

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF MISSISSIPPI
GULFPORT DIVISION**

IN RE:	§	CASE NO. 17-51243
	§	
NATIONAL TRUCK FUNDING, LLC,	§	CHAPTER 11
<i>et al.</i> , ¹	§	
	§	
DEBTORS.	§	
	§	

**SECOND AMENDED DISCLOSURE STATEMENT TO ACCOMPANY THE JOINT
CHAPTER 11 AMENDED PLAN OF REORGANIZATION OF THE DEBTORS**

National Truck Funding, LLC (“NTF”) and American Truck Group, LLC (“ATG”) (together, the “Debtors”), the debtors and debtor-in-possession herein, pursuant to 11 U.S.C. § 1125, submit this *Second Amended Disclosure Statement* (the “Second Amended Disclosure Statement”) for solicitation of acceptances and rejections of the *Joint Chapter 11 Amended Plan of Reorganization of the Debtors* (the “Amended Plan”),² [ECF DOC. 876], filed on March 21, 2018 by the Debtors, the Official Committee of Unsecured Creditors (the “Committee”) and CAC Properties, Inc. (the “Amended Plan Sponsor”).

I. INTRODUCTION

A. Purpose

The purpose of this Second Amended Disclosure Statement is to set forth information (1) regarding the history of the Debtors, their businesses and these Bankruptcy Cases; (2) concerning the Amended Plan; (3) advising the Holders of Claims and Interests of their rights under the Amended Plan; (4) assisting the Holders of Claims or Existing Equity Interests in making an informed judgment regarding whether they should vote to accept or reject the Amended Plan; and (5) assisting the Bankruptcy Court in determining whether the Amended Plan compiles with the provisions of Chapter 11 of the Bankruptcy Code and should be confirmed.

No representations concerning the Debtors or the Amended Plan, other than as set forth in this Second Amended Disclosure Statement, are authorized by the Debtors. Any representations or inducement made to secure your acceptance of the Amended Plan that are other than as set forth

¹ The chapter 11 cases of NTF (No. 17-51243) and ATG (17-51244) have been consolidated for joint administration. [ECF Doc. 79]. The last four digits of the taxpayer identification numbers for each of the Debtors are: (i) National Truck Funding, LLC (1371); and (ii) American Truck Group, LLC (1315). The address of the Debtors for notice purposes is: 9140 Canal Road, Ste. 100, Gulfport, MS 39503.

² Capital terms used and not otherwise specifically defined herein shall have the meanings to which they are ascribed in the Amended Plan.

in this Second Amended Disclosure Statement should not be relied upon by you in arriving at your decision.

Accompanying this Second Amended Disclosure Statement are the following (collectively, with the Second Amended Disclosure Statement, the (“Solicitation Package”)):

- the Amended Plan, attached hereto as **Exhibit 1**;
- the Bankruptcy Court’s order approving this Second Amended Disclosure Statement (the “Disclosure Order”), attached hereto as **Exhibit 2**; and
- one or more Ballots to those members of the voting classes.

Article I of the Amended Plan contains definitions of certain terms. Where those capitalized terms are used in this Second Amended Disclosure Statement, they have the meaning set forth in Article I of the Amended Plan. Those defined terms are very important to understand fully this Second Amended Disclosure Statement.

THIS SECOND AMENDED DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PROPOSED AMENDED PLAN. PLEASE REGARD THIS DOCUMENT WITH CARE. THE PURPOSE OF THIS SECOND AMENDED DISCLOSURE STATEMENT IS TO PROVIDE “ADEQUATE INFORMATION” OF A KIND, AND IN SUFFICIENT DETAIL, AS FAR AS IS REASONABLY PRACTICABLE IN LIGHT OF THE NATURE AND HISTORY OF THE DEBTORS THAT WOULD ENABLE A HYPOTHETICAL REASONABLE INVESTOR TYPICAL OF HOLDERS OF CLAIMS OR EXISTING EQUITY INTERESTS OF THE RELEVANT CLASS TO MAKE TO MAKE AN INFORMED JUDGMENT CONCERNING THE AMENDED PLAN. SEE 11 U.S.C. § 1125(A).

FOR THE CONVENIENCE OF CREDITORS, THIS SECOND AMENDED DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE AMENDED PLAN, BUT THE AMENDED PLAN ITSELF QUALIFIES ANY SUMMARY. IF ANY INCONSISTENCY EXISTS BETWEEN THE AMENDED PLAN AND THIS SECOND AMENDED DISCLOSURE STATEMENT, THE TERMS OF THE AMENDED PLAN ARE CONTROLLING.

NO REPRESENTATIONS CONCERNING THE DEBTORS’ FINANCIAL CONDITION OR ANY ASPECT OF THE AMENDED PLAN ARE AUTHORIZED BY THE DEBTORS OTHER THAN AS SET FORTH IN THIS SECOND AMENDED DISCLOSURE STATEMENT. ANY REPRESENTATIONS OR INDUCEMENTS MADE TO SECURE YOUR ACCEPTANCE OR REJECTION THAT ARE OTHER THAN AS CONTAINED IN OR INCLUDED WITH THIS SECOND AMENDED DISCLOSURE STATEMENT SHOULD NOT BE RELIED UPON BY YOU IN ARRIVING AT YOUR DECISION.

THE FINANCIAL INFORMATION CONTAINED HEREIN, UNLESS OTHERWISE INDICATED, IS UNAUDITED. HOWEVER, REASONABLE EFFORT

HAS BEEN MADE TO ENSURE THAT ALL SUCH INFORMATION IS FAIRLY PRESENTED.

DEBTORS' COUNSEL HAVE RELIED UPON INFORMATION PROVIDED BY THE DEBTORS IN CONNECTION WITH PREPARATION OF THIS SECOND AMENDED DISCLOSURE STATEMENT. COUNSEL HAS NOT INDEPENDENTLY VERIFIED ALL OF THE INFORMATION CONTAINED HEREIN.

THE CONTENTS OF THIS SECOND AMENDED DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL, BUSINESS, OR TAX ADVICE. EACH CREDITOR SHOULD CONSULT HIS, HER, OR ITS OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL, TAX, AND OTHER MATTERS CONCERNING HIS, HER, OR ITS CLAIM.

B. Disclosures Order

As reflected in the Disclosure Order, the Bankruptcy Court approved this Second Amended Disclosure Statement, in accordance with Section 1125 of the Bankruptcy Code, as containing "adequate information" to enable a hypothetical, reasonable investor typical of Holders of Claims against, and Existing Equity Interests in, the Debtors, to make an informed judgment as to whether to accept or reject the Amended Plan, and authorized its use in connection with the solicitation of votes on the Amended Plan. The Disclosure Order also establishes the following dates and deadlines:

- the deadline for filing objections to confirmation of the Amended Plan;
- the date for determining that Holders of Claims or Existing Equity Interests may vote on the Amended Plan;
- the deadline for voting on the Amended Plan; and
- the date on which a final hearing on confirmation of the Amended Plan will be held.

APPROVAL OF THIS SECOND AMENDED DISCLOSURE STATEMENT DOES NOT, HOWEVER, CONSTITUTE A DETERMINATION BY THE BANKRUPTCY COURT AS TO THE FAIRNESS OR MERITS OF THE AMENDED PLAN. No solicitation of votes may be made except pursuant to this Second Amended Disclosure Statement and Section 1125 of the Bankruptcy Code. In voting on the Amended Plan, Holders of Claims and Existing Equity Interests should not rely on any information relating to the Debtors and their businesses, other than that contained in this Second Amended Disclosure Statement, the Amended Plan and all exhibits to either.

C. Voting on the Amended Plan

Pursuant to the provisions of the Bankruptcy Code, only classes of claims or interests that are (i) “impaired” by a plan of reorganization, and (ii) entitled to receive a distribution under such a plan are entitled to vote on the Amended Plan. If you are entitled to vote to accept or reject the Amended Plan (see Article V(A) of this Second Amended Disclosure Statement), accompanying this Second Amended Disclosure Statement should be the Ballot for casting your vote(s) on the Amended Plan and a pre-addressed envelope for the return of the Ballot.

BALLOTS FOR ACCEPTANCE OR REJECTION OF THE AMENDED PLAN ARE BEING PROVIDED ONLY TO HOLDERS OF CLAIMS IN THE VOTING CLASSES BECAUSE THEY ARE THE ONLY HOLDERS OF CLAIMS THAT MAY VOTE TO ACCEPT OR REJECT THE AMENDED PLAN.

THE DEBTORS RECOMMEND THAT THE HOLDERS OF CLAIMS IN ALL SOLICITED CLASSES VOTE TO ACCEPT THE AMENDED PLAN. The Debtors believe that the prompt confirmation and implementation of the Amended Plan is in the best interests of the Debtors, all Holders of Claims and Existing Equity Interests, the Debtors’ Chapter 11 Estates and all persons who may be affected by the confirmation or denial of the confirmation of the Amended Plan.

After carefully reviewing this Second Amended Disclosure Statement and the exhibits attached hereto, please indicate your vote with respect to the Amended Plan on the enclosed Ballot and return it in the envelope provided. If you did not receive a Ballot, believe that there is a problem with your Ballot, or need any assistance with regard to the voting process, contact Debtors’ counsel. Voting procedures and requirements are explained in greater detail elsewhere in Article VIII of this Second Amended Disclosure Statement. Unless the voting procedures in Article VIII provide otherwise, **PLEASE VOTE AND RETURN YOUR BALLOT TIMELY TO DEBTOR’S COUNSEL:**

By regular mail/messenger/overnight delivery

Lugenbuhl, Wheaton, Peck, Rankin & Hubbard
 Attn: Stewart F. Peck
 601 Poydras Street
 Suite 2775
 New Orleans, LA 70130

IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY THE DATE AND TIME OF THE DEADLINE FOR VOTING AS REFLECTED IN THE DISCLOSURE ORDER (THE “VOTING DEADLINE”).

ANY EXECUTED BALLOTS WHICH ARE TIMELY RECEIVED BUT WHICH DO NOT INDICATE EITHER AN ACCEPTANCE OR REJECTION OF THE AMENDED PLAN SHALL BE DEEMED TO CONSTITUTE AN ACCEPTANCE OF THE AMENDED PLAN.

THE STATEMENTS CONTAINED IN THIS SECOND AMENDED DISCLOSURE STATEMENT ARE MADE BY THE DEBTORS AS OF THE DATE HEREOF UNLESS OTHERWISE SPECIFIED HEREIN, AND THE DELIVERY OF THIS SECOND AMENDED DISCLOSURE STATEMENT DOES NOT IMPLY THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE SUCH DATE. THIS SECOND AMENDED DISCLOSURE STATEMENT HAS BEEN PREPARED BY THE DEBTORS. HOLDERS OF CLAIMS ENTITLED TO VOTE SHOULD READ IT CAREFULLY AND IN ITS ENTIRETY, AND WHERE POSSIBLE, CONSULT WITH COUNSEL OR OTHER ADVISORS PRIOR TO VOTING ON THE AMENDED PLAN.

Most of the historic and current financial and other information contained in this Second Amended Disclosure Statement has been derived from the Debtors, the Debtors' records, or the Claims Registers maintained by the Clerk of the Bankruptcy Court in these Bankruptcy Cases. The Debtors believe the information to be correct; however, it has not been independently verified in every instance, nor has it been subjected to a certified audit.

II. OVERVIEW OF AMENDED PLAN

The following is a brief overview of the material provisions of the Amended Plan and is qualified in its entirety by reference to the full Amended Plan. For a more detailed description of the terms and provisions of the Amended Plan, see Article V below entitled "Summary of the Amended Plan."

A. Plan Sponsorship and Exit-Funding

As is described in greater detail in that certain *Summary of Proposed Terms for National Truck Funding, LLC and American Truck Group, LLC* (the "Amended Plan Sponsor Term Sheet"), by and among the Debtors and the Amended Plan Sponsor, a copy of which is attached hereto as **Exhibit 3**, and in exchange for certain considerations, the Amended Plan Sponsor has agreed to acquire one hundred percent (100%) of the equity in each of the Reorganized Debtors and provide an affirmative funding commitment to support plan payments and operations of the Reorganized Debtor in the form of (a) cash in an amount equal to \$3,500,000.00; (b) funds derived from (i) the sale of certain Collateral securing the claims of the Yolo Group set forth in Exhibit A to the Amended Plan Sponsor Term Sheet, and (ii) distributions to the Yolo Group under the Amended Plan on account of any Allowed Class 7 General Unsecured Claim; and (c) such other funds as are necessary to pay the Allowed Administrative Expense Claims in accordance with the terms of the Amended Plan (collectively, the "Exit-Funding").

B. Overview of Amended Plan Performance

The Amended Plan provides in Article XI that it will become effective on the Effective Date. The Debtors presently estimate that the Effective Date will be sixty (60) days after the Confirmation Date as determined by the Debtors based upon a determination that such date is as soon as reasonably practicable after the conditions to the effectiveness of the Amended Plan specified in Article XI of the Amended Plan have been satisfied or waived.

C. Overview of Classification and Treatment of Claims and Existing Equity Interests

The Amended Plan provides for payment in full of all Administrative Claims, payments for priority claims under Section 507(a)(8) on a basis that is not less favorable than the most favored nonpriority unsecured Claim provided for by the Amended Plan as required by Sections 1129(a)(9)(C) and (D) of the Bankruptcy Code, and for payments of Secured Claims (Classes 3-6), General Unsecured Claims (Class 7), and Insider Claims (Class 8), to the extent of available funds in accordance with the distribution and allocation and priority scenarios set forth in Article V of the Amended Plan and described in Article V(B) of this Second Amended Disclosure Statement. Holders of Class 9 Intercompany Claims shall not receive a distribution under the Amended Plan. All Existing Equity Interests in the Debtors will be extinguished and retired, and the Holders of such Existing Equity Interests shall not receive a distribution under the Amended Plan.

III. HISTORY OF THE DEBTORS

A. Formation of NTF and ATG

ATG and NTF began operating as successor companies in 2001. The Companies have operated their headquarters in a facility in Gulfport, Mississippi, since August 2011. Prior to the bankruptcy filings, the Companies also had full-service branches in Newnan, Georgia (near Atlanta) and in Mesa, Arizona (near Phoenix) to serve those respective regions of the United States. Post-petition, the Companies closed the Mesa branch in June 2017 and closed the Newnan branch in August 2017 as part of ongoing cost-saving measures.

B. Organization and Capital Structure

Membership interests in ATG are owned fifty-one percent (51%) by the Success Living Irrevocable Trust (“SLIT”) and forty- nine percent (49%) by Kimberly Normand. NTF is owned ninety percent (90%) by the American Success Irrevocable Trust (“ASIT”) and ten percent (10%) by Louis J. Normand, Jr., who is also the trustee for both Trusts.

As to the Debtors Prepetition Capital Structure, as of the Petition Date, on a book basis, NTF had approximately \$20,638,814.00 in total assets. NTF had approximately \$24,951,720.00 in total liabilities. As of the Petition date, on a book basis, ATG had approximately \$813,961.00 in total assets and approximately \$2,859,920.00 in total liabilities. The Debtors’ assets consist mainly of cash, receivables, and heavy duty semi-trucks.

C. Pre-Bankruptcy Operations

Led by Louis J. Normand, Jr., founder and Chief Executive Officer, and Alan Walls, Chief Financial Officer, NTF and ATG are affiliated companies that serve independent semi-truck operators by providing them with access to pre-owned vehicles through purchase or weekly renewable rental programs with an option to buy. ATG is the dealership, while NTF provides rental programs for its fleet of over six hundred (600) trucks. NTF offers low down payments, affordable monthly payments, and no credit checks, focusing instead on individuals who have

good driving records and verifiable hauling sources. NTF also offers specialized services to assist the customer to act as an independent operator, and provides a national roadside assistance program. Together, NTF and ATG have created a one-stop shop to get independent truckers rolling and tapped into a sustainable market of individuals who want to be big-rig owner-operators to support themselves and their families.

NTF and ATG have customers from over thirty (30) states. Prepetition, NTF had approximately six hundred ten (610) semi-trucks, of which approximately four hundred seventy-five (475) were rented to its customers. NTF actively marketed and continues to market its services through digital and print advertising and through its customer call centers located in Mississippi and (prepetition) Georgia and Arizona. NTF generates revenues from multiple sources based on maintaining frequent contact with customers and by partnering with them on the operation, use, and repair of the vehicles. Revenue sources include rental fees, forfeited deposits, compliance, and other fees, as well as vehicle sales to contracted renters and other customers. ATG generates limited revenues from vehicle sales and repairs.

To minimize the risk, NTF utilizes a customer relations team, inventory-tracking system, a 50/50 repair cost-sharing arrangement, and new-customer acquisition strategies to maintain its customer base as much as possible to weather market highs and lows and manage the flow of revenues. NTF helps qualified owner operators by educating them and providing them with a unique maintenance program.

NTF constantly updates its fleet by allowing ATG to market NTF's used trucks. ATG also acts as a dealer for the sale of used semi-trucks.

As of 2016, the Debtors employed eighty-nine (89) employees, with forty-two (42) employees in the Mississippi corporate offices, thirty-six (36) employees at the Mississippi facility, twenty-two (22) employees at the Georgia facility, and eleven (11) employees at the Arizona facility, but those numbers were reduced with the closing of the Georgia and Arizona facilities post-petition. Prior to the Petition Date and continuing through February 5, 2008, each Debtor leased a building from ASIT and their operating lease would have expired on December 2020. The Leases required each Debtor to pay for repairs, insurance, and liability coverage. The minimum yearly lease payments for the facility at 9140 Canal Road, Gulfport, Mississippi 39503 (the "Gulfport Headquarters") were \$81,750.00 for ATG and \$98,850.00 for NTF for a combined \$180,600.00. In connection with the Bankruptcy Cases and the Amended Plan, and in accordance with that certain Quitclaim Deed dated and recorded on February 5, 2018, and attached as Exhibit A to the Notice of Transfer to National Truck Funding, LLC of Property of American Success Irrevocable Trust [ECF Doc. 726], ASIT transferred all right, title, and interest in and to the Gulfport Headquarters and all related property to NTF. Eva Bank, which holds a mortgage against the Gulfport Headquarters, has challenged the transfer.

In 2015, NTF/ATG earned a combined Earnings Before Interest, Taxes, Depreciation, and Amortization ("EBITDA") of \$9.9 million on revenue of \$35.9 million. Operating in full growth mode, NTF/ATG replaced approximately half of its fleet in Q4 '15 and Q1 '16 with trucks outfitted to comply with upcoming environmental regulations. Combined debt load increased from \$20 million (FY 2014) to \$26 million (YE2016). Unfortunately, NTF/ATG became exposed when

industry dynamics caused used-truck prices to plunge and demand for commercial vehicle rentals to slump.

At the end of 2015, NTF had total revenues of \$31,585,876.00 with total expenses of \$28,109,324.00 and net income of \$989,956.00. At the end of 2016, NTF had total revenues of \$26,399,654.00 with total expenses of \$31,572,957.00 and net income loss of (\$5,127,398.00). As of March 31, 2017, NTF had total revenues of \$5,805,893.00 and total expenses of \$6,944,866.00 with a net income loss of (\$1,125,125.00). NTF had EBITDA of approximately \$9,848,294.00 and \$4,281,844 as of the year ended December 31, 2015, and 2016, respectively.

At the end of 2015, ATG had total revenues of \$17,134,221.00 and total expenses of \$17,792,591.00 with a net income loss of (\$161,016.00). At the end of 2016, ATG had total revenues of \$7,842,107.00 and total expenses of \$9,838,280.00 with a net income loss of (\$1,450,236.00). As of March 31, 2017, ATG had total revenues of \$1,641,613.00 and total expenses of \$1,995,068.00 with a net loss of (\$220,173.00).

D. Pre-Bankruptcy Financing

1. Individual asset loans

NTF was a borrower of indebtedness secured by certain specific truck assets with, *inter alia*, Peoples Bank, JB & B, Eva Bank, Charter Bank, Nations Equipment Finance, PACCAR Financial Corp., Sun South Capital, Inc. Wallwork Financial Corp., and various other individuals and entities.

2. Fleet loans

NTF also has investor loans with secured Liens against various trucks with YOLO, First United Management, Inc. and various other individuals and entities.

3. ASIT and SLIT

ASIT has asserted that on May 18, 2017, NTF and ASIT executed a *Promissory Note and Line of Credit (LOC) and Security Agreement* (the “NTF LOC”) for a \$1.5 million new line of credit, effective for sixty (60) months. As security for the payment and performance by NTF under that Note and Agreement, NTF purportedly granted a blanket security interest in favor of ASIT in and to all of its assets including, but not limited to goods, equipment, inventory, accounts, instruments, chattel paper, and deposit accounts. As of the Petition Date, NTF had drawn down a total of \$350,000 on the NTF LOC. ASIT filed a UCC Financing Statement recording its security interest granted by NTF on May 19, 2017.

On May 25, 2017, ATG and SLIT executed a *Promissory Note and Line of Credit (LOC) and Security Agreement* (the “ATG LOC”) for a \$1.5 million new line of credit, effective for sixty (60) months. As security for the payment and performance by ATG under that Note and Agreement, ATG purportedly granted a blanket security interest in favor of SLIT in and to all of its assets including, but not limited to, goods, equipment, inventory, accounts, instruments, chattel

paper, and deposit accounts. As of the Petition Date, ATG had drawn down a total of \$150,000 on the ATG LOC. SLIT filed a UCC Financing Statement recording its purported security interest granted by ATG on June 5, 2017.

E. Events Leading to Bankruptcy

Beginning in the fall of 2015 and extending through the first half of 2017, the Debtors' businesses suffered because of a severe downturn in the trucking industry. Reports from July 2016 state that domestic trade and heavy truck orders had plunged at that time to the lowest levels since 2010. According to data from ACT Research during that time, June orders for new heavy trucks or Class 8 trucks plunged to 13,100, the lowest number since 2011. Class 8 truck sales in 2016 were severely impacted by reduced demand for large-fleet customers resulting in a sluggish Class 8 truck market. An oversupply of used Class 8 trucks across the United States coupled with reduced demand and less opportunity for exports caused used truck values to depreciate much faster.

A report of the International Shipping Industry of November 8, 2016, stated that global trade stagnated during 2016. The overseas shipping industry was impacted by numerous significant international chapter 11's involving global shipping companies. The container trade has slumped drastically for 2016 through the first half of 2017. Other reports indicate the trucking industry faces weak freight demands in 2017.

In sum, a host of factors have negatively impacted the trucking industry. Those factors include the sinking demand, access at docks, capacity overload, driver shortage, decreased freight pricing, and restrictive regulations. NTF carries the majority of assets (trucks) and liabilities (truck loans) on its balance sheet to support the rental business. Over the past two years, a glut of used trucks in the wholesale market substantially decreased the value of NTF's underlying asset base. Management estimates that the actual value of NTF's fleet is approximately half of book value. Additionally, the weighted average cost of capital on the loans associated with these trucks (12.8% at June 30, 2017) created a cash-flow crisis for the company when unfavorable market conditions hit. Historically, ATG maintained adequate cash reserves and floor-financing capabilities to operate its retail sales business, but it never carried any long-term liabilities. But its assets and depreciation are primarily related to leasehold improvements and equipment, not trucks.

Therefore, the Debtors' businesses were dramatically affected by the recent, severe downturn in the trucking industry which caused their EBITDA of \$9.8 Million for 2015 to decline dramatically during 2016. The Debtors suffered significant losses in 2016 and the first few months of 2017.

Leading up to the filing of these chapter 11 cases, the Debtors attempted to seek equity sponsors to provide equity capital. However, the development of those business deals took too long and the Debtors could not stay out of bankruptcy and meet its obligations due and owing to its creditors.

Due to the significant losses, the Debtors concluded that no alternatives existed but to seek restructuring of their debts. The underlying used trucks prices declined dramatically and thereby

crippled the collateral values of the Debtors' assets. The contraction of the industry, the severe downturn of the value of semi-trucks, and the negative cash flow the Debtors experienced left the Debtors no alternative but to seek reorganization under chapter 11.

The filing of these chapter 11 cases provided the necessary breathing room for each Debtor to maximize value of Debtors' estates and obtain the best recovery possible, under the circumstances, for all creditors in a fair and open manner. The chapter 11 proceedings provided an avenue by which the proposed Amended Plan Sponsor shall recapitalize the Debtors' businesses and restructure the Debtors' indebtedness, which now has a better prognosis for the industry going forward and the Debtors' past history of excellent EBITDA before the downturn.

IV. SIGNIFICANT EVENTS IN THE BANKRUPTCY CASES

On June 25, 2017 (the "Petition Date"), the Debtors filed their voluntary petitions for relief and thereby commenced these Bankruptcy Cases under chapter 11, title 11 of the United States Code, in the United States Bankruptcy Court for the Southern District of Mississippi, Southern Division. Pursuant to Sections 1107(a) and 1108 of the Bankruptcy Code, the Debtors are operating their businesses and managing their properties as debtors-in-possession.

A. The Appointment of the Official Committee of Unsecured Creditors

On September 19, 2017, the United States Trustee ("UST") appointed the Committee in these Bankruptcy Cases. [ECF Doc. 282]. The UST filed a Notice on October 4, 2017, to appoint two additional unsecured creditors to the Committee, bringing the total number of members of the Committee to five. [ECF Doc. 339]. On November 2, 2017, the Bankruptcy Court approved the Committee's retention of Jones Walker LLP as counsel for the Committee. [ECF Doc. 449]. On December 7, 2017, the Bankruptcy Court issued an *Order Granting Application To Employ the Firm of Malcolm M. Dienes, LLC as Accountant for the Official Committee of Unsecured Creditors Nunc Pro Tunc to October 13, 2017, Pursuant to Section 327 of the Bankruptcy Code* [ECF Doc. 567].

B. First-Day Motions

The Debtors filed certain emergency motions and applications on the day after the Petition Date (collectively, the "First Day Motions"), and those First Day Motions sought relief aimed at preserving the going-concern value of the bankruptcy estates and minimizing the adverse effects of the chapter 11 filing on the Debtors' businesses.

The Debtors sought relief in various First Day Motions related to operational as well as financial issues and the employment of professionals. The Bankruptcy Court entered several Interim and Final Orders with respect to the First Day Motions and employment of professionals, including:

- (i) *Order Granting Emergency Motion of the Debtors for Order Directing Joint Administration of Related Chapter 11 Cases* [No. 17-51244, ECF Doc. 73];

- (ii) *Agreed Interim Order (I) Authorizing Debtor (A) To Pay Prepetition Wages, Compensation, and Employee Leave Benefits and To Continue to Pay Same Postpetition in the Ordinary Court; and (B) To Pay Prepetition Withholding Taxes, Garnishments, Other Withholdings and Employee Premium Deductions and To Continue To Withhold and Pay Same Postpetition in the Ordinary Course; and (II) Directing Financial Institutions To Receive, Process, Honor, and Pay All Checks Presented for Payment and To Honor All Fund Transfer Requests Related to Such Obligations* [ECF Doc. 80];
- (iii) *Interim Order Authorizing Debtors To (A) Maintain Insurance Programs, (B) Maintain Insurance Premium Finance Programs, (C) Pay Insurance Premiums in the Ordinary Course and (D) Pay All Obligations Associated Therewith* [ECF Doc. 81];
- (iv) *Agreed Interim Order Authorizing Maintenance of Debtors' Cash Management System, Continued Use of Existing Checks and Business Forms, and Continuing Existing Investment and Deposit Practices* No. 17-51243, [ECF Doc. 89];
- (v) *Order Approving Motion of the Debtors To Establish Limited Service List* [ECF Doc. 115];
- (vi) *Agreed Order Granting Motion for Administrative Order Under Sections 105(a) and 331 of the Bankruptcy Code Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals* [ECF Doc. 122];
- (vii) *Agreed Order Granting Emergency Application for Entry of Interim and Final Orders Authorizing the Employment of Stewart F. Peck and the Law Firm of Lugenbuhl, Wheaton, Peck, Rankin & Hubbard as Counsel for the Debtors Pursuant to 11 U.S.C. § 327(a) and Federal Rule of Bankruptcy Procedure 2014 Effective Nunc Pro Tunc to Friday, June 23, 2017* [ECF Doc. 139];
- (viii) *Agreed Order Granting Application for Entry of Interim and Final Orders Authorizing the Employment of William P. Wessler and the Wessler Law Firm as Local Counsel for the Debtors Pursuant to 11 U.S.C. § 327(a) and Federal Rule of Bankruptcy Procedure 2014 Effective Nunc Pro Tunc to Wednesday, June 21, 2017* [ECF Doc. 165];
- (ix) *Agreed Final Order Authorizing Maintenance of Debtor's Cash Management System, Continued Use of Existing Checks and Business Forms, and Continuing Existing Investment and Deposit Practices* [ECF Doc. 176];
- (x) *Order Authorizing Employment of Taylor & Martin, Inc. as Appraiser for the Debtors Nunc Pro Tunc to July 18, 2017, Pursuant to Section 327(a) of the Bankruptcy Code* [ECF Doc. 179];

- (xi) *Order Approving Debtor's Motion for Order Authorizing Debtor, Nunc Pro Tunc, To Incur Debt Pursuant to 11 U.S.C. § 364(c)(2), Execute and Make Cash Down Payment and Monthly Payments Pursuant to Insurance Premium Financing Agreement with Prime Rate Finance Corporation* [ECF Doc. 197];
- (xii) *Order Granting Application for Order Authorizing Employment of Lefoldt & Company, P.A. as Accountant for the Debtors, Nunc Pro Tunc, Pursuant to Section 327(a) of the Bankruptcy Code* [ECF Doc. 270];
- (xiii) *Agreed Interim Order Granting Application for Order Authorizing Employment of Chaffe & Associates as Restructuring Advisor for the Debtors, Nunc Pro Tunc to July 18, 2017* [ECF Doc. 311];
- (xiv) *Order Conditionally Granting Application for Order Authorizing Employment of Chaffe & Associates as Restructuring Advisor for the Debtors Nunc Pro Tunc to July 18, 2017* [ECF Doc. 681];
- (xv) *Order Granting Application for Order Authorizing Employment of Roger Gibbons, Esq. as Special Counsel for the Debtors, Nunc Pro Tunc to the Petition Date* [ECF Doc. 457];
- (xvi) *Order Granting Application for Order Authorizing Employment and Compensation of Haworth, Rossman & Gerstman, LLC as Special Counsel for the Debtors, Nunc Pro Tunc to the Petition Date* [ECF Doc. 526]; and
- (xvii) *Order Authorizing Employment of Global Valuation Services, Inc. as Appraiser for the Debtors, Nunc Pro Tunc, Pursuant to Section 327(a) of the Bankruptcy Code* [ECF Doc. 873].

The Bankruptcy Court's granting these and other First Day Motions and employment applications ensured that the Debtors would continue operations and greatly minimized the disruptive effective of the Bankruptcy Cases.

C. Assumption and Rejection of Executory Contracts and Unexpired Leases

On September 19, 2017, the Court issued a Final Order allowing the Debtors to reject certain unexpired non-residential leases in Arizona and Georgia in order to reduce expenses and effect cost-saving measures regarding the companies' overall footprint. [ECF Doc. 284].

On September 21, 2017, the Court issued an *Order Granting Debtors' Motion for an Order Pursuant to 11 U.S.C. § 365(d)(4)(B)(i) Extending the Time To Assume or Reject Unexpired Leases of Nonresidential Real Property*. [ECF Doc. 297].

On January 1, 2018, the Court issued an *Order Granting Debtor's Second Motion for an Order Pursuant to 11 U.S.C. § 365(d)(4)(B)(i) Extending the Time To Assume or Reject Unexpired Leases of Nonresidential Real Property*. [ECF Doc. 639].

On March 13, 2018, the Debtors filed an *Omnibus Motion To Assume Certain Executory Contracts Pursuant to 11 U.S.C. § 365*, seeking to assume ten Truck Purchase Option contracts executed by and between NTF and certain lessees. [ECF Doc. 850].

On March 16, 2018, the Debtors filed the *Debtors' Third Motion for an Order Pursuant to 11 U.S.C. § 365(d)(4)(B)(i) Extending the Time To Assume or Reject Unexpired Leases of Nonresidential Real Property*. [ECF Doc. 859].

D. Responses to Creditor Inquiries

A significant amount of resources was also spent by the Debtors' professionals responding to requests for documents and information (both informal and formal) made by the Committee as well as various creditors claiming security interests in property of the Debtor, including: The Peoples Bank, Biloxi, Mississippi; PACCAR Financial Corp.; First United Management, Inc., Yolo Capital, Inc.; Hannah Baby, LLC; and Moonpie FLP.

E. Asset Analysis and Recovery

The Debtors also spent considerable resources on asset analysis and recovery, which involved filing at least three adversary proceedings for turnover of property of the estate, as well as evaluation of the security interests claimed by creditors on certain property of the estate, specifically the Debtor's semi-trucks (the "Trucks"), rental agreements associated with the Trucks, and the cash proceeds resulting from those rental agreements.

In order to protect assets of the estate, the Debtor filed at least one adversary challenging the validity, extent, and priority of creditors claiming security interests in the Trucks, rental agreements, and proceeds. *See Nat'l Truck Funding, LLC, et al. v. Yolo Capital, Inc., et al.*, Adv. No. 17-06049 (Bankr. S.D. Miss. filed Aug. 31, 2017) (the "Yolo Adversary Proceeding"). On September 28, 2017, the Defendants filed an Answer to the Complaint. [Adv. No. 17-06049, ECF Doc. 4]. On October 27, 2017, in ruling on the Debtor's motion to quash subpoenas issued by Defendants in the main case pursuant to their motion to lift the automatic stay or for granting of adequate protection as to the Trucks, rental agreements, and proceeds of those rental agreements, the Court determined that the relief sought in the Defendants' motion to lift the stay was related to the claims asserted in the Yolo Adversary Proceeding. But the Court allowed that portion of the Defendants' motion for adequate protection for use and diminution of the Trucks to remain on the docket in the main case. At the hearing on that issue on November 27, 2017, at which the Court considered multiple contested matters, the Court directed the Debtors to submit a motion for partial summary judgment by December 8, 2017, on the issue of whether the Defendants perfected any security interests in the rental agreements or the cash proceeds from those rental agreements.

On December 8, 2017, the Debtors filed a motion for partial summary judgment in the Yolo Adversary Proceeding, as instructed by the Court. [Adv. No. 17-06049, ECF Doc. 7]. On December 18, 2017, Defendants filed an opposition to Debtor's motion for partial summary judgment, [Adv. No. 17-06049, ECF Doc. 12], as well as their own cross-motion for partial summary judgment, seeking a finding that the Defendants have valid, perfected security interests

in the cash proceeds of the rental agreements, [Adv. No. 17-06049, ECF Doc. 13]. On December 22, 2017, Debtors filed a reply brief in support of their motion for partial summary judgment and in opposition of the Defendants' cross-motion. [Adv. No. 17-06049, ECF Doc. 14]. On January 24, 2018, the Court issued its Opinion and Order denying both the Debtors' motion for partial summary judgment and the Defendants' cross-motion for partial summary judgment, finding that "[u]nder Article 9 of the Uniform Commercial Code, payments under a lease are proceeds of the original collateral [and] [t]he Creditors thus have a basis besides the Rental Agreements on which to claim a security interest in the [cash] Payments," but also finding that "[y]et to resolve, however, is whether the [cash] Payments are identifiable such that a security interest could be perfected." [ECF Doc. 19].

On February 6, 2018, the Debtors filed a Notice of Appeal in the Yolo Adversary Proceeding, [Adv. No. 17-06049, ECF Doc. 20], as well as a Request for Certification of Direct Appeal to the Fifth Circuit Court of Appeals, [Adv. No. 17-06049, ECF Doc. 22]. On February 20, 2018, the Defendants filed an objection to the Debtors' request for certification of direct appeal. [Adv. No. 17-06049, ECF Doc. 26]. On February 20, 2018, the Debtors filed a Statement of Issues and Designation of the Record to be Certified and Made Available to the Circuit Court of Appeal. [Adv. No. 17-06049, ECF Doc. 27]. And on February 22, 2018, the Debtors filed a reply brief in support of their request for certification of direct appeal. [Adv. No. 17-06049, ECF Doc. 28]. At this time, the resolution of the Debtors' request for certification of direct appeal remains pending with the Bankruptcy Court.

In connection with the Bankruptcy Cases and the Amended Plan, and in accordance with that certain Quitclaim Deed dated and recorded on February 5, 2018, and attached as Exhibit A to the Notice of Transfer to National Truck Funding, LLC of Property of American Success Irrevocable Trust [ECF Doc. 726], ASIT transferred all right, title, and interest in and to the Gulfport Headquarters and all related property to NTF. Eva Bank, which holds a mortgage against the Gulfport Headquarters, has challenged the transfer.

F. Relief from Stay/Adequate Protection Proceedings

Without waiving its right to challenge the security interests on property of the estate, the Debtors were able to negotiate or offer adequate protection payments for the continued use and diminution of the Trucks with several creditors which resulted in the following Consent Orders or Motions:

- (i) *Order Approving Joint Motion To Extend/Continue the Hearing on PACCAR's Motion To Lift the Automatic Stay or, Alternatively, for the Grant of Adequate Protection* (allowing, among other things, payment of negotiated adequate protection to PACCAR) [ECF Doc. 249].
- (ii) *Agreed Order Approving Joint Motion To Extend/Continue the Hearing on PACCAR's Motion To Lift the Automatic Stay or, Alternatively, for the Grant of Adequate Protection* (allowing, among other things, payment of additional negotiated adequate protection to PACCAR) [ECF Doc. 344];

- (iii) *Order Approving Consent Motion for Approval of Adequate Protection Payments to Gerald Bollier and Bollier Family Trust* [ECF Doc. 512];
- (iv) *Order Approving Consent Motion for Approval of Adequate Protection Payments to David and Nell Guillot* [ECF Doc. 513];
- (v) *Order Approving Consent Motion for Approval of Adequate Protection Payments to Charles Markham Berry III or Michelle Brown Berry* [ECF Doc. 514];
- (vi) *Agreed Order Regarding JB&B's Motion for Adequate Protection* [ECF Doc. 387];
- (vii) *Agreed Order Regarding Motion for Relief from Automatic Stay and Approving Adequate Protection Payments to Trustmark National Bank* [ECF Doc. 457]; and
- (viii) *Agreed Order Regarding Motion To Lift the Automatic Stay or, Alternatively, for the Granting of Adequate Protection to First United Management, Inc., Hannah Baby, LLC, Moonpie, FLP, and Yolo Capital, Inc.* [ECF Doc. 604];
- (ix) *Order Approving Consent Motion for Approval of Adequate Protection Payments to Ruth Oswalt* [ECF Doc. 776];
- (x) *Agreed Order Regarding Motion To Lift the Automatic Stay or, Alternatively, for the Granting of Adequate Protection to Wallwork Financial Corporation* [ECF Doc. 794];
- (xi) *Agreed Order Regarding Joint Motion for Entry of Order Granting Adequate Protection to the Entrust Group, Inc.* [ECF Doc. 838];
- (xii) *Order Denying PACCAR's Motion to Lift the Automatic Stay or, Alternatively, for the Grant of Adequate Protection* [ECF Doc. 795];
- (xiii) *Order Regarding Motion to Lift the Automatic Stay or, Alternatively, for the Granting of Adequate Protection* [ECF Doc. 863];
- (xiv) *Agreed Order Regarding Motion to Amended Agreed Order Regarding Motion for Relief From Automatic Stay and Approving Adequate Protection Payments to Trustmark National Bank* [ECF Doc. 877]

G. Post-Petition Financing

On December 19, 2017, the Debtors filed a motion for interim and final authority to secure post-petition financing through Power Land, LLC in the principal amount of \$1.5 million (the “DIP Motion”), which would be used to obtain a line of credit for the purchase of class 8 trucks not only to update its fleet to avoid continuing, crippling maintenance and repair costs, but to increase incoming revenues through rentals of the new trucks to meet those repair expenses, protect its customer base, and protect its value as a going concern. [ECF Doc. 607]. The Committee and

several creditors filed oppositions to the DIP Motion. [ECF Docs. 630 & 631]. On January 3, 2018, the Debtors voluntarily continued the scheduled interim hearing on the DIP Motion in order to attempt to address the objections filed. A final hearing on the DIP Motion was set by the Court for January 19, 2018. [ECF Doc. 633].

On January 8, 2018, after negotiations for post-petition financing with Yolo Capital, Inc., Power Land, LLC, and other potential lenders, the Debtors amended the DIP Motion (the “Amended DIP Motion”). [ECF Doc. 641]. The Amended DIP Motion presented an amended term sheet featuring Power Land, LLC as the lender, but containing considerably more favorable terms than the former term sheet or any proposal offered to the Debtors by Yolo Capital, Inc. or any other potential lender. The Committee and Yolo Capital, Inc. supplemented their initial objection. [ECF Docs. 652 & 658].

On February 5, 2018, the Debtors amended the DIP Motion a second time (the “Second Amended DIP Motion”) to include an updated 13-week budget—which deferred a good portion of the payment of estate professionals—and an updated term sheet between the Debtors and Power Land, LLC which included even more favorable terms to the Debtors than prior term sheets, including, but not limited to: (i) a maturity date of June 1, 2018—one that is not accelerated with the filing of a plan of reorganization that does not include Power Land as the Plan Sponsor; and (ii) the ability of the Debtor to file a plan of reorganization in consultation with—not approval of—Power Land, LLC. [ECF Doc. 719]. The Committee and Yolo Capital, Inc., as well as other creditors, further objected to the Second Amended DIP Motion. [ECF Docs. 725, 727 & 728].

On February 20, 2018, the Court granted the Second Amended DIP Motion and issued a Final Order on February 23, 2018, allowing the Debtors to obtain post-petition financing (the “DIP Loan”) from Power Land, LLC for purposes of acquiring additional trucks (the “DIP Loan Trucks”). [ECF Doc. 783]. That Final Order was amended on February 27, 2018, to incorporate proposed edits by one of the Debtor’s lenders to the truck purchase protocol attached as Exhibit 1 to the Final Order. [ECF Doc. 789]. On March 2, 2018, the Yolo Group filed a *Motion for New Trial or To Alter or Amend Judgment Pursuant to Bankruptcy Rule 9023 or To Annul Judgment Pursuant to Bankruptcy Rule 9024 in Connection with the Order Authorizing Debtors To Execute Post-Petition Financing Term Sheet Pursuant to Sections 105 and 364(c) of the Bankruptcy Code and Bankruptcy Rules 2002, 4001 and 9014 and Local Rule 4001-1(b)(1)*, which is scheduled to be heard by the Bankruptcy Court on March 26, 2018. [ECF Doc. 812]. Both the Debtors and Power Land have opposed that motion. [ECF Docs. 869 & 870].

In connection with the commitments of the Amended Plan Sponsor and the Amended Plan Sponsor Term Sheet, the Amended Plan Sponsor has committed to paying all amounts due under the DIP Loan on or before June 1, 2018 subject to certain terms and conditions included in the Amended Plan Sponsor Term Sheet. The Reorganized Debtors shall be responsible to repay the amounts paid by the Amended Plan Sponsor on account of the repayment of the DIP Loan in forty-eight (48) monthly payments of principal and interest at a rate equal to the greater of (i) five percent (5%) per annum, or (ii) a rate determined by the Bankruptcy Court (the “Applicable Rate”). The Reorganized Debtors’ payment obligation to the Amended Plan Sponsor in connection with repayment of the DIP Loan shall be secured by a second priority lien on the DIP Loan Trucks (with the first priority lien being granted in favor of the Litigation Trust as described hereinbelow).

H. Use of Cash Collateral

On February 12, 2018, the Debtor filed an *Emergency Motion for (i) Interim and Final Orders Authorizing Use of Cash Collateral and Providing Adequate Protection and (ii) Surcharge of Collateral* (the “Cash Collateral Motion”), seeking use of alleged Cash Collateral of creditors First United Management, Inc., Hannah Baby, LLC, Moonpie, FLP, and Yolo Capital, Inc. (the “Yolo Group”) to pay for repairs to Yolo Group trucks and a surcharge of the semi-trucks upon which the Yolo Group claims a security interest for reasonable and necessary expenses that have been and will be incurred by the Debtor to maintain the Yolo Group trucks. [ECF Doc. 746]. On February 15, 2018, the Yolo Group filed an opposition to the Cash Collateral Motion. [ECF Doc. 753].

At the hearing on the matter, the Yolo Group consented to the relief sought by the Debtors in the Cash Collateral Motion and on March 2, 2018, the Court issued a *Final Order Authorizing Debtors To Use Cash Collateral*. [ECF Doc. 813].

On February 20, 2018, the Court issued an *Agreed Order Granting Use of Cash Collateral—PACCAR Financial Corp.*, in which the Debtors and PACCAR agreed to the Debtor’s use of PACCAR’s claimed cash collateral from rental agreements in exchange for the Debtor granting PACCAR at \$50,000 post-petition administrative expense claim as adequate protection for use during the first two months of the bankruptcy case of the claimed cash collateral and the trucks upon which PACCAR claims a security interest. [ECF Doc. 766].

I. Plan of Reorganization and Disclosure Statement

On December 13, 2017, the Debtors filed a *Joint Chapter 11 Plan of Reorganization of the Debtors* and accompanying Disclosure Statement. [ECF Docs. 584 & 585]. The Plan featured post-petition and exit-financing provided by Plan Sponsor Power Land, LLC, as the centerpiece.

On December 19, 2017, the Debtors filed a Motion for an Order approving bid protections, expense reimbursement, break-up fees, and overbid amounts to Power Land, LLC, to serve as a stalking horse in connection with the Debtors’ proposed Plan (the “Bid Procedures Motion”). [ECF Doc. 606]. This Court granted the Bid Procedures Motion in part and denied it in part on January 19, 2018, setting deadlines for the Debtors to select a stalking horse bidder, bidders interested in Plan sponsorship to submit qualified bids, and setting a date for a confirmation hearing of the proposed Plan. [ECF Doc. 694].

On March 6, 2018, the Court issued an *Amended & Superseding Order Granting in Part and Denying in Part the Motion of the Debtor for Order Approving Bid Protections to Power Land, L.L.C. or Its Designee and Bid Procedures in Connection with the Sale of Equity Interests in the Debtors Pursuant to the Debtors’ Proposed Plan of Reorganization* (the “Amended Bid Procedures Order”). [ECF Doc. 826]. That Order adjusted the deadlines for an amended stalking horse bid and Qualified Bids to be submitted, ordered that an Amended Disclosure Statement be filed by March 16, 2018, and a hearing on the Disclosure Statement to be scheduled for March 26, 2018. In accordance with the Amended Bid Procedures Order, the Debtors, in consultation with

the Committee, selected (a) the Amended Plan Sponsor as the winning bidder and the Amended Plan Sponsor Term Sheet as the winning bid, and Hudson Bridge Partners as the backup bidder.

On March 16, 2018, the Debtors filed a *First Amended Disclosure Statement To Accompany the Joint Chapter 11 Amended Plan of Reorganization of the Debtors*. [ECF Doc. 864]. On March 21, 2018, the Debtors, with CAC Properties, LLC, and the Committee filed the Amended Plan, and this Second Amended Disclosure Statement is being filed in connection therewith.

V. SUMMARY OF THE AMENDED PLAN

The following summary and the other descriptions in this Second Amended Disclosure Statement are qualified in their entirety by reference to the provisions of the Amended Plan and its exhibits, a copy of which is attached hereto as **Exhibit 1**. It is urged that each Holder of a Claim or Existing Equity Interest carefully review the terms of the Amended Plan. In the event of any inconsistency between the provisions of the Amended Plan and the summary contained in this Second Amended Disclosure Statement, the terms of the Amended Plan shall control.

In general, a Chapter 11 plan (i) divides claims and equity interests into separate classes, (ii) specifies the property that each class is to receive under the plan, and (iii) contains other provisions necessary to confirm the plan. Under the Bankruptcy Code, “claims” and “equity interests” are classified, rather than classification as “creditors” and “shareholders,” because such entities may hold claims or equity interests in more than one class. For purposes of this Second Amended Disclosure Statement, the term “Holder” refers to the Holder of a Claim or Existing Equity Interest, respectively, in a particular class under the Amended Plan.

A Chapter 11 plan may specify that certain classes of claims or equity interests are either to be paid in full when the plan becomes effective or are to remain unchanged by the treatment prescribed in the plan. Such classes are referred to as “unimpaired,” and because of such favorable treatment, the Holders in such classes are deemed to accept the plan and are not entitled to vote. Accordingly, it is not necessary to solicit votes from the Holders of claims or equity interests in such classes. A Chapter 11 plan may also specify that certain classes will not receive any distribution of property or retain any claim against the debtor. Such classes are deemed not to accept the plan and, therefore, need not be solicited to vote to accept or reject the plan.

A. Classification of Claims and Existing Equity Interests

The following table designates the classes of Claims against and Existing Equity Interests in the Debtors and specifics which of those classes are impaired or unimpaired by the Amended Plan and entitled to vote to accept or reject the Amended Plan in accordance with Section 1126 of the Bankruptcy Code or deemed to reject the Amended Plan:

<u>Class</u>	<u>Debtors Claims/Interests</u>	<u>Impairment</u>	<u>Entitled to Vote</u>
1	Administrative Expense Claims	None	No

2	Priority Claims	Yes	Yes
3	<p>Secured Truck Claims – Operable Trucks</p> <ul style="list-style-type: none"> A. Charles M. Berry B. Gerald R. Bollier IRA C. Charter Bank D. Christopher R. Jude E. Clarence Bruckner F. Elizabeth Marie Engstrom G. David L. Guillot H. Nell Guillot I. JB & B Capital, LLC J. Bruckner Keough K. Linc Investments, LLC L. June Allison McGown M. Ruth Oswalt N. PACCAR Financial Corp. O. John Rainey P. SunSouth Capital, Inc. Q. The Bollier Family Trust R. The Entrust Group, Inc. S. The Peoples Bank T. The W. Frank Newtown Revocable Trust Dated Sept. 9, 2014 U. Trustmark National Bank V. Wallwork Financial Corporation W. Warmimi Kanki, Inc. X. Eva Bank 	Yes	Yes
4	<p>Secured Truck Claims – Inoperable Trucks</p> <ul style="list-style-type: none"> A. Charles M. Berry B. The Bollier Family Trust C. Charter Bank D. Clarence Bruckner E. Eva Bank F. PACCAR Financial Corp. G. The Entrust Group, Inc. H. The Peoples Bank I. Trustmark National Bank J. Wallwork Financial Corporation K. SunSouth Capital, Inc. 	Yes	Yes

	L. Elizabeth Engstrom M. June McGown N. Neil Guillot O. JB & B Capital, LLC P. John Rainey Q. Christopher Jude		
5	Yolo Group Secured Claims A. First United Management, Inc. B. The Moonpie Limited Liability Company, d/b/a Moonpie, FLP C. Hannah Baby, LLC D. Yolo Capital, Inc.	Yes	Yes
6	Eva Bank Secured Real Estate Claim	No	No
7	General Unsecured Claims	Yes	Yes
8	Insider Claims	Yes	Yes
9	Intercompany Claims	Yes	Deemed to Reject
10	Existing Equity Interests	Yes	Deemed to Reject

B. Treatment of Classified Claims and Existing Equity Interests

The following chart³ summarizes the classification and treatment of Allowed Claims and Existing Equity Interests under the Amended Plan:

<i>Class</i>	<i>Claim/Interest</i>	<i>Summary of Treatment of Claim/Interest</i>
1	Administrative Expense Claims	<u>Allowed Administrative Expense Claims.</u> To the extent any non-Professional Administrative Expense Claims are Allowed pursuant to Article II of the Plan, and unless otherwise agreed to by the Holder of such claim prior to the Effective Date of the Amended Plan, the Holder of any Allowed Administrative Expense Claim will be paid by the Reorganized Debtors in Cash the Allowed amount of such Claim on the later of (a) the Effective Date, or (b) the date on which such Administrative Expense Claim is

³ This chart is only a summary of the classification and treatment of Claims and Interests under the Amended Plan. Reference should be made to the entire Amended Plan and this Amended Disclosure Statement for a complete description of the classification and treatment of Claim and Interests.

		<p>determined to be Allowed by Final Order of the Bankruptcy Court.</p> <p><u>United States Trustee Fees.</u> With respect to amounts due to the office of the United States Trustee, the Debtors shall pay the appropriate sum required by 28 U.S.C. § 1930(a)(6) within thirty (30) days of the Effective Date. The Debtors shall timely pay to the United States Trustee any and all post-confirmation quarterly fees as required by 28 U.S.C. § 1930(a)(6) until such time as this case is converted, dismissed or closed by the Bankruptcy Court. Additionally, the Debtors shall submit to the United States Trustee post-confirmation quarterly operating reports in the format prescribed by the United States until such time as this case is converted, dismissed or closed by the Bankruptcy Court. At this time, the Debtors are current on all fees owed to the United States Trustee.</p> <p><u>Professional Compensation and Reimbursement Claims.</u> Any Professional seeking any award by the Bankruptcy Court of compensation for services rendered and reimbursement of expenses incurred through and including the Confirmation Date under Sections 330, 331, 503(b)(2), 503 (b)(3), 503(b)(4) or 503(b)(5) of the Bankruptcy Code shall (a) file, on or before the Administrative Claim Bar Date, their respective applications for final allowances of compensation for services rendered and reimbursement of expenses incurred; (b) be paid in full on the date on which such Professional Administrative Expense Claim is Allowed by Final Order; and (c) be able to apply any amount held in retainer up to amounts as allowed by Final Order by the Bankruptcy Court.</p>
2	Priority Claims	<p><u>Priority Claims Other Than Under Section 507(a)(8).</u> <i>The Debtors contend that there are no Allowed Priority Claims other than those arising under Section 507(a)(8) of the Bankruptcy Code.</i> To the extent there are any such Allowed Priority Claims, each Holder of such Claims will receive the treatment required by Section 1129(a)(9)(A) or (B) of the Bankruptcy Code, as appropriate.</p> <p><u>Priority Claims Under Section 507(a)(8).</u> For Holders of Allowed Priority Claims arising under Section 507(a)(8) of the Bankruptcy Code, pursuant to Section 1129(a)(9)(C) or (D) of the Bankruptcy Code, the Holder</p>

		<p>of any such Allowed Claim shall receive regular installment payments in Cash of a total value, as of the Effective Date of the Plan, the allowed amount of such claim as follows: in three (3) equal regular annual principal installments, each in the amount of one-third (1/3) of the principal amount of the Allowed Priority Claim, plus accrued interest on the unpaid balance at the rate of six percent (6%) <i>per annum</i>, with the first payment being made on the Effective Date, and each remaining payment being made in twelve month intervals thereafter.</p> <p>This treatment is not less favorable than the most favored nonpriority unsecured Claim provided for by the Plan as required by Section 1129(a)(9)(C) and (D) of the Bankruptcy Code.</p>
3	Secured Truck Claims – Operable Trucks (Classes 3a – 3x)	<p>Any Holder of an Allowed Class 3 Claim shall be entitled to the following treatment:</p> <p>(A) Repayment. Subject to the Reorganized Debtors' sale rights under the Section (B) below, with respect to Collateral securing any Allowed Class 3 Claim that is <u>not</u> listed on Exhibit B to the Amended Plan Sponsor Term Sheet, the Reorganized Debtors shall retain such Collateral and the Holder of such Allowed Class 3 Claim shall receive payment in an amount equal to the Replacement Value of such Collateral, together with interest at the Applicable Rate. Payment of principal and interest shall be made monthly based upon a forty-eight (48) month amortization or such other amortization schedule as is determined by the Bankruptcy Court. The Holder shall retain a first priority Lien and security interest in and to the relevant Collateral. The Reorganized Debtors shall be entitled, in their sole discretion, to make advance or prepayments of the amounts due under this provision without penalty. Upon payment in full of the contemplated payments, the Holder shall release and waive any Liens or security interests in or upon any Collateral securing the Allowed Class 3 Claim.</p> <p>(B) Reorganized Debtors' Post-Effective Date Sale Option. With respect to Collateral securing any Allowed Class 3 Claim that is <u>not</u> listed on Exhibit B to the Amended Plan Sponsor Term Sheet, the</p>

		<p>Reorganized Debtors shall have the right, in their sole discretion, to market and sell the subject Collateral after the Effective Date, free and clear of any Liens or claims of the Holder provided that the Net Sales Proceeds of such sale(s) are tendered to the Holder of an Allowed Class 3 Claim. In the event that the sale of any Collateral under this Section (B) does not satisfy the Allowed Secured Claims of the Holder in full, the remaining balance, together with interest at the Applicable Rate, shall be paid monthly based on an amortization rate equal to the number of monthly payments remaining with respect to the payments under Section (A) above.</p>
4	<p>Secured Truck Claims – Inoperable Trucks (Classes 4a – 4q)</p>	<p>Any Holder of an Allowed Class 4 Claim shall be entitled to the following treatment:</p> <p>(A) Secured Creditor’s Election For Certain Collateral. With respect to those pieces of Collateral securing any Allowed Class 4 Claim that are listed on Exhibit B to the Amended Plan Sponsor Term Sheet, the Holder of such Allowed Class 4 Claim shall be entitled to elect from the following treatment, which election must be tendered to the Reorganized Debtors in writing within thirty (30) days of the Effective Date:</p> <ol style="list-style-type: none"> 1. Option 1: Collateral Return Option: surrender and return of such Collateral in exchange for a credit against the Allowed Class 4 Claim in an amount equal to the total Replacement Value as set forth in the T&M Appraisal; or 2. Option 2: Sale Option: the Reorganized Debtors shall market and sell any such Collateral free and clear of any Liens or claims of the Holder and remit to such Holder an amount equal to eighty-five (85%) of the Net Sales Proceeds derived from the sale of such Collateral. <p>Insofar as the Holder of an Allowed Class 4 Claim does not affirmatively elect from the two (2) alternative treatment options set forth hereinabove, such Allowed Class 4 Claimant shall be conclusively deemed to have selected the Collateral Return Option (Option 1). Notwithstanding anything the contrary herein, and for the</p>

		avoidance of doubt, the two (2) options set forth hereinabove shall only be available to Holders of Allowed Class 4 Claims insofar as all or any portion of any Collateral securing such Allowed Class 4 Claim is listed on Exhibit B to the Amended Plan Sponsor Term Sheet.
5	Yolo Group Secured Claims (Classes 5a – 5d)	<p>Any Holder of an Allowed Class 5 Claim shall be entitled to the following treatment:</p> <p>(A) Sale of Certain Collateral and Reinvestment of Net Sales Proceeds of Sales and Unsecured Creditor Distributions with the Reorganized Debtors. With respect to those pieces of Collateral securing any Allowed Class 5 Claim that are listed on Exhibit A to the Amended Plan Sponsor Term Sheet, the Reorganized Debtors shall market and sell any such Collateral and the Net Sales Proceeds shall be advanced as a loan to the Reorganized Debtors for use in connection with satisfying plan payments and providing working capital to the Reorganized Debtors. Furthermore, the Holder of an Allowed Class 5 Claim agrees to lend to the Reorganized Debtors any amounts distributed to such Holder on account of any Allowed General Unsecured Claim.</p> <p>The Reorganized Debtors shall be responsible to repay the amounts lent to the Reorganized Debtors by the Holder of an Allowed Class 5 Claim as contemplated under this section in forty-eight (48) monthly payments of principal and interest at the Applicable Rate, with the first payment being due one hundred and eighty (180) days after the Effective Date. The Reorganized Debtors' payment obligations under this section shall be secured by a first priority lien on (i) any new trucks acquired by the Reorganized Debtors using the funds retained by the Reorganized Debtors or lent to the Reorganized Debtors by the Holder of an Allowed Class 10 Claim, (ii) any unencumbered assets of the Reorganized Debtors except the Assigned Causes of Action (as defined in the Plan) and (iii) a second lien on the DIP Loan Trucks.</p> <p>(B) Term-Out of Remaining Secured Indebtedness. Subject to the Reorganized Debtors' sale rights under the section (C) below, with respect to Collateral</p>

		<p>securing any Allowed Class 5 Claim that is <u>not</u> listed on Exhibit A to the Amended Plan Sponsor Term Sheet, the Reorganized Debtors shall retain such Collateral and the Holder of such Allowed Class 5 Claim shall receive payment in an amount equal to the Replacement Value of such Collateral, together with interest at the Applicable Rate. Payment of principal and interest shall be made monthly based upon a forty-eight (48) month amortization, with the first payment being made ninety (90) days after the occurrence of the Effective Date, and each remaining payment being made monthly, and the Holder shall retain a first priority Lien and security interest in and to the relevant Collateral. The Reorganized Debtors shall be entitled, in their sole discretion, to make advance or prepayments of the amounts due under this provision without penalty. Upon payment in full of the contemplated payments, the Holder shall release and waive any Liens or security interests in or upon any Collateral securing the Allowed Class 5 Claim.</p> <p>(C) Reorganized Debtors' Post-Effective Date Sale Option. With respect to Collateral securing any Allowed Class 5 Claim that is <u>not</u> listed on Exhibit A to the Amended Plan Sponsor Term Sheet, the Reorganized Debtors shall have the right, in its sole discretion, to market and sell the subject Collateral after the Effective Date, free and clear of any Liens or claims of the Holder provided that the Net Sales Proceeds of such sale(s) are tendered to the Holder of an Allowed Class 5 Claim. In the event that the sale of any Collateral under this Section (C) does not satisfy the Allowed Secured Claims of the Holder in full, the remaining balance, together with interest at the Applicable Rate, shall be paid monthly based on an amortization rate equal to the number of monthly payments remaining with respect to the payments under Section (B) above.</p>
6	Eva Bank Secured Real Estate Claim (Class 6)	<p>Any Holder of an Allowed Class 6 Claim shall be entitled to the following treatment:</p> <p>(A) Treatment of Secured Claim Associated with the Gulfport Headquarters. The secured claim of Eva Bank secured by the Gulfport Headquarters shall be</p>

		<p>treated as fully secured and de-accelerated pursuant to section 1124 of the Bankruptcy Code. Payments to Eva Bank on account of its claim secured by the Gulfport Headquarters shall be paid pursuant to the terms of the loan agreement by and between Eva Bank and ASIT dated on or about May 19, 2017 (the “Eva Bank Loan”) subject to the following amendments, which shall be incorporated in a mutually-agreeable document: (i) waiver of any default due to the transfer of the Gulfport Headquarters by ASIT to NTF, and (ii) removal of any event of default arising out of the filing of any bankruptcy or insolvency proceeding by any guarantor of indebtedness arising under the Eva Bank Loan. Furthermore, the Reorganized Debtors, to the extent of any payments on account of the Eva Bank Loan, shall be subrogated to the rights of Eva Bank.</p>
7	General Unsecured Claims	<p>To the extent that any Creditor has an Allowed Class 7 General Unsecured Claim, such Holder of an Allowed Class 7 General Unsecured Claim shall be entitled to receive a <i>Pro Rata</i> share of (A) \$1,000,000, on the Effective Date; (B) \$1,000,000, on the first anniversary of the Effective Date (the “<u>Term Payment</u>”); (c) the difference between \$300,000.00 and the Allowed amount paid to Power Land on account of any right to a breakup fee and expenses reimbursement under the Amended Bid Procedures Order [ECF Doc. 826]; and (D) the net proceeds available after payment of all costs and expenses associated with the administration of the Litigation Trust from the Insider Claims. The Term Payment shall be secured by a first priority lien on the DIP Loan Trucks. For the avoidance of doubt, Insider Claims shall not be treated as Class 7 General Unsecured Claims.</p>
8	Insider Claims	<p>The Holder of any Allowed Class 8 Insider Claims will receive a <i>pro rata</i> share of \$10,000.00 upon the later of (A) the Effective Date, or (B) the date on which such Claim is determined to be Allowed by Final Order of the Bankruptcy Court.</p>

9	Intercompany Claims	The Holder of any Class 9 Intercompany Claims will not receive or retain any property under the Amended Plan or on account of such Claims. The Holders of Class 9 Intercompany Claims will receive no distributions under the Plan. Accordingly such Class 34 Intercompany Claims are impaired by the Amended Plan and are deemed not to have accepted the Amended Plan in accordance with Section 1126(g) of the Bankruptcy Code because the Holder of any Class 9 Intercompany Claims will not receive or retain any property under the Amended Plan or on account of such Claim.
10	Existing Equity Interests	The Holder of any Existing Equity Interest will not receive or retain any property under the Amended Plan or on account of such Existing Equity Interest. All Existing Equity Interests in the Debtors will automatically be extinguished and retired as of the Effective Date, and all equity interest in the Reorganized Debtors shall be issued to the Amended Plan Sponsor. The Holders of Existing Equity Interests will receive no distributions under the Plan. Accordingly such Class 10 Existing Equity Interests are impaired by the Amended Plan and are deemed not to have accepted the Plan in accordance with Section 1126(g) of the Bankruptcy Code because the Holder of any Existing Equity Interest will not receive or retain any property under the Amended Plan or on account of such Existing Equity Interest.

THE TREATMENT AND DISTRIBUTIONS PROVIDED TO HOLDERS OF ALLOWED CLAIMS AND EXISTING EQUITY INTERESTS PURSUANT TO THE AMENDED PLAN ARE IN FULL AND COMPLETE SATISFACTION OF THE ALLOWED CLAIMS AND EXISTING EQUITY INTERESTS ON ACCOUNT OF WHICH SUCH TREATMENT IS GIVEN AND DISTRIBUTIONS ARE MADE. REFERENCE SHOULD BE MADE TO THE ENTIRE DISCLOSURE STATEMENT AND THE PLAN FOR A COMPLETE DESCRIPTION OF THE CLASSIFICATION AND TREATMENT OF CLAIMS AND EXISTING EQUITY INTERESTS.

C. Claims Objections and Administration

1. Objections to Claims

Except insofar as a Claim is Allowed under the Amended Plan, the Debtors shall be entitled to object to any Claim. The Bar Date has passed, and the Debtors reserve the right to file any objection to any Claim on or before 180 days after the Effective Date, and such time period can be extended for cause upon request and approval by the Bankruptcy Court. For the avoidance of

doubt, the Debtors, and the Reorganized Debtors after the Effective Date, specifically reserve and retain sole discretion to object to the validity, nature, and amount of any Claim, as well as the extent, validity, and priority of any alleged security interests asserted in connection with any Secured Claims asserted against the Debtors.

2. No Distribution Pending Allowance

Notwithstanding any other provisions of the Amended Plan, if any portion of an Administrative Expense Claim or a Claim is Disputed, no payment or distribution provided in the Plan shall be made on account of such Administrative Expense Claim or Claim unless and until such Disputed Administrative Expense Claim or Claim is resolved and becomes Allowed.

3. Estimation of Claims

The Debtors may require at any time that the Bankruptcy Court estimate any Contingent Claim, Unliquidated Claim, or Disputed Claim pursuant to Section 502(c) of the Bankruptcy Code regardless of whether the Debtors previously objected to such Claim or whether the Bankruptcy Court has ruled on any objection, and the Bankruptcy Court will retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including, without limitation, during the pendency of any appeal relating to any such objection. In the event that the Bankruptcy Court estimates any Contingent Claim, Unliquidated Claim, or Disputed Claim, the amount so estimated will constitute either the Allowed amount of such Claim or a maximum limitation on such Claim, as determined by the Bankruptcy Court. If the estimated amount constitutes a maximum limitation on the amount of such Claim, the Debtors may pursue supplementary proceedings to object to the allowance of such Claim. All of the aforementioned objection, estimation, and resolution procedures are intended to be cumulative and not exclusive of one another.

VI. SUMMARY OF AMENDED PLAN IMPLEMENTATION

A. Amended Plan Sponsor Agreement

As is described in greater detail in the Amended Plan Sponsor Term Sheet, and in exchange for certain considerations, the Amended Plan Sponsor has agreed to acquire one hundred percent (100%) of the equity in each of the Reorganized Debtors and provide an affirmative funding commitment to support plan payments and operations of the Reorganized Debtors in the form of (a) cash in an amount equal to \$3,500,000.00; (b) funds derived from (i) the sale of certain Collateral securing the claims of the Yolo Group set forth in Exhibit A to the Amended Plan Sponsor Term Sheet, and (ii) distributions to the Yolo Group under this Amended Plan on account of any Allowed Class 7 General Unsecured Claim; and (c) such other funds as are necessary to pay the Allowed Administrative Claims in accordance with the terms of the Amended Plan.

As is further described in the Amended Plan Sponsor Term Sheet, the Amended Plan Sponsor may elect to implement its plan sponsorship pursuant to an “asset sale” provided the payments to creditors as set forth in this Term Sheet remain the same and the sale is on an “as is” “where is” basis with the only warranty being a warranty of title, which election must be made by the Amended Plan Sponsor prior to and disclosed in connection with the filing of the Plan

Supplement. To the extent that the Amended Plan Sponsor elects to implement its plan sponsorship through an asset sale, the Debtors and Reorganized Debtors, as applicable, shall execute or cause to execute all necessary documents and elections as are commercially reasonable in order to permit the Amended Plan Sponsor to treat the transaction for tax purposes as an “asset acquisition.”

B. Agreements Providing the Foundation of the Amended Plan

The foundation of the Amended Plan is the agreement by and among the Debtors and the Amended Plan Sponsor, all as reflected in the Amended Plan Sponsor Term Sheet, pursuant to which the necessary funds and assets are provided in order to effectuate and implement the Amended Plan. The agreements with the Amended Plan Sponsor, including, but not limited to, repayment and a term out of the DIP Loan, the commitment by the Amended Plan Sponsor to fund the payments under the Amended Plan, as well as the commitment by Holders of Class 5 Claims to allow the Reorganized Debtors to retain certain Net Sales Proceeds associated with the sale of certain of their Collateral and to deliver to the Reorganized Debtors any distributions associated with any such Holders’ General Unsecured Claims, provide the basis for funding of the Amended Plan and allow for the negotiated distributions provided for under the Amended Plan on the Effective Date or such other as provided in the Amended Plan. Given the interdependence of these agreements, which are incorporated into and embodied in the Amended Plan, the Amended Plan is much more feasible than if a Plan had been proposed separate and apart from these agreements. In light of these agreements, the feasibility of the Amended Plan is substantially increased and the execution risks associated with the Amended Plan and the inability for the negotiated obligations under the Amended Plan to be funded is substantially decreased.

Additionally, in connection with the commitments of the Amended Plan Sponsor and the Amended Plan Sponsor Term Sheet, the Amended Plan Sponsor has committed to paying all amounts due under the DIP Loan on or before June 1, 2018 subject to certain terms and conditions included in the Amended Plan Sponsor Term Sheet. The Reorganized Debtors shall be responsible to repay the amounts paid by the Amended Plan Sponsor on account of the repayment of the DIP Loan in forty-eight (48) monthly payments of principal and interest at the Applicable Rate. The Reorganized Debtors’ payment obligation to the Amended Plan Sponsor in connection with repayment of the DIP Loan shall be secured by a second priority lien on the DIP Loan Trucks (with the first priority lien being granted in favor of the Litigation Trust as described hereinbelow).

B. Vesting of Assets

On the Effective Date, the Debtors, their properties and interests in property, and their operations will be released from the custody and jurisdiction of the Bankruptcy Court, and all property of the bankruptcy estates of the Debtors, with the exception of the Assigned Causes of Action, will vest in the Reorganized Debtors free and clear of all Claims, Liens, encumbrances, charges, and other interests, but specifically subject to the obligations of the Reorganized Debtors and the Litigation Trustee as provided in the Amended Plan. On the Effective Date, the Assigned Causes of Action shall vest in the Litigation Trust free and clear of all Claims, Liens, encumbrances, charges, and other interests.

C. Sources of Payments

There are three (3) principal sources of payments by which the Amended Plan will be funded. More specifically, and as set forth in further detail in the Amended Plan Sponsor Term Sheet, the payments to Holders of Allowed Secured Claims and General Unsecured Claims as contemplated under the Plan shall be funded utilizing the proceeds derived from, *inter alia*, (a) the Exit-Funding, (b) the Net Sales Proceeds associated with the sale of certain Collateral securing Claims of Holders of Class 5 Claims and retained by the Reorganized Debtors, and (c) the amount Cash lent by the Holders of Class 5 Claims arising out of any such Holders' General Unsecured Claims. Additionally, the Plan funding may also be derived from (x) realization and recovery from any sale of unencumbered assets after the Effective Date, (y) recoveries from the Assigned Causes of Action, and (z) profits derived from the Reorganized Debtors' post-Effective Date business operations.

D. Retained Causes of Action

The Debtors specifically and unequivocally reserve the right to assert, after the confirmation of the Plan herein, any and all of the claims, rights, and Causes of Action, and all proceeds of the foregoing, including, but not limited to, those listed in Schedule 5.5 to the Amended Plan, which is a non-exclusive list of Causes of Action and Potential Parties against whom the Debtors may assert Causes of Action with the exception that any Assigned Causes of Action shall be asserted after the confirmation of the Amended Plan by the Unsecured Litigation Trust. The failure to include a person or an entity on this list shall not constitute a release of such entity and shall not indicate Causes of Action against such entity have not been retained. All possible Causes of Action, including claims and Causes of Action not listed herein, are retained against all entities not expressly released pursuant to the Amended Plan or a final order of the Bankruptcy Court. In the event of any inconsistency between the releases pursuant to the Amended Plan or a final order of the Bankruptcy Court and the attached Schedule 5.5, such releases granted pursuant to the Amended Plan or final order of the Bankruptcy Court shall govern. The Debtors specifically retain all Causes of Action of any kind whatsoever against all such persons or entities, including, without limitation, the Causes of Action set forth on Schedule 5.5, including without limitation, any and all Avoidance Actions against the parties and in the approximate amounts as more particularly set forth in on Exhibit "A" to Schedule 5.5 to the Amended Plan, but only to the extent that the aggregate value of all property that constitutes or is affected by such transfer to a particular transferee is greater than \$6,425.00.

On Exhibit "A" to Schedule 5.5 to the Amended Plan, there are listed all payments made by the Debtors on or within ninety (90) days before the Petition Date, or between ninety (90) days and one (1) year before the Petition Date if such creditor at the time of such transfer was an "insider" as that term is defined in Section 101(31) of the Bankruptcy Code. The transferees of any of these payments may be subject to having an Avoidance Action (as defined in the Amended Plan) filed against such transferee to recover such transfers. Such transfers may be subject to certain defenses available to the transferee.

Except with respect to the Assigned Causes of Action, the Reorganized Debtors shall have the sole discretion to pursue or not pursue any Retained Causes of Action, and all proceeds shall

be retained and distributed by the Reorganized Debtors pursuant to the terms of this Amended Plan. Solely with respect to the Assigned Causes of Action, the Unsecured Litigation Trust shall have the sole discretion to pursue or not pursue any such Assigned Causes of Action, and all proceeds shall be retained and distributed by the Litigation Trustee pursuant to the terms of this Amended Plan.

E. Distribution to Holders as of the Confirmation Date

As of the close of business on the Confirmation Date, the Claims Register and other registers as maintained by the Clerk of the Bankruptcy Court will be closed and there will be no further changes in the record Holder of any Claim. Neither the Reorganized Debtors nor the Litigation Trustee will have any obligation to recognize any transfer of any Claim occurring after the Confirmation Date, and the Reorganized Debtors or the Litigation Trustee, as applicable, will instead be authorized and entitled to recognize and deal for all purposes under the Amended Plan only with those record Holders stated on the Schedules and/or Claims Register, as the case may be, and other registers as of the close of business on the Confirmation Date.

F. Financial Projections

Attached hereto as **Exhibit 5** are financial projections for the Reorganized Debtors taking into account the financial commitments and funds to be provided by the Amended Plan Sponsor. The Debtors specifically reserve the right to amend and supplement **Exhibit 5**.

**VII. PROVISIONS GOVERNING EXECUTORY CONTRACTS
AND UNEXPIRED LEASES**

A. Assumption or Rejection of Executory Contracts

The Bankruptcy Code empowers the Debtors to assume or reject their executory contracts and unexpired leases. All executory contracts and unexpired leases that existed between the Debtors and any Person or entity will be *deemed* to be rejected by the Debtors as of the Petition Date, except for any executory contract or unexpired lease that has previously been assumed pursuant to an order of the Bankruptcy Court or is listed on Schedule 10.1 to the Amended Plan. For the avoidance of doubt, the Debtors specifically reserve the right to amend Schedule 10.1 of the Amended Plan at any time prior to the Confirmation Date. In the event that the Debtors, pursuant to Section 10.1 of the Amended Plan, adds any executory contract or unexpired lease to Schedule 10.1 prior to the Confirmation Date, the Debtors shall provide written notice to all counterparties to such executory contract or unexpired lease and include therein the amount of any associated Cure Amount Claim, if any. For the avoidance of doubt, listing a contract or lease on Schedule 10.1 will not constitute an admission by the Debtors that such contract or lease is an executory contract or unexpired lease subject to Section 365 of the Bankruptcy Code or that the Debtors have any liability thereunder.

B. Approval of Assumption or Rejection of Executory Contracts and Unexpired Leases

Entry of the Order approving this Second Amended Disclosure Statement will constitute the approval, pursuant to Sections 365(a) and 1123(b)(2) of the Bankruptcy Code, of the assumption or rejection, as applicable, of the executory contracts and unexpired leases assumed and rejected, as applicable, pursuant to the foregoing Section.

C. Bar Date for Filing Proofs of Claim Relating to Executory Contracts and Unexpired Leases Rejected Pursuant to the Amended Plan

Any Rejection Claim must be filed with the Bankruptcy Court and served upon the attorneys for the Debtors on or before the Rejection Claim Bar Date. In the event that the rejection of an executory contract or unexpired lease by the Debtors or the Reorganized Debtors results in damages to the other party or parties to such contract or lease, a Claim for such damages, if not evidenced by a timely filed Rejection Claim, will be forever barred and will not be enforceable against the Debtors, the bankruptcy estates or the Reorganized Debtors.

D. Payments Related to Cure Amount Claims and Deadline To Object to or Assert any Cure Amount Claim

1. Payment of Cure Amount Claims

With respect to any executory contract or unexpired lease to be assumed pursuant to the Amended Plan, Schedule 10.1 to the Amended Plan further provides the Debtors' proposed Cure Amount Claim, if any, associated with each such Executory Contract and Unexpired Lease. Cure Amount Claims will be satisfied, pursuant to section 365(b)(1) of the Bankruptcy Code, at the option of the Debtors, (1) by payment of the Cure Amount Claim in Cash on the Effective Date or (2) on such other terms as are agreed to be the parties to such executory contract or unexpired lease. To the extent that any counterparty to an executory contract or unexpired lease to be assumed by the Debtors pursuant to the Amended Plan disputes the asserted amount of the Cure Amount Claim set forth on Schedule 10.1 to the Amended Plan or asserts any other dispute regarding the proposed assumption, the payment of any Cure Amount Claim required by section 365(b)(1) of the Bankruptcy Code will be made following the entry of a Final Order resolving the dispute and approving the assumption.

2. Objections to Cure Amount Claims

Assumption of any executory contract or unexpired lease set forth on Schedule 10.1 to the Amended Plan, together with the associated Cure Amount Claim set forth thereon, will be deemed effective as of the Effective Date unless the other party (or parties) to such executory contract or unexpired lease files in the Bankruptcy Case and serves on the Debtors not later than five (5) days prior to the Confirmation Date an objection to (1) the amount of any Cure Amount Claim as set forth on Schedule 10.1; (2) the ability of the Debtors to provide "adequate assurance of future performance" (within the meaning of section 365 of the Bankruptcy Code) under the executory contract or unexpired lease to be assumed; or (3) any other matter pertaining to assumption of such executory contract or unexpired lease.

VIII. CONFIRMATION OF AMENDED PLAN

The Amended Plan cannot be consummated unless it is confirmed by the Bankruptcy Court. Confirmation of the Amended Plan requires that, among other things, either (i) each class of Claims or Existing Equity Interests that is Impaired by the Amended Plan has voted to accept the Plan by the requisite majority, or (ii) the Amended Plan is determined by the Bankruptcy Court to be fair and equitable, as defined by the Bankruptcy Code, with respect to classes of Claims or Existing Equity Interests that have rejected the Amended Plan. The Bankruptcy Code also requires that the Confirmation of the Amended Plan be in the “best interests” of all Holders of Claims and Existing Equity Interests. The Debtors believe that the Amended Plan meets the Confirmation requirements of the Bankruptcy Code.

A. Manner of Voting

IT IS IMPORTANT THAT HOLDERS OF CLAIMS AND EXISTING EQUITY INTERESTS EXERCISE THEIR RIGHT TO VOTE TO ACCEPT OR REJECT THE AMENDED PLAN. All known Holders of Claims and Existing Equity Interests entitled to vote on the Amended Plan have been sent a Ballot contained in the Solicitation Package. Such Holders should read the Ballot carefully and follow the instructions contained therein. In voting for or against the Amended Plan, please use only the Ballot(s) sent to you with this Second Amended Disclosure Statement. If a creditor has an Allowed Claim or Existing Equity Interest in more than one class, such creditor may vote multiple Ballots.

FOR YOUR BALLOT TO COUNT, YOUR BALLOT MUST BE ACTUALLY RECEIVED BY DEBTORS’ COUNSEL (IDENTIFIED BELOW) NO LATER THAN THE VOTING DEADLINE. IF YOU MUST RETURN YOUR BALLOT TO YOUR ATTORNEY OR ANYONE ELSE WHO WILL BE VOTING FOR YOU, YOU MUST RETURN YOUR BALLOT TO THEM IN SUFFICIENT TIME TO PROCESS IT AND RETURN IT TO DEBTORS’ COUNSEL BY THE VOTING DEADLINE.

ANY BALLOT WHICH IS EXECUTED AND RETURNED BUT WHICH DOES NOT INDICATE AN ACCEPTANCE OR REJECTION OF THE AMENDED PLAN WILL BE DEEMED AN ACCEPTANCE OF THE AMENDED PLAN. IF YOU HAVE ANY QUESTIONS CONCERNING VOTING PROCEDURES OR IF A BALLOT IS DAMAGED OR LOST, YOU MAY CONTACT DEBTORS’ COUNSEL AT THE FOLLOWING ADDRESS OR TELEPHONE NUMBER:

Lugenbuhl, Wheaton, Peck, Rankin & Hubbard
 Attn: Stewart F. Peck
 601 Poydras Street, Suite 2775
 New Orleans, LA 70130
 (504) 568-1990

Additional copies of the Amended Plan, this Second Amended Disclosure Statement, or any exhibits to such documents may be obtained at your own expense, unless otherwise

specifically required by Rule 3017(d) of the Federal Rules of Bankruptcy Procedure by requesting copies thereof from Debtors' counsel.

B. Creditors Eligible To Vote

Subject to the provisions of the Disclosure Order, any Holder of an Allowed Claim in an impaired Class of Claims that is entitled to vote on the Amended Plan pursuant to Articles III and IV of the Amended Plan (*i.e.*, Classes 2-5 and 7-8) shall be entitled to vote to accept or reject the Amended Plan.

If any impaired class of Claims entitled to vote shall not accept the Amended Plan by the requisite statutory majority provided in Section 1126(c) of the Bankruptcy Code, the Debtors reserve the right to amend the Amended Plan further or to undertake to have the Bankruptcy Code confirm the Amended Plan under Section 1129(b) of the Bankruptcy Code or both. Section 1129(b) of the Bankruptcy Code provides that the Amended Plan may be confirmed by the Court despite not being accepted by every Impaired Class if (i) at least one Impaired Class of Claims, excluding the claims of Insiders, has accepted the Amended Plan; and (ii) the Court finds that the Amended Plan does not discriminate unfairly and is fair and equitable to the rejected Class. Among other things, such a finding would require a determination by the Court that the Amended Plan provides that no Holder of an Allowed Claim or Existing Equity Interest junior to the rejecting Class will receive or retain property or payment under the Amended Plan until or unless such rejecting Class is paid in full. The Debtors reserve the right pursuant to Section 1129(b) of the Bankruptcy Code to request the Court to confirm the Amended Plan if all of the applicable requirements of Section 1129(a) of the Bankruptcy Code have been met. In addition, the Debtors reserve the right pursuant to Section 1126(e) of the Bankruptcy Code to request the Court to strike any Ballot rejecting the Amended Plan cast by any Holder of a Claim or Existing Equity Interest that was not cast in good faith.

C. Acceptance Necessary To Confirm the Plan

For the Amended Plan to be accepted and thereafter confirmed, it must be accepted by at least one (1) class of Claims that is Impaired by the Amended Plan. Under Section 1126 of the Bankruptcy Code, the Impaired class is deemed to have accepted the Plan if: (i) with respect to a class of Claims, votes representing at least two-thirds (2/3) in the amount and more than one-half (1/2) in number of Allowed Claims that have voted in that class have accepted the Amended Plan, and (ii) with respect to a class of Existing Equity Interests, votes representing at least (2/3) in amount of those Existing Equity Interests that have voted have accepted the Amended Plan; provided, however, that the vote of any Holder of an Allowed Claim or Existing Equity Interest whose acceptance or rejection of the Amended Plan was not made in good faith, as determined by the Court, will not be counted.

If a class of Claims has been Impaired by the Amended Plan, the Impaired class must accept the Amended Plan. Otherwise, the Bankruptcy Court, in order to confirm the Plan, must independently determine that the Amended Plan provides to each Holder of a Claim or Existing Equity Interest, as the case may be, of such class a recovery which has a value, as of the Effective

Date, at least equal to the value of the distribution which such Holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code on the Effective Date.

CREDITORS AND OTHER PARTIES IN INTEREST ARE CAUTIONED TO REVIEW THE DISCLOSURE ORDER FOR A FULL UNDERSTANDING OF VOTING REQUIREMENTS, INCLUDING, WITHOUT LIMITATION, USE OF BALLOTING FORMS.

D. General Procedures for Solicitation and Voting

Pursuant to Bankruptcy Rule 3017(d), on or before the date as specified in the Disclosure Order (the “Solicitation Mailing Date”), the Debtors will transmit the Solicitation Packages to all parties entitled to receive them.

1. Procedures for Holders of Contingent, Unliquidated, and Disputed Claims

Pursuant to Bankruptcy Rule 3003(c)(2), the Debtors will not mail or distribute any documents or notices to any Holders of Claims or Existing Equity Interests (a) whose Claim or Existing Equity Interest is not scheduled or is scheduled at zero, in an unknown amount, or as disputed, contingent, or unliquidated and (b) who failed to file a Proof of Claim timely. Moreover, such Holders shall not be treated as a Holder of a Claim or Existing Equity Interest with respect thereto for the purposes of voting and distribution.

2. Procedures for Vote Tabulation

a. Voting Deadline

Pursuant to Bankruptcy Rule 3017(c), and as set forth above, the last date and time by which ballots for accepting or rejecting the Amended Plan must be received by the Debtors in order to be counted shall be the Voting Deadline.

b. Tabulation Process

The following general voting procedures and standard assumptions shall be used in tabulating ballots:

- Except to the extent determined by the Debtors in their sole discretion, the Debtors will not accept or count any Ballots received after the Voting Deadline;
- The method of delivery of Ballots to be sent to the Debtors is at the election and risk of each Holder, provided that, except as otherwise provided in the Plan, such delivery will be deemed made only when the original executed Ballot is actually received by the Debtors;
- If multiple Ballots are received from, or on behalf of, an individual Holder for the same Claims prior to the Voting Deadline, the last Ballot timely

received will be deemed to reflect the voter's intent and to supersede and revoke any prior Ballot;

- Any trustee, executor, administrator, guardian, attorney-in-fact, officer of a corporation, or other person acting in a fiduciary or representative capacity, who signs a Ballot must (i) indicate his or her capacity as such when signing and (ii) unless otherwise determined by the Debtors, submit proper evidence of such authority to act on behalf of a beneficial interest Holder in form and content satisfactory to the Debtors;
- The Debtors reserve the absolute right to reject any and all Ballots not proper in form, the acceptance of which would, in the opinion of the Debtors and their counsel, not be in accordance with the provisions of the Bankruptcy Code; and
- Neither the Debtors, nor any other person or entity, will be under any duty to provide notification of defects or irregularities with respect to deliveries of Ballots nor will any of them incur any liabilities for failure to provide such notification. Delivery of such ballots will not be deemed to have been made until such irregularities have been cured or waived. Ballots previously furnished (as to which any irregularities have not theretofore been cured or waived) will not be counted.

E. Distributions Under the Amended Plan

1. Distributions on Account of Allowed Claims

Distributions with respect to Allowed Claims shall be made in accordance with the Amended Plan. All Allowed Claims in a particular class held by a Creditor shall be aggregated and treated as a single Claim. Any Creditor holding multiple Allowed Claims shall provide to the Debtors a single address to which any distribution shall be sent. In the event that any payment or act under the Amended Plan is required to be made or performed on a date that is not a Business Day, then the making of such payment or the performance of such act may be completed on the next succeeding Business Day, but shall be deemed to have been completed as of the required date.

2. Disallowed Claims

In the event the Debtors have asserted or the Reorganized Debtors or Unsecured Litigation Trust assert a Cause of Action under Chapter 5 of the Bankruptcy Code against the Holder of a Claim, then such Claim shall be deemed disallowed pursuant to Section 502(d) of the Bankruptcy Code. Consequently, the Holders of such Claims may not vote to accept or reject the Amended Plan until the Cause of Action against such Claimant has been settled or adjudicated by the Bankruptcy Court and any amounts due the Debtors have been received.

3. Estimated Claims

To the extent that any Claim is estimated for any purposes other than for voting, then in no event will such Claim be Allowed in an amount greater than the estimated amount.

4. No Interest

Except as expressly stated in the Amended Plan or otherwise allowed by Final Order of the Bankruptcy Court, no Holder of an Allowed Claim will be entitled to the accrual of Post-Petition Date interest or the payment of Post-Petition interest penalties, or late charges on account of such claim for any purpose.

5. Modification of Payment Terms

With the consent of the Holder of any such Allowed Claim, to the extent provided in Section 1123(a)(4) of the Bankruptcy Code, the Debtors may modify the treatment of any Allowed Claim at any time after the Effective Date.

6. Delivery of Distributions

Except as otherwise provided herein, all distributions under the Amended Plan shall be made by the Debtors. Subject to Bankruptcy Rule 9010, unless otherwise provided in the Amended Plan, all distributions to any Holder of an Allowed Claim by the Debtors will be made to the Holder of each Allowed Claim at the address of such Holder as listed in the Schedules, or on the books and records of the Debtors unless the Debtors have been notified in advance in writing of a change of address, including, without limitation, by the timely filing of a Proof of Claim or Existing Equity Interest by such Holder that provides an address for such Holder different from the address reflected in the Schedules or in the Debtors' books and records. In the event that any distribution to any Holder is returned as undeliverable, no distribution to such Holder will be made unless and until the Debtors have been notified of the then-current address of such Holder, at which time or as soon as reasonably practicable thereafter, such distribution will be made to such Holder without interest; provided, however, that such undeliverable distributions will be deemed unclaimed property under Section 347(b) of the Bankruptcy Code at the expiration of ninety (90) days after the date of distribution, and any Claim of any Holder in or to such property shall be discharged and forever barred. Nothing herein shall require or be construed to require the Debtor or its designee to locate any Holder of any Allowed Claim. Rather it is the duty of each Holder of any Allowed Claim to keep the Debtors apprised of its current mailing address. The Debtors will have no obligation to attempt to locate any Holder of an Allowed Claim other than by reviewing the Schedules and the books and records maintained by Debtors (including any proofs of claim filed against the Debtors).

7. Manner of Payment

At the option of the Debtors, any Cash payment to be made hereunder may be made by a check or, at the option of the Debtors, by wire transfer.

8. Withholding and Reporting Requirements

In connection with the Amended Plan and all instruments issues in connection therewith and distributed thereunder, the Debtors shall comply with all applicable withholding and reporting requirements imposed by any federal, state, or local taxing authority, and all distributions under the Amended Plan shall be subject to any such withholding or reporting requirements.

9. Time Bar To Cash Payments

Checks issued by the Debtors in accordance with the Amended Plan in respect of Allowed Claims shall be null and void if not negotiated within sixty (60) days after the date of issuance thereof. Requests for reissuance of any check shall be made to the Debtors by the Holder of the Allowed Claim to whom such check was originally issues. Any such request in respect of such a voided check shall be made on or before thirty (30) days after the expiration of the sixty (60) day period following the date of issuance of such check. Thereafter, the amount represented by such voided check shall irrevocably revert to the Debtors for the benefit of the Holders of other Claims and any Claim in respect of such voided check shall be discharged and forever barred from assertion against the Debtors.

10. Minimum Distributions

No payment of Cash in an amount less than \$100 shall be made by the Debtors. Any cash paid to the Debtors for the benefit of Holders of Claims that is undistributable in accordance with this Section shall vest in the Debtors for the benefit of the Holders of other Claims.

11. Setoffs

The Debtors may, but shall not be required, to set off against any Claim (for purposes of determining the Allowed amount of such Claim on which distribution shall be made), any Claims of any nature whatsoever that the Debtors may have against the Holder of such Claim, but neither the failure to do so nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claim the Debtors may have against the Holder of such Claim.

12. Allocation of Amended Plan Distribution Between Principal and Interest

All distributions in respect of any Allowed Claim made by the Debtors shall be allocated first to the principal amount of such Allowed Claim, as determined for federal income tax purposes, and thereafter, to the remaining portion of such Claim comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim).

F. Hearing on Confirmation of the Amended Plan

Section 1128(a) of the Bankruptcy Code requires that the Bankruptcy Court, after notice, hold a hearing on confirmation of a plan of reorganization. A hearing on confirmation of the Amended Plan will be held on the date and time specified in the Disclosure Order, before the Honorable Katharine M. Samson in the Dan M. Russell, Jr. United States Courthouse, 2012 15th

Street, 7th Floor, United States Bankruptcy Courtroom, Gulfport, Mississippi 39501 (the “Confirmation Hearing”). The Confirmation Hearing may be adjourned from time to time by the Bankruptcy Court without further notice except for an announcement made at the Confirmation Hearing or any adjournment thereof.

Section 1128(b) of the Bankruptcy Code provides that any party in interest may object to confirmation of a plan of reorganization. Any objection to confirmation of the Amended Plan must be made in writing, conform to the Federal Rules of Bankruptcy Procedure and the Local Rules of the Bankruptcy Court, set forth the name of the objector, the nature and amount of the Claim or Existing Equity Interest held or asserted by the objector against the Debtors’ estates or property, the basis for the objection and the specific grounds therefor, including to which Debtor the objection pertains. **The objection, together with proof of service thereof, must be filed with the Clerk of Court on or before the time and date specified in the Disclosure Statement Order (the “Plan Objection Deadline”) and served on the following persons by such Plan Objection Deadline:**

1. Counsel for the Debtors:
Stewart F. Peck and Christopher T. Caplinger
Lugenbuhl, Wheaton, Peck, Rankin & Hubbard
601 Poydras St., Suite 2775
New Orleans, LA 70115
speck@lawla.com; ccaplinger@lawla.com
2. Counsel for the Official Committee of Unsecured Creditors
Mark Mintz
Jones Walker
201 St. Charles Ave., Suite 5100
New Orleans, Louisiana 70170
mmintz@joneswalker.com
3. Counsel for the Yolo Group
Douglas S. Draper
Heller, Draper, Patrick, Horn & Manthey, LLC
650 Poydras St., Suite 2500
New Orleans, Louisiana 70130
ddraper@hellerdraper.com
4. Office of the United States Trustee
Christopher J. Steiskal, Sr.
Assistant United States Trustee
501 East Court Street
Jackson, MS 39201
Christopher.j.steiskal@usdoj.gov

Objections to confirmation of the Amended Plan are governed by Federal Rule of Bankruptcy Procedure 9014. UNLESS AN OBJECTION TO CONFIRMATION IS TIMELY

AND PROPERLY SERVED AND FILED, IT MAY NOT BE CONSIDERED BY THE BANKRUPTCY COURT.

G. Requirements for Confirmation of the Amended Plan

1. Acceptance

Holders of Claims in Classes 2-5 and 7-8 are Impaired under the Amended Plan, and the Holders of such Claims are entitled to vote on the Amended Plan and, therefore, must accept the Amended Plan in order for it to be confirmed without application of the “fair and equitable test,” described below, to such Class. As stated above, a Class of Claims will have accepted the Amended Plan if the Amended Plan is accepted by at least two-thirds (2/3) in dollar amount and a majority in number of the Claims of such Class (other than any Claims of creditors designated under Section 1126(e) of the Bankruptcy Code) that have voted to accept or reject the Amended Plan.

Claims in Classes 1 and 6 are NOT Impaired by the Plan and the Holders thereof are conclusively presumed to have accepted the Amended Plan. Holders of Intercompany Claims in Class 9 and Existing Equity Interests in Class 10 receive no distribution on account thereof and are conclusively deemed to reject the Plan.

2. Confirmation Without Unanimous Acceptance; Cramdown

Section 1129(b) of the Bankruptcy Code provides that the Plan may be confirmed by the Court despite not being accepted by every Impaired class if (i) at least one Impaired class of Claims, excluding the claims of Insiders, has accepted the Amended Plan; and (ii) the Court finds that the Amended Plan does not discriminate unfairly and is fair and equitable to the rejected classes. Among other things, such a finding would require a determination by the Court that the Amended Plan provides that no Holder of an Allowed Claim or Existing Equity Interest junior to the rejecting class will receive or retain property or payment under the Amended Plan until or unless such rejecting class is paid in full.

The Debtors reserve the right pursuant to Section 1129(b) of the Bankruptcy Code to request the Court to confirm the Amended Plan if all of the applicable requirement of Section 1129(a) of the Bankruptcy Code have been met. In addition, the Debtors reserve the right pursuant to Section 1129(e) of the Bankruptcy Code to request the Court to strike any Ballot rejecting the Amended Plan cast by any Holder of a Claim or Existing Equity Interest that was not cast in good faith.

3. Absolute Priority Rule

The “absolute priority rule” provides that the Amended Plan is fair and equitable with respect to a rejecting class if the rejecting class receives payment in full over time with interest or as long as no class junior to it receives a distribution under the Amended Plan. The Debtors believe that the Amended Plan represents the best option available to maximize the return to all creditors.

Furthermore, under the Amended Plan, no inferior class of creditors or Interest Holders will receive or retain anything unless the Allowed Claims of all superior classes are paid in full.

4. Best Interest Test

Attached as **Exhibit 6** is a liquidation analysis showing that each Class of Creditors will receive more under the Plan than under a hypothetical Chapter 7. The Debtors specifically reserve the right to amend and supplement **Exhibit 6**.

H. Conditions Precedent to Effective Date

1. Conditions Precedent to Effectiveness

The Effective Date will not occur and the Amended Plan will not become effective unless and until (a) the Confirmation Order shall have been entered and shall have become a Final Order, (b) the Reorganized Debtors have closed on the contemplated Exit-Funding, and (c) satisfaction of the “Closing Conditions” and other conditions precedent set forth in the Amended Plan Sponsor Term Sheet.

2. Waiver of Conditions Precedent

The conditions precedent of the Amended Plan may be waived, in whole or in part, by the Debtors. Any such waiver may be effected at any time, without notice, without leave or Order of the Bankruptcy Court, and without any formal action.

3. Satisfaction of the Conditions Precedent

Any action required to be taken on the Effective Date will take place and will be deemed to have occurred simultaneously, and no such action will be deemed to have occurred prior to the taking of any other such action. In the event that the condition precedent specified has not occurred or otherwise been waived, (i) the Confirmation Order will be vacated, (ii) the Debtors and all Holders of Claims and interests will be restored to the *status quo ante* as of the day immediately preceding the Confirmation Date as though the Confirmation Date never occurred, and (iii) the Debtor’s obligations with respect to Claims and Existing Equity Interests will remain unchanged and nothing contained in the Amended Plan will constitute or be deemed a waiver or release of any Claims or Existing Equity Interests by or against the Debtors or any other Person to prejudice in any manner the rights of the Debtors or any Person in further proceedings involving the Debtors.

I. Effect of Confirmation

1. Binding Effect

Subject to the occurrence of the Effective Date, on and after the Confirmation Date, the provisions of the Amended Plan will bind any Holder of a Claim against, or Existing Equity Interest in, the Debtors and such Holder’s respective successors and assigns, whether or not the Claim or Existing Equity Interest including any Existing Equity Interest of such Holder is impaired

under the Amended Plan and whether or not such Holder is entitled to distribution under the Amended Plan.

2. Discharge of Claims

The confirmation of the Amended Plan does not discharge the Debtors from any existing Debts and Claims asserted against the Debtors that arose prior to the Effective Date, as provided by Section 1141(d)(3)(A) of the Bankruptcy Code.

3. Release and Exculpation

EACH OF THE DEBTORS AND EACH HOLDER OF A CLAIM OR INTEREST WHO (I) ACCEPTS A DISTRIBUTION UNDER THE AMENDED PLAN, (II) VOTES TO ACCEPT OR IS DEEMED TO ACCEPT THE AMENDED PLAN, OR (III) DOES NOT TIMELY SUBMIT ITS BALLOT VOTING ON THE AMENDED PLAN, SHALL, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, BE CONCLUSIVELY DEEMED FOR ALL PURPOSES TO HAVE FOREVER WAIVED ANY AND ALL CAUSES OF ACTION, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, LOSSES, OR LIABILITIES WHATSOEVER, AGAINST ALL COVERED PARTIES (AS DEFINED IN THE PLAN) ARISING PRIOR TO THE EFFECTIVE DATE, AND RELEASE ALL COVERED PARTIES FROM ALL CAUSES OF ACTION, OBLIGATIONS, SUITS, JUDGMENTS, DAMAGES, DEMANDS, LOSSES, OR LIABILITIES WHATSOEVER ARISING PRIOR TO THE EFFECTIVE DATE, INCLUDING, BUT NOT LIMITED TO, ALL CAUSES OF ACTION ARISING IN CONNECTION WITH OR RELATED TO ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF, THE (A) OPERATIONS OF THE DEBTORS PRIOR TO AND DURING THE CASES, (B) BUSINESS OR CONTRACTUAL ARRANGEMENTS BETWEEN ANY HOLDER OF A CLAIM OR INTEREST WHO (I) ACCEPTS A DISTRIBUTION UNDER THE AMENDED PLAN, (II) VOTES TO ACCEPT OR IS DEEMED TO ACCEPT THE AMENDED PLAN, OR (III) DOES NOT TIMELY SUBMIT ITS BALLOT VOTING ON THE AMENDED PLAN AND ANY COVERED PARTIES, (C) SUBJECT MATTER OF OR THE TRANSACTIONS OR EVENTS GIVING RISE TO ANY CLAIM OR INTEREST THAT IS TREATED IN THE AMENDED PLAN, (D) PURSUIT OF CONFIRMATION OF THE AMENDED PLAN, (E) CONSUMMATION OF THE AMENDED PLAN, (F) ADMINISTRATION OF THE AMENDED PLAN, (F) PROPERTY TO BE DISTRIBUTED UNDER THE AMENDED PLAN, OR (G) TRANSACTIONS CONTEMPLATED BY THE AMENDED PLAN, TO THE FULLEST EXTENT PERMISSIBLE UNDER APPLICABLE LAW, EXCEPT AS TO OBLIGATIONS EXPRESSLY PROVIDED IN OR RESERVED BY THE AMENDED PLAN OR THE CONFIRMATION ORDER. ON THE EFFECTIVE DATE, ANY AND ALL CAUSES OF ACTION OF EACH OF THE DEBTORS AND EACH HOLDER OF A CLAIM OR INTEREST WHO (I) ACCEPTS A DISTRIBUTION UNDER THE AMENDED PLAN, (II) VOTES TO ACCEPT THE AMENDED PLAN, OR (III) DOES NOT TIMELY SUBMIT ITS BALLOT VOTING ON THE AMENDED PLAN AGAINST ANY OF THE COVERED PARTIES SHALL AUTOMATICALLY AND IMMEDIATELY BE FULLY AND FINALLY WAIVED, RELEASED, AND DISCHARGED FOR ALL PURPOSES.

NONE OF THE COVERED PARTIES SHALL HAVE OR INCUR ANY LIABILITY TO, OR BE SUBJECT TO ANY RIGHT OF ACTION BY, ANY OF THE DEBTORS OR ANY HOLDER OF A CLAIM OR INTEREST OR THE COMMITTEE OR ANY OTHER PARTY IN INTEREST IN THE CASES, OR ANY OF THEIR RESPECTIVE SHAREHOLDERS, MEMBERS, OFFICERS, DIRECTORS, MANAGERS, EMPLOYEES, AGENTS, REPRESENTATIVES, ATTORNEYS, ADVISORS OR OTHER PROFESSIONAL REPRESENTATIVES, OR ANY OF THEIR SUCCESSORS, HEIRS, OR ASSIGNS, FOR ANY ACT OR OMISSION IN CONNECTION WITH, RELATING TO, OR ARISING OUT OF (I) THE CASES, (II) ANY ACT TAKEN OR OMITTED TO BE TAKEN ON OR AFTER THE PETITION DATE IN CONNECTION WITH THE CASES, OR (III) THIS SECOND AMENDED DISCLOSURE STATEMENT, THE AMENDED PLAN, OR THE DOCUMENTS AND ACTIONS NECESSARY TO PERFORM THE AMENDED PLAN, EXCEPT FOR OBLIGATIONS OF ANY OF THE COVERED PARTIES EXPRESSLY ARISING UNDER OR IN ACCORDANCE WITH THE AMENDED PLAN AND CONFIRMATION ORDER, AND EXCEPT FOR THEIR WILLFUL MISCONDUCT OR GROSS NEGLIGENCE; AND EACH OF THE COVERED PARTIES SHALL BE ENTITLED TO RELY REASONABLY UPON THE ADVICE OF COUNSEL WITH RESPECT TO THEIR DUTIES AND RESPONSIBILITIES UNDER THE AMENDED PLAN AND CONFIRMATION ORDER.

FOR THE AVOIDANCE OF DOUBT AND NOTWITHSTANDING ANYTHING TO THE CONTRARY HEREIN, NO INSIDER PARTY OR DIRECTOR OR OFFICER OF THE DEBTORS SHALL (X) BE CONSIDERED A “COVERED PARTY,” OR (Y) RELEASED FROM ANY CLAIMS OF THE DEBTORS OR ANY OTHER PARTY IN CONNECTION WITH THE AMENDED PLAN.

NOTWITHSTANDING THE FOREGOING NO COVERED PARTY SHALL RECEIVE A RELEASE OR EXCULPATION IN EXCESS OF THAT ALLOWED UNDER APPLICABLE BANKRUPTCY LAW

4. Injunction or Stay

Except as otherwise expressly provided in the Amended Plan or in the Confirmation Order, all Persons or entities who have held, hold, or may hold Claims against the Debtors will be permanently enjoined, from and after the Effective Date, from (i) commencing or continuing in any manner any action or other proceeding of any kind on any such Claim against the Debtor or Reorganized Debtor; (ii) the enforcement, attachment, collection or recovery by any manner or means of any judgment, award, decree, or order against the Debtor and Reorganized Debtor with respect to such Claim; (iii) creating, perfecting, or enforcing any encumbrance of any kind against the Debtor or Reorganized Debtor or against property or interests in property of the Debtor or Reorganized Debtor with respect to such Claim; (iv) asserting any right of setoff, subrogation or recoupment of any kind against any obligation due to the Debtor or Reorganized Debtor or against the property or interests in property of the Debtor or Reorganized Debtor with respect to such Claim; and (v) pursuing any Claim released pursuant to the Amended Plan.

IX. GENERAL PROVISIONS

A. Dissolution of the Official Committee of Unsecured Creditors

On the Effective Date, the Committee will be dissolved and the members thereof will be released and discharged of and from all further authority, duties, responsibilities, and obligations related to arising from and in connection with the Bankruptcy Cases.

B. Tax Reporting Requirements

Each Holder of an Allowed Claim that is to receive a distribution under the Amended Plan will have the sole and exclusive responsibility for the satisfaction and payment of any tax obligations imposed by any governmental unit, including income, withholding, and other tax obligations, on account of such distribution.

C. No Transfer Tax

Pursuant to Section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of notes or equity securities under the Plan, the creation of any mortgage, deed of trust or other security interest, the assignment of any lease or sublease or the making or delivery of any deed or other instrument of transfer in anticipation of or in connection with the Amended Plan, including, without limitation, any deeds, bills of sale, or assignments executed in connection with any of the transactions contemplated under the Amended Plan shall not be subject to any stamp, real estate transfer, mortgage recording, or other similar tax.

D. Cancellation of Existing Equity Interests

On the Effective Date, (a) all Existing Equity Interests shall, without further act or action by any party, be cancelled, annulled and extinguished, and any certificates representing such cancelled, annulled and extinguished Existing Equity Interests shall be null and void; and (b) one hundred percent (100%) of the equity Existing Equity Interests in the Reorganized Debtors shall be issued in favor of the Amended Plan Sponsor. As soon as practicable following the Effective Date, the Reorganized Debtors are authorized to execute and file, or cause to be executed and filed, such articles or certificates of amendment, and such other documents as are necessary to effect, complete or evidence the issuance of equity Existing Equity Interests in the Reorganized Debtors favor of the Amended Plan Sponsor under the applicable state law.

X. MISCELLANEOUS PROVISIONS

A. Confirmation Order and Plan Control

In the event of an inconsistency between the terms of the Confirmation Order or the Amended Plan with this Second Amended Disclosure Statement, or any other agreement entered into between or among the Debtors and any third party, the Confirmation Order shall control the Amended Plan, and the Amended Plan shall control the Second Amended Disclosure Statement.

B. Modification of Amended Plan

Amendments or modifications of or to the Amended Plan may be proposed in writing by the Plan Proponents (as defined in the Plan) at any time prior to the Confirmation Date, provided that the Amended Plan, as altered, amended, or modified satisfies the conditions of Sections 1122 and 1123 of the Bankruptcy Code and the Debtors have complied with Section 1125 of the Bankruptcy Code. The Amended Plan may be altered, amended, or modified at any time after the Confirmation Date and before substantial consummation, provided: (i) the Amended Plan, as altered, amended, or modified, satisfies the requirements of Section 1122 and 1123 of the Bankruptcy Code; (ii) the Bankruptcy Court, after notice and hearing, confirms the Amended Plan, as altered, amended, or modified, under Section 1129 of the Bankruptcy Code; and (iii) the circumstances warrant such alterations, amendments, or modifications. A Holder of a Claim that has accepted the Amended Plan will be deemed to have accepted the Amended Plan, as altered, amended, or modified, if the proposed alteration, amendment, or modification does not materially and adversely change the treatment of the Claim of such Holder.

Prior to the Effective Date, the Plan Proponents may make appropriate technical adjustments and modifications to the Plan of Reorganization without further order or approval of the Bankruptcy Court, provided that such technical adjustments and modifications do not adversely affect in a material way the treatment of Holders of Claims or Existing Equity Interests.

C. Revocation, Withdrawal, Amendment or Supplementation of the Amended Plan

The Plan Proponents reserve the right to revoke, withdraw, amend and/or supplement this Amended Plan, in whole or in part, prior to the Confirmation Date. If the Plan Proponents revoke or withdraw this Amended Plan in whole prior to the Confirmation Date, then this Amended Plan will be deemed null and void, and nothing in this Amended Plan will constitute or be deemed a waiver or release of any Claim or Existing Equity Interest by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors. If the Plan Proponents amend and/or supplement this Amended Plan prior to the Confirmation Date, then this Amended Plan shall be subject to such amendment or supplementation, as applicable.

Notwithstanding the foregoing or anything to the contrary herein or otherwise, the Debtors reserve the right to withdraw this Amended Plan, in whole prior to the Confirmation Date in the exercise of their fiduciary duties to the Debtors' creditors and estates; provided that (A) the Court has entered an Order that provides a break-up fee that (i) pays to the Holders of Class 7 General Unsecured Creditors not less than \$1,750,000.00 in cash on the Effective Date of the alternative plan in addition to other consideration which is contemplated in this Amended Plan, and (ii) the Amended Plan Sponsor is paid a breakup fee of \$200,000.00 in the event that the Amended Plan Sponsor is required to pay the amounts due on account of the DIP Loan on or before June 1, 2018; and (B) (i) the Debtors and/or any new plan sponsor has the immediate funds to fund the aforementioned payments on the Effective Date to the Holders of Class 7 General Unsecured Creditors, the Amended Plan Sponsor and any other payments required to be paid as a condition to confirmation of the alternative plan, (ii) the alternative plan is otherwise feasible and provides greater economic value for the Debtors' creditors. In the event the Debtors withdraw this Amended

Plan prior to the Confirmation Date in accordance with this section, then this Amended Plan will be deemed null and void, and nothing in this Amended Plan will constitute or be deemed a waiver or release of any Claim or Existing Equity Interest by or against the Debtors or any other Person or to prejudice in any manner the rights of the Debtors or any Person in any further proceedings involving the Debtors.

D. Severability of Amended Plan Provisions

In the event that, prior to the Confirmation Date, any term or provision of the Amended Plan is held by the Bankruptcy Court to be invalid, void, or unenforceable, the Bankruptcy Court shall have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of the term or provision held to be invalid, void, or unenforceable, and such term or provision shall be applicable as altered or interpreted. The Confirmation Order shall constitute a judicial determination and shall provide that each term and provision of the Amended Plan, as it may be altered or interpreted in accordance with the foregoing, is valid and enforceable in accordance with its terms.

E. Governing Law

Except to the extent that the Bankruptcy Code or other federal law is applicable, or to the extent an exhibit to the Amended Plan provides otherwise (in which case the governing law specified therein shall be applicable to such exhibit), the rights, duties, and obligations arising under the Amended Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Mississippi without giving effect to its principles of conflicts of law.

F. Notices

All notices, requests, and demands to or upon the Debtors to be effective shall be in writing (including by electronic mail transmission) and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when actually delivered or, in the case of notice by electronic mail transmission, when received and confirmed by return electronic mail transmission, addressed as follows:

If to the Debtors, addressed to:

American Truck Group, LLC
National Truck Funding, LLC
Attn: Louis J. Normand, Jr.
9140 Canal Road
Gulfport, Mississippi 39503

With a copy to:

Stewart F. Peck
Christopher T. Caplinger
Lugenbuhl, Wheaton, Peck, Rankin & Hubbard

601 Poydras St.
Suite 2775
New Orleans, LA 70115
speck@lawla.com; ccaplinger@lawla.com

XI. JURISDICTION OF BANKRUPTCY COURT

Subsequent to Confirmation of the Amended Plan (including after the Bankruptcy Cases have been closed), the Court shall retain jurisdiction of all matters arising out of or related to the Bankruptcy Cases and the Amended Plan pursuant to, and for the purposes of, Sections 105(a) and 1142 of the Bankruptcy Code, including, but not limited to, the following purposes:

(i) To determine any and all objections to and proceedings involving the allowance, estimation, classification, priority, payment or subordination of Claims or Interests;

(ii) To determine any and all applications or motion for allowances of compensation and reimbursement of necessary expenses and any other fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code;

(iii) To hear and determine any timely objections to, or requests for estimation of, disputed Claims, in whole or in part;

(iv) To determine any and all applications, adversary proceedings, and contested or litigated matters initiated or asserted by the Debtors on or prior to the Effective Date and initiated or asserted by the Reorganized Debtors subsequent to the Effective Date and arising under Chapter 11 of the Bankruptcy Code or arising in or related to the Bankruptcy Cases, including but not limited to, (a) Causes of Action to avoid or recover transfers of the Debtors' property, including, but not limited to, all Avoidance Actions and actions pursuant to applicable state law; (b) all Claims and Causes of Action arising from prepetition activities of the Debtors, whether arising by statute or common law, whether arising under the laws of the United States, Mississippi, or any other state having jurisdiction over any claim or controversy, and whether maintainable against third parties, affiliates, or Insiders of the Debtors; and/or (c) Claims, Causes of Action, and other litigation that may adversely impact or affect the Reorganized Debtors' property and Retained Causes of Action;

(v) To issue orders, determinations, and rulings regarding the valuation, recovery, disposition, distribution, operation or use of the Debtors' property, including claims to recover preferences, fraudulent conveyances, or damages of any type from any person and whether initiated before or after the Effective Date;

(vi) To consider any modifications to the Amended Plan, remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court, including the Confirmation Order;

(vii) To determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement, implementation, or consummation of the Amended Plan or any

Person's obligation and responsibilities thereunder, including, but not limited to, the failure to pay timely any and all Allowed Claims as provided in the Amended Plan;

(viii) To consider and act on the compromise and settlement of any Claim against or Cause of Action by or against the Debtors or the Reorganized Debtor;

(ix) To stay, revoke, modify or vacate the Confirmation Order on account of a default under the terms of the Amended Plan or the Confirmation Order, including, but not limited to, the failure to pay timely any and all Allowed Claims as provided in the Amended Plan;

(x) To enter and implement such orders as may be appropriate in the event the Confirmation Order is stayed, revoked, modified, or vacated, including, but not limited to entering and implementing orders revoking or nullifying any rights, remedies or security interests granted under the Amended Plan or the Confirmation Order;

(xi) To hear and determine all disputes involving the existence, scope, nature or otherwise of the discharges, releases, injunctions, and exculpations granted under the Amended Plan, the Confirmation Order, or the Bankruptcy Code;

(xii) To enforce the automatic stay and to issue injunctions and effect any other actions that may be necessary or appropriate to restrain interference by any Person or entity with the consummation, implementation, or enforcement of the Amended Plan, the Confirmation Order, or any other Order of the Bankruptcy Court;

(xiii) To determine such other matters and for such other purposes as may be provided in the Confirmation Order;

(xiv) To issue such orders in aid of execution of the Amended Plan to the extent authorized by Section 1142 of the Bankruptcy Code;

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

(xvi) To hear and determine disputes or issues arising in connection with the interpretation, implementation, or enforcement of the Amended Plan, the Confirmation Order, any transactions or payments contemplated hereby, any agreement, instrument, or other document governing or relating to any of the foregoing or any settlement approved by the Bankruptcy Court;

(xvii) To recover all assets of the Debtors and property of the bankruptcy estates, wherever located;

(xviii) To determine matters concerning state, local, and federal taxes in accordance with Sections 346, 505, and 1146 of the Bankruptcy Code;

(xix) To hear any other matter not inconsistent with the Bankruptcy Code; and

(xx) To enter a final decree closing the Bankruptcy Cases.

XII. CONCLUSION AND RECOMMENDATION

The Debtors believe that the Amended Plan is in the best interests of all Holders of Claims and Interests and of all other persons who will be affected by the confirmation of the Amended Plan. The Debtors urge the Voting Class to vote to accept the Amended Plan and to evidence such acceptance by returning their Ballots so that they will be actually received by the Debtors' counsel by the Voting Deadline.

[Remainder of Page Left Blank Intentionally]

Dated: March 22, 2018.

Respectfully Submitted,

LUGENBUHL, WHEATON, PECK,
RANKIN & HUBBARD

/s/ Stewart F. Peck
STEWART F. PECK (LA #10403),
Admitted pro hac vice
CHRISTOPHER CAPLINGER (#25357),
Admitted pro hac vice
MEREDITH S. GRABILL (LA #35484),
Admitted pro hac vice
601 Poydras Street, Suite 2775
New Orleans, LA 70130
Telephone: (504) 568-1990
Facsimile: (504) 310-9195
E-mail: speck@lawla.com; ccaplinger@lawla.com;
mgrabill@lawla.com;

*Counsel for the Debtors National Truck Funding,
LLC and American Truck Group, LLC*

Exhibit 1

Joint Amended Plan of Reorganization

To be provided.

Exhibit 2

Disclosure Order

To be provided.

Exhibit 3

Amended Plan Sponsor Term Sheet

See attached.

Exhibit 4

T&M Appraisal

See attached.

Exhibit 5

Financial Projections

See attached.

Exhibit 6

Liquidation Analysis

See attached.