

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Settlement Agreement") is made this 10th day of October, 2007, by and between Frances Gecker (the "Trustee"), not individually, but as Chapter 11 trustee of Automotive Professionals, Inc. (the "Debtor" or "API"), Herb Chambers Route 1, Inc.; Herb Chambers I-93, Inc.; Silver Star, Inc.; Herb Chambers 1172, Inc.; Herb Chambers Cadillac, Inc.; Herb Chambers Commonwealth Avenue, Inc.; Herb Chambers 1186, Inc.; Herb Chambers 128, Inc.; Herb Chambers 44, Inc.; Herb Chambers Taunton Ave., Inc.; Herb Chambers Route 2, Inc.; Herb Chambers I-95, Inc.; Herb Chambers of Millbury, Inc.; Herb Chambers of Auburn, Inc.; Herb Chambers 1168, Inc.; Dave Dinger Ford, Inc.; Herb Chambers of Westborough, Inc.; Herb Chambers Andover Street, Inc.; Herb Chambers Route 9, Inc.; and Jennings Road Management Corp. d/b/a The Herb Chambers Companies (collectively, except for the Trustee, "the Chambers Companies," and together with the Trustee, the "Parties").

WHEREAS, on April 13, 2007 (the "Petition Date"), API filed its voluntary Chapter 11 bankruptcy petition in the United States Bankruptcy Court for the Northern District of Illinois (the "Bankruptcy Court") initiating the bankruptcy case captioned *In re Automotive Professionals, Inc.* and docketed as Case No. 07 B 06720 (the "Bankruptcy Case"). On June 12, 2007 ("Trustee Appointment Date"), on the motion of the United States Trustee for the Northern District of Illinois (the "U.S. Trustee"), the Bankruptcy Court appointed the Trustee as the Chapter 11 trustee of the Debtor's estate.

WHEREAS, prior to the Petition Date, API and certain of the Chambers Companies entered into certain Dealer Agreements (as amended, the "Chambers/Travelers Agreements") pursuant to which, among other things, API agreed to serve as claims administrator and obligor under vehicle service contracts (the "VSCs") that were sold through the Chambers Companies in connection with API's Gulf/Travelers program ("Gulf/Travelers Program"). As of March 5, 2007, customers of the Chambers Companies collectively accounted for approximately 4,880 VSCs in the Gulf/Travelers Program.

WHEREAS, in connection with the Gulf/Travelers Program, and pursuant to the Chambers/Travelers Agreements, API and certain of its affiliates established certain claim reserve accounts at JP Morgan (the "Travelers Reserve Accounts") in connection with VSCs sold to customers of the Chambers Companies under the Gulf/Travelers Program ("Chambers/Travelers VSCs").

WHEREAS, prior to the Petition Date, API and certain of the Chambers Companies entered into certain Dealer Agreements (as amended, the "Chambers/Marathon Agreements") pursuant to which, among other things, API agreed to serve as claims administrator and obligor under VSCs that were sold through the Chambers Companies in connection with API's Marathon program ("Marathon Program"). As of February 21, 2007, customers of the Chambers Companies collectively accounted for approximately 24,880 VSCs in the Marathon Program.

WHEREAS, in connection with the Marathon Program, and pursuant to the Chambers/Marathon Agreements, API and certain of its affiliates established certain claim reserve accounts at JP Morgan (the "Marathon Reserve Accounts") in connection with VSCs

sold to customers of the Chambers Companies under the Marathon Program (“Chambers/Marathon VSCs”). A list of the Travelers Reserve Accounts, the Marathon Reserve Accounts and their respective balances as of July 31, 2007 is attached hereto as Schedule A.

WHEREAS, prior to the Petition Date, API and certain of the Chambers Companies entered into certain Dealer Agreements (as amended, the “Chambers/Allstate Agreements”) pursuant to which, among other things, API agreed to serve as claims administrator and obligor under VSCs that were sold through the Chambers Companies in connection with API’s Allstate program (“Allstate Program”). As of December 31, 2006, customers of the Chambers Companies collectively accounted for approximately 8,419 VSCs in the Allstate Program.

WHEREAS, in connection with the Allstate Program, and pursuant to the Chambers/Allstate Agreements, API and certain of its affiliates established certain claim reserve accounts (the “Allstate Reserve Accounts”) in connection with VSCs sold to customers of the Chambers Companies under the Allstate Program (“Chambers/Allstate VSCs”). The Allstate Reserve Accounts, a list of which is attached hereto as Schedule B, are currently in the custody and control of First Colonial Insurance Company and Allstate Corporation (“Allstate”).

WHEREAS, pursuant to its various agreements with the Chambers Companies, API also agreed to serve as claims administrator and obligor under certain guaranteed price refund contracts (the “GPRs”) that were sold through the Chambers Companies at various times prior to the Petition Date. The Parties understand that any claim reserve accounts that existed in connection with GPRs sold to customers of the Chambers Companies (“Chambers GPRs”) have been depleted in their entirety.

WHEREAS, on February 15, 2007 (“Assignment Date”), API executed an assignment for the benefit of creditors (“Assignment”), and transferred its assets to the API Creditors’ Trust, administered by Michael Kayman as Assignee (the “Assignee”).

WHEREAS, subsequent to the Assignment Date, API ceased processing claims in connection with the Travelers Program, the Marathon Program, and the Allstate Program. However, subsequent to the Assignment Date, Travelers and Allstate began processing claims in connection with the Travelers Program and the Allstate Program.

WHEREAS, subsequent to the Assignment Date, the Assignee caused API to transfer the funds in the Marathon Reserve Accounts (the “Settlement Accounts”) to an account (the “LaSalle Account”) at LaSalle Bank National Association (“LaSalle”). Accounting of the LaSalle Account allows the specific allocation of the funds deposited therein from the Settlement Accounts.

WHEREAS, the Trustee and LaSalle have entered into a settlement agreement in connection with their respective claims and defenses against each other, including their respective claims and defenses relating to the funds in the LaSalle Account (the “LaSalle Agreement”). Pursuant to the LaSalle Agreement, among other things, LaSalle has agreed to transfer and assign whatever rights, claims and interest it held in the funds that were in the LaSalle Account to the Trustee.

WHEREAS, the Bankruptcy Court, on July 25, 2007, entered an order approving the LaSalle Agreement.

WHEREAS, from February 12, 2007 through August 31, 2007, the Chambers Companies and their agent, Profit Portfolio LLC (“Agent”), estimate that they have expended approximately \$400,000 (excluding legal costs) of their own funds in connection with the payment and processing of claims tendered by holders of VSCs and GPRs in the Marathon Program since the Assignment Date (“Post Assignment Expenditures”).

WHEREAS, the Chambers Companies estimate that they have expended funds totaling approximately \$100,000 in connection with their joinder and associated prosecution of a motion to appoint a chapter 11 trustee and related matters in the Bankruptcy Case and for which they assert an entitlement to an administrative expense priority claim for substantial contribution to the Bankruptcy Case pursuant to 11 U.S.C. § 503(b)(3)(D) (“Substantial Contribution Claim”).

WHEREAS, the Chambers Companies have received estimates indicating that their aggregate future cost of procuring replacement insurance on the outstanding Chambers/Marathon VSCs and Chambers GPRs may range between \$1,976,357 and \$3,952,514 above the aggregate balance of the Marathon Reserve Accounts.

WHEREAS, on October 3, 2007, the Trustee filed the Motion of Chapter 11 Trustee for Entry of an Order Approving Settlement, Release and Policy Buyback Agreement with the Travelers Indemnity Company (“Travelers Motion”), which Travelers Motion contemplates the use of certain amounts from the Travelers Reserve Accounts in order to partially fund the Trustee’s corresponding settlement with the Travelers Indemnity Company (“Travelers”).

WHEREAS, in an effort to minimize any further disruptions and inconveniences to consumer customers of the Chambers Companies holding VSCs or GPRs issued by API, and to resolve any issues regarding the disposition of the Travelers Reserve Accounts, the Marathon Reserve Accounts, and the Allstate Reserve Accounts, the Parties have engaged in good faith, arms-length discussions with respect to the resolution of all of the respective rights, obligations, claims and defenses of the Chambers Companies, the Trustee, API and API’s bankruptcy estate in connection with the Chambers/Travelers Agreements, the Chambers/Marathon Agreements, and the Chambers/Allstate Agreements and the subject matter thereof. In order to resolve such rights, obligations, claims and defenses, and to protect the rights of consumers that purchased VSCs or GPRs from API through the Chambers Companies, including the ongoing administration of the Chambers/Marathon VSCs and GPRs, the Parties have elected to enter into this Settlement Agreement as being in the best interests of API’s estate and the Chambers Companies, respectively.

NOW THEREFORE, in consideration of the mutual releases and additional consideration set forth herein, which each of the Parties agrees is good and valuable consideration for the various covenants and understandings set forth in this Settlement Agreement, it is hereby agreed by the Parties as follows:

1. Effective Date. This Agreement is conditioned upon, and will become effective on the eleventh day after, the Bankruptcy Court's entry of a final order approving this Settlement Agreement.

2. Gulf/Travelers Program. The Chambers Companies agree to provide their consent to the Travelers Motion and the Trustee's corresponding settlement transaction with Travelers regarding Travelers' buyback of certain insurance policies that Travelers issued in connection with the Gulf/Travelers Program ("Buyback Transaction"), subject to and conditioned upon the Chambers Companies' receipt, without restriction or condition (other than the Chambers Companies' execution of a release in favor of the Trustee and Travelers in a form mutually satisfactory to the Chambers Companies, the Trustee and Travelers ("Travelers/Dealer Release")) of the net aggregate amount remaining in the Travelers Reserve Accounts ("Travelers Reserve Remainder") after the 24.74% deduction ("Travelers Funding Percentage") reflected in Exhibit B of the Travelers Motion for the partial funding of the Buyback Transaction; provided, however, that the Travelers Funding Percentage shall be reduced to match any lower comparable percentage that the Trustee and any party similarly situated to the Chambers Companies may agree upon in connection with the treatment of primary loss reserve funds in connection with the Buyback Transaction. The Trustee agrees to request Bankruptcy Court authorization and direction to pay the Travelers Reserve Remainder to the Chambers Companies without restriction or condition (other than the Chambers Companies' execution of the Travelers/Dealer Release) in connection with the Buyback Transaction. In the event that the Bankruptcy Court does not approve the Buyback Transaction in accordance with the foregoing conditions contained in this paragraph by December 15, 2007 or such later date as the Parties agree upon in writing, this paragraph shall have no further force and effect and shall be deemed to have been severed from the remainder of this Agreement, and the Parties' respective rights in connection with the Gulf/Travelers Program, the Chambers/Travelers Agreement, and the Travelers Reserve Accounts shall be deemed to have been unaffected by this Agreement and reserved in their entirety.

3. Marathon Program. The Parties agree to the following terms for the administration of the Chambers/Marathon VSCs, the Chambers GPRs, and the Marathon Reserve Accounts:

A. Marathon Reserve Accounts. Within five days (5) of the Effective Date, the Trustee will transfer to the Chambers Companies or their designee the amount of \$3,804,585.49 (the "Net Marathon Reserve Amount"), which amount the Parties acknowledge consists of the adjusted total outstanding balance of the Marathon Reserve Accounts as of July 31, 2007, less the sum of \$287,355.26. In exchange for the release of the Net Marathon Reserve Amount to the Chambers Companies, the Chambers Companies agree, among other things, to the release of (i) the Substantial Contribution Claim, and (ii) the sum of \$287,355.26 from the Marathon Reserve Accounts, which sum will be held by the Trustee as an asset of API's bankruptcy estate. The Trustee also will retain the accrued interest earned to date on the Net Marathon Reserve Amount as an asset of API's bankruptcy estate.

B. Use of Net Marathon Reserve Amount and Periodic Reporting. Upon receipt of the Net Marathon Reserve Amount in accordance with the foregoing subparagraph, the

Chambers Companies or their designee will place the Marathon Reserve Amount into an escrow account or accounts (“Escrow Account”) established for the benefit of consumers who purchased Chambers/Marathon VSCs or Chambers GPRs in connection with the Marathon Program. Funds will be drawn by the Chambers Companies from the Escrow Account as follows: (a) payment of all valid claims under the Chambers/Marathon VSCs or Chambers GPRs in accordance with industry custom and practice; (b) payment of any reimbursements for Chambers/Marathon VSCs or Chambers GPRs that are cancelled in accordance with their terms; (c) reimbursement of the Chambers Companies and the Agent for costs incurred in paying or otherwise satisfying claims under the Chambers/Marathon VSCs or Chambers GPRs between February 12, 2007 and the Effective Date, including, without limitation, the Post Assignment Expenditures and any other loss expenses, insurance, cancellations, repair and replacement costs; and (d) upon expiration of the last Chambers/Marathon VSC or Chambers/Marathon GPR sold under the Marathon Program, the Escrow Account will be dissolved and any remaining funds will be remitted to the Chambers Companies without restriction. Commencing on the second month following the Effective Date, and continuing on each succeeding month, until such time as the Trustee determines in her sole discretion, the Chambers Companies will provide the Trustee, or her designated agent, with a report detailing all payments from the Escrow Account and claims processed under Chambers/Marathon VSCs or Chambers GPRs during the prior month.

C. Additional Obligations of the Chambers Companies. The Chambers Companies also agree that, until the expiration of all of the Chambers/Marathon VSCs or Chambers GPRs, the Chambers Companies will:

(i) arrange for the retention of a qualified claims administrator (unrelated to API or any of its affiliates) (“Administrator”) to administer customer claims arising under the Chambers/Marathon VSCs or Chambers/Marathon GPR (for avoidance of doubt, CNA National Warranty Corporation (“CNA”) is deemed to be a qualified claims administrator);

(ii) provide the Trustee with no less than 60 days’ prior written notice of the employment of any claims administrator other than the Administrator or CNA to administer claims under the Chambers/Marathon VSCs or Chambers GPRs;

(iii) arrange for primary contractual liability insurance coverage from an A-rated insurance carrier (“Carrier”) to cover all valid repair claims and cancellation charges arising under the Chambers/Marathon VSCs to the extent that the Escrow Account is insufficient (for avoidance of doubt, CNA is deemed to be a suitable A-rated insurance carrier);

(iv) provide the Trustee with proof of contractual liability insurance coverage in connection with the administration of the Chambers/Marathon VSCs and, if procured, in connection with the Chambers GPRs; and

(v) use commercially reasonable efforts to insure that the Administrator (or any subsequently appointed claims administrator) will comply with all applicable federal, state and local laws and regulations in connection with the administration of the Chambers/Marathon VSCs or Chambers GPRs.

D. Additional Obligations of the Trustee. The Trustee will use commercially reasonable efforts to cooperate with information requests from the Chambers Companies, the Administrator (or any subsequently appointed claims administrator), or the Carrier; provided, however, that such efforts shall not require the Trustee to incur costs and/or expenses (including professional fees) unless the Chambers Companies, the Administrator (or any subsequently appointed claims administrator), or the Carrier agrees to reimburse the Trustee for such costs and/or expenses.

E. Preservation of Certain Claims by the Chambers Companies. The Chambers Companies shall have a general unsecured claim (“GPR Unsecured Claim”) against the API bankruptcy estate in an amount to be determined to the extent that the Chambers Companies, the Carrier, or the Administrator pay or otherwise satisfy any claims arising from or related to the Chambers GPRs. Moreover, and notwithstanding anything to the contrary in this Agreement, the Parties agree that the Chambers Companies’ rights to assert third party claims (*i.e.*, claims against parties other than the Trustee, API’s bankruptcy estate, and their successors and/or assigns, attorneys, professionals, agents and/or other representatives) arising from or related to the Marathon Program, the Chambers/Marathon Agreements, the Marathon Reserve Accounts, the Assignment, the Chambers/Marathon VSCs or the Chambers GPRs are expressly reserved and preserved in their entirety.

F. Limited Indemnification. The Chambers Companies agree to hold harmless and indemnify the Trustee and API’s bankruptcy estate from and against any and all claims, demands, penalties, damages, obligations, and costs, including the Trustee’s attorneys’ fees and costs incurred in connection therewith, that are asserted against the Trustee or API’s bankruptcy estate by any consumers for any valid repair or cancellation claims arising under the Chambers/Marathon VSCs held by such consumers; provided, however, that (i) the Chambers Companies’ aggregate obligations under this paragraph shall in no event exceed the Net Marathon Reserve Amount, and (ii) the Chambers Companies’ obligations under this paragraph with respect to valid repair or cancellation claims that were asserted by consumers prior to the Effective Date shall be limited solely to the payment of such repair or cancellation claims in accordance with the applicable Chambers/Marathon VSCs.

4. Allstate Program. The Parties agree to Allstate’s continued administration of the Chambers/Allstate VSCs and Allstate’s continued use of the Allstate Reserve Accounts in accordance with current practice, subject to the Chambers Companies’ right to receive any residual funds remaining in the Allstate Reserve Accounts after the expiration of associated Chambers/Allstate VSCs.

5. Mutual Release. Effective upon the Effective Date, except for (i) the GPR Unsecured Claim, (ii) claims relating to the enforcement of this Settlement Agreement and as set forth herein, and (iii) to the extent that paragraph 2 of this Settlement Agreement becomes severed by its terms, the Trustee, on behalf of the Trustee, any of the Trustee’s successors and/or assigns, and API’s bankruptcy estate, and the Chambers Companies, on behalf of themselves, and any of their successors and/or assigns, each hereby releases, remises and discharges the other, and any and all of such Party’s successors and/or assigns, affiliates, officers, directors, principals, employees, attorneys, other professionals, agents and/or any other representatives

("Released Entities") from any and all claims and causes of action, known or unknown, from the beginning of time up through and including the Effective Date, including but not limited to all claims, counterclaims, defenses and affirmative defenses relating to the Chambers/Travelers Agreements, the Gulf/Travelers Program, the Travelers Reserve Accounts, the Chambers/Travelers VSCs, the Chambers/Marathon Agreements, the Marathon Program, the Marathon Reserve Accounts, the Chambers/Marathon VSCs, the Chambers GPRs, the Chambers/Allstate Agreements, the Allstate Program, the Allstate Reserve Accounts, the Chambers/Allstate VSCs, the LaSalle Account, and all claims relating to the relationships between and among any of the Chambers Companies, API, API's affiliates, and the Trustee. For avoidance of doubt, and notwithstanding the foregoing sentence, the Released Entities do not include the Assignee, API's affiliates, or any of their respective officers, directors, principals, employees, attorneys, other professionals, agents and/or any other representatives.

6. Notice of the Agreement. The Chambers Companies will immediately provide the Trustee with a list of all states ("Chambers States") in which API sold VSCs or GPRs through the Chambers Companies. The Trustee will immediately file with the Bankruptcy Court a motion, pursuant to 11 U.S.C. § 363 and Fed. R. Bankr. P. 9019, seeking approval of this Settlement Agreement and the transactions and arrangements contemplated herein (the "Chambers Settlement Motion"). Notice of the Chambers Settlement Motion will be posted on the Bankruptcy Court-approved website maintained by the Trustee in the Bankruptcy Case, and provided to the U.S. Trustee, API and its affiliates, counsel for the Official Committee of Unsecured Creditors, API's twenty largest creditors as listed in the Petition, all parties that have requested notice of all pleadings filed in the Bankruptcy Case, and the Attorney General of each of the Chambers States. Other than through posting on the Trustee's website for the Bankruptcy Case, separate notice of the Chambers Settlement Motion will not be provided to the consumer purchasers of VSCs or GPRs.

7. Authority. The Parties state that they have read and understand this Settlement Agreement, that they have had an opportunity to consult with their attorneys concerning the terms and conditions herein, and that they have entered into this Settlement Agreement for reasons of their own and not based upon representations of any other Party hereto, and that the person signing this Settlement Agreement on behalf of each of the Parties has full authorization to do so.

8. Costs. Each Party shall pay its own respective costs and attorneys' fees incurred in connection with this Settlement Agreement.

9. Entire Agreement. This Settlement Agreement constitutes the entire agreement and supersedes all prior written or oral agreements between the Parties. This Settlement Agreement may not be amended or modified except in writing by both Parties.

10. Counterparts. This Settlement Agreement may be executed by signatures on more than one counterpart. If so executed, the various counterparts shall be considered one instrument. A facsimile or electronic signature hereto shall have the same force and effect as an original signature.

11. No Admissions. Neither the execution of this Settlement Agreement nor the settlement of the matters herein between the Trustee and the Chambers Companies shall constitute an admission of liability by either the Trustee or Chambers Companies.

12. Governing Law. This Settlement Agreement shall be construed under the internal laws (and not the laws of conflict) of the State of Illinois. This Settlement Agreement shall not be construed against either of the Parties but shall be given a reasonable interpretation. Should any part of this agreement be found void or unenforceable, the remaining portions of the agreement shall remain in full force and effect.

IN WITNESS THEREOF, the Parties hereto have executed this Agreement.

**FRANCES GECKER, not individually, but as
Chapter 11 Trustee of Automotive Professionals, Inc.**

**THE CHAMBERS COMPANIES (as identified on
page 1 of this Agreement)**

By: _____
One of her attorneys

By: _____
Their authorized representative

Dated: _____

Dated: _____