

## CONFIDENTIAL BUSINESS RECORD

### LOWER BRULE CORPORATION REPORT THROUGH THE WEEK OF JUNE 16, 2006

Heretofore, Fairplains, LLC, as the exclusive manager of LBC, has made numerous oral reports by telephone and at corporation board meetings. At the request of the board on April 4, 2006 Fairplains will also submit more frequent reports when it is feasible time wise. Because Fairplains is in the midst of closing the acquisition of Action Target, Inc. there may be times when it is simply not possible to do so.

#### I. BACKGROUND CHRONOLOGY AND UPDATE

<u>Date</u>	<u>event</u>
05-01-05	Dennis Ickes described in general to Boyd Gourneau the Fairplains concept for using the Tribe's section 17 corporation to raise financing from the investing public to acquire successful companies whose income can be partially used to support tribal needs.
05-14-05?	Dennis Ickes described to Chairman Jandreau the Fairplains concept.
06-30-05	Chairman LBST requested Fairplains to investigate how Fairplains concept may help LBST to become economically self-sufficient
07-22-05	Fairplains presented its section 17 concept to the LBST council and proposed to become manager.
09-07-05	LBST Council activated Lower Brule Corporation as section 17 corporation and selected Fairplains as its exclusive manager.
10-04-05	Action Target, Inc. states it is interested in investigating the possibility of being acquired by LBC.
09-07-05	Appointed Fairplains, LLC as exclusive manger of LBC
12-15-05	LBC board adopted mission statement, approved letter of intent to Action Target, Inc., authorized negotiations with Wells Fargo Securities, LLC as investment banker advisor, authorized selection of major law firm, approved Tanner LC as auditors, approved Wells Fargo Bank as banker, authorized space and P.O. Box.
12-19-05	Fairplains submitted proposed letter of intent for LBC to acquire ATI.
01-24-06	Letter of Intent signed by ATI and by Fairplains subject to ratification by LBC.
01-25-06	LBC board ratified the letter of intent between it and ATI, adopted the code of business ethics, adopted a business statement, approved an acquisition criteria,
02-03-06	Fairplains met with BIA Regional director and staff re LBC acquisition of ATI and requested expedited review of transaction. Provided extensive information in support of request.
02-14-06	LBC enacted Resolution 06-001 requesting the Secretary of the Interior to review those portions of the ATI letter of intent as required under the LBC corporate charter.
02-17-06	Wells Fargo Securities engaged as investment banker for LBC.

- Feb. to present Fairplains and ATI have actively pursued due diligence with the intent to close the purchase as soon as possible. A secure web site was established at [www.lowerbrulecorp.com](http://www.lowerbrulecorp.com) to post confidential information about ATI so that the investment banker, prospective investors, and LBC are able to view such information most efficiently
- 03-09-06 IRS issued an employee identification number for LBC.
- 03-28-06 Fairplains requested ATI to have its key employees execute non-compete agreements.
- 03-29-06 Fairplains notes to ATI that the lack of a DOI solicitor advisory memorandum to the BIA and the lack of the ATI 2005 audit will likely require the closing date to be extended at least another 30 days.
- 04-04-06 LBC met with Fairplains to receive status report concerning the closing of ATI acquisition and consider future companies of interest for acquisition, to obtain key to P.O. Box, to review office space at room 207 of administration building presently used for copier equipment, and other matters.
- 04-04-06 Fairplains met with Personal Group, Inc.'s president and vice-president concerning a potential acquisition.
- 04-14-06 Great Plains Region of the BIA orally advised Fairplains that the Department of the Interior field solicitor indicates that the transaction with Action Target, Inc. is a permissible transaction that must be reviewed as to waiver of sovereign immunity and any expenditure over \$5,000 must be approved by the BIA. A letter to the Tribe will be sent late in the week of April 17.
- 04-14-06 Action Target, Inc. reported an opportunity to acquire ATA Defense Systems, a Tennessee company whose products complement ATI products. ATI believes that the acquisition for \$1.5 million will enhance ATI's channel to the US military. ATI plans to proceed with the acquisition.
- 04-16-06 A Southern California nurseryman inquired of Fairplains whether LBC would have an interest in ornamental agriculture there. Dennis Ickes advised the person that LBC is interested in agriculture and that he ought to present a specific proposal along with projected financials.
- 04-17-06 ATI reported that it will have to restate its earnings for 2004 in light of an error found during the 2005 audit. Fairplains is gathering information to determine the impact, if any, upon the purchase price described in the Letter of Intent.
- 04-17-06 Shain Heiss of Lakota Foods and Dennis Ickes of Fairplains discussed whether Lakota Foods would be best situated as a section 17 corporation in light of its sales and marketing occurring outside the reservation.
- 04-17-06 Fairplains sends letter to ATI showing how Fairplains derived the value LBC attributed to ATI, to state LBC's intent to determine impact of the restated 2004 earnings, to continue moving toward a closing so long as the economics of the deal justified it, the acquisition of ATA will be considered as part of ATI's value.

- 04-19-06 Dennis Ickes advised Personal Group that Fairplains/LBC is interested in discussing further the possibility of acquiring PG. Ickes requested preliminary information from PG.
- 04-20-06 ATI signed a purchase contract with ATA Defense Industries of Camden, TN to acquire its assets/stock. ATA manufactures target and training systems for the US Military and their allies that complements ATI.
- 04-25-06 Phase I environmental site assessment concludes that the ATI site has no evidence of recognized environmental conditions but decade-old uses may be worth further review.
- 04-27-06 Dennis Ickes and Chairman Jandreau met with Regional BIA officials in Sioux Falls about the field solicitor's views on the ATI transaction. BIA officials noted several issues needing resolution.
- 04-27-06 Dennis Ickes and Chairman Jandreau met with Personal Group to discuss information needed for Fairplains to evaluate how LBC may make Personal Group a subsidiary of LBC.
- 04-27-06 Lakota Foods commenced dialogue with Fairplains about becoming a subsidiary of LBC so that LF could protect itself from federal income taxation and certain other liabilities when it made sales and otherwise conducted business activities off-reservation.
- 05-04-06 Chairman Jandreau faxed Tribe's and LBC's views about the solicitor's issues to BIA.
- 05-04-06 Dennis Ickes prepared LBC response for Chairman Jandreau to send to the IRS re LBC non-taxable status as Section 17 corporation.
- 05-11-06 Regional director of the BIA requested the field solicitor to review Chairman Jandreau's response to BIA's questions. BIA stated, "In keeping with the Great Plains Region's philosophy of encouraging economic opportunity for all Tribes within the Region, we believe that this is a very lucrative opportunity for the tribes to establish a unique and profitable economic enterprise with no risk to the Tribe's landholdings, or their sovereign status."
- 05-13-06 Fairplains' members approved waiving any claim to compensation that it would otherwise have with regard to Lakota Foods, if Lakota Foods is organized under Section 17 of the IRA, and if LBC et al. also waive their claim to services by Fairplains.
- 05-15-06 ATI audit for 2005 is completed and audit for 2004 is restated. Audit met expectations.
- 05-20-06 BIA Great Plains Regional Office advised Fairplains that the solicitor had no further comment on the transaction. BIA authorized Fairplains to proceed to a definitive agreement with LBC.
- 05-22-06 In response to the recent statements of the BIA, Wells Fargo Securities has reported they have re-commence full-time investment banking activities to complete the ATI financing.
- 05-24-06 Wells Fargo Bank executives toured the ATI on May 24<sup>th</sup> with Fairplains management and ATI management and viewed ATI operations, and also reviewed the 2005 Audited Financials with the CFO of ATI with the aim

of providing the debt financing on the real estate and other financing requirements for the transaction.

- 05-26-06 Lakota Foods requests that it become a wholly owned subsidiary of LBC upon certain terms and conditions.
- 06-01-06 Fairplains met with "O'Curran" executives, a prospective acquisition target. It also met with a prospective insurance agency acquisition target.
- 06-02-06 ATI advised Fairplains that its 2004 and 2005 audits would be restated. Fairplains had telephone conference call with a NY insurance agency representative concerning potential acquisition targets.
- 06-12-06 Fairplains met with insurance executives and with additional prospective investment bankers in Charlotte, NC.
- 06-09-06 ATI advised Fairplains that its auditors would submit the restated audits in mid-June.
- 06-14-06 Fairplains had telephone conference call with prospective purchaser of Lakota popcorn products.
- 06-16-06 Wells Fargo Securities, LLC submitted a draft Offering Memorandum subject to the restated audits for 2004 and 2005. Fairplains commenced discussions with former Northrop Grumman executives about potential federal supply contracts.