

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:) Chapter 11
)
NEOPLAN USA CORPORATION, et al.,¹) Case No. 06-10872 (BLS)
) (Jointly Administered)
Debtors.)

**SECOND AMENDED DISCLOSURE STATEMENT
FOR DEBTORS' FIRST AMENDED JOINT PLAN OF
REORGANIZATION DATED AS OF NOVEMBER 21, 2006**

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¹ The Debtors are the following entities: (a) Neoplan USA Corporation; (b) IAP Acquisition Corp.; (c) IAP East Coast, Inc.; and (d) IAP Intermodal LLC.

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I. INTRODUCTION

On November 21, 2006, Neoplan USA Corporation ("Neoplan"), IAP Acquisition Corp., IAP East Coast, Inc. and IAP Intermodal LLC (collectively, the "Debtors") filed with the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court") their proposed, revised First Amended Joint Plan of Reorganization (the "Plan"). The Debtors urge creditors to vote for the Plan.

The Debtors prepared this Disclosure Statement for use in the solicitation of acceptances of the Plan.

APPROVAL OF THIS DISCLOSURE STATEMENT BY THE BANKRUPTCY COURT DOES NOT MEAN THAT THE BANKRUPTCY COURT RECOMMENDS ACCEPTANCE OR REJECTION OF THE PLAN.

The information used in preparing this Disclosure Statement was prepared by and is the sole responsibility of the Debtors. This Disclosure Statement does not constitute financial or legal advice. Creditors and shareholders of the Debtors should consult their own advisors if they have questions about the Plan or this Disclosure Statement. Capitalized terms used in this Disclosure Statement and not expressly defined herein are defined in the Plan. A reference in this Disclosure Statement to a "Section" refers to a section of this Disclosure Statement.

WHILE THIS DISCLOSURE STATEMENT DESCRIBES CERTAIN BACKGROUND MATTERS AND THE MATERIAL TERMS OF THE PLAN, IT IS INTENDED AS A SUMMARY DOCUMENT ONLY AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO THE PLAN AND THE EXHIBITS ATTACHED TO THE PLAN AND THIS DISCLOSURE STATEMENT. YOU SHOULD READ THE PLAN AND THE EXHIBITS TO OBTAIN A FULL UNDERSTANDING OF THEIR PROVISIONS. ADDITIONAL COPIES OF THE DISCLOSURE STATEMENT AND THE EXHIBITS ATTACHED TO THIS DISCLOSURE STATEMENT, AS WELL AS COPIES OF THE PLAN, CAN BE OBTAINED FROM THE DEBTORS' CLAIMS, NOTICING AND BALLOTING AGENT: DELAWARE CLAIMS AGENCY, LLC, 230 NORTH MARKET STREET, SECOND FLOOR, P.O. BOX 515, WILMINGTON, DELAWARE 19801, BY WRITING, CALLING (800) 838-6773, OR VIA THE WEBSITE WWW.DELAWARECLAIMSAGENCY.COM. THE COST OF COPIES MUST BE PAID BY THE PERSON ORDERING THEM. COPIES OF PAPERS FILED IN THIS CASE MAY BE INSPECTED DURING REGULAR COURT HOURS IN THE CLERK'S OFFICE, UNITED STATES BANKRUPTCY COURT, 824 NORTH MARKET STREET, 3RD FLOOR, WILMINGTON, DELAWARE 19801.

THE STATEMENTS AND INFORMATION CONCERNING THE DEBTORS SET FORTH IN THIS DISCLOSURE STATEMENT CONSTITUTE THE ONLY STATEMENTS OR INFORMATION CONCERNING SUCH MATTERS THAT HAVE BEEN APPROVED BY THE BANKRUPTCY COURT FOR THE PURPOSE OF SOLICITING ACCEPTANCES OR REJECTIONS OF THE PLAN.

THE STATEMENTS CONTAINED IN THIS DISCLOSURE STATEMENT ARE MADE AS OF THE DATE HEREOF UNLESS ANOTHER TIME IS SPECIFIED HEREIN. NEITHER DELIVERY OF THIS DISCLOSURE STATEMENT NOR ANY EXCHANGE OF RIGHTS MADE IN CONNECTION WITH THE PLAN WILL UNDER ANY CIRCUMSTANCES CREATE AN IMPLICATION THAT THERE HAS BEEN NO CHANGE IN THE INFORMATION SET FORTH HEREIN SINCE THE DATE THIS DISCLOSURE STATEMENT AND THE MATERIALS RELIED UPON IN PREPARATION OF THIS DISCLOSURE STATEMENT WERE COMPILED. THE DEBTORS ASSUME NO DUTY TO UPDATE OR SUPPLEMENT THE DISCLOSURES CONTAINED HEREIN AND DO NOT INTEND TO UPDATE OR SUPPLEMENT THE DISCLOSURES, EXCEPT TO THE EXTENT, IF ANY, NECESSARY AT THE HEARING ON CONFIRMATION OF THE PLAN.

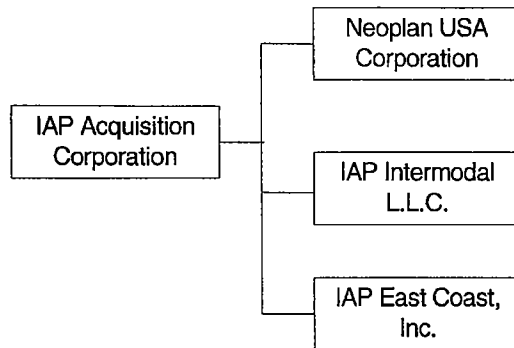
THIS DISCLOSURE STATEMENT MAY NOT BE RELIED ON FOR ANY PURPOSE OTHER THAN TO DETERMINE WHETHER TO VOTE IN FAVOR OF OR AGAINST THE PLAN. CERTAIN OF THE INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT IS BY ITS NATURE FORWARD-LOOKING AND CONTAINS ESTIMATES, ASSUMPTIONS AND PROJECTIONS THAT MAY BE MATERIALLY DIFFERENT FROM ACTUAL FUTURE RESULTS. THERE CAN BE NO ASSURANCE THAT ANY FORECASTED OR PROJECTED RESULTS CONTAINED HEREIN WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY FROM THOSE SHOWN, POSSIBLY BY MATERIAL AMOUNTS.

NEITHER THE SECURITIES AND EXCHANGE COMMISSION, NOR ANY STATE SECURITIES COMMISSION, HAS APPROVED OR DISAPPROVED THIS DISCLOSURE STATEMENT. PURSUANT TO THE PLAN, ANY SECURITIES ISSUED TO ANY PARTY UNDER, PURSUANT TO OR IN EFFECTUATING THE PLAN, AND THE OFFERING AND ISSUANCE THEREOF BY ANY PARTY ARE EXEMPT FROM SECTION 5 OF THE SECURITIES ACT OF 1933, IF APPLICABLE, AND FROM ANY STATE OR FEDERAL SECURITIES LAWS REQUIRING REGISTRATION FOR THE OFFER OR SALE OF A SECURITY OR REGISTRATION OR LICENSING OF AN ISSUER OF, UNDERWRITER OF, OR BROKER OR DEALER IN, A SECURITY, AND OTHERWISE ENJOY ALL EXEMPTIONS AVAILABLE FOR DISTRIBUTIONS OF SECURITIES UNDER A PLAN IN ACCORDANCE WITH ALL APPLICABLE LAW, INCLUDING WITHOUT LIMITATION SECTION 1145 OF THE BANKRUPTCY CODE.

A. SUMMARY OF THE PLAN

The following is a brief summary of the Plan, which is qualified in its entirety by reference to the Plan, attached as Exhibit A to this Disclosure Statement.

The Plan provides for distributions to creditors of the four companies that are debtors in possession in these Chapter 11 Cases. These companies are related to one another as shown in the following chart.



For the purposes of classification, voting and distributions under the Plan, any obligation of any of the Debtors and all guaranties by any of the Debtors of such obligation will be treated as one single obligation, and any claim filed against any of the Debtors in connection with such obligation or guarantee of such obligation will be treated as one single claim. The entry of the order confirming the Plan (the “Confirmation Order”) will constitute the approval of the Bankruptcy Court of the substantive consolidation of the Chapter 11 Cases for all purposes related to the Plan. For more detail, see Section IV(C)(1), *infra*.

Under the Plan, Administrative Expense Claims and Priority Tax Claims are unclassified, while Other Priority Claims, Other Secured Claims, Senior Secured Lenders Claims, Junior Secured Claims, General Unsecured Claims, and Interests and Interest Related Claims are each placed in their own classes. The Plan provides for payment in full of Administrative Expense Claims, Priority Tax Claims, Other Priority Claims and Other Secured Claims and leaves such Claims unimpaired. The remaining Senior Secured Lenders Claims, Junior Secured Claims, General Unsecured Claims, and Interests and Interest Related Claims are all impaired. The treatment of creditors under the Plan is summarized as follows:

- **Administrative Expense Claims and Other Priority Claims** and if allowed, will be paid in full in cash.
- **Priority Tax Claims** if allowed, will be paid in full in cash or paid in full in cash over time in equal cash installment payments on a quarterly basis with interest during a period not to exceed five years after the Petition Date.
- **Other Secured Claims** if allowed, will be paid in full in cash or the collateral securing such Other Secured Claim will be returned to the holder of such Claim.
- **Senior Secured Lenders Claims** if allowed, will receive a Pro Rata Share of Available Assets and Remaining Assets.

- **Junior Secured Claims** if allowed, will receive, only after payment in full of all Allowed Senior Secured Lenders Claims, (i) a Pro Rata Share of Available Assets and Remaining Assets that constitute the proceeds of the collateral securing such Allowed Junior Secured Claims or (ii) the return of the collateral securing such Allowed Junior Secured Claims.
- **General Unsecured Claims** if allowed, will receive (i) a Pro Rata Share of the net proceeds of Creditors' Committee Rights of Action and (ii) only after payment in full of all Allowed Senior Secured Lenders Claims, a Pro Rata Share of Available Assets and Remaining Assets.
- **Interests and Interest Related Claims** will receive nothing, and the Existing Stock and Interests will be cancelled.

(for more detail see "*THE PLAN — TREATMENT OF ADMINISTRATIVE EXPENSE CLAIMS AND PRIORITY CLAIMS; CLASSIFICATION AND TREATMENT OF CLAIMS AND INTERESTS*")

B. RECOMMENDATION

THE DEBTORS RECOMMEND THAT ALL CREDITORS ENTITLED TO VOTE ON THE PLAN CAST THEIR BALLOTS TO ACCEPT THE PLAN.

II. VOTING

A. ELIGIBILITY TO VOTE

The Plan divides creditors' Claims against and shareholders' Interests in the Debtors into various Classes and provides separate treatment for each Class.

As provided in section 1123(a)(1) of the Bankruptcy Code, Administrative Expense Claims and Priority Tax Claims will not be classified for the purposes of voting or receiving distributions under the Plan. Rather, all such Claims will be treated separately as unclassified Claims and will be paid in full. Other Priority Claims (Class 1) and Other Secured Claims (Class 2) will also be paid in full. Creditors in these Classes are unimpaired, conclusively presumed to have accepted the Plan and are not entitled to vote to accept or reject the Plan.

All other Classes of Claims and Interests under the Plan are impaired: Class 3 (Senior Secured Lenders Claims), Class 4 (Junior Secured Claims), Class 5 (General Unsecured Claims) and Class 6 (Interests and Interest Related Claims). Holders of Claims in Classes 3, 4 and 5 are entitled to vote to accept or reject the Plan. Holders of Claims and Interests in Class 6 are conclusively presumed to have rejected the Plan and are not entitled to vote to accept or reject the Plan.

The record date for determining any Creditor's eligibility to vote on the Plan is November 20, 2006. Only those Creditors entitled to vote on the Plan will receive a ballot with this Disclosure Statement.

CREDITORS WHOSE CLAIMS ARE BEING OBJECTED TO ARE NOT ELIGIBLE TO VOTE UNLESS SUCH OBJECTIONS ARE RESOLVED IN THEIR FAVOR OR, AFTER NOTICE AND A HEARING PURSUANT TO BANKRUPTCY RULE 3018(a), THE BANKRUPTCY COURT ALLOWS THE CLAIM TEMPORARILY FOR THE PURPOSE OF VOTING TO ACCEPT OR REJECT THE PLAN. ANY CREDITOR THAT WANTS ITS CLAIM TO BE ALLOWED TEMPORARILY FOR THE PURPOSE OF VOTING MUST TAKE THE STEPS NECESSARY TO ARRANGE AN APPROPRIATE HEARING WITH THE BANKRUPTCY COURT UNDER BANKRUPTCY RULE 3018(a).

B. BALLOTS

In voting for or against the Plan, please use only the ballot or ballots sent to you with this Disclosure Statement. Votes cast to accept or reject the Plan will be counted by Class. Please read the voting instructions on the reverse side of the ballot for a thorough explanation of voting procedures.

IF YOU BELIEVE THAT YOU ARE A MEMBER OF A VOTING CLASS FOR WHICH YOU DID NOT RECEIVE A BALLOT, IF YOUR BALLOT IS DAMAGED OR LOST, OR IF YOU HAVE QUESTIONS CONCERNING VOTING PROCEDURES, CONTACT COUNSEL FOR THE DEBTORS: BALLARD SPAHR ANDREWS & INGERSOLL, LLP (LESLIE C. HEILMAN, ESQ., 919 N. MARKET STREET, 12TH FLOOR, WILMINGTON, DE 19801, (302) 252-4465, OR ALAN K. MOTES, ESQ., 1225 17TH STREET, SUITE 2300; DENVER, CO 80202; (303) 292-2400). BALLARD SPAHR ANDREWS & INGERSOLL, LLP CANNOT PROVIDE YOU WITH LEGAL ADVICE.

C. VOTING PROCEDURE

Unless otherwise directed in your solicitation package, mail your completed ballots to the Debtors' claims, noticing and balloting agent, Delaware Claims Agency, LLC, at the following address:

Delaware Claims Agency, LLC
230 North Market Street, Second Floor
P.O. Box 515
Wilmington, DE 19801
Tel: (800) 838-6773

DO NOT RETURN BALLOTS TO THE BANKRUPTCY COURT. Unless the Bankruptcy Court permits you to do so after notice and a hearing to determine whether sufficient cause exists to permit the change, you may not change your vote after it is cast.

D. DEADLINE FOR VOTING

IN ORDER TO BE COUNTED, BALLOTS MUST BE RECEIVED BY 4:00 P.M., PREVAILING EASTERN TIME ON DECEMBER 15, 2006.

E. IMPORTANCE OF YOUR VOTE

Your vote is important. The Bankruptcy Code defines acceptance by a class of Claims as acceptance by holders of at least two-thirds in amount and a majority in number of Allowed Claims in that Class that voted. **ONLY THOSE CREDITORS WHO ACTUALLY VOTE ARE COUNTED FOR PURPOSES OF DETERMINING WHETHER A CLASS HAS VOTED TO ACCEPT THE PLAN. YOUR FAILURE TO VOTE WILL LEAVE TO OTHERS THE DECISION TO ACCEPT OR REJECT THE PLAN.**

III. BACKGROUND OF THE DEBTORS AND THE CHAPTER 11 CASES

The Debtors commenced these cases by filing voluntary petitions under Chapter 11 of the Bankruptcy Code on August 17, 2006 (the "Petition Date"). The Chapter 11 Cases are jointly administered, and pursuant to Bankruptcy Code sections 1107(a) and 1108, the Debtors continue to operate their businesses and remain in possession of their property as debtors in possession. There are four debtors in these Chapter 11 Cases: IAP Acquisition Corporation ("IAPA"), Neoplan USA Corporation ("Neoplan"), IAP Intermodal LLC ("IAPI") and IAP East Coast, Inc. ("IAPEC"). IAPA is the parent corporation of Neoplan, IAPI and IAPEC. Neoplan contains the prior business of manufacturing transit buses and the ongoing business of distributing bus parts through its parts division, Neopart. IAPI contains intellectual property associated with an intermodal bus design as well as business processes associated with the booking of passenger and freight traffic. IAPEC holds the real estate in Honey Brook, Pennsylvania that is used in the Neopart division.

A. DESCRIPTION OF COMPANY

Neoplan's primary business has been the manufacturing of transit buses for the North American market. Since inception, Neoplan has operated a manufacturing plant in Lamar, Colorado, a city of 8,000 people located in Southeastern Colorado over 200 miles from Denver. Neoplan manufactured and sold 186, 209, 148 and 11 buses in 2003, 2004, 2005 and 2006, respectively. The company supported these buses through its parts division, Neopart. The Neopart division continues to operate out of Honey Brook, Pennsylvania, and continues to demonstrate profitability. Neoplan estimates that over 2700 Neoplan buses are operating in North America.

1. Corporate History

Neoplan was founded in 1981 as a wholly-owned subsidiary of Gottlob Auwaeerter GmbH & Co. ("GAS"), a German manufacturer of buses sold under the Neoplan brand. In 1989, Neoplan was purchased by International Automotive Products, Inc. and continued operations with GAS retaining a substantially similar economic position. International Automotive Products, Inc. was acquired in 1998 for \$94.1 million and the existing corporate structure originated from that transaction.

2. Transit Bus Industry

The United States comprises about 90% of the North American transit bus market. Local transit agencies in the United States receive approximately 80% of the funding for a transit bus

