

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF MASSACHUSETTS**

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IN RE:)	
)	
INDUSTRIAL HEATING TREATING, INC.)	Chapter 11
)	Case No. 14-10945-JNF
DEBTOR)	
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**AMENDED DISCLOSURE STATEMENT IN CONNECTION WITH
DEBTOR'S AMENDED LIQUIDATING PLAN PURSUANT TO
CHAPTER 11 OF THE BANKRUPTCY CODE**

I. INTRODUCTION

This Amended Disclosure Statement (hereafter "Disclosure Statement") is submitted in connection with the Debtor, Industrial Heat Treating, Inc. (hereafter "Industrial" or "Debtor"). The Disclosure Statement contains a description of (1) the Debtor (2) the operation of the business until the sale of the operating company and thereafter, the sale of the Debtors real estate (collectively the "Assets"); and (3) the results of the sale of the Assets and the terms of the treatment of creditor claims under the Amended Liquidating Plan (hereafter "Plan") filed simultaneously hereto.

On March 10, 2014, (the "Petition Date"), the Debtor filed a voluntary petition for relief under Title 11, United States Code, known as the Bankruptcy Code (the "Code"). The Chapter 11 case is pending in the United States Bankruptcy Court for the District of Massachusetts in Boston Massachusetts (the "Court"). During the case, the Debtor operated as a Debtor-in-Possession under the provisions of 11 U.S.C. §§ 1107 and 1108.

On July 24, 2015, the Debtor filed its first Disclosure Statement in connection with its Plan of Liquidation [Doc. No. 91]. Since that time, the Debtor concluded the sales contemplated in the initial disclosures. This Disclosure Statement is submitted in conjunction with the Amended Liquidating Plan (the Debtor filed its first Plan on July 27, 2015 in connection with the Disclosure Statement [Doc. No. 94]. The Debtor submits this Disclosure Statement in accordance with the requirements of 11 U.S.C. § 1125. Its purpose is to provide a summary of the Plan proposed by the Debtor together with sufficient information so that upon reading its contents you may make an informed decision whether to accept or reject the Plan submitted in the proceeding.

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES

OF THE PLAN. ALL CREDITORS AND HOLDERS OF EQUITY INTERESTS SHOULD READ THIS DISCLOSURE STATEMENT AND ALL EXHIBITS HERETO, INCLUDING THE PLAN, BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ANNEXED TO THE DISCLOSURE STATEMENT AND THE PLAN.

II. DEFINITIONS

Some terms and phrases used throughout this Disclosure Statement are shorthand expressions having longer meanings. In the interest of making this Disclosure Statement more easily read, the following terms will have their associated definitions:

a. Administrative Fund shall mean the sums available from the sale of the Assets to satisfy costs and expenses of administration of the Chapter 11 case by the Plan Administrator/ Disbursing Agent including, without limitation, any actual, necessary costs and expenses of preserving or adjudicating claims asserted against the Debtor's estate, and all allowances of compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under 11 U.S.C. § 330 and that is entitled to priority under 11 U.S.C. § 507(a).

b. Administrative Expense Claim shall mean the costs and expenses of administration of the Chapter 11 case as allowed under 11 U.S.C. §§ 503(b), 507((a)(2) or 507(b) of the Code, including, without limitation, any actual, necessary costs and expenses of preserving or operating the Debtor's estate, and all allowances of compensation and reimbursement of expenses to the extent allowed by the Bankruptcy Court under 11 U.S.C. § 330 and that is entitled to priority under 11 U.S.C. § 507(a), other than professional fees.

c. Allowed Claim shall mean any Claim proof of which was filed on or before the Bar Date, or that has been, or hereafter is, listed by Debtor as liquidated in amount and not disputed or contingent and, in either case, a Claim as to which no objection to the allowance thereof has been interposed within the applicable period of limitation fixed by the Bankruptcy Code or an order of the Court, or as to which any objection has been determined by an order or judgment that is no longer subject to appeal or certiorari proceeding, and as to which no appeal or certiorari proceeding is pending, after giving effect to any such order or judgment reducing or modifying such Claim.

d. Assets shall mean the sums available from the sale of the operating business of the Debtor and the real estate of the Debtor.

e. Bankruptcy Code shall mean Title 11 of the United States Code, as amended from time to time.

f. Bar Date shall mean May 16, 2014, the date fixed by an Order of the Bankruptcy Court that set the last day by which Persons asserting pre-petition Claims against the Debtor must file a proof of claim or interest or be forever barred from asserting a Claim against the Debtor or its property, from voting on the Plan and/or sharing in distributions under the Plan.

g. Claim shall mean (A) right to payment, whether or not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (B) right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured. § 101(5).

h. Claimant shall mean any Person having a Claim against the Debtor that arose on or before the Filing Date or a Claim against the Debtor's estate of a kind specified in Section 502(g), (h) or (i) of the Code.

e. Class shall mean those classes designated in the Plan.

f. Code means the United States Bankruptcy Code, Title 11 of the United States Code, as enacted in 1978, and as thereafter amended.

g. Collateral shall mean any property or interest in property of the Estate subject to a Lien to secure the payment or performance of a Claim, which Lien is not subject to avoidance under the Bankruptcy Code or otherwise invalid under the Bankruptcy Code or applicable law.

h. Confirmation Date shall mean the date on which the Debtor's proposed Amended Liquidating Plan is confirmed by order of the Bankruptcy Court. For purposes of Distribution hereunder the phrase "paid upon the Confirmation Date" shall mean on the Confirmation Date or within a reasonable period thereafter so as to allow the writing and mailing of dividend checks.

i. Contingent or Unliquidated Claim shall mean any Claim for which a proof of claim has been filed with the Bankruptcy Court but which was not filed in a sum certain, or for which the event that would give rise to such a liability or debt has not occurred and is dependent upon a future event that has not occurred or may never occur, and which has not been Allowed.

1. Court shall mean the United States Bankruptcy Court for the District of Massachusetts including the United States Bankruptcy Judge presiding therein.

m. Creditor shall mean holder of an Allowed Claim.

n. Creditors Fund shall mean the funds available for distribution to general unsecured creditors after satisfaction of the Allowed Administrative, Priority, Secured Claims and post-petition claims.

o. Disclosure Statement shall mean the Amended Disclosure Statement relating to the Amended Plan, including without limitation, all exhibits and supplements thereto, in the form approved by the Bankruptcy Court pursuant to 11 U.S.C. § 1125.

p. Distributions shall mean distributions of funds under the provisions of the Plan.

q. Effective Date shall mean the later of 30 days following the last day on which an appeal from an order of the Court may be taken under applicable law with regard to an order in connection with the allowance or disallowance of any claims to be paid including Administrative Claims. If an appeal from an order of the Court may be taken under applicable law and no such appeal has been taken or, if any appeal has been taken, the first business day following the date upon which all appeals have been exhausted, the distributions to the Class Three and Four claimants may be paid, whichever is later. For purposes of distributions hereunder the phrase "paid upon the Effective Date" shall mean on the Effective Date or within a reasonable period thereafter so as to allow the writing and mailing of dividend checks.

r. Euniewell LTD Limited Partnership shall mean the owner of certain real estate from whom the Debtor leased certain real estate to operate its heat treating business and which real estate was sold in conjunction with the sale of the Debtors real estate.

s. Exculpated Parties shall mean collectively, the Debtor, the Debtor's officers, directors and equity holder as of the Petition Date, and each of their respective representatives, and each of the foregoing in their individual capacity as such, and Euniewell LTD Limited Partnership, the General and Limited partners, and each of their respective representatives, and each of the foregoing in their individual capacity as such.

t. Executory Contract shall mean any pre-petition executory contract or unexpired leases of the Debtors within the meaning of Section 365 of the Bankruptcy Code.

u. Filing Date or Petition Date shall mean March 10, 2014, the date on which the Debtor filed its Petition.

v. Final Order shall mean an order, or decree of the Bankruptcy Court, which order shall not have been reversed, stayed, modified or amended and the time to appeal from the or to seek review or rehearing of such order shall have expired and which shall have become final in accordance with F.R.Bankr.P. 8002 and any applicable local procedural rule.

w. General Unsecured Claim shall mean a Claim that is: (a) not a Secured Claim, and (b) not entitled to priority of payment under Section 507 of the Bankruptcy Code and is not an insider as that term is defined by 11 U.S.C.101 (31)(B).

x. Impaired Claim. An Allowed Claim is impaired if the legal, equitable, or contractual rights attaching to the Allowed Claims of the class are modified, other than by curing defaults and reinstating maturity or by payment in full in cash.

y. Lien shall have the meaning set forth in 11 U.S.C. § 101(37) except that (a) a lien that has been avoided in accordance with §§ 544, 545, 546, 547, 548, 549 or 553 shall not constitute a Lien, and (b) no lien shall be valid unless approved by a Final Order of the Bankruptcy Court or by agreement of the Debtor.

z. Net Proceeds shall mean the proceeds of the sale of the operating business of the Debtor and the real estate owned by the Debtor (the "Assets"), less the aggregate amount of any secured claims and the costs and expenses of selling such Assets, including, without limitation, professional fees and expenses (e.g., real estate closing costs and other usual and ordinary recording and/or settlement charges necessary to close such sale).

aa. Plan shall mean the Amended Liquidating Plan either in its present form or as it may be altered, amended, modified or supplemented from time to time in accordance with the Bankruptcy Code, the Bankruptcy Rules or herewith, as the case maybe.

bb. Plan Administrator/Disbursing Agent shall mean Nina M. Parker, Esq. and Parker & Associates who shall administer the terms of the Plan and disburse the Plan Funds.

cc. Plan Funds shall mean the funds available for distribution under the Plan.

dd. Priority Claims shall mean any and all Claims entitled to priority under 11 U.S.C. §507(a).

ee. Secured Claim shall mean any Allowed Claim with respect to which a Security Interest is held in or against any property of the Debtor's estate, to the extent of the value of such Creditor's Interest in the estate's interest in such property. If the value of such creditor's interest is less than the amount of the Allowed Claim held by it, then such Creditor shall hold an Unsecured Claim for such deficiency amount.

ff. Unimpaired Creditor shall mean a Creditor whose interest is not materially and adversely affected by this Plan. In the event of controversy, the Court shall, after hearing and upon notice, determine whether any Creditor or class of Creditors is an Unimpaired Creditor.

III. OVERVIEW

At the time of the filing of the Chapter 11 proceeding, Industrial Heat Treating, Inc. (IHT) had been processing commercial heat treating in the New England area since 1942 as a family owned and operated business that reached customers throughout the United States. The processes which IHT performed and made available to customers included annealing, stress relieving, hardening and tempering, carburizing, induction hardening and the heat treating, annealing and stress relieving of aluminum. Industrial's industry base expanded to include automotive, aerospace and industrial hardware for the government and private sector. During this time, Industrial also handled heat treating components for computers, such that by the time the operating business was sold, it was involved in multiple areas for the manufacturing industry.

During the course of the proceedings, it was determined that the heat treating business would not be able to restructure without a significant insertion of working capital. As such, efforts commenced to locate a proposed buyer for the operating business. Once it was determined to sell the operating business, the Debtor determined that a sale of the real estate where the business operated would also be required in order to satisfy the claims of creditors. As the Debtor owned

only 64% of the real estate upon which the Debtor operated, the Debtor requested the owners of the remaining 36% of the real estate, Euniewell LTD Limited Partnership ("Euniewell") join in the sale of the commercial property known as 22- 26 Densmore Street and 31-39 Newbury Street, Quincy, Massachusetts (the "Commercial Property") as a combined sale would likely generate the maximum sale price for the respective owners.

Shortly after the determination to sell the heat treating business was made, the Debtor received an offer for the sale of the business as a going concern from one of the Debtor's largest customers. The Debtor filed a Motion to authorize the Debtor to enter into an Asset Purchase Agreement with D.W. Clark, Inc. and to authorize the sale of the Debtors personal property by private sale free and clear of liens, claims encumbrances, and interests. [Doc. No. 162]. The proposed purchaser did not make an offer to acquire the real estate. As such, the Debtor retained the services of a real estate broker to market the commercial real estate.¹ Through the efforts of the real estate broker, an offer for the purchase of the Commercial Property was received from EA Fish Development, LLC and Urban Edge Housing Corporation or nominee. The Debtor thereafter filed a Motion to Sell the Real Estate located at 22-26 Densmore Street, Quincy, MA and 31-39 Newbury Street, Quincy, MA Free and Clear of Liens, Claims and Encumbrances. [Doc. No. 154]. After Notices of the respective intended Sales were served, counteroffers were solicited and received.

After hearings upon the respective sale motions, the operating business was sold to the successful high bidder, John D. McCormack, Trustee of the Metal Works Realty Trust for the sale price of \$210,000.00. The closing upon the sale occurred, effective March 1, 2016, at which time, the sale price was paid and the sums utilized to satisfy the claim of Salem Five Cents Savings Bank, successor in interest of Stoneham Savings Bank (the "Salem Five") and allowed administrative claims. Approximately fourteen months later, on May 6, 2017, the sale of the Commercial Property was consummated and sold to the successful high bidder, John D. McCormack, Trustee of the Metal Works Realty Trust. The proceeds for the sale of the Debtors real estate were \$3,168,000.00. At the closing upon the sale, of the real estate of the Debtor, the secured claims of Salem Five were paid as well as the sums due to the Town of Quincy for real estate taxes and water and sewer obligations. The remaining sums (the "Net Proceeds") of the Debtor after payment of the secured claims and closing costs was \$587,675.00. From the Net Proceeds, the post-petition payables owed in the sum of \$123,720.16 exclusive of the post-petition rent owed to Euniewell in the sum of \$298,765.00.

The Debtors funds in the sum of \$463,954.84 are available for distribution under the Plan. The funds are held on account with counsel to the Debtor who shall serve as the Plan Administrator and Disbursing Agent. In addition to the sale proceeds generated by the sale of the Assets, the principal of the Debtor, Lynne Davis shall contribute the sum of \$400,000.00 as a new value contribution to satisfy the absolute priority rule and the sums shall be distributed as set forth below.

¹ Euniewell did not retain the service of a real estate broker.

This Disclosure Statement is submitted pursuant to 11 U.S.C. §1125 for the solicitation of votes for acceptance or rejection of the Plan filed concurrently. The Disclosure Statement contains only a summary of the Plan and is qualified in its entirety by the Plan. If there are any inconsistencies between the Plan (and any supplements to the Plan) and the descriptions in the Disclosure Statement, the terms of the Plan (and any supplements to the Plan) will control.

IV. THE PLAN

FOR A COMPLETE UNDERSTANDING OF THE PLAN, YOU SHOULD READ THE DISCLOSURE STATEMENT AND THE PLAN

The purpose of the Plan is to maximize the distributions with respect of the Allowed Claims. The Plan is premised on the Debtor's belief that Creditors will receive a greater percentage of their claims under this Plan than they would receive after conversion to a Chapter 7 proceeding as the Plan provides for a contribution by the Equity Security holder of new value, which contribution would not made in the event of a conversion. The Plan provides for the payment of Allowed Priority Claims, Administrative Expense Claims, and the Secured Claims of the Internal Revenue Service together with any outstanding post-petition payables in full on the Confirmation Date. The Allowed General Unsecured Claims shall receive payment of their allowed claims as scheduled or as set forth in a timely filed Proof of Claim upon the Effective Date as more fully described below.

The Plan divides the Claimants against the Debtor into six (6) classes. The classes and payments to be made are set forth below. The Bankruptcy Code provides that only impaired classes are required to vote on the Plan. The purpose of this Disclosure Statement is to advise holders of Claims and interests of their rights under the Plan; to assist Creditors entitled to vote in making informed decisions as to whether they should vote to accept or reject the Plan; and assist the Court in determining whether the Plan complies with the provisions of chapter 11 of the Bankruptcy Code and should be confirmed.

A. Inquiries. If you have any questions about the enclosures that you have received, please contact Nina M. Parker, Esq. Parker & Associates, 10 Converse Place, Winchester, MA 01890, 781-729-0005 during normal business hours or via email at nparker@ninaparker.com.

B. Bar Date. In order to determine the nature and extent of the claims to be addressed in this case, the Debtor sought and obtained a Court Order fixing May 16, 2014 as the date by which all holders of claims against the Debtor arising before the Filing Date whose claims were not scheduled by the Debtor, or who disagreed with the amount or nature of the claim as scheduled by the Debtor, must file their claim.

C. Retention of Claims, Rights and Causes of Action. All of the Debtor's rights, claims and causes of action not previously settled or expressly waived under the Plan are reserved.

V. TREATMENT UNDER THE PLAN

As Provided in 11 U.S.C. §1123(a)(1), Administrative Expense Claims and Priority Tax Claims are not classified for the purpose of voting or receiving distribution under the Plan. The Claims are treated as set forth below:

A. Payment of Administrative Claims of Professionals. Administrative Claims of Professionals will be paid in cash, in full, on the date they are allowed by an Order of the Bankruptcy Court. Administrative Claims include any post-petition fees and expenses allowed to professionals employed upon Court authority to render services to the Debtor during the course of the Chapter 11 cases.

In this case, the professionals employed by the Debtors are Nina M. Parker, Esquire and Parker & Associates, as counsel to the Debtor, Michael P. Murphy, special environmental counsel to the Debtor, Robert Coval, Certified Public Accountant to the Debtor and the Real Estate broker employed to procure a buyer for the Debtor of its real property (collectively, the "Professionals"). In order to be compensated, all Professionals will have to apply to the Court for compensation and they will be paid that amount which the Court allows.

The sums contemplated to be owed to Parker & Associates on the Confirmation Date is approximately \$40,000.00 - \$45,000.00 in addition to the sums paid during the course of the proceedings as approved in accordance with Applications for Compensation; the sums contemplated to be owed to Michael P. Murphy are approximately \$4,550.00; the sums estimated to be owed to Robert Coval are in the amount of approximately \$20,000.00 which sums are in addition to the sums paid during the course of the proceedings as approved in accordance with Applications for Compensation. The real estate broker employed by the Debtor to procure a buyer for the real estate owned by the Debtor did not introduce the buyer who was the purchaser of the real estate and there is no compensation due.

Notwithstanding any other provision of the Plan concerning Administrative Claims, any Professional seeking an award by the Bankruptcy Court of an Allowed Administrative Claim on account of professional fees incurred from the filing of the Disclosure Statement up to and including the Effective Date (1) shall, no later than fifteen (15) days after the Effective Date, file a final Application for allowance of compensation for services rendered and reimbursement of expenses incurred and (2) shall receive, as soon as reasonably practicable after such claim is allowed, in full settlement, satisfaction and release of, and in exchange for, such Allowed Administrative Claim, cash in an amount equal the Order relating to or allowing any such Administrative Claim.

Except as otherwise specifically provided in the Plan, from and after the day following the Effective Date, the Disbursing Agent shall, without any further notice to or action, order or approval of the Bankruptcy Court, pay from the Administrative Fund, the reasonable legal, professional or other fees and expenses of counsel to the Debtor who thereafter shall be employed as the Plan Administrator/Disbursing Agent for services rendered in connection with the implementation and consummation of the plan and the transactions contemplated herein. Upon the

Effective Date, any requirement that Professionals comply with 11 U.S.C. §§327 through 331 and §1103 in seeking retention or compensation for services rendered after the Effective Date shall terminate.

B. Payment of Tax Claims. Priority Tax Claims, as scheduled or as filed and allowed by the Court, of whatever kind or nature will be paid in full upon the Confirmation Date and in manners allowed as provided by 11 U.S.C. §1129 but not later than a five year period from the Petition Date together with interest on the outstanding balance as provided in Section 6621 of the Internal Revenue Code in accordance with applicable law. The Debtor has filed all pre-petition tax returns. The Debtor paid the post-petition tax obligations except as set forth below.

1. Priority claims of the Internal Revenue Service ("IRS"). As of the Petition Date, there were priority claims owed the IRS based upon the Amended Proof of Claim file on September 5, 2014. Thereafter, on May 10, 2017, the IRS provided updated information as to sums owed as a Priority claim through June 15, 2017 which is in the sum of \$145,468.55. The Claim shall be paid in full, with additional interest, if any, upon the Confirmation Date.

2. Priority claims of the Massachusetts Department of Revenue ("DOR"). The DOR filed a Proof of Claim on April 2, 2014 asserting a priority claim in the sum of \$57,486.02 which shall be paid in full upon entry on the Confirmation Date, with interest, if any.

3. Administrative claims of the Massachusetts Department of Revenue ("MDOR"). On May 5, 2017, the MDOR filed an Administrative Proof of Claim asserting a claim for post-petition taxes in the sum of \$34,018.34. The Administrative Proof of Claim was based upon an estimate of sums alleged to be owed for withholding taxes. The periods contained in the MDOR claim were not incurred as they represented periods after the Debtor had sold the operating company and ceased to have employees. Since that time, the Debtor filed all tax returns which reflect that there was no tax due was paid. As such, the claim is reduced to the sum of \$1,447.20 representing interest to the date of the Proof of Claim. In the event that the MDOR fails to amend its claim, the Debtor shall file an Objection to the Administrative Claim to reflect the actual sums owed upon the claim. The Allowed Claim will be paid in full in cash upon determination of the amount of the Allowed Claim.

4. Priority claims of the Massachusetts Department of Unemployment Assistance: ("DUA"). The DUA filed an Amended a Proof of Claim on April 2, 2014 asserting a priority claim in the sum of \$68,714.80. The DUA claim shall be paid in full upon entry of the order confirming the Plan.

5. Claims by the Town of Quincy for Real Estate Tax and Public Works: The Water and Sewer and Real Estate Tax claims owed by the Debtor at the time of the filing were paid during the course of the proceedings or upon the closing of the sale of the real estate owned by the Debtor. There are no sums due to the Town of Quincy. In the event that the Town of Quincy fails to withdraw its claim, the Debtor shall file an Objection to the Claim.

6. Income Taxes upon the sale of the Real Estate. The Debtor has no tax consequences from the sale.

C. Payment of Administrative Wage Claims. At the time of the filing, there was one pre-petition wage claimant alleged to be holding a claim in the sum of \$2,898.18. No Proof of Claim was filed by the wage claimant and the Debtor disputes payments are outstanding. In the event the claimant continues to assert the claim, the Debtor shall file an objection to the claim. The payment will be paid after a determination that the holder has an Allowed Claim.

D. Payment of Administrative Claims. Administrative claims consisting of post-petition accounts payables which accrued during the course of the proceedings have been or shall be paid from the proceeds of the sale of the Assets.

E. Payment of Fees of the United States Trustee. Administrative expenses shall include all quarterly fees owing to the U.S. Trustee through the filing of the Application for Final Decree. The Debtor is current upon its Quarterly Fee payments and the balance projected to be due upon Confirmation is the sum of \$15,000.00 which shall be paid to the U.S. Trustee upon the Effective Date of Confirmation. Pursuant to the provisions of 28 U.S.C. §1930 as amended by Pub.L.No. 104-99 (1996) the Debtor shall provide the United States Trustee with Post-Confirmation monthly operating reports and make quarterly payments of the United States Trustee's fees until the case is closed. The Debtor will be responsible for timely payment of fees incurred pursuant to 28 U.S.C. §1930(a)(6). Upon the Effective Date the Debtor will file an Application for Final Decree or, the Debtor will serve the United States Trustee with a monthly financial report for each month (or portion thereof) the case remains open. The Debtor shall pay all quarterly fees owing to the U.S. Trustee until the Chapter 11 proceeding is closed by the issuance of a Final Decree by the Court.

The monthly financial report shall include the following:

1. A statement of all disbursements made during the course of the month, whether or not pursuant to the plan;
2. A summary, by class, of amounts distributed or property transferred to each recipient under the plan, and an explanation of the failure to make any Distributions or property under the plan;
3. Debtor's projections as to its continuing ability to comply with the terms of the plan;
4. A description of any other factors which may materially affect the Debtor's ability to consummate the plan; and
5. An estimated date when an application for final decree will be filed with the Court (in the case of the final monthly report, the date the decree was filed).

F. Designation and Payment of Classes and Claims

Class One: Claims of the Salem Five Cents Savings Bank, successor in interest to Stoneham Savings Bank. The Salem Five Cents Savings Bank, successor in interest to the Stoneham Savings Bank ("Salem Five") was paid in full by the Debtor at the time of the closings upon the respective sales, first on the sale of the operating business and thereafter, on the sale of the real estate. In the event that the Salem Five fails to withdraw its claim, the Debtor shall file an Objection to the Claim. The Class One Claimant is unimpaired and conclusively deemed to have accepted the Plan.

Class Two: Claims of the Internal Revenue Service. Class Two consists of the Allowed secured claims of the Internal Revenue Service in the sum of \$202,498.17². The Class Two claim was secured by the Assets of the Debtor upon the filing of a tax lien and the liens attached to the proceeds at the time of the respective sales. The Class Two claimant shall be paid in full with interest as prescribed by Section 6621 of the Internal Revenue Code and in manners allowed as provided by 11 U.S.C. §1129 upon the Confirmation Date or as soon as practicable after the Confirmation Date but not later than a five year period from the Petition Date. The Class Two Tax Claimant shall receive, in full and final satisfaction of such Claim the full payment in cash of its Allowed Claim in a manner that leaves such Claim unimpaired. The Class Two Claimant is unimpaired and deemed to have accepted the Plan.

Class Three: Claims of Metro Media Energy, Inc. Class Three consists of the Claim of Metro Media Energy, Inc. arising from a Judgment after which an Execution issued. The Proof of Claim is in the sum of \$26,710.89. The Execution was not perfected by a recording with the Norfolk Registry of Deeds. As such, the Class Three claimant is not a secured creditor and shall be treated in accordance with Class Four. The Class Three creditor is impaired.

Class Four: Claims of General Unsecured Claims. Class Four consists of all Unsecured Claims, as scheduled or as filed and allowed by the Court, against the Debtor of whatever kind or nature which are not included in any other Class hereof, aggregate the sum of \$439,891.70 including the unsecured claims of the Internal Revenue Service in the sum of \$33,085.76 and the Massachusetts Department of Revenue in the sum of \$9,105.24. The Class Three claim of Metro Media Energy, Inc. in the sum of \$26,710.89 increases the Class Four claim amounts to \$466,660.59.

The Class Four claimants holding Allowed General Unsecured Claim shall be paid a onetime dividend distribution, in the pro rata percentage of their Allowed Claim from sums in the Creditors Fund on the Effective Date. The determination of the actual percentage of the dividend to be distributed is dependent upon a final determination of the sums to be distributed on account of the obligations holding priority as defined by the Bankruptcy Code. The Class Three and Four claimants shall share pro rata in the Creditors Fund which shall consist of the net funds remaining after satisfaction of the Allowed Claims of holders of Administrative, Priority and Secured claims.

² The payoff was valid through June 15, 2017

It is anticipated that the sums available to be distributed to the Class Four claimants, pro rata is approximately \$280,600.00 and would represent a dividend of approximately 60% of the respective Allowed Class Four Claims. The Class Four Claimants are impaired.

Class Five: Euniewell LTD Limited Partnership. Class Five consists of the claims of Euniewell LTD Limited Partnership, the landlord of the Debtor. The sums due to the Class Five Claimant prior to the filing of the Petition were in the amount of \$154,856.00. The Class Five claimant shall receive no payment on the rental obligations owed by the Debtor for either the pre-petition or post-petition claims. The Class Five claimant is impaired.

Class Six: Equity Interests. Class Six consists of the Equity Interest holder of Industrial Heat Treating, Inc. If the company were converted to a Chapter 7, the Equity Interest holder would receive nothing and as such, the equity interests have no present value. In order to satisfy the absolute priority rule, the principal will contribute new value in the sum of \$400,000.00 to retain her equity interest in the Debtor.

G. Treatment of Executory Contracts and Unexpired Leases

The Debtor is not a party to any executory contracts and as such, the Plan does not contemplate the assumption of any executory contracts. To the extent that there are any executory contracts, they shall be deemed rejected upon confirmation of the Plan.

H. Means for Implementation and Distribution Under the Plan

The proceeds of the sale of the Debtors real estate and the sums available for distribution under the Plan are follows:

Sale Price	\$ 3,168,000.00
Settlement Charges	(\$ 14,721.00)
Payoff Salem Five	(\$ 2,556,813.00)
Payoff Town of Quincy	(\$ 49,514.00)
Real Estate Reimbursement paid by Buyer	<u>\$ 40,723.00</u>
Net Proceeds	\$ 587,675.00
Post-Petition Payables	(\$ 123,720.00)
Net Sale Proceeds Available for Plan Fund	\$ 463,955.00
Additional Funds on Account	<u>\$ 18,220.00³</u>
Sums Available for Distribution under Plan	\$ 482,175.00

³ Sums remaining after sale of operating business and extension payment by Buyer.

Distributions under Plan

Administrative Expenses – Professionals (estimated)	(\$ 65,000.00)
Administrative Fund (estimated)	(\$ 20,000.00)
United States Trustee	(\$ 15,000.00)
Post-Petition Wage/Draw	(\$ 8,061.00)
Priority Tax/Wage Claims ⁴	
IRS	(\$ 145,468.00)
DOR	(\$ 57,486.00)
MDOR	(\$ 1,447.00)
DUA	(\$ 68,715.00)
Interest Reserve (estimated)	(\$ 15,000.00)
Wage	(\$ 2,899.00)
Available for Distribution to Class Claimants	\$ 83,099.00
Contribution of cash by Equity Holder	\$ 400,000.00
Plan Funds	\$ 483,099.00
Class 2: IRS ⁵	(\$ 202,499.00)
Creditors Fund ⁶	\$ 280,600.00

Counsel to the Debtor is holding the funds in an IOLTA account and shall serve as the Disbursing Agent upon confirmation of the Plan.

I. Provisions of Disputed Claims

The Debtor may object to the allowance of any Claims within 45 days of the Confirmation Date by filing an objection with the Bankruptcy Court and serving a copy thereof on the holder of the Claim in which event the Claim objected to will be treated as a Disputed Claim under the Plan. If and when a Disputed Claim is finally resolved by allowance of the Claim in whole or in part, the Debtor will make any payments in respect of such Allowed Claim in accordance with the Plan.

VI. INFORMATION PERTAINING TO THE DEBTOR

A. Officers and Shareholders and Compensation

Lynne Davis is the President and sole shareholder of the Debtor. During the period when the Debtor was an operating company, her compensation was Sixty One Thousand Dollars (\$61,000.00) per year. Since the sale of the heat treating business, Ms. Davis continued to be responsible for the administration of the Chapter 11 proceeding, the operation of the Commercial Real Estate and bringing the proceeding to conclusion. The compensation to Ms. Davis was

⁴ Claims are subject to accrued interest. This is the reserve for same. Any unused sum shall become a part of the Creditors Fund.

⁵ See Footnote 4.

⁶ Distributions subject to sums for Allowed Administrative, Priority and Secured Claims with interest together with payment of the costs of Plan Administrator/Disbursing Agent.

reduced to the sum of \$24,336.00 commencing March 1, 2016 upon the sale of the operating business.

VII. VOTING AND CONFIRMATION

A. General Requirements

In order to confirm a Plan, the Code requires that the Bankruptcy Court make a series of determinations concerning the Plan, including that: (1) the Plan has classified Claims in a permissible manner; (2) the Plan complies with the technical requirements of Chapter 11 of the Code; (3) the proponent of the Plan has proposed the Plan in good faith; (4) the disclosures concerning the Plan as required by Chapter 11 of the Code have been adequate and have included information concerning all payments made or promised by the Debtor in connection with the Plan; (5) the Plan has been accepted by the requisite vote of creditors, except, as explained below, to the extent that "cramdown" is available under Section 1129(b) of the Code; (6) the Plan is "feasible" (that is, there is a reasonable prospect that the Debtor will be able to perform its obligations under the Plan and continue to operate its business without further financial reorganization, except if the Plan contemplates a liquidation of the Debtor's assets); and (7) the Plan is in the "best interests" of all creditors (that is, that creditors will receive at least as much under the Plan as they would receive in a Chapter 7 liquidation). To confirm the Plan, the Bankruptcy Court must find that all of these conditions are met. Thus, even if the creditors of the Debtor accept the Plan by the requisite number of votes, the Bankruptcy Court must make independent findings respecting the Plan's feasibility and whether it is in the best interests of the Debtor's creditors before it may confirm the Plan. The Debtor believes that the Plan fulfills all of the statutory conditions of Section 1129 of the Code. The statutory conditions to confirmation are more fully discussed immediately below.

B. Classification of Claims and Interest

The Code requires that a Plan place each creditor's claim in a class with other claims which are "substantially similar." The Debtor believes that the Plan meets the classification requirements of the Code.

C. Voting

As a condition to Confirmation, the Code requires that each impaired class of claims accept the Plan. The 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, but for that purpose the only ballots counted are those of the creditors who are allowed to vote and who actually vote to accept or to reject the Plan. Persons who are considered "insiders," as that term is defined in Section 101 of the Code, may vote, but its vote is not counted in determining acceptance of the Plan.

Classes of claims that are not "impaired" under the Plan are deemed to have accepted the Plan. Acceptances of the Plan are being solicited only from those persons who hold Allowed Secured and Unsecured Claims that are impaired under the Plan. An Allowed Claim is "impaired" if the legal, equitable, or contractual rights attaching to the Allowed Claims of the class are modified, other than by curing defaults and reinstating maturity or by payment in full in cash. A claim to which an objection is filed is not an Allowed Claim. However, the Court may allow such a claim for purposes of voting on the Plan. If you have not received an objection to your claim prior to Confirmation of the Plan and you have received a ballot for purposes of voting on the Plan, then most likely your claim is an Allowed Claim. If you have a question, you should consult your own attorney.

Only holders of Allowed Claims or Interests in an impaired Class of Claims or Interest are entitled to vote to accept or reject the Plan as provided for in herein. A Claimant holding a Disputed Claim (whether subject of a motion to expunge, reduce, adjust or re-classify such Claim, or otherwise) shall have the right to vote on the Plan only to the extent: (i) any portion of such Claim is reflected on the Debtor's books and records as undisputed as to amount and classification (but only in the amount and in the priority reflected in Debtor's books and records); (ii) the Debtor and such Claimant stipulate in writing to allow such Claimant to vote some or all of its Claim; or (iii) the Bankruptcy Court so orders, upon motion noticed to the Debtor and such Claimant.

D. Best Interest of Creditors

Notwithstanding acceptance of the Plan by creditors of each class, in order to confirm the Plan the Bankruptcy Court must independently determine that the Plan is in the best interests of all classes of creditors impaired by the Plan. The "best interests" test requires that the Bankruptcy Court find that the Plan provides to each member of each impaired class of claims a recovery which has a value at least equal to the value of the distribution which each such creditor would receive if the Debtor was converted to a case under Chapter 7 of the Code. Please see the discussion below.

E. Confirmation without Acceptance by All Impaired Classes

Even if a Plan is not accepted by all impaired classes, it may still be confirmed. The Code contains provisions for confirmation of a plan where at least one impaired class of claims has accepted it. These "cramdown" provisions are set forth in Section 1129(b) of the Code.

A plan may be confirmed under the cram-down provisions if, in addition to satisfying the usual requirements of 11 U.S.C. § 1129 of the Code, it (i) "does not discriminate unfairly" and (ii) "is fair and equitable," with respect to each class of claims that is impaired under, and has not accepted, the plan. As used by the Code, the phrases "discriminate unfairly" and "fair and equitable" have narrow and specific meanings unique to bankruptcy law.

The requirement that a plan not "discriminate unfairly" means that a dissenting class must be treated equally with respect to other classes of equal rank. The Debtor believes that its Plan does not "discriminate unfairly" with respect to any class of Claims.

The "fair and equitable" standard differs according to the type of claim to which it is applied. In the case of secured creditors, the standard is met if the secured creditor retains its lien and is paid the present value of its interest in the property which secures the secured creditor's claim. With respect to unsecured creditors, the standard is met if the unsecured creditor receives payment in the full amount of its claim or, in the event that it receives less than the full amount of its claim, no junior class receives or retains any interest in property of the debtor. The standard as applicable to unsecured creditors is also known as the "absolute priority rule."

VIII. LIQUIDATION UPON CONVERSION TO CHAPTER 7

The Assets of the Debtor have been fully liquidated and the proceeds are held by counsel to the Debtor. As such, the Bankruptcy Court must only determine that the aggregate dollar amount that will be distributed by the Debtor is greater under the Chapter 11 than would be available if the case were converted to a Chapter 7 case under the Code whereafter, the remaining proceeds after administration by the Chapter 7 Trustee would be distributed. The Debtor believes that there would be no distribution available to general unsecured creditors as there would be no contribution of new value by the equity interest holder. Furthermore, the costs of administration under Chapter 7 would include the compensation of the Chapter 7 Trustee, as well as of counsel to the Chapter 7 Trustee and of other professionals who might be retained by the Trustee; all unpaid Priority and Administrative expenses incurred by Debtor during the Chapter 11 case (such as compensation for attorneys, certified public accountant, taxes and the United States Trustee) when allowed. The distributions available under the proposed Chapter 11 Liquidating Plan when compared with the distribution in the event of a conversion make it clear that confirmation of the Plan is in the best interests of each creditor. The Debtor believes that not only would conversion to a case under chapter 7 result in no distribution to the holders of General Unsecured Claims, the delays in administration would significantly delay distributions to Administrative, Priority and Secured creditors. If conversion to a chapter 7 were to occur, unsecured creditors will receive no distribution as can be seen by the below:

Sums Available for Distribution under Plan	\$482,164.84
Administrative Fees and Expenses Chapter 7 (estimated)	(\$ 50,000.00)
Administrative Expenses-Professionals (Chapter 11 (estimated)	(\$ 65,000.00)
United States Trustee	(\$ 15,000.00)
Post-Petition Payables	(\$ 8,061.00)
Priority Tax/Wage Claims ⁶	
IRS	(\$145,468.00)
DOR	(\$ 57,486.00)
MDOR	(\$ 1,447.00)
DUA	(\$ 68,715.00)
Interest Reserve (estimated)	(\$ 15,000.00)
Wage	(\$ 2,899.00)
Sums Available for Distribution to Class Claimants	\$ 153,099.00
 Class Two (Secured Claim IRS)	 (\$202,499.00)
	(49,400.00)
 Creditors Fund: Sums Available for Class Three/Four (General Unsecured Claims)	 \$ 0.00

The unsecured creditors would receive no dividend in the event of a conversion of the Debtor to a Chapter 7. The Debtor believes that the Plan is in the best interests of all creditors.

IX. FEDERAL INCOME TAX CONSEQUENCES

Implementation of the Plan may result in federal income tax consequences to holders of Allowed Claims. Tax consequences to a particular creditor may depend on the particular circumstances or facts regarding the claim of the creditor. No tax opinion has been sought or will be obtained with respect to any tax consequences of the Plan, and the following disclosure (the "Tax Disclosure") does not constitute and is not intended to constitute either a tax opinion or tax advice to any Person. Rather, the Tax Disclosure is provided for information purposes only.

In general, the IRC provides that a taxpayer who realizes a cancellation or discharge of indebtedness must include the Debt Discharge Amount in its gross income in the taxable year of discharge. The Debt Discharge Amounts may arise with respect to Creditors who will receive, in partial satisfaction of their Claims, including any accrued interest, consideration consisting of or including cash. The Debtor's Debt Discharge Amount may be increased to the extent that unsecured Creditors holding unscheduled claims fail to timely file a Proof of Claim and have their Claims discharged on the Confirmation Date pursuant to Section 1141 of the Bankruptcy Code. No income from the discharge of indebtedness is realized to the extent that payment of the liability being discharged would have given rise to a deduction.

If a taxpayer is in a case under the Bankruptcy Code and a cancellation of indebtedness occurs pursuant to a confirmed plan, however, such Debt Discharge Amount is specifically excluded from gross income (the "Bankruptcy Exception"). The Debtor intends to take the position that the Bankruptcy Exception applies to it. Accordingly, the Debtor believes it will not be required to include in income any Debt Discharge Amount as a result of Plan transactions.

Section 108(b) of the IRC, however, requires certain tax attributes of the Debtor to be reduced by the Debt Discharge Amount excluded from income. Tax attributes are reduced in the following order of priority: net operating losses and net operating loss carry-overs; general business credits; minimum tax credits; capital loss carry-overs; basis of property of the taxpayer; passive activity loss or credit carry-overs; and foreign tax credit carry-overs. Tax attributes are generally reduced by one dollar for each dollar excluded from gross income, except that general tax credits, minimum tax credits, and foreign tax credits are reduced by 33.3 cents for each dollar excluded from gross income. An election can be made to alter the order of priority of attribute reduction by first applying the reduction against depreciable property held by the taxpayer in an amount not to exceed the aggregate adjusted basis of such property. The Debtor does not presently intend to make such election. If this decision were to change, the deadline for making such election is the due date (including extensions) of the Debtor's federal income tax return for the taxable year in which such debt is discharged pursuant to the Plan.

The federal tax consequences of the Plan to a hypothetical investor typical of the holders of claims or interests in this case depend to a large degree on the accounting method adopted by that hypothetical investor. A "hypothetical investor" in this case is defined as a general unsecured creditor. In accordance with federal tax law, a holder of such a claim that uses the accrual method and who has posted its original sale to the Debtor as income at the time of the product sold or the service provided hypothetically should adjust any net operating loss to reflect the dividend paid by the Debtor under the Plan provided that holder previously deducted the liability to the Debtor as a "bad debt" for federal income tax purposes. Should that holder lack a net operating loss, then in accordance with federal income tax provisions, the holder should treat the dividend paid as ordinary income, again provided the holder previously deducted the liability to the debtor as a "bad debt" for federal income tax purposes. If the accrual basis holder of the claim did not deduct the liability as a "bad debt" for federal income tax purposes, then the dividend paid by the Debtor has no current income tax implication. A holder of a claim that uses a cash method of accounting would, in accordance with federal income tax laws, treat the dividend as income at the time of receipt.

THE DEBTOR MAKES NO REPRESENTATIONS REGARDING THE PARTICULAR TAX CONSEQUENCES OF CONFIRMATION AND CONSUMMATION OF THE PLAN AS TO ANY CREDITOR. EACH PARTY AFFECTED BY THE PLAN SHOULD CONSULT HER, HIS OR ITS OWN TAX ADVISORS REGARDING THE SPECIFIC TAX CONSEQUENCES OF THE PLAN WITH RESPECT TO A CLAIM.

X. FEASIBILITY

The Bankruptcy Code requires as a condition to confirmation that the Bankruptcy Court find that liquidation of the Debtor or the need for further reorganization is not likely to follow after Confirmation. The Debtor has liquidated all Assets and is no longer operating a business nor the owner of any real estate. The funds are on hand for distribution in accordance with the terms of the Plan.

XI. PROVISIONS GOVERNING DISTRIBUTIONS

A. Method of Distributions under the Plan

1. Disbursing Agent. Except as otherwise set forth, all distributions under the Plan shall be made by Nina M. Parker, Esq.

2. Rights and Powers of Disbursing Agent. The Disbursing Agent shall be empowered to: (a) affect all actions and execute all agreements, instruments and other documents necessary to perform her duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent her with respect to her responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

3. On or after the Confirmation Date through the Entry of the Final Decree, the Disbursing Agent shall be entitled to compensation and expense reimbursement (including reasonable attorney fees and expenses) which shall be paid in cash from the Administrative Fund unless exhausted at which time, shall be paid from the Creditors Fund.

4. Confirmation Date Payments. On the Confirmation Date or as soon thereafter as is reasonably practical, the Debtor shall (i) remit to holders of Allowed Administrative Expense Claims and Allowed Priority Claims amounts in cash equal to the amount of such Allowed Claim, or such lesser amount as may be agreed to by such holders and the Allowed Secured Claims of Class Two.

5. Effective Date Payments. On the Effective Date or as soon thereafter as is reasonably practical, the Debtor shall remit sums remaining in the Creditors Fund to holders of Allowed Unsecured Claimants in Class Three and Class Four.

6. Delivery of Distributions and Undeliverable Distributions. Distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by a new address as set forth (a) on a proof of claim filed by a holder of an Allowed Claim, or (b) in another writing notifying the Debtor (at the addresses set forth in the Plan) of a change of address. If any holder's Distribution is returned as undeliverable, no further Distributions to such holder shall be made unless and until the Disbursing Agent for the Debtor is notified of such holder's then-current address, at

which time the missed Distributions shall be made to such holder. The Debtor shall make a good faith effort to locate correct addresses for any Distribution that is returned as undeliverable. All Claims for undeliverable Distributions shall be made on or before the earlier of (i) with respect to the Distributions made on the Effective Date and within ninety (90) days after the date such undeliverable Distribution was initially made whereupon, neither the Debtor nor the Disbursing Agent shall have any further liability to make such Distribution and the claimant shall have no further claim against the Debtor.

B. Time Bar to Cash Payments. Checks issued by the Disbursing Agent with respect to Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued. Failure to request same in the time set forth here shall result in the Debtor having no further liability to the claimant and the claimant shall have no further claim against the Debtor.

XII. PROCEDURES FOR RESOLVING AND TREATING DISPUTED CLAIMS

1. Disbursing Agent. Except as otherwise set forth, all distributions under the Plan shall be made by Nina M. Parker, Esq.

2. Rights and Powers of Disbursing Agent. The Disbursing Agent shall be empowered to: (a) affect all actions and execute all agreements, instruments and other documents necessary to perform her duties under the Plan; (b) make all distributions contemplated hereby; (c) employ professionals to represent her with respect to her responsibilities; and (d) exercise such other powers as may be vested in the Disbursing Agent by order of the Bankruptcy Court, pursuant to the Plan, or as deemed by the Disbursing Agent to be necessary and proper to implement the provisions hereof.

3. On or after the Confirmation Date through the Entry of the Final Decree, the Disbursing Agent shall be entitled to compensation and expense reimbursement (including reasonable attorney fees and expenses) which shall be paid in cash from the Administrative Fund unless exhausted at which time, shall be paid from the Creditors Fund.

4. Confirmation Date Payments. On the Confirmation Date or as soon thereafter as is reasonably practical, the Debtor shall (i) remit to holders of Allowed Administrative Expense Claims and Allowed Priority Claims amounts in cash equal to the amount of such Allowed Claim, or such lesser amount as may be agreed to by such holders and the Allowed Secured Claims of Class Two.

5. Effective Date Payments. On the Effective Date or as soon thereafter as is reasonably practical, the Debtor shall remit sums remaining in the Creditors Fund to holders of Allowed Unsecured Claimants in Class Three and Class Four.

6. Delivery of Distributions and Undeliverable Distributions. Distributions to holders of Allowed Claims shall be made at the address of each such holder as set forth on the Schedules filed with the Bankruptcy Court, unless superseded by a new address as set forth (a) on a proof of claim filed by a holder of an Allowed Claim, or (b) in another writing notifying the Debtor (at the addresses set forth in the Plan) of a change of address. If any holder's Distribution is returned as undeliverable, no further Distributions to such holder shall be made unless and until the Disbursing Agent for the Debtor is notified of such holder's then-current address, at which time the missed Distributions shall be made to such holder. The Debtor shall make a good faith effort to locate correct addresses for any Distribution that is returned as undeliverable. All Claims for undeliverable Distributions shall be made on or before the earlier of (i) with respect to the Distributions made on the Effective Date and within ninety (90) days after the date such undeliverable Distribution was initially made whereupon, neither the Debtor nor the Disbursing Agent shall have any further liability to make such Distribution and the claimant shall have no further claim against the Debtor.

C. Time Bar to Cash Payments. Checks issued by the Disbursing Agent with respect to Allowed Claims shall be null and void if not negotiated within ninety (90) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Disbursing Agent by the holder of the Allowed Claim to whom such check originally was issued. Failure to request same in the time set forth here shall result in the Debtor having no further liability to the claimant and the claimant shall have no further claim against the Debtor.

XIII. RELEASES AND EXCULPATION

Except as otherwise expressly provided in 11 U.S.C. §1141 or the Plan, the Distributions made pursuant to and in accordance with the applicable terms and conditions of the Plan are in full and final satisfaction, settlement, release and discharge as against the Debtor of any debt or obligation of the Debtor that arose before the Effective Date, and any debt of the Debtor of a kind specified in §§502(g), 502(h), or 502(i), and all Claims against the Debtor or the Estate of any nature, including without limitation, any interest accrued thereon from and after the Petition Date, whether or not (i) a proof of claim based on such debt, obligation or Equity Interest is filed or deemed filed under Section 501 of the Bankruptcy Code, (ii) such Claim is Allowed under §502 or (iii) the holder of such Claim has accepted the Plan.

XIV. MISCELLANEOUS

A. Modification of Plan. The Debtor reserves the right, in accordance with the Bankruptcy Code and the Bankruptcy Rules to amend or modify the Plan at any time prior to the entry of the Confirmation Order. After the entry of the Confirmation Date, the Debtor may, upon order of the Bankruptcy Court, amend or modify the Plan, in accordance with Bankruptcy Code §1127(b), or remedy any defect or omission or reconcile any inconsistency in the Plan in such manner as may be necessary to carry out the Plan's purpose and intent. A holder of an Allowed Claim or interest that is deemed to have accepted the Plan shall be deemed to have accepted the

Plan as modified if the proposed modification does not materially and adversely change the treatment of the Claim or Interest of such holder.

B. Courts of Competent Jurisdiction. If the Bankruptcy Court abstains from exercising, or declines to exercise, jurisdiction or is otherwise without jurisdiction over any matter arising out of the Plan, such abstention, refusal or failure of jurisdiction shall have no effect upon and shall not control, prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

C. Exemption from Transfer Taxes

In accordance with Section 1146(c) of the Bankruptcy Code: (a) the issuance, transfer or exchange of any security under the Plan or the making or delivery of any instrument or transfer pursuant to, in implementation of, or as contemplated by the Plan, including any merger agreements or agreements of consolidation, deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, or the re-vesting, transfer or sale of any real or personal property of the Debtor pursuant to, in implementation of, or as contemplated by the Plan, (b) the making, delivery, creation, assignment, amendment or recording of any note or other obligation for the payment of money or any mortgage, deed of trust or other security interest under, in furtherance of, or in connection with the Plan, the issuance, renewal, modification or securing of indebtedness by such means, and (c) the making, delivery or recording of any deed or other instrument or transfer under, in furtherance of, or in connection with, the consummation of the Settlement Agreement which is the Plan, including, without limitation, the Confirmation Order, shall not be subject to any document recording tax, stamp tax, conveyance fee or other similar tax, mortgage tax, real estate transfer tax, mortgage recording tax or other similar tax or governmental assessment. The recorder of deeds in connection with the sale pursuant to the Settlement Agreement as modified and ratified under the Plan has been directed to accept such instrument, without requiring the payment of any documentary stamp tax, deed stamps, transfer tax, intangible tax or similar tax.

D. Amendment or Modification of the Plan

Alterations, amendments or modifications of this Plan may be proposed in writing by the Debtor at any time prior to the Confirmation Date, provided that this Plan, as altered, amended or modified, satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code, and the Debtor shall have complied with Sections 1125 of the Bankruptcy Code. This Plan may be altered, amended or modified at any time before or after the Confirmation Date and before substantial consummation, provided that the Plan, as altered, amended or modified, satisfies the requirements of Sections 1122 and 1123 of the Bankruptcy Code and the Bankruptcy Court, after notice and a hearing, confirms the Plan, as altered, amended or modified, under Section 1129 of the Bankruptcy Code. A holder of a Claim that has accepted this Plan shall be deemed to have accepted the Plan, as altered, amended or modified, if the proposed alteration, amendment or modification does not materially and adversely change the treatment of the Claim of such holder.

The Debtor may, without notice to holders of Claims insofar as it does not materially and adversely affect the interests of any such holders, correct any defect or omission in this Plan and any exhibit to the Plan.

E. Notices

All notices, requests and demands to or upon the Debtor shall only be effective if in writing and, unless otherwise expressly provided in this Plan, shall be deemed to have been duly given or made when actually delivered upon notice by electronic transmission to the Debtor and notice by United States Postal Service to Counsel to the Debtor, when received and confirmed, addressed as follows:

Lynne Davis
Industrial Heat Treating, Inc.
ldavis@indht.com

With a copy to Counsel to the Debtor:

Nina M. Parker, Esq.
Parker & Associates
10 Converse Place, Suite 201
Winchester, MA 01890

XV. CONFIRMATION

A. Confirmation hearing. The Bankruptcy Code at §1128(a) requires the Bankruptcy Court, after notice, to hold a confirmation hearing to consider confirmation of the Plan. Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan. The Bankruptcy Court shall schedule a Confirmation hearing to consider whether the Plan satisfies the various requirements of the Bankruptcy Code. At that time, the Debtor will submit a report to the Bankruptcy Court concerning the vote for acceptance or rejection of the Plan by the parties entitled to vote thereon. Confirmation hearing Notices are being provided to all holders of Claims as required by the Bankruptcy Rules. Objections to confirmation must be filed with the Bankruptcy Court and are governed by Bankruptcy Rules 3020(b) and 9014 and the local rules of the Bankruptcy Court. **UNLESS AN OBJECTION TO CONFIRMATION OF THE PLAN IS TIMELY SERVED AND FILED IN ACCORDANCE WITH THE CONFIRMATION HEARING NOTICE, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.**

B. Requirements for Confirmation. At the hearing on Confirmation, the Bankruptcy Court will determine whether the provisions of §1129 of the Bankruptcy Code have been satisfied by the Plan. If all the provisions of §1129 of the Bankruptcy Code are met, the Bankruptcy Court may enter an order confirming the Plan. We believe that all the requirements of § 1129 of the Bankruptcy Code will be satisfied.

C. Class Acceptance of the Plan. As a condition to confirmation, the Bankruptcy Code requires that each impaired class of claims or interests accept a plan, subject to the exceptions described in the section entitled "cram down" below. At least one impaired class of claims must accept a plan in order for the plan to be confirmed. For a class of interests to accept a plan, §1126 of the Bankruptcy Code requires acceptance by interest holders that hold at least two-thirds in amount of the allowed interests of such class. In this instance, the holders of interests who fail to vote are deemed to have voted to accept the Plan. If the Plan is confirmed, the Plan will be binding on all holders of Claims of each Class, including Classes and members of such Classes that did not vote or that voted to reject the Plan. The Debtor believes that the Plan satisfies all the statutory requirements of chapter 11 of the Bankruptcy Code, that we have complied or will have complied with all the requirements of chapter 11 and that the Plan has been proposed and made in good faith.

D. Cram Down. A court may confirm a plan, even if it is not accepted by all impaired classes, if the plan has been accepted by at least one impaired class of claims and the plan meets the "cram down" requirements set forth in section 1129(b) of the Bankruptcy Code. Section 1129(b) of the Bankruptcy Code requires the court to find that the plan is "fair and equitable" and does not "discriminate unfairly" against any nonaccepting impaired class of claims or interests. With respect to a dissenting class of claims, the "fair and equitable" standard requires, among other things, that, pursuant to the Plan, either (i) each holder of a claim in such dissenting class will receive or retain property having a value, as of the effective date of a plan, equal to the allowed amount of its claim, or (ii) no holder of allowed claims or interests in any junior class will receive or retain any property on account of such claims or interests. With respect to a dissenting class of interests, the "fair and equitable" standard requires that pursuant to the Plan, either (i) each holder of an interest in the dissenting class will receive or retain property having a value, as of the effective date, equal to the greater of the allowed amount of any fixed liquidation preference to which such holder is entitled, or the value of such interests or (ii) no holder of an interest in any junior class will receive or retain any property on account of such interests. The strict requirement of the allocation of full value to dissenting classes before junior classes can receive a distribution is known as the "absolute priority rule."

E. Plan Meets Requirements of Best Interests of Creditors for Confirmation

To confirm the Plan, the Bankruptcy Court must determine that the Plan meets the requirements of §1129(a)(7) of the Bankruptcy Code, that is, that the Plan is in the best interests of each holder of a Claim in an Impaired Class that has not voted to accept the Plan. To satisfy this "best interests" test, the Bankruptcy Court must find that the Plan provides each non-

consenting holder in such Impaired Class with a recovery, on account of such holder's Claim that has a value at least equal to the value of the distribution that each such holder would receive if the Debtor were to case under chapter 7 of the Bankruptcy Code.

Confirmation of the Plan is in the best interests of the Holders of Claims because it provides distributions to such Holders having a present value, as of the Effective Date, of not less than the value such holders likely would receive if the Debtor was converted to a case under chapter 7 of the Bankruptcy Code.

XVI. EFFECT OF THE ORDER CONFIRMING THE PLAN

To understand the full effect of an order confirming the Plan you should read §1141 of the Code. The following is a summary of that section.

A. Release of Assets. Until the Effective Date, the Bankruptcy Court shall retain jurisdiction of the Assets and liabilities of the Debtor. Thereafter, jurisdiction of the Bankruptcy Court shall be limited to the subject matter set forth in this Disclosure Statement and Plan.

B. Binding Effect. Except as otherwise provided in §1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of a Claim against or Equity Interest in the Debtor and their respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

C. Term of Injunctions or Stays. Unless otherwise provided, all injunctions or stays provided for in the Chapter 11 Case pursuant to Bankruptcy Code §§105 or 362, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Chapter 11 Case is closed.

D. Rights of Action. Except as otherwise provided elsewhere in the Plan, on and after the Effective Date, the Debtor will have the exclusive right to enforce any and all present or future rights, claims or causes of action against any Person and rights of the Debtor that arose before or after the Effective Date.

E. Injunction. EXCEPT AS PROVIDED HEREIN, ON AND AFTER THE CONFIRMATION DATE, ALL PERSONS ARE PERMANENTLY ENJOINED FROM COMMENCING OR CONTINUING IN ANY MANNER ANY ACTION OR PROCEEDING AGAINST THE DEBTOR (WHETHER DIRECTLY, INDIRECTLY, DERIVATIVELY OR OTHERWISE) BASED ON ANY ACT, OMISSION, TRANSACTION, OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED ON OR BEFORE THE CONFIRMATION DATE. THE RIGHTS AFFORDED IN THE PLAN AND THE TREATMENT OF ALL CLAIMS AND INTERESTS HEREIN SHALL BE IN EXCHANGE

FOR AND IN COMPLETE SATISFACTION OF ALL CLAIMS AND INTERESTS OF ANY NATURE WHATSOEVER, INCLUDING ANY INTEREST ACCRUED ON CLAIMS FROM AND AFTER THE PETITION DATE, AGAINST THE DEBTOR OR ANY OF THE ASSETS, PROPERTY OR ESTATES. ON THE EFFECTIVE DATE, ALL SUCH CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND THE INTERESTS SHALL BE CANCELLED.

EXCEPT AS OTHERWISE EXPRESSLY PROVIDED FOR HEREIN OR IN OBLIGATIONS ISSUED PURSUANT HERETO FROM AND AFTER THE EFFECTIVE DATE, ALL CLAIMS AGAINST THE DEBTOR SHALL BE FULLY RELEASED AND DISCHARGED, AND ALL INTERESTS SHALL BE CANCELLED, AND THE DEBTORS' LIABILITY WITH RESPECT THERETO SHALL BE EXTINGUISHED COMPLETELY, INCLUDING ANY LIABILITY OF THE KIND SPECIFIED UNDER SECTION 502(G) OF THE BANKRUPTCY CODE.

ALL ENTITIES SHALL BE PRECLUDED FROM ASSERTING AGAINST THE DEBTOR AND THE DEBTORS' ESTATE, THEIR RESPECTIVE SUCCESSORS AND ASSIGNS, AND THEIR ASSETS AND PROPERTIES, ANY OTHER CLAIMS OR INTERESTS BASED UPON ANY DOCUMENTS, INSTRUMENTS OR ANY ACT OR OMISSION, TRANSACTION OR OTHER ACTIVITY OF ANY KIND OR NATURE THAT OCCURRED BEFORE THE EFFECTIVE DATE.

XVII. RETENTION AND JURISDICTION

Notwithstanding the entry of the Confirmation Order, the Bankruptcy Court shall, retain the maximum legally permissible jurisdiction over this Chapter 11 Case and with respect to all matters related to this Chapter 11 Case, the Debtor and this Plan, including jurisdiction to:

1. allow, disallow, determine, liquidate, classify, estimate or establish the priority or secured or unsecured status of any Claim, including the resolution of any request for payment of any Administrative Claim, the resolution of any and all objections to the allowance or priority of any Claim, and the resolution of any and all issues related to the release of Liens upon payment of a Secured Claim;
2. for periods ending on the Effective Date, grant or deny any applications for allowance of compensation or reimbursement of expenses authorized pursuant to the Bankruptcy Code or this Plan;
3. resolve any matters related to the assumption, assignment or rejection of any Executory Contract or Unexpired Lease to which the Debtor is a party or with respect to which the Debtor may be liable; and to adjudicate and, if necessary, liquidate, any Claims arising there from;

4. ensure that Distributions to holders of Allowed Claims are accomplished pursuant to the provisions of this Plan;

5. decide or resolve any motions, adversary proceedings, contested or litigated matters and any other causes of action that may be commenced in the future, and grant or deny any applications involving the Debtor that may be pending on the Effective Date or instituted by the Plan Administrator after the Confirmation Date; provided, however, that the Plan Administrator shall reserve the right to commence actions in all appropriate forums and jurisdictions;

6. enter such orders as may be necessary or appropriate to implement or consummate the provisions of this Plan and all other contracts, instruments, releases, indentures and other agreements or documents adopted in connection with this Plan or the Disclosure Statement;

7. resolve any cases, controversies, suits or disputes that may arise in connection with the Effective Date, interpretation or enforcement of this Plan or any obligations incurred in connection with this Plan;

8. hear and determine all Causes of Action pending as of the Confirmation Date or that may be commenced in the future;

9. issue injunctions and enforce them, enter and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any entity with the enforcement of this Plan;

10. resolve any cases, controversies, suits or disputes with respect to the releases by the Debtor, the exculpation and other provisions contained in the Plan and enter such orders or take such others actions as may be necessary or appropriate to implement or enforce all such releases, injunctions and other provisions;

10. enter and implement such orders, or take such other actions as may be necessary or appropriate, if the Confirmation Order is modified, stayed, reversed, revoked or vacated;

11. resolve any matters that may arise in connection with or relate to the sale of the Business Assets or the Real Property or any contract, instrument, other agreement or document adopted in connection with the sale and to enter orders in connection therewith;

12. resolve any other matters that may arise in connection with or relate to this Plan, the Disclosure Statement, the Confirmation Order or any contract, instrument, release, or other agreement or document adopted in connection with this Plan or the Disclosure Statement; and enter an order concluding this Chapter 11 Case and the granting of a Final Decree.

13. enter an order concluding this Chapter 11 Case and the granting of a Final Decree.

XVIII. DEBTOR'S RECOMMENDATION

Failing confirmation of the Plan, this Chapter 11 case will be converted to a case under Chapter 7 in which a trustee in bankruptcy would be appointed to take charge and distribute the Assets. Industrial Heat Treating, Inc. is of the opinion that conversion would yield no distribution for the unsecured creditors and is firmly convinced that its Plan is in the interest of all creditors. The Debtor strongly urges its creditors to cast their votes in favor of the Amended Liquidating Plan as confirmation of the Plan is in the best interests of creditors and the Plan should be confirmed.

The Debtor recommends that all holders of Claims that are entitled to vote on the Plan vote to accept the Plan. Each creditor is urged to consult with its own counsel in evaluating its claim and in determining how to vote.

Respectfully submitted,
Industrial Heat Treating, Inc.
By its President,

/s/ Lynne Davis
Lynne Davis
Duly Authorized

DATED: June 21, 2017