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ATTORNEYS FOR DEBTOR

IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF TEXAS
SAN ANGELO DIVISION

IN RE:	**§**	
	§	
ROBINSON PREMIUM BEEF, LLC,	**§**	**Case No. 16-60092-RLJ-11**
	§	
Debtor.	**§**	

AMENDED DISCLOSURE STATEMENT

Robinson Premium Beef, LLC files this *Amended Disclosure Statement* (the "**Disclosure Statement**"), pursuant to Section 1125 of the Bankruptcy Code for the purpose of providing adequate information to all holders of Claims against, and Interests in, the Debtor from which such holders may make an informed judgment about the *Plan of Reorganization* (the "**Plan**").

I. PURPOSE OF THE DISCLOSURE STATEMENT

On March 20, 2017, a *Plan of Reorganization* was filed by the Debtor providing for the reorganization of its financial affairs in accordance with the Bankruptcy Code. This Disclosure Statement has been prepared by the Debtor, for the purpose of disclosing information which, in the Debtor's opinion, is material, important, and necessary for persons who are entitled to vote on the Plan to arrive at an informed decision whether to accept or reject the Plan. The material contained in this Disclosure Statement is intended for that purpose and solely for use by known Creditors and may not be relied on for any other purpose.[1]

This Disclosure Statement describes various transactions contemplated under the Plan, including how Creditors will be paid. The treatment of all Classes of Claims in the Cases is described in Article V of this Disclosure Statement. **You are urged to study the Plan and to consult your counsel about the Plan and its impact upon your legal rights before voting on the Plan.**

[1] Capitalized terms which are not defined herein shall have the meaning ascribed in the Plan or Section 101 of the Bankruptcy Code.

II. DISCLAIMERS

THIS DISCLOSURE STATEMENT WAS COMPILED FROM INFORMATION OBTAINED BY THE DEBTOR FROM NUMEROUS SOURCES BELIEVED TO BE ACCURATE, TO THE BEST OF THE DEBTOR'S KNOWLEDGE, INFORMATION AND BELIEF. THE INFORMATION CONTAINED HEREIN HAS NOT BEEN SUBJECT TO AN AUDIT. TO THE EXTENT THAT THEY WERE RELIED UPON, THE RECORDS KEPT BY THE DEBTOR ARE NOT WARRANTED OR REPRESENTED TO BE WITHOUT INACCURACY. THE BANKRUPTCY COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE BANKRUPTCY COURT. THIS DISCLOSURE STATEMENT ALSO CONTAINS A SUMMARY OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN TRANSACTIONS CONTEMPLATED UNDER THE PLAN AND CERTAIN CLAIMS ASSERTED BY CREDITORS OF THE DEBTOR. ALTHOUGH THE DEBTOR BELIEVES THAT THESE SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF DOCUMENTS REFERRED TO OR CLAIMS DESCRIBED THEREIN. REFERENCE IS HEREBY MADE TO THE PLAN AND THE OTHER AGREEMENTS AND DOCUMENTS REFERRED TO IN THIS DISCLOSURE STATEMENT FOR A COMPLETE STATEMENT OF THE TERMS AND PROVISIONS THEREOF. ALL TERMS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN HAVE THE SAME MEANING UNLESS OTHERWISE STATED. IN THE EVENT THAT THE TERMS OF THIS DISCLOSURE STATEMENT ARE INCONSISTENT WITH THE TERMS OF THE PLAN, THE TERMS OF THE PLAN SHALL CONTROL.

THIS DISCLOSURE STATEMENT IS INTENDED FOR THE SOLE USE OF CREDITORS OF THE DEBTOR TO ENABLE SUCH CREDITORS TO MAKE AN INFORMED DECISION IN VOTING ON THE PLAN. THIS DISCLOSURE STATEMENT MAY NOT BE USED OR RELIED ON FOR ANY OTHER PURPOSE, AND NOTHING CONTAINED IN IT SHALL BE DEEMED AN ADMISSION OF FACT OR CONCLUSIVE ADVICE ON THE LEGAL EFFECT OF THE PLAN AND THE ADMINISTRATION OF THE DEBTOR'S ASSETS ON HOLDERS OF CLAIMS OR EQUITY INTERESTS.

NO REPRESENTATIONS CONCERNING THE DEBTOR'S ASSETS OR LIABILITIES OR FINANCIAL CONDITION ARE AUTHORIZED OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT MAY NOT BE USED BY ANY PERSON OR ENTITY, INCLUDING WITHOUT LIMITATION, THE PARTIES HERETO, IN ANY LEGAL PROCEEDING TO PROVE OR DISPROVE ANY MATTER DEALT WITH HEREIN. THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN, AND NOTHING CONTAINED IN IT SHALL CONSTITUTE, OR BE DEEMED CONCLUSIVE ADVICE ON, THE TAX OR OTHER LEGAL EFFECTS OF THE REORGANIZATION ON HOLDERS OF CLAIMS.

III. BRIEF EXPLANATION OF CHAPTER 11

Chapter 11 is the principal reorganization chapter of the Bankruptcy Code. Pursuant to Chapter 11, the Debtor is authorized to reorganize their financial affairs for their own benefit and that of their creditors. Attempts at collection of pre-petition Claims are automatically stayed during the pendency of the Cases. Formulation of a plan of reorganization is the principal purpose of a Chapter 11 Reorganization Case. The plan is the vehicle for satisfying the holders of Claims against the Debtor. Unless a Trustee is appointed, the Debtor has the exclusive right to file a plan during the first one hundred and twenty (120) days of the Chapter 11 Case. Section 1121(c) of the Code provides for an automatic extension of the exclusivity period to one hundred and eighty (180) days after the commencement of the Case if a Debtor files a plan during the initial one hundred and twenty (120) day exclusivity period. In this case, the Debtor has filed the Plan within the exclusive period extended by the Court.

IV. BRIEF DESCRIPTION OF THE DEBTOR AND STATUS OF THE CASE

A. Historical Background of the Debtor

The Debtor was formed as a Texas limited liability company on August 23, 2013 with the functional intention to acquire the former operating, but then idled assets of San Angelo Packing and Four S Foods Holding (two (2) slaughterhouse facilities with surrounding acreage [either owned or under long term lease] to address cattle (the Main Processing Facility) and calves, goats and sheep (Ancillary Processing Facility) as well as various meat processing lines) along with significant farm acreage (Farm Facility – owned by the Decedent's Estate of Jimmy Stokes) that had been utilized when the Main and Ancillary Facilities were previously operating. The Debtor's opinion is that the collection of assets it was trying to acquire had significant appreciation upside, both as to the equipment at both locations which was acquired at what the Debtor felt was a significant discount on the long term value of same and the real property, as San Angelo continued to grow towards Farm Facility. Predecessors / assignors to the Debtor (C-Trade, Inc. and HW Funds, Inc.) in February and the Debtor in May of 2014 entered into Asset Purchase Agreements ("APAs") with SAP and SAP/Four S and the Estate of Jimmy Stokes, respectively, and then later Bills of Sale and Assignments as to APAs in July of 2014 in order to acquire all of the assets and rights SAP, SAP/Four S and the Decedent's Estate of Jimmy Stokes had that comprised the Main Processing Facility, the Ancillary Processing Facility and the Farm Facility. The Debtor executed notes, deeds of trust and security agreements regarding the $8,100,000.00 cost for their acquisition. The Debtor had, prior to July 2014, begun to contract for necessary improvements to the Main Processing Facility.

B. Problems that Led to Filing the Petition for Relief

Very shortly after the acquisition of the assets and rights SAP, SAP/Four S and the Decedent's Estate of Jimmy as noted above, C-Trade Group, Inc. (an initial member of the Debtor) wholly failed to produce the financing it had obligated itself to secure for the Debtor for the purposes of upgrading and securing operating status in order to reopen the Main Processing Facility and the Ancillary Processing Facility. This happened after third party work begun in

anticipation of the financing and before the first subsequent quarterly payment was due to SAP, SAP/Four S and the Decedent's Estate of Jimmy Stokes.

Jeremy Robinson, the other initial member, along with other parties who had been involved in the July 2014 closing or who were anticipating the reopening of the Main Processing Facility and the Ancillary Processing Facility had scramble to secure funding to pay for the first quarterly note obligations of $259,057.61, on the $8,100,000.00 acquisition indebtedness. The next almost two (2) years were spent securing funds from investors/lenders (principally the Yorton Parties) in order to fund the referenced quarterly payments as well as explaining to other creditors the nature of the problems the Debtor was having. However, the payment of these $259,057.61 quarterly payments caused the Debtor to constantly scramble to find necessary funding for the next payment while keeping the acquired assets insured and in reasonably good order by whatever means the Debtor could reasonably employ after C-Trade Group, Inc. failed its referenced funding obligations.

The Debtor's requirement to raise funding for those quarterly payments always left the Debtor at a disadvantage as to raising the additional necessary capital to get at least the Main Processing Facility operational. Small projects would begin but never get very far. Equipment, which was contractually subject to SAP or Four S's security interests was sold to raise funds for operations or traded for different equipment that the Debtor felt would be more appropriate for where the Debtor wanted future operations to head. No proceeds from the sales of such equipment were paid over to SAP or Four S, notwithstanding the existing security interests mentioned. Other persons and entities who comprise the Debtor's interest owners on the Petition Date, as well as the Yorton Parties, could not justify continuing to fund the $259,057.61 quarterly payments and other minimal ancillary obligations and not see any substantial progress towards getting the Main Processing Facility up and running. The eighth quarterly installment was not able to be raised and SAP, Four S and the Decedent's Estate of Jimmy Stokes posted their deeds of trust for foreclosure.

During the subsequent years since the purchase of the Main Processing Facility, the Ancillary Processing Facility and the Farm Facility the Debtor believed that market conditions previously suspected as being a significant basis for upside appreciation continued to justify the acquisition. When this asserted appreciation is coupled with reductions in the amount owed on the acquisition on account of the $1,813,403.27 in total payment by at least $1,200,000.00, as of the Petition Date, the Debtor was compelled to seek relief under Chapter 11 of the Bankruptcy Code to utilize that value that both the payments noted and the appreciation generated. The Chapter 11 was filed on September 2, 2016 just prior to the posted foreclosure date.

C. Events in the Chapter 11 Proceeding.

Since filing for bankruptcy, Debtors have remained in possession of their property and have continued to prepare the idled Main Processing Facility for authorized slaughterhouse operations. Normal course filings such as extensions of time to file schedules and statements of affairs, addressing utility usage and deposits and getting insurance payments addressed were completed. The course this case would take was also influenced by what Debtor's counsel, in

reviewing the myriad of documents and filings that occurred prior to the Petition Date, discovered. That discovery was that UCC-1's as to the equipment liens granted to SAP and Four S were never filed of record, leaving SAP and Four S's secured status as to that significant amount of equipment (not only what was heretofore used to operate the two slaughterhouses described above, but significant excess equipment of substantial value in storage) subject to a lien avoidance action under Section 544(a) of the Code. This provided the Debtor with the prospect of a significant potential benefit for the non-acquisition creditors of this Chapter 11 estate as well as for the prospects of a reorganization of the Debtor's affairs.

An adversary proceeding regarding this issue was drafted and forwarded to counsels for Four S and SAP and then shortly after the Petition Date, AP No. 16-06001 was filed (the "**544 AP**"). The principal contentions in the 544 AP and the risks presented to Four S and SAP's collateral positions would become the basis for the Debtor and SAP and Four S securing a functional 1st lien priority carve out by means of noticed interim and final borrowing motions and an appropriate Rule 4001(d) stipulation to enable the Debtor utilize the equipment as collateral for post-petition financing of up to $790,000 in principal, as was then believed to be necessary to enable the Debtor to finally work towards getting the Main Processing Facility up and running.

The first post-petition borrowing was funded by one of the Yorton Parties, in the noted amount of $290,000.00 (DIP Loan-1). Such was never intended to be all that would be necessary to get the Main Processing Facility up and running nor provide the necessary working capital to begin actual operations. Mr. Yorton only funded $240,000 of the $290,000 with the balance of the $290,000 being supplied by Hart Financial as part of DIP Loan -2[2].

Additionally, during the early phases of this Chapter 11 case, the issue of the failure, pre-petition, to complete the assignment of the long term lease as to the City of San Angelo owned real property and improvements (but not the significant amounts of equipment the Debtor contained therein) that constitutes the Ancillary Processing Facility became a focus in the case. The issues and concerns that the assignment of the lease of the Ancillary Processing Facility generated are now the subject of two interrelated documents, detailed in Section IV.C.2.b).ii) of this Disclosure Statement which describe and give the rationale for the agreements that address the problems that Sections 1.15 (Plan Exhibit 1.15) notes.

The Debtor, with the assistance of counsels for Four S, SAP and Sundown State Bank, has secured a conditional approval by means of a nominally modified, executed APF Lease Release (Plan Exhibit 1.15) regarding the lien issues relative to the Ancillary Processing Facility. That conditional resolution enhanced the Debtor's ability to assume the APF Leasehold as noted above.

[2] DIP Loan -1 never required any Yorton Party to fund of all of the $790,000 that could be lent pursuant to the *Order Approving 4001(d)(1)(A)(v) Agreement to Modify and Expand Prior Interim and Final Orders Authorizing Post-Petition Financing* [Dkt. No. 58], though the Yorton Parties had that option. After having lent or funded over $2,500,000 both pre and post-petition, the Yorton Parties wanted other interested parties to shoulder the funding burdens, which Hart Financial thereafter addressed.

Plan Sections 5.01 (Plan Exhibit 5.01A) and 3.12 of the Plan are cumulatively intended to resolve the assignment failure issue. Note that in Plan Exhibit 5.01A, the approved resolution as to the assignment issue (on the conditions noted) allowed for the Debtor and the City Manager or his designee to resolve issue regarding the compensation rates for the rental of the Ancillary Processing Facility during specific periods of time (i) pre-petition cure, (ii) post-petition rental rates; and (iii) post confirmation rates over time or level/type of activity, as well as a future application of the fair market standard for rental rate determination for the balance of the remaining original term, to 2046 as well as with regard to term extension options contained therein. The latter document Plan Exhibit 5.01B addresses all necessary cure requirements and revisions to the APF Leasehold and has been executed by the City of San Angelo's City Manager's designee (Roland Pena – Economic Development Director). Plan Exhibit 5.01B is also conditioned upon the Plan being confirmed and the Plan Closing Date occurring for the amendments to the APF Leasehold to become operative.

The Debtor previously secured both its first level and second level Section 365(d) extensions on the date to determine whether to assume or reject the important lease of the Ancillary Processing Facility until the confirmation process has run its course to enable this resolution to occur, assuming the conditions noted are met.

The Debtor also secured an extension of exclusivity to file this plan. More importantly, the Debtor and its press to bring the Main Processing Facility back on line and to begin to generate operating income, secured the approval of a Plan Support Agreement ("**PSA**") that provides for roughly $2,900,000 of a mix of debt financing (roughly $1,500,000 via proper Section 364 motion and order – see listed below), an equity capital infusion of $1,400,000 and how that mix of equity and debt are to be addressed in this Plan (see Section 4.01 for details on the complete proposed transaction if this Plan is confirmed).

Additionally, the Debtor and SAP, Four S and the Decedent's Estate of Jimmy Stokes, in order to address: a) SAP, Four S and the Decedent's Estate of Jimmy Stokes' stated position that they would seek to secure Jeremy Robinson's membership interests by means of its post-petition, otherwise properly filed guaranty suit in state court in Tom Green County, Texas; and b) the Debtor's counter measure of seeking temporary injunctive relief from the Bankruptcy Court via a second Adversary Proceeding (AP No. 17-0600-rlj) to prevent any such intended interference with the Debtor's reorganization efforts, entered into a stipulation that pushed any action taken in the state court matter until after the Debtor has had its opportunity to secure the confirmation of its then anticipated to be filed Plan and provides for the dismissal of the just noted adversary proceeding without prejudice in the near future. The second Adversary Proceeding has been dismissed without prejudice in the interim. The issues involved in these matters and how the Debtor intends to address same post confirmation, if the Plan is confirmed, is addressed in Section C.2.b) iii) of the Disclosure Statement relative to Plan Sections 4.03 – 4.05.

Furthermore, on account of the Debtor having received its Grant of Operations from the USDA on May 3, 2017 and on account of the Debtor posting its Packers and Stockyards Act bond on May __, 2017, the Debtor, on May 10, 2017, filed its *Motion for Interim and Final Orders Authorizing Third Post-Petition Financing* [Dkt. #159] to enable the Debtor to secure

accounts receivable and inventory financing in the amount of up to $4,000,000. The financing is for the purpose of providing capital to: a) acquire harvestable cattle (whether for cash or for normal term payments structures in the industry) for sale as processed meat products or otherwise; b) indemnity coverage for Spandet Dairy, LLC, at Texas LLC (Laurens Schilderink and wife, Ilona Van Vliet act as guarantors as well); and c) to provide startup funding for operations while accounts are generated and begin to come into the Debtor's cash flow. The Debtor seeks $2,000,000 in interim approval from the Bankruptcy Court on May 17, 2017 and this portion of the Disclosure Statement will be amended to reflect the Bankruptcy Court's decision. A final hearing regarding this financing is anticipated to be noticed out for May 23 or 26, 2017 in Lubbock, Texas.

Detailed information regarding the improvements, revisions and funds expended to get the Main Processing Facility to authorized slaughterhouse operations through March 31,, 2017 can be found in the latest Monthly Operating Report filed in Debtor's case and same is included as Exhibit VIII.B to this Disclosure Statement. Additionally, information regarding Debtors' projected post-petition operations is set forth in Exhibit VIII.B.2.

1. Entered Orders of Note in Main Case

a. *Order Approving Motion to Determine Adequate Assurance of Payment of Utilities Required Under* 11 U.S.C §366 [Dkt. No. 30]

b. *Interim Order Approving Motion for Interim and Final Orders Authorizing Post–Petition Financing* [Dkt. No. 31]

c. *Order Approving Application to Employ Coats | Rose, P.C., as Counsel for the Debtor* [Dkt. No. 46]

d. *Final Order Approving Motion for Interim and Final Orders Authorizing Post–Petition Financing* [Dkt. No. 48]

e. *Order Regarding Amended Motion for Distribution of Retainer* [Dkt. No. 57]

f. *Order Approving 4001(d)(1)(A)(v) Agreement to Modify and Expand Prior Interim and Final Orders Authorizing Post-Petition Financing* [Dkt. No. 58]

g. *Order Extending Debtor's Exclusive Right to File a Plan of Reorganization and Solicit Acceptances* [Dkt. No. 76]

h. *Agreed Order Granting Motion to Approve Compromise with San Angelo Packing Company, Inc.* [Dkt. No. 78]

i. *Order Granting Agreed Emergency Motion to Extend the Deadline to*

Assume or Reject Unexpired Lease of Non-residential Real Property [Dkt. No. 88]

j. *Order Regarding Employment of Accountants* [Dkt. No. 92]

k. *Interim Order Approving Motion for Interim and Final Orders Authorizing Second Post–Petition Financing* [Dkt. No. 110]

l. *Order Authorizing Plan Support Agreement* [Dkt. No. 126]

m. *Order Approving Debtor Entering into Custom Kill and Cattle Supply Contracts* [Dkt. No. 127]

n. *Final Order Authorizing Second Post–Petition Financing* [Dkt. No. 128]

o. *Order Regarding Application to Approve Funding of Post-Petition Retainer and Approve Post Petition Retainers Previously Funded* [Dkt. No. 136]

p. *Order Extending Deadline to Assume or Reject Unexpired Non Residential Real Property Lease* [Dkt. No. 145]

D. Possible Market Risks Related to the Plan

The processing of cattle into the various types of beef related products consumed both domestically and for export is subject to multiple risk factors common to any agricultural economic activity. First off, there are weather and climate issues that can affect herd sizes and the rate at which cattle are brought in for processing. The Debtor will also focus on a mixture of supply sources from ranch beef cattle and dairy cattle. Dairy cattle are not affected by localized drought conditions to the same degree as ranch beef cattle due to the operating norms that require dairies to always feed the dairy cattle harvested feed, whereas ranch beef cattle typically graze in pastures where the grass is more reliant on naturally occurring rain fall where the ranch beef cattle are located. The acquisition of the Main Processing Facility and the Ancillary Processing Facility was largely facilitated by a quite significant multi-year drought that affected the western Texas cattle raising industry. Predicting when or whether a similar long term weather pattern may occur is virtually impossible.

There are also more prosaic market risks such as dietary trends away from beef as a protein supply to consumers. Notwithstanding such concerns, there is the counterworking increase, worldwide, on increased protein consumption, which the Debtor feels will buffer, if not actually enhance total beef consumption. When refrigeration and transportation issues are born in mind and the ability to export generally is considered, the overall growing market for protein consumption should buoy or increase the anticipated levels of cattle processing.

The Debtor's intended market niche is two-fold. First is the concentration on the use of dairy cattle stock as an input into the Debtor's main processing facility. The Debtor's connections to the dairy industry are evident from its lead investor, Hart Financial, whose affiliates and connections are deep in the dairy industry. Additionally, the Yorton Parties are significantly involved in the dairy cattle industry and both of those connections should help[3] the Debtor's operating prospects for the long term. The use of dairy cattle as a slaughterhouse input sets the Debtor into a lower cost niche and enables the Debtor to focus on full utilization of all of the cattle inputs, with the export market being tapped for shipment of cattle parts not generally consumed in the United States but which has a large following in other areas of the world.

The second aspect is the ability of the Debtor to address specialized custom hill end users. There are various religious customs that require different butchering and storage requirements, as well as appropriate religious procedures that both halal and kosher kill require that the Debtor is well suited to address. These inputs are at less operating cost to Debtor as the cattle are not acquired by the Debtor but rather the Debtor serves as more of a service provider.

The principal risk for the Debtor is in becoming fully operational and sealed up to or close to the Main Processing Facilities' capacity so that both operational and plan obligations can be meet as projected. Long term the Debtor must move to utilize the assets of the Ancillary Processing Facility in the relative short term so that those assets are put into productive use. Clarifying the murky pre-petition Leasehold positions by means of the applicable provisions of the Plan will enhance the value of the Ancillary Processing Facility. Notwithstanding these assessments, the Debtor could run into supply problems or other issues regarding processing of cattle inputs. However, the value of the Debtor's estate will benefit from going from a shuttered, mothballed state to an operating state with the incumbent increase in value that a going concern normally generates.

E. Inquiries from Third Parties as to the Debtor.

During the period leading up to the filing of the Debtor's Plan and Disclosure Statement word of the progress being made on the reopening of the Main Processing Center began to percolate through the local cattle business in Western Texas, and beyond. In addition to the somewhat normal inquiries from third party financiers and reorganization specialists that as Chapter 11 filing can generate, the Debtor discussed, and as to certain suitors, met with principals and their advisors who were interested in lending or investing in or helping the Debtor's effort to reorganize. The net result was the execution of the Plan Support Agreement and DIP Loan 2 which brought $2,900,000.00 of convertible debt equity and capital to the reorganization process.

After these referenced events had been approved by orders of the Bankruptcy Court a creditor of the Debtor and a pre-petition broker to the Debtor brought another entity (then undisclosed) to Debtor's counsel's attention on February 10, 2017. Thereafter, on February 15,

[3] On February 20, 2017 Yorton Enterprises, Inc. executed a letter of intent which notes that a cattle supply agreement is intended be entered into once the Main Processing Facility is operational and properly authorized to harvest cattle.

2017, discussions with the still undisclosed entity began with their counsel. On February 21, 2017, a site visit was setup for February 24, 2017 and the potential suitor EcoArk Holdings, Inc. or an affiliate ("**EcoArk**") was identified.

The Debtor spent over a half day meeting with multiple representatives of EcoArk, touring the Debtor's facilities. Thereafter, on March 6, 2017, a written proposal was submitted to Debtor's counsel by EcoArk. Debtor had done some due diligence on EcoArk in the interim prior to the written offer and ascertained that they were involved in agricultural endeavors, but did not seem to have any presence or activities pending in any aspect of the cattle business. Prior to the arrival of the written proposal Debtor's counsel and EcoArk's counsel discussed the coming proposal and the circumstances of the case.

The proposal was complicated and detailed with various conditions noted with regard to financing the proposed offer of $9,000,000.00 and the assumption of unspecified liabilities. The proposal required termination of the existing PSA with Hart while EcoArk did due diligence and raised the funds via securities markets or secured appropriate securities related approvals as to already raised funds (the particulars of such requirements were not noted). The letter required a response within forty-eight (48) hours or it lapsed. Debtor's counsel had told EcoArk's counsel that such a deadline was untenable in light of the circumstances of the case and the content of the proposal.

As required by the PSA the proposal was sent to Hart and the Debtor proceeded to formulate a reply to send out prior to the EcoArk imposed deadline of March 8, 2017. The Debtor responded timely, refusing the offer as the total amount bid was less than all of the claims in the case, did not recognize the Debtor's perception of value and equity and upside to its Interest Holders and most importantly that it jeopardized the Debtor's reorganization 12 days prior to its exclusivity period terminating while requiring the existing PSA with its long negotiated benefits and debt conversion features to be terminated without any assurance that EcoArk would in fact move from a "letter of intent" status to either a 363 sale or a viable plan alternative. The Debtor noted that while the offer was rejected as it stood, that the "fiduciary out" requirements of the PSA required the Debtor to be open to any counter by EcoArk that addressed the problems with the offer. The Debtor remains, as it noted in its response, open to consider any revisions to the initial unsolicited offer that would reasonably cause the Debtor to reconsider EcoArk's proposal.

After the date of filing of the initial Disclosure Statement, a somewhat revised offer was tendered by EcoArk. On April 5, 2017, counsel for the Debtor was contacted by EcoArk's counsel by e-mail and via voice mail. A conversation regarding EcoArk's continued interest was initiated and a follow-up e-mail was received which detailed EcoArk's intentions. The e-mail, edited for length, stated the following generally:

> EcoArk is considering a transaction that will fully pay all allowed claims and administrative expenses in cash at closing. EcoArk will provide evidence of ability to close without a financing contingency. EcoArk has completed much of its diligence concerns regarding a diligence out can be addressed.

> Documentation, regulatory approvals, and any other third-party consents required will be done to not hurt the debtor's efforts to emerge from chapter 11.
>
> EcoArk expects existing equity holders and management would like to remain involved and EcoArk is willing to discuss arrangements to keep all or part of existing management and employees in place while maintaining the debtor as a going concern without disruption to operations. EcoArk understands the Debtor and its equity holders believe that sufficient value exists to justify equity maintaining a stake in the Debtor going forward. EcoArk requests the Debtor's thoughts as to what management and existing equity holders interests are in pursuing a transaction with EcoArk along the lines described above.
>
> EcoArk acknowledged the Debtor has obligations under the Plan Support Agreement and is moving forward in the case and EcoArk is not asking, at this time, to suspend or terminate negotiations or transactions with Hart Financial Investors and other parties in interest in connection with the Debtor's filed plan. EcoArk is seeking internal approval for a transaction along the lines outlined above and expects by the end of the month of April to know whether it would like to move forward with the Debtor. EcoArk requests information on what management and equity holders would seek in connection with an EcoArk investment intended to pay all of Debtor's allowed claims and administrative expenses in cash on closing. If EcoArk receives its internal approval in the next few weeks, and the information requested will help, given the timing of the Chapter 11 case.

Debtor's counsel passed on the information and informed HFI in accordance with the PSA of EcoArk's inquiry. EcoArk was informed that supplements to the Disclosure Statement and Plan would be filed (filed on April 10, 2017) which would address some of the issues they needed data regarding. Additionally, consistent with the request, the Debtor and equity holders proceeded to address the inquiry and expression of interest made by EcoArk that would not be addressed by the noted supplements. The most difficult to pull together, in light of the continued metamorphosis of the Main Processing Facility into a fully operational cattle harvesting facility and all of the time and effort needed to get the Debtor to that state with management, staff and other operational requirements of a functional start up, was coming up with an estimated enterprise value based upon a Plan consistent with EcoArk's proposal and in light of the fact that the Debtor intended to be operating at some pace before confirmation. Additionally, the Debtor had to consider that all post-petition financing would have to be paid in cash. The Debtor's management and equity also considered, from what they knew of EcoArk's intentions marketwise, as to what subsection of the cattle harvesting and processing market they suspected would be EcoArk's goal in coming up with an enterprise value and thus the value of their interests.

The Debtor and equity proceeded to model that circumstance as time would allow and forwarded a timely response to EcoArk on April 25, a bit less than three weeks after

EcoArk resurfaced. EcoArk was supplied with a discounted cash flow (15% discount) based assessment, after payment of all obligations of the Debtor, to come to an equity value of the Debtor under that circumstance of roughly $22,000,000.

On April 26, 2017 EcoArk responded by phone and e-mail noting principally:

> "…EcoArk is now focused on other transactions and no longer able to dedicate the bandwidth to getting this deal done. While EcoArk has not presented the debtor with a firm, binding offer, it formally withdraws all offers and is currently terminating discussions with the debtor. We may be able to revisit in several weeks, but I expect that you will be further down the road toward confirmation at that point. If, for some reason, the debtor's reorganization efforts hit a road bump or stall, we would like to have a chance to revisit a transaction with Robinson Premium Beef….

As of the date of the filing of this Amended Disclosure Statement, no additional inquiries have been made by EcoArk.

V. GENERAL OUTLINE OF THE PLAN

THE PRINCIPAL PROVISIONS OF THE PLAN ARE SET FORTH BELOW. THIS IS A BROAD OVERVIEW OF THE PLAN AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN, WHICH IS ATTACHED HERETO AS EXHIBIT "A". AS NOTED ABOVE, ALL CAPITALIZED TERMS USED HEREIN AND NOT OTHERWISE DEFINED IN THE BANKRUPTCY CODE SHALL HAVE THE MEANINGS ASSIGNED TO THEM IN THE PLAN ATTACHED HERETO.

A. Classification and Treatment of Claims and Equity Interests

1. **Class 1: Allowed Secured Claims of Ad Valorem Taxing Authorities**: Class 1 shall consist of the Allowed Secured Claims of *ad valorem* taxing authorities relating to *ad valorem* taxes due on the Debtor's real property or business personal property [POC #7]. The Allowed Secured Claims of Ad Valorem Taxing Authorities against the Debtor as set forth in POC # 7 in the amount of $158,129.01 (less the amount for the Allowed Secured Claim on Account No. R69647 in the amount on the Petition Date of $6,880.51, which shall be paid in full, with interest, per the treatment provided for Class 3), netted to 151,248.50 shall be paid: a) $10,000 on the Plan Closing Date with the subsequent closing balance[4] being paid in equal

[4] The Debtor asserts that the balance after the payment of the initial payment detailed above on the Plan Closing Date is $154,724.12 and was calculated as follows: $151,248.50, plus accumulated per diem interest since the Petition Date of $13,475.62 (assuming a June 1 Plan Closing Date) for a total secured claim of $164,724.12, less the payment of $10,000 on the Plan Closing Date.

monthly installments of $3,722.13 by the Reorganized Debtor beginning on the Effective Date and continuing every month thereafter until the date that is fifty-four (54) months after the Effective Date. The Allowed Secured Claims of Ad Valorem Taxing Authorities shall receive pre-confirmation (to establish the Allowed Amount) and post-confirmation interest on that Allowed Amount at the rate of one percent (1%) per month pursuant to Code §§ 1129(a)(9), 506 and 511. The holders of the Allowed Secured Claims of Ad Valorem Taxing authorities shall retain their liens with first priority lien position until paid in full. This class is impaired and entitled to vote.

2. **Class 2: Allowed Secured Claim of Doucet Plumbing, Inc.**: Class 2 shall consist of the Allowed Secured Claim of Doucet Plumbing, Inc. The Class 2 Allowed Secured Claim of Doucet Plumbing [POC #2] is secured by the real property and improvements described in the Mechanics and Materialmen's lien filed in Tom Green County on September 11, 2014 relating back to initial work performed starting on March 20, 2014 (with work ending on May 23, 2014) with regard to the Main Processing Facility. The holder of the Allowed Secured Claim of Doucet Plumbing, Inc., in the amount of $103,341.03 as of the Petition Date, plus interest at six percent (6%) per annum until the first date set for the Confirmation Hearing, shall be paid as follows: a) $17,944.66 on the Plan Closing Date; and b) fourteen (14) quarterly payments of the balance[5] of $7,143.09 per quarter with the first of such quarterly payments being due on the first day of the month that is at least 90 days after the Plan Closing Date, with interest at six percent (6%). There is no pre-payment penalty if the Debtor determines, in the exercise of its business judgment, to pay the then due principal balance and accrued interest. The Allowed Secured Claim of Doucet Plumbing, Inc. shall retain its mechanics and materialmen's lien as security until this claim is paid in full at which time Doucet Plumbing shall execute an appropriate lien waiver as supplied by the Debtor. This class is impaired and entitled to vote.

3. **Class 3: Allowed Secured Claim of Stokes Estate**: Class 3 shall consist of the Allowed Secured Claim of the Stokes Estate [POC #4]. The Class 3 Allowed Secured Claim of the Stokes Estate is secured by the real property and improvements as well as assignment of rents described in Deed of Trust filed in Tom Green on August 21, 2014. The Allowed Secured Claim of Stokes Estate shall be paid in full, with interest and attorney's fees pursuant to Code § 506(b) as either allowed by the Bankruptcy Court[6] or as agreed upon by the Debtor on the Plan Closing

[5] The Debtor asserts that the balance after the payment of the initial payment detailed above on the Plan Closing Date is $90,000 and was calculated as follows: $103,341.03, plus accumulated per diem interest since the Petition Date of $4,603.63.49 (assuming a June 1 Plan Closing Date) for a total secured claim of $107,944.66, less the payment of $17,944.66 on the Plan Closing Date.

[6] The Debtor asserts that the balance due on the Allowed Secured Claim of Stokes Estate equals $730,000 as of the Petition Date, plus non-default interest per the note from the Petition Date to a hypothetical Plan Closing Date of June 1, 2017 of $27,100 (at a *per diem* rate of $100), plus attorney's fees. However the actual allowed amount will be a function of the Confirmation Date. If fees have to be determined by the Bankruptcy Court, then those portions of the Allowed Secured Claim of Stokes Estate that are not attorney's fees shall be paid on the Plan Closing Date and the attorney's fees paid upon entry of an order setting such fees but reserved at the maximum sought in any such application. Notwithstanding same, the Debtor asserts that due to the commonality of interests with regards holders of claims in Classes 3-5, and in light of the lack of any disputes or issues as to the Class 3 Claim, that any allocation of attorney's fees in excess of the proportion that this claim is as to the other claims in Classes 4 and 5 will be subject to an objection by the Debtor and Hart and only such allocation detailed will be withheld.

Date as part of the Plan Support Transactions as detailed in section 4.01 of the Plan. If the Allowed Secured Claim of the Stokes Estate has not executed reasonable and necessary permit transfer documentation as to waste water treatment rights held by the Stokes Estate (which are usable through 2019) as required per the assigned APA which requires the Stokes Estate to make such transfers, then the funds supplied by the Plan Support Transaction will be paid into the registry of the Bankruptcy Court in full satisfaction of such claim to be transferred out once such transfer[7] is completed. This class is unimpaired and is **not** entitled to vote.

4. Class 4: Secured Claim of SAP: Class 4 shall consist of the Secured Claim of SAP [POC #5] as allowed on the Confirmation Date. The Class 4 Allowed Secured Claim of San Angelo Packing is secured by the real property and improvements in the Deed of Trust filed in Tom Green on August 21, 2014 (uncontested) and assertedly as to equipment specifically listed in a July 18, 2014 security agreement generally located at the Main Processing Facility. The Secured Claim of SAP shall become an Allowed Secured Claim on the Effective Date secured by: a) the pre-petition deed of trust filed in Tom Green, County Texas (inferior in priority to the secured claim of Doucet Plumbing) and set forth in POC #4; and b) the equipment listed in the security agreement and the specific listing also set forth in POC #4, provided that: a) SAP executes reasonable and necessary permit transfer documentation as to waste water treatment rights held by SAP (which are usable through 2019) as required per the APA and the ABOS which requires SAP to make such transfer[8]; and b) the Plan is confirmed and closes on the Plan Closing Date. The Allowed Secured Claim of SAP shall be paid $75,000 on the Plan Closing Date and the balance[9] paid, with interest at six percent (6%) per annum, over one hundred forty

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[7] The Debtor has supplied information and affidavits with regard to showing that the waste water facilities remain in working order and that no known breaches of the system as it existed in July of 2014. The Debtor will utilize alternative, approved waste water methods post-production until the transfer occurs. The Debtor only learned in April of 2017 of the recalcitrance of the Estate of Stokes and reserves any and all remedies with regard to the amount of damage that the Estate of Stokes may generate for unreasonably refusing to honor their contractual transfer requirements. The Debtor and the Reorganized Debtor will indemnify and hold the Estate of Stokes harmless from any actual fines, penalties or other costs that may be applicable with regard to a current facility operator executing a TCEQ transfer document. The Debtor reserves its rights to seek damages for unnecessary and unwarranted failure to execute the transfer documents from the Estate of Stokes, but not from the amounts paid into the registry of the Court.

[8] The Debtor has supplied information and affidavits with regard to showing that the waste water facilities remain in working order and that no known breaches of the system as it existed in July of 2014. The Debtor will utilize alternative, approved waste water methods post-production until the transfer occurs. The Debtor only learned in April of 2017 of the recalcitrance of the SAP and reserves any and all remedies with regard to the amount of damage that SAP may generate for unreasonably refusing to honor their contractual transfer requirements. The Debtor and the Reorganized Debtor will indemnify and hold SAP harmless from any actual fines, penalties or other costs that may be applicable with regard to a current facility operator executing a TCEQ transfer document. The Debtor reserves its rights to seek damages for unnecessary and unwarranted failure to execute the transfer documents.

[9] The Debtor asserts that the balance after the payment of the initial payment detailed above on the Plan Closing Date is $3,484,407.12 and was calculated as follows: $3,432,000, plus accumulated per diem interest since the Petition Date of $127,407.12 (assuming a June 1 Plan Closing Date) for a total secured claim of $3,559,407.12 less the payment of $75,000 on the Plan Closing Date prior to any allowance of allocated attorney's fees under §506. However the actual allowed amount will be a function of the Confirmation Date. If fees have to be determined by

four (144) monthly payments of $34,002.59 (or as that amount is nominally modified to account for the final determined amount) with the first payment being due on the 5th of the next full month after the Plan Closing Date. The Allowed Secured Claim of SAP is over-secured and shall be entitled to the addition of its attorneys' fees pursuant to Code § 506(b) as either allowed by the Bankruptcy Court or as agreed upon by the Debtor to the amount of its Allowed Secured Claim. There is no pre-payment penalty if the Debtor determines, in the exercise of its business judgment, to pay the then due principal balance and accrued interest. This class is impaired and is entitled to vote.

5. **Class 5: Secured Joint Claim of SAP and Four S**: Class 5 shall consist of the Secured Claim of SAP and Four S [POC #6] as allowed on the Confirmation Date. The Class 5 Joint Secured Claim of SAP and Four S is assertedly secured by equipment specifically listed in a July 18, 2014 security agreement generally located at the Ancillary Processing Facility. The Secured Joint Claim of SAP and Four S shall become an Allowed Secured Claim on the Effective Date secured by: a) the equipment specifically listed in the security agreement set forth in POC #5; and b) a lien on the leasehold interest that the Debtor will have on the Effective Date as to the Ancillary Processing Facility Lease, *provided that*: i) the City of San Angelo Resolution, detailed in Plan Section 5.01 (specifically Plan Exhibits 5.01A and 5.01B) is approved as a part of the Plan; and ii) the Plan is confirmed and closes on the Plan Closing Date. The Secured Joint Claim of SAP and Four S shall be paid $50,000 on the Plan Closing Date and the balance[10] paid, with interest at six percent (6%) per annum, over one hundred forty four (144) monthly payments of $27,313.83 (or as that amount is nominally modified to account for the final determined amount) with the first payment being due on the 5th of the next full month after the Plan Closing Date. The Joint Secured Claim of SAP and Four S is over-secured and shall be entitled to the addition of its attorneys' fees pursuant to Code § 506(b) as either allowed by the Bankruptcy Court or as agreed upon by the Debtor to the amount of its Allowed Secured Claim. There is no pre-payment penalty if the Debtor determines, in the exercise of its business judgment, to pay the then due principal balance and accrued interest. This class is impaired and is entitled to vote.

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the Bankruptcy Court, then those portions of the Allowed Secured Claim of SAP that are not attorney's fees be the basis for the payments made from and after the Plan Closing Date and the attorney's fees determined du upon entry of an order setting such fees added into the payment stream and amortized over the balance of payments then remaining.

[10] The Debtor asserts that the balance after the payment of the initial payment detailed above on the Plan Closing Date is $2,798,977.67 and was calculated as follows: $2,747,000, plus accumulated per diem interest since the Petition Date of $101,977.67 (assuming a June 1 Plan Closing Date) for a total secured claim of $2,848,977.67 less the payment of $50,000 on the Plan Closing Date prior to any allowance of allocated attorney's fees under §506. However the actual allowed amount will be a function of the Confirmation Date. If fees have to be determined by the Bankruptcy Court, then those portions of the Allowed Secured Claim of SAP that are not attorney's fees be the basis for the payments made from and after the Plan Closing Date and the attorney's fees determined du upon entry of an order setting such fees added into the payment stream and amortized over the balance of payments then remaining.

6. **Class 6: Secured Claim of Notroy Kids, LLC**: Class 6 shall consist of the secured claim of Notroy Kids, LLC [POC #10]. The Class 6 Secured Claim of Notroy Kids, LLC is assertedly secured by a real property as described in Deed of Trust recorded in Tom Green on February 11, 2016. The Secured Claim of Notroy Kids, LLC is subject to a recharacterization dispute and is a Disputed Claim. If the Global Yorton Parties CSA is accepted by all of the Yorton Parties (by noting same on their respective ballots) then the Class 6 claim will have cleared the Debtor's noted objection and will become an Allowed Claim on the Effective Date entitling Notroy Kids, LLC to receipt of the treatment detailed in Plan Section 4.02 in full satisfaction of its then Allowed Secured Claim. This class is impaired and is entitled to vote.

7. **Class 7: General Unsecured Claims of Affiliates or Insiders**: Class 7 shall consist of asserted General Unsecured Claims of any pre-petition claim of any member, officer, director, person in control or any affiliate or any insider of an affiliate against the Debtor. General Unsecured Claims of Affiliates or Insiders that are Allowed shall receive the treatment detailed in Plan Section 4.02. The only qualified holder of a claim in this class that may become an Allowed Claim is that of Dean Yorton (POC #9). If such claimant designates on its ballot acceptance of the Global Yorton Parties CSA, then such acceptance makes that claim an Allowed Claim on the Effective Date, entitling its holder to the treatment detailed in Plan Section 4.02 in full satisfaction of his asserted general unsecured claim against the Debtor. This class is impaired and is entitled to vote.

8. **Class 8: Allowed General Unsecured Claims**: Class 8 shall consist of Allowed General Unsecured Claims against the Debtor. Allowed General Unsecured Claims, which total $142,805.10 prior to any objections, shall be entitled to pro-rata distribution of 12,805.10 on the Plan Closing Date with the balance paid with interest at six percent (6%) per annum, over forty eight (48) monthly payments of $3,053.05 with the first payment being due on the 5th of the next full month after the Plan Closing Date. There is no pre-payment penalty if the Debtor determines, in the exercise of its business judgment, to pay the then due principal balance and accrued interest. This class is impaired and is entitled to vote.

9. **Class 9: Interests**: Class 9 shall consist of Interests in the Debtor. Interests in the Debtor consist of those pre-petition interest holders who are Yorton Parties (13%), Jeremy Robinson (51.3%) and all other holders of pre-petition interests in the Debtor ("Other Interest Holders"). Pursuant to §1123(a)(4) those interest holders who are Jeremy Robinson or Yorton Parties must designate on their ballots that they accept the Robinson Treatment (detailed in Plan Section 4.03) or the Global Yorton Parties CSA (detailed in Plan Section 4.02) in order to receive the lesser treatment detailed in those Plan Sections in full satisfaction of their Interests. The Other Interest Holders, which constitutes 37.3% of the Interests in the Debtor, shall receive a pro-rata distribution of Replacement Interests which constitute twenty-five percent (25%) of the Interests Post Confirmation, in full satisfaction of their Interests in the Debtor. The Interest of C-Trade Group, Inc. is disputed and is the subject of an objection to same[11]. This class is impaired

[11] The redistribution of any membership interest of C-Trade that is **not** allowed, may be redistributed either to all existing members pro-rata or as the members may otherwise determine in accordance with the Amended and Restated Company Agreement referenced in Plan Section 4.06.

and is entitled to vote[12].

B. Treatment of Unclassified Claims

1. Title 28 U.S.C. Section 1930 Fees: All fees required pursuant to 28 U.S.C. § 1930 shall, if not previously paid in full, be paid in cash as and when those fees are normally due, by the Debtor from its post-petition cash flow. To the extent that the Debtor owes pre-confirmation United States Trustee fees required to be paid in accordance with 28 U.S.C. § 1930(a)(6), such fees shall be paid when due or shortly after the Effective Date in accordance with 11 U.S.C. § 1129(a)(12). If paid after the Effective Date, such fees shall be paid by the Reorganized Debtor. The United States Trustee is not required to file an application for payment of Administrative Expense for such pre-confirmation United States Trustee fees.

2. Allowed Administrative Expenses of Professionals: Each holder of an Allowed Administrative Expenses of Professionals, if not previously paid in full pursuant to a Final Order of the Bankruptcy Court, shall receive cash equal to the unpaid amount of such Allowed Administrative Expense of Professionals from the Reorganized Debtor on the first business day

[12] There are no voting restrictions with regard to the two (2) classes of pre-petition interests. The pre-petition Regulations of the Debtor notes a Class A Interest, which makes one a financial member with capital contribution obligations and a Class B interest that has no capital contribution requirements for such member. As per Section 3.1 of the pre-petition regulations notes: "In all other respects, the classes of interests shall be treated identically." There are no other voting prohibitions found in those Regulations.

The pro-rata distribution of the 25% Interests Post Confirmation to the Other Interest Holders are as follows (without any comment on any objections as to C-Trade's interest, which is retained if not exercised prior to the Confirmation Date) are:

Four G Foods:	7.101013%
WCX Foods:	8.872405%
C-Trade:	3.810175%
Berean Holdings	5.216407%

The ownership percentages just described are otherwise affected as to distributions by the existence of the turnover receiver appointed with regard to a default judgment granted in favor of Matthew Brian Snow in Case No. 2015-001130-2, County Court at Law No. 2, Tarrant County, Texas. Which results in the following income distribution rights to the Other Interests and Jeremy Robinson and to nevertheless persist until the turnover receiver's obligation has been paid in full:

Four G Foods:	4.03934%
WCX Foods:	5.0296%
C-Trade:	2.2941%
Berean Holdings	2.9991%
Jeremy Robinson	20.6379%

Nothing in these arrangements to address the distributions with regard to the receiver noted above, as to Mr. Robinson, prevent any "true up" or reconciliation as between members with regard to disproportionate payment of distributions occasioned by the receiver's positon, from any portion of funds that Mr. Robinson is entitled to (with due regard to the applicable provisions of the Membership Interest Security and Control Agreement and the Turnover Order) on account of his Replacement Interests in the Debtor.

after an Order is entered regarding such Allowed Administrative Expense of Professionals, unless a holder of an Allowed Administrative Expense of Professionals agrees otherwise. All Administrative Expenses of Professionals for work performed through the Effective Date shall be filed with the Court within thirty (30) days of the Effective Date or be barred.

3. Allowed Administrative Expenses Incurred in the Debtor's Ordinary Course of Business: Each holder of an Allowed Administrative Expense incurred in the Debtor's ordinary course of business shall be paid in accordance with the customary terms and conditions of said vendor in its dealings with the Debtor without any further Order of the Court. If an Allowed Administrative Expense Incurred in the Debtor's Ordinary Course of Business is required to be paid on or after the Effective Date under such creditor's usual terms, it will be paid by the Reorganized Debtor. Administrative Expenses, other than: (a) those incurred in the ordinary course of business of the Debtor; and (b) those described in Sections, 3.02 and 3.04 of the Plan, must be filed by the Administrative Expense Bar Date or they shall be forever barred. If the Debtor (or the Reorganized Debtor) objects to an Administrative Expense, the Debtor (if prior to the Effective Date) or the Reorganized Debtor (if on or after the Effective Date) shall pay the amount allowed as an Allowed Administrative Expense (if any), in full within twenty (20) days of entry of an order allowing such Administrative Expense by the Bankruptcy Court.

4. Allowed Administrative Expenses of Ad Valorem Taxing Authorities: Allowed Administrative Expenses of Ad Valorem Taxing Authorities shall be paid by the Reorganized Debtor, or from any escrows held on behalf of the Reorganized Debtor, when due under state law.

5. Allowed Unsecured Priority Claims of Taxing Authorities: Each holder of an Allowed Unsecured Priority Claim of Taxing Authorities that is **not** also a Class 1 Allowed Secured Claims of Ad Valorem Taxing Authorities, shall be paid in equal monthly installments by the Reorganized Debtor beginning on the Effective Date and continuing every month thereafter until the date that is fifty-one (51) months after the Effective Date. The Allowed Unsecured Priority Claims of Taxing Authorities shall receive pre-confirmation and post-confirmation interest at the rate of that is required as to said Taxing Authority pursuant to Code §§ 1129(a)(9), 506 and 511.

6. Allowed Yorton DIP Loan-1 Secured Administrative Claim: The Allowed Yorton DIP Loan-1 Secured Administrative Claim shall receive the treatment detailed in Plan Section 4.02 in full satisfaction of the Yorton DIP Loan-1 Secured Administrative Claim.

7. Allowed Hart DIP Loan-2 Secured Administrative Claim: The Allowed Hart DIP Loan-2 Secured Administrative Claim shall receive the treatment detailed in Plan Section 4.01 in full satisfaction of the Hart DIP Loan-2 Secured Administrative Claim.

C. Key Definitions, Settlement Proposals and Implementation of the Plan

1. Key Definitions

a) **Ancillary Processing Facility** shall mean the Debtor's interest in 28 acres of land (see Plan Exhibit 1.13 for a full legal description of the leasehold premises) with permanent improvements which is a blended livestock processing facility (with lamb/goat processing capacity) with all necessary equipment as well as storage facilities with significant amounts beef processing equipment stored on site after the approval, as part of the Plan, of the Ancillary Processing Facility.

b) **APF Lease Release** shall mean the release, executed by Sundown State Bank (see Plan Exhibit 1.15 – APF Leasehold), of any lien rights that SAP has stated are, or may be asserted by Sundown State Bank, as against the real property lease regarding the Ancillary Processing Facility which lease emanates from the April 2, 1996 Lease Agreement between the City of San Angelo and Ranchers Lamb of Texas, Inc. (the "APF Lease") as same was later assigned from Crockett National Bank to San Angelo Packing Company, Inc. per the unrecorded lease assignment dated September 19, 2006 ("APF Lease – SAP") which APF Lease San Angelo Packing Company, Inc. contracted to transfer to the Debtor pursuant to the Assigned APA whether such asserted lien rights asserted by or for Sundown State Bank are based upon a September 27, 2006 recorded transfer of rights that had been held by Crockett National Bank per a September 5, 2005 deed of trust against the APF Lease, recorded in Volume 1245 Page 92, Official Public Records of Tom Green County, Texas or otherwise. The APF Lease Release, as executed with nominal conditions, is attached as Plan Exhibit 1.15.

c) **Assigned APA- SAP/Four S** shall mean the May 30, 2014 asset purchase agreement between SAP and Four S and the Debtor, which SAP and Four S "assigned" to the Debtor on July 18, 2014 by a document titled "Assignment and Bill of Sale" as well as any other ancillary or clarifying documents regarding same, specifically with regard to the lease of the Ancillary Processing Facility.

d) **City of San Angelo Resolution** shall mean the resolution of any issues or concerns by and between the City of San Angelo and the Debtor with regard to the pre-petition assignment required per the Assigned APA- SAP/Four S as to the real property lease of the Ancillary Processing Facility, as detailed in Plan Exhibits 5.01A and 5.01B.

e) **Effective Date** shall mean the date which is the fifteenth (15^{th}) day following the Confirmation Date, unless a stay of the Confirmation Order is obtained. In the event a stay is obtained, the Effective Date will be the fifteenth (15^{th}) day after an order dissolving the stay is entered. If the Effective Date would fall on a weekend or federal holiday, the Effective Date shall be the next business day.

f) **Exit Financing** shall mean any pre confirmation financing under Section 364 of the Code secured by the Debtor per applicable order of the Court that, per its terms and order(s) approving same, is intended to remain as a post confirmation obligation of the Debtor, specifically including the intended financing requested in *Motion for Interim and Final Orders Authorizing Third Post-Petition Financing* DKT # 159.

g) **Farm Facility** shall mean 564 acres of real property in two (2) contiguous tracts (see Plan Exhibit 1.13 for the legal description) used for leased farming operations (partially irrigated), which provides appropriate governmental approvals as a waste water facility for the Debtor pre-confirmation and post confirmation operations at both the Main Processing Facility and the Ancillary Processing Facility.

h) **Farm Facility Lease Back with Option** shall mean the lease between back of the Farm Facility to the Debtor for the term (and extension) detailed in Plan Exhibit 1.34 with the Debtor having an option to purchase the Farm Facility from Hart as detailed therein.

i) **Farm Facility Transfer** shall mean the transfer of the Farm Facility to Hart in accordance with the Plan Implementation provisions detailed in Plan Section 4.01.

j) **Interests Post Confirmation** shall mean the combination of Issued Interests and Replacement Interests in the Reorganized Debtor.

k) **Issued Interests** shall mean newly issued membership interest in the Debtor (an equity security in the Debtor), pursuant to either: a) an exchange for an allowed claim against, an interest in, or a claim for an administrative expense in the case concerning the Debtor consistent with Section 1145(a) of the Code; or b) in exchange for cash to Hart as an "accredited investor" under Sections 501 through 506 of Regulation D, which was promulgated under the Securities Act of 1933, as amended (the "Securities Act"). Issued Interests are made subject to and are governed by Title 1, Chapter 8 of the Texas Business and Commerce Code as an uncertificated security.

l) **Main Processing Facility** shall mean 69.787 acres of real property in eight (8) contiguous tracts (see Plan Exhibit 1.45 for the legal descriptions) with a permanent cow kill and beef processing and packing center (that is convertible to blended kill and processing) with necessary ancillary facilities for such an operation and all necessary equipment.

m) **Plan Support Agreement** shall mean the document executed by Hart and the Debtor, attached as Exhibit "1" to the Motion to Approve Plan Support Agreement [DKT # 100] and approved by the Bankruptcy Court by order entered on February 24, 2017 [DKT #126].

n) **Replacement Interest** shall mean newly issued membership interest in the Debtor (an equity security in the Debtor) in exchange for an Interest the Debtor consistent with Section 1145(a) of the Code. Replacement Interests are made subject to and are governed by Title 1, Chapter 8 of the Texas Business and Commerce Code as an uncertificated security.

2. Implementation of the Plan and Rule 9019 Settlements Proposed in the Plan with Rationale for Same

a) Plan Support Agreement Implementation: The Plan Support Agreement provides for specific treatments of both the Allowed Hart DIP Loan-2 Secured Administrative Claim and Hart's equity infusion obligations upon the confirmation of a plan consistent with its terms. On the Plan Closing Date the following shall occur:

Farm Facility Transfer

The Farm Facility shall be transferred to Hart on the Plan Closing Date, subject to Farm Facility Lease Back with Option, in exchange for

i) satisfaction of $500,000 of the Allowed Hart DIP Loan-2 Secured Administrative Claim; and

ii) payment of the Allowed Secured Claim of Stokes Estate on the Plan Closing Date.

Farm Facility Lease Back with Option

On the Plan Closing Date, upon the transfer of the Farm Facility to Hart, the Debtor and Hart shall execute the Farm Facility Lease Back with Option set forth as Plan Exhibit 1.34, which generally provides the following:

i) the Lease will be on a triple net basis for an eight (8) year initial term with rent of $12,083 per month;

ii) the first payment is due on or before January 5, 2018 (sum of post Plan Closing Date Rent [assuming a June, 2017 Plan Closing Date] for seven (7) months plus rent for January) in the amount of $96,664. All subsequent payments are due on or before the 5th day of each succeeding month over the balance of the initial term;

iii) an option to extend the Lease for four (4) more years at a triple net rental rate of $16,500 per month; and

iv) an option in favor of the Reorganized Debtor to purchase the Farm Facility back from Hart for $2,900,000.00 over the term of the twelve (12) year maximum of the Lease. The option price will increase by three percent (3%) each year on the first anniversary of the Plan Closing Date.

Infusion of Cash and Exchange of Remaining DIP Loan -2 Debt for Issued Interests

a) Allowed Hart DIP Loan-2 Secured Administrative Claim (up to $1,500,000 in principal indebtedness, plus interest and any attorney's fees associated with same) shall be deemed satisfied on the Plan Closing Date as follows:

ii) the rest and residue of the Allowed Hart DIP Loan-2 Secured Administrative Claim, after the allocation for the Farm Facility Transfer, as well as any portion of DIP-Loan-1 Secured Administrative Claim funded, shall be part of the exchanges provided for in the Plan for Hart to secure Issued Interests that will accumulate to thirty-five per cent (35%) of the Interests Post Confirmation.

All liens and encumbrances granted to the Allowed Hart DIP Loan -2 Secured Administrative Claim shall be deemed released and of no force or effect thereafter on the Plan Closing Date.

b) <u>Settlements Proposed in Plan with Rationale</u>

i) <u>Global Yorton Parties CSA</u>: One or more of the Yorton Parties have transferred funds to the Debtor, pre-petition and per orders of the Bankruptcy Court allowing same, post-petition, as detailed hereinafter:

Pre-Petition: The Yorton Parties were transferred Interests in the Debtor thirteen percent (13% cumulatively) and granted a deed of trust in the Main Processing Facility to secure their funding roughly $1,800,000 to the Debtor in the form of secured indebtedness[13]. Also, though not as yet detailed in the current POC #9, there is an asserted $310,000 claim for money loaned to the Debtor.

Post-Petition: The Yorton Parties agreed to subordinate the security interest in the Main Processing Facility to enable the Debtor to secure DIP financing that generates the Yorton DIP Loan-1 Secured Administrative Claim and the Hart DIP Loan-2 Secured Administrative Claim as well as funding $240,000 of the Yorton DIP Loan-1.

In order to accept the proposed satisfaction of all of the claims of the Yorton Parties each Yorton Party who may vote a Claim or an Interest must designate on their respective ballots that they each accept the Global Yorton CSA detailed in Plan Exhibit 4.02 and thus agree to exchange those Claims and Interest for the treatment set forth in the Global Yorton CSA. The Yorton DIP Loan-1 Secured Administrative Claim is not a claim that can vote and has already agreed to its distinct treatment detailed in the Global Yorton CSA in writing. The Global Yorton Parties CSA generally exchanges all of the Yorton Parties claims and interests for thirty percent (30%) of the Interests Post Confirmation and $1,500,000 secured note (secured by a junior lien behind all liens that are noted in this Plan as to each of the specific creditor treatments, with due regard for the need for subordination to any Exit Financing as may be necessary for the Debtor's

[13] Dean Yorton had also taken a Second Lien Deed of Trust on August 30, 2016 against the Ancillary Processing Facility, but said lien was stipulated to be avoidable and the debt noted in the Second Lien Deed of Trust was also stipulated that there is only one claim for $2,000,000 on the Petition Date held by Notroy Kids, LLC as noted in the recordable Stipulation as to Avoidance of Transfer and Holder of Claim [DKT #23-1 pp. 4 and 5].

operations, but excluding the APF Leasehold) paid over 12 years at 5% at $13,873.36 which payments begin four (4) months after the Plan Closing Date), but please review Plan Exhibit 4.02 for details.

Rationale

Notwithstanding such important and critical support of the Debtor pre-petition, there are issues of whether both a secured loan for the full amount lent plus interest, as well as thirteen percent (13%) of the ownership interest in the Debtor is appropriate or justified or if securing the advances made, plus transferring and Interest should be, in large part, recharacterized as the funding to acquire the noted thirteen percent (13%) Interests. Notwithstanding same, there are both Class A and Class B membership interests and it cannot clearly be ruled out that the Yorton Parties were not Class A financial members of the Debtor which would enable the loan and the 13% interest to both be properly held. These issues and conclusions are disputed as between the Debtor and The Yorton Parties and such litigation over these issues would be costly and in many respects, counter-productive to the Debtor's reorganization efforts. Furthermore, there are issues as to whether the now twice subordinated secured status, is nevertheless subject to avoidance under §547 on account of insider status and the Debtor's then equitable insolvency. Nevertheless, the burden of showing both insider status and insolvency per Section 101(32)(A) falls upon the Debtor and the valuations of the Debtor's assets in early 2016 and at that time the asset mix may have been sufficient to defeat an attack by the Debtor, The treatment proposed further enables the Reorganized Debtor to show a strong balance sheet and strong cash flow to service both Plan obligations and post-confirmation operating expenses with an adequate capital cushion.

ii) <u>City of San Angelo Resolution and the APF Lease Release by Sundown State Bank</u>:

The Plan provides for the resolution of a quite difficult and arduous to describe problem with the APF Leasehold that was generally noted in Section IV.C. above. The resolution requires the APF Lease Release (Plan Exhibit 1.15) to be executed by Sundown State Bank (which has occurred) and for the City of San Angelo Resolution and Agreement (Plan Exhibits 5.01A and 5.01B) approved and executed by the City of San Angelo (both of which have occurred) and the Debtor to become operative and for the Plan Closing Date to occur. These documents will do the following if the Plan is confirmed and the Plan Closing Date occurs: a) resolve and clarify the concerns about the prior transfers and transactions regarding the APF Leasehold and the APF Leasehold is deemed a pre-petition lease that the Debtor can assume (with specific agreed upon pre-petition and pre-confirmation cure requirements and a future rental schedule due to the City of San Angelo, as well as certain revisions to the underlying APF lease); and b) the lien of Sundown State Bank on the APF Leasehold is released and replaced by a lien granted to SAP (with the City of San Angelo's consent) per Section 3.12 of the

Plan, which contractual lien right SAP may thereafter give as security to Sundown State Bank (also with the City of San Angelo's consent). The functional effect of these transactions is to enable Sundown State Bank to retain virtually identical rights to collateral it seemingly asserts a position in by the Debtor granting a lien on the APF Leasehold to SAP which SAP can then grant to Sundown State Bank and provide the Debtor with clear and unambiguous rights to the long term APF Leasehold on the Plan Closing Date. In the Debtor's estimation, this proposal harms no party, clearly grants security, albeit one step removed, to the party who is understood to assert that a direct lien continues to exist. With this resolution SAP and Sundown State Bank have their security and both the Debtor and the City of San Angelo have post confirmation certainty as to the APF Leasehold.

Rationale

The proposed multi-prong resolution eliminates the litigation reserved in Plan Section 4.08 as against Sundown State Bank to determine the extent, validity or priority of a lien that is often referenced but not formally asserted in this Chapter 11 case as being held by Sundown State Bank on the APF Leasehold and eliminates any prospect of a claim objection and Disputed Claim status of the Class 5 Joint Secured Claim of SAP and Four S that existed prior to the execution of these documents It is the Debtor's contention that the fight over these issues, which the Debtor would have had to have undertaken to assure that it has clear and clean title to the APF Leasehold and that the Debtor's does not double pay some portion of the Class 5 Joint Secured Claim of SAP and Four S on account of the Sundown State Bank lien remaining as an unaddressed cloud on or impediment regarding the long term APF Leasehold

iii) **Robinson Treatment:** Jeremy Robinson's Interests will be exchanged for ten percent (10%) of the Issued Interests. Notwithstanding same, on account of a turnover receiver appointed with regard to a default judgment granted in favor of Matthew Brian Snow in Case No. 2015-001130-2, County Court at Law No. 2, Tarrant County, Texas. Jeremy Robinson's economic interest in the Debtor shall equal the proportion that his 51.30% Interest has with regard to the 87%[14] Interest that are being treated in the Class 9. As such, while the referenced default judgment remains unsatisfied the economic interests which the Replacement Interests represent shall equal 58.9655% of the distributions to the 35% issued to Interest Holders other than Yorton Parties or 20.6397% of the economic interests of all of the Interests Post Confirmation. The legal interest and voting rights shall equal the ten percent (10%) noted above. Once the judgment referenced is resolved then Jeremy Robinson's Replacement Interest shall equal ten percent (10%) of the Interests Post Confirmation as to both legal and economic interests. In addition, as part of the Debtor securing the Temporary Injunction noted below,

[14] Interests comprising thirteen (13%) of the pre-petition total are addressed in the Global Yorton Parties CSA.

Jeremy Robinson, by noting his approval of this treatment on his ballot, on the Plan Closing Date:

a) grants SAP and Four S a lien on his Resulting Issued Interests (See Plan Exhibit 4.03A) The lien and this Plan requires that distributions to Jeremy Robinson's Resulting Issued Interests which are not necessary to fund the payment of taxes for items such as phantom gains or these distributions hereinafter noted, be paid sixty percent (60%) to the holders of the Class 4 and Class 5 Claims, to be applied proportionately to the then due amount on the Class 4 and Class 5 Claims and forty percent (40%) to Jeremy Robinson until the Class 4 and Class 5 Claims, as Allowed, are paid in full per the terms set forth in this Plan;

b) executes the Employment, Compensation and Non-Compete Agreement attached as Plan Exhibit 4.03B; and

c) executes the Tolling and Guaranty Affirmation Agreement with regard to the claims of the holders of the Class 4 and Class 5 Claims, as allowed, attached as Plan Exhibit 4.03C.

Temporary Injunction in Favor of Jeremy Robinson: Provided that Jeremy Robinson tenders a ballot approving the treatment detailed in sub parts a) - c) above, the Confirmation Order shall act as a temporary injunction to prevent the holders of the Class 4 and Class 5 Claims as allowed, on account of any rights under guarantees executed by Jeremy Robinson to SAP or Four S from otherwise proceeding to judgment with regard to such rights under such guarantees including but not limited to proceeding in Case No. B160435C, pending before the 119th Judicial District Court, Tom Green County, Texas or any in other action or case in any other court of competent jurisdiction. This injunction is temporary and shall last only so long as the Reorganized Debtor is making payments to the holders of the Class 4 and Class 5 Claims as Allowed. This injunction does not in any way affect, limit or exempt Jeremy Robinson or his nonexempt property from liability to the holders of the Class 4 and Class 5 Claims as Allowed, but serves to protect Jeremy Robinson and allow the Reorganized Debtor (and all of its various creditors) in the interim to have the benefit of his continued, uninterrupted concentration on the business of the Reorganized Debtor while it is performing its payment obligations to the holders the Class 4 and Class 5 Claims, as Allowed, under this Plan. This injunction is issued pursuant to *In re Seatco, Inc.*, 259 B.R. 279 (Bankr. N. D. Tex. 2001) and other similar cases.

Defaults Regarding Temporary Injunction: The following shall constitute defaults as to the temporary injunction granted pursuant to section 4.03 of this Plan:

Failure of the Reorganized Debtor to make any payments required under this Plan to the holders of the Class 4 and Class 5 Claims as Allowed;

Payment to Jeremy Robinson of compensation, including equity distributions, in excess of that authorized by section 4.03; and

Termination of Jeremy Robinson for cause pursuant to the Compensation and Non-Compete Agreement.

Opportunity to Cure Defaults and Failure to Cure Regarding Temporary Injunction: In the event that a default described in section 4.04 (a) or (b) occurs, the affected party must give the Reorganized Debtor notice in writing of such default regarding the temporary injunction. The Reorganized Debtor shall have thirty (30) days from the receipt of such written notice to cure any default. If the Reorganized Debtor fails to cure a default within thirty (30) days of receiving such written notice, any injunctions in favor of Jeremy Robinson shall be modified to allow the affected creditor to pursue its rights under otherwise applicable law.

Rationale

The proposals above to address both the interests of Jeremy Robinson and his co-extensive individual liability to the largest secured creditors are grounded in the need to address: (a) investor and insider creditor requirements to secure the capital and debt conversions secured per the Plan Support Agreement, DIP Loans 1 and 2, pre-existing investor / lenders to the Debtor as well as address the continued nominally to uncompensated work performed by the other members management team who have owned interests in the Debtor pre-petition; and (b) the need to assure that Jeremy Robinson devotes his efforts to the success of the Debtor's reorganization and that his efforts in this regard are not stymied by having to address collection efforts by the senior secured creditors that are well in excess of his capacity to address. The Debtor does not want Jeremy Robinson to be dissuaded from putting his efforts into the Debtor's operations single mindedly. Mr. Robinson has been involved in this project, this endeavor to get the idled, shuttered operation of the Main Processing Facility and the Ancillary Processing Facility up and running for over four (4) years now. Mr. Robinson has become immersed in the cattle business, learning from multiple persons and both directly and indirectly associated with the Debtor. Mr. Robinson is in many aspects the cohesive focal point of this reorganization effort.

The proposals to address the latter point co-extensive liability to the senior secured creditors, is grounded in solid case law in this District and in many other circuits. The restrictions placed on the senior secured are temporary and multiple safeguards and some specific concessions are contained in the Plan's applicable provisions which do not affect a discharge or a release of Mr. Robinson's guarantees, but merely pauses their effect so long as the Debtor remains current on its Plan obligations to those senior secured creditors.

While a prior personal default judgment creditor has affected the economic distribution prospects of those holders of Interests[15] not a part of the Yorton Group, the agreed intention is to have the principal players (or their affiliated entities) in the effort have relatively co-equal ownership of the thirty-five percent (35%) portion of Interests Post Confirmation. Hence, his reduction, percentage wise, of ownership relative to other holders of Interests for their pressing ahead and joining in on taking the risks that are attendant to restarting long idled slaughter house facilities.

3. Ongoing Operational Implementation Regarding the Main Processing Facility.

The Debtor is proceeding to secure all necessary permits, bonds, licenses and governmental authority approvals which are required to operate a slaughterhouse in the United States. To date the Debtor has an official inspection number (#51309) for the Main Processing Facility. The Debtor is entitled to utilize the inspection number, since a Grant of Inspection has occurred and was issued on May 3, 2017 allowing for operations to begin on May 10, 2017.

The Debtor is working on the most economical means to secure the required Packers and Stockyard bond in the amount of $680,000[16]. The bond is being secured with the aid of financial accommodations by Spandet Dairy, LLC, at Texas LLC (Laurens Schilderink and wife, Ilona Van Vliet act as guarantors as well) to provide the necessary credit accommodation for the bond's issuance.

The Debtor, as noted in its projections, is providing health insurance options (4 levels) for its newly hired employees in accordance with otherwise applicable non-bankruptcy law. The Debtor has currently hired 109 people, with the 21 who are still in process and will be hired shortly. They are skilled employees in the industry who have experience in packing houses. The Debtor has had approximately 450 applications for positions with the Debtor.

The Debtor's HACCP plan was developed by Mark Myers, Ron Tackett, Jana Hale, and Juan Garcia.

Most of the product that the Debtor intends to sell, will be sold fresh, which lowers the amount of refrigeration space needed at higher per head per day levels of harvesting. If

[15] See discussion Section 4.03 of the Plan and Plan Exhibit 4.03A.

[16] SAP, Four S and The Estate of Jimmy Stokes have inquired whether the issue of Jeremy Robinson's two (2) no answer – default judgments that alleged fraudulent conduct on Jeremy Robinson's, has arisen in the context of the application for the Packers and Stockyard Act's required bond and the Debtor is not aware that any inquires on any forms were directed towards such issues nor that any specific inquiry related to same has been made by any third party in connection with the securing of that bond. Please see Section V.E.1 (Jeremy Robinson) of this Disclosure Statement for more information on the noted issue of default judgments.

the market indicates the need to sell more frozen product, the Debtor will utilize companies that provide cold storage and logistics for those types of clients, who will provide services in the metropolitan areas nearest the customers or transportation as most frozen meat that the Debtor generates will be headed out of the country.

D. Executory Contracts and Unexpired Leases

1. Assumption or Assumption and Assignment of Certain Executory Contracts and Unexpired Leases. The Confirmation Order will act as an order of assumption or of assumption and assignment under Section 365 of the Code with respect to the following pre-petition[17] executory contracts and unexpired lease.

(i) The Lease Agreement dated April 2, 1996, originally between the City of San Angelo and Rancher's Lamb of Texas, Inc., a fifty (50) year lease with its primary term ending on February 28, 2046, as assigned to the Debtor pre-petition and as modified by the City of San Angelo Resolution and the City of San Angelo Agreement attached as Plan Exhibits 5.01A and 5.01B.

If a counter party to an executory contract or unexpired lease disagrees with the asserted cure amount, such party must file a notice of cure amount setting forth the amount such counter party asserts is due for cure not later than the Effective Date. Debtor has thirty (30) days after a notice of cure amount is filed to object to the cure asserted by a contract or lease counter party. Unless otherwise noted in the tables above, all cure amounts will be paid in cash on the Plan Closing Date or on the date the cure amount is set by the Bankruptcy Court if the counter party has filed a notice of cure claim.

2. Rejection of Certain Executory Contracts and Unexpired Leases. The Confirmation Order will act as an order of rejection under Section 365 of the Code with respect to any pre-petition Executory Contract or Unexpired Leases that was not assumed by prior order of the Court or by this Plan.

3. Claims Based on Rejection of Executory Contracts and Unexpired Leases. All proofs of claim with respect to Claims arising from the rejection of an executory contract or unexpired leases, unless a prior order specifically directs otherwise, must be filed with the Bankruptcy Court by the Rejection Claims Bar Date. Any Claims arising from rejection an Executory Contract or Unexpired Lease which are not filed on or prior to the Rejection Claims Bar Date will be forever barred.

[17] Any post-petition, pre-confirmation executory contracts or leases entered into by the Debtor in the ordinary course of the Debtor's pre-confirmation business, including those allowed to be entered into per the order of the Bankruptcy Court (see DKT #127) and not detailed herein shall remain with and be assumed by the Reorganized Debtor.

E. Entity Governance

1. Persons to Serve as Managers or Officers of the Debtor - qualifications and compensation

Jeremy Robinson. Member, CEO and Member Board: Salary: $120,000 annually prior to three hundred (300) head per day level and $180,000 annually thereafter. Mr. Robinson brings extensive upper level management experience to the overall operation and vision of Robinson Beef. Mr. Robinson also enjoys many strategic relationships within the cattle supply community. Mr. Robinson is the overall architect of the Debtor's efforts to reorganize[18].

[18] As requested by SAP, Four S and the Estate of Jimmy Stokes, the following additional information regarding Jeremy Robinson's personal financial and legal concerns is added to this Disclosure Statement within the context of Section 1129(a)(5)(A)(ii). In July of 2014, a no appearance default judgment was entered against Jeremy Robinson in the County Court at Law No. 3 in Tarrant County, Texas (Case No. 2014 -002047-3) in the amount of $32,658 in favor of George Douglas Sanders on the asserted basis of breach of contract and for actual fraud and conspiracy in the same. The Debtor cannot assess from a no appearance default judgment, whether there was any basis for the contractual damages being assessed against Mr. Robinson or that there was any specific provable basis for any finding of fraud, as there was not trial on the merits. There have been no collection efforts that the Debtor has been made aware as to this judgment.

Additionally, in October of 2016, post-petition, another no appearance default judgment was entered against Mr. Robinson in the County Court at Law No. 2 in Tarrant County, Texas (Case No. 2015-00130-2) in the amount $128,900 in favor of Matthew Snow on the asserted basis of fraudulent inducement, common law fraud, negligent misrepresentation and breach of fiduciary duty. The Debtor cannot assess from a no appearance default judgment, whether there was any basis for any of the damages being assessed against Mr. Robinson or that there was any specific provable basis for any finding of fraud in the inducement or otherwise nor the basis for and the breach of an asserted fiduciary duty, as there was not trial on the merits. Unlike the Sanders judgment, there have recently been collection efforts with regard to the Snow judgment and the Debtor has made efforts to accommodate the rights of turnover receiver for the Snow judgment. Specific reference is made to V.C.2.b.iii of this Disclosure Statement as well as Plan Exhibit 4.03A and Plan Section 4.03.

Mr. Robinson's interests in the Debtor, by virtue of otherwise applicable state law, are only subject to a charging order to receive the distributions that may be sent to the interests that Mr. Robinson owns and post confirmation, will own.

During the period that the Snow judgment is being addressed, Mr. Robinson's pre-petition percentage ownership of 87% of the pre-petition Interests that are not part of the Yorton Parties position (roughly 58%) will continue to be the actual distribution percentage that Mr. Robinson "receives" relative to the other holders of Interests. Those distributions will continue to go to the Snow judgment to pay same off (or until the Snow judgment is otherwise independently resolved). Thereafter the pledge referenced in Plan Exhibit 4.03A as to the readjusted portion of Interest in the Debtor post confirmation, becomes operative.

The Debtor does not perceive any specific risk to the Debtor's management or to its operations by virtue of these holders of no appearance default judgments.

That these no appearance default judgments may be argued to indicate that Mr. Robinson is unfit for his position in the Debtor on account of the fraud assertion, is an easy argument to slip into, but that argument fails to show cognizance of the unreliability of default determinations based upon pleadings as opposed to findings secured after trial on the merits. It is more likely than not that while there may have been some basis for liability on these claims; the fraud findings are of questionable merit.

Weber Costa. Member, COO and Member Board; Salary: $120,000 annually prior to three hundred (300) head per day level and $180,000 annually thereafter (please note the Employment, Compensation and Non-Compete Agreement of Weber Costa attached as Disclosure Statement Exhibit V.E.1- Costa). Mr. Costa has worked for the sixth (6th) largest beef harvest facility in Brazil for several years in operations and international sales. Mr. Costa has intimate knowledge and experience in the inner workings of beef processing plant, from plant management, employees, accounting and payment systems, and overall management organization. He also maintains numerous relationships with purchasing customers around the world and is a regular attendee of all the major international food conventions and trade shows. Mr. Costa's experience in beef sales domestically and internationally will be key to maximizing the company's profit on each head of cattle processed. Mr. Costa will be moving to San Angelo on a permanent basis and will be employed on a full time basis by the Debtor.[19]

Mack Zimmerman, II. Member, General Counsel and Member Board; Salary: $70,000 once the production milestone of $72,000 (please note the Employment, Compensation and Non-Compete Agreement of Mack Zimmerman, II attached as Disclosure Statement Exhibit V.E.1- Zimmerman). Mr. Zimmerman has practiced law for over 18 years and is tasked with overseeing all of Robinson Beef's regulatory, corporate, legal, contractual, liability, and public relations matters. He will coordinate outside counsel and manage the legal health of the company. Mr. Zimmerman has agreed to devote at least forty per cent (40%) of his time and attention to the Debtor's legal

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The Debtor would not have survived, would not have been able to proceed to actual operations and would not have been able to present the Plan for creditors consideration without the extraordinary amount of time, effort and thought that Mr. Robinson has put into learning all there is about this Debtor's assets and what was needed to be repaired, reworked and redone. Mr. Robinson has spent the last, almost three (3) years of his life devoted to trying to get the Main Processing Facility and the Ancillary Processing Facility back on line, generating income and jobs in the San Angelo area. Mr. Robinson and the Debtor's team have more than ample cumulative experience in this line of business to address whatever issues may arise in this case. Please be mindful that Mr. Robinson will be a minority holder of interests in the Debtor post confirmation. The Yorton Parties and Hart Financial, combined, will own 65% of the Debtor's post confirmation interests. Both parties represent decades of experience in the dairy cattle industry and both will serve on the Debtor's board of directors and will have sufficient voting power to modify the current board and to address any issues that may arise. It is the Debtor's contention that Mr. Robinson's personal financial circumstances and his failure to pay attention to legal matters that have now become judgments against him, are not sufficient to overcome the benefits that the Debtor will secure from having Mr. Robinson on the Debtor's team as its lead officer in charge, especially, post confirmation, when surrounded by good management and with ownership and control in the hands of the Yorton Parties and Hart Financial. SAP, Four S and the Estate of Jimmy Stokes assert that Mr. Robinson is wholly unqualified to operate a packing house. For all of the points noted above, the Debtor ardently disputes that characterization.

[19] With regard to Mr. Weber as well as Mr. Pitta, the amounts which the Debtor is supplying to aid in the transfer of these men to San Angelo are expenses which have been and are being borne by the Debtor in accordance with custom and practices in this industry and as customary in general business in the USA. Additionally, all expenses are subject to approval by Hart Financial per DIP-Loan -2 and its provisions, which submissions between the Debtor and Hart Financial, address such costs in budgeting processes required by prior orders of the Bankruptcy Court in this Case.

issues and interests. The beef industry is a complicated business with financing, supply contracts, sales contracts, brokerage services, and the like, which require full time focus to avoid pitfalls.

Carlos Pitta. CFO; Salary: $84,000 annually prior to three hundred (300) head per day level and $120,000 annually thereafter. Mr. Pitta has served as CFO for two major beef processing facilities in Brazil for several years and brings the specific knowledge of accounting systems and finance particular to the beef processing industry. His experience will assure Robinson Beef operates efficiently and cost effectively. Mr. Pitta will be moving to San Angelo on a permanent basis and will be employed on a full time basis by the Debtor.

Joe Madrid. Member (Facilities Oversight); Salary: None. Mr. Madrid owns and operates Deprisa Food Equipment and is also a pre-petition investor in Robinson Beef. Mr. Madrid's second generation experience with food industry equipment and systems repair and replacement, as well as constructing animal processing plants from the ground up, make him an invaluable asset to a company. Mr. Madrid is not being employed on a full time basis by the Debtor, but rather will work on an as needed basis. Mr. Madrid will remain principally engaged by DePrisa Food Equipment out of San Elizario, Texas.

Fernando Rios. Plant Manager; Salary: $72,000 annually prior to six hundred (600) head per day level and $90,000 annually thereafter. Mr. Rios has over 25 years of experience in the meatpacking industry in various positions, including as a consultant, operations and general manager of plants in Mexico and California. Mr. Rios has exceptional skills and the ability to work well both in team environments and on individual assignments. He is experienced in handling the slaughtering, processing, packaging and distribution of meat-finished products. Mr. Rios has excellent communication skills needed to work at all levels of the Debtor's organization, being fluent in both English and Spanish. Mr. Rios has a Master's of Science in Meat Science from the Universidad Autonoma de Chihuahua in Chihuahua, Mexico with High Honors.

Theresa Morgan. Human Resources Manager; Salary: $75,000 annually prior to six hundred (600) head per day level and $90,000 annually thereafter. Ms. Morgan started with Texas Beef Company in early February 2017. Previous employment focused on health care industry as Assistant Vice-President, Human Resources at Shannon Medical Center for 20 plus years. Teresa's career in Human Resources spans a total of 29 years with experience working in "for profit" and "non-profit" organizations. Teresa currently holds a certification as a Society of Human Resource Management Certified Professional of Human Resources (SHRM-CP) and has been certified since 1997. She graduated with a Bachelor's of Science in Health Care Services from University of Phoenix in 2007.

Laurens Schilderlink. Member and Member Board; Salary: None currently. Laurens Schilderink is the manager and principal of Hart Investors, LLC. Mr.

Schilderink, from a multi-generational family of dairy operators, operates two dairies with an aggregate milking capacity of approximately 13,000 head in Texas and Kansas. He also manages other agribusiness interests, including a heifer feeding facility in the Hart, Texas vicinity. Mr. Schilderink has worked in the agriculture industry his entire adult life.

Dean Yorton. Member and Member Board; Salary: None. Mr. Yorton is a cattle dealer in the Texas panhandle area, where he has spent the last twenty years of his life. He has extensive experience in the cattle buying business and works to build lasting relationships with his customers. Dean relocated to the Texas panhandle area from Central New York where he started milking cows after graduating from Morrisville College. Dean purchased the family farm from his parents and grew the 50 cow herd to over 1,200 cows and farmed over 3,000 acres of land to produce enough feed for his herd. In search of someplace where the weather was warmer and the taxes were lower, Dean headed west to build a new dairy facility. Settling in the Texas panhandle area his herd size grew to 4,000 cows. Dean milked cows for several more years before attempting to retire but the cows kept calling him back. He was hired by financial institutions and others to reorganize poorly managed dairy facilities that were not turning a profit and/or had poor herd health conditions. Later, it was by the suggestion of a friend and current customer that lacked a market for his cows that Dean founded his current business and profession. Dean has been very successful in building a strong customer base and a team of reliable employees that assist him in providing a service that his customers can depend on when they call.

Kristen Yorton. Finance and Audit - Salary: $50,000 annual salary: Mrs. Yorton has spent the past 25 years working in agricultural finance for large farming operations in Oklahoma, Kansas and Texas. Mrs. Yorton also served as a County Treasurer in the State of Texas for 8 years. Mrs. Yorton has knowledge and experience in accounting, both accounts payable and accounts receivable, payroll, worker's compensation and employee benefits. She also has training and experience with OSHA regulations, National Incident Management Systems and FEMA.

Mark Meyers. Efficiency Coordinator - Salary: $75,000 annual salary: Mr. Meyers started in the beef packing industry on September 1st 1968. Mr. Meyers worked his way into management in the beef packing industry in 1978 and became a plant manager of a major USDA beef packing house in 1983 located in San Antonio, Texas Mark brings extensive knowledge to the team with over 30 years' experience as a plant manager of a USDA beef packing house. Mark has strong experience with BRC audits, USDA Inspections, HACCP Training, and Food Safety Assessments. Mark held long-term major clients such as; Taco Bell, Wendy's, Whataburger, & McDonalds.

2. Amended and Restated: Certificate of Formation and Company Agreement

a) **Amended and Restated Company Agreement** The Reorganized Debtor will be governed by an Amended and Restated Company Agreement that complies with Section 1123

(a)(6) of the Code. The Amended and Restated Company Agreement is attached as Plan Exhibit 4.06.

b) **Amended and Restated Certificate of Formation and Change of Name of Reorganized Debtor**. The Reorganized Debtor will be file an Amended and Restated Certificate of Formation and Change of Name of the Reorganized Debtor to Texas Packing House, LLC and to the extent necessary to assure that the Certificate of Formation complies with Section 1123 (a)(6) of the Code. The Amended and Restated Certificate of Formation and Change of Name of Reorganized Debtor is attached as Plan Exhibit 4.07.

VI. VOTING

A. Ballots and Voting Deadline. A Ballot to be used for voting to accept or reject the Plan in each case, together with a postage prepaid addressed return envelope is enclosed relative to the case in which your claim is situated. The Bankruptcy Court has established **June __, 2017, at 4:00 p.m., Central Daylight Time** as the date that, in order for ballots to be counted for voting purposes, ballots for acceptance or rejection of this Plan must be received by counsel for the Debtor by that record date for voting at the following address:

Attn: RPB Ballots
E. P. Keiffer
COATS | ROSE P.C.
c/o Stewart Wiegand & Owens PC
325 North St. Paul Street, Suite 4150
Dallas, Texas 75201

THE DEBTOR URGES ALL CREDITORS TO VOTE TO ACCEPT THE PLAN.

YOUR BALLOT MUST BE RECEIVED BY COUNSEL FOR THE DEBTOR ON OR BEFORE 4:00 P.M., CENTRAL DAYLIGHT TIME, ON JUNE __, 2017, IN ORDER FOR YOUR VOTE TO BE CONSIDERED IN DETERMINING WHETHER THE PLAN HAS BEEN ACCEPTED OR REJECTED BY YOUR CLASS.

IF YOU HOLD CLAIMS IN MORE THAN ONE CLASS, YOU MAY RECEIVE MORE THAN ONE BALLOT. YOU SHOULD VOTE A BALLOT FOR EACH CLAIM YOU HOLD IN EACH CASE, AS APPLICABLE.

IF A BALLOT IS DAMAGED OR LOST OR IF YOU HAVE ANY QUESTIONS REGARDING THE PROCEDURES FOR VOTING ON THE PLAN, CONTACT COUNSEL FOR THE DEBTORS AT THE FOLLOWING ADDRESS:

E. P. Keiffer
COATS | ROSE P.C.
c/o Stewart Wiegand & Owens PC
325 North St. Paul Street, Suite 4150
Dallas, TX 75201
Phone: (214) 651-6517
Fax: (214) 481-2817
Email: pkeiffer@coatsrose.com

B. Impairment. Pursuant to the requirements of Section 1126 of the Code, each Class of Impaired Claims or Equity Interests is entitled to vote on acceptance or rejection of the Plan. Any Creditor of the Debtors whose Claim is in an impaired Class under the Plan is entitled to vote, unless their class has been deemed to reject on account of the treatment afforded that class. Under Section 1124(2) of the Bankruptcy Code, a Class is impaired under a Plan unless, with respect to each Claim or Equity Interest of such Class, such Plan:

1. Leaves unaltered the legal, equitable, and contractual rights of the holder of such Claim or Equity Interest; or

2. Notwithstanding any contractual provision or applicable law that entitled the holder of a Claim or Equity Interest to receive accelerated payment of its Claim or Equity Interest after the occurrence of a default:

    a. Cures any such default that occurred before or after the commencement of the Case under the Bankruptcy Code, other than a default of the kind specified in Section 365(b)(2) of the Bankruptcy Code;

    b. Reinstates the maturity of such Claim or Equity Interest as it existed before the default;

    c. Compensates the holder of such Claim or Equity Interest for damages incurred as a result of reasonable reliance on such contractual provision or applicable law; and

    d. Does not otherwise alter the legal, equitable, or contractual rights to which such Claim or Equity Interest entitles the holder of such Claim or Equity Interest.

C. Impaired Classes. Claims in 1, 2 and 4 through 8 are impaired as defined in Section 1124 of the Bankruptcy Code. Such classes and persons holding such Claims in such Classes are entitled to vote to accept or reject the Plan, unless disputed or subject to an objection as set forth above. The Debtors acknowledge that classes that are comprised solely of insiders cannot be used as "cram down" classes pursuant to Code § 1129(a)(10). Class of interests 9is impaired as well, but being junior to all other classes of claims, they are subject to cramdown by

the other impaired classes, respectively, as Code § 1129(a)(10) only applies to Claims, not Interests.

D. Persons Entitled to Vote. In order to simplify the voting procedure, ballots have been sent to all known holders of all Claims in this case. Holders of Allowed Claims and Interests and holders of Disputed Claims and Interests which have been temporarily allowed for voting purposes are entitled to vote on the Plan. For purposes of the Plan, an Allowed Claim is a Claim against a Debtor which (a) has been scheduled by the Debtor pursuant to the Bankruptcy Code as undisputed, non-contingent, and liquidated and as to which no objection has been filed within the time allowed for the filing of objections, (b) as to which a timely proof of claim or application for payment has been filed and as to which no objection has been filed within the time allowed for filing of objections and which is not deemed to be Disputed, (c) has been Allowed by Final Order, or (d) has been Allowed under the Plan. Therefore, although the holders of Disputed Claims will receive ballots, these votes will not be counted unless such claims become Allowed Claims as provided under the Plan or are temporarily allowed for voting purposes by the Bankruptcy Court. A holder of a Disputed Claim that has not been temporarily allowed for purposes of voting on the Plan may vote the Disputed Claim in an amount equal to the portion, if any, of the Claim shown as fixed, liquidated and undisputed in a Debtor's Schedules, only after having sought to have their Claim allowed for voting purposes pursuant to the Rules.

E. Class Acceptance of the Plan. As a condition to Confirmation, the Bankruptcy Code requires that each impaired Class of Claims or Equity Interests accept the Plan. At least one impaired Class of Claims must accept the Plan. Section 1126 of the Bankruptcy Code defines acceptance of a Plan by a Class of Claims as acceptance by holders of two thirds in dollar amount and a majority in number of Claims of that Class actually voting to accept or reject the Plan. The Bankruptcy Code defines acceptance of a Plan by a Class of Equity Interests as acceptance by two thirds in amount of the Allowed Equity Interests of such Class held by holders of such Equity Interests actually voting to accept or reject the Plan. Holders of Claims or Interests which fail to vote are not counted as either accepting or rejecting the Plan. Classes of Claims and Equity Interests that are not impaired under the Plan are deemed as a matter of law to have accepted the Plan and therefore are not permitted to vote for such Plan. Classes of Claims and Equity Interests that do not receive or retain any property under the Plan on account of such Claims or Equity Interests are deemed to have rejected the Plan. **ACCEPTANCES OF THE PLAN ARE BEING SOLICITED ONLY FROM IMPAIRED CLASSES OF CLAIMS AND INTERESTS.**

F. Allowance Solely for Voting. Solely for purposes of voting to accept or reject the Plan, without prejudice to the rights of the Debtors in any other context, each Claim or Interest within a class of Claims or Interests is entitled to vote to accept or reject the Plan only as provided by Section 1126 of the Code. The amount entitled to vote shall be equal to the Allowed amount of such Claim or Interest as set forth in a timely filed proof of claim or interest, or, if no proof of claim or interest was filed, the allowed amount of such Claim or Interest as set forth in the Schedules, provided the Claim or Interest is not listed as disputed, unliquidated or contingent. A holder of a Disputed Claim that has not been temporarily allowed for purposes of voting on

the Plan may vote the Disputed Claim in an amount equal to the portion, if any, of the Claim shown as fixed, liquidated and undisputed in a Debtor's Schedules, only after having sought to have their Claim allowed for voting purposes pursuant to the Rules Any Claim to which the Debtor has objected for allowance or voting purposes shall not be entitled to vote unless the Court enters an order prior to the Confirmation Date Allowing such claim for allowance or voting purposes.

VII. ACCEPTANCE AND CONFIRMATION OF THE PLAN

A. Requirements for Confirmation. At the Confirmation hearing, the Bankruptcy Court will determine whether the provisions of Section 1129 of the Code have been satisfied. The requirements of Section 1129 of the Code are set forth in Exhibit VII.A. attached hereto and fully incorporated herein. If all of the provisions of Section 1129 are met, the Bankruptcy Court may enter an order confirming the Plan. The Bankruptcy Court may confirm only one plan. If the requirements of Section 1129(a) and (b) are met with respect to more than one plan, the Bankruptcy Court shall consider the preferences of creditors and equity security holders in determining which plan to confirm.

B. The Plan Meets All of the Requirements for Confirmation. The Debtors believe that the Plan satisfies all of the statutory requirements of Chapter 11 of the Bankruptcy Code and therefore should be confirmed. More specifically: (1) the Plan complies with all of the applicable provisions of the Bankruptcy Code; (2) the Debtors, all of which are proponents of the Plan, have complied with the Bankruptcy Code and have proposed the Plan in good faith; (3) all disclosure requirements concerning (a) payments made or to be made for services rendered in connection with the Chapter 11 case or the Plan, and (b) the identity and affiliations of individuals who will serve the Debtors after confirmation have been, or will be met prior to or at the confirmation hearing; and (4) Administrative Claims, Priority Claims, and fees required to be paid under the Bankruptcy Code are appropriately treated under the Plan. The Plan also meets the "best interest of creditors" test and is "feasible."

1. The Plan Meets the "Best Interest of Creditors" Test. The "best interest of creditors" test requires that the Bankruptcy Court find that the Plan provides to each non-accepting holder of a Claim or Interest treated under the Plan a recovery which has a present value at least equal to the present value of the distribution that such person would receive from Debtor if Debtor was liquidated under Chapter 7 of the Code. A liquidation analysis is set forth in section IX of this Disclosure Statement.

2. The Plan is "Feasible". The Bankruptcy Code requires that, as a condition to Confirmation of a Plan, the Bankruptcy Court find that Confirmation is not likely to be followed by liquidation or a need for further financial reorganization, except as proposed in the Plan. At least five (5) days prior to the objection deadline regarding the hearing to consider approval of the Disclosure Statement, Debtor will file three (3) year projections that show that the Plan is not likely to be followed by liquidation or further reorganization as Exhibit VII.B.2. Debtor reserves the right to file additional projections and to replace filed objections at a later date, as circumstances warrant.

VIII. FINANCIAL INFORMATION

A. Pre-Confirmation Financial Information.

1. ASSETS. The following is a summary description of the Debtor's assets based on the Debtor's February 2017 Monthly Operating Reports,[20] current estimates of cash on hand and schedules, with numbers modified as appropriate and as reflected in the footnotes. These summaries are based upon the Debtor's principal assets being sold at a non-liquidation sale pace, utilizing the values set forth in the Debtor's schedules or other documentation. These values do not take into account any Plan detailed resolutions, *but accepts for disclosure statement purposes only*, proofs of claim filed or claims not listed as contingent, unliquidated or disputed in the schedules, as being functionally valid. The Debtor contends that these values, except as where noted, will generally hold through the Effective Date.

Cash and Checking Accounts	113,366.91
Deposits (Pre and Post-Petition)	10,225.00
Vehicles	175,400.00
Office Furniture and Equipment	63,850.00
Machinery, Fixtures and Equipment	6,440,000.00
Real Property	8,618,500.00
Causes of Action[21]	00.00
TOTAL	**$15,421,341.91**

2. LIABILITIES. The following is a summary description of the Debtor's liabilities as of March 31, 2017, unless otherwise noted.

a) **Administrative Expenses.**

(1) Statutory Fees. Unpaid statutory fees of up to $13,000,[22] under 28 U.S.C. §1930 are estimated to be due on or before the Effective Date.

(2) Ordinary Course of Business Expenses. Debtor pays its Ordinary Course of Business Expenses as they come due. In the event that this case were to be converted, the Debtor anticipates that it would incur

[20] March's MOR will have just been completed and filed prior to the hearing on the Disclosure Statement.

[21] Litigation noted in the Disclosure Statement, if the Debtor had to litigate same, is only considered as an offset to the claims of SAP's portion of the jointly held Class 5 claim and such reduction prospect is noted as to liability to SAP's Class 5 claim.

[22] Estimate based on increasing disbursements as the Debtor's capital expenditures increase and movement toward full production increases.

approximately $1,825,505[23] of Ordinary Course of Business Expenses in the month after conversion as a Chapter 7 trustee was taking control of the Debtor's assets on account of the Debtor presumed to be operating at a harvest rate of 300 head per day.

(3) Ad Valorem Taxing Authorities. The Debtor estimates that Allowed *Ad Valorem* Taxing Authority Administrative Expense shall total $70,820.00 as of the Effective Date.[24]

(4) Professional Fees. Upon Bankruptcy Court approval, the Debtor has employed Debtor's counsel and accountant in this case. Counsel for the Debtor, Coats | Rose P.C. has incurred approximately $249,966.00 in fees and expenses between the Petition Date through April 30, 2017. The total, unpaid attorneys' fees and expenses remaining after application (on an interim basis) of pre and post-petition retainers available through that period is $182,577.00 as of April 30, 2017. The Debtor anticipates that Coats | Rose P.C.' fees and expenses that will be incurred from May 1, 2017 up to the Plan Closing Date (anticipated in July of 2017), inclusive of any implementation costs, will average approximately $20,000 per month for three months, although this amount will be dependent upon the degree to which the Plan is opposed. After consideration of the $12,500 available from the DIP Loan-2 towards legal expenses resulting in approximately $47,500 of additional administrative expenses on account of employment of counsel for a total estimate of unpaid fees and expenses of $230,000.00 on the Plan Closing Date. Accountants for the Debtor, Barg & Henson, P.C. has incurred $27,343.99 in fees and expenses between the Petition Date through April 30, 2017. The total, unpaid fees and expenses remaining after application (on an interim basis) of post-petition retainer available through that period of $16,466.66 is $10,877.33 as of April 30, 2017. The Debtor anticipates that Barg & Henson, P.C.'s fees and expenses that will be incurred from May 1, 2017 up to the Plan Closing Date (anticipated in July of 2017), inclusive of any implementation costs, will total average approximately $8,000, although this amount will be dependent upon the degree to which the Plan is opposed and projections have to be revised and vetted. After consideration of the $4,133.33 remaining available from the DIP Loan-2 towards accountant expenses, there will be $14,745 additional administrative expenses on account of employment of accountants. The total Professional Fees of all professionals as of the Effective Date is estimated to be $345,000, with $245,000 being unpaid as of the Plan Closing Date after application of all retainers irrespective of when held.

[23] See Disclosure Statement Exhibit VIII C where WARN Act or similar liabilities and OCB Post Closing costs are calculated and how those sums were arrived at is detailed.

[24] Pursuant to the Plan, the administrative expense *ad valorem* taxes will be paid when due under otherwise applicable state law.

(5) DIP Loan-1 and DIP Loan-2. The Debtor owes $290,000 plus interest on DIP Loan-1 and as of the filing of this Disclosure Statement $240,000 plus interest on DIP Loan-2. Liability on DIP Loan-2 will continue to increase as funds are drawn from that facility and have increased to the maximum amount of $1,450,000 in principal.

(6) Assumed Executory Contract and Unexpired Lease Cure Amounts. The Debtor estimates that Assumed Executory Contract and Unexpired Lease Cure Amounts shall total $6,250 as of the Effective Date.

b) **Claims of Secured Creditors.** The secured claims per the schedules or proofs of claim are listed below (interest and attorney's fees are as reflected in any filed proof of claim). The Debtor does not waive any right to object to any of these claims (unless they are resolved by an order of the Court) by listing this data:

Tom Green County Appraisal District[25]	$158,129.01
Estate of Jimmy Stokes	$730,000.00
SAP	$3,432,000.00
Doucet Plumbing	$103,343.01
SAP & Four S	$2,747,000.00
Notroy Kids, LLC	$2,000,000.00
TOTAL	$9,170,472.02

c) **Claims of Priority Creditors**. The total Priority Claims amount to $15,400.00.

d) **Unsecured Claims.** The total amount of general unsecured claims (combing both those of members, officers, directors, insiders and affiliates) listed in the schedules or the claims register in the case, after eliminating any of same that were listed contingent, unliquidated or disputed in the schedules and did not file a proof of claim. The Debtor does not waive any right to object to any of these claims by listing the data is estimated to be $453,231.96.

A. Post-Petition Financial Information. The Debtor's post-petition financial status is set forth in its monthly operating statements required to be filed during the period of time that the Debtor has been in Chapter 11. Monthly Operating Reports which have been filed in Debtor's case (the most recent ones which show all activity post-petition are included as Exhibit VIII.B to this Disclosure Statement). Additionally, information regarding Debtor's projected post-petition operations is set forth in Exhibit VIII.B.2. In addition at Exhibit VIII.B-2, the Debtor has provided projections for four (4) years for the anticipated operations of the Reorganized Debtor which details post-confirmation revenue and expenses based upon anticipated operations. Debtor reserves the right to file additional projections and to replace filed

[25] For all relevant taxing authorities as to *ad valorem* taxes on real and business personal property.

projections at a later date, as circumstances warrant. All of this data will be sufficient for the creditors of the Debtor who are entitled to vote, to determine whether to vote for or against the Plan.

B. Liquidation Analysis Attached as Disclosure Statement Exhibits VIII C is a liquidation analysis for the Debtor.

IX. TAX ISSUES

TO ENSURE COMPLIANCE WITH U.S. TREASURY DEPARTMENT CIRCULAR 230, HOLDERS OF CLAIMS ARE HEREBY NOTIFIED THAT: (A) ANY DISCUSSION OF UNITED STATES FEDERAL TAX ISSUES IN THIS DISCLOSURE STATEMENT IS NOT INTENDED OR WRITTEN TO BE USED OR RELIED UPON, AND CANNOT BE USED OR RELIED UPON, BY HOLDERS OF CLAIMS OR INTERESTS OR ANY OTHER PERSONS FOR THE PURPOSE OF AVOIDING PENALTIES THAT MAY BE IMPOSED ON HOLDERS OF CLAIMS OR ANY OTHER PERSONS UNDER THE INTERNAL REVENUE CODE; (B) SUCH DISCUSSION IS INCLUDED HEREIN IN CONNECTION WITH THE PROMOTION OR MARKETING (WITHIN THE MEANING OF U.S. TREASURY DEPARTMENT CIRCULAR 230) OF THE TRANSACTIONS OR MATTERS ADDRESSED HEREIN; AND (C) HOLDERS OF CLAIMS AND INTERESTS SHOULD SEEK ADVICE BASED ON THEIR PARTICULAR CIRCUMSTANCES FROM AN INDEPENDENT TAX ADVISER.

A. Introduction. The following discussion summarizes certain material U.S. federal income tax consequences of the Plan to the Debtor and holders of Claims and Interests. The summary is provided for general informational purposes only and is based on the United States Internal Revenue Code of 1986, as amended (IRC), the treasury regulations promulgated thereunder, judicial authority and current administrative rulings and practice, all as in effect as of the date hereof (except as otherwise noted below with regard to the American Recovery and Reinvestment Act of 2009), and all of which are subject to change, possibly with retroactive effect. Changes in any of these authorities or in their interpretation could cause the United States federal income tax consequences of the Plan to differ materially from the consequences described below. The United States federal income tax consequences of the Plan are complex and in important respects uncertain. No ruling has been requested from the Internal Revenue Service (IRS); no opinion has been requested from Debtor's counsel concerning any tax consequence of the Plan; and no tax opinion is given by this Disclosure Statement.

The following discussion does not address all aspects of federal income taxation that may be relevant to a particular holder of a Claim or Interest in light of its particular facts and circumstances or to particular types of holders of Claims subject to special treatment under the Tax Code. For example, the discussion does not address issues of concern to broker-dealers or other dealers in securities, or foreign (non-U.S.) persons, nor does it address any aspects of state, local, or foreign (non-U.S.) taxation, or the taxation of holders of Interests in a Debtor. In addition, a substantial amount of time may elapse between the Confirmation Date and the receipt of a final distribution under the Plan. Events subsequent to the date of this Disclosure Statement,

such as the enactment of additional tax legislation, court decisions or administrative changes, could affect the federal income tax consequences of the Plan and the transactions contemplated hereunder.

THE DISCUSSION THAT FOLLOWS IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING AND PROFESSIONAL TAX ADVICE BASED ON THE INDIVIDUAL CIRCUMSTANCES OF EACH HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS URGED TO CONSULT WITH ITS TAX ADVISORS REGARDING THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

B. Certain Definitions. For purposes of this Article IX, except as expressly otherwise provided or unless the context otherwise requires, all capitalized terms not otherwise defined herein or in the Plan shall have the respective meanings assigned to them in this Article IX.

C. Certain Material Federal Income Tax Consequences to a Debtor. The Debtor has elected to be treated as a Partnership, which is a pass through entity, for federal income tax purposes and, as such is not subject to federal income taxes. Rather, all items of income, deductions and tax credits are passed through to and are reported by the members on their respective income tax returns.

Cancellation of a debtor's debt (COD) is generally taxable income to the debtor or passed through to the owners of a partnership. In context, COD is the amount by which the indebtedness of a debtors' discharge exceeds any consideration given in exchange therefore. The Internal Revenue Code (IRC) requires COD income to be a separately stated item allocable to each member. IRC Section 108 provides for certain exclusions for COD. The statutory exclusion for COD in a title 11 case generally excludes COD from gross income if the discharge is granted by a court to a debtor under its jurisdiction in a title 11 case. However, for an entity classified as a Partnership for federal income tax purposes, those exclusions are applied at the partner level. To the extent any partner is not in a title 11 case or does not meet other exclusion requirements of Section 108 then that partner will be required to pay federal income tax on COD income. There are certain mitigating elections under Section 108 that may be made by the partners and by the partnership if applicable. The Debtor will be subject to Texas Franchise Tax on COD income at a rate of 0.75%. As a result of the implementation of the Plan, the Debtor may have COD income.

The Farm Facility Transfer and related Farm Facility Lease Back with Option may be considered as a financing arrangement or a sale and lease-back agreement for tax purposes. Sale-leaseback transactions have been the subject of IRS litigation for decades. A discussion of the topic is beyond the scope of this document. If it is deemed the transaction is considered a financing agreement the lease payments will be non-deductible except for a small portion of implied interest and the Debtor will retain the benefits of depreciation. If the transaction is considered a sale and a lease agreement the Debtor will recognize approximately $250,000 of long term capital gain and the lease payments will be deductible.

The transaction herein referred to as Infusion of Cash and Exchange of Remaining DIP Loan -2 Debt for Issued Interests and Global Yorton Parties CSA may give rise to COD income. Under IRC Section 108(e)(8) if a debtor partnership transfers a capital interest to a creditor in satisfaction of its indebtedness, such partnership shall be treated as having satisfied the indebtedness with an amount of money equal to the fair market value of the interest. In the case of a partnership, any discharge of indebtedness income recognized shall be included in the distributive shares of taxpayers which were the partners in the partnership immediately before such discharge. However, there is considerable debate and tax litigation surrounding loans of equity holders that is beyond the scope of this document. Generally, the IRS will not respect loan transactions if the loan is more characteristic of an equity purchase rather than a bona fide debt.

Debtor's operating agreement requires an IRC Section 754 Election anytime there is a transfer of interest as described in IRC Section 743. Transactions herein referred to as Infusion of Cash and Exchange of Remaining DIP Loan–2 Debt for Issued Interests and Global Yorton Parties CSA will create a required Section 754 Election. A Section 754 Election generally allows the partnership to adjust the basis of partnership property when property is distributed or when a partnership interest is transferred. The purpose of a Section 754 Election is to reconcile a new partner's outside and inside basis in the partnership. This election allows the new partner to receive the benefits of depreciation or amortization that they may not otherwise have received. In the case of appreciating assets such an election will generate additional tax basis in partnership assets that will be allocated to the partners or partner thus affected.

D. United States Federal Income Tax Consequences of Payment of Allowed Claims Pursuant to the Plan. The federal income tax consequences of payment of Allowed Claims pursuant to the Plan will depend on, among other things, the consideration received, or deemed to have been received, by the holder of the Allowed Claim, whether such holder reports income on the accrual or cash method, whether such holder receives distributions under the Plan in more than one taxable year, whether such holder's Claim is allowed or disputed at the Effective Date, whether such holder has taken a bad debt deduction or worthless security deduction with respect to its Claim.

In general, a holder of a Claim should recognize gain or loss equal to the amount realized under the Plan in respect of its Claim less the amount of such holder's basis in its Claim. Any gain or loss recognized in the exchange may be long term or short-term capital gain or loss or ordinary income or loss, depending upon the nature of the Claim and the holder, the length of time the holder held the Claim and whether the Claim was acquired at a market discount. If the holder realizes a capital loss, its deduction of the loss may be subject to limitations under the IRC. The holder's aggregate tax basis for any property received under the Plan generally will equal the amount realized. The amount realized by a holder generally will equal the sum of the cash and the fair market value of any other property received (or deemed received) by the holder under the Plan on the Effective Date and/or any subsequent distribution date, less the amount (if any) allocable to Claims for interest.

E. Certain Other Tax Consequences for Holders of Allowed Claims. In general, a holder of a Claim that was not previously required to include in its taxable income any accrued

but unpaid pre-Effective Date interest on the Claim may be required to take such amount into income as taxable interest. A holder of a Claim that was previously required to include in its taxable income any accrued but unpaid pre-Effective Date interest on the Claim may be entitled to recognize a deductible loss to the extent that such interest is not satisfied under the Plan. Each such holder is urged to consult its tax advisor regarding the tax treatment of its distributions under the Plan and the deductibility of any accrued but unpaid interest for federal income tax purposes.

Because certain holders of Allowed Claims, including Disputed Claims that ultimately become Allowed Claims, may receive cash distributions subsequent to the Effective Date of the Plan, the imputed interest provisions of the IRC may apply to treat a portion of subsequent distributions as imputed interest. Additionally, because holders may receive distributions with respect to an Allowed Claim in a taxable year or years following the year of the initial distribution, any loss and a portion of any gain realized by the holder may be deferred. All holders of Allowed Claims are urged to consult their tax advisors regarding the possible application of (or ability to elect out of) the "installment method" of reporting with respect to their claims.

A holder of a Claim constituting an installment obligation for tax purposes may be required to recognize currently any gain remaining with respect to the obligation if, pursuant to the Plan, the obligation is considered to be satisfied at other than its face value, distributed, transmitted, sold or otherwise disposed of within the meaning of IRC Section 453B.

A holder who, under the Plan, receives in respect of a Claim an amount less than the holder's tax basis in the Claim may be entitled in the year of receipt (or in an earlier or later year) to a bad debt deduction in some amount under IRC Section 166(a) or a worthless securities deduction under IRC Section 165(g). The rules governing the character, timing and amount of bad debt or worthless securities deductions place considerable emphasis on the facts and circumstances of the holder, the obligor and the instrument with respect to which deduction is claimed. Holders of Claims and Equity Interests, therefore, are urged to consult their tax advisors with respect to their ability to take such a deduction.

F. Importance of Obtaining Professional Tax Assistance. The foregoing discussion is intended only as a summary of certain U.S. federal income tax consequences of the Plan, and is not a substitute for careful tax planning with a tax professional. The above discussion is for general information purposes only and is not tax advice. The tax consequences are in many cases uncertain and may vary depending on a holder's individual circumstances.

G. The Debtor's IRS Foot Print (Pre-Confirmation and Post-Confirmation). The Internal Revenue Service has a $15,400 claim (POC #1) the bulk of which is for tax assessed on payroll tax returns not filed. No employees were employed during the startup phase. It is the opinion of tax counsel that the Debtor was in the start-up phase of developing their business since the acquisition of the properties. Tax counsel believes Debtor was not required to file federal income tax returns or payroll tax returns for years 2014 thru 2016. In the event IRS disagrees with counsel the penalties for not filling federal income tax returns would be

approximately $23,400. Debtor has filed an initial 2016 federal income tax return, and required payroll tax returns and state franchise tax returns.

Because Debtor has spent a considerable time in the startup phase there will be significant startup expenses eligible for amortization over a 15-year period pursuant to IRC Section 195. Debtor will also have significant depreciation available related to the original acquisition of the Farm Facility, Main Processing Facility and Ancillary Processing Facility, which has yet to be put into service. Debtor will have a range of options available on the method of which to depreciate the facilities and equipment including accelerated depreciation, IRC Section 179 expensing, 50% bonus depreciation, straight line depreciation, and the use of cost segregation analysis. The Tax Distributions included in the Post-Confirmation Projections assumes straight line treatment of depreciable assets. The actual tax depreciation and amortization methods and amounts may vary and the variance may be significant.

H. Expedited Tax Determination. The Debtor may request an expedited determination of federal and state taxes under Bankruptcy Code Section 505(b) for all returns filed for or on behalf of such Debtor for any tax incurred during the administration of the case. Unless such return is fraudulent, or contains a material misrepresentation, the debtor are discharged from any liability for such tax upon payment of the tax shown on such return if such governmental unit does not notify the Debtor within 60 days after such request, that such return has been selected for examination; or such governmental unit does not complete such examination and notify the Debtor of any tax due within 180 days after such request or within such additional time as the court, for cause, permits.

HOLDERS OF CLAIMS ARE URGED TO CONSULT WITH THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL AND NON-U.S. TAX CONSEQUENCES OF THE PLAN.

X. RECOMMENDATION

The Debtor believes the Plan is superior to the recovery risks and delays under a Chapter 7 liquidation because the total value provided by the Debtors to all creditors is more under the Plan, where the Debtor is able to operate their business as a consolidated, reorganized entity, than what creditors would receive under Chapter 7 liquidation. The Plan also provides the Debtor the opportunity to pay all of its creditors in full, over time. The Debtors strongly encourages you to vote to accept the Plan by June __, 2017, at 4:00 p.m. Central Daylight Time.

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Dated: May 12, 2017

Submitted by:

Robinson Premium Beef, LLC

By: */s/ Jeremy Robinson*
Jeremy Robinson, Manager

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