

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

In re:

Heartland Publications, LLC, et al.,¹

Debtors.

Chapter 11

Case No. 09-14459 (KG)

(Jointly Administered)

**JOINT PLAN OF REORGANIZATION OF HEARTLAND PUBLICATIONS, LLC,
ET AL., UNDER CHAPTER 11 OF THE BANKRUPTCY CODE**

Dated: January 6, 2010

YOUNG CONAWAY STARGATT & TAYLOR, LLP

Robert S. Brady (No. 2847)

Edwin J. Harron (No. 3396)

Kenneth J. Enos (No. 4544)

Robert F. Poppiti, Jr. (No. 5052)

The Brandywine Building

1000 West Street, 17th Floor

P.O. Box 391

Wilmington, Delaware 19801

Telephone: (302) 571-6600

Facsimile: (302) 571-1253

Counsel for the Debtors and Debtors In Possession

¹ The Debtors in these chapter 11 cases, along with the last four digits of each Debtor's federal tax identification number, are Heartland Publications, LLC (5642) and Heartland Publications Holdings, LLC (5683).

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ARTICLE I INTRODUCTION

Heartland Publications, LLC (“Heartland” or the “Company”) and Heartland Publications Holdings, LLC (“Holdings”), both Delaware limited liability companies, debtors and debtors-in-possession under chapter 11 of the Bankruptcy Code, hereby propose this *Joint Plan of Reorganization of Heartland, LLC, et al., Under Chapter 11 of the Bankruptcy Code*, dated as of the first date set forth above. Any agreements and/or other documents that are referenced in this Plan, but which are not attached as exhibits to this Plan, are available upon reasonable written request to counsel for the Debtors indicated on the first page of this Plan.

ARTICLE II DEFINITIONS

2.1. Defined Terms. Terms herein with an initial capital not required by standard capitalization rules are defined terms, and each such term shall have the meaning assigned to it below.

1. **Additional Management Equity Interests.** Equity interests in New HoldCo representing up to 5% of any equity value of New HoldCo in excess of levels to be agreed upon in the Management Equity Incentive Plan, which Additional Management Equity Interests shall be issued pursuant to such Management Equity Incentive Plan.

2. **Administrative Claim.** Any Claim against either Debtor for the costs and expenses of administering the Cases having priority under section 507(a)(2) of the Bankruptcy Code, including, without limitation, all costs and expenses allowed under section 503(b) of the Bankruptcy Code, the actual and necessary costs and expenses of preserving the Debtors’ bankruptcy Estates and operating the business of the Debtors, any fees or charges assessed against the Estates under 28 U.S.C. § 1930, any Professional Fee Claims, any Cure Claims, and any Claims allowed pursuant to section 507(b) of the Bankruptcy Code.

3. **Administrative Claims Bar Date.** The last date set by the Bankruptcy Court pursuant to an Administrative Claims Bar Date Order (which may be the Confirmation Order) for a Claimant to file a request for payment of any Administrative Claim that arose between the Petition Date and the Effective Date. Such Administrative Claims Bar Date Order is not intended apply to or to extend any bar date for the filing of any Claim established pursuant to section 503(b)(9) of the Bankruptcy Code for the value of any goods received by the Debtors within twenty (20) days before the Petition Date in which the goods have been sold to the Debtors in the ordinary course of the Debtors’ business. The Debtors shall request that the Court, in the Confirmation Order, set the Administrative Claims Bar Date for that date that is thirty (30) days after the service of the notice of the Effective Date.

4. **Allowed.** With respect to a Claim or Interest against any Debtor, or any portion thereof, in any Class or category specified, a Claim or Interest (a) that has been listed by the Debtors in their Schedules, as may be amended by the Debtors from time to time, in accordance with Bankruptcy Rule 1009, as liquidated in amount and not disputed, unliquidated or contingent, (b) as to which no objection or request for estimation has been filed on or before any objection deadline established by the Bankruptcy Court or the expiration of such other applicable period fixed by the Bankruptcy Court, or as to which any objection has been determined by a Final Order to the extent such objection is determined in favor of the respective holder of such Claim or Interest; or (c) that is expressly allowed (i) by a Final Order, or (ii) pursuant to the terms of this Plan; provided, however, that Claims or Interests allowed solely for the purpose of voting to accept or reject this Plan pursuant to an order of the Bankruptcy Court shall not be considered “Allowed” Claims or Interests hereunder.

5. **Amended Schedules Bar Date.** The deadline by which any party whose Claim is amended as a result of the Debtors filing amended Schedules must file a proof of Claim, which deadline is no later than twenty (20) days after the filing and service of the amended Schedules.

6. **Assets.** All of the right, title and interest of the Debtors in, to and under any and all assets and property, whether tangible, intangible, real or personal, that constitute property of the Debtors’ Estates within the meaning of section 541 of the Bankruptcy Code.

7. **Assumption Objection.** A written pleading filed by the counterparty to an Executory Contract that objects to: (i) the proposed cure amount set forth in the Cure Payment Schedule with respect to such Cure Claim; (ii) the ability of Reorganized Heartland or any assignee to provide “adequate assurance of future performance” (within the meaning of section 365 of the Bankruptcy Code) under the Executory Contract to be assumed; or (iii) any other matter pertaining to assumption, and includes the legal and factual basis for such objection.

8. **Assumption Objection Deadline.** The deadline established for filing Assumption Objections, which shall be no later than five (5) days before the Confirmation Hearing.

9. **Ballot.** The ballot distributed to each eligible Holder of a Claim or Interest, on which ballot such Holder may, among other things, vote to accept or reject this Plan and elect to opt out of the releases set forth in Section 9.3 of this Plan.

10. **Ballot Deadline.** The date set by order of the Bankruptcy Court by which Holders of Claims or Interests entitled to vote to accept or reject this Plan must submit a Ballot.

11. **Bankruptcy Code.** The United States Bankruptcy Code, 11 U.S.C. §§ 101 *et seq.*, as in effect on the Petition Date, together with any and all amendments and modifications thereto that were subsequently made applicable to the Cases.

12. **Bankruptcy Court.** The United States Bankruptcy Court for the District of Delaware, or any other court of competent jurisdiction exercising jurisdiction over the Cases.

13. **Bankruptcy Rules.** The Federal Rules of Bankruptcy Procedure, as amended and promulgated under 28 U.S.C. § 2075, and the Local Rules of the Bankruptcy Court, as in effect on the Petition Date, together with any and all amendments and modifications thereto that were subsequently made applicable to the Cases.

14. **Bar Date.** The General Bar Date, the Rejection Bar Date, the Administrative Claims Bar Date, the Governmental Bar Date or the Amended Schedules Bar Date, as applicable.

15. **Business Day.** A day other than Saturday, Sunday or a “legal holiday” within the meaning of Bankruptcy Rule 9006(a).

16. **Cases.** The chapter 11 bankruptcy cases commenced by the Debtors filing their voluntary petitions for relief under chapter 11 of the Bankruptcy Code on December 21, 2009, styled *In re Heartland Publications, LLC, et al.*, Case No. 09-14459 (KG), currently pending before the Bankruptcy Court.

17. **Causes of Action.** Any and all actions, causes of action (including any causes of action under sections 510, 544, 545, 547, 548, 549, 550, 551 and 553 of the Bankruptcy Code), controversies, damages, liabilities, Liens, obligations, rights, suits or proceedings, damages, judgments, claims, demands and rights of contribution or indemnification whatsoever, whether known or unknown, reduced to judgment, disputed or undisputed, liquidated or unliquidated, secured or unsecured, existing or hereafter arising, in law, equity, or otherwise.

18. **Claim.** Shall have the meaning assigned to that term in section 101(5) of the Bankruptcy Code.

19. **Claimant.** The Holder of a Claim.

20. **Class.** A category of Claims or Interests as specified in Article III of this Plan.

21. **Class A/B Common Interests.** The Class A Voting Common Interests and the Class B Limited Voting Common Interests to be distributed to the First Lien Lenders pursuant to the Plan, which will initially be entitled to, in

the aggregate, 90% of the equity value of New HoldCo, subject to dilution by the Class C Limited Voting Common Interests, Class D Limited Voting Common Interests, the Additional Management Equity Interests and the Warrants, all upon the terms and conditions set forth in the New HoldCo LLC Agreement.

22. **Class A Voting Common Interests.** Shall have the meaning assigned to that term in the New HoldCo LLC Agreement.

23. **Class B Limited Voting Common Interests.** Shall have the meaning assigned to that term in the New HoldCo LLC Agreement.

24. **Class C Limited Voting Common Interests.** Shall have the meaning assigned to that term in the New HoldCo LLC Agreement. The Class C Limited Voting Interests shall be issued pursuant to the Management Equity Incentive Plan and shall be subject to dilution by the Class D Limited Voting Common Interests, the Additional Management Equity Interests and the Warrants, all upon the terms and conditions set forth in the New HoldCo LLC Agreement.

25. **Class D Limited Voting Common Interests.** Shall have the meaning assigned to that term in the New HoldCo LLC Agreement. If issued pursuant to the terms of this Plan, the Class D Limited Voting Interests shall be entitled to 5% of any equity value above an enterprise value of \$100,000,000 of New HoldCo, subject to dilution by the Warrants and additional Management Equity Interests, all upon the terms and conditions set forth in the New HoldCo LLC Agreement.

26. **Class E Limited Voting Common Interests.** Shall have the meaning assigned to that term in the New HoldCo LLC Agreement.

27. **Confirmation.** The entry by the Bankruptcy Court of the Confirmation Order confirming this Plan under the provisions of section 1129 of the Bankruptcy Code.

28. **Confirmation Date.** The date on which the Clerk of the Bankruptcy Court enters the Confirmation Order on the docket of the Bankruptcy Court.

29. **Confirmation Hearing.** The hearing held by the Bankruptcy Court (as such hearing may be adjourned or continued from time to time), at which the Bankruptcy Court will consider Confirmation of this Plan.

30. **Confirmation Order.** An order entered by the Bankruptcy Court confirming this Plan pursuant to section 1129 of the Bankruptcy Code, which order is in form and substance reasonably acceptable to the First Lien Agent.

31. **Creditor.** Any Holder of a Claim against the Debtors that arose prior to the Petition Date.

32. **Creditor Released Parties.** The First Lien Agent and the First Lien Lenders, each only to the extent acting in such capacity, and each of their respective officers, directors, managers, shareholders, members, investors, employees, attorneys, consultants, agents, advisors, service providers and any person acting on its or their behalf, acting in such capacity, and the successors and assigns of any of them. For purposes of greater certainty, the term “Creditor Released Parties” shall not include (i) any party acting in its capacity as a Second Lien Lender, (ii) any Interest Holder or (iii) any of the Members of the Debtors.

33. **Cure Claim.** Any Claim against either Debtor based upon the Debtors’ defaults under an Executory Contract at the time such Executory Contract is assumed by either Debtor under section 365 of the Bankruptcy Code.

34. **Cure Payment Schedule.** The document that shall be filed with the Bankruptcy Court by no later than twenty (20) days prior to the date on which the Confirmation Hearing is scheduled to be conducted, in form and substance reasonably acceptable to the First Lien Agent and served upon Persons entitled to notice pursuant to Bankruptcy Rule 2002, which indicates the amounts proposed by the Debtors to satisfy Cure Claims.

35. **Debt.** Any liability on a Claim.

36. **Debtor(s).** The Debtor(s) are individually or collectively, Heartland and Holdings, as the case may be.

37. **Disallowed Claim.** A Claim that has been disallowed pursuant to a Final Order or a provision of this Plan that provides that a Disputed Claim shall not be an Allowed Claim.

38. **Disclosure Statement.** That certain Disclosure Statement in Respect of Joint Plan of Reorganization of Heartland Publications, LLC, et al., Under Chapter 11 of the Bankruptcy Code, as approved by the Bankruptcy Court as containing “adequate information,” as that term is defined in section 1125(a)(1) of the Bankruptcy Code, and any exhibits annexed thereto and any documents delivered in connection therewith, as the same may be amended, modified or supplemented from time to time by any duly authorized amendment, modification or supplement.

39. **Disputed Claim.** (a) any Claim or portion of a Claim as to which an objection to the allowance thereof or a request for estimation has been interposed by the deadlines established by the Bankruptcy Court, which objection or request for estimation has not been withdrawn or determined by Final Order; (b) any Claim for which a proof of Claim is required to be filed and no such Proof of Claim is filed or, if filed, is filed after the applicable Bar Date for such Claim; (c) any contingent Claim or unliquidated Claim; (d) any Claim scheduled by the Debtors in the Schedules as disputed, contingent or unliquidated: or (e) a Claim that is not listed in the Schedules.

40. **Distribution Date.** The first Business Day after the Effective Date, or as soon thereafter as practicable.

41. **Dividend Recapitalization.** Any debt refinancing or other transaction (or series of transactions) resulting in the distribution of cash or cash equivalents to holders of New HoldCo Common Interests (as the same by recapitalized or structured from time to time).

42. **Effective Date.** The first Business Day after the date all of the conditions precedent required to consummate the transactions contemplated by this Plan have been satisfied or waived, or such earlier or later date as may reasonably be determined by the Debtors and the First Lien Agent.

43. **Entity.** Any entity as defined in section 101(15) of the Bankruptcy Code.

44. **Estate(s).** The Debtors' estate(s) created under section 541 of the Bankruptcy Code in the Cases.

45. **Executory Contract.** Any executory contract or unexpired lease, subject to section 365 of the Bankruptcy Code, between any Debtor and any other Entity or Person, but specifically excluding all of the contracts and agreements entered into after the Petition Date and/or pursuant to this Plan.

46. **File or Filed.** File or filed with the Bankruptcy Court or its authorized designee in the Cases.

47. **Final Order.** An order or judgment entered by the Bankruptcy Court that (a) has not been reversed, vacated, stayed, modified or amended, (b) is not the subject of a pending appeal or motion for review or reconsideration, (c) has not been and may no longer be appealed from or otherwise reviewed or reconsidered, other than under Bankruptcy Rule 9024 and/or Federal Rule of Civil Procedure 60, and (d) is final and non-appealable in accordance with Bankruptcy Rule 8002 or any other applicable law or rule.

48. **First Lien Agent.** GECC in its capacity as administrative agent under the First Lien Credit Facility.

49. **First Lien Agent Fees and Expenses.** Any compensation, distribution, fees, expenses, and indemnification of the type to which the First Lien Agent would be entitled to pursuant to the First Lien Credit Facility and related documents.

50. **First Lien Credit Facility.** The Second Amended and Restated Credit Agreement dated as of June 11, 2007, among Heartland as borrower and GECC as administrative agent, agent and lender and certain other First Lien Lenders.

51. **First Lien Claims.** Any and all Claims arising out of the First Lien Credit Facility and related documents including, without limitation, any and all Claims resulting from drawn letters of credit issued by any of the First Lien Lenders.

52. **First Lien Lenders.** The lenders from time to time party to the First Lien Credit Facility, including any applicable assignees and participants thereof.

53. **GECC.** General Electric Capital Corporation.

54. **General Bar Date.** The date set by the Bankruptcy Court as the last day to File Proofs of Claim, including Section 503(b)(9) Claims, against the Debtors.

55. **General Unsecured Claim.** Any Claim that is not (a) a Secured Claim, (b) a Priority Claim, (c) an Administrative Claim, (d) a First Lien Claim, (e) a Second Lien Claim, (f) a Section 503(b)(9) Claim or (g) an Intercompany Claim.

56. **Governmental Bar Date.** The date set by the Bankruptcy Court as the last day for Governmental Units holding Claims against the Debtors (whether secured, unsecured, priority or unsecured nonpriority) that arose prior to the Petition Date to File such Claims.

57. **Governmental Unit.** The United States and any state, commonwealth, district, territory, municipality, department, agency, or instrumentality of the United States (but not a United States trustee while serving as a trustee in a case under this title), or any foreign state.

58. **Holder.** The beneficial holder of a Claim or Interest and, when used in conjunction with a Class or type of Claim or Interest, means a beneficial holder of a Claim or Interest in such Class or of such type.

59. **Intercompany Claims.** Any Claim held by one Debtor against the other Debtor.

60. **Interest.** Any stock, membership or other equity ownership interest in one or more of the Debtors of the type specified in section 101(16) of the Bankruptcy Code and all dividends and distributions with respect to such stock or interest and all rights, options, warrants, puts, calls, or other rights to acquire any stock or other equity ownership interest in any Debtor as of the Petition Date.

61. **Interim Fee Order.** The order of the Bankruptcy Court establishing procedures for the compensation and reimbursement of fees and expenses for Professionals.

62. **Lien.** Shall have the meaning assigned to that term in section 101 (37) of the Bankruptcy Code.

63. **Liquidity Event.** A Sale/IPO Transaction or Dividend Recapitalization.

64. **Management Equity Incentive Plan.** The Management Equity Incentive Plan developed for Reorganized Heartland, which shall be in form and substance acceptable to the First Lien Agent. The Management Equity Incentive Plan shall (i) provide for the management of Reorganized Heartland to receive profits interests (as defined in Internal Revenue Code Revenue Procedures 93-27 and 2001-43) that will allow management to participate, in the form of Class C Limited Voting Common Interests, in ten percent (10%) of any equity value of New HoldCo above the aggregate fair market value of all HoldCo equity on the date of grant of the profits interests (assuming an enterprise value of New HoldCo of \$80,000,000 with \$70,000,000 debt on the date of grant, the profits interests will participate in 10% of all New HoldCo equity value above the \$10,000,000 equity value on the date of grant), (ii) provide for management of Reorganized Heartland to receive, (x) upon the occurrence of any Sale/IPO Transaction, cash distributions from an aggregate award pool equal to ten percent (10%) of any equity value that is not captured by the profits interests described immediately above (i.e., any New HoldCo equity value that exists below the equity value participation threshold for the profits interests (currently assumed to be \$10,000,000)) and (y) upon the occurrence of a Dividend Recapitalization, cash distributions from an aggregate award pool equal to \$1 for every \$9 of cash or cash equivalents received by holders of New HoldCo Common Interests up to the equity value participation threshold for the profits interests and (iii) provide for the distribution of the Additional Management Equity Interests upon the terms and conditions set forth therein.

65. **Members.** Wachovia Partners 2004, LLC, Wicks Communication & Media Partners, L.P., Wicks Parallel (Limited) Partnership I, L.P., and Michael C. Bush, each in their capacity as members of Parent Holdco and in their capacity as former members of Holdings, Parent Holdco, LLC in its capacity as sole member of Holdings, and Holdings in its capacity as sole member of Heartland.

66. **New HoldCo.** A limited liability company formed under the laws of the State of Delaware and governed by the New HoldCo LLC Agreement. New HoldCo shall be the 100% owner of the Reorganized Heartland Equity Units.

67. **New HoldCo LLC Agreement.** The limited liability company agreement of New HoldCo in substantially the form of [Exhibit ___] to the Plan Supplement.

68. **New HoldCo Common Interests.** The Class A Voting Common Interests, the Class B Limited Voting Common Interests, the Class C Voting

Common Interests, the Class D Limited Voting Common Interests (if issued pursuant to the terms of this Plan), the Class E Common Interests (if issued upon exercise of the Warrants) and the Additional Management Equity Interests.

69. **New Revolver.** The new first out, first priority revolving credit facility allowing total borrowing capacity of up to \$2 million provided under the Restructured Credit Facility.

70. **Other Secured Claims.** Any Secured Claim that is not a First Lien Claim or a Second Lien Claim.

71. **Parent Holdco.** Heartland Parent Holdco, LLC, a Delaware limited liability company.

72. **Person.** An individual, a corporation, a partnership, a limited liability company, an association, a joint stock company, a joint venture, an estate, a trust, or an unincorporated organization.

73. **Petition Date.** December 21, 2009, the date on which the Debtors filed their voluntary petitions for relief under chapter 11 of the Bankruptcy Code in the Bankruptcy Court.

74. **Plan.** This Joint Plan of Reorganization of Heartland Publications, LLC, et al., Under Chapter 11 of the Bankruptcy Code, dated as of the date on the cover page hereof, filed and proposed by the Debtors, as the same may be amended, modified or supplemented from time to time, including all exhibits and schedules hereto.

75. **Plan Supplement.** That certain compilation of documents and forms of documents, schedules and exhibits to be filed no later than five (5) Business Days before the Ballot Deadline, in each case, in form and substance reasonably acceptable to the Prepetition Agent as such compilation may be amended, supplemented or modified from time to time in accordance with the terms hereof and the Bankruptcy Code and Bankruptcy Rules. The Plan Supplement shall include, without limitation, substantially final forms of the following documents: (a) the Reorganized Heartland LLC Agreement; (b) Schedule 7.1; (c) the form of the Management Equity Incentive Plan; (d) disclosure with respect to identity and title of officers and managers of Reorganized Heartland; (e) the New HoldCo LLC Agreement, (f) disclosure with respect to identity and title of officers and managers of New HoldCo, (g) the Warrants and (h) the Restructured Credit Facility Agreement.

76. **Pre-Petition Credit Facilities.** The First Lien Credit Facility and the Second Lien Credit Facility.

77. **Priority Claims.** All Priority Non-Tax Claims and all Priority Tax Claims.

78. **Priority Non-Tax Claim.** Any Claim against any Debtor for an amount entitled to priority pursuant to section 507(a) of the Bankruptcy Code and that is not an Administrative Claim or a Priority Tax Claim.

79. **Priority Tax Claim.** Any Claim against any Debtor for an amount entitled to priority under sections 502(i) and 507(a)(8) of the Bankruptcy Code.

80. **Professional.** An Entity: (a) employed pursuant to a Final Order in accordance with sections 327 and 1103 of the Bankruptcy Code and to be compensated for services rendered prior to the Effective Date, pursuant to Sections 327, 328, 329, 330 and 331 of the Bankruptcy Code, or (b) for which compensation and reimbursement has been allowed by the Bankruptcy Court pursuant to section 503(b)(4) of the Bankruptcy Code.

81. **Professional Fee Claim.** Any Claim against any Debtor asserted by a Professional for compensation or reimbursement of fees and expenses arising pursuant to sections 327, 328, 329, 330, 331 or 503(b) of the Bankruptcy Code in connection with the Cases for services provided or expenses incurred on or after the Petition Date and prior to and including the Effective Date.

82. **Proof of Claim.** Any written statement filed under oath in the Cases by the Holder of a Claim, other than an Administrative Claim, which statement (a) conforms substantially to Official Form 10, (b) states the amount and basis of such Holder's Claim, and (c) attaches or sufficiently identifies all documentation evidencing or otherwise supporting such Claim.

83. **Ratable Portion.** With reference to any distribution on account of any Allowed Claim in any Class, a distribution equal in amount to the ratio (expressed as a percentage) that the amount of such Allowed Claim bears to the aggregate amount of Allowed Claims in such Class or, to the extent expressly identified, in any other Classes.

84. **Registration Rights Agreement.** The Registration Rights Agreement among New HoldCo, the Holders of Class A Voting Common Interests and the Holders of Class B Limited Voting Common Interests, in substantially the form attached as [Exhibit __] to the Plan Supplement.

85. **Rejection Bar Date.** The deadline by which any Entity whose Claim arises from a Court-approved rejection of an executory contract or unexpired lease, in accordance with section 365 of the Bankruptcy Code and pursuant to an order of the Court, must file a proof of claim. The Rejection Bar Date for each such Entity shall be the later of: (a) the General Bar Date or (b) 30 days after the date of the order approving the Debtors' rejection of the applicable contract or lease, unless otherwise ordered by the Court.

86. **Rejection Claim.** Any Claim against any Debtor for damages arising as a proximate result of the rejection of an Executory Contract under section 365 of the Bankruptcy Code.

87. **Reorganized Debtors.** New HoldCo, Reorganized Heartland and their respective reorganized subsidiaries, or any successor thereto, by merger, consolidation, or otherwise, on or after the Effective Date.

88. **Reorganized Heartland.** Heartland or any successors thereto by merger, consolidation or otherwise on or after the Effective Date, after giving effect to this Plan.

89. **Reorganized Heartland Equity Units.** The equity interests in Reorganized Heartland to be established pursuant to the Reorganized Heartland LLC Agreement.

90. **Reorganized Heartland LLC Agreement.** The Limited Liability Company Agreement of Reorganized Heartland Publications in substantially the form attached as [Exhibit __] to the Plan Supplement.

91. **Restructured Credit Facility.** The credit facility consisting of the New Revolver, the Term Loan A and the Term Loan B, which shall be provided under the Restructured Credit Facility Agreement and related documents.

92. **Restructured Credit Facility Agreement.** The credit agreement by and among Reorganized Heartland, as borrower, New Holdco and each of Reorganized Heartland's subsidiaries, if any, as guarantors, GECC, as agent and lender, and the other First Lien Lenders, which shall be substantially in the form attached as [Exhibit __] to the Plan Supplement.

93. **Sale Bonus Plan.** The sale bonus plan developed for Reorganized Heartland, which shall be in form and substance acceptable to the First Lien Agent. Upon the occurrence of a Liquidity Event on or before the second anniversary of the Effective Date, the Sale Bonus Plan shall entitle the management of Reorganized Heartland to receive a cash distribution in an aggregate amount equal to 10% of enterprise value of New HoldCo above \$60,000,000, up to a maximum award pool amount of \$1,000,000. Such cash distribution shall be allocated among the members of the Reorganized Debtors' management team in the manner set forth in the Sale Bonus Plan.

94. **Sale/IPO Transaction.** The sale of substantially all of the equity interests in Reorganized Heartland or in New HoldCo, an initial public offering of the equity interests in Reorganized Heartland or in New HoldCo, or the sale of substantially all of the assets of Reorganized Heartland or in New HoldCo.

95. **Schedules.** The schedules of assets and liabilities filed by the Debtors pursuant to Bankruptcy Rule 1007(b), as they may be amended, modified or supplemented by the Debtors from time to time.

96. **Second Lien Claim.** Any and all Claims arising out of the Second Lien Credit Facility and related documents.

97. **Second Lien Credit Facility.** The Credit Agreement dated as of June 11, 2207 among Heartland and Silver Point as administrative agent and the Second Lien Credit Facility Lenders.

98. **Second Lien Credit Facility Lender.** The lenders from time to time party to the Second Lien Credit Facility, including any applicable assignees and participants thereof.

99. **Section 503(b)(9) Claim.** Any Claim established pursuant to section 503(b)(9) of the Bankruptcy Code for the value of any goods received by the Debtors within twenty (20) days before the Petition Date in which the goods have been sold to the Debtors in the ordinary course of the Debtors' business.

100. **Secured Claim.** Any Claim against any Debtor (a) to the extent such Claim is reflected in the Schedules or upon a Proof of Claim as a secured claim, and which is secured by a valid, perfected and enforceable Lien on any Assets that is not subject to avoidance under applicable bankruptcy or nonbankruptcy law, to the extent of the value of such Assets, as determined in accordance with section 506(a) of the Bankruptcy Code, or (b) to the extent the Holder of such Claim has a valid right of setoff pursuant to section 553 of the Bankruptcy Code.

101. **Senior Term Loans.** The Term Loan A and the Term Loan B established pursuant to the terms of the Restructured Credit Facility Agreement.

102. **Silver Point.** Silver Point Finance, LLC.

103. **Term Loan A.** The new term loan in the aggregate principal amount of \$60 million provided under the Restructured Credit Facility.

104. **Term Loan B.** The new term loan in the aggregate principal amount of \$10 million provided under the Restructured Credit Facility.

105. **Unclassified Claim.** Administrative Claims and Priority Tax Claims.

106. **U.S. Trustee.** The Office of the United States Trustee for Region 3.

107. **Voting Instructions.** The instructions for voting on this Plan that are contained in the Disclosure Statement and in the Ballots.

108. **Voting Record Date.** The date as of which the identity of Holders of Claims is set for purposes of determining the Entities entitled to receive Ballots and vote on this Plan. Pursuant to Bankruptcy Rules 3017(d) and 3018(a), this date is the date of entry of the Bankruptcy Court's order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

109. **Warrants.** Warrants, in substantially the form attached as [Exhibit ___] to the Plan Supplement, that, if issued pursuant to the terms of this Plan will give the holders thereof the right to purchase Class E Limited Voting Common Interests representing five percent (5%) of the fully diluted New HoldCo Common Interests at an exercise price based upon an equity value of \$50,000,000 (i.e., an enterprise value of \$120,000,000 less the \$70,000,000 of debt outstanding under the Restructure Credit Facility as of the Effective Date.) As, and to the extent provided for in the Warrants, such Warrants will be exercisable only upon the occurrence of a Liquidity Event and in connection with a Liquidity Event where the New HoldCo Common Interests (as the same may be recapitalized or restructured from time to time) receive or are to receive payments or distributions, in cash or cash equivalents, any holder of Warrants will have the right, in lieu of exercising such Warrants, to receive cash payments equal to the cash amount that would be payable to the Class E Limited Voting Common Interests subject to such Warrants (assuming the exercise of the Warrants) less the aggregate exercise price of such Warrants.

2.2. Undefined Terms. Terms used herein but not defined above, or elsewhere in this Plan or Disclosure Statement, shall have the meanings assigned to them, if any, in the Bankruptcy Code and/or the Bankruptcy Rules.

2.3. Exhibits and Plan Supplements. All exhibits to this Plan as well as Plan Supplements are incorporated by reference and made a part of this Plan as if set forth in full herein. Holders of Claims and Interests may obtain a copy of any Filed exhibits and any Plan Supplement upon written request to the Debtors. Upon their filing, the exhibits and Plan Supplement may be inspected in the office of the clerk of the Bankruptcy Court or its designee during normal business hours. The documents contained in the exhibits and Plan Supplement shall be approved by the Bankruptcy Court pursuant to the Confirmation Order.

2.4. Rules of Interpretation. For purposes of this Plan, unless otherwise provided herein: (a) whenever from the context it is appropriate, each term, whether stated in the singular or the plural, will include both the singular and the plural; (b) unless otherwise provided in this Plan, any reference in this Plan to a contract, instrument, release, or other agreement or document being in a particular form or on particular terms and conditions means that such document will be substantially in such form or substantially on such terms and conditions; (c) any reference in this Plan to an existing document, schedule or exhibit Filed or to be Filed means such document, schedule, or exhibit, as it may have been or may be amended, modified, or supplemented pursuant to this Plan; (d) any reference to an entity as a Holder of a Claim or Interest includes that entity's successors, assigns and participants; (e) all references in this Plan to Sections, Articles and Schedules are references to Sections, Articles and Schedules of or to this Plan or the Plan Supplement, as the same may be amended, waived or modified from time to time; (f) the words "herein," "hereof," "hereto," "hereunder" and other words of similar import refer to this Plan as a whole and not to any particular section, subsection or clause contained in this Plan; (g) captions and headings to Articles and Sections are inserted for convenience of reference only and are not intended to be a part of or to affect the interpretation of this Plan; (h) subject to the provisions of any contract, certificates or articles of incorporation, by-laws, instruments, releases, or other agreements or documents entered into in connection with this

Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, federal law, including the Bankruptcy Code; and (i) in computing any period of time prescribed or allowed by this Plan, the provision of Bankruptcy Rule 9006(a) will apply.

ARTICLE III CLASSIFICATION OF CLAIMS AND INTERESTS

In accordance with section 1123(a)(1) of the Bankruptcy Code, Administrative Claims and Priority Tax Claims have not been classified and are excluded from the Classes set forth in this Article III. Article IV describes the treatment of Administrative Claims (including Professional Fee Claims) and Priority Tax Claims.

This Plan constitutes a single Chapter 11 plan for all Debtors. A Claim or Interest is placed in a particular Class only to the extent that the Claim or Interest qualifies within the description of such Class and is in a different Class to the extent that it qualifies within the description of such different Class, but the same portion of a Claim may not be in more than one Class. A Claim or Interest is also placed in a particular Class for all purposes, including voting, confirmation and distribution under this Plan and under sections 1122 and 1123(a)(1) of the Bankruptcy Code. However, a Claim or Interest is placed in a particular Class for the purpose of receiving distributions pursuant to this Plan only to the extent that such Claim or Interest is an Allowed Claim or Interest in that Class and such Claim or Interest has not been paid, released or otherwise settled prior to the Effective Date.

For the purposes of this Plan, Holders of Claims against or Interests in the Debtors, except for Unclassified Claims, are classified as follows in accordance with section 1122(a) of the Bankruptcy Code:

3.1. Class 1 - Priority Non-Tax Claims. Class 1 consists of all Allowed Priority Non-Tax Claims.

3.2. Class 2 - Other Secured Claims. Class 2 consists of all Allowed Other Secured Claims, each of which, if any, shall constitute a subclass.

3.3. Class 3 – First Lien Claims. Class 3 consists of all Allowed First Lien Claims.

3.4. Class 4 – Second Lien Claims. Class 4 consists of all Allowed Second Lien Claims.

3.5. Class 5 – General Unsecured Claims. Class 5 consists of all Allowed General Unsecured Claims other than Second Lien Claims.

3.6. Class 6 - Interests. Class 6 consists of all Interests.

ARTICLE IV
TREATMENT OF UNCLASSIFIED CLAIMS

4.1. Administrative Claims. Subject to the provisions of sections 330(a), 331, and 503(b) of the Bankruptcy Code, each Holder of an Allowed Administrative Claim, other than a Professional Fee Claim, shall be paid by the Reorganized Debtors, at their election, in full, in cash, upon the latest of (i) the Effective Date or as soon thereafter as is reasonably practicable, (ii) in respect of liabilities incurred in the ordinary course of business, the date upon which such liabilities are payable in the ordinary course of Heartland's business, consistent with past practices, (iii) the date upon which such Administrative Claim becomes an Allowed Claim or (iv) such other date as is agreed upon between the Holder of such Administrative Claim and the Debtors (or Reorganized Heartland). All requests for payment of Administrative Claims, other than Section 503(b)(9) Claims, must be filed by no later than the Administrative Claims Bar Date. All requests for payment or Proofs of Claim in respect of Section 503(b)(9) Claims must be filed by no later than the General Bar Date.

4.2. Professional Fee Claims. Professionals requesting compensation or reimbursement of Professional Fee Claims or otherwise required to file fee applications by order of the Bankruptcy Court for services rendered prior to the Effective Date must File and serve pursuant to the notice provisions of the Interim Fee Order, an application for final allowance of compensation and reimbursement of expenses no later than forty-five (45) 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. Only the Professional Fee Claims that are authorized by the Bankruptcy Court will be owed and required to be paid under this Plan.

Reorganized Heartland may retain and compensate professionals for services rendered following the Effective Date without order of the Bankruptcy Court. Such post-Effective Date professionals shall provide Reorganized Heartland with monthly, detailed invoices in respect of their services and expenses, which may be paid by Reorganized Heartland without Bankruptcy Court approval. Notwithstanding the foregoing, if Reorganized Heartland objects in writing to the payment of any compensation, such disputed amount shall not be paid prior to the earlier of the resolution of such dispute or a ruling by the Bankruptcy Court.

4.3. Priority Tax Claims. Unless a Final Order otherwise provides, each Holder of an Allowed Priority Tax Claim shall receive, pursuant to section 1129(a)(9)(C) of the Bankruptcy Code, (a) cash in an amount equal to the unpaid portion of such Allowed Claim payable upon the later of the Distribution Date or the date on which such Priority Tax Claim becomes an Allowed Claim, (b) installment payments in cash of such Allowed Priority Tax Claim over a period ending not later than five (5) years after the Petition Date plus simple interest at the rate required by applicable law on any outstanding balance as of the Effective Date or such lesser rate as is agreed by a particular taxing authority, or (c) some other, less favorable treatment as is agreed upon by the Holder of such Allowed Priority Tax Claim and the Debtors (or Reorganized Heartland). Notwithstanding the foregoing, the Holder of an Allowed Priority Tax Claim shall not be entitled to receive any payment on account of any penalty arising with respect to or in connection with the Allowed Priority Tax Claim.

4.4. Full Satisfaction, Discharge and Release. The payments, distributions and other treatment afforded to Holders of Allowed Administrative Claims and Allowed Priority Tax Claims under this Article IV shall be in full and complete satisfaction, discharge and release of and in exchange for such Allowed Claims.

ARTICLE V TREATMENT AND IMPAIRMENT OF CLASSES

5.1. Class 1 - Priority Non-Tax Claims. The Holders of Allowed Claims in Class 1 shall receive (a) payment in full in cash on account of such Allowed Priority Non-Tax Claim (without interest) on the latest of (i) the Distribution Date or as soon thereafter as is reasonably practicable, (ii) the due date thereof in accordance with its terms, and (iii) the date such Priority Non-Tax Claim becomes an Allowed Claim, or (b) such other, less favorable treatment as is agreed upon by the Holder of such Allowed Priority Non-Tax Claim and the Debtors (or Reorganized Heartland).

Class 1 is an unimpaired Class and is conclusively deemed to have voted to accept this Plan.

5.2. Class 2 - Other Secured Claims. To the extent any Class 2 Claimant exists, at the option of Reorganized Heartland, each Holder (if any) of an Allowed Class 2 Claim shall receive, on the later of the Distribution Date or the date such Class 2 Claim becomes an Allowed Claim, (i) Cash in an amount equal to the value of the Creditor's interest in the collateral securing such Claim in full and complete satisfaction of such Claim, (ii) the collateral securing such Creditor's Claim shall be abandoned to such Creditor, in full and complete satisfaction of such Claim, or (iii) such other treatment as is agreed upon in writing by the Holder of such Claim and the Debtors and as shall be disclosed in the Plan Supplement.

Class 2 is an unimpaired Class and is conclusively deemed to have voted to accept this Plan.

5.3. Class 3 – First Lien Claims. On the Effective Date, Allowed First Lien Claims shall receive the following treatment:

(a) Each Holder of an Allowed First Lien Claim shall receive its Ratable Portion of (i) the Senior Term Loans and (ii) the Class A/B Common Interests. Holders of Allowed First Lien Claims may elect to receive their Class A/B Common Interests in the form of Class B Limited Voting Common Interests. Holders of Allowed First Lien Claims that do not make such an election shall receive Class A Voting Common Interests.

(b) The Debtors shall pay in full in cash all accrued and outstanding First Lien Agent Fees and Expenses.

Class 3 is an impaired Class and is entitled to vote on this Plan.

5.4. Class 4 – Second Lien Claims. On the Effective Date:

(a) If Class 4 votes to accept the Plan, each Holder of an Allowed Second Lien Claim shall receive such Holder's Ratable Portion of the Class D Limited Voting Common Interests; or

(b) If Class 4 votes to reject the Plan, then Holders of Allowed Second Lien Claims shall receive no property or distribution under this Plan.

Class 4 is an impaired Class and is entitled to vote on this Plan.

5.5. Class 5 General Unsecured Claims. On the Effective Date:

(a) Subject to Section 5.5(b) herein, each Holder of an Allowed General Unsecured Claim shall receive:

(i) Payment in full in cash of the Allowed amount of such Claim; or

(ii) Such other treatment as may be agreed between the Debtors and such Holder.

(b) If Class 4 votes to reject the Plan and the Bankruptcy Court determines in response to an objection filed by a Holder of a Second Lien Claim that leaving the Holders of General Unsecured Claims unimpaired violates section 1129 of the Bankruptcy Code, Holders of Allowed General Unsecured Claims shall receive no property or distribution under this Plan on account of such Claims.

If Section 5.5(a) applies, Class 5 is an unimpaired Class and is conclusively deemed to have voted to accept this Plan. If Section 5.5(b) applies, Class 5 will receive no recovery under the Plan and is deemed to have voted to reject this Plan.

5.6. Class 6 - Interests. On the Effective Date, all Interests shall be cancelled and:

(a) If Class 4 votes to accept the Plan, each Holder of an Interest in Holdings shall receive such Holder's Ratable Portion of the Warrants;

(b) If Class 4 votes to reject the Plan, the Holders of Interests shall receive no property or distribution under this Plan.

Class 6 is an impaired Class and is deemed to have voted to reject this Plan.

5.7. Full Satisfaction, Discharge and Release. The payments, distributions, grant of entitlements and other treatment afforded to Holders of Allowed Claims and Interests under this Article V shall be in full and complete satisfaction, discharge and release of and in exchange for such Allowed Claims or Interests.

5.8. Acceptance or Rejection of Plan.

(a) Voting Classes.

Each Holder of an Allowed Claim in Classes 3 and 4 shall be entitled to vote to accept or reject the Plan.

(b) Presumed Acceptance of Plan.

Classes 1, 2 and 5 (unless the conditions provided in Section 5.5(b) occur) are unimpaired by the Plan and are, therefore, presumed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code and the votes of Holders of Claims in such Classes will not be solicited.

(c) Presumed Rejection of Plan.

Class 5 (if the conditions provided for in Section 5.5(b) occur) and Class 6 are impaired by the Plan and are presumed to have rejected the Plan pursuant to section 1126(g) of the Bankruptcy Code.

(d) Cramdown.

With respect to any impaired class of Claims or Interests that fails to accept the Plan in accordance with section 1129(a) of the Bankruptcy Code, including any Class that is deemed to reject the Plan, the Debtors request that the Bankruptcy Court confirm the Plan in accordance with section 1129(b) of the Bankruptcy Code with respect to such non-accepting Classes, in which case or cases, the Plan shall constitute a motion for such relief.

ARTICLE VI MEANS FOR IMPLEMENTATION OF THE PLAN

6.1. Restructured Credit Facility Agreement.

Confirmation shall be deemed approval of (i) the Restructured Credit Facility Agreement (including the transactions contemplated thereby, and all actions to be taken, undertakings to be made, and obligations to be incurred by the Reorganized Debtors in connection therewith, including the payment of all fees, indemnities, and expenses provided for therein) and authorization for the Reorganized Debtors to enter into and execute the Restructured Credit Facility Agreement and such other documents as the parties to the Restructured Credit Facility Agreement may reasonably require and (ii) the issuance of the Senior Term Loans pursuant to the Restructured Credit Facility Agreement. Each Entity that receives a portion of the Senior Term Loans under this Plan shall become a party to and shall be bound by the Restructured Credit Facility Agreement as of the Effective Date regardless of whether such Entity executes the Restructured Credit Facility Agreement.

6.2. Equity Interests of Reorganized Heartland; Dissolution of Holdings.

1. **Distribution of Equity Interests of Reorganized Heartland.**
Effective as of the Effective Date, the existing Interests of Heartland shall be cancelled and Reorganized Heartland shall issue the Reorganized Heartland Equity Units to New HoldCo. All such Reorganized Heartland Equity Units shall

be issued pursuant to the Reorganized Heartland LLC Agreement and in accordance with this Plan without further act or action under applicable law, regulation, rule or order. The offer and issuance of the Reorganized Heartland Equity Units shall be exempt from registration under applicable securities law pursuant to section 1145(a) of the Bankruptcy Code.

2. **Dissolution of Holdings.** Upon the Effective Date, Holdings shall be dissolved and Reorganized Heartland shall assume any assets and assume all liabilities of Holdings. The income tax returns of Holdings (or, where applicable, of its parent company if Holdings is, prior to the Effective Date, a disregarded entity for Federal income tax purposes) with respect to periods ending on or prior to the consummation of the Plan shall be prepared and filed at the cost and expense of Reorganized Heartland, under the direction and supervision of the holders of a majority in interest of membership interests in Holdings prior to the Effective Date. The First Lien Agent shall be entitled to a reasonable opportunity to review and comment upon final tax returns prior to filing. On the Effective Date, all of Heartland's assets will vest in Reorganized Heartland and New HoldCo will be the sole member of Reorganized Heartland.

6.3. Issuance and Distribution of the New HoldCo Common Interests and Warrants.

On the Effective Date, New HoldCo will distribute all of the New HoldCo Common Interests and Warrants required to be distributed pursuant hereto. The New HoldCo Common Interests and Warrants to be issued pursuant to this Plan will be issued without registration under the Securities Act of 1933, as amended, or any similar federal, state, or local law in reliance, to the extent necessary, upon the exemptions set forth in section 1145 of the Bankruptcy Code. On the Distribution Date, the Reorganized Debtors will not be reporting corporations under the Securities Exchange Act, and none of their shares will be listed on any national securities exchange. All of the New HoldCo Common Interests and Warrants issued pursuant to this Plan shall be duly authorized, validly issued, and, if applicable, fully paid and non-assessable. Each distribution and issuance referred to herein shall be governed by the terms and conditions set forth herein, including the Plan Supplement, applicable to such distribution or issuance and by the terms and conditions of the instruments evidencing or relating to such distribution or issuance, which terms and conditions shall bind each Entity receiving such distribution or issuance.

6.4. Limited Liability Company Agreements.

On or prior to the Effective Date, each of the Reorganized Debtors may enter into and/or file new limited liability company agreements (including the New HoldCo LLC Agreement and the Reorganized Heartland LLC Agreement), certificates of formation, or similar documents with the secretary of state (or equivalent state officer or entity) of the state under which each of the Reorganized Debtors is or is to be incorporated or formed, as may be necessary to satisfy the provisions of this Plan and the Bankruptcy Code. After the Effective Date, each Reorganized Debtor may file a new, or amend and restate its existing limited liability

company agreement, certificate of formation, and other constituent documents as permitted by the relevant state corporate law.

The New HoldCo LLC Agreement will set forth the rights and obligations of New Holdco and the holders of the New HoldCo Common Interests with respect to the ownership and management of New Holdco following the Effective Date. The New HoldCo LLC Agreement will contain, among other things, provisions relating to the appointment and election of managers, “drag-along” rights allowing the holders of a majority of the outstanding units of Class A/B Common Interests to require all holders of New HoldCo Common Interests to vote for and participate in a sale of all or substantially all of the assets of New HoldCo or a sale of a majority of the outstanding New HoldCo Common Interests to a single unaffiliated person or entity or group of related unaffiliated persons or entities, “tag-along” rights allowing holders of the outstanding units of New HoldCo Common Interests to participate in any transaction that results in a sale of a majority of the outstanding New HoldCo Common Interests to a single unaffiliated person or entity or group of related unaffiliated persons or entities, restrictions on the transfer of the New HoldCo Common Interests, and certain covenants of New HoldCo. Each Entity that is to receive New HoldCo Common Interests under the Plan shall become a party to and shall be bound by the New HoldCo LLC Agreement as of the Effective Date regardless of whether such Entity executes the New HoldCo LLC Agreement.

6.5. Registration Rights Agreement

The Registration Rights Agreement will set forth the obligations of New HoldCo and the rights of the holders of Class A/B Common Interests and their transferees to cause the registration of such Class A/B Common Interests pursuant to the Securities Act of 1933, as amended. The Registration Rights Agreement will provide, among other things, for the Holders of Class A/B Common Interests and their transferees to have certain demand and “piggyback” registration rights, subject to certain cutbacks and other limitations. Each Entity that is to receive Class A Voting Common Interests or Class B Limited Voting Common Interests under this Plan shall become a party to and shall be bound by the Registration Rights Agreement as of the Effective Date regardless of whether such Entity executes the Registration Rights Agreement.

6.6. Board of Managers of New HoldCo and Reorganized Heartland.

The Board of Managers of New HoldCo shall initially consist of up to five members. One of such members will be the Chief Executive Officer of New HoldCo on the Effective Date. Three of such members will be designated as Independent Managers (as defined in the New HoldCo LLC Agreement) and will be named in the Plan Supplement. The Independent Managers shall be independent, disinterested and unaffiliated with, and shall not have any material business or close personal relationships or any history of any material business or close personal relationships with, any or all of the lenders, or management of Reorganized Heartland or their respective affiliates. One of such members will be designated as the Class A Manager (as defined in the New HoldCo LLC Agreement) and will be selected by at least two Holders of the Class A Voting Common Interests holding at least 75% in the aggregate of the Allowed First Lien Claims (other than those Holders who have elected to receive Class B Limited Voting Common Interests) as if such Holders were holders of the Class A Voting Common Interests to be issued to them on the Effective Date; provided, however, that if there is

only one such Holder, the initial Class A Manager shall be designated by such Holder. The Class A Manager shall not be an employee of any such Holder or their affiliates. Failure of such Holders to appoint the Class A Director shall not delay the Effective Date or impair the power of the Board of Managers of New HoldCo to act and otherwise fulfill its duties.

After the Effective Date, the composition and election of the Managers of New HoldCo will be determined pursuant to the terms and conditions of the New HoldCo LLC Agreement and the Reorganized Heartland LLC Agreement. Pursuant to the terms thereof, the Board of Managers of New HoldCo shall consist of up to five members, selected as follows: (i) one member shall be the Chief Executive Officer of New HoldCo; (ii) one member shall be a Class A Manager (as defined in the New HoldCo LLC Agreement) selected by the holders of at least 75% of the Class A Voting Common Interests and (iii) three members shall be Independent Managers (as defined in the New HoldCo LLC Agreement) selected pursuant to the procedures set forth in the New HoldCo LLC Agreement.

The Board of Managers of Reorganized Heartland shall consist of the same members as the Board of Managers of New HoldCo.

6.7. Identity of Managers and Officers of Reorganized Debtors

In accordance with section 1129(a)(5) of the Bankruptcy Code, the identities and affiliations of the persons proposed to serve as a manager or officer of the Reorganized Debtors upon the Effective Date shall be set forth in an exhibit to the Plan Supplement. Each member of the current board of managers of Heartland will be deemed to have resigned on the Effective Date.

6.8. Management Equity Incentive Plan and Sale Bonus Plan. On the Effective Date, the management team selected by the Chief Executive Officer of Reorganized Heartland will become eligible to participate in the Management Equity Incentive Plan. In addition, New HoldCo will establish the Sale Bonus Plan. Holders of Management Equity Awards will be entitled to the same tag-along rights as holders of the Company's other Common Interests.

6.9. Substantive Consolidation. On the Effective Date, the Cases, the Debtors and the Estates shall be deemed to be substantively consolidated for all purposes associated with consummation of the Plan, including voting and distribution purposes. The assets and liabilities of the Debtors shall be pooled and all Claims shall be satisfied from the assets of a single consolidated estate. Any Claims against one or more of the Debtors based upon a guaranty, indemnity, co-signature, surety or otherwise, of Claims against another Debtor shall be treated as a single Claim against the consolidated estate of the Debtors and shall be entitled to distributions under this Plan only with respect to such single Claim.

6.10. Cancellation of Intercompany Claims. On the Effective Date, all Intercompany Claims shall be eliminated and extinguished.

6.11. Continued Corporate Existence, Corporate Action and Vesting of Assets.

Except as otherwise provided herein, Heartland will, as Reorganized Heartland, continue to exist after the Effective Date as a separate entity in accordance with the applicable laws of the State of Delaware, with all the powers of a limited liability company under applicable law and without prejudice to any right to alter or terminate such existence (whether by merger, dissolution or otherwise) under applicable state law. The following will occur and be effective as of the date specified in the documents effectuating this Plan or as of the Effective Date, if no other effective date is specified in the documents, and will be authorized and approved in all respects and for all purposes without any requirement of further action by any member, stockholder, manager or director of the Debtors: (i) the adoption of the Reorganized Heartland LLC Agreement; (ii) the adoption of the New HoldCo LLC Agreement; (iii) the adoption, execution, delivery and implementation of all contracts, leases, instruments, releases and other agreements or documents related to this Plan; (iv) the issuance of the Reorganized Heartland Equity Units to New HoldCo; (v) the issuance of the New HoldCo Common Interests and the establishment of the Management Equity Incentive Plan and the Sale Bonus Plan; (vi) the execution and delivery of the Restructured Credit Facility Agreement and related documents; and (vii) the other matters provided for under this Plan involving the corporate structure of the Debtors, Reorganized Heartland, or New HoldCo or any corporate action to be taken by or required of the Debtors, Reorganized Heartland, or New HoldCo.

Except as otherwise provided in this Plan or the Confirmation Order, on the Effective Date, all property of the Estates shall, in accordance with section 1141(c) of the Bankruptcy Code, vest in Reorganized Heartland, free and clear of all Liens, Claims, and Interests. On and after the Effective Date, Reorganized Heartland may operate its business and may use, acquire and dispose of property and compromise or settle any Claims without supervision or approval by the Bankruptcy Court and free of any restrictions of the Bankruptcy Code or Bankruptcy Rules, other than those restrictions expressly imposed by this Plan or the Confirmation Order.

6.12. Distributions.

1. **Full and Final Satisfaction.** Commencing upon the Distribution Date, Reorganized Heartland shall be authorized to distribute the distributions required under this Plan to the Holders of Allowed Claims according to the provisions of this Plan. Upon the Effective Date, all Debts of the Debtors shall be deemed fixed and adjusted pursuant to this Plan and Reorganized Heartland and Holdings shall have no liability on account of any Claims or Interests except as set forth in this Plan and in the Confirmation Order. All payments and all distributions made by Reorganized Heartland and New HoldCo under this Plan shall be in full and final satisfaction, settlement and release of all Claims against Reorganized Heartland and/or Holdings.

2. **Distribution Procedures.** Except as otherwise agreed by the Holder of a particular Claim, or as provided in this Plan, all distributions shall be made upon the Distribution Date. Distributions to any Holder of an Allowed

Claim shall be allocated first to the principal amount of any such Allowed Claim, as determined for federal income tax purposes, and then, to the extent the consideration exceeds such amount, to the remainder of such Claim comprising interest, if any (but solely to the extent that interest is an allowable portion of such Allowed Claim). Whenever any payment of a fraction of a cent would otherwise be called for, the actual distribution shall reflect a rounding of such fraction down to the nearest cent.

Reorganized Heartland or its duly appointed disbursing agent shall make all distributions of cash or other property required under this Plan, unless this Plan specifically provides otherwise.

Distributions to Holders of Allowed Claims shall be made (1) at the address set forth on the respective Proofs of Claim filed by such Holders, (2) at the addresses set forth in any written notices of address change delivered to the Debtors or Reorganized Heartland after the date of any related Proof of Claim, or (3) at the address reflected in the Debtors' Schedules if no Proof of Claim has been filed and the Debtors and Reorganized Heartland have not received a written notice of a change of address.

If the distribution to the Holder of any Allowed Claim is returned to Reorganized Heartland as undeliverable, no further distribution shall be made to such Holder, and Reorganized Heartland shall have no obligation to make any further distribution to the Holder, unless and until Reorganized Heartland are notified in writing of such Holder's then current address.

Any Entity which fails to claim any distribution to which it is otherwise entitled within 1 year from the date upon which a distribution is first made to such Entity shall forfeit all rights to any distribution under this Plan. Entities which fail to claim their distribution shall forfeit their rights thereto and shall have no claim whatsoever against Reorganized Heartland or any Holder of an Allowed Claim to whom distributions are made by Reorganized Heartland.

3. **No Distributions on Late-Filed Claims.** Except as otherwise provided in a Final Order of the Bankruptcy Court, any Claim as to which a Proof of Claim was first filed after the applicable Bar Date shall be a Disallowed Claim, and Reorganized Heartland shall not make any distribution to a Holder of such a Claim; provided, however, that to the extent such Claim was listed in the Schedules (other than as contingent, disputed, or unliquidated) and would be an Allowed Claim but for the lack of a timely proof of Claim, Reorganized Heartland shall treat such Claim as an Allowed Claim in the amount in which it was so listed.

4. **Withholding Taxes.** Pursuant to section 346(f) of the Bankruptcy Code, Reorganized Heartland shall be entitled to deduct any federal, state or local withholding taxes from any cash payments made with respect to Allowed Claims, as appropriate. From and as of the Effective Date, Reorganized Heartland shall

comply with all reporting obligations imposed on it by any Governmental Unit in accordance with applicable law with respect to such withholding taxes. As a condition to making any distribution under this Plan, Reorganized Heartland may require that the Holder of an Allowed Claim provide such Holder's taxpayer identification number and such other information and certification as may be deemed necessary for Reorganized Heartland to comply with applicable tax reporting and withholding laws.

6.13. De Minimis Distributions. Notwithstanding anything to the contrary herein, Reorganized Heartland shall not be required to make a distribution to any Creditor if the aggregate dollar amount of the distribution (net of costs associated with making such distribution) is less than one-hundred dollars (\$100).

6.14. Sources of Consideration for Plan Distributions. The Reorganized Debtors shall fund distributions under the Plan with cash or cash equivalents on hand ("Cash"), existing assets, the New Revolver, and the issuance of Senior Term Loans, New HoldCo Common Interests and Warrants.

1. **New Revolver:** On the Effective Date, the Reorganized Debtors shall enter into the Restructured Credit Facility Agreement (and related security and guaranty documentation), providing for, among other things, the New Revolver in the amount of up to \$2.0 million in order to fund Cash amounts required to be paid under the Plan and to fund the Reorganized Debtors' working capital and operational needs.

The New Revolver shall be in the form of a new revolving line of credit secured by the same assets and supported by the same guaranties as the Senior Term Loans but senior in payment priority to the Senior Term Loans as provided in the Restructured Credit Facility Agreement. The New Revolver will mature on the fourth anniversary of the Effective Date.

Interest will accrue and be paid monthly in cash at either (i) the Index Rate (of not less than 5.5% per annum) plus 5.5% per annum or (ii) the LIBOR Rate plus 6.5% per annum (subject to a LIBOR index floor of 3.5% per annum), at the election of Reorganized Heartland (as borrower under the Restructured Credit Facility Agreement).

Revolving Loans would be repaid and commitments reduced to zero prior to repayment of the Senior Term Loan, other than permitted mandatory prepayments prior to acceleration or maturity.

2. **Senior Term Loans:** On the Effective Date, Reorganized Heartland shall issue the Senior Term Loans in the aggregate principal amount of \$70,000,000 for distribution to Holders of Allowed Claims arising under the First Lien Credit Facility in partial satisfaction of their Claims. The Senior Term Loans will be secured by Liens on all of the assets of Reorganized Heartland and supported by guarantees from New HoldCo. The Senior Term Loans will be

junior in priority of payment to the New Revolver but senior in payment to all other indebtedness of the Reorganized Debtors.

The Senior Term Loans will mature on the fourth anniversary of the Effective Date. Interest on the Term Loan A will accrue and be paid in cash at either (i) the Index Rate (of not less than 5.5% per annum) plus 5.5% per annum or (ii) the LIBOR Rate plus 6.50% per annum (subject to a LIBOR index floor of 3.5% per annum), at the election of Reorganized Heartland (as borrower under the Restructured Credit Facility Agreement).. The Term Loan B of \$10,000,000 principal amount will accrue at (i) PIK interest at a rate of 11.0% per annum and (ii) cash interest at a rate of 1.0% per annum. The Term Loan A will amortize in fifteen (15) quarterly installments of \$600,000 each, commencing [____], 2010, with a final installment equal to the unpaid balance then remaining on the maturity date.

3. **New HoldCo Common Interests:** New HoldCo shall issue Class A Voting Common Interests and Class B Limited Voting Common Interests for distribution to Holders of Allowed First Lien Claims, in partial satisfaction of such Claims. Upon consummation, the Class A/B Common Interests will be entitled to 90% of the equity value of New HoldCo, subject to dilution by the Class D Limited Voting Common Interests, the Additional Management Equity Interests and the Warrants, all upon the terms and conditions set forth in the New HoldCo LLC Agreement.

The Class A Voting Common Interests will have full voting rights and will be entitled to vote in the election of the Board of Managers of New HoldCo. The Class B Limited Voting Common Interests will have limited voting rights, will not be entitled to vote in the election of the Board of Managers of New HoldCo and will be convertible into Class A Voting Common Interests at the option of the holder at any time. Holders of Class A Voting Common Interests and Class B Limited Voting Common Interests will be entitled, in the aggregate, to 99% of the votes to be cast on any matter on which holders of New HoldCo Common Interests vote as a single class.

If issuable pursuant to Section 5.4 of this Plan, New HoldCo shall issue Class D Limited Voting Common Interests for distribution to Holders of Allowed Second Lien Claims.

Holders of Class C Limited Voting Common Interests, Class D Limited Voting Common Interests, Class E Limited Voting Common Interests and Additional Management Equity Interests will not be entitled to general voting rights but will be entitled, in the aggregate, to 1% of the votes to be cast on any matter on which holders of New HoldCo Common Interests vote as a single class.

Holders of New HoldCo Common Interests will be subject to the terms and conditions of the New HoldCo LLC Agreement described in Section 6.4 hereof. Holders of Class A/B Common Interests will be subject to the terms and conditions of the Registration Rights Agreement described in Section 6.5 hereof.

4. **Warrants:** If issuable pursuant to Section 5.6 of this Plan, New

HoldCo shall issue the Warrants for distribution to Holders of an interest in Holdings. The Class E Limited Voting Common Interests issuable upon exercise of the Warrants will represent 5% of the outstanding New HoldCo Common Interests on a fully diluted basis. The Warrant exercise price will be based upon an equity value of \$50 million (i.e., an enterprise value of \$120,000,000 less the \$70,000,000 of debt outstanding under the Restructure Credit Facility as of the Effective Date.) As and to the extent provided for in the Warrants, such Warrants will be exercisable only upon the occurrence of a Liquidity Event and in connection with a Liquidity Event where the New HoldCo Common Interests (as the same may be recapitalized or restructured from time to time) receive or are to receive payments or distributions, in cash or cash equivalents, any holder of Warrants will have the right, in lieu of exercising such Warrants, to receive cash payments equal to the cash amount payable to the Class E Limited Voting Common subject to such Warrants (assuming the exercise of the Warrants) less the aggregate exercise price of such Warrants.

6.15. Disputed Claims.

1. All objections to Claims shall be filed and served not later than one hundred eighty (180) days following the Effective Date; provided, however, such date may be extended by the Bankruptcy Court beyond such 180 day period upon motion (the “Extension Motion”) filed by Reorganized Heartland prior to the expiration of the above-noted 180 day deadline. Unless otherwise provided in the Confirmation Order, Reorganized Heartland is authorized to settle, or withdraw any objections to, any Disputed Claim following the Effective Date without further notice to Creditors or authorization of the Bankruptcy Court, in which event such Claim shall be deemed to be an Allowed Claim in the amount compromised for purposes of this Plan. Under no circumstances will any distributions be made on account of Disallowed Claims.

2. No payment or other distribution or treatment shall be made on account of a Disputed Claim, even if a portion of the Claim is not disputed, unless and until such Disputed Claim becomes an Allowed Claim and the amount of such Allowed Claim is determined by a Final Order or by stipulation between the Debtors and the Holder of the Claim. No distribution or other payment or treatment shall be made on account of a Disallowed Claim at any time.

3. The Debtors (prior to the Effective Date) or Reorganized Heartland (after the Effective Date) may, at any time, and from time to time, request that the Bankruptcy Court estimate any Disputed Claim pursuant to section 502(c) of the Bankruptcy Code regardless of whether an objection was previously filed with the Bankruptcy Court with respect to such Claim, or whether the Bankruptcy Court has ruled on any such objection, and the Bankruptcy Court shall retain jurisdiction to estimate any Claim at any time during litigation concerning any objection to any Claim, including during the pendency of any appeal relating to such objection. Any Final Order of the Bankruptcy Court that estimates a Disputed Claim pursuant to this Section 6.15(3) irrevocably shall constitute and be a

conclusive and final determination of the maximum allowable amount of Claim, should it become an Allowed Claim. Accordingly, the Holder of a Disputed Claim that is estimated by the Bankruptcy Court pursuant to this Section 6.15(3) shall not be entitled to any subsequent reconsideration or upward adjustment of the maximum allowable amount of such Claim as a result of any subsequent adjudication or actual determination of the allowed amount of such Disputed Claim or otherwise, and the Holder of such Claim shall not have recourse to the Debtors, Reorganized Heartland, or any Assets of the foregoing in the event the allowed amount of the Claim of such Holder is at any time later determined to exceed the estimated maximum allowable amount.

4. Following the date on which a Disputed Claim becomes an Allowed Claim after the Distribution Date, Reorganized Heartland shall pay directly to the Holder of such Allowed Claim the amount provided for under this Plan.

6.16. Direction to Parties. From and after the Effective Date, the Debtors or Reorganized Heartland may apply to the Bankruptcy Court for an order directing any necessary party to execute or deliver, or to join in the execution or delivery, of any instrument required to effect a transfer of property required under this Plan, and to perform any other act, including the satisfaction of any Lien, that is necessary for the consummation of this Plan, pursuant to section 1142(b) of the Bankruptcy Code, provided that such direction is in accordance with this Plan.

6.17. Setoffs. The Debtors or Reorganized Heartland may, to the extent permitted under applicable law, setoff against any Allowed Claim and the distributions to be made pursuant to this Plan on account of such Allowed Claim, the claims, rights and causes of action of any nature (other than claims arising under chapter 5 of the Bankruptcy Code) that the Debtors may hold against the Holder of such Allowed Claim that are not otherwise waived, released or compromised in accordance with this Plan; provided, however, that neither such a setoff nor the allowance of any Claim hereunder shall constitute a waiver or release by the Debtors of any such claims, rights and causes of action that the Debtors possess against such Holder.

6.18. United States Trustee Fees. All outstanding amounts due under 28 U.S.C. § 1930 that have not been paid shall be paid by the Debtor on or before the Effective Date. Thereafter, Reorganized Heartland shall pay any statutory fees due pursuant to 28 U.S.C. § 1930(a)(6) and such fees shall be paid until entry of a final decree or an order converting or dismissing the Case.

6.19. Effectuating Documents; Further Transactions. Any chief executive officer, president, chief financial officer, general counsel or any other appropriate officer of Holdings or Reorganized Heartland, as the case may be, shall be authorized to execute, deliver, file, or record such contracts, 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 this Plan. Any secretary or assistant secretary of any of the Debtors, as the case may be, shall be authorized to certify or attest to any of the foregoing actions.

6.20. Allowance of First Lien Claims. The First Lien Claims shall be deemed Allowed in full and, for the avoidance of doubt, shall not be subject to any avoidance, reductions, setoff, recharacterization, subordination, counterclaim, cross-claim, defense, disallowance, impairment, objection or any challenges under any applicable law or regulation by any Person or Entity, in an aggregate amount equal to (i) \$113,726,424 plus (ii) all accrued and unpaid interest thereon through and including the Effective Date plus (iii) the amount of any drawn letters of credit plus (iv) all other Obligations (as defined in the First Lien Facility) plus (v) all First Lien Agent Fees and Expenses through and including the Effective Date.

6.21. Cancellation of First Lien Credit Facility, Second Lien Credit Facility and Interests. On the Effective Date, except as otherwise provided for herein, (a) the First Lien Credit Facility, the Second Lien Credit Facility, all Interests and any limited liability company agreement, registration rights agreement, repurchase agreement and repurchase arrangement, or other instruments or documents evidencing or creating any indebtedness or obligations of a Debtor that relate to Claims or Interests that are impaired under these Plans shall be cancelled, and (b) the obligations of the Debtors under any credit agreements, guaranty agreements, limited liability company agreements, registration rights agreements, repurchase agreements and repurchase arrangements, or other instruments or documents governing the First Lien Claims, the Second Lien Claims, the Interests and any other instruments or documents evidencing or creating any Claims or Interests against a Debtor that relate to Claims or Interests that are impaired under the Plan shall be discharged. Notwithstanding the foregoing and anything contained in the Plan, the First Lien Credit Facility shall continue in effect to the extent necessary to allow the Reorganized Debtors and First Lien Agent to make distributions pursuant to this Plan on account of the First Lien Claims and for the First Lien Agent to perform such other functions with respect thereto. As of the Effective Date, all Interests that have been authorized to be issued but that have not been issued shall be deemed cancelled and extinguished without any further action of any party.

6.22. Cancellation of Liens. Except as otherwise provided in this Plan, on the Effective Date, any Lien securing any Secured Claim (other than a Lien securing an Other Secured Claim that is reinstated pursuant to this Plan) shall be deemed released and the Holder of such Secured Claim shall be authorized and directed to release any collateral or other property of any Debtor (including any cash collateral) held by such Holder and to take such actions as may be requested by the Debtors (or Reorganized Heartland, as the case may be) to evidence the release of such Lien, including the execution, delivery, and filing or recording of such releases as may be requested by the Debtors (or Reorganized Heartland, as the case may be).

ARTICLE VII EXECUTORY CONTRACTS AND UNEXPIRED LEASES

7.1. Rejection of Certain Executory Contracts. Except as otherwise provided in this Plan or in any contract, instrument, release or other agreement entered into in connection with this Plan, on the Effective Date, pursuant to section 365 of the Bankruptcy Code, the Debtors will reject each of the Executory Contracts listed on Schedule 7.1; provided, however, that the Debtors reserve the right, at any time prior to the Effective Date, to amend Schedule 7.1 to (a) delete any Executory Contract listed therein, thus providing for its

assumption pursuant to Section 7.2 or (b) add any Executory Contract thereto, thus providing for its rejection pursuant to this Section 7.1. The Debtors will file Schedule 7.1 with the Bankruptcy Court not later than 5 days before the Ballot Deadline and will provide notice of Schedule 7.1 to the non-Debtor parties to the Executory Contracts affected thereby and to those parties entitled to notice pursuant to Bankruptcy Rule 2002. The Debtors will provide notice of any amendments to Schedule 7.1 to the non-Debtor parties to the Executory Contracts affected thereby and to those parties entitled to notice pursuant to Bankruptcy Rule 2002. Each contract and lease listed on Schedule 7.1 will be rejected only to the extent that such contract or lease constitutes an Executory Contract. Listing a contract or lease on Schedule 7.1 will not constitute an admission by the Debtors or Reorganized Heartland that the contract or lease is an Executory Contract or that the Debtors or Reorganized Heartland have any liability thereunder. To the extent that after the Confirmation Date, the Bankruptcy Court, after notice and hearing, enters an order in the Cases authorizing the rejection of any Executory Contract, the resulting Rejection Claim shall be deemed a pre-petition breach of such Executory Contract under sections 365(g) and 502(g) of the Bankruptcy Code, with the result that as if such relief were granted and such order were entered prior to the Confirmation Date.

7.2. Executory Contracts Assumed if Not Rejected. On the Effective Date, except for an Executory Contract that is listed on Schedule 7.1 or was previously assumed, assumed and assigned or rejected by an order of the Bankruptcy Court, each Executory Contract of every kind and nature entered into by the Debtors prior to the Petition Date that has not previously expired or terminated pursuant to its own terms prior to the Effective Date will be assumed by the Debtor that is a party thereto and assigned to Reorganized Heartland pursuant to section 365 of the Bankruptcy Code, except: (i) any Executory Contract that is the subject of a separate motion to reject filed pursuant to section 365 of the Bankruptcy Code by the Debtors before the entry of the Confirmation Order, provided, however, that upon denial or withdrawal of any such motion, such executory contract or unexpired lease shall automatically be deemed assumed as of the Effective Date; and (ii) any agreement, obligation, security interest, transaction or similar undertaking that the Debtors believe is not an Executory Contract that is later determined by the Bankruptcy Court to be an Executory Contract that is subject to assumption or rejection under section 365 of the Bankruptcy Code, which agreements shall be subject to assumption or rejection within 30 days of any such determination. Debtors will file the Cure Payment Schedule (Schedule 7.2) and will serve the Cure Payment Schedule on the counterparties whose executory contracts and unexpired leases are being assumed, and those parties entitled to notice pursuant to Bankruptcy Rule 2002, by no later than five (5) days prior to the Ballot Deadline. Any counterparty who objects to the cure amount set forth by the Debtors on the Cure Payment Schedule, or who objects to a Debtor's assumption and assignment of its executory contract or unexpired lease for any other reason, must file an objection with the Bankruptcy Court and serve such objection upon counsel for the Debtors by no later than the Assumption Objection Deadline. All objections to assumption shall be heard at the Confirmation Hearing, or as otherwise agreed to by the parties or scheduled by the Court.

Each contract and lease set forth on the Cure Payment Schedule will be assumed only to the extent that such contract or lease constitutes an actual Executory Contract. The listing of a contract or lease on the Cure Payment Schedule does not constitute an admission by the Debtors or Reorganized Heartland that the contract or lease is an Executory Contract or that the Debtors or Reorganized Heartland have any liability thereunder. The Confirmation Order will

constitute an order of the Bankruptcy Court approving the assumption and assignment of the Executory Contracts set forth on the Cure Payment Schedule as provided for by this Section 7.2, pursuant to section 365 of the Bankruptcy Code, as of the Effective Date. The Debtors reserve the right, at any time prior to the Confirmation Hearing, to amend the Cure Payment Schedule to (a) delete any Executory Contract listed therein, thus providing for its rejection pursuant to Section 7.1 or (b) add any Executory Contract thereto, thus providing for its assumption pursuant to this Section 7.2, upon notice to the counter party whose Executory Contract is being added to or deleted from the Cure Payment Schedule. Each Executory Contract assumed pursuant to the Plan or otherwise shall revest in and be fully enforceable by Reorganized Heartland in accordance with its terms, except as modified by the provisions of this Plan, any order of the Bankruptcy Court authorizing and providing for its assumption or applicable federal law.

7.3. Bar Date for Rejection Claims. If the rejection of any Executory Contract under this Plan gives rise to a Claim by the non-Debtor party or parties to such Executory Contract, such Claim, to the extent that it is timely filed and is an Allowed Claim, shall be classified in Class 5, as appropriate; provided, however, that the Unsecured Claim arising from such rejection shall be forever barred and shall not be enforceable against the Debtors, Reorganized Heartland, their successors or properties, unless a proof of such Claim is filed and served on Reorganized Heartland within thirty (30) days after the date of notice of the entry of the order of the Court rejecting the Executory Contract, which may include, if applicable, the Confirmation Order. To the extent Rejection Claims initially are Disputed Claims, but subsequently become Allowed Claims, Reorganized Heartland shall pay such Rejection Claims in accordance with this Plan, but nothing herein shall constitute a determination that any such rejection gives rise to or results in a Claim or constitutes a waiver of any objections to such Claim by the Debtors, Reorganized Heartland or any party in interest.

ARTICLE VIII RETENTION OF JURISDICTION

8.1. General Scope of Jurisdiction. Following the Effective Date, the Bankruptcy Court shall retain jurisdiction over these Cases to the extent legally permissible, including without limitation such jurisdiction as is necessary to ensure that the purposes and intent of this Plan are carried out.

8.2. Claims and Actions. The Bankruptcy Court shall retain jurisdiction (a) to classify, resolve objections to, and determine or estimate pursuant to section 502(c) of the Bankruptcy Code all Claims against, and Interests in, the Debtors and (b) to adjudicate and enforce all claims and Causes of Action owned by the Debtors or Reorganized Heartland.

8.3. Specific Jurisdiction. Without in any way limiting the scope of the Bankruptcy Court's retention of jurisdiction over these Cases as otherwise set forth in this Plan, the Bankruptcy Court shall retain jurisdiction for the following specific purposes:

1. To determine all questions and disputes regarding title to the respective Assets of the Debtors, all causes of action, controversies, disputes or conflicts, whether or not subject to any pending action as of the Effective Date,

between the Debtors and any other party, including without limitation any right to recover Assets pursuant to the provisions of the Bankruptcy Code;

2. To modify this Plan after the Effective Date pursuant to the Bankruptcy Code, the Bankruptcy Rules, and applicable law;

3. To enforce and interpret the terms and conditions of this Plan or the Confirmation Order;

4. To enter such orders, including, but not limited to, such future injunctions as are necessary to enforce the respective title, rights and powers of Reorganized Heartland, and to impose such limitations, restrictions, terms and conditions on such title, rights and powers as the Bankruptcy Court may deem necessary;

5. To enter a final decree closing the Cases;

6. To correct any defect, cure any omission or reconcile any inconsistency in this Plan or the Confirmation Order as may be necessary to implement the purposes and intent of this Plan;

7. To determine any and all objections to the allowance or classification of Claims;

8. To adjudicate all claims or controversies to a security or ownership interest in any of the Debtors' Assets or in any proceeds thereof;

9. To determine any and all applications for allowances of compensation and reimbursement of expenses and the reasonableness of any fees and expenses authorized to be paid or reimbursed under the Bankruptcy Code;

10. To determine any applications or motions pending on the Effective Date for the rejection, assumption or assumption and assignment of any Executory Contract and to hear and determine, and, if need be, to liquidate any and all Claims arising therefrom;

11. To determine any and all motions, applications, adversary proceedings and contested matters that may be pending on the Effective Date or filed thereafter;

12. To remedy any defect or omission or reconcile any inconsistency in any order of the Bankruptcy Court to the extent authorized by this Plan or the Bankruptcy Court;

13. To determine all controversies, suits, and disputes that may arise in connection with the interpretation, enforcement or consummation of this Plan;

14. To consider and act on the compromise and settlement of any

Claim against or cause of action by or against the Debtors arising under or in connection with this Plan;

15. To issue such orders in aid of execution of this Plan as may be authorized by section 1142 of the Bankruptcy Code;

16. To determine such other matters or proceedings as may be provided for under Title 28 or any other title of the United States Code, the Bankruptcy Code, the Bankruptcy Rules, other applicable law, this Plan or in any order or orders of the Bankruptcy Court, including, but not limited to, the Confirmation Order or any order which may arise in connection with this Plan or the Confirmation Order;

17. To make such orders as are necessary or appropriate to carry out the provisions of this Plan;

18. To adjudicate all claims of any nature by any person which may be adverse or otherwise affect the value of the property of the Estates dealt with by this Plan;

19. To determine any other matters not inconsistent with the Bankruptcy Code; and

20. To make such orders and/or take such action as is necessary to enjoin any interference with the implementation or the consummation of this Plan.

8.4. Failure of Bankruptcy Court to Exercise Jurisdiction. If the Bankruptcy Court abstains from exercising, declines to exercise, or is otherwise without jurisdiction over any matter arising out of the Cases, including the matters set forth in this Article VIII, this Article VIII shall not prohibit or limit the exercise of jurisdiction by any other court having competent jurisdiction with respect to such matter.

ARTICLE IX INJUNCTION AGAINST INTERFERENCE WITH PLAN RELEASES AND DISCHARGE OF DEBTORS

9.1. No Interference. No Person will be permitted to commence or continue any action or proceeding or perform any act to interfere with the implementation and consummation of this Plan or the payments or other distributions required to be made hereunder.

9.2. Releases of the Debtors and their Estates. As of the Effective Date, the Debtors, the Estates, Reorganized Heartland, New HoldCo and the successors and assigns of any of them, and any other person that claims or might claim through, on behalf of, or for the benefit of any of the foregoing, shall be deemed to have irrevocably and unconditionally, fully, finally and forever waived, released, acquitted and discharged each of the Creditor Released Parties, the Debtors, the Members, and the respective managers, officers and directors of the respective Debtors and/or Members, who have served or have been such at any time prior to the Effective

Date, acting in such capacities, and the respective financial advisors, attorneys, employees, and representatives of the respective Debtors and/or Members, in each case in their capacity as such to any of the foregoing, from any and all Causes of Action that arise out of or relate in any way to the Cases, any or all of the Debtors, this Plan, the Disclosure Statement and/or the Pre-Petition Credit Facilities, or any claim, act, fact, transaction, occurrence, statement or omission occurring at any time up to and including the Effective Date; provided, however, that nothing in this Section shall be construed to release any party from liability for willful misconduct or gross negligence as determined by a Final Order.

9.3. Other Releases. Each Person or Entity that does not elect to opt-out of the releases set forth in this Section 9.3 on such Person's or Entity's Ballot, for itself (in its capacity as a claimant with respect to the Claim relating to such Ballot) and its respective successors and assigns, transferees, officers and directors, agents, members, financial advisors, attorneys, employees, partners, representatives, in each case in their capacity as such, shall, solely in its capacity as a Holder, be deemed to have released the Creditor Released Parties, the Members, the Debtors' respective managers, officers and directors acting in such capacities as of the Effective Date, the managers, employees, agents, advisors, accountants, attorneys and representatives, their respective property, and all of the successors and assigns of the foregoing Persons and Entities, in each case acting in such capacities, from any and all Causes of Action that arise out of or relate in any way to the Cases, any or all of the Debtors, this Plan, the Disclosure Statement and/or the Pre-Petition Credit Facilities, or any claim, act, fact, transaction, occurrence, statement or omission occurring at any time up to and including the Effective Date that such Person or Entity would have been legally entitled to assert; provided, however, that nothing in this Section shall be construed to release any party from liability for willful misconduct or gross negligence as determined by a Final Order.

Each party to which this section of this Plan applies shall be deemed to have granted the releases set forth herein, notwithstanding that it may hereafter discover facts in addition to, or different from, those which it now knows or believes to be true, and without regard to the subsequent discovery or existence of such different or additional facts, and such party expressly waives any and all rights that it may have under any statute or common law principle, including section 1542 of the California Civil Code, which would limit the effect of such releases to those Claims or Causes of Action actually known or suspected to exist at the time of Confirmation. Section 1542 of the California Civil Code generally provides as follows: "A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor."

9.4. Injunction. The occurrence of the Effective Date shall serve to satisfy all Claims or Causes of Action arising out of any Claim addressed by the terms of this Plan and will operate as an injunction against (i) the commencement or continuation of an action, the employment of process, or an act, to collect or recover from, or offset against, property of the Debtors except as provided in this Plan and (ii) the commencement or continuation of an action, the employment of process, or an act, to collect or recover from, or offset against, property of any Creditor Released Party or any of the Members on account of any claims, rights or Causes of Action released pursuant to this Plan.

9.5. Scope and Effect of Discharge. Pursuant to sections 524 and 1141(d) of the Bankruptcy Code and except as otherwise provided elsewhere in this Plan or the Confirmation Order, on the Effective Date, each of the Debtors, Reorganized Heartland, and the Estates shall be discharged and released from any and all Claims, Liens, and Interests that arose before the date the Bankruptcy Court enters the Confirmation Order, and any debts of a kind specified in sections 502(g), (h) or (i) of the Bankruptcy Code, whether or not (a) a Proof of Claim based upon such debt is filed or deemed filed under section 501 of the Bankruptcy Code; (b) a Claim based upon such debt is allowed under section 502 of the Bankruptcy Code, or (c) the Holder of a Claim based upon such debt has accepted this Plan. In addition, except as otherwise provided in this Plan or the Confirmation Order, the rights afforded under this Plan and the treatment of Allowed Claims under this Plan shall be in exchange for and in complete satisfaction, discharge and release of all Allowed Claims against the Debtors and any of their Assets, including any Allowed Claim for interest accruing after the Petition Date and prior to the Effective Date. On the Effective Date, except as otherwise provided in this Plan or the Confirmation Order, all Holders of Allowed Claims and Interests arising prior to the Effective Date shall be permanently barred and enjoined from asserting against the Debtors, Reorganized Heartland, New HoldCo, or any of their respective officers, directors, agents, employees, attorneys, professional advisors, successors or assigns or their assets, any other or further claims, debts, rights, causes of action, liabilities or equity interests arising out of any act or omission, transaction or other activity of any kind or nature that occurred prior to the Effective Date.

9.6. Limitation of Liability. The Debtors, their respective officers, directors, managers, employees, members, agents, advisors, accountants, attorneys and representatives, and the Creditor Released Parties (collectively, the “Exculpated Parties”), will neither have nor incur any liability to any entity for any action taken or omitted to be taken after the Petition Date in connection with or related to the Cases or the formulation, preparation, dissemination, implementation, Confirmation or consummation of this Plan, the Disclosure Statement, or any agreement created or entered into in connection with this Plan; provided, however, that this limitation will not affect or modify the obligations created under this Plan, or the rights of any Holder of an Allowed Claim to enforce its rights under this Plan and shall not release any action (or inaction) constituting willful misconduct or gross negligence (in each case subject to determination of such by final order of a court of competent jurisdiction); provided that any Exculpated Party shall be entitled to reasonably rely upon the advice of counsel with respect to its duties and responsibilities (if any) under this Plan and such reasonable reliance shall form an absolute defense to any such claim, cause of action, or liability. Without limiting the generality of the foregoing, each Exculpated Party shall be entitled to and granted the protections of section 1125(e) of the Bankruptcy Code.

ARTICLE X CONDITIONS PRECEDENT TO OCCURRENCE OF THE EFFECTIVE DATE

10.1. Conditions to Effective Date. The following are conditions precedent to the occurrence of the Effective Date, each of which must be satisfied or waived in accordance with Article X of this Plan:

1. the Confirmation Order shall have been entered and shall have become a Final Order in form and substance acceptable to the Debtors and the First Lien Agent;

2. the Restructured Credit Facility Agreement and all related documents provided for therein or contemplated thereby shall have been duly and validly executed and delivered by all parties thereto, and all conditions precedent thereto shall have been satisfied or waived in accordance with the terms thereof;

3. all actions, documents and agreements necessary to implement this Plan shall have been or been deemed, effected or executed.

10.2. Waiver of Conditions. Except as prohibited by law or as otherwise provided herein, the conditions set forth in this Article X may be waived by mutual agreement of the Debtors and the First Lien Agent.

ARTICLE XI MISCELLANEOUS PROVISIONS

11.1. Amendments. This Plan may be amended, modified or supplemented by the Debtors before the Effective Date and by Reorganized Heartland after the Effective Date, in each case only in the manner provided for by section 1127 of the Bankruptcy Code, Bankruptcy Rule 3019 and applicable law; provided, however, that no provision of this Plan shall have been amended, supplemented or otherwise modified without the prior written consent of the First Lien Agent.

11.2. Certain Actions. By reason of entry of the Confirmation Order, prior to, on or after the Effective Date (as appropriate), all matters provided for under this Plan that would otherwise require approval of directors or stockholders of the Debtors under this Plan, including, without limitation, (a) the issuance of the Class A/B Common Interests and, if applicable, the Class D Limited Voting Common Interests and Warrants pursuant to this Plan, (b) the distribution of Cash pursuant to this Plan, (d) the adoption, execution, delivery, and implementation of all contracts, leases, instruments, releases, and other agreements or documents related to this Plan, and (d) the adoption, execution, and implementation of other matters provided for under this Plan involving the Debtors or organizational structure of the Debtors, shall be deemed to have occurred and shall be in effect prior to, on or after the Effective Date (as appropriate), pursuant to the applicable general corporation, limited liability, or partnership law of the state in which the Debtors are chartered, organized or incorporated, without any requirement of further action by the directors and stockholders of the Debtors.

11.3. Compliance with Tax Requirements. In connection with this Plan, to the extent applicable, the Debtors, Reorganized Heartland or any agent thereof making disbursements in accordance with this Plan shall comply with all reporting and withholding requirements imposed on them by any governmental unit.

11.4. Governing Law. Except to the extent the Bankruptcy Code or Bankruptcy Rules are applicable, and subject to the provisions of any contract, instrument,

release, indenture or other agreement or document entered into in connection with this Plan, the rights and obligations arising under this Plan shall be governed by, and construed and enforced in accordance with, the laws of the State of Delaware, notwithstanding any conflicts of law principles, rules or laws to the contrary. The organizational documents of the Company and its Subsidiaries shall be governed by the laws of the State of Delaware.

11.5. Construction. The rules, of construction set forth in section 102 of the Bankruptcy Code, and as set forth in this Plan, shall apply to the construction of this Plan.

11.6. Defects, Omissions and Amendments. The Debtors may, with the written consent of the First Lien Agent, and the approval of the Bankruptcy Court and without notice to all Holders of Claims or Equity Interests, insofar as it does not materially and adversely affect Holders of Claims, correct any defect, omission or inconsistency in this Plan in such manner and to such extent as may be necessary or desirable to implement this Plan. This Plan may with the written consent of the First Lien Agent be altered or amended before or after Confirmation as provided in section 1127 of the Bankruptcy Code if, in the opinion of the Bankruptcy Court, the modification does not materially and adversely affect the interests of Holders of Claims, so long as this Plan, as modified, complies with sections 1122 and 1123 of the Bankruptcy Code and the Debtors have complied with section 1125 of the Bankruptcy Code. This Plan may with the written consent of the First Lien Agent be altered or amended before or after the Confirmation Date but, prior to substantial consummation, in a manner which, in the opinion of the Bankruptcy Court, materially and adversely affects Holders of Claims, so long as this Plan, as modified, complies with Bankruptcy Code sections 1122 and 1123, the Debtor has complied with Bankruptcy Code section 1125 and, after notice and a hearing, the Bankruptcy Court confirms such Plan, as modified, under Bankruptcy Code section 1129.

11.7. Filing of Additional Documents. The Debtors may file with the Bankruptcy Court such agreements, instruments, pleadings, orders, papers or other documents as may be necessary or appropriate to effectuate and further evidence the terms and conditions of this Plan.

11.8. Exhibits. All exhibits attached to this Plan, any Plan Supplement that may be filed by the Debtors, and the Disclosure Statement are incorporated into this Plan. The final version of all Exhibits to this Plan, any Plan Supplement that may be filed by the Debtors, and the Disclosure Statement will be substantially in the forms attached hereto or thereto. The Debtors reserve the right to make nonsubstantive changes and corrections to such Exhibits in advance of the Confirmation Hearing. If any Exhibits are changed or corrected, the replacement Exhibits will be filed with the Bankruptcy Court prior to the commencement of the Confirmation Hearing.

11.9. Further Actions. Each of the Debtors and Reorganized Heartland shall be authorized to execute, deliver, file or record such documents, contracts, instruments, releases and other agreements and take such other action as may be necessary to effectuate and further evidence the terms and conditions of this Plan.

11.10. Implementation. Upon Confirmation, the Debtors shall be authorized to take all steps and execute all documents necessary to effectuate the provisions contained in this

Plan.

11.11. No Waiver of Discharge. Except as otherwise specifically provided herein, nothing in this Plan shall be deemed to waive, limit or restrict in any way the discharge granted upon Confirmation of this Plan pursuant to section 1141 of the Bankruptcy Code.

11.12. Notices. All notices required or permitted to be made in accordance with this Plan shall be in writing and shall be delivered personally or by nationally recognized overnight or next-day courier service, first class mail or via facsimile with electronic confirmation of receipt as follows:

<p><u>If to the Debtors</u> Young Conaway Stargatt & Taylor, LLP The Brandywine Building 1000 West Street, 17th Floor P.O. Box 391 Wilmington, DE 19801 Telephone: (302) 571-6600 Facsimile: (302) 571-1253 Attn: Robert S. Brady, Esquire Attn: Edwin J. Harron, Esquire Attn: Kenneth J. Enos, Esquire</p>	
<p><u>If to Reorganized Heartland</u> Heartland Publications LLC 1 West Main Street Clinton, CT 06413 Telephone: (860) 664-1075 Facsimile: (860) 664 - 1085 Attn: Michael Bush</p>	<p><u>If to GECC</u> Sidley Austin LLP One South Dearborn Street Chicago, IL 60603 Telephone: (312) 853-7000 Fax: (312) 853-7036 Attn: Larry J. Nyhan, Esquire Attn: Jessica C.K. Boelter, Esquire</p>

11.13. Plan Interest Rate. If and to the extent it is determined by the Bankruptcy Court that interest is required to be paid on any Allowed Priority Tax Claims, the interest rate to be used shall be determined by the Bankruptcy Court for such Claim.

11.14. Post-Confirmation Effect of Evidences of Claims or Interests. From and after the Effective Date, all promissory notes and guarantees evidencing obligations of the Debtors and other evidences of Claims that arose prior to the Effective Date shall be deemed canceled, null, void, and of no force or effect whatsoever, and shall constitute no more than evidence of the Holder's right to treatment of the Claim so evidenced in accordance with this Plan.

11.15. Record Date. To the extent a "Record Date" is required for implementation of this Plan, the record date shall be the voting record date established by the Bankruptcy Court in the order approving the Disclosure Statement or such other date as the Bankruptcy Court may set.

11.16. Reservation of Rights. Neither the filing of this Plan nor any statement or provision contained in this Plan or in the Disclosure Statement or any Plan Supplement, nor the taking by any party in interest of any action with respect to this Plan, shall (a) be or be deemed to be an admission against interest, and (b) until the Effective Date, be or be deemed to be a waiver of any rights any party in interest may have (i) against any other party in interest, or (ii) in any of the assets of any other party in interest, and, until the Effective Date, all such rights are specifically reserved. In the event that this Plan is not confirmed or fails to become effective, neither this Plan nor the Disclosure Statement nor any statement contained in this Plan or in the Disclosure Statement or any Plan Supplement may be used or relied upon in any manner in any suit, action, proceeding or controversy within or without the Cases involving the Debtors, except with respect to Confirmation of this Plan.

11.17. Revocation and Withdrawal of this Plan. Subject to the terms of this Plan, the Debtors reserve the right to revoke or withdraw the Plan at any time before entry of a Confirmation Order. If the Debtors, or either of the Debtors, as the case may be, revoke or withdraw the Plan prior to the Confirmation Date, or if Confirmation or the Effective Date does not occur with respect to either of the Debtors, then the Plan shall be deemed to be null and void. In such event, nothing contained in the Plan or in any document relating to the Plan shall be deemed to constitute an admission of validity, waiver or release of any Claims by or against the Debtors or any Person or to prejudice in any manner the rights of the Debtors or any Person in any proceeding involving the Debtors.

11.18. Section 1145 Exemption. Pursuant to section 1145(a) of the Bankruptcy Code, neither section 5 of the Securities Act of 1933 nor any State or local law requiring registration for offer or sale of a security or registration or licensing of an issuer of, underwriter of, or broker or dealer in, shall apply with respect to any security being offered, sold or transferred under this Plan, including without limitation to the Reorganized Heartland Equity Units and the New HoldCo Common Interests.

11.19. Section 1146 Exemption. Pursuant to section 1146(a) of the Bankruptcy Code, the issuance, transfer or exchange of any security under this Plan or the making or delivery of any instrument of transfer pursuant to, in implementation of, or as contemplated by this Plan, or the re-vesting, transfer or sale of any real or personal property of the Debtors or Reorganized Heartland pursuant to, in implementation of, or as contemplated by this Plan shall not be taxed under any state or local law imposing a stamp tax, transfer tax or similar tax or fee.

11.20. Setoffs and Recoupment. Reorganized Heartland may, but shall not be required to, set off against or recoup from the Distributions to be made pursuant to this Plan in respect of a Claim, any claim of any nature whatsoever that the Debtors, their Estates, or Reorganized Heartland, as applicable, may have against the Holder of such Claim, but neither the failure to do so or the allowance of any Claim hereunder shall constitute a waiver or release of any such claim by the Debtors, their Estates, or Reorganized Heartland, against such Holder.

11.21. Severability of Plan Provisions. If, prior to Confirmation, any term or provision of this Plan is held by the Bankruptcy Court to be invalid, void or unenforceable, the Bankruptcy Court will have the power to alter and interpret such term or provision to make it valid or enforceable to the maximum extent practicable, consistent with the original purpose of

the term or provision held to be invalid, void or unenforceable, and such term or provision then will be applicable as altered or interpreted; provided, however, that any such alteration or interpretation must be in form and substance acceptable to the Debtors. Notwithstanding any such holding, alteration or interpretation, the remainder of the terms and provisions of this Plan will remain in full force and effect and will in no way be affected, impaired or invalidated by such holding, alteration or interpretation. The Confirmation Order will constitute a judicial determination and will provide that each term and provision of this Plan, as it may have been altered or interpreted in accordance with the foregoing, is valid and enforceable pursuant to its terms.

11.22. Substantial Consummation. On the Effective Date, this Plan shall be deemed substantially consummated under Bankruptcy Code sections 1101 and 1127(b).

11.23. Successors and Assigns. The rights, benefits and obligations of any Person named or referred to in this Plan shall be binding upon, and shall inure to the benefit of, the heir, executor, administrator, successor or assign of such Person.

11.24. Term of Injunctions or Stays. Unless otherwise provided in accordance with this Plan or an applicable order of the Bankruptcy Court, all injunctions or stays provided for in the Cases pursuant to sections 105 or 362 of the Bankruptcy Code shall remain in full force and effect until the Effective Date.

11.25. Time. In computing any period of time prescribed or allowed by this Plan, the day of the act, event, or default from which the designated period of time begins to run shall not be included. The last day of the period so computed shall be included, unless it is not a Business Day or, when the act to be done is the filing of a paper in court, a day on which weather or other conditions have made the clerk's office for such court inaccessible, in which event the period runs until the end of the next day that is not one of the aforementioned days. When the period of time prescribed or allowed is less than eight (8) calendar days, intermediate days that are not Business Days shall be excluded from the computation.

11.26. Waiver of Fourteen (14) Day Stay. The Debtors request as part of the Confirmation Order a waiver from the Bankruptcy Court of the fourteen (14) day stay of Bankruptcy Rule 3020(e) and, to the extent applicable, a waiver of the fourteen (14) day stay of Bankruptcy Rule 6004(g).

11.27. Wind Up Budget. The Debtors shall obtain court approval of a budget to satisfy the costs associated with concluding the Cases and winding up the Estate of Holdings, which budget shall be in form and substance acceptable to the Debtors, the First Lien Agent and the "Required Lenders" under the Restructured Credit Facility. In connection with winding up the Estate of Holdings, the Reorganized Debtors will cooperate with Parent Holdco's preparation and filing of tax returns for the period through the effectiveness of the restructuring transactions contemplated by this Plan and will not file tax returns for entities that are disregarded for tax purposes.

ARTICLE XII
REQUEST FOR CONFIRMATION

The Debtors request confirmation of this Plan under section 1129(a) or 1129(b) of the Bankruptcy Code, as appropriate.

HEARTLAND PUBLICATIONS, LLC

By: /s/ Michael C. Bush
Name: Michael C. Bush
Title: Chief Executive Officer

HEARTLAND PUBLICATIONS HOLDINGS, LLC

By: /s/ Michael C. Bush
Name: Michael C. Bush
Title: Member