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Counsel for Debtors,  
The Brown Publishing Company, *et al.*

UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK

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In re:	:	
	:	
THE BROWN PUBLISHING	:	Chapter 11
COMPANY,	:	
DPI LIQUIDATION INC.,	:	Case No. 10-73295 (DTE)
BROWN MEDIA HOLDINGS	:	
COMPANY,	:	(Jointly Administered)
BOULDER BUSINESS INFORMATION	:	
INC.,	:	
BROWN BUSINESS LEDGER, LLC,	:	
BROWN PUBLISHING INC., LLC,	:	
BUSINESS PUBLICATIONS, LLC,	:	
THE DELAWARE GAZETTE	:	
COMPANY,	:	
SC BIZ NEWS, LLC,	:	
TEXAS COMMUNITY NEWSPAPERS,	:	
INC.,	:	
TEXAS BUSINESS NEWS, LLC,	:	
TROY DAILY NEWS, INC.,	:	
UPSTATE BUSINESS NEWS, LLC,	:	
UTAH BUSINESS PUBLISHERS, LLC,	:	
ARG, LLC,	:	
Debtors.	:	

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**NOTICE OF FILING OF BLACKLINE OF FIRST AMENDED DISCLOSURE  
STATEMENT IN SUPPORT OF FIRST AMENDED JOINT CHAPTER 11  
PLAN OF LIQUIDATION OF THE BROWN PUBLISHING COMPANY,  
BROWN MEDIA HOLDINGS COMPANY, AND THEIR RESPECTIVE  
DEBTOR AFFILIATES AND SUBSIDIARIES**

**PLEASE TAKE NOTICE** that annexed hereto as Exhibit A is a copy of the First  
Amended Disclosure Statement in Support of First Amended Joint Chapter 11 Plan of

Liquidation of The Brown Publishing Company, Brown Media Holdings Company, and Their Respective Debtor Affiliates and Subsidiaries, which is being filed contemporaneously herewith, marked to show changes from the Disclosure Statement in Support of Joint Chapter 11 Plan of Liquidation of The Brown Publishing Company, Brown Media Holdings Company, and Their Respective Debtor Affiliates and Subsidiaries, which was filed by The Brown Publishing Company, Brown Media Holdings Company and their respective debtor subsidiaries in these jointly administered chapter 11 cases on November 12, 2010 (Docket No. 564).

Dated: New York, New York  
March 4, 2011

K&L GATES LLP

By: /s/ Edward M. Fox  
Edward M. Fox  
A Member of the Firm  
Counsel for Debtors,  
The Brown Publishing Company *et al.*  
599 Lexington Avenue  
New York, New York 10022  
(212) 536-3900

# **EXHIBIT A**

**DISCLAIMERS**

**THIS IS NOT A SOLICITATION OF ACCEPTANCE OR REJECTION OF THE PLAN. ACCEPTANCES OR REJECTIONS MAY NOT BE SOLICITED UNTIL THE BANKRUPTCY COURT HAS APPROVED THIS DISCLOSURE STATEMENT. THIS DISCLOSURE STATEMENT IS BEING SUBMITTED FOR APPROVAL BUT HAS NOT YET BEEN APPROVED BY THE COURT.**

**THE DEBTORS RESERVE THE RIGHT TO AMEND, MODIFY, OR OTHERWISE ALTER THIS DISCLOSURE STATEMENT AND ANY EXHIBITS HERETO. IN THE EVENT OF ANY SUCH AMENDMENTS, NOTHING CONTAINED HEREIN SHALL (I) CONSTITUTE OR BE DEEMED TO CONSTITUTE A WAIVER OR RELEASE OF ANY CLAIMS BY OR AGAINST, OR ANY INTERESTS IN, THE DEBTORS OR ANY OTHER PERSON, (II) PREJUDICE IN ANY MANNER THE RIGHTS OF SUCH DEBTORS OR ANY OTHER PERSON, OR (III) CONSTITUTE AN ADMISSION OF ANY SORT BY SUCH DEBTORS OR ANY OTHER PERSON.**

**UNITED STATES BANKRUPTCY COURT  
EASTERN DISTRICT OF NEW YORK**

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In re:	:	
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THE BROWN PUBLISHING	:	Chapter 11
COMPANY,	:	
DPI LIQUIDATION INC.,	:	Case No. 10-73295 (DTE)
BROWN MEDIA HOLDINGS	:	
COMPANY,	:	(Jointly Administered)
BOULDER BUSINESS INFORMATION	:	
INC.,	:	
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BROWN PUBLISHING INC., LLC,	:	
BUSINESS PUBLICATIONS, LLC,	:	
THE DELAWARE GAZETTE	:	
COMPANY,	:	
SC BIZ NEWS, LLC,	:	
TEXAS COMMUNITY NEWSPAPERS,	:	
INC.,	:	
TEXAS BUSINESS NEWS, LLC,	:	
TROY DAILY NEWS, INC.,	:	
UPSTATE BUSINESS NEWS, LLC,	:	
UTAH BUSINESS PUBLISHERS, LLC,	:	
ARG, LLC,	:	
Debtors.	:	

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**FIRST AMENDED DISCLOSURE STATEMENT IN SUPPORT OF  
FIRST AMENDED JOINT CHAPTER 11 PLAN OF LIQUIDATION OF THE BROWN-  
BROWN PUBLISHING COMPANY, BROWN MEDIA HOLDINGS COMPANY,  
AND THEIR RESPECTIVE DEBTOR AFFILIATES AND SUBSIDIARIES**

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*Attorneys for the Debtors and  
Debtors-in-Possession*

Dated: ~~November 12~~ March 4, 2010 2011

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## I. INTRODUCTION AND OVERVIEW

The Brown Publishing Company, Brown Media Holdings Corporation, DPI Liquidation Inc. (f/k/a Dan's Papers, Inc.), Boulder Business Information Inc., Brown Business Ledger, LLC, Brown Publishing Inc., LLC, Business Publications, LLC, The Delaware Gazette Company, SC Biz News, LLC, Texas Community Newspapers, Inc., Texas Business News, LLC, Troy Daily News, Inc., Upstate Business News, LLC, Utah Business Publishers, LLC, and ARG, LLC (collectively, the "Debtors"), debtors and debtors in possession in these jointly-administered Chapter 11 Cases, submit this disclosure statement (the "Disclosure Statement") in support of the First Amended Joint Chapter 11 Plan of Liquidation of The Brown Publishing Company, Brown Media Holdings Company, and Their Respective Debtor Affiliates and Subsidiaries, dated November 12, 2010 (the "Plan"). Capitalized terms used but not defined herein shall have the meanings ascribed to them in the Plan. A copy of the Plan is annexed hereto as **Exhibit A**.

### A. Introduction

On April 30, 2010 and May 1, 2010 (the "Petition Dates"), each of the Debtors filed voluntary petitions for relief under chapter 11 of the Bankruptcy Code, thereby commencing these Chapter 11 Cases. The cases are being jointly administered in the United States Bankruptcy Court for the Eastern District of New York (the "Bankruptcy Court") before the Honorable Dorothy T. Eisenberg. No trustee or examiner has been appointed in the Chapter 11 Cases, and the Debtors have continued in the possession of their assets and the management of their properties as debtors in possession in accordance with sections 1107 and 1108 of the Bankruptcy Code. On May 25, 2010, the Office of the United States Trustee for the Eastern District of New York appointed an Official Committee of Unsecured Creditors (the "Creditors' Committee"). On September 3, 2010, the Debtors completed the sale of substantially all of their assets.

This Disclosure Statement, submitted in accordance with section 1125 of the Bankruptcy Code, contains information regarding the Plan proposed by the Debtors. ~~A copy of the Plan accompanies this Disclosure Statement as Exhibit A.~~ The Disclosure Statement is being distributed to you for the purpose of enabling you to make an informed judgment about the Plan.

The Disclosure Statement describes the provisions of the Plan and contains information concerning, among other matters: (1) the pre- and post-petition history, business, operations, management, properties, and liabilities of the Debtors, and (2) the assets available for distribution under the Plan. The Debtors strongly urge you to review carefully the contents of this Disclosure Statement and the Plan (including the exhibits to each) before making a decision to accept or reject the Plan. Particular attention should be paid to the provisions affecting or impairing your rights as a Creditor.

On \_\_\_\_\_, ~~2010~~2011, the Bankruptcy Court approved this Disclosure Statement as containing adequate information to enable a hypothetical reasonable investor, typical of holders of Claims or Interests receiving this Disclosure Statement, to make an informed judgment about the Plan. Under section 1125 of the Bankruptcy Code, this approval enabled the Debtors to send you this Disclosure Statement and to solicit your acceptance of the Plan. The Bankruptcy Court has not, however, passed on the Plan itself, nor conducted a detailed investigation into the

contents of this Disclosure Statement. The Bankruptcy Court's approval of this Disclosure Statement does not constitute an endorsement of the Plan, nor does it represent a guaranty of the completeness or accuracy of the information set forth herein.

Your vote on the Plan is important. Absent acceptance of the Plan, there may be protracted delays, the confirmation of another plan, or, most likely, liquidation under chapter 7 of the Bankruptcy Code. These alternatives may not provide for distribution of as much value to holders of Allowed Claims as does the Plan. Accordingly, the Debtors urge you to accept the Plan by completing and returning the enclosed ballot(s) no later than \_\_\_\_\_, 2011 at 5:00 p.m. Eastern Time.

**B. Disclaimers**

**THIS DISCLOSURE STATEMENT CONTAINS INFORMATION THAT MAY BEAR UPON YOUR DECISION TO ACCEPT OR REJECT THE PLAN. PLEASE READ THIS DOCUMENT WITH CARE. THE PURPOSE OF THE 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 INTERESTS OF THE RELEVANT CLASS TO MAKE AN INFORMED JUDGMENT CONCERNING THE PLAN.**

**FOR THE CONVENIENCE OF CREDITORS, THIS DISCLOSURE STATEMENT SUMMARIZES THE TERMS OF THE PLAN, BUT THE PLAN ITSELF QUALIFIES ANY SUMMARY. ALTHOUGH THE DEBTORS BELIEVE THE SUMMARIES CONTAINED HEREIN ARE FAIR AND ACCURATE IN ALL MATERIAL RESPECTS, THE SUMMARIES ARE QUALIFIED IN THEIR ENTIRETY BY REFERENCE TO THE PLAN ITSELF. IF ANY INCONSISTENCY EXISTS BETWEEN THE PLAN AND THE DISCLOSURE STATEMENT, THE TERMS OF THE PLAN ARE CONTROLLING.**

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

**EXCEPT AS OTHERWISE NOTED, ALL FACTUAL INFORMATION CONTAINED IN THIS DISCLOSURE STATEMENT HAS BEEN PROVIDED BY THE DEBTORS' MANAGEMENT, AND IS TRUE AND CORRECT BASED ON THEIR REVIEW OF THE DEBTORS' BOOKS AND RECORDS AND TO THE BEST OF THE KNOWLEDGE, INFORMATION AND BELIEF OF THE DEBTORS' MANAGEMENT TEAM. THE DEBTORS CANNOT AND DO NOT WARRANT, HOWEVER, THAT**

**THE FINANCIAL AND OTHER INFORMATION SET FORTH BELOW IS TRUE AND CORRECT IN ALL MATERIAL RESPECTS.**

**THE CONTENTS OF THIS DISCLOSURE STATEMENT SHOULD NOT BE CONSTRUED AS LEGAL OR BUSINESS ADVICE. EACH CREDITOR OR INTEREST HOLDER SHOULD CONSULT ITS OWN LEGAL COUNSEL AND ACCOUNTANT AS TO LEGAL OR OTHER MATTERS CONCERNING ITS CLAIM.**

**C. Overview of the Chapter 11 Process**

Chapter 11 of the Bankruptcy Code contains numerous provisions, the general effect of which is to provide debtors with “breathing space” within which to propose a restructuring of their obligations to third parties. The filing of a bankruptcy petition creates a bankruptcy “estate” comprising all of the property interests of the debtor. Unless the Bankruptcy Court appoints a trustee for cause, a debtor in a chapter 11 case remains in possession and control of all of its assets as a “debtor in possession.” The debtor may continue to operate its business in the ordinary course on a day-to-day basis without Bankruptcy Court approval. Bankruptcy Court approval is only required for various enumerated kinds of transactions (such as certain financing transactions) and transactions outside of the ordinary course of a debtor’s business. The filing of the bankruptcy petition gives rise to what is known as the “automatic stay” which, generally speaking, enjoins creditors from taking any action to collect or recover obligations owed by a debtor prior to the commencement of a chapter 11 case. The Bankruptcy Court, however, can grant relief from the automatic stay under certain specified conditions or for cause.

The Bankruptcy Code authorizes the creation of one or more official committees to protect the interests of some or all creditors or interest holders. The fees and expenses of counsel and other professionals employed by such official committees and approved by the Bankruptcy Court are generally borne by the bankruptcy estate.

A chapter 11 debtor emerges from bankruptcy by successfully confirming a plan of reorganization. Alternatively, the assets of a debtor may be sold and the proceeds distributed to creditors through a plan of liquidation. A plan may either be consensual or non-consensual and provides, among other things, for the treatment of the claims of creditors and interests of shareholders.

**D. Plan Overview**

The following is a brief overview of the material provisions of the Plan and is qualified in its entirety by reference to the full text of the Plan. For a more detailed description of the terms and provision of the Plan, see Article IV below.

Pursuant to prior orders of the Bankruptcy Court, the Debtors have sold substantially all of their assets. The Plan provides for the creation of a Liquidating Trust that will undertake to liquidate the Debtors’ remaining assets, resolve all outstanding Claims against, and Interests in, the Debtors, and investigate, and, if appropriate, pursue any causes of action that may belong to the Debtors’ estates. The Plan also provides for the appointment of a Liquidating Trustee, who, as of the Effective Date, will be appointed as the official representative of the Debtors’ Estates pursuant to section 1123(b)(3)(B). The Liquidating Trustee will be primarily responsible for

objecting to claims against the Debtors' estates which are inconsistent with the Debtors' books and records or are otherwise disputable. The Cash to be distributed under the Plan will be disbursed by Epiq Business Solutions LLC, which will act as the disbursing agent pursuant to a Disbursing Agent Agreement with the Debtors. The Plan further provides for the dissolution and winding-up of the Debtors' affairs and the discharge and termination of all Interests in the Debtors as against the Debtors.

Copies of the Liquidating Trust Agreement and the Disbursing Agent Agreement are annexed hereto as **Exhibits B and C**, respectively.

The Plan provides for the classification and treatment of Claims against, and Interests in, the Debtors. The Plan designates three (3) Classes of Claims and one (1) Class of Interests, which classify all Claims against, and Interests in, the Debtors. These classes and their corresponding treatment take into account the differing nature and priority of the various Claims against, and Interests in, the Debtors.

**1. Description of Property to Be Distributed Under the Plan**

Each Holder of an Allowed General Unsecured Claim will be entitled to receive a pro rata share of the Debtors' Cash. The exact amount of the distribution to such Holders will not be known until all assets are liquidated, Holders of Administrative and Priority Claims are paid, all Disputed Claims are resolved and the Liquidating Trustee resolves any and all Causes of Action. In short, there is no fixed percentage distribution to unsecured creditors, but rather all of the Debtors' Cash will be distributed to Holders of Allowed Claims in accordance with the priorities established by the Bankruptcy Code.

The Liquidating Trustee will be responsible for administering, and the Disbursing Agent for distributing, Estate funds under the Plan.

**2. Summary of Classification and Treatment of Claims and Interests**

The following chart<sup>†</sup> briefly summarizes the treatment of Claims and Interests under the Plan. Amounts listed below are estimated. Actual Claims and distributions will vary depending upon the outcome of objections to Claims and the value ultimately realized for distribution to creditors.

The chart is only a summary of the classification and treatment of Claims and Interests under the Plan. The dollar estimates contained in this chart are as of March 1, 2011. Reference should be made to other sections of this Disclosure Statement and the Plan for a complete description of the classification and treatment of Claims and Interests.

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<sup>†</sup> ~~This chart is only a summary of the classification and treatment of Claims and Interests under the Plan. The dollar estimates contained in this chart are as of October 25, 2010. Reference should be made to other sections of this Disclosure Statement and the Plan for a complete description of the classification and treatment of Claims and Interests.~~

CLASS	DESCRIPTION	EST. ALLOWED CLAIMS AS OF EFFECTIVE DATE	TREATMENT	EST. % RECOVERY
N/A	Administrative Claims	\$500,000 <sup>1</sup> <u>1,900,000</u> <u>0</u>	Cash on the later of the Effective Date, or as soon as practicable thereafter, or the date Claim becomes an Allowed Claim, or such other treatment as parties may agree to in writing	100%
N/A	Tax Claims	\$0	Cash on the later of the Effective Date, or as soon as practicable thereafter, or the date Claim becomes an Allowed Claim	100%
1	Priority Non-Tax Claims	\$0	Cash on the Distribution Date, or as soon as practicable thereafter, in an amount equal to Face Amount of Claim	100%
2	Secured Claims	\$0	Cash on the Distribution Date or release of collateral securing Claim, except to the extent payment has been made prior to the Distribution Date	100%
<u>3</u>	<u>General Unsecured Claims</u>			
	<u>First Lien Lender</u>	<u>\$45,637,041.01</u>		<u>TBD</u>
<u>3A</u>	<u>General-Unsecured-Claims/GUCS/Not Including First Lien Lender Deficiency</u>	<u>\$80,000,000<sup>2</sup>38,000,000<sup>1</sup></u>	Cash on the Distribution Date in an amount equal to the product of the Face Amount of the Allowed Class <u>3A</u> General Unsecured Claim multiplied by the Distribution Percentage	<u>TBD0.7%</u>
4	Equity Interests	N/A	All Equity Interests will be canceled and terminated upon the entry of a Final Decree	0%

## E. Voting on the Plan

### 1. Who May Vote

The Plan divides Allowed Claims and Interests into multiple classes. Under the Bankruptcy Code, only classes that are “impaired” by the Plan are entitled to vote (unless the class receives no compensation or payment, in which event the class is conclusively deemed to

<sup>2</sup> Net of intercompany obligations.

<sup>1</sup> Net of intercompany obligations.

have rejected the Plan). A class is impaired if the legal, equitable, or contractual rights attaching to the Claims or Interests of the class are modified, other than by curing defaults and reinstating maturities. See 11 U.S.C. § 1124.

Under the Plan, Administrative and Tax Claims are unclassified and are not entitled to vote. Classes 1 is unimpaired and conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Accordingly, Classes 1 is not entitled to vote. Classes 2 and 3 are impaired by the Plan. Accordingly, holders of Class 2 and Class 3 Claims are entitled to vote. Class 4 will not receive or retain any property under the Plan and is conclusively deemed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code. Accordingly, holders of Classes 4 Interests are not entitled to vote.

**CLASSES 2 AND 3 ARE IMPAIRED UNDER THE PLAN AND, THEREFORE, ARE THE ONLY CLASSES OF CREDITORS ENTITLED TO VOTE TO ACCEPT OR REJECT THE PLAN.**

**2. How to Vote**

A form of Ballot is being provided to the members of Class 3 by which Creditors in that Class may vote to either accept or reject the Plan. To vote on the Plan, please complete the enclosed Ballot, as indicated thereon, by (1) indicating that you either accept or reject the Plan and (2) signing your name and mailing the Ballot in the envelope provided for this purpose. Epiq Bankruptcy Solutions LLC, the Claims Agent in the Chapter 11 Cases, will count the Ballots and will certify the results to the Bankruptcy Court.

**IN ORDER TO BE COUNTED, BALLOTS MUST BE COMPLETED, SIGNED, AND MAILED SO AS TO BE RECEIVED NO LATER THAN 5:00 P.M. EASTERN TIME ON \_\_\_\_\_, 2011 AT THE FOLLOWING ADDRESS:**

If by first class mail:

The Brown Publishing Company Claims Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
FDR Station, P.O. Box 5013  
New York, NY 10150-5013

If by hand delivery or overnight mail:

The Brown Publishing Company Claims Processing Center  
c/o Epiq Bankruptcy Solutions, LLC  
757 Third Avenue, 3rd Floor  
New York, NY 10017

**IF YOUR BALLOT IS NOT PROPERLY COMPLETED, SIGNED, AND RECEIVED AS DESCRIBED, IT WILL NOT BE COUNTED. IF YOUR BALLOT IS DAMAGED OR LOST, YOU MAY REQUEST A REPLACEMENT BY ADDRESSING A WRITTEN REQUEST TO THE ADDRESS SHOWN ABOVE.**

**F. Confirmation of the Plan**

**1. Objections to Confirmation**

Any objections to confirmation of the Plan must be in writing and must be filed with the Bankruptcy Court and served on counsel listed below on or before \_\_\_\_\_, 2011:

**Counsel for the Debtors**

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New York, NY 10022  
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Eric T. Moser, Esq.

**Counsel for the Creditors' Committee**

Cole, Schotz, Meisel, Leonard & Forman, P.A.  
900 Third Avenue  
New York, NY 10022  
Telephone: (212) 752-8000  
Facsimile: (212) 752-8393  
Attn: John H. Drucker, Esq.  
Laurence May, Esq.

**Office of the U.S. Trustee**

Office of the U.S. Trustee for the Eastern District of New York  
560 Federal Plaza  
Central Islip, NY 11722  
Telephone: (631) 715-7800  
Facsimile: (631) 715-7777  
Attn: Stan Yang, Esq.

**2. Hearing on Confirmation**

The Bankruptcy Court has set ~~February 3~~ \_\_\_\_\_, 2011 at ~~11:00 a~~ \_\_\_\_\_m. (Eastern Time) for a hearing (the "Confirmation Hearing") to determine whether the requisite number of Creditors has accepted the Plan and whether the other requirements for confirmation of the Plan have been satisfied. The Confirmation Hearing will be held before the Honorable Dorothy T. Eisenberg at the United States Bankruptcy Court, 290 Federal Plaza, Courtroom 760, Central Islip, NY 11722. The Confirmation Hearing may be continued from time to time and day to day without further notice. If the Bankruptcy Court confirms the Plan, it will enter the Confirmation Order.



## **II. HISTORY, ORGANIZATION, AND ACTIVITIES OF THE DEBTORS**

### **A. Description of the Debtors**

#### **1. Corporate Structure of the Debtors**

BPC is a privately held community news and information corporation, organized under the laws of the State of Ohio. The subsidiaries of BPC include: (a) Troy Daily News, Inc., an Ohio Corporation, (b) The Delaware Gazette Company, an Ohio Corporation, (c) SC Biz News, LLC, a South Carolina Limited Liability Company, (d) ARG, LLC, a Texas Limited Liability Company, (e) Utah Business Publishers, LLC, a Utah Limited Liability Company, (f) Texas Business News, LLC, a Texas Limited Liability Company, (g) Brown Business Ledger, LLC, an Illinois Limited Liability Company and (h) Upstate Business News, LLC, a South Carolina Limited Liability Company.

BMH is a corporation organized under the laws of the State of Ohio. The following are subsidiaries of BMH: (a) DPI Liquidation Inc. (f/k/a Dan's Papers, Inc.), a New York Corporation, (b) Texas Community Newspapers, Inc., a Texas Corporation, (c) Brown Publishing Inc., LLC, an Ohio Limited Liability Company, (d) Boulder Business Information, Inc., a Colorado Corporation and (e) Business Publications, LLC, an Iowa limited liability company.

#### **2. Business of the Debtors**

BPC is a privately held community news and information corporation, organized under the laws of the State of Ohio that, prior to the sale of its assets, had been one of the largest newspaper publishers in Ohio, and also operated publications in Illinois, South Carolina, Texas and Utah. In 2007, certain shareholders of BPC created BMH, a corporation organized under the laws of the State of Ohio, to acquire certain business publications in New York, Ohio, Iowa, Colorado and Texas. Through the first half of 2008, the Debtors continued to acquire publications outside of Ohio in, among other places, South Carolina, Texas, Colorado, and Arizona. On September 3, 2010, the Debtors completed the sale of substantially all of their assets.

Prior to the sale of substantially all of their assets, the Debtors owned geographically diverse newspapers located in urban, suburban and rural markets and commanded a strong competitive position within each of these markets. As of the Petition Date, the Debtors published fifteen (15) paid daily papers, thirty-two (32) paid weekly newspapers, eleven (11) paid business publications, forty-one (41) free newspapers, shoppers and niche publications and fifty-one (51) newspaper and niche websites. The Debtors also operated a substantial commercial printing operation, several event businesses and a stand alone database management company.

#### **3. Debt Structure and Pre-Petition Financing**

##### **a. Secured Bank Debt**

Prior to the Petition Date, BPC, BMH and each of their subsidiaries, as borrowers (the "Borrowers"), were parties to an Amended and Restated First Lien Credit Agreement, dated

September 19, 2007 (as amended, the “First Lien Credit Agreement”), with National City Bank, in its capacity as administrative and collateral agent for the financial institutions from time to time parties to that agreement as lenders (the “First Lien Lenders”), and Wells Fargo Bank, N.A., as syndication agent. Under the First Lien Credit Agreement, the First Lien Lenders provided the Borrowers with a revolving credit facility in the maximum principal amount of \$10,000,000 and term loans in the aggregate principal amount of \$81,000,000. As of the Petition Date, the outstanding amount under the First Lien Credit Agreement, including unpaid interest and fees, was approximately \$72,727,041.01.

Prior to the Petition Date, the Borrowers were also parties to a Second Lien Credit Agreement, dated September 19, 2007 (as amended, the “Second Lien Credit Agreement”; together with the Amended and Restated First Lien Credit Agreement, the “Pre-Petition Credit Agreements”), with National City Bank, in its capacity as administrative and collateral agent for the financial institutions from time to time parties to that agreement as lenders (the “Second Lien Lenders”). Under the Second Lien Credit Agreement, the Second Lien Lenders extended term loans to the Borrowers in the aggregate principal amount of \$33,000,000. As of the Petition Date, the outstanding amount under the Second Lien Credit Agreement, including unpaid interest and fees, was approximately \$24,300,336.12.

As of the Petition Date, the Borrowers were in default under both of the Pre-Petition Credit Agreements and operated under forbearance agreements to the Pre-Petition Credit Agreements.

PNC Bank, N.A. (“PNC” or the “Agent”) is the successor agent to National City Bank under the First Lien Credit Agreement, and Ohio Community Media, LLC (“OCM”) is the successor in interest to the Lenders under the First Lien Credit Agreement. Wilmington Trust Company is the successor agent to National City Bank under the Second Lien Credit Agreement.

**b. Unsecured Debt**

At this date, the Debtors’ best estimate is that the Allowed Unsecured Claims will be in the range of approximately ~~\$50,000,000~~\$80,000,000 to ~~\$100,000,000~~\$85,000,000 (net of intercompany obligations). At this time, the Debtors believe that the amount of the filed claims of such creditors is significantly in excess of the amount ~~that~~of such claims ~~that~~will be allowed.

**c. Equity Interests**

BPC owns 100% of the equity interests of: (a) Troy Daily News, Inc., (b) The Delaware Gazette Company, (c) ARG, LLC, (d) Utah Business Publishers, LLC, (e) Texas Business News, LLC, (f) Brown Business Ledger, LLC, and (g) Upstate Business News, LLC. BPC owns 86% of the equity interests of SC Biz News, LLC.

BMH owns 100% of the equity interests of (a) DPI Liquidation Inc., (b) Texas Community Newspapers, Inc., (c) Brown Publishing Inc., LLC, (d) Boulder Business Information, Inc. and (e) Business Publications, LLC.

BPC is authorized to issue 46,000 shares of stock, comprised of 40,000 shares of common stock, without par value, 1,000 Class A preferred shares, par value \$100 per share, and

5,000 Class B preferred shares, par value \$1,500 per share. The ownership of the outstanding shares of BPC's stock is as follows:

<b>Name and last known address or place of business of holder</b>	<b>Security Class</b>	<b>Number of Securities</b>
Clancy Brown	Common	6,578 shares
Clarence Brown	Common	4,766 shares
AEG Equity	Common	1,936 shares
Windjammer Mezzanine & Equity Fund II, L.P.	Common	100 shares
Sodalis, LLC	Class B Preferred	3,864.95 shares

BMH is authorized to issue 1,000 shares of Common Stock, without par value, the ownership of which is as follows:

<b>Name and last known address or place of business of holder</b>	<b>Security Class</b>	<b>Number of Securities</b>
Clancy Brown	Common	150 shares
Roy Brown	Common	350 shares

### **III. THE CHAPTER 11 CASES**

#### **A. Events Precipitating the Debtors' Chapter 11 Filings**

The Debtors experienced continuing financial difficulty as a result of significant decreases in advertising revenue between October 2008 and February 2009 due to negative market conditions. The Debtors' largest advertising revenue category was local retail advertising and the effect of changes in retail sales adversely impacted the Debtors' revenue, particularly in the Debtors' Ohio community newspapers. Additionally, a significant portion of the Debtors' advertising revenue, particularly the revenue of Dan's Papers, Inc. (now known as DPI Liquidation Inc.), was tied to the real estate market. As the economy and real estate markets suffered, both individuals and businesses tightened their advertising budgets. In addition, as of about April 14, 2009, the Debtors were in default under both of the Pre-Petition Credit Agreements.

The Debtors eliminated unprofitable publications and downsized staffing for their operations in response to their ongoing liquidity needs. Although the Debtors considered an out-of-court restructuring or a non-bankruptcy asset sale, it became clear to the Debtors' management and board of directors that an out-of-court restructuring could not be accomplished, if at all, sufficiently quickly to meet the Debtors' liquidity needs.

Accordingly, the Debtors commenced the Chapter 11 Cases in an effort to maximize and protect the value of the Debtors' assets for the benefit of their respective creditors, employees, equity security holders and other parties in interest.

**B. The Voluntary Petitions**

On the applicable Petition Date, each of the Debtors commenced a voluntary Chapter 11 case. The Chapter 11 Cases are being jointly administered. From and after the Petition Date, the Debtors operated as debtors in possession subject to the supervision of the Bankruptcy Court in accordance with the Bankruptcy Code. The Debtors are authorized to operate in the ordinary course of business. Transactions outside the ordinary course of business require Bankruptcy Court approval.

An immediate effect of the filing of the bankruptcy petitions was the imposition of the automatic stay under the Bankruptcy Code, which, with limited exceptions, among other things, enjoined the commencement or continuation of all collection efforts by creditors, the enforcement of liens against the Debtors, and litigation against the Debtors. The stay remains in effect, unless modified or lifted by the Bankruptcy Court, until such matters are addressed through the Plan.

**C. First Day Orders**

On the Petition Date, the Debtors sought approval from the Bankruptcy Court of certain motions and applications (the "First Day Motions") that the Debtors filed simultaneously with their petitions for relief commencing the Chapter 11 Cases. The Debtors sought this relief to minimize disruption of the Debtors' business operations as a result of the Chapter 11 filings, to establish procedures in the Chapter 11 Cases for the Debtors' ongoing operations, administration of the Chapter 11 Cases and interim compensation for Estate Professionals (as defined herein), and to facilitate the Debtors' reorganization efforts.

Hearings were held on the First Day Motions on May 4, 2010. The Bankruptcy Court has granted the relief requested by the Debtors in the First Day Motions. Details of certain of these motions and orders are discussed in Article III.H, below.

**D. Professionals Employed by the Debtors**

To assist them in carrying out their duties as debtors in possession and to otherwise represent their interests in the Chapter 11 Cases, the Debtors have employed, with authorization from the Bankruptcy Court, the following professionals (the "Estate Professionals"): K&L as the Debtors' bankruptcy counsel; Mesirow Financial Consulting, LLC as the Debtors' financial advisor; Sam B. Mitchell as the Debtors' investment banker; and CBIZ MHM, LLC as the Debtors' accountants.

**E. Appointment of Committee**

On May 25, 2010, the Office of the United States Trustee for the Eastern District of New York appointed the Creditors' Committee. The members of the Creditors' Committee are GSO/Blackstone Debt Funds Management; R.R. Donelley & Sons Company; Richard and Deborah Connor; DDP Mailing; Panaprint, Inc.; J. Culley Imaging; and AFL Web Printing. The Creditors' Committee has employed, with authorization from the Bankruptcy Court, Cole, Schotz, Meisel, Leonard & Forman, P.A. as its counsel and Argus Management Corporation as its financial advisor.

**F. DIP Financing**

The Debtors, in consultation with their financial advisors, determined that it was in the Debtors' best interest to enter into the Debtor-In-Possession Credit Agreement, dated as of June \_\_, 2010 [sic] (the "DIP Credit Agreement") with the Agent and the various lending institutions that are "Lenders" thereunder (collectively, the "DIP Lenders"). The DIP Lenders comprised the same lending institutions as the First Lien Lenders. The Debtors explored options for debtor in possession financing from third party sources other than the First Lien Lenders. Ultimately, the Debtors, the Agent and the DIP Lenders agreed to the terms and conditions set forth in the DIP Credit Agreement.

The Debtors were unable to procure financing in the form of unsecured credit allowable under section 503(b)(1) of the Bankruptcy Code, as an administrative expense under section 364(a) or (b) of the Bankruptcy Code, or in exchange for the grant of an administrative expense priority pursuant to section 364(c)(1) of the Bankruptcy Code, without the grant of liens on assets. The Debtors were unable to procure the necessary financing on terms more favorable than the financing offered by the Agent and the DIP Lenders pursuant to the DIP Credit Agreement.

On July 2, 2010, the Court entered a Final Order Authorizing Secured Postpetition Financing on a Superpriority Basis Pursuant to § 364 of the Bankruptcy Code (the "DIP Financing Order") (Docket No. 200), which authorized the Debtors to perform in accordance with the DIP Credit Agreement, the DIP Financing Order and any and all agreements, instruments, and documents executed or delivered in connection therewith or related thereto or contemplated thereby.

Under the DIP Credit Agreement, the DIP Lenders agreed to provide the Debtors with up to \$2,500,000 in debtor-in-possession ("DIP") financing on a revolving basis. The Debtors, however, were not permitted to borrow under the DIP Credit Agreement if they had immediately available cash on hand of at least \$500,000, inclusive of the amount that the Debtors were permitted to borrow, after payment of any particular expenditure. The Debtors maintained sufficient liquidity to avoid the need to draw under the DIP Credit Agreement, which expired on July 30, 2010 according to its terms.

The Debtors and the Agent also entered into a security agreement, dated as of May \_\_, 2010 [sic] (the "Security Agreement"). Under the terms of the DIP Credit Agreement and the Security Agreement, the Debtors' obligations arising under the DIP Credit Agreement were entitled to superpriority administrative claim status, a first priority security interest on all of the Debtors' assets and property and a priming lien on all assets and property of the Debtors' estate securing existing loans.

**G. Asset Sales**

Under the terms of a commitment letter among the Debtors, the First Lien Lenders and the Agent, dated April 29, 2010, which set forth the terms of the DIP Credit Agreement, the Debtors were required to: (a) file a motion (the "Sale Motion") with the Bankruptcy Court on or before May 4, 2010; (b) obtain an order (the "Bid Procedures Order") approving bid procedures

for the Sale by May 21, 2010; (c) obtain an order approving the Sale within 30 days of entry of the Bid Procedures Order; and (d) close the Sale within five days of entry of the Sale Order.

The Debtors filed the Sale Motion on May 4, 2010 seeking approval to sell substantially all of the assets of the Debtors to Brown Media Corporation (“BMC”). The Debtors obtained extensions of the other sale-related deadlines from the First Lien Lenders. The Bid Procedures Order was entered on June 28, 2010. Pursuant to that order, the deadline to submit qualified bids on the Debtors’ assets was July 16, 2010, an auction (the “Auction”) for the assets would be held on July 19, 2010, the deadline to object to the sale of the Debtors’ assets was July 20, 2010 and a hearing to approve the sale of the Debtors’ assets (the “Sale Hearing”) was scheduled to occur on July 22, 2010.

At the conclusion of the Auction, the Debtors tentatively determined to accept, subject to the Bankruptcy Court’s approval, (i) a bid from The Delphos Herald, Inc. (“Delphos”) for the Debtors’ publications in Ada, Ohio, Putnam County, Ohio and Van Wert, Ohio; and (ii) a bid from BMC for substantially all of the Debtors’ remaining assets, other than those covered by the bid submitted by Delphos. The Sale Hearing thereafter occurred on July 22, 2010, July 29, 2010 and August 3, 2010.

On August 11, 2010, the Bankruptcy Court entered two orders: (i) the Order (A) Authorizing the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests and Granting Related Relief; (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection Therewith; and (C) Granting Related Relief, which authorized the sale of certain of the Debtors’ assets to BMC (Docket No. 369); and (ii) the Order (A) Authorizing the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests and Granting Related Relief; and (B) Granting Related Relief, which authorized the sale of certain of the Debtors’ assets to The Delphos Herald, Inc. (the “Delphos Sale Order”) (Docket No. 370).

The sale of the Debtors’ assets to Delphos closed on August 13, 2010 in accordance with the Delphos Sale Order, for a purchase price of \$3,590,000.00. The Debtors were unable to close the sale of the Debtors’ assets to BMC at the same time, however, due to BMC’s unwillingness to close, and BMC subsequently confirmed to the Debtors that it lacked the financial ability to close.

In accordance with the Bid Procedures Order, at the Auction, the Debtors had determined that PNC was the “Next Highest Bidder” for the assets as to which BMC submitted the highest and best offer. In addition, on August 30, 2010, the Debtors, with the consent of the Bankruptcy Court and PNC, held a telephonic auction for the assets of Dan’s Paper’s, Inc., and the Debtors determined that the bid submitted by Isis Venture Partners, LLC was the highest and best offer for those assets.

On September 3, 2010, the Court entered two orders: (i) the Order (A) Authorizing the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests and Granting Related Relief; (B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection Therewith; and (C) Granting Related Relief, which authorized the sale of certain of the Debtors’ assets to Dan’s Papers

Holdings, LLC (“DPH”), a holding company formed by Isis Venture Partners, LLC (the “DPH Sale Order”) (Docket No. 428); and (ii) the Order (A) Authorizing the Sale of the Debtors’ Assets Free and Clear of All Liens, Claims, Encumbrances and Other Interests and Granting Related Relief; and B) Authorizing the Assumption and Assignment of Certain Executory Contracts and Unexpired Leases in Connection Therewith and (C) Granting Related Relief, which authorized the sale of certain of the Debtors’ assets to ~~Ohio Community Media, LLC~~ (“OCM”), a holding company formed by PNC (the “OCM Sale Order”) (Docket No. 429).

The sales of substantially all of the Debtor’s remaining assets, to DPH and OCM, closed on September 3, 2010, in accordance with the DPH Sale Order and the OCM Sale Order, respectively. DPH paid \$1,750,000.00 for assets associated with publications published by Dan’s Papers, Inc. OCM paid \$21,750,000.00, in the form of a credit bid, for substantially all of the remaining encumbered publication assets (i.e., those assets that were not sold to Delphos or DPH). The total purchase price paid for the Debtors’ assets was \$27,090,000.

## **H. Other Significant Events During the Chapter 11 Cases**

### **1. First Day Motions and Orders**

On the Petition Date, the Debtors submitted motions for, and were later granted, the following orders necessary to the effective administration of the Debtors’ Estates:

- Order Authorizing Joint Administration of Debtors’ Chapter 11 Cases Pursuant to Fed. R. Bankr. P. 1015(b);
- Order Approving the Application of the Debtors Pursuant to 28 U.S.C. § 156(c) and Local Rule 5075-1 for Authorization to (i) Employ and Retain Epiq Bankruptcy Solutions, LLC as Claims and Noticing Agent and (ii) Appoint Epiq Bankruptcy Solutions, LLC as Agent of the Bankruptcy Court;
- Order Scheduling Hearing on Debtors’ Motion for an Order Pursuant to Fed. R. Bankr. P. 1007 and Local Rule 1007-1 Granting an Extension of Time Within Which the Debtors Must File: (a) A Statement of Financial Affairs and (b) Schedules of (i) Assets and Liabilities, (ii) Current Income and Expenditures and (iii) Executory Contracts and Unexpired Leases;
- Order Authorizing the Debtors to File a Consolidated List of Creditors and Mailing Matrix;
- Order Establishing Procedures for Interim Compensation and Reimbursement of Expenses of Professionals and Official Committee Members;
- Order Authorizing (i) the Debtors to Pay Pre-Petition Taxes and (ii) Applicable Banks and Other Financial Institutions to Receive, Process and Pay Any and All Checks and Other Transfers Related to Such Obligations;

- Order Approving Continued Use of Existing Bank Accounts, Business Forms, and Cash Management System;
- Order Granting Debtors' Motion for an Order Authorizing, But Not Requiring (i) Payment of Prepetition Employee Wages, Salaries, and Commissions; (ii) Reimbursement of Pre-Petition Employee Business Expenses; (iii) Contributions to Pre-Petition Employee Benefit Programs and Continuation of Such Programs; (iv) Payment of Workers' Compensation Obligations and Other Insurance Premiums; (v) Payment of Pre-Petition Tax and Other Withholdings to Third-Parties, and (vi) Related Relief;
- Order Authorizing the Debtors to Pay Pre-Petition Claims of Certain Pre-Petition Vendors;
- Interim Order Pursuant to 11 U.S.C. §§ 105 and 366 of the Bankruptcy Code: (i) Finding Utilities Adequately Assured of Future Performance, (ii) Enjoining Utilities from Altering, Refusing, Discontinuing, or Interfering with Utility Service, and (iii) Establishing Procedures for Determining Requests for Additional Adequate Protection;
- Order Granting Application for Order Authorizing the Retention and Employment of K&L Gates LLP as Bankruptcy Counsel, *Nunc Pro Tunc* to the Petition Date, Pursuant to 11 U.S.C. §§ 327(a) and 1107(a), Fed. R. Bankr. P. 2014(a) and 2016(b), and Local Bankruptcy Rule 2014-1;
- Order Granting Application for Order Authorizing the Retention and Employment of Mesirow Financial Consulting, LLC, *Nunc Pro Tunc* to the Petition Date, as Financial Advisor to the Debtors Pursuant to 11 U.S.C. §§ 327, 328, 330 and 331, Fed. R. Bankr. P. 2014(a) and 2016, and Local Bankruptcy Rules 2014-1 and 2016-1; and
- Order Granting Application for Order Authorizing the Retention and Employment of Sam B. Mitchell, *Nunc Pro Tunc* to the Petition Date, as Investment Banker to the Debtors Pursuant to Bankruptcy Code Sections 327, 328, 330 and 331, Fed. R. Bankr. P. 2014(a) and 2016, and Local Bankruptcy Rules 2014-1 and 2016-1.

## **2. Claims Process and Bar Dates**

In a Chapter 11 case, pre-petition claims against a debtor are generally established either as a result of being listed in the debtor's schedules of liabilities as not being contingent, unliquidated or disputed or through the filing by the creditor of a timely filed proof of claim. Claims asserted by creditors are then either allowed or disallowed. If allowed, a Claim will be recognized and treated pursuant to the Plan. If disallowed, the creditor will have no right to obtain any recovery on or to otherwise enforce the Claim against the Debtors.



a. **Filing of Statements and Schedules**

On May 29, 2010, the Debtors filed with the Bankruptcy Court their Schedules of Assets and Liabilities and Statements of Financial Affairs, which set forth, *inter alia*, Scheduled pre-petition claims against the Debtors based on the Debtors' books and records.

b. **Bar Dates for Filing Proofs of Claim**

The Bankruptcy Court ~~has established~~ October 29, 2010 (the "Bar Date") as the deadline for filing Proofs of Claim with the Bankruptcy Court for any pre-petition claims against the Debtors, including the claims of governmental units. Epiq is maintaining a schedule of the filed Proofs of Claim. The Bankruptcy Court ~~has not yet set a~~ established March 11, 2011 as the deadline for the filing requests for the payment of Administrative Claims against the Debtors, ~~but the Debtors expect that the Bankruptcy Court will establish a deadline as part of the confirmation order.~~

c. **Filed Claims and the Claims Objection Process**

The Debtors expect to engage in the process of reviewing filed Claims and expect to file objections to claims that are lacking in legal or factual merit, including claims that (i) were filed against multiple Debtors without legal justification; (ii) consist of amendments to previously filed Claims; (iii) assert improper priority status; (iv) are asserted in amounts in excess of the amounts actually owed; (v) do not allege an enforceable legal obligation of any of the Debtors; (vi) include post-petition interest and other disallowable charges; or (vii) are otherwise objectionable.

The Debtors currently project that the Claims asserted against them will be resolved in, and reduced to an amount that approximates the amounts estimated in the Schedules. However, the actual aggregate amount of Allowed Claims in any Class may ultimately differ significantly from the Debtors' estimates thereof. Any variance from such estimates will affect projected distributions, potentially resulting in a materially higher or lower distribution than currently projected.

**IV. DESCRIPTION OF THE PLAN**

**A DISCUSSION OF THE PRINCIPAL PROVISIONS OF THE PLAN AS THEY RELATE TO THE TREATMENT OF CLASSES OF ALLOWED CLAIMS ARE SUMMARIZED BELOW. THE DISCUSSION OF THE PLAN THAT FOLLOWS CONSTITUTES A SUMMARY ONLY AND SHOULD NOT BE RELIED UPON FOR VOTING PURPOSES. YOU ARE URGED TO READ THE PLAN IN FULL IN EVALUATING WHETHER TO ACCEPT OR REJECT THE PLAN. IF ANY INCONSISTENCY EXISTS BETWEEN THIS SUMMARY AND THE PLAN, THE TERMS OF THE PLAN CONTROL. ALL CAPITALIZED TERMS NOT OTHERWISE DEFINED HAVE THE MEANINGS ASCRIBED TO THEM IN THE PLAN.**

**A. Overview**

The Plan provides for the monetization of the Debtors' remaining Assets, the vesting of Causes of Action of the Debtors in a Liquidating Trust, reconciliation of outstanding Claims against the estate by the Debtors ~~in consultation with~~ and, after the Effective Date, the Liquidating Trustee and the making of distributions to Creditors under the Plan in accordance with the priorities established by the Bankruptcy Code.

The Plan categorizes the Claims against, and Interests in, the Debtors into distinct Classes. In accordance with the Bankruptcy Code, Administrative Claims and Tax Claims are not classified into Classes. The Plan also provides that expenses incurred by the Debtors during the Chapter 11 Cases will be paid in full (or as may otherwise be agreed by any such party) and specifies the manner in which holders of Allowed Claims in each Class will be treated. In the event there is any discrepancy between this description of the Plan's treatment of Creditors and the terms set forth in the Plan, the terms of the Plan are controlling.

<b>Class</b>	<b>Claim</b>	<b>Status</b>	<b>Voting Rights</b>
1	Priority Non-Tax Claims	Unimpaired	Not entitled to vote. Deemed to accept the Plan.
2	Secured Claims	Impaired	Entitled to vote.
3	General Unsecured Claims	Impaired	Entitled to vote.
4	Equity Interests	Impaired	Not entitled to vote. Deemed to reject the Plan.

**B. Unclassified Claims****1. Administrative Claims****a. Generally**

Administrative Claims are Claims for administrative expenses of the kind described in section 503(b) of the Bankruptcy Code, including, without limitation, (a) the actual and necessary costs and expenses of preserving the Estates of the Debtors incurred after the commencement of the Chapter 11 Cases, (b) Claims for fees and expenses of the Professionals pursuant to sections 328, 330, and 331 of the Bankruptcy Code, and (c) Claims given the status of Administrative Claims by statute or Final Order of the Bankruptcy Court, including, but not limited to, (x) expenses of members of the Creditors' Committee and (y) fees, if any, due to the United States Trustee under 28 U.S.C. § 1930(a)(6). The Debtors estimate that the total of unpaid Administrative Claims will be approximately \$~~500,000~~1,900,000 as of the Effective

Date. This amount may be reduced by payments in the ordinary course of Administrative Claims between the date hereof and the Effective Date.

To the extent actual fees and expenses of the Professionals or other allowed Administrative Claims are higher than currently projected or estimated, the actual amount of allowed administrative expenses may be higher than this estimate.

To date, the Debtors have made payments<sup>2</sup> in the following amounts to the Professionals, as authorized by the Bankruptcy Court:

- Argus Management Corporation (Creditors' Committee's financial advisors): ~~\$61,219.60~~61,659.01 (fees); ~~\$1,678.11~~1,726.20 (expenses)
- CBIZ, MHM LLC (Debtors' accountants): ~~\$2,648.40~~32,572.40 (fees); ~~\$100.27~~813.13 (expenses)
- Cole, Schotz, Meisel, Leonard & Forman, P.A. (Creditors' Committee's counsel): ~~\$222,246.40~~225,464.67 (fees); ~~\$5,744.26~~11,150.12 (expenses)
- K&L Gates LLP (Debtors' counsel): ~~\$1,149,558.80~~2,042,160.54 (fees); ~~\$52,780.58~~107,839.46 (expenses)
- Mesirow Financial Consulting LLC (Debtors' financial advisors): ~~\$468,486.36~~857,212.56 (fees); ~~\$1,385.03~~2,873.41 (expenses)
- Sam B. Mitchell (Debtors' investment banker): ~~\$60,000~~266,750.00 (fees); ~~\$27,762~~226,415.38 (expenses)

Except as otherwise provided in the Plan, and subject to the requirements set forth therein, on, or as soon as reasonably practicable after the later of (i) the Effective Date or (ii) the date such Administrative Claim becomes an Allowed Administrative Claim, a Holder of an Allowed Administrative Claim shall receive, in full satisfaction, settlement, release and discharge of, and in exchange for, such Allowed Administrative Claim, (a) Cash equal to the unpaid portion of the Face Amount of such Allowed Administrative Claim or (b) such other treatment as to which such Holder and the Debtors shall have agreed upon in writing; provided, however, that Allowed Administrative Claims with respect to liabilities incurred by the Debtors in the ordinary course of business during the Chapter 11 cases may be paid in the ordinary course of business in accordance with the terms and conditions of any agreements relating thereto.

All Administrative Claims not filed by any applicable Administrative Claim Bar Date for the filing of such Claims shall be deemed waived, subject to any exceptions established by the Court. The Court has established March 11, 2011, as the Administrative Claim Bar Date for all holders of Administrative Claims incurred prior to such date, except those of Professional Persons and for (a) claims of (i) professionals retained by the Debtors or the Creditors' Committee under 28 U.S.C. § 156(c) or 11 U.S.C. §§ 327, 328 or 1103, for compensation or

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<sup>2</sup> Payment amounts assume application of retainers funded prior to the Petition Date.

reimbursement of expenses pursuant to 11 U.S.C. §§ 327, 328 and 330, (ii) any member of the Creditors' Committee, but solely with respect to expenses incurred in connection with the performance of their duties as members of the Creditors' Committee, and (iii) a party asserting an administrative expense claim against the Debtors under section 503(b)(9) of the Bankruptcy Code, the deadline of October 29, 2010 for filing proofs of such claims having been established by the Order Establishing Deadline for Filing Proofs of Claim and Approving the Form and Notice Thereof (Docket No. 458) and (b) fees payable to the United States Trustee pursuant to 28 U.S.C. § 1930, shall be as provided in the Confirmation Order.

**b. Professional Fee Claims by Non-Main Professionals**

Except as provided in Article X.B. of the Plan, all Professional Fee Claims shall be paid as soon as practicable after they become Allowed Claims, but in no event later than thirty (30) days following the entry of a Final Order allowing such claims.

**c. Professional Fee Claims By the Main Professionals**

If the aggregate amount of Allowed Professional Fee Claims of the Retained Professionals, net of (i) any sums previously received, and unapplied retainers held, by such Retained Professionals, exceeds the Professional Fee Cap (the "Professional Fee Shortfall"), each Main Professional shall defer or waive payment of its Allowed Professional Fee Claims in an amount equal to the product of the Professional Fee Shortfall multiplied by a fraction, the numerator of which shall be such Main Professional's Allowed Professional Fee Claim and the denominator of which shall be the total of all of the Main Professionals' Allowed Professional Fee Claims, until the Final Distribution Date, at which point such deferred amounts will be paid in full to the extent of the GUC 30%. If, on the Final Distribution Date, the GUC 30% is not sufficient to enable the Liquidating Trustee to pay the Professional Fee Shortfall in full, then the unpaid Professional Fee Shortfall of each Main Professional shall be paid out of the GUC 30% pro rata in the proportion that each Main Professional's unpaid Professional Fee Shortfall bears to the total unpaid Professional Fee Shortfall. Any portion of the Professional Fee Shortfall remaining unpaid after the Final Distribution Date and the exhaustion of the GUC 30% shall be deemed to have been waived.

Notwithstanding the foregoing paragraph, any fees owed to K&L Gates LLP or any other counsel retained by the Debtors or the Liquidating Trustee for work performed on or after February 18, 2011 on a contingency fee basis shall not be included in the calculation of the Professional Fee Cap or the Professional Fee Shortfall or in the numerator or denominator of the calculations in the previous paragraph, and such contingency fees shall be payable in accordance with the provisions of the applicable order or orders of the Bankruptcy Court approving such contingency fee arrangements.

In consideration of the agreement of the Main Professionals to accept the Professional Fee Shortfall, and given that the First Lien Lender Released Parties, the Committee and the Debtors have each had an opportunity to review and object to monthly and interim fee applications filed by the Main Professionals for the period from the Petition Date through January 31, 2011, and in view of the expense and limited economic benefit, if any, to be gained by objecting to Final Fee Applications of the Main Professionals, as part of the overall resolution

of the Debtors Chapter 11 Cases, as embodied in the Plan, the First Lien Lender Released Parties, the Debtors and the Committee have all agreed not to raise any objection to interim or Final Fee Applications relating to fees and expenses incurred by the Main Professionals through January 31, 2011.

**2. Tax Claims**

Tax Claims are unsecured Claims against the Debtors for any tax, charge, levy, fee, impost or other assessment by a governmental unit and to the extent such claims are entitled to priority in payment under section 507(a)(8) of the Bankruptcy Code. The Debtors believe that there will be no Tax Claims on the Effective Date.

Except to the extent that a Holder of an Allowed Priority Tax Claim has been paid by the Debtors prior to the Effective Date or agrees to a different treatment, each Holder of an Allowed Priority Tax Claim on, or as soon as practicable after the later of (i) the Effective Date or (ii) the date such Claim becomes an Allowed Priority Tax Claim, shall receive from the Debtors Cash in an amount equal to the Face Amount of such Allowed Priority Tax Claim on the Effective Date. All Allowed Priority Tax Claims that are not due and payable on or before the Effective Date shall be paid in the ordinary course of business by the Debtors.

**C. Classification and Treatment of Claims Against and Interests in the Debtors**

**1. Class 1 – Priority Non-Tax Claims**

Except to the extent that a Holder of an Allowed Priority Non-Tax Claim has been paid prior to the Distribution Date, or agrees to accept different treatment, on or as soon as is practicable after the Effective Date, the Liquidating Trust shall pay to each Holder of an Allowed Priority Non-Tax Claim Cash in an amount equal to the Face Amount of such Allowed Priority Non-Tax Claim in full satisfaction, settlement, release, and discharge of, and in exchange for, such Allowed Class 1 Priority Non-Tax Claim.

**2. Class 2 – Secured Claims**

Except to the extent that a Holder of an Allowed Class 2 Secured Claim has been paid prior to the Effective Date, or agrees to accept different treatment, on or as soon as is practicable after the Effective Date, the Liquidating Trust shall either: (i) pay to each Holder of an Allowed Class 2 Secured Claim, Cash in an amount equal to the Face Amount of such Allowed Class 2 Secured Claim; or (ii) release to such Holder the collateral securing such Allowed Class 2 Secured Claim. In either event, such payment or release of collateral shall be in full satisfaction, settlement, release and discharge of, and in exchange for, each such Allowed Class 2 Secured Claim.

**3. Class 3 – General Unsecured Claims**

The First Lien Lender and the First Lien Lender Released Parties shall receive the treatment set forth in Article V K. of the Plan.

On the Final Distribution Date, each Holder of an Allowed Class 3A General Unsecured Claim shall receive Cash equal to the product of the Face Amount of its Allowed Class 3 General Unsecured Claim multiplied by the Distribution Percentage. No ~~Holder~~Holder of an Allowed Class 3A General Unsecured ~~Claims~~Claim shall be entitled to receive post-petition interest on the Face Amount of its Allowed Claim.

**4. Class 4 – Equity Interests**

The Holders of Equity Interests shall not receive or retain any distribution on account of their Equity Interests, which will be discharged, cancelled and terminated upon the entry of a Final Decree in accordance with Article V.B of the Plan.

**D. Inter-Company Claims**

As of the Petition Date, there were no inter-company obligations owing by BPC or BMH to any of the subsidiary Debtors. As of the Petition Date, there were inter-company obligations owing from the subsidiary Debtors to BPC, BMH and possibly to other subsidiary Debtors, in the aggregate amount of approximately \$55,000,000. Intercompany Claims are waived under the Plan and will receive no distribution.

**E. Means for Implementation of the Plan**

**1. Funding of the Plan**

The proceeds of ~~and other consideration from the settlement of certain claims asserted by the Committee against the First Lien Lender Released Parties as described in Article IV H. below,~~ and the sale of unencumbered assets will be the primary funding for the Plan. The gross consideration from the Assets Sales was approximately \$27 million. The Debtors have used the proceeds from the Asset Sales to repay the First Lien ~~Lenders~~Lender and to satisfy certain closing and other expenses related to the Debtors' operations, the sale and the Debtors' bankruptcy. In addition, the Debtors have placed a portion of the proceeds of the Asset Sales aside to pay the fees and expenses of Professionals. As of ~~November 5~~February 6, 2010~~2011~~, the Debtors had cash on hand of approximately ~~\$3.615 million~~\$806,000 and, after payment of existing and anticipated operating expenses as of ~~November 12, 2010~~that date, expect to have ~~between \$195,000~~98,000 and \$507,000 remaining. In addition, the Liquidating Trust may realize additional funds from the prosecution of Causes of Action which will be utilized to fund the Plan.

**2. Substantive Consolidation**

This Plan provides for the substantive consolidation of the Debtors' Estates, but only for purposes of voting on this Plan and making distributions to holders of Claims and Interests under this Plan. On the Effective Date, all assets and liabilities of the Debtors will, solely for the purposes of voting and distribution, be treated as if the Debtors had merged, and each Claim against the Debtors will be deemed a Claim against and a single obligation of the Debtors.

Unless the Bankruptcy Court has approved by a prior order the substantive consolidation of the Debtors' Estates, this Plan shall serve as, and shall be deemed to be, a request for entry of

an order substantively consolidating the Debtors' Estates solely for purposes of voting and distributions. If no objection to substantive consolidation is timely filed and served by any holder of an impaired Claim affected by the Plan as provided herein on or before the Voting Deadline or such other date as may be established by the Bankruptcy Court, the Confirmation Order shall serve as the order approving the substantive consolidation of the Debtors' Estates solely for purposes of voting on this Plan and making distributions to holders of Claims and Interests under this Plan. If any such objections are timely filed and served, a hearing with respect to the substantive consolidation of the Debtors' Estates shall be part of the Confirmation Hearing.

The substantive consolidation of the Debtors' Estates, solely for purposes of voting on this Plan and making distributions to holders of Claims and Interests under this Plan, is not intended to, and shall not, in any way, prejudice or have any effect on the rights of any of the parties to the adversary proceeding captioned The Official Committee of Unsecured Creditors of Brown Publishing Co., et al. v. PNC Bank, N.A., et al., Adv. No. 10-8300 (DTE), or otherwise adversely affect, the assertion by the Debtors, or any of them, of any claim or cause of action that has been or may be asserted by or on behalf of the Debtors or any of them or any of their respective estates.

The Debtors have not undertaken, and do not intend to undertake, a comprehensive analysis of the effect that the substantive consolidation of the Debtors' Estates will have on the claims that have been asserted, or may be asserted, against each of the Debtors. The Debtors believe that conducting such an analysis would be prohibitively expensive when compared with the potential impact of substantive consolidation on claims that have been asserted or may be asserted against the Debtors, and would decrease the amount exhaust any funds that might otherwise be available for recovery by the Debtors' creditors.

### **3. Establishment, Governance, and Administration of Liquidating Trust**

On or before the Effective Date, the Debtors shall execute the Liquidating Trust Agreement and shall take all other steps necessary to establish the Liquidating Trust in accordance with, and pursuant to, the Plan. On the Effective Date, the Debtors shall transfer to the Liquidating Trust all of their right, title, and interest in and to any assets the Remaining in their respective estates Assets, including, without limitation, any and all Causes of Action.

Unless otherwise dealt with under the Plan or an order of the Bankruptcy Court, on the Effective Date, all property of the Debtors' estates including, without limitation, any minutes and general corporate records of the Debtors, and any books and records relating to the foregoing not otherwise treated by the Plan or an order of the Bankruptcy Court shall vest in the Liquidating Trust.

From and after the Effective Date, except as otherwise provided in the Plan or the Confirmation Order, the Liquidating Trust shall administer the property of the Debtors' estate pursuant to the terms of the Plan and may use, acquire and dispose of property without further order of court and free of any restrictions imposed under the Bankruptcy Code.

The Confirmation Order shall provide the Liquidating Trust with express authority to convey, transfer and assign any and all property of the Estate and to take all actions necessary to effectuate the same. As of the Effective Date, all property of the Estate shall be free and clear of all liens, claims and interests of Holders of Claims and Interests, except as otherwise provided in the Plan or order of the Bankruptcy Court.

**F. Liquidating Trustee**

As of the Effective Date, the Liquidating Trustee will be appointed as the official representative of the Debtors' Estates pursuant to section 1123(b)(3)(B), and will serve as the sole officer and director of the Debtors and the sole trustee of the Liquidating Trust with responsibility for determining, among other things, whether to liquidate or abandon any remaining assets of The Liquidating Trust, whether to prosecute, compromise, or discontinue any Causes of Action vested in The Liquidating Trust, and for insuring The Liquidating Trust's compliance with the provisions of the Plan.

The powers of the Liquidating Trustee shall, without any further Bankruptcy Court approval in each of the following cases except is set forth in Article VII.D of the Plan, include: (i) the power to invest funds of the Liquidating Trust in accordance with the provisions of Section 345 of the Bankruptcy Code and to withdraw funds for the purposes of making distributions and paying Taxes and other obligations owed by the Liquidating Trust or the Debtors; (ii) the power to engage professional persons to assist the Liquidating Trustee with respect to his responsibilities; (iii) the power to compromise, settle, or abandon Claims against, and Causes of Action belonging to, the Liquidating Trust in each case without any need to obtain Bankruptcy Court approval; provided, however, that the Liquidating Trustee shall be required to obtain approval of (i) the agent for the First Lien Lender or (ii) the Bankruptcy Court approval prior to settling or abandoning any Cause of Action where the amount in controversy (as measured/determined by the Complaint) is greater than \$30,000 or any defendant in such Cause of Action is an insider (as defined in Section 101 of the Bankruptcy Code); and (iv) such other powers as may be vested in or assumed by The Liquidating Trust pursuant to the Plan, Bankruptcy Court order, or as may be necessary and proper to carry out the provisions of the Plan.

Except as expressly set forth in the Plan, the Liquidating Trustee shall have absolute discretion to pursue, settle, compromise or not to pursue any and all claims and Causes of Action as he determines is in the best interests, and consistent with the purposes, of the Liquidating Trust, and shall have no liability for the outcome of his decision. The Liquidating Trust may incur any reasonable and necessary expenses in liquidating and converting the assets of the Liquidating Trust to Cash.

**G. Retention and Preservation of Causes of Action and Related Matters**

In accordance with section 1123(b)(3) of the Bankruptcy Code, and except as otherwise provided in an order of this Court or by Article V K. of the Plan, the Debtors and their Estates (and the Liquidating Trust as their successor in interest) shall retain and may pursue against any party, including creditors of the Debtors' Estates, all Causes of Action arising



**under any applicable laws, including, without limitation, all Causes of Action available to a trustee or debtors, debtor in possession, or official committee under the Bankruptcy Code.**

## **H. Settlement With the First Lien Lender Released Parties**

Pursuant to sections 363, 1123(a)(5), and 1123(b)(3) of the Bankruptcy Code and Bankruptcy Rule 9019, the Plan incorporates and constitutes a request for approval of a global settlement of all claims that have been or could have been asserted by the Debtors, the Creditors Committee or any other person acting on behalf of the Debtors or their Estates against the First Lien Lender or any of the First Lien Lender Released Parties, on the terms set forth below:

### **1. Settlement Payments by the First Lien Lender**

In consideration for their treatment under the Plan, and the releases and other consideration set forth in this Article V K., on the Effective Date, the Prior First Lien Lenders will make a payment to the Liquidating Trust in the amount of \$870,000, consisting of: (i) a non-refundable settlement payment in the amount of \$250,000; and (ii) a \$620,000.00 refundable advance (the “Plan Advance”), without payment by the Debtors or the Liquidating Trust of any fees, expenses, interest or costs of any kind, on the terms set forth in Article V K.2. of the Plan. As further consideration for the settlement described herein, the Liquidating Trust will be permitted, upon the Effective Date, to use \$450,000 of cash collateral remaining in the Debtors’ possession (inclusive of \$150,000 of cash collateral otherwise payable to the Prior First Lien Lenders on account of the professional fees and expenses incurred by the Prior First Lien Lenders in connection with certain debtor-in-possession financing provided by the Prior First Lien Lenders to the Debtors; such \$150,000 claim by the Prior First Lien Lenders shall be deemed allowed and satisfied in full pursuant to the foregoing) to fund the implementation of the Plan including, without limitation, to satisfy any priority or administrative claims that may be payable under the Plan. Any unused authority of the Debtors to use cash collateral shall continue in effect for the Liquidating Trust.

### **2. Repayment of the Plan Advance**

The Plan Advance shall be repaid to the Prior First Lien Lenders after the Effective Date from the proceeds of the disposition of the Remaining Assets, but shall not accrue interest, fees, expenses or other costs of any kind pending, or upon, repayment. In order to secure repayment of the Plan Advance, simultaneously with the delivery of the Plan Advance, the Liquidating Trust will grant to the Prior First Lien Lenders a first-priority security interest in and to all of the Remaining Assets other than the \$250,000 settlement payment, the \$620,000 Plan Advance and the \$450,000 of cash collateral described in Section V K.1. of the Plan.

### **3. Allocation of Proceeds of the Remaining Assets**

All proceeds resulting from the sale or other disposition of the Remaining Assets, net of the fees and expenses of the Liquidating Trust, including expenses of administering the Liquidating Trust, including making distributions thereunder, any contingency fees of counsel to the Debtors and counsel to the Liquidating Trust, the fees and expenses of the Liquidating Trustee and expenses incurred in connection with the liquidation of such assets, shall, after payment of any Unclassified Claims and any Claims in Classes 1 and 2, be allocated as follows:

First, until the GUC Gift has been fully funded, forty-five percent (45%) of each dollar of the net proceeds of the disposition of the Remaining Assets shall be deposited into a separate segregated account (the "GUC Account") and held for the exclusive benefit of the holders of Class 3A General Unsecured Claims (other than the First Lien Lender, who will not be entitled to receive any portion of the GUC Gift on account of any deficiency claim they may have against the Debtors). The remaining fifty-five percent (55%) of each dollar of any such proceeds shall be allocated to repayment of the Plan Advance.

Second, once the maximum amount of the GUC Gift has been funded in accordance with the preceding paragraph, all additional net proceeds resulting from the disposition of Remaining Assets shall be paid to the Prior First Lien Lenders until the Plan Advance has been repaid in full.

Third, once the GUC Gift has been funded and the Plan Advance has been repaid, seventy percent (70%) of each dollar of any additional net proceeds realized from the disposition of the Remaining Assets shall be paid to the First Lien Lender on account of its deficiency claim. The remaining thirty percent (30%) of each dollar of any additional net proceeds (the "GUC 30%") shall be used (i) first to satisfy the Professional Fee Shortfall, if any, until paid in full and (ii) thereafter to be paid into the GUC Account and held until the Final Distribution Date for distribution to the holders of Class 3A General Unsecured Claims.

#### **4. Release of Claims Against First Lien Lender Released Parties**

On the Effective Date, the Debtors, on behalf of themselves and their estates, and any other party acting or purporting to act on behalf of the Debtors or their Estates, including, without limitation, the Creditors Committee, shall be deemed to waive, release, quitclaim, and forever discharge the First Lien Lender Released Parties and their respective officers, directors, employees, agents, subsidiaries, parents, partners (in the case of any First Lien Lender Released Party which is a partnership) and attorneys from any and all claims, causes of action, demands, obligations, liabilities, rights and damages of any kind, whether known or unknown, asserted or unasserted, that they have or ever had against the First Lien Lender Released Parties including, without limitation, any claims or causes of action that have been or could have been asserted by the Creditors Committee in the matter of The Official Committee of Unsecured Creditors of Brown Publishing Co., et al., v. PNC Bank, N.A., et al., Adv. No. 10-8300 (DTE).

#### **5. Release of Claims Against the Second Lien Lenders**

On the Effective Date, the First Lien Lender Released Parties shall be deemed to waive, release, quitclaim, and forever discharge the Second Lien Lenders and their respective officers, directors, employees, agents, subsidiaries, parents, and attorneys from any and all claims, causes of action, demands, obligations, liabilities, rights and damages of any kind, whether known or unknown, asserted or unasserted, that they have or ever had against the Second Lien Lenders relating to the Debtors, their Estates or the Debtors' bankruptcy cases, including, without limitation, any rights they may have against the Second Lien Lenders under any intercreditor or subordination agreements entered into in connection with the First Lien Credit Agreement.

**6. Release of Administrative Claims by the First Lien Lender**

To the extent not previously waived by the First Lien Lender Released Parties, on the Effective Date, the First Lien Lender Released Parties shall be deemed to waive, release, quitclaim, and forever discharge any Administrative Expense Claims any of them might otherwise have against the Debtors or any of their Estates.

**7. Continuing Assistance and Cooperation from the First Lien Lender**

From and after the Effective Date, the First Lien Lender Released Parties will, at their own cost and expense, provide such assistance and cooperation to the Liquidating Trustee, and his professionals as the Liquidating Trustee may reasonably request to assist him in investigating and maximizing the value of the Remaining Assets. Without limiting the generality of the foregoing, the First Lien Lender will provide the Liquidating Trustee with any information in its possession, custody, or control that may be necessary to analyze and object to any claims filed against the Debtors' Estates, including Administrative Claims, or to pursue affirmative Causes of Action on behalf of the Liquidating Trust.

**I. Effectuating Documents; Further Transactions**

The Debtors and the Liquidating Trustee shall be authorized to execute, deliver, file or record such contracts, deeds, instruments, releases, indentures and other agreements or documents, and take such actions as may be necessary or appropriate to effectuate and further evidence the terms and conditions of the Plan.

**I. H. Preferential Transfer Litigation**

Section 547 of the Bankruptcy Code permits a debtor-in-possession to avoid transfers made by a debtor to or for the benefit of a creditor within 90 days prior to the filing of a petition for relief under the Bankruptcy Code on account of an antecedent (i.e., pre-existing or prior) debt owed to such creditor, subject to certain exceptions. Such transfers, commonly known as preferential transfers, are presumed to have been made by the debtor to prefer the creditors to whom the transfers were made and at the expense of other creditors who did not receive such transfers. Once received, the proceeds of avoided preferential transfers are made available for distribution to all creditors on a pro rata basis.

The Debtors believe that preferential transfers within the meaning of section 547 of the Bankruptcy Code were made to various of their creditors.

As previously stated, preferential transfer claims will be prosecuted by the Liquidating Trustee and the amount recovered, if any, net of the allowed costs and expenses of recovery, including professional fees, will be made available for distribution to Creditors in accordance with the terms of the Plan.

**K.** **I-Treatment of Executory Contracts and Unexpired Leases**

**1.** **Rejection of Executory Contracts and Unexpired Leases**

Except as otherwise provided therein, the Confirmation Order shall constitute an order under section 365 of the Bankruptcy Code rejecting all executory contracts and unexpired leases to which the Debtors are a party, to the extent such contracts or leases are executory contracts or unexpired leases, on and subject to the occurrence of the Effective Date, unless such contract or lease (a) shall have been assumed, assumed and assigned, or rejected by the Debtors prior to the Effective Date, (b) shall have expired or terminated pursuant to its own terms prior to the Effective Date, or (c) is the subject of a pending motion to assume, assume and assign, or reject on the Confirmation Date.

**2.** **Bar to Rejection Damages**

If the rejection of an executory contract or unexpired lease gives rise to a Claim by the other party or parties to such contract or lease, such Claim shall be forever barred and shall not be enforceable against the Debtors or their Estates or their respective successors or properties unless a Proof of Claim is filed and served on the Debtors and counsel for the Debtors within thirty (30) days after service of a notice of the Effective Date, or such other date as is prescribed by the Bankruptcy Court.

**L.** **J-Distributions**

**1.** **Date of Distributions**

Except as otherwise provided in the Plan, all distributions to be made on account of Claims shall be made on the Final Distribution Date.

Notwithstanding any other provision of the Plan to the contrary, no distribution shall be made on account of any Allowed Claim or portion thereof that (i) has been satisfied after the Petition Date pursuant to an order of the Bankruptcy Court; (ii) is listed in the Schedules as contingent, unliquidated, disputed or in a zero amount, and for which a Proof of Claim has not been timely filed; or (iii) is evidenced by a Proof of Claim that has been amended by a subsequently filed Proof of Claim that purports to amend the prior Proof of Claim, except to the extent that such amended claim is allowed by a Final Order of the Bankruptcy Court.

**2.** **Disbursing Agent**

The Disbursing Agent shall make all Distributions required under the Plan, subject to the terms and provisions of the Plan. The Disbursing Agent shall not be required to give any bond or surety or other security for the performance of its duties. The Disbursing Agent shall be authorized and directed to rely upon instructions from the Liquidating Trustee and his representatives and professionals and the books and records of the Liquidating Trust in determining the identity and amount of Allowed Claims entitled to Distribution under the Plan.

**3. Delivery of Distributions and Undeliverable or Unclaimed Distributions**

**a. Delivery of Distributions in General**

Distributions to Holders of Allowed Claims shall be made by the Disbursing Agent at, in descending order of priority, (a) the address set forth in such Holder's last written request for notice pursuant to Bankruptcy Rule 2002(g), (b) the address set forth in the Proof of Claim filed by any such Holder, (c) the address reflected in the Debtors' Schedules if no Proof of Claim was filed and the Debtors have not received a written request for notice, or (d) if none of the addresses described in (a) through (c) are available, the address set forth in the other records of the Debtors at the time of the Distribution.

In making Distributions under the Plan, the Debtors may rely upon the accuracy of the claims register maintained by the Claims Agent in the Chapter 11 Cases, as modified by any Final Order of the Bankruptcy Court disallowing Claims in whole or in part.

**b. Undeliverable and Unclaimed Distributions**

If the Distribution to any Holder of an Allowed Claim is returned to the Disbursing Agent as undeliverable, or is otherwise unclaimed, no further Distributions shall be made to such Holder unless and until The Liquidating Trust or the Disbursing Agent is notified in writing of such Holder's then-current address, at which time all missed Distributions shall be made to such Holder, without interest. Amounts in respect of undeliverable Distributions made by the Disbursing Agent shall be returned to and revert with the Liquidating Trust until such Distributions are claimed or otherwise disposed of in accordance with the next succeeding paragraph.

Any Holder of an Allowed Claim that does not notify the Liquidating Trust or the Disbursing Agent of its then-current address within sixty (60) days after the date on which any distribution to it was returned to the Disbursing Agent as undeliverable or unclaimed shall be deemed to have forfeited its Claim for such undeliverable or unclaimed distribution and shall be forever barred and enjoined from asserting any such Claim or for an undeliverable or unclaimed Distribution against The Liquidating Trust, the Debtors and their Estates and their respective agents, attorneys, representatives, employees or independent contractors, and/or any of its and their property. In such cases, any Cash otherwise reserved for undeliverable or unclaimed Distributions shall be added to the Cash Available for Distribution if such distribution is returned prior to the Final Distribution Date, or, if such distribution is returned after the Final Distribution Date, shall be donated to a reputable charity selected by the Liquidating Trustee free of any restrictions thereon and notwithstanding any federal or state escheat laws to the contrary. Nothing contained in the Plan shall require the Debtors, the Liquidating Trust, the Liquidating Trustee, the Disbursing Agent, the Claims Agent, or any of their respective professionals or agents, to undertake any affirmative efforts to locate any Holder of an Allowed Claim.

**4. Means of Cash Payment**

Cash payments made pursuant to the Plan shall be in U.S. dollars and shall be made at the option and in the sole discretion of the Liquidating Trustee by (i) plain check drawn on or (ii) wire transfer from, a domestic bank selected by the Liquidating Trustee.

**5. Interest on Claims**

Unless otherwise specifically provided for in the Confirmation Order, postpetition interest shall not accrue or be paid on any Claims, and no Holder of a Claim shall be entitled to interest accruing on or after the Petition Date on any Claim.

**6. Setoffs**

Unless otherwise authorized by a Final Order, any Holder of a Claim must assert any setoff or recoupment rights against a claim by the Debtors against such entity by filing an appropriate motion seeking authority to setoff or recoup on or before the Distribution Date on which such Holder first receives a Distribution in connection with the Chapter 11 Cases, or be deemed to have waived, and be forever barred from asserting, any right of setoff or recoupment against a claim by the Debtors notwithstanding any statement to the contrary in a Proof of Claim or any other pleading or document filed with the Bankruptcy Court or delivered to the Debtors.

**7. Procedure for Treating and Resolving Disputed, Contingent and/or Unliquidated Claims**

**a. Objection Deadline; Prosecution of Objections**

Except as set forth in the Plan with respect to Professional Fee Claims and Administrative Claims, all objections to Claims must be filed and served on the Holders of such Claims no later than one hundred eighty (180) days after the Effective Date (the "Claims Objection Deadline"), or such longer time as may be provided in the Confirmation Order or other Order of the Bankruptcy Court. If an objection has not been filed to a Proof of Claim, or the Schedules have not been amended with respect to a Claim that (i) was Scheduled by the Debtors but (ii) was not Scheduled as contingent, unliquidated and/or disputed, by the Claims Objection Deadline, as the same may be extended by order of the Bankruptcy Court on request of the Liquidating Trustee, the Claim to which the Proof of Claim or Scheduled Claim relates will be treated as an Allowed Claim without the necessity for any further action by the Holder of such Claim or the Debtor.

**b. Minimum Distribution/Fractional Dollars**

Any other provision of the Plan notwithstanding, the Debtors shall not be required to make Distributions or payments of in an amount of less than Five Dollars (\$5.00) or in fractions of dollars. Whenever any payment of a fraction of a dollar under the Plan would otherwise be called for, the actual payment shall reflect a rounding of such fraction to the nearest whole dollar (up -- to the extent funds are available -- or down), with half dollars being rounded down.

**8. Allocation of Plan Distributions Between Principal and Interest**

To the extent that any Allowed Claim entitled to a Distribution under the Plan is composed of indebtedness and accrued but unpaid interest thereon, such Distribution shall, for all income tax purposes, be allocated to the principal amount of the Claim first and then, to the extent the consideration exceeds the principal amount of the Claim, to the portion of such Claim representing accrued but unpaid interest.

**9. Distribution Record Date**

Neither the Liquidating Trust nor the Disbursing Agent will have any obligation to recognize the transfer, or sale, of any participation in any Allowed Claim that occurs after the close of business on the Distribution Record Date, and will be entitled for all purposes in the Plan to recognize and distribute only to those Holders of Allowed Claims who are Holders of such Claims, or participants therein, as of the close of business on the Distribution Record Date.

**M. ~~K.~~ Injunctions and Exculpation**

**1. Injunction**

**Except as otherwise provided in the Plan, the Confirmation Order shall provide, among other things, that from and after the Effective Date, all Persons who have held, hold or may hold Claims against, or Interests in, the Debtors are permanently enjoined from taking any of the following actions against the Debtors or their Estates, or any of their property on account of any such Claims or Interests: (A) commencing or continuing, in any manner or in any place, any action or other proceeding; (B) enforcing, attaching, collecting or recovering in any manner any judgment, award, decree or order; (C) creating, perfecting or enforcing any Lien or encumbrance; (D) asserting a setoff, right of subrogation or recoupment of any kind against any debt, liability or obligation due to the Debtors; and (E) commencing or continuing, in any manner or in any place, any action that is derivative of the rights of the Debtors or does not comply with, or is inconsistent with, the provisions of the Plan; provided, however, that nothing contained in the Plan shall preclude such Persons from exercising their rights pursuant to, and consistent with, the terms of the Plan, the Confirmation Order or a Sale Order.**

**Subject to the terms of Article VII.A of the Plan, the Confirmation Order shall further provide that all Persons are permanently enjoined from obtaining any documents or other materials from current counsel for the Debtors that is in the possession of such counsel as a result of, or arising in any way out of, their representation of the Debtors.**

**2. Term of Bankruptcy Injunction or Stays**

**All injunctions or stays provided for in the Chapter 11 Cases under sections 105 or 362 of the Bankruptcy Code, or otherwise, and in existence on the Confirmation Date, shall remain in full force and effect until the Effective Date. Upon the Effective Date, the injunction provided in Article XI.C of the Plan shall apply.**

**N.** ~~L.~~ **Exculpation and Limitation of Liability**

Except as otherwise specifically provided in the Plan, (i) the Debtors and their respective present or former members, officers, directors, employees, advisors, attorneys, representatives, financial advisors, investment bankers or agents and any of such parties' successors and assigns, in each case to the extent, but only to the extent, such person or entity was acting for, or on behalf of, the Debtors, or any of them, and (ii) the Creditors' Committee's Committee members and Creditors' Committee's Committee Professionals, in each case to the extent, but only to the extent, each such member or Professional was acting in such capacity, shall not have or incur any claim, action, proceeding, Cause of Action, suit, account, controversy, agreement, promise, right to legal remedies, right to equitable remedies, right to payment or Claim (as defined in section 101(5) of the Bankruptcy Code), whether known, unknown, reduced to judgment, not reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured and whether asserted or assertable directly or derivatively, in law, equity or otherwise, to one another or to any Holder of a Claim or Interest, or any other party in interest, or any of their respective agents, employees, representatives, financial advisors, attorneys, or any of their successors or assigns, for any act or omission originating or occurring on or after the Petition Date through and including the Effective Date in connection with, relating to, or arising out of the Debtors, the Chapter 11 Cases, the negotiation and filing of the Plan or any prior plans, filing the Chapter 11 Cases, the pursuit of confirmation of the Plan or any prior plans or Sale Orders, the consummation of the Plan, the administration of the Plan, or the property to be liquidated and/or distributed under the Plan, except for fraud, willful misconduct, or gross negligence as determined by a Final Order of a court of competent jurisdiction, and in all respects shall be entitled to reasonably rely upon the advice of counsel with respect to their duties and responsibilities under the Plan.

**O.** ~~M.~~ **Indemnification Obligations**

Except as otherwise provided in the Plan, a Sale Order, other Order of the Bankruptcy Court, or any contract, instrument, release or other agreement or document entered into in connection with the Plan, any and all indemnification obligations that the Debtors have pursuant to a contract, instrument, agreement, certificate of incorporation, by-law, comparable organizational document or any other document or applicable law shall be deemed rejected (if and to the extent executory) as of the Effective Date.

**P.** ~~N.~~ **Miscellaneous Matters**

**1.** **Dissolution of the Committee**

The Creditors' Committee shall be dissolved and the employment of professionals by said Creditors' Committee shall be terminated on the Effective Date, provided, however, that following the Effective Date, the members of the Creditors' Committee and its professionals shall be entitled to prepare and file their final applications for reimbursement of any fees and expenses incurred in connection with their service to the Creditors' Committee.



**2. Services by and Fees and Expenses of Estate Professionals and Expenses of Committee Members**

Fees and expenses of Professionals for services rendered and costs incurred after the Petition Date and prior to the Effective Date, and any expenses of members of the Creditors' Committee for which reimbursement is sought, will be fixed by the Bankruptcy Court after notice and a hearing and such fees and expenses incurred through the Committee Termination Date will be paid in accordance with the terms and conditions of the Plan by the Liquidating Trust.

**Q. ~~Q.~~ Conditions Precedent to Plan Effectiveness**

**1. Conditions Precedent to Plan Effectiveness and Effective Date**

The Effective Date will occur when the conditions set forth in Article IX of the Plan have been satisfied. Article IX of the Plan specifies that it shall be a condition precedent to the effectiveness of the Plan that: (i) The Confirmation Order shall have been entered and become a Final Order and shall provide that the Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan or effectuate, advance or further the purposes thereof; and (ii) the Debtors shall have sufficient Cash, taking into account the payments and advances to be made on or before the Effective Date to the Debtors under the Plan, to make all payments required to be made on the Effective Date, except to the extent that a party entitled to receive a payment waives its right to payment in writing.

**2. Waiver of Conditions**

The Debtors may waive, at any time, without notice, leave or order of the Bankruptcy Court and without any formal action other than proceeding to consummate the Plan, the conditions set forth in Article IX of the Plan.

**V. VALUATION AND PROJECTIONS**

**A. Assets**

The Debtors' remaining assets consist of, among other things, Cash in the amount of approximately ~~\$3.615 million~~ 806,000 (including amounts that may be paid to satisfy administrative expense claims under section 503(b)(9) of the Bankruptcy Code) as of ~~November 6, 2010~~ February 6, 2011, land with a book value of approximately \$155,000, buildings with a book value of approximately \$395,000, and automobiles and trucks with a book value of approximately ~~\$230,000~~ 212,338. Except as otherwise noted, the values set forth above represent book values derived from the Debtors' unaudited consolidated financial statements as of October 3, 2010, and may or may not represent the fair market values of the assets in question. The Debtors make no representations as to the fair market value of those assets, which could vary significantly from the book values included therein.

**B. Liabilities**

The amounts that the Debtors believe to be owing on account of various categories of Allowed Claims as of the Effective Date are set forth in the classification of Claims set forth in Article I.D.2 above.

**C. Final Fee Application of Professionals**

Professionals or other entities requesting compensation or reimbursement of expenses pursuant to Bankruptcy Code sections 327, 328, 330, 331, 503(b) and 1103 for services rendered prior to the Effective Date will be required to file and serve on all parties entitled to notice thereof an application for final allowance of compensation and reimbursement of expenses no later than thirty (30) days after the Effective Date. All such applications for final allowance of compensation and reimbursement of expenses will be subject to the authorization and approval of the Bankruptcy Court.

**VI. RISK FACTORS**

The following is intended as a summary of certain material risks associated with the Plan. Each Creditor must analyze and evaluate the Plan and this Disclosure Statement as a whole to determine whether there are any other risk factors that might pertain to them.

**1. Satisfaction of Conditions to the Effective Date**

In order to confirm the Plan, the following conditions set forth in Article IX of the Plan must be satisfied:

- (a) The Confirmation Order shall have been entered and become a Final Order and shall provide that the Debtors are authorized and directed to take all actions necessary or appropriate to enter into, implement and consummate the contracts, instruments, releases, leases, indentures and other agreements or documents created in connection with the Plan or effectuate, advance or further the purposes thereof; and
- (b) The Debtors shall have sufficient Cash to enable the Disbursing Agent to make all required payments to be made on the Effective Date.

Though the Debtors are confident that each of these conditions will be met, the failure to satisfy either of them will prevent confirmation of the Plan.

**2. Voting and Confirmation Risks**

For the Plan to be confirmed, each Impaired Class is given the opportunity to accept or reject the Plan. With regard to each Impaired Class which votes on the Plan, the Plan will be deemed accepted by such Impaired Class if the Plan is accepted by holders of Claims of such

Class who hold at least two-thirds in dollar amount and more than one half in number (50% +1) of the total claims of such Class actually voting on the Plan. Only those members of a Class who vote to accept or reject the Plan will be counted for voting purposes.

To confirm the Plan, the Debtors must satisfy the requirements of section 1129(a) of the Bankruptcy Code. Although the Debtors believe that the Plan will satisfy those requirements, there can be no assurance that the Bankruptcy Court will reach the same conclusion or that the Confirmation Order, if challenged on appeal, will be affirmed. If the Plan does not receive the required support from Creditors, the Debtors may amend the Plan to provide alternative treatment to a dissenting class or may seek to confirm the Plan through the “cramdown” provisions of 11 U.S.C. § 1129(b). If the Plan is not confirmed or does not become effective, the Debtors could ask that the Chapter 11 Cases be converted to cases under chapter 7 or dismissed.

Any objection to the Plan by a party-in-interest could either prevent, or delay for a significant period of time, confirmation of the Plan.

## **VII. REQUIREMENTS FOR CONFIRMATION**

At the Confirmation Hearing, the Bankruptcy Court will determine whether the requirements of section 1129 of the Bankruptcy Code have been satisfied with respect to the Plan, in which event the Bankruptcy Court will enter an order confirming the Plan.

The Debtors believe that the Plan satisfies all of the statutory requirements for confirmation of the Plan. Prior to the Confirmation Hearing, the Debtors will be required to submit pleadings and evidence demonstrating that the Plan complies with all of the provisions set forth above. The following subsections discuss some of the most important requirements of Section 1129(a) of the Bankruptcy Code.

### **A. Acceptances Necessary to Confirm the Plan**

At the Confirmation Hearing, the Bankruptcy Court must determine, among other things, whether each Impaired Class has accepted the Plan. Under Section 1126 of the Bankruptcy Code, an impaired class of claims is deemed to have accepted a plan if the plan has been accepted by creditors of that class that hold at least two-thirds in amount and more than one-half in number of the allowed claims of such class held by creditors that have accepted or rejected the plan. Similarly, an impaired class of interests is deemed to have accepted a plan if the plan has been accepted by holders of such interests that hold at least two-thirds in amount of the allowed equity interests of such class held by holders of such interests that have accepted or rejected the plan.

Classes 2 and 3 are Impaired Classes entitled to vote to accept or reject the Plan. Class 1 is unimpaired and thus conclusively presumed to have accepted the Plan, and Class 4 will receive nothing under the Plan and is thus conclusively presumed to have rejected the Plan. In determining acceptances of the Plan, Ballots will only be counted if: (1) properly completed; (2) timely received; and (3) the holder’s Claim is duly Scheduled by the Debtors as other than disputed, contingent, or unliquidated, or if the Creditor has timely filed with the Bankruptcy Court a proof of claim that is not a Disputed Claim. The Ballot that you received does not constitute a proof of claim.

In calculating whether a Creditor has voted for or against the Plan, the Debtors will not consider Ballots that do not properly indicate an acceptance or a rejection.

If you are in any way uncertain whether or not your Claim has been correctly Scheduled, you should review the Schedules and any amendments thereto which are on file with the Bankruptcy Court. Do not contact the Debtors, the Creditors' Committee, their attorneys, or the Bankruptcy Court with inquiries regarding the scheduling of your Claim. Any information they, or anyone else, may give that is inconsistent with the Schedules themselves is unauthorized, void, and of no effect.

**B. Best Interest of Creditors Test**

Confirmation requires, among other things, that each holder of a Claim in an Impaired Class and each holder of an Interest either: (i) accepts the Plan; or (ii) receives or retains under the Plan property of a value, as of the Effective Date, that is not less than the value such holder would receive or retain if the Debtors were liquidated under Chapter 7 of the Bankruptcy Code. This requirement is commonly referred to as the "Best Interests Test."

**1. Chapter 7**

To determine the value that the holders of Impaired Claims and Interests would receive if the Debtors were liquidated, the Bankruptcy Court must determine the dollar amount that would be generated from the liquidation of assets and properties of the Debtors in the context of a chapter 7 liquidation case. Section 704 of the Bankruptcy Code requires a chapter 7 trustee to collect and reduce to money the property of the estate as expeditiously as is compatible with the best interests of parties in interest. In the case of the Debtors, one or more chapter 7 trustees would be administering estates made up largely of dormant business assets.

The Cash available for satisfaction of Allowed Claims would consist of the proceeds resulting from the disposition of assets of the Debtors, augmented by the Cash, if any, held by the Debtors at the time of the commencement of the chapter 7 case(s). Any such Cash amount would then be reduced by the amount of any Claims secured by such assets, the costs and expenses of the liquidation, and such additional Administrative Claims and other Priority Claims that may result from the use of chapter 7 for the purposes of liquidation.

The costs of liquidation under chapter 7 would include fees payable to the trustee(s) in bankruptcy, as well as those that might be payable to the chapter 7 trustee(s) or their attorneys and to other professionals that such trustee(s) may engage, plus any unpaid expenses incurred by the Debtors during the Chapter 11 Cases that would be allowed in the chapter 7 cases, such as compensation for attorneys, appraisers, accountants, or other professionals and costs and expenses of the Debtors and the Creditors' Committee. Such Administrative Claims would have to be paid in Cash, in full, from the liquidation proceeds before the balance of those proceeds could be made available to pay other Priority Claims and allowed Unsecured Claims from the Chapter 11 Cases.

## **2. Liquidation Analysis**

As noted above, substantially all of the Assets of the Debtors have been liquidated. In addition, there are Causes of Action that the Liquidating Trust will pursue that may result in recoveries for the benefit of the Debtors' Estates and certain claims the Debtors will pursue that would augment the proceeds of the Asset Sales. The Liquidation Analysis annexed hereto as **Exhibit D** provides the likely value that would be obtained if the Debtors were liquidated under chapter 7 of the Bankruptcy Code as opposed to under chapter 11 of the Bankruptcy Code. The Debtors believe that liquidation under chapter 11 will result in a greater distribution to their creditors than under chapter 7 because in a chapter 7, there would be the additional expense of commissions payable to a chapter 7 trustee.

### **C. Feasibility of Plan**

Section 1129(a)(11) of the Bankruptcy Code requires, as a condition to confirmation, that the Bankruptcy Court find that confirmation of a plan is not likely to be followed by the liquidation or the need for further financial reorganization of the debtor or any successor to the debtor under the plan, unless such liquidation or reorganization is proposed under the plan. This requirement is called "feasibility." Because the Plan provides for the liquidation of all of the Debtors' Assets and the distribution of the proceeds thereof to Holders of Allowed Claims, concern that the Debtors will need further financial reorganization is not an issue and, therefore, the Plan is, by its nature and terms, feasible.

### **D. Classification**

In accordance with section 1122 of the Bankruptcy Code, the Plan provides for the classification of three (3) Classes of Claims and one (1) Class of Interests. Section 1122(a) of the Bankruptcy Code permits a plan to place a claim or an interest in a particular class only if the claim or interest is substantially similar to the other claims or interests in that class. The Debtors believe that the classification of Claims and Interests under the Plan is appropriate and consistent with applicable law.

### **E. Confirmation of Plan Without Necessary Acceptances**

The Plan may be confirmed, even if it is not accepted by all Impaired Classes of Creditors, if the Bankruptcy Court finds that the Plan does not discriminate unfairly and is fair and equitable with respect to any Class that is impaired and has not accepted the Plan. Provision for such confirmation is set forth in section 1129(b) of the Bankruptcy Code and is commonly referred to as "cramdown."

#### **1. No Unfair Discrimination**

A plan of reorganization "does not discriminate unfairly" if: (a) the legal rights of the non-accepting Impaired Class are treated in a manner that is consistent with the treatment of other classes whose legal rights are intertwined with those of the non-accepting class; and (b) no class receives payments in excess of that which it is legally entitled to receive for its allowed claim or allowed interest. The Debtors believe that under the Plan: (i) each Impaired Class of Claims is treated in a manner that is consistent with the treatment of other Classes of Claims and

Interests with which their legal rights are intertwined, if any; and (ii) no Class of Claims or Interests will receive payments or property with an aggregate value greater than the aggregate value of the Allowed Claims or Interests in such Class. Accordingly, the Debtors believe that the Plan does not discriminate unfairly as to any Impaired Class.

**2. Fair and Equitable Test**

The Bankruptcy Code establishes different “fair and equitable” tests for holders of secured claims, unsecured claims and interests as follows:

**a. Secured Claims**

Either: (i) each holder of a secured claim (a) retains the lien securing its secured claim and receives on account of its allowed secured claim deferred cash payments having a present value equal to the amount of its allowed secured claim, or (b) realizes the “indubitable equivalent” of its allowed secured claim; or (ii) the property securing the claim is sold free and clear of liens, with such liens attaching to the proceeds, and the liens against such proceeds are treated in accordance with clause (i).

**b. Unsecured Claims**

Either: (i) each holder of an unsecured claim receives or retains under a plan property of a value equal to the amount of its allowed claim; or (ii) the holders of claims and interests that are junior to the claims of the non-accepting class do not receive any property under a plan on account of such claims and interests.

**c. Equity Interests**

Either: (i) such holder of an interest receives or retains property of a value equal to the greater of any fixed liquidation preference or fixed redemption price to which such holder is entitled, or the value of the interest; or (ii) the holders of any interests junior to the interests in the impaired classes will not receive or retain any property under the plan.

The cramdown provisions are complex and this summary is not intended to be a complete statement of the law in this area.

**VIII. EFFECT OF CONFIRMATION**

**A. Binding Effect of Confirmation**

Confirmation will bind the Debtors, all Creditors and Interest holders, and other parties in interest to the provisions of the Plan whether or not the Claim or Interest of such Creditor or Interest holder is impaired under the Plan and whether or not such Creditor or Interest holder has voted to accept the Plan.

**B. Vesting of Assets Free and Clear of Liens, Claims, and Interests**

Except as otherwise provided in the Plan or in the Confirmation Order, upon the Effective Date, title to all assets and property of the Debtors and all property of their Estates, including pursuant to section 1123(b)(3)(B) of the Bankruptcy Code, shall revert in the Debtors and each and every claim, demand or cause of action which the Debtors had or had power to assert immediately prior to the Confirmation Date will, except as provided in the Plan, vest in the Liquidating Trust free and clear of all Liens, Claims, and Interests, subject to the Plan.

**C. Good Faith**

Confirmation of the Plan shall constitute a finding that: (i) the Plan has been proposed in good faith and in compliance with applicable provisions of the Bankruptcy Code; and (ii) the solicitation of acceptances or rejections of the Plan by all Persons has been in good faith and in compliance with applicable provisions of the Bankruptcy Code.

**D. No Limitations on Effect of Confirmation**

Nothing contained in the Plan will limit the effect of Confirmation as described in section 1141 of the Bankruptcy Code.

**E. Section 1146 Exemption**

Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer, or exchange of any security under the Plan, or the making or delivery of an instrument of transfer under the Plan, may not be taxed under any law imposing a stamp tax or similar tax.

**IX. FEDERAL INCOME TAX CONSIDERATIONS**

The Federal income tax consequences to a particular Creditor will depend primarily upon whether that Creditor's claim constitutes a security for Federal income tax purposes. The determination as to whether any particular claim constitutes a security is complex and depends on facts and circumstances surrounding the origin and nature of the claim. Generally, a claim arising out of trade credit will not constitute a security. Thus, holders of Unclassified Claims and Claims in Classes 1, 2 and 3 against the Debtors are likely not to be deemed holders of securities, while holders of Class 4 Interests are likely to be deemed holders of securities.

**NO REPRESENTATIONS ARE MADE REGARDING THE PARTICULAR TAX CONSEQUENCES OF THE PLAN TO ANY HOLDER OF A CLAIM OR INTEREST. EACH HOLDER OF A CLAIM OR INTEREST IS STRONGLY URGED TO CONSULT WITH ITS OWN TAX ADVISOR REGARDING THE FEDERAL, STATE, LOCAL AND FOREIGN TAX CONSEQUENCES OF THE PLAN.**

**X. ALTERNATIVES TO PLAN**

The Debtors believe that, if the Plan is not confirmed or is not confirmable, and no other plan can be confirmed, the only realistic alternative is conversion to chapter 7, pursuant to which one or more trustees would be appointed to liquidate any remaining assets of the Debtors for

distribution to Creditors and Interest holders in accordance with the priorities established by the Bankruptcy Code. For the reasons discussed above, the Debtors believe that Confirmation of the Plan would provide each holder of an Unsecured Claim entitled to receive a distribution under the Plan with a recovery that is expected to be at least as much, and likely more than it would receive in liquidation under chapter 7 of the Bankruptcy Code.

**XI. CONCLUSION**

The Debtors believe that the Plan is in the best interest of Creditors and urge Creditors to vote to accept the Plan.

Dated: ~~November 12~~ March 4, 2010 2011

**BROWN PUBLISHING COMPANY**

By: /s/ ~~Roy Brown~~ Thomas C. Carlson

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Title: Chief Executive Officer ~~Authorized~~  
Signatory

**TROY DAILY NEWS INC.**

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Name: ~~Roy Brown~~ Thomas C. Carlson  
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**ARG, LLC**

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**BROWN MEDIA HOLDINGS COMPANY**

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**UTAH BUSINESS PUBLISHERS, LLC**

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**UPSTATE BUSINESS NEWS, LLC**

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<u>Table Insert</u>	2
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Embedded Excel	0
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