IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MISSOURI
AT KANSAS CITY

In re:	)	
	)	
BLUE SPRINGS FORD SALES, INC.,[1]	)	**Case No. 12-41176-drd**
	)	
Debtor.	)	**Chapter 11**

AMENDED DISCLOSURE STATEMENT FOR THE AMENDED PLAN OF REORGANIZATION

April 12, 2013

POLSINELLI PC
James E. Bird
Michael M. Tamburini
Andrew J. Nazar
700 West 47th Street, Suite 1000
Kansas City, Missouri 64112
(816) 753-1000
Fax No. (816) 753-1536
jbird@polsinelli.com
mtamburini@polsinelli.com
anazar@polsinelli.com

[1] The last four digits of the Debtor's tax identification number are: 5260. The location of the Debtor's corporate headquarters is 3200 NW South Outer Road, Blue Springs, Missouri 64015-1763.

DISCLAIMER

THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT RELATES TO THE DEBTOR'S PLAN AND IS INCLUDED HEREIN FOR PURPOSES OF SOLICITING ACCEPTANCES OF THE PLAN AND MAY NOT BE RELIED UPON FOR ANY PURPOSE OTHER THAN TO DETERMINE HOW TO VOTE ON THE PLAN. NO PERSON MAY GIVE ANY INFORMATION OR MAKE ANY REPRESENTATIONS OTHER THAN THE INFORMATION AND REPRESENTATIONS CONTAINED IN THIS DISCLOSURE STATEMENT, REGARDING THE PLAN OR THE SOLICITATION OF ACCEPTANCES OF THE PLAN.

ALL CREDITORS AND INTERESTHOLDERS ARE ADVISED AND ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND THE PLAN IN THEIR ENTIRETY BEFORE VOTING TO ACCEPT OR REJECT THE PLAN. PLAN SUMMARIES AND STATEMENTS MADE IN THIS DISCLOSURE STATEMENT ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN, OTHER EXHIBITS ANNEXED OR REFERRED TO IN THE PLAN, AND THIS DISCLOSURE STATEMENT. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE ONLY AS OF THE DATE HEREOF, AND THERE CAN BE NO ASSURANCE THAT THE STATEMENTS CONTAINED HEREIN WILL BE CORRECT AT ANY TIME AFTER THE DATE HEREOF.

THIS DISCLOSURE STATEMENT HAS BEEN PREPARED IN ACCORDANCE WITH SECTION 1125 OF THE BANKRUPTCY CODE AND RULE 3016(c) OF THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND NOT NECESSARILY IN ACCORDANCE WITH FEDERAL OR STATE SECURITIES LAWS OR OTHER LAWS GOVERNING DISCLOSURE OUTSIDE THE CONTEXT OF CHAPTER 11. THIS DISCLOSURE STATEMENT HAS BEEN NEITHER APPROVED NOR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION (THE "**SEC**"), NOR HAS THE SEC PASSED UPON THE ACCURACY OR ADEQUACY OF THE STATEMENTS CONTAINED HEREIN.

AS TO CONTESTED MATTERS, ADVERSARY PROCEEDINGS, AND OTHER ACTIONS OR THREATENED ACTIONS, THIS DISCLOSURE STATEMENT SHALL NOT CONSTITUTE OR BE CONSTRUED AS AN ADMISSION OF ANY FACT OR LIABILITY, STIPULATION, OR WAIVER, BUT RATHER AS A STATEMENT MADE IN SETTLEMENT NEGOTIATIONS. THIS DISCLOSURE STATEMENT SHALL NOT BE ADMISSIBLE IN ANY NONBANKRUPTCY PROCEEDING NOR SHALL IT BE CONSTRUED TO BE CONCLUSIVE ADVICE ON THE TAX, SECURITIES, OR OTHER LEGAL EFFECTS OF THE REORGANIZATION AS TO HOLDERS OF CLAIMS AGAINST, OR EQUITY INTERESTS IN, THE DEBTOR.

SUMMARY OF PLAN

The following introduction and summary is qualified in its entirety by, and should be read in conjunction with, the more detailed information and financial statements and notes thereto appearing elsewhere in this Disclosure Statement. All capitalized terms not defined in this Disclosure Statement have the meanings ascribed to such terms in the Plan, a copy of which is annexed hereto as **Appendix 1**.

(a) Overview

In general, the Plan contemplates Debtor continuing its business operations without significant change and retaining its existing management. Creditors holding an Allowed Administrative Expense Claim will be paid in full. Creditors holding an Allowed Priority Tax Claim will be paid in full in accordance with the Bankruptcy Code. Secured creditors holding an Allowed Secured Claim will be paid in full according to their existing loan documents, except for modifying various maturity dates and, in some cases, interest rates, to "fit" with Reorganized Debtor's anticipated financial condition for the balance of those loans.

All trade creditors holding an Allowed General Unsecured Claim will be paid in full, with interest accrued thereon at the Effective Date. Creditors holding an Allowed General Unsecured Tort Claim will be paid in full, with interest accruing thereon at the Applicable Post-Judgment Interest Rate, upon entry of a Final Order determining such Claim to be an Allowed Claim as further stated in the Plan. Holders of Allowed General Unsecured Gift Card/Coupon Claims will receive, in full satisfaction of their Claims, a gift card in the face amount of their Allowed Class 9 Claim. Claimholders holding an Allowed General Unsecured Claim of Insider will be paid in full, with interest accruing thereon at the Applicable Post-Judgment Rate, in equal quarterly payments commencing twelve months from the Effective Date. The equity interests in the Debtor will remain unchanged upon emergence as the Reorganized Debtor.

(b) Treatment of Claims and Interests under the Plan

Under the Plan, Claims against and Interests in Debtor are divided into Classes. Administrative Expense Claims and Priority Tax Claims are unclassified. Claimholders with Allowed Administrative Claims will be paid on the first Periodic Distribution Date occurring after the later of (i) the date an Administrative Claim becomes an Allowed Administrative Claim, or (ii) the date an Administrative Claim becomes payable pursuant to any agreement between the Debtor (or Reorganized Debtor) and the holder of such Administrative Claim. Claimholders with an Allowed Priority Tax Claim will be paid (a) equal Cash payments made on the last Business Day of every three-month period following the Effective Date; over a period not exceeding six years after the assessment of the tax on which such Claim is based, totaling the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, (b) such other treatment agreed to by the Allowed Priority Tax Claimholder and Debtor (or Reorganized Debtor), provided such treatment is on more favorable terms to the Debtor (or Reorganized Debtor after the Effective Date) than the treatment set forth in clause (a) hereof; or (c) payment in full in Cash. All other Claims and Interests are classified separately in various Classes in the Debtor's Chapter 11 Case and will receive the distributions and recoveries (if any) described herein.

The following table summarizes the classification and treatment of the principal Claims and Interests under the Plan and in each case reflects the amount and form of consideration that will be distributed in exchange for such Claims and Interests and in full satisfaction, settlement, release and discharge of such Claims and Interests. The classification and treatment for all Classes are described in more detail under the Section of this Disclosure Statement entitled "Classification and Treatment of Claims and Interests."

Class Description	**Treatment Under Plan**
Class 1 -- Other Priority Claims	On the first Periodic Distribution Date occurring after the later of (i) the date an Other Priority Claim becomes an Allowed Other Priority Claim or (ii) the date an Other Priority Claim becomes payable pursuant to any agreement between a Debtor (or Reorganized Debtor), the holder of such Priority Claim, an Allowed Class 1 Other Priority Claimholder shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Class 1 Other Priority Claim, (a) Cash equal to the amount of such Allowed Class 1 Other Priority Claim or (b) such other treatment as to which Debtor (or Reorganized Debtor) and such Claimholder shall have agreed in writing.
Class 2 -- Secured DIP Facility Claim of Ford Motor Credit Company, LLC	As used in the Plan and this Disclosure Statement, the term "**Secured DIP Facility Claim of Ford Motor Credit Company, LLC**" shall mean and include all postpetition DIP financing claims of Ford Credit against the Debtor (including, without limitation, all claims, indebtedness, and obligations arising under the Ford Credit DIP Facility or described in that certain Final Order (I) Authorizing Debtor to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (II) Granting Adequate Protection to the Prepetition Secured Party Pursuant to Section 361, 362, 363 and 364 of the Bankruptcy Code, (III) Granting Liens and Superpriority Claims, and (IV) Granting Other Relief, entered on April 17, 2012 (Docket # 59) (the "**Ford DIP Facility Order**"). As of February 12, 2013, the amount outstanding under the Ford Credit DIP Facility was $7,940,657.00 plus accrued, but unpaid interest, for Post-Petition Indebtedness (as defined in the Ford DIP Facility Order). All documents and instruments evidencing and/or securing the Secured Claims of Ford Credit are herein sometimes collectively

Class Description	Treatment Under Plan
	referred to as the "**Ford Credit Loan Documents**." In satisfaction of its Class 2 claim, Ford Credit shall retain the liens securing its claims, plus receive cash, all in accordance with and under the provisions of the Ford Credit Exit Financing. Except as otherwise set forth in the Plan, the Ford Credit Loan Documents shall not be discharged, impaired, or affected in any way by the Plan or the Confirmation Order. Without limiting the generality of the immediately preceding sentence, (i) Ford Credit shall retain its liens under the Ford Credit Loan Documents, and (ii) the Secured DIP Facility Claim of Ford Credit shall be satisfied in full and replaced by the Ford Credit Exit Financing and shall be secured under the Ford Credit Loan Documents. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such terms and conditions as Ford Credit may reasonably request that are not inconsistent with the terms and provisions of the Plan. The terms of the Ford Motor Credit Exit Financing shall be substantially similar to the Pre-Petition Loan Documents (as defined under the Ford DIP Facility Order).
Class 3 – Secured Prepetition Claim of Ford Motor Credit Company, LLC	Ford Credit shall retain the liens securing its prepetition claims, plus receive cash, all in accordance with and under the provisions of the Ford Credit Loan Documents in effect between Debtor and Ford Credit as of the Petition Date. As of February 12, 2013, the prepetition secured claim of Ford Credit amounted to a sum of $99,048, plus accrued but unpaid interest for the Pre-Petition Indebtedness (as defined under the Ford DIP Facility Order). The prepetition secured claims of Ford Credit shall continue to be evidenced and secured by the Ford Credit Loan Documents. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such other terms and conditions as Ford Credit may reasonably request that are not inconsistent with the terms and provisions of the Plan. Except as otherwise set forth herein, the prepetition secured claims of Ford Credit, as evidenced by the Ford Credit Loan Documents and liens granted thereunder, shall not be discharged, impaired, or affected in any way by the Plan or Confirmation Order. This Class shall receive equal payment of principal and interest payable under the Pre-Petition Loan

2314313.7

Class Description	Treatment Under Plan
	Documents (as defined in the Ford DIP Facility Order) on a monthly basis until paid in full over the course of one year.
Class 4 – Secured DIP Facility Claim of Robert Balderston	As used in the Plan and this Disclosure Statement, the term "**Balderston DIP Facility**" shall mean and include all postpetition DIP financing claims of Robert Balderston against the Debtor (including, without limitation, all claims, indebtedness, and obligations arising under the Balderston DIP Facility or described in that certain Order Granting the Motion of the Debtor for an Order Approving and Authorizing Settlement with Kimberly VonDavid and Michael VonDavid and Postpetition Financing to Assist the Debtor in the Funding of the Settlement entered on August 14, 2012 (Docket #137) ("**Settlement Order**"). As of February 14, 2013, the amount outstanding under the Balderston DIP Facility was $500,000 plus accrued, but unpaid interest. All documents and instruments evidencing and/or securing the Balderston DIP Facility are herein sometimes collectively referred to as the "**Balderston Loan Documents**." The Balderston DIP Facility, as evidenced by the Balderston DIP Facility Loan Documents, shall not be discharged, impaired, or affected in any way by the Plan or the Confirmation Order, except as set forth in the Plan. Without limiting the generality of the immediately preceding sentence, (i) Balderston shall retain his liens under the Balderston Loan Documents, and (ii) the Balderston DIP Facility shall be satisfied in full and replaced by the Balderston Exit Financing and shall be secured under same terms and documents (as modified) by the Balderston Loan Documents. This Class shall receive monthly interest only payments at the rate of 2.75% (pursuant to the lowest amount of interest allowed in the Settlement Order) at the first Business Day of every month for seven (7) years from the Effective Date, and on the 7^{th} anniversary of the Effective Date the entire unpaid principal balance shall balloon and be immediately due and payable.

Class Description	Treatment Under Plan
Class 5 – Secured Claim of Bank Midwest	Bank Midwest shall retain the liens securing its claim, plus receive cash, all in accordance with and under the provisions of the Loan Documents in effect between Debtor and Bank Midwest as of the Petition Date. The Secured Claims of Bank Midwest shall continue to be evidenced and secured by the Bank Midwest Loan Documents. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such other terms and conditions as Bank Midwest may reasonably request that are not inconsistent with the terms and provisions of the Plan. Except as otherwise set forth in the Plan, the secured claims of Bank Midwest, as evidenced by the Bank Midwest Loan Documents attached to or referenced in Bank Midwest's proof of claim, as may be amended, and liens granted thereunder, shall not be discharged, impaired, or affected in any way by the Plan or Confirmation Order and shall have the same extent, validity, and priority as provided in the Bank Midwest Loan Documents. Claim 14 – Four Star Financial and Debtor Loan – Except as otherwise stated in the Plan, the loan referenced in Bank Midwest's Claim 14 shall continue to be secured and guarantied as stated above, but the maturity date of the loan will be extended to May 14, 2014 and the interest rate modified from a variable rate to a fixed interest rate of 4.25%, The Line of Credit represented in the Loan Documents referenced in Claim 14 shall be reduced from $2,500,000.00 million to $2,225,000.00 million on October 14, 2013. Claim 15 – Guaranties – Except as otherwise stated in the Plan, all guaranties of the Debtor referenced in Claim 15 of Bank Midwest are contingent liabilities, but are paid current by other non-Debtor affiliates who are the primary obligors on such debts. As such there are no non-contingent pre-petition obligations owed on Claim 15. All such guaranties of the Debtor referenced in Claim 15, will be affirmed and shall not be discharged, impaired, or affected in any way by the Plan or Confirmation Order, but Bank Midwest shall not receive any payout under the Plan for any pre-petition claims on such guaranties referenced in Claim 15.
Class 6 – Secured Claim of Blue Ridge Bank and Trust Co.	Except as otherwise stated in the Plan, the Class 6 Allowed Secured Claim of Blue Ridge shall include all principal and accrued but unpaid interest fees, expenses, and other charges,

Class Description	**Treatment Under Plan**
	due with respect to its pre-petition loan documents as of the Effective Date. Blue Ridge shall retain the liens securing its claim. The Class 6 Allowed Secured Claim of Blue Ridge shall be paid in full, with interest accruing as provided in the Blue Ridge loan documents from the Effective Date in equal monthly payments of principal and interest, with the first payment due on the Effective Date and on each successive monthly date thereafter until the Class 6 Claim has been paid in full. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such other terms and conditions as Blue Ridge may reasonably request that are not inconsistent with the terms and provisions of the Plan. The term of the Blue Ridge claim shall be extended from its current maturity date of January 11, 2017 to January 11, 2018 and all references to the maturity date or January 11, 2017 date shall be amended to mean January 11, 2018. All other terms of the Blue Ridge claim and loan documents shall remain the same.
Class 7 – General Unsecured Trade Creditor Claims	Except as otherwise stated in the Plan, the holders of Allowed Class 7 General Unsecured Trade Creditor Claims shall be paid in full and receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 7 Claim, Cash, with interest accruing at the Applicable Post-Judgment Interest Rate, in equal quarterly payments commencing on the Distribution Date and continuing on the Periodic Distribution Dates until the two year anniversary of the Effective Date. In the unlikely event and to the extent the Reorganized Debtor is unable to fund the payments to the holders of Allowed Class 7 General Unsecured Claims provided for herein, the Reorganized Debtor may extend the period for paying such claims from two years up to four years. To the extent that an objection is made to any Class 7 Claim(s), any funds to which said Claimants may be entitled shall be paid into the Disputed Claims Reserve until there is a Final Order determining the status of such Claims.
Class 8 – General Unsecured Tort Claims	The Debtor is aware of only one Class 8 - General Unsecured Tort Claim, further described below as the Bommarito General Unsecured Claim, which remains disputed and

Class Description	Treatment Under Plan
	unliquidated. Except as otherwise stated in the Plan, pending the final determination of whether a particular Class 8 Claim is Allowed by a Final Order, the holders of Allowed Class 8 General Unsecured Tort Claims shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 8 Claim, Cash, with interest accruing at the Applicable Post-Judgment Interest Rate in equal quarterly payments commencing on the Distribution Date and continuing on the Periodic Distribution Dates until the second (2nd) anniversary of the Effective Date in the total amount of $50,000.00 held as stated in the Plan by the Distribution Agent. To the extent that an objection is made to any Class 8 Claim(s), any funds to which Claimants may be entitled shall be paid into and held in the Disputed Claims Reserve until there is a Final Order determining the status of such Claims. Upon entry of a Final Order allowing any part of any Class 8 Claim, the applicable Claimant shall be entitled to balance of any amounts held for such Claimant in a Disputed Claims Reserve, pursuant to the terms of the Plan. If the final Allowed amount of such Claim is less than the amount reserved in the Disputed Claims Reserve, the remainder shall revert back to the Reorganized Debtor free and clear of any liens, claims or interests. If the final Allowed amount of such Claim is greater than the amount reserved in the Disputed Claims Reserve, the Reorganized Debtor shall have six (6) months from the date of the Final Order on such Claim to pay the difference plus interest at the Applicable Post-Judgment Interest Rate.
Class 9 – General Unsecured Gift Card/Coupon Claims	The holders of Allowed Class 9 General Unsecured Gift Card/Coupon Claims shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 9 Claim, a gift card in the face amount of their Allowed Class 9 Claim. The gift card must be presented and used at the Debtor's dealership for the purchase of a vehicle, for service or body shop work. It must be redeemed and utilized by June 1, 2014. The gift card shall be non-transferrable.
Class 10 – General Unsecured Insiders Claims	The holders of Allowed Class 10 General Unsecured Insiders Claims shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 10

Class Description	Treatment Under Plan
	Claim, Cash, with interest accruing at the Applicable Post-Judgment Interest Rate in equal quarterly interest-only payments commencing twelve months from the Distribution Date and continuing on the Periodic Distribution Dates until the tenth (10th) anniversary of the Confirmation Date, at which time the entire unpaid principal amount of each such Allowed Class 10 Claim shall balloon and be immediately due and payable. To the extent that an objection is made to any Class 10 Claim(s), any funds to which Claimants may be entitled shall be paid into the Disputed Claims Reserve until there is a Final Order determining the status of such Claims.
Class 11 – Equity Security Holders	The holders of Equity Security in the Debtor shall retain their Equity Security in the Reorganized Debtors equal to the interests they held in the Debtor prior to the Confirmation Date. No holder of any Equity Security shall be entitled to receive any distribution under the Plan as a result of such Equity Security until all holders of Allowed Claims in Classes 1, 3, 7, 8, 9, and 10 are paid in full pursuant to the terms of the Plan and Confirmation Order and the remaining classes are current on all payments due them, which shall include, during the term of the Plan, any dividend or distribution based on their ownership in the Reorganized Debtor.

c) General Unsecured Trade Creditor Claim Estimate

Excluding duplicate Claims and Claims for utilities and cure amounts under assumed executory contracts that have been paid or otherwise satisfied in accordance with the Court's orders, an aggregate of about $4,925,000 in General Unsecured Claims (Classes 7, 8, 9, and 10) have been either scheduled or filed in the Debtor's Chapter 11 Case, and are as follows: (1) Trade creditor claims, as adjusted pursuant to prior orders of the Court, total approximately $187,191; (2) one disputed and unliquidated tort claim filed by Anthony J. Bommarito in the amount of $1,000,000 (the "**Bommarito General Unsecured Claim**"); and (3) insider claims totaling approximately $3,738,000. The Debtor has completed its analysis of the General Unsecured Trade Creditor Claims and General Unsecured Claims of Insiders and has resolved all such Claims either through the Claims objection or resolution process or because the Claimholders have accepted their Claim as scheduled in the Debtor's Schedules, as amended. The Debtor has objected to the Bommarito General Unsecured Claim (Docket #209), requesting that it be disallowed and expunged in its entirety. Alternatively, in the event and to the extent a Final Order is entered Allowing the Bommarito General Unsecured Claim, such Claim will be paid in full, with interest thereon at the Applicable Post-Judgment Interest Rate, from funds in the Disputed Claim Reserve established under the Plan.

TABLE OF CONTENTS

AMENDED DISCLOSURE STATEMENT WITH RESPECT TO AMENDED PLAN OF REORGANIZATION OF BLUE SPRINGS FORD SALES, INC.

I. INTRODUCTION

Blue Springs Ford Sales, Inc. debtor and debtor-in-possession ("**Debtor**"), submits this Amended Disclosure Statement (the "**Disclosure Statement**"), pursuant to Section 1125 of the United States Bankruptcy Code (the "Bankruptcy Code"), for use in the solicitation of votes on the Debtor's Amended Plan of Reorganization (the "**Plan**"), dated April 12, 2013, which was filed with the United States Bankruptcy Court for the Western District of Missouri (the "**Court**" and/or the "**Bankruptcy Court**"), a copy of which is attached as **Appendix 1** hereto.

This Disclosure Statement sets forth certain information regarding Debtor's prepetition history, significant events that have occurred during the Chapter 11 Case, and the anticipated organization, operations, and financing of Reorganized Debtor. This Disclosure Statement also describes the Plan, including certain alternatives to the Plan, certain effects of confirmation of the Plan, and the manner in which distributions will be made under the Plan. In addition, this Disclosure Statement discusses the confirmation process and the voting procedures that holders of Claims and Interests must follow for their votes to be counted.

FOR A DESCRIPTION OF THE PLAN AND VARIOUS RISK AND OTHER FACTORS PERTAINING TO THE PLAN AS IT RELATES TO HOLDERS OF CLAIMS AGAINST AND INTERESTS IN THE DEBTOR, PLEASE SEE "SUMMARY OF THE REORGANIZATION PLAN" AND "CERTAIN FACTORS TO BE CONSIDERED."

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

II. THE BANKRUPTCY PLAN VOTING INSTRUCTIONS AND PROCEDURES

A. Definitions

Except as otherwise provided herein, capitalized terms not otherwise defined in this Disclosure Statement have the meanings ascribed to them in the Plan.

B. Notice to Holders of Claims and Interests

This Disclosure Statement is being transmitted to certain Claimholders and Interestholders for the purpose of soliciting votes on the Plan and to others for informational purposes. The purpose of this Disclosure Statement is to provide adequate information to enable the holder of a Claim against or Interest in the Debtor to make a reasonably informed decision with respect to the Plan prior to exercising the right to vote to accept or reject the Plan.

The United States Bankruptcy Court for the Western District of Missouri approved this Disclosure Statement as containing information of a kind and in sufficient detail adequate to enable the Claimholders and Interestholders to make an informed judgment with respect to acceptance or rejection of the Plan. THE COURT'S APPROVAL OF THIS DISCLOSURE STATEMENT DOES NOT CONSTITUTE EITHER A GUARANTY OF THE ACCURACY OR COMPLETENESS OF THE INFORMATION CONTAINED HEREIN OR AN ENDORSEMENT OF THE PLAN BY THE COURT.

ALL CLAIMHOLDERS AND INTERESTHOLDERS ARE ENCOURAGED TO READ THIS DISCLOSURE STATEMENT AND ITS APPENDICES CAREFULLY AND IN THEIR ENTIRETY BEFORE DECIDING TO VOTE EITHER TO ACCEPT OR TO REJECT THE PLAN. This Disclosure Statement contains important information about the Plan, considerations pertinent to acceptance or rejection of the Plan, and developments concerning the Bankruptcy Case.

THIS DISCLOSURE STATEMENT AND SOLICITATION PACKAGE ARE THE ONLY DOCUMENTS AUTHORIZED BY THE COURT TO BE USED IN CONNECTION WITH THE SOLICITATION OF VOTES ON THE PLAN. No solicitation of votes may be made except after distribution of this Disclosure Statement, and no person has been authorized to distribute any information concerning the Debtor or the Plan other than the information contained herein.

CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS, AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL, FUTURE RESULTS. Except with respect to the projections set forth in **Appendix 4** attached hereto (the "**Projections**") and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. Neither the Debtor nor Reorganized Debtor intend to update the Projections for the purposes hereof; thus the Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Projections. Further, the Debtor does not anticipate that any amendments or supplements to this Disclosure Statement will be distributed to reflect such occurrences. Accordingly, the delivery of this Disclosure Statement does not under any circumstance imply that the information herein is correct or complete as of any time subsequent to the date hereof.

EXCEPT WHERE SPECIFICALLY NOTED, THE FINANCIAL INFORMATION CONTAINED HEREIN HAS NOT BEEN AUDITED BY A CERTIFIED PUBLIC

ACCOUNTANT AND HAS NOT BEEN PREPARED IN ACCORDANCE WITH GENERALLY ACCEPTED ACCOUNTING PRINCIPLES.

C. Solicitation Package

Accompanying this Disclosure Statement are, among other things, copies of (1) the Plan (**Appendix 1** hereto); (2) the notice of, among other things, (a) the time for submitting Ballots to accept or reject the Plan, (b) the date, time and place of the hearing to consider the confirmation of the Plan and related matters, and (c) the time for filing objections to the confirmation of the Plan (the "**Confirmation Hearing Notice**"); and (3) a Ballot to be used by you in voting to accept or to reject the Plan.

D. General Voting Procedures, Ballots, and Voting Deadline

After carefully reviewing the Plan, this Disclosure Statement, and (if you are entitled to vote) the detailed instructions accompanying your Ballot, please indicate your acceptance or rejection of the Plan by checking the appropriate box on the enclosed Ballot. Please complete and sign your original Ballot and return it in the envelope provided. You must provide all of the information requested by the appropriate Ballot(s). Failure to do so may result in the disqualification of your vote on such Ballot(s).

IN ORDER FOR YOUR VOTE TO BE COUNTED, YOUR BALLOT MUST BE PROPERLY COMPLETED AS SET FORTH ABOVE AND IN ACCORDANCE WITH THE VOTING INSTRUCTIONS ON THE BALLOT AND RECEIVED BY Andrew J. Nazar, Polsinelli PC, 700 W. 47th Street, Suite 1000, Kansas City, Missouri 64112, POSTMARKED NO LATER THAN MAY 31, 2013 (THE "**VOTING DEADLINE**"). BALLOTS RECEIVED AFTER SUCH TIME WILL NOT BE COUNTED. **BALLOTS SHOULD NOT BE DELIVERED DIRECTLY TO THE DEBTOR, THE COURT, OR ANYONE ELSE.**

E. Questions About Voting Procedures

If (A) you have any questions about (i) the procedure for voting your Claim or Interest, (ii) the packet of materials that you have received, or (iii) the amount of your Claim or your Interest holdings, or (B) you wish to obtain, at your own expense, unless otherwise specifically required by Federal Rule of Bankruptcy Procedure 3017(d), an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents please contact:

Andrew J. Nazar
Polsinelli PC
700 W. 47th Street, Suite 1000
Kansas City, Missouri 64112
(816) 753-1000

FOR FURTHER INFORMATION AND INSTRUCTION ON VOTING TO ACCEPT OR REJECT THE PLAN, SEE "VOTING REQUIREMENTS".

F. Confirmation Hearing and Deadline for Objections to Confirmation

Pursuant to Section 1128 of the Bankruptcy Code and Federal Rule of Bankruptcy Procedure 3017(c), the Court has scheduled the Confirmation Hearing for June 5, 2013, at 9:00 a.m. (prevailing Central Time), at the United States Bankruptcy Court for the Western District of Missouri, 400 E. 9th Street, 6th Floor, Kansas City, Missouri 64106. The hearing may be adjourned from time to time by the Court without further notice except for the announcement of the adjournment date made at the hearing or at any subsequent adjourned hearing. The Court has directed that objections, if any, to confirmation of the Plan be filed with the Clerk of the Court and served so that they are RECEIVED on or before May 31, 2013, by:

Counsel for the Debtors

Michael M. Tamburini
Polsinelli PC
700 W. 47th Street, Suite 1000
Kansas City, Missouri 64112
Facsimile: (816) 753-1536

United States Trustee

The Office of the United States Trustee
Sherri Wattenbarger
400 E. 9th Street, Suite 3440
Kansas City, Missouri 64106
Facsimile: (816) 512-1967

III.
HISTORY OF DEBTOR AND COMMENCEMENT OF THE CHAPTER 11 CASE

A. Overview of Business Operations

1. *Summary of the Debtor's Pre-Petition and Post-Petition Business and Operations*

The Debtor has been in the business of selling and servicing new and used Ford vehicles as an authorized and approved dealer for Ford Motor Company since 1978. The Debtor's operations serve the Greater Metropolitan Kansas City area, as well as customers from other communities in the Midwest. In addition to selling and servicing Ford vehicles, the Debtor provides vehicle repair and maintenance services, sells parts for Ford vehicles both retail and wholesale, and operates a body shop.

2. *Vendors*

The Debtor purchases goods and services locally and nationally from a variety of vendors who serve other Ford dealerships, like the Debtor, and the automotive industry in general. The Debtor believes that its relations with its vendors have been good.

3. *Employees: Labor Matters*

The Debtor currently employs approximately 109 full-time employees, and approximately 4 part-time employees. The full-time employees receive typical benefits for a company the size of the Debtor, including but not limited to health insurance, dental insurance, vision insurance, life and disability insurance, vacation pay, and retirement and pension plans. The part-time employees receive no benefits. The Debtor believes that its relationship with its employees is good.

4. *Legal Proceedings*

The Debtor, like other dealerships in the automotive industry, is from time to time the subject of complaints or litigation from customers alleging vehicle defects, problems with repairs, or operational concerns. Claims of this nature are common in the automotive industry, and a number of such claims may exist at any given time. The Debtor maintains insurance to cover most of these claims. However, adverse publicity resulting from such allegations may materially adversely affect the Debtor, regardless of whether such allegations are valid or whether the Debtor is liable. The Debtor does not believe that any such currently outstanding matters of which it is aware are material to the Debtor individually or in the aggregate, but matters could arise in the future which could adversely affect the Debtor or its business operations.

5. *Selected Pre-petition Financial Data for the Fiscal Years Ended December 31, 2011 and December 31, 2012*.

Attached as **Appendix 3** are the Debtor's financial statements for the fiscal years ending December 31, 2011 and December 31, 2012. These financial statements were prepared with the assistance of the Debtor's Chief Financial Officer. These financial statements were the basis for the Debtor's Projections in **Appendix 4**.

B. Events Leading to the Debtor's Chapter 11 Filing and Need For Relief.

While the economy has affected the Debtor's business, it still remains operationally sound. For the fiscal year ended December 31, 2011, the Debtor reported total sales revenues of approximately $60,900,000.00, and for the fiscal year ended December 31, 2012, the Debtor reported total sales revenues of approximately $55,800,000. The current Chapter 11 Case was the direct result of the Debtor's involvement certain state court litigation, which has since been resolved as summarized below.

Prior to the Petition Date, the Debtor was sued in Circuit Court of Jackson County, Missouri state court (the "**State Court Litigation**") under a variety of legal claims, including, but not limited to, the Debtor's alleged failure to adequately disclose a full detailed vehicle history report in connection with a sale of a used Ford vehicle. In their suit, plaintiffs in the State Court Litigation sought recovery of actual damages in the amount of $32,051.79 and punitive damages upon their claims fraud and violations of the Missouri Merchandising Practices Act. A trial commenced on February 16, 2010. Despite sound evidence to the contrary, on February 26, 2010, a jury found the Debtor liable and assessed actual damages in the amount of $171,520 and punitive damages in the amount of $1,750,000. Subsequently, the judgment was amended to include plaintiffs' attorney fees in the amount of $137,070. The Debtor sought remittutur from the State Court and was denied. The Debtor appealed the adverse, excessive judgment.

Given the amount of the jury verdict, the Debtor was unable to post bond on appeal. Accordingly, the parties entered into settlement negotiations and engaged in nonbinding informal arrangements staying execution of the judgment. Despite ongoing efforts that spanned over a year prior to the Petition Date, the parties were unable to reach any resolution and the agreed upon tolling period ultimately expired. With no other alternatives available, and given the excessive judgment that could then be executed upon, the Debtor took the unfortunate, but necessary, step of filing its voluntary petition to preserve the value of its business and assets.

Upon the joint request of the parties, the Court authorized the mediation of the disputed State Court Litigation claims before the Hon. Arthur Federman of this Court. The mediation was held on June 29, 2012 and resulted in a settlement which the Court subsequently approved on August 14, 2012 (Docket No. 137). The Debtor has since timely performed all of its obligations under the settlement, resulting in, among other things, a release by the plaintiffs of any and all claims they may have had against the Debtor's estate.

IV.
CAPITAL STRUCTURE OF DEBTOR AS OF COMMENCEMENT OF THE CHAPTER 11 CASE

A. Secured Claims

As of the date Debtor filed its Chapter 11 Case, Debtor had essentially three creditors holding Secured Claims. The Debtor's principal and largest secured creditor is Ford Motor Credit. Under the Ford Credit Loan Documents, Ford Credit has provided the Debtor with a wholesale line of credit and has made advances to or on behalf of the Debtor to finance new and used vehicles. As set forth in the Ford Credit DIP Facility Order, as of the Petition Date, the Debtor's indebtedness to Ford Credit included principal of $7,913,098.92, interest of $23,240. 41, and flat charges of $4,867.62. The Debtor's obligations to Ford Credit under the Ford Credit Loan Documents are secured by first priority liens on and continuing security interests in all the property described in the Ford Credit Loan Documents, including but not limited to the Debtor's new and used vehicle inventory acquired by the Debtor and in the proceeds of any sale or other disposition thereof. The Debtor intends to continue its credit facility with Ford Credit, pursuant to the terms of the Ford Credit Loan Documents, as modified pursuant to the Confirmation Order and the Ford Exit Financing. The remaining balance of Ford Credit's Secured Prepetition Claim is currently $99,048. As provided for under the Plan, Ford Credit shall retain the liens securing its pre-petition claims. Ford Credit's Secured Prepetition Claim shall be paid in full, with interest accruing at the rate of five percent (5.0%) per annum from the Effective Date in equal monthly payments of principal and interest, with the first payment due on the Effective Date and on each successive monthly date thereafter over twenty-four (24) months until such Claim is paid in full.

The creditor with the next largest Secured Claim is Bank Midwest, N.A. with a Secured Claim for approximately $2 million, pursuant to a promissory note under which the Debtor is a co-debtor with Four Star Financial Group, Inc., an insider of the Debtor. This loan is secured by a blanket lien on all business assets of the Debtor, which lien is subordinated to the liens of Ford Credit against the Debtor's assets. At all times prior to and since the Petition Date, the debt service on this loan has been paid by Four Star Financial, Inc. This loan is current. Debtor is proposing in its Plan to retain all liens of Bank Midwest, but extend the maturity date of the loan to May 14, 2014 and modify the interest rate from a floating rate to a fixed rate of 4.25%, and reduce the line of credit from $2,500,000.00 to $2,250,000.00 on October 14, 2013.

The third and final creditor with the a Secured Claim is Blue Ridge Bank with a claim for approximately $49,000, secured solely by two Freightliner Sprinter trucks owned by the Debtor. As provided for under the Plan, Blue Ridge Bank shall retain the liens securing its claim. Blue Ridge Bank shall be paid in full, pursuant to the terms of the existing promissory note, with the maturity date of such note extended from January 11, 2017 to January 11, 2018.

In addition to the above Secured Creditors, post-petition financing was obtained from Robert C. Balderston under the Court approved Balderston DIP Facility to assist the Debtor's funding of the settlement of the State Court Litigation. The Balderston DIP Facility is secured by any unencumbered assets of the Debtor, including but not limited to, any Avoidance Actions and any proceeds or other amounts received thereof. Mr. Balderston will retain the liens securing his claim. Mr. Balderston's claim will be paid in full, pursuant to the terms of the Balderston DIP Facility Loan Documents, except as modified under the Plan. Such modifications provide for interest only payments on the first of each month after the Effective Date at the rate of 2.75% per annum, with a balloon payment due seven years from the Effective Date.

B. Unsecured Claims

Excluding duplicate Claims, Claims for utilities and cure amounts under assumed executory contracts that have been paid or otherwise satisfied in accordance with the Court's orders, an aggregate of about $4,925,000 in General Unsecured Claims (Classes 7, 8, 9, and 10 in the Plan) have been either scheduled or filed in the Debtor's Chapter 11 Case, and are as follows: (1) Trade claims totaling approximately $187,191; (2); insider claims totaling approximately $3,738,000; and (3) the disputed Bommarito General Unsecured Claim in the amount of $1,000,000.

The Debtor has completed its analysis of the above Claims. With the exception of the Bommarito General Unsecured Claim, the Debtor has resolved all Claims either through the Claims objection or resolution process or because Claimholders accepted their Claim as scheduled in the Debtor's Amended Schedules.

V.
CORPORATE STRUCTURE OF DEBTOR

A. Current Corporate Structure and Management of Debtor

The Debtor is a Delaware corporation in good standing and qualified to do business in each state in which Debtor does business. The Debtor's stock currently is owned 100% by The Robert C. Balderston Irrevocable Trust, dated October 28, 1990. The Debtor's President is Robert C. Balderston. Bruce A. McWilliams is the Vice-President with no stock ownership. Tim E. Thomas is the Secretary/Treasurer and chief financial officer with no stock ownership. Kristine Balderston is the Assistant Vice-President with no stock ownership. The Debtor does not currently anticipate any material change in its corporate structure under the Plan.

VI.
THE CHAPTER 11 CASE

A. Continuation of Business; Stay of Litigation

On March 21, 2012 (the "**Petition Date**"), the Debtor filed a Petition for relief under chapter 11 of the Bankruptcy Code. Since the Petition Date, the Debtor has continued to operate as a debtor-in-possession subject to the supervision of the Court in accordance with the Bankruptcy Code. While the Debtor is authorized to operate in the ordinary course of business, transactions out of the ordinary course of business require Court approval. In addition, the Court has supervised the Debtor's employment of attorneys, accountants, financial advisors, and other professionals as required by the Bankruptcy Code.

An immediate effect of the filing of the Debtor's bankruptcy petition was the imposition of the automatic stay under Section 362(a) of the Bankruptcy Code which, with limited exceptions, enjoined the commencement or continuation of all collection efforts by creditors, the enforcement of liens against property of the Debtor, and the continuation of litigation against the Debtor. This relief provided the Debtor with the "breathing room" necessary to assess and reorganize its business. The automatic stay remains in effect, unless modified by the Court or applicable law, until the Effective Date of the Plan.

B. Significant Events During the Bankruptcy Case

1. <u>First Day Orders</u>

The Debtor filed numerous motions on the Petition Date seeking the relief provided by certain so-called "first day orders." First day orders are intended to ensure a seamless transition between a debtor's pre-petition and post-petition business operations by approving certain normal business conduct that may not be specifically authorized under the Bankruptcy Code or as to which the Bankruptcy Code requires prior approval by the Court. The first day orders in this Case addressed, among other things:

- Extending the Time Within Which the Debtor Must File Its Schedules and Statement of Financial Affairs

- Authorizing (i) Continued Use of Existing Cash Management Systems; and (ii) Use of Prepetition Bank Accounts and Existing Checks

- (A) Authorizing, But Not Directing, the Debtor to (1) Pay Certain Accrued Pre-Petition Wages, Salaries, and Other Compensation and Benefits, (2) Continue Employee Benefit Programs and Payment of Related Administrative Obligations; and (B) Directing Applicable Banks and Other Financial Institutions to Receive, Process, Honor, and Pay All Checks Presented For Payment and To Honor All Fund Transfer Requests

- (I) Prohibiting Utility Providers From Discontinuing, Altering, or Refusing Service on Account of Prepetition Invoices; (II) Deeming Utility Providers To Have Adequate Assurance of Future Payment; and (III) Establishing Procedures for Resolving Requests For Additional Assurance

- Interim and Final Orders: (I) Authorizing Debtor to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (II) Granting Adequate Protection to the Prepetition Secured Party Pursuant to Section 361, 362, 363 and 364 of the Bankruptcy Code, (III) Granting Liens and Superpriority Claims, and (IV) Granting Other Relief

2. DIP Facility

On the Petition Date, the Debtor filed its motion for authority to use cash collateral and to obtain post-petition secured financing from Ford Credit. An interim order granting this motion was entered on March 23, 2012. A final hearing on this motion was held and the Ford Credit DIP Facility Order was entered on April 17, 2012.

In general, the Ford DIP Facility Order allows the Debtor to obtain revolving credit from Ford Credit up to an aggregate amount of $8,000,000. The Ford Credit DIP Facility is secured by liens on all assets of the Debtor, subject only to certain carve-outs set forth in the Ford Credit DIP Facility Order for the United States Trustee's statutory fees and for allowed professional fees. The Ford Credit DIP Facility Order and the Ford Credit Loan Documents also contain numerous other provisions that are typical in financing transactions of this nature.

3. Other Significant Court Actions

In addition to the orders approving the first day motions and the other matters described above, the Debtor has sought and obtained certain orders from the Court that are of particular importance in the operation of the business or in the administration of the Chapter 11 Case. Included among such orders are those authorizing:

- Mediation and settlement of the State Court Litigation as discussed in Section III.B above.

- Approval of the Balderston DIP Facility. In connection with the mediation and settlement of the State Court Litigation described in Section III.B above, the

Debtor obtained Court approval for the Debtor to enter into the Balderston DIP Facility, under which the Debtor obtained post-petition financing to help fund the settlement of the State Court Litigation. The Balderston DIP Facility was the only source of post-petition credit available to the Debtor on the approved terms to help fund the State Court Litigation settlement.

- Mediation and settlement of the MPA Litigation. Prior to the Petition Date, the Debtor was sued in the Circuit Court of Jackson County, Missouri by a putative class action plaintiff, asserting a number of claims, including, but not limited to, a claim under the Missouri Merchandising Practices Act ("**MPA**"), which sought actual and treble damages for the alleged practice of law by charging a certain vehicle loan documentation fee (the "**MPA Litigation**"). At the time of the Petition Date, the putative class in the MPA Litigation had not been certified. On August 23, 2012, the putative class action plaintiff in the MPA Litigation and the Debtor mediated the individual plaintiff's claim and reached a settlement agreement. The consideration received by the plaintiff under the agreement did not involve any property of the Debtor's estate. The agreement has been fully performed, resulting in, among other things, a release by the plaintiff of any and all claims he may have had against the Debtor's estate.

- Establishment of Bar Date. On October 1, 2012, the Court entered its order establishing November 16, 2012, 6:00 p.m. prevailing Central Time (the "**Bar Date**") as the deadline for filing proofs of claim against and proofs of interest in Debtor on behalf of all entities other than governmental entities and certain other parties.

- Completion of Claims Objections. In response to the 74 Claims that were timely filed prior to the Bar Date, the Debtor objected to 8 Claims. All Claims objected to were resolved by agreement or as a result of no response from the Claimant.

VII.
SUMMARY OF THE REORGANIZATION PLAN

THIS SECTION CONTAINS A SUMMARY OF THE STRUCTURE OF, CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS IN, AND IMPLEMENTATION OF, THE PLAN, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN ATTACHED TO THIS DISCLOSURE STATEMENT AS APPENDIX 1 AND TO THE EXHIBITS ATTACHED THERETO OR REFERRED TO THEREIN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT INCLUDE SUMMARIES OF THE PROVISIONS CONTAINED IN THE PLAN AND IN DOCUMENTS REFERRED TO THEREIN. THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT DO NOT PURPORT TO BE PRECISE OR COMPLETE STATEMENTS OF ALL THE TERMS AND PROVISIONS OF THE PLAN OR DOCUMENTS REFERRED TO

THEREIN, AND REFERENCE IS MADE TO THE PLAN AND TO SUCH DOCUMENTS FOR THE FULL AND COMPLETE STATEMENTS OF SUCH TERMS AND PROVISIONS.

THE PLAN ITSELF AND THE DOCUMENTS REFERRED TO THEREIN, WHICH ARE OR WILL HAVE BEEN FILED WITH THE COURT, WILL CONTROL THE TREATMENT OF CREDITORS AND EQUITY SECURITY HOLDERS UNDER THE PLAN AND WILL, UPON THE EFFECTIVE DATE OF THE PLAN, BE BINDING UPON HOLDERS OF CLAIMS AGAINST, OR INTERESTS IN, THE DEBTOR AND REORGANIZED DEBTOR AND OTHER PARTIES IN INTEREST, REGARDLESS OF WHETHER OR HOW THEY HAVE VOTED ON THE PLAN.

A. Overall Structure of the Plan

Prior to filing this Chapter 11 Case, the Debtor focused on formulating a plan of reorganization that would enable it to emerge quickly from chapter 11 and preserve the value of its business as a going concern. Under the Plan, Claims against and Interests in the Debtor are divided into Classes according to their relative seniority and other criteria.

If the Plan is confirmed by the Bankruptcy Court and consummated, Classes of Claims against and Interests in the Debtor will receive the treatment described in Part B below. The amounts and forms (e.g., Cash) of distributions under the Plan are based upon, among other things, the requirements of applicable law and the Debtor's assessment of its ability to achieve the goals set forth in its business plan. Following consummation of the Plan, the Reorganized Debtor will operate its business with a reduced level of indebtedness and operating expenses.

B. Classification and Treatment of Claims and Interests

Section 1122 of the Bankruptcy Code requires that a plan of reorganization classify the Claims of a debtor's creditors and the interests of its equity holders. The Bankruptcy Code also provides that, except for certain Claims classified for administrative convenience, a plan of reorganization may place a Claim of a creditor or an Interest of an equity holder in a particular class only if such Claim or Interest is substantially similar to the other Claims or Interests in such class.

The Bankruptcy Code also requires that a plan of reorganization provide the same treatment for each Claim or Interest of a particular class unless the holder of a particular Claim or Interest agrees to a less favorable treatment of its Claim or Interest. The Debtor believes that it has complied with such standard. If the Bankruptcy Court finds otherwise, however, it could deny confirmation of the Plan if the Claimholders and Interestholders affected do not consent to the treatment afforded them under the Plan.

The Plan classifies the following in separate Classes:

- Class 1: Other Priority Claims
- Class 2: Secured DIP Facility Claim of Ford Motor Credit Corporation, LLC
- Class 3: Secured Prepetition Claim of Ford Motor Credit Corporation

- Class 4: Secured DIP Facility Claim of Robert Balderston
- Class 5: Secured Claim of Bank Midwest
- Class 6: Secured Claim of Blue Ridge Bank and Trust
- Class 7: General Unsecured Trade Creditor Claims
- Class 8: General Unsecured Tort Claims
- Class 9: General Unsecured Gift Card/Coupon Claims
- Class 10: General Unsecured Insiders Claims
- Class 11: Equity Interests

The Debtor believes that it has classified all Claims and Interests in compliance with the requirements of Section 1122 of the Bankruptcy Code. If a Claimholder or Interestsholder challenges such classification of Claims or Interests and the Court finds that a different classification is required for the Plan to be confirmed, the Debtor, to the extent permitted by the Court, intends to make such modifications to the classifications of Claims or Interests under the Plan to provide for whatever classification might be required by the Court for confirmation. UNLESS SUCH MODIFICATION OF CLASSIFICATION ADVERSELY AFFECTS THE TREATMENT OF A HOLDER OF A CLAIM OR INTEREST AND REQUIRES RESOLICITATION, ACCEPTANCE OF THE PLAN BY ANY HOLDER OF A CLAIM OR INTEREST PURSUANT TO THIS SOLICITATION WILL BE DEEMED TO BE A CONSENT TO THE PLAN'S TREATMENT OF SUCH HOLDER OF A CLAIM OR INTEREST REGARDLESS OF THE CLASS AS TO WHICH SUCH HOLDER IS ULTIMATELY DEEMED TO BE A MEMBER.

1. <u>Treatment of Unclassified Claims</u>

(a) Administrative Claims

Administrative Claims consist primarily of the costs and expenses of administration of the Chapter 11 Case. They include, but are not limited to, the cost of operating the Debtor's businesses since the Petition Date, the outstanding unpaid fees and expenses of the professionals retained by the Debtor as approved by the Court, and the payments necessary to cure pre-petition defaults on unexpired leases and executory contracts that are being assumed under the Plan ("**Cure**"). All payments to professionals in connection with the Chapter 11 Case for compensation and reimbursement of expenses will be made in accordance with the procedures established by the Bankruptcy Code and the Bankruptcy Rules and are subject to approval of the Court as being reasonable.

The Debtor believes that the aggregate amount of Administrative Claims will not exceed the Reorganized Debtor's ability to pay such Claims when they are allowed and/or otherwise become due. The procedures governing allowance and payment of Administrative Claims are described in Section VII.E. below, entitled "Distributions." On the first Periodic Distribution

Date occurring after the later of (i) the date an Administrative Claim becomes an Allowed Administrative Claim or (ii) the date an Administrative Claim becomes payable pursuant to any agreement between a Debtor (or Reorganized Debtor) and the holder of such Administrative Claim, an Allowed Administrative Claimholder in Debtor's Chapter 11 Case shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Administrative Claim, (a) Cash equal to the unpaid portion of such Allowed Administrative Claim or (b) such other treatment as to which Debtor (or Reorganized Debtor) and such Claim holder shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by Debtor in the ordinary course of business during the Chapter 11 Case shall be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

(b) Priority Tax Claims

Priority Tax Claims are those tax Claims entitled to priority pursuant to Section 507(a)(8) of the Bankruptcy Code. The Plan provides that Priority Tax Claims, if any, are Unimpaired. With respect to any Allowed Priority Tax Claim in Debtor's Chapter 11 Case, at the sole option of Debtor (or Reorganized Debtor), the Allowed Priority Tax Claimholder shall be entitled to receive on account of such Priority Tax Claim, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Priority Tax Claim, (a) equal Cash payments made on the last Business Day of every three-month period following the Effective Date; over a period not exceeding six years after the assessment of the tax on which such Claim is based, totaling the principal amount of such Claim plus simple interest on any outstanding balance from the Effective Date calculated at the interest rate available on ninety (90) day United States Treasuries on the Effective Date, (b) such other treatment agreed to by the Allowed Priority Tax Claimholder and Debtor (or Reorganized Debtor), provided such treatment is on more favorable terms to Debtor (or Reorganized Debtor after the Effective Date) than the treatment set forth in clause (a) hereof; or (c) payment in full in Cash. The Debtor believes that the aggregate amount of Priority Tax Claims will not exceed the Reorganized Debtor's ability to pay such Claims when they are allowed.

Under the Plan, no holder of an Allowed Priority Tax Claim will be entitled to any payments on account of any pre-Effective Date interest accrued on, or penalty arising after the Petition Date with respect to or in connection with, an Allowed Priority Tax Claim. Any such Claim or demand for any such accrued post-petition interest or penalty will be discharged upon confirmation of the Plan in accordance with Section 1141(d)(1) of the Bankruptcy Code, and the holder of a Priority Tax Claim will be precluded from assessing or attempting to collect such accrued interest or penalty from the Reorganized Debtor or its property.

2. *Unimpaired Classes of Claims*

(a) Class 1 - Other Priority Claims

Class 1 Other Priority Claims consist of Claims other than Administrative Claims and Tax Priority Claims entitled to priority under Section 507(a) of the Bankruptcy Code. On the first Periodic Distribution Date occurring after the later of (i) the date an Other Priority Claim becomes an Allowed Other Priority Claim or (ii) the date an Other Priority Claim becomes payable pursuant to any agreement between a Debtor (or Reorganized Debtor) and the holder of such Priority Claim, an Allowed Class 1 Other Priority Claimholder shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Class 1 Other Priority Claim, (a) Cash equal to the amount of such Allowed Class 1 Other Priority Claim or (b) such other treatment as to which Debtor (or Reorganized Debtor) and such Claimholder shall have agreed in writing. The Debtor believes that the aggregate amount of Other Priority Claims will not exceed the Reorganized Debtor's ability to pay such Claims when they are allowed.

(b) Class 9 – General Unsecured Gift Card/Coupon Claims

Class 9 consists of Allowed Claims for gift cards or coupons not redeemed or otherwise used prior to the Petition Date. The holders of Allowed Class 9 General Unsecured Gift Card/Coupon Claims shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 9 Claim, a gift card in the face amount of their Allowed Class 9 Claim. The gift card must be presented and used at the Debtor's dealership for the purchase of a vehicle, for service or body shop work. It must be redeemed and utilized by June 1, 2014. The gift card shall be non-transferrable.

3. Impaired Classes of Claims and Interests

(a) Class 2 – Secured DIP Facility Claim of Ford Credit

As used in the Plan and this Disclosure Statement, the term "**Secured DIP Facility Claim of Ford Motor Credit Company, LLC**" shall mean and include all postpetition DIP financing claims of Ford Credit against the Debtor (including, without limitation, all claims, indebtedness, and obligations arising under the Ford Credit DIP Facility or described in that certain Final Order (I) Authorizing Debtor to Obtain Postpetition Financing Pursuant to Section 364 of the Bankruptcy Code, (II) Granting Adequate Protection to the Prepetition Secured Party Pursuant to Section 361, 362, 363 and 364 of the Bankruptcy Code, (III) Granting Liens and Superpriority Claims, and (IV) Granting Other Relief, entered on April 17, 2012 (Docket # 59) (the "**Ford DIP Facility Order**"). As of February 12, 2013, the amount outstanding under the Ford Credit DIP Facility was $7,940,657.00 for Post-Petition Indebtedness (as defined in the Ford DIP Facility Order). All documents and instruments evidencing and/or securing the Secured Claims of Ford Credit are herein sometimes collectively referred to as the "**Ford Credit Loan Documents**".

In satisfaction of its Class 2 claim, Ford Credit shall retain the liens securing its claims, plus receive cash, all in accordance with and under the provisions of the Ford Credit Exit Financing.

Except as otherwise set forth in the Plan, the Ford Credit Loan Documents shall not be discharged, impaired, or affected in any way by the Plan or the Confirmation Order. Without limiting the generality of the immediately preceding sentence, (i) Ford Credit shall retain its liens under the Ford Credit Loan Documents, and (ii) the Secured DIP Facility Claim of Ford Credit shall be satisfied in full and replaced by the Ford Credit Exit Financing and shall be secured under the Ford Credit Loan Documents. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such terms and conditions as Ford

Credit may reasonably request that are not inconsistent with the terms and provisions of this Plan. The terms of the Ford Credit Exit Financing shall be substantially similar to the Pre-Petition Loan Documents. The Debtor believes that the aggregate amount of the Secured DIP Facility Claim of Ford Credit will not exceed the Reorganized Debtor's ability to pay such Claim.

(b) Class 3 - Secured Prepetition Claim of Ford Credit

Class 3 consists of the prepetition secured claims of Ford Credit. Ford Credit shall retain the liens securing its prepetition claims, plus receive cash, all in accordance with and under the provisions of the Ford Credit Loan Documents in effect between Debtor and Ford Credit as of the Petition Date. As of February 12, 2013, the prepetition secured claim of Ford Credit amounted to a sum of $99,048 for the Pre-Petition Indebtedness (as defined under the Ford DIP Facility Order). The prepetition secured claims of Ford Credit shall continue to be evidenced and secured by the Ford Credit Loan Documents. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such other terms and conditions as Ford Credit may reasonably request that are not inconsistent with the terms and provisions of this Plan. Except as otherwise set forth herein, the prepetition secured claims of Ford Credit, as evidenced by the Ford Credit Loan Documents and liens granted thereunder, shall not be discharged, impaired, or affected in any way by the Plan or Confirmation Order. This Class shall receive equal payment of principal and interest payable under the Pre-Petition Loan Documents (as defined in the Ford DIP Facility Order) on a monthly basis until paid in full over the course of one year. The Debtor believes that the aggregate amount of the prepetition secured claims of Ford Credit will not exceed the Reorganized Debtor's ability to pay such Claim.

(c) Class 4 – Secured DIP Facility Claim of Robert Balderston

As used in the Plan and this Disclosure Statement, the term "**Balderston DIP Facility**" shall mean and include all postpetition DIP financing claims of Robert Balderston against the Debtor (including, without limitation, all claims, indebtedness, and obligations arising under the Balderston DIP Facility or described in that certain Order Granting the Motion of the Debtor for an Order Approving and Authorizing Settlement with Kimberly VonDavid and Michael VonDavid and Postpetition Financing to Assist the Debtor in the Funding of the Settlement entered on August 14, 2012 (Docket # 137) ("**Settlement Order**"). As of February 14, 2013, the amount outstanding under the Balderston DIP Facility was $500,000 plus accrued, but unpaid interest. All documents and instruments evidencing and/or securing the Balderston DIP Facility are herein sometimes collectively referred to as the "**Balderston Loan Documents**."

The Balderston DIP Facility, as evidenced by the Balderston DIP Facility Loan Documents, shall not be discharged, impaired, or affected in any way by the Plan or the Confirmation Order, except as set forth in the Plan. Without limiting the generality of the immediately preceding sentence, (i) Balderston shall retain his liens under the Balderston Loan Documents, and (ii) the Balderston DIP Facility shall be satisfied in full and replaced by the Balderston Exit Financing and shall be secured under same terms and documents (as modified) by the Balderston Loan Documents. This Class shall receive monthly interest only payments at the rate of 2.75% (pursuant to the lowest amount of interest allowed in the Settlement Order) at the first Business Day of every month for seven (7) years from the Effective Date, and on the 7th anniversary of the Effective Date the entire unpaid principal balance shall balloon and be immediately due and payable. The Debtor believes that the aggregate amount of the Secured DIP Facility Claim of Robert Balderston will not exceed the Reorganized Debtor's ability to pay such Claim.

(d) Class 5 – Secured Claim of Bank Midwest.

Bank Midwest shall retain the liens securing its claim, plus receive cash, all in accordance with and under the provisions of the Loan Documents in effect between Debtor and Bank Midwest as of the Petition Date. The Secured Claims of Bank Midwest shall continue to be evidenced and secured by the Bank Midwest Loan Documents. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such other terms and conditions as Bank Midwest may reasonably request that are not inconsistent with the terms and provisions of this Plan. Except as otherwise set forth in the Plan, the secured claims of Bank Midwest, as evidenced by the Bank Midwest Loan Documents attached to or referenced in Bank Midwest's proof of claim, as may be amended, and liens granted thereunder, shall not be discharged, impaired, or affected in any way by the Plan or Confirmation Order and shall have the same extent, validity, and priority as provided in the Bank Midwest Loan Documents.

Claim 14 – Four Star Financial and Debtor Loan – Except as otherwise stated in the Plan, the loan referenced in Bank Midwest's Claim 14 shall continue to be secured and guarantied as stated above, but the maturity date of the loan will be extended to May 14, 2014 and the interest rate modified from a variable rate to a fixed interest rate of 4.25%, and reduce the line of credit from $2,500,000.00 to $2,250,000.00 on October 14, 2013.

Claim 15 – Guaranties – Except as otherwise stated in the Plan, all guaranties of the Debtor referenced in Claim 15 of Bank Midwest are contingent liabilities, but are paid current by other non-Debtor affiliates who are the primary obligors on such debts. As such there are no non-contingent pre-petitition obligations owed on Claim 15. All such guaranties of the Debtor referenced in Claim 15, will be affirmed and shall not be discharged, impaired, or affected in any way by the Plan or Confirmation Order, but Bank Midwest shall not receive any payout under this Plan for any pre-petition claims on such guaranties referenced in Claim 15.

(e) Class 6 – Secured Claim of Blue Ridge Bank & Trust Co.

Class 6 consists of the Secured Claim of Blue Ridge Bank & Trust Co. ("**Blue Ridge**"). Except as otherwise stated in the Plan, the Class 6 Allowed Secured Claim of Blue Ridge shall include all principal and accrued but unpaid interest fees, expenses, and other charges, due with respect to its pre-petition loan documents as of the Effective Date. Blue Ridge shall retain the liens securing its claim. The Class 6 Allowed Secured Claim of Blue Ridge shall be paid in full, with interest accruing as provided in the Blue Ridge loan documents from the Effective Date in equal monthly payments of principal and interest, with the first payment due on the Effective Date and on each successive monthly date thereafter until the Class 6 Claim has been paid in full. On or before the Effective Date, the Debtor shall execute one or more modification agreements containing such other terms and conditions as Blue Ridge may reasonably request that are not inconsistent with the terms and provisions of this Plan. The term of the Blue Ridge claim shall be extended from its current maturity date of January 11, 2017 to January 11, 2018 and all references to the maturity date or January 11, 2017 date shall be amended to mean January 11, 2018. All other terms of the Blue Ridge claim and loan documents shall remain the same. The Debtor believes that the aggregate amount of the Secured Claim of Blue Ridge will not exceed the Reorganized Debtor's ability to pay such Claim.

(f) Class 7 - General Unsecured Trade Creditor Claims

Class 7 consists of General Unsecured Trade Creditor Claims. As of the Petition Date, Debtor estimates the General Unsecured Trade Creditor Claims are approximately $187,191. Except as otherwise stated in the Plan, holders of Allowed Class 7 General Unsecured Trade Creditor Claims shall be paid in full and receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 7 Claim, Cash, with interest accruing at the Applicable Post-Judgment Interest Rate, in equal quarterly payments commencing on the Distribution Date and continuing on the Periodic Distribution Dates until the two year anniversary of the Effective Date.

In the unlikely event and to the extent the operating income of the Reorganized Debtor is insufficient to fund the payments to the holders of Allowed Class 7 General Unsecured Claims provided for herein, the Reorganized Debtor may extend the period for paying such claims from two years up to four years.

To the extent that an objection is made to any Class 7 Claim(s), any funds to which said Claimants may be entitled shall be paid into the Disputed Claims Reserve until there is a Final Order determining the status of such Claims. The Debtor believes that the aggregate amount of the General Unsecured Trade Creditor Claims will not exceed Reorganized Debtor's ability to pay such Claims.

(g) Class 8 – General Unsecured Tort Claims

Except as otherwise stated in the Plan, pending the final determination of whether a particular Class 8 Claim is Allowed by a Final Order, the holders of Allowed Class 8 General Unsecured Tort Claims shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 8 Claim, Cash, with interest accruing at the Applicable Post-Judgment Interest Rate in equal quarterly payments commencing on the Distribution Date and continuing on the Periodic Distribution Dates until the second (2^{nd}) anniversary of the Effective Date in the total amount of $50,000.00 held as stated in the Plan by the Distribution Agent. To the extent that an objection is made to any Class 8 Claim(s), any funds to which Claimants may be entitled shall be paid into and held in the Disputed Claims Reserve until there is a Final Order determining the status of such Claims. Upon entry of a Final Order allowing any part of any Class 8 Claim, the applicable Claimant shall be entitled to balance of any amounts held for such Claimant in a Disputed Claims Reserve, subject to and pursuant to the terms of the Plan. If the final Allowed amount of such Claim is less than the amount reserved in the Disputed Claims Reserve, the remainder shall revert back to the Reorganized Debtor free and clear of any liens, claims or interests. If the final Allowed amount of such Claim is greater than the amount reserved in the Disputed Claims Reserve, the Reorganized Debtor shall have six (6) months from the date of the Final Order on such Claim to pay the difference plus interest at the Applicable

Post-Judgment Interest Rate. The Debtor believes that the aggregate amount of the General Unsecured Tort Claims will not exceed Reorganized Debtor's ability to pay such Claims.

(h) Class 10 – General Unsecured Claims of Insiders

The holders of Allowed Class 10 General Unsecured Insiders Claims shall receive, in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 10 Claim, Cash, with interest accruing at the Applicable Post-Judgment Interest Rate in equal quarterly interest-only payments commencing twelve months from the Distribution Date and continuing on the Periodic Distribution Dates until the tenth (10^{th}) anniversary of the Effective Date, at which time the entire unpaid principal amount of each such Allowed Class 10 Claim shall balloon and be immediately due and payable. To the extent that an objection is made to any Class 10 Claim(s), any funds to which Claimants may be entitled shall be paid into the Disputed Claims Reserve until there is a Final Order determining the status of such Claims. The Debtor believes that the aggregate amount of the General Unsecured Claims of Insiders will not exceed Reorganized Debtor's ability to pay such Claims.

(i) Class 11 – Equity Security Holders

The holders of Equity Security in the Debtor shall retain their Equity Security in the Reorganized Debtors equal to the interests they held in the Debtor prior to the Confirmation Date. No holder of any Equity Security shall be entitled to receive any distribution under the Plan as a result of such Equity Security until all holders of Allowed Claims in Classes 1, 3, 7, 8, 9, and 10 are paid in full pursuant to the terms of the Plan and Confirmation Order and the remaining classes are current on all payments due them, which shall include, during the term of the Plan, any dividend or distribution based on their ownership in the Reorganized Debtor.

C. Means of Plan Implementation

1. Continued Operations in the Ordinary Course of Business

In general, the Debtor will continue to operate in the ordinary course of business. No material changes in officers, directors, employees or operations are planned at this time.

D. Post-Consummation Operations of Debtor

1. Reorganized Debtor

The Debtor shall continue to exist as the Reorganized Debtor after the Effective Date as a separate corporate entity, with all the powers of a corporation under applicable law in the jurisdiction in which it is incorporated and pursuant to the certificate of incorporation and bylaws in effect prior to the Effective Date, except to the extent such certificate of incorporation and bylaws are amended by this Plan.

2. *Management and Directors of Reorganized Debtor*

(a) *Officers and Directors*

Unless otherwise disclosed at or prior to the Confirmation Hearing, the existing directors and senior officers of the Debtor will serve in their current capacities after the Effective Date.

(b) *Employment, Retirement, Indemnification and Other Agreements and Incentive Compensation Programs*

To the extent that the Debtor has in place as of the Effective Date employment, retirement, indemnification, and other agreements with its respective active directors, officers, and employees who will continue in such capacities (or similar capacities) after the Effective Date, or retirement income plans, welfare benefit plans, and other plans for such Persons, such agreements, programs, and plans shall remain in place after the Effective Date, and the Reorganized Debtor shall continue to honor such agreements, programs, and plans. However, as of the Effective Date, the Reorganized Debtor shall have the authority to terminate, amend, or enter into employment, retirement, indemnification, and other agreements with their respective active directors, officers, and employees and to terminate, amend, or implement retirement income plans, welfare benefit plans, and other plans for active employees.

E. Distributions

1. *Time of Distributions*

Except as otherwise provided for herein or ordered by the Bankruptcy Court, distributions under the Plan shall be made on a Periodic Distribution Date.

2. *No Interest on Claims or Interests*

Unless otherwise specifically provided for in the Plan or Confirmation Order, interest shall not accrue or be paid on Claims or Interests after the Petition Date. Additionally, and without limiting the foregoing, interest shall not accrue or be paid on any Disputed Claim or Disputed Interest in respect of the period from the Effective Date to the date such Disputed Claim or Disputed Interest becomes an Allowed Claim or Allowed Interest.

3. *Disbursing Agent*

The Disbursing Agent shall make all distributions required under this Plan.

4. *Delivery of Distributions*

Distributions on Allowed Claims and Allowed Interests shall be made by the Disbursing Agent (a) at the addresses set forth on the proofs of claim or interest filed by such Claimholders or Interestholders (or at the last known addresses of such Claimholders or Interestholders if no proof of claim or interest is filed or if the Debtor has been notified in writing of a change of address), (b) at the addresses set forth in any written notices of address changes delivered to the Disbursing Agent after the date of any related proof of claim or interest, or (c) at the addresses reflected in the Schedules, as amended, if no proof of claim or interest has been filed and the Disbursing Agent has not received a written notice of a change of address. If any Claimholder's or Interestholder's distribution is returned as undeliverable, no further distributions to such Claimholder shall be made unless and until the Disbursing Agent is notified of such Claimholder's or Interestholder's then current address, at which time all missed distributions shall be made to such Claimholder or Interestholder without interest. Amounts in respect of undeliverable distributions shall be returned to or held by the Reorganized Debtor until such distributions are claimed. All claims for undelivered distributions must be made on or before the second (2nd) anniversary of the Effective Date. After such date, all unclaimed property shall revert to the Reorganized Debtor. Upon such reversion, the claim of any Claimholder or Interestholder, or their successors, with respect to such property shall be discharged and forever barred notwithstanding any federal or state escheat laws to the contrary.

5. *Procedures for Treating and Resolving Disputed and Contingent Claims or Interests*

(a) *No Distributions Pending Allowance*

No payments or distributions will be made with respect to all or any portion of a Disputed Claim or Disputed Interest unless and until all objections to such Disputed Claim or Disputed Interest have been settled or withdrawn or have been determined by a Final Order of the Bankruptcy Court, and the Disputed Claim or Disputed Interest has become an Allowed Claim or Allowed Interest. All objections to Claims or Interests must be filed on or before the Claims/Interests Objection Deadline.

(b) *Distribution Reserve*

The Disbursing Agent shall create a separate Distribution Reserve (the "**Distribution Reserve**") from the property to be distributed to the holders of any Disputed Claims of Class 7, 8, and 10. The amount of Cash withheld as a part of the Distribution Reserve shall be equal to the amount Reorganized Debtor reasonably determines is necessary to satisfy the distributions required to be made, respectively, to the Claimholders when the allowance or disallowance of each Disputed Claim is ultimately determined. The Disbursing Agent may request estimation for any Disputed Claim that is contingent or unliquidated (but is not required to do so). If practicable, the Disbursing Agent will invest any Cash that is withheld as the Distribution Reserve in a manner that will yield a reasonable net return, taking into account the safety of the investment, but is not required to do so in its sole discretion. For the avoidance of doubt, a disputed Claim shall only be entitled to a distribution from one distribution reserve once such claim is finally Allowed.

(c) *Disputed Claim Reserve*

The Disbursing Agent shall create a separate Disputed Claim Reserve which shall hold an amount equal to the amount necessary to satisfy the distribution of the estimated amount of a Disputed Claim when the allowance or disallowance of such Claim is ultimately determined. The Disbursing Agent may request estimation for any Disputed Claim or Disputed Interest that is disputed, contingent, or unliquidated (but is not required to do so). If practicable, the Disbursing

Agent will invest any Cash that is withheld as the Disputed Claim Reserve in a manner that will yield a reasonable net return, taking into account the safety of the investment, but is not required to do so in its sole and absolute discretion.

(d) De Minimis Distributions

The Distribution Agent shall not have any obligation to make a distribution on account of an Allowed Claim or Allowed Interest if (a) the aggregate amount of all distributions authorized to be made on the Periodic Distribution Date in question is or has a value less than $100, or (b) if the amount to be distributed to the specific holder of the Allowed Claim or Allowed Interest on the particular Periodic Distribution Date does not constitute a final distribution to such holder and is or has a value less than $50.00.

6. Allowance of Certain Claims

(a) Professional Claims

All final requests for payment of Professional Claims must be filed no later than **thirty (30) days after the Effective Date.** After notice and a hearing in accordance with the procedures established by the Bankruptcy Code and prior orders of the Bankruptcy Court, the allowed amounts of such Professional Claims shall be determined by the Bankruptcy Court. Upon the Effective Date, any requirement that professionals comply with sections 327 through 331 of the Bankruptcy Code in seeking retention or compensation for services rendered after such date will terminate.

(b) Other Administrative Fees

All other requests for payment of an Administrative Claim (other than as set forth in Sections 10.1 and 10.2 of the Plan) must be filed with the Bankruptcy Court and received by counsel for the Debtor no later than **thirty (30) days after the Effective Date.** Unless the Reorganized Debtor objects to an Administrative Claim by the Claims/Interests Objection Deadline, such Administrative Claim shall be deemed allowed in the amount requested. In the event the Reorganized Debtor objects to an Administrative Claim, the Bankruptcy Court shall determine the allowed amount of such Administrative Claim. Notwithstanding the foregoing, no request for payment of an Administrative Claim need be filed with respect to an Administrative Claim which is paid or payable by the Debtor in the ordinary course of business after the Petition Date.

F. Preservation of Rights of Action

In accordance with Section 1123(b)(3) of the Bankruptcy Code and except as otherwise provided in the Plan, the Reorganized Debtor shall retain and may (but is not required to) enforce all Retained Actions and all Avoidance Actions, and other similar claims arising under applicable state laws, including, without limitation, fraudulent transfer claims, if any, and all other Causes of Action of a trustee and debtor-in-possession under the Bankruptcy Code. The Reorganized Debtor, in its sole and absolute discretion, will determine whether to bring, settle, release, compromise, or enforce such rights (or decline to do any of the foregoing).

The Debtor has not undertaken a comprehensive review of all possible Retained Actions and all Avoidance Actions. In general, the Debtor does not anticipate pursuing any "preferences" under Section 547 of the Bankruptcy Code against any trade vendors because (1) the Debtor generally was "current" or only slightly behind with its trade vendors on the Petition Date, and (2) the Debtor is proposing to pay unsecured creditors in full under the Plan. The Debtor is not aware of any material Causes of Action that could or should be pursued at this time, other than claims that might constitute Causes of Action that arise in the ordinary course of business from disputes over contracts and other matters.

G. Miscellaneous Matters

1. *Revesting of Assets*

Except as otherwise explicitly provided in this Plan, on the Effective Date all property comprising the Estate (including Retained Actions and Avoidance Actions) shall revest in the Reorganized Debtor free and clear of all Claims, liens, charges, encumbrances, and rights of creditors (other than as expressly provided herein). As of the Effective Date, the Reorganized Debtor may operate its business and use, acquire, and dispose of property, and settle and compromise Claims or Interests without supervision of the Bankruptcy Court, free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly provided by the Plan and Confirmation Order.

2. *Treatment of Executory Contracts and Unexpired Leases; Bar Date for Rejection Damage Claims*

(a) Assumed Contracts and Leases

Each executory contract and unexpired lease to which the Debtor is a party shall be deemed automatically assumed and Reinstated as of the Effective Date, unless such executory contract or unexpired lease (a) shall have been previously rejected by the Debtor, (b) is the subject of a motion to reject filed, or a notice of rejection served pursuant to order of the Bankruptcy Court, on or before the Confirmation Date, or (c) is listed on the schedule of rejected contracts and leases annexed to the Plan as Exhibit A. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such assumptions, pursuant to Section 365(b)(1) of the Bankruptcy Code and, to the extent applicable, Section 365(b)(3) of the Bankruptcy Code, as of the Effective Date.

Each executory contract and unexpired lease that is assumed and relates to the use, ability to acquire, or occupancy of real property shall include (a) all modifications, amendments, supplements, restatements, or other agreements made directly or indirectly by any agreement, instrument, or other document that in any manner affect such executory contract or unexpired lease, and (b) all executory contracts or unexpired leases appurtenant to the premises, including all easements, licenses, permits, rights, privileges, immunities, options, rights of first refusal, powers, uses, reciprocal easement agreements, and any other interests in real estate or rights in *rem* related to such premises, unless any of the foregoing agreements have been rejected pursuant to a Final Order of the Bankruptcy Court or is otherwise rejected as a part of this Plan.

(b) Payments Related to Assumption of Executory Contracts and Unexpired Leases

The provisions (if any) of each executory contract and unexpired lease to be assumed and reinstated under the Plan which are or may be in default shall be satisfied solely by Cure. In the event of a dispute regarding (a) the nature or the amount of any Cure, (b) the ability of the Reorganized Debtor or any assignee to provide "adequate assurance of future performance" (within the meaning of Section 365 of the Bankruptcy Code) under the contract or lease to be assumed, or (c) any other matter pertaining to assumption, Cure shall occur as soon as practicable following the entry of a Final Order resolving the dispute and approving the assumption and, as the case may be, assignment.

(c) Rejected Contracts and Leases

Except with respect to executory contracts and unexpired leases that have previously been rejected or are the subject of a filed motion to reject, or a notice of rejection served pursuant to order of the Bankruptcy Court, on or before the Confirmation Date, all executory contracts and unexpired leases set forth on Exhibit A to the Plan shall be deemed automatically rejected as of the Effective Date or such earlier date as the Debtor may have unequivocally terminated their performance under such lease or contract; provided, however, that neither the inclusion by the Debtor of a contract or lease on Exhibit A to the Plan nor anything contained in the Plan shall constitute an admission by the Debtor that such lease or contract is an unexpired lease or executory contract or that either the Debtor has any liability thereunder. The Confirmation Order shall constitute an order of the Bankruptcy Court approving such rejections, pursuant to Section 365 of the Bankruptcy Code. The Debtor reserves the right to file a motion on or before the Confirmation Date to reject any executory contract or unexpired lease.

3. Discharge

Pursuant to Section 1141(d) of the Bankruptcy Code, except as otherwise specifically provided in this Plan or in the Confirmation Order, the distributions and rights that are provided in this Plan shall be in complete satisfaction, discharge, and release, effective as of the Confirmation Date (but subject to the occurrence of the Effective Date), of Claims against Debtor and Reorganized Debtor, and their assets or properties, regardless of whether any property shall have been distributed or retained pursuant to the Plan on account of such Claims, and all debts of the kind specified in Sections 502(g), 502(h) or 502(i) of the Bankruptcy Code, in each case whether or not (i) a proof of claim or interest based upon such Claim is filed or deemed filed under Section 501 of the Bankruptcy Code, (ii) a Claim is allowed under Section 502 of the Bankruptcy Code, or (iii) the holder of such a Claim accepted the Plan. Except as otherwise explicitly provided in the Plan, the Confirmation Order shall be a judicial determination of the discharge of all Claims against the Debtor, subject to the Effective Date occurring.

4. Compromises and Settlements

Pursuant to relevant law, including but not limited to Bankruptcy Rule 9019(a), the Debtor and Reorganized Debtor may compromise and settle any Claims (a) against them and (b) that they have against other Persons. The Debtor and Reorganized Debtor expressly reserve the right (with Bankruptcy Court approval, following appropriate notice and opportunity for a hearing) to compromise and settle Claims against them and Claims that they may have against other Persons up to and including the Effective Date. After the Effective Date, such right shall pass to the Reorganized Debtor as contemplated in Section 11.3 of the Plan, but no further bankruptcy court approval of any compromises or settlements shall be required after the Effective Date.

5. Indemnification Obligations

Except as specifically provided in Section 7.3 of the Plan, in satisfaction and compromise of the Indemnitees' Indemnification Rights: all Indemnification Rights, except (a) those based upon any act or omission arising out of or relating to any Indemnitee's service with, for, or on behalf of the Debtor on or after the Petition Date and (b) those held by Persons who served during the Chapter 11 Case as the Debtor's officers, directors, officers, or employees and/or serve in such capacities (or similar capacities) after the Effective Date, shall be released and discharged on and as of the Effective Date, provided that the Indemnification Rights excepted in subparts (a) and (b) shall remain in full force and effect on and after the Effective Date and shall not be modified, reduced, discharged, or otherwise affected in any way by the Chapter 11 Case.

6. Injunction

Except as otherwise provided in the Plan or the Confirmation Order, on and after the Effective Date, all Persons who have held, currently hold or may hold a debt, Cause of Action, liability, claim or interest discharged pursuant to the terms of the Plan are permanently enjoined from taking any of the following actions on account of any such discharged debt, claim, Cause of Action, liability or interest: (1) commencing or continuing in any manner any action or other proceeding against the Debtor or the Reorganized Debtor, its successors or their property; (2) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or other against the Debtor or the Reorganized Debtor, its successors or their property; (3) creating, perfecting or enforcing any lien or encumbrance against the Debtor or the Reorganized Debtor, its successors or their property; (4) asserting any setoff, right of subrogation or recoupment of any kind against any obligation due to the Debtor or the Reorganized Debtor, its successors or their property; (5) commencing or continuing any action, in any manner, in any place that does not comply with or is inconsistent with the provisions of the Plan or the Order of Confirmation. Any Person injured by any violation of such injunction shall recover actual damages, including costs and attorney's fees, and, in appropriate circumstances, may recover punitive damages, from the willful violator.

7. Exculpation and Limitation of Liability

Neither the Debtor nor the Reorganized Debtor, or any of their respective officers, directors, agents, attorneys, employees, equity holders, and representatives ("**Exculpated Parties**") shall have or incur any liability to any Holder or any other Person for any act or omission in connection with, related to, or arising out of, the Chapter 11 Case and the Plan, the pursuit of confirmation of the Plan, consummation of the Plan, and administration of the Plan, or the property to be distributed under the Plan, except for (i) any express contractual obligation owing by any such Person or (ii) willful misconduct, gross negligence, as determined by a Final Order, and in all respects, the Exculpated Parties shall be entitled to rely upon the advice of counsel with respect to their duties and responsibilities under the Plan; *provided however,* that nothing in the Plan shall, or be deemed to, release the Exculpated Parties, or exculpate the Exculpated Parties with respect to, their respective obligations or covenants arising pursuant to the Plan. The Debtor is not aware of any such claims that a Holder or any other Person may have against an Exculpated Party. There are no agreements between the Debtor and any Exculpated Party providing for the release of any such claims. No cash consideration has been given by any Exculpated Party for the inclusion of this Section 11.5 in the Plan. The Debtor believes that the inclusion of this Section 11.5 is appropriate and warranted for the benefit and protection of the estate's fiduciaries who have served during the Chapter 11 Case. Specifically, the same officers, directors, and management of the Debtor who served during the Chapter 11 Case will remain in place following confirmation of the Plan to conduct the Reorganized Debtor's business operations and implement the Plan. No bonuses are being paid to these parties for their continued service. Further, this Section 11.5 is appropriate to protect the estate's fiduciaries against frivolous claims in order that they may continue to serve the best interests of the Reorganized Debtor.

VIII.
CERTAIN FACTORS TO BE CONSIDERED

The holder of a Claim against the Debtor or an Interest in the Debtor should read and carefully consider the following factors, as well as the other information set forth in this Disclosure Statement (and the documents delivered together herewith and/or incorporated by reference herein), before deciding whether to vote to accept or to reject the Plan.

A. General Considerations

The formulation of a reorganization plan is the principal purpose of a Chapter 11 case. The Plan sets forth the means for satisfying the holders of Claims against and Interests in the Debtors. Certain Claims may receive partial distributions pursuant to the Plan, and in some instances, no distributions at all. See "Classification and Treatment of Claims and Interests" above. The recapitalization of the Debtor realizes the going concern value of Debtor for its Claimholders and Interestholders. Moreover, reorganization of the Debtor's business and operations under the proposed Plan also avoids the potentially adverse impact of a liquidation on the Debtor's employees, and many of its customers, trade vendors, suppliers of goods and services, and lessors.

B. Certain Bankruptcy Considerations

If the Plan is not confirmed and consummated, there can be no assurance that the Chapter 11 Case will continue rather than be converted to a liquidation, or that any alternative plan of reorganization would be on terms as favorable to the Claimholders and Interestholders as the terms of the Plan. If a liquidation or protracted reorganization were to occur, there is a risk that there would be little, if any, value available for distribution to the holders of Claims and Interests. See **Appendix 2** attached to this Disclosure Statement for a liquidation analysis.

C. Inherent Uncertainty of Financial Projections

The Projections attached as **Appendix 4** to this Disclosure Statement cover the Debtor's operations through Fiscal Year 2017. These Projections are based on numerous assumptions including the timing, confirmation and consummation of the Plan in accordance with its terms, the anticipated future performance of the Reorganized Debtor, industry performance, general business and economic conditions and other matters, many of which are beyond the control of the Reorganized Debtor and some or all of which may not materialize. In addition, unanticipated events and circumstances occurring subsequent to the date that this Disclosure Statement was approved by the Bankruptcy Court may affect the actual financial results of the Reorganized Debtor's operations. These variations may be material and may adversely affect the ability of the Reorganized Debtor to make payments with respect to post-Effective Date indebtedness. Because the actual results achieved throughout the periods covered by the Projections may vary from the projected results, the Projections should not be relied upon as a guaranty, representation or other assurance of the actual results that will occur.

Except with respect to the Projections and except as otherwise specifically and expressly stated herein, this Disclosure Statement does not reflect any events that may occur subsequent to the date hereof and that may have a material impact on the information contained in this Disclosure Statement. Neither the Debtor nor Reorganized Debtor intend to update the Projections; thus, the Projections will not reflect the impact of any subsequent events not already accounted for in the assumptions underlying the Projections.

D. Dividends

The Reorganized Debtor does not anticipate that dividends will be paid with respect to the Interests in the near term.

E. Access to Financing

The Debtor's operations are dependent on the availability and cost of working capital financing and may be adversely affected by any shortage or increased cost of such financing. Debtor's post-petition operations are financed from operating cash flow and borrowings pursuant to the Ford Credit DIP Facility. The Debtor believes that substantially all of its needs for funds necessary to consummate the Plan and for post-Effective Date working capital financing will be met by projected operating cash flow. However, if the Reorganized Debtor requires working capital greater than that provided by operating cash flow, it may be required either to (a) seek to increase the availability under the Ford Credit DIP Facility, (b) obtain other sources of financing, or (c) curtail its operations. The Debtor believes that the recapitalization to be accomplished through the Plan will facilitate the ability to obtain additional or replacement working capital financing should such financing be needed. No assurance can be given, however, that any additional replacement financing will be available on terms that are favorable or acceptable to the Reorganized Debtor.

F. Claims Estimations

There can be no assurance that the estimated Claim amounts set forth herein are correct, and the actual allowed amounts of Claims may differ from the estimates. The estimated amounts are subject to certain risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, the actual allowed amounts of Claims may vary from those estimated herein,

G. Regulatory Issues

Reorganized Debtor will continue to do business in the State of Missouri after the Effective Date and will be subject to the jurisdiction of numerous state and local statutes which regulate various aspects of the automotive industry. The Debtor does not anticipate that the Reorganized Debtor will have difficulty complying with existing applicable law.

IX.
CERTAIN FEDERAL INCOME TAX CONSEQUENCES OF THE PLAN

Each Claimholder is strongly urged to consult its own tax advisor to determine what effect, if any, the treatment afforded its respective Claim by the Plan may have under federal, state and local tax laws and the laws of any applicable foreign jurisdictions.

No statement in this Disclosure Statement should be construed as legal or tax advice. Neither the Plan proponents nor their professionals assume any responsibility or liability for the tax consequences the Claimholder may incur as a result of the treatment afforded its Claim under the Plan.

Generally, the principal income tax consequence for a Claimholder in bankruptcy relates to its ability to deduct a portion of its Claim in the event the Claimholder does not receive full payment of its Allowed Claim. **Here, however, Allowed Claims are being paid in full.**

Section 166 of the Internal Revenue Code of 1986, as amended ("**IRC**") (relating to the deductibility of bad debts) generally provides that:

(a) a totally worthless business bad debt is deductible only in the tax year in which it becomes worthless;

(b) a partially worthless business bad debt is deductible in an amount not in excess of the part charged off on the taxpayer's within the taxable year; and

(c) in the case of a taxpayer other than a corporation, a nonbusiness bad debt which becomes completely worthless during that taxable year is deductible as a short-term capital loss and is subject to the limitations imposed on the deductibility of such losses.

For purposes of IRC section 166, a "nonbusiness debt" means a debt other than (a) one created or acquired in connection with the taxpayer-creditor's trade or business, or (b) the loss from the worthlessness of which was incurred during the operation of the taxpayer-creditor's trade or business.

Pursuant to Treas. Reg. § 1.166-2(c), a bankruptcy filing is generally an indication of the worthlessness of at least a part of an unsecured and unperfected debt. In bankruptcy cases, a debt may become worthless before settlement in some instances, and in others only when a settlement has been reached. In either case, the mere fact that bankruptcy proceedings are terminated in a later year, thereby confirming the conclusion that the debt is worthless, does not authorize the shifting of the deduction under IRC section 166 to such later year. Pursuant to Treas. Reg. § 1.166-1(2)(ii), only the difference between the amount received in distribution of assets of a debtor, and the amount of the claim may be deducted under IRC § 166 as a bad debt.

Generally, a taxpayer is entitled to a bad debt deduction with respect to accounts receivable only if the taxpayer has recognized as income the accounts receivable in the year in which the bad debt deduction is claimed or a prior taxable year. Thus, bad debt deductions for worthless or partially worthless accounts receivable are normally available only to accrual method taxpayers. Likewise, worthless debts arising from unpaid wages, salaries, fees, rents and similar items of taxable income are not allowed as a bad debt deduction unless such items have been reported as income in the year for which the deduction as a bad debt is claimed or for a prior taxable year.

Business bad debts deductible under IRC § 166 generally may be deducted using either the specific charge-off method or, if certain requirements are met, the nonaccrual experience method. Under the specific charge-off method, specific business bad debts that become either partially or totally worthless during the tax year may be deducted in the manner permitted by 1RC § 166.

If a deduction is taken for a bad debt which is recovered in whole or part in a latter tax year, the taxpayer may have to include in gross income the amount recovered, except under limited circumstances, the amount of the deduction that did not reduce taxes in the year deducted.

X.
FEASIBILITY OF THE PLAN AND THE BEST INTERESTS TEST

A. Feasibility of the Plan

To confirm the Plan, the Court must find that confirmation of the Plan is not likely to be followed by the liquidation or the need for further financial reorganization of Debtor. This requirement is imposed by Section 1129(a)(11) of the Bankruptcy Code and is referred to as the "feasibility" requirement. Debtor believes that it will be able to timely perform all obligations described in the Plan, and, therefore, that the Plan is feasible.

To demonstrate the feasibility of the Plan, the Debtor has prepared financial Projections for Fiscal Years 2013 through 2017, as set forth in **Appendix 4** attached to this Disclosure Statement. For comparison purposes, Debtor has attached its unaudited financial statements for the years ending December 31, 2011 and December 31, 2012 as **Appendix 3**. The Projections indicate that the Reorganized Debtor should have sufficient cash flow to pay and service its debt obligations, and to fund its operations. Accordingly, the Debtor believes that the Plan satisfies the feasibility requirement of Section 1129(a)(11) of the Bankruptcy Code. As noted in the Projections, however, the Debtor cautions that no representations can be made as to the accuracy of the Projections or as to the Reorganized Debtor's ability to achieve the projected results. Many of the assumptions upon which the Projections are based are subject to uncertainties outside the control of the Debtor. Some assumptions inevitably will not materialize, and events and circumstances occurring after the date on which the Projections were prepared may be different from those assumed or may be unanticipated, and may adversely affect the Debtor's financial results. Therefore, the actual results may vary from the projected results and the variations may be material and adverse. See "Certain Factors to Be Considered" for a discussion of certain risk factors that may affect financial feasibility of the Plan,

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TOWARD COMPLIANCE WITH THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS OR THE RULES AND REGULATIONS OF THE SECURITIES AND EXCHANGE COMMISSION REGARDING PROJECTIONS. FURTHERMORE, THE PROJECTIONS HAVE NOT BEEN AUDITED BY THE DEBTOR'S INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS. ALTHOUGH PRESENTED WITH NUMERICAL SPECIFICITY, THE PROJECTIONS ARE BASED UPON A VARIETY OF ASSUMPTIONS, SOME OF WHICH IN THE PAST HAVE NOT BEEN ACHIEVED AND WHICH MAY NOT BE REALIZED IN THE FUTURE, AND ARE SUBJECT TO SIGNIFICANT BUSINESS, ECONOMIC, AND COMPETITIVE UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE DEBTOR. CONSEQUENTLY, THE PROJECTIONS SHOULD NOT BE REGARDED AS A REPRESENTATION OR WARRANTY BY THE DEBTOR, OR ANY OTHER PERSON, THAT THE PROJECTIONS WILL BE REALIZED. ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE PRESENTED IN THE PROJECTIONS.

B. Acceptance of the Plan

As a condition to confirmation, the Bankruptcy Code requires that each Class of Impaired Claims and Interests vote to accept the Plan, except under certain circumstances.

Section 1126(c) of the Bankruptcy Code defines acceptance of a plan by a class of Impaired Claims as acceptance by holders of at least two-thirds in dollar amount and more than one-half in number of Claims in that class, but for that purpose counts only those who actually vote to accept or to reject the Plan. Thus, a Class of Claims will have voted to accept the Plan only if two-thirds in amount and a majority in number actually voting cast their Ballots in favor of acceptance. Under Section 1126(d) of the Bankruptcy Code, a Class of Interests has accepted the Plan if holders of such Interests holding at least two-thirds in amount actually voting have voted to accept the Plan. Holders of Claims or Interests who fail to vote are not counted as either accepting or rejecting a plan.

C. Best Interests Test

Even if a plan is accepted by each class of holders of Claims and Interests, the Bankruptcy Code requires a bankruptcy court to determine that the plan is in the "best interest" of all holders of Claims and Interests that are Impaired by the plan and that have not accepted the plan. The "best interests" test, as set forth in Section 1129(a)(7) of the Bankruptcy Code, requires a bankruptcy court to find either that (i) all members of an Impaired class of Claims or

Interests have accepted the plan or (ii) the plan will provide a member who has not accepted the plan with a recovery of property of a value, as of the effective date of the plan, that is not less than the amount that such holder would recover if the Debtor were liquidated under chapter 7 of the Bankruptcy Code.

To calculate the probable distribution to members of each Impaired class of holders of Claims and Interests if the Debtor were liquidated under chapter 7, a bankruptcy court must first determine the aggregate dollar amount that would be generated from the Debtor's assets if its Chapter 11 Case were converted to a chapter 7 case under the Bankruptcy Code. This "liquidation value" would consist primarily of the proceeds from a forced sale of the Debtor's assets by a chapter 7 trustee.

The amount of liquidation value available to unsecured creditors would be reduced by, first, the Claims of secured creditors to the extent of the value of their collateral, and, second, by the costs and expenses of liquidation, as well as by other administrative expenses and costs of both the chapter 7 case and the Chapter 11 Case. Costs of liquidation under chapter 7 of the Bankruptcy Code would include the compensation of a trustee, as well as of counsel and other professionals retained by the trustee, asset disposition expenses, all unpaid expenses incurred by the Debtor in its bankruptcy case (such as compensation of attorneys, financial advisors, and restructuring consultants) that are allowed in the chapter 7 case, litigation costs, and Claims arising from the operations of the Debtor during the pendency of the bankruptcy case. The liquidation itself would trigger certain priority payments that otherwise would be due in the ordinary course of business. Those priority Claims would be paid in full from the liquidation proceeds before the balance would be made available to pay general unsecured Claims or to make any distribution in respect of equity interests. The liquidation also would prompt the rejection of a large number of executory contracts and unexpired leases and thereby create a significantly higher number of unsecured Claims.

Once the Court ascertains the recoveries in liquidation of secured creditors and priority Claimants, it must determine the probable distribution to general unsecured creditors and equity security holders from the remaining available proceeds in liquidation. If such probable distribution has a value greater than the distributions to be received by such creditors and equity security holders under a debtor's plan, then such plan is not in the best interests of creditors and equity security holders.

D. Application of the Best Interests Test to the Liquidation Analysis

A liquidation analysis prepared with respect to Debtor is attached as **Appendix 2** to this Disclosure Statement. The Debtor believes that any liquidation analysis is speculative. For example, the liquidation analysis necessarily contains an estimate of the amount of Claims which will ultimately become Allowed Claims. No order or finding has been entered by the Bankruptcy Court estimating or otherwise fixing the amount of Claims at the projected amounts of Allowed Claims set forth in the liquidation analysis. The estimate of the amount of Allowed Claims set forth in the liquidation analysis should not be relied on for any other purpose, including, without limitation, any determination of the value of any distribution to be made on account of Allowed Claims and Interests under the Plan.

Notwithstanding the difficulties in quantifying recoveries to creditors with precision, Debtor believes that, taking into account the liquidation analysis, the Plan meets the "best interests" test of Section 1129(a)(7) of the Bankruptcy Code. The Debtor believes that the members of each Impaired class will receive at least as much under the Plan as they would in a liquidation in a hypothetical chapter 7 case. Creditors and Interestholders of the Debtor will receive a better recovery through the distributions contemplated by the Plan because the continued operation of the Debtor as going concern rather than a forced liquidation will allow the realization of more value for the Debtor's assets. Moreover, as a result of the reorganization of the Debtor, creditors such as the Debtor's employees (close to 113) would retain their jobs and most likely make few if any other Claims against the estate. Lastly, in the event of liquidation, the aggregate amount of unsecured Claims will no doubt increase significantly, and such Claims will be subordinated to priority Claims that will be created. For example, employees will file Claims for wages, pensions and other benefits, some of which will be entitled to priority. The Debtor's landlord will no doubt file large Claims for both unsecured and priority amounts. The resulting increase in both general unsecured and priority Claims will no doubt decrease percentage recoveries to unsecured creditors of the Debtor. All of these factors lead to the conclusion that recoveries under the Plan would be at least as much, and in many cases significantly greater, than the recoveries available in a chapter 7 liquidation.

E. Confirmation Without Acceptance of All Impaired Classes: The "Cramdown" Alternative

Section 1129(b) of the Bankruptcy Code provides that a plan can be confirmed even if it has not been accepted by all Impaired classes, as long as at least one Impaired class of Claims has accepted it. The Court may confirm the Plan at the request of the Debtor notwithstanding the Plan's rejection (or deemed rejection) by Impaired Classes as long as the Plan "does not discriminate unfairly" and is "fair and equitable" as to each Impaired Class that has not accepted it. A plan does not discriminate unfairly within the meaning of the Bankruptcy Code if a dissenting class is treated equally with respect to other classes of equal rank.

A plan is fair and equitable as to a class of secured Claims that rejects such plan if the plan provides (1)(a) that the holders of Claims included in the rejecting class retain the liens securing those Claims whether the property subject to those liens is retained by the Debtor or transferred to another entity, to the extent of the allowed amount of such Claims, and (b) that each holder of a Claim of such class receives on account of that Claim deferred cash payments totaling at least the allowed amount of that Claim, of a value, as of the effective date of the plan, of at least the value of the holder's interest in the estate's interest in such property; (2) for the sale, subject to Section 363(k) of the Bankruptcy Code, of any property that is subject to the liens securing the Claims included in the rejecting class, free and clear of the liens, with the liens to attach to the proceeds of the sale, and the treatment of the liens on proceeds under clause (1) or (2) of this subparagraph; or (3) for the realization by such holders of the indubitable equivalent of such Claims.

A plan is fair and equitable as to a class of unsecured Claims which rejects a plan if the plan provides (1) for each holder of a Claim included in the rejecting class to receive or retain on account of that Claim property that has a value, as of the effective date of the plan, equal to the allowed amount of such Claim; or (2) that the holder of any Claim or Interest that is junior to the

Claims of such rejecting class will not receive or retain on account of such junior Claim or Interest any property at all.

A plan is fair and equitable as to a class of equity interests that rejects a plan if the plan provides (1) that each holder of an Interest included in the rejecting class receive or retain on account of that Interest property that has a value, as of the effective date of the plan, equal to the greatest of the allowed amount of any fixed liquidation preference to which such holder is entitled, any fixed redemption price to which such holder is entitled, or the value of such Interest; or (2) that the holder of any Interest that is junior to the Interest of such rejecting class will not receive or retain under the plan on account of such junior Interest any property at all. The Debtor is seeking confirmation of the Plan pursuant to Section 1129(b) of the Bankruptcy Code with respect to any Classes which vote to reject the Plan.

F. Conditions to Confirmation and/or Consummation of the Plan

1. Conditions to Confirmation

The following are conditions precedent to confirmation of the Plan that may be satisfied or waived in accordance with Section 12.3 of the Plan:

The Bankruptcy Court shall have approved a disclosure statement with respect to the Plan in form and substance acceptable to Debtor in its sole discretion; and

The Confirmation Order shall be in form and substance acceptable to Debtor in its sole discretion.

2. Conditions to Consummation

The Effective Date shall occur on or prior to June 15, 2013, unless such date is extended by the Debtor. The following are conditions precedent to the occurrence of the Effective Date, each of which may be satisfied or waived in accordance with Section 12.3 of the Plan:

(a) The Bankruptcy Court shall have entered one or more orders (which may include the Confirmation Order) authorizing the assumption of unexpired leases and executory contracts by the Debtor as contemplated by Section 8.1 of the Plan;

(b) The Debtor shall not be in default under the Ford Credit DIP Facility;

(c) The Confirmation Order shall have been entered by the Bankruptcy Court;

(d) All governmental and material third-party approvals and consents, including Bankruptcy Court approval, necessary in connection with the transactions contemplated by the Plan shall be in full force and effect (which, in the case of an order of judgment of any Court, shall mean a Final Order) and all applicable waiting

periods shall have expired without any action being taken or threatened by competent authority that would restrain, prevent or otherwise impose materially adverse conditions on such transactions; and

(e) *All documents and agreements necessary to implement the Plan shall have (a) been tendered for delivery, and (b) been effected or executed by all Persons party thereto, or will be deemed executed and delivered by virtue of the effectiveness of the Plan as expressly set forth herein, and all conditions precedent to the effectiveness of such documents and agreements shall have been waived or satisfied pursuant to the terms of such documents or agreements.*

G. Waiver of Conditions to Confirmation and/or Consummation

The Effective Date shall be the first Business Day upon which all of the conditions specified in Article XII of the Plan have been satisfied or waived. Substantial Consummation of the Plan, as defined in 11 U.S.C. § 1101(2), shall be deemed to occur on the Effective Date. The conditions set forth in Sections 12.1 and 12.2 of the Plan may be waived by the Debtor and Reorganized Debtor in their sole discretion without any notice to parties in interest or the Bankruptcy Court and without a hearing. The failure to satisfy or waive any condition to the Confirmation Date or the Effective Date may be asserted by the Debtor or Reorganized Debtor in their sole discretion regardless of the circumstances giving rise to the failure of such condition to be satisfied (including any action or inaction by the Debtor or Reorganized Debtor in its sole discretion). The failure of the Debtor or Reorganized Debtor in their sole discretion to exercise any of the foregoing rights shall not be deemed a waiver of any other rights, and each such right shall be deemed an ongoing right, which may be asserted at any time.

H. Retention of Jurisdiction

Pursuant to sections 105(a) and 1142 of the Bankruptcy Code, and as more particularly described in Article XIII of the Plan, the Court will have jurisdiction of all matters arising out of, and related to, the Chapter 11 Case and the Plan, including, among other things: (1) the assumption or rejection of executory contracts or unexpired leases and the amount of any damages or Cure payments with respect thereto; (2) to determine any and all pending adversary proceedings, applications, and contested matters; (3) to adjudicate any and all disputes arising from the distribution of Cash, and all controversies and issues arising from or relating to any of the foregoing; (4) to ensure that distributions to holders of Allowed Claims and interests are accomplished as provided in the Plan; (5) to hear and determine any and all objections to the allowance of Claims and Interests and the estimation of Claims; (6) to enter and implement such orders as may be appropriate if the Confirmation Order is for any reason stayed, revoked, modified, or vacated; (7) to hear and determine disputes arising under, and issue orders in aid of, execution, implementation, or consummation of the Plan; (8) to consider any modifications of the Plan; (9) to hear and determine all applications for compensation and reimbursement of Professional Claims; (10) to hear and determine disputes arising from Claims entitled to priority treatment under Section 507(a)(1) of the Bankruptcy Code; (11) to hear and determine matters concerning state, local, and federal taxes; (12) to hear any other matter not inconsistent with the

Bankruptcy Code; (13) to hear and determine all disputes involving the existence, nature, or scope of Debtor's discharge, including any dispute relating to any liability arising out of the termination of employment or the termination of any employee or retiree benefit program, regardless of whether such termination occurred prior to or after the Effective Date; (14) to hear and determine any and all matters relating to the Retained Actions; (15) to enforce all orders previously entered by the Bankruptcy Court; and (16) to enter a final decree closing the Bankruptcy Case.

XI.
ALTERNATIVES TO CONFIRMATION AND CONSUMMATION OF THE PLAN

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

If the Plan is not confirmed, however, the theoretical alternatives include: (a) continuation of the pending Chapter 11 Case; (b) an alternative plan or plans of reorganization; or (c) liquidation of the Debtor under chapter 7 or chapter 11 of the Bankruptcy Code.

A. Continuation of the Bankruptcy Case

If it remains in chapter 11, the Debtor could continue to operate its business and manage its properties as a Debtor in possession, but it would remain subject to the restrictions imposed by the Bankruptcy Code. It is not clear whether the Debtor could survive as a going concern in a protracted Chapter 11 Case. The Debtor could have difficulty sustaining the high costs and the erosion of market confidence which may be caused if the Debtor remains a chapter 11 debtor in possession.

B. Alternative Plans of Reorganization

If the Plan is not confirmed, the Debtor or, after the expiration of Debtor's exclusive period in which to propose and solicit a reorganization plan, any other party in interest in the Chapter 11 Case, could propose a different plan or plans. Such plans might involve either a reorganization and continuation of the Debtor's business, or an orderly liquidation of its assets, or a combination of both.

C. Liquidation Under Chapter 7 or Chapter 11

If no plan is confirmed, the Debtor's Chapter 11 Case may be converted to a case under chapter 7 of the Bankruptcy Code. In a chapter 7 case, a trustee or trustees would be appointed to liquidate the assets of the Debtor. It is impossible to predict precisely how the proceeds of the liquidation would be distributed to the respective holders of Claims against or Interests in the Debtor.

However, the Debtor believes that creditors would lose the substantially higher going concern value if Debtor were forced to liquidate. In addition, the Debtor believes that in liquidation under chapter 7, before creditors received any distribution, additional administrative expenses involved in the appointment of a trustee and attorneys, accountants and other professionals to assist such trustee would cause a substantial diminution in the value of the Estate. The assets available for distribution to creditors would be reduced by such additional expenses and by Claims, some of which would be entitled to priority, which would arise by reason of the liquidation and from the rejection of leases and other executory contracts in connection with the cessation of operations and the failure to realize the greater going concern value of the Debtor's assets.

The Debtor may also be liquidated pursuant to a Chapter 11 plan. In a liquidation under Chapter 11, the Debtor's assets could be sold in an orderly fashion over a more extended period of time than in a liquidation under chapter 7. Thus, a chapter 11 liquidation might result in larger recoveries than a chapter 7 liquidation, but the delay in distributions could result in lower present values received and higher administrative costs. Because a trustee is not required in a chapter 11 case, expenses for professional fees could be lower than in a chapter 7 case in which a trustee must be appointed. Any distribution to the Claimholders and Interestholders under a chapter 11 liquidation plan probably would be delayed substantially.

The Debtor's liquidation analysis is premised upon a hypothetical liquidation in a chapter 7 case and is attached as **Appendix 2** to this Disclosure Statement. In the analysis, the Debtor has taken into account the nature, status, and underlying value of its assets, the ultimate realizable value of its assets, and the extent to which such assets are subject to liens and security interests.

The likely form of any liquidation would be the sale of individual assets. Based on this analysis, it is likely that a liquidation of the Debtor's assets would produce less value for distribution to creditors than that recoverable in each instance under the Plan. In the opinion of the Debtor, the recoveries projected to be available in liquidation are not likely to afford holders of Claims and holders of Interests as great a realization potential as does the Plan.

XII.
VOTING REQUIREMENTS

The Bankruptcy Court has entered an order (the "**Solicitation Procedures Order**"), among other things, approving this Disclosure Statement, setting voting procedures and scheduling the hearing on confirmation of the Plan. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement. The Confirmation Hearing Notice sets forth in detail, among other things, the voting deadlines and objection deadlines with respect to the Plan. The Confirmation Hearing Notice and the instructions attached to the Ballot should be read in connection with this section of this Disclosure Statement.

If you have any questions about (i) the procedure for voting your Claim or Interest or with respect to the packet of materials that you have received, (ii) the amount of your Claim or your Interest holdings, or (iii) if you wish to obtain, at your own expense, unless otherwise specifically required by Federal Rule of Bankruptcy Procedure 3017(d), an additional copy of the Plan, this Disclosure Statement, or any appendices or exhibits to such documents, please contact:

Andrew J. Nazar
Polsinelli PC
700 W. 47th Street, Suite 1000
Kansas City, Missouri 64112
Tel: (816) 753-1000
Fax: (816) 753-1536

The Bankruptcy Court may confirm the Plan only if it determines that the Plan complies with the requirements of chapter 11 of the Bankruptcy Code and that the disclosures by the Debtor concerning the Plan have been adequate. In addition, the Bankruptcy Court must determine that the Plan has been proposed in good faith and not by any means forbidden by law, and under Bankruptcy Rule 3020(b)(2), it may do so without receiving evidence if no objection is timely filed.

In particular, the Bankruptcy Code requires the Bankruptcy Court to find, among other things, that (a) the Plan has been accepted by the requisite votes of all Classes of Impaired Claims and Interests unless approval will be sought under Section 1129(b) of the Bankruptcy Code in spite of the non-acceptance by one or more such Classes, (b) the Plan is "feasible," which means that there is a reasonable probability that the Debtor will be able to perform its obligations under the Plan and continue to operate its business without further financial reorganization or liquidation, and (c) the Plan is in the "best interests" of all Claimholders and Interestholders, which means that such holders will receive at least as much under the Plan as they would receive in a liquidation under chapter 7 of the Bankruptcy Code. The Bankruptcy Court must find that all conditions mentioned above are met before it can confirm the Plan. Thus, even if all the Classes of Impaired Claims and Interests against the Debtor accept the Plan by the requisite votes, the Bankruptcy Court must still make an independent finding that the Plan satisfies these requirements of the Bankruptcy Code, that the Plan is feasible, and that the Plan is in the best interests of the holders of Claims and Interests against and in the Debtor.

A. Parties in Interest Entitled to Vote

Under Section 1124 of the Bankruptcy Code, a class of Claims or Interests is deemed to be "impaired" under a plan unless (a) the plan leaves unaltered the legal, equitable, and contractual rights to which such Claim or Interest entitles the holder thereof, or (b) notwithstanding any legal right to an accelerated payment of such Claim or Interest, the plan cures all existing defaults (other than defaults resulting from the occurrence of events of bankruptcy) and reinstates the maturity of such Claim or Interest as it existed before the default.

In general, a holder of a Claim or Interest may vote to accept or to reject a plan if (1) the Claim or Interest is "allowed," which means generally that no party in interest has objected to such Claim or Interest, and (2) the Claim or Interest is Impaired by the Plan. If the holder of an Impaired Claim or Impaired Interest will not receive any distribution under the plan in respect of such Claim or Interest, the Bankruptcy Code deems such holder to have rejected the plan. If the Claim or Interest is not Impaired, the Bankruptcy Code deems that the holder of such Claim or Interest has accepted the plan and the plan proponent need not solicit such holder's vote.

The holder of a Claim or interest that is "impaired" under the Plan is entitled to vote to accept or reject the Plan if (1) the Plan provides a distribution in respect of such Claim or Interest, and (2) (a) the Claim or Interest has been scheduled by the Debtor (and such Claim or Interest is not scheduled as disputed, contingent, or unliquidated), (b) such Claimholder or Interestholder has timely filed a Proof of Claim or Proof of Interest as to which no objection has been filed, or (c) pursuant to Rule 3018(a) of the Federal Rules of Bankruptcy Procedure, the Court, upon motion, temporarily allows such Claim or Interest for voting purposes only, in which case the holder's vote shall be counted only upon order of the Court.

A vote may be disregarded if the Court determines, pursuant to Section 1126(e) of the Bankruptcy Code, that it was not solicited or procured in good faith or in accordance with the provisions of the Bankruptcy Code. The Solicitation Procedures Order also sets forth assumptions and procedures for tabulating Ballots, including Ballots that are not completed fully or correctly,

B. Classes Impaired Under the Plan

The following Classes are Impaired under, and entitled to vote to accept or reject, the Plan:

- Class 2: Secured DIP Facility Claim of Ford Motor Credit Corporation, LLC
- Class 3: Secured Prepetition Claim of Ford Motor Credit Corporation
- Class 4: Secured DIP Facility Claim of Robert Balderston
- Class 5: Secured Claim of Bank Midwest
- Class 6: Secured Claim of Blue Ridge Bank and Trust
- Class 7: General Unsecured Trade Creditor Claims
- Class 8: General Unsecured Tort Claims
- Class 10: General Unsecured Insiders Claims
- Class 11: Equity Interests

All other Classes are either Unimpaired or deemed Unimpaired, are presumed to have accepted the Plan, and are not entitled to vote on the Plan.

XIII.
CONCLUSION

A. Hearing on and Objections to Confirmation

1. *Confirmation Hearing*

The hearing on confirmation of the Plan has been scheduled for June 5, 2013 at 9:00 a.m. (prevailing Central Time). Such hearing may be adjourned from time to time by announcing such adjournment in open court, all without further notice to parties in interest, and the Plan may be modified by the Debtor pursuant to Section 1127 of the Bankruptcy Code prior to, during, or as a result of that hearing, without further notice to parties in interest.

2. *Date Set for Filing Objections to Confirmation of the Plan*

The time by which all objections to confirmation of the Plan must be filed with the Court and received by the parties listed in the Confirmation Hearing Notice has been set for May 31, 2013. A copy of the Confirmation Hearing Notice is enclosed with this Disclosure Statement.

B. Recommendation

The Plan provides for an equitable and early distribution to creditors of the Debtor, preserves the value of the Business as a going concern, and preserves the jobs of employees. The Debtor believes that any alternative to confirmation of the Plan, such as liquidation or attempts by another party in interest to file a plan, could result in significant delays, litigation, and costs, as well as the toss of jobs by the employees. FOR THESE REASONS, THE DEBTOR URGES YOU TO RETURN YOUR BALLOT ACCEPTING THE PLAN.

BLUE SPRINGS FORD SALES, INC.,
DEBTOR AND DEBTOR-IN-POSSESSION

By: *<u>/s/ Robert C. Balderston</u>*
Its President

POLSINELLI PC

By: *<u>/s/ Michael M. Tamburini</u>*

JAMES E. BIRD (MO #28833)
MICHAEL M. TAMBURINI (MO #35033)
ANDREW J. NAZAR (MO #57928)
700 West 47th Street, Suite 1000
Kansas City, Missouri 64112
(816) 753-1000
Fax No. (816) 753-1536
jbird@polsinelli.com
mtamburini@polsinelli.com
anazar@polsinelli.com

ATTORNEYS FOR BLUE SPRINGS FORD SALES, INC.