Reorganized Debtor of its intent to perform a recoupment; (b) such notice includes the amount to be

recouped by the holder of the Claim or Equity Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Reorganized Debtor has provided a written response to such Claim or Equity Interest holder, stating unequivocally that the Debtor or the Reorganized Debtor consents to the requested recoupment. The Debtor and the Reorganized Debtor shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Reorganized Debtor consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Equity Interest shall be allowed.

7. Turnover

On the Effective Date, any rights of the Debtor's bankruptcy estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtor.

8. Automatic Stay

The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor and all Assets. As of the Effective Date, the automatic stay shall be replaced by the injunction contained in section 11.04 of the Plan.

I. Jurisdiction of Courts and Modifications to the Plan

1. Retention of Jurisdiction

Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to the Debtor's chapter 11 case and the Plan, for the purposes of sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all Objections to or applications concerning the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;

(b) To hear and determine any and all applications for payment of fees and expenses pursuant to the Plan to any Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under the Plan, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or

enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided in the Plan;

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

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the injunction contained in section 11.04 of the Plan;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of the Plan and the transactions required or contemplated pursuant thereto;

(l) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(m) To determine proceedings pursuant to section 505 of the Bankruptcy Code; and

(n) To enter a final decree closing this chapter 11 case.

2. Abstention and Other Courts

If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this chapter 11 case, Article XII of the Plan 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.

3. Non-Material Modifications

The Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Equity Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Reorganized Debtor may undertake such nonmaterial modification pursuant to section 12.03 of the Plan insofar as it does not adversely change the treatment of the Claim of any Creditor or the Equity Interest of any Equity Interest holder who has not accepted in writing the modification.

4. Material Modifications

Modifications of the Plan may be proposed in writing by the Debtor at any time before confirmation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. The Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Equity Interest that has accepted or rejected the Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

J. Miscellaneous Provisions

1. Severability

Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest or transaction, the Reorganized Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Equity Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

2. Oral Agreements; Modification of Plan; Oral Representations or Inducements

The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in the Plan, this Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

3. Waiver

The Reorganized Debtor shall not be deemed to have waived any right, power or privilege pursuant to the Plan unless the waiver is in writing and signed by the Reorganized Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtor, of any right pursuant to the Plan, including the provisions of section 13.03 of the Plan. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

4. Construction

The Plan shall control over any inconsistent term of this Disclosure Statement. The Confirmation Order shall control over any inconsistent provision of the Plan.

5. Notice

Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

(a) If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to the address reflected in the proof of Claim.

(b) If to the Reorganized Debtor, notice shall be sent to the following address:

Sadex Corporation
2831 Bledsoe
Fort Worth, TX 76107
Attn: Richard Walsh, Chairman of the Board
Email: rfw@rfwoffice.com

Concurrently with service of such notice on the Reorganized Debtor, a copy thereof shall be concurrently served in the same manner on the following legal counsel as follows:

J. Robert Forshey
Matthew G. Maben
FORSHEY & PROSTOK, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Facsimile: (817) 877-4151
E-mail: bforshey@forsheyprostok.com
E-mail: mmaben@forsheyprostok.com

and

J. Lyndell Kirkley, Esq.
THE KIRKLEY LAW FIRM, LLP
6100 Camp Bowie Blvd., Suite 27
Fort Worth, Texas 76116
Facsimile (817) 737-9798
E-mail: kirkley@kirkleylawfirm.com

(c) Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Reorganized Debtor of its new address in accordance with the terms of section 13.05 of the Plan.

(d) Any notice given, made or sent as set forth in section 13.05 of the Plan shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth in section 13.05 of the Plan; (ii) delivered by hand or messenger to the addressee at the address set forth in section 13.05 of the Plan; (iii) telecopied to the addressee as set forth in section 13.05 of the Plan, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

6. Compliance with All Applicable Laws

If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtor shall comply with such law, rule, regulation, or order; provided, however, that nothing contained herein shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings and, if appropriate, an adequate reserve has been set aside on the books of the Reorganized Debtor.

7. Duties to Creditors

No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's bankruptcy case, including all matters or actions in connection with or relating to the administration of the estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

8. Binding Effect

The Plan shall be binding upon, and shall inure to the benefit of the Reorganized Debtor, the holders of the Claims or Liens, the holders of Equity Interests, and their respective successors in interest and assigns.

9. Governing Law, Interpretation

Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

10. Payment of Statutory Fees

All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on or before the Effective Date, and thereafter shall be paid by the Reorganized Debtor as such statutory fees become due.

11. Filing of Additional Documents

On or before Substantial Consummation of the Plan, the Reorganized Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

12. Computation of Time

If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be

made under the Plan on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

13. Elections by the Reorganized Debtor

Any right of election or choice granted to the Reorganized Debtor under the Plan may be exercised, at the Reorganized Debtor's election, separately as to each Claim, Creditor or Person.

14. Release of Liens

Except as otherwise provided in the Plan or the Confirmation Order, all Liens against any of the Assets shall be deemed to be released, terminated and nullified.

15. Rates

The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

16. Compliance with Tax Requirements

In connection with the Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Equity Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

17. Notice of Entry of Confirmation Order

Promptly after entry of the Confirmation Order, the Debtor, as directed by the Bankruptcy Court, shall serve on all known parties in interest and holders of Claims and Equity Interests, notice of entry of the Confirmation Order.

18. Notice of Occurrence of the Effective Date

Promptly after occurrence of the Effective Date, the Reorganized Debtor, as directed by the Bankruptcy Court, shall serve on all known parties in interest and holders of Claims and Equity Interests, notice of the occurrence of the Effective Date.

VIII. CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

THE PLAN AND ITS RELATED TAX CONSEQUENCES ARE COMPLEX. MOREOVER, MANY OF THE INTERNAL REVENUE CODE PROVISIONS DEALING WITH THE FEDERAL INCOME TAX ISSUES ARISING FROM THE PLAN HAVE BEEN THE SUBJECT OF RECENT LEGISLATION AND, AS A RESULT, MAY BE SUBJECT TO AS YET UNKNOWN ADMINISTRATIVE OR JUDICIAL INTERPRETATIONS. THE DEBTOR HAS NOT REQUESTED A RULING FROM THE INTERNAL REVENUE SERVICE (THE "IRS") OR AN OPINION OF COUNSEL WITH RESPECT TO THESE MATTERS. ACCORDINGLY, NO ASSURANCE CAN BE GIVEN AS TO THE INTERPRETATION THAT THE IRS WILL ADOPT.

THERE ALSO MAY BE STATE, LOCAL OR OTHER TAX CONSIDERATIONS APPLICABLE TO EACH CREDITOR. CREDITORS ARE URGED TO CONSULT THEIR OWN TAX ADVISORS AS TO THE CONSEQUENCES OF THE PLAN TO THEM UNDER FEDERAL AND APPLICABLE STATE, LOCAL AND OTHER TAX LAWS.

IX. CONFIRMATION OF THE PLAN

A. Solicitation of Votes; Voting Procedures

1. Ballots and Voting Deadlines

A Ballot to be used for voting to accept or reject the Plan, together with a postage-paid return envelope, is enclosed with all copies of this Disclosure Statement mailed to all holders of Claims and Equity Interests entitled to vote. BEFORE COMPLETING YOUR BALLOT, PLEASE READ CAREFULLY THE INSTRUCTION SHEET THAT ACCOMPANIES THE BALLOT.

The Bankruptcy Court has directed that, in order to be counted for voting purposes, Ballots for the acceptance or rejection of the Plan must be received no later than 5:00 p.m., Central Time, on _____, 2017 at the following address:

Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Attn: Linda Breedlove

YOUR BALLOT MAY NOT BE COUNTED IF IT IS RECEIVED AT THE ABOVE ADDRESS AFTER 5:00 P.M., CENTRAL TIME, ON _____, 2017.

2. Parties in Interest Entitled to Vote

The holder of a Claim or Equity Interest may vote to accept or reject the Plan only if the Plan impairs the Class in which such Claim or Equity Interest is classified. Under the Plan, Classes 1, 2 and 3 are impaired. However, the holder of the Class 2 Walsh Claim is an Insider and, as such, is not entitled to vote on the Plan. Classes 4 and 5 are not impaired and are deemed to have accepted the Plan.

Any Claim or Equity Interest as to which an Objection has been filed is not entitled to vote unless the Bankruptcy Court, upon application of the holder to whose Claim or Equity Interest an Objection has been made, temporarily allows such Claim or Equity Interest in an amount that it deems proper for the purpose of accepting or rejecting the Plan. Any such application must be heard and determined by the Bankruptcy Court on or before commencement of the Confirmation Hearing. A vote may be disregarded if the Bankruptcy Court determines, after notice and a hearing, that such vote was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code.

IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, PLEASE CONTACT COUNSEL FOR THE DEBTOR AT THE FOLLOWING ADDRESS:

J. Robert Forshey
Matthew G. Maben
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-8855
(817) 877-4151 fax
Email: bforshey@forsheyprostok.com
Email: mmaben@forsheyprostok.com

3. Vote Required for Class Acceptance

The Bankruptcy Code defines acceptance of a plan by a class of claims as acceptance by holders of at least two-thirds in dollar amount, and more than one-half in number, of the claims of that class which actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount and a majority in number of the holders of claims voting cast their ballots in favor of acceptance.

The Bankruptcy Code defines acceptance of a plan by a class of interests as acceptance by holders of at least two-thirds in amount of the interests of that class that actually cast ballots for acceptance or rejection of the plan. Thus, class acceptance takes place only if at least two-thirds in amount of the holders of interests voting cast their ballots in favor of acceptance.

B. Confirmation Hearing

Section 1128(a) of the Bankruptcy Code requires the Bankruptcy Court, after notice, to hold a hearing on confirmation of a plan. By order of the Bankruptcy Court, the Confirmation Hearing has been scheduled for _____, 2017, at _____m. Central Time, in the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division. The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. Any objection to confirmation of the Plan must be made in writing and filed with the Bankruptcy Court on or before _____, 2017, at the following address:

Office of the Clerk
U.S. Bankruptcy Court
Eldon B. Mahon U.S. Courthouse
501 W. Tenth Street
Fort Worth, Texas 76102-3643

In addition, any such objection must be served upon the following parties, together with proof of service, on or before _____, 2017:

J. Robert Forshey
Matthew G. Maben
Forshey & Prostok, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
(817) 877-4151 fax
Email: bforshey@forsheyprostok.com
Email: mmaben@forsheyprostok.com

United States Trustee
Attn: Elizabeth Ziegler, Trial Attorney
1100 Commerce Street, Room 976
Dallas, TX 75242
Email: Elizabeth.ziegler@usdoj.gov

Objections to confirmation of the Plan are governed by Bankruptcy Rule 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY SERVED AND FILED, IT WILL NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

C. Requirements for Confirmation of the Plan

At the Confirmation Hearing, the Bankruptcy Court must determine whether the Bankruptcy Code's requirements for confirmation of the Plan have been satisfied, in which event the Bankruptcy Court will enter an order confirming the Plan. As set forth in section 1129 of the Bankruptcy Code, these requirements are as follows:

1. The plan complies with the applicable provisions of the Bankruptcy Code.
2. The proponents of the plan complied with the applicable provisions of the Bankruptcy Code.
3. The plan has been proposed in good faith and not by any means forbidden by law.
4. Any payment made or promised by the debtor, by the plan proponent, or by a person issuing securities or acquiring property under the plan, for services or for costs and expenses in, or in connection with, the case, or in connection with the plan and incident to the case, has been approved by, or is subject to the approval of the Bankruptcy Court as reasonable.
5. (a) (i) The proponent of the plan has disclosed the identity and affiliations of any individual proposed to serve, after confirmation of the plan, as a director, officer, or voting trustee of the debtor, an affiliate of the debtor participating in a joint plan with the debtor, or a successor to the debtor under the plan; and
(ii) the appointment to, or continuance in, such office of such individual, is consistent with the interests of creditors and equity security holders and with public policy; and
(b) the proponent of the plan has disclosed the identity of any Insider that will be employed or retained by the reorganized debtor, and the nature of any compensation for such insider.
6. Any governmental regulatory commission with jurisdiction, after confirmation of the plan, over the rates of the debtor has approved any rate change provided for in the plan, or

such rate change is expressly conditioned on such approval.

7. With respect to each impaired class of claims or interests:

(a) each holder of a claim or interest of such class has accepted the plan or will receive or retain under the plan on account of such claim or interest property of a value, as of the effective date of the plan, that is not less than the amount that such holder would so receive or retain if the debtor were liquidated under chapter 7 of the Bankruptcy Code on such date; or

(b) if section 1111(b)(2) of the Bankruptcy Code applies to the claims of such class, the holder of a claim of such class will receive or retain under the plan on account of such claim property of a value, as of the effective date of the plan, that is not less than the value of such holder's interest in the estate's interest in the property that secures such claims.

8. With respect to each class of claims or interests:

(a) such class has accepted the plan; or

(b) such class is not impaired under the plan.

9. Except to the extent that the holder of a particular claim has agreed to a different treatment of such claim, the plan provides that:

(a) with respect to a claim of a kind specified in section 507(a)(2) or 507(a)(3) of the Bankruptcy Code, on the effective date of the plan, the holder of such claim will receive on account of such claim cash equal to the allowed amount of such claim;

(b) with respect to a class of claims of a kind specified in section 507(a)(1), 507(a)(4), 507(a)(5), 507(a)(6) or 507(a)(7) of the Bankruptcy Code, each holder of a claim of such class will receive:

(i) if such class has accepted the plan, deferred cash payments of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(ii) if such class has not accepted the plan, cash on the effective date of the plan equal to the allowed amount of such claim; and

(c) with respect to a claim of a kind specified in section 507(a)(8) of the Bankruptcy Code, the holder of such claim will receive on account of such claim regular installment payments in cash:

(i) of a total value, as of the effective date of the plan, equal to the allowed amount of such claim;

(ii) over a period ending not later than 5 years after the date of the order for relief under section 301, 302, or 303; and

(iii) in a manner not less favorable than the most favored nonpriority unsecured claim provided for by the plan (other than cash payments made to a class of creditors under section 1122(b) of the Bankruptcy Code); and

(d) with respect to a secured claim which would otherwise meet the description of an unsecured claim of a governmental unit under section 507(a)(8) of the Bankruptcy Code, but for the secured status of that claim, the holder of that claim will receive on account of that claim, cash payments, in the same manner and over the same period, as prescribed in 9(c) above.

10. If a class of claims is impaired under the plan, at least one class of claims that is impaired has accepted the plan, determined without including any acceptance of the plan by any insider holding a claim of such class.

11. Confirmation of the plan is not likely to be followed by the liquidation, or the need for further financial reorganization, of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed in the plan.

12. All fees payable under 28 U.S.C. section 1930, as determined by the Bankruptcy Court at the hearing on confirmation of the plan, have been paid or the plan provides for the payments of all such fees on the effective date of the plan.

13. The plan provides for the continuation after its effective date of payment of all retiree benefits, as that term is defined in section 1114 of the Bankruptcy Code, at the level established pursuant to subsection (e)(1)(B) or (g) of section 1114, at any time prior to confirmation of the plan, for the duration of the period the Debtor has obligated itself to provide such benefits.

14. If the debtor is required by a judicial or administrative order, or by statute, to pay a domestic support obligation, the debtor has paid all amounts payable under such order or such statute for such obligation that first become payable after the date of the filing of the petition.

15. In a case in which the debtor is an individual and in which the holder of an allowed unsecured claim objects to the confirmation of the plan:

(a) the value, as of the effective date of the plan, of the property to be distributed under the plan on account of such claim is not less than the amount of such claim; or

(b) the value of the property to be distributed under the plan is not less than the projected disposable income of the debtor (as defined in section 1325(b)(2) of the Bankruptcy Code) to be received during the five year period beginning on the date that the first payment is due under the plan, or during the period for which the plan provides payments, whichever is longer.

16. All transfers of property of the plan shall be made in accordance with any applicable provisions of nonbankruptcy law that govern the transfer of property by a corporation or trust that is not a moneyed, business, or commercial corporation or trust.

The Debtor believes that the Plan satisfies all of the applicable statutory requirements of chapter 11 of the Bankruptcy Code, that the Debtor has complied or will have complied with all the requirements of chapter 11, and that the Plan is proposed in good faith.

The Debtor believes that holders of all Allowed Claims impaired under the Plan will receive payments under the Plan having a present value, as of the Effective Date, not less than

the amounts likely to be received if the Debtor was liquidated in a case under chapter 7 of the Bankruptcy Code. At the Confirmation Hearing, the Bankruptcy Court will determine whether holders of Allowed Claims would receive greater distributions under the Plan than they would receive in a liquidation under chapter 7.

These facts and others demonstrating the confirmability of the Plan will be shown at the Confirmation Hearing.

D. Cramdown

In the event that any impaired Class of Claims or Equity Interests does not accept the Plan, the Bankruptcy Court may still confirm the Plan at the request of the Debtor if, as to each impaired Class which has not accepted the Plan, the Bankruptcy Court determines that the Plan "does not discriminate unfairly" and is "fair and equitable" with respect to that Class. A plan of reorganization "does not discriminate unfairly" within the meaning of the Bankruptcy Code if no class receives more than it is legally entitled to receive for its claims or interests.

"Fair and equitable" has different meanings with respect to the treatment of secured and unsecured claims. As set forth in section 1129(b)(2) of the Bankruptcy Code, those meanings are as follows:

1. With respect to a class of secured claims, the plan provides:

(a) (i) that the holders of such claims retain the liens securing such claims, whether the property subject to such liens is retained by the debtor or transferred to another entity, to the extent of the allowed amount of such claims; and

(ii) that each holder of a claim of such class receive on account of such claim deferred cash payments totaling at least the allowed amount of such claim, of a value, as of the effective date of the plan, of at least the value of such holder's interest in the estate's interest in such property;

(b) for the sale, subject to section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing such claims, free and clear of such liens, with such liens to attach to the proceeds of such sale, and the treatment of such liens on proceeds under clause (a) and (b) of this subparagraph; or

(c) the realization by such holders of the "indubitable equivalent" of such claims.

2. With respect to a class of unsecured claims, the plan provides:

(a) that each holder of a claim of such class receive or retain on account of such claim property of a value, as of the effective date of the plan, equal to the allowed amount of such claim; or

(b) the holder of any claim or interest that is junior to the claims of such class will not receive or retain under the plan on account of such junior claim or interest any property, except that in a case in which the debtor is an individual, the debtor may retain property included in the estate under section 1115 of the Bankruptcy Code, subject to the requirements of section 1129(a)(14) of the Bankruptcy Code.

3. With respect to a class of interests, the plan provides:

(a) that each holder of an interest of such class receive or retain on account of such interest property of a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled or the value of such interest; or

(b) that the holder of any interest that is junior to the interests of such class will not receive or retain under the plan on account of such junior interest any property.

In the event that one or more Classes of impaired Claims or Equity Interests reject the Plan, the Bankruptcy Court will determine at the Confirmation Hearing whether the Plan is fair and equitable with respect to, and does not discriminate unfairly against, any rejecting impaired Class of Claims or Equity Interests. For the reasons set forth above, the Debtor believes the Plan does not discriminate unfairly against, and is fair and equitable with respect to, each impaired Class of Claims or Equity Interests.

X. RISK FACTORS

The following is intended as a summary of certain risks associated with the Plan, but it is not exhaustive and must be supplemented by the analysis and evaluation made by each holder of a Claim or Equity Interest of the Plan and this Disclosure Statement as a whole with such holder's own advisors.

A. Bankruptcy Risks

1. Insufficient Acceptances

For the Plan to be confirmed, each impaired Class of Claims is given the opportunity to vote to accept or reject the Plan, with the exception of Class 2. With regard to such impaired voting Classes, the Plan will be deemed accepted by a Class of impaired Claims if the Plan is accepted by Claimants of such Class actually voting on the Plan who hold at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the total Allowed Claims of the Class voted. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes. The Debtor reserves the right to request confirmation pursuant to the cramdown provisions in section 1129(b) of the Bankruptcy Code, which will allow confirmation of the Plan regardless of the fact that a particular Class of Claims has not accepted the Plan. However, there can be no assurance that any impaired Class of Claims under the Plan will accept the Plan or that the Debtor would be able to use the cramdown provisions of the Bankruptcy Code for confirmation of the Plan.

2. Confirmation Risks

The following specific risks exist with respect to confirmation of the Plan:

(a) Any objection to confirmation of the Plan can either prevent confirmation of the Plan, or delay such confirmation for a significant period of time.

(b) Since the Debtor may be seeking to obtain approval of the Plan over the rejection of one or more impaired Classes of Claims, the cramdown process could delay

confirmation.

3. Conditions Precedent

Confirmation of the Plan and occurrence of the Effective Date are subject to certain conditions precedent that may not occur. The Debtor, however, is working diligently to ensure that all conditions precedent are satisfied.

XI. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Debtor has evaluated several reorganization alternatives to the Plan, including a sale of substantially all Assets of the Debtor and the liquidation of the Debtor. After studying these alternatives, the Debtor concluded that the Plan is the best alternative and will maximize recoveries by holders of Claims, assuming confirmation of the Plan. The following discussion provides a summary of the Debtor's analysis leading to its conclusion that the Plan will provide the highest value to holders of Claims.

A. Sale of Substantially All Assets of the Debtor

After the Bankruptcy Court approved their employment, the Investment Bankers thoroughly marketed the Debtor's Assets over a substantial period of time. Such efforts led to various parties expressing varying levels of interest in a potential purchase of the Debtor's Assets. However, the Debtor ultimately received only one purchase offer. The Debtor negotiated the principal terms of an asset purchase agreement (the "APA") with Netunim, Inc. ("Netunim"), an affiliate of Blackstreet Capital, pursuant to which Netunim would act as a stalking horse bidder. The proposed sale transaction contemplated continuation of the Debtor's business.

On December 23, 2015, the Debtor filed its *Debtor's Motion for Orders (A) Approving Sale of Substantially All Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (B) Approving Bidding Procedures in Advance of Auction, (C) Approving Assumption and Assignment of Executory Contracts and Leases, and (D) Granting Related Relief* (the "Sale Motion") [Docket No. 99]. The Court conducted a hearing on the Sale Motion on January 7, 2016 to, *inter alia*, consider approval of bidding and auction procedures ("Bid Procedures"). The Court approved the Bid Procedures at such hearing, but an order approving the Bid Procedures was not ultimately entered.

Prior to such hearing, Walsh raised certain issues concerning Netunim's ability to constitute a qualified bidder for the Debtor's Assets because L-3 would not allow Netunim to use L-3's intellectual property to operate the facility. The Debtor then filed a *Supplemental Motion Seeking Clarification of the Debtor's Motion for Orders (A) Approving Sale of Substantially All Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests, (B) Approving Bidding Procedures in Advance of Auction, (C) Approving Assumption and Assignment of Executory Contracts and Leases, and (D) Granting Related Relief* (the "Motion to Clarify") [Docket No. 111] on January 18, 2016. A hearing on the Motion to Clarify was commenced on January 26, 2016 and was continued to February 29, 2016, at which time the Court conducted a status conference. Raytheon and L-3 also raised with the Debtor objections to various aspects of the proposed sale to Netunim.

Thereafter, the Debtor engaged in negotiations with Raytheon and L-3 regarding a potential restructuring plan as an alternative to a sale of substantially all Assets of the Debtors.

The Debtor ultimately concluded that Distributions that can be made under a plan of reorganization will provide the Debtor's Creditors with a greater recovery on their Claims than they would receive if substantially all Assets of the Debtor are sold. Consequently, the proposed APA was not executed by the Debtor and the Debtor chose not to continue pursuit of a bidding and auction process in this case because L-3 would not allow anyone but the Debtor to operate the Debtor's facility.

B. The Liquidation of the Debtor

The Debtor analyzed whether a chapter 7 liquidation of the Assets of the Debtor would be in the best interest of holders of Claims. The Debtor believes that liquidation would result in substantial diminution in the value to be realized by holders of Claims because of (a) additional administrative expenses involved in the appointment of a trustee or trustees, attorneys, accountants, and other professionals to assist such trustee(s) in the case of a chapter 7 proceeding; (b) additional expenses and claims, some of which would be entitled to priority in payments, which might arise by reason of the liquidation and from the rejection of Executory Contracts in connection with a cessation of the Debtor's operations; and (c) the substantial time which would elapse before Creditors would receive any distribution in respect of their Claims.

Furthermore, the Debtor does not believe that a chapter 7 liquidation of the Debtor's Assets would yield a recovery greater than what was contemplated under the previously proposed sale of Assets to Netunim. Since the Debtor has concluded that a going concern sale is unlikely to produce a recovery for Creditors exceeding what is proposed under the Plan, the Debtor believes that a chapter 7 liquidation represents the alternative that would produce the smallest recovery for Creditors.

C. Alternatives if the Plan is Not Confirmed

If the Plan is not confirmed, the Debtor or any other party in interest in this chapter 11 case could attempt to formulate and propose a different plan or plans of reorganization. Such plans might involve either a reorganization and continuation of the Debtor's businesses, a sale of the Debtor's business as a going concern, an orderly liquidation of the Debtor's Assets, or a combination thereof. Further, if no plan of reorganization can be confirmed, this chapter 11 case may be converted to a liquidation proceeding under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee would be elected or appointed to liquidate the Assets of the Debtor. The proceeds of the liquidation would be distributed to the Creditors of the Debtor in accordance with the priorities established by the Bankruptcy Code.

XII. CONCLUSION

The Debtor urges holders of Claims in impaired Classes to vote to **ACCEPT** the Plan and to evidence such acceptance by returning their Ballots so that they will be received on or before 5:00 p.m., Central Time, on _____, 2017.

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Dated: June 5, 2017.

Respectfully submitted,

SADEX CORPORATION

By: /s/ Harlan E. Clemmons
Harlan E. Clemmons, President

APPROVED:

/s/ J. Robert Forshey
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ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

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EXHIBIT "A"

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ATTORNEYS FOR DEBTOR
AND DEBTOR IN POSSESSION

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
FORT WORTH DIVISION**

| | | |
|--------------------|---|-------------------------|
| In re: |) | Chapter 11 Case |
| |) | |
| SADEX CORPORATION, |) | Case No. 14-44622-mxm11 |
| |) | |
| Debtor. |) | |
| |) | |

FIRST AMENDED PLAN OF REORGANIZATION OF SADEX CORPORATION

Dated: June 5, 2017.

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ARTICLE I

DEFINITIONS

A. Defined Terms.

In addition to such other terms as are defined in other sections of this Plan, the following terms shall have the meanings set forth below (such meanings to be equally applicable to both the singular and plural, masculine and feminine forms of the terms defined).

1.01 "Administrative Expense" includes any cost or expense of administration of the Debtor's chapter 11 case allowed under subsections 503(b) and 507(a)(2) of the Bankruptcy Code, including, without limitation, any actual and necessary expenses of preserving the estate of the Debtor, any actual and necessary expenses of operating the business of the Debtor, all compensation or reimbursement of expenses to the extent allowed by the Bankruptcy Court under section 330 or 503 of the Bankruptcy Code, and any fees or charges assessed against the estate of the Debtor under section 1930, chapter 123 of title 28 of the United States Code.

1.02 "Allowed," when used with respect to a Claim (other than an Administrative Expense), means a Claim (a) to the extent it is not Contested; or (b) a Contested Claim, proof of which was filed timely with the Bankruptcy Court, and (i) as to which no Objection was filed by the Objection Deadline, or (ii) as to which an Objection was filed by the Objection Deadline, to the extent, if any, such Claim is ultimately allowed by a Final Order; provided however, if a Claim is to be determined in a forum other than the Bankruptcy Court, such Claim shall not become Allowed until determined by Final Order of such other forum and allowed by Final Order of the Bankruptcy Court.

1.03 "Assets" includes all right, title, and interest in and to all property of every type or nature owned or claimed by the Debtor as of the Petition Date, together with all such property of every type or nature subsequently acquired by the Debtor through the Effective Date, whether real or personal, tangible or intangible, and wherever located, and including, but not limited to, property as defined in section 541 of the Bankruptcy Code. Without limiting the generality of the foregoing, this shall include all Estate Claims and Estate Defenses.

1.04 "Avoidance Action" means a cause of action assertable by the Debtor against any Person, including but not limited to any Creditor, pursuant to Chapter 5 of the Bankruptcy Code, including without limitation, actions brought, or which may be brought, under sections 542, 543, 544, 545, 547, 548, 549, 550, or 553 of the Bankruptcy Code.

1.05 "Ballot" means the form of ballot provided to holders of Claims or Equity Interests entitled to vote pursuant to Bankruptcy Rule 3017(d), by which each such holder may accept or reject the Plan.

1.06 "Bankruptcy Estate" shall mean the bankruptcy estate of Sadex Corporation subject to this bankruptcy case.

1.07 "Bankruptcy Code" means the Bankruptcy Reform Act of 1978, as amended and codified at title 11 of the United States Code.

1.08 "Bankruptcy Court" means the United States Bankruptcy Court for the Northern District of Texas, Fort Worth Division.

1.09 "Bankruptcy Rules" means the Federal Rules of Bankruptcy Procedure, as amended from time to time, including all applicable local rules of the Bankruptcy Court.

1.10 "Bar Date" is the date established by the Bankruptcy Court, including through any standing order, for filing proofs of Claim or proofs of Equity Interest; provided, however, that if the Bankruptcy Court has ordered an extension of the time by which a particular Creditor may file a proof of Claim or proof of Equity Interest, the date set with respect to such Creditor shall be the Bar Date with respect to such Creditor, but only as to such Creditor.

1.11 "Business Day" means any day other than Saturday, Sunday, a legal holiday, or a day on which national banking institutions in Texas are authorized or obligated by law or executive order to close.

1.12 "Cantey Hanger" means Cantey Hanger, LLP.

1.13 "Cantey Hanger Claim" shall mean the unsecured claim of Cantey Hanger reflected in the amount of \$6,885.50 in the Debtor's Schedule F.

1.14 "Cap Ex Reserve" shall mean the amount of the Reorganized Debtor's available cash at any time, up to the maximum amount of \$450,000.00.

1.15 "Claim" means (a) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured (including potential and unmatured tort and contract claims), disputed, undisputed, legal, equitable, secured or unsecured or (b) a right to an equitable remedy for breach of performance if such breach gives rise to a right of payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured (including potential and unmatured tort and contract claims), disputed, undisputed, secured or unsecured.

1.16 "Claimant" means the holder of a Claim.

1.17 "Class" means a category or group of holders of Claims or Equity Interests as designated in Article II of the Plan.

1.18 "Clemmons" shall mean Harlan E. Clemmons.

1.19 "Clemmons Cure Claim" shall refer to the Cure Claim payable to Clemmons in the amount of \$19,427.14 on account of unpaid leave owed to Clemmons pursuant to the terms of the Clemmons Employment Agreement.

1.20 "Clemmons Employment Agreement" shall mean the Employment and Confidentiality Agreement among the Debtor and Clemmons dated as of December 15, 2010, but effective January 1, 2011.

1.21 "Cloverleaf" shall mean Cloverleaf Cold Storage Co., a corporation organized and existing under the laws of the State of Iowa.

1.22 "Collateral" means any Asset subject to a valid and enforceable Lien to secure payment of a Claim, including any right of offset asserted against any Asset.

1.23 "Confirmation Date" means the date of entry of the Confirmation Order.

1.24 "Confirmation Hearing" means the hearing, as it may be continued from time to time, conducted by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code and Bankruptcy Rule 3020(b) to consider confirmation of the Plan, as the same may be amended or supplemented.

1.25 "Confirmation Order" means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

1.26 "Contested," when used with respect to a Claim, means a Claim: (a) that is listed in the Schedules of the Debtor as disputed, contingent, and/or unliquidated, or in the amount of "\$0.00" or "Unknown"; (b) that is listed in the Schedules of the Debtor as undisputed, liquidated, and not contingent and as to which a proof of Claim has been filed with the Bankruptcy Court, to the extent the proof of Claim amount exceeds the scheduled amount; (c) that is not listed in the Schedules of the Debtor, regardless of whether or not a proof of Claim has been filed with the Bankruptcy Court; (d) as to which an Objection has been or may be timely filed and which Claim has not been Allowed by a Final Order; or (e) for which the proof of Claim is filed after the Bar Date.

1.27 "Creditor" means a "creditor," as defined in section 101(10) of the Bankruptcy Code.

1.28 "Cure Claim" shall refer to a Claim under section 365(b) of the Bankruptcy Code (a) for the payment or other performance required to cure any existing default under an Executory Contract or (b) for any actual pecuniary loss resulting from any such default under an Executory Contract.

1.29 "Debtor" shall mean Sadex Corporation, a Texas corporation.

1.30 "Disallowed," when used with respect to all or any part of a Claim or Equity Interest, means that portion of a Claim or Equity Interest to which an Objection or motion to disallow has been sustained by a Final Order or, as to a Contested Claim, any portion thereof which is not Allowed by a Final Order of the Bankruptcy Court.

1.31 "Disclosure Statement" means the written statement, as amended, supplemented, or modified from time to time, describing the Plan that is prepared and distributed in accordance with sections 1125, 1126(b), and 1145 of the Bankruptcy Code and Bankruptcy Rule 3017.

1.32 "Distribution" shall refer to and include any payment or other distribution of property pursuant to this Plan.

1.33 "Effective Date" means the first Business Day (a) which is at least fourteen (14) Business Days after the Confirmation Date if the Confirmation Order is not stayed or, if the Confirmation Order is stayed, the first Business Day following the lifting, dissolution, or removal of such stay which is at least fourteen (14) Business Days after the Confirmation Date, and (b) upon which all conditions to the effectiveness of the Plan set forth in Article X below are satisfied.

1.34 "Equity Interest" shall mean any ownership or equity interest in the Debtor, including any stock (of any class or type) issued by Debtor.

1.35 "Estate Claims" shall include all claims and causes of action held by the Debtor's bankruptcy estate, including without limitation all Avoidance Actions.

1.36 "Estate Defenses" shall refer to all defenses, affirmative defenses, counterclaims or offsets by the Debtor's bankruptcy estate against any Person, including but not limited to any Creditor.

1.37 "Event of Default" means the failure of the Reorganized Debtor to perform, keep, or observe any term, covenant, or condition of the Plan, but only if the Event of Default is not cured prior to the expiration of the applicable cure period.

1.38 "Excess Cash" shall mean the amount of available cash of the Reorganized Debtor, if any, in excess of the maximum amount of the Cap Ex Reserve.

1.39 "Executory Contract" shall refer to any executory contract or unexpired lease which is subject to section 365 of the Bankruptcy Code.

1.40 "Facility" shall refer to the improved real property located at 2640 Murray Street, Sioux City, Iowa which the Debtor occupies pursuant to the Sub-Sublease Agreement.

1.41 "Final Order" means an order or judgment of the Bankruptcy Court or any other court or adjudicative body, as to which the time to appeal or seek rehearing or petition for certiorari shall have expired, and which such order or judgment shall no longer be subject to appeal, rehearing, or certiorari proceeding.

1.42 "Initial Distribution Date", when used with respect to any Contested Claim or Rejection Claim, shall mean the later of (i) the first Business Day at least thirty (30) days after the date on which any such Contested Claim or Rejection Claim becomes an Allowed Claim, or (ii) if the payment terms of Article IV of this Plan applicable to each such Claim specify a different date, then the date as calculated pursuant to the terms of Article IV of this Plan applicable to each such Claim. The Initial Distribution Date shall be separately determined with respect to each Contested Claim or Rejection Claim based upon the date each such Claim became an Allowed Claim.

1.43 "Insider" means a Person described in section 101(31) of the Bankruptcy Code.

1.44 "Investment Bankers" means, together, SSG Advisors, LLC and Chiron Financial Group, Inc.

1.45 "IRS" means the Department of the Treasury – Internal Revenue Service.

1.46 "Kirkley" means The Kirkley Law Firm, LLP f/k/a Kirkley & Berryman, LLP.

1.47 "Kirkley Claim" shall mean the unsecured claim of Kirkley reflected in the amount of \$4,643.75 in the Debtor's amended Schedule F.

1.48 "L-3" shall mean L-3 Communications Corp.

1.49 "L-3 Contracts" shall include the following agreements:

(a) A Patent and Software License Agreement dated June 27, 2005 among The Titan Corporation ("Titan") and the Debtor;

(b) A Trademark License Agreement dated as of June 27, 2005 among Titan and the Debtor;

(c) A Non-Disturbance and Atonement Agreement dated as of June 27, 2005 among the Debtor, Titan, Cloverleaf Cold Storage Co. and K-F Real Estate Co.; and

(d) The Sub-Sublease Agreement.

1.50 "L-3 Cure Claim" shall refer to the Cure Claim payable to L-3 on account of the L-3 Contracts.

1.51 "Lien" means any mortgage, lien, charge, security interest, encumbrance, or other security device of any kind affecting any Asset, including any right of offset asserted against any Asset.

1.52 "Objection" includes (a) an objection to the allowance of a Claim interposed by any party entitled to do so within the applicable period of limitation fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Bankruptcy Court, and (b) as to any Taxing Authority, shall include a proceeding commenced under section 505 of the Bankruptcy Code to determine the legality or amount of any tax.

1.53 "Objection Deadline" shall mean ninety (90) days following the Effective Date unless otherwise extended by order of the Bankruptcy Court.

1.54 "Person" means any individual, any type of incorporated or registered business or nonprofit entity, including any corporation, general partnership, limited partnership, limited liability company, limited liability partnership, association, joint stock company, joint venture, estate, trust, unincorporated organization, governmental entity or unit, or any political subdivision thereof, or other entity.

1.55 "Petition Date" means November 14, 2014.

1.56 "Plan" means this First Amended Plan of Reorganization, either in its present form or as it may be altered, amended, or modified from time to time.

1.57 "Plan Documents" shall refer to the documents that aid in effectuating the Plan as specifically identified as such herein and filed with the Bankruptcy Court as specified in Article I(D) hereof.

1.58 "Priority Claim" means a Claim, other than a Claim for an Administrative Expense, to the extent that such Claim is entitled to priority of payment under section 507(a) of the Bankruptcy Code.

1.59 "Priority Tax Claim" means a Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.60 "Professional" means those persons employed pursuant to an order of the Bankruptcy Court in accordance with sections 327 and 1103 of the Bankruptcy Code or who are

entitled to compensation or reimbursement pursuant to sections 503(b)(3)(D) or 506(b) of the Bankruptcy Code.

1.61 "Property Tax Claim" means a Claim for Property Taxes.

1.62 "Property Taxes" shall mean such taxes assessed by any Taxing Authority against any property of the Debtor based on the value thereof, as allowed by applicable state and local law.

1.63 "Raytheon" shall mean Raytheon Company, a corporation organized and existing under the laws of the State of Delaware.

1.64 "Raytheon Claim" shall mean the Claim asserted by Raytheon in proof of Claim no. 3-1.

1.65 "Rejection Claim" means a Claim arising under section 502(g) of the Bankruptcy Code as a consequence of the rejection of any Executory Contract.

1.66 "Reorganized Debtor" means the Debtor, as reorganized under this Plan, acting from and after the Effective Date.

1.67 "Schedules" means the schedules of assets and liabilities and the statement of financial affairs filed by the Debtor as required by section 521 of the Bankruptcy Code.

1.68 "Secured Claim" shall mean (a) a Claim secured by a Lien against an Asset, to the extent such Lien is valid, perfected and enforceable under applicable non-bankruptcy law and is not subject to avoidance under the Bankruptcy Code or other applicable non-bankruptcy law, and which is duly Allowed, but only to the extent that such Claim does not exceed the value of the Assets which the Bankruptcy Court finds are valid security for such Claim (except, if the holder of such Claim makes the election provided for in section 1111(b)(2) of the Bankruptcy Code, the entire amount of the Claim shall be a Secured Claim), and (b) any valid and enforceable right of offset asserted against a Debtor or any Asset.

1.69 "Secured Creditor" shall mean the holder of a Secured Claim.

1.70 "Special Buildout Rent" shall refer to the component of rent charged under the Sub-Lease Agreement on account of certain improvements made to the Facility and for which the Debtor is liable for payment pursuant to the Sub-Sublease Agreement.

1.71 "Sub-Lease Agreement" shall refer to the document so titled among Cloverleaf, as sublessor, and Titan, as sublessee, dated as of September 1, 1999, as amended by that certain First Amendment to Sub-Lease Agreement dated February 1, 2001 and that certain Amendment 2 to Sub-Lease Agreement dated June 27, 2005.

1.72 "Sub-Lease Amendment" shall refer to the document attached as **Exhibit "A"** to this Plan.

1.73 "Substantial Consummation" means the day on which a Creditor first receives a Distribution of any kind under the terms and provisions of this Plan.

1.74 "Sub-Sublease Agreement" shall refer to the document so titled among Titan, as sub-sublessor, and the Debtor, as sub-sublessee, dated as of June 27, 2005.

1.75 "Sub-Sublease Amendment" shall refer to the document attached as **Exhibit "B"** to this Plan.

1.76 "Taxing Authority" shall include the State of Texas or any subdivision thereof, including without limitation any political subdivision of the State of Texas assessing ad valorem taxes against any of the Assets.

1.77 "Unclaimed Property" means any cash, Distribution, payment or any other property unclaimed for a period of one (1) year after the applicable Initial Distribution Date.

1.78 "Walsh" shall mean Richard Walsh.

1.79 "Walsh Claim" shall mean the unsecured claim of Walsh reflected in the amount of \$1,577,849.65 in the Debtor's Schedule F.

B. Interpretation. Unless otherwise specified, all section, Article and exhibit references in this Plan are to the respective section in, Article of, or exhibit to, the Plan as the same may be amended, waived, or modified from time to time. The headings in the Plan are for convenience and reference only and shall not limit or otherwise affect the provisions hereof. The rules of interpretation set forth in section 102 of the Bankruptcy Code shall apply to the Plan.

C. Other Terms. The words "herein," "hereof," "hereto," "hereunder," and others of similar import refer to the Plan as a whole and not to any particular section, subsection, or clause contained in the Plan. References herein to "after notice and hearing" or other similar language shall have the same meaning as in section 102(1) of the Bankruptcy Code. Otherwise, terms used herein that are not specifically defined herein shall have the meaning ascribed to those terms, if any, in the Bankruptcy Code.

D. Exhibits and Plan Documents. All Exhibits to the Plan and all Plan Documents are incorporated into the Plan by this reference and are a part of the Plan as if set forth in full herein. Any Plan Documents may be filed with the Clerk of the Bankruptcy Court prior to the commencement of the Confirmation Hearing. Holders of Claims and Equity Interests may obtain a copy of the Plan Documents, once filed, by a written request sent to the following address: Forshey & Prostok, LLP, 777 Main Street, Suite 1290, Fort Worth, Texas 76102, Attention: Linda Breedlove; Fax number (817) 877-4151; email: lbreedlove@forsheyprostok.com.

ARTICLE II

CLASSIFICATION OF CLAIMS AND EQUITY INTERESTS

2.01 The following is a designation of the Classes of Claims and Equity Interests under this Plan. Administrative Expenses and Priority Claims of the kinds specified in sections 507(a)(2), 507(a)(3) and 507(a)(8) of the Bankruptcy Code have not been classified, are excluded from the following Classes in accordance with section 1123(a)(1) of the Bankruptcy Code, and their treatment is set forth in Article III below. A Claim shall be deemed classified in a particular Class only to the extent that the Claim qualifies within the description of that Class.

A Claim is included in a particular Class only to the extent that the Claim is an Allowed Claim in that Class.

2.02 Claims and Equity Interests. Allowed Claims against the Debtor are classified under this Plan as follows:

- (a) Class 1 – Raytheon Claim
- (b) Class 2 – Walsh Claim
- (c) Class 3 - Rejection Claims
- (d) Class 4 – Prepetition Professional Fee Claims
- (e) Class 5 – Equity Interests

2.03 Impaired Classes of Claims and Equity Interests. Classes 1, 2 and 3 are impaired. However, because the holder of the Class 2 Claim is an Insider, Class 2 is non-voting.

2.04 Impairment or Classification Controversies. If a controversy arises as to the classification of any Claim or Equity Interest, or as to whether any Class of Claims or Equity Interests is impaired under the Plan, the Bankruptcy Court shall determine such controversy as a part of the confirmation process.

ARTICLE III

TREATMENT OF ADMINISTRATIVE EXPENSES AND CERTAIN PRIORITY CLAIMS

3.01 Administrative Expenses.

(a) The Reorganized Debtor shall pay, after the Effective Date, in the ordinary course of its business, the reasonable and ordinary expenses incurred in operating the Debtor's business before the Effective Date ("Ordinary Course Claims"). The remaining provisions of this section 3.01 shall not apply to the Ordinary Course Claims and holders of such Claims shall not be required to file any application relating to such Administrative Expenses except as may be ordered by the Court.

(b) The Investment Bankers shall file a final fee application in accordance with the terms of subsection 3.01(f) below. No Distribution shall be made to the Investment Bankers on account of a Claim for an Administrative Expense by the Investment Bankers unless and until such Claim becomes Allowed by Final Order.

(c) Each holder of an Allowed Administrative Expense shall receive, at the Reorganized Debtor's option, (i) the amount of such holder's Allowed Administrative Expense in one cash payment on the later of the Effective Date or the tenth (10th) Business Day after such Administrative Expense becomes an Allowed Administrative Expense, (ii) the amount of such holder's Allowed Administrative Expense in accordance with the ordinary business terms of such expense or cost, or (iii) such other treatment as may be agreed to in writing by such Administrative Expense Creditor and the Debtor or Reorganized Debtor, or as ordered by the Bankruptcy Court.

(d) Unless the Bankruptcy Court orders to the contrary or the Debtor or Reorganized Debtor agrees to the contrary in writing, the holder of a Claim for an Administrative Expense, other than such a Claim by a Professional, on an Ordinary Course Claim, or an Allowed Administrative Expense, shall file with the Bankruptcy Court and serve upon the Reorganized Debtor and its counsel a written notice of such Claim for an Administrative Expense within thirty (30) days after the Effective Date. Such notice shall include at a minimum: (i) the name, address, telephone number and fax number (if applicable) of the holder of such Claim, (ii) the amount of such Claim, and (iii) the basis of such Claim. Failure to timely and properly file and serve such notice shall result in such Claim for an Administrative Expense being forever barred and discharged.

(e) A Claim for an Administrative Expense, for which a proper notice was filed and served under subsection 3.01(d) above, shall become an Allowed Administrative Expense if no Objection is filed within thirty (30) days of the filing and service of such notice. If a timely Objection is filed, the Claim shall become an Allowed Administrative Expense only to the extent allowed by a Final Order.

(f) The above procedures shall not apply to Administrative Expense Claims asserted by Professionals, who shall each file and submit a final fee application to the Bankruptcy Court no later than sixty (60) days after the Effective Date. A Claim for Administrative Expense by a Professional in respect of which a final fee application has been properly filed and served shall become an Allowed Administrative Expense only to the extent allowed by Final Order and, if so Allowed, shall be paid in accordance with subsection 3.01(a) above. Professional fees and expenses to any Professional incurred on or after the Effective Date may be paid by the Reorganized Debtor without necessity of application to or order by the Court.

3.02 Priority Claims. The Debtor does not believe that there are any Priority Claims to be paid pursuant to this Plan.

3.03 Property Tax Claims. The Debtor does not believe that there are any Property Tax Claims.

3.04 Trustee's Fees. The Reorganized Debtor shall pay the U.S. Trustee's quarterly fees incurred pursuant to 28 U.S.C., section 1930(a)(6). Any fees due as of the Confirmation Date shall be paid in full on the Effective Date. After the Confirmation Date, the Reorganized Debtor shall pay quarterly fees as they accrue until final decree is entered and this bankruptcy case is closed. The Reorganized Debtor shall file with the Bankruptcy Court and serve on the U.S. Trustee quarterly financial reports for each quarter, or portion thereof, that this bankruptcy case remains open.

ARTICLE IV

TREATMENT OF CLAIMS AND EQUITY INTERESTS

4.01 Class 1 – Raytheon Claim. Raytheon shall receive the following treatment and Distributions on account of the Raytheon Claim:

(a) Raytheon shall receive Distributions on account of the Raytheon Claim equal to \$850,000 ("Total Raytheon Recovery") paid as set forth below.

(b) Raytheon shall receive a Distribution in the amount of \$200,000 on the Effective Date (the "Initial Raytheon Distribution"). The Initial Raytheon Distribution shall be paid from a combination of (i) the full amount of the L-3 Escrow as of the Effective Date, and (ii) the cash held by the Reorganized Debtor as of the Effective Date.

(c) In addition to the Initial Raytheon Distribution, Raytheon shall receive monthly installments (each, a "Monthly Raytheon Distribution") equal in the aggregate to \$650,000 ("Monthly Raytheon Distribution Total") the amount of which shall be calculated as set forth below. The first Monthly Raytheon Distribution shall be paid by the Reorganized Debtor to Raytheon on the first day of the first calendar month immediately following the Effective Date, with a like installment being paid to Raytheon on the first day of each successive calendar month until January 1, 2025, upon which date the final Monthly Raytheon Distribution shall be paid by the Reorganized Debtor to Raytheon. The amount of each Monthly Raytheon Distribution shall be calculated, based on the actual Effective Date, to yield a sum equal to the Monthly Raytheon Distribution Total. By way of illustration, if the Effective Date is September 15, 2017, the first Monthly Raytheon Distribution would be made on October 1, 2017, for a total of 88 such Monthly Raytheon Distributions of \$7,386.36 each. However, any amounts paid to Raytheon pursuant to section 4.01(d) below shall be credited toward the Monthly Raytheon Distribution Total. Consequently, the final Monthly Raytheon Distribution to be paid by the Reorganized Debtor may be paid sooner than January 1, 2025 and/or the final Monthly Raytheon Distribution may be in an amount less than the full amount of each Monthly Raytheon Distribution in the event that the Reorganized Debtor makes any Distributions to Raytheon in accordance with section 4.01(d) below. This is further addressed in section 4.01(e) below.

(d) The Reorganized Debtor shall determine whether or not it holds Excess Cash as of December 31, 2018 and as of December 31 of each successive calendar year thereafter (each an "Excess Cash Determination Date") until the Raytheon Claim and the L-3 Cure Claim have been paid in full in accordance with this Plan. In the event that the Reorganized Debtor holds Excess Cash on an Excess Cash Determination Date, the Reorganized Debtor shall make a Distribution of Excess Cash (an "Excess Cash Distribution") to Raytheon on or before January 31 immediately following such Excess Cash Determination Date in an amount equal to the lesser of (i) 50% of the total Excess Cash, or (ii) an amount of Excess Cash that, when added to the sum of all prior Monthly Raytheon Distributions and Excess Cash Distributions paid to Raytheon, will equal the Monthly Raytheon Distribution Total.

(e) For the avoidance of doubt, any Excess Cash Distribution made to Raytheon shall not increase the Total Raytheon Recovery and Raytheon shall not be entitled to receive any amount in excess of the Total Raytheon Recovery. Rather, any Excess Cash Distribution made to Raytheon will serve to (i) advance the date on which the final Monthly Raytheon Distribution is made, and/or (ii) decrease the amount of the final Monthly Raytheon Distribution. For example, if the Reorganized Debtor makes one or more Excess Cash Distributions to Raytheon and a later Monthly Raytheon Distribution, if made in the full amount, would result in Raytheon receiving total Distributions in excess of the Total Raytheon Recovery, then such Monthly Raytheon Distribution shall be made in an amount which, when added to the sum of all prior Monthly Raytheon Distributions and Excess Cash Distributions paid to Raytheon, will equal the Monthly Raytheon Distribution Total. Once Raytheon has received Distributions equaling the Total Raytheon Recovery, Raytheon shall not be entitled to receive any further Distributions under this Plan, notwithstanding anything to the contrary in this section.

(f) Class 1 is impaired and entitled to vote on this Plan.

4.02 Class 2 – Walsh Claim. The Walsh Claim shall be allowed in the amount of \$1,577,849.65. However, no payment or Distribution shall be made by the Reorganized Debtor to Walsh on account of the Walsh Claim until (a) The Raytheon Claim has been paid in full pursuant to section 4.01 above; and (b) the Reorganized Debtor has made all of the payments on the L-3 Cure Claim to L-3 pursuant to section 9.04 below. Class 2 is impaired but, as an Insider, the holder of this Claim may not vote on this Plan.

4.03 Class 3 - Rejection Claims. Holders of any Allowed Rejection Claims shall be paid in full by the Reorganized Debtor in substantially equal monthly installments with the first such installment being due and payable on the first day of the first calendar month immediately following the Effective Date and with a like installment being due and payable on the first month of each successive calendar month thereafter until January 1, 2025, when the final installment shall be due and payable. Class 3 is impaired. However, there may be no Class 3 Claims to be paid under the Plan.

4.04 Class 4 – Prepetition Professional Fee Claims. Class 4 consists of the Cantey Hanger Claim and the Kirkley Claim. The Cantey Hanger Claim and the Kirkley Claim shall be paid in full by the Reorganized Debtor on the Effective Date. Class 4 is unimpaired.

4.05 Class 5 – Equity Interests. The holders of Equity interests in the Debtor shall retain such interests. Class 5 is unimpaired.

4.06 Interest and Attorneys' Fees. The following provisions shall apply to all Allowed Claims:

(a) Interest accrued after the Petition Date will accrue and be paid on Allowed Claims only to the extent specifically provided for in the Plan or the Confirmation Order.

(b) Except as specifically provided in the Plan or as expressly ordered by the Bankruptcy Court, no award or reimbursement of attorneys' fees or related expenses or disbursements shall be allowed on, or in connection with, any Claim.

ARTICLE V

ACCEPTANCE OR REJECTION OF PLAN

5.01 Classes Entitled to Vote. Each impaired Class of Claims entitled to vote shall separately vote to accept or reject the Plan. Any unimpaired Class shall not be entitled to vote to accept or reject the Plan. Any unimpaired Class is deemed to have accepted the Plan under section 1126(f) of the Bankruptcy Code.

5.02 Class Acceptance Requirement. A Class of Claims shall have accepted the Plan if it is accepted by at least two-thirds (2/3) in amount and more than one-half (1/2) in number of the Allowed Claims in such Class that have voted on the Plan.

5.03 Elimination of Vacant Classes. Any Class of Claims that is not occupied as of the date of the commencement of the Confirmation Hearing by an Allowed Claim or a Claim temporarily Allowed under Bankruptcy Rule 3018 shall be deemed eliminated from the Plan for purposes of voting to accept or reject the Plan and for purposes of determining acceptance or rejection of the Plan by such Class pursuant to section 1129(a)(8) of the Bankruptcy Code.

5.04 Cramdown. This section shall constitute the request by the Plan proponent, pursuant to section 1129(b) of the Bankruptcy Code, that the Bankruptcy Court confirm the Plan notwithstanding the fact that the requirements of section 1129(a)(8) of the Bankruptcy Code have not been met.

ARTICLE VI

MEANS OF IMPLEMENTATION OF THE PLAN

6.01 Assumption of Allowed Claims. All Distributions under this Plan will be paid by the Reorganized Debtor in the manner provided in this Plan.

6.02 Vesting of Assets. As of the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all Assets shall be transferred to, and vested in, the Reorganized Debtor, free and clear of all rights, title, interests, claims, Liens, encumbrances and charges, except as expressly set forth in the Plan. Without limiting the generality of the foregoing, all such Assets shall vest in the Reorganized Debtor free and clear of any Lien except as expressly provided in the Plan.

6.03 Actions by the Debtor and the Reorganized Debtor to Implement Plan. The entry of the Confirmation Order shall constitute authorization of the Debtor and the Reorganized Debtor to take or cause to be taken all actions necessary or appropriate to implement all provisions of, and to consummate, the Plan prior to, on and after the Effective Date and all such actions taken or caused to be taken shall be deemed to have been authorized and approved by the Bankruptcy Court without further approval, act or action under any applicable law, order, rule or regulation, including without limitation, (i) all transfers of Assets that are to occur pursuant to the Plan; (ii) the incurrence of all obligations contemplated by the Plan and the making of all Distributions required under the Plan; and (iii) entering into any and all transactions, contracts, or arrangements permitted by applicable law, order, rule or regulation.

6.04 Amendment of Sub-Lease Agreement and Sub-Sublease Agreement. Cloverleaf has proposed to extend the Sub-Lease Agreement and restructure certain obligations of L-3 under the same pursuant to the proposed Sub-Lease Amendment attached hereto as Exhibit "A." Consistent with the proposed Sub-Lease Amendment, the Debtor has proposed to extend the Sub-Sublease Agreement and restructure certain of its obligations under the same pursuant to the proposed Sub-Sublease Amendment attached hereto as Exhibit "B." Specifically, the Sub-Lease Amendment and Sub-Sublease Amendment provide for an extension of the expiration date of the Sub-Lease Agreement and the Sub-Sublease Agreement from January 31, 2020 to January 31, 2025, and reduce the amount of Special Buildout Rent that the Reorganized Debtor will be required to pay on a monthly basis from a monthly amount of \$12,479.30 to a monthly amount of \$4,937.00 through January 31, 2025. The monthly savings of approximately \$7,500 with respect to the Special Buildout Rent will enable the Reorganized Debtor to make the Monthly Raytheon Distributions required under this Plan.

6.05 Cap Ex Reserve. The Debtor anticipates that significant capital expenditures will be required in the near future in order to maintain proper functioning of its irradiation systems at the Facility and thereby continue the Reorganized Debtor's business operations. Such capital expenditures are expected, in many cases, to be costly. For example, the Debtor estimates that a complete control system replacement and/or upgrade will cost approximately \$300,000. Other individual components of the irradiation system, such as thyratrons and klystrons, are expected to cost \$65,000 to \$85,000 each when replacements are required. Consequently, the

Reorganized Debtor must maintain an adequate reserve of available cash at all times to ensure that it will be able to meet its capital expenditure needs and maintain operations. The Cap Ex Reserve, in the maximum amount of \$450,000, will serve as the source of available cash for such capital expenditure requirements.

6.06 Retention and Assertion of Causes of Action and Defenses. Except as expressly set forth in this Plan, all causes of action, claims, counterclaims, defenses and rights of offset or recoupment (including but not limited to all Estate Claims, Estate Defenses and Avoidance Actions) belonging to the Debtor shall, upon the occurrence of the Effective Date, be retained by, received by and vested in the Reorganized Debtor for the benefit of the Debtor's Estate. Except as expressly set forth in this Plan, the rights of the Reorganized Debtor to commence, prosecute or settle such causes of action shall be preserved notwithstanding the occurrence of the Effective Date. No Person may rely on the absence of a specific reference in this Plan or the Disclosure Statement to any cause of action against them as any indication that the Reorganized Debtor will not pursue any and all available causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) against them. Unless any causes of action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in this Plan or a Final Order, the Debtor's Estate expressly reserves all causes of action (including all Estate Claims, Estate Defenses and Avoidance Actions) for later adjudication, and, therefore, no preclusion doctrine, including without limitation, the doctrines of res judicata, collateral estoppel, issue preclusion, claim preclusion, estoppel (judicial, equitable or otherwise) or laches, shall apply to such causes of action upon or after the confirmation or consummation of the Plan. The Reorganized Debtor may also assert Estate Defenses as a defense to the allowance of any Claim not otherwise Allowed.

ARTICLE VII

PROVISIONS GOVERNING DISTRIBUTION

7.01 Source of Distributions. All Distributions to be made under this Plan shall be made by the Reorganized Debtor.

7.02 Timing and Amount of Distributions. No Distribution shall be made on account of any Claim until such Claim is Allowed, except as otherwise set forth in the Plan or ordered by the Bankruptcy Court pursuant to a Final Order. No Distribution shall be made on account of any Contested Claim until such Claim is Allowed. Any Distributions pursuant to the Plan shall be made on the respective Initial Distribution Dates applicable to each such Allowed Claim except as otherwise provided in the Plan or ordered by the Bankruptcy Court. Any Unclaimed Property may be paid into the registry of the Bankruptcy Court or otherwise distributed in accordance with the orders of the Bankruptcy Court. Except as expressly set forth in the Plan or in the Confirmation Order, the Reorganized Debtor shall determine the timing and amount of all Distributions which are required to be made under the Plan, consistent with the goal of making such Distributions as expeditiously as possible. The Reorganized Debtor may, but shall not be required to, seek approval of the Bankruptcy Court for any such Distributions.

7.03 Means of Cash Payment. Cash payments pursuant to this Plan shall be made by check drawn on, or by wire transfer from, a domestic bank, or by other means agreed to by the payor and payee.

7.04 Record Date for Distributions. As of the close of business on the Effective Date, (the "Distribution Record Date"), the register for Claims and Equity Interests will be closed, and

there shall be no further changes in the holder of record of any Claim or Equity Interest. The Reorganized Debtor shall have no obligation to recognize any transfer of any Claim or Equity Interest occurring after the Distribution Record Date, and shall instead be authorized and entitled to recognize and deal for all purposes under the Plan with only those holders of record stated on the register of Claims and/or Equity Interests as of the Distribution Record Date for Distributions under the Plan.

7.05 Delivery of Distributions. All Distributions, deliveries and payments to the holders of any Allowed Claims shall be made to the addresses set forth on the respective proofs of Claim filed in this case. Any such Distribution, delivery or payment shall be deemed as made for all purposes relating to this Plan when deposited in the United States Mail and served as provided in section 13.05 below. Whether secured or unsecured, if no proof of Claim is filed, any Distribution shall be made to the Creditor at the last known address or as reflected in the Schedules. If any Distribution is returned as undeliverable, no further Distribution shall be made on account of such Allowed Claim unless and until the Reorganized Debtor is notified of such holder's then current address, at which time all missed Distributions shall be made to the holder of such Allowed Claim. All claims for undeliverable Distributions shall be made on or before the first anniversary of the attempted Distribution. After such date, all Unclaimed Property shall revert to the Reorganized Debtor and the Claim of any holder with respect to such property shall be discharged and forever barred.

7.06 Time Bar to Cash Payments. Checks issued in respect of Allowed Claims shall be null and void if not cashed within ninety (90) days of the date of issuance thereof. Requests for reissuance of any check shall be made directly to the Reorganized Debtor by the holder of the Allowed Claim with respect to which such check originally was issued. Any claim in respect of such a voided check shall be made on or before the later of the first anniversary of the Initial Distribution Date or ninety (90) days after the date of issuance of such check. After such date, all claims in respect of void checks shall be discharged and forever barred.

7.07 Cure Period. Except as otherwise set forth herein, the failure by the Reorganized Debtor to timely perform any term, provision or covenant contained in this Plan, or to make any payment or Distribution required by this Plan to any Creditor, or the failure to make any payment or perform any covenant on any note, instrument or document issued pursuant to this Plan, shall not constitute an Event of Default unless and until the Reorganized Debtor has been given thirty (30) days written notice of such alleged default in the manner provided in this Plan, and provided an opportunity to cure such alleged default. Until the expiration of such thirty (30) day cure period, the Reorganized Debtor shall not be in default, and performance during such thirty (30) day cure period shall be deemed as timely for all purposes. Such written notice and passage of the thirty (30) day cure period shall constitute conditions precedent to declaring or claiming any default under this Plan or bringing any action or legal proceeding by any Person to enforce any right granted under this Plan.

7.08 Distributions after Substantial Consummation. All Distributions of any kind made to any of the Creditors after Substantial Consummation and any and all other actions taken under this Plan after Substantial Consummation shall not be subject to relief, reversal or modification by any court unless the implementation of the Confirmation Order is stayed by an order granted under Bankruptcy Rule 8005.

ARTICLE VIII

PROCEDURES FOR RESOLVING AND TREATING CONTESTED AND CONTINGENT CLAIMS

8.01 Objection Deadline. All Objections to Claims shall be served and filed by the Objection Deadline; provided, however, the Objection Deadline shall not apply to Claims which are not reflected in the claims register, including any alleged informal proofs of Claim. The Reorganized Debtor may seek to extend the Objection Deadline pursuant to a motion filed on or before the then applicable Objection Deadline with respect to any Claims. Any such motion may be granted without notice or a hearing. In the event that the Reorganized Debtor files such a motion and the Bankruptcy Court denies such motion, the Objection Deadline shall nevertheless be automatically extended to that date which is ten (10) Business Days after the date of entry of the Bankruptcy Court's order denying such motion. Any proof of claim filed more than thirty (30) days after the Effective Date shall be of no force and effect and need not be objected to by the Reorganized Debtor. Nothing contained herein shall limit the right of the Reorganized Debtor to object to Claims, if any, filed or amended after the Objection Deadline.

8.02 Responsibility for Objecting to Claims and Settlement of Claims.

(a) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to (i) file, settle, or litigate to Final Order any Objections to any Claims; and (ii) seek to subordinate any Claim. Any Contested Claim may be litigated to Final Order.

(b) From and after the Effective Date, the Reorganized Debtor shall have the sole and exclusive right to settle, compromise or otherwise resolve any Contested Claim without the necessity of any further notice or approval of the Bankruptcy Court. Bankruptcy Rule 9019 shall not apply to any settlement or compromise of a Contested Claim after the Effective Date.

8.03 Distributions on Account of Contested Claims. If a Claim is Contested, then the Initial Distribution Date as to such Contested Claim shall be determined based upon its date of Allowance, and thereafter distribution shall be made on account of such Allowed Claim pursuant to the provisions of the Plan. No Distribution shall be made on account of a Contested Claim until Allowed. Until such time as a contingent Claim becomes fixed and absolute by a Final Order allowing such Claim, such Claim shall be treated as a Contested Claim for purposes of estimates, allocations, and Distributions under the Plan. Any contingent right to contribution or reimbursement shall continue to be subject to section 502(e) of the Bankruptcy Code.

8.04 No Waiver of Right to Object. Except as expressly provided in this Plan, nothing contained in the Disclosure Statement, this Plan or the Confirmation Order shall waive, relinquish, release or impair the Reorganized Debtor's right to object to any Claim.

8.05 Offsets and Defenses. The Reorganized Debtor shall be vested with and retain all Estate Claims and Estate Defenses, including without limitation all rights of offset or recoupment and all counterclaims against any Claimant holding a Claim. Assertion of counterclaims by the Reorganized Debtor against any Claimants shall constitute "core" proceedings.

8.06 Claims Paid or Reduced Prior to Effective Date. Notwithstanding the contents of the Schedules, Claims listed therein as undisputed, liquidated and not contingent shall be reduced by the amount, if any, that was paid by the Debtor prior to the Effective Date, including

pursuant to orders of the Bankruptcy Court. To the extent such payments are not reflected in the Schedules, such Schedules will be deemed amended and reduced to reflect that such payments were made. Nothing in the Plan shall preclude the Reorganized Debtor from paying Claims that the Debtor was authorized to pay pursuant to any Final Order entered by the Bankruptcy Court prior to the Confirmation Date.

ARTICLE IX

EXECUTORY CONTRACTS AND UNEXPIRED LEASES

9.01 Assumption and Rejection of Executory Contracts. All Executory Contracts of the Debtor shall be deemed as assumed by the Reorganized Debtor upon the Effective Date unless an Executory Contract (a) has been previously assumed or rejected pursuant to an order of the Bankruptcy Court, (b) is otherwise identified in this Plan or the Confirmation Order to be rejected, or (c) is the subject of a motion to reject filed on or before the Effective Date. Any Executory Contract to be assumed under this Plan that has been amended or modified at any time after the Petition Date shall be deemed assumed as amended or modified. This Plan shall constitute a motion to assume the Executory Contracts. However, the Debtor may file a separate motion for the assumption or rejection of any Executory Contract at any time through the Confirmation Date.

9.02 Clemmons Employment Agreement and Clemmons Cure Claim. The Reorganized Debtor shall assume the Clemmons Employment Agreement as of the Effective Date. The Reorganized Debtor shall pay to Clemmons the full amount of the Clemmons Cure Claim by no later than that date which is sixty (60) days after the Effective Date.

9.03 L-3 Contracts Assumed. The Reorganized Debtor shall assume all of the L-3 Contracts as of the Effective Date. The Sub-Sublease Agreement shall be deemed assumed as amended by the Sub-Sublease Amendment. Payment of the L-3 Cure Claim applicable to the L-3 Contracts is set forth in section 9.04 below. L-3 will receive no other or further Distributions on account of the L-3 Cure Claim except as set forth in section 9.04 below.

9.04 L-3 Cure Claim. After this bankruptcy case was filed, a dispute arose between L-3 and the Debtor regarding the Debtor's alleged obligation to make monthly payments of \$5,000 per month into the "Sinking Fund Account" as defined in section 4(c) of the Sub-Sublease Agreement. As a sign of good faith the Debtor made a payment of \$15,000 in February, 2015 into the trust account of Debtor's bankruptcy counsel and, beginning in March, 2015, began making payments of \$5,000 per calendar month into the trust account of Debtor's bankruptcy counsel (collectively, the "L-3 Monthly Payments"). The funds so paid into and held in the trust account of the Debtor's bankruptcy counsel on account of the L-3 Monthly Payments as of the Effective Date are referred to as the "L-3 Escrow." As of the Effective Date, the Reorganized Debtor will cease to make any further L-3 Monthly Payments into the L-3 Escrow and the funds held in the L-3 Escrow shall be used to constitute a portion of the Initial Raytheon Distribution.

The L-3 Cure Claim shall be in the amount of \$600,000 and shall constitute the only Cure Claim to be paid to L-3 on account of the L-3 Contracts. L-3 shall receive the following treatment and Distributions in complete and final satisfaction of the L-3 Cure Claim:

(a) The Sinking Fund Account shall be established as contemplated by section 4(c) of the Sub-Sublease Agreement. The Reorganized Debtor shall make monthly Distributions of \$5,000 each into the Sinking Fund Account (each, a "Monthly Sinking Fund")

Distribution”). The first Monthly Sinking Fund Distribution shall be made by the Reorganized Debtor on the first day of the first calendar month immediately following the Effective Date, with a like installment being made on the first day of each successive calendar month during the term of the Sub-Sublease Agreement, or any extended term thereof, until the total of all Distributions made by the Reorganized Debtor into the Sinking Fund Account equals \$600,000, including both the Monthly Sinking Fund Distributions pursuant to this paragraph and any Excess Cash Distributions made to L-3.

(b) In addition to the Monthly Sinking Fund Distributions, in the event that the Reorganized Debtor holds Excess Cash on an Excess Cash Determination Date, the Reorganized Debtor shall make an Excess Cash Distribution into the Sinking Fund Account on or before January 31 immediately following such Excess Cash Determination Date in an amount equal to the lesser of (i) the amount of Excess Cash that shall remain after payment of any required Excess Cash Distribution to Raytheon pursuant to section 4.01(c) of this Plan, or (ii) the amount of Excess Cash that, when added to all previous Monthly Sinking Fund Distributions and Excess Cash Distributions made into the Sinking Fund Account, shall equal \$600,000.

(c) The total amount of Distributions the Reorganized Debtor shall be required to make into the Sinking Fund Account in full and complete satisfaction of the L-3 Cure Claim shall be \$600,000. For the avoidance of doubt, any Excess Cash Distribution made into the Sinking Fund Account shall not increase the total amount of Distributions to be made by the Reorganized Debtor on account of the L-3 Cure Claim beyond the total of \$600,000. Rather, any Excess Cash Distribution made into the Sinking Fund Account will serve to (i) advance the date on which the final Monthly Sinking Fund Distribution is made, and/or (ii) decrease the amount of the final Monthly Sinking Fund Distribution to an amount less than \$5,000. For example, if the Reorganized Debtor makes one or more Excess Cash Distributions into the Sinking Fund Account and a later Monthly Sinking Fund Distribution, if made in the amount of \$5,000, would result in the Reorganized Debtor making Distributions into the Sinking Fund Account in a total amount greater than \$600,000, then such Monthly Sinking Fund Distribution shall be made in an amount which, when added to the sum of all prior Monthly Sinking Fund Distributions and Excess Cash Distributions made into the Sinking Fund Account, will equal \$600,000. Once the Reorganized Debtor has made Distributions into the Sinking Fund Account totaling \$600,000, the Reorganized Debtor shall not be required to make any further Distributions on account of the L-3 Cure Claim under this Plan.

(d) Notwithstanding the foregoing or anything to the contrary in this Plan, if the terms of the Sub-Sublease Agreement in effect at the time the Reorganized Debtor has made Distributions into the Sinking Fund Account totaling \$600,000 require additional payments by the Reorganized Debtor into the Sinking Fund Account in the future, the fact that the Reorganized Debtor has fully performed its obligations under this Plan with respect to the L-3 Cure Claim will not excuse the Reorganized Debtor from any further obligations imposed on it under the Sub-Sublease Agreement, including but not limited to any obligation to continue making payments into the Sinking Fund Account.

9.05 Cure Payments. Unless the holder of a Cure Claim and the Debtor or the Reorganized Debtor agree in writing to other treatment of such holder's Cure Claim, or other treatment of such holder's Cure Claim is otherwise provided for under the Plan, such as the provisions relating to the L-3 Contracts and the L-3 Cure Claim, each Cure Claim against the Debtor shall be paid and treated as follows:

(a) Any cure payment which may be required by section 365(b)(1) of the Bankruptcy Code under an Executory Contract that is assumed under this Plan shall be made by the Reorganized Debtor on the Initial Distribution Date. Notwithstanding the foregoing, in the event of a dispute regarding the amount of any Cure Claim, the cure of any other defaults, the provision of adequate assurance of future performance, or any other matter pertaining to assumption, the Reorganized Debtor shall make such cure payments and cure such other defaults and provide adequate assurance of future performance, all as may be required by section 365(b)(1) of the Bankruptcy Code, following the entry of a Final Order by the Bankruptcy Court resolving such dispute.

(b) Any other term of this Plan notwithstanding, the Reorganized Debtor may pre-pay any Cure Claim in whole or in part without penalty.

9.06 Bar to Rejection Claims. Except as otherwise ordered by the Bankruptcy Court, any Rejection Claim based on the rejection of an Executory Contract shall be forever barred and shall not be enforceable against the Reorganized Debtor or the Assets unless a proof of claim is filed with the Bankruptcy Court and served upon the Reorganized Debtor and its bankruptcy counsel by the earlier of thirty (30) days after the Effective Date or thirty (30) days after entry of the Final Order approving rejection of such Executory Contract.

9.07 Rejection Claims. Any Rejection Claim not barred by section 9.06 above shall be classified as a Class 3 Rejection Claim subject to the provisions of sections 502(b)(6) and 502(g) of the Bankruptcy Code; provided, however, that any Rejection Claim based upon the rejection of an unexpired lease of real property, either prior to the Confirmation Date, upon the entry of the Confirmation Order, or upon the Effective Date, shall be limited in accordance with section 502(b)(6) of the Bankruptcy Code and state law mitigation requirements. All Rejection Claims shall be deemed as Contested Claims until Allowed. Nothing contained herein shall be deemed as an admission by the Debtor or the Reorganized Debtor that such rejection gives rise to or results in a Claim or shall be deemed a waiver by the Reorganized Debtor of any objections to such Claim if asserted.

9.08 Reservation of Rights. Nothing contained in the Plan shall constitute an admission by the Debtor that any contract or lease is in fact an Executory Contract or that the Debtor has any liability thereunder. If there is a dispute regarding whether a contract or lease is or was executory or unexpired at the time of assumption or rejection, the Reorganized Debtor shall have thirty (30) days following entry of a Final Order resolving such dispute to alter the treatment of such contract or lease.

ARTICLE X

CONDITIONS PRECEDENT TO CONFIRMATION AND EFFECTIVENESS OF PLAN

10.01 Conditions to Confirmation and Effectiveness of Plan. The Plan shall not become effective until the following conditions shall have been satisfied: (a) the Confirmation Order shall have been entered, in form and substance acceptable to the Debtor; (b) the Sub-Lease Amendment and Sub-Sublease Amendment shall have been agreed to and fully executed by the parties thereto, substantially in the forms attached hereto as Exhibits "A" and "B" and acceptable to the Debtor or the Reorganized Debtor, and the Sub-Lease Amendment and Sub-Sublease Amendment, as executed, shall (i) extend the expiration dates of the Sub-Lease Agreement and Sub-Sublease Agreement to a date no earlier than January 31, 2025, and (ii) reduce the Special Buildout Rent amount to be paid monthly by the Reorganized Debtor through

expiration of the Sub-Sublease Agreement to an amount no greater than \$4,937.00 per month so as to enable the Reorganized Debtor to make the Monthly Raytheon Distributions required under this Plan; and (c) all other conditions specified by the Debtor have been satisfied.

ARTICLE XI

EFFECT OF THE PLAN ON CLAIMS AND EQUITY INTERESTS

11.01 Compromise and Settlement. Pursuant to section 363 of the Bankruptcy Code and Bankruptcy Rule 9019, and in consideration of the classification, potential Distributions and other benefits provided under the Plan, the provisions of the Plan shall constitute a good faith compromise and settlement of all Claims, Equity Interests and controversies resolved pursuant to the Plan, including, without limitation, all Claims against the Debtor arising prior to the Petition Date, whether known or unknown, foreseen or unforeseen, asserted or unasserted, arising out of, relating to or in connection with the business or affairs of, or transactions with, the Debtor. The entry of the Confirmation Order shall constitute the Bankruptcy Court's approval of each of the foregoing compromises or settlements, and all other compromises and settlements provided for in the Plan, and the Bankruptcy Court's findings shall constitute its determination that such compromises and settlements are in the best interest of the Debtor, the Debtor's bankruptcy estate, Creditors and other parties in interest, and are fair, equitable and within the range of reasonableness.

11.02 Satisfaction of Claims. The rights afforded in the Plan and the treatment of all Claims and Equity Interests herein shall be in exchange for and in complete satisfaction, discharge, and release of all Claims and Equity Interests of any nature whatsoever against the Debtor, the Debtor's bankruptcy estate, and the Assets. Except as otherwise provided herein, on the Effective Date, all Claims against the Debtor shall be satisfied, discharged, and released in full. Except as otherwise provided herein, all Persons shall be precluded and forever barred from asserting against the Debtor and its affiliates, successors, assigns, the Debtor's bankruptcy estate and the Assets any event, occurrence, condition, thing, or other or further Claims or causes of action based upon any act, omission, transaction, or other activity of any kind or nature that occurred or came into existence prior to the Effective Date, whether or not the facts of or legal bases therefore were known or existed prior to the Effective Date.

11.03 Discharge. The terms, covenants and consideration under the Plan shall be in exchange for and in complete satisfaction, discharge, and release of all Claims of any nature whatsoever against the Debtor, the Reorganized Debtor, or the Assets. The Reorganized Debtor and its successors in interest and assigns shall be deemed discharged and released pursuant to section 1141(d)(1) of the Bankruptcy Code from any and all Claims provided for in the Plan.

11.04 Injunction. On the Effective Date and except as otherwise provided herein, all Persons who have been, are, or may be holders of Claims against or Equity Interests in the Debtor shall be permanently restrained and enjoined from taking any of the following actions against or affecting the Debtor, the Reorganized Debtor, the Debtor's bankruptcy estate, the Assets, or their respective assets and property, with respect to such Claims or Equity Interests (other than actions brought to enforce any rights or obligations under the Plan): (a) commencing, conducting, or continuing in any manner, directly or indirectly, any suit, action or other proceeding of any kind with respect to any such Claim or Equity Interest; (b) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means, whether directly or indirectly, any judgment, award, decree, or order; (c) creating, perfecting, or otherwise

enforcing in any manner, directly or indirectly, any Lien or encumbrance of any kind; (d) asserting any control over, interest, rights or title in or to any of the Assets except as expressly provided in the Plan; (e) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due the Reorganized Debtor as assignee, except upon order of the Bankruptcy Court; and (f) performing any act, by any manner or means, whether directly or indirectly, in any place whatsoever, that does not conform to or comply with the provisions of the Plan; provided, however, that this injunction shall not bar any Creditor from asserting any right granted pursuant to this Plan; provided, further, however, that each holder of a Contested Claim shall be entitled to enforce its rights under the Plan, including seeking allowance of such Contested Claim pursuant to the Plan.

11.05 Setoffs. Except as otherwise expressly provided for in the Plan, pursuant to the Bankruptcy Code (including section 553 of the Bankruptcy Code), applicable nonbankruptcy law, or as may be agreed to by the holder of a Claim, the Reorganized Debtor may setoff against any Allowed Claim and the Distributions to be made pursuant to the Plan on account of such Allowed Claim (before such Distribution is made), any claims, rights, Estate Claims and Estate Defenses of any nature that the Debtor may hold against the holder of such Allowed Claim, to the extent such claims, rights, Estate Claims and Estate Defenses against such holder have not been otherwise compromised or settled on or prior to the Effective Date (whether pursuant to the Plan or otherwise); provided, however, that neither the failure to effect such a setoff nor the allowance of any Claim or Equity Interest pursuant to the Plan shall constitute a waiver or release by the Debtor of any such claims, rights, Estate Claims and Estate Defenses that the Debtor may possess against such Claimant. In no event shall any Claimant or Equity Interest holder be entitled to setoff any Claim or Equity Interest against any claim, right, or Estate Claim of the Debtor without the consent of the Debtor or the Reorganized Debtor unless such holder files a motion with the Bankruptcy Court requesting the authority to perform such setoff notwithstanding any indication in any proof of Claim or otherwise that such holder asserts, has, or intends to preserve any right of setoff pursuant to section 553 of the Bankruptcy Code or otherwise.

11.06 Recoupment. Except as otherwise expressly provided for in the Plan, in no event shall any holder of Claims or Equity Interests be entitled to recoup any Claim or Equity Interest against any claim, right, account receivable, or Estate Claim of the Debtor or the Reorganized Debtor unless (a) such holder actually provides notice thereof in writing to the Debtor or the Reorganized Debtor of its intent to perform a recoupment; (b) such notice includes the amount to be recouped by the holder of the Claim or Equity Interest and a specific description of the basis for the recoupment, and (c) the Debtor or the Reorganized Debtor has provided a written response to such Claim or Equity Interest holder, stating unequivocally that the Debtor or the Reorganized Debtor consents to the requested recoupment. The Debtor and the Reorganized Debtor shall have the right, but not the obligation, to seek an order of the Bankruptcy Court allowing any or all of the proposed recoupment. In the absence of a written response from the Debtor or the Reorganized Debtor consenting to a recoupment or an order of the Bankruptcy Court authorizing a recoupment, no recoupment by the holder of a Claim or Equity Interest shall be allowed.

11.07 Turnover. On the Effective Date, any rights of the Debtor's bankruptcy estate to compel turnover of Assets under applicable nonbankruptcy law and pursuant to section 542 or 543 of the Bankruptcy Code shall be deemed transferred to and vested in the Reorganized Debtor.

11.08 Automatic Stay. The automatic stay pursuant to section 362 of the Bankruptcy Code, except as previously modified by the Bankruptcy Court, shall remain in effect until the Effective Date of the Plan as to the Debtor and all Assets. As of the Effective Date, the automatic stay shall be replaced by the injunction contained in section 11.04 above.

ARTICLE XII

JURISDICTION OF COURTS AND MODIFICATIONS TO THE PLAN

12.01 Retention of Jurisdiction. Pursuant to sections 1334 and 157 of title 28 of the United States Code, the Bankruptcy Court shall retain exclusive jurisdiction of all matters arising in, arising under, and related to the Debtor's chapter 11 case and the Plan, for the purposes of sections 105(a) and 1142 of the Bankruptcy Code, and for, among other things, the following purposes:

(a) To hear and determine any and all Objections to or applications concerning the allowance of Claims or the allowance, classification, priority, compromise, estimation, or payment of any Administrative Expense;

(b) To hear and determine any and all applications for payment of fees and expenses pursuant to this Plan to any Professional pursuant to sections 330 or 503 of the Bankruptcy Code, or for payment of any other fees or expenses authorized to be paid or reimbursed under this Plan, and any and all objections thereto;

(c) To hear and determine pending applications for the rejection, assumption, or assumption and assignment of Executory Contracts and the allowance of Claims resulting therefrom, and to determine the rights of any party in respect to the assumption or rejection of any Executory Contract;

(d) To hear and determine any and all adversary proceedings, applications, or contested matters, including allowance of any Claim;

(e) To hear and determine all controversies, disputes, and suits which may arise in connection with the execution, interpretation, implementation, consummation, or enforcement of the Plan or in connection with the enforcement of any remedies made available under the Plan, including without limitation, (i) adjudication of all rights, interests or disputes relating to any of the Assets, (ii) the valuation of all Collateral, (iii) the determination of the validity of any Lien or claimed right of offset; and (iv) determinations of Objections to Contested Claims;

(f) To liquidate and administer any disputed, contingent, or unliquidated Claims, including the Allowance of all Contested Claims;

(g) To administer Distributions to holders of Allowed Claims as provided herein;

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

(i) To consider any modification of the Plan pursuant to section 1127 of the Bankruptcy Code, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation the Confirmation Order;

(j) To enforce the injunction contained in section 11.04 above;

(k) To enter and implement all such orders as may be necessary or appropriate to execute, interpret, construe, implement, consummate, or enforce the terms and conditions of the Plan and the transactions required or contemplated pursuant hereto;

(l) To hear and determine any other matter not inconsistent with the Bankruptcy Code and title 28 of the United States Code that may arise in connection with or related to the Plan;

(m) To determine proceedings pursuant to section 505 of the Bankruptcy Code; and

(n) To enter a final decree closing this chapter 11 case.

12.02 Abstention and Other Courts. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of or relating to this chapter 11 case, this Article of the Plan 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.

12.03 Non-Material Modifications. The Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims and Equity Interests, correct any defect, omission, or inconsistency in the Plan in such manner and to such extent as may be necessary or desirable. The Reorganized Debtor may undertake such nonmaterial modification pursuant to this section insofar as it does not adversely change the treatment of the Claim of any Creditor or the Equity Interest of any Equity Interest holder who has not accepted in writing the modification.

12.04 Material Modifications. Modifications of this Plan may be proposed in writing by the Debtor at any time before confirmation, provided that this Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with section 1125 of the Bankruptcy Code. This Plan may be modified at any time after confirmation and before its Substantial Consummation, provided that the Plan, as modified, meets the requirements of sections 1122 and 1123 of the Bankruptcy Code, and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as modified, under section 1129 of the Bankruptcy Code, and the circumstances warrant such modification. A holder of a Claim or Equity Interest that has accepted or rejected this Plan shall be deemed to have accepted or rejected, as the case may be, such Plan as modified, unless, within the time fixed by the Bankruptcy Court, such holder changes its previous acceptance or rejection.

ARTICLE XIII

MISCELLANEOUS PROVISIONS

13.01 Severability. Should the Bankruptcy Court determine any provision of the Plan is unenforceable either on its face or as applied to any Claim or Equity Interest or transaction, the

Reorganized Debtor may modify the Plan so that any such provision shall not be applicable to the holder of any Claim or Equity Interest. Such a determination of unenforceability shall not (a) limit or affect the enforceability and operative effect of any other provision of the Plan or (b) require the resolicitation of any acceptance or rejection of the Plan.

13.02 Oral Agreements; Modification of Plan; Oral Representations or Inducements.

The terms of the Plan, Disclosure Statement and Confirmation Order may only be amended in writing and may not be changed, contradicted or varied by any oral statement, agreement, warranty or representation. Neither the Debtor nor its attorneys have made any representation, warranty, promise or inducement relating to the Plan or its confirmation except as expressly set forth in this Plan, the Disclosure Statement, or the Confirmation Order or other order of the Bankruptcy Court.

13.03 Waiver. The Reorganized Debtor shall not be deemed to have waived any right, power or privilege pursuant to the Plan unless the waiver is in writing and signed by the Reorganized Debtor. There shall be no waiver by implication, course of conduct or dealing, or through any delay or inaction by the Reorganized Debtor, of any right pursuant to the Plan, including the provisions of this anti-waiver section. The waiver of any right under the Plan shall not act as a waiver of any other or subsequent right, power or privilege.

13.04 Construction. This Plan shall control over any inconsistent term of the Disclosure Statement. The Confirmation Order shall control over any inconsistent provision of the Plan.

13.05 Notice. Any notice or communication required or permitted by the Plan shall be given, made or sent as follows:

(a) If to a Creditor, notice may be given as follows: (i) if the Creditor has filed no proof of Claim, then to the address reflected in the Schedules, or (ii) if the Creditor has filed a proof of Claim, then to the address reflected in the proof of Claim.

(b) If to the Reorganized Debtor, notice shall be sent to the following address:

Sadex Corporation
2831 Bledsoe
Fort Worth, TX 76107
Attn: Richard Walsh, Chairman of the Board
Email: r fw@medicarents.com

Concurrently with service of such notice on the Reorganized Debtor, a copy thereof shall be concurrently served in the same manner on the following legal counsel as follows:

J. Robert Forshey
Matthew G. Maben
FORSHEY & PROSTOK, L.L.P.
777 Main Street, Suite 1290
Fort Worth, Texas 76102
Facsimile: (817) 877-4151
E-mail: bforshey@forsheyprostok.com
E-mail: mmaben@forsheyprostok.com

and

J. Lyndell Kirkley, Esq.
THE KIRKLEY LAW FIRM, LLP
6100 Camp Bowie Blvd., Suite 27
Fort Worth, Texas 76116
Facsimile (817) 737-9798
E-mail: kirkley@kirkleylawfirm.com

(c) Any Creditor desiring to change its address for the purpose of notice may do so by giving notice to the Reorganized Debtor of its new address in accordance with the terms of this section.

(d) Any notice given, made or sent as set forth above shall be effective upon being (i) deposited in the United States Mail, postage prepaid, addressed to the addressee at the address as set forth above; (ii) delivered by hand or messenger to the addressee at the address set forth above; (iii) telecopied to the addressee as set forth above, with a hard confirmation copy being immediately sent through the United States Mail; or (iv) delivered for transmission to an expedited or overnight delivery service such as FedEx.

13.06 Compliance with All Applicable Laws. If notified by any governmental authority that it is in violation of any applicable law, rule, regulation, or order of such governmental authority relating to its business, the Reorganized Debtor shall comply with such law, rule, regulation, or order; provided, however, that nothing contained herein shall require such compliance if the legality or applicability of any such requirement is being contested in good faith in appropriate proceedings and, if appropriate, an adequate reserve has been set aside on the books of the Reorganized Debtor.

13.07 Duties to Creditors. No agent, representative, accountant, financial advisor, attorney, shareholder, officer, affiliate, member or employee of the Debtor shall ever owe any duty to any Person (including any Creditor) other than the duties owed to the Debtor's bankruptcy estate, for any act, omission, or event in connection with, or arising out of, or relating to, any of the following: (a) the Debtor's bankruptcy case, including all matters or actions in connection with or relating to the administration of the estate, (b) the Plan, including the proposal, negotiation, confirmation and consummation of the Plan, or (c) any act or omission relating to the administration of the Plan after the Effective Date.

13.08 Binding Effect. The Plan shall be binding upon, and shall inure to the benefit of the Reorganized Debtor, the holders of the Claims or Liens, the holders of Equity Interests, and their respective successors in interest and assigns.

13.09 Governing Law, Interpretation. Unless a rule of law or procedure supplied by federal law (including the Bankruptcy Code and Bankruptcy Rules) is applicable, the internal laws of the State of Texas shall govern the construction and implementation of the Plan and any Plan Documents without regard to conflicts of law. The Plan shall control any inconsistent term or provision of any other Plan Documents.

13.10 Payment of Statutory Fees. All fees payable pursuant to section 1930 of title 28 of the United States Code shall be paid on or before the Effective Date, and thereafter shall be paid by the Reorganized Debtor as such statutory fees become due.

13.11 Filing of Additional Documents. On or before Substantial Consummation of the Plan, the Reorganized Debtor may file with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

13.12 Computation of Time. If the final day for any Distribution, performance, act or event under the Plan is not a Business Day, then the time for making or performing such Distribution, performance, act or event shall be extended to the next Business Day. Any payment or Distribution required to be made hereunder on a day other than a Business Day shall be due and payable on the next succeeding Business Day.

13.13 Elections by the Reorganized Debtor. Any right of election or choice granted to the Reorganized Debtor under this Plan may be exercised, at the Reorganized Debtor's election, separately as to each Claim, Creditor or Person.

13.14 Release of Liens. Except as otherwise provided in this Plan or the Confirmation Order, all Liens against any of the Assets shall be deemed to be released, terminated and nullified.

13.15 Rates. The Plan does not provide for the change of any rate that is within the jurisdiction of any governmental regulatory commission after the occurrence of the Effective Date.

13.16 Compliance with Tax Requirements. In connection with the Plan, the Reorganized Debtor shall comply with all withholding and reporting requirements imposed by federal, state and local Taxing Authorities and all Distributions under the Plan shall be subject to such withholding and reporting requirements. Notwithstanding the above, each holder of an Allowed Claim or Equity Interest that is to receive a Distribution under the Plan shall have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of such Distribution under the Plan.

13.17 Notice of Entry of Confirmation Order. Promptly after entry of the Confirmation Order, the Debtor, as directed by the Bankruptcy Court, shall serve on all known parties in interest and holders of Claims and Equity Interests, notice of entry of the Confirmation Order.

13.18 Notice of Occurrence of the Effective Date. Promptly after occurrence of the Effective Date, the Reorganized Debtor, as directed by the Bankruptcy Court, shall serve on all known parties in interest and holders of Claims and Equity Interests, notice of the occurrence of the Effective Date.

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Dated: June 5, 2017.

Respectfully submitted,

SADEX CORPORATION

By: /s/ Harlan E. Clemmons
Harlan E. Clemmons, President

APPROVED:

/s/ J. Robert Forshey
J. Robert Forshey
State Bar No. 07264200
Matthew G. Maben
State Bar No. 24037008
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COUNSEL FOR THE DEBTOR
SADEX CORPORATION

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EXHIBIT "A"
TO
FIRST AMENDED PLAN OF
REORGANIZATION OF SADEX
CORPORATION

AMENDMENT 3 TO
SUB-LEASE AGREEMENT
CLOVERLEAF COLD STORAGE CO. - THE TITAN CORPORATION

THIS AGREEMENT is effective as of June 30, 2017. It amends that certain sub-lease agreement (the "Sub-Lease") entered into effective as of September 1, 1999, amended effective February 1, 2001 and June 27, 2005, by and between CLOVERLEAF COLD STORAGE CO., an Iowa corporation ("Landlord"), whose address for the purpose of this Agreement is 401 Douglas Street, Suite 406, Sioux City, IA 51101, and assigned December 1, 2012 to L-3 COMMUNICATIONS CORPORATION, successor to THE TITAN CORPORATION, a Delaware corporation ("Tenant"), whose address for the purpose of this Agreement is 9890 Towne Center Drive, San Diego, California 92121.

IN CONSIDERATION of the mutual covenants contained in this agreement, the parties agree to amend the Sub-Lease as follows:

I. Section 2. of the Sub-Lease is amended to read as follows:

"2. TERM. The term of this Sub-Lease shall be for twenty-five (25) years, commencing on February 1, 2000, the Commencement Date, and shall expire at midnight on January 31, 2025, the day preceding the 25th anniversary of the Commencement Date unless sooner terminated as herein provided.

A. COMMENCEMENT DATE: The Commencement Date shall constitute the commencement of the term of this Sub-Lease for all purposes, whether or not Tenant has actually taken possession, if Tenant takes possession of the Demised Premises prior to the Commencement Date, Tenant shall pay, in advance, additional rental, pro-rated on a per diem basis. Tenant's entry into the Demised Premises to perform Tenant's work on installing its equipment shall not be deemed to constitute taking possession, if such entry occurs before the Completion Date.

B. OPTIONS.

1. **OPTION TO REDUCE TERM OF SUB-LEASE.** Tenant shall have the option (the "Early Termination option") to terminate this Sub-Lease as of any date (the "Early Termination Date") on or after midnight on January 31, 2010 and on or before midnight on January 31, 2025 (the "Normal Termination Date") on the following terms:

a. Tenant must deliver to Landlord written notice of its intent to exercise this Early Termination option at least 180 days prior to the Early Termination Date.

b. On both (i) the date Tenant delivers written notice to Landlord of its intent to exercise the Early Termination option and (ii) on the Early Termination Date, this Sub-Lease must be in force and effect, Tenant shall have fully performed all of its obligations hereunder, and Tenant shall not be in default under any term of this Sub-Lease.

c. Tenant shall continue to timely pay all amounts due under this Sub-Lease through the Early Termination Date, including a lump sum for unpaid Special Buildout Rental as set forth in Paragraph 2.B.1.e. below and in addition, complete and pay in

full for the Restoration of the Special Buildout Improvements as required by Section 29 of this Sub-Lease on or before the Early Termination Date.

d. If Restoration of the Special Buildout Improvements as required by Section 29 is not completed before the Early Termination Date, Tenant shall continue to timely pay all amounts due under this Sub-Lease, including Basic Rental, through the day such Restoration is completed to Landlord's satisfaction.

e. If Tenant exercises the Early Termination option, a lump sum (the "Buildout Amount") shall be due and payable by Tenant to Landlord on the Early Termination Date, to compensate Landlord for the Special Buildout Rental otherwise payable for the remaining months through the Normal Termination Date. The Buildout Amount shall be the present value as of the Early Termination Date of the remaining monthly payments of the Special Buildout Rental due through the Normal Termination Date, determined by discounting such remaining monthly payments by 3% per annum. Failure to make such payment shall constitute a default by Tenant.

f. If payment of the Buildout Amount is not completed on or before the Early Termination Date, Tenant shall continue to timely pay all amounts due under this Sub-Lease, including Basic Rental, through the day such Buildout Amount is paid to Landlord. Failure to do so shall constitute a default by Tenant.

g. Notwithstanding anything to the contrary in the Sub-Lease, as amended, no prepayment of the Special Buildout Rental is allowed before January 31, 2010 without the written consent of Landlord.

2. OPTION TO EXTEND TERM OF SUB-LEASE.

If this Sub-Lease shall be in force and effect on the date of the expiration of the term as set forth herein, and Tenant on such date shall have fully performed all of its obligations hereunder, and if Tenant is not in default under any terms of this Sub-Lease, Tenant shall have the option to extend the term of this Sub-Lease for one (1) additional term of five (5) years. Tenant must provide Landlord with written notice of its intent to exercise this option at least 180 days prior to the expiration of its then current term. If said option is exercised, the basic rental rates and additional rental rates for the first year of the 5-year option term shall be the same rates as the prior year, except as increased by the Consumer Price Index provisions of paragraph 4 of this Sub-Lease, and all subsequent years of the option term shall be subject to the increases pursuant to that paragraph 4. All other provisions of the Sub-Lease as amended herein shall remain in full force and effect during the term of the option."

II. Paragraph B. of Section 4 of the Sub-Lease is amended to read as follows:

" B. SPECIAL BUILDOUT RENTAL: In addition to Basic Rental, Tenant shall pay to Landlord Special Buildout Rental. Special Buildout Rental shall be charged for Landlord provided Tenant Improvements, specifically: (1) the construction of the containment room and other buildout within the main production room (including but not limited to the maintenance office, control room, dosimetry lab, etc.); (2) construction of the office and interior buildout to Tenant's specifications (including, but not limited to, telephone, data and alarm cabling), but only to the extent such costs exceed an allowance of \$261,306; and (3) expediting expenses.

1. In consideration of the actual costs of Tenant Improvements provided by Landlord and previously audited by Tenant, Special Buildout Rental shall be a monthly amount as follows:

a. \$40,850 beginning on the Commencement Date through and including the month of January 2001.

b. \$24,582 beginning February 1, 2001 through and including the month of April 2005.

c. \$13,089.47 beginning May 1, 2005 through and including the month of January 2010.

d. \$12,479.30 beginning February 1, 2010 through and including the month of June 2017.

e. \$4,937.00 beginning July 1, 2017 through and including the month of January 202525."

III. Section 25 of the Sub-Lease is amended to read as follows:

"25. NOTICES. Any notice required to be given hereunder shall be in writing and shall be deemed to have been served and given when mailed by registered or certified United States mail, return receipt requested.

If such notice is to Landlord, it shall be sent to:
Cloverleaf Cold Storage Co., 401 Douglas Street, Suite 406, Sioux City, IA 51101
Attention: Daniel Kaplan
copy to: Kent Vriezelaar
613 Pierce Street, P.O. Box 1557 Sioux City, IA 51102

If such notice is to Tenant, it shall be sent to:
L-3 COMMUNICATIONS CORPORATION, 9890 Towne Center Drive, San Diego, California 92121
Attention: L.L. "Mike" Fowler, Corporate Vice President."

All other provisions of the Sub-Lease, as amended, shall remain in full force and effect.

CLOVERLEAF COLD STORAGE CO.

L-3 COMMUNICATIONS CORPORATION

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT "B"
TO
FIRST AMENDED PLAN OF
REORGANIZATION OF SADEX
CORPORATION

FIRST AMENDMENT TO
SUB-SUBLEASE AGREEMENT

THIS AGREEMENT is effective as of _____, 2017. It amends that certain Sub-Sublease Agreement (the "**Sub-Sublease**") entered into effective as of June 27, 2005 by and between L-3 COMMUNICATIONS CORPORATION, successor to THE TITAN CORPORATION, a Delaware corporation ("L-3"), and SADEX CORPORATION, a Texas corporation ("**Sadex**").

IN CONSIDERATION of the mutual covenants contained in this agreement, the parties agree to amend the Sub-Sublease as follows:

I. Section 1. of the Sub-Sublease is amended to read as follows:

1. Basic Sub-Sublease Information.

The information set forth in this Section ("**Basic Sub-Sublease Information**") is intended to supplement and/or summarize the provisions set forth in the balance of this Sub-Sublease. Each reference in this Sub-Sublease to any of the terms set forth below shall mean the respective information set forth next to such term as amplified, construed or supplemented by the particular Section(s) of the Sub-Sublease pertaining to such information. In the event of a conflict between the provisions of this Section and the balance of the Sub-Sublease, the balance of the Sub-Sublease shall control.

"Base Lease:

| | |
|---------------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Landlord (Owner): | K-F Real Estate Co. (" K-F "), an Iowa corporation |
| Landlord (Owner) Address: | 2800 Cloverleaf Court Sioux City, IA 51111-1159 |
| Tenant: | Cloverleaf Cold Storage Co., an Iowa corporation |
| Tenant Address: | <u>Attn:</u> Daniel F. Kaplan, Vice-President Cloverleaf Cold Storage Co. 2800 Cloverleaf Court Sioux City, IA 51111-1159 |
| Lease Dated: | August 1, 1998 |
| Premises: | As described in Exhibit A , attached hereto and incorporated herein. |

Sublease:

| | |
|----------------------|------------------------------------------------------------------------------------------------------------------------------------|
| Sublandlord: | Cloverleaf Cold Storage Co., an Iowa corporation |
| Sublandlord Address: | <u>Attn:</u> Daniel F. Kaplan, Vice President Cloverleaf Cold Storage Co. 2800 Cloverleaf Court Sioux City, IA 51111-1159 |
| Subtenant: | L-3 Communications Corporation, successor to The Titan Corporation, a Delaware corporation |
| Subtenant Address: | <u>Attn:</u> L.L. "Mike" Fowler, Corporate Vice President L-3 Communications Corporation |

9890 Towne Center Drive
San Diego, CA 92121

Sublease Dated: September 1, 1999
First Amendment Dated: February 1, 2001
Amendment 2 Dated: June 27, 2005
Amendment 3 Dated: _____, 2017

Premises: As described in **Exhibit A**, attached hereto and incorporated herein.

Sub-Sublease:

Sub-Sublandlord: L-3 Communications Corporation, successor to The Titan Corporation, a Delaware corporation
Sub-Sublandlord's Address: Attn: L.L. "Mike" Fowler, Corporate Vice President
L-3 Communications Corporation
9890 Towne Center Drive
San Diego, CA 92121

Sub-Subtenant: Sadex Corporation, a Texas corporation
Sub-Subtenant's Address: Attn: Richard F. Walsh, Chairman
2831 Bledsoe
Fort Worth, TX 76107

Premises: As described in **Exhibit A**, attached hereto and incorporated herein.

Building: Located at 2640 Murray Street, Sioux City, Iowa.

Permitted Use: As specified in Article 3 of the Sublease for food processing, including irradiation, offices, dock and related activities.

Basic Rental: Thirty-Three Thousand, Two Hundred and Thirty Nine Dollars (\$33,239.00) per month (except for any partial Month during the term of this Sub-Sublease, in which case Basic Rental for such month shall be pro-rated based on the number of days in that month), escalating by the "Adjusted Rental" amount calculated in the manner specified in Section 4 A. of the First Amendment, on February 1, 2006 And on each anniversary thereafter.

Special Buildout Rental: Pursuant to the provisions as set forth in Section II of Amendment 3 to the Sublease as follows:

1. \$40,850.00 beginning on the Commencement Date through and including the month of January 2001.
2. \$24,582.00 beginning February 1, 2001 through and including the month of April 2005.

3. \$13,089.47 beginning May 1, 2005 through and including the month of January 2010.
4. \$12,479.30 beginning February 1, 2010 through and including the month of June 2017.
5. \$4,937.00 beginning July 1, 2017 through and including the month of January 2025.

Monthly Base Charge (Refrigeration): Six Thousand, Four Hundred and Ninety Dollars & No Cents (\$6,490.00) per month and a charge of Two Dollars and 75/100 (\$2.75) per hour per linear accelerator consumption pursuant to the provisions as set forth in Section 8. B. and Exhibit B, of the Sublease.

Effective Date: The Effective Date of this Sub-Sublease is June 27, 2005, and the Term of this Sub-Sublease shall commence on that date.

Expiration Date: The Expiration Date shall be January 31, 2025.

Sub-Subtenant's Insurance: As provided in Section 15 of the Sublease.

Security Deposit: None."

II. Section 2. (f) of the Sub-Sublease is amended to read as follows:

"(f) Amendment 3 Option to Reduce Term. Provided Sadex is not then in default under the terms of this Sub-Sublease after taking into account all applicable notice and cure periods, L-3 shall not exercise its option to reduce the term of the Sublease as provided in Section I of Amendment 3."

III. Section 4. (a) of the Sub-Sublease is amended to read as follows:

"(a) Term. The term ("Term") of this Sub-Sublease shall commence on the Effective Date and shall end at the end of January 31, 2025 ("Expiration Date"). This Sub-Sublease may be sooner terminated, pursuant to other provisions herein or referenced herein."

IV. Section 4. (c) of the Sub-Sublease is amended to read as follows:

"(c) Removal of Special Buildout Improvements. As provided under the terms of Section 29 of the Sublease or under the provisions of Amendment 2, L-3 shall be responsible for the removal, on or before the Expiration Date or, if applicable, the Early Termination Date (as defined in Amendment 3) of certain improvements installed by Titan and/or L-3 pursuant to the Sublease and shall be responsible for any associated repair or restoration of the Premises required under the Sublease. Notwithstanding the foregoing, for the purpose of contributing to L-3's restoration obligations, Sadex shall, commencing February 1, 2010 and on the first of each month thereafter of the Term hereof, deposit Five Thousand Dollars and Zero Cents (\$5,000.00) into a separate interest bearing account ("Sinking Fund Account") at a banking institution to be agreed to between L-3 and Sadex, which deposits and interest shall accrue for the benefit of L-3 for the purpose of meeting its restoration obligations pursuant to the Sublease. All

such deposits and accrued interest shall be payable to L-3 in full at the earlier of uncured default by Sadex, as defined herein following all notice and cure periods, or upon commencement by L-3 of the fulfillment of its restoration obligations under the Sublease or Amendment 2. The foregoing notwithstanding, to the extent such deposits exceed the amount needed to meet L-3's restoration obligations under the Sublease, all such amounts shall be returned immediately to Sadex. In the event Cloverleaf (1) consents to an assignment of the Sublease to Sadex in accordance with Section III of Amendment 2, and (2) agrees to release L-3 from its restoration obligations, if not already satisfied by L-3 on or before the Early Termination and Sadex elects to exercise the option to extend the Term of the Sublease in accordance with the Amendment 3 Extension Option, L-3 shall assign all amounts in the Sinking Fund Account to Sadex, which shall be applied by Sadex toward the satisfaction of any restoration obligation assumed by Sadex for the extended term of the Sublease."

All other provisions of the Sub-Sublease shall remain in full force and effect.

L-3 COMMUNICATIONS CORPORATION

SADEX CORPORATION

By: _____

By: _____

Name: _____

Name: _____

Its: _____

Its: _____

Date: _____

Date: _____

EXHIBIT "B"


**Monthly Operating Report
ACCRUAL BASIS**

| | |
|---------------------|------------------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |
| JUDGE: | The Honorable Mark X. Mullin |

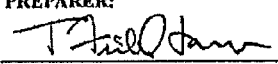
**UNITED STATES BANKRUPTCY COURT
NORTHERN & EASTERN DISTRICTS OF TEXAS
REGION 6
MONTHLY OPERATING REPORT**

MONTH ENDING: April 2017
MONTH YEAR

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT, AND COMPLETE. DECLARATION OF THE PREPARER (OTHER THAN RESPONSIBLE PARTY) IS BASED ON ALL INFORMATION OF WHICH PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

 ORIGINAL SIGNATURE OF RESPONSIBLE PARTY President TITLE

Harlan E. Clemmons PRINTED NAME OF RESPONSIBLE PARTY 5/21/17 DATE

PREPARER:

 ORIGINAL SIGNATURE OF PREPARER CPA TITLE

T. Field Lange, CPA PRINTED NAME OF PREPARER 5/21/17 DATE

Monthly Operating Report
ACCRUAL BASIS-1

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

| COMPARATIVE BALANCE SHEET | | | | |
|-------------------------------------------------------|----------------------------|---------------------|---------------------|---------------------|
| | SCHEDULE AMOUNT | Apr 30, 2017 | May 31, 2017 | Jun 30, 2017 |
| ASSETS | | | | |
| 1. UNRESTRICTED CASH | 116,576 | 650,822 | - | - |
| 2. RESTRICTED CASH | | - | - | - |
| 3. TOTAL CASH | 116,576 | 650,822 | - | - |
| 4. ACCOUNTS RECEIVABLE (NET) | 100,752 | 120,152 | - | - |
| 5. INVENTORY | - | - | - | - |
| 6. NOTES RECEIVABLE | - | - | - | - |
| 7. PREPAID EXPENSES | 216,121 | - | - | - |
| 8. OTHER CURR. ASSETS(ATTACH LIST) | - | - | - | - |
| 9. TOTAL CURRENT ASSETS | 433,449 | 770,974 | - | - |
| 10. PROPERTY, PLANT & EQUIPMENT ** | - | - | - | - |
| 11. LESS: ACCUMULATED DEPRECIATION/DEPLETION ** | - | - | - | - |
| 12. NET PROPERTY, PLANT & EQUIPMENT ** | - | - | - | - |
| 13. DUE FROM INSIDERS | - | - | - | - |
| 14. OTHER ASSETS - NET OF AMORTIZATION (ATTACH LIST) | - | - | - | - |
| 15. OTHER (ATTACH LIST) | - | 145,000 | - | - |
| 16. TOTAL ASSETS | 433,449 | 915,974 | - | - |
| POSTPETITION LIABILITIES | | | | |
| 17. ACCOUNTS PAYABLE | | 86,851 | - | - |
| 18. TAXES PAYABLE | | - | - | - |
| 19. NOTES PAYABLE | | - | - | - |
| 20. PROFESSIONAL FEES | | Unknown | Unknown | Unknown |
| 21. SECURED DEBT | | - | - | - |
| 22. OTHER (ATTACH LIST) | | - | - | - |
| 23. TOTAL POSTPETITION LIABILITIES | | 86,851 | - | - |
| PREPETITION LIABILITIES | | | | |
| 24. SECURED DEBT | - | - | - | - |
| 25. PRIORITY DEBT | 12,475 | 12,475 | - | - |
| 26. UNSECURED DEBT | 3,567,927 | 3,556,398 | - | - |
| 27. OTHER (ATTACH LIST) | - | - | - | - |
| 28. TOTAL PREPETITION LIABILITIES | 3,580,402 | 3,568,873 | - | - |
| 29. TOTAL LIABILITIES | 3,580,402 | 3,655,724 | - | - |
| EQUITY | | | | |
| 30. PREPETITION OWNERS' EQUITY | | 309,705 | - | - |
| 31. POSTPETITION CUMULATIVE PROFIT OR (LOSS) | | 423,612 | - | - |
| 32. DIRECT CHARGES TO EQUITY (ATTACH EXPLANATION) *** | | (3,473,067) | - | - |
| 33. TOTAL EQUITY | | (2,739,750) | - | - |
| 34. TOTAL LIABILITIES & OWNERS' EQUITY | | 915,974 | - | - |

** Attached hereto as Exhibit "A" is a depreciation schedule ended April 30, 2016, reflecting the book value of the Debtor's machinery, fixtures, equipment and supplies used in business. The Debtor provides this information for disclosure purposes only and does not represent that the values reflected on the depreciation schedule are indicative of fair market value of any item listed therein.

*** This charge to equity has been added to reduce the value of the equity based on the Property, Plant and Equipment note above.

**Monthly Operating Report
ACCRUAL BASIS-1.5**

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

| COMPARATIVE BALANCE SHEET | 4/1/17-4/30/17 | 5/1/17-5/31/17 | 6/1/17-6/30/17 | QUARTER |
|---------------------------------------|----------------|----------------|----------------|---------|
| CURRENT ASSETS - OTHER | | | | |
| 1. | - | - | - | - |
| 2. | - | - | - | - |
| 3. | - | - | - | - |
| 4. TOTAL CURRENT ASSETS - OTHER | - | - | - | - |
| OTHER ASSETS - NET OF AMORT | | | | |
| 5. | - | - | - | - |
| 6. | - | - | - | - |
| 7. | - | - | - | - |
| 8. | - | - | - | - |
| 9. | - | - | - | - |
| 10. TOTAL OTHER ASSETS - NET OF AMORT | - | - | - | - |
| 11. | | | | |
| OTHER ASSETS | | | | |
| 12. ESCROW ACCOUNT | 145,000 | - | - | - |
| 13. | - | - | - | - |
| 14. | - | - | - | - |
| 15. | - | - | - | - |
| 16. | - | - | - | - |
| 17. | - | - | - | - |
| 18. | - | - | - | - |
| 19. | - | - | - | - |
| 20. | - | - | - | - |
| 21. | - | - | - | - |
| 22. | - | - | - | - |
| 23. | - | - | - | - |
| 24. | - | - | - | - |
| 25. | - | - | - | - |
| 26. TOTAL OTHER ASSETS | 145,000 | - | - | - |

Monthly Operating Report
ACCRUAL BASIS-2

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

| INCOME STATEMENT | 4/1/17-4/30/17 | 5/1/17-5/31/17 | 6/1/17-6/30/17 | QUARTER |
|--------------------------------------------------|-----------------------|-----------------------|-----------------------|----------------|
| REVENUES | | | | |
| 1. GROSS REVENUES | 101,306 | - | - | 101,306 |
| 2. LESS: RETURNS & DISCOUNTS | - | - | - | - |
| 3. NET REVENUE | 101,306 | - | - | 101,306 |
| COST OF GOODS SOLD | | | | |
| 4. MATERIAL | - | - | - | - |
| 5. DIRECT LABOR | 7,660 | - | - | 7,660 |
| 6. DIRECT OVERHEAD | 15,185 | - | - | 15,185 |
| 7. TOTAL COST OF GOODS SOLD | 22,845 | - | - | 22,845 |
| 8. GROSS PROFIT | 78,461 | - | - | 78,461 |
| OPERATING EXPENSES | | | | |
| 9. OFFICER / INSIDER COMPENSATION | 18,847 | - | - | 18,847 |
| 10. SELLING & MARKETING | 596 | - | - | 596 |
| 11. GENERAL & ADMINISTRATIVE | 10,754 | - | - | 10,754 |
| 12. RENT & LEASE | 52,499 | - | - | 52,499 |
| 13. OTHER (ATTACH LIST) | - | - | - | - |
| 14. TOTAL OPERATING EXPENSES | 82,697 | - | - | 82,697 |
| 15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE | (4,236) | - | - | (4,236) |
| OTHER INCOME & EXPENSES | | | | |
| 16. NON-OPERATING INCOME (ATTACH LIST) | - | - | - | - |
| 17. NON-OPERATING EXPENSE (ATTACH LIST) | - | - | - | - |
| 18. INTEREST EXPENSE | - | - | - | - |
| 19. DEPRECIATION / DEPLETION | 7,807 | - | - | 7,807 |
| 20. AMORTIZATION | - | - | - | - |
| 21. OTHER (ATTACH LIST) | - | - | - | - |
| 22. NET OTHER INCOME & EXPENSES | 7,807 | - | - | 7,807 |
| REORGANIZATION EXPENSES | | | | |
| 23. PROFESSIONAL FEES | - | - | - | - |
| 24. U.S. TRUSTEE FEES | 4,875 | - | - | 4,875 |
| 25. OTHER (ATTACH LIST) | - | - | - | - |
| 26. TOTAL REORGANIZATION EXPENSES | 4,875 | - | - | 4,875 |
| 27. INCOME TAX | - | - | - | - |
| 28. NET PROFIT (LOSS) | (16,918) | - | - | (16,918) |

Monthly Operating Report
ACCRUAL BASIS-3

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

| CASH RECEIPTS AND DISBURSEMENTS | 4/1/17-4/30/17 | 5/1/17-5/31/17 | 6/1/17-6/30/17 | QUARTER |
|------------------------------------------|-----------------------|-----------------------|-----------------------|----------------|
| 1. CASH - BEGINNING OF PERIOD | 579,881 | 650,822 | 650,822 | |
| RECEIPTS FROM OPERATIONS | | | | |
| 2. CASH SALES | - | - | - | - |
| COLLECTION OF ACCOUNTS RECEIVABLE | | | | |
| 3. PREPETITION | - | - | - | - |
| 4. POSTPETITION | 190,300 | - | - | 190,300 |
| 5. TOTAL OPERATING RECEIPTS | 190,300 | - | - | 190,300 |
| NON-OPERATING RECEIPTS | | | | |
| 6. LOANS & ADVANCES (ATTACH LIST) | - | - | - | - |
| 7. SALE OF ASSETS | - | - | - | - |
| 8. OTHER (ATTACH LIST) | - | - | - | - |
| 9. TOTAL NON-OPERATING RECEIPTS | - | - | - | - |
| 10. TOTAL RECEIPTS | 190,300 | - | - | 190,300 |
| 11. TOTAL CASH AVAILABLE | 770,181 | 650,822 | 650,822 | |
| OPERATING DISBURSEMENTS | | | | |
| 12. NET PAYROLL | 17,447 | - | - | 17,447 |
| 13. PAYROLL TAXES PAID | 9,381 | - | - | 9,381 |
| 14. SALES, USE & OTHER TAXES PAID | - | - | - | - |
| 15. SECURED / RENTAL / LEASES | 52,499 | - | - | 52,499 |
| 16. UTILITIES | 8,784 | - | - | 8,784 |
| 17. INSURANCE | 5,142 | - | - | 5,142 |
| 18. INVENTORY PURCHASES | - | - | - | - |
| 19. VEHICLE EXPENSES | - | - | - | - |
| 20. TRAVEL | 3,435 | - | - | 3,435 |
| 21. ENTERTAINMENT | - | - | - | - |
| 22. REPAIRS & MAINTENANCE | 4,061 | - | - | 4,061 |
| 23. SUPPLIES | 1,612 | - | - | 1,612 |
| 24. ADVERTISING | 596 | - | - | 596 |
| 25. OTHER (ATTACH LIST) | 11,527 | - | - | 11,527 |
| 26. TOTAL OPERATING DISBURSEMENTS | 114,484 | - | - | 114,484 |
| REORGANIZATION EXPENSES | | | | |
| 27. PROFESSIONAL FEES | - | - | - | - |
| 28. U.S. TRUSTEE FEES | 4,875 | - | - | 4,875 |
| 29. OTHER (ATTACH LIST) | - | - | - | - |
| 30. TOTAL REORGANIZATION EXPENSES | 4,875 | - | - | 4,875 |
| 31. TOTAL DISBURSEMENTS | 119,359 | - | - | 119,359 |
| 32. NET CASH FLOW | 70,940 | - | - | 70,940 |
| 33. CASH - END OF MONTH | 650,822 | 650,822 | 650,822 | |

**Monthly Operating Report
ACCRUAL BASIS-3.5**

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

| CASH RECEIPTS AND DISBURSEMENTS | 4/1/17-4/30/17 | 5/1/17-5/31/17 | 6/1/17-6/30/17 | QUARTER |
|-----------------------------------------|-----------------------|-----------------------|-----------------------|----------------|
| NON-OPERATING RECEIPTS - OTHER | | | | |
| 1. VENDOR OVERPAYMENTS | - | - | - | - |
| 2. OTHER INCOME | - | - | - | - |
| 3. INTEREST INCOME | - | - | - | - |
| 4. TOTAL NON-OPERATING RECEIPTS - OTHER | - | - | - | - |
| OPERATING DISBURSEMENTS - OTHER | | | | |
| 5. LICENSING FEES | - | - | - | - |
| 6. BANK SERVICE CHARGES | 95 | - | - | 95 |
| 7. EMPLOYEE IRA CONTRIBUTIONS | 2,271 | - | - | 2,271 |
| 8. TEMPORARY LABOR | 4,160 | - | - | 4,160 |
| 9. DUES, SUBSCRIPTIONS & FEES | - | - | - | - |
| 10. ESCROWED AMOUNTS | 5,000 | - | - | 5,000 |
| 11. FREIGHT | - | - | - | - |
| 12. PUBLICATIONS | - | - | - | - |
| 13. GIFTS | - | - | - | - |
| 14. MACHINERY & EQUIPMENT | - | - | - | - |
| 15. TOTAL OPER. DISBURSEMENTS - OTHER | 11,527 | - | - | 11,527 |
| 16. | - | - | - | - |
| REORGANIZATION EXPENSES - OTHER | | | | |
| 17. | - | - | - | - |
| 18. | - | - | - | - |
| 19. | - | - | - | - |
| 20. | - | - | - | - |
| 21. | - | - | - | - |
| 22. | - | - | - | - |
| 23. | - | - | - | - |
| 24. | - | - | - | - |
| 25. | - | - | - | - |
| 26. TOTAL REORG. EXPENSES - OTHER | - | - | - | - |

Monthly Operating Report
ACCURAL BASIS-4

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

| ACCOUNTS RECEIVABLE AGING | SCHEDULE AMOUNT | 04/30/17 | 05/31/17 | 06/30/17 |
|------------------------------------|-----------------|----------|----------|----------|
| 1. 0-30 | 99,061 | 106,327 | - | - |
| 2. 31-60 | (61) | - | - | - |
| 3. 61-90 | 1,500 | 13,547 | - | - |
| 4. 91+ | 252 | 278 | - | - |
| 5. TOTAL ACCOUNTS RECEIVABLE | 100,752 | 120,152 | - | - |
| 6. AMOUNT CONSIDERED UNCOLLECTIBLE | - | - | - | - |
| 7. ACCOUNTS RECEIVABLE (NET) | 100,752 | 120,152 | - | - |

| AGING OF POSTPETITION TAXES AND PAYABLES | | | MONTH: April 2017 | | |
|------------------------------------------|-----------|------------|-------------------|----------|--------|
| TAXES PAYABLE | 0-30 DAYS | 31-60 DAYS | 61-90 DAYS | 91+ DAYS | TOTAL |
| 1. FEDERAL | - | - | - | - | - |
| 2. STATE | - | - | - | - | - |
| 3. LOCAL | - | - | - | - | - |
| 4. OTHER (ATTACH LIST) | - | - | - | - | - |
| 5. TOTAL TAXES PAYABLE | - | - | - | - | - |
| 6. ACCOUNTS PAYABLE | 61,341 | - | - | 25,509 | 86,851 |

| STATUS OF POSTPETITION TAXES | | MONTH: April 2017 | | |
|------------------------------|-------------------------|--------------------------------|-------------|----------------------|
| | BEGINNING TAX LIABILITY | AMOUNT WITHHELD AND/OR ACCRUED | AMOUNT PAID | ENDING TAX LIABILITY |
| FEDERAL | | | | |
| 1. WITHHOLDING | - | 3,844 | 3,844 | - |
| 2. FICA-EMPLOYEE | - | 2,036 | 2,036 | - |
| 3. FICA-EMPLOYER | - | 2,036 | 2,036 | - |
| 4. UNEMPLOYMENT | - | - | - | - |
| 5. INCOME | - | - | - | - |
| 6. OTHER (ATTACH LIST) | - | - | - | - |
| 7. TOTAL FEDERAL TAXES | - | 7,915 | 7,915 | - |
| STATE AND LOCAL | | | | |
| 8. WITHHOLDING | - | 1,466 | 1,466 | - |
| 9. SALES | - | - | - | - |
| 10. EXCISE | - | - | - | - |
| 11. UNEMPLOYMENT | - | - | - | - |
| 12. REAL PROPERTY | - | - | - | - |
| 13. PERSONAL PROPERTY | - | - | - | - |
| 14. OTHER (ATTACH LIST) | - | - | - | - |
| 15. TOTAL STATE & LOCAL | - | 1,466 | 1,466 | - |
| 16. TOTAL TAXES | - | 9,381 | 9,381 | - |

Monthly Operating Report
ACCRUAL BASIS-5

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

MONTH: April 2017

| BANK RECONCILIATIONS | | Account #1 | Account #2 | Account #3 | |
|-------------------------------------|--|--------------------|--------------------------------|------------|---------|
| A. BANK: | | Great Western | First American Bank | | |
| B. ACCOUNT NUMBER: | | xxxx5604 | xxxx7005 | | TOTAL |
| C. PURPOSE (TYPE): | | DIP Checking | Old Checking closed 01/27/2015 | | |
| 1. BALANCE PER BANK STATEMENT | | 663,928 | - | | 663,928 |
| 2. ADD: TOTAL DEPOSITS NOT CREDITED | | - | - | | - |
| 3. SUBTRACT: OUTSTANDING CHECKS | | 13,106 | - | | 13,106 |
| 4. OTHER RECONCILING ITEMS | | - | - | | - |
| 5. MONTH END BALANCE PER BOOKS | | 650,822 | | - | 650,822 |
| 6. NUMBER OF LAST CHECK WRITTEN | | 6871 on 04/28/2017 | 5051 on 11/06/14 | | |

| INVESTMENT ACCOUNTS | | | | |
|-----------------------------|------------------|--------------------|----------------|---------------|
| BANK, ACCOUNT NAME & NUMBER | DATE OF PURCHASE | TYPE OF INSTRUMENT | PURCHASE PRICE | CURRENT VALUE |
| 7. None/Not Applicable | | | | |
| 8. | | | | |
| 9. | | | | |
| 10. | | | | |
| 11. TOTAL INVESTMENTS | | | - | - |

| CASH | |
|-------------------------------|---------|
| 12. CURRENCY ON HAND | - |
| 13. TOTAL CASH - END OF MONTH | 650,822 |

Monthly Operating Report
ACCRUAL BASIS-6

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

MONTH: 4/01/2017-4/30/2017

PAYMENTS TO INSIDERS AND PROFESSIONALS

| INSIDERS | | | |
|-------------------------------|-----------------|-------------|--------------------|
| NAME | TYPE OF PAYMENT | AMOUNT PAID | TOTAL PAID TO DATE |
| 1. Harlan E. Clemmons | Wages | 7,232 | 248,004 |
| 2. Edward J. Clemmons | Wages | - | 45,302 |
| 3. Elizabeth J. Brown | Wages | 2,527 | 76,965 |
| 4. Kendall J. Clemmons | Wages | 1,954 | 54,684 |
| 5. | | | |
| 6. TOTAL PAYMENTS TO INSIDERS | | 11,713 | 424,956 |

| PROFESSIONALS | | | | | |
|------------------------------------|-----------------------------------------|-----------------|-------------|--------------------|-------------------------|
| NAME | DATE OF COURT ORDER AUTHORIZING PAYMENT | AMOUNT APPROVED | AMOUNT PAID | TOTAL PAID TO DATE | TOTAL INCURRED & UNPAID |
| 1. Forshey & Prostok, L.L.P. | 12/08/16 | 38,008 | - | 227,409 | - |
| 2. The Kirkley Law Firm, LLP | 11/14/16 | 13,610 | - | 59,274 | - |
| 3. Lange & Associates PC | 02/27/17 | 22,283 | - | 88,010 | - |
| 4. SSG/Chiron Financial | 02/27/15 | 3,630 | - | 65,996 | - |
| 5. | | | | | |
| 6. TOTAL PAYMENTS TO PROFESSIONALS | | | - | 440,689 | - |

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

| NAME OF CREDITOR | SCHEDULED MONTHLY PAYMENTS DUE | AMOUNTS PAID DURING MONTH | TOTAL UNPAID POSTPETITION |
|-------------------------------|--------------------------------|---------------------------|---------------------------|
| 1. L-3 Communications Corp.** | 52,059 | 52,059 | - |
| 2. | | | |
| 3. | | | |
| 4. | | | |
| 5. | | | |
| 6. TOTAL | 52,059 | 52,059 | - |

** The Debtor and L-3 Communications Corp. are parties to a Sub-Sublease Agreement. The scheduled monthly payment of \$52,059 listed herein is comprised of the three following monthly charges owed by the Debtor under the Agreement: (a) base rent in the amount of \$36,430.00; (b) tenant improvements in the amount of \$12,479.30; and (c) base refrigeration in the amount of \$3,150.00. Pursuant to the terms of the Agreement, the Debtor does not make payment for these charges to L-3 Communications Corp., but makes payment directly to Cloverleaf Cold Storage Co., which leases the premises from the owner and subleases it to L-3 Communications Corp. In addition to these charges, the Debtor is also required to pay a variable amount each month for utility service. The amount of the additional utility service charges depends on the number of hours the Debtor operates its machinery each month, but the amount typically ranges from \$3,100.00 to \$6,000.00 per month. The additional utility service charges are invoiced by Cloverleaf Cold Storage Co.

**Monthly Operating Report
ACCRUAL BASIS-7**

| | |
|---------------------|-------------------|
| CASE NAME: | Sadex Corporation |
| CASE NUMBER: | 14-44622-mxm-11 |

MONTH: April 2017

QUESTIONNAIRE

| | YES | NO |
|----------------------------------------------------------------------------------------------------------|-----|----|
| 1. HAVE ANY ASSETS BEEN SOLD OR TRANSFERRED OUTSIDE THE NORMAL COURSE OF BUSINESS THIS REPORTING PERIOD? | | NO |
| 2. HAVE ANY FUNDS BEEN DISBURSED FROM ANY ACCOUNT OTHER THAN A DEBTOR IN POSSESSION ACCOUNT? | | NO |
| 3. ARE ANY POSTPETITION RECEIVABLES (ACCOUNTS, NOTES, OR LOANS) DUE FROM RELATED PARTIES? | | NO |
| 4. HAVE ANY PAYMENTS BEEN MADE ON PREPETITION LIABILITIES THIS REPORTING PERIOD? | | NO |
| 5. HAVE ANY POSTPETITION LOANS BEEN RECEIVED BY THE DEBTOR FROM ANY PARTY? | | NO |
| 6. ARE ANY POSTPETITION PAYROLL TAXES PAST DUE? | | NO |
| 7. ARE ANY POSTPETITION STATE OR FEDERAL INCOME TAXES PAST DUE? | | NO |
| 8. ARE ANY POSTPETITION REAL ESTATE TAXES PAST DUE? | | NO |
| 9. ARE ANY OTHER POSTPETITION TAXES PAST DUE? | | NO |
| 10. ARE ANY AMOUNTS OWED TO POSTPETITION CREDITORS DELINQUENT? | | NO |
| 11. HAVE ANY PREPETITION TAXES BEEN PAID DURING THE REPORTING PERIOD? | | NO |
| 12. ARE ANY WAGE PAYMENTS PAST DUE? | | NO |

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "YES," PROVIDE A DETAILED EXPLANATION OF EACH ITEM. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSURANCE

| | YES | NO |
|----------------------------------------------------------------------------------------------------|-----|----|
| 1. ARE WORKER'S COMPENSATION, GENERAL LIABILITY AND OTHER NECESSARY INSURANCE COVERAGES IN EFFECT? | YES | |
| 2. ARE ALL PREMIUM PAYMENTS PAID CURRENT? | YES | |
| 3. PLEASE ITEMIZE POLICIES BELOW. | | |

IF THE ANSWER TO ANY OF THE ABOVE QUESTIONS IS "NO," OR IF ANY POLICIES HAVE BEEN CANCELLED OR NOT RENEWED DURING THIS REPORTING PERIOD, PROVIDE AN EXPLANATION BELOW. ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSTALLMENT PAYMENTS

| TYPE OF POLICY | CARRIER | PERIOD COVERED | PAYMENT AMOUNT & FREQUENCY |
|---------------------|-------------------------|-------------------|----------------------------|
| Commerical Property | Nationwide Agribusiness | 6/27/2016-6/27/17 | \$ 8,362.25 Quarterly |
| General Liability | Nationwide Agribusiness | 6/27/2016-6/27/17 | \$ 712.25 Quarterly |
| Commercial Umbrella | Nationwide Agribusiness | 6/27/2016-6/27/17 | \$ 1,076.25 Quarterly |
| Worker's Comp | Nationwide Agribusiness | 6/27/2016-6/27/17 | \$ 2,358.75 Quarterly |
| | | | |

EXHIBIT "A"

Book Basis

Sadex Corporation
Depreciation Schedule by Category
For the 4 Months Ended 04/30/16

05/22/16
03:49PM

| Asset No. | Asset Description | Date Acquired | Method | Life | Sold? | Cost | Accum Depr 01/01/16 | Current Depreciation | Accum Depr 04/30/16 |
|----------------------------------|------------------------------------|---------------|---------|-------|-------|--------------|---------------------|----------------------|---------------------|
| Furniture | | | | | | | | | |
| 3 | Office Furniture | 07/01/05 | ST LINE | 10/00 | N | 14,000.00 | 14,000.00 | 0.00 | 14,000.00 |
| | Total for (Furniture) | | | | | 14,000.00 | 14,000.00 | 0.00 | 14,000.00 |
| Leasehold Improvements | | | | | | | | | |
| 67 | Replace Ozone Ducting | 05/06/08 | ST LINE | 05/00 | N | 25,312.99 | 25,312.99 | 0.00 | 25,312.99 |
| | Total for (Leasehold Improvements) | | | | | 25,312.99 | 25,312.99 | 0.00 | 25,312.99 |
| Machinery in Progress | | | | | | | | | |
| 93 | Machinery In Progress | 12/31/09 | ST LINE | 10/00 | N | 45,589.00 | 0.00 | 0.00 | 0.00 |
| 98 | Machinery in Progress | 12/31/10 | ST LINE | 10/00 | N | 311,801.10 | 0.00 | 0.00 | 0.00 |
| 99 | Machinery in Progress | 09/30/11 | ST LINE | 10/00 | N | 343,279.28 | 0.00 | 0.00 | 0.00 |
| 121 | Machinery In Progress | 06/11/14 | ST LINE | 10/00 | N | 1,971,596.05 | 0.00 | 0.00 | 0.00 |
| | Total for (Machinery In Progress) | | | | | 2,672,265.43 | 0.00 | 0.00 | 0.00 |
| Machinery & Equipment | | | | | | | | | |
| 1 | Linac Irradiation Machine | 12/28/05 | ST LINE | 20/00 | N | 751,323.73 | 375,661.90 | 12,419.42 | 388,081.32 |
| 4 | Machine Controls & Computers | 12/28/05 | ST LINE | 05/00 | N | 80,000.00 | 72,000.00 | 0.00 | 72,000.00 |
| 6 | 20" Floor Scrubber | 12/28/05 | ST LINE | 10/00 | N | 3,852.00 | 3,659.40 | 0.00 | 3,659.40 |
| 7 | Safety Light Curtain | 12/28/05 | ST LINE | 10/00 | N | 4,618.88 | 4,613.82 | 0.00 | 4,613.82 |
| 8 | Model JB150SS pump | 12/28/05 | ST LINE | 10/00 | N | 4,018.61 | 4,014.21 | 0.00 | 4,014.21 |
| 9 | Ball Transfer Table 37"x60" | 12/28/05 | ST LINE | 10/00 | N | 3,929.05 | 3,924.74 | 0.00 | 3,924.74 |
| 10 | Electrical upgrades | 12/28/05 | ST LINE | 10/00 | N | 49,361.05 | 49,306.96 | 0.00 | 49,306.96 |
| 11 | Diode Electron Gun | 12/28/05 | ST LINE | 05/00 | N | 36,210.83 | 36,131.46 | 0.00 | 36,131.46 |
| 12 | Heating System Upgrades | 12/28/05 | ST LINE | 10/00 | N | 3,245.01 | 3,241.45 | 0.00 | 3,241.45 |
| 13 | Stainless ductwork & hoods | 12/28/05 | ST LINE | 10/00 | N | 47,321.82 | 47,269.96 | 0.00 | 47,269.96 |
| 14 | Conveyors | 12/28/05 | ST LINE | 07/00 | N | 21,580.50 | 21,546.71 | 0.00 | 21,546.71 |
| 15 | Water Softener | 12/28/05 | ST LINE | 07/00 | N | 4,987.27 | 4,979.46 | 0.00 | 4,979.46 |
| 16 | Pumping Station & other plumbing | 12/28/05 | ST LINE | 10/00 | N | 6,218.66 | 6,211.85 | 0.00 | 6,211.85 |
| 17 | Ion Pump cables | 12/28/05 | ST LINE | 07/00 | N | 5,448.80 | 5,440.07 | 0.00 | 5,440.07 |
| 18 | Linac computer board | 12/28/05 | ST LINE | 05/00 | N | 1,155.28 | 1,152.75 | 0.00 | 1,152.75 |
| 19 | Communication Card | 12/28/05 | ST LINE | 05/00 | N | 1,938.26 | 1,934.01 | 0.00 | 1,934.01 |
| 20 | Dock Safety Lock system | 12/28/05 | ST LINE | 10/00 | N | 17,653.00 | 17,633.65 | 0.00 | 17,633.65 |
| 23 | E-Gun (Rebuilt) | 08/23/06 | ST LINE | 07/00 | N | 4,750.00 | 4,750.00 | 0.00 | 4,750.00 |
| 24 | Reconditioning Repairs by Titan | 05/05/06 | ST LINE | 10/00 | N | 45,604.56 | 44,055.29 | 1,487.79 | 45,543.08 |
| 25 | Forklift Battery | 07/13/06 | ST LINE | 07/00 | N | 4,405.19 | 4,405.19 | 0.00 | 4,405.19 |
| 26 | New Power Supply | 09/11/06 | ST LINE | 10/00 | N | 6,607.65 | 6,149.69 | 217.31 | 6,367.00 |
| 27 | Scanner for Office | 02/16/06 | ST LINE | 05/00 | N | 1,177.00 | 1,177.00 | 0.00 | 1,177.00 |
| 38 | New 1771 Card | 03/17/07 | ST LINE | 05/00 | N | 3,138.65 | 3,138.65 | 0.00 | 3,138.65 |
| 39 | Scan Window, Window Gasket, a | 05/09/07 | ST LINE | 05/00 | N | 3,291.16 | 3,291.16 | 0.00 | 3,291.16 |
| 40 | Refurbishment of 2 Accelerators (| 09/13/07 | ST LINE | 05/00 | N | 303,818.58 | 303,818.58 | 0.00 | 303,818.58 |
| 41 | SF6 for Linac | 07/27/07 | ST LINE | 05/00 | N | 1,839.73 | 1,839.73 | 0.00 | 1,839.73 |
| 42 | 1771 VHSC Card and IFE Repair | 08/07/07 | ST LINE | 05/00 | N | 4,218.06 | 4,218.06 | 0.00 | 4,218.06 |
| 43 | Scan Window, Window Gasket, S | 08/10/07 | ST LINE | 05/00 | N | 2,717.76 | 2,717.76 | 0.00 | 2,717.76 |
| 44 | Power Supply | 09/12/07 | ST LINE | 05/00 | N | 2,200.00 | 2,200.00 | 0.00 | 2,200.00 |
| 45 | Vat Valve | 09/28/07 | ST LINE | 05/00 | N | 2,784.45 | 2,784.45 | 0.00 | 2,784.45 |
| 46 | Linac Irradiation Machine | 12/28/05 | ST LINE | 05/00 | N | 250,000.00 | 0.00 | 0.00 | 0.00 |
| 47 | 2 Isolator Assemblies | 11/15/07 | ST LINE | 05/00 | N | 32,903.43 | 32,903.43 | 0.00 | 32,903.43 |

Book Basis

Sadex Corporation
Depreciation Schedule by Category
For the 4 Months Ended 04/30/16

05/22/16
03:49PM

| Asset No. | Asset Description | Date Acquired | Method | Life | Sold? | Cost | Accum Depr 01/01/16 | Current Depreciation | Accum Depr 04/30/16 |
|----------------------------------|------------------------------------|---------------|---------|-------|-------|-----------|---------------------|----------------------|---------------------|
| Machinery & Equipment | | | | | | | | | |
| 48 | Thyratron Trigger Dual Pulse Ass | 11/21/07 | ST LINE | 05/00 | N | 2,942.09 | 2,942.09 | 0.00 | 2,942.09 |
| 49 | Bi-directional coupler | 12/21/07 | ST LINE | 05/00 | N | 8,499.39 | 8,499.39 | 0.00 | 8,499.39 |
| 50 | Piping for ozone extraction | 01/10/08 | ST LINE | 05/00 | N | 3,729.49 | 3,729.49 | 0.00 | 3,729.49 |
| 51 | Power Supply | 01/22/08 | ST LINE | 05/00 | N | 3,350.00 | 3,350.00 | 0.00 | 3,350.00 |
| 52 | Penning Sensor | 01/28/08 | ST LINE | 05/00 | N | 1,930.00 | 1,930.00 | 0.00 | 1,930.00 |
| 53 | Remanufactured E-Gun | 01/30/08 | ST LINE | 05/00 | N | 3,300.00 | 3,300.00 | 0.00 | 3,300.00 |
| 54 | Fast Closing Shutter DN-40 | 01/31/08 | ST LINE | 05/00 | N | 6,333.00 | 6,333.00 | 0.00 | 6,333.00 |
| 55 | Lab Datalogic Ultra Compact Laser | 02/22/08 | ST LINE | 05/00 | N | 1,095.15 | 1,095.15 | 0.00 | 1,095.15 |
| 56 | B-G Circulation Pump | 02/28/08 | ST LINE | 05/00 | N | 639.84 | 639.84 | 0.00 | 639.84 |
| 57 | Power Supply | 03/03/08 | ST LINE | 05/00 | N | 834.74 | 834.74 | 0.00 | 834.74 |
| 58 | 3 Solenoid 5/2 way | 04/30/08 | ST LINE | 05/00 | N | 518.17 | 518.17 | 0.00 | 518.17 |
| 59 | K5-C High BPV set #100 | 05/01/08 | ST LINE | 05/00 | N | 755.65 | 755.65 | 0.00 | 755.65 |
| 60 | Penning Sensor | 05/06/08 | ST LINE | 05/00 | N | 1,934.51 | 1,934.51 | 0.00 | 1,934.51 |
| 61 | Body CF-F | 05/10/08 | ST LINE | 05/00 | N | 2,124.95 | 2,124.95 | 0.00 | 2,124.95 |
| 62 | E-Scan Barcode Reader | 07/22/08 | ST LINE | 10/00 | N | 3,797.50 | 2,827.37 | 125.55 | 2,952.92 |
| 63 | Penning Sensor | 08/14/08 | ST LINE | 05/00 | N | 1,215.00 | 1,215.00 | 0.00 | 1,215.00 |
| 64 | 300 Watt Driver Amplifier | 08/20/08 | ST LINE | 05/00 | N | 70,000.00 | 70,000.00 | 0.00 | 70,000.00 |
| 66 | Klystron and Electron Gun | 11/24/08 | ST LINE | 05/00 | N | 35,627.50 | 35,627.50 | 0.00 | 35,627.50 |
| 68 | Replacement Motor | 10/10/08 | 200% DB | 10/00 | N | 2,198.73 | 1,799.16 | 47.64 | 1,846.80 |
| 69 | Flow Meters | 10/28/08 | 200% DB | 10/00 | N | 4,668.38 | 3,804.94 | 101.16 | 3,906.10 |
| 70 | Replace Temperature Control Syst | 10/31/08 | 200% DB | 10/00 | N | 24,131.00 | 19,654.85 | 522.88 | 20,177.73 |
| 71 | Air Dryer Model and Filter | 11/14/08 | 200% DB | 10/00 | N | 1,227.36 | 996.61 | 26.59 | 1,023.20 |
| 72 | 1/2 Thyratron | 11/24/08 | 200% DB | 10/00 | N | 13,995.00 | 10,852.68 | 290.24 | 11,142.92 |
| 73 | Motor Drive | 12/10/08 | 200% DB | 10/00 | N | 2,422.46 | 1,955.73 | 52.49 | 2,008.22 |
| 74 | Scan Magnets | 12/12/08 | 200% DB | 10/00 | N | 11,600.00 | 9,360.94 | 251.34 | 9,612.28 |
| 75 | Cable Assembly, Gaskets, Seals, | 12/23/08 | 200% DB | 10/00 | N | 15,264.12 | 12,287.70 | 330.72 | 12,618.42 |
| 76 | Adapter and Connectors | 01/13/09 | ST LINE | 10/00 | N | 2,112.82 | 1,472.02 | 69.85 | 1,541.87 |
| 77 | Flow Meters | 01/16/09 | ST LINE | 10/00 | N | 640.32 | 445.58 | 21.17 | 466.75 |
| 78 | DNET Scanner, 120VAC PWR Sup | 01/31/09 | ST LINE | 10/00 | N | 10,717.93 | 7,414.44 | 354.33 | 7,788.77 |
| 79 | Repair of PLC Cards, 1771-VHSC/ | 02/12/09 | ST LINE | 10/00 | N | 1,600.17 | 1,101.72 | 52.90 | 1,154.62 |
| 80 | Scan Window Foil, Gasket, Induct | 02/13/09 | ST LINE | 10/00 | N | 18,275.21 | 12,577.34 | 604.18 | 13,181.52 |
| 81 | Thyratron | 03/12/09 | ST LINE | 10/00 | N | 13,459.00 | 9,169.18 | 444.96 | 9,608.14 |
| 82 | Surge Suppressor | 04/08/09 | ST LINE | 10/00 | N | 2,831.71 | 1,905.94 | 93.62 | 2,000.56 |
| 83 | Electron Gun | 04/24/09 | ST LINE | 10/00 | N | 5,099.27 | 3,411.64 | 168.58 | 3,580.22 |
| 84 | Scan Magnets | 05/03/09 | ST LINE | 10/00 | N | 11,600.00 | 7,732.27 | 383.50 | 8,115.77 |
| 85 | Klystron | 05/22/09 | ST LINE | 10/00 | N | 30,760.77 | 20,344.26 | 1,016.96 | 21,361.22 |
| 86 | Volt/Dual Comp, IC Buff Drive, Rec | 06/30/09 | ST LINE | 10/00 | N | 672.41 | 437.52 | 22.23 | 459.75 |
| 87 | Analog Input Module | 07/08/09 | ST LINE | 10/00 | N | 1,045.58 | 678.06 | 34.57 | 712.63 |
| 88 | Air Flow Sensor In Cell | 08/18/09 | ST LINE | 10/00 | N | 833.82 | 531.35 | 27.57 | 558.92 |
| 89 | Prototype Hytrol Conveyor for Ra | 09/12/09 | ST LINE | 10/00 | N | 8,432.63 | 5,316.00 | 278.78 | 5,594.78 |
| 90 | Fast Closing Shutter | 10/01/09 | ST LINE | 10/00 | N | 2,847.00 | 1,779.96 | 94.12 | 1,874.08 |
| 91 | Remanufactured E-Gun | 12/11/09 | ST LINE | 10/00 | N | 3,700.00 | 2,241.29 | 122.32 | 2,363.61 |
| 92 | Parts and Accessories | 12/21/09 | ST LINE | 10/00 | N | 11,091.00 | 6,688.02 | 366.67 | 7,054.69 |
| 94 | Gate Valve | 02/18/10 | 200% DB | 10/00 | N | 3,350.00 | 2,442.84 | 72.59 | 2,515.53 |

Book Basis

Sadex Corporation
Depreciation Schedule by Category
For the 4 Months Ended 04/30/16

05/22/16
03:49PM

| Asset No. | Asset Description | Date Acquired | Method | Life | Sok? | Cost | Accum Depr 01/01/16 | Current Depreciation | Accum Depr 04/30/16 |
|-----------------------------------|------------------------------------|---------------|---------|-------|------|--------------|---------------------|----------------------|---------------------|
| Machinery & Equipment | | | | | | | | | |
| 95 | A-B R1771VHSC/B Very High Spe | 02/25/10 | 200% DB | 10/00 | N | 1,740.55 | 1,267.09 | 37.71 | 1,304.80 |
| 96 | 14344 | 03/19/10 | 200% DB | 10/00 | N | 11,275.00 | 8,163.44 | 244.16 | 8,407.60 |
| 97 | Electron Gun | 06/21/10 | 200% DB | 10/00 | N | 10,190.04 | 7,205.91 | 220.71 | 7,426.62 |
| 100 | Narda Microwave - Attenuator | 05/23/11 | 200% DB | 07/00 | N | 2,286.00 | 1,801.24 | 67.08 | 1,868.32 |
| 103 | Van Meter Industrial | 04/11/12 | 200% DB | 07/00 | N | 1,496.29 | 1,063.80 | 43.67 | 1,107.47 |
| 104 | HNL, Inc - Microwave | 04/18/12 | 200% DB | 07/00 | N | 4,150.00 | 2,942.21 | 121.25 | 3,063.46 |
| 105 | Klystron | 06/19/12 | 200% DB | 10/00 | N | 60,133.12 | 32,642.50 | 1,817.68 | 34,460.18 |
| 106 | Analog Input Module | 07/23/12 | 200% DB | 07/00 | N | 1,303.27 | 888.38 | 39.19 | 927.57 |
| 107 | L-3 Pulse Sciences - Egun | 09/20/12 | 200% DB | 10/00 | N | 15,697.50 | 8,112.75 | 501.51 | 8,614.26 |
| 108 | Power Supply | 10/15/12 | 200% DB | 05/00 | N | 861.00 | 690.88 | 31.49 | 722.37 |
| 109 | Klystron - Electronic Gun | 08/23/13 | 200% DB | 10/00 | N | 54,415.98 | 22,089.60 | 2,137.43 | 24,227.03 |
| 110 | L-3 E Gun | 04/04/13 | 200% DB | 10/00 | N | 15,764.82 | 7,179.08 | 567.69 | 7,746.77 |
| 111 | Phasetronics - Controller with Boa | 04/29/13 | 200% DB | 10/00 | N | 10,993.42 | 4,909.88 | 402.25 | 5,312.13 |
| 112 | Peerless Energy - Air Dryer | 07/03/13 | 200% DB | 07/00 | N | 1,159.41 | 652.15 | 47.91 | 700.06 |
| 113 | Stangenes Industries | 12/01/13 | 200% DB | 07/00 | N | 2,060.00 | 1,034.49 | 96.87 | 1,131.36 |
| 115 | L-3 Pulse - Waveguide | 01/16/14 | 200% DB | 05/00 | N | 798.00 | 502.85 | 39.03 | 541.88 |
| 116 | Socket Assembly | 02/26/14 | 200% DB | 05/00 | N | 625.00 | 376.98 | 32.80 | 409.78 |
| 117 | Heubel - new guard for forklift | 03/31/14 | 200% DB | 05/00 | N | 2,969.25 | 1,726.56 | 164.34 | 1,890.90 |
| 118 | Raab Sales - Paxton Blower | 06/13/14 | 200% DB | 05/00 | N | 2,145.00 | 1,142.90 | 132.52 | 1,275.42 |
| 122 | Thermostat | 02/17/15 | ST LINE | 10/00 | N | 1,393.80 | 121.43 | 46.08 | 167.51 |
| 123 | Thyratron | 06/22/15 | ST LINE | 10/00 | N | 74,779.60 | 3,954.10 | 2,472.22 | 6,426.32 |
| 124 | O Scope | 06/26/15 | ST LINE | 10/00 | N | 4,183.94 | 216.85 | 138.32 | 354.97 |
| 126 | Photoelectric Sensor | 08/07/15 | ST LINE | 10/00 | N | 629.00 | 25.33 | 20.79 | 46.12 |
| 127 | Klystron, Egun | 11/24/15 | ST LINE | 10/00 | N | 79,030.00 | 822.78 | 2,512.74 | 3,435.52 |
| 129 | Van Meter Industrial Machinery (A | 12/29/15 | ST LINE | 10/00 | N | 5,777.72 | 4.75 | 191.01 | 195.76 |
| 130 | Photoelectric Sensor | 01/18/16 | ST LINE | 07/00 | N | 1,242.62 | 0.00 | 50.44 | 50.44 |
| Total for (Machinery & Equipment) | | | | | | 2,432,022.77 | 1,479,763.11 | 32,378.92 | 1,512,142.03 |
| Office Equipment | | | | | | | | | |
| 2 | Office Computers | 07/01/05 | ST LINE | 05/00 | N | 6,000.00 | 6,000.00 | 0.00 | 6,000.00 |
| 5 | Dell 2800 Server | 07/01/05 | ST LINE | 05/00 | N | 8,898.59 | 8,898.59 | 0.00 | 8,898.59 |
| 28 | Computer Equipment | 04/24/08 | ST LINE | 05/00 | N | 8,639.70 | 8,639.70 | 0.00 | 8,639.70 |
| 29 | Computer Equipment | 09/13/06 | ST LINE | 05/00 | N | 9,000.00 | 9,000.00 | 0.00 | 9,000.00 |
| 30 | Computer Equipment | 11/16/06 | ST LINE | 05/00 | N | 6,300.00 | 6,300.00 | 0.00 | 6,300.00 |
| 31 | Computer Equipment | 12/01/08 | ST LINE | 05/00 | N | 5,800.00 | 5,800.00 | 0.00 | 5,800.00 |
| 32 | Computer Equipment | 12/13/06 | ST LINE | 05/00 | N | 1,958.09 | 1,958.09 | 0.00 | 1,958.09 |
| 35 | PCB Motherboard (Replacement) | 04/27/07 | ST LINE | 05/00 | N | 1,467.77 | 1,467.77 | 0.00 | 1,467.77 |
| 36 | New Camera | 08/10/07 | ST LINE | 05/00 | N | 394.79 | 394.79 | 0.00 | 394.79 |
| 65 | Multimeter and software kit | 08/21/08 | ST LINE | 05/00 | N | 681.99 | 681.99 | 0.00 | 681.99 |
| 101 | Computer Equipment | 08/09/12 | ST LINE | 05/00 | N | 9,000.00 | 6,113.11 | 595.08 | 6,708.19 |
| 102 | Computer Equipment | 09/30/12 | ST LINE | 05/00 | N | 8,702.50 | 5,663.76 | 575.41 | 6,239.17 |
| 114 | Dell Laptop | 06/06/13 | 200% DB | 05/00 | N | 1,800.00 | 1,300.42 | 68.04 | 1,368.46 |
| 120 | Copier | 04/03/14 | ST LINE | 07/00 | N | 2,134.65 | 533.04 | 100.82 | 633.86 |
| 128 | New Computers | 12/07/15 | ST LINE | 05/00 | N | 3,936.00 | 53.92 | 280.25 | 314.17 |
| Total for (Office Equipment) | | | | | | 74,714.08 | 62,805.18 | 1,599.60 | 64,404.78 |

Book Basis

Sadex Corporation
Depreciation Schedule by Category
For the 4 Months Ended 04/30/16

05/22/16
 03:49PM

| Asset No. | Asset Description | Date Acquired | Method | Life | Sold? | Cost | Accum Depr 01/01/16 | Current Depreciation | Accum Depr 04/30/16 |
|-----------------|--------------------------------|---------------|---------|-------|-------|---------------------|---------------------|----------------------|---------------------|
| Software | | | | | | | | | |
| 33 | Software | 11/27/06 | ST LINE | 03/00 | N | 2,405.36 | 2,405.36 | 0.00 | 2,405.36 |
| 34 | Sadex Web site | 09/12/06 | ST LINE | 03/00 | N | 68,424.00 | 68,424.00 | 0.00 | 68,424.00 |
| 37 | Virus Protection Software | 08/10/07 | ST LINE | 05/00 | N | 260.93 | 260.93 | 0.00 | 260.93 |
| 125 | Software - AVG Subscription (3 | 06/05/15 | ST LINE | 03/00 | N | 1,053.99 | 204.94 | 116.15 | 321.09 |
| | Total for (Software) | | | | | 72,144.28 | 71,295.23 | 116.15 | 71,411.38 |
| | Client Subtotal Before Sales | | | | | 5,290,459.55 | 1,653,176.51 | 34,094.67 | 1,687,271.18 |
| | Less Assets Sold | | | | | 0.00 | | | 0.00 |
| | Total | | | | | 5,290,459.55 | 1,653,176.51 | 34,094.67 | 1,687,271.18 |