

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE NORTHERN DISTRICT OF ILLINOIS
EASTERN DIVISION**

In re:) Chapter 11
)
AUTOMOTIVE PROFESSIONALS, INC.) Case No. 07-6720
)
Debtor.) Honorable Carol A. Doyle

**NOTICE OF MOTION TO APPROVE SETTLEMENT, RELEASE AND POLICY
BUYBACK AGREEMENT WITH THE TRAVELERS INDEMNITY COMPANY**

On April 13, 2007, Automotive Professionals, Inc. (the “Debtor” or “API”) filed a voluntary petition for relief under chapter 11 of title 11 of the United States Code, 11 U.S.C. §§ 101 through 1532 (the “Bankruptcy Code”). On June 12, 2007, the United States Bankruptcy Court for the Northern District of Illinois approved the appointment of Frances Gecker as the Chapter 11 Trustee for API (the “Chapter 11 Trustee”).

Despite the API Bankruptcy, The Travelers Indemnity Company/Gulf Insurance Company (“Travelers/Gulf”) is paying and will continue to pay, all valid covered vehicle repair claims arising under vehicle service contracts (“VSCs”) sold by API or certain automobile dealers which were backed by Travelers/Gulf. Travelers/Gulf is also paying a portion of amounts owed upon a consumer’s cancellation of a VSC in accordance with the terms and conditions of VSCs. For further information regarding payment of such claims, please consult the Chapter 11 Trustee’s website at: <http://www.apibankruptcy.com>.

On October 3, 2007, the Chapter 11 Trustee filed her Motion to Approve Settlement, Release and Policy Buyback Agreement with The Travelers Indemnity Company (the “Motion”). A copy of the Motion is available and may be viewed on the Chapter 11 Trustee’s website.

On October 30, 2007 at 11:15 a.m., the Trustee will appear before the Honorable Carol Doyle, Chief Bankruptcy Judge, in Court 742 at the United States Bankruptcy Court for the Northern District of Illinois, 219 South Dearborn, Chicago, Illinois to present the Motion which seeks approval of the Settlement, Release and Policy Buyback Agreement between the Chapter 11 Trustee and Travelers/Gulf (the “Agreement”), a copy of which Agreement is attached to the Motion and available on the Trustee’s website. The detailed terms of the policy buyback and settlement between the Chapter 11 Trustee and Travelers/Gulf are fully set forth in the Agreement. To the extent this Notice conflicts with the Agreement, the Agreement controls. All capitalized terms used herein not otherwise defined shall have the meaning given to them in the Agreement.

In the Motion, the Trustee asks that the Bankruptcy Court approve the Agreement under which:

- (i) certain insurance policies issued by Travelers/Gulf to API and/or certain automobile dealers will be bought back by Travelers/Gulf free and clear of any interests and claims;
- (ii) Travelers/Gulf agrees to pay \$654,547 to the bankruptcy estate;

- (iii) Travelers/Gulf agrees to the release of funds totaling approximately \$400,000 to the bankruptcy estate, which funds are currently held in a certain Contingent Claim Reserve escrow account at J.P. Morgan Chase;
- (iv) The Trustee agrees to pay Travelers/Gulf \$4,850,000 to be paid pro rata from each of the Travelers-Related Reserve Accounts for each individual dealer (attached as Exhibit B to the Motion is a list showing for each Dealer the amount that would be paid out of each Dealer's Travelers-Related Reserve Account);
- (v) All remaining funds the Travelers-Related Reserve Accounts, totaling approximately \$15 million, will be made available for distribution to the Dealers;
- (vi) Travelers agrees to pay all valid covered repair claims and certain mid-term cancellation charges arising under VSCs backed by Travelers/Gulf; and
- (vii) the Bankruptcy Court will issue an injunction enjoining all parties in interest from asserting certain claims against Travelers/Gulf, including any Guaranteed Price Refund Claims, any claims relating to the Policies or any claims relating to the Travelers-Related Reserve Accounts (the "Injunction").

PLEASE TAKE NOTICE that **objections, if any, to the Motion must be filed with the Bankruptcy Court and served so as to be received on or before October 23, 2007 at 4:00 p.m. Central Time (the "Objection Deadline")** on counsel for the Trustee, Frances Gecker, FRANK/GECKER LLP, 325 N. LaSalle St., Ste. 625, Chicago, Illinois 60610, tel: 312-276-1400, fax: 312-276-0035, *fgecker@fgllp.com*; and on counsel for Travelers/Gulf, Margaret M. Anderson, Locke Lord Bissell & Liddell LLP, 111 S. Wacker Dr., Chicago, Illinois 60606, tel: 312-443-0402, fax: 312-896-0402, *panderson@lockelord.com*.

PLEASE TAKE FURTHER NOTICE that any party that has or claims to have any interest in the policies to be bought back or their proceeds must file and serve, an appropriate statement of such interest on or before the Objection Deadline. Any party that fails to timely assert its interest in the policies or their proceeds shall be deemed to have waived such interest and will be barred from asserting such interest after the Objection Deadline has passed. Any party that fails to object to the entry of the Injunction before the Objection Deadline will be deemed to have consented to the entry of the Injunction.

PLEASE TAKE FURTHER NOTICE that the relief requested in the Motion may be granted without further notice if no timely objection is filed and the hearing may be continued without further notice.

PLEASE TAKE FURTHER NOTICE that you are receiving this notice because you are one of a class of individual consumers that purchased VSC's backed by Travelers/Gulf and may have separately purchased a guaranteed price refund option in connection with that VSC. The fact that you received this notice does not mean that you purchased such option VSC or have any claim against API or Travelers/Gulf.