

SETTLEMENT AGREEMENT AND RELEASE

This Settlement Agreement and Release ("Settlement Agreement") is made this ___ day of August, 2008, by and between Frances Gecker (the "Trustee"), not individually, but as Chapter 11 trustee of Automotive Professionals, Inc. (the "Debtor" or "API"), and Carhill Enterprises, Inc. d/b/a Consumer Protection Services ("Carhill," 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, on June 1, 2003, API and Carhill entered into that certain Producer Agreement, which agreement was subsequently amended (initially and as amended, the "Producer Agreement") pursuant to which, among other things, API agreed to serve as claims administrator and obligor under vehicle service contracts (the "Carhill/Travelers VSCs") insured by The Travelers Indemnity Company ("Travelers") that were sold by Carhill on behalf of and as agent for API under API's Gulf/Travelers program ("Gulf/Travelers Program"). As of July 31, 2007, there were approximately 329 Carhill/Travelers VSCs in the Gulf/Travelers Program.

WHEREAS, in connection with the Gulf/Travelers Program, and pursuant to the Producer Agreement, API and certain of its affiliates established a claim reserve account at JP Morgan, Account No. 30000713 (the "Carhill/Travelers Reserve Account"), in connection with the Carhill/Travelers VSCs sold to Carhill's customers under the Gulf/Travelers Program. The Trustee has advised Carhill that all funds in the Carhill Travelers Reserve Account had been depleted, as of the Petition Date. The Parties agree that the Carhill/Travelers VSCs are excluded from the terms of this Agreement.

WHEREAS, pursuant to the Producer Agreement, API agreed to serve as claims administrator and obligor under vehicle service contracts and guaranteed price refund contracts that were sold by Carhill on behalf of and as agent for API under API's Marathon program ("Marathon Program"). Exclusive of the 51 Carhill/Ohio Indemnity VSCs (as defined below), there were approximately **8,391** vehicle service contracts (the "Carhill/Marathon VSCs") and approximately **41** active guaranteed price refund contracts ("Carhill/Marathon GPRs") in the Marathon Program as of July 31, 2007. The Carhill/Marathon VSCs and the Carhill/Marathon GPRs lists are attached hereto as **Group Exhibit A**.

WHEREAS, in connection with the Marathon Program, and pursuant to the Producer Agreement, API and certain of its affiliates established claim reserve accounts, Account No. 30002633 and Account No. 30002672, at JP Morgan (the "Marathon Reserve Accounts") in connection with VSCs sold to Carhill's customers under the Marathon Program. The Trustee has

advised Carhill that the allocated balance for Account No. 30002633 totaled \$267,439.01 and the allocated balance for Account No. 30002672 totaled \$2,951,971.12, as of July 31, 2007. Prior to the Petition date the Marathon Reserve Accounts were commingled with other bank accounts maintained by API. The detail of the Marathon Reserve Accounts allocation is attached hereto as **Exhibit B**.

WHEREAS, the Trustee has advised Carhill that all claim reserve accounts that existed in connection with the Carhill/Marathon GPRs have been depleted in their entirety.

WHEREAS, prior to the Petition Date, as of December 31, 2006, Carhill had outstanding obligations owed to API in the amount of \$114,444.87, and API had outstanding obligations owed to Carhill in the amount of \$184,605.46, in connection with the Marathon Program (the "Offsetting Marathon Program Obligations").

WHEREAS, prior to the Petition Date, Ohio Indemnity issued an insurance policy covering claims made under certain vehicle service contracts sold by Carhill on behalf of and as agent for API under the Marathon Program ("Carhill/Ohio Indemnity VSCs"). As of July 31, 2007, Ohio Indemnity covered, and is continuing to cover, claims made under 51 Carhill/Ohio Indemnity VSCs. The Trustee has advised Carhill that the allocated balance in Account No. 30002672 relating to the Carhill/Ohio Indemnity VSCs was \$18,657.89 as of July 31, 2007. The Parties agree that the Carhill/Ohio Indemnity VSCs, and the funds in Account No. 30002672 relating thereto, are excluded from the terms of this Settlement Agreement.

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 ("Assignee"). In addition, the Assignee transferred the funds in the Marathon Reserve Accounts to an account ("LaSalle Account") at LaSalle Bank National Association ("LaSalle"). Accounting of the LaSalle Account allows the specific allocation of the funds deposited therein from the Marathon Reserve Accounts.

WHEREAS, the Trustee and LaSalle 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 ("LaSalle Agreement"). Pursuant to the LaSalle Agreement, among other things, LaSalle agreed to transfer and assign whatever rights, claims and interest it held in the funds that were in the LaSalle Account to the Trustee. On July 25, 2007, the Bankruptcy Court entered an order approving the LaSalle Agreement.

WHEREAS, subsequent to the Assignment Date, API ceased processing claims in connection with the Gulf/Travelers Program and the Marathon Program. However, subsequent to the Assignment Date, Travelers and Ohio Indemnity began processing claims in connection with the Travelers Program and the Carhill/Ohio Indemnity VSCs, respectively.

WHEREAS, from the Petition Date through the date of this Agreement, the Trustee has neither approved nor paid any claims or cancellations made under the Carhill/Marathon VSCs. However, claims under the Carhill/Marathon VSCs have been made and documented since the Petition Date (the "Pending Claims") attached hereto as Exhibit C.

WHEREAS, on November 6, 2007, the Bankruptcy Court entered its Order Approving Settlement Agreement Between The Trustee And The Travelers Indemnity Company, pursuant to which Travelers has agreed to pay all valid repair claims, and certain cancellation charges, under the Carhill/Travelers VSCs (the "Travelers Order").

WHEREAS, to preserve the integrity of the Marathon Program and to facilitate and serve the interests of consumers who purchased Carhill/Marathon VSCs from Carhill, Carhill has established a servicing arrangement with Capital Administrative Resources, Inc. ("CAR"), as an administrative agent, to process claims in connection with the Carhill/Marathon VSCs.

WHEREAS, since February 12, 2007, Carhill has not had access to the funds in the Marathon Reserve Accounts, which, under the Producer Agreement, were to be used to pay repair, replacement and cancellation costs associated with claims made by consumers participating in the Marathon Program.

WHEREAS, since February 12, 2007, Carhill has expended over \$_____ (including legal costs) of its own funds as a result of API's defaults under the Carhill/Marathon VSCs, including costs incurred in connection with procuring an appropriate reinsurance coverage package for the outstanding Carhill/Marathon VSCs and significant administrative costs associated with the implementation of the arrangement with CAR.

WHEREAS, in an effort to minimize any further disruptions and inconveniences to Carhill's consumer customers holding Carhill/Marathon VSCs issued by API, and to resolve any issues regarding the disposition of the Marathon Reserve Accounts, the Parties have engaged in good faith, arm's-length discussions with respect to the resolution of all of the respective rights, obligations, claims and defenses of Carhill, the Trustee, API and API's bankruptcy estate in connection with the Producer Agreement and the subject matter thereof. In order to resolve such rights, obligations, claims and defenses, and to protect the rights of consumers that purchased vehicle service contracts from API through Carhill under the Marathon Program, including the ongoing administration of the Carhill/Marathon VSCs, the Parties have elected to enter into this Settlement Agreement as being in the best interests of API's estate and Carhill, 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 upon the occurrence of the following (i) the Bankruptcy Court's entry of a final order approving this Settlement Agreement ("Final Order Date"); (ii) Carhill tending to the Trustee the insurance policy (as detailed in paragraph 2B); and (iii) the Transferred Amount (as defined in paragraph 2A) is transferred by the Trustee to Carhill or its designee.

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

A. Marathon Reserve Accounts. Within five days (5) of the Final Order Date, The Trustee will transfer to Carhill or its designee \$2,944,692.06 of the funds from the Marathon Reserve Accounts (the "Transferred Amount"). The Parties represent that the Transferred Amount is equal to the funds in the Marathon Reserve Accounts less: (1) \$256,060.18; (2) \$18,657.89 in the Marathon Reserve Accounts relating to the Carhill/Ohio Indemnity VSCs and (3) all the interest that has accrued in the Marathon Reserve Accounts from and after July 31, 2007 (the amount retained by the Trustee being the "Retained Amount"). The Retained Amount will be held by the Trustee as assets of API's bankruptcy estate. Carhill waives its right to assert a claim in the bankruptcy estate for the Retained Amount.

B. Insurance. Prior to the transfer of funds pursuant to paragraph 2(A), Carhill will deliver or cause to be delivered to Trustee a vehicle service contract reimbursement insurance policy in the form attached hereto as Exhibit D which (a) covers all valid repair claims arising under the Carhill/Marathon VSCs to the extent that the Transferred Amount is insufficient to pay such claims and (b) names the Trustee of the API bankruptcy estate as an additional insured thereunder. The insurance policy is not required to cover claims for guaranteed price refunds under Carhill/Marathon GPRs.

C. Periodic Reporting. Commencing on the 10th day of the fourth month following the Effective Date, and continuing on the same day of each succeeding quarter, until such time as the Trustee determines in her sole discretion that such reporting is no longer necessary, Carhill will provide the Trustee, or her designated agent, with a quarterly report detailing all payments made and claims processed on Carhill/Marathon VSCs during the prior three months and, applicable, payments made and claims processed on Carhill/Marathon GPRs.

D. Additional Obligations of Carhill. Carhill also agrees that, until the expiration of all of the Carhill/Marathon VSCs, Carhill will:

(i) arrange for the continued retention of CAR to administer customer claims arising under the Carhill/Marathon VSCs pursuant to the CAR administrative agreement attached hereto as Exhibit E;

(ii) provide the Trustee with no less than 60 days' prior written notice of the employment of any claims administrator other than CAR to administer claims under the Carhill/Marathon VSCs; and

(iii) use commercially reasonable efforts to insure that CAR (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 Carhill/Marathon VSCs or Carhill/Marathon GPRs.

(iv) use best efforts to resolve any and all Pending Claims and provide the Trustee any and all documentation related to any unresolved dispute regarding the Pending Claims.

E. Additional Obligations of the Trustee. The Trustee will use commercially reasonable efforts to cooperate with information requests from Carhill, CAR (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 Carhill, CAR (or any subsequently appointed claims administrator), or the Carrier agrees to reimburse the Trustee for such costs and/or expenses.

F. Carhill/Marathon Guaranteed Price Refund Contracts. Nothing in this Agreement shall obligate, or shall be deemed to obligate, Carhill to perform under the Carhill/Marathon GPRs.

3. Non Marathon VSCs. The Parties agree that nothing in this Settlement Agreement will change or alter the Parties rights with respect to the continued administration of the Carhill/Ohio Indemnity VSCs and the Carhill/Travelers VSCs by Ohio Indemnity and Travelers, respectively, in accordance with current practice. s.

4. Carhill Claims. Carhill shall the right to file a general unsecured claim against the API bankruptcy estate for: (a) all amounts paid by Carhill, its administrator or its Carrier in satisfaction of any claim related to the Carhill/Marathon GPRs; and (b) any amount due Carhill with respect to the Offsetting Marathon Program Obligations in an amount not to exceed \$70,160.59. The Trustee will have a limited right to object to such Carhill Claims only to the extent that amount of the filed Carhill Claims are overstated.

5. Limited Indemnification. Carhill agrees 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 Carhill/Marathon VSCs held by such consumers; provided, however, that (i) Carhill's aggregate obligations under this paragraph shall in no event exceed the Transferred Amount, and (ii) Carhill's obligations under this paragraph with respect to valid repair claims that were asserted by consumers prior to the Effective Date shall be limited solely to the payment of such repair claims in accordance with the applicable Carhill/Marathon VSCs.

6. Mutual Release. Effective upon the Effective Date, except for the claims relating to the enforcement of this Settlement Agreement, and the claims described in paragraph 4 of this Agreement and as set forth herein, the Trustee, on behalf of the Trustee, any of the Trustee's successors and/or assigns, and API's bankruptcy estate, and Carhill, on behalf of itself, its affiliates, and any of its 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 Producer Agreement, the Gulf/Travelers Program, the Travelers Reserve Accounts, the Carhill/Travelers VSCs, Carhill/Ohio Indemnity VSCs, the Marathon Program, the Marathon Reserve Accounts, the

Carhill/Marathon VSCs, the Carhill/Marathon GPRs, the Offsetting Marathon Program Obligations and all claims relating to the relationships between and among any of Carhill, 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, Marathon or any of their respective officers, directors, principals, employees, attorneys, other professionals, agents and/or any other representatives.

7. Notice of the Settlement Agreement. Carhill will immediately provide the Trustee with a list of all states ("Carhill States") in which API sold vehicle service contracts or GPRs through Carhill. The Trustee will immediately thereafter 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 "Carhill Settlement Motion"). Notice of the Carhill 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 Carhill States. Other than through posting on the Trustee's website for the Bankruptcy Case, separate notice of the Carhill Settlement Motion will not be provided to the consumer purchasers of VSCs or GPRs.

8. Notice to Holders of Carhill/Marathon VSCs. Upon entry by the Bankruptcy Court of a final and non-appealable order approving the Carhill Settlement Motion and this Agreement, Carhill will provide written notice of the terms of this Settlement Agreement, in substantially the form attached hereto as **Exhibit F**, to all holders of Carhill/Marathon VSCs.

9. 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.

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

11. 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.

12. 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.

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

14. 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.**

CARHILL ENTERPRISES, INC.

By: _____
One of her attorneys

By: _____
Its authorized representative

Dated: _____

Dated: _____