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IN THE UNITED STATES BANKRUPTCY COURT
OF THE WESTERN DISTRICT OF TEXAS
AUSTIN DIVISION

IN RE:	§	
	§	
WARRANTY GOLD, LTD.,	§	CASE NO. 03-15721-FRM
	§	CHAPTER 11
DEBTOR	§	JUDGE FRANK R. MONROE

DEBTOR'S THIRD AMENDED PLAN OF LIQUIDATION DATED APRIL 15, 2005

Dated: April 15, 2005
Austin, Texas

Submitted By:

BROWN MCCARROLL, L.L.P.

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DEBTOR'S THIRD AMENDED PLAN OF LIQUIDATION DATED APRIL 15, 2005

Warranty Gold, Ltd. ("Warranty Gold") hereby proposes this Third Amended Plan of Liquidation Dated April 15, 2005 (as it may be altered, amended or modified from time to time, the "Plan") in the Chapter 11 case of Warranty Gold, Ltd. ("Warranty Gold" or "Debtor"), pursuant to the provisions of Bankruptcy Code § 1121(a).

INTRODUCTION

On November 11, 2003, Warranty Gold, a limited partnership created under the laws of the State of Texas, filed a voluntary petition under Chapter 11 of the United States Bankruptcy Code.

Prior to June 7, 2003, the Debtor marketed and sold automotive (vehicle) extended service contracts ("VSCs") to consumers throughout the United States. National Warranty Insurance Risk Retention Group ("NWIG") administered these contracts. On June 6, 2003, the Debtor was informed that NWIG had filed a liquidation proceeding in the Cayman Islands (and an ancillary proceeding in the United States Bankruptcy Court for the District of Nebraska under 11 U.S.C. §304). NWIG's insolvency proceedings required that Debtor find another insurer and administrator and it subsequently contracted with First Automotive Service Corporation ("FASC") to administer all contracts sold by the Debtor after June 6, 2003.¹ NWIG'S insolvency proceedings also resulted in its inability to administer, adjudicate or pay any claims arising from VSC's sold by Warranty Gold before June 7, 2003. Warranty Gold filed the present Chapter 11 case to fully and effectively deal with the claims of its pre-June 7 customers.

Warranty Gold contemplates the liquidation of all of its assets to pay as great a percentage as possible of the Allowed Claims of VSC holders and other creditors. These assets include Debtor's cash, proceeds ultimately realized from the prosecution of certain claims it has against third parties, the sale of assets, and funds flowing to it from NWIG's Cayman Islands-based liquidation proceeding. The Debtor's assets will be distributed to creditors through the use of a Liquidation Trust. The Trust will remain in existence until all assets are completely liquidated and all lawsuits are finally concluded. At that time, the Trust will make a final distribution of the remaining assets to the Debtor's creditors.

As an integral part of the Plan but subject to the Bankruptcy Court's approval after notice and opportunity for hearing to all affected parties (which includes, but is not limited to, all Warranty Gold VSC ("WGVSC") holders regardless of whether they have filed a proof of claim), the Debtor consents to the creation of a class of WGVSC holders under Rule 23 of the Federal Rules of Civil Procedure for the limited purposes of (i) filing a Proof of Claim on behalf of all WGVSC holders ("Class Proof of Claim"); (ii) negotiating with the Debtor on the existence, amount and manner of calculating WGVSC holder claims; (iii) voting on the Plan on behalf of all WGVSC holders who

¹ The Debtor is no longer operating and ceased selling automotive extended service contracts of any kind on November 25, 2003.

have not filed proofs of claim; and (iv) executing documents on behalf of the WGVSC holders, including but not limited to the transfer of claims contemplated as part of the treatment of these creditors, necessary to the effectuation of the Plan.

The Debtor's Plan divides creditors into six (6) Classes to which Warranty Gold will distribute assets. Each claim in each Class will have its Allowed Claim paid in full to the extent that assets are available. To the extent assets are not available to pay all claims in full in any particular Class, each creditor with an Allowed Claim in that Class will receive a *pro rata* distribution of the available assets. The Classes of Claims are as follows:

- Class 1 Prepetition Priority Unsecured Claims
- Class 2 Secured Claims of Ad Valorem Taxing Authorities
- Class 3 WGVSC Holder Claims
- Class 4 FASC VSC Holder Claims
- Class 5 All Non-VSC-Related Unsecured Claims
- Class 6 Equity Holder Interests in Debtor

ARTICLE 1 - DEFINITION AND CONSTRUCTION OF TERMS

1.1 Scope of Definitions.

All capitalized terms not otherwise defined in the Plan shall have the meanings ascribed to them in Exhibit A to the Plan. Any capitalized term used in the Plan that is not defined in either Exhibit A to the Plan or elsewhere in the Plan shall have the meaning ascribed to that term in the Bankruptcy Code, or the Bankruptcy Rules as the case may be.

1.2 Definitions.

Defined terms are set forth in Exhibit A to the Plan.

1.3 Rules of Interpretation and Construction.

For purposes of the Plan, (i) any reference in the Plan to an existing document or exhibit filed or to be filed means that document or exhibit as it may have been or may be amended, modified, or supplemented; (ii) unless otherwise specified, all references in the Plan to sections, articles, and exhibits are references to sections, articles, or exhibits to the Plan; (iii) the words "herein," "hereof," "hereto," "hereunder," and other words of similar import refer to the Plan in its entirety and not to any particular portion the Plan; (iv) captions and headings contained in the Plan are inserted for convenience and reference only, and are not intended to be part of or to affect the interpretation of the Plan; (v) wherever appropriate from the context, each term stated in either the singular or the plural shall include the singular and the plural, and pronouns stated in the masculine, feminine, or neuter gender shall include the masculine, feminine, and neuter gender; and (vi) the rules of construction outlined in Bankruptcy Code § 102 and in the Bankruptcy Rules shall apply to the Plan.

ARTICLE 2 - CLASSIFICATION OF CLAIMS AND INTERESTS: IMPAIRMENT

2.1 Classification.

In accordance with Bankruptcy Code § 1123(a)(1), Administrative Claims and Professional Fee Claims are not classified. The treatment of Administrative Claims and Professional Fee Claims is set forth in Article 3 of the Plan, below. Pursuant to Bankruptcy Code § 1122, a Claim or Interest is classified by the Plan in a particular Class only to the extent that the Claim or Interest qualifies within the identification of that

Class, and shall be classified in a different Class to the extent that the Claim or Interest qualifies within the identification of that different Class. A Claim or Interest is in a particular Class only to the extent that the Claim or Interest is an Allowed Claim or Allowed Interest in that Class, as the case may be.

2.2 Identification of Classes.

Allowed Claims and Allowed Interests are classified as follows:

- Class 1 Prepetition Priority Unsecured Claims
- Class 2 Secured Claims of Ad Valorem Taxing Authorities
- Class 3 WGVSC Holder Claims
- Class 4 FASC VSC Holder Claims
- Class 5 All Non-VSC-Related Unsecured Claims
- Class 6 Equity Holder Interests in Debtor

2.3 Unimpaired Classes.

Administrative Claims and Professional Fee Claims are not impaired under the Plan. Pursuant to Bankruptcy Code § 1126(f) of the Bankruptcy Code, Holders of Administrative Claims and Professional Fee Claims are conclusively presumed to have accepted the Plan, and, therefore, are not entitled to vote to accept or reject the Plan.

2.4 Impaired Classes.

Claims and Interests in Classes 1 through 6 are impaired under the Plan. Claim holders and Interest holders in such Classes are entitled to vote to accept or reject the Plan.

ARTICLE 3 – TREATMENT OF ALLOWED ADMINISTRATIVE CLAIMS AND PROFESSIONAL FEE CLAIMS

3.1 Administrative Claims Bar Date.

All requests for payment of Administrative Claims (except applications for payment of Professional Fee Claims), arising on or before the Confirmation Date, shall be filed with the Bankruptcy Court and served upon the Debtor, the United States Trustee, the Plan Trustee and the Committee within twenty (20) days following the Effective Date or by such earlier deadline as may apply to such Administrative Claim pursuant to an earlier order of the Bankruptcy Court entered on or before the Confirmation Date. Any Administrative Claim, except Professional Fee Claims, for which an application or request for payment is not filed within the above-referenced time period shall be discharged and forever barred, and shall not be entitled to any Distributions under the Plan.

3.2 Professional Fee Claims Bar Date.

All requests for payment of Professional Fee Claims arising on or before the conclusion of the Closing, shall be filed with the Bankruptcy Court and served on the Debtor, the United States Trustee, the Plan Trustee and the Committee within sixty (60) days following the Closing Date. Any Professional Fee Claims for which an application or request for payment is not filed within that time period shall be deemed discharged and forever barred, and shall not be entitled to any Distribution under the Plan.

3.3 Payment of Administrative Claims and Professional Fee Claims.

Allowed Administrative Claims incurred through the Closing Date, shall be paid by the Trust from the Administrative Expense Reserve within ten (10) days following the Allowance Date. Allowed Professional Fee Claims incurred through the Closing Date, shall be paid within ten (10) days following the Allowance Date: (i) first from the balance of any retainers, if any, held by Professionals until fully exhausted and (ii) then from the Administrative Expense Reserve. Any Professional Fee Claims incurred by any Professionals retained by the Debtor and the Committee, relating solely to closing the transactions contemplated by the Plan and arising after the Closing Date, shall be paid by the Trust as a Trust Cost without further application to the Bankruptcy Court, and such payment shall be made prior to any Distribution to Classes 1 through 6. To the extent that funds are unavailable to fully pay Allowed Administrative Claims and Professional Fee Claims, such claims will receive an interim distribution of funds on hand at the Allowance Date and will receive full payment at such time as adequate funds exist in the possession of the Debtor or the Trust to fully pay such claims.

3.4 Treatment and Satisfaction of Allowed Priority Unsecured Tax Claims.

Priority Unsecured Tax Claims are Unsecured Claims of Governmental Units that are entitled to priority status under 11 U.S.C. § 507(a)(8). Debtor is unaware of any Priority Unsecured Tax Claims. To the extent that any such claims are discovered and allowed, they will be paid on or before November 11, 2009, with interest accruing on the unpaid balance at 5% per annum, beginning on the Effective Date of the Plan.

3.5 United States Trustee Fees.

All fees owing to the United States Trustee pursuant to 28 U. S.C. § 1930 shall be paid by the Debtor as such fees may become due up to and including the Closing Date. Thereafter, the Trust shall pay as a Trust Cost all fees owed under 28 U.S.C. § 1930 by reason of the Trust's disbursements until the Debtor's bankruptcy case is closed.

3.6 Administrative Tax Claim Bar Date.

Notwithstanding sections 3.1 and 3.2 of the Plan, any request for payment of an Administrative Tax Claim must be filed with the Bankruptcy Court and served on the United States Trustee, Plan Trustee and the Committee by the later of (i) thirty (30) days after the Effective Date, or (ii) sixty (60) days after the filing of any required tax return relating to the Administrative Tax Claim or an order entered on a motion filed under Bankruptcy Code § 505. Any Administrative Tax Claim for which an application or request for payment is not filed within the above-referenced time period shall be forever barred and shall not be entitled to any Distributions under the Plan.

ARTICLE 4 - PROVISIONS FOR TREATMENT OF ALLOWED CLAIMS AND INTERESTS

4.1 Treatment of Class 1 Allowed Prepetition Priority Unsecured Claims.

Allowed Class 1 Claims shall be paid by the Debtor (prior to the Transfer Date) or the Liquidating Trustee (after the Transfer Date) within ten (10) days following the Allowance Date. To the extent that funds are unavailable to fully pay Allowed Class 1 Claims, such claims will receive an interim *pro rata* distribution of available non-reserved funds on hand at the Allowance Date and will receive full payment of the allowed amount of the Claim at such time as adequate funds exist in the possession of the Debtor or the Liquidating Trustee to fully pay such claims.

The Debtor is unaware of any Class 1 Claims other than Claims by Warranty Gold's ex-employees for accrued vacation and sick leave that was still unused at the termination of their employment. The Debtor is investigating whether such accrued leave was to be paid to the ex-employees and under what circumstances such payment was mandatory. Debtor estimates the total amount of these claims, to the extent they exist, do not exceed \$40,000.00.

4.2 Treatment of Class 2 Allowed Secured Claims of Ad Valorem Taxing Authorities.

4.2.1 Determination of Allowed Secured Claim.

If there is more than one Class 2 Allowed Secured Claim, each Class 2 Allowed Secured Claim shall be classified in a separate subclass. The Plan Trustee may seek a determination regarding the allowability of any Class 2 Secured Claim, if any, pursuant to the Bankruptcy Code, the Bankruptcy Rules and other applicable law. The Plan Trustee, at its option, may initiate litigation seeking a determination of the amount, extent, validity and priority of any Liens securing any Class 2 Secured Claim and the extent to which any Cash Collateral or other Trust Asset is subject to any such Lien.

4.2.2 Treatment of Class 2 Allowed Secured Claims.

Each Class 2 Allowed Secured Claim shall be satisfied in full by the payment of Cash from the Trust Assets on or before November 11, 2009. The Allowed Class 2 Claims will accrue interest at the applicable non-bankruptcy statutory rate until paid in full. Upon such payment, any and all Liens securing such Class 2 Allowed Secured Claim shall be fully satisfied, released and discharged.

4.2.3 Sale of Collateral.

The Plan Trustee may sell for Cash any Trust Asset serving as collateral for the Class 2 Allowed Secured Claim. Any sale proceeds remaining after satisfaction of the Class 2 Allowed Secured Claim shall remain a Trust Asset and shall be free and clear of all Interests, Liens, claims, and encumbrances previously asserted by the holder of the Class 2 Allowed Secured Claim. Such proceeds will be distributed to Classes 3 through 6 on a pro rata basis based upon the fully-allowed amount of the total amount of each Class.

4.2.4 Other Agreements.

Notwithstanding subsections 4.2.2 above, a Class 2 Allowed Secured Claim may otherwise be satisfied by an agreement between the holder of such Claim and the Plan Trustee. The treatment set forth in any such agreement will supersede the provisions of subsection 4.2.2.

4.2.5 Retention of Lien.

Except as otherwise provided by subsection 4.4.4 and 4.5.5, each holder of a Class 2 Allowed Secured Claim shall retain the Liens securing such Allowed Secured Claim until such Allowed Secured Claim is satisfied in accordance with the Plan or until such holder otherwise agrees.

4.2.6 Deficiency Claim.

If the holder of a Class 2 Allowed Secured Claim has a deficiency claim, the deficiency claim shall be treated under the Plan as a Class 5 Claim or a Priority Unsecured Tax Claim, as determined by the Court.

4.3 Treatment of Class 3 WGVSC Holder Claims.

Class 3 consists of the claims of all persons or entities who purchased vehicle service contracts from Warranty Gold, Ltd. (or its predecessor), which were administered by NWIG and which had not expired as of June 9, 2003. This class also includes the claims of persons whose contracts had expired on or before this date but who still have covered repair claims that remain unpaid. The claims themselves fall into two categories: (i) individual refund or "rejection damages" claims which for purposes of the Plan is defined as the value to be imputed to that portion of the term of a Class Member's VSC which still remained as of November 11, 2003; and (ii) individual repair claims which for purposes of the Plan are claims which a WGVSC Holder may have for repairs that were covered by the WGVSC Holder's VSC and were incurred but not paid prior to November 11, 2003.

Allowed Class 3 Claims will receive *pro rata* payments from the Liquidating Trustee of the liquidated assets of the Debtor available for distribution after payment in full of the Trusts costs of expenses all Unclassified Claims (*e.g.* Administrative Expense Claims, and priority tax claims) together with all Allowed Class 1, 2, and 5 claims as provided for herein. Allowed Class 3 Claims will also be the exclusive recipients of *pro rata* payments from any funds being held in trust by Warranty Gold for the benefit of WGVSC Holders. Debtor believes that there is currently being held at ABC Bank approximately \$1.6 million which will ultimately be determined to be trust funds.

Class 3 Claimants can expect to receive annual payments from the Liquidating Trustee if there is at least \$2 million available for distribution (after reservation for all Trust costs and expenses, and full payment of higher priority claims) and their *pro rata* payments are greater than \$25.00 each. If and when all Allowed Class 3 Claims are paid in full, the requirements of Bankruptcy Code § 1129(b) will be deemed to be satisfied as to Class 3.

In exchange for the distributions provided for herein, Class 3 Claimants through their Class Representatives shall transfer all WG Third Party Claims and all the proceeds of any WG Third Party Claims they may have arising from or other relating to their VSC's to the Liquidating Trustee. Additionally, upon confirmation of the Plan, Class 3 Claimants shall be deemed to have authorized their Class Representatives to effect, upon the request of the Liquidating Trustee, a release and relinquishment of their claims, if any against any NWIG Third Parties which arose from the purchase and use of their VSC's.

Pursuant to Bankruptcy Code § 502(d), any holder of a Class 3 Claim who has failed to make any payments required under the Holder's Contract up to and including November 11, 2003, or has received a payment from the Holder's card-issuing bank as a result of a Credit Card Chargeback will not be entitled to any distribution under the Plan, unless and until such Holder delivers to the Debtor or the Liquidating Trustee any payment amount outstanding or chargeback amount received.

4.3.1 Calculation Of Claim Amount For Class 3.

Allowed Class 3 Claims will be allowed as non-priority, General Unsecured Claims. The Plan acts as an estimation of Class 3 Claims for purposes of voting, feasibility and distribution under Bankruptcy Code § 502(c). Class 3 Refund Claims will be estimated and calculated in an amount equal to the prorated refund amount specified in each Contract giving rise to a Class 3 Claim. The proration of each Claim will be based on the time left on each VSC, as dictated by the liquidated damage provision in each Contract.

Refund Claims will be computed by prorating the total amount the Member paid, or should have paid based on company records, for the VSC between the amount of time remaining on such VSC as of November 11, 2003 and the total amount of time for which the VSC was written, regardless of any formula stated in the VSC. The mileage on the vehicle will not be used for this computation. Only one Refund Claim will be permitted per VSC, whether or not a Class Member has filed a separate individual claim. No individual proof of claim needs to be filed for a Class Member's *Refund* Claim. If a Class Member has filed a Proof of Claim for a Refund, the refund will be based on the formula set out in this Notice and *not* the formula used in the individual Proof of Claim.

Covered Repair claims on losses incurred before November 11, 2003, will also be Allowed, if otherwise valid, and will be paid *pro rata* with other Repair claims and Refund Claims (if not subject to non-payment or charge-back, as described above). Repair Claims will be paid in the amount shown on Warranty Gold's books as having been submitted and approved. To the extent that a customer holding an enforceable contract issued by Warranty Gold and administered by National Warranty as of June 6, 2003 submits a Repair Claim with the appropriate documentation, such customer will be deemed to have a Class 3 Claim in an amount based upon the repair documentation and any applicable adjudicative information.

4.3.2 Disallowance Of Class 3 Claims.

Pursuant to Bankruptcy Code § 502(d), to the extent that a holder of a Class 3 Claim failed to make any payments required under the Contract held by such Holder up to and including November 11, 2003, or to the extent that a holder of a Class 3 Claim received payment from the Holder's card-issuing bank as a result of

a Credit Card Chargeback, the holder of the Class 3 Claim will not be entitled to any distribution under the Plan, unless and until such Holder delivers to the Debtor or the Plan Trustee any payment amount outstanding or chargeback amount received.

4.3.3 Classification Of Class 3 Claims.

Class 3 Claims are classified as non-priority, General Unsecured Claims for purposes of this Case and this Plan.

4.3.5 Distribution Of Customer Premium Trust Funds.

To the extent that any funds held by the Debtor or National Warranty are determined to be held in trust for the Warranty Gold customers that owned National Warranty contracts, the Debtor will distribute 100% of the net trust funds to all Holders of Class 3 Claims who held enforceable National Warranty contracts on June 6, 2003. The amount of each individual distribution will be calculated pursuant to Plan Paragraph 4.3.1. To the extent that any such distributions remain uncollected either by the failure of a Holder of a Class 3 Claim to cash a Distribution Check or by the return of the Distribution Check to Warranty Gold based on the inability to locate the Holder, the Debtor or Plan Trustee will make reasonable efforts to locate the Holder. If, after such efforts, the Holder cannot be located, the funds represented by the Distribution Check will be transferred to the requisite trust account to be included in the next subsequent distribution to Holders of Class 3 Claims pursuant to Plan Paragraph 4.3 as a non-trust fund distribution of Assets.

4.4 Treatment of Class 4 Allowed First Automotive Prepetition Contract Claims (“FASC VSC Holder Claims”).

Class 4 is comprised of Warranty Gold customers who purchased VSCs subsequent to June 6, 2003. FASC VSC Holders are not creditors of Warranty Gold as a result of the complete assumption of liability for the FASC VSC's by FASC. However, this Class is created to outline the rights and obligations of the FASC VSC Holders. Pursuant to the Court's November 9, 2004 Order Granting Motion To Compromise Controversies Between Debtor And Southwest Reinsure, Inc., First Automotive Service Corporation and First Automotive Risk Retention Group, First Automotive Service Corporation (“FASC”) has assumed all liability arising from contracts sold by Warranty Gold since June 7, 2003. FASC is therefore responsible for all claims on any Warranty Gold contract it is administering and Class 4 Creditors are unimpaired under the Plan.

As contracts held by potential Class 4 Claimants are enforceable against FASC (*i.e.* a holder of a potential Class 4 Claim is able to get such Claim administered, adjudicated and, if appropriate, paid by FASC), the holders of such potential Class 4 Claim will not be allowed a distribution under the Plan on behalf of such Claim.

To the extent that any creditors with Class 4 Claims which are enforceable against FASC remain unpaid as of the Transfer Date and assert a claim against the Debtor which the Court allows, Debtor's claim against FASC for breach of the Assumption Agreement will be transferred to the Liquidating Trustee to prosecute with any net proceeds of such actions to be distributed exclusively to such Holders of these Class 4 Claims. However, to the extent that a Holder of a Class 4 Claim is entitled to seek recovery directly from FASC under the Assumption Agreement, that Holder will not be eligible for a distribution unless and until the Holder of said claim makes his/her best efforts to obtain satisfaction of such claim from FASC prior to any payment from the Debtor or the Liquidation Trust. “Best efforts” means, for the purposes of this Paragraph, that the holder of a Class 4 Claim has demanded payment from FASC.

Pursuant to Bankruptcy Code § 502(d), to the extent that a Holder of a Class 4 Claim failed to make any payments required under the contract held by such Holder or to the extent that a Holder of a Class 4 Claim received payment from the Holder's card-issuing bank as a result of a credit card chargeback, the Holder of the Class 4 Claim will not be entitled to any distribution under the Plan unless and until such Holder delivers to the Debtor or the Liquidating Trustee any payment amount outstanding or chargeback amount received.

If the Contract held by potential Class 4 Claims is enforceable against First Automotive Service Corporation such that a holder of a potential Class 4 Claim is able to get such Claim administered, adjudicated and, if appropriate, paid by First Automotive Service Corporation, the holder of such potential Class 4 Claim will not be allowed a distribution under the Plan on behalf of such Claim.

4.5 Treatment of Class 5 Allowed Non-VSC-Related Unsecured Claims.

Class 5 consists of all non-VSC-related pre-petition unsecured claims against the Debtor—to wit, all vendor claims, rejection claims and insider loan claims.² Debtor's initial schedules reflected an estimated approximately \$850,000.00 in Class 5 liabilities. The Proofs of Claim filed to date reflect approximately \$1,300,000.00 in potential Class 5 liabilities. Debtor expects that, after the objection process, there will be approximately \$400,000.00 in Class 5 Allowed Claims.

The Liquidating Trustee will marshal the first \$100,000 of available non-reserved funds, after payment in full of the Unclassified Claims together with Allowed Class 1 and 2 Claims as provided for herein, to pay Allowed Class 5 Claims. Creditors with Allowed Class 5 claims will each receive one *pro rata* distribution from this \$100,000 in an amount not to exceed thirty-five percent (35%) of their Allowed Claim. If and when all Allowed Class 5 Claims are paid the greater of the lesser of their *pro-rata* portion of the \$100,000.00 or thirty-five percent (35%) of their Allowed Claims, the requirements of 11 U.S.C. § 1129(b) will be deemed to be satisfied as to Class 5.

Class 5 Claims will be allowed in an amount equal to the lesser of the stated amount contained in a Class 5 Claim or the amount reflected as non-contingent, liquidated, and undisputed in the Debtor's books and records. The Debtor, the Committee and the Liquidating Trustee reserve the right to object to any Class 5 Claim.

4.6 Treatment of Class 6 Equityholder Interests In Debtor.

All Allowed Class 6 Equity Interests will be paid their *pro rata* distribution of all liquidation proceeds of the Debtor's Assets after full payment of all Trust expenses, allowed Unclassified Claims and allowed claims in Classes 1 through 5. The Debtor's Assets will be liquidated by the Liquidating Trustee and will be distributed until all such Assets are fully liquidated or deemed abandoned by the Liquidating Trustee. At such time as the Assets are fully liquidated or abandoned, all remaining proceeds will be distributed to the Class 6 Interest Holders. At such time as all superior Classes (Classes 1 through 5) are paid pursuant to the above terms, the Class 6 Interest Holders will have all authority granted to the Liquidating Trustee to direct the continued liquidation of Assets pursuant to the Liquidation Trust.

4.6.1 Calculation Of Claim Amount For Class 6 Interests.

Class 6 Equityholder Interests will be paid *pro rata* based upon the percentage equity held by each holder of a Class Interest as specified in the Debtor's books and records as of November 11, 2003.

ARTICLE 5 - EXECUTORY CONTRACTS

Executory Contracts, including without limitation unexpired leases, to which Debtor is a party as of the Effective Date, entered into by the Debtor prior to the Petition Date, shall be treated as follows:

5.1 Assumption and Rejection.

All Executory Contracts not otherwise assumed, assumed and assigned, or rejected pursuant to a Final Order shall be deemed rejected as of the Confirmation Date, except for any Executory Contract set forth on a

² The inclusion of insider loan claims in Class 5 shall not preclude, or otherwise waive, the Liquidating Trustee's right to seek subordination of these insider loans or offsets against claims the Liquidating Trustee may have against these individuals.

list of Executory Contracts to be assumed and/or assumed and assigned by the Debtor and filed as a Plan Document ten (10) days prior to the Confirmation Hearing.

5.2 Customer Contracts.

To the extent that NWIG Customer Contracts are executory contracts, all NWIG Customer Contracts sold by the Debtor through June 9, 2003 are deemed rejected as of the Confirmation Date. All First Automotive Service Corporation Contracts are deemed to be assumed and assigned directly to First Automotive Service Corporation with no accrual of any claims under Bankruptcy Code § 365(a). No Claim will be allowed to any holder of a First Automotive Service Corporation Contract to the extent that the Contract held by the holder is in full force and effect on the Effective Date, in that First Automotive Service Corporation is legally bound to honor all obligations under such Contracts pursuant to the Court's November 9, 2004 Order. Under no circumstances will the obligations arising under Customer Contracts sold prior to November 26, 2003 be deemed administrative expenses of the Debtor entitled to payment under Class 1 above.

5.3 Cure.

To the extent required by the provisions of Bankruptcy Code § 365(b)(1), any and all Cure Amounts that are not subject to a dispute shall be paid by the Debtor in Cash on the Effective Date, unless an alternative agreement is or has been reached between Debtor and the Person to whom such Cure Amount is owed. Any disputes as to the Cure Amount shall be resolved by the Bankruptcy Court, and any Cure Amounts in dispute shall be paid pursuant to Final Order of the Bankruptcy Court. Nothing herein shall release First Automotive Service Corporation of its obligations to fully administer, adjudicate and, if appropriate, pay all claims arising under contracts sold by the Debtor and administered by First Automotive Service Corporation, such contracts being all contracts sold by the Debtor from June 9, 2003 through November 26, 2003 and under the provisions of the Court's November 9, 2004 Order.

5.4 Approval of Assumption or Rejection.

Entry of the Confirmation Order shall constitute (i) the approval, pursuant to the provisions of section 365(a) of the Bankruptcy Code, of the assumption and/or assumption and assignment of the Executory Contracts assumed and/or assumed and assigned pursuant to Section 5.1 herein, and (ii) the approval, pursuant to the provisions of section 365(a) of the Bankruptcy Code, of the rejection of the Executory Contracts rejected pursuant to Section 5.1 herein.

5.5 Rejection Claims.

Unless the Bankruptcy Court, the Bankruptcy Code or the Bankruptcy Rules establish an earlier deadline with regard to the rejection of particular Executory Contracts, any Claims arising out of the rejection of Executory Contracts pursuant to the Plan, or arising out of the rejection of Executory Contracts after the Bar Date and before the Confirmation Date, must be filed with the Bankruptcy Court and served upon the Debtor and the Plan Trustee, no later than the Rejection Claim Bar Date and any Claims not filed by the Rejection Claim Bar Date will be forever barred and will not receive any Distributions under the Plan. Any Claims arising out of the rejection of an Executory Contract, which such rejection was approved by Final Order of the Bankruptcy Court that was entered prior to the Bar Date, must have been filed by the earlier of (i) the date if any, set forth in a Final Order approving such rejection or (ii) the Rejection Claim Bar Date, otherwise such Claims are forever barred and will receive no Distribution under the Plan. All Allowed Claims arising from the rejection of an Executory Contract, other than the rejection of a Customer Contract, shall be treated as a Class 5 Claim as determined by the Bankruptcy Court. Notwithstanding the foregoing, any Rejection Claims arising from NWIG Customer Contracts will be treated according to the applicable provisions on treatment of Class 3 above.

5.6 Employee Claims (Compensation and Benefit Programs).

All employment and retirement practices and policies, and all compensation, retirement and employee benefit plans, policies and programs of the Debtor applicable to its present or former directors, officers or employees, including, without limitation, all savings plans, retirement plans, health care plans, accrued unpaid vacation, sick leave, medical benefits, incentive plans, workers' compensation programs and life and disability insurance plans, to the extent arising from Executory Contracts, shall be rejected as of the Confirmation Date, and shall not be binding upon the Debtor or the Trust to any extent.

ARTICLE 6 - MEANS FOR EXECUTION OF THE PLAN

On or before the date of the Plan Confirmation Hearing, Debtor will execute the requisite documents to establish the Warranty Gold Liquidating Trust. The Liquidating Trust Agreement will be in substantially the same form as the trust agreement contained on the Warranty Gold website at www.warrantygold.com. The Liquidating Trustee will assume responsibilities, and the Liquidating Trust will commence operations, on the effective date of said Liquidating Trust Agreement as set forth therein.

6.1 Establishment of Trust.

On or before the Confirmation Hearing, the Board Of Directors of the Debtor will execute the requisite documents to establish the Warranty Gold Liquidation Trust. The Liquidating Trust Agreement will be in substantially the same form as the Trust Agreement available for review at www.warrantygold.com. The terms of the Liquidating Trust Agreement will control the operation of the Trust. Those terms, as approved by the Bankruptcy Court, are fully incorporated herein.

The Trust Agreement shall be executed by all necessary parties. On the Effective Date, the Trust will be established for the purposes of (i) distributing Trust Assets; (ii) resolving and disputing Claims, and (iii) satisfying Claims by liquidating all the assets transferred to, vesting in and/or retained by the Trust through distribution of the proceeds of liquidated assets, net of all claims, expenses, charges, liabilities, and obligations of the Trust, to holders of Allowed Claims (the "Beneficiaries"). The Liquidating Trustee shall have no objective of engaging in any trade or business except to the extent reasonably necessary to achieve the Trust's liquidating purpose. The Liquidating Trustee shall use all reasonable efforts to expeditiously liquidate Trust Assets and to make timely distributions of their proceeds.

6.2 Selection of Plan Trustee.

After conferring with the Official Warranty Holders Committee, Debtor has selected Gregory S. Milligan of Austin, Texas. Mr. Milligan has indicated that he is willing to serve as Liquidating Trustee and will undertake his required duties pursuant to the Liquidating Trust Agreement upon said agreement's having become effective. Debtor will seek approval of the Liquidating Trust Agreement and Mr. Milligan's appointment as Liquidating Trustee at the Confirmation Hearing.

The Liquidating Trustee shall receive compensation as follows: (a) a monthly \$7,500.00 non-refundable draw, plus reimbursement of out-of-pocket expenses, to be accrued monthly and paid as funds are available for payment of administrative costs and expenses of the Trust; plus (b) a success fee based upon all net distributions to Beneficiaries from the Trust (net of all costs of administering the Trust) equivalent to the maximum fee allowed by the schedule set forth in 11 U.S.C. § 326(a); provided, that the resulting aggregate success fee shall be reduced by may monthly draw amounts previously received by the Liquidating Trustee.

6.3 Termination of Unsecured Creditors Committee.

The appointment and operations of the Unsecured Creditors Committee shall terminate on the day after the Closing Date. Any dissolution or termination of the appointment and operations of the Committee shall not prejudice the rights of any agents of the Committee (including their Professionals and Committee members) to pursue their separate claims for compensation and reimbursement of expenses, including

Professional Fee Claims under the provisions of Sections 330, 331 and/or 503(b)(3)(F) of the Bankruptcy Code.

6.4 The Closing.

A Closing of the transactions required under the Plan shall take place on the Closing Date at the offices of counsel to the Debtor, Brown McCarroll, L.L.P., 111 Congress Avenue, Suite 1400, Austin, Texas 78701, or at such other place as identified by the Debtor and the Committee pursuant to notice provided to those parties specified in Section 17.2 of the Plan.

6.5 Transactions at Closing.

The following shall occur at or before and shall be effective as of the Closing Date.

6.5.1 Execution and Ratification of the Trust Agreement.

The Trust Agreement shall be executed by all necessary parties. On the Effective Date, the Trust will be established for the purposes of (i) distributing Trust Assets; (ii) resolving and disputing Claims, and (iii) satisfying Claims by liquidating all the assets transferred to, vesting in and/or retained by the Trust through distribution of the proceeds of liquidated assets, net of all claims, expenses, charges, liabilities, and obligations of the Trust, to holders of Allowed Claims (the "Beneficiaries"). The Liquidating Trustee shall have no objective of engaging in any trade or business except to the extent reasonably necessary to achieve the Trust's liquidating purpose. The Liquidating Trustee shall use all reasonable efforts to expeditiously liquidate Trust Assets and to make timely distributions of their proceeds.

The Trust shall terminate on the date which is the fifth anniversary of its creation unless terminated sooner, or unless its termination date is further extended by the Bankruptcy Court as provided in the Trust Agreement.

Pursuant to the Plan, and as reflected in the Liquidating Trust Agreement, Trust Assets shall include, among other things (without limitation, and by way of example only), all Assets of the Debtor and all Avoidance Actions and other Rights of Action against any third-parties being transferred to, retained by and/or vesting in the Trust, all proceeds of the foregoing, and all other assets as the Liquidating Trustee may from time to time hold in trust or receive for the benefit of Beneficiaries (including all claims, actions, causes of action and/or rights transferred by any person to the Liquidating Trustee on behalf of the Trust). Subject to the above, the Trust shall have no liability for any amounts of cure or for any obligation or liability concerning any Executory Contracts assumed and/or assumed and assigned by the Debtor.

6.5.2 Tax Treatment of the Trust.

For federal income tax purposes, the Trust shall be considered a "grantor trust" of which the Debtor is the grantor, and shall not have any separate liability for any federal income taxes relating to, or arising from, the transfer, retention, vesting, operation and/or liquidation of Trust Assets. However, in accordance with the decision of the United States Supreme Court in *Holywell Corp. v. Smith*, 112 S.Ct. 1021 (1992), the Liquidating Trustee will be required to file the income tax returns that Debtor would have filed if its Assets had not been conveyed to and vested in the Trust. Therefore, to the extent that the operation or liquidation of Trust Assets creates tax liability for the Debtor, the Trust shall promptly pay such tax liability from available Trust Assets, and any such payments shall be considered costs and expenses of the Trust's operation. The Liquidating Trustee may establish a reserve sufficient to pay any accrued or potential tax liability arising out of the Trust's operations or ownership of Trust Assets.

Notwithstanding the above, the Service has announced in Rev. Proc. 94-45 that if certain conditions are met, it will issue a ruling that a liquidating trust created pursuant to a bankruptcy plan under Chapter 11 of the Bankruptcy Code will be treated as a grantor trust of which *either* the shareholders of the Debtor or its creditors (but not the debtor) is the grantor. If the Trust is characterized as a liquidating trust of which the Creditors are the grantors, then the transfer of the Debtor's Assets to the Trust will constitute a taxable disposition of those Assets by

the Debtor, and may subsequent income, gain or loss realized with respect to the Trust Assets would be allocated to the Creditors, rather than to the Debtor.

All Creditors and Equity Interest holders may, at some point in time, be required to recognize income or be allowed a deduction as a result of the Plan's implementation. The exact tax treatment depends on each Creditor's or Equity Interest holder's method of accounting, the basis for their Claim or Interest, the amount of Distributions received, and upon the extent (if any) to which such Creditor has taken a bad debt reduction in prior tax years with respect to a particular debt owed to it by Debtor. In the event that the Trust is treated as a grantor trust for the benefit of Creditors, any income, gain or loss attributable to operation, ownership, or disposition of the Trust Assets would be taxable to Creditors, in accordance with their interests in Trust Assets, whether or not the Creditors had received any cash Distributions from the Trust. Gain or loss on the subsequent disposition of Trust Assets would be equal to the difference between the amount realized on the disposition of those assets and their tax bases in the hands of the Trust (initially, the Trust Assets' fair market value at the time of their transfer to the Trust). **EACH CREDITOR AND/OR EQUITY INTEREST HOLDER IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THESE TAX ISSUES.**

6.5.3 Transfer of Trust Assets.

After creation of the Administrative Expense Reserve, all Property of the Debtor constituting the Trust Assets shall be conveyed and transferred by the Debtor to the Trust, free and clear of all Interests, claims, Liens, and encumbrances, except for liens securing any Class 2 Allowed Secured Claims.

6.5.4 Authority Of Plan Trustee

The Liquidating Trust Agreement sets forth the range of the Liquidating Trustee's powers and responsibilities. Stated generally, the Liquidating Trustee will have, without prior or further authorization, control and authority over the disposition of all Trust Assets and over management and the conduct of any business of the Trust for purposes set forth in the Plan and Liquidating Trust Agreement. Without limitation (and by way of example only), the Liquidating Trustee's powers shall include the authority: (a) to liquidate all Trust Assets in accordance with the terms of the Liquidating Trust Agreement and the Plan; (b) pursuant to 11 U.S.C. § 1123Co)(3)(B), and as successor-in-interest to the Debtor and representative of its estate, to own and retain, and to prosecute, enforce, compromise, settle, release, or otherwise dispose of, all claims, causes of action, defenses, counterclaims, setoffs, and recoupments belonging to the Debtor, its estate or the Trust including, without limitation, all Avoidance Actions and all other Rights of Action; (c) to review all Claims in this Case and file or litigate objections to the allowance of Claims and/or seek to estimate them; and (d) to employ, compensate and reimburse such agents or professional advisors as he deems appropriate to help him in fulfilling his duties under the Liquidating Trust Agreement and the Plan. Further details regarding the scope of the Liquidating Trustee's powers are set forth *in, inter alia*, section 4.03 of the Liquidating Trust Agreement.

6.5.5 Beneficial Interests in Liquidating Trust not Transferable.

The Trust is being established for the benefit of holders of Allowed Claims who are the Beneficiaries of the Trust and who will hold uncertificated beneficial interests in the Trust as of the Plan's Effective Date. The Liquidating Trust Agreement and this Plan provide for the allocation of such beneficial interests to creditors who hold Allowed Claims. The Liquidating Trustee or his designated agent shall keep a register of the holders of beneficial interests. **Pursuant to this Plan and § 3.03 of the Liquidating Trust Agreement - and notwithstanding any purported agreement to the contrary among a Trust Beneficiary and any third-parties - except to the extent that a beneficial interest passes to a Beneficiary's legal representative upon death, insolvency or incapacity, the beneficial interest of any Beneficiary in the Trust shall not be transferable at any time on or after the Effective Date.** The Liquidating Trustee shall be entitled to disregard any purported or intended transfer, assignment, hypothecation, pledge, exchange or conveyance of any beneficial interest in the Trust on or subsequent to such Date.

6.5.6 Amendment of Debtor's Articles and By-Laws.

The Debtor's Articles of Incorporation and By-Laws shall be amended and all necessary corporate action will be taken to:

- (i) prohibit the issuance of non-voting equity securities, and providing, as to the several classes of securities possessing voting power, an appropriate distribution of such power among such classes, including, in the case of any class of equity securities having a preference over another class of equity securities with respect to dividends, adequate provisions for the election of directors representing such preferred class in the event of default in the payment of such dividends;
- (ii) provide for the cancellation of all issued and outstanding capital stock of the Debtor, including without limitation, all Interests in the Debtor, after the full liquidation or abandonment of all assets of the Trust;
- (iii) provide for the issuance of one share of common stock in the Debtor to the Trust, representing 100% of all issued and outstanding common stock of the Debtor (save for the prepetition Equity Interests represented in Class 9), with such stock retaining all voting rights;
- (iv) provide for the termination of all officers and directors of the Debtor, effective as of the day after the Closing Date; and
- (v) provide for the election and appointment of the Plan Trustee as the sole officer and director of the Debtor, effective as of the day after the Closing Date.

6.5.7 Execution of Documents and Corporate Action.

The Board of Directors, on behalf of the Debtor, shall execute and deliver all documents and perform all actions reasonably contemplated with respect to implementation of the Plan, including the execution and delivery of any documents and performance of any actions required the Plan. The Board of Directors is hereby designated the authorized representative to execute on behalf of the Debtor, in a representative capacity and not individually, any documents or instruments to be executed by the Debtor after the Confirmation Date or at Closing in order to consummate the Plan.

To the extent that the Trust Agreement approved by the Bankruptcy Court differs from the provisions herein, the Trust Agreement will control.

6.5.8 Surrender of Instruments.

Each Claimant and/or Interest Holder holding a certificate or instrument evidencing a Claim against, or Interest in, the Debtor or the Property and whose claims are treated under the Plan, shall surrender such certificate or instrument to the Trust, on the Closing Date prior to receiving any Distribution under the Plan, unless the non-availability of such certificate or instrument is established to the satisfaction of the Trust.

6.6 Section 1145 Determination.

Confirmation of the Plan shall constitute a determination, pursuant to 11 U.S.C. § 1145(a)(i), that (except with respect to an entity that is an underwriter as defined in 11 U.S.C. § 1145(b)) Section 5 of the Securities Act of 1933 and any state or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, a security do not apply to Beneficial Interests in the Trust. Inasmuch as all post-confirmation transfers of Beneficial Interests will be prohibited by the Plan in accordance with Article VIII.G above, there is no existing or anticipated trading market for the Beneficial Interests.

Although Beneficial Interests in the Trust may be issued under Code § 1145, without compliance with the registration requirements of the Securities Act of 1933, the Trust may register the Beneficial Interests and file

periodic reports under the 1934 Act. If the Liquidating Trustee determines that registration under the 1934 Act is required, he will take steps to comply with these requirements. In addition, once registered, the Trust would be required to file certain reports with the Securities and Exchange Commission, including quarterly and annual financial reports. Further, if the Liquidating Trustee determines that registration of the Beneficial Interests is required under the Investment Company Act of 1940 (the "1940 Act"), he will take steps to comply with these requirements. It is possible that Beneficial Interests in the Trust may be issued without compliance with registration requirements of the 1940 Act, if the Trust complies with requirements of the 1934 Act. The Trust is a liquidating entity, solely responsible for marshaling and distributing the Trust Assets. Beneficial Interests in the Trust will not be transferable and will be uncertificated. Under the circumstances, it is conceivable that the Trust may be construed as an entity not subject to the 1940 Act.

6.7 Trust Authority to Prosecute Causes of Action.

In accordance with 11 U.S.C. § 1123(b)(3) and under this Plan, the Liquidating Trustee -as representative of the estate - will be vested with the right to object to proofs of Claim and to prosecute, compromise or otherwise resolve any Avoidance Actions or other Rights of Action and all other causes of action constituting Trust Assets including, but not limited to, the potential litigation described above. The Liquidating Trustee shall have the right and power to object to proofs of claim or interest or Claims including those deemed allowed under 11 U.S.C. § 1111(a) on any ground, including those set forth in 11 U.S.C. § 502. **THE RIGHT TO OBJECT TO ANY CREDITOR'S CLAIM IS RESERVED IN FAVOR OF THE LIQUIDATING TRUSTEE REGARDLESS OF WHETHER THE CREDITOR HAS VOTED IN FAVOR OF OR AGAINST THE PLAN OF REORGANIZATION.**

Debtor's Schedules of Assets and Liabilities identify creditors whose claims are disputed, and its Statement of Financial Affairs identifies the parties who received payments and transfers from the Debtor, which payments and transfers may be avoidable under the Bankruptcy Code. Moreover, Debtor continues to investigate Avoidance Actions and Rights of Action it may have against third parties. The Debtor has not completed its investigation of potential objections to claims, Avoidance Actions and other Rights of Action. **THE PLAN DOES NOT AND IS NOT INTENDED TO RELEASE ANY SUCH AVOIDANCE ACTIONS, OTHER RIGHTS OF ACTION, OR ANY OBJECTIONS TO PROOFS OF CLAIM. ALL SUCH RIGHTS AND RIGHTS OF ACTION ARE SPECIFICALLY RESERVED IN FAVOR OF THE TRUST.**

On the Effective Date, Debtor will transfer to the Trust for the benefit of the Estate and its creditors - and the Trust will be deemed vested with and to have retained, for enforcement by the Liquidating Trustee as representative of the estate - all Avoidance Actions and other Rights of Action, including, but not limited to, causes of action and claims for relief on account of and in respect of the provisions of § 362 and Chapter 5 (including §§ 510, 542, 544, 545, 547, 548, 549, 550 and 553) of the Bankruptcy Code and any other Rights of Action or claims for relief existing under applicable state or federal law. Pursuant to, among other authority, 11 U.S.C. § 1123(b)(3)(B), the Liquidating Trustee shall have the full power, authority, and standing to prosecute, compromise, or otherwise resolve such Rights of Action, with all proceeds derived therefrom to become property of the Trust and distributed in accordance with the Plan. The Trust shall not be subject to, and shall not be bound by, counterclaims with respect to the recovery rights, provided, however, that the recovery rights will be subject to any set-off rights to the same extent as if the Debtor itself had pursued the recovery rights.

Creditors should understand that legal rights, claims and Rights of Action the Debtor may have against them, if any exist, are to be retained under the Plan for prosecution and enforcement by the Liquidating Trustee, as the case may be, unless a specific order of the Court authorizes the Debtor to release such claims. As such, creditors are cautioned not to rely upon (i) the absence of a listing of any legal right, Claim or Right of Action against a particular creditor in the Debtor's Disclosure Statement, Plan, Schedules of Assets & Liabilities or Statement of Financial Affairs, or (ii) the absence of litigation or demand prior to the Plan's Effective Date, as any indication that the Debtor and/or Liquidating Trustee does not possess or does not intend to prosecute any particular right, claim or cause of action if a particular creditor votes to accept the Plan. It is the expressed intention of the Plan to preserve rights, claims, and all Rights of Action of the Debtor, whether now known or unknown, for the benefit of the Debtor's estate and its creditors through the Trust distribution mechanism.

This transfer of rights includes all Rights of Action owned by the Debtor as of the Closing Date, including the following:

1. All Avoidance Actions held by the Debtor under Chapter 5 of the Bankruptcy Code.
2. All causes of action against First Automotive Service Corporation, whether such causes of action have been filed as of the Closing Date. However, all causes of action included in, and fully settled by, that certain settlement agreement between the Debtor and First Automotive Service Corporation will not be available to the Plan Trustee.
3. All causes of action against National Warranty and related entities, whether such causes of action have been filed as of the Closing Date. These causes of action include certain potential claims, arising out of its operations and sales of vehicle service contracts, against individuals and entities including but not limited to Deloitte; Deloitte & Touche USA, LLP; Deloitte Consulting, LLP; Milliman USA, Inc.; KPMG, LLP; KPMG LLC Nebraska; KPMG LLC; KPMG; Berkley Insurance Company formerly Northstar Reinsurance Corporation formerly Signet Star Reinsurance, Delaware Corporation; American Safety Insurance Services, Inc.; American Safety Reinsurance of Bermuda, Limited; A.M. Best Company, Inc.; Pro Distributors, Inc.; Donald Erway; Dennis Costin; and Rex Moats. The Trustee and its counsel may identify additional claims that Warranty Gold has against other individuals or entities.
4. All causes of action against Global Payment, including causes of action arising in Adversary Proceeding No. 03-1264 styled *Warranty Gold vs. Global Payment, et al.*, as well as any breach of contract claims owned by the Debtor arising out of the Global Payment merchant agreement and the assumption thereof.
5. All other causes of action held by the Debtor or Debtor's Estate as of the Closing Date.

Further, the Confirmation Order will deem the Plan Trustee as the representative of the Debtor's customers/creditors for purposes of negotiating with the National Warranty Joint Official Liquidators for all purposes arising out of either the Cayman Islands National Warranty Liquidation or the National Warranty Bankruptcy Proceeding in Nebraska, to the extent that a Class Representative is not created pursuant to Plan Article 20, below.

6.8 Management of Debtor Post-Closing.

The Plan Trustee, as the sole officer and director of Debtor after the Closing, may, if the Plan Trustee deems it necessary or otherwise appropriate, undertake all action necessary to:

- (i) maintain the separate corporate existence of Debtor, or determine that the Debtor should be dissolved pursuant to state law and undertake any action to implement such dissolution,
- (ii) ensure Debtor is and remains in good standing and in compliance with applicable federal, state and local laws,
- (iii) file any federal, state and local tax returns and provide for payment of any taxes related thereto, and
- (iv) otherwise cause Debtor to comply with its obligations and duties under the Plan.

6.9 Additional Powers Of Plan Trustee.

The Trustee, using the Liquidating Trust defined and described herein, is authorized to pursue and litigate the claims of the Debtor against third parties, including reinsurers, auditors, and actuaries involved with National Warranty (as described in Plan Paragraph 6.7 above), to recover (1) losses and liabilities accruing as a result of the Debtor's inability to fund the repair costs of its customers to whom it sold vehicle service contracts issued by National Warranty and who thereafter incurred repair expenses which National Warranty failed to pay; and (2)

liability for claims for rescission from all of its customers to whom the Debtor sold contracts issued by National Warranty arising from National Warranty's insolvency and liquidation and whose Contracts have not expired as of June 6, 2003; and (3) any other liability that may be discovered by the Plan Trustee. The Plan Trustee shall also have the authority to expand the authority of the Liquidating Trust to prosecute any claims which National Warranty has against its reinsurers, auditors, and actuaries, in the event these claims of National Warranty become a part of the Liquidating Trust as a term of any settlement which the Plan Trustee may reach with National Warranty Joint Official Liquidators. The Debtor and the Plan Trustee are specifically authorized to accept service of any kind from the National Warranty Joint Official Liquidators on behalf of both Warranty Gold and Warranty Gold's customers.

ARTICLE 7 - EFFECT OF REJECTION BY ONE OR MORE CLASSES OF CLAIMS

7.1 Impaired Classes to Vote.

Each impaired Class of Claims and Interests shall be entitled to vote separately to accept or reject the Plan.

7.2 Acceptance by Class of Creditors.

A Class shall have accepted the Plan if the Plan is accepted by at least two-thirds (2/3) in amount and more than one-half ("1/2") in number of the Allowed Claims or Interests of such Class that have voted to accept or reject the Plan.

7.3 Cramdown.

In the event that any impaired Class fails to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, the Debtor may request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code. Such request may be made orally by the Debtor at the Confirmation Hearing.

ARTICLE 8 - PROVISIONS GOVERNING DISTRIBUTIONS

8.1 Applicability of Article 8.

Provisions regarding Distributions to Creditors made by the Trust are governed by the Trust Agreement and the provisions in Article 4 above.

8.2 Trust Agreement Provisions.

The provisions of the Trust Agreement are fully incorporated herein and constitute terms of the Plan.

8.3 Trust Minimum Distribution.

Unless and until all of the Debtor's assets and the assets of the Plan Trust are fully liquidated, the Trustee will not be obligated to distribute Trust Assets pursuant to the Plan unless and until the net available proceeds for distribution are equal to or greater than \$2,000,000.00. However, the Plan Trustee, at its discretion, may distribute Trust Assets at any time.

8.4 Claims Administrator.

The Plan Trustee will be authorized, but not required, to employ a Claims Administrator to administer and make distributions to all Classes pursuant to the Plan.

ARTICLE 9 - VESTING OF PROPERTY

9.1 Revesting of Assets.

As of the Effective Date, except as otherwise expressly provided in the Plan, title to all Property shall vest in the Debtor, and all such Property shall be free and clear of all Interests, Liens and Claims of any kind, other than as expressly provided in the Plan and subject to the Debtor's obligation to transfer and convey all Property constituting the Trust Assets to the Plan Trustee on behalf of the Beneficiaries in accordance with Article 6 herein. To the extent that any Asset is not or cannot be effectively transferred to the Liquidation Trust, the Plan Trustee is authorized to maintain the Debtor's existence to the extent necessary to hold such Asset until such time as the Asset is fully liquidated.

ARTICLE 10 - DISCHARGE, RELEASE AND EXTINGUISHMENT OF LIENS, CLAIMS, INTERESTS AND ENCUMBRANCES

10.1 Discharge of Debtor.

Pursuant to Bankruptcy Code § 1141(d)(3), the Debtor will not be entitled to a discharge.

10.2 Exculpation.

Upon the entry of an order of the Bankruptcy Court granting approval of a final fee application for the respective entity, the Committee, the members of the Committee, the Committee's Professionals, the Debtor's Professionals in this Case, any Examiner or Trustee appointed prior to the Closing Date, the Plan Trustee, or any of the respective Professionals of any of the foregoing shall not have any liability to any Claimholder or Interestholder or other Person for any act or omission in connection with or arising out of the administration of the Debtor's bankruptcy case, including, without limitation, the negotiation, preparation and pursuit of confirmation of the Plan, the confirmation of the Plan, the consummation of the Plan, the administration of the Plan or the Property to be distributed under the Plan.

10.3 Conditional Release Of National Warranty Risk Retention Group.

If National Warranty has caused the Debtor's agreed-upon proportionate share of the National Warranty assets to be delivered to the Debtor, the Bankruptcy Court, a United States-based escrow agent, or agreed-upon liquidation agent, and to the extent that the Bankruptcy Court finds the contribution of the Debtor's agreed upon proportionate share is a substantial contribution of assets to justify a release of liability in favor of National Warranty, the Plan Trustee will, at its sole discretion, have the authority to petition the Bankruptcy Court to issue the appropriate orders holding that National Warranty will be released from liability from both Warranty Gold and Warranty Gold's customers for any and all liability arising from the National Warranty-administered contracts purchased by Warranty Gold customers. Further, to the extent that the Bankruptcy Court overseeing National Warranty's Nebraska proceeding issues similar release and injunctive orders protecting National Warranty from liability from both Warranty Gold and Warranty Gold's customers for any and all liability arising from the National Warranty-administered contracts purchased by Warranty Gold customers, such orders will be deemed to supplement the conditional release granted herein.

10.4 Determination Based Upon National Warranty Release.

The Confirmation of the Plan acts as a determination by the Bankruptcy Court that the Debtor, the Plan Trustee and any Class Representative authorized by the Bankruptcy Court under Federal Rule of Civil Procedure 23 are authorized representatives of all customers of Warranty Gold who purchased contracts from Warranty Gold on or before June 9, 2003 which were administered and insured by NWIG to undertake all actions necessary in the National Warranty Nebraska Proceeding and/or the Cayman Islands Liquidation to effectuate the powers and duties specified in Plan Paragraph 6.9. Specifically, the Debtor, the Plan Trustee and any Class Representative authorized by the Bankruptcy Court under Federal Rule of Civil Procedure 23 may:

- a. Accept service of process from the National Warranty Joint Official Liquidators.
- b. Negotiate on behalf of Warranty Gold and Warranty Gold customers with the National Warranty Joint Official Liquidators.
- c. File any and all appropriate pleadings in the Nebraska Proceeding or the Cayman Islands Liquidation on behalf of Warranty Gold and Warranty Gold customers.
- d. as to the Plan Trustee, accept delivery of National Warranty assets from the National Warranty Joint Official Liquidators to be distributed to Warranty Gold creditors pursuant to the terms of this Plan.
- e. Issue and sign any and all appropriate documents necessary for the receipt of National Warranty assets on behalf of Warranty Gold customers.

The authorization in the Confirmation Order will be such that that Warranty Gold and the Plan Trustee are authorized to receive any distribution from the National Warranty liquidation proceeding in the Cayman Islands on behalf of Warranty Gold customers, with the express condition that any such payments actually received by Warranty Gold or the Plan Trustee are to be distributed to Warranty Gold customers pursuant to the terms of this Plan.

The Confirmation of the Plan acts as an authorization by the Bankruptcy Court to the Joint Official Liquidators of National Warranty to distribute all funds held by National Warranty on behalf of Warranty Gold and its customers, including all reserve accounts held in the Cayman Islands specifically for Warranty Gold and its customers.

Further, to the extent that a representative is appointed to represent all Warranty Gold customers pursuant to Federal Rule of Civil Procedure 23 and Plan Article 20 below, that representative will be entitled to enter into such agreements as necessary to effectuate the terms contained herein, to effectuate the releases contained herein and to further and finally settle all claims of Warranty Gold customers.

To the extent that the Bankruptcy Court authorizes a Class Representative pursuant to Federal Rule of Civil Procedure 23, the provisions of any order granting such authorization shall be incorporated fully herein.

ARTICLE 11 - INJUNCTION AGAINST ENFORCEMENT OF PRECONFIRMATION DEBT

11.1 Injunction Enjoining Holders of Claims Against Debtor.

Except as expressly provided in the Plan, at all times on and after the Effective Date, all Persons who have been, are, or may be holders of Claims against or Interests in the Debtor arising prior to the Effective Date, shall be enjoined from taking any of the following actions against or affecting the Debtor, its Estate, or the Property, including the Trust Assets, with respect to such Claims or Interests (other than actions brought to enforce any rights or obligations under the Plan):

- (i) commencing, conducting or continuing in any manner, directly or indirectly any suit, action, or other proceeding of any kind against the Debtor, its Estate, or its Property, including the Trust Assets (including, without limitation, all suits, actions, and proceedings that are pending as of the Effective Date, shall be deemed to be withdrawn or dismissed with prejudice);
- (ii) enforcing, levying, attaching, collecting, or otherwise recovering by any manner or means whether directly or indirectly any judgment, award, decree, or order against the Debtor, its Estate, or its Property, including the Trust Assets and including the pursuit of any indemnification or guarantee obligations allegedly owed to entities not in Classes 3 through 6;
- (iii) creating, perfecting, or otherwise enforcing in any manner, directly or indirectly, any Lien against the Debtor, its Estate, or its Property, including the Trust Assets;

- (iv) asserting any right of subrogation, or recoupment of any kind, directly or indirectly against any obligation due the Debtor, its Estate, or its Property, including the Trust Assets; and,
- (v) proceeding in any manner in any place whatsoever that does not conform to or comply with the provisions of the Plan, including taking any actions in contravention of Plan Article IV and Plan Paragraph 10.3.

ARTICLE 12 - EVENTS OF DEFAULT

12.1 Events of Default.

An event of default shall be deemed to have occurred if the Debtor, the Plan Trustee, or any party-in-interest fails to take any action or fails to refrain from taking an action as required or otherwise set forth in the Plan.

12.2 Remedies for Defaults.

Should an event of default by the Debtor, the Trust, or any party-in-interest occur, at least one other party-in-interest, the Debtor or Trust must provide written notice of such default with copies of such notice delivered to all parties identified in Section 17.2 of the Plan. If the default is not cured within ten (10) days from sending the notice of default, the notifying party-in-interest, Trust, or Debtor may present an *ex parte* order to the Bankruptcy Court setting a date and time when such defaulting party must appear before the Bankruptcy Court and show cause why it should not be held in contempt of the Confirmation Order. If found to be in default of the Plan, the Court shall:

12.2.1 Assess the costs of the Debtor, Trust, or any party-in-interest of proceeding on the order to show cause against the defaulting party, such costs to be an amount not less than as may have actually been incurred;

12.2.2 Designate a party to appear, sign, and/or accept the documents required under the Plan on behalf of the defaulting party in accordance with Rule 70 of the Federal Rules of Civil Procedure; or such enter other order compelling compliance with the applicable provisions of the Plan as may be necessary and which does not materially alter the terms of the Plan as it is confirmed; and

12.2.3 Grant any party-in-interest that is subject of the Debtor's or another party-in-interest's default, any and all rights any remedies available to such party pursuant to the Plan in addition to any other rights or remedies it may have at law or in equity.

ARTICLE 13 - PROVISIONS FOR THE RESOLUTION OF OBJECTIONS TO PROOFS OF CLAIM

13.1 From and after the Effective Date, the Plan Trustee, on behalf of the Trust, shall have the exclusive right to examine and object to any Claims filed in the Debtor's case, and the Plan Trustee on behalf of the Trust shall have the right to object to contest and/or to continue to prosecute existing objections to the allowance of any Claims filed with the Bankruptcy Court.

13.2 Objections to Claims must be filed with the Bankruptcy Court and served upon the Claimant prior to the expiration of one hundred and twenty (120) days from the Effective Date, otherwise such Claim shall be deemed allowed in accordance with section 502 of the Bankruptcy Code, unless an extension of such time period is sought by the Debtor or the Trustee, as the case may be.

13.3 Prior to the expiration of thirty (30) days from receipt of an objection, the Claimant whose Claim has been objected to in accordance with paragraph 13.2 of the Plan, must file with the Court and serve upon the objecting party, the Plan Trustee and the parties identified in Section 17.2 of the Plan, a response to such claim objection. Failure to file such a response within the thirty (30) day time period shall

cause the Bankruptcy Court to enter a default judgment against the non-responding Claimant and thereby grant the relief requested in the claim objection.

13.4 The Plan Trustee, on behalf of the Trust, may request the Bankruptcy Court to estimate any Claim for purposes of allowance pursuant to section 502(c) of the Bankruptcy Code.

13.4.1 The Plan acts as an estimation of Class 3 Claims for purposes of voting, feasibility and distribution under Bankruptcy Code § 502(c). Class 3 Refund Claims will be estimated and calculated in an amount equal to the prorated refund amount specified in each Contract giving rise to a Class 3 Claim. The proration of each Claim will be based on the time left on each VSC, as dictated by the liquidated damage provision in each Contract.

13.4.2 Refund Claims will be computed by prorating the total amount the Member paid, or should have paid based on company records, for the VSC between the amount of time remaining on such VSC as of November 11, 2003 and the total amount of time for which the VSC was written, regardless of any formula stated in the VSC. The mileage on the vehicle will not be used for this computation. Only one Refund Claim will be permitted per VSC, whether or not a Class Member has filed a separate individual claim. No individual proof of claim needs to be filed for a Class Member's *Refund* Claim. If a Class Member has filed a Proof of Claim for a Refund, the refund will be based on the formula set out in this Notice and *not* the formula used in the individual Proof of Claim.

13.4.3 Covered Repair claims on losses incurred before November 11, 2003, will also be Allowed, if otherwise valid, and will be paid *pro rata* with other Repair claims and Refund Claims (if not subject to non-payment or charge-back, as described above). Repair Claims will be paid in the amount shown on Warranty Gold's books as having been submitted and approved. To the extent that a customer holding an enforceable contract issued by Warranty Gold and administered by National Warranty as of June 6, 2003 submits a Repair Claim with the appropriate documentation, such customer will be deemed to have a Class 3 Claim in an amount based upon the repair documentation and any applicable adjudicative information.

13.5 The Debtor and the Plan Trustee expressly reserve the right to object to any Claim filed in the Debtor's Case that alleges the existence of a certified class action under Federal Rule of Civil Procedure 23.

ARTICLE 14 - PROVISIONS RELATING TO DISPUTED CLAIMS RESERVE

Disputed Claims shall be administered by the Trust and provisions relating to the Disputed Claims Reserve are set forth in the Trust Agreement.

ARTICLE 15 - PROVISIONS FOR THE RETENTION, ENFORCEMENT, SETTLEMENT, OR ADJUSTMENT OF CLAIMS BELONGING TO THE DEBTOR'S ESTATE

In accordance with section 6.7 of the Plan, the Plan Trustee shall have sole authority to prosecute, settle, compromise and/or dismiss all Avoidance Actions, and Rights of Action and any other causes of action and the Trust shall retain any proceeds therefrom.

ARTICLE 16 - RETENTION OF JURISDICTION

The Court, even after the Debtor's bankruptcy case has been closed, shall have jurisdiction over all matters arising under, arising in, or relating to the Debtor's bankruptcy case including, but not limited to, proceedings:

16.1 To ensure that the Plan is carried out;

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

- 16.3** To consider any modification of the Plan under section 1127 of the Bankruptcy Code;
- 16.4** To hear and determine all Claims, controversies, suits and disputes against the Debtor to the full extent permitted under 28 U.S.C. § 1334 and 28 U.S.C. § 157, including all causes of action held by the Debtor and existing as of the Confirmation Date;
- 16.5** To allow, disallow, determine, liquidate, classify, estimate, or establish the priority or secured or unsecured status of any Claim, including the resolution of any and all objections to the allowance or priority of Claims;
- 16.6** To hear, determine, and adjudicate any litigation, compromises or settlements regarding the Rights of Action;
- 16.7** To decide or resolve any motions, adversary proceedings, contested or litigated matters and any other matters and grant or deny any applications involving the Debtor that may be pending on or commenced after the Effective Date;
- 16.8** To hear, determine and enforce all Claims and causes of action which may exist on behalf of the Trust, the Debtor, or the Estate, including, but not limited to, any right of the Trust, the Debtor, or the Estate to recover assets pursuant to the provisions of the Bankruptcy Code;
- 16.9** To resolve any cases, controversies, suits, or disputes that may arise in connection with the consummation, interpretation, or enforcement of the Plan or any Person's obligations incurred in connection with the Plan or any other agreements governing, instruments evidencing, or documents relating to any of the foregoing, including the interpretation or enforcement of any rights, remedies, or obligations under any of the foregoing;
- 16.10** To hear and determine all controversies, suits, and disputes that may arise out of or in connection with the enforcement of any and all subordination and similar agreements among various creditors pursuant to section 510 of the Bankruptcy Code;
- 16.11** To hear and determine all requests for compensation and/or reimbursement of expenses which may be made for fees and expenses incurred prior to the Closing Date;
- 16.12** To enforce the Confirmation Order, the final decree, and all injunctions therein;
- 16.13** To enter an order concluding and closing the Debtor's bankruptcy case;
- 16.14** To correct any defect, cure any omission, or reconcile any inconsistency in the Plan or the Confirmation Order;
- 16.15** To determine all questions and disputes regarding title to the Trust Assets, and any other assets of the Debtor;
- 16.16** To classify the Claims of any Creditors and the treatment of these Claims under the Plan, to re-examine Claims which may have been allowed for purposes of voting, and to determine objections which may be filed to any Claims;
- 16.17** To take any action described in this section involving the post-confirmation Debtor;
- 16.18** To enforce, by injunction or otherwise, the provisions provided for within the Plan, the Confirmation Order, any final decree, and any provision of the Trust Agreement which provides for the adjudication of any issue by the Bankruptcy Court;

16.19 To enter and implement such orders as are necessary or appropriate if the Confirmation Order is for any reason modified, stayed, reversed, revoked, or vacated; and

16.20 To enter a Final Decree as contemplated by Bankruptcy Rule 3022.

ARTICLE 17 - GENERAL PROVISIONS

17.1 Confirmation Order.

The Confirmation Order shall contain such injunctions and other orders as may be necessary to implement the Plan. To the extent necessary, the Confirmation Order will contain any provisions necessary to provide for the substantial consummation of the Plan on the Effective Date, including, but not limit to designating Bankruptcy Rule 3020(e) not applicable to the Confirmation Order.

17.2 Notices.

Whenever this Plan requires notice be given, such notice shall be given to:

Debtor Attorney:

Lynn Hamilton Butler
Brown, McCarroll, LLP
P.O. Box 2227
Austin, Texas 78768
(512) 512-480-3200
Fax: (512) 512-481-4839
Email: warrantygold@mailbmc.com

Plan Trustee:

Gregory S. Milligan
Warranty Gold Liquidating Trustee
P.O. Box 13166 - Capitol Station
Austin, Texas 78711-3166

Counsel For Plan Trustee:

Doug Stum
Diamond McCarthy Taylor Bryant & Lee
6504 Bridgepoint Parkway, Suite 400
Austin, Texas 78730
(512) 617-5200
Fax: (512) 617-5299

Proposed Class Counsel:

Richard A. Finberg and Daniel A. Bushell
MALAKOFF DOYLE & FINBERG, P.C.
Suite 200, The Frick Building
Pittsburgh, PA 15219
email: dkernan@mdfpc.com
1-866-221-8400 (toll free)

Barbara M. Barron and Stephen W. Sather
Barron & Newburger, P.C.
1212 Guadalupe St., Suite 104
Austin, Texas 78701-1837
email: bbarron@bnplaw.com
(512) 476-9103

17.3 Dates.

Bankruptcy Rule 9006 is incorporated herein for purposes of calculating the dates set out herein.

17.4 Further Action.

Nothing contained herein shall prevent the Debtor or the Plan Trustee from taking such actions as may be necessary to consummate the Plan, although such actions may not specifically be provided for within the Plan.

17.5 Exhibits.

All exhibits attached hereto, including without limitation, the Glossary of Defined Terms and the Trust Agreement are incorporated within the Plan by reference and are intended to be an integral part of this document as though fully set forth herein.

17.6 Exemption from Transfer Taxes.

Pursuant to the provisions of section 1146(c) of the Bankruptcy Code, the issuance, transfer or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the making or assignment of any lease or sublease, or the making or delivery of any deed or other instrument of transfer under, in furtherance of, or in connection with the Plan, including any deeds, bills of sale or assignments executed in connection with any of the transactions contemplated under the Plan, shall not be subject to any stamp, real estate transfer, mortgage recording or other similar tax.

17.7 Binding Effect.

The Plan shall be binding upon and inure to the benefit of the Debtor, the Plan Trustee, the Committee, the holders of Claims and Interests and their respective successors and assigns, whether or not they voted to accept the Plan.

17.8 Ratification.

The Confirmation Order shall ratify all transactions effectuated by Debtor during the pendency of its Chapter 11 case.

17.9 Governing Law.

Except to the extent that the Bankruptcy Code or Bankruptcy Rules are applicable, the rights and obligations arising under the Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Texas, without giving effect to the principles of conflicts of law thereof.

17.10 Headings.

Headings are used in the Plan for convenience and reference only, and shall not constitute a part of the Plan for any other purpose.

17.11 Rounding of Amounts.

Notwithstanding anything to the contrary in the Plan, or the Trust, any Person responsible for Distribution in respect of Claims under the Plan or Trust may round down all amounts for Distributions of Cash hereunder to Holders of Claims to the next lowest whole dollar amount.

17.12 Name and Address of Holder.

For purposes of all Distributions, any Person responsible for making such Distributions will be entitled to rely on the name and address of the Holder of each Allowed Claim as shown on any timely filed Proof of Claim and, if none, as shown on the Schedules of Assets and Liabilities, except to the extent that the payor first receives adequate written notice of a transfer or change of address, properly executed by the Holder or its authorized agent.

17.13 Means of Cash Payment.

Cash payments made pursuant to the Plan shall be in U.S. funds, by check drawn on a domestic bank, or by wire transfer from a domestic bank.

17.14 Withdrawal or Revocation of the Plan.

The Debtor reserves the right to revoke or withdraw the Plan prior to the Confirmation Date. If either the Board of Directors of the Debtor should revoke or withdraw the Plan, then the Plan shall be null and void, and nothing contained in the Plan shall constitute a waiver or release of any Claims or Interests, or prejudice in any manner the rights of the Debtor or any other party in interest.

17.15 Reservation of Rights.

Neither the filing of the Plan nor any statement or provision contained in the Plan or in the Disclosure Statement, nor the taking by any party in interest of any action with respect to the Plan, shall (a) be or be deemed to be an admission against interest, and (b) until the Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i) against any other party in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all such rights are specifically reserved. In the event that the Plan is not confirmed or fails to become effective, neither the Plan nor the Disclosure Statement nor any statement contained in the Plan or in the Disclosure Statement may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without the Debtor's bankruptcy case, involving the Debtor, except with respect to Confirmation of the Plan.

17.16 Defects, Omissions and Amendments.

The Debtor may, with the approval of the Bankruptcy Court and without notice to all holders of Claims, insofar as it does not materially and adversely affect holders of Claims, correct any defect, omission or inconsistency in the Plan in such a manner and to such extent as may be necessary or desirable to expedite the execution of the Plan. The Debtor may propose amendments or alterations to the Plan before or after confirmation as provided in section 1127 of the Bankruptcy Code if, in the opinion of the Bankruptcy Court, the modification does not materially and adversely affect the Interests of holders of Claims so long as the Plan, as modified, complies with sections 1122 and 1123 of the Bankruptcy Code and the Debtor has complied with section 1125 of the Bankruptcy Code. The Debtor may propose amendments or alterations to the Plan before or after the Confirmation Date but, prior to substantial consummation, in a manner which, in the opinion of the Bankruptcy Court, does not materially and adversely affects holders of Claims, so long as the Plan, as modified, complies with Bankruptcy Code sections 1122 and 1123, the Debtor has complied with Bankruptcy Code section 1125, and after notice and a hearing, the Bankruptcy Court confirms such Plan, as modified, under Bankruptcy Code section 1129.

17.17 Good Faith.

Confirmation of the Plan shall constitute a finding that: (i) the Plan has been proposed in good faith and in compliance with the applicable provisions of the Bankruptcy Code; (ii) the solicitation of acceptances or rejections of the Plan by all Persons and the offer, issuance, sale or purchase of any security offered or sold under the Plan has been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

ARTICLE 18 - SUBSTANTIAL CONSUMMATION

18.1 Substantial Consummation.

The Plan shall be deemed substantially consummated upon the completion of all actions required to be undertaken at the Closing of the Plan, except for any action required under sections 6.5.3, 6.5.5, 6.5.6 and 6.5.9 of the Plan.

18.2 Final Decree.

Upon substantial consummation, the Plan Trustee may move for a final decree closing the case and requesting such other orders as may be just.

ARTICLE 19 - CONDITIONS TO EFFECTIVENESS OF PLAN

Notwithstanding any other provision of the Plan or the Confirmation Order, the Plan shall not be effective until each of the following conditions precedent shall have been satisfied or waived:

- (a) the Bankruptcy Court shall have entered the Confirmation Order which shall be in a form and substance reasonably satisfactory to the Board of Directors;
- (b) the Confirmation Order shall have become a Final Order unless such condition is waived by the mutual written consent of the Board of Directors,
- (c) the Confirmation Order shall have been entered;
- (e) the Effective Date shall have occurred;
- (f) all other actions, documents and agreements necessary to implement the transactions at Closing under the Plan as specified by Section 6.5 of the Plan shall be effected or executed; and
- (g) the Bankruptcy Court shall have approved the Disclosure Statement by Final Order.

ARTICLE 20 - CERTIFICATION AND RELEASE OF CLASS CREDITOR CLAIMS

20.1 The Confirmation Order acts as a certification of a Class of Warranty Gold customers pursuant to Federal Rule of Civil Procedure 23 consisting of those customers that purchased a vehicle service contract ("VSC") from the Debtor, Warranty Gold, Ltd. (or its predecessor) prior to June 9, 2003 which was administered by National Warranty Insurance Risk Retention Group and had not expired prior to June 9, 2003, or if the VSC expired prior to that date but the customer had a covered repair claim that remained unpaid.

20.2 The Class Representative established by the Bankruptcy Court's Order Certifying Class and Confirmation Order shall be authorized to take all actions specified in Plan Paragraphs 6.7, 6.9 and 10.4 as such actions pertain to claims held by Warranty Gold customers against National Warranty or other entities made the subject of causes of action reserved in Plan Paragraph 6.7.

20.3 To the extent that the Bankruptcy Court issues further orders granting authorization to a Class Representative, such orders shall be fully incorporated herein.

REQUEST FOR CONFIRMATION

Warranty Gold, Ltd., the Debtor, requests confirmation of its Third Amended Plan Of Liquidation Dated April 15, 2005.

Respectfully submitted,

/s/ George Parsons
Representative, Warranty Gold, Ltd.

Represented by:

BROWN McCARROLL, L.L.P.

By: /s/ Lynn Hamilton Butler
Lynn Hamilton Butler
Texas State Bar No. 03527350
111 Congress Avenue, Suite 1400
Austin, Texas 78701
Telephone: (512) 479-9758
Fax: (512) 472-1101
lbutler@mailbmc.com

EXHIBIT TO PLAN OF LIQUIDATION

Exhibit A - Glossary of Defined Terms

EXHIBIT A - GLOSSARY OF DEFINED TERMS

ABC means American Bank of Commerce.

Ad Valorem Taxing Authority shall mean any Governmental Unit, including cities, counties, school districts, and hospital districts, entitled by statute to assess taxes based on the value or use of real and personal property and/or to obtain a Lien against such property to secure payment of such taxes.

Administrative Claim means a Claim, or that portion thereof, that is entitled to priority under sections 503(b) and 507(a)(1) of the Bankruptcy Code, including, without limitation: (A) the actual and necessary costs and expenses incurred after the Petition Date of preserving the Estate and operating the business of the Debtor (such as wages, salaries or payments for goods and services); (B) compensation for legal, financial advisory, accounting and other services and reimbursement of expenses awarded or allowed under sections 330(a) or 331 of the Bankruptcy Code; and (C) all fees and charges assessed against the Estate under 28 U.S.C. § 1930.

Administrative Claimant means any Person asserting entitlement to payment of an Administrative Claim.

Administrative Expense Reserve means that certain reserve of Trust Cash to be established by the Plan Trustee pursuant to the Trust Agreement.

Administrative Tax Claim means an Administrative Claim held by a Governmental Unit for taxes (and for interest and/or penalties related to such taxes) for any tax year or period, all or any portion of which accrued or became due from and after the Petition Date through and including the Effective Date.

Affiliate means with respect to a Person, (A) an entity that directly or indirectly owns, controls or holds with power to vote, twenty percent or more of the outstanding voting securities of such Person, other than an entity that holds such securities (1) in a fiduciary or agency capacity without sole discretionary power to vote such securities or (2) solely to secure a debt, if such entity has not in fact exercised such power to vote, or (B) a corporation twenty percent or more of whose outstanding voting securities are directly or indirectly owned, controlled or held with power to vote, by such Person, or by an entity that directly or indirectly owns, controls or holds with power to vote, twenty percent or more of the outstanding voting securities of such Person, other than an entity that holds such securities (1) in a fiduciary or agency capacity without sole discretionary power to vote such securities or (2) solely to secure a debt, if such entity has not in fact exercised such power to vote.

Allowance Date means (i) as to a Disputed Claim, the date on which such Disputed Claim becomes an Allowed Claim by Final Order, (ii) as to any other Claim (x) that is not a Disputed Claim or (y) that is not a Claim previously Allowed by Final Order by the Effective Date, and (iii) as to a Claim Allowed by Final Order, the date on which such Claim becomes an Allowed Claim by Final Order.

Allowed Administrative Claim means an Administrative Claim allowed under Bankruptcy Code section 503(b) and entitled to priority under Bankruptcy Code section 507(a)(1).

Allowed Claim means any Claim allowable under section 502 of the Bankruptcy Code (i) for which a Proof of Claim was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of claim against the Debtor and as to which no objection to the allowance thereof has been timely filed, or if an objection has been timely filed, such claim is allowed by Final Order, or (ii) for which a Proof of Claim is not filed and which has been or hereafter is listed in the Debtor's Schedules of Assets and Liabilities and is not listed therein as disputed, contingent or unliquidated as to amount, or (iii) which is deemed allowed by the terms of the Plan. For purposes of determining the amount of an Allowed Claim there shall be deducted therefrom an amount equal to the amount of any claim that Debtor may hold against the Claimant pursuant to section 553 of the Bankruptcy Code.

Allowed General Unsecured Claim means a General Unsecured Claim that is an Allowed Claim.

Allowed Interest means any Interest allowable under section 502 of the Bankruptcy Code (i) for which a proof of interest was filed on or before the date designated by the Bankruptcy Court as the last date for filing proofs of

interest against the Debtor and as to which no objection to the allowance thereof has been timely filed, or if an objection has been timely filed, such Interest is allowed by Final Order, or (ii) for which a proof of interest is not filed and which has been or hereafter is listed in the Debtor's Schedules of Assets and Liabilities or any list of Debtor's Equity Security Holders filed with the Bankruptcy Court, and is not listed therein as disputed, contingent or unliquidated as to amount, or (iii) which is deemed allowed by the terms of the Plan.

Allowed Priority Unsecured Non-Tax Claim means a Priority Unsecured Non-Tax Claim that is an Allowed Claim.

Allowed Priority Unsecured Tax Claim means a Priority Unsecured Tax Claim that is an Allowed Claim.

Allowed Secured Claim means a Secured Claim that is an Allowed Claim.

AMT means alternative minimum tax.

Available Cash means Trust Cash less (i) any Cash held in Reserves and (ii) Cash that is Cash Collateral.

Avoidance Actions means any causes of action arising under sections 506, 510, 542, 543, 544, 545, 546, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code.

Ballot means the ballot for voting to accept or reject the Plan.

Bankruptcy Case means In re: Warranty Gold, Ltd., Case No. 03-15721-FRM, In the U.S. Bankruptcy Court for the Western District of Texas Austin Division.

Bankruptcy Code means Title 11 of the United States Code.

Bankruptcy Court or Court means the United States Bankruptcy Court for the Western District of Texas, Austin Division, or in the event such court ceases to exercise jurisdiction over the Debtor's Chapter 11 case, such court as may have jurisdiction with respect to the reorganization of the Debtor under Chapter 11 of the Bankruptcy Code.

Bar Date means March 17, 2004 the date by which Proof of Claims and proof of Interests must be filed in the Debtor's case.

Beneficial Interests means the beneficial interests in the Trust Assets that shall be allocated to the Beneficiaries.

Beneficiary means a Person holding a Beneficial Interest under the Trust.

Business means all of the activities in which the Debtor is or has been engaged prior to the Closing Date.

Business Day means any day that is not a Saturday, Sunday or a "legal holiday" within the meaning of Bankruptcy Rule 9006(a).

Cash means lawful currency of the United States of America, cash equivalents, and other readily marketable securities or instruments issued by a Person other than the Debtor, including readily marketable direct obligations of the United States of America, certificates of deposit issued by federally insured banks, and money market accounts of federally insured banks.

Cash Collateral shall have the meaning prescribed by 11 U.S.C. § 363(a). Claim shall have the meaning set forth in 11 U.S.C. § 101(5).

Cephus & Collins means Warranty Gold Acceptance Corporation, Don Cephus, Gloria Collins, North Dallas Equities, Inc. and CECO Management Corporation.

Claim shall have the meaning specified by Section 101(5) of the Code, and shall include all rights to payment from the Debtor.

Claimant or Claimholder means the holder of a Claim.

Class means a category of holders of Claims or Interests as classified in the Plan. Closing means the closing to be conducted under Article 6 of the Plan.

Closing means the Effective Date.

Closing Date means the Effective Date.

COD means cancellation of debt.

Code means the Bankruptcy Code.

Committee means the Official Committee of Unsecured Creditors appointed in Debtor's bankruptcy case pursuant to section 1102 of the Bankruptcy Code.

Confirmation Date means the date on which the Confirmation Order is entered on the docket of the Debtor's chapter 11 case by the Clerk of the Bankruptcy Court.

Confirmation Hearing means the date established by the Bankruptcy Court to consider confirmation of the Plan.

Confirmation Order means the order of the Bankruptcy Court confirming the Plan in accordance with the provisions of chapter 11 of the Bankruptcy Code.

Creditor shall have the meaning set forth in 11 U.S.C. § 101(10).

Cure means the amount of Cash required for the cure and assumption of an Executory Contract pursuant to the provisions of section 365(6) of the Bankruptcy Code.

Debtor means Warranty Gold, Ltd.

Disclosure Statement means this document, filed in compliance with the requirements of 11 U.S.C. 1125.

Disclosure Statement Approval Date means the date of entry by the Bankruptcy Court of an order approving any disclosure statement concerning the Plan.

Disputed Claim means a claim in a particular Class as to which a Proof of Claim has been filed or is deemed to have been filed under applicable law or an Administrative Expense Claim, as to which an objection has been or is filed by the Committee, the Debtor, the Plan Trustee, or any other party in interest in accordance with the Plan, the Bankruptcy Code, the Bankruptcy Rules, or the Local Rules, which objection has not been withdrawn or determined by a Final Order. At such time as a Disputed Claim is disallowed by a Final Order such Claim shall no longer be considered a Claim for any purpose under the Plan. Prior to the time that an objection has been or is filed, for the purposes of the Plan, a Claim is a Disputed Claim to the extent that: (i) the amount of a Claim specified in a Proof of Claim exceeds the amount of any corresponding Claim scheduled by the Debtor in the Schedules of Assets and Liabilities; (ii) any corresponding Claim scheduled by the Debtor in its Schedules of Assets and Liabilities has been scheduled as disputed, contingent or unliquidated, irrespective of the amount scheduled; or (iii) no corresponding Claim has been scheduled by the Debtor in the Schedules of Assets and Liabilities.

Disputed Claims Reserve means that certain reserve of Trust Cash to be established by the Plan Trustee pursuant to the Trust Agreement.

Distribution means a distribution of Available Cash from the Trust.

Distribution Date means any date on which the Plan Trustee makes Distributions to Beneficiaries under the Trust.

DNI means distributable net income.

Effective Date means the first Business Day following the tenth day (as calculated in accordance with Bankruptcy Rule 9006(a)), after the Confirmation Date, on which (a) the Confirmation Order is not stayed, and (b) all conditions to the effectiveness of the Plan have been satisfied or waived as provided in the Plan.

Equity interest means rights of the owners and holders of Debtor's issued and outstanding common stock.

Equityholder Interest means a shareholder of the Debtor's issued and outstanding stock.

Estate means the bankruptcy estate of the Debtor and all Property comprising the estate within the meaning of Section 541 of the Bankruptcy Code.

Executory Contracts means "executory contracts" and "unexpired leases" as such terms are used within section 365 of the Bankruptcy Code.

Exclusive Period means the first 120 days of a Chapter 11 case.

FAIR means First Automotive Risk Retention Group.

FASC means First Automotive Service Corporation and First Automotive Risk Retention Group.

Final Order means an order or judgment (i) as to which time to appeal, petition for certiorari or move for reargument or rehearing has expired and as to which no appeal, petition for certiorari, or other proceeding for reargument or rehearing shall then be pending; or (ii) in the event an appeal, writ of certiorari, or motion for reargument or rehearing has been filed or sought, such order or judgment shall have been affirmed by the highest court to which such order or judgment was appealed, or certiorari has been denied, or from which a motion for reargument or rehearing was sought, and the time to take any further appeal, petition for certiorari, or move for reargument or rehearing shall have expired; provided, however, that no order or judgment shall fail to be a Final Order solely because of the filing or pendency of a motion pursuant to Rule 60 of the Federal Rules of Civil Procedure unless such motion shall have been filed with ten (10) days of the entry of the order or judgment at issue.

Fiscal Year means the annual accounting period of the Trust commencing on January 1 and ending on December 31 of each year.

GAAP means generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board ("FASB") (or in such other statements by such other entity as approved by a significant segment of the accounting profession which are in effect in the United States).

General Unsecured Claim means an Unsecured Claim that is not (i) an Administrative Claim, (ii) Professional Fee Claim, (iii) Priority Unsecured Tax Claim, or (iv) Priority Unsecured Non-Tax Claim, and includes any and all other Claims not separately classified under the Plan.

Governmental Unit means a governmental unit as such term is defined in section 101(27) of the Bankruptcy Code.

Impaired shall have the meaning set forth in section 1124 of the Bankruptcy Code.

Insider shall have the meaning set forth in section 101(31) of the Bankruptcy Code.

Interest means all rights (including unpaid dividends), arising from any equity security (as defined in section 101(16) of the Bankruptcy Code) of the Debtor.

IRC means the Internal Revenue Code of 1986.

JOLs means G.T.L. Bullmore and S.L.C. Whicker, joint official liquidators appointed to oversee the liquidation of National Warranty Risk Retention Group.

Lien means a lien, security interest or other interest or encumbrance asserted against Property of the Debtor's Estate as defined in section 101(37) of the Bankruptcy Code.

Liquidating Trustee or **Plan Trustee** means Gregory S. Milligan of Austin, Texas.

National Warranty and NWIG mean National Warranty Risk Retention Group.

NWIG Professionals means Deloitte; Deloitte & Touche USA, LLP; Deloitte Consulting, LLP; Milliman USA, Inc.; KPMG, LLP; KPMG LLC Nebraska; KPMG LLC; KPMG; Berkley Insurance Company formerly Northstar Reinsurance Corporation formerly Signet Star Reinsurance, Delaware Corporation; American Safety Insurance Services, Inc.; American Safety Reinsurance of Bermuda, Limited; A.M. Best Company, Inc.; Pro Distributors, Inc.; Donald Erway; Dennis Costin; and Rex Moats, and all other persons who provided professional services to National Warranty.

Person means and includes natural persons, corporations, limited partnerships, general partnerships, joint ventures, trusts, land trusts, business trusts, unincorporated organizations, or other legal entities, irrespective of whether they are governments, agencies or political subdivisions thereof.

Petition Date means November 11, 2004, the date of filing of the Chapter 11 case of the Debtor.

Plan means the Warranty Gold Plan of Liquidation filed in the Bankruptcy Case.

Plan Documents means collectively any agreements or documents to be filed in connection with confirmation of the Plan within ten (10) business days prior to the Confirmation Hearing, unless the Plan or an order of the Bankruptcy Court specifies otherwise.

Plan Trustee means the trustee and any successor trustee under the Trust Agreement.

Priority Unsecured Non-Tax Claim means an Unsecured Claim or that portion thereof, that is entitled to priority in payment under sections 507(a)(2-7) and 507(a)(9) of the Bankruptcy Code.

Priority Unsecured Tax Claim means an Unsecured Claim or that portion thereof, that is entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code.

Pro Rata means proportionately so that the ratio of the amount of consideration distributed on account of a particular claim or interest to the total amount of the Allowed Claims or Allowed Interest of a class is the same as the ratio of the amount of consideration distributed on account of all Allowed Claims or Allowed Interests of the class in which the particular Claim or Interest is included to the amount of all Allowed Claims or Interests of that class.

Professional means a professional employed in the Debtor's Chapter 11 case under 11 U.S.C. §§ 327 and 1103.

Professional Fee Claim means a Claim for compensation or reimbursement of expenses of a Professional retained in the Debtor's case and requested in accordance with the provisions of sections 326, 327, 328, 330, 331, 503(6) and 1103 of the Bankruptcy Code.

Property means all right, title and interest in and to any and all property of every kind or nature, owned by the Debtor or its Estate as of the Closing Date, including, but not limited to, (i) property as defined in section 541 of the Bankruptcy Code, and (ii) all Rights of Action.

Record Date means the date for determining (i) entitlement to any Distributions to Beneficiaries, (ii) entitlement of any Beneficiary to notice, or (iii) entitlement to vote, ten days before the date when a Distribution is to be made in the case of (i) above and, in all other cases, may be fixed by the Plan Trustee, but shall not be more than 30 days nor less than ten days before the date upon which any vote is to be taken or the date upon which notice is to be given, as applicable.

Retailers means Warranty Gold, SC&E Administrative Services, Inc., Auto Services Company, Inc., and Triad Marketing Group, LLC.

Rights of Action means any and all claims, debts, demands, rights, defenses, actions, causes of action, suits, contracts, agreements, obligations, accounts, defenses, offsets, powers, privileges, licenses and franchises of any kind or character whatsoever, known or unknown, suspected or unsuspected, whether arising prior to, on or after the Petition Date, in contract or in tort, at law or in equity, or under any other theory of law, of the Debtor or its Estate, including but not limited to (i) rights of setoff, counterclaim, or recoupment, and claims on contracts or for breaches of duties imposed by law, (ii) claims pursuant to Bankruptcy Code §§ 362, (iii) such claims and defenses as fraud, mistake, duress and usury, and (iv) all Avoidance Actions.

SC&E means SC&E Administrative Services, Inc.

Schedules of Assets and Liabilities means the schedules of assets and liabilities as amended from time to time and filed by the Debtor in its bankruptcy case.

Secured Claim means a Claim for which a Claimant asserts a valid, perfected and enforceable Lien, not subject to avoidance or subordination under the Bankruptcy Code or applicable nonbankruptcy law, or a Claim for which a Claimant asserts a setoff under section 553 of the Bankruptcy Code, but only to the extent of the value, determined in accordance with section 506(a) of the Bankruptcy Code, of the Claimant's interest in the Debtor's interest in the Property or to the extent of the amount subject to such setoff, as the case may be, unless a timely election has been made under section 1111(b)(2) of the Bankruptcy Code.

Service means the Internal Revenue Service.

Stay means the automatic stay under section 362 of the Bankruptcy Code.

TIN means taxpayer identification number.

Treasury Regulations means the regulations promulgated under the Internal Revenue Code by the Department of the Treasury of the United States.

Trust means The Warranty Gold, Ltd. Liquidating Trust created under the Trust Agreement. Trust Agreement means the Trust Agreement attached to the Plan.

Trust Assets means all Property of the Debtor, which, together with all proceeds thereof, including dividends and interest thereon, is transferred by the Debtor to the Trust pursuant to the Plan.

Trust Cash means all Cash received and held by the Trust, including Cash held in Reserves.

Trust Cost means any reasonable cost and expense of the Plan Trustee of administering the Trust, paying taxes on behalf of the Debtor, and including paying of Professional fees for the Plan Trustee and the Trust.

Unsecured Claim means a Claim that is not a Secured Claim. The term specifically includes any tort Claims or contractual Claims or Claims arising from damage or harm to the environment and, pursuant to section 506(a) of the Bankruptcy Code, any Claim of a creditor against the Debtor to the extent that such Creditor's Claim is greater than the value of the Lien securing such Claim, any Claim for damages resulting from rejection of any Executory Contract pursuant to section 365 of the Bankruptcy Code, and any Claim not otherwise classified under the Plan.

VSCs means automotive (vehicle) extended service contracts (“VSCs”) marketed and sold by Debtor to consumers throughout the United States.

Warranty Gold means the Debtor, Warranty Gold, Ltd.

WGVSC means automotive (vehicle) extended service contracts (“VSCs”) marketed and sold by Debtor to consumers throughout the United States.

WGVSC Holder means a customer of Warranty Gold who owned a VSC.