

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

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In re:	:	Chapter 11
	:	
ADVANCE SCIENCE TECHNOLOGIES,	:	Case No. 17-13668 (SMB)
INC., and FS-IP LLC,	:	(Jointly Administered)
	:	
Debtors. ¹	:	
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**FINDINGS OF FACT, CONCLUSIONS OF
LAW, AND ORDER (I) APPROVING DEBTORS’ (A) DISCLOSURE
STATEMENT, (B) SOLICITATION OF VOTES AND VOTING PROCEDURES, AND
(C) FORM OF BALLOTS, AND (II) CONFIRMING AMENDED JOINT
PREPACKAGED CHAPTER 11 PLAN OF REORGANIZATION**

Advance Science Technologies, Inc. (“*AST*”) and FS-IP LLC (“*FS-IP*”), as debtors and debtors-in-possession (collectively, the “*Debtors*”), having proposed and filed (A) the *Debtors’ Joint Prepackaged Plan of Reorganization* (the “*Original Plan*”) on December 29, 2017 (Dkt. No. 9), that certain supplement to the Plan dated and filed with the Court on January 24, 2018 (Dkt. No. 43) (as the documents contained therein have been or may be further amended or supplemented, the “*Plan Supplement*”), and the Debtors’ Amended Joint Prepackaged Plan of Reorganization on February 2, 2018 (Dkt. No. 56), and the Debtors’ Second Amended Joint Prepackaged Plan of Reorganization on February 6, 2018 (Dkt. No. 59), a copy of which is annexed hereto as **Exhibit 1** (as amended, modified and/or supplemented from time to time, and including the Plan Supplement, together, the “*Plan*”)², and (B) the *Information and Disclosure Statement* dated December 5, 2017, disseminated that date to creditors and interest holders in these prepackaged chapter 11 cases, as well as to shareholders of non-debtor Fortior Solutions, Inc., formerly known as SureID, Inc. (the parent of the Debtors and a proponent of the Plan)

¹ The Debtors in these cases, along with the last four digits of each Debtor’s federal tax identification number, are: Advance Science Technologies, Inc. (6977); and FS-IP LLC (5674). The Court has entered an order respecting joint administration of the Debtors’ bankruptcy cases. Docket No. 23.

² Capitalized terms used but not defined herein have the meanings ascribed to them in the Plan. The rules of interpretation set forth in Article I of the Plan shall apply to this Order.

(“*Fortior*”), and filed with the Court on December 29, 2017 (Dkt. No. 10) (the “*Disclosure Statement*”); and the Bankruptcy Court having entered an order on January 9, 2018 (Dkt. No. 24) (the “*Scheduling Order*”), which (i) scheduled a combined hearing (the “*Combined Hearing*”) to consider approval of the Disclosure Statement, the Debtor’s solicitation procedures (the “*Solicitation Procedures*”), and the forms of ballots³ (the “*Ballots*”) transmitted to classes of Claims voting on the Plan, (ii) established procedures for objecting to approval of the Disclosure Statement, the Solicitation Procedures, and confirmation of the Plan, (iii) approved the form, manner, and sufficiency of notice of the Combined Hearing, which included, among other things, information with respect to the commencement of the above-captioned chapter 11 cases (the “*Chapter 11 Cases*”), (iv) extended the time for the Debtors to convene the meeting of creditors pursuant to section 341(a) of the Bankruptcy Code (the “*Section 341(a) Meeting*”) to January 23, 2018, at 3:00 p.m., which was subsequently continued by the Office of the United States Trustee to February 5, 2018 at 2:00 p.m., (v) extended the time for the Debtor to file its schedules of assets and liabilities and statements of financial affairs (collectively, the “*Schedules and SOFAs*”) to January 31, 2018, without prejudice to the Debtors’ rights to seek further extensions of the time within which to file the Schedules and SOFAs or to seek additional relief from the Court regarding the filing of, or waiver of the requirement to file, the Schedules and SOFAs, and (vi) granted related relief; and the Ballots having been duly transmitted to holders of Class 3 Claims (Senior Secured Claims) and holders of Class 6 Claims (Interests) in compliance with the Solicitation Procedures as set forth in the *Declaration of Matthew Pierce re Plan Voting*, filed on January 3, 2018 (Dkt. No. 17) (the “*Voting Certification*”); and the Ballots having been tabulated in the manner set forth in the Voting Certification and in compliance with the applicable provisions of the Bankruptcy Code, the Federal Rules of Bankruptcy Procedure (the “*Bankruptcy Rules*”), Rules 1007-1, 3017-1, 3018-1, 3018-2, 3020-1, and 9006-1 of the Local Rules of Bankruptcy Practice and Procedure of the United States District Court for the Southern District of New York

³ The forms of ballots were attached as Exhibit B to the *Declaration of Matthew Pierce re Plan Voting* (Dkt. No. 17).

(the “**Local Rules**”), the Amended Procedural Guidelines for Prepackaged Chapter 11 Cases in the United States Bankruptcy Court for the Southern District of New York, as amended, effective December 1, 2009 (as adopted by General Order M-454) (the “**Guidelines**”), the Scheduling Order, and all other applicable laws, rules, and regulations; the Combined Hearing having been held before the Bankruptcy Court on February 6, 2018 at 10:00 a.m. Prevailing Eastern Time, after due and sufficient notice was given to (i) the Office of the United States Trustee for Region 2; (ii) Goldberg Kohn Ltd. and Cleary Gottlieb Steen & Hamilton LLP, as counsel to the Senior Secured Creditors; (iii) Fortior shareholders; (iv) the Securities and Exchange Commission (“**SEC**”); (v) the Oregon Division of Financial Regulations (“**ODFR**”); (vi) the Internal Revenue Service (“**IRS**”); (vii) the Oregon Department of Revenue (“**ODR**”); and (viii) all other parties-in-interest identified and entitled to notice (collectively, the “**Master Service List**”) in accordance with the Scheduling Order, the Bankruptcy Code, the Bankruptcy Rules, and the Local Rules, in each case established by the affidavits of service and/or mailing filed with the Court, and such notice being sufficient under the circumstances and no further notice being required; and due notice of the Plan Supplement having been given to the Master Service List and all holders of Claims in Class 3 (Senior Secured Claims) and all holders of Claims in Class 6 (Interests) in compliance with the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, and the Solicitation Procedures; and based upon and after full consideration of the entire record of the Combined Hearing, including (A) the Disclosure Statement, the Original Plan, the Plan, the Plan Supplement, and the Voting Certification; (B) the Debtors’ *Memorandum of Law in Support of (I) Approval of (A) Disclosure Statement, (B) Solicitation of Votes and Voting Procedures, and (C) Form of Ballots, and (II) Confirmation of Debtors’ Joint Prepackaged Plan of Reorganization dated December 29, 2017* (Dkt. No. 41); (C) the *Declaration of Sean Sullivan Pursuant to Local Bankruptcy Rule 1007-2 in Support of First Day Pleadings* (Dkt. No. 3) (the “**First Day Declaration**”), the Voting Certification, the *Declaration of Sean Sullivan in Support of Debtors’ Request for (I) Approval of (A) Disclosure Statement, (B) Solicitation of Votes and Voting Procedures, and (C) Form of Ballots, and (II) Confirmation of Debtors’ Joint Prepackaged Plan of Reorganization* (Dkt.

No. 42), and all other declarations filed in support of the Debtors' Chapter 11 Cases (collectively, the "***Supporting Declarations***"); and (D) the Court being familiar with the Disclosure Statement and Plan and other relevant factors affecting the Chapter 11 Cases, and the Court being familiar with, and having taken judicial notice of, the entire record of the Debtors' Chapter 11 Cases; and upon the arguments of counsel and the evidence proffered and adduced at the Combined Hearing; and the Court having found and determined that the Disclosure Statement and the Solicitation Procedures should be approved and the Plan should be confirmed as reflected by the Court's rulings made herein and at the Combined Hearing; and after due deliberation and sufficient cause appearing therefor; the Court hereby FINDS, DETERMINES, AND CONCLUDES that:

A. Findings of Fact and Conclusions of Law

1. The findings and conclusions set forth herein and in the record of the Combined Hearing constitute the Bankruptcy Court's findings of fact and conclusions of law pursuant to Rule 52 of the Federal Rules of Civil Procedure, as made applicable herein by Bankruptcy Rules 7052 and 9014. To the extent any of the following findings of fact constitute conclusions of law, they are adopted as such. To the extent any of the following conclusions of law constitute findings of fact, they are adopted as such.

B. Jurisdiction and Venue (28 U.S.C. §§ 157(b)(2) and 1334(a))

2. This Court has jurisdiction over the Bankruptcy Cases pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper pursuant to 28 U.S.C. §§ 1408 and 1409. Confirmation of the Plan is a core proceeding pursuant to 28 U.S.C. § 157(b). The Debtors are proper debtors under section 109 of the title 11 of the United States Code (the "**Bankruptcy Code**"), and the Debtors and other Proponents are proper proponents of the Plan under section 1121(a) of the Bankruptcy Code.

C. Modifications to the Plan

3. Pursuant to section 1127 of the Bankruptcy Code, any modifications to the Plan since entry of the Scheduling Order, including without limitation the changes made in the Plan from the Initial Plan, do not materially or adversely affect or change the treatment of Claims or Interests. Pursuant to Bankruptcy Rule 3019, these modifications do not require additional disclosure under section 1125 of the Bankruptcy Code or the re-solicitation of votes under section 1126 of the Bankruptcy Code, nor do they require that the holders of Claims or Interests be afforded an opportunity to change previously cast acceptances or rejections of the Plan. The disclosure of any Plan modifications prior to or on the record at the Combined Hearing constitutes due and sufficient notice of any and all such Plan modifications. The Plan as modified and attached to this Order as **Exhibit 1** shall constitute the Plan submitted for Confirmation.

D. Plan Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(1))

4. The Plan complies with the applicable provisions of the Bankruptcy Code, thereby satisfying section 1129(a)(1) of the Bankruptcy Code. This specifically includes:

- a. Proper Classification (11 U.S.C. §§ 1122, 1123(a)(1)). The Claims and Interests placed in each Class are substantially similar to other Claims and Interests, as the case may be, in each such Class. The Plan therefore satisfies sections 1122 and 1123(a)(1) of the Bankruptcy Code.
- b. Specified Unimpaired Classes (11 U.S.C. § 1123(a)(2)). Article III of the Plan specifies that Classes 1, 2, 4 and 5 are Unimpaired under the Plan, thereby satisfying section 1123(a)(2) of the Bankruptcy Code.
- c. Specified Treatment of Impaired Classes (11 U.S.C. § 1123(a)(3)). Article III of the Plan sets forth the treatment of Classes 3 and 6, which are the Impaired Classes, thereby satisfying section 1123(a)(3) of the Bankruptcy Code.
- d. No Discrimination (11 U.S.C. § 1123(a)(4)). Article III of the Plan provides for the same treatment by the Debtors for each Claim or Interest in each respective Class except to the extent that a holder of a particular Claim or Interest has agreed to a less favorable treatment of such Claim or Interest, thereby satisfying section 1123(a)(4) of the Bankruptcy Code.
- e. Implementation of the Plan (11 U.S.C. § 1123(a)(5)). The Plan, the various documents included in the Plan Supplement, and other agreements and transactions disclosed to the Court in the Disclosure Statement, Plan and Plan Supplement provide adequate and proper means for implementation of the Plan, thereby satisfying section 1123(a)(5) of the Bankruptcy Code.
- f. Non-Voting Equity Securities (11 U.S.C. § 1123(a)(6)). The certificate of incorporation, articles of incorporation, or similar governing document, of the Debtors have been or will be amended on or prior to the Effective Date to prohibit the issuance of non-voting equity securities, in accordance with section 1123(a)(6) of the Bankruptcy Code. The Plan provides that the Amended and Restated Articles of AST, the surviving Debtor entity after the post-confirmation merger of FS-IP into AST, will have that prohibition, thereby satisfying section 1123(a)(6) of the Bankruptcy Code.
- g. Designation of Directors, Officers, or Trustee (11 U.S.C. § 1123(a)(7)). The composition of the board of directors and the officers of the Debtors have been disclosed in the Plan Supplement, consistent with the interests of creditors and equity holders and public policy, and in accordance with section 1123(a)(7) of the Bankruptcy Code.
- h. Additional Plan Provisions (11 U.S.C. § 1123(b)). The additional provisions of the Plan listed below are appropriate and consistent with the applicable provisions of the Bankruptcy Code.
 - (i) Assumption and Rejection of Executory Contracts and Unexpired Leases (11 U.S.C. § 1123(b)(2)). As more particularly set forth in Article V of the Plan, the Plan provides for the assumption of executory contracts and

unexpired leases that have not been previously assumed or rejected or designated for rejection under section 365 of the Bankruptcy Code, thereby satisfying the requirements of sections 365(b) of the Bankruptcy Code and 1123(b)(2) of the Bankruptcy Code.

- (ii) Retention of Claims (11 U.S.C. § 1123(b)(3)). In compliance with section 1123(b)(3)(B) of the Bankruptcy Code, Article VIII, Section C of the Plan provides for a release of certain Claims and Causes of Action owned by the Debtors, the Estates and the Reorganized Debtors, and preserves for the Reorganized Debtors any other rights, Claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately prior to the Effective Date, except as otherwise provided in the Plan.
- (iii) Cure of Defaults (11 U.S.C. § 1123(d)). The Plan Supplement, among other things, sets forth a non-exclusive list of executory contracts and unexpired leases to be assumed by the Debtors. The Plan provides that the Debtors have paid or will pay cure amounts in cash on the Effective Date or in the ordinary course.
- (iv) Provisions of Plan Consistent with Bankruptcy Code and Applicable Law (11 U.S.C. § 1123(d)). The provisions of the Plan are appropriate and consistent with the applicable provisions of the Bankruptcy Code and applicable law, including (a) the release, discharge, injunction and exculpation provisions set forth in the Plan, and (b) the exemption, pursuant to section 1145 of the Bankruptcy Code, of the offer, issuance, and distribution of equity interests in AST and FS Holdings, subject to (i) the provisions of section 1145(b)(1) of the Bankruptcy Code relating to the definition of an underwriter in section 2(a)(11) of the Securities Act, and (ii) compliance with any rules and regulations of the Securities and Exchange Commission, if any, applicable at the time of any future transfer of such securities or instruments.

E. The Debtors' Compliance with the Bankruptcy Code (11 U.S.C. § 1129(a)(2))

5. Each Debtor has complied with the applicable provisions of the Bankruptcy Code.

Specifically:

- a. Each Debtor is an eligible debtor under section 109 of the Bankruptcy Code;
- b. Each Debtor has complied with applicable provisions of the Bankruptcy Code, except as otherwise provided or permitted by orders of the Bankruptcy Court; and
- c. Each Debtor has complied with the applicable provisions of the Bankruptcy Code, including sections 1125 and 1126(b), the Bankruptcy Rules, Local Rules, the Guidelines, the Scheduling Order, applicable non-bankruptcy law and all other applicable laws, rules, and regulations in transmitting the Plan, Plan Supplement, Disclosure Statement, Ballots and related documents and notices and in soliciting and tabulating the votes on the Prepackaged Plan.

F. Plan Proposed in Good Faith (11 U.S.C. § 1129(a)(3))

6. The Debtors have proposed the Plan (including the documents included with the Plan Supplement and other documents necessary to effectuate the Plan) in good faith and not by any means forbidden by law, thereby satisfying section 1129(a)(3) of the Bankruptcy Code. The Debtors' good faith is evident from the facts and record of these Chapter 11 Cases, the Disclosure Statement, and the record of the Combined Hearing and other proceedings held in these Chapter 11 Cases. The Plan and associated documents were proposed with the legitimate and honest purpose of maximizing the value of the Debtors' and their affiliates' estates and of effectuating a successful reorganization of the Debtors and their affiliates. The Plan and associated documents were negotiated in good faith and at arm's length among the parties to the Restructuring Support Agreement. Further, the Plan's classification, indemnification, exculpation, release, and injunction provisions have been negotiated in good faith and at arm's length, are consistent with sections 105, 1122, 1123(b)(6), 1123(b)(3)(A), 1129, and 1142 of the Bankruptcy Code, and are each integral to the Plan, supported by valuable consideration, and necessary for the Debtors' successful reorganization.

G. Payment for Services or Costs and Expenses (11 U.S.C. § 1129(a)(4))

7. Any payment made or to be made by the Debtors or by a person acquiring property under the Plan, for services or for costs and expenses in connection with the Bankruptcy Cases, or in connection with the Plan and incident to the Bankruptcy Cases, has been approved by, or is subject to the approval of, the Court as reasonable.

H. Postconfirmation Management (11 U.S.C. § 1129(a)(5))

8. The Debtors disclosed the identity and affiliations of the proposed officers and directors of the Reorganized Debtors in the Plan Supplement. The appointment or continuance of such officers and directors is consistent with the interests of creditors and equity security holders and with public policy. To the extent there are any insiders that will be retained or employed by the Reorganized Debtors, there has been sufficient disclosure of the identity and nature of any compensation of any such insiders.

I. Best Interests of Creditors (11 U.S.C. § 1129(a)(7))

9. Each holder of an Impaired Claim or Interest has accepted the Plan. Accordingly, the Plan satisfies the “best interest of creditors” test under section 1129(a)(7) of the Bankruptcy Code.

J. Acceptance by Certain Classes (11 U.S.C. § 1129(a)(8))

10. Classes 1, 2, 4 and 5 are Unimpaired by the Plan pursuant to section 1124 of the Bankruptcy Code and, accordingly, holders of Claims or Interests in such Classes are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Classes 3 and 6 are Impaired by the Plan. Such Impaired Classes have voted to accept the Plan, as established by the Voting Certification.

K. Treatment of Administrative Claims and Priority Tax Claims (11 U.S.C. § 1129(a)(9))

11. The treatment of Administrative Claims and Priority Tax Claims pursuant to Article 2 of the Plan satisfies the requirements of section 1129(a)(9) of the Bankruptcy Code.

L. Acceptance By at Least One Impaired Non-Insider Class of Claims (11 U.S.C. § 1129(a)(10))

12. Claims in Classes 3 and 6 are entitled to vote under the Plan. Classes 3 and 6 have voted to accept the Plan, as established by the Voting Certification. Class 3 is not composed of insiders. Accordingly, the Plan satisfies section 1129(a)(10) of the Bankruptcy Code as to each Debtor.

M. Feasibility (11 U.S.C. § 1129(a)(11))

13. The Plan satisfies section 1129(a)(11) of the Bankruptcy Code. The Projections in Exhibit P of the Disclosure Statement reflect the tens of millions of dollars in reduction of total debt of the Debtors. Upon the Effective Date, all of the Debtors' secured debt will be exchanged for equity of AST or otherwise contributed to the capital of AST, leaving no secured debt on the balance sheet of AST. This material reduction will further reinforce the Reorganized Debtors' ability to perform their obligations under the Plan and reorganized capital structure. Based upon

the Debtors' Projections and prior course of conduct, the Debtors reasonably believe that they will be able to satisfy all payments and distributions as contemplated by the Plan.

N. Payment of Fees (11 U.S.C. § 1129(a)(12))

14. Section XIII-C of the Plan provides that on the Effective Date, and thereafter as may be required, such fees, together with interest, if any, pursuant to section 3717 of title 31 of the United States Code, shall be paid by the Reorganized Debtors. Section 1129(a)(12) has been satisfied.

O. Retiree Benefits (11 U.S.C. § 1129(a)(13))

15. The Debtors do not have any obligations to pay retiree benefits. Accordingly, Section 1129(a)(13) has been satisfied.

P. Inapplicable Provisions (11 U.S.C. §§ 1129(a)(6), (a)(14), (a)(15), and (a)(16))

16. Section 1129(a)(6) is inapplicable because the Plan does not propose any changes in rates subject to approval of a governmental regulatory body. Section 1129(a)(14) is inapplicable because the Debtor is not subject to any domestic support obligations. Section 1129(a)(15) is inapplicable because the Debtor is not an individual. Section 1129(a)(16) is inapplicable because the Debtor is not a nonprofit or similar organization.

Q. Confirmation of Plan Over Non-Acceptance of Impaired Classes (11 U.S.C. § 1129(b))

17. All impaired classes have accepted the Plan. There is no need for a cramdown and section 1129(b) of the Bankruptcy Code is inapplicable.

R. Confirmation of Only One Plan (11 U.S.C. § 1129(c))

The Plan is the only plan that has been filed in these cases that has been found to satisfy the requirements of subsections (a) and (b) of section 1129 of the Bankruptcy Code. Accordingly, the requirements of section 1129(c) of the Bankruptcy Code have been satisfied.

S. Principal Purpose of the Plan (11 U.S.C. § 1129(d))

18. The principal purpose of the Plan is not the avoidance of taxes or the avoidance of the application of section 5 of the Securities Act of 1933, thereby satisfying section 1129(d) of the Bankruptcy Code.

T. Vesting of Assets

19. Except as otherwise provided in the Plan, upon the Effective Date, pursuant to Section 1141(b) of the Bankruptcy Code, all property of the estate of each Debtor not otherwise distributed or released on the Effective Date shall vest in the Reorganized Debtors.

U. Compromise, Settlement, Release, Exculpation, and Injunction Provisions

20. The Court has jurisdiction under sections 1334(a) and (b) of title 28 of the United States Code to approve the compromises, settlements, releases, exculpations, and injunctions set forth in the Plan, including in Articles IV, VI and VIII of the Plan. Sections 105(a) and 1123(b) of the Bankruptcy Code permit issuance of the injunctions and approval of the releases, exculpations, and injunctions set forth in the Plan.

21. Based upon the record in these Chapter 11 Cases and the evidence presented at the Combined Hearing, such provisions (i) were given in exchange for good and valuable consideration, (ii) were integral to the agreements among the various parties in interest and are essential to the formulation and implementation of the Plan, as provided in section 1123 of the Bankruptcy Code, (iii) confer substantial benefits on the Debtors' Estates, (iv) are fair, equitable and reasonable, and (v) are in the best interests of the Debtors, their Estates, and parties in interest. Failure to implement the injunctions, exculpation, and releases would seriously jeopardize the Debtors' ability to confirm and implement the Plan. Pursuant to section 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019(a), the injunctions, releases, and exculpation set forth in the Plan and implemented by this Order are fair, equitable, reasonable, and in the best interest of the Debtors, the Reorganized Debtors and their Estates, creditors and equity holders, and are supported by adequate consideration, **except that notwithstanding anything to the contrary in this order or the Plan, the second sentence in Article V, § E is stricken and deemed null and void.** [SMB: 2/6/18]

22. There are no non-consensual releases in the Plan; all persons granting releases to third parties under the Plan have affirmatively consented to such releases. Further, the releases granted by the Debtors represent valid exercises of the Debtors' business judgment. In addition,

the exculpations granted under the Plan are reasonable in scope and do not relieve any party of liability for an act or omission to the extent such act or omission is the result of willful misconduct or gross negligence.

23. The record of the Combined Hearing and these Chapter 11 Cases is sufficient to support the injunctions, releases, and exculpation provided for in the Plan. Accordingly, based upon the record of these Chapter 11 Cases, the representations of the parties, and/or the evidence proffered, adduced, and/or presented at the Combined Hearing, the injunctions, exculpation, and releases set forth in the Plan are consistent with the Bankruptcy Code and applicable law and are approved.

V. Retention of Jurisdiction.

24. Except as otherwise provided in any of the Definitive Documents, the Court shall retain jurisdiction over the Bankruptcy Cases and all matters arising out of, or related to, these Chapter 11 Cases and the Plan.

W. Waiver of Stay

25. Given the facts and circumstances of these Chapter 11 Cases, it is appropriate that this Order shall not be stayed pursuant to Bankruptcy Rules 3020(e), 6004(g), 6006(d), or 7062, and the Confirmation Order shall take effect immediately upon its entry.

BASED ON THE FORGOING, IT IS HEREBY ORDERED THAT:

A. Findings of Fact and Conclusions of Law

26. The above-referenced findings of fact and conclusions of law are hereby incorporated by reference as though fully set forth herein and shall constitute findings of fact and conclusions of law pursuant to Bankruptcy Rule 7052, made applicable herein by Bankruptcy Rule 9014. To the extent that any finding of fact shall be determined to be a conclusion of law, it shall be deemed so, and vice versa.

B. Combined Notice

27. The Combined Notice complied with the terms of the Scheduling Order, was appropriate and satisfactory based upon the circumstances of these Chapter 11 Cases, and was in

compliance with the provisions of the Bankruptcy Code; the Bankruptcy Rules, the Guidelines, the Local Rules, and applicable non-bankruptcy law.

C. Solicitation

28. The solicitation of votes on the Plan complied with the Solicitation Procedures, was appropriate and satisfactory based upon the circumstances of these Chapter 11 Cases, and was in compliance with the provisions of the Bankruptcy Code, the Bankruptcy Rules, the Local Rules, the Scheduling Order, the Guidelines, and applicable non- bankruptcy law.

D. Ballots

29. The forms of Ballots attached to the Voting Certification are adequate and appropriate, are in compliance with Bankruptcy Rule 3018(c), substantially conform to Official Form B 314 and are approved in all respects.

E. Disclosure Statement

30. The Disclosure Statement (a) contains adequate information of a kind that is consistent with the disclosure requirements of applicable non-bankruptcy law, including the Securities Act, (b) contains “adequate information” (as such term is defined in section 1125(a)(1) and used in section 1126(b)(2) of the Bankruptcy Code) with respect to the Debtors, the Plan, and the transactions contemplated therein, and (c) is approved in all respects.

F. Confirmation

31. The Plan and each of its provisions shall be, and hereby are, CONFIRMED under section 1129 of the Bankruptcy Code. Any objections or responses to confirmation of the Plan are overruled in their entirety and on their merits. The documents and transactions contemplated by the Plan, including, without limitation, those included in the Plan Supplement and the Post-Petition Reorganization described in the Plan, are hereby authorized and approved (to the extent the Debtors are a party thereto) and shall be, and hereby are, deemed not to constitute a fraudulent conveyance or fraudulent transfer, and shall not otherwise be subject to avoidance or recharacterization. The Debtors are authorized to implement their provisions and consummate

the Plan without any further authorization except as expressly required by the Plan or this Confirmation Order.

32. All changes, amendments, alterations and modifications to the Plan made after filing of the Initial Plan are hereby approved, pursuant to section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019. In accordance with section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019, all holders of Claims who voted to accept the Plan or who are conclusively presumed to have accepted the Plan are deemed to accept the Plan, as altered, amended or modified subsequent to the entry of the Scheduling Order. Each of the impaired Classes has accepted the Plan.

33. As of the Effective Date, the Plan and this Order shall bind all holders of Claims against and Interests in the Debtor and their respective successors and assigns, whether or not any such holders were (a) Impaired or Unimpaired under the Plan, (b) deemed to accept or reject the Plan, or (c) failed to vote to accept or reject the Plan.

34. On the Effective Date, pursuant to sections 1141(b) and (c) of the Bankruptcy Code, all property of the Debtors' Estates shall vest in the Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges, and other interests, except as provided pursuant to the Plan and this Order. On and after the Effective Date, the Reorganized Debtors may take any action, including, without limitation, the operation of their businesses, the uses, acquisitions, sales, leases and disposition of properties and the entry into transactions, agreements, understandings, or arrangements, whether in or other than in the ordinary course of business, and execute, deliver, implement, and fully perform any and all obligations, instruments, documents and papers or otherwise in connection with any of the foregoing, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules and in all respects as if there was no pending case under any chapter or provision of the Bankruptcy Code, except as expressly provided in this Order or the Plan. Without limiting the foregoing, the Reorganized Debtors may pay the charges that they incur on or after the Effective Date for professional fees, disbursements, expenses, or related support services without application to the Bankruptcy Court.

G. Plan Implementation

35. Filing and Recording. This Confirmation Order is and shall be binding upon and shall govern the acts of all persons or entities. Each and every federal, state, and local government agency is hereby directed to accept any and all documents and instruments necessary, useful, or appropriate (including financing statements under the applicable uniform commercial code) to effectuate, implement, and consummate the transactions contemplated by the Plan and associated documents and this Order, and the transactions contemplated thereby or hereby.

36. Treatment of Executory Contracts and Unexpired Leases. Pursuant to Article V of the Plan, as of and subject to the occurrence of the Effective Date and the payment of any applicable Cure amount then due, all executory contracts and unexpired leases to which any Debtor is a party, and which have not expired by their own terms on or prior to the Effective Date, shall be deemed assumed except for any executory contract or unexpired lease that (a) previously has been assumed or rejected pursuant to a Final Order of the Bankruptcy Court, or (b) is identified for rejection on the Rejected Executory Contract and Unexpired Lease List attached to the Plan Supplement. Subject to the occurrence of the Effective Date, entry of this Order by the Bankruptcy Court shall constitute approval of the assumptions provided for in the Plan pursuant to sections 365(a) and 1123 of the Bankruptcy Code and a determination by the Bankruptcy Court that the Reorganized Debtors have provided adequate assurance of future performance under such assumed executory contracts and unexpired leases. Each executory contract and unexpired lease assumed pursuant to the Plan shall vest in and be fully enforceable by the Reorganized Debtors in accordance with its terms, except as modified by the provision of the Plan, any order of the Bankruptcy Court authorizing and providing for its assumption or applicable law.

37. Exemption from Securities Laws. The offer, issuance and distribution of the Reorganization Interests contemplated by the Plan and associated documents and any and all agreements incorporated therein shall, as contemplated by Section IV.D.2 of the Plan, be exempt from registration under the Securities Act and any other applicable securities laws pursuant to section 1145 of the Bankruptcy Code and/or section 4(a)(2) and Regulation D of the Securities Act

of 1933, 15 U.S.C. §§ 77a-77aa, to the maximum extent permitted thereunder. FS Holdings and Fortior, as Proponents of the Plan, are affiliates of the Debtors participating in the Debtors' joint plan in accordance with section 1145(a)(1) of the Bankruptcy Code.

38. Exemption from Transfer Taxes. Pursuant to section 1146(c) of the Bankruptcy Code, none of (a) the issuance, transfer or exchange of any security under, in furtherance of, or in connection with, the Plan, (b) the delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including any deeds, bills of sale or assignments, or (c) the disposition and/or encumbrance of assets in connection with any transactions contemplated hereunder, shall be subject to any stamp, or other similar tax.

H. Professional Compensation

39. All Entities seeking an award by the Bankruptcy Court of Fee Claims shall file and serve on counsel to the Debtors, the U.S. Trustee, and counsel to the Senior Secured Lenders on or before the date that is thirty (30) days after the Effective Date, their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred from the Petition Date through the Effective Date. Objections to any Fee Claims must be filed and served on counsel to the Debtor, counsel to the Senior Secured Lenders, and the requesting party no later than fourteen (14) calendar days after the filing of the final applications for compensation or reimbursement (unless otherwise agreed by the party requesting compensation of a Fee Claim). Subject to the terms of the Plan, all Allowed Fee Claims shall be paid in full, in Cash, in such amounts as are Allowed by the Bankruptcy Court (i) on the date upon which an order approving such Fee Claim becomes a Final Order, or as soon as reasonably practicable thereafter, or as otherwise ordered by the Court, or (ii) upon such other terms as may be mutually agreed upon between the holder of such an Allowed Fee Claim and the Debtors or the Reorganized Debtors, as applicable. The Reorganized Debtors are authorized to pay compensation for services rendered or reimbursement of expenses incurred after the Effective Date in the ordinary course and without the need for Bankruptcy Court approval.

I. Discharge of the Debtors

40. Upon the Effective Date, the Plan shall be binding on the Debtors, all creditors of the Debtors and all holders of interests in the Debtors as provided under section 1141 of the Bankruptcy Code and the Debtors shall be discharged in accordance with section 1141 of the Bankruptcy Code. Notwithstanding anything to the contrary in the Plan or this Order, any Priority Non-Tax Claims, Other Secured Claim, or General Unsecured Claim that has not been resolved or paid by the Debtor in the ordinary course, including paid in such amount as may be agreed by the holder of such Claim and the Debtors, as of the date of this Order, shall not be discharged and shall be liquidated and paid in the ordinary course pursuant to the Plan, subject to all defenses or disputes the Debtors or Reorganized Debtors may have with respect to such Claims, which shall be retained by the Reorganized Debtors.

J. Release and Exculpation Provisions

40. All injunctions, releases, and exculpation provisions set forth in the Plan are approved and shall be effective and binding on all persons and entities, to the extent provided therein, and as if fully set forth herein.

K. Retention of Causes of Action/Reservation of Rights

41. Except as otherwise provided in the Plan, nothing contained in the Plan or the Confirmation Order shall be deemed to be a waiver or relinquishment of any rights, Claims, Causes of Action, rights of setoff or recoupment, or other legal or equitable defenses that the Debtors had immediately prior to the Effective Date on behalf of the Estates or themselves in accordance with any provision of the Bankruptcy Code or any applicable nonbankruptcy law, other than the Released Parties. The Reorganized Debtors shall have, retain, reserve, and be entitled to assert all such Claims, Causes of Action, rights of setoff or recoupment, and other legal or equitable defenses as fully as if these Chapter 11 Cases had not been commenced, and all of the Debtors' legal and equitable rights in respect of any Unimpaired Claim may be asserted after the Confirmation Date and Effective Date to the same extent as if these Chapter 11 Cases had not been commenced.

Notwithstanding the foregoing, the Debtors and the Reorganized Debtors shall not retain any Claims or Causes of Action released pursuant to the Plan against the Released Parties.

L. Reversal/Stay/Modification/Vacatur of Confirmation Order

42. Except as otherwise provided in this Order, if any or all of the provisions of this Order are hereafter reversed, modified, vacated, or stayed by subsequent order of this Bankruptcy Court, or any other court, such reversal, stay, modification or vacatur shall not affect the validity or enforceability of any act, obligation, indebtedness, liability, priority, or lien incurred or undertaken by the Debtors or the Reorganized Debtors, as applicable, prior to the effective date of such reversal, stay, modification, or vacatur. Notwithstanding any such reversal, stay, modification, or vacatur of this Order, any such act or obligation incurred or undertaken pursuant to, or in reliance on, this Order prior to the effective date of such reversal, stay, modification, or vacatur shall be governed in all respects by the provisions of this Order and the Plan or any amendments or modifications thereto.

M. Inconsistency

43. In the event of any inconsistency between the Plan (including the Plan Supplement) and this Confirmation Order, this Order shall govern. To the extent any provisions of any final Plan Supplement document may conflict or be inconsistent with any provision in the Plan, the terms of the final Plan Supplement document shall govern and be binding and exclusive.

N. Severability

44. Each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is (a) valid and enforceable in accordance with its terms; (b) integral to the Plan and may not be deleted or modified; and (c) nonseverable and mutually dependent.

O. Governmental Approvals Not Required

45. Without limiting any other part of this Order, this Order shall constitute all approvals and consents required, if any, by the laws, rules, or regulations of any state or other governmental authority with respect to the implementation or consummation of the Plan and

Disclosure Statement, any documents, instruments, or agreements, and any amendments or modifications thereto, and any other acts referred to in, or contemplated by, the Plan and the Disclosure Statement.

P. Notice of Effective Date

46. On the Effective Date, the Debtor shall file a notice of the occurrence of the Effective Date (“*Notice of Effective Date*”) with the Bankruptcy Court. As soon as practicable after the occurrence of the Effective Date, the Reorganized Debtors shall serve the Notice of Effective Date on all holders of Claims and Interests, the U.S. Trustee, the Senior Secured Lenders, the SEC, the ODFR, the IRS, the ODR, and other parties in interest, by causing the Notice of Effective Date to be delivered to such parties by first-class mail. The Reorganized Debtors shall also post the Notice of Effective Date on the case website at <https://www.perkinscoie.com/en/advance-sciencetechnologies-inc-and-fs-ip-llc.html>.

Q. Notice of Entry of Confirmation Order and Effective Date

47. On or before the fourteenth (14th) day following the date of entry of this Order, the Debtor shall serve notice of entry of this Order (which may be combined with the Notice of the Effective Date) pursuant to Bankruptcy Rules 2002(f)(7), 2002(k), and 3020(c) on all known creditors and interest holders, the U.S. Trustee, [the SEC, the IRS,] the Senior Secured Lenders, and other parties in interest, by causing notice of entry of this Order (the “*Notice of Confirmation*”), to be delivered to such parties by first-class mail, postage prepaid. The Debtors shall also post the Notice of Confirmation on the case website at <https://www.perkinscoie.com/en/advance-sciencetechnologies-inc-and-fs-ip-llc.html>. The notice described herein is adequate under the circumstances, and no other or further notice is necessary.

R. No Waiver

48. The failure to specifically include any particular provision of the Plan in this Order will not diminish the effectiveness of such provision nor constitute a waiver thereof, it being the intent of this Bankruptcy Court that the Plan is confirmed in its entirety and incorporated herein by this reference.

S. No Stay of Confirmation: Bankruptcy Rule 3020(e)

49. The 14-day stay of this Confirmation Order set forth in Bankruptcy Rule 3020(e) is waived.

T. Closure of the Chapter 11 Case

50. As soon as practicable after the Effective Date, the Reorganized Debtors are authorized to submit an order to the Bankruptcy Court under certification of counsel, in form and substance acceptable to the U.S. Trustee, that closes and issues a final decree for these Chapter 11 Cases.

Dated: February 6, 2018
New York, New York

/s/ *Stuart M. Bernstein*
STUART M. BERNSTEIN
United States Bankruptcy Judge