

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MICHIGAN

In re:

Glencorp, Inc.,

Case No. 16-46905
Chapter 11
Hon. Marci B McIvor

Debtor.

**DEBTOR'S COMBINED
PLAN OF REORGANIZATION AND DISCLOSURE STATEMENT**

PREPARED BY:

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THE PROPOSED DISCLOSURE STATEMENT HAS NOT BEEN APPROVED BY THE BANKRUPTCY COURT AS CONTAINING ADEQUATE INFORMATION UNDER SECTION 1125(b) OF THE BANKRUPTCY CODE FOR USE IN CONNECTION WITH THE SOLICITATION OF ACCEPTANCES OR REJECTIONS OF DEBTOR'S PLAN. ACCORDINGLY, THE FILING AND DISSEMINATION OF THIS PLAN AND THE DISCLOSURE STATEMENT ARE NOT INTENDED TO BE AND SHOULD NOT IN ANY WAY BE CONSTRUED AS A SOLICITATION OF VOTES ON THE PLAN. NOR SHOULD THE INFORMATION CONTAINED IN THIS COMBINED PLAN AND DISCLOSURE STATEMENT BE RELIED ON FOR ANY PURPOSE BEFORE A DETERMINATION BY THE BANKRUPTCY COURT THAT THE PROPOSED DISCLOSURE STATEMENT CONTAINS ADEQUATE INFORMATION.

DEBTOR WILL REMOVE THE ABOVE STATEMENT AFTER APPROVAL OF THE DISCLOSURE STATEMENT AND BEFORE DISSEMINATION TO CREDITORS.

DEBTOR EXPRESSLY RESERVES ITS RIGHT TO AMEND THIS PLAN AND THE DISCLOSURE STATEMENT.

DEBTOR'S CHAPTER 11 PLAN

ARTICLE I DEFINITIONS, RULES OF INTERPRETATION AND COMPUTATION OF TIME

1.1 Scope of Definitions.

For purposes of this Plan, except as expressly provided otherwise or unless the context requires otherwise, all capitalized terms not otherwise defined have the meanings given them in section 1.2 of this Plan. Any term used in this Plan that is not defined herein, but is defined in the Disclosure Statement, the Bankruptcy Code, or the Bankruptcy Rules, will have the meaning given that term in the Disclosure Statement, the Bankruptcy Code, or the Bankruptcy Rules.

1.2 Definitions.

1.2.1 "Administrative Claim" means a Claim for payment of an administrative expense of a kind specified in section 503(b) of the Bankruptcy Code and entitled to priority pursuant to section 507(a)(2) of the Bankruptcy Code, including, but not limited to, the actual, necessary costs and expenses, incurred on or after the Petition Date, of preserving the Estate and operating the business of Debtor, including wages, salaries, commissions for services rendered after the Petition Date, Professional Claims, all fees and charges assessed against the Estate under chapter 123 of title 28, United States Code, taxes accruing after the Petition Date, whether or not the last payment date is before or after the Confirmation Date, and all Allowed Claims that are entitled to be treated as Administrative Claims pursuant to a Final Order of the Bankruptcy Court under section 546(c) of the Bankruptcy Code, provided, however, that this term does not include any portion of Allowed Secured Claims, whether or not all or part of Allowed Secured Claim is entitled to priority under sections 503(b), 507, 363, or 364 of the Bankruptcy Code or otherwise.

1.2.2 "Administrative Claims Bar Date" means the deadline for filing proofs of or requests for payment of Administrative Claims, which shall be 60 days after the Effective Date.

1.2.3 "Affiliates" has the meaning given it by section 101(2) of the Bankruptcy Code.

1.2.4 "Allowed" means, when used in reference to a Claim or Interest within a particular Class, an Allowed Claim or Allowed Interest of the type described in the Class

1.2.5 "Allowed Claim" means a Claim or any portion of the Claim,

- a. that has been Allowed by a Final Order of the Bankruptcy Court (or such other court or forum with jurisdiction to adjudicate the Claim and objections to it);
- b. as to which a Proof of Claim has been timely Filed with the Bankruptcy Court pursuant to the Bankruptcy Code, but only to the extent that the Claim is identified in the Proof of Claim in a liquidated and noncontingent amount, and either (i) no objection to its allowance has been Filed within the periods of limitation fixed by this Plan, the

Bankruptcy Code, or by any order of the Bankruptcy Court, or (ii) any objection as to its allowance has been settled or withdrawn or has been denied or overruled by a Final Order;

c. as to which no Proof of Claim has been Filed with the Bankruptcy Court and (i) which is Scheduled as liquidated in an amount other than zero and not contingent or disputed, but solely to the extent of the liquidated amount and (ii) no objection to its allowance has been Filed by Debtor, within the periods of limitation fixed by this Plan, the Bankruptcy Code, or by any order of the Bankruptcy Court; or

d. that is expressly Allowed in a liquidated amount in this Plan.

1.2.6 “**Allowed Class . . . Claim**” or “**Allowed Class ... Interest**” means an Allowed Claim or an Allowed Interest in the specified Class.

1.2.7 “**Allowed Interest**” means an ownership Interest in Debtor, which has been or is later listed by Debtor in its books and records as liquidated in an amount and not disputed or contingent; provided, however, that to the extent an Interest is a Disputed Interest, the determination of whether the Interest will be Allowed and/or the amount of any Interest will be determined in the manner in which the Interest would have been determined if the Chapter 11 Case had not been commenced; and provided further, however, that proofs of Interest need not be Filed in the Bankruptcy Court with respect to any Interests; and provided further, however, that Debtor, in its discretion, may bring an objection or motion with respect to a Disputed Interest before the Bankruptcy Court for resolution.

1.2.8 “**Avoidance Claims**” means Causes of Action or defenses arising under any of sections 502, 510, 541, 542, 543, 544, 545, 547, 548, 549, 550, 551, or 553 of the Bankruptcy Code, or under similar or related state or federal statutes and common law, including fraudulent transfer laws, whether or not litigation has been commenced as of the Confirmation Date to prosecute the Causes of Action.

1.2.9 “**Ballot**” means each of the ballot forms that is distributed with the Disclosure Statement to Holders of Claims and Interests included in Classes that are Impaired under this Plan and entitled to vote under the terms of this Plan.

1.2.10 “**Bankruptcy Code**” means the Bankruptcy Reform Act of 1978, as amended and codified in title 11 of the United States Code, 11 U.S.C. §§ 101-1532, as in effect on the Petition Date.

1.2.11 “**Bankruptcy Court**” means the United States Bankruptcy Court for the Eastern District Michigan, or such other court that may have jurisdiction over the Chapter 11 Case.

1.2.12 “**Bankruptcy Rules**” means the Federal Rules of Bankruptcy Procedure and the Official Bankruptcy Forms, as amended, the Federal Rules of Civil Procedure, as amended, as applicable to the Chapter 11 Case or proceedings in the Chapter 11 Case, and the Local Rules of the Bankruptcy Court.

1.2.13 “**Bar Date**” means the deadlines set, or to be set, by the Bankruptcy Court for filing proofs of claim in the Chapter 11 Case.

1.2.14 “**Business Day**” means any day, excluding Saturdays, Sundays, and “legal holidays” (as defined in Bankruptcy Rule 9006(a)), on which commercial banks are open for business in Detroit, Michigan.

1.2.15 “**Cash**” means legal tender of the United States of America and equivalents thereof.

1.2.16 “**Cat Financial**” refers to Caterpillar Financial Services Corporation.

1.2.17 “**Causes of Action**” means any and all actions, proceedings, causes of action, suits, accounts, demands, controversies, agreements, promises, rights to legal remedies, rights to equitable remedies, rights to payment, and claims, whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, non-contingent, matured, unmatured, disputed, undisputed, secured, or unsecured, and whether asserted or assertable directly or derivatively in law, equity, or otherwise, including Avoidance Claims, unless otherwise waived or released by Debtor to the extent the Cause of Action is a Cause of Action held by Debtor.

1.2.18 “**CBA**” refers to the collective bargaining agreement entered into between Debtor and the Union.

1.2.19 “**Chapter 11 Case**” means this chapter 11 case number 13-32907, currently pending in the United States Bankruptcy Court for the Eastern District of Michigan.

1.2.20 “**Claim**” means a claim against Debtor, whether or not asserted, as defined in § 101(5) of the Bankruptcy Code.

1.2.21 “**Class**” means a category of Holders of Claims or Interests as described in Article III of this Plan.

1.2.22 “**Confirmation**” means the entry of a Confirmation Order on the docket of the Chapter 11 Cases.

1.2.23 “**Confirmation Date**” means the date of entry of the Confirmation Order.

1.2.24 “**Confirmation Hearing**” means the hearing before the Bankruptcy Court held under section 1128 of the Bankruptcy Code to consider Confirmation of this Plan and related matters, as may be adjourned or continued from time to time.

1.2.25 “**Confirmation Order**” means the order entered by the Bankruptcy Court confirming this Plan under section 1129 of the Bankruptcy Code.

1.2.26 “**Creditor**” means any creditor of Debtor as defined in section 101(10) of the Bankruptcy Code.

1.2.27 “**Debtor**” means Glencorp, Inc. and, after the Effective Date, the Reorganized Debtor.

1.2.28 “**DIP Loan**” means the postpetition Debtor-in-Possession financing in the amount of \$14,656.17 provided by the DIP Lender for the purpose of paying Debtor’s first payroll after the bankruptcy filing.

1.2.29 “**DIP Lender**” means Anthony D’Agostini, an employee of Debtor.

1.2.30 “**Disallowed Claim**” means (a) a Claim, or any portion thereof, that has been disallowed by a Final Order or a settlement, (b) a Claim or any portion thereof that is Scheduled at zero or as contingent, disputed, or unliquidated and as to which a Bar Date has been established but no Proof of Claim has been timely Filed or deemed timely Filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely Filed under applicable law, or (c) a Claim or any portion thereof that is not Scheduled and as to which a Bar Date has been established but no Proof of Claim has been timely Filed or deemed timely Filed with the Bankruptcy Court pursuant to either the Bankruptcy Code or any Final Order of the Bankruptcy Court or otherwise deemed timely Filed under applicable law.

1.2.31 “**Disclosure Statement**” means the written disclosure statement (including all attached and referenced schedules) that relates to this Plan, as such disclosure statement may be amended, modified, or supplemented from time to time, all as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code and Bankruptcy Rule 3017.

1.2.32 “**Disputed Claim**” or “**Disputed Interest**” means a Claim or any portion thereof, or an Interest or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim, nor an Allowed Interest nor a Disallowed Interest.

1.2.33 “**Effective Date**” means the first day of the first full month after both (i) the Confirmation Date has occurred and (ii) the Funds Order has been entered as a Final Order.

1.2.34 “**Entity**” has the meaning set forth at section 101(15) of the Bankruptcy Code.

1.2.35 “**Equity Auction**” means the potential auction of the Reorganized Debtor’s equity interests as set forth in Article IV.

1.2.36 “**Estate**” means the bankruptcy estate of Debtor created pursuant to section 541 of the Bankruptcy Code.

1.2.37 “**Exhibit**” means any exhibit or schedule attached to this Plan, the Disclosure Statement, or incorporated into either by reference, including any amendments and supplemental exhibits or schedules that may be filed subsequent to filing of the Plan and Disclosure Statement.

1.2.38 “**File**” means to file with the Bankruptcy Court in the Chapter 11 Cases or such other court with jurisdiction over the relevant subject matter.

1.2.39 “**Final Decree**” means the decree contemplated under Bankruptcy Rule 3022.

1.2.40 “**Final Order**” means an order or judgment, the operation or effect of which has not been reversed, stayed, modified, or amended, and as to which order or judgment (or any reversal, stay, modification, or amendment thereof) (a) the time to appeal, seek certiorari, or request reargument or further review or rehearing has expired and no appeal, petition for certiorari, or request for reargument or further review or rehearing has been timely Filed, or (b) any appeal that has been or may be taken or any petition for certiorari or request for

reargument or further review or rehearing that has been or may be Filed has been resolved by the highest court to which the order or judgment was appealed, from which certiorari was sought, or to which the request was made, and no further appeal or petition for certiorari or request for reargument or further review or rehearing has been or can be taken or granted.

1.2.41 “**Funds**” refers to the Operating Engineers’ Local 324 Fringe Benefit Funds consisting of Operating Engineers Local 324 Pension Fund, Operating Engineers Local 324 Health Care Plan, Operating Engineers Local 324 Vacation and Holiday Fund, Operating Engineers Local 324 Retiree Benefit Fund, Operating Engineers Local 324 Apprenticeship Fund and Operating Engineers Local 324 Defined Contribution Plan.

1.2.42 “**Funds Consent Order**” means an order to be entered by the Bankruptcy Court with consent of Debtor and the Funds resolving the Funds’ Motion for Order Under 11 U.S.C. § 1113(f) [Docket No. 77].

1.2.43 “**General Unsecured Claim**” means any Claim that is not otherwise an Administrative Claim, Priority Tax Claim, Priority Claim, or Secured Claim.

1.2.44 “**General Unsecured Claim Payment**” means the payment to be made to Holders of General Unsecured Claims at the end of the Payment Period as set forth in section 3.7_.

1.2.45 “**Governmental Unit**” has the meaning set forth at section 101(27) of the Bankruptcy Code.

1.2.46 “**Holder**” means a Person holding a Claim, Interest, or Lien.

1.2.47 “**Impaired**” refers to any Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code.

1.2.48 “**Insider**” has the meaning set forth at section 101(31) of the Bankruptcy Code.

1.2.49 “**Insider Claim**” means a Claim held by an Insider.

1.2.50 “**Interest**” means the legal, equitable, contractual, and other rights of any Person with respect to equity securities of, or ownership interests in Debtor.

1.2.51 “**Interest Rate**” except as otherwise provided in the Plan, means (a) with respect to a claim for taxes, the interest rate applicable under non-bankruptcy law, (b) for all other Claims entitled to interest under the Bankruptcy Code and this Plan, the prime rate of interest published in the Wall Street Journal on the Confirmation Date (or, if no prime rate of interest is published on the Confirmation Date, the most recent prime rate of interest published in the Wall Street Journal prior to the Confirmation Date) plus one and one half percent (1.25%), or (c) such other interest rate as may be determined by a Final Order of the Bankruptcy Court.

1.2.52 “**IRC**” means the Internal Revenue Code of 1986, as amended.

1.2.53 “**IRS**” means the Internal Revenue Service.

1.2.54 “**Lien**” has the meaning set forth at section 101(37) of the Bankruptcy Code.

1.2.55 “**Michigan Cat**” refers to MacAllister Mahinery Co., Inc. d/b/a Michigan Cat.

1.2.56 The “**Payment Period**” means the five-year period during which the Reorganized Debtor shall make payments to the Funds under this Plan.

1.2.57 “**Person**” means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, Governmental Unit, or other Entity.

1.2.58 “**Petition Date**” means May 5, 2016, the date Debtor Filed its petition for relief in the Bankruptcy Court.

1.2.59 “**Plan**” means this plan for the resolution of outstanding Claims and Interests in the Chapter 11 Case, including all Exhibits, supplements, appendices, and schedules, either in its present form or as it may be altered, amended, or modified in accordance with the Bankruptcy Code and Bankruptcy Rules.

1.2.60 “**Priority Claim**” means any Claim entitled to priority pursuant to section 507(a) of the Bankruptcy Code, but not including the Claims of the Funds, which are treated separately.

1.2.61 “**Priority Tax Claim**” means a Claim entitled to priority pursuant to section 507(a)(8) of the Bankruptcy Code.

1.2.62 “**Proof of Claim**” means a proof of Claim Filed against Debtor in the Chapter 11 Cases.

1.2.63 “**Pro Rata**” means (a) with respect to Claims, at any time, the proportion that the Face Amount of a Claim in a particular Class or Classes bears to the aggregate Face Amount of all Claims (including Disputed Claims, but excluding Disallowed Claims) in such Class or Classes, unless this Plan provides otherwise and (b) with respect to Interests, at any time, the proportion that the number of Interests held by an Interest Holder in a particular Class or Classes bears to the aggregate number of all Interests (including Disputed Interests, but excluding Disallowed Interests) in such Class or Classes.

1.2.64 “**Professional**” means any Person retained in the Chapter 11 Cases by Bankruptcy Court order pursuant to sections 327 and 1103 of the Bankruptcy Code or otherwise.

1.2.65 “**Professional Claim**” means an Administrative Claim of a Professional for compensation for services rendered or reimbursement of costs, expenses, or other charges and disbursements incurred relating to services rendered or expenses incurred after the Petition Date and before and including the Effective Date.

1.2.66 “**Purchaser**” means the successful purchaser at the Equity Auction, if the Equity Auction is held, as set forth in Article IV.

1.2.67 “**Reorganized Debtor**” means Debtor from and after the Effective Date.

1.2.68 “**Retained Actions**” means all Claims, Causes of Action, rights of action, suits, and proceedings, whether in law or in equity, whether known or unknown, which Debtor or Debtor’s Estate may hold against any Person, including, without limitation, Claims and Causes of Action brought before the Effective Date or identified in the Schedules or Disclosure Statement, other than Claims explicitly released under this Plan or by Final Order of the Bankruptcy Court before the date of this Plan.

1.2.69 “**Scheduled**” means, with respect to any Claim, the status, priority, and amount, if any, of such Claim as set forth in the Schedules.

1.2.70 “**Schedules**” means the schedules of assets and liabilities and the statements of financial affairs Filed in the Chapter 11 Case by Debtor.

1.2.71 “**Secured Claim**” means a Claim secured by a security interest in or a lien on property in which Debtor’s Estate has an interest or that is subject to setoff under section 553 of the Bankruptcy Code, to the extent of the value, as of the Effective Date or such other date as is established by the Bankruptcy Court, of such Claim Holder’s interest in the applicable Estate’s interest in such property or to the extent of the amount subject to setoff, as applicable, as determined by a Final Order of the Bankruptcy Court pursuant to section 506(a) of the Bankruptcy Code or, in the case of setoff, pursuant to section 553 of the Bankruptcy Code, or as otherwise agreed upon in writing by Debtor and the Holder of such Claim.

1.2.72 “**Security**” has the meaning set forth at section 101(49) of the Bankruptcy Code.

1.2.73 “**Unimpaired**” means, with respect to a Claim, any Claim that is not Impaired.

1.2.74 “**Union**” refers to the International Union of Operating Engineers Local 324.

1.2.75 “**Voting Deadline**” means the deadline set for the receipt of Ballots by Debtor or Debtor’s agent under an applicable order entered or to be entered by the Bankruptcy Court.

1.3 **Rules Of Interpretation:** For purposes of this Plan, unless otherwise provided herein:

1.3.1 Whenever from the context it is appropriate, each term, whether stated in the singular or the plural, include, both the singular and the plural.

1.3.2 Each pronoun stated in the masculine, feminine, or neuter includes the masculine, feminine, and neuter.

1.3.3 Any reference in this Plan to an existing document or schedule Filed or to be Filed means the document or schedule, as it may have been or may be amended, modified, or supplemented. Except as otherwise ordered by the Bankruptcy Court, all Exhibits, as amended, modified or supplemented, are incorporated by reference into this Plan and Disclosure Statement for all purposes.

1.3.4 Any reference to an Entity or Person as a Holder of a Claim or Interest includes that Entity's or Person's successors and assigns. Any reference to Debtor includes the Reorganized Debtor for all periods after the Effective Date.

1.3.5 Any reference in the Plan to a contract, instrument, release, indenture, or other agreement or document being in a particular form or on particular terms and conditions means that the document shall be substantially on such terms and conditions.

1.3.6 The words "herein," "hereunder," and "hereto" refer to this Plan in its entirety rather than to a particular portion of this Plan.

1.3.8 Subject to the provisions of any contract, certificates of incorporation, by-laws, instruments, releases, or other agreements or documents entered into in connection with this Plan, the rights and obligations arising under this Plan will be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules. To the extent that reference to state law is required, the Plan is governed by the substantive law of Michigan.

1.3.9 The rules of construction in section 102 of the Bankruptcy Code apply. The Disclosure Statement may be used as an aid for interpretation of this Plan to the extent that any provision of this Plan is determined to be vague or ambiguous. However, to the extent any statement in the Disclosure Statement conflicts with any provision of this Plan, this Plan controls.

1.4 **Computation of Time.** In computing any period of time prescribed or allowed by this Plan, unless otherwise expressly provided, the provisions of Bankruptcy Rule 9006 apply. Whenever any action is required to be performed or deadline expires on a specific date, if the date falls on a Saturday, Sunday, or legal holiday (as defined in Bankruptcy Rule 9006), the action may be performed, or the deadline will expire, on the next day that is not a Saturday, Sunday, or legal holiday.

1.5 **References to Monetary Figures.** All references in this Plan to monetary figures refer to currency of the United States of America.

1.6 **Exhibits.** All Exhibits are incorporated into and are a part of this Plan and Disclosure Statement as if set forth in full herein and, to the extent not attached to this Plan, the Exhibits shall be filed with the Bankruptcy Court. Upon its filing, the Exhibit may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours or at the Bankruptcy Court's website for a fee at <https://ecf.mieb.uscourts.gov>. The Exhibits may also be requested in writing from Debtor's counsel. **All Exhibits may be revised before the Confirmation Date by the filing of the revised Exhibits with the Bankruptcy Court, so long as the revised Exhibits are substantially in conformance with the terms of this Plan.** The Exhibits are an integral part of the Plan, and entry of the Confirmation Order by the Bankruptcy Court will constitute an approval of the Exhibits.

1.7 **No Admissions; Estimates of Claims.** Unless expressly stated otherwise, nothing herein will be deemed to be an admission by Debtor or to otherwise prejudice Debtor in any claims objection or Cause of Action. All estimates of Causes of Action and Claim amounts listed in this Plan, the Disclosure Statement, and Exhibits are current estimates only. All Claims amounts and classifications remain subject to the Claims Objection process as set forth in Article XII.

ARTICLE II
CLAIMANTS THAT ARE NOT SUBJECT TO
CLASSIFICATION AND ARE NOT ENTITLED TO VOTE ON THE PLAN
ADMINISTRATIVE EXPENSES AND PRIORITY CLAIMS

2.1 Administrative Claims.

Subject to the provisions of this Plan and upon occurrence of the Effective Date, as soon as possible after an Administrative Claim becomes an Allowed Administrative Claim or the date when an Administrative Claim becomes payable pursuant to any agreement between Debtor and the Holder of the Administrative Claim (but, in no event later than ten days thereafter), a Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Administrative Claim, Cash equal to the unpaid portion of such Allowed Administrative Claim or such other treatment that Debtor and the Holder of the Allowed Administrative Claim shall have agreed upon in writing; provided, however, that Administrative Claims incurred by Debtor in the ordinary course of business during the Chapter 11 Case or arising under contracts assumed during the Chapter 11 Case prior to, on, or as of the Effective Date will be deemed Allowed Administrative Claims and paid by Debtor in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto; provided further that any cure payments associated with the assumed contracts will be paid in accordance with Article XI if the contracts are not rejected by Article XI of the Plan.

2.2 Priority Tax Claims.

2.2.1 The Holder of an Allowed Priority Tax Claim shall be entitled to receive, on account of its Allowed Priority Tax Claim, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Priority Tax Claim, payment of the outstanding amount of the Allowed Priority Tax Claim in equal monthly installments commencing on the date that is 60 days after the Effective Date, with interest accruing at the Interest Rate, calculated so that the last monthly payment will occur on or before May 6, 2021, the fifth anniversary of the Petition Date. Debtor may pre-pay any Priority Tax Claim. For the avoidance of doubt, all taxes of the type entitled to priority under 11 U.S.C. section 507(a) that have been assessed prior to the Petition Date are subject to this section 2.2.

2.2.2 Debtor reserves the right to continue or commence a challenge as to any Priority Tax Claim through the claims objection process set forth in Article XII of this Plan or through any appropriate adjudicative body with necessary jurisdiction, which challenge may include, but need not be limited to, a challenge to any penalty portion of such Claim, the amount and the value of the property which forms the basis for any assessment of taxes and the computation of the tax. The right to challenge these claims includes, without limitation, an objection to the assessment of Debtor's real or personal property that may or may not have been made by the respective taxing authority.

2.3 Professional Claims.

2.3.1 **Final Fee Applications.** All final requests for payment of Professional Claims must be Filed no later than sixty days after the Effective Date. After notice and a hearing in accordance with the procedures established by the Bankruptcy Code, the Bankruptcy Rules and prior orders of the Bankruptcy Court, the Allowed amounts of such Professional

Claims and expenses will be determined by the Bankruptcy Court and paid by Debtor promptly after they are Allowed or as otherwise agreed in writing by Debtor and the Professional.

2.3.2 Post-Confirmation Date Retention. Upon the Confirmation Date, any requirement that Professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date or to make any disclosures pursuant to Bankruptcy Rules 2014 and 2016 will terminate, and Debtor shall employ and pay Professionals in the ordinary course of business.

2.4 Substantial Contribution Compensation and Expenses Bar Date. Any Person who requests compensation or expense reimbursement for making a substantial contribution in the Chapter 11 Cases pursuant to sections 503(b)(3), (4), and (5) of the Bankruptcy Code must File an application with the clerk of the Bankruptcy Court on or before the Administrative Claims Filing Date and serve such application on counsel for Debtor and other parties as may be directed by the Bankruptcy Court on or before such date, or be forever barred from seeking such compensation or expense reimbursement. The Court will determine any timely filed request for compensation or expense reimbursement made under this section 2.5, and Debtor shall pay any Allowed amount within sixty days of entry of a Final Order.

2.5 The DIP Loan. The DIP Loan will be an Allowed Administrative Claim and will be paid in full as soon as practicable after the Effective Date, or as otherwise agreed to by Debtor and the DIP Lender.

2.5 Other Administrative Claims. All other requests for payment of an Administrative Claim (other than as set forth in section 2.4 or section 2.5 of this Plan) must be Filed and served on Debtor's counsel by the Administrative Claims Filing Date, except that any Administrative Claim not already Filed and required to have been Filed before a Bar Date is automatically disallowed. Any request for payment of an Administrative Claim pursuant to this section 2.6 that is not timely Filed and served is automatically disallowed without the need for any objection by Debtor. After the Effective Date, Debtor may settle an Administrative Claim without further Bankruptcy Court approval. Unless Debtor objects to an Administrative Claim within 60 days after the Administrative Claims Bar Date (unless such objection period is extended by the Bankruptcy Court), the Administrative Claim will be deemed Allowed in the amount requested. In the event that Debtor objects to an Administrative Claim, the Bankruptcy Court will determine the Allowed amount of the Administrative Claim.

ARTICLE III

SPECIFICATION OF TREATMENT OF CLASSES OF CLAIMS OR INTERESTS NOT IMPAIRED UNDER THE PLAN AND THOSE IMPAIRED UNDER THE PLAN

The Plan divides Claims and Interests into four (4) Classes and treats them as follows:

3.1 Class I: Class I consists of the Funds' Claims arising before the Petition Date.

3.1.1. The Funds Claims will be paid pursuant to the Funds Consent Order. The following is only a summary of the Funds Consent Order, which has not yet been finalized or submitted to the Bankruptcy Court. In the event of any conflict between the terms of this Plan and the Funds' Consent Order, the terms of the Funds Consent Order shall govern.

3.1.2. The Funds Consent Order will allow the Funds' Claims in the amount of \$1,879,709.63, with an unpaid balance of \$1,721,912.78. Under 11 U.S.C. § 1113(f) and In re Unimet, 842 F.2d 879 (6th Cir. 1988), the Funds' Claims will have the status of super-priority Chapter 11 administrative claims, subject to the conditional forbearance as set forth in the Funds Consent Order and described herein. The Funds will forbear from collection activities unless an event of default occurs under the terms of the Funds Consent Order.

3.1.3. Debtor will pay the Funds \$690,000 via monthly installment payments over the Payment Period, with minimum aggregate annual payments of \$160,075.56.

3.1.4. The balance shall be paid out of the liquidation of Debtor's equipment (including but not limited to equipment, rolling stock and vehicles) at the end of Debtor's chapter 11 Plan, after payment of the General Unsecured Claim Payment as more fully set forth in the Funds Consent Order. The Funds' Claims shall be secured by a Lien and security interest in all of Debtor's equipment, titled vehicles and rolling stock, all proceeds and products thereof, all additions and accessions thereto, and all replacements, whether now owned or hereafter acquired. The Funds' Lien and security interest will be subject to pre-existing valid, perfected Liens and security interests, and shall be a first Lien and security interest on all property of Debtor not encumbered by valid and perfected pre-existing Liens and security interests. Nothing in this Plan diminishes, enlarges, or otherwise affects the subordination (i) to Debtor's obligations to pay the United States Trustee's fees as set forth in the Funds Consent Order or (ii) partial subordination to Professional Fees as set forth in the Order for Partial Resolution of Operating Engineers' Local 324 Fringe Benefit Funds' Motion for Order Under 11 USC §1113(f) [Docket No. 87]. Nothing in this Plan is intended to impair any right the Funds may have to assert priority over or seek subordination of secured tax liens.

3.1.5. Notwithstanding the above, Debtor shall be entitled to sell a portion of its equipment subject to the restrictions set forth in the Funds Consent Order and section 4.7, below. All remaining equipment shall be liquidated promptly after the conclusion of the Payment Period through an orderly liquidation process and the net proceeds of the liquidation (after payment of sale costs and prior Secured Claims) shall be used to pay any post-petition obligations owed to the Funds, the remaining balance on the Funds' Claims, and any accrued and unpaid interest.

3.1.6. Debtor may pre-pay part or all of the Funds' Claims at any time without penalty. Upon full satisfaction of its obligations under the Funds' Consent Order, Debtor shall have no further obligations to the Funds under the Funds Consent Order or this section 3.1. However, the above shall not be construed to reduce any obligations of Debtor to the Funds under the CBA or any replacement CBA to which Debtor may be a party, which obligations will be subject to applicable nonbankruptcy law.

3.1.7. In the event of a default by Debtor of its obligations under the Funds Consent Order, Debtor shall have a 15-day opportunity to cure period after notice and, if the default is not timely cured, the default provisions in the Funds Consent Order shall control, including the Funds' option to accelerate the obligations, require the Debtor to immediately surrender the Funds' Collateral, to take immediate possession of and sell the Funds' Collateral, and any other action available under applicable law.

3.1.8. This Class is Impaired.

3.2 **Class II:** Class II consists of the Allowed Secured Claim of Cat Financial.

3.2.1 Cat Financial's Claim is Allowed as a Secured Claim in the amount of \$578,771.69 as of the Petition Date (which amount has since been reduced through monthly post-petition payments as permitted by order of the Bankruptcy Court). Debtor believes, but does not warrant, that Cat Financial has a first-priority security interest in most of Debtor's equipment, as more fully described in the financing statement filed by Cat Financial (the "Cat Financial Collateral").

3.2.2 Commencing on the fifteenth day following the Effective Date, Debtor will pay the Allowed Secured Claim of Cat Financial through 60 equal monthly payments of principal and interest, with interest set at the Interest Rate and amortized over a fifteen-year period. The balance of Cat Financial's Claim shall be paid from the net proceeds of the sale of the Cat Financial Collateral, and interest shall continue to accrue at the Interest Rate until the Secured Claim of Cat Financial is paid in full.

3.2.3 In the event that (a) any installment payment is not timely paid, and the default is not cured within ten days after receipt of notice of default from Cat Financial (with notice to Debtor's counsel), or (b) the Cat Financial Secured Claim is not paid in full within six months after the expiration of the Payment Period, Cat Financial may exercise any or all rights it has under applicable nonbankruptcy law to enforce its rights to the Cat Financial Collateral, including repossession and sale of the Cat Financial Collateral. However, notwithstanding any default in an installment payment, Debtor may possess and use the Cat Financial Collateral if, before any foreclosure sale or other disposition of the Cat Financial Collateral, Debtor (i) cures all defaults under this Plan, (ii) pays all costs and fees of Cat Financial, including reasonable attorneys' fees, (iii) provides a four-month payment deposit to Cat Financial, and (iv) thereafter complies with its payment obligations under this Plan.

3.2.4 During the Payment Period, Debtor may sell Cat Financial Collateral under section 4.7, provided, however, that Debtor shall pay Cat Financial a release price equal to the greater (i) 75% of the proceeds received by Debtor from the sale, net of sale costs, or (ii) 75% of the appraised value of the Cat Financial Collateral. Debtor and Cat Financial may agree in writing to any higher or lower release price.

3.2.5 Debtor may pre-pay part or all of Cat Financial's Secured Claim at any time without penalty. Cat Financial will retain its Liens on all collateral securing Debtors' obligations to Cat Financial to the same extent and with the same priority as existed immediately before the Petition Date, except for Cat Financial Collateral released as provided in section 3.2.4.

3.2.6 **This Class is Impaired.**

3.3 **Class III:** Class III consists of the Allowed Secured Claim of Michigan Cat.

3.3.1 Michigan Cat's Claim is Allowed as a Secured Claim in the amount of \$55,743.93 as of the Petition Date (which amount has since been reduced through monthly post-petition payments as permitted by order of the Bankruptcy Court). Michigan Cat has a Lien on a Caterpillar 627 Scraper, serial number 01DL00865 (the "Michigan Cat Collateral").

3.3.2 Commencing on the fifteenth day following the Effective Date, Debtor will pay the Allowed Secured Claim of Michigan Cat through 60 equal monthly payments of principal and interest, with interest set at the Interest Rate.

3.3.3 Debtor may pre-pay part or all of Michigan Cat's Secured Claim at any time without penalty. Until satisfaction of Michigan Cat's Allowed Secured Claim in full, Michigan Cat will retain its Lien on all the Michigan Cat Collateral to the same extent and with the same priority as existed immediately before the Petition Date.

3.3.4 This Class is Impaired.

3.4 **Class IV:** This Class consists of the Allowed Secured Claims of the IRS.

3.4.1 The IRS asserts a Secured Claim in the amount of \$108,981.51.

3.4.2 Debtor will pay the Allowed Secured Claim of the IRS in equal monthly installments commencing on the date that is 60 days after the Effective Date, with interest accruing at the Interest Rate, calculated so that the last monthly payment will occur on or before May 6, 2021, the fifth anniversary of the Petition Date.

3.4.3 Debtor may pre-pay part or all of the IRS's Secured Claim at any time without penalty. Until satisfaction of the IRS's Allowed Secured Claim in full, the IRS will retain its Lien on all collateral securing the IRS's Secured Claim to the same extent and with the same priority as existed immediately before the Petition Date, except that Debtor may continue to use cash collateral in the ordinary course of its business and may sell equipment as set forth in section 4.7, below.

3.4.4 Default clause for the IRS: upon the failure of the debtor to make any payment due on a Secured or Priority Tax Claim owed to the IRS under this Plan, or failure to file the necessary tax returns and make adequate deposits, which is not cured within thirty (30) days of the mailing of a written notice of default by the IRS, the IRS may exercise all rights and remedies available under non-bankruptcy laws for the collection of its entire claim and/or seek appropriate relief from this Court.

3.4.5 Debtor reserves the right to continue or commence a challenge as to any Secured IRS Claim through the claims objection process set forth in Article XII of this Plan or through any appropriate adjudicative body with necessary jurisdiction, which challenge may include, but need not be limited to, a challenge to any penalty portion of such Claim, the amount and the value of the property which forms the basis for any assessment of taxes and the computation of the tax.

3.5 **Class V:** This Class consists of all other Allowed Secured Claims.

3.5.1 The Michigan Department of Treasury asserts a Secured Claim in the amount of \$12,371.93, and the Macomb County Treasurer asserts a Secured Claim in the Amount of \$19,310.40. Debtor is unaware of any other Secured Claims not already treated in this Plan.

3.5.2 Debtor will pay the other Allowed Secured Claims of the Michigan Department of Treasury and Macomb County Treasurer in equal monthly installments commencing on the date that is 60 days after the Effective Date, with interest accruing at the Interest Rate, calculated so that the last monthly payment will occur on or before May 6, 2021, the fifth anniversary of the Petition Date.

3.5.3 Debtor may pre-pay part or all of the other Secured Claims at any time without penalty. Until satisfaction of the other Allowed Secured Claim in full, the Holders of Class V Claims will retain their Lien on all collateral securing the their Secured Claims to the same extent

and with the same priority as existed immediately before the Petition Date, except that Debtor may continue to use cash collateral in the ordinary course of its business and may sell equipment as set forth in section 4.7, below.

3.5.4 Debtor reserves the right to continue or commence a challenge as to any other Secured Claim through the claims objection process set forth in Article XII of this Plan or through any appropriate adjudicative body with necessary jurisdiction, which challenge may include, but need not be limited to, a challenge to any penalty portion of such Claim, the amount and the value of the property which forms the basis for any assessment of taxes and the computation of the tax.

3.6 **Class VI:** This Class consists of the Allowed Claims of Michigan Petroleum Technologies, Inc.

3.6.1 Michigan Petroleum supplies fuel to the Debtor and asserts a pre-petition claim in the approximate amount of \$99,000 arising under a pre-petition contract (the "MPT Contract").

3.6.2 If Michigan Petroleum Technologies, Inc. votes to accept this Plan, Debtor will assume the MPT Contract and will pay the amounts owed under the MPT Contract in equal monthly payments over 36 months, commencing on the first Business Day 60 days after the Effective Date.

3.6.3 If Michigan Petroleum Technologies, Inc. votes to reject this Plan, Debtor will reject the MPT Contract and Michigan Petroleum Technologies, Inc. will be entitled to a Pro Rata share of the General Unsecured Claim Payment to be made to Holders of Class VII Claims.

3.7 **Class VII:** This Class consists of all Allowed General Unsecured Claims.

3.7.1 Holders of Class VII Claims will be paid a Pro Rata share of the General Unsecured Claims Payment. The General Unsecured Claims Payment shall be at least equal to 50% of the net proceeds of all equipment sold pursuant to section 4.7.

3.7.2 **This Class is Impaired.**

3.8 **Class VIII:** This Class consists of the Claims of Interests.

3.8.1 The Interests of this Class will be treated in one of two alternative methods:

A. If Class VIII votes to accept the Plan, the Holders of Class VIII Claims of Interests will retain their Interests. **This Class will not be Impaired.**

B. If Class VIII votes to reject the Plan, and the Court determines that as a result of such rejection, the Plan, but for this paragraph does not comply with the absolute priority rule, the Interests of Debtor will be canceled and the Interests of the Reorganized Debtor will be sold at the Equity Auction set forth in Section 4.6. The proceeds of the Equity Auction will be paid, as further set forth in Section 4.6, Pro Rata first on account of Administrative Claims and next to prepayment of Class I Claims. The Purchaser and any individual that owns or controls the Purchaser, must apply all revenues of the Reorganized Debtor to satisfy all of the obligations of the Reorganized Debtor as and when set forth in this Plan, and the Purchaser assumes

personal liability for any failure to apply revenues of the Reorganized Debtor consistent with this Plan. **This Class will be Impaired.**

ARTICLE IV
EXECUTION AND IMPLEMENTATION OF THE PLAN

4.1 Upon the Effective Date, Debtor will become the Reorganized Debtor. Notwithstanding anything to the contrary in this Plan, the Reorganized Debtor shall continue operating Debtor's business, shall collect all revenues and income, and shall distribute such revenues and income as provided under the terms of this Plan. During the Payment Period, the Reorganized Debtor shall retain Ronald A. Marino as its President and sole officer. The Reorganized Debtor may retain other employees, including Insiders, at commercially reasonable rates of compensation as more fully described in the Disclosure Statement.

4.2 **Assumption of Liability:**

4.2.1 Debtor and Reorganized Debtor shall be responsible for satisfying the Allowed Claims in accordance with the terms and provisions of this Plan.

4.2.2 The Reorganized Debtor will retain control of and be responsible for all of Debtor's operations after the Effective Date. Funding for the operations of Debtor's business and for distributions required under this Plan during the Payment Period shall be from the operation of Debtor's business.

4.2.3 Debtor reasonably believes that future operations will enable the Reorganized Debtor to satisfy its obligations under the Plan. Other sources of cash may be explored and utilized by the Reorganized Debtor to the extent that such infusions are necessary or helpful to meet the obligations of the Plan or to facilitate continued operations, which may include exit financing, subordinated financing, capital contributions and/or lending from Insiders to Debtor. Debtor shall be entitled to enter into financing arrangements and to execute financing documents after the Effective Date without providing notice or obtaining Bankruptcy Court approval. Any financing that becomes effective before the Effective Date will be subject to Bankruptcy Court approval after notice and opportunity for a hearing. Notwithstanding the above, until all payments required by this Plan have been made in full, the Reorganized Debtor shall not agree to pay interest to any Insider or affiliate of Debtor for any loan or contribution, the Reorganized Debtor shall make no payments to any Insider or Affiliate at any time when the Reorganized Debtor is in default under any provision of this Plan, and the Reorganized Debtor shall not provide loans or contributions to any Insider or Affiliate. Nothing in this section or the Plan permits Debtor or Reorganized Debtor to grant any Liens on property that is encumbered by Liens or security interests in favor of the Funds, Cat Financial, or Michigan Cat, unless such Liens or security interests are expressly subordinate to the Liens or security interests in favor of the Funds, Cat Financial, and Michigan Cat, or unless the Claims are paid in full as a result of the financing.

4.2.4 The Reorganized Debtor may pre-pay any Claim, other than Claims held by Insiders or Affiliates (which may only be pre-paid after all other Plan payments have been made in full), at any time without penalty or liability for unmatured interest. The Reorganized Debtor may negotiate discounts in exchange for pre-payments. Upon payment by the Reorganized Debtor to any Claim Holder in the amounts required under this Plan or as otherwise agreed by the Claim Holder, the Reorganized Debtor will have no further obligation to the Claim Holder under this Plan, and the Claim Holder will have no further or continued rights or standing under this Plan.

4.2.5 Upon satisfaction of all obligations to all Claim Holders, the Reorganized Debtor will no longer be bound by the provisions of this Plan and will be entitled to conduct its business without Bankruptcy Court supervision under applicable non-bankruptcy law. Nothing in this Section shall be construed as waiving or limiting the Reorganized Debtor's rights and interests under this Plan, to enforce those rights and interests through the Bankruptcy Court, to dispute claims, to bring motions or pursue Causes of Action in the Bankruptcy Court or any other court, or to petition the Bankruptcy Court for the redress of any grievances.

4.3 **Professional Fees:** Any services performed or expenses incurred by any Professional on behalf of Debtor with respect to the Chapter 11 Case after the Confirmation Date, will be Administrative Claims, will be paid by Debtor and will not be subject to the prior review and approval of the Bankruptcy Court. Notwithstanding any provision of the Bankruptcy Code or Rules, including, without limitation, Bankruptcy Rule 2016, after the Confirmation Date, no Professional will be required to disclose payments from Debtor to the Bankruptcy Court or the United States Trustee. All fees and expenses of Debtor shall be billed directly to Debtor and the Bankruptcy Court shall review only that portion to which Debtor objects. Debtor must pay the portion not objected to in accordance with the terms of the invoice.

4.4 **Effectuating Documents:** Mr. Ronald A. Marino, as President of Debtor, is authorized to execute, deliver, file, or record such financing statements, contracts, instruments, releases, and other agreements or documents, and to take such actions as may be necessary or appropriate on behalf of Debtor to effectuate and further evidence the terms and conditions of this Plan without further notice to or order, action or approval of the Bankruptcy Court.

4.5 **Preservation of Rights of Action:**

4.5.1 **Vesting of Causes of Action:** In accordance with section 1123(b) of the Bankruptcy Code, all Causes of Action of Debtor and Debtor's Estate will be transferred to the Reorganized Debtor. The Reorganized Debtor shall retain and may (but is not required to) enforce all rights to commence, pursue, compromise and collect, as appropriate, any and all Causes of Action, whether arising before or after the Petition Date, including, but not limited to, Avoidance Claims and any actions specifically listed in the Disclosure Statement.

4.5.2 **All Causes of Action are Specifically Reserved, whether or not specifically listed in the Plan or Disclosure Statement:** Unless any Causes of Action against a Person are expressly waived, relinquished, exculpated, released, compromised or settled in the Plan, Exhibit, or a Final Order, Debtor specifically reserves all Causes of Action for later adjudication, and, therefore, no preclusion doctrine, res judicata, estoppel (judicial, equitable or otherwise) or laches will apply to any of the Causes of Action upon, after or as a consequence of the Confirmation, entry of the Confirmation Order, or the Effective Date.

4.6 **The Equity Auction:**

4.6.1 If the equity Interests of Debtor are canceled and new Interests of the Reorganized Debtor are issued under Section 3.7.1(B), the equity Interests in the Reorganized Debtor shall be sold to the highest bidder at the Equity Auction. Any person may bid at the Equity Auction but must show its financial ability to meet all requirements of the Reorganized Debtor under this Plan. The Purchaser and any individual that owns or controls the Purchaser will be bound by this Plan to make all payments required under this Plan and to perform all other obligations of the Reorganized Debtor. If there are no bids at the Equity Auction, the new Interests in the Reorganized Debtor will be granted to the Holders of Class VIII Interests.

4.6.2 If the Equity Auction occurs, Debtor shall sell its equity Interests in accordance with the following procedures:

- A. Debtor shall schedule an auction sale (the “Equity Auction”) at 9:00 a.m. one week following the Confirmation Date, or the first business day thereafter. The Equity Auction shall be held at the office of Debtor’s counsel. Any party interested in attending and/or bidding at the Equity Auction may obtain additional details regarding the time, place and process of the Equity Auction by contacting Debtor’s counsel. This Section shall be deemed sufficient notice of the Equity Auction and no further or additional notice shall be required.
- B. All bidders must agree to comply with all the terms and provisions of this Plan.
- C. The Equity Auction shall be conducted by counsel for Debtor in a manner consistent with this Plan and reasonably calculated, in Debtor’s sole discretion, to obtain the highest and best sale price. Each bidder must demonstrate its ability to immediately fund the amount of the winning bid, and must pay the amount of the winning bid within twenty-four hours of submitting the winning bid. If the winning bidder fails to timely pay the amount of the winning bid, the next highest bidder will have two full Business Days after notice to pay the amount its highest bid at the Equity Auction and to become the successful bidder.

4.6.3 The Reorganized Debtor shall pay all proceeds of the Equity Auction first to pay any unpaid Allowed Administrative Claims and to establish a fund for payment of Administrative Claims incurred but pending approval by the Bankruptcy Court, and next to prepayment of Class I Claims.

4.7 Equipment Sales:

4.7.1 Debtor shall have the right to sell the equipment in accordance with the terms and conditions of the Funds Consent Order and this Plan Debtor’s Chapter 11 Plan.

4.7.2 Debtor may sell used equipment and use the net proceeds (after payment, if any, of the required release payment to Cat Financial, and customary seller fees and charges) to fund Debtor’s legitimate, non-Insider related operating costs and to make the General Unsecured Claims Payment, but only to the extent of the dollar for dollar reduction in the Amounts Owed. [During the term of the Plan, Debtor will pay down principle owed to equipment lien holders, CAT Financial (\$586,175.82) and Michigan CAT (\$55,743.93) (collectively the “Amounts Owed”).] Thus, if Debtor reduces the Amounts Owed by \$200,000, Debtor will be permitted to use the proceeds of equipment sales up to \$200,000 for the purposes of paying operating expenses and making distributions the General Unsecured Creditor Payment. However, at no time shall the dollar amount of such proceeds used by the Debtor from equipment sales under this section 4.7.2 exceed the total reduction in the principle due on the Amounts Owed. That is, if at the end of the first Plan year, Debtor has reduced the Amounts Owed by only \$30,000, Debtor may not use more than \$30,000 from the sale of any equipment at that time. If at the end of the second Plan year, Debtor has reduced the Amounts Owed by \$65,000 and has previously used \$14,000 from the proceeds of equipment sales, Debtor may use up to \$51,000 from the proceeds of equipment sales.

4.7.3 Debtor is required to ultimately use at least 50% of the net equipment sale proceeds obtained from equipment sales pursuant to the provisions of this section for the General Unsecured Creditor Payment, but may use more than the 50% of the equipment sale proceeds for operations during the Payment Period if necessary to pay critical non-Insider related operating expenses. Debtor must then reserve sufficient proceeds from subsequent equipment sales so that the total equals or exceeds 50% of total sales.

4.7.4 Prior to the sale of any equipment, the Debtor shall provide the Funds with (i) information on the proposed sale, including but not limited to the purchaser's identity, purchase price and value of the equipment to be sold; (ii) the proposed utilization of the sale proceeds; and (iii) the opportunity for the Funds to object to the proposed sale.

4.7.5 The Funds shall release their Liens only and to the extent necessary to enable the sale of equipment sold in accordance with the provisions of this section 4.7 and provided there has not been any default of Debtor's obligations to the Funds under this Plan or the Funds Consent Order which remains uncured at the time of the proposed sale and in the absence of any objection by the Funds.

4.7.6 Promptly upon 60 months following the Effective Date of the Plan, all remaining equipment shall be liquidated through an orderly liquidation process. The net proceeds of liquidation of the equipment (after payment of any remaining Amounts Owed and customary sale costs) shall be first paid to the Funds in satisfaction of any due and unpaid post-petition obligations, any unpaid monthly payments required under section 3.1, including any and all accrued interest thereon, and the balance of the Funds Class I Claim. In the event Debtor has satisfied the Funds' Class I Claim in full and no post-petition obligations remain due and owing, Debtor has the right to retain and use any surplus proceeds of liquidation of the equipment to pay any unpaid Administrative Claims and operating expenses, and to increase the amount of the General Unsecured Claim Payment.

ARTICLE V

EFFECT OF THE PLAN ON CLAIMS AND INTERESTS

5.1 Discharge of Indebtedness:

5.1.1 Except as otherwise provided in this Plan, the confirmation of this Plan will, and does hereby act to discharge and release the Claims of all Creditors against Debtor and the Reorganized Debtor, the same constituting a full, total and complete settlement with the Creditors. Confirmation will also act as a merger and relinquishment of any and all Claims that Creditors have, or may have, against Debtor and the Reorganized Debtor as provided in the treatment of the Creditors in Articles II and III. The forgoing notwithstanding, this paragraph will not affect the rights of any taxing authority against any other entity or person who may be liable or responsible for the taxes of the Reorganized Debtor.

5.2 **Subordinated Claims.** The allowance, classification, and treatment of all Allowed Claims and Allowed Interests and the respective distributions and treatments under the Plan take into account and confirm the relative priority and rights of the Claims and Interests in each Class in connection with any contractual, legal, and equitable subordination rights relating thereto, whether arising under general principles of equitable subordination, section 510 of the Bankruptcy Code, or otherwise. Pursuant to section 510 of the Bankruptcy Code, Debtor reserves the right to re-classify (or request that the Bankruptcy Court re-classify) any Allowed Claim or Allowed Interest in accordance with any contractual, legal, or equitable subordination relating thereto. If a Claim is Allowed but subordinated, the Claim will not be entitled to payment

under this Plan until all other Claims have been paid in full or as otherwise specified by the Bankruptcy Court.

5.3 **Injunction.** Except as provided in the Plan or the Confirmation Order, as of the Confirmation Date, all entities that have held, currently hold, or may hold Claims or Interests that are treated pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions against Debtor or its property on account of any such discharged Claims, debts, liabilities, or terminated Interests or rights: (i) commencing or continuing, in any manner or in any place, any action or other proceeding; (ii) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree, or order; (iii) creating, perfecting, or enforcing any Lien or encumbrance; (iv) asserting a setoff, right of subrogation, or recoupment of any kind against any debt, liability, or obligation due to Debtor; and (v) commencing or continuing any action in any manner, in any place that does not comply, or is consistent, with the provisions of this Plan.

5.4 **Protections against Discriminatory Treatment.** Consistent with section 525 of the Bankruptcy Code and the Supremacy Clause of the United States Constitution, all Persons, including Governmental Units, shall not discriminate against Debtor or deny, revoke, suspend, or refuse to renew a license, permit, charter, franchise, or other similar grant to, condition such a grant to, discriminate with respect to such a grant against, Debtor, or other Person with whom Debtor has been associated, solely because Debtor has been a debtor under chapter 11 of the Bankruptcy Code, has been insolvent before the commencement of the Chapter 11 Case (or during the Chapter 11 Case but before Debtor is granted or denied a discharge), or has not paid a debt that is dischargeable in the Chapter 11 Cases.

5.5 **Release of Liens.** Except as otherwise provided in the Plan or in any contract, instrument, release, or other agreement or document created pursuant to the Plan, on the Effective Date and concurrently with the applicable distributions made pursuant to Articles II and III of the Plan, all mortgages, deeds of trust, Liens, pledges, or other security interests against any property of the Estate will be deemed fully released and discharged, and all of the right, title, and interest of any Holder of such mortgages, deeds of trust, Liens, pledges, or other security interests will revert to Debtor and its successors and assigns.

ARTICLE VI

PROVISIONS GOVERNING DISTRIBUTION

6.1 **No Interest On Unsecured Claims.** Unless otherwise specifically provided for in this Plan or as otherwise required by section 506(b) of the Bankruptcy Code, interest will not accrue or be paid on any General Unsecured Claim.

6.2 **Delivery Of Distributions in General.** Except as otherwise provided in the Plan, and notwithstanding any authority to the contrary, distributions to Holders of Allowed Claims and Allowed Interests will be made by Debtor (a) at the addresses set forth on the Proofs of Claim Filed by the Holders of Claims or Interests (or at the last known addresses of such Holders of Claims or Interests if no Proof of Claim is Filed or if Debtor has been notified in writing of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to Debtor after the date of any related Proof of Claim, (c) at the addresses reflected in the Schedules if no Proof of Claim has been Filed and Debtor has not received a written notice of a change of address, or (d) at the address of any counsel that has appeared in the Chapter 11 Cases on the Holder's behalf. Distributions under the Plan on account of Allowed Claims will not be subject to levy, garnishment, attachment, or like legal process, so that each Holder of an

Allowed Claim will have and receive the benefit of the distributions in the manner set forth in the Plan.

6.3 **Undeliverable Distributions and Non-Negotiated Checks.** If any distribution to a Holder of a Claim or Interest is returned as undeliverable, no further distributions to such Holder of such Claim or Interest will be made unless and until Debtor is notified of the then-current address of such Holder of the Claim, at which time all missed distributions will be made to the Holder of the Claim without interest. If checks issued by the Reorganized Debtors on account of Claims are not negotiated within one hundred and twenty days after the issuance of the check, the check will be null and void. Amounts in respect to undeliverable distributions and non-negotiated checks will be held by the Reorganized Debtor until the earlier of (i) such distributions are claimed by the valid Holder of the Claim or (ii) ninety days after the check is returned or voided due to non-negotiation, after which date all such undistributed and non-negotiated amounts will revert to the Reorganized Debtor free of any restrictions and the Claim of any Holder or successor to such Holder with respect to the distribution will be deemed discharged and forever barred, notwithstanding federal or state escheat laws to the contrary. Nothing contained herein requires the Reorganized Debtor to attempt to locate any Holder of an Allowed Claim.

6.4 **Fractional Payments.** Notwithstanding any other provision of the Plan to the contrary, payments of fractions of dollars are not required. Payment of fractions of dollars that would otherwise be distributed under the Plan will be rounded to the lower whole number of dollars.

6.5 **Restrictions on Distributions.** Notwithstanding anything in this Plan to the contrary, Debtor is not required to make any distribution to a Claim Holder in an amount less than \$10.00.

ARTICLE VII MODIFICATION OF THE PLAN

7.1 **Modification of Plan.** Except as otherwise provided in this Plan, Debtor may, from time to time, propose amendments or modifications to this Plan prior to the Confirmation Date, without leave of the Bankruptcy Court. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Bankruptcy Rule 3019 and those restrictions on modification set forth in the Plan, Debtor expressly reserves its rights to revoke or withdraw, or to alter, amend or modify materially the Plan, one or more times before the Confirmation Date. After the Confirmation Date, Debtor may, with leave of the Bankruptcy Court and upon notice and opportunity for hearing to the affected Creditor(s), remedy any defect or omission, reconcile any inconsistencies in the Plan or in the Confirmation Order, or otherwise modify the Plan.

7.2 **Effect of Confirmation on Modifications.** Entry of a Confirmation Order shall mean that all modifications or amendments to the Plan since the solicitation of the Plan are approved pursuant to section 1127(a) of the Bankruptcy Code and do not require additional disclosure or re-solicitation under Bankruptcy Rule 3019.

7.3 **Revocation or Withdrawal of the Plan.** Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date and to File subsequent chapter 11 plans. If Debtor revokes or withdraws the Plan, then: (1) the Plan will be null and void in all respects; (2) any settlement or compromise embodied in the Plan (including the fixing or limiting to an amount certain of any Claim or Interest or Class of Claims or Interests), assumption,

assignment, or rejection of executory contracts or unexpired leases effected by the Plan, and any document or agreement executed pursuant to the Plan, will be deemed null and void; and (3) nothing contained in the Plan will: (i) constitute a waiver or release of any Claims, Interests, or Causes of Action; (ii) prejudice in any manner the right of Debtor or any other Person; or (iii) constitute an admission, acknowledgement, offer, or undertaking of any sort by Debtor or any other Person.

ARTICLE VIII

JURISDICTION OF THE COURT

8.1 **Jurisdiction.** Notwithstanding the entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain exclusive jurisdiction over all matters arising out of, or related to, the Chapter 11 Case and the Plan pursuant to sections 105(a) and 1142 of the Bankruptcy Code, including without limitation, jurisdiction with respect to:

8.1.1 The classification of the Claim of any Creditor and the re-examination of Claims Allowed for purposes of voting, and the determination of such objections as may be filed to Claims of Creditors. The failure by Debtor to object to, or to examine any Claim for the purposes of voting, will not be deemed to be a waiver of any right to object to, or reexamine the Claim, in whole or in part. Furthermore, the fact that this Plan has provided a treatment for the benefit of a particular Creditor will not in any way be deemed to be a waiver of any right to object to or re-examine the Claim or any secured interest whether by mortgage or otherwise which secures such Claim, in whole or in part.

8.1.2 The determination of all questions and disputes regarding title to the assets of the estate, and all causes of action, controversies, disputes, or conflicts, whether or not subject to action pending as of the Confirmation Date, between Debtor and any other party.

8.1.3 The correction of any defect, the curing of any omission or the reconciliation of any inconsistency in this Plan or the Confirmation Order as may be necessary to carry out the purposes and intent of this Plan.

8.1.4 The enforcement and interpretation of the terms and conditions of this Plan and the entry of orders in aid of confirmation of this Plan.

8.1.5 The entry of any order, including injunctions, necessary to enforce the title, rights, and powers of Debtor or any party-in-interest, and to impose such limitations, restrictions, terms and conditions of such title, rights and powers as this Court may deem necessary.

8.1.6 The review and approval of all Professional Fee applications for services rendered before the Confirmation Date and the review of any Professional Fees for services rendered in connection with the Plan after the Confirmation Date to the extent that Debtor disputes all or a portion thereof.

8.1.7 Debtor's right to pursue any Avoidance Actions.

8.1.8 The entry of an order determining the validity of any Lien.

8.1.9 The entry of an order concluding and terminating this Case.

ARTICLE IX
TITLE TO PROPERTY

9.1. **Revesting of Assets.** Except as otherwise explicitly provided for in this Plan, on the Effective Date, all property held by the Estate (including all Causes of Action) will vest in the Reorganized Debtor free and clear of all Claims, Liens, charges, encumbrances, right, and Interests of Creditors and equity security Holders. As of and following the Effective Date, the Reorganized Debtor, as provided for under the terms of this Plan, may operate Debtor's business and use, acquire, and dispose of property and settle and compromise Claims or Interests without the supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan and the Confirmation Order.

9.2. **Effect of Conversion.** In the event of a conversion of this case to a Chapter 7 proceeding, all property of the Debtor or Reorganized Debtor, including property which will revert in the Reorganized Debtor pursuant to Confirmation of this Plan and all property acquired by the Reorganized Debtor subsequent to a plan of confirmation, shall be property of the Chapter 7 estate, subject to the Liens and security interests granted under this Plan.

ARTICLE X
UNITED STATES TRUSTEE FEES & REGULATORY COMPLIANCE

10.1 **Payment of U.S. Trustee Fees.** Debtor shall pay to the United States Trustee the appropriate sum required pursuant to 28 U.S.C. § 1930(a)(6) and shall provide the United States Trustee with appropriate reports indicating the cash disbursements for the relevant period until such time as the Chapter 11 Cases are administratively closed.

ARTICLE XI
EXECUTORY CONTRACTS

11.1 **Rejection of Executory Contracts and Unexpired Leases.** Unless rejected under this Plan or subject to a separate motion to assume or reject filed before the Confirmation Date, all executory contracts and unexpired leases of Debtor shall be deemed assumed.

11.2 **Rejection Claims and Cure Claims.** Any Creditor who (a) has a Claim as a result of the rejection of a contract or (b) has a Claim for cure costs as the result of Debtor's assumption of a contract shall have until thirty days after the Effective Date to file a Proof of Claim asserting the rejection damages or assumption cure costs relating to the contract, failing which such Claim will be disallowed in its entirety. However, if the Creditor has not been served with a copy of this Plan, the Creditor shall have thirty days from receipt of actual notice of Debtor's rejection or assumption of the contract. Creditors whose contracts are expressly assumed or rejected under this Plan (the Funds and Michigan Petroleum) are not required to file a Proof of Claim in accordance with this section.

11.3 **Objections to Rejection Claims and Cure Claims.** Debtor may file an objection to any Proof of Claim filed in accordance with this Article and in accordance with Article XII.

ARTICLE XII
OBJECTIONS TO CLAIMS

12.1. **Timing of Objections:** Debtor may object to the allowance of any Claim, whether listed on the Schedules filed by Debtor, or filed by any Creditor, on or before the later of (a) sixty days from the date of filing of any Proof of Claim or (b) six months after the Effective Date.

12.2. **Objections to Liens:** Debtor may object to any Lien or security interest within the time period set forth in Section 12.1 or after any attempt by a Creditor to enforce the Lien, except that Debtor may not file an objection to any Lien that is the basis of a Claim Allowed under the terms of this Plan.

12.3. **Claims Bar Date:** Except as provided herein or otherwise agreed by Debtor in writing, any and all Proofs of Claim filed after the applicable Bar Date shall be deemed disallowed and expunged as of the Effective Date (or, for a Claims Bar Date after the Effective Date, as of the applicable Claims Bar Date) without any further notice to or action, order, or approval of the Bankruptcy Court, and Holders of such Claims may not receive any distributions on account of such Claims, unless on or before the Confirmation Date such late Claim has been held timely Filed by a Final Order.

ARTICLE XIII
MISCELLANEOUS PROVISIONS

13.1. **Immediate Binding Effect.** Notwithstanding Bankruptcy Rules 3020(e), 6004(g), or 7062 or otherwise, upon the occurrence of the Effective Date, the terms of the Plan shall be immediately effective and enforceable and deemed binding upon Debtor and any and all Holders of Claims and Interests (irrespective of whether any such Holders of Claims or Interests failed to vote to accept or reject the Plan, voted to accept or reject the Plan, or is deemed to accept or reject the Plan), and all Persons that are parties to or are subject to the settlements, compromises, releases, discharges, and injunctions described in the Plan.

13.2. **Additional Documents.** On or before the Effective Date, Debtor may File with the Bankruptcy Court such agreements and other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan. Debtor and all Holders of Claims or Interests receiving distributions pursuant to the Plan and all other parties in interest shall, from time to time, prepare, execute, and deliver any agreements or documents and take any other actions as may be necessary or advisable to effectuate the provisions and intent of the Plan.

13.3. **Reservation of Rights.** Except as expressly set forth in the Plan, the Plan will have no force or effect unless the Bankruptcy Court enters the Confirmation Order. None of the Filing of the Plan, any statement or provision contained in the Plan, or the taking of any action by Debtor with respect to the Plan or the Disclosure Statement shall be, or shall be deemed to be, an admission or waiver of any rights of Debtor with respect to the Holders of Claims or Interests before the Effective Date.

13.4. **Successors and Assigns.** The rights, benefits, and obligations of any Person named or referred to in the Plan will be binding on, and will inure to the benefit of, any heir, executor, administrator, successor or assign, affiliate, officer, director, agent, representative, attorney, beneficiary, or guardian, if any, of such Person.

13.5 **Service of Documents.** After the Effective Date, any pleading, notice, or other document required by the Plan to be served on or delivered to Debtor or Reorganized Debtor must be sent by overnight mail, postage prepaid to:

Glencorp, Inc.
c/o Ronald A. Marino
47641 Ryan
Shelby Twp., MI 48317

with a copy to:

Ryan D. Heilman
WERNETTE HEILMAN PLLC
24725 W. 12 Mile Rd., Ste. 110
Southfield, MI 48034

13.6 **Entire Agreement.** Except as otherwise stated in this Plan, this Plan supersedes all previous and contemporaneous negotiations, promises, covenants, agreements, understandings, and representations on such subjects, all of which have become merged and integrated into the Plan, the Chapter 11 Term Sheet.

13.7 **Nonseverability of Plan Provisions.** If, prior to Confirmation, any term or provision of the Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall then be applicable as altered or interpreted. Notwithstanding any such holding, alteration, or interpretation, the remainder of the terms and provisions of the Plan will remain in full force and effect and will in no way be affected, impaired, or invalidated by such holding, alteration, or interpretation. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is: (1) valid and enforceable pursuant to its terms; (2) integral to the Plan and may not be deleted or modified without Debtor's consent; and (3) nonseverable and mutually dependent.

13.8 **Closing of Chapter 11 Cases.** Debtor shall, after the full administration of the Chapter 11 Case, File with the Bankruptcy Court, all documents required by Bankruptcy Rule 3022 and any applicable order of the Bankruptcy Court to close the Chapter 11 Case.

13.9 **Waiver or Estoppel.** Each Holder of a Claim or an Interest shall be deemed to have waived any right to assert any argument, including the right to argue that its Claim or Interest should be Allowed in a certain amount, in a certain priority, secured, or not subordinated by virtue of an agreement made with Debtor, the Stipulating Parties, or their counsel, or any other Person, if such agreement was not disclosed in the Plan, the Disclosure Statement, or papers Filed with the Bankruptcy Court prior to the Confirmation Date.

13.10 **Conflicts and Interpretation of the Plan.** Except as set forth in the Plan, to the extent that any provision of the Disclosure Statement, or any other order (other than the Confirmation Order) referenced in the Plan (or any Exhibits, schedules, appendices, supplements, or amendments to any of the foregoing), conflict with or are in any way inconsistent with any provision of the Plan, the Plan will govern and control.

13.11 **Termination of Liens and Encumbrances.** Debtor and all parties-in-interest, including any Creditor, must execute any document reasonably requested by the other to memorialize and effectuate the terms and conditions of this Plan. This includes the execution by Creditors of any Uniform Commercial Code termination and mortgage releases and termination. Debtor is expressly authorized to file any termination statement to release a Lien which is either discharged or satisfied as a result of this Plan or any payments made in accordance with the Plan.

13.12 **Limitations on Operations.** If the Reorganized Debtor has made all payments and distributions required under this Plan, all restrictions, negative covenants, and other limitations on Debtor's operations provided herein or in the Confirmation Order will terminate.

13.13 **Causes of Action; Standing.** Except as otherwise provided in this Plan, Debtor has the right and authority to commence, continue, amend or compromise all Causes of Action available to Debtor, the Estate or the debtor-in-possession, including without limitation all Avoidance Claims whether or not those Causes of Action or Avoidance Claims were the subject of a suit as of the Confirmation Date.

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DISCLOSURE STATEMENT

I. Introduction and Overview.

A. Purpose of Disclosure Statement.

All capitalized terms unless the term is defined in this Disclosure Statement have the meaning given in Debtor's Plan of Reorganization (the "Plan").

Debtor submits this Disclosure Statement ("Disclosure Statement") pursuant to § 1125 of the Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, to all known Holders of a Claim against it. Debtor has filed the Plan with the United States Bankruptcy Court for the Eastern District of Michigan, Southern Division, a copy of which accompanies this Disclosure Statement.

Debtor provides this Disclosure Statement to its Creditors to disclose information material and necessary for Creditors to make a reasonably informed decision in exercising their right to vote to accept of the Plan.

B. Source of Information.

The Disclosure Statement and the Plan have been prepared from information furnished primarily by Debtor. Debtor's counsel has not conducted an independent investigation to verify this information.

Certain materials contained in this Disclosure Statement are taken directly from other readily accessible documents or are summaries of other documents. While every effort has been made to retain the meaning of these documents or portions of documents that have been summarized, Debtor urges you to thoroughly review the contents of these documents before relying on them. In the event of a discrepancy between this Disclosure Statement and the actual terms of a document, the actual terms of the document will govern.

The statements contained in this Disclosure Statement are made as of its date, unless another time is specified. Neither the delivery of this Disclosure Statement nor any exchange of rights in connection with it will, under any circumstances, create an implication that there has been no change of the facts set forth in this Disclosure Statement since the date it was first filed.

NO PERSON OR ENTITY HAS BEEN AUTHORIZED BY DEBTOR OR THE COURT TO GIVE ANY INSTRUCTIONS OR MAKE ANY REPRESENTATIONS CONCERNING DEBTOR, DEBTOR'S FINANCIAL AFFAIRS, OR THE VALUE OF ITS PROPERTY, OTHER THAN AS SET FORTH IN THIS DISCLOSURE STATEMENT AND THE PLAN. ANY REPRESENTATIONS, PROMISES OR INDUCEMENTS, PARTICULARLY REGARDING DEBTOR'S PROPERTY OR FUTURE INCOME, MADE TO SECURE YOUR ACCEPTANCE OR REJECTION OF THE PLAN, WHICH ARE OTHER THAN AS CONTAINED IN THIS DISCLOSURE STATEMENT, SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION. ANY SUCH REPRESENTATION, INDUCEMENTS AND/OR PROMISES SHOULD BE REPORTED TO COUNSEL FOR DEBTOR WHO, IN TURN, SHALL INFORM THE COURT.

C. *Overview of Chapter 11.*

Chapter 11 is the principal business reorganization chapter of the Bankruptcy Code. Under Chapter 11, a debtor is authorized to reorganize its business for the benefit of itself, its creditors, and equity interest holders. In addition to permitting a rehabilitation of a debtor, another goal of Chapter 11 is to promote equality of treatment for similarly situated creditors and similarly situated equity interest holders with respect to the distribution of a debtor's assets. The commencement of a Chapter 11 case creates an estate that is comprised of all of the legal and equitable interests of the debtor as of the filing date. The Bankruptcy Code provides that a debtor may continue to operate its business and remain in possession of its property as a debtor-in-possession.

The consummation of a plan of reorganization is the principal objective in a Chapter 11 reorganization case. A plan of reorganization sets forth the means for satisfying claims against and interests in a debtor. Confirmation of a plan of reorganization by the Bankruptcy Court makes the plan binding upon a debtor, any issuer of securities under the plan, any person acquiring property under the plan, and any creditor or equity interest holder of a debtor. Subject to limited exceptions, the confirmation order discharges a debtor from any debt that arose before the date of confirmation of the plan and substitutes the obligations specified under the confirmed plan.

After a plan of reorganization has been filed, the holders of claims against or interests in a debtor are permitted to vote to accept or reject the plan. Before soliciting acceptances of the proposed plan, however, § 1125 of the Bankruptcy Code requires a debtor to prepare a disclosure statement containing adequate information of a kind, and in sufficient detail, to enable a hypothetical reasonable investor to make an informed judgment about the plan. Debtor is submitting this Disclosure Statement to Holders of Claims against, and equity Interests in, Debtor to satisfy the requirements of § 1125 of the Bankruptcy Code.

II. Exhibits to this Disclosure Statement.

The following Exhibits are incorporated into and are a part of this Plan and Disclosure Statement as set forth in Section 1.6 of the Plan.

- A. Liquidation Analysis
- B. Financial Information for Three Years Before the Petition Date
- C. Summary of Monthly Operating Reports Filed in this Chapter 11 Case
- D. Projections for the Five-Year Payment Period Proposed in the Plan

III. Description of Debtor.¹

- A. *Describe the Debtor.* Debtor is a Michigan corporation and is an earth-moving contractor engaged in the business of moving dirt and heavy cuts, digging retention ponds, and digging roads for developers in subdivisions. Debtor

¹ If Disclosure Statement conflicts with any Plan terms, the Plan terms govern.

operates out of offices located on Ryan Road in Shelby Township, Michigan. Debtor employs 23 employees, including both union and non-union workers and office assistants. Under the Plan, Debtor is reorganizing and continuing in business.

B. *Description of the principals.*

1. *Background.*

Ronald A. Marino is the sole shareholder and President of Debtor. Mr. Marino founded Debtor in 1995 and has always been its sole shareholder and officer since its founding. Michelle Marino, Mr. Marino's wife, assist Mr. Marino by working in the office, assisting with receivables, payables and book-keeping.

Mr. Marino filed a personal Chapter 11 bankruptcy petition shortly after the Petition Date. Case No. 16-47104 (Bankr. E.D. Mich.).

2. *Compensation.*

In the current year prior, Mr. Marino expects to receive approximately \$120,000 in wages and compensation from Glencorp, plus reimbursements for company related expenses. Mrs. Marino also earned \$500 to \$750 per week during the bankruptcy case. Mrs. Marino's responsibilities are increasing due to the loss of two office employees just before and shortly after the bankruptcy filing and her hours and compensation will be increased commensurately.

3. *Their legal relationships with Debtor.*

a. Debtor anticipates that the following Creditors will assert that Mr. Marino has guaranteed some or all of Debtor's obligations to them or is otherwise personally liable for Debtor's obligations: Cat Financial, IRS, Michigan Department of Treasury, the Funds, and Michigan Petroleum.

b. Debtor further anticipates that Michigan Petroleum will also assert that Mrs. Marino has guaranteed Debtor's obligations to it.

c. Mr. Marino has loaned Debtor significant funds to permit Debtor to continue its operations. Debtor currently owes Mr. Marino \$590,322.88.

d. Mrs. Marino loaned Debtor \$10,000 from her retirement account to permit Debtor to pay a retainer for the purpose of filing this Chapter 11 Case.

e. Debtor employs relatives of Mr. Marino in its construction business: Pamela Normand, Richard Marino, Steve Normand, and David Dombrowski. Disclosure of their compensation has been filed along with Debtor's monthly operating reports, available on the Court's docket for this Case.

f. Mr. Marino owns 10% of Ryan Holdings, LLC, an entity that previously owned the building at which Debtor is a tenant. Mrs. Marino owns the remaining 90% of Ryan Holdings. Ryan Holdings sold the building before the Petition Date to Sinacori Holdings, LLC, a non-affiliated entity that also occupies space in the building. Although the purchaser has already paid the down payment and has begun making monthly payments, the closing was held

up by a need to obtain environmental reports. Debtor anticipates the closing will occur in October, 2016. Debtor also anticipates closing in the near future on a new five-year lease agreement at \$2,000 per month with Sinacori Holdings, LLC, which will move Debtor to a smaller office space but permit Debtor to continue storing equipment in the adjacent vacant property.

C. *The Debtor's business and the causes for the Chapter 11 filings.*

Debtor, along with many other companies in the construction industry, suffered heavy losses during the recent recession. While construction activity has picked up over the last couple of years, Debtor's business remains vulnerable to forces outside its control: First, most of Debtor's jobs are large – with resulting receivables in the hundreds of thousands each. In 2014 and 2015, Debtor suffered hundreds of thousands in losses as a result of one customer's inability to pay and subsequent bankruptcy and another customer's refusal to pay as the result of a contract dispute. Second, Debtor can only operate during periods of dry weather. 2015 was a very wet work season which resulted in an unusually large number of days during which Debtor could not operate. Further, after each day of rain, Debtor is required to spend significant time just to move standing water and prepare the ground (again) to permit the Debtor to operate. Given these two problems, on top of earlier losses during the recession, Debtor exhausted its resources and Mr. Marino's ability to continue funding, and was not able to pay its debts as they came due.

The immediate grounds for this Chapter 11 Case was the entry of judgment in favor of the Funds on April 11, 2016; the Funds' post-judgment collection efforts made it impossible for the Debtor to continue operations without bankruptcy protection. On April 11, 2016, judgment was entered by the United States District Court for the Eastern District of Michigan in the amount of \$829,104.64 in favor of the Funds. Case No. 14-cv-14766 (E.D. Mich.), Docket No. 35. Mr. Marino is co-liable with the Debtor for the amount of the judgment.² The Funds subsequently filed a proof of claim asserting a total claim of \$1,879,709.63, including liquidated damages, statutory interest, and attorneys' fees.³

The Funds sought to collect on the judgment by obtaining an *Ex Parte* Motion for Order Restraining the Transfer, Selling, or Disposing of Defendants' Property and Directing Judgment Debtors to Appear for Examination and by garnishing Debtor's bank account. Without funds and without the legal ability to make payments to its employees and vendors, Debtor had no choice but to cease operations or commence this Bankruptcy Case.

IV. **Post-petition events of significance.**

A. *Post-petition transfers outside of the ordinary course of business.*

There have been no post-petition transfers outside of the ordinary course of business during this case, except as authorized by the Bankruptcy Court.

² Mr. Marino has appealed the judgment, but the appeal will be dismissed as part of the global settlement, discussed below.

³ This matter is discussed more fully in the Funds' § 1113(f) Motion [Docket No. 77] and Debtor's Response [Docket No. 88].

On July 21, 2016, the Court entered an order partially resolving the Funds' § 1113(f) Motion [Docket No. 87]. In this Motion, the Court authorized Debtor to pay \$91,391.96, which Debtor has paid in three monthly installments in July, August and September, 2016.

B. *Summaries of the important details of cash collateral, post-petition financing and adequate protection orders.*

- i. On May 11, 2016, the Court entered orders granting Debtor's Motions to use cash collateral on an interim basis and to pay pre-petition wages and employee benefits [Docket Nos. 26 and 27]. The Court granted Debtor authorization to use cash collateral on a final basis by stipulated order on June 7, 2016 [Docket No. 68].
- ii. On May 18, 2016, the Court entered a stipulated order requiring Michigan Cat to turnover the Michigan Cat Collateral to Debtor, requiring Debtor to make adequate protection payments to Michigan Cat, and preserving Michigan Cat's Lien rights in the Michigan Cat Collateral [Docket No. 39].
- iii. The Court granted Debtor's Motion to employ Wernette Heilman PLLC as its counsel in this Case on June 8, 2016 [Docket No. 70].
- iv. On June 24, 2016, the Court entered a stipulated order between Debtor and IRS providing adequate protection to the IRS [Docket No. 76].
- v. On July 6, 2016, the Court entered a stipulated order between Debtor and Cat Financial providing adequate protection to Cat Financial [Docket No. 79].
- vi. On July 8, 2016, the Debtor filed a motion to employ Plante & Moran, PLLC to perform accounting and tax preparation services on behalf of Debtor. After further consultations with Plante & Moran, PLLC, Debtor has decided to not pursue this application as it believes that Plante & Moran, PLLC is providing accounting and tax preparation services in the ordinary course of business consistent with its services before the Petition Date.

vii. **The Global Settlement:**

On June 24, 2016, the Funds filed their § 1113(f) Motion seeking, among other things, immediate payment of their entire Claim as an administrative expense claim under 11 U.S.C. § 1113(f) and In re Unimet, 842 F.2d 879 (6th Cir. 1988) [Docket No. 77]. Debtor filed its response contesting the Funds' rights to the relief requested [Docket No. 88].

Even before the filing of the Funds' § 1113(f) Motion, Debtor, the Funds, and Mr. Marino had been involved in negotiations over their respective claims, rights, and obligations relating to this Case.

Before the filing of this Plan, Debtor, the Funds, and Mr. Marino have reached an agreement in principle. Subject to final agreement of the documents, the terms of the agreement will be set forth in the Funds

Consent Order and in a consent order to be entered between the Funds and Mr. Marino in Mr. Marino's personal bankruptcy case. The following is only a short summary of the agreement:

- Payment over five years by Debtor to the Funds of \$690,000;
- Agreement by Mr. Marino to be co-liable for the \$690,000 as a non-dischargeable debt and dismissal of Mr. Marino's appeal;
- Forbearance by the Funds as to Debtor and Mr. Marino while Debtor is not in default;
- Imposition of an additional \$310,000 penalty to Mr. Marino if Debtor defaults and the default is not timely cured;
- Withdrawal by the Funds of their objection to Mr. Marino's exemptions in his personal bankruptcy case; and
- Payment of the remainder of the Funds' Claims from liquidation of equipment owned by Debtor.

C. *Explain any litigation during the case.*

There has been no litigation during the Chapter 11.

V. **Assets and Liabilities.**

A. Debtor's liquidation analyses is attached as **Exhibit A**.

B. *Risks, conditions and assumptions regarding the stated values.*

- i. All values stated in the Liquidation Analysis for assets, liabilities, costs, expenses and potential recoveries are based on good faith estimates using information currently available to Debtor. The estimates have not been audited. For purposes of this liquidation analysis, Debtor has used the forced sale values. All valuations are necessarily estimates and actual results may result in higher or lower recoveries.
- ii. Unless otherwise noted, Debtor has used the liabilities set forth in the Proofs of Claims and Schedules. These amounts are subject to adjustment and objections by Debtor.
- iii. Costs of liquidation are estimates.

C. *Identify all potential claims and causes of action, including claims against insiders and avoidance actions.*

- i. Debtors are not aware of any Causes of Action other than actions to recover unpaid receivables. Debtor may institute actions at law or, if applicable, arbitrations against all customers and vendors that Debtor believe owe debts to Debtor, including Toll Brothers (which Debtor asserts owes approximately \$350,000 for pre-petition work performed by Debtor and as to which Toll Brothers has asserted substantial counterclaims) and all customers for whom Debtor has performed work post-petition.

- ii. Among other preserved Causes of Action, to the extent not released in the Plan, Debtor reserves all Causes of Action under Chapter 5 of the Bankruptcy Code and any applicable state law against all Persons that received property from Debtor's estate for less than reasonably equivalent value within six years of the Petition Date and while Debtor was insolvent, and all Causes of Action arising before or after the Petition Date in the ordinary course against all Persons with which Debtor has contractual, trade or account relations, including all Causes of Action relating to breaches of contract and collection of accounts receivable. All such claims and Causes of Action, along with all rights, interests and defenses related to them, will vest with the Reorganized Debtor.
- iii. Under the Plan, Debtor retains discretion to litigate, settle, or abandon any Causes of Action, including Avoidance Actions.

D. *Information regarding guaranteed debt or persons co-liable with Debtor on any debt.*

- i. Cat Financial asserts that Mr. Marino has guaranteed Debtor's obligations to Cat Financial.

As of the Petition Date, Debtor owed Cat Financial \$578,771.69 secured by Liens on certain equipment owned by Debtor. Debtor believes that Cat Financial is substantially oversecured.

- ii. The IRS and Michigan Department of Treasury assert that Mr. Marino is co-liable with the Debtor for certain secured and Priority Tax Claims they assert against Debtor.
- iii. The Funds assert that Mr. Marino is co-liable with the Debtor on the Funds' Claims against Debtor based on the judgment entered by the District Court for the Eastern District of Michigan. Mr. Marino is appealing the judgment, but the appeal will be dismissed and the allegations that Mr. Marino is co-liable will be settled as part of the global settlement.
- iv. Michigan Petroleum asserts that both Mr. and Mrs. Marino have guaranteed or are co-liable with the Debtor for the cost of fuel delivered to the Debtor before the Petition Date.

VI. Details regarding implementation of the Plan.

A. *Provide meaningful summaries of financial information in a consistent format for at least the following period:*

- i. *Three years pre-Petition Date*

See **Exhibit B**. Note that Debtor did not have financial statements prepared for the fiscal year ending May 31, 2016, and Debtor's accountants have not yet completed Debtor's tax returns for this time period.

ii. *Post-Petition Date*

See summary of monthly operating reports filed in this Chapter 11 Case attached as **Exhibit C**. The full monthly operating reports are available on the Court's docket or can be obtained at request to Debtor's counsel.

iii. *Projections for the six-year period of payment proposed by the Plan together with assumptions underlying those projections.*

See **Exhibit D**.

Assumptions underlying projections—

- a. Confirmation of this Plan.
- b. Payments to be made according to the Plan.
- c. As all projections are inherently speculative, Debtor makes no representation or warranty that these projections are accurate. Actual amounts of revenues and expenses may be substantially higher or lower than projected based on any number of factors including, but not limited to, the performance of the U.S. economy as a whole and in Southeast Michigan in particular, the Debtor's ability to continue to obtain new work, Debtor's vendors continuing to do business with Debtor on substantially the same terms as pre-petition, negotiations with Debtor's union when the current union agreement expires, the health of Mr. Marino, the continued ability retain and obtain a competent workforce, timely payments by Debtor's customers, weather that is sufficiently dry to permit Debtor to perform most days during the construction season, and the cost of fuel, repairs, maintenance and other expenses.
- d. Structural maintenance costs consistent with prior history and Debtor's forecasts.
- e. Unsecured Claims consistent with Debtor's Schedules.

B. *State who will be in charge and the compensation to be paid to each, including fringe benefits.*

After the Effective Date of the Plan, Mr. Marino will continue as President and sole officer, and Mrs. Marino will continue to work in the office and assist in day to day management of Debtor's business. Mr. Marino will continue to receive \$120,000 per year, the same amount he received pre-petition. Mrs. Marino will be paid commensurate with her increased workload at the Debtor, and is anticipated to receive approximately \$48,000 per year.

C. *State the tax ramifications for the continuing entity if the Plan is confirmed.*

i. *To Debtor:* Debtor believes that the forgiveness of indebtedness which may result from a discharge granted by the confirmation of the Plan will not result in a significant tax consequence to Debtor. The forgiveness of indebtedness, pursuant to the Internal Revenue Code, can be applied either to Debtor's basis in its assets or to its net operating loss carry forward. Debtor cannot accurately determine the amount and extent of any forgiveness of indebtedness. First, Debtor must determine if all of the Claims that have been filed, or deemed filed in this Case, are accurate. Also, depending on whether Debtor achieves or exceeds the projection in its current fiscal year, Debtor may elect to apply any forgiveness of a debt directly to its basis. Despite the fact that Debtor believes that it can either (a) apply such forgiveness of indebtedness to its net operating loss carry forward or (b) to its basis, it is not certain that the amount of forgiveness of debt will be totally offset by the foregoing. However, once these net operating losses are used by Debtor to offset forgiveness of indebtedness, they cannot be used again. Taxes paid by Debtor in future years could, therefore, be impacted as a result of confirmation of the Plan.

ii. *To Creditors:* The tax consequences to each Creditor resulting from confirmation of the Plan may vary depending upon each Creditor's particular circumstances. Debtor recommends that Creditors and Holders of Claims obtain independent tax counsel to advise them of the tax consequences of the Plan.

VII. Legal requirements.

A. *Voting procedures*

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of claims, or equity interests, that are impaired under the plan. Accordingly, classes of claims or interests that are not impaired are not entitled to vote on the plan.

Creditors that hold claims in more than one impaired class are entitled to vote separately in each class. Such a creditor will receive a separate ballot for all of its claims in each class (in accordance with the records of the Clerk of the Court) and should complete and sign each ballot separately. A creditor who asserts a claim in more than one class and who has not been provided sufficient ballots may photocopy the ballot received and file multiple ballots.

Votes on the plan will be counted only with respect to claims: (a) that are listed on Debtor's Schedules of Assets and Liabilities other than as disputed, contingent, or unliquidated; or (b) for which a proof of claim was filed on or before the bar date set by the Court for the filing of proofs of claim (except for certain claims expressly excluded from that bar date or which are allowed by Court order). However, any vote by a holder of a claim will not be counted if the claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing the claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

Voting on the plan by each holder of a claim or interest in an impaired class is important. After carefully reviewing the plan and disclosure statement, each holder of a claim or interest should vote on the enclosed ballot to either accept or to reject the plan, and then return the ballot by mail to Debtor's attorney by the deadline previously established by the Court.

Any ballot that does not appropriately indicate acceptance or rejection of the plan will not be counted.

A ballot that is not received by the deadline will not be counted.

If a ballot is damaged, lost, or missing, a replacement ballot may be obtained by sending a written request to Debtor's attorney.

B. Acceptance

The Bankruptcy Code defines acceptance of a plan by an impaired class of claims as acceptance by the holders of at least two-thirds in dollar amount and more than one-half in number of the claims of that class which actually cast ballots. The Bankruptcy Code defines acceptance of a plan by an impaired class of equity interests as acceptance by holders of at least two-thirds in number of the equity interests of that class that actually cast ballots. If no creditor or interest holder in an impaired class votes, then that class has not accepted the plan.

C. Confirmation

Section § 1129(a) of 11 U.S.C. establishes conditions for the confirmation of a plan. These conditions are too numerous and detailed to be fully explained here. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process.

Among the several conditions for confirmation of a plan under 11 U.S.C. § 1129(a) are:

1. Each class of impaired creditors and interests must accept the plan, as described in paragraph VI.B., above.
2. Either each holder of a claim or interest in a class must accept the plan, or the plan must provide at least as much value as would be received upon liquidation under Chapter 7 of the Bankruptcy Code.

D. Modification

Debtor reserves the right to modify or withdraw the Plan at any time before confirmation.

E. Effect of confirmation

If the Plan is confirmed by the Court:

1. *Its terms will be binding on Debtor, all creditors, shareholders, and other parties in interest, regardless of whether they have accepted the Plan.*
2. *Except as provided in the Plan:*
 - (a) *In the case of a corporation that is reorganizing and continuing business, as in this case:*

- (1) *All claims and interests will be discharged.*
- (2) *Creditors and shareholders will be prohibited from asserting their claims against or interests in Debtor or its assets.*

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Submitted by:
Glencorp, Inc., Debtor

/s/ Ronald A. Marino
By: Ronald A. Marino
Its: President

Dated: October 3, 2016

Prepared by:
WERNETTE HEILMAN PLLC

By: /s/ Ryan D. Heilman
Ryan D. Heilman (P63952)
Michael R. Wernette (P55659)
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Southfield, MI 48034
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EXHIBIT A
to Debtor's Disclosure Statement

LIQUIDATION ANALYSIS

GLENCORP, INC.
HYPOTHETICAL LIQUIDATION ANALYSIS

A. Introduction

The Liquidation Analysis estimates potential cash distributions to holders of Allowed Claims in a hypothetical Chapter 7 liquidation of the assets of the Debtor. The assumptions used in the Liquidation Analysis may be affected by events or conditions not presently contemplated. These assumptions are also subject to significant uncertainties, many of which are outside of the control of the Debtor. As a result, there can be no assurance that the values set forth in the Liquidation Analysis would be realized if the Debtor's Plan is not confirmed and the Debtor's Case was converted to a Chapter 7 liquidation.

B. Scope, Intent, and Purpose of the Liquidation Analysis

The determination of the costs of, and hypothetical proceeds from, the liquidation of the assets of the Debtor is an uncertain process involving the extensive use of estimates and assumptions that, although considered reasonable by the Debtor, are inherently subject to significant business, economic, and competitive uncertainties and contingencies beyond the control of the Debtor, its management, and its professionals. Inevitably, some assumptions in the Liquidation Analysis would not materialize in an actual Chapter 7 liquidation, and unanticipated events and circumstances could affect the ultimate results in an actual Chapter 7 liquidation. In addition, neither management of the Debtor nor its Professionals can judge with any degree of certainty the impact of the liquidation asset sales on the recoverable value of the assets of the Debtor. The Liquidation Analysis was prepared for the sole purpose of generating a reasonable good-faith estimate of the proceeds that would be generated if the Debtor was liquidated in accordance with Chapter 7 of the Bankruptcy Code. The Liquidation Analysis is not intended, and should not be used, for any other purpose. The underlying financial information in the Liquidation Analysis was not compiled or examined by any independent accountants. Neither the Debtor nor its Professionals make any representation or warranty that the actual results would or would not approximate the estimates and assumptions represented in the Liquidation Analysis. Actual results could vary materially.

C. General Notes

1. Conversion Date and Appointment of a Chapter 7 Trustee

The Liquidation Analysis assumes conversion of the Chapter 11 case of the Debtor to a Chapter 7 liquidation case. As of the Conversion Date, it is assumed that the Bankruptcy Court would appoint a Chapter 7 trustee (the "Trustee") to oversee the liquidation of the estate of the Debtor.

2. Assets to be Liquidated

The Liquidation Analysis assumes a liquidation of all of the Debtors' assets which primarily consist of cash in the bank, trade accounts receivable, and equipment.

3. Estimated Costs of Liquidation

Wind-down costs consist of the costs of any professionals the Trustee employs to assist with the liquidation process, including investment bankers, attorneys, and other advisors. Chapter 7 Trustee fees necessary to facilitate the sale of the assets of the Debtor were assumed to equal 5% of the liquidation proceeds generated. This estimate also takes into account the time that will be required for the Trustee and any professionals to become educated with respect to the business of the Debtor and the Chapter 11 case.

Professional fees have been estimated at \$60,000 or \$20,000 per month for three months. Higher returns may be possible over a longer liquidation period, but a longer holding period will also entail higher costs.

D. Key Assumptions

1. Cash and Cash Equivalents

Cash is assumed to be recovered at 100% of the stated value.

2. Accounts Receivable

Assuming that a conversion to Chapter 7 would result in a cessation of operations and inability to complete current projects, the Liquidation Analysis assumes that the Debtor would collect 40 - 60% of the outstanding accounts receivable deemed collectible per the Debtor's current cash flow projections. Current customers would likely seek to offset amounts owed to the Debtor against charges to the Debtor for Debtor's failure to complete projects.

3. Prepaid Expenses

The Liquidation Analysis assumes that there would be zero recovery on prepaid expenses as it assumes that all prepaid assets would be fully amortized by the completion of the liquidation and would have zero recovery.

4. Furniture and Fixtures

Debtor has minimal furniture and fixtures, mostly consisting of office furniture, office supplies, and older computers with no market value. Accordingly, in a liquidation, Debtor would not expect to obtain more than \$2,000 even in an optimistic projection.

5. Equipment

In a liquidation, Debtor's equipment would be sold without an operating business and in a relatively fast time frame. Accordingly, the Debtor believes this would impact the value which could be generated in a liquidation sale. Debtor's estimate therefore assumes a forced sale liquidation value.

6. Avoidance Actions and Other Causes of Action

The Debtor has not undertaken a detailed review of potential Avoidance Actions. However, Debtor believes that a Trustee would be able to recover some returns from Avoidance Action and attempts to collect old receivables and other causes of action. Accordingly, the Liquidation Analysis does not include any potential value to be obtained through pursuit of any specific potential Avoidance Actions. Instead, the Liquidation Analysis assumes an ability to recover a total of \$50,000 - \$150,000 from all available Causes of Action, after attorneys' fees, costs and expenses.

E. Estimated Recoveries

In preparing the Liquidation Analysis, the Debtor estimated the amount of Allowed Claims based upon internal information and claims filed to date. In addition, the Liquidation Analysis includes estimates for claims not currently asserted in the Chapter 11 Cases, but which could be asserted and allowed in a Chapter 7 liquidation, including but not limited to administrative claims, wind-down costs, and trustee fees. To date, the Bankruptcy Court has not estimated or otherwise fixed the total amount of Allowed Claims used for purposes of preparing this Liquidation Analysis. The estimate of Allowed Claims set forth in the Liquidation Analysis by the Debtor should not be relied on for any other purpose including determining the value of any distribution to be made on account of Allowed Claims under the Plan. Nothing contained in the Liquidation Analysis is intended to be or constitutes a concession or admission of the Debtor. The actual amount of Allowed Claims in the Chapter 11 case could materially differ from the estimated amounts set forth in the Liquidation Analysis.

1. Pre-Petition Secured Debt

Pre-petition secured debt is based on the August monthly operating report:

- Cat Financial: \$538,481.28, secured by Equipment
- Michigan Cat: \$47,382.33, secured by Equipment
- IRS: \$120,070.90, secured by all assets
- MI Treasury: \$12,371.93, secured by all assets
- Macomb County Treasurer: \$19,310, secured by personal property

2. Administrative and Priority Claims

Administrative and priority claims are projected to approximate \$2.2 Million as of August 31, 2016.

- Administrative Expenses including unpaid Professional Fees and accounts payable: \$200,000
- IRS Priority Claim: \$210,813.84
- Speedway: \$744.45
- The Funds (asserting a priority Administrative Claim under § 1113(f)): \$1,721,912.78
- Michigan Department of Treasury: \$44,942.63
- Michigan Petroleum: \$11,631.62
- State of Michigan UIA: \$23,692.95
- DIP Loan: \$14,656.17
- Unpaid Pre-petition Wages: \$8,983.98

3. Trade and Other General Unsecured Claims

These claims are projected to total approximately \$1.3 million as of the Petition Date. The Liquidation Analysis estimates that these claims would receive 0% of their value in a Chapter 7 liquidation.

4. Claims of Equity Interests

The Liquidation Analysis estimate that there would be insufficient liquidation proceeds for any recovery related to these claims in a Chapter 7 liquidation.

GLENCROP, INC.
HYPOTHETICAL LIQUIDATION ANALYSIS

Description	Projected Balance Sheet 8/31/16	Chapter 7 Liquidation Recovery		Notes
		Low	High	
STATEMENT OF ASSETS				
Current Assets				
Cash	156,367.37	156,367	156,367.37	100% recovery on cash
Accounts Receivable	648,910.02	259,564	389,346	Excludes old receivables deemed uncollectible, incl. Toll Brothers receivables
Furniture, Fixtures	2,000	1,000	2,000	Low = 10%; High = 20%
Equipment	1,939,000	1,200,000	1,600,000	Low = est. Forced Sale Value; High = est. Orderly Liquidation Value w/ a small discount
Net Causes of Action	\$50,000	150,000		Net of attorneys' fees, costs and expenses (Professional Fees below incl. liquidation costs only)
Total Assets	2,746,277	1,616,931	2,147,713	
Estimated Costs of Chapter 7 Liquidation				
Chapter 7 Trustee Fees		80,847	107,385	5% of Total Assets
Chapter 7 Professional Fees		100,000	45,000	Low = \$20k / month for 5 months; High = \$15k / month for 3 months
Other Holding Costs		20,000	10,000	Low = \$10k / month for 2 months; high = \$10k / month for 1 month
Total Estimated Costs of Liquidation		200,847	162,385	
Estimated Asset Value Available for Distribution		1,351,646	1,985,328	

Estimated Asset Value Available for Distribution	1,351,646	1,985,328
Pre-Petition Secured Debt		
Cat Financial	538,481	538,481
Michigan Cat	47,382	47,382
MI Treasury	12,371	12,371
IRS	120,071	120,071
Macomb County Treasurer	19,310	19,310
Total Pre-Petition Secured Debt	737,738	737,738
Excess (Deficiency) after Pre-Petition Secured Debt	613,908	1,247,590
Priority and Admin Claims – not including Funds:	515,466	515,466
Excess (Deficiency) after Priority and Admin. Claims	98,442	732,125
Priority Claims of Funds	1,721,913	1,721,913
Excess (Deficiency) on Administrative and Priority Claims	(1,623,471)	(989,788)
Estimated General Unsecured Claims	1,214,838	1,214,838
Available for distribution to Unsecured Claims	0	0
Excess (Deficiency) on Trade and General Unsecured Claims	(1,214,838)	(1,214,838)

Estimated Recovery % for General Unsecured Claims

EXHIBIT B
to Debtor's Disclosure Statement

**HISTORICAL FINANCIAL
INFORMATION**

	FY 5/31/11	%	FY 5/31/12	%	FY 5/31/13	%	FY 5/31/14	%	TAX RETURN FY 2015	%
RECEIVABLES - TRADE	242,000	24.5%	781,945	57.2%	845,827	65.1%	1,028,842	64.0%	371,922	19.4%
TOTAL CURRENT ASSETS	314,506	31.8%	962,629	70.4%	892,970	68.7%	1,048,651	65.2%	420,014	22.0%
NET FIXED ASSETS	470,834	47.6%	177,706	13.0%	310,750	23.9%	415,046	25.8%	671,393	35.1%
OTHER ASSETS	203,022	20.5%	227,773	16.6%	95,849	7.4%	145,053	9.0%	820,858	42.9%
TOTAL ASSETS	988,362	100.0%	1,368,108	100.0%	1,299,569	100.0%	1,608,750	100.0%	1,912,265	100.0%
ACCOUNTS PAYABLE - TRADE	109,981	11.1%	609,422	44.5%	436,665	33.6%	351,611	21.9%	388,431	20.3%
ACCRUALS	6,189	0.6%	40,072	2.9%	60,102	4.6%	117,323	7.3%	0	0.0%
TOTAL CURRENT LIABILITIES	241,755	24.5%	756,314	55.3%	827,970	63.7%	828,962	51.5%	1,884,274	98.5%
TOTAL LONG - TERM DEBT	918,697	93.0%	815,478	59.6%	596,436	45.9%	623,919	38.8%	501,504	26.2%
TOTAL UNSUBORD. LIABILITIES	1,160,452	117.4%	1,571,792	114.9%	1,424,406	109.6%	1,452,881	90.3%	2,385,778	124.8%
NET WORTH	(172,090)	-17.4%	(203,684)	-14.9%	(124,837)	-9.6%	155,869	9.7%	(473,513)	-24.8%
NET SALES	1,114,448	100.0%	3,005,059	100.0%	3,197,281	100.0%	4,428,069	100.0%	3,214,281	100.0%
GROSS PROFIT	218,872	19.6%	726,082	24.2%	1,018,235	31.8%	1,277,376	28.8%	(399,440)	-12.4%
OPERATING PROFIT	(588,421)	-52.8%	41,286	1.4%	231,553	7.2%	552,202	12.5%	(1,374,501)	-42.8%
PROFIT BEFORE TAX	(464,634)	-41.7%	257,911	8.6%	77,847	2.4%	410,966	9.3%	(595,161)	-18.5%

GLENCORP, INC.
TREND ANALYSIS - PERFORMANCE RATIOS (HISTORICAL)

FY: MAY 31

	FY 5/31/11	FY 5/31/12	FY 5/31/13	FY 5/31/14	TAX RETURN FY 2015
NET SALES	\$1,114,448	\$3,005,059	\$3,197,281	\$4,428,069	\$3,214,281
NET INCOME BEFORE TAXES	(464,634)	257,911	77,847	410,966	(595,161)
NET INCOME (3)	(\$498,516)	\$265,738	\$28,347	\$282,541	(\$595,161)
SOLVENCY					
CURRENT RATIO	1.3	1.3	1.1	1.3	0.2
WORKING CAPITAL	72,751	206,315	65,000	219,689	(1,464,260)
PROFITABILITY (% OF SALES)					
GROSS PROFIT MARGIN	19.6%	24.2%	31.8%	28.8%	-12.4%
CONTRIBUTION MARGIN	19.6%	24.2%	31.8%	28.8%	-12.4%
OPERATING PROFIT MARGIN	-52.8%	1.4%	7.2%	12.5%	-42.8%
PRETAX PROFIT MARGIN	-41.7%	8.6%	2.4%	9.3%	-18.5%
NET PROFIT MARGIN	-44.7%	8.8%	0.9%	6.4%	-18.5%
ASSET MANAGEMENT					
RETURN ON TOTAL ASSETS	-47.0%	18.9%	6.0%	25.5%	-31.1%
RETURN ON EQUITY	270.0%	-126.6%	-62.4%	263.7%	125.7%
ACCOUNTS RECEIVABLE TURNOVER	4.6	3.8	3.8	4.3	8.6
A/R COLLECTION PERIOD (DAYS)	78	94	95	84	42
ACCOUNTS PAYABLE (DAYS)	44	96	72	40	39
SAFETY / LEVERAGE					
TIMES INTEREST EARNED	-65.0	23.4	3.0	9.9	
DEBT TO NET WORTH	-6.7	-7.7	-11.4	9.3	-5.0
DEBT SERVICE COVERAGE	(13.48)	7.14	0.69	1.10	

1. FY 2011, FY 2012 and FY 2015 were obtained from Federal Tax Returns prepared by Plante & Moran, PLLC. FY 2013 and FY 2014 were obtained from compiled statements prepared by Plante & Moran, PLLC.

GLENCORP, INC.
DEBT SERVICE COVERAGE

FY: MAY 31

DEBT SERVICE SCHEDULE	FY 5/31/11	FY 5/31/12	FY 5/31/13	FY 5/31/14	TAX RETURN FY 2015
NET INCOME	(498,516)	265,738	28,347	282,541	(595,161)
DEPRECIATION EXPENSE	175,444	29,346	115,528	95,119	52,675
INTEREST EXPENSE	7,044	11,529	38,178	46,117	45,604
CASH FLOW FROM OPERATIONS	(316,028)	306,613	182,053	423,777	(496,882)
P & I ON OUTSTANDING DEBT	23,439	42,973	265,603	384,878	431,629
MARGIN	(339,467)	263,640	(83,550)	38,899	(928,511)
COVERAGE AT 3.25% PRIME RATE	(13.48)	7.14	0.69	1.10	-1.2

GLENCORP, INC.
BREAK-EVEN SALES ANALYSIS (HISTORICAL)

FY: MAY 31

	FY 5/31/11	FY 5/31/12	FY 5/31/13	FY 5/31/14	TAX RETURN FY 2015
BREAK-EVEN SALES ANALYSIS					
TOTAL CASH OPERATING EXPENSES (SCHEDULE II)	\$807,293	\$684,796	\$786,682	\$725,174	\$975,061
INTEREST EXPENSE	7,044	11,529	38,178	46,117	45,604
DEPRECIATION EXPENSE	175,444	46,984	115,528	95,119	52,675
TOTAL FIXED EXPENSES	989,781	743,309	940,388	866,410	1,073,340
CONTRIBUTION MARGIN	19.6%	24.2%	31.8%	28.8%	-12.4%
BREAK-EVEN SALES	\$5,039,747	\$3,076,357	\$2,952,840	\$3,003,441	(\$8,637,133)
NET SALES	\$1,114,448	\$3,005,059	\$3,197,281	\$4,428,069	\$3,214,281
	FY 5/31/11	FY 5/31/12	FY 5/31/13	FY 5/31/14	TAX RETURN FY 2015
BREAK-EVEN SALES ANALYSIS WITHOUT DEPRECIATION					
TOTAL CASH OPERATING EXPENSES (SCHEDULE II)	\$807,293	\$684,796	\$786,682	\$725,174	\$975,061
INTEREST EXPENSE	7,044	11,529	38,178	46,117	45,604
TOTAL FIXED EXPENSES	814,337	696,325	824,860	771,291	1,020,665
CONTRIBUTION MARGIN	19.6%	24.2%	31.8%	28.8%	-12.4%
BREAK-EVEN SALES	\$4,146,425	\$2,881,903	\$2,590,079	\$2,673,707	(\$8,213,259)
NET SALES	\$1,114,448	\$3,005,059	\$3,197,281	\$4,428,069	\$3,214,281

GLENCORP, INC.
BALANCE SHEET - ASSETS (HISTORICAL)

FY: MAY 31

	FY		FY		FY		FY		TAX RETURN	
	5/31/11	%	5/31/12	%	5/31/13	%	5/31/14	%	FY 2015	%
CURRENT ASSETS										
CASH	\$6,259	0.6%	\$35,132	2.6%	\$44,506	3.4%	\$9,897	0.6%	\$2,666	0.1%
CONTRACTS REC. - TRADE	242,000	24.5%	781,945	57.2%	650,295	50.0%	814,851	50.7%	371,334	19.4%
CONTRACTS REC. - RETENTIONS	0	0.0%	0	0.0%	195,532	15.0%	213,991	13.3%	0	0.0%
CONTRACTS REC. - OTHER	38,029	3.8%	26,847	2.0%	0	0.0%	0	0.0%	588	0.0%
COSTS IN EXCESS OF BILLINGS	19,301	2.0%	78,915	5.8%	2,637	0.2%	9,912	0.6%	39,001	2.0%
PREPAID EXPENSES	8,917	0.9%	39,790	2.9%	0	0.0%	0	0.0%	6,425	0.3%
TOTAL CURRENT ASSETS	314,506	31.8%	962,629	70.4%	892,970	68.7%	1,048,651	65.2%	420,014	22.0%
FIXED ASSETS										
OFFICE EQUIPMENT	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	N/A
VEHICLES	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	N/A
MACHINERY & EQUIPMENT	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	N/A
LEASEHOLD IMPROVEMENTS	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	0.0%	N/A	N/A
GROSS FIXED ASSETS	3,766,962	381.1%	2,679,977	195.9%	2,828,958	217.7%	2,809,276	174.6%	2,913,369	0
LESS: ACC. DEPRECIATION	(3,296,128)	-333.5%	(2,502,271)	-182.9%	(2,518,208)	-193.8%	(2,394,230)	-148.8%	(2,241,976)	0
NET FIXED ASSETS	470,834	47.6%	177,706	13.0%	310,750	23.9%	415,046	25.8%	671,393	35.1%
OTHER ASSETS										
LOANS & ADVANCES TO STOCKHOLDER	203,022	20.5%	227,773	16.6%	85,849	6.6%	145,053	9.0%	820,858	42.9%
DEFERRED TAX ASSET	0	0.0%	0	0.0%	10,000	0.8%	0	0.0%	0	0.0%
TOTAL OTHER ASSETS	203,022	20.5%	227,773	16.6%	95,849	7.4%	145,053	9.0%	820,858	42.9%
TOTAL ASSETS	\$988,362	100.0%	\$1,368,108	100.0%	\$1,299,569	100.0%	\$1,608,750	100.0%	\$1,912,265	100.0%

GLENCORP, INC.
BALANCE SHEET - LIABILITIES & NET WORTH (HISTORICAL)

FY: MAY 31

	FY 5/31/11	%	FY 5/31/12	%	FY 5/31/13	%	FY 5/31/14	%	TAX RETURN FY 2015	%
CURRENT LIABILITIES										
ACCOUNTS PAYABLE	109,981	11.1%	609,422	44.5%	436,665	33.6%	351,611	21.9%	\$388,431	20.3%
ACCRUED EXPENSES & WITHHELD PAYROLL TAXES	6,189	0.6%	34,857	2.5%	34,551	2.7%	63,689	4.0%	170,440	8.9%
ACCRUED EXPENSES - UNION BENEFITS	0	0.0%	5,215	0.4%	16,551	1.3%	35,209	2.2%	19,119	1.0%
ACCRUED EXPENSES - TAXES	0	0.0%	0	0.0%	9,000	0.7%	18,425	1.1%	53,486	2.8%
UNION	0	0.0%	0	0.0%	0	0.0%	0	0.0%	866,773	45.3%
BILLINGS IN EXCESS OF COST & EST. EARNINGS	109,190	11.0%	75,376	5.5%	103,778	8.0%	21,267	1.3%	386,025	20.2%
CURRENT MAT. OF LONG TERM DEBT	16,395	1.7%	31,444	2.3%	227,425	17.5%	338,761	21.1%		
TOTAL CURRENT LIABILITIES	241,755	24.5%	756,314	55.3%	827,970	63.7%	828,962	51.5%	1,884,274	98.5%
LONG - TERM DEBT										
DEFERRED TAX LIABILITIES	0	0.0%	0	0.0%	0	0.0%	100,000	6.2%	N/A	0.0%
LONG TERM DEBT	935,092	94.6%	846,922	61.9%	823,861	63.4%	862,680	53.6%	N/A	0.0%
LESS: CURRENT PORTION	(16,395)	-1.7%	(31,444)	-2.3%	(227,425)	-17.5%	(338,761)	-21.1%	N/A	0.0%
TOTAL LONG - TERM DEBT	918,697	93.0%	815,478	59.6%	596,436	45.9%	623,919	38.8%	501,504	26.2%
TOTAL LIABILITIES	1,160,452	117.4%	1,571,792	114.9%	1,424,406	109.6%	1,452,881	90.3%	2,385,778	124.8%
EQUITY										
COMMON STOCK	60,000	6.1%	60,000	4.4%	60,000	4.6%	60,000	3.7%	60,000	3.1%
ADDITIONAL PAID IN CAPITAL	460,000	46.5%	460,000	33.6%	460,000	35.4%	460,000	28.6%	460,000	24.1%
RETAINED EARNINGS	120,662	12.2%	(692,090)	-50.6%	(673,184)	-51.8%	(644,837)	-40.1%	(364,131)	-19.0%
NET INCOME (LOSS)	(812,752)	-82.2%	(31,594)	-2.3%	28,347	2.2%	280,706	17.4%	(629,382)	-32.9%
NET WORTH	(172,090)	-17.4%	(203,684)	-14.9%	(124,837)	-9.6%	155,869	9.7%	(473,513)	-24.8%
TOTAL LIABILITIES & NET WORTH	\$988,362	100.0%	\$1,368,108	100.0%	\$1,299,569	100.0%	\$1,608,750	100.0%	\$1,912,265	100.0%

GLENCORP, INC.
STATEMENT OF INCOME (HISTORICAL)

FY: MAY 31

	FY 5/31/11	%	FY 5/31/12	%	FY 5/31/13	%	FY 5/31/14	%	TAX RETURN FY 2015	%
NET SALES	\$1,114,448	100.0%	\$3,005,059	100.0%	\$3,197,281	100.0%	\$4,428,069	100.0%	\$3,214,281	100.0%
COST OF GOODS SOLD (SCHEDULE I)										
MATERIAL COSTS	420,982	37.8%	1,393,583	46.4%	1,094,820	34.2%	1,678,744	37.9%	1,083,852	33.7%
SALARIES & WAGES	366,362	32.9%	742,634	24.7%	782,676	24.5%	1,032,951	23.3%	2,080,695	64.7%
OVERHEAD	108,232	9.7%	142,760	4.8%	301,550	9.4%	438,998	9.9%	449,174	14.0%
NET COST OF SALES	895,576	80.4%	2,278,977	75.8%	2,179,046	68.2%	3,150,693	71.2%	3,613,721	112.4%
GROSS PROFIT (LOSS)	218,872	19.6%	726,082	24.2%	1,018,235	31.8%	1,277,376	28.8%	(399,440)	-12.4%
COMMISSIONS	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
CONTRIBUTION MARGIN	218,872	19.6%	726,082	24.2%	1,018,235	31.8%	1,277,376	28.8%	(399,440)	-12.4%
OPERATING EXPENSES (SCHEDULE II)	807,293	72.4%	684,796	22.8%	786,682	24.6%	725,174	16.4%	975,061	30.3%
OPERATING INCOME	(588,421)	-52.8%	41,286	1.4%	231,553	7.2%	552,202	12.5%	(1,374,501)	-42.8%
DEBT SERVICE:										
LESS: DEBT SERVICE	(7,044)	-0.6%	(11,529)	-0.4%	(38,178)	-1.2%	(46,117)	-1.0%	(45,604)	-1.4%
INCOME AFTER DEBT SERVICE	(595,465)	-53.4%	29,757	1.0%	193,375	6.0%	506,085	11.4%	0	0.0%
LESS: NON - CASH EXPENSES:										
DEPRECIATION - COST OF SALES	(175,444)	-15.7%	(46,984)	-1.6%	(115,528)	-3.6%	(95,119)	-2.1%	(1,420,105)	-44.2%
DEPRECIATION - SG & A	0	0.0%	0	0.0%	0	0.0%	0	0.0%	(52,675)	-1.6%
TOTAL DEPRECIATION & AMORTIZATION	(175,444)	-15.7%	(29,346)	-1.0%	(115,528)	-3.6%	(95,119)	-2.1%	(52,675)	-1.6%
PLUS: OTHER INCOME	212	0.0%	0	0.0%	0	0.0%	0	0.0%	24,568	0.8%
PLUS: MISCELLANEOUS INCOME	0	0.0%	0	0.0%	0	0.0%	0	0.0%	783,024	24.4%
PLUS: GAIN/LOSS ON SALE OF FIXED ASSET	306,063	27.5%	257,500	8.6%	0	0.0%	0	0.0%	70,027	2.2%
INC. (LOSS) BEFORE TAXES	(464,634)	-41.7%	257,911	8.6%	77,847	2.4%	410,966	9.3%	(595,161)	-18.5%
STATE INCOME TAXES	(33,882)	-3.0%	7,827	0.3%	(49,500)	-1.5%	(128,425)	-2.9%	0	0.0%
NET EARNINGS	(\$498,516)	-44.7%	\$265,738	8.8%	\$28,347	0.9%	\$282,541	6.4%	(\$595,161)	-18.5%

GLENCORP. INC.
COST OF SALES BREAKDOWN
SCHEDULE I (HISTORICAL)

FY: MAY 31

COST OF SALES:	FY		FY		FY		FY		TAX RETURN	
	5/31/11	%	5/31/12	%	5/31/13	%	5/31/14	%	FY 2015	%
DIRECT COSTS										
CONTRACT COSTS	420,982	37.8%	1,393,583	46.4%	1,094,820	34.2%	1,678,744	37.9%	1,083,852	33.7%
TOTAL CONTRACT COSTS	420,982	37.8%	1,393,583	46.4%	1,094,820	34.2%	1,678,744	37.9%	1,083,852	33.7%
SALARIES & WAGES:										
WAGES - DIRECT LABOR	229,413	20.6%	397,667	13.2%	466,067	14.6%	642,903	14.5%	881,801	27.4%
SUBCONTRACTORS	97,192	8.7%	191,805	6.4%	48,537	1.5%	3,600	0.1%	10,718	0.3%
YARD/SHOP LABOR	39,757	3.6%	66,603	2.2%	54,327	1.7%	108,967	2.5%	106,207	3.3%
UNION	0	0.0%	86,559	2.9%	151,764	4.7%	184,325	4.2%	1,081,969	33.7%
INSURANCE - HEALTH	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TAXES - PAYROLL	0	0.0%	0	0.0%	61,981	1.9%	93,156	2.1%	0	0.0%
TOTAL SALARIES & WAGES	366,362	32.9%	742,634	24.7%	782,676	24.5%	1,032,951	23.3%	2,080,695	64.7%
MANUFACTURING OVERHEAD:										
EQUIPMENT RENTAL	14,388	1.3%	86,769	2.9%	7,886	0.2%	36,574	0.8%	92,555	2.9%
FUEL & OIL	54,599	4.9%	49,498	1.6%	56,615	1.8%	64,253	1.5%	65,083	2.0%
INSURANCE - GENERAL	0	0.0%	0	0.0%	38,485	1.2%	68,495	1.5%	73,989	2.3%
REPAIRS & MAINTENANCE	39,245	3.5%	6,493	0.2%	187,543	5.9%	256,863	5.8%	217,547	6.8%
SHOP SUPPLIES	0	0.0%	0	0.0%	11,021	0.3%	12,813	0.3%	0	0.0%
TOTAL MANUF.OVERHEAD	108,232	9.7%	142,760	4.8%	301,550	9.4%	438,998	9.9%	449,174	14.0%
TOTAL COST OF SALES	\$895,576	80.4%	\$2,278,977	75.8%	\$2,179,046	68.2%	\$3,150,693	71.2%	\$3,613,721	112.4%

GLENCORP, INC.
CASH OPERATING EXPENSE BREAKDOWN
SCHEDULE II (HISTORICAL)

FY: MAY 31

	FY 5/31/11	%	FY 5/31/12	%	FY 5/31/13	%	FY 5/31/14	%	TAX RETURN FY 2015	%
CASH OPERATING EXPENSES:										
WAGES - OFFICER	120,720	10.8%	111,168	3.7%	122,748	3.8%	120,432	2.7%	120,432	3.7%
WAGES - OFFICE	245,938	22.1%	167,632	5.6%	181,628	5.7%	183,478	4.1%	191,233	5.9%
CASUAL LABOR	0	0.0%	0	0.0%	2,802	0.1%	6,850	0.2%	0	0.0%
INSURANCE - WORKERS' COMP	0	0.0%	0	0.0%	23,314	0.7%	0	0.0%	0	0.0%
INSURANCE - HEALTH	0	0.0%	0	0.0%	100,406	3.1%	101,209	2.3%	100,130	3.1%
PAYROLL TAXES	53,898	4.8%	79,879	2.7%	31,482	1.0%	38,463	0.9%	137,423	4.3%
TOTAL WAGES	420,556	37.7%	358,679	11.9%	462,380	14.5%	450,432	10.2%	549,218	17.1%
RENT	55,245	5.0%	60,815	2.0%	48,000	1.5%	48,000	1.1%	48,000	1.5%
TAXES - PROPERTY	0	0.0%	0	0.0%	42,813	1.3%	15,309	0.3%	0	0.0%
SECURITY	0	0.0%	0	0.0%	198	0.0%	680	0.0%	0	0.0%
JANITOR	3,650	0.3%	260	0.0%	0	0.0%	0	0.0%	60	0.0%
UTILITIES	0	0.0%	0	0.0%	14,658	0.5%	12,891	0.3%	28,183	0.9%
TOTAL BUILDING EXPENSES	58,895	5.3%	61,075	2.0%	105,669	3.3%	76,880	1.7%	76,243	2.4%
ADVERTISING	(8,250)	-0.7%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
BANK CHARGES	0	0.0%	0	0.0%	11,357	0.4%	3,403	0.1%	0	0.0%
BAD DEBT	0	0.0%	0	0.0%	0	0.0%	0	0.0%	124,293	3.9%
DONATIONS	0	0.0%	0	0.0%	0	0.0%	3,800	0.1%	0	0.0%
DUES & SUBSCRIPTIONS	1,148	0.1%	675	0.0%	1,810	0.1%	760	0.0%	968	0.0%
INSURANCE - GENERAL	166,090	14.9%	144,413	4.8%	0	0.0%	0	0.0%	0	0.0%
MEALS & ENTERTAINMENT	69,827	6.3%	21,236	0.7%	0	0.0%	0	0.0%	37,705	1.2%
OFFICE SUPPLIES	13,463	1.2%	20,080	0.7%	21,847	0.7%	17,650	0.4%	19,969	0.6%
OPERATING SUPPLIES	7,303	0.7%	10,696	0.4%	0	0.0%	0	0.0%	15,204	0.5%
PENALTIES	0	0.0%	0	0.0%	13,087	0.4%	7,333	0.2%	0	0.0%
PROFESSIONAL FEES	46,063	4.1%	30,586	1.0%	67,561	2.1%	57,872	1.3%	90,169	2.8%
PROMOTIONS	0	0.0%	0	0.0%	76,543	2.4%	92,501	2.1%	4,000	0.1%
REPAIRS & MAINTENANCE	0	0.0%	0	0.0%	12,255	0.4%	234	0.0%	26,216	0.8%
TAXES - OTHER (PERSONAL PROPERTY)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	25,783	0.8%
TAXES - STATE (MICHIGAN BUSINESS)	0	0.0%	0	0.0%	0	0.0%	0	0.0%	0	0.0%
TELEPHONE	28,113	2.5%	24,421	0.8%	14,173	0.4%	14,309	0.3%	0	0.0%
TRAVEL	0	0.0%	5,058	0.2%	0	0.0%	0	0.0%	0	0.0%
MISCELLANEOUS EXPENSE	4,085	0.4%	7,877	0.3%	0	0.0%	0	0.0%	5,293	0.2%
TOTAL OTHER OPERATING EXP.	327,842	29.4%	265,042	8.8%	218,633	6.8%	197,862	4.5%	349,600	10.9%
TOTAL CASH OPERATING EXP.	\$807,293	72.4%	\$684,796	22.8%	\$786,682	24.6%	\$725,174	16.4%	\$975,061	30.3%

EXHIBIT C
to Debtor's Disclosure Statement

**SUMMARY OF POST-PETITION
FINANCIAL PERFORMANCE**

Glencorp, Inc.

Case No. 16-46905-mbm

Summary of Post-petition
Financial Performance

	<u>May</u>	<u>June</u>	<u>July</u>	<u>August</u>
Cash at end of month	93,734.66	92,412.68	218,940.40	156,367.37
Accounts Payable	79,395.39	88,912.96	145,606.55	129,499.54
Accounts Receivable	476,318.65	645,580.14	700,894.76	648,910.02
Total Disbursements	125,392.46	347,488.13	442,880.93	462,251.05
Total Revenue/Sales	169,240.69	346,166.15	544,984.72	397,737.92
Net Income (Loss):	(29,531.29)	28,911.75	162,817.05	(70,212.73)

EXHIBIT D
to Debtor's Disclosure Statement

FIVE YEAR PROJECTIONS

	<u>Nov-13</u>	<u>Dec-13</u>	<u>Jan-14</u>	<u>Feb-14</u>	<u>Mar-13</u>	<u>Apr-13</u>	<u>May-13</u>
<u>CASH STATEMENT</u>							
<u>Gross Profit:</u>							
Aggregate Revenue	320,000	250,000	100,000	138,000	135,000	226,766	547,982
MATERIALS & DISCOUNT	43,616	34,075	13,630	18,809	18,401	30,908	74,690
SALARY AND WAGE EXPENSES	111,636	77,237	56,900	57,728	41,468	98,363	106,700
FRINGE/TAXES	69,214	47,886	10,000	10,000	10,000	60,985	94,790
GAS EXPENSE (TRUCKS)	10,500	10,500	10,500	10,500	10,500	10,500	10,500
FUEL & OIL (HEAVY MACHINERY)	30,000	25,000	7,000	7,000	10,000	25,000	73,000
REPAIRS & MAINTENANCE	13,000	13,000	13,000	13,000	13,000	13,000	13,000
Total Cost of Goods Sold	277,966	207,698	111,030	117,037	103,369	238,756	372,680
Gross Profit	42,034	42,302	-11,030	20,963	31,632	-11,990	175,302
<u>Other Expenses:</u>							
RENT	0	0	2,000	2,000	2,000	2,000	2,000
UTILITIES	1,740	1,740	1,740	1,740	1,740	1,740	1,740
AUTOMOBILE & TRUCK EXPENSES	1,517	1,517	1,517	1,517	1,517	1,517	1,517
BANK CHARGES	125	125	125	125	125	125	125
INSURANCE - GENERAL	12,522	12,522	12,522	12,522	12,522	12,522	12,522
OFFICE SUPPLIES	1,000	1,000	1,000	1,000	1,000	1,000	1,000
PROFESSIONAL FEES	20,000	20,000	10,000	10,000	10,000	10,000	10,000
PROMOTIONS/BUSINESS DEVELOP	2,833	2,833	2,833	5,667	5,667	5,667	0
TAXES - OTHER	0	0	0	0	0	0	0
MISCELLANEOUS EXPENSE	1,000	1,000	1,000	1,000	1,000	1,000	1,000
Total Other Op. Expenses	40,737	40,737	32,737	35,571	35,571	35,571	29,904
Net Operating Income	1,297	1,565	-43,767	-14,608	-3,939	-47,561	145,398
Other Expense - U.S. Trustee Fees			1,900			1,900	
Total Other Expenses			1,900			1,900	
Total Expenses	40,737	40,737	34,637	35,571	35,571	37,471	29,904
Net Income	1,297	1,565	-45,667	-14,608	-3,939	-49,461	145,398
Cash Flow							
Net Income	1,297	1,565	-45,667	-14,608	-3,939	-49,461	145,398
Add: Cash (less one-time pr. pmts)	346,133	324,165	302,134	232,871	194,668	167,134	94,077
Add: Loan Proceeds							
Cash Available	347,430	325,729	256,467	218,263	190,729	117,673	239,475
Plan Payments							
Funds	6,670	7,000	7,000	7,000	7,000	7,000	13,340
Cat Financial	4,189	4,189	4,189	4,189	4,189	4,189	4,189
Michigan Cat	889	889	889	889	889	889	889
IRS (secured and priority)	6,594	6,594	6,594	6,594	6,594	6,594	6,594
State of Michigan Dept. of Treasury	1,153	1,153	1,153	1,153	1,153	1,153	1,153
State of Michigan UIA	562	562	562	562	562	562	562
Macomb County Treasurer	458	458	458	458	458	458	458
Michigan Petroleum	2,750	2,750	2,750	2,750	2,750	2,750	2,750
Cash Requirement	23,265	23,595	23,595	23,595	23,595	23,595	29,935
Excess/(Deficient) Cash Flow	324,165	302,134	232,871	194,668	167,134	94,077	209,540

CASH STATEMENT**FY '17 - '18¹ FY '18 - '19 FY '19 - '20 FY '20 - '21 FY '21 - Nov. 22²**

Aggregate Revenue³	4,150,000	3,900,000	3,550,000	3,500,000	2,300,000
MATERIALS & DISCOUNT	508,400	483,600	434,000	432,000	288,000
SALARY AND WAGE EXPENSES	1,271,273	1,388,261	1,204,061	1,201,061	800,707
EMPLOYEE BENEFITS & PENSIC	795,400	756,600	679,000	676,000	450,667
TAXES - PAYROLL	41,000	39,000	35,000	34,700	23,133
EQUIPMENT RENTAL ⁴	28,800	28,800	28,800	28,800	12,000
OPERATING LEASE ⁴	0	0	60,000	60,000	25,000
FUEL & OIL (HEAVY MACHINER\	397,700	378,300	339,500	338,000	225,333
GAS EXPENSE (TRUCKS)	114,800	109,200	98,000	97,000	64,667
REPAIRS & MAINTENANCE	200,000	150,000	150,000	150,000	100,000
Total Cost of Goods Sold	3,357,373	3,333,761	3,028,361	3,017,561	1,989,507
Gross Profit	792,627	566,239	521,639	482,439	310,493
<u>Other Expenses:</u>					
RENT	24,000	24,000	24,000	24,000	10,000
UTILITIES	21,546	21,546	21,546	21,546	8,978
AUTOMOBILE & TRUCK EXPENS	18,204	18,204	18,204	18,204	7,585
BANK CHARGES	1,375	1,375	1,375	1,375	573
INSURANCE - GENERAL	139,843	139,843	139,843	139,843	58,268
OFFICE SUPPLIES	12,823	12,823	12,823	12,823	5,343
PROFESSIONAL FEES	25,000	25,000	25,000	25,000	10,417
PROMOTIONS/BUSINESS DEV	34,000	34,000	34,000	34,000	14,167
TAXES - OTHER	18,863	18,863	18,863	18,863	12,575
MISCELLANEOUS EXPENSE	12,000	12,000	12,000	12,000	8,000
Total Other Op. Expenses	307,654	307,654	307,654	307,654	135,905
Net Operating Income	484,973	258,585	213,985	174,785	174,588

Cash Flow

Net Income	484,973	258,585	213,985	174,785	174,588
Add: Cash	209,540	328,959	228,334	102,359	934
Add: Loan Proceeds ⁵				50,000	
Cash Available	694,513	587,544	442,319	327,144	175,522

Plan Payments

Funds	166,420	160,076	160,076	160,076	92,060
Cat Financial	50,262	50,262	50,262	50,262	20,943
Michigan Cat	10,668	10,668	10,668	10,668	4,445
IRS (secured and priority)	79,128	79,128	79,128	79,128	6,594
Michigan Dept. of Treasury	13,836	13,836	13,836	13,836	1,153
State of Michigan UIA	6,744	6,744	6,744	6,744	562
Macomb County Treasurer	5,496	5,496	5,496	5,496	458
Michigan Petroleum	33,000	33,000	13,750	0	0
Cash Requirement	365,554	359,210	339,960	326,210	126,215

Excess/(Deficient) Cash Flow	328,959	228,334	102,359	934	49,307
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Notes

1. Debtor's fiscal year runs from June 1 to May 31 of each year.
2. The Plan Period is assumed to end in November, 2021, so the last year is only projected through that date. Also, the period from June through October represented by the last partial year represents the busiest season in Debtor's industry. Accordingly, Debtor has projected revenue and variable expense of approximately 2/3 from the previous year, but 5/12 for nonvariable expenses.
3. Aggregate income includes projected sale of equipment as equipment worn out or becomes unnecessary, and contemplated in the Plan.
4. To minimize unnecessary capital expense costs shortly before the end of the Payment Period and equipment liquidation, Debtor anticipates that it may lease equipment rather than purchase replacement equipment.
5. Under the Plan, Mr. Marino is able to contribute funds from his personal bankruptcy estate, if available, to assist Debtor in paying Plan payments that are joint obligations of both Debtor and Mr. Marino individually. Debtor does not anticipate requiring the use of such loans as Debtor believes these projections are conservative. However, Mr. Marino is projected to have sufficient cash in reserve should the need arise.