IN THE UNITED STATES BANKRUPTCY COURT
FOR THE WESTERN DISTRICT OF MICHIGAN

In re:

GAINEY CORPORATION, *et al.*[1]

Debtors.

_______________________________________/

Case No. 08-09092

Chapter 11
Petition Date: October 14, 2008
Jointly Administered
Honorable James D. Gregg

DEBTORS' DISCLOSURE STATEMENT

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Dated: June 1, 2009

[1] The Debtors are Gainey Corporation (Case No. 08-09092), Gainey Transportation Services, Inc. (Case No. 08-09094), Super Service, Inc. (Case No. 08-09096), Freight Brokers of America, Inc. (Case No. 08-09109), Lester Coggins Trucking, Inc. (Case No. 08-09095), and Gainey Insurance Services, Inc. (Case No. 08-09097).

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SECTION I: INTRODUCTION

The Debtors in these jointly administered Chapter 11 cases submit this disclosure statement (the "**Disclosure Statement**") pursuant to section 1125 of Title 11 of the Bankruptcy Code, to holders of Claims and Equity Interests in the Debtors in connection with (i) the solicitation of acceptances of the Joint Plan of Reorganization Under Chapter 11 of the Bankruptcy Code (as the same may be amended from time to time, the "**Plan**"), filed contemporaneously herewith by Debtors with the United States Bankruptcy Court for the Western District of Michigan, and (ii) the hearing to consider confirmation of the Plan (the "**Confirmation Hearing**").

Unless otherwise defined herein, all capitalized terms contained herein have the meanings ascribed to them in the Plan.

On October 14, 2008, Debtors filed their Voluntary Petitions under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Western District of Michigan in Grand Rapids, Michigan. The Debtors were assigned case numbers 08-09092 (Gainey Corporation), 08-09094 (Gainey Transportation Services, Inc.), 08-09096 (Super Service, Inc.), 08-09109 (Freight Brokers of America, Inc.), 08-09095 (Lester Coggins Trucking, Inc.), and 08-09097 (Gainey Insurance Services, Inc.). Each case was assigned to the Honorable James D. Gregg. The Debtors' Chapter 11 Cases are jointly administered under Chapter 11 of the Bankruptcy Code, but have not been substantively consolidated. The Debtors are continuing to operate their businesses in the ordinary course of business as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code.

THIS PLAN IS PROPOSED JOINTLY BY ALL OF THE DEBTORS, BUT CONSTITUTES A SEPARATE PLAN FOR EACH DEBTOR. THE ESTATE OF THE DEBTORS HAVE NOT BEEN CONSOLIDATED, SUBSTANTIVELY OR OTHERWISE. EXCEPT AS SPECIFICALLY SET FORTH IN THE PLAN, NOTHING IN THE PLAN OR THIS DISCLOSURE STATEMENT WILL CONSTITUTE OR BE DEEMED TO BE AN ADMISSION THAT ONE OF THE DEBTORS IS SUBJECT TO OR LIABLE FOR ANY CLAIM AGAINST ANOTHER DEBTOR. EXCEPT AS EXPRESSLY PROVIDED IN THE PLAN, THE CLASSIFICATIONS OF CLAIMS AND EQUITY INTERESTS SET FORTH IN THE PLAN WILL BE DEEMED TO APPLY WITH RESPECT TO EACH PLAN PROPOSED BY EACH DEBTOR.

This Disclosure Statement describes certain aspects of the Plan, the Debtors' operations, significant events occurring in the Debtors' Chapter 11 Cases and other related matters.

For a complete understanding of the Plan, you should read the Disclosure Statement, the Plan, and any and all exhibits and/or schedules thereto and the other documents referred to herein and therein in their entireties.

The Debtors believe that acceptance of the Plan is in the best interests of all holders of Claims against and Equity Interests in the Debtors.

A ballot for the acceptance or rejection of the Plan is enclosed with the Disclosure Statement and submitted to the holders of the Claims that the Debtors believe are entitled to vote to accept or reject the Plan.

The purpose of this Disclosure Statement is to provide adequate information, within the meaning of Bankruptcy Code § 1125(a), of a kind, and in sufficient detail, as far as is reasonably practicable in light of the nature and history of the Debtors, to the creditors and holders of Equity Interests of the

Debtor, so that such creditors and holders of Equity Interests may make an informed judgment about the Debtors' Plan.

No person is authorized in connection with the Plan or solicitation of acceptances of the Plan to give any information or to make any representations other than those contained in this Disclosure Statement, its exhibits and any court-approved solicitation materials. If such representations or information are given or made, such representations or information should not be relied upon. The delivery of this Disclosure Statement will not under any circumstances imply that all the information contained herein is correct as of any time subsequent to the date hereof.

This Disclosure Statement describes various transactions contemplated under the Plan but is not a substitute for the Plan. The terms of the Plan shall govern in case of any inconsistency between the Plan and this Disclosure Statement. The definitions of the Plan are incorporated by reference in this Disclosure Statement. Defined terms are capitalized.

You are urged to study the Plan in full and to consult with your legal counsel and tax advisors about the Plan and its impact upon your legal rights, including possible tax consequences. Please read this Disclosure Statement and its exhibits carefully before voting on the Plan.

The statements contained in this Disclosure Statement are made as of the date hereof, unless another time is specified herein. Delivery of this Disclosure Statement in connection with the Plan shall not create an implication that there has been no change in the information set forth herein since the date of this Disclosure Statement and the date that the materials relied upon in preparation of this Disclosure Statement were compiled.

This Disclosure Statement may not be relied upon for any purpose other than to determine whether to vote in favor of or against the Plan, and nothing contained herein shall constitute an admission of any fact or of liability by any party, or be admissible in any proceedings involving the Debtors or involving any legal effect of the reorganization of the Debtors. Certain of the information contained in this Disclosure Statement, by its nature, is in the manner of projections, which may prove to be different from actual results.

The information contained in this Disclosure Statement has been submitted by the Debtors' management, except where other sources are identified. The management of the Debtors authorize no representations concerning the Debtors or the Plan other than those in this Disclosure Statement and accompanying documents. You should not rely on any representations or inducements made by any person to secure your vote other than those contained in this Disclosure Statement. The management of the Debtors have made great efforts to be accurate in this Disclosure Statement in all material respects and believe that the contents of this Disclosure Statement are complete and accurate. However, neither the Debtors' management, nor any other party that consents hereto, can or does warrant or represent that the information contained herein is without inaccuracy.

SECTION II: LEGAL REQUIREMENTS

2.1 Voting Procedures

Under the Bankruptcy Code, the only classes that are entitled to vote to accept or reject a plan are classes of Claims or Equity Interests that are impaired under the Plan. Accordingly, classes of Claims or interests that are not impaired are *not* entitled to vote on the Plan. The Plan filed by the Debtors contains both impaired and unimpaired Classes of Claims as follows:

Impaired Classes

Class III	Other Secured Claims
Class IV	Lender Secured Claims
Class VI	Unsecured Liability Claims
Class VII	Convenience Claims
Class VIII	Lender Unsecured Claims
Class IX	Other Unsecured Claims

Unimpaired Classes

Class I Other Priority Claims
Class II Secured Tax Claims
Class V Insurer Secured Claims

In addition, four Classes are Impaired, but are not allowed to vote under the terms of the Plan, and are deemed to have rejected the Plan. These Classes consist of Class X, Intercompany Unsecured Claims, Class XI, Subordinated Insider Unsecured Claims, Class XII, Gainey Equity Interests, and Class XIII, Affiliate Equity Interests.

Creditors that may hold Claims in more than one impaired Class are entitled to vote separately in each Class. Such a creditor will receive a separate ballot for all of its Claims in each Class and should complete and sign each ballot separately. A creditor who asserts a Claim in more than one Class and who has not been provided with sufficient ballots may photocopy the ballot received and submit multiple ballots.

Votes on the Plan will be counted only with respect to Claims: (a) that are listed on the Debtor's Schedules *other* than as disputed, contingent or unliquidated; (b) for which a Proof of Claim was filed on or before March 23, 2009 the last date set by the Court for the filing of proofs of Claim (except for certain Claims expressly excluded from that requirement or which are Allowed by Court order), or which are expressly Allowed under specific terms of the Plan, either generally, or for purposes of voting only. However, any vote by a holder of a Claim will not be counted if such Claim has been disallowed or is the subject of an unresolved objection, absent an order of the Court allowing such Claim for voting purposes pursuant to 11 U.S.C. § 502 and Bankruptcy Rule 3018.

Voting on the Plan by each holder of a Claim in an impaired Class is important. After carefully reviewing the Plan and Disclosure Statement, each holder of such a Claim should vote on the enclosed Ballot either to accept or to reject the Plan, and then return the Ballot by mail to the Debtors' attorney by the deadline established by the Court. Holders of Claims should note that Ballots with respect to Class IX of the Plan permit the holders of Class IX, Other Unsecured Claims to make an election to reduce their claims and be treated as a Convenience Claim under the Plan.

Any Ballot that does not appropriately indicate acceptance or rejection of the Plan will not be counted. A Ballot that is not received by the deadline will not be counted. If a Ballot is damaged, lost, or missing, the replacement Ballot may be obtained by sending a written request to the Debtors' attorney.

By signing and returning the Ballot, each holder of a Claim entitled to vote will also be confirming that (i) such holder and/or agents acting on its behalf has read this Disclosure Statement and the Plan; (ii) such holder and/or agents acting on its behalf has had the opportunity to ask questions of and receive answers from the Debtors concerning the terms of the Plan and related matters; (iii) the Debtors have made available to such holder or its agents all documents or information relating to the Plan; and (iv) except for information provided by the Debtors or their agents in writing, such holder has not relied on any statements made or other information received from any person with respect to the Plan.

2.2 Waivers of Defects, Irregularities, Etc.

Unless otherwise ordered by the Bankruptcy Court, all questions as to the validity, form, eligibility, acceptance and revocation or withdrawal of Ballots will be determined by the Debtors, in the exercise of their reasonable discretion. The Debtors may consult with the Committee in conjunction with any such determination, but the Debtors' reasonable determination will be final and binding. The Debtors shall have the right to reject any and all Ballots reasonably determined by them to not be in proper form, and/or if the acceptance of such Ballot would, in their opinion or the opinion of their counsel, be unlawful. The Debtors reserve the right to waive any defects or irregularities or conditions of delivery as to any particular Ballot. Unless waived, any defects or irregularities in connection with the delivery of a Ballot must be cured within such time as the Bankruptcy Court orders. The Debtors will not be under any duty to provide notification of defects or irregularities with respect to Ballots nor will any of them incur any liability for failing to provide any such notification. Unless otherwise ordered by the Bankruptcy Court, defective or irregular Ballots will not be deemed to have been delivered until corrected or waived. As indicated in Section 2.3 below, withdrawals of Ballots must be submitted timely to be effective. The Debtors and the Committee will each have the right to challenge or contest the validity of any such withdrawal.

2.3 Withdrawal of Ballots

Any party who delivers a valid Ballot for the acceptance or rejection of the Plan may withdraw such acceptance or rejection by delivering a written notice of withdrawal to the Debtors before the date the Ballots are due. A notice of withdrawal is valid if it (i) contains the description of the Claim(s) to which it relates and the aggregate principal amount represented by such Claim(s); (ii) is signed by the withdrawing party in the same manner as the Ballot being withdrawn; (iii) contains a certification that the withdrawing party owns the Claim(s) and possesses the right to withdraw the Ballot; and (iv) is received by the Debtors in a timely manner. Unless ordered by the Bankruptcy Court, any attempts to withdraw a Ballot except as set forth above will be ineffective.

2.4 Confirmation

Section 1129(a) of the Bankruptcy Code establishes conditions for the confirmation of a Plan. The findings required for confirmation include the following: (i) the Plan classifies Claims and Equity Interests in a permissible manner; (ii) the Plan complies with applicable provisions of the Bankruptcy Code; (iii) the Debtors complied with applicable provisions of the Bankruptcy Code; (iv) the Plan has been accepted by the requisite votes of holders of Claims (except to the extent that confirmation is available under section 1129(b) of the Bankruptcy Code); (v) the Plan has been proposed in good faith and not by any means forbidden by law; (vi) the disclosure requirements of section 1125 of the Bankruptcy Code have been made; (vii) the Plan is feasible and confirmation will likely not be followed by liquidation or the need for further reorganization of the Debtors, unless such liquidation or reorganization is proposed in the Plan; (viii) the Plan is in the best interests of all holders of Claims in an impaired Class by providing to such holders on account of their Claims property of a value that is not less than the amount that such holder would receive or retain in a Chapter 7 liquidation, unless each holder of a Claim in such Class has accepted the Plan; (ix) all fees and expenses payable under section 1930 of the Bankruptcy Code have been paid or the Plan provides for their payment on its effective date; (x) if applicable, the Plan provides for the continuation after the effective date of all retiree benefits, as defined under section 1114 of the Bankruptcy Code, at the level established before confirmation for the duration of the period that the debtor has obligated itself to provide such benefits.

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 (2/3) in dollar amount and more than one-half (1/2) in number of claims in that class, but for that purpose counts only those who actually vote to accept or reject the plan. Thus, a class will have voted to accept a plan if two-thirds (2/3) in amount and a majority in number actually voting cast their ballots in favor of acceptance.

This description is non-exhaustive. Parties are encouraged to seek independent legal counsel to answer any questions concerning the Chapter 11 process and/or the requirements for confirmation.

2.5 Best Interests of Creditors Test

Before the Plan may be confirmed, the Bankruptcy Court must find (with certain exceptions) that the Plan provides, with respect to each Class, that each holder of a Claim or Equity Interest in such Class either: (i) has accepted the Plan or (ii) will receive or retain under the Plan property of a value, as of the Effective Date, that is not less than the amount that such person would receive or retain if the Debtors liquidated under Chapter 7 of the Bankruptcy Code. This requirement is discussed in more detail in Section 5.1 of this Disclosure Statement.

In a Chapter 7 liquidation, creditors and interest holders are paid from available assets generally in the following order, with no junior class receiving any payments until all amounts due to the senior classes are paid in full: (i) secured creditors; (ii) administrative and priority unsecured creditors; (iii) unsecured creditors; (iv) subordinated creditors; and (v) equity interest holders.

The Debtors' financial advisors have prepared a Liquidation Analysis to show the anticipated distribution to creditors in a liquidation of Debtors under Chapter 7 of the Bankruptcy Code. As demonstrated by the Liquidation Analysis described in Section 5.1 hereof, the Debtors anticipate that creditors would receive less in a Chapter 7 liquidation than they would under the Plan. The Debtors therefore submit that the Plan meets the "best interests" requirement of the Bankruptcy Code.

2.6 The Plan Must Be Feasible

To be confirmed, the Plan must also be feasible, meaning that it is not likely to be followed by an unplanned liquidation or further financial restructuring, unless proposed in the Plan. Feasibility of the Plan is discussed in more specific detail in Section 6.3 of this Disclosure Statement. The Debtors believe the Plan is feasible.

2.7 Plan Modification

The Debtors reserve the right to modify or withdraw the Plan at any time before the Confirmation Hearing, as set forth more fully in the terms of the Plan.

2.8 Nonconsensual Confirmation

The Bankruptcy Code contains provisions for confirmation of a Plan even if the Plan is not accepted by all creditors, as long as one impaired Class accepts the Plan pursuant to the so-called "cram-down" provisions of 11 U.S.C. § 1129(b). Generally the Plan may be confirmed pursuant to the cram-down provisions if it satisfies a number of criteria, including that the Plan does not unfairly discriminate against and is fair and equitable to those impaired creditors in a Class that did not accept the Plan.

In general, the requirement that a plan "does not discriminate unfairly" means that a dissenting Class must be treated equally with respect to other Classes of equal rank. A plan may also provide for different treatment for different classes if the claims or interests in such classes have different priorities or characteristics, and a plan does not discriminate unfairly if claims or interests in different classes but with similar priorities and characteristics receive or retain property of a similar value under a Plan.

By establishing separate Classes for the holders of each type of Claim and Equity Interest and by treating each holder of a Claim and Equity Interest in each such Class the same, the Debtors submit that the Plan does not "discriminate unfairly" with respect to any Class of Claims or Equity Interests. With respect to Classes of Claims which are not entitled to vote under the terms of the Plan, and which are therefore deemed to have rejected the Plan, the Debtors believe the Plan is fair and equitable, and request, under the Plan, that the Bankruptcy Court confirm the Plan under section 1129(b) of the Bankruptcy Code. The Debtors believe that the holders of Claims and Equity Interests who are deemed to have rejected the Plan will not object to confirmation of the Plan.

However, should an impaired Class that is eligible to vote under the Plan vote to reject the Plan, the Debtors retain the right to seek to amend the Plan or to seek to confirm the Plan (as proposed or as amended) under section 1129(b) of the Bankruptcy Code, by demonstrating that the Plan is fair and equitable. The "fair and equitable" standard, also known as the "absolute priority rule," has different meanings with respect to secured and unsecured Claims. With respect to Secured Claims, for the Plan to be fair and equitable, the Plan may provide, among other things, that the holder of such Claims retain the Liens securing those Claims to the extent of the Allowed amount of such Claims, and that such holder receive on account of such Claim deferred Cash payments totaling at least the Allowed amount of such Claim of a value, as of the Effective Date of the Plan, of at least the value of such holder's interest in the estate's interest in such property. Alternatively, a Plan may provide for the realization by the holders of Secured Claims of the indubitable equivalent of such Claims, or provide for the sale of the property securing such Claim under certain conditions. With respect to a class of unsecured creditors, the Plan may be found to be fair and equitable if it provides that each holder of a Claim of such Class receive or retain on account of such Claim property of a value, as of the Effective Date, equal to the allowed amount of the Claim, or if it provides that the holder of a Claim or Equity Interest that is junior to the Claims of such Class will not receive or retain distributions or interests under the Plan on account of such junior Claim or Equity Interest.

SECTION III: THE DEBTORS AND THEIR BUSINESS; IMPORTANT PRE-PETITION EVENTS

3.1 The Debtors' Business

The Debtors, each of which is a privately held Michigan corporation(other than LCT, which is a Florida corporation), primarily provide nationwide over the road trucking, freight-hauling, and related freight brokerage and logistics services. The Debtors serve a variety of industries, arranging for and providing shipping services throughout the United States and in certain provinces of Canada.

The Debtors' primary line of business is the delivery of logistics, brokering, and over the road freight hauling services to their customers. Logistics services consist of providing the customer with services relating to the pickup and delivery of freight, and the handling of the associated paperwork, including (without limitation and where applicable) addressing customs clearance and related services. Brokerage services involve arranging for the means of shipment of various products of the Debtors' customers, and facilitating the delivery of goods through alternative carriers, whether in conjunction with hauling services provided by Debtors or otherwise. The Debtors' primary freight hauling business consists of actual "over the road" transportation services, which in turn breaks down into "Dry Van Freight" and "Refrigerated Freight". The Debtors provide many alternate forms of shipping at various pricing options, including traditional point to point shipping, dedicated service for ongoing customers which effectively provides customers with a "private fleet" of dedicated trucks and drivers, and certain other types of special shipping services. Special services include: "hotline" shipping, which provides customers with standard and guaranteed expedited service, and permits customers to track their shipments in what is effectively "real time"; and "blanket-wrap" services, which provide a mechanism for the safe and efficient shipment of extremely fragile and other special care shipments, flatbed hauling, and refrigerated carriage.

Gainey Transportation Services, Inc. ("**GTS**"), Super Service, Inc. ("**SSI**"), and Lester Coggins Trucking, Inc. ("**LCT**") constitute the core business operations of the Debtors. In 2007, GTS contributed 58% of the Debtors' revenues, SSI 25% and LCT 16%. The customers comprising the primary industry segment served by the Debtors are the manufacturing, wholesale and retail sectors. The Debtors' customer base is highly diversified, with approximately 3,000 active customers as of the Commencement Date. Freight Brokers of America, Inc. ("**FBOA**") conducts separate stand alone operations relating to the brokering of freight loads, and is not involved directly in the provision of over-the-road trucking services. FBOA holds no Rolling Stock, and inconsequential personal property assets. The role of Gainey Insurance Services, Inc. ("**GIS**") is discussed in Section 3.4(d) of this Disclosure Statement.

Each of GTS, SSI, LCT and FBOA are wholly owned subsidiaries of Gainey Corporation ("**GC**"). GC has historically provided a variety of shared corporate services to the other Debtors, including, without limitation, managerial oversight, sales and operational support, strategic planning, financial planning, tax compliance, reporting and filing, cash and treasury management, human resource and employee benefit assistance, information systems, and centralized purchasing of key supplies. While each of GTS, SSI, and LCT operate their regional business operations with the use of the services of Gainey Corporation, each of these Debtors also perform a number of functions locally. These include sales and customer service management, Rolling Stock maintenance, and driver recruitment and management.

The Debtors currently employ approximately 1,700 people, including its drivers, and operate a total ongoing fleet of approximately 1,600 tractors and 3,200 trailers.

GC, GTS and GIS operate their businesses from headquarters located in Grand Rapids, Michigan. The Debtors also maintain terminals and offices in Grand Rapids, Michigan; Lexington, South Carolina; Somerset, Kentucky; Ellenwood, Georgia; Conley, Georgia; Sellersberg, Indiana; Halifax, North Carolina; Dallas, Texas; Kansas City, Kansas; Ontario, California, Miami, Florida; Okahumpka, Florida; Knoxville, Tennessee; South Bend, Indiana; and Pierson, Florida. The primary offices of SSI are in Somerset, Kentucky, and the primary offices of LCT are in Okahumpka, Florida.

2007 was the last full fiscal year of operations of the Debtors prior to the commencement of the Chapter 11 Cases. The consolidated financial statements of the Debtors for 2007 are attached hereto as **Exhibit "A"**.

3.2 Corporate/Equity Structure

The identity of the shareholders of each of the Debtors as of the Commencement Date is set forth on attached **Exhibit "B"**. As set forth on Exhibit B, GC is the parent corporation of each the primary operating entities, GTS, SSI, and LCT, and the parent corporation of FBOA. GIS is an affiliate of the other Debtors, and is 100% owned by Harvey N. Gainey. The Plan does not contemplate changes in the existing manner in which the Equity Interests in Gainey Corporation and GIS are to be held.

3.3 Officers

The identity of the key officers of each of the Debtors as of the Commencement Date is set forth on attached **Exhibit "C"**. It is anticipated that under the terms of the Plan, many, but not necessarily all, of the key officers of the Debtors will become employees of Newco as of the Effective Date of the Plan. Additional information relative to the role of such officers with respect to Newco is set forth in Section 6.5 of this Disclosure Statement.

3.4 Debt Structure

(a) Secured Debt.

(i) Senior Secured Debt. Prior to the Commencement Date, GC, as Borrower, entered into a Credit Agreement dated as of April 20, 2006 (the "**Credit Agreement**") with various lenders (the "**Lenders**") under which Wachovia Bank, National Association, acts as Administrative Agent (the "**Agent**"). Each of the Debtors other than GC and GIS delivered a Subsidiary Guaranty Agreement dated April 20, 2006 in favor of the Agent (the "**Subsidiary Guaranty**"), under which they guaranteed payment of the obligations of GC under the Credit Agreement. In addition, each of the Debtors other than GIS delivered a Collateral Agreement dated April 20, 2006 in favor of the Agent for the benefit of the Lenders (the "**Security Agreement**"). The Security Agreement granted a security interest in all the personal property assets of those entities to secure the obligations under the Credit Agreement, the related guaranties of the parties, certain hedging obligations and certain cash management service obligations. Such security interests extend to substantially all of the Debtors' owned Rolling Stock.[2] On February 4, 2008, GIS joined the Subsidiary Guaranty and Security Agreement by executing a Supplement and Joinder to Subsidiary Guaranty Agreement and a Supplement and Joinder to Collateral Agreement (collectively, the "**Joinder Agreements**"). The obligations of the Debtors arising under the foregoing documents are further secured by the Florida Mortgage (as herein defined). The Credit Agreement, the Subsidiary Guaranty, the Security Agreement, the Joinder Agreements, and the Florida Mortgage, together with the other documents delivered in favor of the Agent in connection with these documents, are referred to in this Disclosure Statement as the "**Loan Documents**."

Under the terms of the Final Order Pursuant to Sections 105, 361, 362 and 363 of the Bankruptcy Code Authorizing the Use of Cash Collateral and Granting Adequate Protection entered by the Bankruptcy Court on January 9, 2009 the Debtors acknowledged and agreed that in accordance with the Loan Documents the "Debtors are truly and justly indebted to the Administrative Agent and the Lenders, without defense, counterclaim or offset of any kind, and that as of the Petition Date, the Debtors were liable to the Administrative Agent and the Lenders in the aggregate amount of $239,437,045.49, composed of $204,052,014.72 in principal, $12,833.451.02 in interest, $5,131,059.75 in swap obligations, plus any then-outstanding fees and expenses, and including contingent reimbursement obligations relating to then undrawn letters of credit in the aggregate amount of $17,420,520.00" (collectively, the ("**Prepetition Obligations**"). As of the date of the filing of the Disclosure Statement, the Debtors were aware that draws on substantially all of the letters of credit referred to above had occurred. The Agent, on behalf of the Lenders has filed a proof of claim in these proceedings in the aggregate amount of $239,440,409.70.

(ii) Other Secured Debt and Capital Leases. In addition to the Prepetition Obligations, the Debtors were, as of the Commencement Date, obligated to certain parties in accordance with various capital leases of certain tractors and trailers and had incurred secured indebtedness to parties other than

[2] The Creditors' Committee and the Agent have agreed that a limited number of items of rolling stock, are not subject to the lien and security interests of any party, including the Agent. The Debtors' believe this rolling stock to have de minimis value, not exceeding $175,000.

the Agent, secured primarily by various personal property of the Debtors, including, without limitation, limited numbers of tractors and trailers. Attached as **Exhibit "D"** is a schedule of all such other secured indebtedness and capital leases as of the Commencement Date.[3] The Debtors anticipate that a substantial portion of this additional secured indebtedness will be paid or assumed as of the Effective Date of the Plan, that the remaining such debt will be restructured as contemplated by the Plan, and that most, if not all of the related capital leases will be assumed and assigned to Newco in accordance with the terms of the Plan. The Debtors also estimate that as of the Commencement Date there was a non-material amount of indebtedness to state or federal taxing authorities which may be secured pursuant to applicable statute. The Debtors estimate this aggregate amount at less than $200,000. Under the Plan, the Debtors anticipate satisfaction of all such Secured Tax Claims as of the Effective Date of the Plan. During the pendency of the Case, the Debtors have made arrangements for the rejection of a number of capital leases, and entered into arrangements with a number of secured parties pursuant to which the Debtors have surrendered the Collateral securing such secured parties' Claims to the secured parties. This is set forth on Exhibit D, and discussed in more detail in Section 4.4 of this Disclosure Statement.

(b) Unsecured Debt. The Debtors' unsecured debt obligations consist of three primary components: (i) the undersecured deficiency Claim of the Lenders on account of the Prepetition Obligations, arising on account of the material differential between the value of the Collateral securing the Prepetition Obligations and the total amount of such Prepetition Obligations, (ii) any unsecured Claims for personal injury and property damage which may be determined by a court of competent jurisdiction to be in excess of any amounts covered by insurance (described in Section 3.4(d) below), and (iii) other general unsecured Claims.

An aggregate amount of unsecured Claims totaling approximately $25,000,000 have been filed against the Debtors pursuant to proofs of claim which are actually on file with the Bankruptcy Court. As described more fully in Section 5.2 hereof, the Debtors have been actively engaged in an ongoing effort to quantify and characterize these claims, and believe that the claims, as filed, are materially overstated. Thus, notwithstanding the amount of filed claims, the Debtors estimate that the aggregate amount of the Debtors' non-priority general unsecured claims, (i.e. unsecured Claims other than the Lender Unsecured Claim and Unsecured Liability Claims) is not more than approximately $10,000,000.[4] The great majority of the general unsecured claims asserted against the Debtors are asserted against GC, GTS, SSI and LCT. The Debtors estimate that the amount of personal injury and property damage Claims which are not covered by existing insurance are not material.

Various unsecured Claims seeking priority under sections 503(b) and 507 of the Bankruptcy Code have also been filed against the Debtors. As of the date of the filing of the Plan, the Debtors were involved in ongoing efforts to resolve a number of disputes relating to such alleged priority Claims. The Debtors estimate that the aggregate amount of Allowed Claims entitled to priority (excluding administrative expense Claims) will not exceed $1,000,000.

The Debtors' estimate of the foregoing general unsecured Claims does not take into account possible objections to Claims that may be asserted by the Debtors, or by the Post-Confirmation Committee as contemplated by the Plan, the ultimate determination as to any claims of priority, or the reconciliation of any such Claims. The Debtors anticipate that some portion of the foregoing unsecured

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[3] Exhibit D excludes parties with secured claims whose secured claims arise solely on account of setoff rights under Section 553 of the Bankruptcy Code.

[4] The Debtors have already filed their First Omnibus Objections to Claims, seeking, primarily, to disallow clearly duplicative claims, which the Court has sustained, with certain non-material exceptions agreed to by the Debtors.

Claims will be subject to disallowance or reduction.

(c) Intercompany Claims.

There are numerous Claims amongst the Debtors that reflect intercompany receivables and payments made in the ordinary course of the Debtors' businesses (the "**Intercompany Claims**"). These include, without limitation, (a) amounts invoiced by one Debtor for the provision of services to another Debtor (for example when a shipment is "brokered" by one of the Debtors and actually carried by another); the amounts invoiced to the other Debtors by GIS in accordance with historical practice, and (c) amounts advanced from time to time by GC to the other Debtors in the ordinary course of business and pursuant to the Debtors' existing cash management systems for use in meeting the day to day cash operating requirements of the Debtors. Consistent with the foregoing, monies received by the various "operating" Debtors are remitted to GC on account of advances made by GC as outlined above, again consistent with the day to day operations of the Debtors' cash management systems (the continuation of which were previously approved by order of the Bankruptcy Court). As such, the amount of Intercompany Claims in each category can vary, from time to time.

Under the terms of the prior order of the Bankruptcy Court, the Intercompany Claims were provided ongoing administrative expense status during the Chapter 11 Cases. Over time the Debtors believe that overpayments and underpayments in connection with the Intercompany Claims have, and continue to "even out", and that the methodology employed continues to reflect a reasonable allocation of insurance, claim, and administrative cost burdens among the Debtors. Thus the Debtors believe there is no material or meaningful impact on the holders of Claims under the Plan on account of the Intercompany Claims. Because the Plan provides generally for the structured and managed sale of substantially all of the property of the Debtors to Newco, as set forth in more detail in Section 6 of this Disclosure Statement, under the terms of the Plan, the holders of Intercompany Unsecured Claims will not be entitled to any distribution under the Plan on account of such Claims, and are deemed to have rejected the Plan.

(d) Personal Injury and Property Damage Claims and Insurance Arrangements.

Given the nature of the Debtors' business, the Debtors have incurred claims on account of bodily injuries, property damages, and claims for worker's compensation suffered in connection with automobile accidents involving the Debtors' rolling stock and matters involving its employees. The Debtors maintain required worker's compensation insurance as required by various state law, and, because the Debtors transport goods in interstate commerce, the Debtors are required by certain Federal law, to maintain minimum liability insurance coverage, in the amount of $1,000,000 per occurrence. The Debtors have, at all times, pre and post-petition, maintained this liability insurance as required by applicable law. The Debtors' "insurance year" runs from June 1 to May 31 of each year, and prior years' "loss experience" bears directly on the costs of new insurance for the succeeding insurance year. It is typical that claims incurred during a policy year are unresolved as of the end of a policy year. As such, the Debtors had, as of the Commencement Date, ongoing relationships with a number of different Insurers, stretching back for multiple years. The Debtors have different deductible, retentions, and related insurance arrangements, and different systems for resolving unresolved claims for each of their various policies, depending upon the related Insurer. A schedule, setting forth the identity of each of the Debtors' Insurers for the current year (2009), and all previous years in which the Debtors' have unresolved liability or worker's compensation claims, is attached as **Exhibit "E"**. All required insurance was renewed by the Debtors effective as of June 1, 2009, and is in full force and effect as of the date of this Disclosure Statement.

The Debtors have historically utilized the services of GIS for the management of their insurance arrangements, and to interface with the various Insurers providing actual coverage. GIS has acted primarily as a third party administrator in investigating, settling and paying claims that are covered by insurance, in close cooperation with the Debtors' Insurers. The Debtors have typically utilized so-called "high deductible" coverage, in which the deductible per occurrence will in some instances be equal to the amount of the face amount of the applicable insurance. This does not, however, render the Debtors "self insured". Rather, in these instances, the insurance provided by the Debtors' Insurers effectively creates a "backstop" for parties who may have claims, by being available to satisfy such claims, up to the policy limits, in the event the Debtors are unable to satisfy the associated deductibles. In such circumstances, under the relevant policy terms, the Insurers satisfy the claims of the claimants, and in turn are entitled to assert claims for reimbursement as against the Debtors. Under the foregoing arrangements, it has historically been necessary for the Debtors to expend material amounts of cash in connection with the resolution and funding of personal injury and worker's compensation claims asserted against the Debtors, and the Debtors have, therefore, historically worked closely with their Insurers to resolve, settle and pay claims, in accordance with the terms and conditions of applicable insurance policies. In so doing, the Debtors have become highly skilled in negotiating and resolving insurance claims. The Debtors' practices in this regard have continued during the pendency of the Chapter 11 Cases.

The Debtors' Insurers have historically required that the Debtors provide Collateral to the Insurers to secure the reimbursement obligations of the Debtors as described above. That Collateral has typically taken the form of Cash, which is held by the Insurer, or letters of credit, issued by the Debtors' pre-petition Lenders. The amount of such letters is set forth in the description of the Prepetition Obligations above. The cash Collateral that has been paid to Insurers as outlined above has been paid to such Insurers primarily by GC (and to some extent by GIS), as reflected on the Debtors' books and records. The Debtors understand that their Insurers believe that the amount of remaining claims covered by insurance, fairly valued, exceed the value of any Collateral securing the Insurers' obligations. Based on these contentions of the Debtors' Insurers, the Debtors do not presently anticipate that there is or will be any "equity" in such Collateral for the benefit of the holders of any Claims under the terms of the Plan, but the Debtors are unable to represent or warrant that the Insurers' contentions in this regard are correct.

As of the date of the Disclosure Statement, the Debtors are parties to 126 claims or proceedings pending in various courts across the United States relating to claims arising out of automobile liability and worker's compensation matters. A list of such matters is attached as **Exhibit "F"**. Each of these personal injury proceedings were stayed by the provisions of section 362 of the Bankruptcy Code upon the commencement of the Chapter 11 Cases. During the pendency of the Chapter 11 Case, multiple parties have filed motions for relief from the automatic stay, so as to pursue their various claims against the Debtors up to the amount of applicable insurance coverage. The Debtors have agreed to the entry of orders modifying the automatic stay in substantially all such instances, but have declined to do so in certain instances in which the particular claimant has failed to file a timely proof of claim in the Chapter 11 Cases. During the pendency of the Chapter 11 Cases, the Debtors' Insurers have generally continued to handle and pay worker's compensation claims in accordance with applicable state law, as outlined above. The Debtors have also sought and obtained orders from the Bankruptcy Court authorizing them to continue to process and settle various pre-petition claims by such injured parties in accordance with pre-petition practice, preserving the Claims of the Insurers as to any Collateral securing the Debtors' related reimbursement obligations. In general, the Plan contemplates that these arrangements with respect to such claims and the related insurance will be unchanged upon Plan confirmation. The Plan also provides, generally, that to the extent any such Claim is liquidated for an amount in excess of applicable insurance, the holder of such claim will receive a 5% dividend in Cash with respect to such Claim, payable by Newco.

3.5 Assets

(a) General As of the Commencement Date, the Debtors owned assets with a "book" value of approximately $239,000,000.[5] The debt structure of the Debtors is set forth above in Section 3.4. The Consolidated Balance Sheet of the Debtors as of March 31, 2009 is attached as **Exhibit "G"**. As is set forth on Exhibit G, the primary tangible assets of the Debtors consist of cash, accounts receivable, and rolling stock. As noted previously, the Debtors operate a total ongoing fleet of approximately 1,600 tractors and 3,200 trailers as of the date of this Disclosure Statement. As of May 22, 2009, the Debtors books and records reflected available cash on hand in the amount of approximately $16,300,000.00, plus billed accounts receivable in the amount of approximately $18,400,000.00.

(b) Real Property In the ordinary course of their business, the Debtors have operated from a number of facilities, as outlined above in this Disclosure Statement. The Debtors lease substantially all of these properties from an affiliated non-debtor entity, Gainey Realty and Investment Corp. ("**GRIC**") pursuant to certain unexpired leases (the "**GRIC Leases**"), although certain trailer lots, and the Debtors' primary office facilities in Grand Rapids, Michigan are leased from unrelated third parties. GRIC is wholly owned by Harvey N. Gainey, who, as noted, is also the primary shareholder of Debtors Gainey Corporation and Gainey Insurance Services, Inc. The Plan contemplates the assumption of substantially all of the GRIC Leases, and the assignment of such GRIC Leases to Newco. Pursuant to prior order of the Bankruptcy Court, the time for the Debtors to assume or reject unexpired leases of real estate has been extended until July 31, 2009. Debtor Lester Coggins Trucking, Inc. owns one property from which it conducts business operations, located in Okahumpka, Florida (the "**Florida Property**"). The Florida Property is subject to a first priority mortgage and security interest in favor of the Agent for the benefit of the Lenders, as evidenced by that certain Mortgage, Security Agreement, Assignment of Rents and Leases and Fixture Filing dated February 28, 2008, which was recorded on February 29, 2008 with the Clerk of the Court in Lake County, Florida (the "**Florida Mortgage**"). Under the terms of the Plan, the Florida Property will be leased to Newco by the Debtors under the Property Lease.

(c) Leases and Contracts The Debtors are parties to numerous unexpired leases and executory contracts relating to the use of personal property, including Rolling Stock, as detailed in the Debtors' Schedules and Statements of Financial Affairs. The Plan contemplates that any such unexpired lease or executory contract which is not rejected will be assumed and assigned to Newco in accordance with the provisions of the Plan.

In addition to the GRIC Leases described in subsection (b) above, certain of these leases are described in Section 3.4 hereof, and identified on Exhibit D hereto. Amongst such executory contracts are certain leases relating to the Debtors' usage of an airplane owned by Gainey Aircraft Corporation ("**GAC**") (the "**Airplane Agreement**"). GAC is wholly owned by Harvey N. Gainey. During the pendency of the Case, the Debtors discontinued their performance under the terms of the Airplane Agreement, and GAC entered into discussions with Key Bank, the holder of a purported senior lien on the airplane, for the surrender of the airplane, but the Airplane Agreement has not, as of the date of the Disclosure Statement been terminated or rejected by the Debtors under section 365 of the Bankruptcy Code. The Debtors anticipate that Key Bank and GAC will finalize an agreement relating to the surrender of the airplane shortly after the filing of this Disclosure Statement, and that under that agreement the Airplane Agreement will be terminated, and the Debtors will receive a release from any claim that might be asserted by Key Bank in connection with the airplane. In addition, during the pendency of the Case, the Committee and the Debtors entered into an agreement relating to the Debtors' ongoing use of the airplane, the payment of costs associated with such use, and the reimbursement to the Debtors of certain expenses relating to the airplane by GAC.

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[5] "Book" value does not reflect the actual value of the Debtors' assets as of the Commencement Date, or as of the date of the filing of the Plan.

3.6 Pre-Petition Litigation Unrelated to Personal Injuries or Property Damage

As of the Commencement Date, the Debtors were not parties to any material litigation beyond that described in Exhibit F. Unless otherwise noted on Exhibit F, all such litigation was stayed by the provisions of section 362 of the Bankruptcy Code upon the commencement of the Chapter 11 Case.

3.7 Key Events Leading to Chapter 11 Filing

A description of the key events leading to the filing of the Chapter 11 Case is, in essence, a description of the failure of the Debtors to reach an out of court restructuring of their primary secured credit facilities with the Agent and the Lenders prior to the Commencement Date. As noted previously, the Debtors entered into the Loan Documents with the Agent and the Lenders in April 2006. At the time of the execution of the Loan Documents, the Debtors and the Lenders reasonably anticipated that the Debtors' ongoing operations and cash flow would be sufficient to make scheduled payments of principal and interest on the Prepetition Obligations. Due to a number of factors, this proved to not be the case.

Fuel prices for the Debtors' Rolling Stock are a major component of the Debtors' ongoing costs of operations. The Debtors purchase hundreds of thousands of gallons of fuel on a daily basis. While the Debtors are able to pass increases in fuel costs on to customers in the form of certain fuel surcharges, volatility of fuel prices has an immediate and direct effect on the Debtors' cash flow and operations, because the Debtors are in any event only able to collect the fuel surcharge dollars when invoices are subsequently paid, which can be weeks after a particular change in actual fuel prices. During the latter half of 2007, and through the majority of 2008, fuel prices throughout the United States increased dramatically, sending the Debtors' costs for fuel to never before seen high marks. By the summer of 2008, such costs had skyrocketed by almost $2.00 per gallon over the Debtors' costs as of the execution of the Credit Agreement. At the same time, during this same time period, the current ongoing decline in the United States economy began in full force. As a result, the Debtors' customer traffic and orders began to decrease. Especially hard hit were orders from various so-called "big box" retailers specializing in home repairs, such as Lowe's and Home Depot—an important component of the Debtors' overall business. As the United States housing market retracted, shipments relating to the housing market by the Debtors' customers similarly declined. The ongoing economic slowdown exacerbated the cycle, and as such, commencing in mid 2008, the Debtors were presented with the "perfect storm" of increased costs with a delayed recoupment cycle, and decreased revenues due to slow downs in the general economy. The Debtors were, of course, unable to control either of these general economic factors.

The foregoing cost and revenue issues constrained the Debtors' cash flow and resulted in the Debtors' inability to meet the terms and conditions of the Loan Documents, and ultimately, in their inability to make scheduled payments of interest and principal on account of the Prepetition Obligations. Thus, in September, 2007, the Debtors defaulted under the terms of the Credit Agreement, as a result of the failure to comply with certain financial covenants. As a result the Agent, on behalf of the Lenders, entered into that certain Limited Waiver to Credit Agreement in favor of the Debtors, dated October 23, 2007. In December, 2007, the Debtors failed to make a scheduled payment of interest on the Prepetition Obligations. Subsequent negotiations between the Debtors and the Agent resulted in the execution of that certain Third Amendment to Credit Agreement dated January 14, 2008. On February 4, 2008, the Debtors and the Agent, on behalf of the Lenders, entered into that certain Fourth Amendment to Credit Agreement (the "**Fourth Amendment**"). Under the terms of the Fourth Amendment the parties agreed to a number of changes to the various covenants contained in the Credit Agreement, and instituted a number of other terms and conditions relating to the potential restructuring of the credit facilities. Such additional terms and conditions included, without limitation, the following:

(a) An acceleration of the maturity date of the Debtors' Term Loan from March 2012 to June 2009.

(b) Requiring other quarterly prepayments of the Term Loan commencing June, 2008.

(c) Requiring certain updated reporting obligations on the part of the Debtors.

(d) Requiring the retention of a Chief Restructuring Officer reasonably acceptable to the Agent.

(e) Requiring that the Debtors effectuate a refinancing of the credit facilities.

(f) The revision of a substantial number of the covenants contained in the Credit Agreement.

The Debtors were unable to comply with the terms of the Fourth Amendment. As a result, ongoing intensive negotiations took place between the Agent and the Debtors, resulting in Limited Waiver agreements dated as of April 18, 2008, May 5, 2008 and June 2, 2008. Notwithstanding the foregoing, the Agent and the Debtors were unable, despite ongoing diligent efforts, to reach resolution on the final terms and conditions of a further restructuring. On August 22, 2008, the Agent accelerated the Prepetition Obligations evidenced by the Loan Documents. Subsequently various entities presented proposals to the Agent for the acquisition of the Prepetition Obligations, and the Debtors engaged in various discussions with potentially interested parties regarding the possible sale of the Debtors' businesses as a going concern. However, in each case, the relevant parties were unable to reach agreement as to the terms of an associated transaction.

As a consequence, in the latter portion of the summer of 2008, the Agent requested that the Debtors consent to a voluntary surrender of the Collateral to the Agent for subsequent liquidation. The Agent and the Debtors were unable to reach agreement on the terms and conditions of the proposed surrender and liquidation. The Agent then, on September 26, 2008, commenced an action against the Debtors in the Circuit Court for Kent County, Michigan, seeking to exercise the rights and remedies provided to the Agent under the Loan Documents, including, without limitation, the appointment of a receiver to effectuate the liquidation of the Collateral. The Circuit Court refused to appoint such a receiver as requested by the Agent, pending a full trial on the merits of the Agent's complaint. The Agent thereafter notified the Debtors of the Agent's intention to exercise further rights and remedies under the Loan Documents, including, without limitation, the intention to seek to setoff certain cash in the Debtors' operating accounts, as permitted under certain Deposit Account Control Agreements included amongst the Loan Documents. In response, and in order to preserve the value of the Debtors' assets for the benefit of all creditors and parties in interest, the Debtors commenced the Chapter 11 Case.

SECTION IV: EVENTS DURING THE CHAPTER 11 CASE

4.1 Post-Petition Operations and Financial Performance.

The Debtors have operated successfully during the pendency of the Chapter 11 Case. Set forth below are summaries of key operational matters since the Commencement Date:

(i) Customers The Debtors have maintained substantially all of their business with their 50 largest customers, which comprise more than 80% of the Debtors' aggregate business, and the Debtors have also been able to add new customers post-petition. The impact of the existing and new relationships has allowed the Debtors to remain cash flow positive during the Chapter 11 Cases.

(ii) Cost Reductions The Debtors have undertaken a significant amount of cost reductions since the Commencement Date, including reducing leased tractors and trailers, reducing headcount and consolidating administrative operations. Since the Commencement Date, in excess of 10% of the Debtors' fleet has either been sold or returned to the applicable vehicle lessor. The Debtors have also reduced its headcount by approximately 18% post-petition, through a combination of driver and salaried reductions, and have continued consolidating its operations post-petition to eliminate redundant positions and allow for more efficient management of operations.

(iii) Cash Flow From Operations. The Debtors have generated approximately $34 million in cash flow from operations since the Commencement Date. This extremely strong performance has been achieved in approximately 32 weeks during a very challenging economic environment. The strong customer relationships and cost reductions outlined above have contributed to the Debtors cash generation from operations.

(iv) Payments to Secured Lenders. The Debtors have paid in excess of $10 million to the Lenders since the Commencement Date in adequate protection payments for the tractors and trailers being operated by the Debtors. The Debtors have also paid approximately $11 million into the Account Receivable Diminution Escrow since the Commencement Date.

4.2 Formation of the Committee

On November 7, 2008, the United States Trustee appointed the following creditors to the Official Committee of Unsecured Creditors (the "**Committee**"). The Committee has retained the Professional Persons described in Section 4.3 below.

4.3 Professional Persons

During the Chapter 11 Case, the Debtors have engaged the services of the following Professional Persons:

(a)	Dickinson Wright PLLC	General Counsel to the Debtors
(b)	AlixPartners LLP	Financial Advisors to the Debtors
(c)	Warner Norcross & Judd LLP	Special Counsel to the Debtors for Insurance Matters
(d)	Accu-Val Associates	Appraisers for the Debtors

The Committee has engaged the services of the following Professional Persons:

(a)	Jaffe, Raitt, Heuer & Weiss	Counsel for the Committee

(b) Virchow Krause — Financial Advisors for the Creditors Committee

Retention orders as to each of the foregoing Professionals have been entered by the Bankruptcy Court, in each case, after appropriate notice and a hearing. As of April 30, 2009, the attorneys and financial advisors of the Debtors and the Committee have invoiced the Debtors for the compensation described below in connection with the Chapter 11 Cases. All such compensation, with the exception of amounts payable for the month of April, 2009, has been paid in the ordinary course of business by the Debtors, as required by orders of the Bankruptcy Court, and includes application of any retainer held by such professionals.

Dickinson Wright PLLC	$1,214,833.40
AlixPartners LLP	$1,265,853.02
Warner Norcross & Judd LLP	$250,099.07
Jaffe Raitt, Heuer & Weiss	$594,384.23
Virchow Krause	$259,312.28

4.4 Significant Proceedings and Court Orders

(a) Cash Collateral. Under the provisions of the Bankruptcy Code, upon the commencement of proceedings, a debtor is prohibited from using the cash proceeds of the property constituting the collateral of a secured party ("**Cash Collateral**") unless such secured party consents, or the Court enters an order permitting such use. In the event such secured party does not consent to the debtor's use, the Court is required to condition any such use of Cash Collateral on the debtor providing the secured party with adequate protection of its interest in the property to be used. In this case, the Agent and the Lenders agreed only to provide the Debtors with short term limited use of Cash Collateral pending a trial on the issue of the Debtors' ability to provide adequate protection to the Lenders, and did not consent to the Debtors' proposed ongoing use of Cash Collateral. The Agent and the Lenders were also unwilling to provide the Debtors with an agreed post-petition credit facility on terms acceptable to the Debtors and the Lenders. As a result, the Debtors were required to file a motion seeking to use Cash Collateral for the ongoing operation of the Debtors' business, over the objections of the Agent and the Lenders.

On October 21, 2008, the Bankruptcy Court conducted an evidentiary hearing on the Debtors' Motion for Authority to Use Cash Collateral, made certain findings of fact and conclusions of law, and authorized the Debtors to use Cash Collateral through January 16, 2009, all as set forth in that certain Interim Order Authorizing Continued Use of Cash Collateral, Granting Adequate Protection and Providing Other Related Relief dated as of October 22, 2008 (the "**Cash Collateral Order**").

On January 9, 2009, upon the Debtors' Motion, the Court entered its Final Order Pursuant to Sections 105, 361, 362 and 363 of the Bankruptcy Code Authorizing the Use of Cash Collateral and Granting Adequate Protection (the "**Final Cash Collateral Order**"). Both the Cash Collateral Order and the Final Cash Collateral Order provided, among other things, for the ongoing payment of certain weekly adequate protection payments to the Agent, for the benefit of the Lenders, and for the creation and maintenance of the Accounts Receivable Diminution Escrow, as further adequate protection for the use of the Cash Collateral. The Accounts Receivable Diminution Escrow is an escrow account in which the Debtors have deposited an amount equal to any diminution in billed accounts receivable since the Commencement Date. As the amount of such billed accounts receivable has varied post-petition, under the terms of the Cash Collateral Orders, the Agent has, from time to time, been required to transfer proceeds of the Accounts Receivable Diminution Escrow back to the Debtors for use in general operations. As of May 22, 2009, the proceeds held by the Agent in the Accounts Receivable Diminution Escrow were approximately $11,876,000. The proceeds held in the Accounts Receivable Diminution

Escrow may not be applied to Prepetition Obligations by the Agent without the approval of the Bankruptcy Court. Under the terms of the Plan, all of the proceeds of the Accounts Receivable Diminution Escrow are made part of the Lender Cash Dividend, and delivered to the Agent on the Effective Date, for the benefit of the Lenders, and for application to the Lender Secured Claim.

The Final Cash Collateral Order was negotiated between the Debtors, the Agent, and the Committee and extended the Debtors' use of Cash Collateral through May 29, 2009 on the terms set forth therein, pending, amongst other things, the Debtors' filing of a plan of reorganization by March 31, 2009. Also, consistent with the terms of the Final Cash Collateral Order, the Court entered orders extending Debtors' exclusive periods for filing and confirming a plan of reorganization until March 31, 2009 and May 29, 2009, respectively. The Debtors exclusive period for filing a plan of reorganization was further extended until April 17, 2009, by agreement of the Debtors, the Committee and the Agent, pursuant to an Order entered by the Bankruptcy Court on March 23, 2009.

On April 3, 2009, the Agent advised the Debtors that a default had occurred under the Final Cash Collateral Order as a result of the Debtors' failure to comply with a minimum mileage covenant set forth in such Order. Under the terms of the Final Cash Collateral Order, such default allowed the Agent to terminate the use of Cash Collateral upon notice to the Debtors. The Agent agreed, however, to defer the exercise of such remedy pending a hearing on a motion filed by the Debtors seeking to extend the use of Cash Collateral notwithstanding such default, and to further extend the Debtors' exclusive periods for filing and confirming a plan of reorganization. A hearing on the Debtors' motion was conducted by the Bankruptcy Court on April 13, 2009. After such hearing, over the objection of the Agent, the Court permitted the Debtors to continue to use Cash Collateral through July 15, 2009, modified the Final Cash Collateral Order to require the Debtors to file a plan by June 1, 2009, and to delete the above referenced mileage covenant, and extended the Debtors' exclusive period for filing and confirming a plan until June 1, and July 15, 2009, respectively. The Court further ordered that the adequate protection payments required under the terms of the Final Cash Collateral Order continue, in the amounts set forth therein.

(b) Expert Witness. In connection with the proceedings relating to the use of Cash Collateral, the Court on November 20, 2008 sua sponte entered its Memorandum Opinion and Order Appointing an Expert Witness under Federal Rule of Evidence 706 (the "**Expert Order**"). Under the terms of the Expert Order, the firm of O'Keefe & Associates was appointed as an "expert witness" and prepared a "Rule 26(a)(2)(B) Expert Report" with respect to various matters relating to the use of Cash Collateral (the "**Expert Report**"). The Expert Report was marked and admitted as an exhibit at the hearing in connection with the Final Cash Collateral Order, and a representative of the expert witness testified in connection with that hearing. On January 22, 2009, the Court entered its order terminating the expert witness' duties, and subsequently entered an order requiring the payment of certain compensation to the expert by the Debtors.

(c) First Day Orders. Immediately subsequent to the Petition Date, the Debtors also sought and obtained from the Bankruptcy Court certain so-called "First Day Orders" that were necessary to continue the day to day operation of the Debtors' business during the pendency of the Chapter 11 Case. These Orders included the following:

(i) Order Authorizing, But Not Directing the Debtors to (A) Pay Certain Reimbursable Employee Expenses, (B) Pay Employee Benefits and Continue Employee Benefit Programs, (C) Authorizing, But Not Directing the Ongoing Payment of Trust Fund Taxes and Employee Contributions Withheld From Employee's Paychecks, and (D) Authorizing and Directing Banks and Financial Institution to Pay all Check and Electronic Payment Requests Made by the Debtors Relating to the Foregoing;

(ii) Order (A) Authorizing (I) Continued Use of Existing Cash Management System, (II) Maintenance of Existing Bank Accounts, and (III) Continued Use of Existing Business Forms, and (B) (I) Granting Administrative Priority Status to Postpetition Intercompany Claims and (II) Authorizing Continued Performance Under Intercompany Arrangements and Historical Practices.

(iii) Order Authorizing Payment of Rolling Stock Service Providers in Satisfaction of Liens.

(iv) Order (A) Prohibiting Utility Providers from Discontinuing, Altering, or Refusing Service, (B) Deeming Utility Providers Adequately Assured of Future Payment, and (C) Approving Procedures for Determining Requests for Additional Assurance.

(d) Rejection Orders-Adequate Protection. During the pendency of the Chapter 11 Case, the Debtors have obtained orders of the Bankruptcy Court authorizing them to (i) reject certain unexpired leases of both real and personal property, (ii) surrender certain rolling stock Collateral to parties (other than the Agent) who provided financing for certain limited amounts of the Debtors' rolling stock, and (iii) provide adequate protection to certain other rolling stock financiers. Such matters have related primarily to the Debtors rejection of unexpired leases of rolling stock, as the Debtors sought to adjust the size of the fleet of rolling stock to better match business levels being experienced. The following summarizes such actions on the part of the Debtors:

(i) By Order dated November 28, 2008, the Debtors were authorized to reject certain equipment leases with XTRA Lease LLC relating to 190 leased trailers, and to thereafter reject certain additional leases with such lessor of approximately 100 leased trailers, and in each case to deliver possession of the related leased property to the lessor.

(ii) By Order dated December 1, 2008, the Debtors were authorized to reject that certain equipment lease dated December 28, 2006 with Financial Federal Credit, Inc with respect to 25 Stoughton Dry Van Trailers, and to deliver possession of the related leased property to the lessor.

(iii) By Order dated December 4, 2008, the Debtors were authorized to reject that certain equipment lease with PACCAR Financial Corp. dated August 10, 2007, with respect to 28 Kenworth tractors, and to deliver possession of the related leased property to the lessor.

(iv) By Order dated January 7, 2009, the Debtors were authorized to surrender to secured party Orix Financial Services 30 International 9200 6 x 4 Tractors w/ 72" Sky-Rise Sleeper Cabs and certain Qualcomm communication units, and collision avoidance systems incorporated into such vehicles, for disposition by the secured party.

(v) By Order dated January 7, 2009, the Debtors were authorized to reject that certain equipment lease with FCC Equipment Financing, Inc. with respect to 98 Vanguard Dry Van Freight Trailers, and to deliver possession of the related leased property to the lessor.

(vi) By Order dated January 9, 2009, the Debtors were authorized to reject that certain equipment lease with Great Dane Limited Partnership (subsequently assigned to GECC) with respect to 100 Great Dane Freight Trailers, and to deliver possession of the related leased property to the lessor.

(vii) By Order dated January 9, 2009, the Debtors were authorized to surrender to secured party Alter Moneta Corporation sixty four Trailmobile Van Trailers for disposition by the secured party.

(viii) By Order dated February 6, 2009, the Debtors were authorized to surrender to secured party EFS Credit Trust 10 2005 Volvo Tractors for disposition by the secured party.

The Debtors are also presently engaged in various proceedings initiated by certain of the parties to such rejected leases seeking to quantify certain administrative expense claims asserted by such parties. As of the date of the filing of the Disclosure Statement, almost all of the disputed administrative expense claims have been resolved, pursuant to orders entered by the Bankruptcy Court. The Debtors further anticipate filing objections to certain other claims filed by parties to such contracts, which the Debtors believe have been improperly filed, or incorrectly classified as priority claims.

(e) Insurance Matters. As is set forth in Section 3.4(d) of this Disclosure Statement, during the pendency of the Chapter 11 Case, multiple parties have filed motions for relief from the automatic stay, so as to pursue their various claims against the Debtors up to the amount of applicable insurance coverage. The Debtors have agreed to the entry of orders modifying the automatic stay in substantially all such instances, but have declined to do so in certain instances in which the particular claimant has failed to file a timely proof of claim in the Chapter 11 Cases.

In addition, the Debtors have formulated and implemented certain pre-petition practices relative to the investigation, processing and settlement of claims which are subject to insurance, so as to permit the Insurers to exercise their ongoing rights as to Collateral securing the Insurers' reimbursement rights as against the Debtors, and continue, generally, the Debtors pre-petition practices with respect to the resolution of liability claims. In connection with these matters, a number of motions were filed in connection with the settlement of automobile liability and workers compensation claims. These have included motions relating to claims covered under insurance policies issued by Debtors' prepetition insurance carriers, National Union Fire Insurance Company of Pittsburgh, P.A. ("**National Union**"), State National Insurance Company ("**State National**" and/or "**NAICO**"), as well as Debtors' current carrier through May 31, 2009, ACE American Insurance Company and its affiliates ("**ACE**"). These motions can be summarized as follows:

(i) Motion of National Union Fire Insurance Company of Pittsburgh, P.A. to Modify Automatic Stay to Approve Certain Settlements and For Other Relief (the "**National Union Settlement Motion**," Docket No. 385). The National Union Settlement Motion was filed by National Union on December 23, 2008, seeking court approval of certain settlements and expenses, and seeking modification of the automatic stay to allow National Union to pay the related settlements and expenses. The Debtors objected to the Motion on February 2, 2009. The parties filed a Stipulated Order on March 17, 2009 resolving all objections to the National Union Settlement Motion. The Stipulated Order approved the settlements and expenses set forth in the Motion as fair and reasonable, and modified the automatic stay to allow National Union to pay the approved settlements and expenses.

(ii) Motion of Debtors Pursuant to 11 U.S.C. §§ 105(a) and 363(c) for Authorization to (A) Pay Prepetition Amounts Related to NAICO Workers' Compensation Insurance Policies and Related Agreements, (B) Continue to Administer NAICO Workers' Compensation Programs; and (C) Continue to Settle and Pay Workers

Compensation Obligations and Claims in the Ordinary Course (the "**NAICO Workers Compensation Motion**", Docket No. 868). The Debtors filed the NAICO Workers Compensation Motion on March 31, 2009, seeking approval of certain settlements and authority to settle other NAICO insured workers compensation cases in the ordinary course. The Committee objected on April 27, 2009, Docket No. 991. The Committee's objection was resolved pursuant to a stipulated order filed on May 21, 2009, Docket No. 1070, which approved the scheduled settlements and lifted the stay to permit NAICO to settle prepetition worker's compensation claim up to $50,000.00 without further order of the Court, subject to certain notice and objection procedures.

(iii) Debtors' Motion for an Order: (A) Approving Settlement of Certain Prepetition Property and Personal Injury Claims; (B) Authorizing Payment of the Approved Settlements; and (C) Authorizing Debtors to Stipulate to Lifting the Automatic Stay With Respect to Certain Insured Prepetition Causes of Action (the "**NAICO Settlement Motion**," Docket No. 800)

(iv) Debtors' Motion for an Order Approving Settlement of Certain National Union Claims and Authorizing Payment of Approved Settlements (the "**2nd National Union Settlement Motion**", Docket # 850)

(v) Debtors' Motion for an Order Approving Settlement of Certain NAICO Claims and Authorizing Payment of the Approved Settlements (the "**2nd NAICO Settlement Motion**," Docket # 851)

(vi) Debtors' Motion for an Order: (A) Approving Settlement of Certain Prepetition Property and Personal Injury Claims; (B) Authorizing Payment of the Approved Settlements; and (C) Authorizing Debtors to Stipulate to Lifting the Automatic Stay With Respect to Certain Insured Prepetition Causes of Action (the "**ACE Settlement Motion**," Docket No. 853). The NAICO Settlement Motion, 2nd National Union Settlement Motion, 2nd NAICO Settlement Motion and Ace Settlement Motion (items iii-vi) all sought authority to settle certain prepetition claims and authorization to lift the stay to allow the insurance company covering the claim to pay the approved settlements. The ACE Settlement Motion further requested that the Court approve a process to lift the automatic stay with respect to certain insured prepetition causes of action.

(vii) Gainey Corporation's Motion for Authority to Settle Motor Vehicle Claims (the "**9019(b) Motion**," Docket No. 953). The 9019(b) Motion seeks authority from the Court to settle prepetition claims in the ordinary course without further order of the Court.

The Committee objected to each of the Motions listed in paragraphs (iii)-(vii), and ACE objected to the ACE Settlement Motion. Early on June 1, a tentative resolution of each of these Motions was reached between the Debtor and the Committee, and, as applicable the Insurers, subject to entry of an appropriate order of the Bankruptcy Court.

(f) Bar Date. By order of the Bankruptcy Court dated January 22, 2009, March 23, 2009 was established as the general "bar date" for most claims to be asserted against the Debtors in connection with the Chapter 11 Case (subject to certain exceptions with respect to claims of Governmental Units). The Debtors have objected to a number of claims that have not been filed in accordance with the time restrictions of the Bar Date order.

4.5 Other Proceedings and Litigation During the Case

During the case, there have been ongoing disputes, some of which were unresolved as of the filing of the Plan, relating primarily to (a) certain objections to the compensation to be paid to certain officers of the Debtors, and (b) the United States' Trustee's Motion to Appoint an Examiner. In addition, during the case the Debtors have commenced two adversary proceedings to recover certain unauthorized post-petition transfers under Section 549 of the Code, one of which has been settled on terms favorable to the Debtors, and the other of which is pending as of the date of this Disclosure Statement.

(a) Compensation Litigation. A significant amount of time was spent in the Chapter 11 Cases in connection with pleadings, hearings, status conferences and other proceedings relating generally to proposed post-petition compensation for Harvey N. Gainey, Sr. ("**HNG**"), and Carl Oosterhouse ("**CO**"), both of whom are officers of the Debtors. The following is a brief summary recitation of such proceedings:

(i) In connection with the Debtors' initial Emergency Motion for the Use of Cash Collateral, and the Debtors' Motion for Authorization to Pay Pre-Petition Payroll, the Agent objected to payment of pre-petition payroll then due to HNG. HNG deferred receipt of such amounts pending a further hearing by the Court.

(ii) On October 22, 2008, the Court entered its Interim Order Authorizing Continued Use of Cash Collateral, which provided in part that no Cash Collateral could be used for "the payment of weekly salary, or other compensation (other than normal and customary health insurance and other normal and customary employee benefits paid in the ordinary course of the Debtors' employee benefits plans) to Harvey N. Gainey without further order of this Court."

(iii) On November 10, 2008, HNG, via his separate counsel, filed a Motion to Approve CEO Compensation, in which he requested payment of unpaid pre-petition payroll, per subparagraph (a) above, and that the Court approve post-petition compensation for him at the rate of $676,000.00 per annum (the "**HNG Compensation Motion**").

(iv) On November 11, 2008, the Agent filed its Motion for Limited Prohibition of Use of Cash Collateral, pursuant to which it sought to limit the use of cash collateral to pay post-petition compensation to CO (the "**CO Compensation Objection**"). The HNG Compensation Motion and the CO Compensation Objection are referred to collectively herein as the "**Compensation Motions**".

(v) On November 14, 2008, during the course of the Court's hearing on Order to Show Cause Why an Expert Witness Should Not Be Appointed, the Court sua sponte limited post-petition annual compensation to HNG to $169,300, and post-petition annual compensation to CO to $155,756.00 (effective as of November 3, 2009), and scheduled an evidentiary hearing relating to the Compensation Motions for November 25, 2008. The Court subsequently authorized the payment of $10,950.00 in pre-petition compensation to HNG, as requested in the HNG Compensation Motion.

(vi) The November 25, 2008 hearings were subsequently adjourned, and status conferences were held with respect to the Compensation Motions on each of December 2, 2008 and January 8, 2009.

(vii) On January 8, 2009, the Court scheduled a further status conference on the Compensation Motions for February 12, 2009. The Court on January 14, 2009 entered certain orders with respect to retention of counsel by HNG and CO, and provided the Creditors Committee and/or the US Trustee with 20 days to file motions relating to CO's compensation.

(viii) Subsequently, HNG and CO engaged in various negotiations with the Committee, pursuant to which HNG and CO reached a resolution of the Compensation Motions in consultation with the Debtors, the Committee and the Agent. The resolution was approved by the Bankruptcy Court by Orders dated March 23, 2009 (the "**Compensation Settlement Orders**"). Under the terms of the resolution, HNG's compensation was set at $350,000 per annum, plus existing benefits, retroactive to October 14, 2008, and CO's compensation was set at $200,000 per annum, plus existing benefits, retroactive to 10/14/08, and implemented in accordance with an agreed upon schedule which deferred the commencement of the actual compensation increases, so as to account for $27,500 of compensation received by CO for the final two weeks of October, 2008, in excess of the $200,000 per annum rate. The resolution also contemplated that none of the Agent, the Lenders or the Committee would object to CO's ongoing employment by the Debtors on the grounds that he is a "professional person" under the Code, and assured all applicable parties of all applicable defenses in connection with possible future litigation over compensation received at any prior time.

(ix) The Office of the United States Trustee ("**UST**") was not a party to the compensation resolution described above, but agreed not to object to the entry of the Compensation Settlement Orders. The UST did not waive its right to object to CO's ongoing employment by the Debtors on the grounds that he was a "professional person" under the Code, however, by agreement of the parties, the time for the UST to make such an objection was extended until March 31, 2009. That deadline subsequently expired without further action by UST.

(x) Since approval of the foregoing settlements, the UST and the Committee have engaged in depositions of various parties, including, without limitation, HNG and CO. Such depositions have also related to the Examiner Motion described below.

(b) Examiner Motion. UST filed its Motion Requesting Authority to Appoint Examiner (the "**Examiner Motion**") on December 9, 2008. Both the Debtors and the Committee objected to the Examiner Motion. Following filing of the Examiner Motion the Bankruptcy Court entered an Order Scheduling Hearing Regarding Possible Sua Sponte Appointment of a Chapter 11 Trustee and set both matters for a hearing on January 6, 2009. At the request of the parties, and with the concurrence of the Bankruptcy Court, the hearing date relating to the Examiner Motion subsequently was moved to January 8, 2009, and then to January 15, 2009. On January 11, 2009, in response to notification that UST intended to commence with the taking of depositions relative to the Examiner Motion, the Debtors filed an Emergency Motion for Protective Order and/or to Adjourn Hearing on the U.S. Trustee's Motion Requesting Authority to Appoint Examiner. After a hearing on January 15, 2009, the Bankruptcy Court granted the Debtors' Emergency Motion, and set March 12, 2009 as the date for a status conference and future scheduling with respect to the Examiner Motion.

Since the filing of the Examiner Motion, and in keeping with its contention that the Committee was able to undertake substantially the same investigation as was contemplated in connection with the Examiner Motion, the Committee, through the undertakings of its professionals, has been engaged in an ongoing evaluation of potential claims and Causes of Action that may exist based upon the Debtors' pre-petition activities, including, without limitation, claims relating to prepetition compensation paid to the Debtors' officers, and prepetition transactions between the Debtors and various non-debtor Insiders. The Committee's investigation in this regarding is ongoing, and in connection with the Examiner Motion, the UST is in the process of taking the depositions noted above, including, without limitations, depositions of various officers of the Debtors. The Financial Advisor for the Committee has prepared a report as to such matters which has not been shared with the Debtors or reviewed by the Debtors.

As of the filing of this Disclosure Statement no party has requested that the Court set a final date for a hearing on the Examiner Motion, and the Debtors are unaware of the date by which such a hearing may take place (if at all). The Debtors believe that there is no basis for the Court to grant the relief requested in the Examiner Motion. The Debtors further believe that there is no basis for the Committee to conclude that causes of action having any material value exist as against any non-debtor Insider of the Debtors. A further discussion of Causes of Action is set forth in Section V hereof.

(c) Adversary Proceedings. During the Case, the Debtors have initiated two Adversary Proceedings. On November 4, 2008, a Complaint was filed in the adversary proceeding entitled *Gainey Ins. Services, Inc. v. Williams & Mills, P.C.*, in the United States Bankruptcy Court for the Western District of Michigan, Case Number 08-80454. Pursuant to 11 U.S.C. 549, the Complaint seeks to recover a post-petition transfer resulting from a check from GIS to Williams & Mills, P.C. in the amount of $750,000. The parties have settled this action in an agreement that has received Court approval. Under the settlement agreement, Williams & Mills, P.C. has returned the $750,000 to GIS. The Debtors have also agreed to relief from the automatic stay so that the Debtors' Insurers could effectuate the settlement that was to have been funded by the payment that was the subject of this adversary proceeding.

On January 27, 2009, a Complaint was filed in the adversary proceeding entitled *Gainey Ins. Services, Inc. v. Thomas Bennett and Jay Trucks & Assocs, P.C.*, in the United States Bankruptcy Court for the Western District of Michigan, Case Number 09-80028. Pursuant to 11 U.S.C. 549, the Complaint seeks to recover a post-petition transfer resulting from a check from GIS to Thomas Bennett and Jay Trucks & Associates, P.C. in the amount of $100,000. In response to the Complaint, Defendants filed a motion for summary judgment or joinder on March 9, 2009. Pending discovery, Debtors are at present unable to determine the likelihood of success of such litigation.

SECTION V: LIQUIDATION ANALYSIS AND RELATED MATTERS

5.1 Liquidation Analysis and Best Interests of Creditors

(a) General Liquidation Analysis--Overview.

In order to confirm the Plan, the Bankruptcy Court must determine that the Plan is in the best interests of all Classes impaired by the Plan, and that the Plan provides to each Entity that may have rejected the Plan, a recovery which has a value at least equal to the value of the distribution that such Entity would receive if all of the Debtors' assets were liquidated under Chapter 7 of the Bankruptcy Code. Attached hereto as **Exhibit "H"** is a liquidation analysis (the "**Liquidation Analysis**") prepared by the Debtors' management with the assistance of AlixPartners LLP, the Debtors' financial consultants. Underlying the Liquidation Analysis are a number of estimates and assumptions regarding liquidation proceeds and the liquidation process which, although developed and considered reasonable by Debtors' management and its professionals, are inherently subject to significant business, economic and competitive uncertainties and contingencies beyond the control of the Debtors and their management. **ACCORDINGLY, THERE CAN BE NO ASSURANCE THAT THE VALUES REFLECTED IN THE LIQUIDATION ANALYSIS WOULD BE REALIZED IF THE DEBTORS WERE, IN**

FACT TO UNDERGO SUCH A LIQUIDATION, AND ACTUAL RESULTS COULD VARY MATERIALLY FROM THOSE SHOWN IN THE LIQUIDATION ANALYSIS.

In determining whether the requirements of Section 1129(a)(7) of the Bankruptcy Code have been met, the first step is to determine the dollar amount that would be generated from a hypothetical liquidation of the Debtors' assets in Chapter 7. Such amount must then be reduced by the costs and expenses of the liquidation. Further reductions would be required to eliminate cash and asset liquidation proceeds that would be applied to secured Claims and amounts necessary to satisfy priority Claims that are senior to general unsecured Claims (including any incremental administrative expense Claims that may result from the termination of the Debtors' business and the liquidation of their assets).

Consistent with the foregoing, the Liquidation Analysis is based upon a determination and estimation of the aggregate dollar amount that would be generated from the Debtors' remaining assets if the Chapter 11 Cases were converted to Chapter 7 and the assets liquidated by a Chapter 7 trustee, in a process that commences on July 31, 2009, and which continues for an estimated minimum period of 19 weeks. The primary components of the Debtors' property consists of cash, accounts receivable, and rolling stock, i.e. the tractors and trailers utilized by the Debtors in the day to day operation of their business. Substantially all of these assets are subject to a senior perfected Lien in favor of the Agent for the benefit of the Prepetition Lenders. The amount of the Prepetition Obligations is approximately $239,400,000. The Debtors believe that these assets will be dramatically impacted by any liquidation of such property under Chapter 7 of the Bankruptcy Code. Thus, the Debtors believe that the amount to be realized upon liquidation of such property is <u>significantly less</u> than the amount of the Prepetition Obligations under the Loan Documents, leaving no "equity" in such assets for unsecured creditors under any circumstances. In addition, as set forth below, the Debtors believe that there is no material value to any Causes of Action such that any recovery for unsecured creditors in a liquidation under Chapter 7 of the Bankruptcy Code (which would be dependent upon the value of such assets) would be immaterial, at best, and almost certainly insufficient to pay unsecured Claims senior in priority to general unsecured Claims.

(b) <u>Liquidation Analysis Assumptions</u>.

The Liquidation Analysis assumes each of the Debtors' cases would convert to Chapter 7 as of July 31, 2009, that the liquidation of the Debtors would commence under the direction of a Court-appointed Chapter 7 trustee at that time, and that such a liquidation would continue for the above stated minimum period of 19 weeks, during which time all of the Debtors' major assets would either be sold or conveyed to the respective lien holders. However, for reasons set forth below in subsection (c) there can be no assurances that all assets would be completely liquidated during this period. The Liquidation Analysis is also based on a detailed review of the Debtors' assets. Estimates of hypothetical liquidation values were determined primarily by assessing classes of assets and appraisals of the rolling stock. For the preparation of this analysis, the Debtors did not retain third party experts to value individual assets, other than the rolling stock. The Liquidation Analysis also contains an estimate of the amount of Claims that will ultimately become Allowed Claims under the Plan. Estimates for various classes of Claims are based solely upon the Debtors' continuing review of the Claims filed in these Chapter 11 Cases and the Company's books and records. No order or finding has been entered by the Court estimating or otherwise fixing the amount of Claims at the projected levels set forth in the Liquidation Analysis. In preparing the Liquidation Analysis, the Debtors have projected amounts of Claims that are consistent with the estimated Claims reflected in the Plan with certain modifications.

(c) <u>Liquidation Analysis Implementation Risks</u>.

There are material risks that even the minimal recoveries estimated by the Liquidation Analysis can be achieved. First, the Debtors estimate that there has been a significant decrease in the value of the Debtors' rolling stock, based on the depressed state of the marketplace for used rolling stock generally, such that actual auction results in a liquidation may be less than estimated in any recent appraisal. Moreover, fundamentally, a liquidation of the Debtors will be extremely complex. The assets of the Debtors include over 1,600 tractors and 3,200 trailers (approximately 200 of which are subject to operating leases) which are located throughout the contiguous United States, and, by their inherent nature, highly mobile. As a result, the Debtors believe that there are material costs that will be incurred in connection with the marshaling of the rolling stock and winding up of the Debtors' affairs in the event of a Chapter 7 liquidation. The Debtors thus believe that in order to wind down the Debtors' affairs properly, and to maximize both the value of the rolling stock and the collection of accounts receivable, weeks of ongoing operations of the Debtors will be required under any circumstances, and that a "cold stop" liquidation would result in material diminution in the value of the Debtors assets. The Debtors reasonably believe that the costs and expenses of operations during such a wind down will be at least $21,000,000.[6] These costs and expenses are included in the Liquidation Analysis.

(d) Causes of Action under the Liquidation Analysis.

The Liquidation Analysis further takes into consideration certain alleged Causes of Action (which are discussed in more detail in Section 5.1(f) hereof), but assumes that there are no material proceeds from the recoveries of such Causes of Action based on work performed to date as described below. The Debtors therefore believe that the potential existence of Causes of Action does not alter any of the conclusions set forth in the Liquidation Analysis with respect to anticipated recoveries for unsecured creditors upon liquidation under Chapter 7 of the Bankruptcy Code.

(e) Liquidation Analysis Conclusion.

Accordingly, as set forth on Exhibit H, the Debtors estimate that the aggregate range of recovery in the event of a liquidation of the property described in the Liquidation Analysis is between approximately $70,000,000 and, assuming that all possible variables in the liquidation process are resolved in the most favorable way possible to the Debtors, $83,000,000, of which approximately $175,000 would be available to satisfy Claims other than Secured Claims. The Debtors believe, therefore, that (a) the value of the Collateral securing the Lenders' Claim, as demonstrated by the Liquidation Analysis is materially less than the aggregate amount of such Claim, (b) that no equity exists in any such Collateral (or any other Collateral) for unsecured creditors, and (c) that any assets of the Debtors' which are not subject to the senior Lien of the Lenders or other holders of Secured Claims, are insufficient to provide any material distribution for unsecured creditors in the event the Debtors' proceedings are converted, and the Debtors' assets are liquidated under Chapter 7 of the Bankruptcy Code. Thus, the Debtors believe that the Plan proposes to provide unsecured creditors with a distribution in excess of the recovery that would be available under Chapter 7.

(f) Causes of Action. The Plan provides that any and all Causes of Action, including, without limitation, avoidance actions arising under Chapter 5 of the Bankruptcy Code are reserved and preserved by, and for the benefit of, the Debtors, and that the proceeds of such Causes of Action shall be deemed to be retained by the Debtors for distribution, subject to all of the terms and conditions of the Plan. Under the Plan, the term "Causes of Action" means, without limitation, any and all actions, causes

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[6] Under the terms of the Plan, as set forth in further detail in Section VI, the Debtors anticipate the structured sale of substantially all of the rolling stock, in a manner in which the costs of such marshaling and windup, including substantial accrued payroll costs, will be substantially assumed by Newco.

of action, liabilities, obligations, rights, suits, damages, judgments, claims and demands whatsoever, whether known or unknown, existing or hereafter arising, in law, equity or otherwise, based in whole or in part upon any act or omission or other event occurring prior to the Commencement Date or during the course of the Chapter 11 Cases, including through the Effective Date, including, without limitation, all avoidance actions arising under Chapter 5 of the Bankruptcy Code. Generally, the Plan provides that the Net Recoveries on account of Causes of Action will be distributed to the holders of Lender Unsecured Claims and Other Unsecured Claims, as determined by the Post-Confirmation Committee, who are authorized to prosecute and recover certain Causes of Action as a representative of the Debtors' estates under section 1123 of the Bankruptcy Code.

Under the terms of the Cash Collateral Orders, Causes of Action arising under Chapter 5 of the Bankruptcy Code were expressly acknowledged to not be subject to the lien and security interests of the Lenders. As a general matter, Causes of Action arising under Chapter 5 of the Bankruptcy Code include those matters described in sections 544, 545, 546, 547, 548, 549 and 550 of the Bankruptcy Code.

Causes of Action, as defined in the Plan, also include any causes of action against insiders, officers and employees of the Debtors, whether or not such Causes of Action are deemed to arise under Chapter 5 of the Bankruptcy Code, or otherwise.

<u>The Debtors have not yet conducted a complete audit of all alleged Causes of Action, but, as set forth above, do not attribute material value to Causes of Action</u>. Further to the foregoing, the Debtors note the following with respect to such alleged Causes of Action:

> (i) The Debtors' Schedules reflect aggregate disbursements made by the Debtors during the 90 day period immediately preceding the Commencement Date in the total amount of such disbursements is $164,000,000, inclusive of material intercompany transfers which occurred in the ordinary course of business. In theory, these transfers may constitute a basis for certain Causes of Action. Attached as **<u>Exhibit "I"</u>** is a preliminary list of payments to Insiders in the one year period immediately preceding the Commencement Date. The total amount of such disbursements is approximately $2,400,000.00. This list may not be a complete listing of all persons falling within the definition of the term Insider, as such terms is used in the Bankruptcy Code. The Debtors are reviewing this list and will amend the same upon completion of that review.
>
> (ii) These disbursements during the 90 day period have been analyzed on the merits by the Debtors preliminarily. The Debtors believe, based on the historical operations of the Debtors' business, and the timeliness of the Debtors' payment of general unsecured creditors prior to the Commencement Date, that a highly material portion of the alleged Causes of Action may be subject to valid defenses in the event such transfers are alleged to be avoidable under section 547 or 548 of the Bankruptcy Code. The Debtors also believe, as set forth below, that Insider recipients of any underlying transfers have no meaningful ability to satisfy any claims that may be asserted against them as Causes of Action.
>
> (iii) As noted above, in connection with its investigation pertaining to the Examiner Motion described herein, the Committee has conducted an extensive investigation of potential Causes of Action against the Debtors' Insiders. The Committee has declined to share the product of their investigation of such Causes of Action with any party in interest in the Chapter 11 Cases, and the Debtors have no actual knowledge of the conclusions the Committee and its professionals may have reached with respect to such alleged Causes of Action. However, the Debtors are able, based on discussions with

the Committee's professionals, to reasonably ascertain that existing officers of the Debtors are probable targets of the Causes of Action. The Debtors believe such persons have no material means of satisfying any recoveries that might be achieved in such Causes of Action (assuming, for analysis purposes only that such Causes of Action have legal merit). The Debtors have advised the Committee's professionals of their conclusions in this regard, and understand that the Committee may disagree with the Debtors' contention. To the Debtors' knowledge, the Committee has conducted no actual discovery or investigation of the collectibility of such officers. The Debtors believe that the Committee attributes materially higher value to the Causes of Action, especially with respect to claims pertaining to Insiders, than is justified by the facts and circumstances.

The Debtors therefore believe that the amount to be paid to the holders of Unsecured Claims under the terms of the Plan (which, in any event, includes Net Recoveries of Causes of Action plus other distributions) exceeds the amount that would be available to the holders of those same Unsecured Claims in the event such holders' recovery were limited to the recoveries that would be available upon liquidation of the Debtors under Chapter 7 of the Bankruptcy Code.

5.2 Claims Process

As previously set forth, by order of the Bankruptcy Court dated January 22, 2009, March 23, 2009 was established as the general "bar date" for most claims to be asserted against the Debtors in connection with the Chapter 11 Case (subject to certain exceptions with respect to claims of Governmental Units). A general description of the Claims asserted against the Debtors in connection with the Chapter 11 Cases is set forth in Section 3.4 hereof.

The Debtors are in the process of conducting an ongoing analysis of Claims in connection with the Plan. Under the terms of the Plan, except (i) as to applications for allowance of compensation and reimbursement of expenses under sections 330, 331 and 503 of the Bankruptcy Code, (ii) as set forth in Section 5.10(b)(ii) of the Plan with respect to Other Unsecured Claims to which the Post-Confirmation Committee may also object, and (iii) with respect to Claims and Equity Interests in Classes V, X, XI, XII, and XIII of the Plan, which are deemed Allowed under the express provisions of the Plan, the Debtors shall have the exclusive right and authority to (A) make and file objections to all Claims, and (B) compromise, settle, otherwise resolve or withdraw any objections to such Claims without approval of the Bankruptcy Court.

Further, the Plan provides that unless otherwise ordered by the Bankruptcy Court, (i) the Debtors shall file all objections to Claims in Classes I, II, III, IV, VI, VII, VIII or IX, and serve such objections upon the holder of the affected Claim by the Effective Date of the Plan, (ii) the Post-Confirmation Committee shall file any objection to an Other Unsecured Claim and serve such objections upon the holder of the affected Claim not later than sixty (60) days after the Effective Date, and (iii) the Debtors shall file all objections to Administrative Expense Claims (other than applications for allowances of compensation and reimbursement of expenses) and serve such objections upon the holder of the affected Claim no event later than ninety (90) days after the Effective Date, or, in each case, by such later date as may be approved by the Bankruptcy Court.

The actual final amount of Allowed Claims under the Plan may differ from the estimates of the Debtors as set forth in Section 3.4 hereof. In such event, the amount of certain Pro Rata distributions that may be made under the Plan, particularly with respect to Other Unsecured Claims, may be positively or negatively impacted by the Claims resolution process.

SECTION VI: DETAILS REGARDING CLASSIFICATIONS, TREATMENT AND IMPLEMENTATION OF THE PLAN

6.1 General Description of the Plan

The Plan provides generally for the classification of Claims and Equity Interests into thirteen separate classes. Ten Classes are impaired under the Plan. Four of these ten Classes (Classes X-XII, relating to Intercompany Unsecured Claims, Subordinated Insider Unsecured Claims, Gainey Equity Interests and Affiliate Equity Interests) are deemed to have rejected the Plan, as a result of their treatment under the Plan. The remaining six Classes of Impaired Claims (Other Secured Claims, Lender Secured Claims, Unsecured Liability Claims, Convenience Claims, Lender Unsecured Claims and Other Unsecured Claims) are each entitled to vote to accept or reject the Plan. Three Classes of Claims are unimpaired by the Plan, and are thus deemed to have accepted the Plan. These Classes are Classes I, II and V relating respectively to Other Priority Claims, Secured Tax Claims, and Insurer Secured Claims.

In general, the Plan provides for (a) a structured disposition of substantially all of the assets of the existing Debtors, (b) the distribution of the proceeds of such dispositions to the holders of Allowed Lender Secured Claims under the Plan, (c) the Debtors' utilization of Cash presently in the Debtors' possession to pay other Claims under the Plan, (d) the delivery of the Lender Note to the holders of Lender Secured Claims to evidence the repayment to the Agent of Working Capital that will be retained by the Debtors and transferred to Newco under the Plan, and (e) the use of other Property by Newco during the term of the Property Lease (attached as Exhibit B to the Plan), with the accompanying Lease Payments thereunder to be made to the Agent on account of the Lender Secured Claims. The Debtors believe that by conducting these dispositions over a period of time, the Plan will maximize the dollars that can be recovered on account of the Collateral which secures the Lender Secured Claims (primarily by substantially reducing the material disposition costs that would otherwise be incurred in a liquidation, as set forth in Section 5.1 of this Disclosure Statement), while at the same time creating an opportunity for the continuation of the core of the Debtors' business. Thus the Debtors believe that the Plan provides parties in interest with the proceeds of the disposition of the Debtors' business assets for a amount that is projected to be well in excess of the high end of the Liquidation Analysis as set forth in Section 5.1 of this Disclosure Statement—while at the same time preserving whatever going concern value there may realistically be for Newco's future operations, as well as customer relationships, jobs, and the prospects for future business with an ongoing business for the Debtors' trade creditors.

The Debtors propose to achieve this result by delivery of the Lender Note under the Plan, by delivering a material portion of the Collateral securing the Lender Secured Claim to the Agent for disposition promptly after the Effective Date, and by entering into a short term lease of substantially all of the remaining operating assets of the Debtors with a new business entity (described in the Plan as "Newco"), which will also receive Working Capital from the Debtors as of the Effective Date of the Plan. The amounts payable under the Property Lease and the Lender Note will be paid to Agent on account of the Lender Secured Claim, and be secured by the continuation of the Agent's Lien on the property that Newco will be entitled to utilize under the terms of the Property Lease.

Newco will be a new startup business entity, the sole initial shareholder of which will be Carl Oosterhouse, the present Chief Operating Officer of the Debtors. Prior to the Effective Date, Mr. Oosterhouse will resign as an officer of the Debtor, and commence employment as an officer of Newco. The Plan provides that no existing holder of an Equity Interest in the Debtors can be a shareholder of Newco, or contract for a future equity interest in Newco as long as any obligations under the Plan are outstanding, but various senior management of the Debtors may be hired by Newco as employees.

The Plan further contemplates that on the Effective Date of the Plan the Debtors will make a substantial cash downpayment to the Agent, in an amount equal to

(i) the Accounts Receivable Diminution Escrow (estimated to be approximately $11,000,000 as of the Effective Date of the Plan),

(ii) not less than $5,000,000 of existing Cash in the Debtors' possession as of the Effective Date, and

(ii) the proceeds of the Debtors' existing accounts receivable, which may be paid in bulk if Newco is able to obtain the Replacement Exit Facility described in the Plan as of the Effective Date (thereby obtaining a new working capital line of credit, secured by such accounts receivable).[7] The Debtors' billed accounts receivable, as of May 22, 2009 totaled approximately $18,400,000.00.

In addition, Debtors will immediately surrender a substantial number of pieces of Rolling Stock to the Agent for immediate disposition, with all of the Net Proceeds of such disposition to be applied to the Lender Secured Claim, as set forth below. Finally, Newco will also seek to obtain the Replacement Term Facility by the Effective Date, which, if obtainable, will provide the Agent with an additional amount of Cash at or about the Effective Date, through the refinancing of certain of the Debtors' trailers, and the acquisition of those trailers by Newco.

The Debtors estimate that the result of all of the foregoing will be the delivery to the Agent of Cash in the amount of not less than $40,000,000 by, or shortly after the Effective Date (and possibly sooner if the Debtors are able to procure the Replacement Term Facility or the Replacement Exit Facility described in the Plan). The Debtors further estimate that over the course of the completion of the Disposition Process described in the Plan, an additional amount of approximately $58,000,000 (inclusive of the amounts that will be paid under the terms of the Property Lease and the Lender Note) will be recovered by the Agent for the benefit of the holders of the Lender Secured Claim—<u>an aggregate amount which the Debtors believe is materially in excess of the recovery that the Agent is most likely to recover through any other disposition or liquidation of its Collateral</u>. Significantly, the Debtors believe that the amount contemplated to be paid to the Agent for the benefit of the holders of the Lender Secured Claim will be approximately $98,000,000.[8] Stated differently, the Debtors believe that through the process created under the Plan, they can achieve a result in which the sum of the component parts of the Debtors have a greater value than the whole, and that this value is sufficient to permit confirmation of the Plan.

Beyond the treatment provided for the Lender Secured Claim, the Plan further contemplates that all other classes of Claims under the Plan can and will be satisfied as set forth in the Plan with the Retained Cash to be maintained by the Debtors under the Plan, and/or through the post-confirmation business operations of Newco.

6.2 Means of Implementation of the Plan

The details for the implementation of the Plan are set forth in detail in Section 5.1 of the Plan, and described generally above. An important component of the Plan involves the execution and delivery of

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[7] Alternatively, the accounts receivable proceeds will be collected per the direction of the Agent and remitted to the Agent for application to Lender Secured Claim.

[8] The Debtors believe this amount to be higher than any "enterprise value" that might be determined through a typical "valuation analysis", even if such a valuation were relevant in the context of the Plan.

the Property Lease between the Debtors and Newco, the delivery of the Lender Note, and the implementation of the Disposition Process. In this regard, the Plan provides that the following shall occur:

(a) Lender Note and Property Lease.

Under the Plan, on the Effective Date:

(i) The Working Capital shall be transferred to Newco by the Debtors for use by Newco in the ordinary course of Newco's business and Newco and the Debtors shall, as of the Effective Date, jointly issue the Lender Note in a principal amount equal to the Working Capital. The maturity date of the Lender Note shall be the date of the scheduled termination of the Property Lease, and such maturity date may not be extended beyond the original maturity date thereof without the consent of the Administrative Agent.

(ii) Newco, as lessee, shall enter into the Property Lease with the Debtors, as Lessor, and receive, subject to the terms thereof, (i) the right to use all of the Rolling Stock subject to the rights of the Lenders and Newco pursuant to the Disposition Process as set forth herein, and the other terms and conditions of the Plan, and (ii) the right to use all other Property of the Debtors. The provisions of the Property Lease may be amended prior to the Effective Date as reasonably satisfactory to the Agent, the Debtors and Newco, but the term of the Property Lease and the Lender Note shall in no event exceed 18 months.

(iii) The terms and conditions of the Property Lease shall contain provisions with respect to the obligations of Newco to properly maintain the Rolling Stock, and the Property which are reasonably acceptable to the Agent, shall contain provisions providing the Agent with reasonable access to review and inspect such property during the term of the Property Lease, and shall contain such other terms and conditions as shall be reasonably determined by Newco and the Debtors, in consultation with the Administrative Agent, to permit the Administrative Agent to monitor the usage of such property during the terms of the Property Lease, and to provide for prompt cessation of such usage by Newco in the event of a default by Newco under the terms of the Property Lease or the Lender Note.

(b) Disposition Process. Commencing on the Effective Date, and continuing during the term of the Property Lease, the Debtors shall effectuate the Disposition Process. The Disposition Process operates as follows:

(i) As soon as practicable following the Effective Date, the Debtors, at their sole cost and expense, shall surrender and deliver not less than 250 tractors, and not less than 400 trailers (the "Surrendered Rolling Stock") to the Administrative Agent for one or more subsequent dispositions by the Administrative Agent, to occur at such times as the Administrative Agent may thereafter determine in its sole and absolute discretion, provided, that the number of trailers so delivered shall be determined based upon the existence or non-existence of the Replacement Term Facility. The Debtors will work in good faith with the Administrative Agent and any person, entity, agent, or consultant designated by the Administrative Agent to facilitate the delivery of the Surrendered Rolling Stock to such location or locations as reasonably requested by the Administrative Agent for disposition. Any such disposition of the Surrendered Rolling Stock by the

Administrative Agent shall be conducted by the Administrative Agent in a commercially reasonable fashion in accordance with the provisions of Article 9 of the Uniform Commercial Code, provided that the Debtors and Newco waive any right to notice of disposition of such Surrendered Rolling Stock.

(ii) Commencing 30 days after the Effective Date, and continuing monthly thereafter on the monthly anniversary date of the Effective Date (or on such earlier dates as may be mutually agreeable to Newco and the Administrative Agent), and continuing until the disposition of all of the Rolling Stock, the Debtors shall make not less than 75 tractors and 125 trailers reasonably acceptable to Newco (all such Rolling Stock so designated from time to time constituting the Designated Rolling Stock) available for disposition in accordance with the following procedures:

(A) The Designated Rolling Stock shall first be made available solely to the Administrative Agent for acquisition, at a price equal to the Disposition Price. The Administrative Agent shall have 10 Business Days to exercise the right to acquire the Designated Rolling Stock for the Disposition Price as of the Disposition Determination Date. In the event the Administrative Agent desires to exercise its right to acquire the Designated Rolling Stock, payment of the Disposition Price shall be made by a credit against the Lender Secured Claim, pursuant to Section 363(k) of the Bankruptcy Code, and the Administrative Agent shall upon such exercise hold the Designated Rolling Stock free and clear of any claim or interest of the Debtors or Newco. Upon acquisition by the Administrative Agent, Newco and the Debtors shall cooperate with the Administrative Agent to effectuate the immediate turnover of the Designated Rolling Stock to the Administrative Agent, at the sole cost and expense of Newco.

(B) If the Administrative Agent does not exercise its right to acquire the Designated Rolling Stock as set forth in subsection (A), the Designated Rolling Stock shall then be made available by the Debtors to Newco for acquisition, at a price equal to the Disposition Price as of the Disposition Determination Date. Newco shall have 10 Business Days to exercise the right to acquire the Designated Rolling Stock for the Disposition Price. In the event Newco desires to exercise its right to acquire the Designated Rolling Stock, payment of the Disposition Price shall be made by a Cash payment to the Administrative Agent, such Cash payment shall be applied against the Lender Secured Claim, and Newco shall upon such payment hold the Designated Rolling Stock free and clear of any claim or interest of the Debtors, the Administrative Agent, or the Lenders.

(C) If Newco does not exercise its right to acquire the Designated Rolling Stock as set forth in subsection (B), Newco shall thereafter promptly, and at their sole cost and expense, deliver the Designated Rolling Stock to the Administrative Agent for one or more subsequent dispositions by the Administrative Agent to occur at such times and locations as the Administrative Agent may thereafter determine in its sole and absolute discretion. Such dispositions shall proceed generally as set forth in subsection (b)(i) above.

(D) Nothing in the Disposition Process shall prohibit the Debtors, the Agent and Newco from reaching an agreement for the sale of any of the Designated Rolling Stock at any agreeable price at any time after the Effective Date.

(c) Other Provisions relating to Newco, the Property Lease and the Lender Note. In addition to the general Disposition Process outlined above, the Plan provides as follows:

(i) The Property Lease shall terminate as to any item of Designated Rolling Stock upon its disposition pursuant to the Disposition Process. Upon termination of the Property Lease in accordance with its terms and in accordance with the Disposition Process, Rolling Stock subject to the Property Lease shall be transferred to the Entity acquiring such Rolling Stock in accordance with the Disposition Process, free and clear of any Lien or claim of the Debtors, the Administrative Agent or the Lenders, and any parties bound by the Plan in accordance with Section 1141 of the Code. Title to all Property other than Rolling Stock shall be transferred to Newco upon execution of the Property Lease, free and clear of any Lien or claim of the Debtors, the Administrative Agent or the Lenders, and any parties bound by the Plan in accordance with Section 1141 of the Code.

(ii) Upon termination of the Property Lease, and transfer of the Property to Newco as set forth in the Plan, any remaining property owned by the Debtors which is not subject to the Property Lease shall be surrendered by the Debtors and Newco to either (a) the Administrative Agent, to the extent the Lender holds a Lien in any such property, or (b) the Post-Confirmation Committee, for liquidation and delivery of the Net Proceeds of such property to the holders of Allowed Claims under Sections 4.8 and 4.9 of the Plan.

(iii) The Debtors reserve the right to modify the form of the Property Lease as may be required to minimize or eliminate, if possible, costs associated with re-titling Rolling Stock, or the issuance of new license plates for such Rolling Stock, to the extent reasonably determined by the Debtors, provided that such modification does not alter or modify the Disposition Process, the amount payable under the Lease Payments, the Lender Note, the Lender Cash Dividend, or the transfer of the Working Capital.

6.3 Feasibility of the Plan

(a) Feasibility Generally.

As discussed briefly in Section 2.6 hereof, the Bankruptcy Code requires a determination by the Bankruptcy Court that the Plan is feasible and not likely to be followed by liquidation or the need for further financial reorganization, unless such liquidation or reorganization is provided for in the Plan. As noted, in this instance, the Plan provides for the disposition of most all of the assets of the Debtors over a period of time for the benefit of the Lender Secured Claim, and for the continuance of the business operations of the Debtors by Newco, who will utilize the Debtors' assets over the disposition period.

However, the Plan provides that certain obligations to the holders of Lender Secured Claims, Other Unsecured Claims, and certain other Claims under the Plan will occur over a period of time ranging from 18 months (in the case of the Lender Secured Claims) to potentially as long as five years (in the case of certain Priority Tax Claims). The Debtors' ability to make the payments required under the Plan in these circumstances, and performance of their obligations under the Plan, particularly those payable to the holders of Lender Secured Claims, are ultimately dependent upon the Property Lease between Newco and the Debtors, and the Lender Note and, therefore, upon Newco's ability to generate positive cash flows from post-confirmation operations to satisfy those obligations.

Accordingly, the Debtors management (who, as noted above will be the shareholders of Newco) and the Debtors' financial advisors have prepared financial projections of Newco under the structure proposed by the Plan (the "**Projections**"). The Projections are attached hereto as **Exhibit "J"**. The Debtors believe that the Plan, with its structure for the ordered disposition of the Rolling Stock, and the creation of the Property Lease, creates a sustainable structure for Newco, and that the Projections support the conclusion that Newco will be able to make the Lease Payments, the Lender Note payments and any longer term obligations that Newco will undertake under the terms of the Plan, such that the feasibility requirement imposed by the Bankruptcy Code is met with respect to the Plan.

(b) Feasibility Risks.

There are risks that the Plan may not be feasible. The most significant risks in this regard relate to the highly leveraged nature of Newco on confirmation, and the ability of the Debtors or Newco to obtain the Revolving Exit Facility and the Replacement Term Facility. As of the date of the Plan, the Debtors have not obtained either the Revolving Exit Facility or the Replacement Term Facility. The Debtors' Projections indicate that there may be material issues as to whether the Plan is feasible if the Debtors or Newco are unable to obtain the Revolving Exit Facility by the Effective Date, or subsequent financing for capital expenditures within not more than 120 days of the Effective Date. The Debtors are unable to warrant that either the Revolving Exit Facility, the Replacement Term Facility, or subsequent financing for capital expenditures can be obtained. The Projections and any reference to them are "forward looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995.

In addition, the assumptions and estimates underlying the Projections are inherently uncertain, and though considered reasonable by the Debtors' management as of the date hereof, are subject to a wide variety of significant business, economic and competitive risks and uncertainties. The Projections do not necessarily indicate the future financial position or results of operations of Newco, which may vary significantly from those set forth in the Projections. Consequently, the Projections should not be regarded as a representation by the Debtors, Newco or any other Person that the projected financial position or results of operation can or will be achieved.

6.4 Classification and Treatment of Claims

(a) As a preliminary matter, and as provided in section 1123(a) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims are not classified for purposes of voting on or receiving distributions under the Plan. All such Claims are instead treated separately pursuant to the terms set forth in Article II of the Plan. That Article provides, generally, as follows:

(i) Allowed Administrative Expense Claims (other than Allowed Administrative Expense Claims for professional compensation and reimbursement of expenses) shall be paid in full on the Effective Date of the Plan or as soon thereafter as is practicable, provided, however, that Allowed Administrative Expense Claims representing liabilities incurred in the ordinary course of business by the Debtors shall be paid in full (a) by the Debtors in Cash on the Effective Date, or (b) by Newco in accordance with the terms and subject to the conditions of any existing agreements governing, instruments evidencing, or other documents relating to such transactions, in accordance with the terms and conditions of the Plan, as determined by the Debtors, Newco and the holder of such Allowed Claim.

(ii) Allowed Priority Tax Claims shall receive, (a) Cash or (b) in accordance with Section 1129(a)(9)(C) of the Bankruptcy Code, equal annual Cash payments commencing on the first anniversary of the Effective Date in an aggregate amount equal to such Allowed Priority Tax Claim, together with interest on any outstanding balance from the Effective Date at the applicable rate under non-bankruptcy law, over a period not exceeding five years after the Commencement Date, or (c) upon such other terms determined by the Bankruptcy Court to provide the holder of such Allowed Priority Tax Claim with deferred Cash payments having a value, as of the Effective Date, equal to such Allowed Priority Tax Claim. The Debtors shall have the right to pay any Allowed Priority Tax Claim, or any remaining balance, in full, at any time on or after the Effective Date, without premium or penalty. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid by the Debtors in connection with the disposition of the remaining assets of the Debtors pursuant to Section 5.1 of the Plan, as such obligations become due after the Effective Date.

(iii) All Entities seeking an award by the Bankruptcy Court of compensation for services rendered and reimbursement of expenses incurred through and including the Effective Date under sections 330 or 331 of the Bankruptcy Code or entitled to the priorities established under sections 503(b)(2), 503(b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall file their respective final applications for allowance of compensation for services rendered and reimbursement of expenses incurred through the Effective Date by not later than the date which is forty five (45) days after the Effective Date or such other date as is fixed by the Bankruptcy Court. If awarded by the Bankruptcy Court, such fees and expenses shall be paid in full in Cash (i) on the later of the Effective Date and the date upon which such Administrative Expense Claim becomes an Allowed Administrative Expense Claim or soon thereafter as is practicable, (ii) upon such other terms as may be mutually agreed upon between such holder of an Administrative Expense Claim and the Debtors or (iii) in accordance with the terms of any applicable order entered by the Bankruptcy Court. All such amounts shall be paid first from the Professional Compensation Escrow created under the Plan, and thereafter by the Debtors from available Cash.

(b) The following is a general description of the treatment of those Claims and Equity Interests which are separately classified under the terms of the Plan.

(i) Class I – Other Priority Claims

Class I is unimpaired by the Plan. Each holder of an Allowed Other Priority Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. Except to the extent that a holder of an Allowed Other Priority Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Other Priority Claim shall receive Cash in an amount equal to such Allowed Other Priority Claim on the later of the Effective Date and the date such Other Priority Claim becomes an Allowed Other Priority Claim, or as soon thereafter as is practicable.

(ii) Class II – Secured Tax Claims

Class II is unimpaired by the Plan. Each holder of an Allowed Secured Tax Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. Except to the extent that a holder of an Allowed Secured Tax Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of an Allowed Secured Tax Claim shall receive Cash in an amount equal to such Allowed Secured Tax Claim on the later of the Effective Date and the date such Secured Tax Claim becomes an Allowed Secured Tax Claim, or as soon thereafter as is practicable. Each holder of an Allowed Secured Tax Claim shall retain any Liens securing its Allowed Secured Tax Claim as of the

Effective Date until full and final payment of such Allowed Secured Tax Claim, and upon such full and final payment such Liens shall be deemed null and void and shall be unenforceable for all purposes.

(iii) Class III – Other Secured Claims

Class III is impaired by the Plan. Each holder of an Allowed Other Secured Claim is entitled to vote to accept or reject the Plan. Each holder of an Other Secured Claim shall retain all adequate protection payments received by it during the Chapter 11 Cases. On the Effective Date, the automatic stay shall terminate with respect to each Allowed Other Secured Claim solely to the extent such Allowed Other Secured Claim is based upon the existence of a permissible setoff right under section 553 of the Bankruptcy Code, and the holder of such Allowed Other Secured Claim shall be permitted to effectuate such setoff right, but only to the extent of such permissible setoff, and subject to the rights of applicable parties to object to such Allowed Other Secured Claims in accordance with the terms and conditions of the Plan. Any Claim of the holder of an Allowed Other Secured Claim determined to be in excess of the amount subject to a permissible setoff right under section 553 of the Bankruptcy Code shall constitute an Other Unsecured Claim, and be subject to treatment under Section 4.9 of the Plan.

Subject to the foregoing, except to the extent that a holder of an Allowed Other Secured Claim has been paid prior to the Effective Date or agrees to a different treatment, each holder of such Allowed Other Secured Claim shall receive, in full and complete settlement, satisfaction and discharge of its Allowed Other Secured Claim, at the option of the Debtors, any of the following: (A) Cash in an amount equal to such Allowed Other Secured Claim, including any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, on the later of the Effective Date and the date such Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable, (B) the Collateral securing its Allowed Other Secured Claim and any interest on such Allowed Other Secured Claim required to be paid pursuant to section 506(b) of the Bankruptcy Code, (C) a combination of Cash or such Collateral, as may be determined by agreement between such holder and the Debtors, or (D) deferred Cash payments, together with interest on account of such Allowed Other Secured Claim as determined in accordance with Section 1129(b)(2)(A)(i) of the Bankruptcy Code, with any such payments to commence on the later of the Effective Date and the date such Other Secured Claim becomes an Allowed Other Secured Claim, or as soon thereafter as is practicable. Except to the extent that a holder of an Allowed Other Secured Claim (i) has been paid prior to the Effective Date or agrees to a different treatment, or (ii) holds such claim as a result of setoff rights, each holder of an Allowed Other Secured Claim shall retain the Liens (or replacement Liens), if any, securing its Allowed Other Secured Claim as of the Effective Date until full and final payment of such Allowed Other Secured Claim is made, and upon such full and final payment such Liens shall be deemed null and void and shall be unenforceable for all purposes.

(iv) Class IV – Lender Secured Claims

Class IV is impaired by the Plan. Each holder of a Lender Secured Claim is entitled to vote to accept or reject the Plan. Each holder of a Lender Secured Claim shall retain all adequate protection payments received by it during the Chapter 11 Cases, and shall further receive the following:

(a) on the Effective Date, its Pro Rata share of the Lender Cash Dividend;

(b) its Pro Rata share of the Lease Payments to be made by Newco, as set forth in Section 5.1 of the Plan;

(c) its Pro Rata interest in the Lender Note, and the payments made thereunder, as set forth in Section 5.1 of the Plan; and

(d) the Rolling Stock Disposition Proceeds, as set forth in Section 5.1 of the Plan.

Subject to the provisions of Section 5.1 of the Plan, each holder of a Lender Secured Claim shall retain the Liens (or replacement Liens), if any, securing its Lender Secured Claim as of the Effective Date until (i) full and final payment of such Lender Secured Claim is made as provided in the Plan, or (ii) such Lien is otherwise terminated as provided in accordance with Section 5.1 of the Plan. Upon such termination, such Liens shall be deemed null and void and shall be unenforceable for all purposes.

(v) Class V – Insurer Secured Claims

Class V is unimpaired by the Plan. Each holder of an Insurer Secured Claim is conclusively presumed to have accepted the Plan and is not entitled to vote to accept or reject the Plan. Each holder of an Allowed Insurer Secured Claim shall retain all of such holder's rights and remedies against (i) the Debtors, and (ii) any Collateral securing such holders' Claim against the Debtors, and shall be entitled to draw on any letter of credit held by such holder on account of such Insurer Secured Claim, in accordance with the terms and conditions of any such letter of credit. To the extent not previously modified or terminated pursuant to order of the Bankruptcy Court, the automatic stay shall be deemed terminated immediately as of the Effective Date with respect to any and all such Insurer Secured Claims for purposes of permitting the holder of such Claims to assert the rights and remedies provided under applicable Insurance Contracts and the Plan, provided, that all of the rights of the Debtors and any Insurer to defend any claim underlying an Insurer Secured Claim after the Effective Date are expressly reserved by the Plan, and nothing in the Plan shall constitute or be deemed a waiver of any defense, right or claim, including any right of setoff, that the Debtors may have against any Person or Entity in connection with or arising out of any Insurer Secured Claim. To the extent any Insurer holds a Claim against any of the Debtors for an amount owing under such Insurance Contract which is not secured by Collateral, or which is in excess of the value of any Collateral held by such Insurer, such excess Claim shall be deemed an Other Unsecured Claim, and Allowed, if at all, in accordance with the procedures for the allowance and payment of Other Unsecured Claims.

(vi) Class VI – Unsecured Liability Claims

Class VI is impaired by the Plan. Each holder of an Unsecured Liability Claim is entitled to vote to accept or reject the Plan. Each holder of an Unsecured Liability Claim shall retain all of such holder's rights and remedies against the Debtors and with respect to any applicable insurance relating to such Unsecured Liability Claim. To the extent not previously modified or terminated pursuant to order of the Bankruptcy Court, the automatic stay shall be deemed terminated immediately as of the Effective Date with respect to any and all such Unsecured Liability Claims for purposes of permitting the liquidation of such Unsecured Liability Claims by a court of competent jurisdiction, and permitting recourse to any applicable insurance relating to such Unsecured Liability Claim. To the extent any holder of an Unsecured Liability Claim shall be determined to hold a claim in excess of the amounts payable under any applicable insurance of the Debtors, such holder shall receive 5% of such excess amount, payable in Cash, by Newco, within 30 days of the date of the entry of a Final Order determining such liability. All of the rights of the Debtors, Newco, and any Insurer to defend and liquidate any Unsecured Liability Claims after the Effective Date are expressly reserved by the Plan and nothing in the Plan shall constitute or be deemed a waiver of any defense, right or claim, including any right of setoff, that the Debtors or Newco may have against any Person or Entity in connection with or arising out of any Unsecured Liability Claim.

(vii) Class VII – Convenience Claims

Class VII is impaired by the Plan. Each holder of an Allowed Convenience Claim is entitled to vote to accept or reject the Plan. Each holder of an Allowed Convenience Claim shall receive, on the later of the Effective Date and the date such Convenience Claim becomes an Allowed Convenience Claim, Cash in an amount equal to 100% of such Allowed Convenience Claim, without Postpetition Interest, provided, however, that in no event shall the holder of an Allowed Convenience Claim receive more than $1,000.00.

(viii) Class VIII – Lender Unsecured Claims

Class VIII is impaired by the Plan. Each holder of an Allowed Lender Unsecured Claim is entitled to vote to accept or reject the Plan. Each holder of a Lender Unsecured Claim shall receive: (i) its Pro-Rata share of Cash in the aggregate amount from all Debtors of $500,000 to be paid on the Effective Date, (ii) its Pro Rata Portion of any (A) any Net Recoveries, and (B) any Net Proceeds of the liquidation of any property described in Section 5.1(g) of the Plan, in each case as such Pro Rata Portion is calculated in combination with the aggregate amount of all such Net Recoveries or Net Proceeds to be distributed under Section 4.8 and 4.9 of the Plan. All Net Recoveries and Net Proceeds (if any) shall be payable from time to time in the discretion of the Post-Confirmation Committee.

(ix) Class IX – Other Unsecured Claims

Class IX is impaired by the Plan. Each holder of an Allowed Other Unsecured Claim is entitled to vote to accept or reject the Plan. Each holder of an Allowed Other Unsecured Claim shall receive: (i) its Pro Rata share of Cash in the aggregate amount from all Debtors of $300,000 to be paid on the Effective Date, (ii) its Pro Rata Portion of any (A) any Net Recoveries, and (B) any Net Proceeds of the liquidation of any property described in Section 5.1(g) of the Plan, in each case as such Pro Rata Portion is calculated in combination with the aggregate amount of all such Net Recoveries or Net Proceeds to be distributed under Section 4.8 and 4.9 of the Plan, and (iii) its Pro Rata Share of two (2) equal annual installments of Cash payable by Newco, each in the aggregate amount from all Debtors of $400,000, payable on the first and second annual anniversaries of the Effective Date. All Net Recoveries and Net Proceeds (if any) shall be payable from time to time in the discretion of the Post-Confirmation Committee.

(x) Class X – Intercompany Unsecured Claims

Class X is impaired by the Plan. Each holder of an Intercompany Unsecured Claim is deemed to have rejected the Plan. Each Intercompany Unsecured Claim shall continue as a Claim against the relevant Debtor party to the extent provided under applicable state law. Except with respect to the Claim held by GRIC on account of any unexpired lease with any of the Debtors, which shall be treated solely in accordance with Article 9 of the Plan, the holders of Intercompany Unsecured Claims will not be entitled to any distribution under the Plan.

(xi) Class XI – Subordinated Insider Unsecured Claims

Class XI is impaired by the Plan. Each holder of a Subordinated Insider Unsecured Claim is deemed to have rejected the Plan. No payment will be made to any holder of a Subordinated Insider Unsecured Claim on account of such Claim, unless all of the holders of Claims provided in Class VIII and Class IX of the Plan are paid in full.

(xii) Class XII – Gainey Equity Interests

Class XII is impaired by the Plan. The holders of Gainey Equity Interests are conclusively presumed to have voted to reject the Plan. The holders of Gainey Equity Interests shall not receive any distribution under the Plan on account of such Equity Interests.

(xiii) Class XIII – Affiliate Equity Interests

Class XIII is impaired by the Plan. The holders of Affiliate Equity Interests are conclusively presumed to have voted to reject the Plan. The holders of Affiliate Equity Interests shall not receive any distribution under the Plan on account of such Equity Interests.

6.5 Other Important Plan Provisions.

The Plan also contains a number of additional provisions relating to the implementation of the Plan. Set forth below is a summary of a number of important plan provisions in this regard:

(a) Corporate Matters, Officers of Debtors and Newco.

As set forth previously in this Disclosure Statement, the Plan contemplates the formation of Newco, and the continuation of the Debtors, during at least the term of the Property Lease. Under the terms of the Plan, the Property described in the Property Lease will be utilized by Newco subject to the Property Lease, with the associated Lease Payments, and payments under the Lender Note being paid to the Agent on account of the Lender Secured Claim. Accordingly, in view of the continuation of the Debtors, with respect to the Debtors the Plan provides for the modification of the articles of incorporation and by-laws of each of the Debtors in accordance with section 1123(a)(6) of the Bankruptcy Code, and provides that after the Effective Date, the Debtors may amend and restate their articles of incorporation or by-laws as permitted by applicable state law, subject to the terms and conditions of the Plan. Further, in accordance with the requirements of section 1129(a)(5) of the Bankruptcy Code, the Plan identifies the officers and directors, and the composition of the Board of Directors of the Debtors. See Exhibit D to the Plan. The Debtors contemplate that Harvey N. Gainey, Sr. shall continue as the Chairman, President and Treasurer of the Debtors. As set forth in this Disclosure Statement certain existing officers of the Debtors, including, without limitation, Carl Oosterhouse, shall relinquish certain officer duties with respect to the Debtors as of the Effective Date, and commence employment with Newco.

Similarly, the Plan identifies the initial officers and directors, their compensation, and the composition of the Board of Directors of Newco as of the Effective Date (see Exhibit E to the Plan), and provides generally that Newco shall have broad discretion to restructure and reorganize its corporate affairs, and to enter into employment, retirement, welfare, incentive, severance, indemnification and other agreements with respect to active employees after the Effective Date. The Plan also contemplates that on the Effective Date, unless an employee shall be otherwise specifically determined by Newco to be excluded as an employee of Newco, all employees of the Debtors shall cease to be employees of the Debtors, and shall be automatically deemed to be employees of Newco, and that one or more employees of Newco may be utilized by the Debtors in connection with the administration of the Debtors' obligations under the Plan, without the payment of additional compensation by the Debtors. None of the foregoing actions may alter or affect any obligations of the Debtors or Newco under the Plan. Each of the Debtors and Newco are required to perform their respective obligations pursuant to the Plan to pay or otherwise satisfy the Allowed Claims under the Plan, except to the extent otherwise set forth in the Plan.

(b) Indemnification and Limited Release.

The Plan provides that the Debtors' obligations as of the Commencement Date to indemnify, defend, reimburse, and/or provide contribution to their directors, officers, agents and employees who were serving in such capacity as of the Commencement Date are preserved and shall continue. Those obligations are unaffected by the Plan, and under the Plan provisions are assumed by, and performed by Newco after the Effective Date.

The Plan does not provide for any release of any claim against any Insider of any of the Debtors. However, the Plan does provide for the general release as of the Effective Date, of "Released Parties". The Plan provides that "Released Parties" as limited to the following: the Revolving Exit Lender, the Replacement Term Lender, the officers, directors, employees, advisors, professionals, agents and representatives of any of the foregoing, and the advisors, professionals, agents (other than employees and Insiders) and representatives (other than employees and Insiders) of any of the Debtors in the Chapter 11 Cases.

(c) Executory Contracts and Unexpired Leases.

The Debtors are parties to a number of executory contracts and unexpired leases in addition to those which have already been rejected during the Chapter 11 Cases. The Bankruptcy Code sets forth particular provisions with respect to the procedures for the assumption or rejection of such executory contracts and unexpired leases, including without limitation, the requirement that the Debtors cure defaults under contracts and leases which are to be assumed. The Plan also contains particular provisions relating to the continuation of employee benefit related contracts, insurance contracts, and agreements between the Debtors and their customers. The Plan provides the following, generally, with respect to such matters:

> (i) General Treatment. All executory contracts and unexpired leases that exist between the Debtors and any Person or Entity, including, without limitation, liability insurance contracts, customer agreements, and any unexpired lease with GRIC (but excluding any contract or unexpired lease with any other Insider other than GAC), shall be deemed assumed by the Debtors on the Confirmation Date and effective as of the Effective Date and assigned to Newco, except for any executory contract or unexpired lease (i) that has been rejected pursuant to an order of the Bankruptcy Court entered prior to the Confirmation Date, (ii) as to which a motion for approval of the rejection of such executory contract or unexpired lease has been filed and served prior to the Confirmation Date, or (iii) listed on the Rejection Schedule. The Rejection Schedule must be filed by June 15, 2009. Any non-Debtor party to a rejected executory contract or unexpired lease shall be entitled to file a proof of claim for any rejection damages arising on account of such rejection by not later than 30 days after the Effective Date.
>
> (ii) Cure of Defaults. Generally, unless a party agrees otherwise, any and all undisputed defaults under any executory contract or unexpired lease assumed and assigned by the Debtors under the Plan shall be satisfied by Cure, in accordance with section 365(b)(1) of the Bankruptcy Code, and the entry of the Confirmation Order shall constitute a determination that adequate assurance of future performance has been provided by Newco. The Debtors shall file and serve a pleading with the Bankruptcy Court no later than twenty (20) days prior to the Confirmation Hearing listing the Cure amounts of all executory contracts and unexpired leases to be assumed. The parties to such executory contracts and unexpired leases shall have fifteen (15) days after such filing to object to the Cure amounts listed by the Debtors, and the failure to timely object to a particular Cure amount shall conclusively bind such non-Debtor party. In the event of a dispute regarding (1) the amount of any Cure payment, (2) the ability of Newco to

provide "adequate assurance of future performance" under the contract or lease to be assumed and assigned, or (3) any other matter pertaining to assumption and assignment, the Cure payment(s) required shall be made following the entry of a Final Order resolving the dispute. All Disputed defaults that are required to be Cured shall be Cured either within twenty (20) days after the entry of a Final Order determining the amount, if any, of the Debtors' liability with respect thereto, or as may otherwise be agreed to by the parties.

(iii) Rejection of Certain Contracts. The Confirmation Order will constitute an order of the Bankruptcy Court approving the rejection of any executory contract or unexpired lease listed on the Rejection Schedule, provided that the Effective Date occurs. Prior to the Effective Date, the Debtors may, in their discretion, determine that any executory contract or unexpired lease that would otherwise be assumed under the terms of the Plan shall be rejected, by filing an amended Rejection Schedule not less than 10 days prior to the Effective Date, and giving any non-Debtor party to such executory contract or unexpired lease notice of their inclusion upon the amended Rejection Schedule by first class mail. Such notice will effectuate the rejection of the identified executory contract or unexpired lease as of the Effective Date, without further Order of the Bankruptcy Court.

(iv) Compensation and Benefit Programs. All pre-Confirmation Date health care plans, savings plans, and life, disability, worker's compensation, and other similar plans are treated as executory contracts under the Plan and shall, on the Effective Date, be deemed assumed by the Debtors and assigned to Newco. However such assumption and assignment shall not include the assumption of any Equity Interests, stock options, warrants or similar rights, whether or not provided for in any such plans. To the extent that any plans, funds or programs maintained by the Debtors as of the Commencement Date are deemed to fall within the scope of section 1114 of the Bankruptcy Code such plans, funds or programs shall continue to be maintained by Newco, and Newco will continue to make such payments required pursuant to section 1129(a)(13) of the Bankruptcy Code under such plans, funds or programs for the duration that it is obligated to continue to provide such benefits under applicable law. Nothing in the Plan shall limit the ability of the Newco to modify, alter, or discontinue any such health care plans, savings plans, worker's compensation programs and life, disability, and other insurance and similar plans after the Effective Date, in the ordinary course of business, to the extent permitted by contract or applicable nonbankruptcy law.

(d) Post-Confirmation Committee. The Plan contemplates that certain discrete post-confirmation matters will be handled by the Post-Confirmation Committee created under the Plan The Plan provides the following with respect to such matters:

(i) Formation. The Post-Confirmation Committee will be selected on the Effective Date as follows: (i) the Administrative Agent will select two (2) members; and (ii) the Unsecured Creditors Committee will select one (1) member. The Post-Confirmation Committee will be authorized, in the exercise of its reasonable discretion, to effectuate procedural rules, by-laws, or other agreements governing its make-up, voting, and succession.

(ii) Permitted Actions. The Post-Confirmation Committee will be authorized, as a representative of the Debtors' estate pursuant to section 1123 of the Bankruptcy Code to prosecute certain Causes of Action and distribute Net Recoveries, (subject to certain limitations, restrictions and conditions set forth in the Plan with respect to Causes of Action which have been released, or which relate to the collection of accounts receivable or insurance claims (including subrogation claims and matters relating to Unsecured Liability Claims) arising in favor of the Debtors, or with respect to which the proceeds of such Cause of Action may be the subject of Lien in favor of the holder of an Allowed Secured Claim. The Post Confirmation Committee is also permitted to object to any Other Unsecured Claims that are not either (I) otherwise objected to by the Debtors as of the Effective Date or (II) expressly Allowed under the terms of the Plan, and to liquidate property described in Section 5.1(g) of the Plan, and distribute any Net Proceeds thereof.

(iii) Costs and Expenses. The individual members of the Post-Confirmation Committee will not be entitled to compensation from the Debtors, their estates, or Newco. The Post-Confirmation Committee will, however, be entitled to reimbursement of reasonable, necessary, and actual out-of-pocket expenses in an amount not to exceed $10,000 in the aggregate in any calendar year for a period of two years from the Effective Date, to be paid by Newco. The Post-Confirmation Committee will prosecute Causes of Action and objections to Claims at its sole expense and, unless alternative arrangements are made, will be paid exclusively from the proceeds of any recoveries on account of such Causes of Action and from other Net Proceeds.

(e) Provisions Relating to Objections to Claims and Distributions under the Plan. It is likely that many Claims under the Plan may not be Allowed as of the Effective Date of the Plan on account of objections interposed by the Debtors or other parties in interest as set forth in the Plan. As a result, it is necessary that the Plan contain particular provisions that relate to the assertion of objections to Claims, and as to distribution of dividends under the Plan on account of such Claims. The Plan provides the following with respect to such matters:

(i) Right to File and Resolve Objections. The Debtors will have the exclusive right to object to, compromise, withdraw, or otherwise resolve Claims without authority of the Bankruptcy Court, except: (i) as to applications for allowance of compensation and reimbursement of expenses under sections 330, 331, and 503 of the Bankruptcy Code; (ii) as set forth in Section 5.10(b)(ii) of the Plan with respect to Other Unsecured Claims to which the Post-Confirmation Committee may also object; and (iii) with respect to Claims in Classes V, X, XI, XII and XIII of the Plan, which are deemed Allowed under the express provisions of the Plan.

(ii) Timing of Objections. Unless otherwise ordered by the Bankruptcy Court, (i) the Debtors must file and serve all objections to Claims in Classes I, II, III, VI, VII, VIII or IX by the Effective Date; (ii) the Post-Confirmation Committee must file and serve all objections to Other Unsecured Claims within sixty (60) days after the Effective Date; and (iii) the Debtors must file and serve objections to Administrative Expense Claims (other than applications for allowances of compensation and reimbursement of expenses) within ninety (90) days after the Effective Date.

(iii) No Distribution Pending Allowance; Subsequent Distribution. No property will be distributed under the Plan on account of any Disputed Claim unless and until such claim is Allowed. If a Disputed Claim is not Allowed as of the date for a distribution on account of such Claim under the Plan, the amount otherwise distributable to the holder of such Claim will be deposited into the Disputed Claims Reserve and held until such Claim is Allowed. If a Disputed Claim becomes an Allowed Claim, the amount paid in satisfaction of such Claim may not exceed the amount set aside in the Disputed Claim Reserve on account of such Claim.

(iv) Excess Funds. Any amounts remaining in the Disputed Claims Reserve will be distributed Pro Rata to holders of Other Unsecured Claims, provided that no such distribution will be made to any holder as to which the amount to be distributed is less than $10.00. Distributions of amounts remaining in the Disputed Claims Reserve will be made within 10 business days after all Disputed Claims as to which payment has been made into the Disputed Claims Reserve have become Allowed Claims or have otherwise been resolved by Final Order of the Bankruptcy Court.

(v) Estimation. At any time before the Effective Date, the Debtors may request that the Bankruptcy Court estimate any contingent or Disputed Claim pursuant to section 502(c) of the Bankruptcy Code, regardless of whether the Debtors have objected to such Claim. In the event the Bankruptcy Court estimates any contingent or Disputed Claim, the estimated amount may constitute a maximum limitation on such Claim, as determined by the Bankruptcy Court. In addition to this estimation procedure, the Debtors may elect to pursue any supplemental proceedings to object to the allowance and payment of such Claim.

(vi) Disbursing Agent. At the election of the Debtors, all distributions under the Plan to be made by the Debtors may be made by a Disbursing Agent designated by the Debtors and acceptable to Newco, and the fees and expenses of such Disbursing Agent shall be paid by Newco. Such Disbursing Agent will serve without bond or other security for the performance of its duties unless otherwise ordered by the Bankruptcy Court; and in the event that the Disbursing Agent is otherwise ordered, all costs and expenses of procuring such bond or other security shall be borne by Newco. The Disbursing Agent may employ or contract with other Persons to assist with respect to its responsibilities under the Plan, including, without limitation, making all distributions contemplated hereby, and such Person may be a professional person employed by the Debtors during the Chapter 11 Cases. The Debtors are considering the retention of AlixPartners, LLP as the Disbursing Agent under the Plan.

6.6 Conditions Precedent to Confirmation and Effectiveness of the Plan.

(a) Conditions Precedent to Confirmation of the Plan. Each of the following is a condition precedent to the entry of the Confirmation Order, unless waived in accordance with the Plan:

(i) Newco has been formed pursuant to Section 5.1 of the Plan.

(ii) The Confirmation Order is in form and substance reasonably satisfactory to the Debtors, Newco, and, if applicable, the Revolving Exit Lender and the Replacement Term Lender.

(iii) The Plan shall not have been materially amended, altered or modified, unless such material amendment, alteration or modification has been made in accordance with section 13.7 of the Plan.

(iv) All Exhibits to the Plan are in form and substance reasonably satisfactory to the Debtors and Newco.

(b) Conditions Precedent to Occurrence of Effective Date. Each of the following is a condition precedent to the occurrence of the Effective Date of the Plan, unless waived in accordance with the Plan:

(i) The Bankruptcy Court shall have entered the Confirmation Order.

(ii) The Bankruptcy Court shall have entered an order (contemplated to be part of the Confirmation Order) approving and authorizing the Debtors to take all actions necessary or appropriate to implement the Plan, including execution and delivery of the Property Lease, and implementation of the Disposition Process, and the other transactions contemplated by the Plan and all contracts, instruments, releases and other agreements or documents entered into or delivered in connection with the Plan.

(iii) No stay of the Confirmation Order shall then be in effect.

(iv) If applicable, the transactional documents to be delivered in connection with the Revolving Exit Facility, and the Replacement Term Facility, including without limitation, any documents granting any liens or security interests in any property of the Debtors or Newco, shall have each been executed and delivered by all parties thereto, all conditions precedent thereto shall have been satisfied or waived in accordance with the terms thereof, and the proceeds of each of the Revolving Exit Facility and Replacement Term Facility shall each be available to be drawn upon in accordance with the terms thereof.

(v) The Plan, and the Exhibits thereto, shall not have been materially amended, altered or modified, unless such material amendment, alteration or modification has been made in accordance with section 13.7 of the Plan.

(vi) The Effective Date shall have occurred on or before September 30, 2009.

6.7 Effect of Confirmation of the Plan, Retention of Jurisdiction

(a) Effect of Confirmation. The legal effects of the confirmation of the Plan are prescribed generally by the provisions of the Bankruptcy Code. The Plan provides the following in this regard:

(i) Causes of Action Reserved and Preserved. As of the Effective Date, any and all Causes of Action, including, without limitation, avoidance actions arising under Chapter 5 of the Bankruptcy Code as described in the Plan are reserved and preserved by, and for the benefit of, the Debtors, and the proceeds of such Causes of Action shall be deemed to be retained by the Debtors for distribution subject to all of the terms and conditions of the Plan.

(ii) Discharge of Debtors. The rights afforded, and the treatment provided to all Claims under the Plan shall be in exchange for and in complete satisfaction, discharge and release of all Claims of any kind or nature whatsoever, including any Postpetition Interest accrued on such Claims, against the Debtors, or any of their assets or properties, but only to the extent set forth in Section 1141 of the Bankruptcy Code, and except as otherwise provided in the Plan or in Section 1141 of the Bankruptcy Code, (a) on the Effective Date, all Claims against and Equity Interests in the Debtors shall be, and shall be deemed to be, satisfied, discharged and released in full, and (b) all Persons shall be precluded from asserting against the Debtors, their successors, or their assets or properties any other or further Claims or Equity Interests based upon any act or omission, transaction or other activity of any kind or nature that occurred prior to the Confirmation Date.

(iii) Injunction. Except as otherwise expressly provided in the Plan or the Bankruptcy Code, the Confirmation Order or a separate order of the Bankruptcy Court, all Persons or Entities who have held, hold or may hold Claims against or Equity Interests in the Debtors and/or their estates, are permanently enjoined, from and after the Effective Date, from (a) commencing or continuing in any manner any action or other proceeding of any kind against the Debtors or Newco with respect to any such Claim or Equity Interest, (b) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree or order against the Debtors or Newco on account of any such Claim or Equity Interest, (c) creating, perfecting or enforcing any Lien or encumbrance of any kind against the Debtors or Newco or against the property of the Debtors or Newco, and (d) commencing or continuing in any manner any action or other proceeding of any kind with respect to any claims which are extinguished, dismissed or released pursuant to the Plan. Such injunction shall extend to successors of the Debtors and Newco and their property and interests in property.

(iv) Comprehensive Settlement of Claims and Controversies. Pursuant to Bankruptcy Rule 9019 and in consideration for the distributions and other benefits provided under the Plan, the provisions of the Plan will constitute a good faith compromise and settlement of all claims or controversies relating to (i) the rights that a holder of a Claim (including Intercompany Claims) may have with respect to any Allowed Claim, (ii) any distribution to be made pursuant to the Plan on account of any Allowed Claim, and (iii) any Officer Compensation Disputes. The entry of the Confirmation Order will constitute the Bankruptcy Court's approval, as of the Effective Date, of the compromise or settlement of all such claims, controversies and disputes, and the Bankruptcy Court's finding that all such compromises or settlements are in the best interests of the Debtors, their estates, Newco, and the holders of Claims, and are fair, equitable and reasonable, such that upon entry of the Confirmation Order any litigation or proceedings relating to such matters shall be deemed to be fully and finally terminated.

(v) Binding Effect. Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the Plan shall be binding upon and inure to the benefit of the Debtors and the holders of Claims and Equity Interests and their respective successors and assigns, whether or not the Claim or Equity Interest of such holder is impaired under the Plan, whether or not such holder has accepted the Plan and whether or not such holder is entitled to a distribution under the Plan.

(b) Retention of Jurisdiction. The Plan provides that the Bankruptcy Court will retain jurisdiction after the confirmation of the Plan in connection with the following matters:

(i) To hear and determine pending applications for the assumption or rejection of executory contracts or unexpired leases, if any are pending, and the allowance of any Claims resulting therefrom.

(ii) To hear and determine any and all adversary proceedings, applications and contested matters, even if filed after confirmation of the Plan.

(iii) To hear and determine any objections to Administrative Expense Claims, Claims or Equity Interests.

(iv) To enter and implement such orders as may be appropriate in the event the Confirmation Order is for any reason stayed, revoked, modified or vacated.

(v) To issue such orders in aid of execution and consummation of the Plan, to the extent authorized by section 1142 of the Bankruptcy Code.

(vi) To consider any amendments to or modifications of the Plan, to cure any defect or omission, or reconcile any inconsistency in any order of the Bankruptcy Court, including, without limitation, the Confirmation Order.

(vii) To hear and determine all applications for compensation and reimbursement of expenses of professionals under sections 330, 331 and 503(b) of the Bankruptcy Code.

(viii) To hear and determine disputes arising in connection with the interpretation, implementation or enforcement of the Plan.

(ix) To recover all assets of the Debtors and property of the Debtors' estates, wherever located.

(x) To hear and determine matters concerning state, local and federal taxes in accordance with sections 346, 505 and 1146 of the Bankruptcy Code.

(xi) To hear and determine any requests by the Debtors to sell any asset pursuant to section 363 of the Bankruptcy Code.

(xii) To hear any other matter not inconsistent with the Bankruptcy Code.

(xiii) To hear and determine all actions pursuant to sections 105, 502, 510, 542, 543, 544, 545, 547, 548, 549, 550, 551, and 553 of the Bankruptcy Code, any collection matters related thereto, and settlements thereof, and any other Causes of Action properly within the jurisdiction of the Bankruptcy Court.

(xiv) To hear and determine any disputes concerning quarterly fees owing or claimed to be owing to the Office of the U.S. Trustee under section 1930(a)(6) of title 28 of the United States Code.

(xv) To enter a final decree closing the Chapter 11 Cases.

6.8 <u>Alternatives to Confirmation of the Plan</u>

The Debtors anticipate that in the event the Plan cannot be confirmed, either by the affirmative votes of impaired Classes of Claims under the Plan, or pursuant to Section 1129(b) of the Bankruptcy Code, it is likely that the Court would, at a minimum, terminate the Debtors' exclusive periods for the filing and confirmation of a plan. In such event, other parties in interest, including, without limitation the Agent and the Committee, could seek to file alternative plans for the Debtors. The Debtors anticipate that in such event, either or both such entities might seek to either file plans calling for the immediate liquidation of the Debtors, or seek to convert the Chapter 11 Cases to cases under Chapter 7 of the

Bankruptcy Code. It is also possible that the UST could seek to convert the cases to Chapter 7 of the Bankruptcy Code, or that the Court could determine to enter an appropriate such order sua sponte.

The Debtors have reserved the right to seek to amend the Plan and this Disclosure Statement in the event the Plan cannot be confirmed. However, the Debtors also anticipate that in the event the Debtors seek to take such action, the Agent may be unwilling to agree to provide the Debtors with ongoing use of Cash Collateral for a time period sufficient to confirm an alternative to the Plan. In such event, the Debtors may be forced to seek to continue the use of Cash Collateral over the objection of the Agent and the Lenders, pending the amendment or modification of the Plan, and any accompanying hearings with respect to such matters. However, the Debtors cannot warrant that they will be successful in connection with any of the foregoing alternatives. The Debtors believe that it is likely that failure to confirm the Plan will result in a recovery for all creditor constituencies that will be less than the recoveries contemplated by the terms of the Plan, and that with respect to the holders of Lender Secured Claims, such reduced recovery is likely to be material.

SECTION VII: TAX CONSEQUENCES OF THE PLAN

7.1 General

The following is a summary of certain U.S. federal income tax consequences to the Debtors and to certain holders of Claims that are expected to result from implementation of the Plan. This discussion is based on the Internal Revenue Code, as amended, treasury regulations in effect on the date of this Disclosure Statement, and administrative and judicial interpretations thereof which are available on or before such date. All of the foregoing are subject to change, which change could apply retroactively and could affect the federal income tax consequences described below. There can be no assurance that the IRS will not take a contrary view to one or more of the issues discussed below. No ruling has been applied for or received from the IRS with respect to any of the tax aspects of the Plan and no opinion of counsel has been requested or received by the Debtors with respect thereto.

The following summary is for general information only and does not purport to address all of the U.S. federal income tax consequences that may be applicable to any particular holder of a Claim. The tax consequences to holders may vary based upon the individual circumstances of each holder. In addition, this discussion does not address any aspect of local, state or foreign taxation, or any estate or gift tax consequences of the Plan.

The following assumes that the Plan will be implemented as described herein and does not address the tax consequences if the Plan is not implemented. This discussion further assumes that the various debt and other arrangements to which the Debtors are parties and any distributions and allocations provided for under the Plan will be respected for federal income tax purposes in accordance with their respective forms or as described below.

THE TAX CONSEQUENCE OF THE PLAN ARE COMPLEX AND SUBJECT TO SIGNIFICANT UNCERTAINTIES. THIS DISCUSSION DOES NOT CONSTITUTE TAX ADVICE OR A TAX OPINION CONCERNING THE MATTERS DESCRIBED. THERE CAN BE NO ASSURANCE THAT THE IRS WILL NOT CHALLENGE ANY OR ALL OF THE TAX CONSEQUENCES DESCRIBED HEREIN, OR THAT SUCH A CHALLENGE, IF ASSERTED, WOULD NOT BE SUSTAINED. EACH HOLDER OF A CLAIM OR EQUITY INTEREST IS URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL, FOREIGN OR OTHER TAX CONSEQUENCES OF THE PLAN.

7.2 Tax Consequences to the Debtors and holders of Claims.

(a) The Debtors. GC, the other Debtors and certain non-debtor affiliates are members of an affiliated group of corporations (the "**Gainey Tax Group**") that join in the filing of consolidated federal income tax returns. The Debtors expect that the Gainey Tax Group will have consolidated net operating loss ("**NOL**") carryforwards to the year ended December 31, 2009 and, to the extent not used or eliminated with respect to such year, to subsequent years. The amount of such NOLs and NOL carryforwards remains subject to review and adjustment by the IRS and to limitations imposed by Sections 108 and 382 of the Internal Revenue Code, as discussed below.

On the Effective Date of the Plan, the Debtors expect to realize cancellation of debt income ("**CODI**") without regard to whether a discharge is available to the Debtors under Section 1141 of the Bankruptcy Code. However, CODI is not taxable to a debtor if the debt discharge or cancellation occurs in a title 11 bankruptcy case, or to the extent the Debtor is insolvent. Rather, under Section 108 of the Internal Revenue Code, such CODI instead will reduce certain of the Debtors' tax attributes, generally in the following order: (a) NOLs and NOL carryforwards, (b) general business credit carryforwards, (c) minimum tax credit carryforwards, (d) capital loss carryforwards, (e) the tax basis of the Debtors' depreciable and non-depreciable assets (but not below the amount of their liabilities immediately after the discharge), (f) passive activity loss and credit carryforwards, and (g) foreign tax credit carryforwards. A debtor may elect to alter the preceding order of attribute reduction, and instead, first reduce the tax basis of its depreciable assets (and possibly, the depreciable assets of its subsidiaries) and then to reduce NOLs and certain other tax attributes. The reduction in tax attributes occurs only after the tax for the year in which the debt discharge or cancellation has been determined (i.e. such attributes may be available to offset taxable income that accrues between the date of discharge or cancellation and the end of the Debtors' taxable year). The Debtors anticipate that this will not occur prior to 2010. Any excess CODI over the amount of available tax attributes is not subject to United States federal income tax and has no other United States federal income tax impact.

Under the regulations that address the method for applying tax attribute reduction to an affiliated group of corporations that files consolidated returns (such as the Gainey Tax Group), the tax attributes of each group member that is excluding CODI is first subject to reduction. These tax attributes include (1) consolidated attributes attributable to the debtor member, (2) tax attributes that arose in separate return limitation years of the debtor member, and (3) the tax basis of property of the debtor member. To the extent the debtor member's tax basis in stock of a lower-tier member of the affiliated group is reduced, a "look through rule" requires that a corresponding reduction be made to the tax attributes of the lower-tier member. To the extent that a debtor-member's excluded CODI exceeds its tax attributes, the regulations require the excess to be applied to the reduction of the remaining consolidated tax attributes of the affiliated group, including tax attributes of members other than the debtor members that arose or are treated as arising in certain separate return limitation years. The amount and allocation of the attribute reduction remain subject to review and adjustment by the IRS.

(b) Holders of Claims. The federal income tax consequences of the Plan to a holder of a Claim will depend upon several factors, including but not limited to: (i) whether the holder's Claim (or a portion thereof) constitutes a Claim for principal or interest, (ii) the origin of the holder's Claim, (iii) the type of considerations received by the holder in exchange for the Claim, (iv) whether the holder is a resident of the United States for tax purposes, (v) whether the holder has taken a bad debt deduction or worthless security deduction with respect to this Claim, and (vii) whether the holder receives distributions under the Plan in more than one taxable year.

Generally, a holder of a Claim will recognize gain or loss equal to the difference between the "amount realized" by such holder and such holder's adjusted tax basis in the Claim. The "amount realized" is equal to the sum of the Cash and the fair market value of any other consideration received under the Plan in respect of a holder's Claim, (to the extent that such Cash or other property is not allocable to any portion of the Claim representing accrued but unpaid interest (see discussion below)). The character of any recognized gain or loss (e.g. ordinary income, or short-term or long term capital gain or loss) will depend upon the status of the holder, the nature of the Claim in its hands, the purpose and circumstances of its acquisition, the holder's holding period of the Claim, and the extent to which the holder previously claimed a deduction for the worthlessness of all or a portion of the Claim.

Because the Plan contemplates that a portion of any distribution on account of certain Claims will be determined based upon the potential value of Net Recoveries and Net Proceeds, which are to be paid Pro-Rata to the holders of certain Claims, the holders of such Claims will have to take into account the fair market value of their Pro Rata share, if any, of the anticipated Net Recoveries and Net Proceeds in determining the amount of gain realized and required to be recognized in connection with the Plan. In addition, since a holder's share of the Net Recoveries or Net Proceeds may change depending upon the resolution of Disputed Claims, the holder may be prevented from recognizing any loss in connection with the Plan until the time that all such Disputed Claims have been resolved.

HOLDERS OF CLAIMS SHOULD CONSULT THEIR OWN TAX ADVISORS CONCERNING THE RECOGNITION OF GAIN OR LOSS, FOR FEDERAL INCOME TAX PURPOSES, ON THE SATISFACTION OF THEIR CLAIMS.

(c) Allocation of Consideration to Interest. A portion of the consideration received by a holder in satisfaction of an Allowed Claim pursuant to the Plan may be allocated to the portion of such Allowed Claim (if any) that represents accrued but unpaid interest. The Plan does not provide an allocation of the consideration to be received by the holders of Allowed Claims. Accordingly, the manner in which such allocation must be made for federal income tax purposes is not clear. If any portion of the distribution were required to be allocated to accrued interest, such portion would be taxable to the holder as interest income, except to the extent the holder has previously reported such interest as income. In that event, only the balance of the distribution would be considered received by the holder in respect of the principal amount of Allowed Claim. Such an allocation would reduce the amount of the gain, or increase the amount of loss, realized by the holder with respect to the Allowed Claim. If any such loss were a capital loss, it would not offset any amount of the distribution that was treated as ordinary interest income (except, in the case of individuals, to the limited extent that capital losses may be deducted against ordinary income). To the extent that any portion of the distribution is treated as interest, holders may be required to provide certain tax information in order to avoid the withholding of taxes.

(d) Equity Interests. In accordance with the Plan, holders of Equity Interests in the Debtor will not receive a distribution under the Plan. Holders of an Equity Interest in the Debtor generally will be able to recognize loss in the amount of the holder's adjusted tax basis. The character of any recognized loss will depend upon several factors including, but not limited to, the status of the holder, the nature of the interest in the holder's hands, the purpose and circumstances of its acquisition, the holders' holding period, and the extent to which the holder had previously claimed a deduction for the likely worthlessness of all or a portion of such Equity Interest. A loss generally is treated as sustained in the taxable year for which there has been a closed and competed transaction, and no portion of a loss with respect to which there is a reasonable prospect of reimbursement may be deducted until it can be ascertained with reasonable certainty whether or not such reimbursement will be recovered. **HOLDERS OF EQUITY INTERESTS SHOULD CONSULT THEIR OWN TAX ADVISORS**

CONCERNING THE RECOGNITION OF LOSS FOR FEDERAL INCOME TAX PURPOSES, ON THE CONSUMMATION OF THE PLAN.

(e) Other. Payors of interest, dividends, and certain other reportable payments are generally required to withhold twenty-eight percent (28%) of such payments if the payee fails to furnish such payee's correct taxpayer identification number (social security number or employee identification number) to the payor. The Debtors may be required to withhold a portion of any payments made to a holder of an Allowed Claim who does not provide its taxpayer identification number.

SECTION VIII: RISK FACTORS TO BE CONSIDERED

Holders of Claims against the Debtor should read and consider carefully the information set forth in this Disclosure Statement (and the documents delivered together with this Disclosure Statement and/or incorporated by reference), prior to voting to accept or reject the Plan. As discussed in more detail throughout this Disclosure Statement, there are various risks associated with the Plan. The following sets forth a more detailed discussion of various such risks:

(a) Objections to Classification Section 1122 of the Bankruptcy Code provides that a plan may place a claim or an interest in a particular class only if such claim or interest is substantially similar to the other claims or interests of such class. The Debtors believe that the classification of Claims and Equity Interests under the Plan complies with the requirements set forth in the Bankruptcy Code. However, there can be no assurance that the Bankruptcy Court will reach the same conclusion. In the event that the manner of classification proposed by the Debtors is not permitted by the Bankruptcy Court, the ability of the Debtors to obtain an affirmative vote of one or more Classes under the Plan could be affected. This in turn may make it more likely that the Debtors would be required to seek to confirm the Plan pursuant to Section 1129(b) of the Code, as outlined in greater detail below.

The Plan separately classifies Unsecured Liability Claims, the Lender Unsecured Claims and Other Unsecured Claims. The Claims in these Classes have different characteristics and it is therefore appropriate, from the Debtors' perspective, for such Claims to be separately classified. The holders of Unsecured Liability Claims have access to third party insurance for a significant portion of their Claims, while members of the Classes of the Lender Unsecured Claims and Other Unsecured Claims do not. Holders of Lender Unsecured Claims hold claims jointly and severally against each of the Debtors, based on the contractual arrangements between such holders and the Debtors. Holders of Other Unsecured Claims have Claims only as against the particular Debtor or Debtors with whom such holder has provided goods or services.

(b) Risk of Non-Confirmation of the Plan. There can be no assurance, initially, that all impaired Classes of Claims under the Plan will vote to accept the Plan, as provided in Section 1129(a)(8) of the Bankruptcy Code. In the event that one or more impaired Classes of Claims vote to reject the Plan, and the Debtors are required to seek confirmation of the Plan with respect to such Classes pursuant to Section 1129(b) of the Bankruptcy Code, there can be no assurance that the Bankruptcy Court will find that the Debtors have met the applicable requirements of Section 1129(b) of the Bankruptcy Code. Even if all Classes entitled to vote accept the Plan, the Plan might not be confirmed by the Bankruptcy Court, because the Debtors fail to comply with one or more of the applicable provisions of Section 1129(a) of the Bankruptcy Code

As discussed herein, section 1129 of the Bankruptcy Code sets forth the requirements for confirmation and requires, among other things, that the confirmation of a plan of reorganization is not likely to be followed by the liquidation or the need for further financial reorganization, and that the value of distributions to dissenting creditors and equity security holders be not less than the value of distributions such creditors and equity security holders would receive if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. As set forth previously in this Disclosure Statement with respect to the discussion of the Liquidation Analysis of the Debtors, the Debtors believe that the Plan provides a greater dividend to holders of Claims than would be received in the event of liquidation of the Debtors under Chapter 7 of the Bankruptcy Code, but, as set forth in Section 5.1(c) of this Disclosure Statement, there are risks associated with the Liquidation Analysis, and no assurance can be given that the Bankruptcy Court will agree with the Debtors' contentions.

Thus, while the Debtors believe that the Plan satisfies all the requirements for confirmation of a plan of reorganization under the Bankruptcy Code, there can be no assurance, however, that the Bankruptcy Court will conclude that the requirements for confirmation of the Plan have been satisfied. In such event, the consequences described in Section 6.8 hereof may be applicable

(c) Risks Associated with the Plan, the Debtors and Newco. The Plan contemplates that the payment of the Lender Secured Claim will occur through the structured disposition of all of the Debtors' Rolling Stock. The Plan further contemplates that the funding for payment of certain other classes of Claims under the Plan, most notably, the claims of Other Unsecured Creditors, will be made from Retained Cash on hand at the Effective Date of the Plan, and from Cash generated over a period of time subsequent to the Effective Date based on the operations of Newco, whose business operations will be substantially similar to those undertaken by the Debtors. There is a risk that the projected aggregate amount of Cash held by the Debtors will not be sufficient, as of the Effective Date, to meet the requirements of the Plan with respect to Retained Cash, and the Lender Cash Dividend.

The amounts the Debtors anticipate as being required to make payments to the holders of Claims as of the filing of the Plan is based on an ongoing, but presently incomplete analysis of such Claims and the possible objections to such Claims, as outlined in Section 5.2 of this Disclosure Statement. Inherent in the Debtors' analysis in this regard are certain assumptions and estimates that the Debtors have made in connection with the Plan relating to the amounts necessary to satisfy such Classes of Claims, and the amounts required to be paid on account of professional fees, Cure amounts, and other amounts which will be paid upon the Effective Date of the Plan, as set forth in the Plan. There can be no assurance that the assumptions and estimates made by the Debtors in this regard will ultimately prove to be accurate, either as of the Effective Date, or upon completion of the Claims resolution process, and it is possible that the amount the Debtors presently anticipate as being required to fund obligations under the Plan as of the Effective Date could be underestimated. In the event that this should occur, feasibility of the Plan, and the Debtors' ability to confirm the Plan may be negatively impacted

The Plan is also contingent on the continued operations of Newco, which will provide the source of Cash for repayment of the Lender Note, and the payment of the Lease Payments contemplated by the Plan. There are many factors, however, that could negatively impact Newco's business, and thus make it unable to satisfy the obligations described in the Plan with respect to Lease Payments and the Lender Note. These include, without limitation, the following: (i) volatility of fuel prices, (ii) the continued general deterioration of the financial markets and the United States economy, (iii) a downturn in the business of key customers, (iv) pricing demands and pressures from customers, (v) Newco's ability to negotiate ongoing contractual relationships with key customers, (vi) Newco's inability to negotiate satisfactory terms and conditions for the future acquisition of rolling stock. Any one or more of these factors, if occurring, may adversely affect Newco's business, operating results, financial condition, and ability to perform its ongoing obligations under the Plan.

In addition, under the terms of the Plan, Newco will pay 5% of any Allowed Unsecured Liability Claim, but only to the extent such holder of an Unsecured Liability Claim shall be determined to hold a claim in excess of the amounts payable under any applicable insurance. In the event one or more claims presently anticipated to be valued at less than applicable insurance limits are found to be materially in excess of such insurance limits, Newco's cash flow could be materially impacted. Also, the occurrence a significant series of losses on account of bodily injury or property damage in the ordinary course of business of Newco, in excess of then applicable insurance, could result in a material change to the Newco's cash flow, and cash available for operations. In such event, it is conceivable that the consummation the Plan could be impacted. It is also possible that Newco may be unable to procure necessary insurance in subsequent years. In such case, Newco would be unable to operate its contemplated business.

There is a risk that the Revolving Exit Facility will be unavailable to the Debtors and/or Newco. This risk is discussed in Section 6.3 of this Disclosure Statement with respect to feasibility of the Plan, generally. As set forth there, and reiterated here, there are risks that the Plan may not be feasible. The most significant risks in this regard relate to the highly leveraged nature of Newco on confirmation, and the ability of the Debtors or Newco to obtain the Revolving Exit Facility or subsequent capital expenditure financing. Risks inherent in the current credit markets, or other factors relating to the general economic condition of the United States generally may impact the ability of the Debtors or Newco to obtain either such facility, or subsequent capital expenditure financing on terms that are presently contemplated. As of the date of the Plan, the Debtors have not obtained the Revolving Exit Facility. The Debtors' Projections indicate that there may be material issues as to whether the Plan is feasible if the Debtors or Newco are unable to obtain the Revolving Exit Facility by the Effective Date, or capital expenditure financing within 120 days of the Effective Date. The Debtors are unable to warrant that either the Revolving Exit Facility or capital expenditure financing can be obtained.

CONCLUSION

The Debtors believe that the Plan provides the best recoveries possible for holders of Claims against and equity interests in the Debtors. EACH OF THE DEBTORS STRONGLY RECOMMENDS THAT YOU VOTE TO ACCEPT THE PLAN.

FREIGHT BROKERS OF AMERICA, INC.

By: Harvey N. Gainey
Its: Chairman

GAINEY CORPORATION

By: Harvey N. Gainey
Its: Chairman

GAINEY INSURANCE SERVICES, INC.

By: Harvey N. Gainey
Its: Chairman

GAINEY TRANSPORTATION SERVICES, INC.

By: Harvey N. Gainey
Its: Chairman

LESTER COGGINS TRUCKING, INC.

By: Harvey N. Gainey
Its: Chairman

SUPER SERVICE, INC.

By: Harvey N. Gainey
Its: Chairman

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