

Update Regarding Payments for the Wind Down Retention Plan

On February 7, 2020 the Board approved the Plan of Liquidation, which accelerated the vesting of a significant portion of the Company’s outstanding equity awards pursuant to provisions in the Wind Down Retention Plan. The Wind Down Retention Plan further provides for equitable adjustments to outstanding stock options held by participants to ensure such participants realize the same benefits provided to stockholders in the event one or more cash or other distributions become payable to stockholders. Consistent with the existing terms of the Equity Plan, in the event one or more cash or other distributions are paid to stockholders, the exercise price of outstanding stock options will be reduced on a dollar-for-dollar basis to reflect the per share value of such distributions. In the event that the Company declares cash or other distributions that, in the aggregate, exceed the difference between the exercise price of an outstanding stock option and the par value of the underlying shares (\$0.01), the holder of such stock option will be entitled to receive from the Company a cash payment in an amount equal to the number of shares subject to such stock option multiplied by the per share amount of the cash or other distribution that exceeds the difference between exercise price of the outstanding option and the par value of the underlying shares (a “true-up payment”). A true-up payment is also paid with respect to a post-dissolution cash or other distributions with respect to a stock option that was not exercised prior to dissolution in the same fashion as provided above. True-up payments are to be made on the same date that cash or other distributions are paid or made to the Company’s stockholders.

There were 11,141,051 stock options outstanding at the time the Company filed for dissolution. At June 30, 2024 there were 6,535,073 options that had met the exercise price and are eligible to participate in any future distributions on a dollar-for-dollar basis and there are 4,605,978 options still subject to the true-up payments referenced previously. The table below provides the current exercise price of the options outstanding at the time the Company filed for dissolution:

Adjusted Exercise Price	Options Outstanding
\$ -	6,535,073
\$ 0.02	344,675
\$ 0.05	3,667,948
\$ 0.54	593,355
	11,141,051