

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:) Chapter 11
)
US FIDELIS, INC.,) Hon. Charles E. Rendlen, III
)
Debtor.) Case No. 10-41902
)

**FIRST AMENDED DISCLOSURE STATEMENT FOR THE FIRST AMENDED
PLAN OF LIQUIDATION FOR US FIDELIS, INC. DATED JUNE 5, 2012
PROPOSED BY THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

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I. INTRODUCTION, DISCLAIMERS, AND BRIEF SUMMARY

US Fidelis, Inc. (“US Fidelis” or the “Debtor”) is the Debtor and Debtor-in-Possession in the above referenced bankruptcy case. The Official Unsecured Creditors Committee for US Fidelis, Inc. (the “Creditors Committee”) submits this First Amended Disclosure Statement With Respect to the First Amended Plan of Liquidation Dated June 5, 2012 (the “Disclosure Statement”) pursuant to Section 1125 of Bankruptcy Code, in connection with the Creditors Committee’s request to the United States Bankruptcy Court for the Eastern District of Missouri (the “Bankruptcy Court”) to confirm the First Amended Plan of Liquidation Dated June 5, 2012 (the “Plan”), a copy of which is attached as **Exhibit A** to this Disclosure Statement.

THIS DISCLOSURE STATEMENT AND ITS RELATED DOCUMENTS ARE THE ONLY DOCUMENTS AUTHORIZED BY THE BANKRUPTCY COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ACCEPTING THE DEBTOR’S PLAN. NO REPRESENTATIONS HAVE BEEN AUTHORIZED BY THE BANKRUPTCY COURT CONCERNING THE DEBTOR, ITS BUSINESS OPERATIONS OR THE VALUE OF ITS ASSETS, EXCEPT AS EXPLICITLY SET FORTH IN THIS DISCLOSURE STATEMENT.

This Disclosure Statement sets forth certain information regarding the Debtor’s prepetition financial history, the need to seek Chapter 11 protection, significant events that have occurred during the Chapter 11 Case. This Disclosure Statement also describes terms and provisions of the Plan, effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation of the Plan by the Bankruptcy Court.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISK AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO CLAIMS AGAINST AND INTERESTS IN THE DEBTOR, PLEASE SEE THE SECTION TITLED “SUMMARY OF THE DEBTOR’S PLAN OF REORGANIZATION.”

THIS DISCLOSURE STATEMENT CONTAINS SUMMARIES OF CERTAIN PROVISIONS OF THE PLAN, CERTAIN STATUTORY PROVISIONS, CERTAIN DOCUMENTS RELATED TO THE PLAN, CERTAIN EVENTS IN THE CHAPTER 11 CASE AND CERTAIN FINANCIAL INFORMATION. ALTHOUGH THE CREDITORS COMMITTEE BELIEVES THAT THE PLAN AND RELATED SUMMARIES ARE FAIR AND ACCURATE, SUCH SUMMARIES ARE QUALIFIED TO THE EXTENT THAT THEY DO NOT SET FORTH THE ENTIRE TEXT OF SUCH DOCUMENTS OR STATUTORY PROVISIONS. FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE CREDITORS COMMITTEE, EXCEPT WHERE OTHERWISE SPECIFICALLY NOTED. THE CREDITORS COMMITTEE DOES NOT WARRANT OR REPRESENT THAT THE INFORMATION CONTAINED HEREIN, INCLUDING THE FINANCIAL INFORMATION, IS WITHOUT ANY MATERIAL INACCURACY OR OMISSION.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016 OF THE BANKRUPTCY RULES AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAW OR OTHER NON-BANKRUPTCY LAW. PERSONS OR ENTITIES TRADING IN OR OTHERWISE PURCHASING, SELLING OR TRANSFERRING CLAIMS OF THE DEBTOR SHOULD EVALUATE THIS DISCLOSURE STATEMENT AND THE PLAN IN LIGHT OF THE PURPOSE FOR WHICH THEY WERE PREPARED. HOLDERS OF CLAIMS AND EQUITY INTERESTS SHOULD NOT CONSTRUE THE CONTENTS OF THIS DISCLOSURE STATEMENT AS PROVIDING ANY FUTURES, BUSINESS, FINANCIAL OR TAX ADVICE. EACH SUCH HOLDER SHOULD CONSULT WITH ITS OWN BUSINESS, FINANCIAL AND TAX ADVISORS AS TO ANY SUCH MATTERS CONCERNING THE SOLICITATION, THE PLAN, AND THE TRANSACTIONS CONTEMPLATED THEREBY.

AS TO ALL PENDING LAWSUITS, CONTESTED MATTERS, ADVERSARY PROCEEDINGS AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NON-BANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER FUTURES EFFECTS OF THE PLAN AS TO HOLDERS OF ANY CLAIMS AGAINST THE DEBTOR.

The following summary is a general overview only and is qualified in its entirety by, and should be read in connection with, the more detailed discussions, information, and financial statements appearing elsewhere in this Disclosure Statement and the Plan.

II. DESCRIPTION OF DEBTOR'S BUSINESS

A. The Debtor

US Fidelis, Inc., which was formerly known as National Auto Warranty Services, Inc. ("NAWS") or Dealer Services, began doing business in 2003. US Fidelis' stock was owned by two brothers, Darain Atkinson ("Darain") and Cory Atkinson ("Cory"), each of whom owned fifty percent of the stock. The Debtor corporation was generally known as "NAWS" until early 2009 when National Auto Warranty Services, Inc. formally changed its name to "US Fidelis, Inc."

B. The Debtor's Business

US Fidelis' primary business was marketing and selling vehicle service contracts (individually a "VSC," and collectively "VSCs") and engine additive products. A VSC is a contract where covered costs of repairing the subject vehicle will be paid by a third party other than the owner of the vehicle. US Fidelis was the dealer that marketed the VSCs and

the primary point of contact for the consumer who purchased the VSC, but it did not generally administer claims or finance the consumer's purchase of the VSC. These functions were performed by others as will be described in more detail in below.

US Fidelis eventually became the largest independent seller of VSCs in the United States. It appears that that US Fidelis sold approximately 653,000 VSCs (including engine additive products) during the period 2004 through 2009.

C. How Vehicle Service Contracts Work

Although many people have used the word "warranty" to describe VSCs, they are in fact quite different from traditional warranties. Neither US Fidelis nor the administrator issuing the VSCs had any connection with any vehicle manufacturer. Moreover, a VSC, unlike a warranty, can be canceled by the consumer at any time for any reason.¹

There are usually at least five principal participants in a VSC transaction: (a) the consumer who purchases the VSC (the "Consumer"); (b) the dealer that markets the VSC to the Consumer (the "Dealer"); (c) the administrator that develops and administers the VSC itself and who is obligated to reimburse the cost of covered repairs (the "Administrator"); (d) the insurance company or risk retention group that guarantees the payment of covered claims if the Administrator does not satisfy its obligation to the Consumer (the "Insurer"); and (e) the financing organization that enables the Consumer to pay for the VSC over time (the "Financing Organization"). In this structure and using the above vernacular, US Fidelis was the "Dealer".

The flow of funds among these participants when a Consumer purchased a VSC was complex. US Fidelis' primary source of income was the commission it earned on the sale of the VSC. This commission, which was defined in the agreements between US Fidelis and the respective Administrators, often constituted more than sixty percent of the amount that the Consumer paid for the VSC.

Most VSC sales involving US Fidelis were conducted via a telephone call between the Consumer and a US Fidelis representative. Once a Consumer agreed to purchase a VSC, the Consumer usually made a down payment of at least five percent of the cost of the VSC (the "Down Payment") by using his credit card. The Down Payment was made to US Fidelis and constituted a portion of the commission due to US Fidelis from the Administrator on account of the sale.

Within days of making the Down Payment, US Fidelis would mail to the Consumer a packet of materials, including a copy of the VSC which described the precise terms under which coverage for vehicle repairs would be available. However, US Fidelis was usually not a party to the VSC. Instead, the VSC was an agreement between the Administrator and the Consumer.

¹ As will be seen, a Consumer's right to cancel an engine additive product is much more limited.

US Fidelis provided the Consumer with the option of paying for the product through a monthly payment plan (the “Payment Plan”). Over 90% of the Payment Plans sold by US Fidelis were financed by Mepco Finance Corporation (“Mepco”). The typical Payment Plan provided for eighteen to twenty-four monthly payments; the Consumer made the monthly payments to Mepco, not to US Fidelis or the Administrator. Mepco had no recourse against the Consumer if the Consumer canceled the VSC or simply stopped making payments under the Payment Plan.

Mepco provided liquidity for the various participants. Upon the payment of the first or second monthly installment by the Consumer, Mepco advanced to US Fidelis the balance of its commission due on the sale of the VSC (this amount is referred to as the “Dealer Profit”). The Dealer Profit, it should be remembered, is actually owed by the Administrator to US Fidelis. By advancing the Dealer Profit directly to US Fidelis, Mepco paid an obligation owed by the Administrator to US Fidelis.

Simultaneously, Mepco advanced to the Administrator its compensation for administering claims made under the VSC (this amount is referred to as the “Dealer Cost”). The Administrator would then pay the Insurer some portion of the Dealer Cost for its agreement to guarantee the payment and performance of the Administrator’s obligations.

The Consumer normally had the absolute right to cancel the VSC at any time after purchase. If a Consumer validly and voluntarily exercised his right to cancel a previously purchased VSC, the Consumer would be entitled to a full or partial refund (depending on when the cancellation occurred) of the amount the Consumer had paid. Moreover, upon cancellation, the Consumer had no obligation to make any further payments to Mepco on the Payment Plan.

A VSC could be canceled in two quite distinct ways. First, the Consumer could exercise his right to cancel a VSC by contacting US Fidelis and/or the Administrator and affirmatively requesting that his VSC be canceled. This was a so-called “voluntary cancellation.” Alternatively, the Consumer could simply stop making payments under the Payment Plan, Mepco would notify US Fidelis and the affected Administrator, and the VSC would be canceled. This was a so-called “involuntary cancellation.”

When a VSC was canceled, whether voluntarily or involuntarily, Mepco had no right of recourse against the Consumer. Mepco had already advanced to US Fidelis and the Administrator the total Dealer Profit and total Dealer Cost respectively, but Mepco was contractually unable to collect any more payments from the Consumer. Since it had no recourse against the Consumer, there was a complex series of documents among the various participants effectively shifting the ultimate responsibility for a cancellation to the other parties. US Fidelis was contractually obligated to refund to Mepco the unearned Dealer Profit for the canceled VSC. The amount of the unearned Dealer Profit was determined by the number of installment payments that the Consumer had made under the Payment Plan at the time the VSC was canceled compared to the term of the contract.

Likewise, the Administrators were obligated to return the unearned Dealer Cost to Mepco upon a cancelation. A similar formula was used to calculate the amount of the refund. Generally, each Dealer guaranteed the Administrator's obligation to return the Dealer Cost and each Administrator guaranteed the Dealer's obligation to return the Dealer Profit. Certain Insurers also executed Joinder Agreements where they agreed to guaranty both the Dealer's and the Administrator's obligations.

Mepco was not the only party entitled to a refund if a Consumer decided he did not want the VSC. In many cases, the Consumer was also entitled to a refund. For instance, if a Consumer purchased a VSC by making a Down Payment on a credit card and then exercised his right to cancel the contract within the next thirty days before making any more payments, the Consumer was entitled to a complete refund of the Down Payment. This was called a "back-out" in the industry. A back-out is distinguished from a "cancelation" because the Consumer never made a payment on the Payment Plan and Mepco therefore never advanced funds to the Dealer or the Administrator. Under these circumstances, US Fidelis would refund the Down Payment to the Consumer by crediting his credit card account. Mepco charged US Fidelis a \$5 fee per "back-out;" but, was otherwise uninvolved in a typical "back-out" transaction.

However, a Consumer could also be entitled to a refund even if he had made one or more payments on the Payment Plan. The amount of the refund was calculated using the amount paid by the Consumer (both the Down Payment and any installment payments on the Payment Plan) through the cancelation date and comparing it with the term of the VSC. The Consumer was supposed to receive a refund equal to any unearned portion of the amount he paid. Generally speaking, since the Consumer paid for the VSC over an eighteen to twenty-four month period, but the term of the VSC was forty-eight to sixty months, the Consumer was due some refund.

US Fidelis appeared to have adopted a policy throughout its existence that an involuntarily canceled Consumer who was canceled because of non-payment was not entitled to a refund, regardless of whether the terms of the VSC permitted such cancelation without a refund. It does appear that US Fidelis would from time-to-time refund an involuntarily canceled Consumer if the Consumer threatened litigation. Suffice it to say, the entire issue of whether and how much a Consumer was entitled to receive as a refund upon a cancelation appears to have been handled in a largely inconsistent and *ad hoc* fashion. US Fidelis apparently attempted to avoid paying Consumer refunds whenever it could and it usually charged illegal cancelation fees.

The cancelation rate for US Fidelis-sold VSCs was always high and only became higher over time. The precise rate of cancelations (including back-outs) varied by product and over the course of time. Well over half of all VSCs were eventually canceled, either voluntarily by the Consumer or involuntarily by Mepco if the Consumer failed to make the Plan Payments.

When a VSC was canceled, and the flow of funds was reversed, Mepco was, in theory, made whole. Mepco should have received reimbursement of the unearned Dealer

Profit from US Fidelis and reimbursement of its unearned Dealer Cost from the Administrator and/or Insurer.

As time wore on, the only way that US Fidelis was able to pay Mepco for the unearned Dealer Profit on canceled contracts was by deducting those amounts from the funding owed for new VSC deals. At any given time, Mepco would owe US Fidelis for the Dealer Profit on newly sold VSCs, but US Fidelis would owe Mepco on account of the refund obligations for canceled VSCs.

Mepco advanced funds to US Fidelis once a week because of new deals. On the last funding of each month, Mepco would calculate the refund it was owed by US Fidelis because of the VSCs that had been canceled during that month, and Mepco would deduct the cancellation amount from the funding due that week.

The Consumer's right to cancel, protected to some extent by the law in nearly every state, was the bane of US Fidelis' existence. In order to circumvent the Consumer's right to cancel, US Fidelis offered another type of product – an engine additive – that was quite different than a VSC. USF offered for sale a bottle of engine additive that came with a warranty that would purportedly protect the vehicle's entire drivetrain. US Fidelis apparently sold more than 103,000 engine additive warranties, which constituted about fifteen percent of the total contracts sold by the company. The Consumer had a very limited contractual ability to cancel an engine additive "warranty." For instance, the Consumer could generally cancel only within thirty days of purchase and only if he returned the additive.² The sale of these engine additives is a large part of Darain and Cory's criminal cases, and will be discussed in more detail later.

III. HISTORY OF US FIDELIS

Darain and Cory both have criminal records. When he was 21 years old, Darain broke into a furniture store and stole money and blank checks which he later cashed. He pleaded guilty and was given probation. The probation was later revoked when he pleaded guilty in federal court to a counterfeiting charge for producing \$40,000 in bogus \$20 and \$50 notes. He ultimately spent three plus years in state and federal prison. Cory was convicted in 1997 of first degree felony criminal trespass in El Paso County, Colorado.

Both Darain and Cory had experience in the automobile industry before starting US Fidelis. Darain was a used car salesman for several years in the 1990s, and then he started a company, Consumer Auto Refinance Services Inc. ("CARS"), which he later claimed became the largest auto refinance company in the U.S. Cory worked for CARS. They started US Fidelis together in March 2003.

² Under some engine additive contracts, the Consumer may also cancel if the vehicle is sold, destroyed or repossessed.

US Fidelis began selling VSCs in 2003. The company grew rapidly, and by 2006, barely three years after it was started, US Fidelis had 300 employees and was looking for more space. The company settled on an old outlet mall in Wentzville for its offices. The company eventually grew to employ more than 1,200 people at one time, making it one of the fastest growing employers in the entire St. Louis region.

As we now know, US Fidelis' growth was fueled through a number of illegal, fraudulent or misleading practices. For example, US Fidelis, acting through a company called VoiceTouch, engaged in illegal out-bound "robo-calling" for nearly a year, eventually racking up about a billion illegal telephone calls. US Fidelis paid almost \$6 million to VoiceTouch, which was eventually shut down by the Federal Trade Commission.

US Fidelis also made direct mailings to Consumers, falsely implying that US Fidelis was affiliated with an automotive manufacturer, falsely suggesting that the recipient's existing automobile warranty was expiring, and generally misleading the Consumer. By one estimate, US Fidelis sent 63.8 million pieces of mail between 2005 and 2008. In fact, Darain and Cory set up a separate printing company, DS Direct, Inc., that was devoted solely to producing the direct mailers.

US Fidelis also misrepresented to prospective purchasers the scope of the coverages of the VSCs offered for sale. US Fidelis' advertising created the false and misleading impression that US Fidelis would pay all claims associated with the vehicle when, in fact, the coverages were limited in material respects. Most VSCs did not cover diagnostic costs, limited the reimbursable costs to the value of the vehicle, and contained numerous exclusions on the types of repairs covered.

US Fidelis' marketing practices were universally condemned. On March 6, 2008, the Missouri Attorney General sued US Fidelis and several other VSC sellers, alleging widespread violations of the Missouri Merchandising Practices Act and other similar consumer protection laws. A Multi-State Task Force of State Attorneys General was formed about the same time in March of 2008 to investigate US Fidelis' marketing practices. This Multi-State group eventually grew to include as many as 42 State Attorneys General. The President of the Better Business Bureau stated publicly that "[t]he sheer volume and ongoing pattern of the complaints involving US Fidelis are nothing short of astonishing."

US Fidelis was also criticized for its policy on Consumer refunds. US Fidelis made it extraordinarily difficult for Consumers to cancel. US Fidelis did not accept certified cancellation letters and instead required Consumers to call. US Fidelis devised a process for canceling a VSC by telephone that was long and arduous and designed to discourage Consumers from exercising their valid contractual and legal rights. When a Consumer was able to navigate the cancellation gauntlet, US Fidelis then charged one or more cancellation fees that were not provided for under the VSC. In fact, US Fidelis apparently maintained a policy for years where a Consumer received only sixty percent of the cancellation refund to which he was entitled.

Despite US Fidelis' ever increasing sales, the rest of the world was starting to catch up to US Fidelis' tactics. The Missouri Attorney General sued the company in March 2008 for violating the Missouri Merchandising Practices Act. In the same month, a multi-state attorney general group began its investigation when the State of Washington served a Civil Investigative Demand on behalf of itself and fourteen other states. The State of North Dakota sued US Fidelis for telemarketing and mail solicitation violations. The State of Wisconsin entered a Cease and Desist Order. In June of 2008, the company was sued for violating the Fair Credit Reporting Act. In July of 2008, Verizon sued US Fidelis for illegal telemarketing of Verizon customers. The company had to routinely request special mid-week funding from Mepco in order to make payroll. US Fidelis' own internally generated accrual basis income statement shows that it lost \$34.8 million in 2008.

While US Fidelis was probably unprofitable during its entire existence, it did generate mountains of cash. From 2005 through 2009, Darain and Cory took distributions from US Fidelis in one form or another that exceeded \$100 million. The luxury and extravagance of Darain and Cory's lifestyles during this period has been extensively publicized. Darain built a home in Lake St. Louis, using US Fidelis' money, which cost over \$30 million. He also purchased a luxury beachfront home in the Cayman Islands, several boats, and expensive automobiles. Cory also built a mansion in the St. Louis area, and he also had homes in the Lake of the Ozarks and Lake Tahoe. The brothers spent lavishly on personal travel for themselves and their families. They also caused the company to build a \$1 million plus home for their parents, and further caused the company to loan over \$1 million to subsidize a bankrupt cousin's farming operations.

2009 spelled the end of US Fidelis. It continued to advertise heavily on television in the early part of the year, frequently spending more than a \$1 million per week in advertising. Sales continued to rise but so did cancelations. Liquidity was tight almost every week. In April, the St. Louis Post-Dispatch began publishing an award winning series of articles regarding US Fidelis' woes, including the skyrocketing Consumer complaints, serial litigation and the profligate spending by Darain and Cory. Also in April, *The Today Show* ran a very unflattering segment on US Fidelis' business practices. The company was sued on at least three occasions for trademark infringement. Cancelations increased dramatically as the bad publicity mounted. By September or October, the amounts due to Mepco on account of cancellation refunds actually exceeded the amount due from Mepco on account of advances on new VSCs. On December 7, 2009, Mepco told US Fidelis that it would no longer fund any new VSC deals. As a result, US Fidelis laid off hundreds of workers in December. It stopped selling new VSCs altogether on December 21, 2009. On March 1, 2010, it filed this Chapter 11 case.

IV. OVERVIEW OF CLAIMS AS OF THE PETITION DATE

At the time it filed the Chapter 11 Case, there were several creditors and creditor groups that held claims against US Fidelis.

Mepco held a claim as of the Petition Date for approximately \$16 million. This claim consisted of amounts that Mepco loaned to US Fidelis in the 5-6 months immediately before

the bankruptcy filing. Mepco asserts that its prepetition claim was secured by a security interest in substantially all of US Fidelis' assets.

In addition, as of the Petition Date, Mepco held a contingent claim against US Fidelis for return of the Dealer Profit on any VSCs that were canceled by Consumers after the Petition Date. Mepco eventually filed a Proof of Claim that estimated this cancellation liability to be approximately \$44 million, leaving a total Mepco prepetition claim of about \$60 million.

Warrantech Automotive, Inc. and several of its affiliates filed proofs of claim against US Fidelis for indemnification against litigation that had been filed against them. Thereafter, the Warrantech claimants amended their proofs of claim to allege other types of liability.

US Fidelis also owed its trade creditors millions of dollars as of the Petition Date. For example, US Fidelis owed almost \$7.5 million to television networks and media outlets for unpaid advertising costs. The company also owed a bevy of other suppliers and service firms another \$2 million plus. Also, two former consultants obtained consent judgments against US Fidelis on March 1, 2010, only hours before US Fidelis filed the Chapter 11 Case.

US Fidelis' ex-employees also asserted a claim against the company. The Worker Adjustment and Retraining Notification Act ("WARN") requires certain employers to give 60-days advance notice of their intent to close a plant or undertake a "mass layoff" within the meaning of the statute. In January of 2010, after the December 2009 layoffs, a group of former employees filed class action litigation against US Fidelis seeking damages for an alleged violation of WARN. This litigation was stayed by the bankruptcy filing, but a similar group filed an adversary proceeding in the Bankruptcy Court after the Petition Date. The ex-employees' claims totaled in excess of \$3.5 million.

At least two creditors held claims against US Fidelis as of the Petition Date for alleged trademark infringement. The New York State Catholic Health Plan, which operates a health insurance program called "FidelisCare", sued US Fidelis in 2009 and then filed a proof of claim in the Chapter 11 Case. Prestige Administration, Inc., which sold a product warranty product called AutoLifeRX sued US Fidelis before the Petition Date for infringement because US Fidelis sold similar products under the name of "AutoLifeXtend". The prepetition litigation did not progress very far before it was stayed by the bankruptcy filing. Thereafter, Prestige Administration filed a Proof of Claim against US Fidelis for over \$141 million on account of alleged infringement.

The Creditors Committee objected to the claim filed by The New York State Catholic Health Plan. The objection was resolved, in part, by the Estate's agreement to refer to US Fidelis as "the St. Louis, Missouri based vehicle service contract" in materials that are disseminated to Consumers.

Finally, of course, many Consumers held or asserted claims against US Fidelis. Based on the best available information, US Fidelis sold slightly over 656,000 individual VSCs (including product warranties) to approximately 625,000 different individuals. Individual Consumers have asserted many different types of claims. For example, some

Consumers purchased a so-called “Money Back Guarantee” product where the Consumers were to receive back from US Fidelis the entire price of their VSC if the Consumer made all payments on time and never made a claim on the contract. Other Consumers assert that they did not receive the cancelation refund that they were due from US Fidelis or that US Fidelis charged inappropriate fees when the Consumer canceled. Some Consumers have claimed that US Fidelis misrepresented the coverages on the VSCs and product warranties while others say that they were improperly denied payment on covered repairs. Since US Fidelis appears to have violated various robo-dialing, No-Call statues and other similar merchandising practices, many Consumers may have statutory damage claims against US Fidelis even if they received a full refund and, in some case, regardless of whether they actually purchased anything from US Fidelis.

Analysis of the Consumer claims is also complicated by the fact that some Consumers probably have claims against non-debtors for some or all of their claims while others do not. For example, a Consumer with a claim based on a Money Back Guarantee VSC probably has a claim solely against US Fidelis. On the other end of the spectrum, a Consumer who has a claim based on the failure to reimburse on account of a covered repair probably has a claim against the Administrator of such Consumer’s VSC.

V. EVENTS AFTER THE PETITION DATE

A. Management and Operations

On March 1, 2010, US Fidelis filed its Chapter 11 in the Bankruptcy Court. The Honorable Charles E. Rendlen, III is presiding over the Chapter 11 Case. Lathrop & Gage, P.C. is the Debtor’s primary counsel.

By the time US Fidelis filed the Chapter 11 Case, Darain had not managed the Debtor’s day to day affairs in nearly a year. Darain surrendered day-to-day management of US Fidelis to Chris Riley sometime in 2009, and Mr. Riley managed the Debtor until his resignation on the day before the bankruptcy filing. Scott Eisenberg, of Amherst Partners, LLC, was named the Chief Restructuring Officer of US Fidelis on the day before the bankruptcy case was filed. Mr. Eisenberg has continued to manage US Fidelis throughout the Chapter 11 Case.

On March 11, 2010, the Office of the U.S. Trustee appointed the Creditors Committee. The Creditors Committee consists of five creditors holding claims against US Fidelis. The Chairman of the Creditors Committee is Mr. Doug Hartz, the Deputy Receiver for Capital Assurance Risk Retention Group. The Creditors Committee retained Thompson Coburn LLP as its counsel.

By the time it filed the Chapter 11 Case, US Fidelis had not sold any new VSCs for over three months. The total number of employees at US Fidelis as of the Petition Date was slightly over 100, down considerably from a high of almost 1,200 a few months earlier. By the time the Chapter 11 Case was filed, US Fidelis’ employees primarily focused on maintaining the existing VSCs, answering questions from Consumers, and facilitating payment of the Payment Plans due to Mepco. The purpose of the Chapter 11 was to enable

the existing VSCs to be monitored and serviced to minimize cancelations. US Fidelis never intended re-enter the VSC industry or to resume efforts to sell products to the public.

Since US Fidelis had very little cash flow by the time it filed the Chapter 11 Case, it was necessary to obtain post-petition financing. Mepco agreed to lend to US Fidelis funds after the Petition Date so US Fidelis could meet its post-petition operating obligations and pay professional fees and other costs of the Chapter 11 Case. Eventually, the total amount of this post-petition debtor-in-possession loan neared \$6,000,000. To secure repayment of the DIP loan, the Bankruptcy Court granted to Mepco a first priority lien and security interest on substantially all assets of US Fidelis and its Estate.

After an initial spike in Consumer cancelations immediately following the bankruptcy filing, the cancelation rate for VSC declined steadily thereafter. This trend was similar to the cancelation patterns experienced previously: most Consumer cancelations occur in the first 4 to 6 months after the Consumer purchases the VSCs. As the volume of cancelations and Consumer inquiries declined after the bankruptcy filing, US Fidelis reduced its workforce accordingly. On or about November 1, 2011, US Fidelis began redirecting most incoming calls from Consumers to the appropriate Administrator on the calling Consumer's VSC, thereby further reducing US Fidelis' workforce. By early 2011, US Fidelis had fewer than ten full time employees, and by the end of 2011 it had only one full-time employee.

B. Litigation in the Bankruptcy Court involving the Atkinsons

Immediately upon its appointment, the Creditors Committee began to investigate whether creditors could recover any of the more than \$100 million withdrawn from US Fidelis by Darain and Cory in the four years before the bankruptcy case was filed. The Creditors Committee quickly learned that many of the assets acquired by Darain and Cory during this period were unencumbered, and that Darain and Cory had been named as defendants in several lawsuits filed by Consumers and other creditors shortly before the bankruptcy filing.

The Creditors Committee was concerned that Darain and Cory might transfer or encumber these assets before the bankruptcy estate could obtain a judgment against the brothers. Moreover, the Creditors Committee was concerned that certain creditors that had filed litigation against the brothers before the Petition Date were likely to obtain a judgment before the bankruptcy estate. Consequently, on March 25, 2010, the Creditors Committee filed an adversary proceeding in the Bankruptcy Court seeking to (i) freeze all of Darain and Cory's assets, and (ii) enjoin other creditors from pursuing any assets owned by Darain or Cory or their respective spouses.

The Bankruptcy Court granted the Creditors Committee's request and entered a preliminary injunction staying all non-bankruptcy claims against Darain, Cory, their respective spouses, and their assets. Moreover, the Court froze the brothers' assets ordered that each of the brothers and their respective spouse was limited to how much they could spend for living expenses. Each month thereafter for several months, the Atkinsons supplied to the Debtor and the Creditors Committee reports on their monthly expenditures.

On April 28, 2010, US Fidelis sued Darain, Cory and their respective spouses to recover the \$100 million plus in withdrawals from 2004 through 2009. Concurrently, the Creditors Committee began an investigation of Darain and Cory's then current financial position. The Creditors Committee, for example, obtained access to all electronic mails sent or received on Darain and Cory's accounts at US Fidelis. These emails yielded substantial information about how Darain and Cory had spent or invested the withdrawals from US Fidelis. The Creditors Committee eventually subpoenaed financial records from several financial institutions. It also deposed over twenty friends and family members with knowledge of Darain and Cory's lifestyle.

The Debtor, Creditors Committee and the Atkinsons eventually agreed to settle the litigation filed by the Debtor against the Atkinsons. The salient terms of the settlement included the following:

- Darain and Cory surrendered their interests in all of their assets, leaving them literally with no assets;
- Mia and Heather Atkinson (spouses of Darain and Cory respectively) surrendered all of their assets except \$500,000 cash, two automobiles and some household goods; and
- All Atkinsons submitted an accurate financial statement and permitted the Creditors Committee to depose them with respect to the disclosures.

On October 22, 2010, the Bankruptcy Judge approved the terms of the settlements. The parties thereafter closed on the transactions contemplated by the settlement on November 10, 2010.

C. Monetization of the Assets Recovered

The Creditors Committee and the Debtor then worked together to monetize as many of the surrendered assets as quickly as possible. In some cases, the Atkinsons surrendered bank accounts or other securities that were easily transferred. However, most of the assets surrendered were illiquid, which required the bankruptcy estate to sell the assets.

The sale of Darain's house in Lake St. Louis posed significant problems. The house, which was one of the largest homes ever built in the State of Missouri, was not quite finished. Moreover, there were over twenty mechanic's liens on the property. The expense of maintaining the house was staggering. In December of 2010, this house was sold for \$4.75 million. Thereafter, all twenty plus mechanic's liens were resolved by settlements. Cory's house in Flint Hill, Missouri was also difficult to sell. The Creditors Committee ultimately located a buyer and closed on the sale of that home in September of 2011.

The Creditors Committee also sold several other pieces of real estate throughout this period. Cory's Lake Tahoe house was sold for over \$2.5 million in December of 2010. His Lake of the Ozark home was sold shortly thereafter. The Creditors Committee, with the assistance of brokers, sold several other smaller homes in St. Charles County in 2011. The Creditors Committee also gained control of some farmland and a vacant industrial site in St. Charles County, Missouri. These parcels were auctioned off. The Creditors Committee also

organized a three day auction in the Spring of 2011 where thousands of items of personal property were sold, ranging from mundane office equipment located at US Fidelis' corporate headquarters to luxury automobiles surrendered by the Atkinsons.

Attached as Exhibit B to this Disclosure Statement is a listing of the assets that were recovered from the Atkinsons, directly or indirectly, and the amounts at which they were sold.

The Creditors Committee succeeded in monetizing every major asset recovered from the Atkinsons except the beachfront home in the Cayman Islands formerly owned by Darain and his spouse, Mia Atkinson (the "Caymans House"). This home was purchased in 2007 for approximately \$4.75 million. It is presently listed for sale at \$3.85 million. As described below, the Caymans House will be distributed to Mepeco pursuant to the Plan.

D. Non-Consumer Claims Against the Debtor

December 1, 2010 was the final day for non-Consumer creditors to file proofs of claim against the Debtor. Following the bar date, the Creditors Committee reviewed the Debtor's Schedules of Assets and Liabilities ("Schedules") and the Proofs of Claim that were timely filed. The Debtor also amended its Schedules in 2011. The Creditors Committee corresponded with claimants and resolved many disputed claims without even filing a formal objection. However, the Creditors Committee did have to file approximately 28 claim objections, and all of them were resolved through negotiated settlements except the objection to the Prestige Claim. As a result, the universe of Trade Claims is largely already fixed. A summary of those creditors holding Trade Claims and the allowed amount of their Trade Claims is summarized on Exhibit C to the Disclosure Statement

E. Avoidance Actions and Similar Claims

The Creditors Committee reviewed the Debtor's books and records to determine whether the Debtor made any transfers that could be avoided as fraudulent transfers or preferences.³ Generally speaking, the Bankruptcy Code permits the bankruptcy estate to recover transfers made within 90 days to creditors on account of antecedent debt if the payment enabled the creditor to receive more than it would have received if the debtor had been liquidated under Chapter 7. Moreover, a debtor may under certain circumstances recover any transfers made by the debtor within two years of the bankruptcy filing if the debtor did not receive reasonably equivalent consideration in exchange for the transfer and the transfer was made while the debtor was insolvent, or the transfer rendered the debtor insolvent, or the transfer left the debtor with unreasonably small capital.

³ Avoidance Actions are normally pursued by the debtor in possession. In this case, however, the Bankruptcy Court entered its order permitting the Creditors Committee to also pursue Avoidance Actions on behalf of the Estate.

The Creditors Committee made demand on over twenty transfer recipients for return of some or all of what they received from the Debtor before the Petition date. Attached hereto as Exhibit D is a summary of the results obtained from these demands.

F. Role of the State Attorneys General before and during the Chapter 11 Case

US Fidelis' prepetition operations caught the attention of a number of State Attorneys General and other local state and local law enforcement officials. Beginning in the Fall of 2007, State Attorneys General offices nationwide began receiving complaints about the marketing and sale practices of US Fidelis. Consumers complained about misleading mail advertisements; do not call violations; automated robo-calls; caller id spoofing; unsolicited wireless phone calls; deceptive telemarketing practices; senior abuse; inaccurate refunds and product misrepresentations. Eighteen State Attorneys General began investigating US Fidelis' business practices in March of 2008, and the State of Missouri actually sued US Fidelis in the same month. By the spring of 2009, twenty-four additional State Attorneys General joined the multi-state investigation and the pressure began to mount. The State Attorneys General demanded changes in business practices in addition to penalties and restitution for consumers.

US Fidelis and the multi-state task force engaged in extensive negotiations regarding a settlement throughout 2009. While the parties were largely able to agree on the terms of prospective injunctive relief, they were never able to agree on the amount of a monetary settlement before the Chapter 11 Case was filed.

The State Attorneys General have continued their involvement since the Chapter 11 Case was filed. The Missouri Attorney General, joined by the Washington Attorney General, initially filed a motion to appoint a trustee in the Bankruptcy Case and agreed to withdraw the motion only after they became comfortable that Mr. Eisenberg and Amherst Partners were truly independent of Darain and Cory. In late April and early May of 2010, early on in the bankruptcy case, the State Attorneys General from twelve states (Arkansas, Idaho, Iowa, Kansas, Maryland, North Carolina, Ohio, Oregon, Pennsylvania, Texas, Washington and Wisconsin) sued the Debtor and the Atkinson brothers in their respective state courts. The State Attorneys General sought to enjoin them from violating state and federal laws and to determine consumer restitution, fines, penalties and attorney fees.

The State Attorneys General contended that these lawsuits were not stayed by the bankruptcy filing because of the so-called "police and regulatory power" exception to the automatic stay. Eventually, Darain and Cory agreed to injunctive relief that, *inter alia*, barred them from ever again participating in the VSC industry. With one exception, the State Attorneys General voluntarily agreed to stand down in their litigation against US Fidelis while the parties attempted to negotiate a settlement.

Several of the State Attorneys General have remained very active in the Chapter 11 Case. For example, the States of Missouri, Ohio, Texas and Washington have appeared at numerous hearings throughout the case and participated in the plan mediation described below. The Assistant State Attorneys General in the offices of these four states have

consistently and doggedly advocated the interests of the Consumers affected by US Fidelis' prepetition conduct, and it is difficult to overstate their importance to the formulation of the consensual Plan that is now before the Bankruptcy Court.

G. Equitable Subordination Litigation

In September of 2011, the Creditors Committee filed an adversary proceeding against Mepco (the "Creditors Committee-Mepco Subordination Litigation") seeking *inter alia* equitable subordination of Mepco's prepetition and postpetition (in part) claims. Mepco immediately filed a motion to dismiss the Creditors Committee-Mepco Subordination Litigation. A few weeks later, Warrantech filed its own Complaint against Mepco alleging *inter alia* that Mepco's claim should be equitably subordinated (Warrantech-Mepco Subordination Litigation").

On September 19, 2011, the State Attorneys General filed a motion seeking to compel the parties to mediate the Creditors Committee-Mepco Subordination Litigation. Mepco and the Creditors Committee agreed to the mediation. Eventually, the discussions regarding mediation were expanded and all of the major constituents agreed to participate in mediation. In the meantime, the Bankruptcy Court stayed the two equitable subordination adversary proceedings.

H. WARN Litigation

US Fidelis' ex-employees also asserted a claim against the company. The Worker Adjustment and Retraining Notification Act ("WARN") requires certain employers to give 60-days advance notice of their intent to close a plant or undertake a "mass layoff" within the meaning of the statute. In January of 2010, after the December 2009 layoffs, a group of former employees filed class action litigation against US Fidelis seeking damages for an alleged violation of WARN. This litigation was stayed by the bankruptcy filing, but a similar group filed an adversary proceeding in the Bankruptcy Court after the Petition Date.

The WARN adversary proceeding sought certification of a class of similarly situated ex-employees under Bankruptcy Rule 7023. The Debtor eventually consented to the certification of a class on June 3, 2011. The Gardner Firm and Miller and Lankenau & Miller, LLP are co-counsel to the class of plaintiffs. Class members were given an opportunity to opt out of the class and at least three of them did so. These opt-out parties comprise Class 9 under the Plan and they will receive nothing under the Plan on account of their Claims.

The Debtor and the WARN plaintiff class engaged in discovery throughout much of 2011. The plaintiffs contended that the statutory damages could approach or even exceed \$4 million. The Debtor contended that it could use or more statutory defenses that would result in no liability. The WARN plaintiffs participated in the mediation described below. Eventually, the parties agreed upon a settlement where the WARN plaintiff class would receive \$1.45 million on the Effective Date of the Plan.

The WARN plaintiffs filed a motion to approve this settlement and for a class action fairness hearing. In April of 2012, the Bankruptcy Court entered its order approving the settlement with the WARN plaintiffs, contingent upon the occurrence of the Effective Date and the payment of the sums outlined therein.

The settlement with the WARN plaintiffs calls for payment of \$1.45 million on the Effective Date to the counsel for the WARN plaintiffs who shall deduct attorneys' fees and expenses and then distribute the remaining settlement amount to the WARN class members.

The State Attorneys General believe that some of the WARN class members may have violated consumer protection laws or regulations in the course of their employment by the Debtor. Consequently, the settlement with the WARN Class members approved by the Bankruptcy Court provides that at any time prior to the confirmation date of the Plan, the Attorney General of any State may, but shall not be required to, file pleadings with the Bankruptcy Court, or may make appropriate filings in any other court of competent jurisdiction and provide notice of such filing to the Bankruptcy Court and The Gardner Law Firm, P.C. asserting monetary and/or injunctive claims against individual WARN Litigation Claimants (not to exceed twenty such individuals). The filing of such pleadings does not alter or affect in any way the Debtor's obligation to pay The Gardner Law Firm, P.C. the sum of \$1,450,000 on the Effective Date. However, if such pleadings are timely filed, The Gardner Law Firm, P.C. shall hold in escrow the aggregate amount of the distributions allocable to the class members (net of attorneys' fees) against whom such claims have been timely filed. Following adjudication of such claims by any court of competent jurisdiction, including but not limited to the approval of an assurance of voluntary compliance pursuant § 407.030 of the Missouri Revised Statutes, the Bankruptcy Court or such other court shall render appropriate Orders against those individual WARN ACT class members to effectuate distribution of the escrowed funds which shall be paid to the "Consumer Restitution Trust" established under the Plan.

As described in more detail below, the Creditors Committee believes that the Debtor and the Estate may have a claim for legal malpractice against Lathrop & Gage, LLP, the Debtor's bankruptcy counsel and its counsel in the underlying WARN litigation.

I. Mediation

On October 26, 2011, the Bankruptcy Court entered its order compelling many of the major constituent groups to participate in mediation. The Hon. Barry S. Schermer was named as the mediator. Judge Schermer conducted a pre-mediation meeting on November 9, 2010 and then presided over a two day mediation session in Austin, Texas on December 19 and 20, 2011. Representatives of the Debtor, the Creditors Committee, Mepco, Warrantech, the WARN claimants and the State Attorneys General participated in the mediation. Due in no small part to Judge Schermer's extraordinary determination and considerable skill, the parties agreed on December 20, 2011 to the broad parameters of the Plan that is now before the Court. The parties then began documenting this complex settlement. On April 27, 2012, Judge Schermer convened another mediation session to iron out remaining language issues.

J. Criminal Cases Against Darain and Cory

On June 10, 2011, the State of Missouri indicted Darain and Cory for their respective roles with US Fidelis. The indictments were for offenses like Stealing without Consent, Unlawful Merchandising Practices, Stealing by Deceit, Insurance Fraud, and the Unauthorized Sale of Insurance. On April 5, 2012, a federal grand jury indictment was unsealed that accused Darain and Cory of filing false tax returns, mail fraud, and wire fraud.

In April of 2012, Darain agreed to plead guilty on the three counts of the state indictment and to two counts of the federal indictment. He is expected to be sentenced to eight years in prison. A trial is scheduled in Cory's case for later in 2012.

VI. OVERVIEW OF THE PLAN

A. General

This Section of the Disclosure Statement summarizes the Plan, which is set forth in its entirety as Exhibit "A" hereto. This summary is qualified in its entirety by reference to the Plan. **YOU SHOULD READ THE PLAN IN ITS ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN.**

In general, a chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the consideration that each class is to receive under the plan, and (iii) contains other provisions necessary to implement the Plan. Under the Bankruptcy Code, "claims" and "equity interest," rather than "creditors" and "shareholders," are classified because creditors and shareholders may hold claims and equity interests in more than one class. Under Section 1124 of the Bankruptcy Code, a class of claims is "impaired" under a plan unless the plan (a) leaves unaltered the legal, equitable, and contractual rights of each holder of a claim in such class or (b) provides, among other things, for the cure of existing defaults and reinstatement of the maturity of claims in such class. Classes 2, 3, 5, 6, 7, and 8 are impaired under the Plan, and holders of Claims in such Classes are entitled to vote to accept or reject the Plan unless the Claims are subject to an objection filed by the Creditors Committee. Ballots are being furnished herewith to all holders of Claims in Classes 2, 3, 5, 6, 7, and 8 that are entitled to vote to facilitate their voting to accept or reject the Plan.

A chapter 11 plan may also specify that certain classes of claims or equity interests are to have their claims or equity interests remain unaltered by the plan. Such classes are referred to as "not impaired," and, because of the treatment accorded to such classes, they are conclusively deemed to have accepted the plan and, therefore, need not be solicited to vote to accept or reject the plan. Classes 1 and 4 are unimpaired under the Plan and are therefore not entitled to vote on the Plan.

A chapter 11 plan may also specify that certain classes will not receive any distribution under the plan. Under Section 1126(g) of the Bankruptcy Code, such classes are conclusively deemed to have rejected the plan and, therefore, need not be solicited to accept or reject the plan. Holders of WARN Litigation Class Exclusion Claims under Class 9,

Intercompany Claims under Class 10, and Equity Interests under Class 10 are impaired and will not receive any recovery under the Plan on account of such Claims and Equity Interests, and such Classes, therefore, are conclusively deemed to reject the Plan.

The “Effective Date” of the Plan means the date on which the conditions precedent to the occurrence of the Effective Date of the Plan specified in Section 2.3 of the Plan have been satisfied and the Plan is implemented.

B. Means for Implementation of the Plan

Prior to or on the Effective Date, the Debtor shall execute (a) the Liquidating Trust Agreement and (b) the Consumer Restitution Fund Agreement, each in substantially the same form as set forth in the Plan Supplement. Thereafter, the Debtor and all other necessary parties shall take all other necessary steps to establish the Consumer Restitution Fund and the Liquidating Trust and the respective beneficial interests therein. Any nonmaterial modifications to the Consumer Restitution Fund Agreement made with the consent of the Attorney General Steering Committee and to the Liquidating Trust Agreement made by the Creditors Committee, prior to the Effective Date, are hereby ratified. Each of the Consumer Restitution Fund Agreement and the Liquidating Trust Agreement shall contain provisions permitting the amendment or modification of such agreements as necessary to implement the provisions of the Plan.

1. Consumer Restitution Fund.

On the Effective Date, the Consumer Restitution Fund shall be created in accordance with the Consumer Restitution Fund Agreement. The Consumer Restitution Fund shall be a “qualified settlement fund” within the meaning of section 468B of the Internal Revenue Code and the regulations issued thereunder. The purpose of the Consumer Restitution Fund shall be to assume liability for all Consumer Claims (whether now existing or arising at any time hereafter) and to use the Consumer Restitution Fund Assets to pay holders of Allowed Consumer Claims and attorneys’ fees and investigative costs for the Litigating States as set forth in the Consumer Restitution Fund Agreement and the Consumer Restitution Fund Distribution Procedures.

On the Effective Date, the Debtor shall transfer Cash to the Consumer Restitution Fund in the amount of \$13,000,000, free and clear of all Claims, Interests, encumbrances, and other interests of any Person. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use, or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code.

On the Effective Date, Warrantech shall transfer Cash to the Consumer Restitution Fund in the amount of \$1,100,000, with such transfer to vest in the Consumer Restitution Fund, in accordance with section 1141 of the Bankruptcy Code, title to all such Consumer Restitution Fund Assets free and clear of all Claims, Interests, encumbrances, and other interests of any Person.

The Creditors Committee, with the consent of the Attorney General Steering Committee, designates GCG, Inc., a Delaware corporation (“GCG”) as the initial Consumer Restitution Escrow Agent of the Consumer Restitution Fund. On the Confirmation Date, effective as of the Effective Date, the Bankruptcy Court shall appoint the Consumer Restitution Escrow Agent in accordance with the Consumer Restitution Fund Agreement.

Prior to or at the Confirmation Hearing, the Attorney General Executive Committee shall designate the initial members of the Consumer Fund Advisory Committee, which appointments shall become effective as of the Effective Date. On the Effective Date, all liabilities, obligations, and responsibilities relating to all Consumer Claims shall be transferred to the Consumer Restitution Fund which shall assume liability for all Consumer Claims and shall pay the Allowed Consumer Claims in accordance with the Consumer Restitution Fund Distribution Procedures.

The Consumer Restitution Fund shall pay all Consumer Restitution Fund expenses and attorneys’ fees and investigative costs of the Litigating States from the Consumer Restitution Fund Assets. The Debtor, the Liquidating Trust, and the Liquidating Trustee shall have no obligations to pay any expenses incurred by the Consumer Restitution Fund.

On the Effective Date, all liabilities, obligations, and responsibilities relating to all Consumer Claims shall be transferred to the Consumer Restitution Fund which shall assume liability for all Consumer Claims and shall pay the Allowed Consumer Claims in accordance with the Consumer Restitution Fund Distribution Procedures

2. The Liquidating Trust

On the Effective Date, the Liquidating Trust shall be created in accordance with the Liquidating Trust Agreement with the intention of complying with Revenue Procedure 94-45 and otherwise satisfying the requirements for treatment as a liquidating trust under the applicable Treasury Regulations

On the Effective Date, all right, title, and interest in and to the Liquidating Trust Assets and any proceeds or causes of action thereunder shall be transferred to and vested in the Liquidating Trust, free and clear of all Claims, Interests, encumbrances, and other interests of any Person without any further action of any Person, provided however that all Claims and causes of action released or to be released under the Plan and the Global Settlement Agreement shall not be transferred. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code. The Liquidating Trustee shall take immediate possession and control of all of the assets of the Debtor and store, where appropriate, the physical assets of the Debtor.

From and after the Effective Date, a Person to be designated by the Creditors’ Committee, in consultation with the Debtor, prior to the Confirmation Date shall serve as the Liquidating Trustee pursuant to the Liquidating Trust Agreement and the Plan, until the resignation or discharge and the appointment of a successor Liquidating Trustee in accordance with the Liquidating Trust Agreement and the Plan.

On the Effective Date, all liabilities, obligations, and responsibilities relating to (i) all Unclassified Claims that are not paid on the Effective Date, (ii) all Class 5, Class 7, and Class 8 Claims, (iii) the Mepco Unsecured Claim, (iv) the Later Monetized Asset Distribution, and (v) the Malpractice Claim shall be transferred to the Liquidating Trust, which shall assume liability for all such Allowed Claims and shall pay such Allowed Claims in accordance with the Plan and the Liquidation Trust.

The Liquidating Trust shall pay all Liquidating Trust expenses from the Liquidating Trust Assets. The Debtor, the Consumer Restitution Fund, and the Consumer Restitution Escrow Agent shall have no obligation to pay any Liquidating Trust expenses.

On the Effective Date, and subject to the terms of the Plan, the Debtor and the Creditors Committee shall be deemed to have transferred all Litigations Claims to the Liquidating Trust. Neither this Plan nor the Confirmation Order shall constitute a waiver or release by the Debtor or the Estate of any cause of action except as expressly provided for by the Plan. After the Effective Date, the Liquidating Trustee shall be substituted as a party in lieu of the Debtor or the Creditors Committee, as the case may be, in any pending Litigation Claims. In addition, after the Effective Date, the Liquidating Trust and the Liquidating Trustee shall have the sole and exclusive right to pursue any Litigation Claims. The method of Distribution of the Estate's assets pursuant to the Plan shall not, and shall not be deemed to, prejudice the causes of action, which shall survive entry of the Confirmation Order. The net proceeds of any such litigation or settlement shall be transferred to the Liquidating Trust for Distribution in accordance with the Plan and the Liquidating Trust Agreement.

The transfer to, vesting in, and assumption by the Liquidating Trust of the Liquidating Trust Assets as contemplated by the Plan, among other things, on the Effective Date shall release and extinguish all obligations and liabilities of the Debtor, the Consumer Restitution Fund, and the Consumer Restitution Escrow Agent, for and in respect of all liabilities transferred to the Liquidating Trust.

3. Miscellaneous Provisions.

After the Effective Date, the Debtor shall continue to exist solely for the purposes of carrying out the provisions of the Plan and the completion and filing of all state, local and final franchise and income tax returns required by the United States and the State of Missouri. After all such final tax returns have been filed, the Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith; provided, however, that the Debtor shall file with the office of the Missouri Secretary of State, a certificate of dissolution which may be executed by Scott A. Eisenberg without the need for approval by the board of directors or shareholders. From and after the Effective Date, the Debtor shall not be required to file any document, or take any other action, or obtain any approval from board of directors or shareholders, to withdraw its business operations from any state in which the Debtor previously conducted its business operations. Sixty days following the filing of the Debtor's final franchise and income tax returns, or such longer period as may be approved by the Bankruptcy Court, Scott A. Eisenberg shall no longer be

deemed to occupy any position with the Debtor, including but not limited to Chief Restructuring Officer.

Pursuant to section 1146 of the Bankruptcy Code, (a) the issuance, transfer or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the making or assignment of any contract, lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible property, will not be subject to any stamp tax, recording tax, personal property tax, transfer tax, sales or use tax, or other similar tax. The Confirmation Order shall direct the appropriate state or local government officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

The Creditors Committee shall provide written notice of the intended Effective Date at least five (5) Business Days before such intended date to the parties to the Global Settlement Agreement, the Consumer Restitution Escrow Agent and the Liquidating Trustee.

C. Treatment of Consumer Claims

All Consumer Claims, (including the Individual Proofs of Claim) shall be channeled to the Consumer Restitution Fund established under this Plan which will be funded with a total of \$14,100,000 as set forth herein. On the Effective Date, (a) the Debtor shall transfer \$13,000,000 in Cash to the Consumer Restitution Fund and (b) Warrantech shall transfer \$1,100,000 in Cash to the Consumer Restitution Fund. The Consumer Restitution Fund shall also receive its share of the Later Monetized Asset Distribution. The Consumer Restitution Fund shall pay Consumer Claims in the manner and hierarchy established under the Consumer Restitution Fund Agreement. In accordance with the Consumer Restitution Fund Agreement, the thirteen Litigating States shall receive reasonable compensation on the Effective Date immediately following funding of the Consumer Restitution Fund, or at a later date if requested by any Litigating State(s), for the pre-confirmation investigation of the Debtor, the pursuit of Consumer Claims before the Bankruptcy Court and the litigation of unfair practice claims in an amount not to exceed 13.5% (\$1,903,500) of the Consumer Restitution Fund's initial assets. Accordingly, on the Effective Date, (a) all liabilities, obligations, and responsibilities related to all Consumer Claims shall be transferred to the Consumer Restitution Fund; (b) the Debtor, the Liquidating Trust, and the Liquidating Trustee shall have no further liability for payment of any/all liabilities or obligations for any Consumer Claims; (c) the Debtor shall agree to entry of the Litigating States-Debtor Consent Judgments; and (d) all Consumers and all States Attorneys General shall be bound by the Releases as described in Article XIII of the Plan.

The Consumer Restitution Fund Distribution Procedures provide for the payment of certain expenses of administering the trust first. Thereafter, Consumer Restitution Fund Distributions Procedures divide the universe of Consumer Claims into four different tiers, or priorities as set forth below:

Class One Consumer Claims. The following three types of Consumer Claims will enjoy first priority: (a) claims arising for unpaid refunds due upon cancelation of a VSC where there is no solvent Administrator to pay such Claims; (b) unpaid refunds that a solvent administrator is not obliged to pay pursuant to a written agreement, including but not limited to an Assurance of Discontinuance, with the Attorney General Executive Committee regarding the treatment of refund claims; and (c) unauthorized bank account deductions. Allowed Class One Consumer claims will be paid on a Pro Rata basis from funds available to the Consumer Restitution Fund. The percentage distribution that holders of Allowed Class One Consumer Claims will receive cannot be determined until all such Claims have been filed and processed.

Class Two Consumer Claims. Class Two Consumer Claims will be paid only if all Class One Consumer Claims are paid in full. Class Two Claims will consist of Consumers who hold Claims on account of so-called “Money Back Guarantee” contracts. The amount of any single Allowed Second Priority Consumer Claim shall be capped at \$250. The percentage distribution that holders of Class Two Consumer Claims will receive cannot be determined until all such Claims (and any prior Claims) have been filed and processed. It is possible that holders of Class Two Consumer Claims will receive nothing because there will no funds in the Consumer Restitution Fund after all higher priority claims are paid.

Class Three Consumer Claims. Class Three Consumer Claims will be paid only if all Allowed Class One and Two Consumer Claims are paid in full. Class Three Claims will consist of Consumers who hold Claims on account of so-called (a) misrepresentation by US Fidelis in mail or telephone solicitations, (b) “Do Not Call Violation“ claims, and (c) Robo Calls. The amount of any Allowed Class Three Consumer Claim by a single holder shall be capped at \$30. The percentage distribution that holders of Allowed Class Three Consumer Claims will receive cannot be determined until all such Claims have been filed and processed. It is possible that holders of Allowed Class Three Consumer Claims will receive nothing because there will no funds in the Consumer Restitution Fund after all higher priority claims are paid.

Class Four Consumer Claims. Class Four Consumer Claims will be paid only if all Allowed First, Second, and Third Class Consumer Claims are paid in full. Class Four Consumer Claims will consist of Consumers who hold Claims on account of so-called (a) punitive damage Claims, (b) restitution claims held by a State, including but not limited to the State of Maryland, (c) state opt out Claims, and (d) other uncategorized claims. The percentage distribution that holders of Class Four Consumer Claims will receive cannot be determined until all such Claims have been filed and processed. It is possible that holders of Class Four Consumer Claims will receive nothing because there will no funds in the Consumer Restitution Fund after all higher priority claims are paid.

D. Treatment of Non-Consumer Claims

1. Administrative and Priority Claims

Administrative claims can generally be classified as Claims arising after the Petition Date that related to the administration of the Chapter 11 Case. The Debtor has paid substantially all of the costs of administering the Chapter 11 Case as those claims have arisen.

In addition, Professionals retained by the Debtor and the Creditors Committee will have their own claims arising from fees and expenses incurred during the course of the Chapter 11 Case. Under the Local Rules applicable to this Chapter 11 Case, these Professionals are paid each month 80% of their fees and 100% of their expenses. Periodically, these Professional file fee applications where the Bankruptcy Court considers whether they should be allowed payment of the 20% of fees held back.

At the Effective Date, the Creditors Committee estimates that the following Professional Fees will be due:

Professional	Client	Approximate Amount of Fees Due
Lathrop & Gage	Counsel for the Debtor	\$40,000
Gallop, Johnson & Neuman, LLP	Conflict Counsel for the Debtor	\$7,000
Thompson Coburn LLP	Counsel for the Creditors Committee	\$130,000
BKD, LLP	Accountant for the Debtor	\$7,500
Amherst Partners LLC	Consultant for the Debtor	\$25,000

The Creditors Committee has informed Lathrop & Gage, LLP (“L&G”), the Debtor’s bankruptcy counsel, that it believes that Lathrop & Gage may have committed malpractice in connection the WARN litigation commenced by former employees of the Debtor. The basis for the Creditors Committee’s belief that L&G may have committed malpractice includes, but is not limited to: (a) its role in the wording of the WARN notice given in December of 2009 that appears to have not satisfied the requirements to fall within the “unforeseen business circumstances” exception to WARN, (b) its role in US Fidelis’ failure to given WARN notices to all employees in December of 2009 after Mepco stopped purchasing new contracts, (c) its failure to contest class certification for the WARN Act claimants, and (d) its waiver of the good faith defense in October of 2011. The damages incurred by the Estate as a result of this alleged malpractice are at least \$1.7 million, in the Creditors Committee’s opinion. Under the Plan, any recoveries on account of this claim against L&G will be distributed (a) first to payment of fees and expenses incurred in investigating and pursuant

the claim, (b) next, one-half to the Consumer Restitution Fund and one-half to the Liquidating Trust.

On March 9, 2012, the Creditors Committee sent to L&G a detailed 8 page letter describing the basis of its belief that malpractice had been committed and offered to refer the malpractice dispute to mediation or arbitration. On May 30, 2012, L&G responded to the March 9 letter, but it did not respond to the offer to mediate or arbitrate the dispute. The Creditors Committee has reluctantly concluded that it will be necessary to commence litigation against L&G alleging professional malpractice. This litigation will be commenced either before the Effective Date (after entry of an order granting the Creditors Committee derivative standing) or by the Liquidating Trust after the Effective Date. Since it now appears that litigation is inevitable, the Creditors Committee is also investigating other possible areas where L&G may have committed malpractice, including (a) its failure to advise US Fidelis to file bankruptcy within the preference period to avoid Mepco's liens and security interests, (b) its role in the Debtor's efforts to sell its customer sale list in violation of the company's privacy policy and Section 363(b)(1), and (c) its role in the Debtor's failure to file accurate schedules and statement of financial affairs.

The Creditors Committee also intends to object to L&G's final fee application in the Chapter 11 Case.

L&G is expected to vigorously deny that it committed any malpractice.

The Bankruptcy Code also recognizes that certain types of prepetition claims are entitled to priority over general unsecured claims. Fortunately, in this Chapter 11 Case, the Creditors Committee estimates that less than \$5,000 in priority claims will be due on the Effective Date.

2. Mepco

On the Effective Date, (a) Mepco shall receive from Warrantech the sum of \$4,800,000 in Cash; (b) Darain and Mia Atkinson and the Debtor shall transfer to Mepco all of their respective rights, title and interest in and to the Caymans House, free and clear of all Claims, Interests, encumbrances and other interests of any Person to the fullest extent permitted by applicable law, with all utilities, insurance and pre-paid expenses to be prorated through the Effective Date; (c) Mepco shall receive from the Debtor payment in full in Cash of the Mepco Postpetition Claim; (d) Mepco shall receive from the Debtor payment in full in Cash of the Mepco Prepetition Secured Claim; (e) David Warfield, as the Voting Trustee, Darain E. Atkinson, Cory C. Atkinson and the Debtor shall, upon the request of Mepco, transfer to Mepco rights in the assets of DS Direct, US Fidelis Administration Services, Inc., and Crescent (subject to Section 13.3(b)(i)(f)), including the ECHO Reserve Accounts; (f) Mepco shall receive funds in the ECHO Reserve Account, (g) intangible personal property of the Debtor (including trademarks, tradenames, copyrights, and customer lists), (h) Warrantech will dismiss with prejudice the Warrantech-Mepco Subordination Litigation; (i) the Committee will dismiss with prejudice the Committee-Mepco Subordination Litigation; (j) the Debtor and the Liquidating Trustee shall forever relinquish any rights or interests in and to the ECHO Reserve Accounts and any funds that may be due to or on behalf of the

Debtor under the ECHO Settlement Order; and (k) Mepco will receive the full benefit of the Releases and injunctions described more fully in the Global Settlement Agreement and in Article XIII of the Plan. If available, Mepco shall also thereafter receive from the Liquidating Trust the Mepco Unsecured Claim Distribution and its share of the Later Monetized Asset Distribution.

Within five Business Days after approval of the Disclosure Statement, Mepco shall satisfy the Mepco Notice Reimbursement Obligations. On the Effective Date, Mepco shall (a) forego any further Distributions from the Debtor, the Estate, or the Liquidating Trustee except for the Mepco Unsecured Claim Distribution and its share of the Later Monetized Asset Distribution, (b) relinquish any Claim, Lien, or interest in any of the Liquidating Trust Assets other than the Mepco Unsecured Claim Distribution and its share of the Later Monetized Asset Distribution, (c) relinquish any Claim, Lien, or interest in any of the Consumer Restitution Fund Assets; and (d) either release or transfer to Warrantech, at the option of Warrantech, all of Mepco's right, title and interest in and to the assets of the Reinsurance Companies, free and clear of all Claims, Interests, encumbrances and other interests created by Mepco. Notwithstanding the foregoing, the Debtor shall not be obligated to transfer to Mepco any interest in DS Direct, US Fidelis Administration Services, Inc. and Crescent until such time as the Debtor shall be satisfied that all taxes and other charges due from those entities to any Governmental Unit on account of any period prior to the transfer have been paid from the assets of such entities.

Mepco is Impaired and is entitled to vote to accept or reject the Plan.

3. Warrantech

On the Effective Date, (a) David Warfield, as the Voting Trustee, Darain E. Atkinson, Cory C. Atkinson and the Debtor shall transfer to Warrantech or an affiliate of Warrantech or release at the option of Warrantech all of their rights, title and interest in and to the Reinsurance Companies, or their assets free and clear of all Claims, Interests, encumbrances, and other interests of any Person, except any and all Claims, liens, encumbrances or rights held by CARRG (including its receiver) in the Reinsurance Companies or their assets shall not be affected by this transfer to Warrantech, (b) Mepco will either release or transfer to Warrantech, at the option of Warrantech, all of Mepco's right, title and interest in and to the assets of the Reinsurance Companies, free and clear of all Claims, Interests, encumbrances and other interests created by Mepco, and (c) Warrantech will receive the full benefit of the Releases and injunctions described in the Global Settlement Agreement and in Article XIII of the Plan.

Within five Business Days after approval of the Disclosure Statement, Warrantech shall satisfy the Warrantech Notice Reimbursement Obligations. On the Effective Date, Warrantech shall: (a) pay to Mepco the amount of \$4,800,000 in Cash; (b) pay to the Liquidating Trustee the sum of \$1,400,000 in Cash; (c) pay to the Consumer Restitution Fund the sum of \$1,100,000 in Cash; (d) dismiss with prejudice the Mepco-Warrantech Subordination Litigation; and (e) withdraw with prejudice each of the Warrantech Proofs of Claim and forego any further Distributions from the Debtor, the Estate, or the Liquidating

Trustee. Notwithstanding the foregoing, the Debtor shall not be obligated to transfer to Warrantech any interest in the Reinsurance Companies until such time as the Debtor shall be satisfied that all taxes and other charges due from those entities to any Governmental Unit on account of any period prior to the transfer have been paid from the assets of such entities.

Warrantech is Impaired and is entitled to vote to accept or reject the Plan.

4. WARN Litigation Class Claims

On the Effective Date, and pursuant to the terms of the WARN Litigation Class Settlement Order, the Debtor shall pay to the WARN Litigation Class Counsel for the benefit of the WARN Litigation Class Claimants the sum of \$1,450,000 in full satisfaction of all Claims asserted by the WARN Litigation Class Claimants. The funds so transferred shall be distributed to the WARN Litigation Class Counsel and to the WARN Litigation Class Claimants in accordance with the WARN Litigation Class Settlement Order. Upon receipt of said payment, the WARN Litigation Class Counsel shall cause the WARN Litigation to be dismissed with prejudice. The WARN Claimants shall also receive the full benefit of the Release by the Debtor, the Estate and the Trade Creditors and injunctions described in the Global Settlement Agreement and in Section 13.15 of the Plan.

The WARN Litigation Claimants are Unimpaired are not entitled to vote to accept or reject the Plan.

5. Trade Creditors

As soon as practicable after the Effective Date, Trade Creditors will receive from the Liquidating Trust Pro Rata Distributions of the Available Cash remaining after payment in full of (i) all Unclassified Claims, (ii) all Allowed Non-Tax Priority Claims, (iii) the Mepco Postpetition Claim, (iv) the Mepco Prepetition Secured Claim, (v) the amounts due under the WARN Litigation Class Settlement Order, and (vi) the Estate's obligations to fund the Consumer Restitution Fund. Neither Mepco nor Warrantech will share in any Distributions due to Trade Creditors. Trade Creditors shall also receive the full benefit of the Releases and injunctions described in the Global Settlement Agreement and in Article XIII of the Plan. The Liquidating Trust shall also receive its share of the Malpractice Claim Distribution and the Later Monetized Asset Distribution.

The Trade Creditors are Impaired and are entitled to vote to accept or reject the Plan.

The Creditors Committee estimates that the holders of Class 5 Claims will receive one or more Distributions from the Liquidating Trust that total approximately 24 to 32 % of their Allowed Class 5 Claim.

6. Subordinated Governmental Fines and Penalties Claims

Holders of Subordinated Governmental Fines and Penalties Claims will receive Pro Rata Distributions of the Available Cash, if any, remaining after payment in full of (i) all

Unclassified Claims, (ii) all Allowed Non-Tax Priority Claims, (iii) the Mepco Postpetition Claim, (iv) the Mepco Prepetition Secured Claim, (v) the amounts due under the WARN Litigation Class Settlement Order, (vi) the Estate's obligations to fund the Consumer Restitution Fund, and (vii) all Class 5 Trade Claims. Any Distributions on account of Class 7 Allowed Subordinated Governmental Fines and Penalties Claims shall be paid to the Consumer Restitution.

The holders of Subordinated Governmental Fines and Penalties Claims are Impaired and are entitled to vote to accept or reject the Plan.

As a result of the settlements described in the Plan, the Creditors Committee estimates that the total amount of Subordinated Government Fines and Penalties Claims will exceed \$10 million. However, because the Creditors Committee does not expect that the Holders of Class 5 Trade Claims will receive payment in full under the Plan, it is extremely unlikely that Holders of Subordinated Government Fines and Penalties Claims will receive any distributions under the Plan.

7. Prestige Claim

Prestige Administration, Inc. is classified under the Plan as a holder of a Class 8 Claim. The Class 8 Claim is based on damages allegedly incurred as a result of the Debtor's alleged use and misappropriation of certain intellectual property owned by Prestige. Prestige filed a proof of claim in the Chapter 11 Case for in excess of \$141 million.

The Creditors Committee disputes the Prestige Claims. However, in order to minimize the expenses of the Estate and to facilitate confirmation of the Plan, the Plan provides that the Prestige Claim is Allowed as filed but that payment of the Prestige Claim will be subordinated to payment in full of all (i) Unclassified Claims, (ii) all Allowed Non-Tax Priority Claims, (iii) the Mepco Postpetition Claim (iv) the Mepco Prepetition Secured Claim, (v) the amounts due under the WARN Litigation Class Settlement Order, (vi) the Estate's obligations to fund the Consumer Restitution Fund, (vii) all Allowed Class 5 Trade Claims, and (viii) all Class 7 Allowed Subordinated Governmental Fines and Penalties Claims.

The Creditors Committee believes that it is highly unlikely that Prestige will receive any Distributions on account of the Plan.

Class 8 is Impaired, and the Holder of the Class 8 Claim is entitled to vote to accept or reject the Plan.

8. WARN Litigation Class Exclusion Claims

WARN Litigation Class Exclusion Claims are classified under the Plan as Class 9 Claims. The Class 9 Claims are held by former US Fidelis employees that either opted out of the WARN Litigation Class or were excluded from the class by the WARN Litigation Class

Settlement Order. The Plan provides that Holders of Class 9 WARN Litigation Class Exclusion Claims shall receive nothing on account of the Plan.

Therefore, pursuant to § 1126(f) of the Bankruptcy Code, the Holders of Class 9 WARN Litigation Class Exclusion Claims shall be deemed to have rejected the Plan and shall not be entitled to cast a Ballot on the Plan.

9. Intercompany Claims

Intercompany Claims are classified under the Plan as Class 10 Claims. An Intercompany Claim is a Claim asserted by any one of the Affiliates against the Debtor. The Holders of Class 10 Intercompany Claims shall receive nothing on account of the Plan.

Therefore, pursuant to § 1126(f) of the Bankruptcy Code, the Holders of Class 10 Intercompany Claims shall be deemed to have rejected the Plan and shall not be entitled to cast a Ballot on the Plan.

10. Equity Interests

Equity Interests are classified under the Plan as Class 11 Interests. Darain and Cory are the Holders of the Class 11 Interests. The Holders of Class 11 Equity Interest Claims shall receive nothing on account of the Plan.

Therefore, pursuant to § 1126(f) of the Bankruptcy Code, the Holders of Class 11 Equity Interest Claims shall be deemed to have rejected the Plan and shall not be entitled to cast a Ballot on the Plan.

The Plan, however, obligates Darain and his spouse, Mia, to transfer to Mepco all of their right, title and interest in and to the Caymans House. On the Effective Date, the Atkinsons shall receive the full benefit of the Releases and injunctions described in the Global Settlement Agreement and in Article XIII of the Plan, provided, however, that notwithstanding anything to the contrary contained in this Plan or any other Plan related document, neither Darain Atkinson nor Cory Atkinson shall be released of any liability on account of the claims brought by the State of Maryland, Consumer Protection Division in OAH Case No 188217. On the Effective Date, the Debtor and the Estate shall be deemed to have complied fully with paragraph 15 of the Cory and Heather Atkinson Settlement Agreement and with paragraph 16 of the Darain and Mia Atkinson Settlement Agreement and the Atkinsons shall each irrevocably relinquish any further interest in any of the “Assets Proceeds Account” as that phrase is defined in each of the Cory and Heather Atkinson Settlement Agreement and in the Darain and Mia Atkinson Settlement Agreement. On the Effective Date, the Creditors Committee or Liquidating Trustee, as the case may be, shall cause the Committee-Atkinsons Litigation to be dismissed with prejudice.

D. Releases and Injunctions

Article XIII of the Plan creates a complex set of releases and injunctions. The salient portions of Article XIII are as follows:

The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Liquidating Trustee.

Nothing in the releases provided under Article XIII of the Plan shall release or relieve any Person: (a) from its obligations under the Plan or the Global Settlement Agreement; (b) other than the Debtor and the Estate from its obligations under a Vehicle Service Contract or Payment Plan that was effective as of the Effective Date; or (c) from any Claim which does not arise from, out of, or in any way relate to, the Debtor, an Affiliate, or their businesses.

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, each Holder of a Claim described below and any Person (including but not limited to private class action representatives) acting on behalf of such Holder, but expressly excluding a State Attorney General or other Governmental Unit, shall be deemed to release unconditionally, and hereby is deemed to forever release and discharge unconditionally:

(a) Warrantech, its parent, affiliates, subsidiaries, successors, predecessors, attorneys, employees, agents (except for agents who are Authorized Telemarketers), assigns, directors, officers and shareholders (collectively the "Warrantech Released Parties"), from the following Claims arising at any time prior to the Effective Date;

(i) Consumer Claims (a defined term at Section 1.35 of the Plan);

(ii) Claims that arise out of or relate to soliciting, marketing or contacting a Person to purchase or enter into a Vehicle Service Contract offered by Debtor or an Affiliate, whether or not the Person purchased a Vehicle Service Contract, and whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to the such Claim;

(iii) Claims that arise out of or relate to refunds of all or a portion of the consideration paid for Vehicle Service Contracts purchased from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(iv) Claims that arise out of or relate to a Consumer Payment Plan sold or offered to a Consumer by the Debtor or an Affiliate, including but not limited to the statements, representations or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or the termination of the Consumer Payment Plan, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(v) Claims that arise out of the termination of a Vehicle Service Contract purchased or entered into by a Consumer from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(vi) Claims that arise out of or relate to the administration, handling, servicing, or settlement and/or payment of claims made under a Warrantech Vehicle Service Contract sold by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(vii) Claims that arise out of or are attributable to the selection, hiring, training, or supervision of the Debtor or an Affiliate allegedly undertaken or allegedly not taken by Warrantech, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(viii) Claims that arise out of any misconduct or wrongdoing of any kind whatsoever on the part of Warrantech relating to a Warrantech Vehicle Service Contract sold or offered by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such claim; and

(ix) Claims that relate to or are attributable to a Warrantech Vehicle Service Contract sold or offered to a Consumer by the Debtor or an Affiliate and that arise from: (a) breach of duty of good faith and fair dealing, (b) unfair claims practices, (c) unfair trade practices, (d) bad faith, (e) violations of any statute, regulation or code (except violations of any criminal law that has resulted in a criminal charge), or (f) any other type of extra-contractual liability, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim

(b) Mepco, its parent, affiliates, subsidiaries, successors, predecessors, attorneys, employees, agents, assigns, directors, officers and shareholders (collectively, the “Mepco Released Parties”) from the following Claims arising at any time prior to the Effective Date:

(i) Consumer Claims (a defined term at Section 1.35 of the Plan);

(ii) Claims that arise out of or relate to soliciting, marketing or contacting a Person to purchase or enter into a Vehicle Service Contract offered by Debtor or an Affiliate, whether or not the Person purchased a Vehicle Service Contract, and whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to the such Claim;

(iii) Claims that arise out of or relate to refunds of all or a portion of the consideration paid for Vehicle Service Contracts purchased from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(iv) Claims that arise out of or relate to a Consumer Payment Plan sold or offered to a Consumer by the Debtor or an Affiliate, including but not limited to the statements, representations or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or the termination of the Consumer Payment Plan, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(v) Claims that arise out of the termination of a Vehicle Service Contract purchased or entered into by a Consumer from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(vi) Claims that arise out of or relate to the administration, handling, servicing, or settlement and/or payment of claims made under a Vehicle Service Contract sold by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(vii) Claims that arise out of or are attributable to the selection, hiring, training, or supervision of the Debtor or an Affiliate allegedly undertaken or allegedly not taken by Mepco, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim;

(viii) Claims that arise out of any misconduct or wrongdoing of any kind whatsoever on the part of Mepco relating to a Vehicle Service Contract sold or offered by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such claim; and

(ix) Claims that relate to or are attributable to a Vehicle Service Contract sold or offered to a Consumer by the Debtor or an Affiliate and that arise from: (a) breach of duty of good faith and fair dealing, (b) unfair claims practices, (c) unfair trade practices, (d) bad faith, (e) violations of any statute, regulation or code (except violations of any criminal law that has resulted in a criminal charge), or (f) any other type of extra-contractual liability, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 of the Plan with respect to such Claim.

(c) the Atkinsons from any and all Consumer Claims arising at any time prior to the Effective Date. This release does not extend to any party who has previously obtained an administrative order/judgment against Darain Atkinson or Cory Atkinson individually (by way of example, but not limitation, the State of Maryland).

Each of the releases contained in this Section 13.2 herein shall be self-executing and enforceable on the Effective Date without further action by any Person.

On the Effective Date, in consideration of the material consideration described herein and in the Global Settlement Agreement with, *inter alia*, the states of Missouri, Ohio, Texas and Washington, each State Attorneys General and each other Governmental Unit (as defined in Section 1.64) shall be deemed to release

unconditionally, and hereby is deemed to forever release and discharge unconditionally:

(a) Notwithstanding anything to the contrary in the Plan, nothing in this release is intended to release or discharge, nor shall release or discharge, any of the Warrantech Released Parties from: (i) any Tax claims, workforce commission claims or similar governmental revenue matters; (ii) the performance of any of their respective obligations under the Warrantech AVCs; (iii) claims arising from any violation of state insurance laws; (iv) claims asserted by any State Attorney General or other Governmental Unit in pending litigation or administrative proceedings against Warrantech; (v) any claims or obligations against any of the Warrantech Released Parties arising out of contracts or dealings with any Person other than the Debtor or an Affiliate; (vi) any other claim by a Governmental Unit not derived from a consumer protection, “Do Not Call,” automatic dialing and announcing device, telemarketing or other similar statute or regulation (e.g. tax claims and workforce commission claims. The Warrantech Released Parties are released from all civil Claims arising from or related to the Warrantech Vehicle Service Contracts offered by the Debtor and its predecessors or an Affiliate, or arising from or related to the acts of the Debtor in marketing, selling, entering into, servicing, terminating and the refunding of Warrantech Vehicle Service Contracts, pursuant to consumer protection statutes and regulations, including “Do Not Call” statutes, automatic dialing and announcing device laws, telemarketing laws and other similar statutes and regulations that could have been brought by any State Attorney General or other Governmental Unit at any time prior to the Effective Date of this Plan, including all Claims identified in Section 1.35(f) of the Plan.

(b)(i) Notwithstanding anything to the contrary in the Plan, nothing in this release is intended to release or discharge, nor shall release or discharge, any of the Mepco Released Parties from: (a) any Tax claims, workforce commission claims or similar governmental revenue matters; (b) claims arising from any violation of state insurance laws; (c) claims asserted by any State Attorney General or other Governmental Unit in pending litigation or administrative proceeding against Mepco; (d) any claims or obligations against any of the Mepco Released Parties arising out of contracts or dealings with any Person other than the Debtor or an Affiliate; (e) any other claim by a Governmental Unit not derived from a consumer protection, “Do Not Call,” automatic dialing and announcing device, telemarketing or other similar statute or regulation (e.g. Tax claims and workforce commission claims); (f) any claim by a Governmental Unit related to or arising from the appropriation of funds related to Crescent Manufacturing.

(b)(ii) Subject to paragraph 13.3(b)(i) above, the Mepco Released Parties are released from all civil Claims that could have been brought by any State Attorney General or other Governmental Unit at any time prior to the Effective Date, pursuant to any consumer protection statute or regulation, including but not limited to “Do Not Call” statutes, automatic dialing and announcing device laws, Drivers’ Privacy Protection Laws, the Telemarketing Sales Rule, 16 C.F.R § 310.3(b), and the Telephone Consumer Protection Act, 47 U.S.C. 227, et seq., that arise under, from, or relate to:

(a) a Vehicle Service Contract purchased or entered into by a Consumer from the Debtor or an Affiliate; (b) the actions or conduct of the Debtor or an Affiliate in soliciting, marketing, contacting a Person to purchase or enter into a Vehicle Service Contract, whether or not the Person purchased a Vehicle Service Contract; (c) Debtor's or an Affiliate's offer of a Consumer Payment Plan, including but not limited to the statements, representations, or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or termination of a Consumer Payment Plan by the Debtor; and (d) all Claims identified in section 1.35(f) of the Plan.

(c) the Atkinsons are released from all civil claims arising from or related to the financing by Mepco of Vehicle Service Contracts offered through the Debtor, or arising from or related to the acts of the Debtor or an Affiliate in marketing, selling, entering into and refunding Vehicle Service Contracts, that could have been brought by any State Attorney General other Governmental Unit at any time prior to the Effective Date of this Plan. This release is intended to only provide the Atkinsons with release from liability under consumer protection statutes and regulations, including, but not limited to "Do Not Call" statutes, automatic dialing and announcing device laws, telemarketing laws and other similar statutes and regulations. This release does not extend to any Person who has previously obtained an administrative order or judgment against the Atkinsons individually (by way of example, but not limitation, the State of Maryland), nor does it affect in any way any pending future or adjudicated state or federal criminal action against the Atkinsons (by way of example, but not limitation, the pending criminal action brought by the Missouri Attorney General).

(d) *Objection to Releases by State Attorneys General.* Any State Attorney General or Governmental Unit which timely files and prosecutes an objection to confirmation of this Plan on the basis that Warrantech and/or Mepco are to receive releases as set forth in section 13.3(a) and (b), respectively, and which objection is sustained by the Bankruptcy Court, shall not be bound by the releases provided in section 13.3(a) and/or (b). However, any and all Consumers who resided in the state of the successfully objecting State Attorney General or Governmental Unit at the time the Consumer Claim arose shall not receive a distribution from the Consumer Restitution Fund or under this Plan.⁴

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, Mepco, on behalf of itself, its parent corporation, shareholders, affiliates, agents (including legal representatives), successors, and assigns,

⁴ A Global Settlement Agreement was reached among all major constituencies in the case following two days of mediation. As part of the consideration for that Global Settlement Agreement, Mepco and Warrantech were provided global civil releases from all Consumer Claims and claims arising under consumer protection statutes and regulations. Any objecting State Attorney General whose Objection is sustained by the Bankruptcy Court shall be carved out from the scope of those releases; and any and all residents of those respective states shall not be eligible for or receive a distribution from the Consumer Restitution Fund. These third-party releases for Mepco and Warrantech being granted under the Plan were a material consideration for the funds being contributed to the Consumer Restitution Fund.

shall be deemed to release unconditionally, and hereby is deemed to forever to release unconditionally the Creditors Committee, the WARN Litigation Class Claimants, the Warrantech Released Parties and each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts, and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts; provided however, that the Mepco Released Parties do not release the Warrantech Released Parties from any Claims in connection with, arising out of or relating to the marketing, sale, financing, service or administration of a Vehicle Service Contract by any Person other than, or unrelated to, the Debtor or an Affiliate. Mepco covenants that it will not assert any additional claims of any sort against the Debtor, but this shall not affect Mepco's ability to receive Distributions on account of its share of the Later Monetized Assets and on account of the Mepco Unsecured Claim. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, Warrantech, on behalf of itself, its parent corporation, shareholders, affiliates, agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Creditors Committee, the WARN Litigation Class Claimants, the Mepco Released Parties, and each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts; provided, however, that the Warrantech Released Parties do not release the Mepco Released Parties from any Claims arising from the marketing, sale, financing, service or administration of a Vehicle Service Contract by any Person other than, or unrelated to, the Debtor or an Affiliate. Warrantech covenants that it will not assert any additional Claims of any sort against the Debtor. This release shall be self-executing and enforceable on the Effective Date without further action by any Person,

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the Debtor, on behalf of itself and the Estate, agents (including legal representatives), successors, and assigns (including the Liquidating Trust and the Consumer Restitution Fund), shall be deemed to release unconditionally, and hereby is deemed to forever release unconditionally the Warrantech Released Parties, the Mepco Released Parties, each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts. This release shall

be self-executing and enforceable on the Effective Date without further action by any Person.

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the WARN Litigation Claimants, together with their heirs, agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Debtor, the Estate, the Trade Creditors, the Mepco Released Parties, the Warrantech Released Parties, and each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, the Debtor's business shutdown, or the termination of any employee or employee benefit. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

On the Effective Date, the Debtor, Mepco, Warrantech, the Estate and the Trade Creditors shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally, the WARN Litigation Class Claimants from any claims of any sort that seek to disallow, subordinate or interfere with the collection by such claimants of any amounts due to them as a result of the WARN Litigation Class Settlement Order. Nothing in this section, or any other part of the Plan or the Global Settlement Agreement shall impair, alter or affect the right of any State Attorney General to bring civil or criminal proceedings against any of the WARN Litigation Class Claimants arising out of their former employment by the Debtor but unrelated to their status as WARN Litigation Class Claimants

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the Trade Creditors receiving Distributions on account of the Plan, their agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Debtor, the Estate, the Mepco Released Parties, the Warrantech Released Parties, each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts. This release shall be self-executing and enforceable on the Effective Date without further action by any Person. Notwithstanding the foregoing, nothing in this Plan shall be deemed to release Mepco or Warrantech from any Claims that any Trade Creditors may now have, or may in the future have against either Mepco or Warrantech arising out of or relating to any direct contractual relationships or direct dealings with either Warrantech or Mepco that do not involve the Debtor or the Affiliates. Further, nothing in this Plan shall be deemed to release Warrantech from any Claims of any nature that CARRG may have, or may in the future have, in connection with, arising out of, or in any way relating to any contracts, agreements or court orders arising from other direct dealings between Warrantech and CARRG.

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, Prestige, its successors and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Mepco Released Parties from any and all Claims relating to or arising from the marketing and/or sale of a Vehicle Service Contract by the Debtor or an Affiliate.

On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the Atkinsons, and each of them, on behalf of themselves, their heirs, successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Debtor, the Estate, the Mepco Released Parties, the Warrantech Released Parties, all Creditors holding or asserting Claims against the Estate, the Creditors Committee, the Professionals retained by the Estate and/or the Creditors Committee, and their respective heirs, successors, assigns, subsidiaries, parents and affiliates from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts, any Consumer Payment Plan and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

Except as otherwise specifically provided in the Plan, to the maximum extent permitted by the Bankruptcy Code and applicable law, none of (a) the Liquidating Trust, (b) the Liquidating Trustee, (c) the members of the Creditors' Committee in their official capacities, (d) the Professionals (except for the Malpractice Claims), (e) the Attorney General Steering Committee, (e) the Consumer Restitution Escrow Agent, (f) David A. Warfield and Scott A. Eisenberg, in their capacities under the Voting Trust Agreement and with respect to their positions with the Voting Trust Entities, and (g) any of their respective members, officers, directors, shareholders, employees, advisors, attorneys, or agents acting in such capacity on or after the Petition Date, shall have or incur any liability to, or be subject to any right of action by, any Holder of an Allowed Claim or Interest relating to, or arising out of, the Debtor's Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan, except for their willful misconduct, gross negligence, and ordinary professional negligence, and in all respects the Persons described above shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing herein shall prohibit any Person from objecting to the allowance of compensation for any Professional retained by the Debtor, the Estate or the Creditors Committee.

Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will *not* discharge Claims against the Debtor. However, except as otherwise provided in this Plan, the Confirmation Order shall provide, among other things, that from and after the Confirmation Date all Persons who have held, hold, or may hold Claims or Interests are permanently enjoined from commencing, continuing or prosecuting any judicial, administrative or other action or proceeding, whether directly, indirectly, derivatively or otherwise, to recover any civil Claims, obligations, suits, judgments, damages,

demands, debts, rights, causes of action, or liabilities that are the subject of the Releases or taking any action, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of this Plan and the Plan Supplement documents against any of the Debtor, the Creditors' Committee (or any of its members from time to time), the Liquidating Trust, the Mepco Released Parties, the Warrantech Released Parties, the Liquidating Trustee, the Consumer Restitution Fund, and the Consumer Restitution Escrow Agent.

In order to preserve and promote the settlements contemplated by and provided for in the Plan and the Global Settlement Agreement and to supplement, where necessary, the effect of the releases and other provisions set forth in Article XIII, pursuant to section 105(a) of the Bankruptcy Code, the Confirmation Order shall provide that as of the Effective Date:

All Consumer Claims shall be permanently channeled to, and paid solely from, the Consumer Restitution Fund.

All Persons that have held or asserted, that hold or assert, or that may in the future hold or assert any Claims released under Article XIII shall be permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment, satisfaction or recovery from or against the Debtor, the Liquidating Trust, Liquidating Trustee, the Mepco Released Parties, the Warrantech Released Parties, the Consumer Restitution Fund, the Consumer Restitution Escrow Agent or the Atkinsons (or any of them)(collectively, the "Released Parties") with respect to such Consumer Claim, including but not limited to:

(i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims released under Article XIII against any of the Released Parties, or against the property of any Released Party, including without limitation, the class action proceeding bearing the caption of *Ochotnicki v. Warrantech Corporation, et al.*, Case Number 10 L 774 pending in the Circuit Court of the Third Judicial Circuit, Madison County, Illinois;

(ii) enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree, or order against any of the Released Parties or against the property of any Released Party with respect to any Claims released under Article XIII;

(iii) creating, perfecting, or enforcing any lien of any kind against any Released Party or the property of any Released Party with respect to any Claims released under Article XIII;

(iv) except as otherwise specifically provided in the Plan, asserting any right of subrogation, indemnity, or contribution of any kind against any Released Party or against the property of any Released Party with respect to any Claims released under Article XIII; and

(v) taking any action, in any manner, in any place whatsoever, against any of the Released Parties or their property, that does not conform to, or comply with, the provisions of the Plan or the Plan Supplement relating to any Claims released under Article XIII.

Notwithstanding anything to the contrary above, this Permanent Injunction Against Released Claims shall not enjoin:

(i) the rights of Persons to the treatment accorded them under Articles VI and VIII of the Plan, as applicable, including the rights of Persons holding Consumer Claims to File Proofs of Claim relating to such Claims and to have such Claims resolved in accordance with Section 8.2 of the Plan;

(ii) the rights of Persons to assert any Consumer Claims against the Consumer Restitution Fund in accordance with Section 8.2 of the Plan, or to assert any debt, obligation, or liability for payment of Consumer Restitution Fund expenses against the Consumer Restitution Fund; or

(iii) the rights of Persons to assert any Claim, debt, obligation, or liability for payment against other Persons that are not Released Parties, unless otherwise enjoined by order of the Bankruptcy Court or estopped by provisions of the Plan.

All injunctions or stays provided for in the Chapter 11 Case under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until all property of the Liquidating Trust has been distributed, the Liquidating Trust has been dissolved, the Liquidating Trust Agreement has terminated, and the Bankruptcy Court has entered an order closing the Chapter 11 Case; *provided, however*, that any injunction that by its terms is permanent or otherwise is intended to survive the Effective Date and Distributions hereunder (whether by law or pursuant to order of the Court) shall be continued without modification, notwithstanding anything to the contrary in the Plan. Neither the Debtor nor the Liquidating Trustee must wait until all funds in the Consumer Restitution Fund have been distributed before filing a motion to close the Chapter 11 Case.

E. Treatment of Executory Contracts and Unexpired Leases.

The Confirmation Order shall constitute an order under section 365 of the Bankruptcy Code rejecting all prepetition executory contracts and unexpired leases to which the Debtor is a party, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed or rejected by the Debtor, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, or (c) is identified in the Plan Supplement as a contract or lease to be assumed; *provided, however*, that the Creditors' Committee may amend such list of contracts or leases to be assumed at any time prior to the Confirmation Date.

If the rejection of an executory contract or unexpired lease pursuant to Section 10.1 of the Plan gives rise to a Claim by the other party or parties to such contract or lease, such

Claim shall be forever barred and shall not be enforceable against the Debtor or its Estate, the Liquidating Trust, the Liquidating Trustee or their respective successors or properties unless a proof of Claim is Filed and served on the Liquidating Trustee within thirty (30) days after the Effective Date.

F. Provisions Governing Distributions to Non-consumer Creditors

Article IX of the Plan applies only to Distributions made to holders of Trade Claims, Subordinated Governmental Fines and Penalties Claims, and Prestige Claims. All Distributions to holders of Consumer Claims will be made pursuant to the terms of the Consumer Restitution Fund Agreement.

Except as expressly noted to the contrary in the Plan, interest, fees, costs, and other charges accruing or incurred on or after the Petition Date shall not accrue or be paid on any Trade Claims, and no Holder of a Claim shall be entitled to interest, fees (including attorneys' fees), costs or other charges accruing or incurred on or after the Petition Date through the date such Claim is satisfied in accordance with the terms of the Plan.

The Liquidating Trustee shall make all Distributions of Available Cash required to be distributed under the applicable provisions of the Plan and the Liquidating Trust Agreement. The Liquidating Trustee may employ or contract with other entities to assist in or make the Distributions required by the Plan and the Liquidating Trust Agreement.

The Liquidating Trustee will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the date the Bankruptcy Court approves the Disclosure Statement, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the date the Bankruptcy Court approves the Disclosure Statement. The Liquidating Trustee shall instead be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the official claims register.

The Liquidating Trustee is authorized to take any and all actions that may be necessary or appropriate to comply with all withholding, payment, and reporting requirements imposed by any federal, state, local, or foreign taxing authority. All Holders of Claims shall be required to provide any information necessary to effect information reporting, payment, and withholding with respect to such taxes. Notwithstanding the foregoing, neither the Debtor, the Liquidating Trust, nor the Liquidating Trustee shall be responsible for withholding any portion of the payments made to the WARN Litigation Class Claimants pursuant to the WARN Litigation Class Settlement Order.

The Liquidating Trust may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy laws, but shall not be required to, set off against any Claim and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor, Estate, or Liquidating Trust may have against the Holder of such Claim (except to the extent that such claims have been dismissed, released or waived in the Plan or otherwise); *provided, however*, that neither the failure to do

so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trust of any such claim that the Debtor or Liquidating Trust may have against such Holder.

G. Procedures for Resolving Disputed, Contingent and Unliquidated Non-Consumer Claims

No later than the Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Liquidating Trustee shall File objections to Claims with the Bankruptcy Court and serve such objections upon the Holders of each of the Claims to which objections are made. Nothing contained herein, however, shall limit the right to object to Claims, if any, Filed or amended after the Claims Objection Deadline. Subject to the limitations set forth in the Liquidating Trust Agreement and Section 8.3 of the Plan, after the Effective Date, the Liquidating Trustee shall be authorized to, and shall, resolve all Disputed Claims by withdrawing or settling such objections thereto, or by litigating to judgment in the Bankruptcy Court or such other court having jurisdiction over the validity, nature and/or amount thereof. Notwithstanding any other provision of the Plan, no payments or Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

Notwithstanding any other provision herein, the procedures for resolving disputed, contingent, or unliquidated Consumer Claims are provided in the Consumer Restitution Fund Agreement.

H. Confirmation and Consummation of the Plan

The Bankruptcy Court shall not approve the Confirmation Order unless and until (a) the Bankruptcy Court shall have approved the Disclosure Statement, in a manner reasonably acceptable in form and substance to the Creditors Committee, as containing adequate information with respect to the Plan within the meaning of section 1125 of the Bankruptcy Code; (b) Mepco shall have satisfied the Mepco Notice Reimbursement Obligations, (c) Warrantech shall have satisfied the Warrantech Notice Reimbursement Obligations, (d) the proposed Confirmation Order shall be reasonably acceptable in form and substance to the Creditors Committee and the parties to the Global Settlement Agreement; (e) the Global Settlement Agreement has been fully executed; (f) the most current version of the Plan, the Plan Supplement and all of the schedules, documents, and exhibits contained therein (including the Liquidating Trust Agreement and Consumer Restitution Fund Agreement) shall be Filed in form and substance reasonably acceptable to the Creditors Committee and the parties to the Global Settlement Agreement, and (g) neither Mepco nor Warrantech shall have exercised the Opt-Out Right described in Section 12.2 of the Plan .

Warrantech and Mepco may each elect to opt-out of this Plan for any reason at any time prior to the entry of the Confirmation Order by (a) delivering to the Committee a written notice of its intent to opt-out of the Plan, and (b) payment of \$200,000 in Cash in the aggregate to the Debtor. Upon receipt of the opt-out notice from either Mepco or Warrantech

and confirmation of the payment of the \$200,000, the Committee shall promptly withdraw the Plan and any request for confirmation of the Plan. The Debtor and the Attorney General Steering Committee will retain the \$200,000 to compensate them for the anticipated additional costs to be incurred in the pursuit of an alternative Plan. Notwithstanding the foregoing, neither Mepco nor Warrantech shall be required to make the \$200,000 opt-out payment if more than five states have objected to the Plan and had their objections sustained under Section 13.3(d) of this Plan. The Creditors Committee may waive any of the conditions set forth in Section 12.1 or Section 12.3 at any time, without any notice to other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action. However, the Creditors Committee may not waive the approval rights of any other party to the conditions to Confirmation and to the Effective Date set forth in Section 12.1 or Section 12.3 of the Plan.

If the Effective Date does not occur within sixty (60) days after the Confirmation Date, or by such later date, after notice and hearing, as is proposed by the Creditors Committee, then upon motion by any party to the Global Settlement Agreement and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; *provided, however*, that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if the Effective Date occurs before the Bankruptcy Court approves an order granting such motion. If the Confirmation Order is vacated, the Plan shall be null and void in all respects, any settlement of Claims provided for hereby shall be null and void without further order of the Bankruptcy Court. The time within which the Debtor may assume and assign, or reject all executory contracts and unexpired leases shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated; and nothing contained in the Plan or Disclosure Statement shall constitute a waiver or release of any Claims, Interests, or Litigation Claims.

VII. CONFIRMATION OF THE PLAN

The Bankruptcy Code requires the Bankruptcy Court to determine whether a Plan complies with the requirements of Chapter 11 of the Bankruptcy Code before the Plan can be confirmed. The Bankruptcy Code requires a further determination that a Debtor's Disclosure Statement concerning the Plan is adequate and includes information concerning all payments made or promised by the Debtor in connection with the Plan.

To confirm the Plan, the Bankruptcy Court must find that the requirements of the Bankruptcy Code have been met. Thus, even if the necessary vote is achieved for each voting Class, the Bankruptcy Court must make independent findings that the Plan meets the requirements of the Bankruptcy Code before it may confirm the Plan. Some (but not all) of these statutory requirements are discussed below.

A. Acceptance of the Plan

Section 1129(a)(8) requires that any impaired class must accept the Plan, except in the context of a "cram down" pursuant to Section 1129(b) of the Bankruptcy Code. The Bankruptcy Code defines acceptance of the Plan by an impaired class of Claims as acceptance by holders of at least two thirds in dollar amount, and more than one half in

number, of Claims of that class that actually vote. Acceptance of a Plan need only be solicited from holders of Claims whose Claims are impaired and not deemed to have rejected the Plan. In the Chapter 11 Case, holders of Claims in Classes 2,3,5,6,7, and 8 are entitled to vote on the Plan. Classes 1 and 4 are Unimpaired. Classes 9, 10, and 11 will receive nothing under the Plan and are presumed to have rejected the Plan.

B. Feasibility of the Plan

In connection with confirmation of a plan, the Bankruptcy Court has to determine that the plan is feasible pursuant to Section 1129(a)(11) of the Bankruptcy Code, which means that the confirmation of the plan is not likely to be followed by the liquidation or the need for further financial reorganization of US Fidelis. Since the Plan in this Chapter 11 Case calls for the liquidation of US Fidelis, the Creditors Committee should have no difficulty proving to the Bankruptcy Court that the Plan satisfies the requirements of Section 1129(a)(11) of the Bankruptcy Code.

C. Best Interests of Holders of Claims

The “best interests” test, as set forth in Section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that all members of an impaired class of claims have accepted the plan or that the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the debtor were liquidated under Chapter 7 of the Bankruptcy Code.

The Creditors Committee believes that the Plan satisfies the best interests of creditors test. First, the Creditors Committee is virtually certain that all members of Class 2 (Mepco) and of Class 3 (Warrantech) will vote to accept the Plan. Moreover, upon the liquidation of the Debtor under Chapter 7, no third party releases would be available for the Atkinsons. The Atkinsons have specifically stated that they would not have agreed to the terms of the Atkinson Settlement Order if they would not have had the prospects of releases. Therefore, a Chapter 7 estate would have had to litigate with the Atkinsons regarding the return of their property. This litigation would have been expensive, time consuming and the ultimate outcome would have been uncertain.

D. Classification of Claims and Equity Interests.

The Plan must comply with requirements of Section 1122 of the Bankruptcy Code regarding classification of claims and interests. The Creditors Committee believes that the Plan meets these classification requirements, which require that the Plan place each Claim or interest into a class with other Claims or interests that are “substantially similar.”

E. Cram down

In the event that the necessary vote accepting the Plan is not obtained from one or more Classes, the Creditors Committee have the right, assuming at least one class of impaired Claims has accepted the Plan, to request confirmation of the Plan pursuant to

Section 1129(b) of the Bankruptcy Code. Section 1129(b) permits confirmation of the Plan despite the rejection by one or more classes of impaired Claims if the Bankruptcy Court finds that the Plan does not discriminate unfairly and is “fair and equitable” with respect to the rejecting class or classes. This procedure is commonly referred to as “cram down.” The Plan is predicated on all voting classes voting to accept the Plan. If any voting classes vote to reject the Plan, however, the Creditors Committee may request a cram down of such class or classes at the confirmation hearing, so long as at least one impaired class of Claims has accepted the Plan.

The “cram down” provisions of the Bankruptcy Code are set forth in Section 1129(b) of the Bankruptcy Code. Under the cram down provisions, upon request of a plan proponent a Bankruptcy Court will confirm a plan despite the rejection by an impaired class or classes if the Bankruptcy Court finds that (a) the plan does not discriminate unfairly with respect to each rejecting impaired class, (b) the plan is fair and equitable with respect to each rejecting impaired class, and (c) at least one impaired class has accepted the plan. These standards ensure that holders of junior interests, such as stockholders, cannot retain any interest in the Debtor under a plan that has been rejected by a senior class of impaired Claims unless such impaired Claims or interests are paid in full. As used by the Bankruptcy Code, the phrases “discriminate unfairly” and “fair and equitable” have narrow and specific meanings unique to bankruptcy law.

The plan does not discriminate unfairly if Claims or interests in differing classes but with similar priorities and characteristics receive or retain property of similar value under a Plan.

The Bankruptcy Code sets forth different standards for establishing that a plan is “fair and equitable” with respect to a rejecting class, depending on whether the class is comprised of secured or unsecured Claims or interests. In general, Section 1129(b) of the Bankruptcy Code permits confirmation notwithstanding non-acceptance by an impaired class if that class and all junior classes are treated in accordance with the “absolute priority” rule, which requires that the rejecting class be paid in full before a junior class may receive or retain any property under the Plan.

With respect to a voting class that rejects the plan, the plan proponent(s) must demonstrate to the Bankruptcy Court that either (a) each holder of an unsecured Claim in the rejecting voting class receives or retains under the Plan property of a value equal to the allowed amount of its Claim, or (b) the holders of Claims or the holders of equity interests that are junior to the Claims in such non-accepting voting class will not receive or retain any property under the plan. Additionally, the plan proponent must demonstrate that the holders of Claims that are senior to the Claim of the rejecting voting class receive no more than payment in full on their Claims under the Plan.

If all of the requirements for confirmation of the Plan have been met except that one or more of the voting classes has rejected the Plan, the Creditors Committee reserves the right to request that the Bankruptcy Court confirm the Plan in accordance with Section 1129(b) of the Bankruptcy Code. The Creditors Committee believes that the Plan satisfies the cram down requirements of the Bankruptcy Code with respect to each of the classes of

Claims. The Creditors Committee may seek confirmation of the Plan over the objection of a rejecting voting class, as well as over the objection of individual holders of Claims who are members of an accepting voting class. Nevertheless, there can be no assurance that the Bankruptcy Court will determine that the Plan meets the requirement of Section 1129(b) of the Bankruptcy Code.

F. Effective Date and Binding Effect

The Effective Date for the Plan will be the date on which the Confirmation Order becomes a Final Order and all other conditions to the occurrence of the Effective Date set forth in Article XII of the Plan have been satisfied. Except as otherwise provided in Section 1141(d)(3) of the Bankruptcy Code, on and after the Confirmation Date, the provisions of the Plan shall bind any holder of the Claim against, or equity interest in, the Debtor and its successors and assigns, whether or not the Claim or equity interest of such holder is impaired under the Plan and whether or not such holder has accepted the Plan.

IV. RISKS IN CONNECTION WITH THE PLAN

Holders of Claims against the Debtor should read and consider carefully the factors set forth below, as well as the other information set forth in the Disclosure Statement prior to voting to accept or to reject the Plan. These risk factors should not, however, be regarded as constituting the only risks involved in connection with the Plan and its implementation.

A. Risk of Non-confirmation of the Plan.

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Case will continue to remain pending under Chapter 11. In such event, it is possible that the Chapter 11 Case could be dismissed entirely or it could be converted to a liquidation case under Chapter 7 of the Bankruptcy Code. The Creditors Committee believes that all Creditors are likely to receive less under Chapter 7 liquidation than they would under the Plan. If the Plan is not confirmed and the Chapter 11 Case continues to pend under Chapter 11, it is possible that other parties could propose their own Chapter 11 plan.

B. Subsequent Default By the Debtor.

Since the payments to the Creditors are not dependent on the profitability of the Debtor's future business operations, there is no material risk of default by the Debtor.

X. ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

The Creditors Committee believes that the Plan affords holders of Claims the potential for the greatest realization on the Debtor's assets and, therefore, is in the best interests of such holders.

If the Plan is not confirmed, however, the theoretical alternatives include (a) continuation of the pending Chapter 11 Case, and the formulation of an alternative plan or

plans of reorganization, (b) liquidation of the Debtor under Chapter 7 of the Bankruptcy Code, or (c) dismissal of the Case.

A. Continuation of the Chapter 11 Cases: Alternative Plans of Reorganization

If the Debtor remains in Chapter 11 following any rejection of the Plan, the Creditors Committee or other parties in interest could propose another plan. Given the highly complex and interlocking nature of the claims asserted against the Debtor, it is highly doubtful, in the Creditors Committee's best judgment, that a plan proposed by any individual creditor would ever muster enough support to be confirmed by the Bankruptcy Court. Moreover, the Creditors Committee believes that it is even more unlikely that a plan proposed by an individual Creditor will be approved by the Bankruptcy Court over the objections of more or more of the voting classes.

B. Liquidation under Chapter 7

If no plan is confirmed, the Debtor's Chapter 11 Case may be converted to a case under Chapter 7 of the Bankruptcy Code. In a Chapter 7 case, a trustee would be appointed to liquidate the assets of the Debtor.

The Creditors Committee believes that in a liquidation under Chapter 7, the recoveries by Creditors would be significantly lower than the likely recoveries under the Plan. The Atkinsons and Warrantech, for example, are willing to contribute assets to the Plan only because of the extensive third party releases and injunctions available under the Plan. Likewise, Mepco is willing to withdraw its almost \$60 million unsecured claim only because of the same releases and injunctions. If the contributions, together with the release of Mepco's claims, are removed, there would be insufficient assets to fund the Consumer Restitution Fund. Moreover, it is likely that the Chapter 7 case would be heavily litigated, with each of the many constituent groups in this case arguing that its claim should be accorded priority over the claims of other groups. The administrative expenses connected with the hypothetical Chapter 7 would be much higher.

The Creditors Committee believes that it is likely that any liquidation of the Debtor's assets would produce less value for distribution to creditors than that recoverable in each instance under the Plan. In the opinion of the Creditors Committee, the recoveries projected to be available in liquidation are not likely to afford holders of Claims as great a realization potential as does the Plan.

C. Dismissal of the Case

If no Plan is confirmed, the Bankruptcy Court could dismiss the Chapter 11 Case, which would terminate the protection of the automatic stay provided by the Bankruptcy Code. In that event, the Creditors Committee believes that there would be a destructive race to the court house. Creditors would essentially be in competition to obtain judgments and

execute on the remaining assets, limiting any recovery to the winners of the “race to the courthouse.”

XI. FEDERAL INCOME TAX CONSEQUENCES

A. Certain Tax Consequences of the Plan

CIRCULAR 230 NOTICE. THE FOLLOWING NOTICE IS BASED ON U.S. TREASURY REGULATIONS GOVERNING PRACTICE BEFORE THE IRS: (1) ANY U.S. FEDERAL TAX ADVICE CONTAINED HEREIN IS NOT INTENDED OR WRITTEN TO BE USED, AND CANNOT BE USED, BY ANY TAXPAYER FOR THE PURPOSE OF AVOIDING U.S. FEDERAL TAX PENALTIES THAT MAY BE IMPOSED ON ANY TAXPAYER; (2) ANY SUCH ADVICE IS WRITTEN TO SUPPORT THE PROMOTION OR MARKETING OF THE TRANSACTIONS DESCRIBED HEREIN (OR IN ANY SUCH OPINION OF COUNSEL); AND (3) TAXPAYERS AFFECTED BY THE PLAN SHOULD CONSULT THEIR OWN TAX ADVISERS CONCERNING THEIR PARTICULAR CIRCUMSTANCES UNDER THE CODE AND THE LAWS OF ANY RELEVANT STATE, COUNTY, CITY OR OTHER TAXING JURISDICTION APPLICABLE TO THE CONSUMMATION OF THE PLAN, AND, IN PARTICULAR, THE CONSUMER RESTITUTION FUND AND THE LIQUIDATING TRUST.

The following is a summary of certain Federal income tax consequences expected to result from the establishment of the Consumer Restitution Fund and the Liquidating Trust to the holders of interests in either Trust, and is for general information purposes only. This summary is based on the Federal income tax law currently in effect, which is subject to change, possibly retroactively. This summary does not discuss all aspects of Federal income taxation that may be important to holders of interests in either Trust in light of their individual investment, tax circumstances and methods of accounting, particularly to holders of interests subject to special tax rules (e.g., financial institutions, broker-dealers, insurance companies, tax-exempt organizations, taxpayers subject to the alternative minimum tax and foreign taxpayers), and in light of prior actions taken by, or prior tax consequences to, holders of such interests, as well as, except as noted, the effect of events subsequent to the date hereof. In addition, this summary does not address state, local or foreign tax consequences.

The following summary is based on the Internal Revenue Code of 1986, as amended (the “IRC”), Treasury Regulations promulgated thereunder, judicial decisions, and published administrative rules and pronouncements of the Internal Revenue Service (the “IRS”) as in effect on the date hereof. Changes in such rules or new interpretations thereof may have retroactive effect and could significantly affect the Federal income tax consequences described below.

No rulings have been or will be requested from the IRS with respect to any of the matters discussed herein, and no opinion of counsel has been sought or obtained by the Debtor or either Trust with respect thereto. There is no assurance that the IRS or any other taxing authority will not challenge the positions taken with respect to any of the issues addressed herein or that a court of competent jurisdiction would not sustain such a challenge.

HOLDERS OF CLAIMS AND INTERESTS IN EITHER TRUST ARE URGED TO CONSULT THEIR TAX ADVISORS REGARDING THE SPECIFIC FEDERAL, STATE, LOCAL, AND FOREIGN INCOME AND OTHER TAX CONSEQUENCES RESULTING FROM THE CONSUMMATION OF THE PLAN AND THE ESTABLISHMENT OF THE TRUSTS.

1. In General.

The Plan calls for the establishment of two separate trusts on the Effective Date: (a) the Consumer Restitution Fund for payment of Class 6 Consumer Claims, and (b) the Liquidating Trust for the payment of Class 5 Trade Claims, as well as Allowed Claims in Classes 7 and 8 in the unlikely event that all Allowed Class 5 Trade Claims are paid in full. The two trusts are differently constituted from a tax perspective. As described below, the Consumer Restitution Fund is intended to qualify as a “Qualified Settlement Fund” under Section 468B of the IRC and the Treasury Regulations thereunder whereas the Liquidating Trust is intended to qualify as a liquidating trust pursuant to the guidelines contained in IRS Rev. Proc 94-45 and other authorities applicable to a bankruptcy liquidating trust.

2. Tax Consequences of the Consumer Restitution Fund.

(a) Classification of the Consumer Restitution Fund.

The Treasury Regulations promulgated under Section 468B of the IRC provide that a fund, account, or trust will constitute a qualified settlement fund (“QSF”) if it satisfies three conditions: First, the fund, account, or trust must be established pursuant to an order of, or be approved by, a government authority, including a court, and must be subject to the continuing jurisdiction of that government authority. Second, the fund, account, or trust must be established to resolve or satisfy one or more contested or uncontested liability claims that have resulted or may result from an event or related series of events that has occurred and that has given rise to at least one claim asserting liability arising from, among other things, a tort, breach of contract or violation of law. Third, the fund, account, or trust must be a trust under applicable state law or have its assets physically segregated from the other assets of the transferor (i.e., the Debtor) and persons related to the transferor.

The transfer of property to a QSF generally is treated as a sale or exchange of that property by the transferor, i.e., the Debtor. A payment to a QSF generally is deductible to the transferor (the Debtor) when made assuming that such payment otherwise constitutes an ordinary and necessary business expense and satisfies certain other tax accounting requirements.

Assuming confirmation of the Plan, the Consumer Restitution Fund will be established to satisfy Consumer Claims alleged to arise out of a breach of contract, a tort, or a violation of law, will be a trust under state law, and will be approved by the Bankruptcy Court and subject to its continuing jurisdiction. Accordingly, based on those assumptions and on the completion of certain filings, the Creditors Committee believes that the Consumer Restitution Fund will constitute a QSF pursuant to the provisions of the IRC and the Treasury

Regulations thereunder after confirmation of the Plan, but there is no guarantee that the IRS will not take a contrary position.

(b) Tax Consequences to the Consumer Restitution Fund.

Assuming that, as expected, the Consumer Restitution Fund qualifies as a QSF, the Consumer Restitution Fund generally will be required to pay federal income tax on its “modified gross income,” as defined in the Treasury Regulations promulgated under Section 468B of the IRC, at the highest federal income tax rate applicable to trusts. The Consumer Restitution Fund generally will not be required to include in income amounts transferred to it pursuant to the Plan. The Consumer Restitution Fund will not be entitled to deduct amounts that it pays with respect to Consumer Claims, but will be entitled to deduct amounts paid for administrative costs, including state and local taxes, and other incidental costs relating to the operation of the Consumer Restitution Fund. In general, it is anticipated that the gross income of the Trust will principally constitute investment income, such as interest and dividends.

(c) Tax Consequences to the Holders of Class 6 Consumer Claims.

The federal income tax consequences to a holder of a Consumer Restitution Claim and the character and amount of income, gain or loss recognized as a consequence of the Plan and the distributions from the Consumer Restitution Fund provided for thereby will depend on, among other things: (1) the nature of the Claim, (2) the manner in which a holder acquired the Claim, (3) the length of time the Claim has been held, (4) whether the Claim was acquired at a discount, (5) whether the holder of the Claim has taken a bad debt deduction or other deduction with respect to the Claim (or any portion thereof) in the current or prior years, (6) whether the holder has previously included in income accrued but unpaid interest with respect to the Claim, and (7) the method of tax accounting of the holder. Accordingly, each holder of a Claim is urged to consult its tax advisor regarding the holder’s tax consequences arising from the Plan and the Consumer Restitution Fund.

With the foregoing reservations in mind, the Creditors Committee believes that the vast majority of the holders of Consumer Claims will owe no federal or state income tax on account of any payments from the Consumer Restitution Fund in respect of such Claims because: (i) the holders of such claims most likely did not claim a tax deduction for federal or state income tax purposes on account of any payments originally made in respect of the Vehicle Service Contracts they purchased and (ii) the Consumer Restitution Fund is not in a position to determine whether any of the Consumers claimed such a deduction. Based on the foregoing, the Creditors Committee believes that no information reporting to the IRS or to any holder of a claim will be required, although it is possible that the IRS would take a contrary position, in which case amounts paid by the Consumer Restitution Fund could be taxable to the holders of claims and the Consumer Restitution Fund could be subject to penalties for failing to have reported the payment of such amounts.

(d) Tax Consequences to the Debtor.

Since the Debtor is an “S” corporation for federal income tax purposes, any tax consequences that may follow from the transfer by the Debtor of \$13,000,000 in cash (e.g., any deduction) will be borne ultimately by Darain Atkinson and Cory Atkinson, as shareholders of the Debtor. However, even if the Debtor is not an S corporation when the cash is transferred to the Consumer Restitution Fund, any deduction to the Debtor will not otherwise affect the Plan or the amounts available to holders of any claims.

3. Tax Consequences of the Liquidating Trust.

(a) In General.

The Liquidating Trust is intended to qualify as a “liquidating trust” as described in Treasury Regulations Section 301.7701-4(d) and Revenue Procedure 94-45, 1994-2 C.B. 684 and other applicable authorities. In general, a liquidating trust is treated for federal income tax purposes as a “grantor trust.” Under U.S. federal income tax laws, a grantor trust is disregarded, and the grantors (the beneficiaries of the Liquidating Trust) are treated as if they were the grantors and deemed owners of the Liquidating Trust. For federal income tax purposes, the Liquidating Trust is intended to be taxed as a grantor trust under IRC Sections 671-677.

The Liquidating Trust has been structured with the intention of complying with Revenue Procedure 94-45 and otherwise satisfying the requirements for treatment as a liquidating trust under the Treasury Regulations, as follows: Among other things, the Liquidating Trust Agreement provides that the sole purpose of the Liquidating Trust is to administer the Liquidating Trust Assets in favor of the beneficiaries. The Liquidating Trust Agreement limits the ability of the Liquidating Trust to engage in the conduct of any trade or business activity, except to the extent reasonably necessary to, and consistent with, the purpose of the Liquidating Trust. Pursuant to the Plan, and in conformity with Revenue Procedure 94-45, all parties, including, without limitation, the Debtor, the Liquidating Trustee and the Creditors who are beneficiaries of the Liquidating Trust, must treat the Liquidating Trust for federal income tax purposes as a grantor trust of which the beneficiaries are the owners and grantors and the transfer of the Liquidating Trust Assets to the Liquidating Trust in accordance with the treatment set forth herein.

No ruling from the IRS will be obtained on the classification of the Liquidating Trust or the tax consequences to the holders of Claims or Interests. Accordingly, there can be no assurance that the IRS would not take a contrary position to the classification of the Liquidating Trust as a liquidating trust or the tax consequences described herein. If the IRS were to challenge successfully the classification of the Liquidating Trust as a liquidating trust, the Liquidating Trust could be taxable as a separate entity in which the case the amount of distributions to holders of Claims and Interests could be reduced by reason of entity level taxes, and the tax consequences to the holders of Claims and Interests could vary substantially from that described herein.

Assuming the Liquidating Trust is properly treated as a liquidating trust for federal income tax purposes, the tax consequences relating to the Liquidating Trust will be as described below.

(b) Treatment of Transfer of Assets to the Liquidating Trust.

All parties (including, without limitation, the Debtor, the Liquidating Trustee and the holders of Claims must treat the initial transfer by the Debtor to the Liquidating Trust as: (i) as described in detail in subparagraph (c) below, a taxable transfer of the Liquidating Trust's assets to the holders of Claims who are beneficiaries of the Liquidating Trust, in partial or complete satisfaction of their Claims, followed by (ii) a tax-free transfer of such Liquidating Trust assets by such holders to the Liquidating Trust, in exchange for the Interests in the Liquidating Trust. As a result, the holders of claims will be treated as the beneficiaries of the Liquidating Trust holding Interests in the Liquidating Trust and, for tax purposes, as the grantors and owners of the Liquidating Trust and the owners of undivided interests in the Liquidating Trust's assets. No income tax should be imposed on the Liquidating Trust by reason of any of the foregoing deemed transfers. In addition, no income tax should be imposed on the Liquidating Trust on subsequent income earned or gain recognized by the Liquidating Trust with respect to Liquidating Trust Assets. Instead, the beneficiaries of the Liquidating Trust, besides being taxed on the deemed transfer of the Liquidating Trust's assets to them, without their ability to retain such assets, will be taxed on their respective allocable shares of the Liquidating Trust's net income or gain in each taxable year of the Liquidating Trust. The beneficiaries of the Liquidating Trust will be responsible for paying the taxes associated with any such income or gain regardless of whether they received any distributions from the Liquidating Trust in any taxable year.

(c) Specific Consequences to Holders of Claims and Interests in the Liquidating Trust.

(i) Likely Treatment to Holders of Claims and Interests.

The effect of the above treatment of the Liquidating Trust to a holder of a claim generally will be, as follows: (i) initially, each holder of a Claim will recognize gain or loss equal to the difference between (a) the amount realized, which equals the sum of (x) the amount of cash, if any, distributed to such holder and (y) the holder's share of the amount of cash transferred to the Liquidation Trust on the Effective Date to meet Claims and expenses of the Liquidating Trust and (b) the holder's adjusted tax basis for such holder's Claim (other than accrued but unpaid interest, if any); for this purpose, as described below, because of the contingent nature of litigation claims transferred to the Liquidation Trust, such claims will not be included in the amount realized; (ii) to the extent cash transferred to the Liquidation Trust is used to satisfy expenses of the Liquidating Trust, generally each holder would either recognize a loss up to the amount of gain previously recognized by the holder if the holder had previously recognized a gain or experience a reduction in the amount realized under (i) if the holder had not previously recognized a gain; and (iii) any additional amounts of cash or other assets distributed by the Liquidating Trust to any holder of an interest] (other than cash attributable to income or gain from the investment of the Liquidation Trust Assets) after the Effective Date by reason of realization on any contingent litigation claims held by the Liquidating Trust would constitute an additional amount realized by the holder of an Interest resulting in the recognition of additional gain or loss. In general, under this treatment, a holder of a Claim will not recognize gain, if any, until the aggregate amount

realized exceeds the holder's adjusted basis for such holder's Claim and will not recognize any overall loss until termination of the Liquidating Trust. Each holder of an interest] will acquire an initial tax basis in the Liquidation Trust Assets equal to the fair market value of such holder's allocable share of the fair market value of the Liquidating Trust's Assets on the Effective Date.

(ii) Valuation of the Liquidating Trust's Assets.

As soon as possible after the Effective Date, the Liquidating Trustee will value the Liquidating Trust Assets and use these valuations for all federal income tax purposes, including for this purpose the amount treated as distributed to the holders of Claims, as described above. The Liquidating Trust Agreement will provide for (i) consistent valuation of the Assets by the Trustee and the beneficiaries of the Liquidating Trust, (ii) the Trustee to determine the fair market value of the Assets, and (iii) the Trustee to send the determinations to each beneficiary of the Liquidating Trust. In that regard, to the extent that the assets transferred on the Effective Date to the Liquidating Trust consist of litigation claims, because of the speculative value of such claims, the Liquidating Trustee will treat the value of such claims as zero upon the initial transfer of assets to the Liquidating Trust because the value of such claims is based entirely on potential future recoveries.

(iii) Character of Gain or Loss.

The character of gain or loss as long-term or short-term capital gain or loss or as ordinary income or loss under the tax treatment described above to a holder of a Claim will be determined by a number of factors, including the tax status of the holder, whether the Claim constitutes a capital asset in the hands of the holder, how long the Claim has been owned by the holder, whether the Claim was acquired at a market discount and whether and to what extent the holder of the Claim previously had claimed a deduction, e.g., as a partially or wholly worthless debt, for the Claim.

(iv) Related Tax Consequences.

In general, to the extent that the consideration received by a holder of a Claim is received in satisfaction of accrued interest or market discount attributable to the Claim, such amount will be taxable to the party as interest income if not previously included in gross income. Conversely, a holder of a Claim will generally recognize a deductible loss to the extent any accrued interest was previously included in gross income and the interest is not satisfied in full. For purposes of the above discussion, "accrued interest" means interest which was accrued while the Claim was held by the holder.

To the extent applicable, cash paid in satisfaction of a Claim will be allocated first to the principal amount of such Claim, and thereafter, to any accrued but unpaid prepetition interest on such Claim. There is no assurance that this allocation will be respected by the IRS for federal income tax purposes. The holders of Claims are urged to consult their tax advisors regarding the allocation of consideration and the deductibility of accrued but unpaid interest for tax purposes.

(d) Tax Reporting by the Liquidating Trust.

The Liquidating Trust will be required to file annual federal income tax returns as a grantor trust under IRC Section 671 and Treasury Regulations Section 1.671-4(a) consistent with the treatment described herein, and report, but not pay tax on, its respective tax items of income, gain, loss deductions and credits (the "Tax Items"). The Liquidating Trustee will also annually send to each record holder of an interest] a statement setting forth the holder's share of the items of income, gain, loss, deduction or credit. Each holder of an interest] in the Liquidating Trust will be required to report that holder's proportionate share of such Tax Items on his, her, or its federal income tax return, and pay any resulting federal income tax liability, regardless of whether the Trustee distributes sufficient cash to fund the tax.

(e) Treatment of the Debtor.

To the extent the Debtor is a "S" Corporation, the tax consequences of the transfer of the assets to the Liquidating Trust will be borne by the Debtor's shareholders, Darain Atkinson and Cory Atkinson. Otherwise, the tax consequences of the transfer of the assets to the Liquidating Trust will affect the Debtor.

(f) Net Operating Losses.

Inasmuch as the Debtor is an S corporation it will not have any net operating losses. In any event, no net operating losses of the Debtor or the Debtor's shareholders can be used to reduce any income or gain of the Consumer Restitution Fund, the Liquidating Trust or any holder of a Claim or an interest] in either Trust.

4. Withholding Requirements.

In connection with the Plan and all Distributions under the Plan, including Distributions from the Consumer Restitution Fund and the Liquidating Trust, the Consumer Restitution Escrow Agent, the Liquidating Trustee and the Debtor shall comply with all tax withholding, payment and reporting requirements imposed by any federal, state, provincial, local, or foreign taxing authority, and all Distributions under the Plan will be subject to any withholding, payment and reporting requirements. The Liquidating Trustee, Consumer Restitution Escrow Agent and Debtor, as the case may be, are authorized to take any and all actions that may be necessary or appropriate to comply with the withholding, payment, and reporting requirements.

Notwithstanding any other provision of the Plan, (i) each Creditor that is to receive a Distribution pursuant to the Plan shall have sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding and other tax obligations, on account of the Distribution, and (ii) no Distribution will be made to or on behalf of such Creditor pursuant to the Plan unless and until such Creditor has made arrangements satisfactory to the Liquidating Trustee, the Consumer Restitution Escrow Agent, or the Debtor, as the case may be, for the payment and satisfaction of withholding tax obligations or any tax obligation that would be imposed in connection with the Distribution.

Moreover, under certain circumstances, Creditors may be subject to “back-up withholding” with respect to payments made pursuant to the Plan, unless such Creditor either (i) comes within certain exempt categories, which generally include corporations, and, when required, demonstrates this fact, or (ii) provides a correct U.S. taxpayer identification number that certifies under penalty of perjury that the Creditor is a U.S. person, the taxpayer identification number is correct and the taxpayer is not subject to back-up withholding because of a failure to report dividend and interest income.

Back-up withholding is not an additional tax. The amounts withheld under the back-up withholding rules may be credited against a Creditor’s U.S. federal income tax liability, and a Creditor may obtain a refund of any excess amounts withheld under the back-up withholding rules by filing an appropriate claim or refund with the IRS.

Certain creditors may also be required, under certain circumstances, to file information returns regarding their Claims, in particular a recovery of less than the full amount of their Claim. Holders of Claims should consult their tax advisor in this regard.

Importance of Obtaining Professional Tax Advice

THE FOREGOING DISCUSSION IS INTENDED ONLY AS A SUMMARY OF CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF CERTAIN ASPECTS OF THE PLAN, AND IS NOT A SUBSTITUTE FOR CAREFUL TAX PLANNING WITH A TAX PROFESSIONAL. THE ABOVE DISCUSSION IS FOR INFORMATIONAL PURPOSES ONLY AND IS NOT TAX ADVICE. THE TAX CONSEQUENCES ARE IN MANY CASES UNCERTAIN AND MAY VARY DEPENDING ON A HOLDER’S PARTICULAR CIRCUMSTANCES. ACCORDINGLY, HOLDERS OF CLAIMS ARE URGED TO CONSULT THEIR TAX ADVISORS ABOUT THE FEDERAL, STATE, LOCAL, FOREIGN, AND OTHER TAX CONSEQUENCES OF THE PLAN.

XIII. CONCLUSION

A. Hearing on and Objections to Confirmation

1. Confirmation Hearing

The hearing on confirmation of the Plan has been scheduled **for July 16, 2012 at 10:00 a.m.** The hearing may be adjourned from time to time by announcing such adjournment in open court, all without further notice to parties in interest, and the Plan may be modified by the Debtor pursuant to Section 1127 of the Bankruptcy Code prior to, during, or as a result of that hearing, without further notice to parties in interest.

2. Date Set for Filing Objections to Confirmation

The date by which all objections to confirmation of the Plan must be filed with the Bankruptcy Court and received by the parties listed in the Confirmation Hearing Notice has

been set for **July 9, 2012** at 4:00 p.m. (Central). A copy of the Confirmation Hearing Notice has been provided with this Disclosure Statement.

Dated: June 5, 2012

THOMPSON COBURN LLP

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Attorneys for the Official Unsecured Creditors' Committee

EXHIBIT A
FIRST AMENDED PLAN

UNITED STATES BANKRUPTCY COURT
EASTERN DISTRICT OF MISSOURI
EASTERN DIVISION

In re:) Chapter 11
)
US FIDELIS, INC.,) Hon. Charles E. Rendlen, III
)
Debtor.) Case No. 10-41902
)

**FIRST AMENDED PLAN OF LIQUIDATION FOR US FIDELIS, INC.
DATED JUNE 5, 2012 PROPOSED BY THE
OFFICIAL COMMITTEE OF UNSECURED CREDITORS**

THOMPSON COBURN LLP

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INTRODUCTION

US Fidelis, Inc., formerly known as National Auto Warranty Services, Inc., d/b/a Dealer Services, NAWS, and Big Time Productions (the “Debtor”), is the debtor and debtor-in-possession in the above-captioned chapter 11 case. The Official Committee of Unsecured Creditors appointed in the above-captioned chapter 11 case pursuant to section 1102 of the Bankruptcy Code (the “Creditors Committee”) hereby proposes the following plan of liquidation for the resolution of the outstanding Claims against and Interests in the Debtor pursuant to section 1121(a) of the Bankruptcy Code. Reference is made to the Disclosure Statement (as that term is defined herein), distributed contemporaneously herewith, for a discussion of the Debtor’s history, business properties and operations, a summary and analysis of the Plan, and certain related matters. Subject to certain restrictions and requirements set forth in section 1127 of the Bankruptcy Code and Fed. R. Bankr. P. 3019, the Creditors Committee reserves the right to alter, amend, modify, revoke or withdraw the Plan prior to the Confirmation Date (as that term is defined herein).

ARTICLE I

DEFINED TERMS AND RULES OF INTERPRETATION

As used herein, capitalized terms shall have the meanings set forth below. Any term that is not otherwise defined herein, but that is used in the Bankruptcy Code or the Bankruptcy Rules, shall have the meaning given to that term in the Bankruptcy Code or the Bankruptcy Rules, as applicable.

1.1. **Administrative Claim** means a Claim for costs and expenses of administration of the Chapter 11 Case Allowed under section 503(b) or 507(a)(2) of the Bankruptcy Code, including: (a) any actual and necessary costs and expenses incurred after the Petition Date of preserving the Debtor’s Estate and operating the business of the Debtor (such as wages, salaries, commissions for services and payments for inventories, leased equipment and premises) and Claims of governmental units for taxes; (b) compensation for legal, financial, advisory, accounting and other services and reimbursement of expenses Allowed by the Bankruptcy Court under section 330, 331 or 503(b) of the Bankruptcy Code to the extent incurred prior to the Effective Date; and (c) all fees and charges assessed against the Debtor’s Estate under section 1930, chapter 123 of title 28, United States Code.

1.2. **Affiliates** means the Atkinsons, AGI Administration Services, Inc., Association of Service Contract Administrators, Atkinson Construction, Inc., Atkinson Group of Companies, Inc., Atkinson Realty, LLC, the Reinsurance Companies, Crescent, DS Direct, Inc., DC Atkinson Realty, LLC, Exodus LLC, Huge LLC, US Fidelis Administration Services, Inc., US Fidelis Insurance Risk Retention Group, Inc., and Wentzville International Speedway, Inc.

1.3. **Allowed . . . Claim** means an Allowed Claim in the Class or category specified. Any reference herein to a particular Allowed Claim includes both the secured and unsecured portions of such Claim.

1.4. **Allowed Claim** means (a) any Claim for which a proof of claim has been timely Filed by the applicable Bar Date (or which pursuant to the Bankruptcy Code or a Final Order is not or shall not be required to be Filed); (b) any Claim that is listed in the Schedules as of the Effective Date as not disputed, not contingent, and not unliquidated, and for which no proof of claim has been timely Filed; or (c) any Claim allowed pursuant to the Plan; *provided, however,* that with respect to any Claim in clauses (a) or (b) above, such Claim shall be considered Allowed only if and to the extent that (a) no objection to the allowance thereof has been interposed within the applicable period of time fixed by the Plan, the Bankruptcy Code, the Bankruptcy Rules or the Bankruptcy Court, or (b) such an objection is so interposed and the Claim shall have been Allowed for Distribution purposes only by a Final Order. Any Claim that has been or is hereafter listed in the Schedules as disputed, contingent, or unliquidated, and for which no proof of claim has been timely Filed is not considered Allowed and shall be expunged without any further notice to or action, order, or approval of the Bankruptcy Court.

1.5. **Atkinsons** means collectively Darain E. Atkinson, Mia Atkinson, Cory C. Atkinson, and Heather Atkinson, and their respective heirs, successors and assigns.

1.6. **Atkinsons Settlement Order** means that certain Order Granting the Settlement Motion entered by the Bankruptcy Court on October 22, 2010 where the Bankruptcy Court approved the Darain and Mia Atkinson Settlement Agreement and the Cory and Heather Atkinson Settlement Agreement.

1.7. **Attorney General – Debtor Actions** means litigation commenced by the Litigating States against the Debtor and other non-Debtors related to the Debtor's business.

1.8. **Attorney General Executive Committee** means a committee comprised of representatives of the Attorneys General for the following states: Ohio, Texas, and Washington.

1.9. **Attorney General Steering Committee** means a committee comprised of representatives of the Attorneys General for the Attorney General Executive Committee and the state of Missouri.

1.10. **Authorized Telemarketer** means a business or other entity that is not an Affiliate of Warrantech, which Warrantech has authorized to conduct telemarketing on Warrantech's behalf and/or which Warrantech has authorized to sell Vehicle Service Contracts on its behalf, in connection with the offer or sale of Vehicle Service Contracts to consumers that have no pre-existing relationship with the Authorized Telemarketer. A pre-existing relationship is not created when an Authorized Telemarketer sells a Vehicle Service Contract to a consumer. Authorized Telemarketer does not include: (a) a business or other entity that acts as a motor vehicle wholesaler, manufacturer, dealer or seller; (b) an Original Equipment Manufacturer; (c) a business or other entity that offers or provides a Vehicle Service Contract to its members, employees, customers, or clients in connection with another transaction, service, or benefit; and (d) a business or other entity with an established business relationship with a consumer other than a relationship based solely on the offer or sale of a Vehicle Service Contract.

1.11. **Available Cash** means unrestricted Cash or other immediately available funds owned by the Debtor, the Estate, or the Liquidating Trust, as the case may be.

1.12. **Avoidance Actions** means any claims belonging to the Debtor or the Estate arising under sections 542, 543, 544, 545, 547 through 551 and 553 of the Bankruptcy Code.

1.13. **Ballot** means each of the ballot form or forms distributed to each Holder of a Claim in a Voting Class, on which the Holder is to indicate acceptance or rejection of the Plan.

1.14. **Bankruptcy Code** means title 11, United States Code, as now in effect or hereafter amended, as to be applicable to this Chapter 11 Case.

1.15. **Bankruptcy Court** means the United States Bankruptcy Court for the Eastern District of Missouri.

1.16. **Bankruptcy Rules** means the Federal Rules of Bankruptcy Procedure and the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the Eastern District of Missouri, as now in effect or hereafter amended, as to be applicable to this Chapter 11 Case.

1.17. **Bar Date** means the applicable deadline by which a proof of claim must have been or must be Filed, as established by an order of the Bankruptcy Court, including the Bar Date Order (Non-Consumer) and the Consumer Class Proof of Claims Order. The term “Bar Date” also includes the deadline for Filing Administrative and Professional Fee Claims established pursuant to Section 15.4(a) and (b) of the Plan respectively, and the deadline for Filing Claims arising from rejection of executory contracts and unexpired leases established pursuant to Article X of the Plan.

1.18. **Bar Date Order (Non-Consumer)** means the Order Granting Joint Motion To Establish Trade Claim Bar Date And Approve Trade Claim Bar Date Notice (Docket No. 419) entered by the Bankruptcy Court on October 7, 2010.

1.19. **Business Day** means any day, other than a Saturday, Sunday or “legal holiday” (as defined in Bankruptcy Rule 9006(a)).

1.20. **CARRG** means the Capital Assurance Risk Retention Group acting by or through its Receiver appointed by the court of Common Pleas of the Fifth Judicial Circuit in Richland County, South Carolina.

1.21. **Cash** means legal tender of the United States of America and equivalents thereof.

1.22. **Caymans House** means the real and personal property owned by Darain and Mia Atkinson, located at 414 Water Kai Road in the Rum Point area of Grand Cayman Island that is subject to a Sale and Purchase Agreement with Debtor dated November 30, 2010.

1.23. **Chapter 11 Case** means the chapter 11 case pending for the Debtor in the Bankruptcy Court as Case No. 10-41902.

1.24. **Claim(s)** means a “claim,” as defined in section 101(5) of the Bankruptcy Code.

1.25. **Claims Objection Deadline** means the last day for Filing objections to Non-Consumer Claims against the Debtor, which day shall be the later of thirty (30) days after the Effective Date or 30 days after the Bar Date applicable to a particular Claim.

1.26. **Class** means a category of Holders of Claims or Interests, as described in Article V of the Plan.

1.27. **Committee-Atkinsons Litigation** means that certain litigation filed by the Committee against the Atkinsons *et al.* in the Bankruptcy Court and pending as Adv. Proc. No. 10-04172.

1.28. **Committee-Mepco Subordination Litigation** means litigation commenced by the Creditors Committee against Mepco seeking *inter alia* the equitable subordination of the Mepco Claims which is pending as Adv. Proc. No. 11-04308.

1.29. **Confirmation Date** means the date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court for the Chapter 11 Case.

1.30. **Confirmation Hearing** means the hearing held by the Bankruptcy Court pursuant to section 1128 of the Bankruptcy Code to consider confirmation of the Plan, as such hearing may be adjourned or continued from time to time.

1.31. **Confirmation Order** means the order of the Bankruptcy Court confirming the Plan pursuant to section 1129 of the Bankruptcy Code.

1.32. **Consumer** means a Person (a) that purchased, entered into or was solicited to purchase or enter into a Vehicle Service Contract (a defined term at Section 1.120) from or through the Debtor or an Affiliate, or (b) to whom the Debtor or an Affiliate marketed, offered, contacted, solicited or attempted to sell a Vehicle Service Contract.

1.33. **Consumer Class Proofs of Claim** means those class Proofs of Claims for Consumer Claims filed by certain of the States Attorneys General on behalf of the Consumers.

1.34. **Consumer Class Proof of Claims Order** means that certain Order entered by the Bankruptcy Court permitting the States Attorneys General to file the Consumer Class Proofs of Claim for voting purposes.

1.35. **Consumer Claims** means any and all Claims held by a Consumer:

(a) that arise out of or relate to a Vehicle Service Contract purchased or entered into by a Consumer from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(b) that arise out of or relate to the actions and conduct of the Debtor or an Affiliate in soliciting, marketing or contacting a Person to purchase or enter into a Vehicle Service Contract, whether or not the Person purchased a Vehicle Service Contract, and whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to the such Claim;

(c) that arise out of or relate to the actions and conduct of the Debtor or an Affiliate in refunding all or a portion of the consideration paid for Vehicle Service Contracts purchased from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(d) that arise out of or relate to the actions and conduct of the Debtor or an Affiliate with regard to a Consumer Payment Plan sold or offered to a Consumer by the Debtor or an Affiliate, including but not limited to the statements, representations or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or the termination of the Consumer Payment Plan, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(e) that arise out of or relate to the actions and conduct of the Debtor or an Affiliate with regard to the termination of a Vehicle Service Contract purchased or entered into by a Consumer from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim; and

(f) for or arising from: (i) violations of consumer protection statutes, regulations or codes by the Debtor or Affiliates; (ii) unfair and deceptive practices in the sale and marketing of Vehicle Service Contracts by the Debtor or an Affiliate or the Debtor's agents¹; (iii) violations of state or federal telemarketing laws and regulations by the Debtor, an Affiliate, or the Debtor's agents; (iv) violations of state or federal automatic dialing, "Do Not Call" and announcing device laws and regulations by the Debtor, an Affiliate, or the Debtor's agents; (v) violations of business registration laws by the Debtor or an Affiliate; (vi) violations of the Drivers' Privacy Protection Act by the Debtor or an Affiliate; (vii) unfair and deceptive refund practices by the Debtor or an Affiliate; (viii) aiding or abetting or providing substantial assistance or support by Warrantech or Mepco to the Debtor or an Affiliate with respect to any of the foregoing; or (ix) Warrantech or Mepco consciously, intentionally, or negligently avoiding knowing of the telemarketing practices of the Debtor or an Affiliate, and as to each of the foregoing whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim.

The foregoing definition includes all Consumer Claims, whether asserted by an individual Consumer or on behalf of one or more Consumers by any other Person in any litigation, class action, arbitration or administrative proceeding.

1.36. ***Consumer Payment Plan*** means a contract between a Consumer and a third party pursuant to which the Consumer agreed to pay the purchase price of a Vehicle Service Contract over a period of time and in installments as set forth in the payment plan.

¹ "Agent" does not include an administrator, including but not limited to Tier One Warranty, LLC.

1.37. **Consumer Restitution Fund** means the fund established pursuant to Section 8.2 of the Plan and the Consumer Restitution Fund Agreement.

1.38. **Consumer Fund Advisory Committee** means the committee composed of States Attorneys General as established by the Attorney General Executive Committee pursuant to Section 8.2(e) of the Plan to supervise and direct the Consumer Restitution Escrow Agent.

1.39. **Consumer Restitution Fund Agreement** means the agreement between and among the Debtor and the Attorney General Steering Committee, specifying the rights, duties and responsibilities of the Consumer Restitution Escrow Agent under the Plan, in substantially the form set forth in the Plan Supplement.

1.40. **Consumer Restitution Fund Assets** means the assets listed in Section 8.2(b) and (c).

1.41. **Consumer Restitution Fund Distribution Procedures** means the procedures for liquidating Consumer Claims and distributing funds from the Consumer Restitution Fund

1.42. **Consumer Restitution Escrow Agent** means the Person(s) to serve as the custodian and claims administrator for the Consumer Restitution Fund pursuant to Section 8.2(d) or such successor as appointed pursuant to the Consumer Restitution Fund Agreement.

1.43. **Cory and Heather Atkinson Settlement Agreement** means that certain Settlement Agreement dated September 29, 2010 which was approved by the Bankruptcy Court in the Atkinsons Settlement Order.

1.44. **Creditor** means the Holder of a Claim against the Debtor.

1.45. **Creditors Committee** has the meaning ascribed to it in the Introduction hereto.

1.46. **Crescent** means Crescent Manufacturing Company, L.L.C., a limited liability company organized under and existing by virtue of the laws of Missouri and regularly referred to as Crescent Manufacturing Company and Crescent Manufacturing, LLC.

1.47. **Darain and Mia Atkinson Settlement Agreement** means that Amended and Restated Settlement Agreement dated October 19, 2010 which was approved by the Bankruptcy Court in the Atkinsons Settlement Order.

1.48. **Debtor** has the meaning ascribed to it in the Introduction hereto.

1.49. **Disallowed Claim** means a Claim, or any portion thereof, that (a) has been disallowed by Final Order, (b) 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) 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.

1.50. **Disclosure Statement** means the written disclosure statement (including all schedules thereto or referenced therein) that relates to the Plan, as approved by the Bankruptcy Court pursuant to section 1125 of the Bankruptcy Code, as the same may be amended, modified or supplemented.

1.51. **Disputed . . . Claim** means a Disputed Claim in the Class or category specified.

1.52. **Disputed Claim** means any Claim, or any portion thereof, that is neither an Allowed Claim nor a Disallowed Claim.

1.53. **DS Direct** means DS Direct, Inc.

1.54. **ECHO Merchant Agreement** means that certain Merchant Bank Card Agreement and/or ACH Services Agreement dated July 21, 2004 by and between First Regional Bank and Electronic Clearing House, Inc. and National Auto Warranty Services, Inc.

1.55. **ECHO Reserve Account** mean (a) that certain Reserve Account maintained by First Citizens Bank & Trust Company in the name of the Debtor at WestAmerica Bank pursuant to the ECHO Merchant Agreement and (b) the Debtor's Account at US Bank into which funds released from the WestAmerica Bank Reserve Account are held pursuant to and in accordance with the ECHO Settlement Order.

1.56. **ECHO Settlement Order** means that certain Order entered by the Bankruptcy Court on September 30, 2010 in Adversary Proceeding No. 10-04223 approving the Agreement of Settlement and Release dated September 29, 2010 by and among the Debtor, First Citizens Bank and Trust Company, Intuit, Inc., and Electronic Clearing House, Inc.

1.57. **Effective Date** means the Business Day upon which the Plan becomes effective as provided in Article XII of the Plan.

1.58. **Estate** means the estate of the Debtor created under section 541 of the Bankruptcy Code.

1.59. **Face Amount** means (a) when used in reference to a Disputed or Disallowed Claim, the full stated amount claimed by the Claim Holder in any proof of claim timely filed with the Bankruptcy Court or otherwise deemed timely filed by any Final Order of the Bankruptcy Court or other applicable bankruptcy law, and (b) when used in reference to an Allowed Claim, the allowed amount of such claim.

1.60. **File, Filed or Filing** means file, filed or filing with the Bankruptcy Court or its authorized designee in the Chapter 11 Case.

1.61. **Final Order** means an order or judgment of the Bankruptcy Court, or other court of competent jurisdiction, as entered on the docket in the Chapter 11 Case, the operation or effect of which has not been stayed, reversed, or amended and as to which order or judgment (or any revision, modification, or amendment thereof) the time to appeal or seek review or rehearing has expired and as to which no appeal or petition for review or rehearing was filed or, if filed, remains pending; *provided, however*, that the possibility that a motion under section 502(j) of the Bankruptcy Code, Rule 59 or Rule 60 of the Federal Rules of Civil Procedure or any analogous rule may be, but has not been, filed shall not cause an order not to be a Final Order.

1.62. **Global Settlement Agreement** means that certain Global Settlement Agreement by and among the Debtor, the Creditors Committee, Mepco, Warrantech, the WARN Litigation Class Claimants, and the Attorney General Steering Committee, as may be amended, together with all exhibits annexed thereto setting forth the compromise and settlement of various issues among the parties thereto, a copy of which will be Filed as part of the Plan Supplement.

1.63. **Governmental Fines and Penalties Claims** means Claims against the Debtor held by a Governmental Unit that are in the nature of fines or penalties and are not compensation for any actual pecuniary loss suffered by such Governmental Unit.

1.64. **Governmental Unit** shall have the same meaning as set forth in section 101(27) of the Bankruptcy Code.

1.65. **Holder** means the Person holding the beneficial interest in a Claim or Interest.

1.66. **Impaired** means, when used in reference to a Claim or Interest, a Claim or Interest that is impaired within the meaning of section 1124 of the Bankruptcy Code,

1.67. **Individual Consumer Proofs of Claim** means all of those proofs of claim Filed in the Chapter 11 Case by Consumers or private class action attorneys on behalf of Consumers. For avoidance of doubt, the term “Individual Consumer Proofs of Claim” shall include the Proof of Claims filed by David O. Rucker (Claim #508) on behalf of a purported class of Consumers.

1.68. **Intercompany Claims** means a Claim asserted by any one of the Affiliates against the Debtor.

1.69. **Interest** means the legal, equitable, contractual and other rights of the Holders of equity interests in the Debtor.

1.70. **Internal Revenue Code** means the Internal Revenue Code of 1986, as amended.

1.71. **Later Monetized Assets** means any Cash proceeds realized from the post-Effective Date sale, lease or liquidation of any of the Liquidating Trust Assets (including Litigation Claims but excluding the Malpractice Claim).

1.72. **Later Monetized Asset Distribution** means the Distribution to Creditors of the Cash proceeds of the Later Monetized Assets in the following order: (a) reimbursement of all fees and expense incurred in investigating, pursuing, monetizing and collecting the Later Monetized Assets, (b) next, sufficient Cash to the Liquidating Trust so that the Trade Creditors will receive (together with all other amounts) a Distribution of not less than 31% of their Allowed Claims, and (c) finally, any remaining amounts to be split one-third to the Consumer Restitution Fund, one-third to the Liquidating Trust, and one-third to Mepco.

1.73. **Liquidating Trust** means the trust established pursuant to Section 8.3 of the Plan and the Liquidating Trust Agreement to hold the Liquidating Trust Assets and make distributions to holders of Allowed Claims, other than Holders of Consumer Claims.

1.74. **Liquidating Trust Agreement** means the agreement between and among the Debtor and the Liquidating Trustee, in form and substance acceptable to the Creditors Committee specifying the rights, duties and responsibilities of and to be performed by the Liquidating Trustee under the Plan, in substantially the form set forth in the Plan Supplement; *provided*, that after the Effective Date, any modifications made to the Liquidating Trust Agreement shall be in form and substance acceptable to the Liquidating Trustee.

1.75. **Liquidating Trust Assets** means all assets of the Debtor or the Estate remaining after payment by the Debtor of all Allowed Unclassified Claims, the Mepco Postpetition Claim, the Mepco Prepetition Claims, the WARN Litigation Class Claim, and funding of the Debtor's obligations to contribute to the Consumer Restitution Fund, to be transferred by the Debtor under this Plan into the Liquidating Trust.

1.76. **Liquidating Trust Professionals** means the agents, financial advisors, attorneys, consultants, independent contractors, representatives and other professionals of the Liquidating Trustee (in their capacities as such).

1.77. **Liquidating Trustee** means the Person designated by the Creditors Committee, after consultation with the Debtor, prior to the Confirmation Date and approved by the Bankruptcy Court pursuant to the Confirmation Order to administer the Plan in accordance with the terms of the Plan and the Liquidating Trust Agreement and to take such other actions as may be authorized under the Liquidating Trust Agreement, and any successor thereto.

1.78. **Litigating States** means those states or districts whose States Attorneys General have sued the Debtor or otherwise taken action against the Debtor, comprised of the following states: Arkansas, Iowa, Idaho, Kansas, Maryland, Missouri, North Carolina, Ohio, Oregon, Pennsylvania, Texas, Washington and Wisconsin.

1.79. **Litigating States-Debtor Consent Judgments** means consent judgments between each of the Litigating States and the Debtor, copies of which will be included in the Plan Supplement and which will contain prospective injunctive relief, restitution to be paid in accordance with the terms of the Plan and the Global Settlement Agreement, and fines and penalties to be treated in accordance with the Plan.

1.80. **Litigation Claims** means the Claims, rights of action, suits or proceedings, whether in law or in equity, whether known or unknown, that the Debtor or Estate may hold

against any Person, including, but not limited to, (a) any claims, rights of action, suits or proceedings of the Debtor or the Estate arising or arising under or resulting from contractual subordination, application of section 510(b) of the Bankruptcy Code, or existing under any other applicable law, (b) the Avoidance Actions, (c) all causes of action against the Debtor's current and former officers, directors, employees, shareholders or professionals under section 1123(b)(3) of the Bankruptcy Code related to conduct in connection with the Debtor prior to or after the Petition Date, but excluding the Malpractice Claim. Notwithstanding the foregoing, and for the avoidance of doubt, the term "Litigation Claims" does not include the Committee-Mepco Subordination Litigation, which will be dismissed by the Creditors Committee on the Effective Date, or any other claims, demands or rights of action that the Debtor will be deemed under the Plan or the Global Settlement Agreement to have released on the occurrence of the Effective Date.

1.81. **Malpractice Claim** means the claims held by the Debtor to be transferred to the Liquidating Trust on the Effective Date for any of the following: (a) malpractice or professional negligence committed by any attorneys retained by the Debtor before or after the Petition Date; and (b) the value of any reduction in attorneys' fees to be paid by the Estate to a Professional retained by the Debtor, as is subsequently agreed to by such attorneys in resolution of any claim described in part (i) of this section or ordered by the Bankruptcy Court; and (c) the value of any attorneys' fees previously paid by the Estate to a attorneys retained by the Debtor that are subsequently disgorged and recovered by the Liquidating Trust, as is subsequently agreed to by such attorneys in resolution of any claim described in part (i) of this section or ordered by the Bankruptcy Court.

1.82. **Malpractice Claim Distribution** means the Distribution to Creditors of the recoveries on account of the Malpractice Claim in the following order: (a) reimbursement of all fees and expenses incurred in investigating, pursuing, monetizing and collecting the Malpractice Claim recovery, and (b) the remaining recoveries on account of the Malpractice Claim shall be Distributed one-half to the Consumer Restitution Fund and one-half to the Liquidating Trust.

1.83. **Mepco** means Mepco Finance Corporation.

1.84. **Mepco Claims** means all Claims against the Debtor held or asserted by Mepco against the Debtor, whether Filed in a proof of claim or otherwise, including the Mepco Postpetition Claim, the Mepco Prepetition Secured Claim, the Claims against the Debtor represented by the Mepco Proof of Claim or the Committee-Mepco Subordination Litigation.

1.85. **Mepco's Notice Reimbursement Obligations.** Within five Business Days after approval of the Disclosure Statement, Mepco shall pay to the Debtor Cash in the amount of \$132,000 to be segregated and used by the Debtor to pay Noticing Costs. In the event that Noticing Costs are less than \$368,000, then the Debtor shall refund the entire \$132,000 amount to Mepco by no later than 30 days following the Effective Date. In the event that the Notice Costs are more than \$368,000 but less than \$500,000, then the Debtor shall refund to Mepco by no later than 30 days following the Effective Date, the difference between \$500,000 and the actual amount of the Noticing Costs. Mepco may elect to satisfy Mepco's Noticing Reimbursement Obligations by directing the Debtor to reduce the amount of Mepco's Prepetition Secured Claim by \$132,000.

1.86. **Mepco Postpetition Claim** means the Allowed Claim held by Mepco in the amount of \$1,380,594.63 arising out of the Debtor's postpetition use of cash collateral in which Mepco held an interest and for which Mepco did not receive adequate protection.

1.87. **Mepco Prepetition Secured Claim** means the Allowed Claim by Mepco in the amount of \$225,465.09 which represents that portion of the Mepco Proof of Claim that is secured by a lien pursuant to Section 506(a) of the Bankruptcy Code.

1.88. **Mepco Proof of Claim** means that proof of claim Filed by Mepco on November 3, 2010 and denominated by the Bankruptcy Court as Claim No. 832 in the amount of \$57,974,530.03, as may heretofore or hereafter be amended.

1.89. **Mepco Released Parties** means Mepco, its parent, its subsidiaries, successors, predecessors, attorneys, employees, agents, assigns, directors, officers and shareholders.

1.90. **Mepco Unsecured Claims** means that portion of the Mepco Claims that are not comprised of the (a) Mepco Postpetition Claim and (b) the Mepco Prepetition Secured Claim.

1.91. **Mepco Unsecured Claim Distribution** means the Distribution to Mepco from the Liquidating Trust on account of the Mepco Unsecured Claim consisting of all amounts remaining in the Liquidating Trust after payment of (a) all Unclassified Claims, (b) all Allowed Non-Tax Priority Claims, (c) the Mepco Postpetition Claim (d) the Mepco Prepetition Secured Claim, (d) the amounts due under the WARN Litigation Class Settlement Order, (e) funding the Consumer Restitution Fund, (f) all Allowed Class 5, Class 7, and Class 8 Claims, and (g) payment of all expenses of the Liquidating Trust.

1.92. **Non-Consumer Claim** means a Claim held by anyone other than a Consumer, which shall include but not necessarily be limited to Claims held by Mepco, Warrantech, the WARN Litigation Class Claimants, holders of WARN Litigation Class Exclusion Claims, Trade Creditors, Prestige, the Affiliates and Governmental Units on account of Governmental Fines and Penalties Claims.

1.93. **Non-Tax Priority Claim** means a Claim, other than an Unclassified Claim or the WARN Litigation Class Claims, that is entitled to priority in payment pursuant to section 507(a) of the Bankruptcy Code.

1.94. **Notice Agent** means GCG, Inc. or any successor or replacement approved by the Bankruptcy Court.

1.95. **Noticing Costs** means all costs incurred by the Committee and/or the Debtor in connection with establishing and maintaining the USF Notice Website, mailing notice of the Plan to Consumers pursuant to the Solicitation Order, tabulating ballots submitted by Consumers in connection with the Plan, publishing a notice of the Confirmation Hearing in the *USA Today*, and responding to telephone inquiries from Consumers before the Confirmation Hearing. For the avoidance of doubt, the term "Noticing Costs" does not include any amounts

charged by the Notice Agent in connection with the submission and evaluation of Individual Consumer Proofs of Claim.

1.96. **Opt-Out Right** means the right of Mepco and/or Warrantech to opt out of the Plan, as described in more detail in Section 12.2 of the Plan.

1.97. **Person** means an individual, corporation, partnership, joint venture, association, joint stock company, limited liability company, limited liability partnership, trust, estate, unincorporated organization, or other entity.

1.98. **Petition Date** means March 1, 2010, the date on which the Debtor Filed the petition for relief commencing the Chapter 11 Case.

1.99. **Plan** means this first amended chapter 11 plan of liquidation, including the Plan Supplement and all supplements, appendices and schedules thereto, either in its present form or as the same may be altered, amended or modified from time to time; *provided*, that each of the documents referenced in this definition shall be in form and substance reasonably acceptable to the Creditors Committee.

1.100. **Plan Supplement** means the forms of documents specified in Section 15.9 of the Plan, which documents shall be in form and substance reasonably acceptable to the Creditors Committee, Mepco, Warrantech, and the Attorney General Steering Committee and such additional documents and disclosures referenced herein as being included in the Plan Supplement; *provided*, that after the Effective Date, any modifications made to any of the documents specified in Section 15.9 of the Plan shall be in form and substance reasonably acceptable to the parties thereto, and to the Liquidating Trustee and the Consumer Restitution Fund Advisory Committee, as applicable.

1.101. **Prestige** means Prestige Administration, Inc.

1.102. **Prestige Claims** means all Claims held by Prestige against the Debtor.

1.103. **Priority Tax Claim** means a Claim of a governmental unit of the kind specified in sections 502(i) and 507(a)(8) of the Bankruptcy Code.

1.104. **Professional** means (a) any professional employed in the Chapter 11 Case pursuant to section 327 or 1103 of the Bankruptcy Code or otherwise, (b) any professional or other Person seeking compensation or reimbursement of expenses in connection with the Chapter 11 Case pursuant to section 503(b)(4) of the Bankruptcy Code, and (c) any professional retained by the Liquidating Trustee following the Effective Date. For the avoidance of doubt, the term "Professional" shall include Amherst Partners LLC and Scott A. Eisenberg, acting in his capacity as Chief Restructuring Officer of the Debtor.

1.105. **Professional Fee Claim** means an Administrative Claim under section 330(a), 331 or 503 of the Bankruptcy Code for compensation of a Professional or other Person for services rendered or expenses incurred in the Chapter 11 Case on or prior to the Effective Date (including expenses of the members of the Creditors Committee incurred as members of the Creditors Committee in discharge of their duties as such).

1.106. **Pro Rata** means, with respect to Claims, at any time, the proportion of 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 the Plan provides otherwise.

1.107. **Reinsurance Companies** means Atkinson Reinsurance, Ltd. and Atkinson II Reinsurance, Ltd.

1.108. **Released Parties** means those Persons who are receiving releases pursuant to Article XIII of the Plan and/or the Global Settlement Agreement.

1.109. **Releases** means those certain liability releases set forth in the Global Settlement Agreement and in Article XIII of the Plan.

1.110. **Scheduled** means with respect to any Claim or Interest, the status and amount, if any, of such Claim or Interest as set forth in the Schedules.

1.111. **Schedules** means the schedules of assets and liabilities, the list of Holders of Interests and the statements of financial affairs Filed by the Debtor on the Petition Date, as such schedules have been or may be further modified, amended or supplemented in accordance with Fed. R. Bankr. P. 1009 or orders of the Bankruptcy Court.

1.112. **Solicitation Order** means Order (A) Approving Plan Summary; (B) Establishing Procedures For Solicitation and Tabulation of Voting On Proposed Joint Chapter 11 Plan, Approving Ballots and Consumer Proof of Claim Form, Establishing Final Date to File Consumer Proofs of Claim and Establishing Voting Deadline to Accept Or Reject Plan; (C) Scheduling Hearing On Confirmation of Proposed Joint Chapter 11 Plan; and (D) Granting Certain Related Relief entered by the Bankruptcy Court on or about June 5, 2012.

1.113. **State Attorneys Generals** means the Attorney General for each of the 50 states and includes the attorney general, or similar government official or Person, with the authority to enforce consumer protection statutes on behalf of residents of any state, the District of Columbia, Puerto Rico and/or any United States Territory.

1.114. **Subordinated Governmental Fines and Penalties Claims** means Governmental Fines and Penalties Claims that are subordinated by the Plan in priority of Distribution to payment in full of all Allowed Trade Claims.

1.115. **Trade Claim** means a Claim against the Debtor, other than an Unclassified Claim, a Consumer Claim, a Non-Tax Priority Claim, a WARN Litigation Claim, a WARN Litigation Class Exclusion Claim, a Mepco Claim, a Warrantech Claim, a Subordinated Governmental Fines and Penalties Claim, the Prestige Claims, or an Intercompany Claim.

1.116. **Trade Creditor** means the Holder of a Trade Claim.

1.117. **Unclassified Claims** means all Claims described in section 1123(a)(1) of the Bankruptcy Code.

1.118. **Unimpaired** means, when used in reference to a Claim or Interest, a Claim or Interest that is not Impaired.

1.119. **USF Notice Website** means the website at www.usfbankruptcy.com which will be used to post relevant documents necessary or helpful for Creditors and others interested in the Plan.

1.120. **Vehicle Service Contract** means a contract or agreement offered by the Debtor or one of the Affiliates (a) that contains a separately stated consideration for a specific duration to perform the repair, replacement or maintenance of a motor vehicle and includes vehicle protection products, commonly referred to as product warranties; or (b) that provides indemnification for repair, replacement or maintenance of a motor vehicle due to an operational or structural defect in materials, workmanship or normal wear and tear and may or may not include additional provision for incidental payment of indemnity under limited circumstances, including but not limited to towing, rental and emergency road service. The term “Vehicle Service Contract” shall also include any contract, agreement or certificate, including engine additive product warranties, whereby the Debtor agreed to refund to a Consumer the full amount of the purchase price that the Consumer paid for a Vehicle Service Contract if certain terms and conditions are met.

1.121. **Voting Classes** means Classes 2, 3, 5, 6, 7, and 8.

1.122. **Voting Deadline** means the date set by the Bankruptcy Court by which all Ballots to accept or reject the Plan in accordance with section 1126 of the Bankruptcy Code must be received by the appropriate Person.

1.123. **Voting Trust Agreement** means that certain Voting Trust Agreement dated July 30, 2010 by and between David A. Warfield and Darain E. Atkinson and Cory C. Atkinson.

1.124. **Voting Trust Entities** means Atkinson Group of Companies, Inc., Atkinson Construction, Inc., US Fidelis Administration Services, Inc., AGI Administration Services, Inc., the Reinsurance Companies, DS Direct, Atkinson Realty, LLC, DC Atkinson Realty, LLC, Wentzville International Speedway, LLC, Crescent, Zing Advisors, LLC, and Exodus LLC.

1.125. **WARN Litigation** means the litigation commenced by Benjamin Mantle, Sharon Szymanski and others against the Debtor for alleged violations of the Worker Adjustment and Retraining Notification Act, which is pending as Adv. Proc. 10-4160 and similar litigation that was commenced in the U.S. District Court for the Eastern District of Missouri as Case No. 10-cv-00053.

1.126. **WARN Litigation Class Claimants** means the members of the class described in the WARN Litigation Class Settlement Order.

1.127. **WARN Litigation Class Counsel** means The Gardner Firm, P.C., Lankenau & Miller, LLP and Pitzer Snodgrass P.C.

1.128. **WARN Litigation Class Exclusion Claims** means Claims held by former employees of the Debtor who voluntarily opted-out of the WARN Litigation class certified by the Bankruptcy Court.

1.129. **WARN Litigation Class Settlement Order** means that order entered by the Bankruptcy Court in the WARN Litigation approving the terms of a settlement of the WARN Litigation Claims by allowing for the payment by the Debtor in Cash on the Effective Date of the sum of \$1,450,000.

1.130. **Warrantech** means collectively Vemeco, Inc., Warrantech Automotive, Inc., Warrantech Corporation, and Butler Financial Solutions, LLC.

1.131. **Warrantech AVCs** means the Assurance of Voluntary Compliance executed by Warrantech and the states of Texas, Missouri, Ohio and Washington. The Warrantech AVCs are incorporated herein by reference.

1.132. **Warrantech Claims** means all Claims held or asserted by Warrantech or any of the Persons comprising Warrantech against the Debtor, including but not limited to the Warrantech Proofs of Claim.

1.133. **Warrantech-Mepco Subordination Litigation** means litigation commenced by Warrantech against Mepco seeking *inter alia* the equitable subordination of the Mepco Claims, which litigation is pending in the Bankruptcy Court as Adv. Proc. No. 11-04313.

1.134. **Warrantech's Notice Reimbursement Obligations.** Within five Business Days after approval of the Disclosure Statement, Warrantech shall pay to the Debtor Cash in the amount of \$368,000 to be segregated and used by the Debtor to pay Noticing Costs. In the event that Noticing Costs are less than \$368,000, the Debtor shall refund any remaining funds to Warrantech by no later than 30 days following the Effective Date the different between \$368,000 and the actual amount of the Noticing Costs.

1.135. **Warrantech Proofs of Claim** means those proofs of claim, as amended, Filed by Vemeco, Inc., Warrantech Automotive, Inc., Warrantech Corporation, and Butler Financial Solutions, LLC on November 30, 2011, each of which is in the same amount, and which were denominated by the Bankruptcy Court as Claim Nos. 828 through 831 respectively.

1.136. **Warrantech Released Parties** means Warrantech and its subsidiaries, successors, predecessors, attorneys, employees, agents (except for agents who are Authorized Telemarketers), assigns, directors, officers and shareholders.

1.137. **Warrantech Vehicle Service Contracts** means any Vehicle Service Contract sold, marketed by or entered into by the Debtor under which Warrantech, or any of its subsidiaries or affiliates, is directly involved, as either a contracting party, an administrator for such contract, or an obligor of such contract.

Rules of Interpretation and Computation of Time. For purposes of the Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural;

(b) any reference in the Plan to a contract, instrument, release or other agreement or document being in a particular form, or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in the Plan to an existing document or schedule Filed or to be Filed means such document or schedule, as it may have been or may be amended, modified or supplemented pursuant to the Plan; (d) any reference to an Person as a Holder of a Claim or Interest includes that Person's successors and assigns; (e) all references in the Plan to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to the Plan; (f) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of the Plan; (g) subject to the provisions of any contract, certificates of incorporation, by-laws, instrument, release or other agreement or document entered into in connection with the Plan, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code and Bankruptcy Rules; (h) the rules of construction set forth in section 102 of the Bankruptcy Code will apply; and (a) in computing any period of time prescribed or allowed by the Plan, the provisions of Bankruptcy Rule 9006(a) will apply.

ARTICLE II

COMPROMISE AND SETTLEMENT OF DISPUTES

2.1. ***Compromise, Settlement and Sale.*** Pursuant to sections 363, 364, 365, 1123(a)(5), and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates, and is expressly contingent upon the approval of the compromise and settlement by and among the Debtor, the Creditors Committee, Mepco, Warrantech, the WARN Litigation Class Claimants, the State Attorneys General Steering Committee, and the Atkinsons, all as set forth in the Global Settlement Agreement. The Global Settlement Agreement will be entered into and filed as part of the Plan Supplement and is incorporated into this Plan by reference as if fully set forth herein. The Global Settlement Agreement represents a full, final and complete compromise, settlement, and release of, among other matters, the issues in dispute among the parties thereto, including, among other issues, resolution of the Mepco Claims, the Warrantech Claims, the Committee-Mepco Subordination Litigation, the Warrantech-Mepco Subordination Litigation, and the Attorney General-Debtor Actions. Without limiting the foregoing, subsections (a) through (g) below describe certain of the principal provisions of the Global Settlement Agreement. In the event of any inconsistency between the Global Settlement Agreement, the Plan or the Confirmation Order, the documents shall control on the following order of priority: (i) Confirmation Order, (b) Global Settlement Agreement, and (c) Plan.

(a) ***Mepco.***

(i) ***Treatment of Mepco's Claim.*** On the Effective Date, (a) Mepco shall receive from Warrantech the sum of \$4,800,000 in Cash; (b) Darain and Mia Atkinson and the Debtor shall transfer to Mepco all of their respective rights, title and interest in and to the Caymans House, free and clear of all Claims, Interests, encumbrances and other interests of any Person to the fullest extent permitted by applicable law, with all utilities, insurance and pre-paid expenses to be prorated through the Effective Date; (c) Mepco shall receive from the Debtor payment in full in Cash of the Mepco Postpetition Claim; (d) Mepco

shall receive from the Debtor payment in full in Cash of the Mepco Prepetition Secured Claim; (e) David Warfield, as the Voting Trustee, Darain E. Atkinson, Cory C. Atkinson and the Debtor shall, upon the request of Mepco, transfer to Mepco rights in the assets of DS Direct, US Fidelis Administration Services, Inc., and Crescent (subject to Section 13.3(b)(i)(f)), including the ECHO Reserve Accounts; (f) Mepco shall receive funds in the ECHO Reserve Account, (g) intangible personal property of the Debtor (including trademarks, tradenames, copyrights, and customer lists), (h) Warrantech will dismiss with prejudice the Warrantech-Mepco Subordination Litigation; (i) the Committee will dismiss with prejudice the Committee-Mepco Subordination Litigation; (j) the Debtor and the Liquidating Trustee shall forever relinquish any rights or interests in and to the ECHO Reserve Accounts and any funds that may be due to or on behalf of the Debtor under the ECHO Settlement Order; and (k) Mepco will receive the full benefit of the Releases and injunctions described more fully in the Global Settlement Agreement and in Article XIII of the Plan. If available, Mepco shall also thereafter receive from the Liquidating Trust the Mepco Unsecured Claim Distribution and its share of the Later Monetized Asset Distribution.

(ii) ***Mepco's Obligations.*** Within five Business Days after approval of the Disclosure Statement, Mepco shall satisfy the Mepco Notice Reimbursement Obligations. On the Effective Date, Mepco shall (a) forego any further Distributions from the Debtor, the Estate, or the Liquidating Trustee except for the Mepco Unsecured Claim Distribution and its share of the Later Monetized Asset Distribution, (b) relinquish any Claim, Lien, or interest in any of the Liquidating Trust Assets other than the Mepco Unsecured Claim Distribution and its share of the Later Monetized Asset Distribution, (c) relinquish any Claim, Lien, or interest in any of the Consumer Restitution Fund Assets; and (d) either release or transfer to Warrantech, at the option of Warrantech, all of Mepco's right, title and interest in and to the assets of the Reinsurance Companies, free and clear of all Claims, Interests, encumbrances and other interests created by Mepco. Notwithstanding the foregoing, the Debtor shall not be obligated to transfer to Mepco any interest in DS Direct, US Fidelis Administration Services, Inc. and Crescent until such time as the Debtor shall be satisfied that all taxes and other charges due from those entities to any Governmental Unit on account of any period prior to the transfer have been paid from the assets of such entities.

(b) ***Warrantech.***

(i) ***Treatment of Warrantech's Claims.*** On the Effective Date, (a) David Warfield, as the Voting Trustee, Darain E. Atkinson, Cory C. Atkinson and the Debtor shall transfer to Warrantech or an affiliate of Warrantech or release at the option of Warrantech all of their rights, title and interest in and to the Reinsurance Companies, or their assets free and clear of all Claims, Interests, encumbrances, and other interests of any Person, except any and all Claims, liens, encumbrances or rights held by CARRG (including its receiver) in the Reinsurance Companies or their assets shall not be affected by this transfer to Warrantech, (b) Mepco will either release or transfer to Warrantech, at the option of Warrantech, all of Mepco's right, title and interest in and to the assets of the Reinsurance Companies, free and clear of all Claims, Interests, encumbrances and other interests created by Mepco, and (c) Warrantech will receive the full benefit of the Releases and injunctions described in the Global Settlement Agreement and in Article XIII of the Plan.

(ii) **Warrantech's Obligations.** Within five Business Days after approval of the Disclosure Statement, Warrantech shall satisfy the Warrantech Notice Reimbursement Obligations. On the Effective Date, Warrantech shall: (a) pay to Mepco the amount of \$4,800,000 in Cash; (b) pay to the Liquidating Trustee the sum of \$1,400,000 in Cash; (c) pay to the Consumer Restitution Fund the sum of \$1,100,000 in Cash; (d) dismiss with prejudice the Mepco-Warrantech Subordination Litigation; and (e) withdraw with prejudice each of the Warrantech Proofs of Claim and forego any further Distributions from the Debtor, the Estate, or the Liquidating Trustee. Notwithstanding the foregoing, the Debtor shall not be obligated to transfer to Warrantech any interest in the Reinsurance Companies until such time as the Debtor shall be satisfied that all taxes and other charges due from those entities to any Governmental Unit on account of any period prior to the transfer have been paid from the assets of such entities.

(c) **Atkinsons.** On the Effective Date, the Atkinsons shall receive the full benefit of the Releases and injunctions described in the Global Settlement Agreement and in Article XIII of the Plan, provided, however, that notwithstanding anything to the contrary contained in this Plan or any other Plan related document, neither Darain Atkinson nor Cory Atkinson shall be released of any liability on account of the claims brought by the State of Maryland, Consumer Protection Division in OAH Case No 188217. On the Effective Date, the Debtor and the Estate shall be deemed to have complied fully with paragraph 15 of the Cory and Heather Atkinson Settlement Agreement and with paragraph 16 of the Darain and Mia Atkinson Settlement Agreement and the Atkinsons shall each irrevocably relinquish any further interest in any of the "Assets Proceeds Account" as that phrase is defined in each of the Cory and Heather Atkinson Settlement Agreement and in the Darain and Mia Atkinson Settlement Agreement. On the Effective Date, the Creditors Committee or Liquidating Trustee, as the case may be, shall cause the Committee-Atkinsons Litigation to be dismissed with prejudice.

(d) **WARN Litigation Class Claims.** On the Effective Date, and pursuant to the terms of the WARN Litigation Class Settlement Order, the Debtor shall pay to the WARN Litigation Class Counsel for the benefit of the WARN Litigation Class Claimants the sum of \$1,450,000 in full satisfaction of all Claims asserted by the WARN Litigation Class Claimants. The funds so transferred shall be distributed to the WARN Litigation Class Counsel and to the WARN Litigation Class Claimants in accordance with the WARN Litigation Class Settlement Order. Upon receipt of said payment, the WARN Litigation Class Counsel shall cause the WARN Litigation to be dismissed with prejudice. The WARN Claimants shall also receive the full benefit of the Release by the Debtor, the Estate and the Trade Creditors and injunctions described in the Global Settlement Agreement and in Section 13.15 of the Plan.

(e) **Consumers.** All Consumer Claims, (including the Individual Proofs of Claim) shall be channeled to the Consumer Restitution Fund established under this Plan which will be funded with a total of \$14,100,000 as set forth herein. On the Effective Date, (i) the Debtor shall transfer \$13,000,000 in Cash to the Consumer Restitution Fund and (ii) Warrantech shall transfer \$1,100,000 in Cash to the Consumer Restitution Fund. The Consumer Restitution Fund shall also receive its share of the Later Monetized Asset Distribution and of the Malpractice Claim Distribution. The Consumer Restitution Fund shall pay Consumer Claims in the manner and hierarchy established under the Consumer Restitution Fund Agreement. In

accordance with the Consumer Restitution Fund Agreement, the thirteen Litigating States shall receive reasonable compensation on the Effective Date immediately following funding of the Consumer Restitution Fund, or at a later date if requested by any Litigating State(s), for the pre-confirmation investigation of the Debtor, the pursuit of Consumer Claims before the Bankruptcy Court and the litigation of unfair practice claims in an amount not to exceed 13.5% (\$1,903,500) of the Consumer Restitution Fund's initial assets. Accordingly, on the Effective Date, (a) all liabilities, obligations, and responsibilities related to all Consumer Claims shall be transferred to the Consumer Restitution Fund; (b) the Debtor, the Liquidating Trust, and the Liquidating Trustee shall have no further liability for payment of any/all liabilities or obligations for any Consumer Claims; (c) the Debtor shall agree to entry of the Litigating States-Debtor Consent Judgments; and (d) all Consumers and all States Attorneys General shall be bound by the Releases as described in Article XIII of the Plan.

(f) **Trade Creditors.** As soon as practicable after the Effective Date, Trade Creditors will receive from the Liquidating Trust Pro Rata Distributions of the Available Cash remaining after payment in full of (i) all Unclassified Claims, (ii) all Allowed Non-Tax Priority Claims, (iii) the Mepco Postpetition Claim, (iv) the Mepco Prepetition Secured Claim, (v) the amounts due under the WARN Litigation Class Settlement Order, and (vi) the Estate's obligations to fund the Consumer Restitution Fund. Neither Mepco nor Warrantech will share in any Distributions due to Trade Creditors. Trade Creditors shall also receive the full benefit of the Releases and injunctions described in the Global Settlement Agreement and in Article XIII of the Plan. The Liquidating Trust shall also receive its share of the Malpractice Claim Distribution and the Later Monetized Asset Distribution.

(g) **Releases and Injunctions Not Severable.** The Releases and injunctions provided in the Global Settlement Agreement and in Article XIII of the Plan are integral to obtaining the value provided under the Global Settlement Agreement and the Releases and injunctions under this Plan constitute an essential component of the compromise reached and, notwithstanding anything else to the contrary contained in this Plan, are not severable from the other provisions of this Plan unless the beneficiary of such releases or injunctions shall waive its rights under this Section.

ARTICLE III

ADMINISTRATIVE EXPENSES AND PRIORITY TAX CLAIMS

3.1. **Administrative Claims.** Each Allowed Administrative Claim (including any Allowed Claims for Professional Fees) shall be paid in Cash in an amount equal to the unpaid portion of such Allowed Administrative Claim on the later of (a) the Effective Date, or as soon as reasonably practicable thereafter; (b) thirty (30) days after the date such Claim is Allowed or otherwise authorized by a Final Order; (c) the date that the Debtor is otherwise obligated to pay such Claim in accordance with the terms and provisions of the particular transactions giving rise to such Claim, the terms and provision of this Plan and any orders of the Bankruptcy Court relating thereto; and (d) such date as the Holder of such Claim and the Debtor prior to the Effective Date or the Liquidating Trustee after the Effective Date shall agree upon.

3.2. **Priority Tax Claims.** Commencing on the later of (a) the Effective Date and (b) the fifteenth Business Day of the first month following the month in which a Priority Tax Claim becomes an Allowed Priority Tax Claim, or as soon after such dates as is practicable, such Holder of an Allowed Priority Tax Claim shall receive from the Liquidating Trustee, Available Cash in an amount equal to such Allowed Priority Tax Claim.

ARTICLE IV

CLASSIFICATION OF CLAIMS AND INTERESTS

4.1. **Classification of Claims.** Pursuant to section 1122 of the Bankruptcy Code, set forth below is a designation of classes of Claims against the Debtor and Equity Interests in the Debtor. A Claim or Interest is placed in a particular Class for the purposes of voting on this Plan and of receiving Distributions pursuant to this Plan only to the extent that such Claim or Interest is an Allowed Claim or an Allowed Interest in that Class and such Claim or Interest has not been paid, released, or otherwise settled prior to the Effective Date.

4.2. **Unclassified Claims.** In accordance with section 1123(a)(1) of the Bankruptcy Code, the Unclassified Claims have not been classified and their treatment is set forth in Article III above.

ARTICLE V

IDENTIFICATION OF CLASSES OF CLAIMS AND INTERESTS IMPAIRED AND UNIMPAIRED BY THE PLAN

5.1. **Classes of Claims that are Unimpaired.** The classification of Claims against the Debtor pursuant to this Plan that are Unimpaired and not entitled to vote on the Plan is as follows:

Class	Claim	Status	Voting Rights
1.	Non-Tax Priority Claims	Unimpaired	Not entitled to vote
4.	WARN Litigation Claims	Unimpaired	Not entitled to vote

5.2. **Impaired Classes of Claims and Interests.** The classification of Claims against the Debtor pursuant to this Plan that are Impaired is as follows:

Class	Claim	Status	Voting Rights
2.	Mepco Claims	Impaired	Entitled to vote
3.	Warrantech Claims	Impaired	Entitled to vote
5.	Trade Claims	Impaired	Entitled to vote
6.	Consumer Claims	Impaired	Entitled to vote
7.	Subordinated Governmental Fines and Penalties Claims	Impaired	Entitled to vote
8.	Prestige Claims	Impaired	Entitled to vote
9.	WARN Litigation Class Exclusion Claims	Impaired	Not entitled to vote; Deemed to reject Plan
10.	Intercompany Claims	Impaired	Not entitled to vote; Deemed to reject Plan
11.	Equity Interests	Impaired	Not entitled to vote; Deemed to reject Plan

ARTICLE VI

PROVISIONS FOR TREATMENT OF CLAIMS AND INTERESTS

6.1. Unimpaired Classes of Claims.

(a) CLASS 1 – Non-Tax Priority Claims

1. Classification: Class 1 shall consist of all Non-Tax Priority Claims against the Debtor.

2. Treatment: On the later of (i) the Effective Date and (ii) the fifteenth Business Day of the first month following the month in which a Class 1 Claim becomes an Allowed Class 1 Claim, or as soon after such dates as is practicable, each Holder of an Allowed Claim in Class 1 shall receive from the Liquidating Trustee, Available Cash in an amount equal to such Allowed Claim.

3. Voting: Class 1 is Unimpaired, and holders of Class 1 Claims are conclusively deemed to have accepted this Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1 are not entitled to vote to accept or reject this Plan.

(b) CLASS 4 – WARN Litigation Claims

1. Classification: Class 4 shall consist of Claims held or asserted by the WARN Litigation Class Claimants.

2. Treatment: The Class 4 Claimants shall receive the treatment set forth in the Global Settlement Agreement and the WARN Litigation Class Settlement Order which is summarized in Section 2.1(d) of the Plan.

3. Voting: Class 4 is Unimpaired, and the Holders of the Class 4 Claims are not entitled to vote to accept or reject this Plan.

6.2. Impaired Classes of Claims.

(a) CLASS 2 – Mepco Claims

1. Classification: Class 2 shall consist of the Mepco Claims.

2. Treatment: Mepco shall receive the treatment set forth in the Global Settlement Agreement which is summarized in Section 2.1(a) of the Plan.

3. Voting: Class 2 is Impaired, and the Holder of the Class 2 Claims is entitled to vote to accept or reject this Plan.

(b) CLASS 3 – Warrantech Claims

1. Classification: Class 3 shall consist of the Warrantech Claims.

2. Treatment. Warrantech shall receive the treatment set forth in the Global Settlement Agreement which is summarized in Section 2.1(b) of the Plan.

3. Voting: Class 3 is Impaired, and the Holder of the Class 3 Claims is entitled to vote to accept or reject this Plan.

(c) CLASS 5 – Trade Claims

1. Classification: Class 5 shall consist of all Trade Claims against the Debtor.

2. Treatment: The Holders of Class 5 Claims shall be treated as set forth in the Global Settlement Agreement which is summarized in Section 2.1(f) of the Plan.

3. Voting: Class 5 is Impaired, and Holders of Class 5 Claims are entitled to vote to accept or reject this Plan.

(d) CLASS 6 – Consumer Claims

1. Classification: Class 6 shall consist of all Consumer Claims against the Debtor.

2. Treatment: The Holders of Class 6 Claims shall be treated as set forth in the Global Settlement Agreement and as summarized in Section 2.1(e) of the Plan.

3. Voting: Class 6 is Impaired, and Holders of Class 6 Claims are entitled to vote.

(e) CLASS 7 – Subordinated Governmental Fines and Penalties Claims

1. Classification: Class 7 shall consist of all Subordinated Governmental Fines and Penalties Claims against the Debtor.

2. Treatment: Holders of Subordinated Governmental Fines Penalties Claims will receive Pro Rata Distributions of the Available Cash, if any, remaining after payment in full of (i) all Unclassified Claims, (ii) all Allowed Non-Tax Priority Claims, (iii) the Mepco Postpetition Claim, (iv) the Mepco Prepetition Secured Claim, (v) the amounts due under the WARN Litigation Class Settlement Order, (vi) the Estate's obligations to fund the Consumer Restitution Fund, and (vii) all Class 5 Trade Claims. Any Distributions on account of Class 7 Allowed Subordinated Governmental Fines and Penalties Claims shall be paid to the Consumer Restitution.

3. Voting: Class 7 is Impaired, and Holders of Class 7 Claims are entitled to vote to accept or reject this Plan.

(f) CLASS 8 – Prestige Claims

1. Classification: Class 8 shall consist of the Prestige Claims against the Debtor.

2. Treatment: The Holder of the Prestige Claims will receive Pro Rata Distributions of the Available Cash, if any, remaining after payment in full of all (i) Unclassified Claims, (ii) all Allowed Non-Tax Priority Claims, (iii) the Mepco Postpetition Claim (iv) the Mepco Prepetition Secured Claim, (v) the amounts due under the WARN Litigation Class Settlement Order, (vi) the Estate's obligations to fund the Consumer Restitution Fund, (vii) all Allowed Class 5 Trade Claims, and (viii) all Class 7 Allowed Subordinated Governmental Fines and Penalties Claims.

3. Voting: Class 8 is Impaired, and Holders of Class 8 Claims are entitled to vote to accept or reject this Plan.

(g) CLASS 9 – WARN Litigation Class Exclusion Claims

1. Classification. Class 9 shall consist of all WARN Litigation Class Exclusion Claims.

2. Treatment. The Holders of Class 9 WARN Litigation Class Exclusion Claims shall not receive any Distribution or retain any property on account of their Claims under this Plan.

3. Voting: Class 9 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code is deemed not to have accepted the Plan.

(h) **CLASS 10 – Intercompany Claims**

1. Classification: Class 10 shall consist of all Intercompany Claims against the Debtor.

2. Treatment: The Holders of Class 10 Intercompany Claims shall not receive any Distribution or retain any property on account of their Claims under this Plan.

3. Voting: Class 10 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code is deemed not to have accepted the Plan.

(i) **CLASS 11 – Interests**

1. Classification: Class 11 shall consist of all Interests in the Debtor.

2. Treatment: The Holders of Class 11 Interests shall not receive any Distribution or retain any property on account of their Claims under this Plan, but such Holders will be subject to the treatment set forth in Section 2.1(c) of the Plan.

3. Voting: Class 11 is Impaired, and pursuant to section 1126(g) of the Bankruptcy Code is deemed not to have accepted the Plan.

ARTICLE VII

ACCEPTANCE OR REJECTION OF THE PLAN

7.1. ***Impaired Classes of Claims Entitled to Vote.*** Each Impaired Class of Claims that will (or may) receive or retain property or any interest in property under the Plan shall be entitled to vote to accept or reject the Plan.

7.2. ***Classes Deemed to Accept the Plan.*** Classes 1 and 4 are Unimpaired under the Plan. Pursuant to section 1126(f) of the Bankruptcy Code, those Classes are conclusively presumed to have accepted the Plan, and the votes of Holders of Claims in such Classes therefore shall not be solicited.

7.3. ***Acceptance by Impaired Classes.*** Classes 2, 3, 5, 6, 7, and 8 are Impaired under the Plan and thus are the Voting Classes. Pursuant to section 1126(c) of the Bankruptcy Code and except as otherwise provided in section 1126(e) of the Bankruptcy Code, a Voting Class has accepted the Plan if the Plan is accepted by the Holders of at least two-thirds in dollar amount and more than one-half in number of the Allowed Claims of such Voting Class that have timely and properly voted to accept or reject the Plan.

7.4. ***Classes Deemed Not to Have Accepted the Plan.*** Holders of Claims and Interests in Class 9, 10, and 11 are not entitled to receive any Distribution under the Plan on account of their Claims or Interests and, therefore, votes to accept or reject the Plan shall not be solicited from Holders of Claims or Interests in such Classes.

7.5. ***Elimination of Classes.*** Any Class that does not contain any Allowed Claims or any Claims temporarily allowed for voting purposes under Bankruptcy Rule 3018, as of the date of the commencement of the Confirmation Hearing, shall be deemed to have been deleted from the Plan for purposes of (a) voting to accept or reject the Plan and (b) determining whether it has accepted or rejected the Plan under section 1129(a)(8) of the Bankruptcy Code.

7.6. ***Confirmation Pursuant to Section 1129(b) of the Bankruptcy Code.*** To the extent that any Impaired Class votes to reject the Plan or is deemed to have rejected it, the Creditors Committee reserves the right to request confirmation of the Plan under section 1129(b) of the Bankruptcy Code.

7.7. ***Confirmability and Severability of a Plan.*** The confirmation requirements of section 1129 of the Bankruptcy Code must be satisfied. The Creditors Committee reserves the right to alter, amend, modify, revoke, or withdraw the Plan before the Confirmation Date. A determination by the Bankruptcy Court that the Plan is not confirmable pursuant to section 1129 of the Bankruptcy Code shall not limit or affect the Creditors Committee's ability to modify the Plan, subject to the limitations in this Section and Section 15.6, to satisfy the confirmation requirements of section 1129 of the Bankruptcy Code.

7.8. ***Requirements for Voting on the Plan, Etc.*** The eligibility for Holders of Claims and Interests to vote on the Plan is governed by the terms of the Solicitation Order. Furthermore, votes on the Plan shall be tabulated and reported in accordance with the Solicitation Order.

ARTICLE VIII

MEANS FOR IMPLEMENTATION OF THE PLAN

8.1. ***Execution of Consumer Restitution Fund Agreement and Liquidating Trust Agreement.*** Prior to or on the Effective Date, the Debtor shall execute (a) the Liquidating Trust Agreement and (b) the Consumer Restitution Fund Agreement, each in substantially the same form as set forth in the Plan Supplement. Thereafter, the Debtor and all other necessary parties shall take all other necessary steps to establish the Consumer Restitution Fund and the Liquidating Trust and the respective beneficial interests therein. Any nonmaterial modifications to the Consumer Restitution Fund Agreement made with the consent of the Attorney General Steering Committee and to the Liquidating Trust Agreement made by the Creditors Committee, prior to the Effective Date, are hereby ratified. Each of the Consumer Restitution Fund Agreement and the Liquidating Trust Agreement shall contain provisions permitting the amendment or modification of such agreements as necessary to implement the provisions of the Plan.

8.2. **Consumer Restitution Fund.**

(a) **Creation of the Consumer Restitution Fund.** On the Effective Date, the Consumer Restitution Fund shall be created in accordance with the Consumer Restitution Fund Agreement. The Consumer Restitution Fund shall be a “qualified settlement fund” within the meaning of section 468B of the Internal Revenue Code and the regulations issued thereunder. The purpose of the Consumer Restitution Fund shall be to assume liability for all Consumer Claims (whether now existing or arising at any time hereafter) and to use the Consumer Restitution Fund Assets to pay holders of Allowed Consumer Claims and attorneys’ fees and investigative costs for the Litigating States as set forth in the Consumer Restitution Fund Agreement and the Consumer Restitution Fund Distribution Procedures.

(b) **Debtor’s Contribution to the Consumer Restitution Fund.** On the Effective Date, the Debtor shall transfer Cash to the Consumer Restitution Fund in the amount of \$13,000,000, free and clear of all Claims, Interests, encumbrances, and other interests of any Person. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use, or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code.

(c) **Warrantech’s Contribution to Consumer Restitution Fund.** On the Effective Date, Warrantech shall transfer Cash to the Consumer Restitution Fund in the amount of \$1,100,000, with such transfer to vest in the Consumer Restitution Fund, in accordance with section 1141 of the Bankruptcy Code, title to all such Consumer Restitution Fund Assets free and clear of all Claims, Interests, encumbrances, and other interests of any Person.

(d) **Appointment of Consumer Restitution Escrow Agent.** The Creditors Committee, with the consent of the Attorney General Steering Committee, designates GCG, Inc., a Delaware corporation (“GCG”) as the initial Consumer Restitution Escrow Agent of the Consumer Restitution Fund. On the Confirmation Date, effective as of the Effective Date, the Bankruptcy Court shall appoint the Consumer Restitution Escrow Agent in accordance with the Consumer Restitution Fund Agreement.

(e) **Appointment of Consumer Fund Advisory Committee Members.** Prior to or at the Confirmation Hearing, the Attorney General Executive Committee shall designate the initial members of the Consumer Fund Advisory Committee, which appointments shall become effective as of the Effective Date.

(f) **Transfer of Liability for Consumer Claims to the Consumer Restitution Fund.** On the Effective Date, all liabilities, obligations, and responsibilities relating to all Consumer Claims shall be transferred to the Consumer Restitution Fund which shall assume liability for all Consumer Claims and shall pay the Allowed Consumer Claims in accordance with the Consumer Restitution Fund Distribution Procedures.

(g) **Consumer Restitution Fund Expenses.** The Consumer Restitution Fund shall pay all Consumer Restitution Fund expenses and attorneys’ fees and investigative costs of the Litigating States from the Consumer Restitution Fund Assets. The

Debtor, the Liquidating Trust, and the Liquidating Trustee shall have no obligations to pay any expenses incurred by the Consumer Restitution Fund.

(h) ***Personally Identifiable Information Contained in Consumer Claims.*** The provisions of the Consumer Restitution Fund govern the release and confidentiality of Consumer Claims.

8.3. ***The Liquidating Trust.***

(a) ***Creation of the Liquidating Trust.*** On the Effective Date, the Liquidating Trust shall be created in accordance with the Liquidating Trust Agreement with the intention of complying with Revenue Procedure 94-45 and otherwise satisfying the requirements for treatment as a liquidating trust under the applicable Treasury Regulations.

(b) ***Transfer of Assets to the Liquidating Trust.*** On the Effective Date, all right, title, and interest in and to the Liquidating Trust Assets and any proceeds or causes of action thereunder shall be transferred to and vested in the Liquidating Trust, free and clear of all Claims, Interests, encumbrances, and other interests of any Person without any further action of any Person, provided however that all Claims and causes of action released or to be released under the Plan and the Global Settlement Agreement shall not be transferred. Such transfer shall be exempt from any stamp, real estate transfer, mortgage reporting, sales, use or other similar tax, pursuant to section 1146(a) of the Bankruptcy Code. The Liquidating Trustee shall take immediate possession and control of all of the assets of the Debtor and store, where appropriate, the physical assets of the Debtor.

(c) ***Appointment.*** From and after the Effective Date, a Person to be designated by the Creditors Committee, in consultation with the Debtor, prior to the Confirmation Date shall serve as the Liquidating Trustee pursuant to the Liquidating Trust Agreement and the Plan, until the resignation or discharge and the appointment of a successor Liquidating Trustee in accordance with the Liquidating Trust Agreement and the Plan.

(d) ***Transfer of Liability for Claims to the Liquidating Trust.*** On the Effective Date, all liabilities, obligations, and responsibilities relating to (i) all Unclassified Claims that are not paid on the Effective Date, (ii) all Class 1, Class 5, Class 7, and Class 8 Claims, (iii) the Mepco Unsecured Claim (iv) the Later Monetized Asset Distribution, and (v) the Malpractice Claim Distribution shall be transferred to the Liquidating Trust, which shall assume liability for all such Allowed Claims and shall pay such Allowed Claims in accordance with the Plan and the Liquidation Trust.

(e) ***Liquidating Trust Expenses.*** The Liquidating Trust shall pay all Liquidating Trust expenses from the Liquidating Trust Assets. The Debtor, the Consumer Restitution Fund, and the Consumer Restitution Escrow Agent shall have no obligation to pay any Liquidating Trust expenses.

(f) ***Special Provisions Regarding Litigation Claims.*** On the Effective Date, and subject to the terms of the Plan, the Debtor and the Creditors Committee shall be deemed to have transferred all Litigation Claims to the Liquidating Trust. Neither this Plan nor the Confirmation Order shall constitute a waiver or release by the Debtor nor the Estate of any

cause of action except as expressly provided for by the Plan. After the Effective Date, the Liquidating Trustee shall be substituted as a party in lieu of the Debtor or the Creditors Committee, as the case may be, in any pending Litigation Claims. In addition, after the Effective Date, the Liquidating Trust and the Liquidating Trustee shall have the sole and exclusive right to pursue any Litigation Claims. The method of Distribution of the Estate's assets pursuant to the Plan shall not, and shall not be deemed to, prejudice the causes of action, which shall survive entry of the Confirmation Order. The net proceeds of any such litigation or settlement shall be transferred to the Liquidating Trust for Distribution in accordance with the Plan and the Liquidating Trust Agreement.

8.4. ***Extinguishment of Liability.*** The transfer to, vesting in, and assumption by the Liquidating Trust of the Liquidating Trust Assets as contemplated by the Plan, among other things, on the Effective Date shall release and extinguish all obligations and liabilities of the Debtor, the Consumer Restitution Fund, and the Consumer Restitution Escrow Agent, for and in respect of all liabilities transferred to the Liquidating Trust as described in Section 8.3(d) of the Plan.

8.5. ***Creditors Committee.*** On the Effective Date, the Creditors Committee shall dissolve automatically and its members shall be deemed released of all their duties, responsibilities and obligations in connection with the Chapter 11 Case or the Plan and its implementation, and the retention or employment of the Creditors Committee's attorneys, accountants, and other agents shall terminate, except with respect to (a) all matters related to Professional Fee Claims and (b) any appeals of the Confirmation Order. All expenses of members of the Creditors Committee and the fees and expenses of their professionals through the Effective Date shall be paid in accordance with the terms and conditions of the applicable orders of the Bankruptcy Court.

8.6. ***Post-Confirmation Duties of the Debtor; Dissolution of the Debtor.*** After the Effective Date, the Debtor shall continue to exist solely for the purposes of carrying out the provisions of the Plan and the completion and filing of all state, local and final franchise and income tax returns required by the United States and the State of Missouri. After all such final tax returns have been filed, the Debtor shall be deemed dissolved for all purposes without the necessity for any other or further actions to be taken by or on behalf of the Debtor or payments to be made in connection therewith; provided, however, that the Debtor shall file with the office of the Missouri Secretary of State, a certificate of dissolution which may be executed by Scott A. Eisenberg without the need for approval by the board of directors or shareholders. From and after the Effective Date, the Debtor shall not be required to file any document, or take any other action, or obtain any approval from board of directors or shareholders, to withdraw its business operations from any state in which the Debtor previously conducted its business operations. Sixty days following the filing of the Debtor's final franchise and income tax returns, or such longer period as may be approved by the Bankruptcy Court, Scott A. Eisenberg shall no longer be deemed to occupy any position with the Debtor, including but not limited to Chief Restructuring Officer.

8.7. ***Exemption from Transfer Taxes.*** Pursuant to section 1146 of the Bankruptcy Code, (a) the issuance, transfer or exchange of notes or equity securities under the Plan; (b) the creation of any mortgage, deed of trust, lien, pledge or other security interest; (c) the

making or assignment of any contract, lease or sublease; or (d) the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with, the Plan, including, without limitation, any merger agreements, agreements of consolidation, restructuring, disposition, liquidation or dissolution, deeds, bills of sale, and transfers of tangible property, will not be subject to any stamp tax, recording tax, personal property tax, transfer tax, sales or use tax, or other similar tax. The Confirmation Order shall direct the appropriate state or local government officials or agents to forgo the collection of any such tax or governmental assessment and to accept for filing and recordation any of the foregoing instruments or other documents without the payment of any such tax or governmental assessment.

9.8. ***Notification of Intended Effective Date.*** The Creditors Committee shall provide written notice of the intended Effective Date at least five (5) Business Days before such intended date to the parties to the Global Settlement Agreement, the Consumer Restitution Escrow Agent and the Liquidating Trustee.

ARTICLE IX

PROVISIONS GOVERNING DISTRIBUTIONS

9.1. ***Distribution to Holders of Claims.*** This Article IX applies only to Distributions made to Holders of Trade Claims, Subordinated Governmental Fines and Penalties Claims, and Prestige Claims. All Distributions to holders of Consumer Claims will be made pursuant to the terms of the Consumer Restitution Fund Agreement.

9.2. ***Interest on Claims; Attorneys' Fees.*** Except as expressly noted to the contrary in the Plan, interest, fees, costs, and other charges accruing or incurred on or after the Petition Date shall not accrue or be paid on any Allowed Claims.

9.3. ***Distributions by the Liquidating Trust.*** The Liquidating Trustee shall make all Distributions of Available Cash required to be distributed under the applicable provisions of the Plan and the Liquidating Trust Agreement. The Liquidating Trustee may employ or contract with other entities to assist in or make the Distributions required by the Plan and the Liquidating Trust Agreement.

9.4. ***Record Date for Distributions.*** The Liquidating Trustee will have no obligation to recognize the transfer of, or the sale of any participation in, any Allowed Claim that occurs after the close of business on the date the Bankruptcy Court approves the Disclosure Statement, and will be entitled for all purposes herein to recognize and distribute only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the date the Bankruptcy Court approves the Disclosure Statement. The Liquidating Trustee shall instead be entitled to recognize and deal for all purposes under the Plan with only those record Holders stated on the official claims register.

9.5. ***Withholding and Reporting Requirements.*** The Liquidating Trustee is authorized to take any and all actions that may be necessary or appropriate to comply with all withholding, payment, and reporting requirements imposed by any federal, state, local, or foreign taxing authority. All Holders of Claims shall be required to provide any information necessary

to effect information reporting, payment, and withholding with respect to such taxes. Notwithstanding the foregoing, neither the Debtor, the Liquidating Trust, nor the Liquidating Trustee shall be responsible for withholding any portion or paying any withholding taxes with respect to the payments made to the WARN Litigation Class Claimants pursuant to the WARN Litigation Class Settlement Order.

9.6. **Setoff.** The Liquidating Trust may, pursuant to section 553 of the Bankruptcy Code or applicable nonbankruptcy laws, but shall not be required to, set off against any Claim and the payments or other Distributions to be made pursuant to the Plan in respect of such Claim, claims of any nature whatsoever that the Debtor, Estate, or Liquidating Trust may have against the Holder of such Claim (except to the extent that such claims have been dismissed, released or waived in the Plan or otherwise); *provided, however*, that neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Liquidating Trust of any such claim that the Debtor or Liquidating Trust may have against such Holder.

ARTICLE X

TREATMENT OF EXECUTORY CONTRACTS AND UNEXPIRED LEASES

10.1. **Rejected Contracts and Leases.** Except as otherwise provided in the Plan, the Confirmation Order shall constitute an order under section 365 of the Bankruptcy Code rejecting all prepetition executory contracts and unexpired leases to which the Debtor is a party, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) previously shall have been assumed or rejected by the Debtor, (b) previously shall have expired or terminated pursuant to its own terms before the Effective Date, or (c) is identified in the Plan Supplement as a contract or lease to be assumed; *provided, however*, that the Creditors Committee may amend such list of contracts or leases to be assumed at any time prior to the Confirmation Date.

10.2. **Bar to Rejection Damages.** If the rejection of an executory contract or unexpired lease pursuant to Section 10.1 above gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the Debtor or its Estate, the Liquidating Trust, the Liquidating Trustee or their respective successors or properties unless a proof of Claim is Filed and served on the Liquidating Trustee within thirty (30) days after the Effective Date.

ARTICLE XI

PROCEDURES FOR RESOLVING DISPUTED, CONTINGENT AND UNLIQUIDATED NON-CONSUMER CLAIMS

11.1. **Application of this Article.** This Article XI applies only to procedures for resolving Disputed Non-Consumer Claims. The procedures for resolving Disputed Consumer Claims are provided in the Consumer Restitution Fund Agreement. Subject only to Section 14.2, the Bankruptcy Court will have no role in the resolution of Disputed Consumer Claims.

11.2. **Objection Deadline; Prosecution of Objections.** No later than the Claims Objection Deadline (unless extended by an order of the Bankruptcy Court), the Liquidating Trustee shall File objections to Claims with the Bankruptcy Court and serve such objections upon the Holders of each of the Claims to which objections are made. Nothing contained herein, however, shall limit the right to object to Claims, if any, Filed or amended after the Claims Objection Deadline. Subject to the limitations set forth in the Liquidating Trust Agreement and Section 8.3 of the Plan, after the Effective Date, the Liquidating Trustee shall be authorized to, and shall, resolve all Disputed Claims by withdrawing or settling such objections thereto, or by litigating to judgment in the Bankruptcy Court or such other court having jurisdiction over the validity, nature and/or amount thereof.

11.3. **No Distributions Pending Allowance.** Notwithstanding any other provision of the Plan, no payments or Distributions shall be made with respect to all or any portion of a Disputed Claim unless and until all objections to such Disputed Claim have been settled or withdrawn or have been determined by Final Order, and the Disputed Claim, or some portion thereof, has become an Allowed Claim.

ARTICLE XII

CONFIRMATION AND CONSUMMATION OF THE PLAN

12.1. **Conditions to Confirmation.** The Bankruptcy Court shall not approve the Confirmation Order unless and until (a) the Bankruptcy Court shall have approved the Disclosure Statement, in a manner reasonably acceptable in form and substance to the Creditors Committee, as containing adequate information with respect to the Plan within the meaning of section 1125 of the Bankruptcy Code; (b) Mepco shall have satisfied the Mepco Notice Reimbursement Obligations, (c) Warrantech shall have satisfied the Warrantech Notice Reimbursement Obligations, (d) the proposed Confirmation Order shall be reasonably acceptable in form and substance to the Creditors Committee and the parties to the Global Settlement Agreement; (e) the Global Settlement Agreement has been fully executed; (f) the most current version of the Plan, the Plan Supplement and all of the schedules, documents, and exhibits contained therein (including the Liquidating Trust Agreement and Consumer Restitution Fund Agreement) shall be Filed in form and substance reasonably acceptable to the Creditors Committee and the parties to the Global Settlement Agreement, and (g) neither Mepco nor Warrantech shall have exercised the Opt-Out Right described in Section 12.2 of the Plan .

12.2. **Opt-Out.** Warrantech and Mepco may each elect to opt-out of this Plan for any reason at any time prior to the entry of the Confirmation Order by (a) delivering to the Committee a written notice of its intent to opt-out of the Plan, and (b) payment of \$200,000 in Cash in the aggregate to the Debtor. Upon receipt of the opt-out notice from either Mepco or Warrantech and confirmation of the payment of the \$200,000, the Committee shall promptly withdraw the Plan and any request for confirmation of the Plan. The Debtor and the Attorney General Steering Committee will retain the \$200,000 to compensate them for the anticipated additional costs to be incurred in the pursuit of an alternative Plan. Notwithstanding the foregoing, neither Mepco nor Warrantech shall be required to make the \$200,000 opt-out payment if more than five states have objected to the Plan and had their objections sustained under Section 13.3(d) of this Plan.

12.3. **Conditions to Effective Date.** The Creditors Committee intends to request that the Confirmation Order include a finding by the Bankruptcy Court that, notwithstanding Rule 3020(e) of the Federal Rules of Bankruptcy Procedure, the Confirmation Order shall take effect immediately upon its entry. The following are conditions precedent to the occurrence of the Effective Date: (a) the Debtor shall have Cash on hand sufficient to make all payments required hereunder on the Effective Date; (b) the Confirmation Order shall be a Final Order in form and substance reasonably acceptable to the Creditors Committee and no request for revocation of the Confirmation Order shall have been made or, if made, shall remain pending; (c) the WARN Litigation Class Settlement Order and the Consumer Class Proof of Claims Order shall each have become a Final Order; and (d) the final version of the Plan Supplement and all of the schedules, documents, and exhibits contained therein (including the executed Global Settlement Agreement) shall be Filed in form and substance reasonably acceptable to the Creditors Committee.

12.4. **Waiver of Conditions Precedent.** The Creditors Committee may waive any of the conditions set forth in Section 12.1 or Section 12.3 at any time, without any notice to other parties in interest and without any further notice to or action, order, or approval of the Bankruptcy Court, and without any formal action. However, the Creditors Committee may not waive the approval rights of any other party to the conditions to Confirmation and to the Effective Date set forth in Section 12.1 or Section 12.3 above.

12.5. **Consequences of Non-Occurrence of Effective Date.** If the Effective Date does not occur within sixty (60) days after the Confirmation Date, or by such later date, after notice and hearing, as is proposed by the Creditors Committee, then upon motion by any party to the Global Settlement Agreement and upon notice to such parties in interest as the Bankruptcy Court may direct, the Confirmation Order will be vacated by the Bankruptcy Court; *provided, however,* that, notwithstanding the Filing of such motion, the Confirmation Order may not be vacated if the Effective Date occurs before the Bankruptcy Court approves an order granting such motion. If the Confirmation Order is vacated, the Plan shall be null and void in all respects, any settlement of Claims provided for hereby shall be null and void without further order of the Bankruptcy Court. The time within which the Debtor may assume and assign, or reject all executory contracts and unexpired leases shall be extended for a period of thirty (30) days after the date the Confirmation Order is vacated; and nothing contained in the Plan or Disclosure Statement shall constitute a waiver or release of any Claims, Interests, or Litigation Claims.

ARTICLE XIII

EFFECT OF PLAN CONFIRMATION; RELEASES AND INJUNCTIONS

13.1. **Binding Effect.** The Plan shall be binding upon and inure to the benefit of the Debtor, all present and former Holders of Claims and Interests, and their respective successors and assigns, including, but not limited to, the Liquidating Trustee.

13.2. **Releases of Certain Claims.** On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, each Holder of a Claim described below and any Person (including but not limited to private class action

representatives) acting on behalf of such Holder, but expressly excluding a State Attorney General or other Governmental Unit, shall be deemed to release unconditionally, and hereby is deemed to forever release and discharge unconditionally:

(a) Warrantech, its parent, affiliates, subsidiaries, successors, predecessors, attorneys, employees, agents (except for agents who are Authorized Telemarketers), assigns, directors, officers and shareholders (collectively the "Warrantech Released Parties"), from the following Claims arising at any time prior to the Effective Date;

(i) Consumer Claims (a defined term at Section 1.35);

(ii) Claims that arise out of or relate to soliciting, marketing or contacting a Person to purchase or enter into a Vehicle Service Contract offered by Debtor or an Affiliate, whether or not the Person purchased a Vehicle Service Contract, and whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to the such Claim;

(iii) Claims that arise out of or relate to refunds of all or a portion of the consideration paid for Vehicle Service Contracts purchased from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(iv) Claims that arise out of or relate to a Consumer Payment Plan sold or offered to a Consumer by the Debtor or an Affiliate, including but not limited to the statements, representations or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or the termination of the Consumer Payment Plan, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(v) Claims that arise out of the termination of a Vehicle Service Contract purchased or entered into by a Consumer from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(vi) Claims that arise out of or relate to the administration, handling, servicing, or settlement and/or payment of claims made under a Warrantech Vehicle Service Contract sold by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(vii) Claims that arise out of or are attributable to the selection, hiring, training, or supervision of the Debtor or an Affiliate allegedly undertaken or allegedly not taken by Warrantech, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(viii) Claims that arise out of any misconduct or wrongdoing of any kind whatsoever on the part of Warrantech relating to a Warrantech Vehicle

Service Contract sold or offered by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such claim; and

(ix) Claims that relate to or are attributable to a Warrantech Vehicle Service Contract sold or offered to a Consumer by the Debtor or an Affiliate and that arise from: (a) breach of duty of good faith and fair dealing, (b) unfair claims practices, (c) unfair trade practices, (d) bad faith, (e) violations of any statute, regulation or code (except violations of any criminal law that has resulted in a criminal charge), or (f) any other type of extra-contractual liability, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim

(b) Mepco, its parent, affiliates, subsidiaries, successors, predecessors, attorneys, employees, agents, assigns, directors, officers and shareholders (collectively, the “Mepco Released Parties”) from the following Claims arising at any time prior to the Effective Date:

(i) Consumer Claims (a defined term at Section 1.35);

(ii) Claims that arise out of or relate to soliciting, marketing or contacting a Person to purchase or enter into a Vehicle Service Contract offered by Debtor or an Affiliate, whether or not the Person purchased a Vehicle Service Contract, and whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to the such Claim;

(iii) Claims that arise out of or relate to refunds of all or a portion of the consideration paid for Vehicle Service Contracts purchased from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(iv) Claims that arise out of or relate to a Consumer Payment Plan sold or offered to a Consumer by the Debtor or an Affiliate, including but not limited to the statements, representations or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or the termination of the Consumer Payment Plan, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(v) Claims that arise out of the termination of a Vehicle Service Contract purchased or entered into by a Consumer from or through the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(vi) Claims that arise out of or relate to the administration, handling, servicing, or settlement and/or payment of claims made under a Vehicle Service Contract sold by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(vii) Claims that arise out of or are attributable to the selection, hiring, training, or supervision of the Debtor or an Affiliate allegedly undertaken

or allegedly not taken by Mepco, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim;

(viii) Claims that arise out of any misconduct or wrongdoing of any kind whatsoever on the part of Mepco relating to a Vehicle Service Contract sold or offered by the Debtor or an Affiliate, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such claim; and

(ix) Claims that relate to or are attributable to a Vehicle Service Contract sold or offered to a Consumer by the Debtor or an Affiliate and that arise from: (a) breach of duty of good faith and fair dealing, (b) unfair claims practices, (c) unfair trade practices, (d) bad faith, (e) violations of any statute, regulation or code (except violations of any criminal law that has resulted in a criminal charge), or (f) any other type of extra-contractual liability, whether or not a Proof of Claim has been Filed under Section 1.33 or 1.67 with respect to such Claim.

(c) the Atkinsons from any and all Consumer Claims arising at any time prior to the Effective Date. This release does not extend to any party who has previously obtained an administrative order/judgment against Darain Atkinson or Cory Atkinson individually.

Each of the releases contained in this Section 13.2 herein shall be self-executing and enforceable on the Effective Date without further action by any Person.

13.3. *Releases by States Attorneys General and Governmental Units.* On the Effective Date, in consideration of the material consideration described herein and in the Global Settlement Agreement with, *inter alia*, the states of Missouri, Ohio, Texas and Washington, each State Attorneys General and each other Governmental Unit (as defined in Section 1.64) shall be deemed to release unconditionally, and hereby is deemed to forever release and discharge unconditionally:

(a) Notwithstanding anything to the contrary in the Plan, nothing in this release is intended to release or discharge, nor shall release or discharge, any of the Warrantech Released Parties from: (i) any Tax claims, workforce commission claims or similar governmental revenue matters; (ii) the performance of any of their respective obligations under the Warrantech AVCs; (iii) claims arising from any violation of state insurance laws; (iv) claims asserted by any State Attorney General or other Governmental Unit in pending litigation or administrative proceedings against Warrantech; (v) any claims or obligations against any of the Warrantech Released Parties arising out of contracts or dealings with any Person other than the Debtor or an Affiliate; and (vi) any other claim by a Governmental Unit not derived from a consumer protection, "Do Not Call," automatic dialing and announcing device, telemarketing or other similar statute or regulation (e.g. tax claims and workforce commission claims). The Warrantech Released Parties are released from all civil Claims arising from or related to the Warrantech Vehicle Service Contracts offered by the Debtor and its predecessors or an Affiliate, or arising from or related to the acts of the Debtor in marketing, selling, entering into, servicing, terminating and the refunding of Warrantech Vehicle Service Contracts, pursuant to

consumer protection statutes and regulations, including “Do Not Call” statutes, automatic dialing and announcing device laws, telemarketing laws and other similar statutes and regulations that could have been brought by any State Attorney General or other Governmental Unit at any time prior to the Effective Date of this Plan, including all Claims identified in Section 1.35(f).

(b)(i) Notwithstanding anything to the contrary in the Plan, nothing in this release is intended to release or discharge, nor shall release or discharge, any of the Mepco Released Parties from: (a) any Tax claims, workforce commission claims or similar governmental revenue matters; (b) claims arising from any violation of state insurance laws; (c) claims asserted by any State Attorney General or other Governmental Unit in pending litigation or administrative proceeding against Mepco; (d) any claims or obligations against any of the Mepco Released Parties arising out of contracts or dealings with any Person other than the Debtor or an Affiliate; (e) any other claim by a Governmental Unit not derived from a consumer protection, “Do Not Call,” automatic dialing and announcing device, telemarketing or other similar statute or regulation (e.g. Tax claims and workforce commission claims); (f) any claim by a Governmental Unit related to or arising from the appropriation of funds related to Crescent Manufacturing.

(b)(ii) Subject to paragraph 13.3(b)(i) above, the Mepco Released Parties are released from all civil Claims that could have been brought by any State Attorney General or other Governmental Unit at any time prior to the Effective Date, pursuant to any consumer protection statute or regulation, including but not limited to “Do Not Call” statutes, automatic dialing and announcing device laws, Drivers’ Privacy Protection Laws, the Telemarketing Sales Rule, 16 C.F.R § 310.3(b), and the Telephone Consumer Protection Act, 47 U.S.C. 227, et seq., that arise under, from, or relate to: (a) a Vehicle Service Contract purchased or entered into by a Consumer from the Debtor or an Affiliate; (b) the actions or conduct of the Debtor or an Affiliate in soliciting, marketing, contacting a Person to purchase or enter into a Vehicle Service Contract, whether or not the Person purchased a Vehicle Service Contract; (c) Debtor’s or an Affiliate’s offer of a Consumer Payment Plan, including but not limited to the statements, representations, or disclosures made to a Consumer by the Debtor or an Affiliate, and the servicing or termination of a Consumer Payment Plan by the Debtor; and (d) all Claims identified in section 1.35(f).

(c) the Atkinsons are released from all civil claims arising from or related to the financing by Mepco of Vehicle Service Contracts offered through the Debtor, or arising from or related to the acts of the Debtor or an Affiliate in marketing, selling, entering into and refunding Vehicle Service Contracts, that could have been brought by any State Attorney General other Governmental Unit at any time prior to the Effective Date of this Plan. This release is intended to only provide the Atkinsons with release from liability under consumer protection statutes and regulations, including, but not limited to “Do Not Call” statutes, automatic dialing and announcing device laws, telemarketing laws and other similar statutes and regulations. This release does not extend to any Person who has previously obtained an administrative order or judgment against the Atkinsons individually (by way of example, but not limitation, the State of Maryland), nor does it affect in any way any pending future or adjudicated state or federal criminal action against

the Atkinsons (by way of example, but not limitation, the pending criminal action brought by the Missouri Attorney General).

(d) *Objection to Releases by State Attorneys General.* Any State Attorney General or Governmental Unit which timely files and prosecutes an objection to confirmation of this Plan on the basis that Warrantech and/or Mepco are to receive releases as set forth in section 13.3(a) and (b), respectively, and which objection is sustained by the Bankruptcy Court, shall not be bound by the releases provided in section 13.3(a) and/or (b). However, any and all Consumers who resided in the state of the successfully objecting State Attorney General or Governmental Unit at the time the Consumer Claim arose shall not receive a distribution from the Consumer Restitution Fund or under this Plan.²

13.4. *Release of Claims by Mepco.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, Mepco, on behalf of itself, its parent corporation, shareholders, affiliates, agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby is deemed to forever to release unconditionally the Creditors Committee, the Warrantech Released Parties and each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts, and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts; provided however, that the Mepco Released Parties do not release the Warrantech Released Parties from any Claims in connection with, arising out of or relating to the marketing, sale, financing, service or administration of a Vehicle Service Contract by any Person other than, or unrelated to, the Debtor or an Affiliate. Mepco covenants that it will not assert any additional claims of any sort against the Debtor, but this shall not affect Mepco's ability to receive Distributions on account of its share of the Later Monetized Assets and on account of the Mepco Unsecured Claim. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

13.5. *Release of Claims by Warrantech.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, Warrantech, on behalf of itself, its parent corporation, shareholders, affiliates, agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Creditors Committee, the Mepco Released Parties, and each of the Atkinsons, and their respective

² A Global Settlement Agreement was reached among all major constituencies in the case following two days of mediation. As part of the consideration for that Global Settlement Agreement, Mepco and Warrantech were provided global civil releases from all Consumer Claims and claims arising under consumer protection statutes and regulations. Any objecting State Attorney General whose Objection is sustained by the Bankruptcy Court shall be carved out from the scope of those releases; and any and all residents of those respective states shall not be eligible for or receive a distribution from the Consumer Restitution Fund. These third-party releases for Mepco and Warrantech being granted under the Plan were a material consideration for the funds being contributed to the Consumer Restitution Fund.

heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts; provided, however, that the Warrantech Released Parties do not release the Mepco Released Parties from any Claims arising from the marketing, sale, financing, service or administration of a Vehicle Service Contract by any Person other than, or unrelated to, the Debtor or an Affiliate. Warrantech covenants that it will not assert any additional Claims of any sort against the Debtor. This release shall be self-executing and enforceable on the Effective Date without further action by any Person,

13.6. *Release of Claims by Debtor.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the Debtor, on behalf of itself and the Estate, agents (including legal representatives), successors, and assigns (including the Liquidating Trust and the Consumer Restitution Fund), shall be deemed to release unconditionally, and hereby is deemed to forever release unconditionally the Warrantech Released Parties, the Mepco Released Parties, each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

13.7. *Release of Claims by WARN Claimants.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the WARN Litigation Claimants, together with their heirs, agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Debtor, the Estate, the Trade Creditors, the Mepco Released Parties, the Warrantech Released Parties, and each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, the Debtor's business shutdown, or the termination of any employee or employee benefit. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

13.8. *Release of Claims by Trade Creditors.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the Trade Creditors receiving Distributions on account of the Plan, their agents (including legal representatives), successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Debtor, the Estate, the Mepco Released Parties, the Warrantech Released Parties, each of the Atkinsons, and their respective heirs, successors and assigns, from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in

any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts. This release shall be self-executing and enforceable on the Effective Date without further action by any Person. Notwithstanding the foregoing, nothing in this Plan shall be deemed to release Mepco or Warrantech from any Claims that any Trade Creditors may now have, or may in the future have against either Mepco or Warrantech arising out of or relating to any direct contractual relationships or direct dealings with either Warrantech or Mepco that do not involve the Debtor or the Affiliates. Further, nothing in this Plan shall be deemed to release Warrantech from any Claims of any nature that CARRG may have, or may in the future have, in connection with, arising out of, or in any way relating to any contracts, agreements or court orders arising from other direct dealings between Warrantech and CARRG.

13.9. *Release of Claims by Prestige.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, Prestige, its successors and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally, the Mepco Released Parties from any and all Claims relating to or arising from the marketing and/or sale of a Vehicle Service Contract by the Debtor or an Affiliate.

13.10. *Release of Claims by Atkinsons.* On the Effective Date, in consideration of the terms described herein and in the Global Settlement Agreement, the Atkinsons, and each of them, on behalf of themselves, their heirs, successors, and assigns, shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally the Debtor, the Estate, the Mepco Released Parties, the Warrantech Released Parties, all Creditors holding or asserting Claims against the Estate, the Creditors Committee, the Professionals retained by the Estate and/or the Creditors Committee, and their respective heirs, successors, assigns, subsidiaries, parents and affiliates from any and all Claims of every kind and nature, whether or not known, direct or indirect, asserted in connection with, arising out of, or in any way relating to the Debtor or its business, including the Debtor's marketing, sales, servicing, or administration of Vehicle Service Contracts, any Consumer Payment Plan and any agreement to refund all or a portion of the consideration paid for such Vehicle Service Contracts. This release shall be self-executing and enforceable on the Effective Date without further action by any Person.

13.11. *Limitations on Releases.* Nothing in the releases provided under this Article XIII of the Plan shall release or relieve any Person: (a) from its obligations under the Plan or the Global Settlement Agreement; (b) other than the Debtor and the Estate from its obligations under a Vehicle Service Contract or Payment Plan that was effective as of the Effective Date; or (c) from any Claim which does not arise from, out of, or in any way relate to, the Debtor, an Affiliate, or their businesses.

13.12. *Exculpation and Limitation of Liability.* Except as otherwise specifically provided in the Plan, to the maximum extent permitted by the Bankruptcy Code and applicable law, none of (a) the Liquidating Trust, (b) the Liquidating Trustee, (c) the members of the Creditors' Committee in their official capacities, (d) the Professionals

(except for the Malpractice Claims), (e) the Attorney General Steering Committee, (e) the Consumer Restitution Escrow Agent, (f) David A. Warfield and Scott A. Eisenberg, in their capacities under the Voting Trust Agreement and with respect to their positions with the Voting Trust Entities, and (g) any of their respective members, officers, directors, shareholders, employees, advisors, attorneys, or agents acting in such capacity on or after the Petition Date, shall have or incur any liability to, or be subject to any right of action by, any Holder of an Allowed Claim or Interest relating to, or arising out of, the Debtor's Chapter 11 Case, the pursuit of confirmation of the Plan, the consummation of the Plan, the administration of the Plan, or the property to be distributed under the Plan, except for their willful misconduct, gross negligence, and ordinary professional negligence, and in all respects the Persons described in Sections 13.12(a) through (g) above shall be entitled to rely reasonably upon the advice of counsel with respect to their duties and responsibilities under the Plan. Nothing herein shall prohibit any Person from objecting to the allowance of compensation for any Professional retained by the Debtor, the Estate or the Creditors Committee.

13.13. No Discharge of the Debtor; Injunction

(a) Pursuant to section 1141(d)(3) of the Bankruptcy Code, Confirmation will *not* discharge Claims against the Debtor;

(b) However, except as otherwise provided in this Plan, the Confirmation Order shall provide, among other things, that from and after the Confirmation Date all Persons who have held, hold, or may hold Claims or Interests are permanently enjoined from commencing, continuing or prosecuting any judicial, administrative or other action or proceeding, whether directly, indirectly, derivatively or otherwise, to recover any civil Claims, obligations, suits, judgments, damages, demands, debts, rights, causes of action, or liabilities that are the subject of the Releases or taking any action, in any manner, in any place whatsoever, that does not conform to, or comply with, the provisions of this Plan and the Plan Supplement documents against any of the Debtor, the Creditors' Committee (or any of its members from time to time), the Liquidating Trust, the Mepco Released Parties, the Warrantech Released Parties, the Liquidating Trustee, the Consumer Restitution Fund, and the Consumer Restitution Escrow Agent.

13.14. *Channeling Injunction; Permanent Injunction Against Released Claims.* In order to preserve and promote the settlements contemplated by and provided for in the Plan and the Global Settlement Agreement and to supplement, where necessary, the effect of the releases and other provisions set forth in this Article XIII, pursuant to section 105(a) of the Bankruptcy Code, the Confirmation Order shall provide that as of the Effective Date:

(a) All Consumer Claims shall be permanently channeled to, and paid solely from, the Consumer Restitution Fund.

(b) All Persons that have held or asserted, that hold or assert, or that may in the future hold or assert any Claims released under this Article XIII shall be

permanently stayed, restrained and enjoined from taking any action for the purpose of directly or indirectly collecting, recovering or receiving payment, satisfaction or recovery from or against the Debtor, the Liquidating Trust, Liquidating Trustee, the Mepco Released Parties, the Warrantech Released Parties, the Consumer Restitution Fund, the Consumer Restitution Escrow Agent or the Atkinsons (or any of them)(collectively, the “Released Parties”) with respect to such Claim released under Article XIII, including but not limited to:

(i) commencing or continuing in any manner any action or other proceeding of any kind with respect to any Claims released under this Article XIII against any of the Released Parties, or against the property of any Released Party, including without limitation, the class action proceeding bearing the caption of *Ochotnicki v. Warrantech Corporation, et al.*, Case Number 10 L 774 pending in the Circuit Court of the Third Judicial Circuit, Madison County, Illinois;

(ii) enforcing, attaching, collecting, or recovering, by any manner or means, any judgment, award, decree, or order against any of the Released Parties or against the property of any Released Party with respect to any Claims released under this Article XIII;

(iii) creating, perfecting, or enforcing any lien of any kind against any Released Party or the property of any Released Party with respect to any Claims released under this Article XIII;

(iv) except as otherwise specifically provided in the Plan, asserting any right of, subrogation, indemnity, or contribution of any kind against any Released Party or against the property of any Released Party with respect to any Claims released under this Article XIII; and

(v) taking any action, in any manner, in any place whatsoever, against any of the Released Parties or their property, that does not conform to, or comply with, the provisions of the Plan or the Plan Supplement relating to a Claims released under this Article XIII.

(c) Notwithstanding anything to the contrary above, this Permanent Injunction Against Released Claims shall not enjoin:

(i) the rights of Persons to the treatment accorded them under Articles VI and VIII of the Plan, as applicable, including the rights of Persons holding Consumer Claims to File Proofs of Claim relating to such Claims and to have such Claims resolved in accordance with Section 8.2 of the Plan;

(ii) the rights of Persons to assert any Consumer Claims against the Consumer Restitution Fund in accordance with Section 8.2 of the Plan, or to assert any debt, obligation, or liability for payment of Consumer Restitution Fund expenses against the Consumer Restitution res; or

(iii) the rights of Persons to assert any Claim, debt, obligation, or liability for payment against other Persons that are not Released Parties, unless otherwise enjoined by order of the Bankruptcy Court or estopped by provisions of the Plan.

13.15. *Limited Release of the WARN Litigation Class Claimants.* On the Effective Date, the Debtor, Mepco, Warrantech, the Estate and the Trade Creditors shall be deemed to release unconditionally, and hereby are deemed to forever release unconditionally, the WARN Litigation Class Claimants from any claims of any sort that seek to disallow, subordinate or interfere with the collection by such claimants of any amounts due to them as a result of the WARN Litigation Class Settlement Order. Nothing in this section, or any other part of the Plan or the Global Settlement Agreement shall impair, alter or affect the right of any State Attorney General to bring civil or criminal proceedings against any of the WARN Litigation Class Claimants arising out of their former employment by the Debtor but unrelated to their status as WARN Litigation Class Claimants

13.16. *Duration of Bankruptcy Injunction or Stays.* All injunctions or stays provided for in the Chapter 11 Case under section 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until all property of the Liquidating Trust has been distributed, the Liquidating Trust has been dissolved, the Liquidating Trust Agreement has terminated, and the Bankruptcy Court has entered an order closing the Chapter 11 Case; *provided, however,* that any injunction that by its terms is permanent or otherwise is intended to survive the Effective Date and Distributions hereunder (whether by law or pursuant to order of the Court) shall be continued without modification, notwithstanding anything to the contrary in the Plan. Neither the Debtor nor the Liquidating Trustee must wait until all funds in the Consumer Restitution Fund have been distributed before filing a motion to close the Chapter 11 Case.

ARTICLE XIV

RETENTION OF JURISDICTION

14.1. *Retention of Jurisdiction.* Pursuant to sections 105(c) and 1142 of the Bankruptcy Code and notwithstanding entry of the Confirmation Order and the occurrence of the Effective Date, the Bankruptcy Court shall retain jurisdiction over all matters arising out of, and related to, the Chapter 11 Case and the Plan to the fullest extent permitted by law, including, among other things, jurisdiction to:

(a) Allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim or Interest, including the resolution of any request for payment of any Administrative Claim and the resolution of any objections to the allowance or priority of Claims or Interests;

(b) Resolve any matters related to the assumption, assumption and assignment, or rejection of any executory contract or unexpired lease to which the Debtor is a

party or with respect to which the Debtor or the Liquidating Trust may be liable and to hear, determine, and, if necessary, liquidate any Claims arising therefrom;

(c) Ensure that Distributions to Holders of Allowed Claims are accomplished pursuant to the provisions of the Plan provided, however, and subject to Section 14.2 below, that the Bankruptcy Court shall not have continuing jurisdiction over the adjudication or resolution of any Consumer Claims that are channeled into the Consumer Trust;

(d) Decide or resolve any motions, adversary proceedings, contested or litigated matters, and any other matters and grant or deny any applications involving the Debtor, the Estate, or the Creditors Committee that may be pending on the Effective Date;

(e) Approve such orders as may be necessary or appropriate to implement or consummate the provisions of the Plan and all contracts, instruments, releases, and other agreements or documents created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

(f) Resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any contract, instrument, release, or other agreement or document that is executed or created pursuant to the Plan, or any Person's rights arising from or obligations incurred in connection with the Plan or such documents;

(g) Modify the Plan before or after the Effective Date pursuant to section 1127 of the Bankruptcy Code or remedy any defect or omission or reconcile any inconsistency in any Bankruptcy Court order, the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release, or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order, in such manner as may be necessary or appropriate to consummate the Plan;

(h) Hear and determine all applications for compensation and reimbursement of expenses of Professionals under the Plan or under sections 330, 331, and 503(b) of the Bankruptcy Code; provided, however, that from and after the Effective Date the payment of fees and expenses of (i) the Liquidating Trust and the Liquidating Trustee, including counsel fees, and (ii) the Consumer Restitution Escrow Agent shall be made in the ordinary course of business and shall not be subject to the approval of the Bankruptcy Court;

(i) Issue and enforce injunctions, approve and implement other orders, or take such other actions as may be necessary or appropriate to restrain interference by any Person with consummation, implementation, or enforcement of the Plan, the Global Settlement Agreement or the Confirmation Order;

(j) Hear and determine the causes of action by or on behalf of the Debtor or the Liquidating Trust, including causes of action relating to the Litigation Claims;

(k) Hear and determine matters concerning state, local, and federal taxes in accordance with sections 346, 505, and 1146 of the Bankruptcy Code;

(l) Approve and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason or in any respect modified, stayed, reversed, revoked, or vacated or if Distributions pursuant to the Plan are enjoined or stayed;

(m) Determine any other matters that may arise in connection with or relate to the Plan, the Disclosure Statement, the Confirmation Order, or any contract, instrument, release or other agreement or document created in connection with the Plan, the Disclosure Statement, or the Confirmation Order;

(n) Enforce all orders, judgments, injunctions, releases, exculpations, indemnifications, and rulings entered in connection with the Chapter 11 Case;

(o) Hear and determine all matters related to (i) the property of the Estate or of the Liquidating Trust from and after the Confirmation Date, (ii) the winding up of the Debtor's affairs, and (c) the activities of the Liquidating Trust;

(p) Hear and determine disputes with respect to compensation of (i) the Liquidating Trustee and (ii) the Liquidating Trust Professionals;

(q) Hear and determine such other matters as may be provided in the Confirmation Order or as may be authorized under the Bankruptcy Code;

(r) Approve an order closing the Chapter 11 Case.

14.2. ***Jurisdiction Over the Consumer Restitution Fund.*** The Bankruptcy Court shall have jurisdiction over the Consumer Restitution Fund to the extent necessary to comply with all applicable tax laws pertaining to Qualified Settlement Funds.

ARTICLE XV

MISCELLANEOUS PROVISIONS

15.1. ***Voting Trust and Voting Trust Entities.*** Within thirty (30) days after all transfers involving Crescent, DS Direct, the US Fidelis Administrative Services, Inc., and the Reinsurance Companies that are contemplated by the Plan have been completed, David A. Warfield shall exercise his rights under the Voting Trust Agreement to relieve Scott A. Eisenberg of any position with or interest in any of the Voting Trust Entities and to restore generally the *status quo ante* execution of the Voting Trust Agreement in respect of the corporate governance of the Voting Trust Entities. Upon restoration of the *status quo ante*, the Voting Trust Agreement shall be deemed terminated and of no force and effect and thereafter neither David A. Warfield nor Scott A. Eisenberg shall have any further duties or responsibilities in respect of any of the Voting Trust Entities, including but not limited to the filing of state, local or federal tax returns for such entities for any period of time.

15.2. ***Effectuating Documents and Further Transactions.*** On the Effective Date, each of the Debtor, the Consumer Restitution Escrow Agent, and the Liquidating Trustee, as applicable, is authorized to execute, deliver, file, or record such contracts, instruments, releases, and other agreements or documents and take such actions as may be necessary or

appropriate to effectuate, implement, and further evidence the terms and conditions of the Plan and any notes or securities issued pursuant to the Plan.

15.3. **Corporate Action.** Prior to, on, or after the Effective Date (as appropriate), all matters provided for under the Plan that would otherwise require approval of the stockholders or directors of the Debtor shall be deemed to have occurred and shall be in effect prior to, on, or after the Effective Date (as appropriate) pursuant to the applicable general corporation law of the state in which the Debtor is incorporated without any requirement of further action by the stockholders or directors of the Debtor. Scott A. Eisenberg is authorized on behalf of the Debtor to execute and deliver any documents, agreements, and instruments to effectuate the terms of the Plan, including but not limited to the documents or pleadings needed to enter into consent judgments on behalf of the Debtor in each of the Attorney General-Debtor Actions.

15.4. **Bar Dates for Certain Claims.**

(a) **Administrative Claims; Substantial Contribution Claims.** The Confirmation Order will establish an Administrative Claims Bar Date for Filing Administrative Claims (including requests under section 503(b) of the Bankruptcy Code by any Person for making a substantial contribution in the Chapter 11 Case) which date will be thirty (30) days after the Confirmation Date, except with respect to Professional Fee Claims, which shall be subject to the provisions of Section 15.4(b). Holders of asserted Administrative Claims, except for Professional Fee Claims, not paid prior to the Confirmation Date shall submit proofs of Claim on or before such Administrative Claims Bar Date or forever be barred from doing so. The notice of Confirmation to be delivered pursuant to Fed. R. Bankr. P. 3020(c) and 2002(f) will set forth such date and constitute notice of this Administrative Claims Bar Date. The Liquidating Trustee shall have sixty (60) days from the Effective Date (or such longer period as may be Allowed by order of the Bankruptcy Court upon the request of the Liquidating Trustee) following the Administrative Claims Bar Date to review and object to such Administrative Claims.

(b) **Professional Fee Claims.** All Professionals and other entities requesting compensation or reimbursement of Professional Fee Claims pursuant to section 327, 328, 330, 331, or 503(b) of the Bankruptcy Code for services rendered prior to the Effective Date shall File and serve on the Liquidating Trust and counsel for the Liquidating Trustee an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date, unless otherwise ordered by the Bankruptcy Court. Objections to applications of such Professionals or other entities for compensation or reimbursement of expenses must be Filed and served on the Liquidating Trust, counsel for the Liquidating Trustee, and the requesting Professional or other Person no later than twenty-one (21) days (or such longer period as may be allowed by order of the Bankruptcy Court) after the date on which the applicable request for compensation or reimbursement was served. Except as otherwise provided in the Plan, Professionals shall be paid pursuant to sections 328, 330, or 331 of the Bankruptcy Code and prior orders of the Bankruptcy Court for amounts earned through the Effective Date. After the Effective Date, the Liquidating Trustee shall, in the ordinary course of business and without the necessity for any approval by the Bankruptcy Court, pay the reasonable fees and expenses, incurred after the Effective Date, of the Professionals employed by

the Debtor, the Creditors Committee, or the Liquidating Trust, as the case may be, in connection with the implementation and consummation of the Plan, the claims reconciliation process, and any other matters as to which such Professionals may be engaged. If the Liquidating Trustee disputes the reasonableness of any invoice submitted by a Professional, the Liquidating Trustee shall timely pay the undisputed portion of such invoice, and the Liquidating Trustee or the affected Professional may submit such dispute to the Bankruptcy Court for a determination of the reasonableness of such invoice. Upon the Effective 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 shall terminate, and the Liquidating Trustee may employ any Professional in the ordinary course of business.

15.5. ***Payment of Statutory Fees.*** All fees payable pursuant to 28 U.S.C. § 1930, as determined by the Bankruptcy Court at the Confirmation Hearing, shall be paid on the Effective Date. The Liquidating Trustee shall be responsible for any quarterly fees validly due and owing to the United States Trustee under 28 U.S.C. § 1930 through and including such date that its Chapter 11 Case is converted to a case under chapter 7, dismissed, or closed.

15.6. ***Amendment or Modification of the Plan.*** Subject to section 1127 of the Bankruptcy Code and, to the extent applicable, sections 1122, 1123, and 1125 of the Bankruptcy Code and Rule 3019 of the Bankruptcy Rules, the Creditors Committee reserves the right to alter, amend, or modify the Plan at any time prior to the Confirmation Date. Any amendments to the Plan after the Confirmation Date but before the Effective Date are subject to prior approval of all parties to the Global Settlement Agreement. A Holder of a Claim or Interest that has accepted the Plan shall be deemed to have accepted the Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim or Interest of such Holder.

15.7. ***Severability of Plan Provisions.*** Subject to Section 2.1(g) of the Plan, if, prior to the Confirmation Date, any term or provision of the Plan is determined by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall 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 will 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 will constitute a judicial determination and will provide that each term and provision of the Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

15.8. ***Successors and Assigns.*** The Plan shall be binding upon and inure to the benefit of the Debtor, and its successors and assigns, including, without limitation, the Liquidating Trust. The rights, benefits and obligations of any Person named or referred to in the Plan shall be binding on, and shall inure to the benefit of any heir, executor, administrator, successor, or assign of such Person.

15.9. **Plan Supplement.** The Plan Supplement, comprised of, among other things, the unexecuted forms of the documents relating to the Liquidating Trust Agreement, the Consumer Restitution Fund Agreement, the Litigating States – Debtor Consent Judgments, and the Global Settlement Agreement shall be (a) Filed with the Bankruptcy Court and (b) posted on the USF Notice Website no later than three business days prior to the Voting Deadline. Upon its Filing, the Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours. Holders of Claims and Interests may obtain a copy of the Plan Supplement upon written request to the Creditors Committee. The documents contained in the Plan Supplement shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

15.10. **Notice.** All notices, requests, and demands to or upon the Debtor, the Liquidating Trustee, the Creditors Committee or the Consumer Restitution Escrow Agent shall be in writing and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by electronic mail, when received and telephonically confirmed, addressed as follows (or at such other address for such Person as shall be specified by like notice):

If to the Creditors Committee:

David A. Warfield
THOMPSON COBURN LLP
One US Bank Plaza
St. Louis, MO 63101
Telephone: (314) 552-6000
Email: dwarfield@thompsoncoburn.com

If to the Liquidating Trustee:

[To be identified in the Plan Supplement]

If to the Consumer Restitution Escrow Agent:

Emily S. Gottlieb
Assistant Vice President, Midwest Operations
GCG, Inc.
190 S. LaSalle Street, Suite 1520
Chicago, IL 60603
Telephone: (312) 499-6901
Email: Gottlieb@gcginc.com

15.11. **Governing Law.** Except to the extent the Bankruptcy Code, the Bankruptcy Rules, or other federal law is applicable, or to the extent a schedule to the Plan or a document or instrument contained in the Plan Supplement provides otherwise, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in

accordance with, the laws of Missouri, without giving effect to the principles of conflicts of law of such jurisdiction.

15.12. **Schedules.** All schedules, exhibits, or other related documents to the Plan and the Plan Supplement are incorporated and are a part of the Plan as if set forth in full herein.

15.13. **Cooperation with Document and Information Request.** Each of the Debtor, Mepco, Warrantech, the Consumer Restitution Fund, and the Liquidating Trust shall, from and after the Effective Date, cooperate with reasonable requests from any of the others for information and documentation in the requestee's possession, provided, however, that in the event that the Liquidating Trust will incur more than \$100 in out-of-pocket expense to comply with such request, then the Liquidating Trust may insist upon reimbursement from the requesting party as a condition of producing such information.

15.14. **Filing of Additional Documents.** On or before the Effective Date, the Debtor shall file such agreements and other documents, in form and substance acceptable to the Creditors Committee as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

Dated: June 5, 2012
St. Louis, Missouri

Respectfully submitted,

THOMPSON COBURN LLP

By: /s/ David A. Warfield
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St. Louis, MO 63101
Telephone: (314) 552-6000
Telecopier: (314-552-7000

Attorneys for the Official Committee of
Unsecured Creditors

EXHIBIT B

ASSETS RECOVERED FROM THE ATKINSONS

Source	Description	Amount (net of commissions and closing costs)
Cory	NEF Annuity Contract 440107XXXX	\$101,724
Cory	MetLife Bank 500310XXXX	\$405,658
Cory	Cory Children 529 Plans	\$265,901
Cory	Waddell & Reed Advisor Select Annuity 01-604XXXX	\$759,874
Cory	Merrill Lynch 726-1XXXX	\$76,744
Cory	Merrill Lynch Endowment Fund 726-1XXXX	\$209,446
Cory	Clark Capital 3C0-74XXXX	\$401,411
Cory	Clark Capital 3C0-75XXXX	\$1,311,446
Cory	Genworth Financial 187XXXX	\$3,639,343
Cory	New England Financial Life 1Y50XXXX	\$377,379
Cory	New England Financial Life 1Y50XXXX	\$317,221
Cory	Missouri Valley Credit Union 499XXXX	\$328,692
Cory	Missouri Valley Credit Union 499XXXX	\$500,000
Cory	US Bank 1459	\$1,268
Cory	US Bank 2248	\$13,462
Cory	\$100,000 Ridgewood Energy A-1 Fund Investment	\$14,914.47
Cory	45 Via Preminenta, Sunrise Beach, Missouri 65079	\$637,462
Cory	302 Atkinson Way, Wentzville, MO 63385	\$2,643,684
Cory	505 Lias Way, Wentzville, MO 63385 (rental property)	\$132,500
Cory	718 Wenstone Crossing (rental property)	\$122,714
Cory	229 Bless US Drive, Wentzville, MO	\$36,803
Cory	261 Three Cedars Dr	\$230,000
Cory	1756 Grouse Ridge Road, Tahoe City, CA	\$2,253,999
Cory	Jewelry	\$18,800
Cory	Various Cory assets	\$229,275
Darain	New England Financial Life XXXX0091	\$227,545
Darain	New England Financial Life XXXX0119	\$199,226
Darain	9 Woodview	\$1,120,150
Darain	5 Lakeview (net of mechanic's liens)	\$3,715,452
Darain	215 Pigeon Dr	\$203,236
Darain	Jewelry	\$114,241
Darain	2007 Mercedes S 550	\$49,154
Darain	2007 Toyota Fortuner (located in Caymans)	\$17,500
Darain	2005 Searay 500 (In Caymans)	\$269,900
Darain	2006 Boston Whaler 2700 (in Caymans)	\$46,500

Affiliates	145 acre farm tract	\$1,151,091
Affiliates	Kansas house	\$110,000
Affiliates	10 acres across from GM plant	\$304,012
Affiliates	Montana RRG	\$765,878
Affiliates	Ernest & Sandra Atkinson	\$450,000

EXHIBIT C

LISTING OF ALLOWED TRADE CLAIMS

Creditor	Allowed Claim
Absolute Comfort Systems, LLC	\$23,385.00
Aerotek Professional Services	\$300.00
Aerotek Professional Services	\$63,700.63
Alldata	\$525.00
AMCO Ranger Pest Control	\$282.30
Ameren UE	\$17,091.08
AT&S	\$734.12
AT&T Mobility	\$15,407.28
Authorize.Net	\$190.00
Baker Donelson	\$805.70
Barklage, Brett, Wibbenmeyer & Hamill, P.C. Atto	\$2,548.50
Rhoderick Berry II	\$1,000,000.00
Black Entertainment Television LLC	\$1,247,698.00
Blatant I Media	\$6,400.00
BMW of North America	\$145,000.00
CAARG (estimated)	\$1,100,000.00
Cardmember Services	\$13,429.35
CBS College Sports Network	\$10,467.75
CDW Corporation	\$6,489.74
CentiMark Corporation	\$800.00
Cintas	\$1,062.48
Clean Glass, LLC d/b/a Fish Window Cleaning	\$496.00
Coleman Consulting	\$52,040.43
Contact Center Compliance Corporation	\$5,000.00
Dell, Inc.	\$3,922.09
Direct Response Media Inc	\$677,127.36
Direct TV	\$234.23
DIY (7643), c/o Szabo Associates, Inc.	\$816.00
Elastizell of St. Louis, Inc.	\$4,345.00
Employeescreen IQ	\$127.50
Europa Sports Products	\$1.46
Equity Trust Co Custodian, as assignee of Rusty Wallace Racing	\$435,439.18
Fine Living Network, c/o Szabo Associates, Inc.	\$3,208.75
Foremost Crystal	\$82.89
Fox Cable Network Services, LLC	\$282,195.75
Galavison (6499), c/o Szabo Associates, Inc.	\$5,142.50
General Electric Capital Corp. (collection agency for SyFy Network)	\$35,683.00
Great American Country, c/o Szabo Associates, Inc.	\$50,604.75
GreenLeaf - Ft. Worth	\$6,473.07
Hartford Fire Insurance Company	\$8,737.67

Creditor	Allowed Claim
Hawthorne Direct	\$1,570.86
Hilton	\$7,341.65
Huber, Ring, Helm & Co., P.C.	\$2,498.61
Icon ATG	\$12,800.00
Internal Revenue Service	\$1,602.00
Ion Media Networks Inc.	\$1,024,547.50
iProspect.com, Inc.	\$201,342.20
Island Oasis Frozen Beverage Co., Inc.	\$303.55
K.C. Envelope Company, Inc.	\$3,573.64
Legon Ponce & Fodiman, P.A.	\$137.50
Liquidity Solutions Inc., as assignee of Chrome Systems Inc.	\$9,800.00
Liquidity Solutions Inc., as assignee of Regency Office Products, LLC	\$4,446.59
LKQ Auto Parts of North Texas	\$1,250.00
MacMurry, Petersen & Shuster LLP	\$1,465.10
MagicDust Television	\$17,000.00
Mar Graphics	\$3,814.75
Mercury Select Management Co., Inc.	\$126,805.70
Metlife	\$31.60
Microsoft Corp., Microsoft Online, Inc., and Microsoft Advertising	\$2,977.37
Mid-America Coffee Service	\$37.27
Miller, Daniel	\$238.78
MTV Networks	\$1,967,520.50
National Depo	\$1,069.95
National Safe Drivers	\$14.00
NBC Universal Corp.	\$805,465.50
Newspace, Inc.	\$5,329.00
Optizmo Technologies, LLC	\$500.00
Pitney Bowes Credit Corp.	\$95.10
Pitney Bowes Global Financial Services	\$7,405.83
Pitney Bowes Inc.	\$3,634.23
Professional Irrigation Systems	\$495.00
RL Polk & Co	\$4,500.00
Royal Papers Inc.	\$1,050.71
Schmersahl Treloar & Co.	\$6,509.56
Shaughnessy Kniep Hawe Inc	\$1,378.04
Southwest Inspections	\$190.00
Sprint Nextel Correspondence, a/k/a Sprint Dallas	\$3,383.59
St. Charles Glass & Glazing	\$92,247.74
St. Louis Rams	\$53,333.00

Creditor	Allowed Claim
Swift Print Communications	\$1,855.00
Swift Print Communications	\$2,528.11
Sysco	\$268.19
The Ashcroft Law Firm	\$376,000.00
The New York Catholic Health Plan	\$126,726.52
The Sportsman Channel, Inc.	\$34,952.01
The Word For You Today	\$202.50
Tier One	\$2,710.00
TPG - The Peter Group, Inc.	\$140,746.90
Tressler, LLP	\$2,110.50
Turner Broadcasting System, Inc.	\$896,709.65
TV Guide Networks, LLC	\$178,189.75
U. S. Bancorp	\$300.00
Union Bank and Trust Company, as assignee of Rhoderick Berry, III	\$1,000,000.00
UPS	\$1,126.41
Vehix, Inc.	\$7,908.29
WFLD TV	\$7,820.00
Whelan Security	\$3,333.00
Worship/CNI Holdings	\$22,899.00
Zee Medical	\$1,488.98
TOTAL TRADE CLAIMS	\$12,413,575.79

Exhibit D

Summary of Avoidance Actions

Overview of Avoidance Action Settlements

<u>Settling Party</u>	<u>Settlement Payment</u>	<u>Amount of Prepetition Claim Waived</u>
Fleishman Hillard	\$45,000.00	n/a
Reed Smith LLP	\$42,000.00	n/a
Slagle, Bernard & Gorman	\$5,036.90	n/a
Barklage, Brett, Wibbenmeyer & Hamill, Attorneys at Law, A Professional Corporation	\$1,000.00	n/a
The Eckenrode Law Firm, P.C.	\$15,000.00	\$33,195.99
Michigan ComNet, Inc. (Voxitas)	\$1,500.00	n/a
Dan Loiacono	\$2,500.00	n/a
Bryan Cave, LLP	\$35,000.00	\$133,410.35
Bradford and Galt, Incorporated	\$1,500.00	\$42,265.00
Graves Bartle Marcus & Garrett, LLC	\$0.00	\$82,434.74
Coleman Consulting	\$0.00	\$215,000.00
Ashcroft Law Firm	\$0.00	\$300,277.76
Marketing Collaboration, LLC	\$500.00	n/a
Stinson Morrison Hecker LLP	\$15,000.00	n/a
Adconion Direct	\$20,000.00	n/a
Marquis Jet Partners, Inc.	\$250,000.00	n/a
Rusty Wallace Racing	\$80,000.00	n/a
Huber, Ring, Helm & Co., P.C.	\$30,000.00	n/a
Totals	\$544,036.90	\$806,583.84